



**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

SHANGRI-LA
44-672 Kahinani Place
Kaneohe, Hawaii 96744

Registration No. 2037

Issued: March 16, 1989
Expires: April 16, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of February 27, 1989 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.

No prior reports have been issued by the Commission.

Changes made are as follows:

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*****  
*  
*          SPECIAL ATTENTION:          *  
*  
* The developer has disclosed that it makes no warran-*  
* ties itself but will assign the warranties given by *  
* the contractor and manufacturer or dealer, if any, *  
* to the buyer. *  
*  
* The prospective buyer is cautioned to carefully *  
* review the documents for further information with *  
* regard to the foregoing. *  
*  
*****
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PEOPLE CONNECTED WITH THE PROJECT

Developer: Business Investment, Ltd. Phone: 536-1082
Name (Business)
Suite 2700, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

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

Real Estate Sales Agent: See Exhibit I Phone: _____
Name (Business)
Business Address

Escrow: Security Title Corporation Phone: 521-9511
Name (Business)
Suite 1200, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Managing Agent: General Management Corporation Phone: 536-1082
Name (Business)
Suite 2700, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Hong, Iwai and Hulbert (Attention: Roy K. Kawano)
Name
Suite 2200, Pauahi Tower, 1001 Bishop 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 _____

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. _____

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 _____

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>The Board of Directors shall have the power to adopt, amend or repeal the House Rules.</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 reserves the right to modify the Declaration, Bylaws, Apartment Deed and Escrow Agreement; provided that no such modification shall (a) increase buyer's share of common expenses, (b) require a substantial change of the building in which the apartment is located, (c) reduce substantially the size of an apartment, or (d) substantially impair or modify any of the obligations in respect of the building given or undertaken by the developer. The developer further reserves the right to make minor changes to any apartment and to the common elements; provided that no changes shall be made which shall affect the physical location or reduce the number of apartments in the Project or substantially change the design.

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.

B. Underlying Land:

Address: 44-672 Kahinani Place Tax Map Key: 4-4-13: 33, 34
Kaneohe, Hawaii 96744 (TMK)

Address TMK is expected to change because See item A on page 18 of this report.

Land Area: 7.408 square feet acre(s) Zoning: is zoned R-7.5 and the remainder of the land is conservation land
Approximately 1.26 acres

Fee Owner: Business Investment, Ltd.
name
Suite 2700, Pacific Tower, 1001 Bishop St.
address
Honolulu, Hawaii 96813

Sublessor: _____
name

address

Buildings and Other Improvements:

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

2. Buildings: 16 Floors Per Building: All apartments will have 3 levels, except for apartment numbered 2 which will have 2 levels.
 Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Gypsum boards and metal studs, wooden doors, and wooden and aluminum frames for glass windows

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>16</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: No more than 2 pets in any apartment, except that such limitation will not apply to fish.
- Number of Occupants: _____
- Other: See item B on page 18 of this report.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 16

Elevators _____ Stairways _____ Trash Chutes _____

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Deck** Lanai/Patio</u>
<u>A</u>	<u>3</u>	<u>3/2½</u>	<u>2,663</u>	<u>_____</u>
<u>B</u>	<u>6</u>	<u>3/3</u>	<u>2,552</u>	<u>_____</u>
<u>C</u>	<u>1</u>	<u>3/2½</u>	<u>2,606</u>	<u>_____</u>
<u>D</u>	<u>1</u>	<u>3/2½</u>	<u>1,958</u>	<u>_____</u>
<u>E</u>	<u>2</u>	<u>3/3</u>	<u>2,353</u>	<u>_____</u>
<u>F</u>	<u>3</u>	<u>3/3</u>	<u>2,369</u>	<u>_____</u>

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

