



**REAL ESTATE COMMISSION  
STATE OF HAWAII**  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
1010 Richards Street  
P. O. Box 3469  
Honolulu, Hawaii 96801

**CONDOMINIUM PUBLIC REPORT**

on

PALEHUA VILLAS-PHASE 3  
92-1136 and 92-1140 Panana Street  
Ewa Beach, Hawaii

Registration No. 1886

Issued: November 17, 1988  
Expires: December 17, 1989

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 31, 1988 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:**  
(yellow)      The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:**  
(white)      The developer has legally created a condominium and has filed complete information with the Commission.  
  - Supersedes all prior public reports
  - Must be read together with \_\_\_\_\_
- SUPPLEMENTARY:**  
(pink)      Updates information contained in the
  - Prelim. Public Report dated \_\_\_\_\_
  - Final Public Report dated \_\_\_\_\_
  - Supp. Public Report dated \_\_\_\_\_
- And  Supersedes all prior public reports
- Must be read together with \_\_\_\_\_
- This report reactivates the \_\_\_\_\_  
public report(s) which expired on \_\_\_\_\_

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required       Not Required -- disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

This report supersedes the Preliminary Public Report on Palehua Villas-Phase 3, issued on October 23, 1987.

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## GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Some condominium projects are leasehold. This means that the land or the land, building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

### Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

**SUMMARY OF THE CONDOMINIUM PROJECT**

(cite to appropriate pages  
in text of report)

Interest to be Conveyed to Buyer:

A fee simple interest in an individual apartment and an undivided interest in the common elements of the project.

**Type of Project:**

1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
2.  Residential  Commercial  
 Mixed Residential and Commercial  
 Other \_\_\_\_\_
3.  High Rise (5 stories or more)  Low Rise
4.  Single or  Multiple Buildings
5. Apartment Description

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A	6	2/1	743	--
A-R	9	2/1	743	--
B	1	2/1-1/2	794	--
B-R	1	2/1-1/2	794	--
C	2	2/1-1/2	887	--
C-R	2	2/1-1/2	887	--
D	6	3/2	912	--
D-R	3	3/2	912	--
Total Apartments:	30			

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>52</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>52</u>

7. Recreational amenities: None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Makakilo Properties Phone: 548-3347  
Name (Business)  
195 South King Street  
Business Address  
Honolulu, Hawaii 96813

Names of officers or general partners of developers who are corporations or partnerships:

Finance Realty Company, Limited is the general partner.  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Sales Agent: Finance Realty Company, Limited Phone: 548-3347  
Name (Business)  
195 South King Street  
Business Address  
Honolulu, Hawaii 96813

Escrow: Bank of Hawaii Phone: 537-8744  
Name (Business)  
Financial Plaza of the Pacific  
Business Address  
Honolulu, Hawaii 96813

Managing Agent: Mahalo Nui Management, Inc. Phone: 672-9112  
Name (Business)  
92-605 Makakilo Drive  
Business Address  
Ewa Beach, Hawaii 96707

Attorney for Developer: Wendell K. Pang  
Name  
195 South King Street  
Business Address  
Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Horizontal Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed  
 Recorded – Bureau of Conveyances – Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed – Land Court – Document Number 1583764

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed  
 Recorded – Bureau of Conveyance Condo Map No. \_\_\_\_\_  
 Filed – Land Court Condo Map No. 684

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded – Bureau of Conveyances – Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed – Land Court – Document Number 1583765

Amendment date(s) and recording/filing information:

D. House Rules. The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed       Adopted

Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>---</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. Developer: The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

The developer has reserved the right to merge the project with one or more additional condominium projects. See Exhibit F.

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the underlying land will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  
 Month  Year.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners -- tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  
 Month  Year.

Other:

For Subleaseholds:

Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is  
 Cancelled  Foreclosed.

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Address: 92-1136 and 92-1140 Panana Street Tax Map Key: 9-2-19-24 (portion)  
First Division  
(TMK)

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 1.101  square feet  acre(s) Zoning: A-1

Fee Owner: Makakilo Properties  
name  
195 South King Street  
address  
Honolulu, Hawaii 96813

Sublessor: \_\_\_\_\_  
name  
\_\_\_\_\_  
address  
\_\_\_\_\_

C. Buildings and Other Improvements:

1.  New Building(s)  Conversion of Existing Building(s)  
 Both New Building(s) and Conversion

2. Buildings: 2 Floors Per Building: 3

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete Floor Slab  Hollow Tile  Wood

Other \_\_\_\_\_

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>30</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium project include but are not limited to:

- Pets: See Exhibit A
- Number of Occupants: \_\_\_\_\_
- Other: \_\_\_\_\_
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 30

Elevators no                      Stairways yes                      Trash Chutes no

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A	6	2/1	743	--
A-R	9	2/1	743	--
B	1	2/1-1/2	794	--
B-R	1	2/1-1/2	794	--
C	2	2/1-1/2	887	--
C-R	2	2/1-1/2	887	--
D	6	3/2	912	--
D-R	3	3/2	912	--

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining floor area may have been used.

Boundaries of Each Apartment:

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, ducts, conduits or other utility or service lines running through such apartment which are utilized for or serve any other apartment, the same being deemed common elements. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, doors and door frames, windows and window frames, all fixtures originally installed therein.

Permitted Alterations to Apartments:

Additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall be permitted with the approval of the Board of Directors of the Association of Apartment Owners and the consent of all apartment owners determined by the Board to be directly affected by such additions or alterations, and upon completion of any addition or alteration which changes the floor plan of an apartment or limited common element, the Board shall cause a copy of the revised floor plan of the apartment or limited common element affected to be filed, at the expense of the owner of such apartment, as an amendment of the Declaration and the Condominium Map.

7. Parking Stalls:

Total Parking Stalls: 52

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>          </u>	<u>31</u>	<u>          </u>	<u>21</u>	<u>          </u>	<u>          </u>	<u>52</u>
Guest Unassigned	<u>          </u>						
Extra Available for Purchase	<u>          </u>						
Other:	<u>          </u>						
 Total Covered & Open	<u>          </u>	<u>31</u>	<u>          </u>	<u>21</u>	<u>          </u>	<u>0</u>	<u>          </u>

Each apartment will have the exclusive use of at least 1 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit D contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Other: \_\_\_\_\_
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>  x  </u>	<u>      </u>	<u>      </u>
Structures	<u>  x  </u>	<u>      </u>	<u>      </u>
Lot	<u>  x  </u>	<u>      </u>	<u>      </u>

If a variance has been granted or if uses, improvements, or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit   C   describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit   B  

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit   D   describes the common interests for each apartment.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit E describes the encumbrances against the title contained in the title report dated September 22, 1988.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[ x ] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage in favor of First Hawaiian Bank	Buyer's interest may be terminated and Buyer will receive refund

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[ ] not affiliated with the Developer.

[ x ] the Developer or the Developer's affiliate.

[ ] other \_\_\_\_\_

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit I contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable         |
| <input type="checkbox"/> Gas         | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ |   |

I. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

The Developer warrants against structural defects in an individual apartment of which written notice has been given to the Developer by the apartment owner at any time within one year from the date of conveyance of title to the apartment owner or the date of initial occupancy, whichever first occurs. In addition, Developer warrants against structural defects in the common elements for one year from the date of substantial completion of the project, as that term is defined in the construction contract for the project.

2. Appliances:

Warranties on appliances furnished with an apartment shall be assigned by the Developer and shall thereafter run in favor of the apartment purchaser directly from the manufacturer. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer will assure each purchaser only that the appliances are in working order at the time of occupancy by the purchaser.

J. Status of Construction and Estimated Completion Date:

The Developer reports that construction of the project commenced in July, 1987, and has been substantially completed.

K. Project Phases:

The developer  has  has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

Palehua Villas-Phase 3 is the third phase to be developed in a project consisting of four phases. A brief description of the other project is contained in Exhibit F. The Declaration contains the provisions by which one or more of the projects will be merged. These provisions are contained in Paragraph X of the Declaration.

L. Sales Documents Filed with the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit  G  contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated  July 8, 1987

Exhibit  H  contains a summary of the pertinent provisions of the escrow agreement.

Other

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
  - a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;  
AND
  - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
  - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other \_\_\_\_\_

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

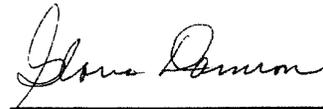
This Public Report is a part of Registration No. 1886 filed with the Real Estate Commission on September 29, 1987.

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GLORIA DAMRON, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

**Distribution:**

Bureau of Conveyances  
Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu  
Federal Housing Administration  
Escrow Agent

## EXHIBIT A

### Special Use Restrictions

No livestock, poultry or other animals whatsoever shall be allowed or kept in any part of the project, except that dogs and cats in reasonable number and other common household pets which are confined, such as tropical fish or small birds, may be kept by apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purposes nor allowed on any common elements at any time; provided, however, that dogs shall be allowed on common elements when in transit if carried or on a leash. Any pet causing a nuisance or unreasonable disturbance, as determined by the Board or Managing Agent, to any other apartment owner or occupant of the project shall be promptly and permanently removed from the project upon written notice given by the Board.

The apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service. Except for such transient or hotel purposes, the owners of the respective apartments shall have the absolute right to lease such apartments provided that all leases of such apartments shall be in writing and shall be subject to all provisions of the Declaration and the Bylaws of the Association of Apartment Owners.

EXHIBIT B

Limited Common Elements

Each apartment shall have appurtenant thereto an exclusive right to use the parking stalls assigned to such apartment as set forth in Exhibit "B" to the Declaration; provided, however, that each apartment shall have at least one parking stall appurtenant to it but otherwise any parking stall may be conveyed and made appurtenant to another apartment by a written instrument which expressly identifies the apartment to which the parking stall is appurtenant as well as the apartment to which the parking stall will become appurtenant, which written instrument shall also be denominated an amendment of the Declaration, shall be executed by the owner of each apartment affected, with the consent of the mortgagee, if any, of each apartment affected, and shall be effective upon the filing of the instrument in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. A copy of said instrument, together with the filing data, shall be given to the Association by the affected apartment owners within 15 days of the filing thereof.

EXHIBIT C

Common Elements

- a. The land in fee simple;
- b. All foundations, floor slabs, columns, supports, retaining walls, fences, unfinished perimeter walls and load-bearing walls and roofs of the buildings;
- c. All mailboxes, yards, grounds and landscaping, roads, walkways, driveways, bridges, refuse facilities, recreation areas and address signs;
- d. All ducts, conduits, electrical and mechanical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations for services, such as power, light, sewer, water, drainage, telephone and radio and television signal distribution, over, under and across the project which serve more than one apartment;
- e. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT D

Schedule of Common Interests  
and Parking Stall Assignments

The common interest for an apartment was determined by taking the net living floor area of the apartment and dividing that figure by the aggregate of the net living floor area for all apartments in the project, with minor adjustments to bring the total percentage to 100%.

<u>Building No.</u>	<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Parking Stall No(s).</u>	<u>Percentage Interest</u>
7	101	D	912	16, 4c	3.7241
7	102	B-R	794	15, 6c	3.2423
7	103	A	743	12	3.0340
7	104	A-R	743	9	3.0340
7	105	B	794	26, 117c	3.2424
7	106	D-R	912	29, 112c	3.7241
6	107	D	912	32, 111c	3.7241
6	108	A-R	743	35	3.0340
6	109	A	743	38	3.0340
6	110	A-R	743	41, 108c	3.0340
7	201	D	912	1, 5c	3.7241
7	202	C-R	887	14, 119c	3.6221
7	203	A	743	11, 121c	3.0340
7	204	A-R	743	8, 120c	3.0340
7	205	C	887	27, 116c	3.6221
7	206	D-R	912	30, 113c	3.7241
6	207	D	912	33, 110c	3.7241
6	208	A-R	743	36	3.0340
6	209	A	743	39	3.0340
6	210	A-R	743	42, 107c	3.0340
7	301	D	912	2, 3c	3.7241
7	302	C-R	887	13, 118c	3.6221
7	303	A	743	10, 122c	3.0340
7	304	A-R	743	7, 25	3.0340
7	305	C	887	28, 115c	3.6221
7	306	D-R	912	31, 114c	3.7241
6	307	D	912	34, 109c	3.7241
6	308	A-R	743	37	3.0340
6	309	A	743	40	3.0340
6	<u>310</u>	A-R	<u>743</u>	43, 106c	<u>3.0340</u>
Totals:	30		24489		100.0000

EXHIBIT E

Encumbrances

1. Declaration of Covenants, Conditions and Restrictions of Palehua Community, dated January 14, 1977, filed as Document No. 801577, as amended.

2. Agreement for Issuance of Special Use Permit dated January 23, 1985, filed as Document No. 1318037.

3. Unilateral Agreement and Declaration for Conditional Zoning dated July 21, 1983, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17200, at page 107.

4. Easements 1389, 1391, 1393, 1395 and 1396, as shown on Map 388, as set forth by Land Court Order No. 74746, filed August 1, 1985.

5. Grant dated June 1, 1977, filed as Document No. 841709, in favor of Hawaiian Electric Company, Inc.

6. Grant dated May 6, 1985, filed as Document No. 1299324, in favor of Hawaiian Electric Company, Inc.

7. The reservation in favor of the Trustees under the Will and of the Estate of James Campbell, Deceased, as set forth in Deed dated January 15, 1985, filed as Document No. 1277749.

8. Mortgage dated May 31, 1985, filed as Document No. 1302426 in favor of First Hawaiian Bank.

9. Undated Financing Statement recorded on June 3, 1985, recorded in the bureau of Conveyances in Liber 18683, at Page 711.

10. Declaration as to Merger of Phases of Palehua Villas dated March 25, 1986, filed as Document No. 1361600.

11. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

12. Declaration of Horizontal Property Regime of Palehua Villas-Phase 3, dated September 20, 1988, filed as Document No. 1583764.

13. Bylaws of the Association of Apartment Owners of Palehua Villas-Phase 3, dated September 20, 1988 filed as Document No. 1583765.

14. Condominium Map No. 684.

EXHIBIT F

Merger Provisions

1. This project is another phase of a proposed multi-phase project as described in Paragraph X of the Declaration, which may be developed in two or more phases, all at the option of the Developer. The purpose of the merger provisions of Paragraph X is to provide for a merger of all phases so as to permit the joint use of the common elements of each project by all of the owners of the apartments in the merged projects and the administration of all projects under a single association of apartment owners and board of directors for the merged projects and for a sharing of the common expenses of all projects among all of the owners of apartments in the merged projects. A merger may occur with respect to the first phase and the second phase or any subsequent phases, or any one of them, at the same or different times and merger with respect to one of said phases shall not affect the right of the Developer to merge another phase or phases at a later date subject to all of the provisions of the Declaration. The right of the Developer to merge any and all phases shall terminate on April 14, 1991.

2. The Developer has reserved the right, at its option, at any time until April 14, 1991, to develop approximately 107 additional apartments, together with such supporting and servicing common elements which the Developer determines in its sole discretion are beneficial to the project, on up to approximately 6.461 acres of adjoining land, which land is described below. Such additional apartments may be developed in phases as described below; provided, however, that any such phases shall be owned or controlled by Developer or shall have been developed by Developer:

(a) Phase 1: Approximately 41 apartments on a lot of 2.437 acres. This phase has already been developed.

(b) Phase 2: Approximately 30 apartments on a lot of 1.707 acres. This phase has already been developed.

(c) Phase 4: Approximately 36 apartments on a lot of 2.317 acres.

All improvements in subsequent phases shall be consistent with the improvements in Palehua Villas-Phase 1 in terms of quality of construction, building types, architectural style and size of units, and shall be substantially completed prior

to merger. The facilities which shall be for the common use of all owners in merged phases are the resident manager's apartment and maintenance building in Phase 1 and the driveways in all phases. If Developer in connection with the development of any project on adjoining land substantially departs from the overall development plan described in this paragraph, Developer shall obtain the prior written approval of the Secretary of Housing and Urban Development, which approval shall not be unreasonably withheld, and, prior to the merger of any such project with a previously completed phase or previously merged phases, Developer must obtain the written approval of 67% of the owners of said phase or phases and the written approval of the holders of first mortgages on apartments in said phase or phases to which at least 51% of the votes of apartments subject to such mortgages are allocated.

If Developer decides not to develop any portion of the land described above as a part of Palehua Villas, Developer may unilaterally file in the Office of the Assistant Registrar of the Land Court of the State of Hawaii a notice of withdrawal with respect to the land affected, which withdrawal shall have the effect of freeing such land from any further involvement with Palehua Villas and from the encumbrance of any reference to said land contained in any Declaration of Horizontal Property Regime of any phase of Palehua Villas previously filed in said Office.

3. The Declaration contains additional provision regarding mergers and how they are to be accomplished. Purchasers are referred to these provisions in the Declaration.

4. From and after the date of the recordation of the Certificate of Merger with respect to a particular additional phase, the following consequences, among others, shall ensue:

(a) Use of Common Elements. The apartments in each of the merged phases shall have nonexclusive rights to use the common elements in each phase to the same extent and subject to the same limitations as are imposed upon an apartment in each phase. Each owner in each phase shall have the same rights of use with respect to the common elements in all merged phases as though the merged phases had been developed as one project.

(b) Common Expenses. Each phase shall bear a proportionate share of the total common expenses of the merged phases, as the term "common expenses" is defined in the Declarations of the merged phases. For each phase such proportionate share shall be equal to the ratio that the aggregate of the net living floor areas of all apartments in the phase bears

to the aggregate of the net living floor areas of all apartments in the merged phases. The "net living floor area" of an apartment includes the total net living floor area of the apartment, exclusive of exterior storage closets, garages, lanais and decks. An apartment owner's proportionate share of the total common expenses of the merged phases shall be determined by multiplying the common interest appurtenant to an apartment by the proportionate share of the total of the common expenses allocated to the phase in which the apartment is located.

(c) Voting. Each of the merged phases shall be entitled to vote the same proportionate share of the total votes of the merged phases as is set forth above for the sharing of common expenses. An apartment owner's vote, therefore, on all matters relating to the administration, operation and use of the merged phases, the sharing of common expenses and all other matters which arise out of the affairs of the Association of Apartment Owners of the merged phases shall be determined by multiplying the common interest appurtenant to an apartment by the proportionate share of the total common expenses allocated to the phase in which the apartment is located.

(d) Association of Owners. The Association of Apartment Owners of each merged phase provided for in its respective Declaration shall be merged into a single association and such single association shall enter into a Regulatory Agreement with the Secretary of Housing and Urban Development under which the association shall assume all of the responsibilities of the Associations of the Apartment Owners under the Regulatory Agreements of each merged phase.

(e) Effect of Merger on Costs. If this project is not merged with any other phase of Palehua Villas, the estimated maintenance fees will remain as shown in Exhibit I (the Disclosure Abstract), subject to any presently unanticipated increases in the cost of services. If this project is merged with one or more phases of Palehua Villas, to the best of the Developer's knowledge, some cost savings should result, but these may be offset by presently unanticipated increases in the cost of services.

EXHIBIT G

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) What a purchaser must do to qualify for a loan if the purchaser wants a mortgage loan to cover part of the purchase price.

(b) That a purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(c) That a purchaser will not receive interest on deposits made under the Sales Contract.

(d) That the apartment will be subject to various other legal documents which the purchaser should examine.

(e) That the developer must close the purchase at a certain date and that Developer will pay all closing costs, except those related to a purchaser's mortgage loan.

(f) That the Sales Contract will be subordinate to the lien of a construction lender.

(g) That the project will be subject to ongoing construction and sales activities which may result in certain annoyance to purchaser.

(h) That Developer makes no rental representations in connection with the sale of units.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT H

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Disclosure Abstract  
for  
Palehua Villas-Phase 3

1. Name of Project: Palehua Villas-Phase 3
2. Address of Project: 92-1136 and 92-1140 Panana Street  
Makakilo, Ewa Beach, Hawaii
3. Developer Information: Makakilo Properties  
195 S. King Street  
Honolulu, Hawaii 96813  
Phone: 548-3347
4. Project Manager: There is no project manager but the  
Managing Agent for the project is Mahalo Nui Management,  
Inc., 92-605 Makakilo Drive, Ewa Beach, Hawaii 96707 (Phone:  
672-9112).
5. Maintenance Fees: Schedules of the estimated annual main-  
tenance fees for the project and the estimated monthly  
maintenance fee for each apartment type are attached hereto.
6. Warranties:
  - a. The Developer warrants against structural defects in  
an individual apartment of which written notice has  
been given to the Developer by the apartment owner at  
any time within one year from the date of conveyance  
of title to the apartment owner or the date of initial  
occupancy, whichever first occurs. In addition,  
Developer warrants against structural defects in the  
common elements for one year from the date of sub-  
stantial completion of the project, as that term is  
defined in the construction contract for the project.
  - b. Warranties on appliances furnished with an apartment  
shall be assigned by the Developer and shall thereafter  
run in favor of the apartment purchaser directly from  
the manufacturer. These warranties will expire at  
different times, depending on the date of installation

of the appliances. The Developer will assure each purchaser only that the appliances are in working order at the time of occupancy by the purchaser.

- 7. The project is a residential project and does not contain any apartments for hotel use.
- 8. There is no commercial or non-residential development in the project.
- 9. Approximately \$1.35 per unit per month will be assessed for Palehua Community Association to be used for insurance, audit fees, taxes and maintenance expenses. Also, a one time \$100.00 initiation fee per unit will be assessed for the Palehua Community Association's reserve fund.

PALEHUA VILLAS  
PHASE 3

Monthly Maintenance Fees

<u>Apartment Type</u>	<u>Maintenance Fee</u>
A	\$103.00
B	110.00
C	123.00
D	127.00

The undersigned hereby certifies that the foregoing estimates of the Annual Operating Budget and monthly maintenance fees for Palehua Villas-Phase 3, were prepared in accordance with generally

accepted accounting principles.

Dated: Honolulu, Hawaii; September 7, 1988.

MAKAKILO PROPERTIES, a Hawaii  
limited partnership

By Its General Partner:  
FINANCE REALTY COMPANY, LIMITED

By *Fred K. Neal*  
Its PRESIDENT

By *Katherine J. Lam*  
Its VICE PRESIDENT

(Developer)

MAHALO NUI MANAGEMENT, INC.

By *Steven Allen*  
Its President

(Managing Agent)

ANNUAL OPERATING BUDGET FOR COOPERATIVE HOUSING CORPORATIONS

PROJECT NO.(S) 140-34155

PROJECT NAME PALEHUA VILLAS - PHASE III

c/o Mahalo Nui Mgmt., Inc.

ADDRESS 92-605 Makakilo Dr., Ewa Beach, HI 96706

COVERING PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

EXPENSES	ACCT. NO.	1 Prior Year Budget	2 Prior Year Actual	3 Over (Under)	4 Adjustments Incr. (Deer.)	5 New Annual Budget	6 Adjustments By HUD
1. Vacancy & Collection Loss	6370						
2. Employee Apartment Rent	6330						
3. Apartment Resale Expense	6200						
4. Management Fee	6320					3182.40	
5. Legal Expense	6340						
6. Audit Expense	6350					400.00	
7. Telephone	6360					70.00	
8. Office & Adm. Salaries	6310						
9. Office Expenses Supplies	6311					600.00	
10. Misc. Administrative Exp.	6390						
11. Resident Mgr. Salary						2500.00	
12. Newsletter						26.48	
13.							
14.							
15. Fuel	6420						
16. Electricity	6450					2119.26	
17. Water & Sewer	6451					7496.12	
18. Yehy & Equip. Oper. Exp.	6441					33.10	
19. Janitor's Payroll	6430						
20. Janitor's Supplies	6431						
21. Exterminating	6462						
22. Rubbish Removal	6470					2360.00	
23. Parking Area Expense	6480						
24.							
25.							
26.							
27. Grounds Maintenance	6520					400.00	
28. Painting & Decorating	6560						
29. Structural Repairs	6540						
30. Heating & Air Cond. Maint.	6510						
31. Plumbing Maintenance	6511						
32. Electrical Maintenance	6512					600.00	
33. Elevator Maintenance	6550						
34. Pool Maintenance	6521						
35. Maintenance Supplies	6515					400.00	
36. Maintenance Payroll	6585					4200.00	
37. Misc. Maintenance Repair	6590						
38. Income Taxes						100.00	
39. Real Estate Taxes	6710						
40. Employer's Payroll Taxes	6711					1000.00	
41. Miscellaneous Taxes G.E.	6719					13.79	
42. Property & Liability Insurance	6720					5617.00	
43. Workmen's Compensation	6721					1000.00	
44. Fidelity Bonds	6723						
45. Miscellaneous Insurance	6729					34.44	
46. MEDICAL INSURANCE						779.38	
47.							
48.							
49. Ground Rent	6815						
50. Mortgage Ins. Premium	6850						
51. Mortgage Interest	6820						
52. Mortgage Principal	2320						
53. Replacement Reserve	1320					6144.00	
54. Current Operating Reserve	1365					1724.00	
55. Painting Reserve	1330					500.00	
56. Project Equipment Purch.	1470						
57. Capital Improvements	1400						
58. TOTAL EXPENSE						40800.00	

Column #4 reflects necessary or desirable increases and decreases over prior year's budget (Col. #1) to arrive at New Annual Budget (Col. #5). Carrying Charges and other budgeted income (line #68) must at least equal the total expenses on line #58. Lines 52-57 provide for capital contributions by members, in excess of their downpayments, and should be entered in the books thru Account #3241 (Paid-in Surplus). Such charges received from associations accounts in Section 221(4)(3) and Section 216 cases are not budget items and should not be reflected in any of the columns in Line 59 nor in the Schedule of Carrying Charges, but should be reflected in a separate Schedule. Additional instructions for the preparation of this form are contained in HUD Handbook HM 4371-2, the Uniform System of Accounts for Cooperative Housing Corporations. HUD-93228

INCOME	ACCT. NO.	1 Prior Year Budget	2 Prior Year Actual	3 Over (Under)	4 Adjustments (Inc. (Dec.))	5 New Annual Budget	6 A'justment By HUD
59. Carrying Charges	3110					40800.00	
60. Late Charges	3910	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
61. Interest Income	3410						
62.							
63.							
64.							
65.							
66.							
67.							
68. TOTAL INCOME						40800.00	
69. TOTAL EXPENSE (Line 59)						40800.00	
70. INCOME OVER (UNDER) EXPENSE							

STATUS OF FUNDED RESERVES

	ACCT. NO.	Required to Date	Actual on Deposits	Excess (Deficiency)	PROVISION FOR REPAYMENT OF ANY DEFICIENCIES SHOULD BE INCLUDED IN LINES 53, 54 AND 55.
A. Replacement Reserve	1320				
B. Gen. Opr. Reserve	1365				
C. Painting Reserve	3230				
D.					
E.					
F.					

SCHEDULE OF CARRYING CHARGES

DESCRIPTION OF UNIT	Per Unit Per Month	No. of Units of this Type	MONTHLY CARRYING CHGS.		ANNUAL CARRYING CHARGE	
			Prior Year	New Year	Prior Year	New Year
A/AR (2BR)	\$103.00	15		1545.00		18540.00
B/BR (2BR)	110.00	2		220.00		2640.00
C/CR (2BR)	123.00	4		492.00		5904.00
D/DR (3BR)	127.00	9		1143.00		13716.00
TOTALS		30		3400.00		40800.00

Unless otherwise indicated it is assumed that all utilities, maintenance and replacements are provided by the cooperative and are included in the above carrying charges. If any of these items are paid for directly by the member check below. (Specify any other items not listed)

Utilities:  Fuel  Electricity  Water

Replacements:  Range  Refrigerator  Air Cond.  Conv. Disp.

Maintenance:  Range  Refrigerator  Air Cond.  Conv. Disp.

Explanatory comments, including management agent's opinion as to adequacy of proposed new budget:

MAKAKILO PROPERTIES, a Hawaii limited partnership

Prepared By: MAHALO NUI MANAGEMENT, INC.

*John Allen*

Managing Agent: President/Acct. Executive

Date: September 7, 1988

Approved:

Approved:

*Katherine S. Kim*

Title: Vice President

(In Behalf of Cooperative)

Date: September 9, 1988

Approved as indicated in column 6:

(Signature and Title of Authorized Official)

(Signature and Title of Authorized Official)

Date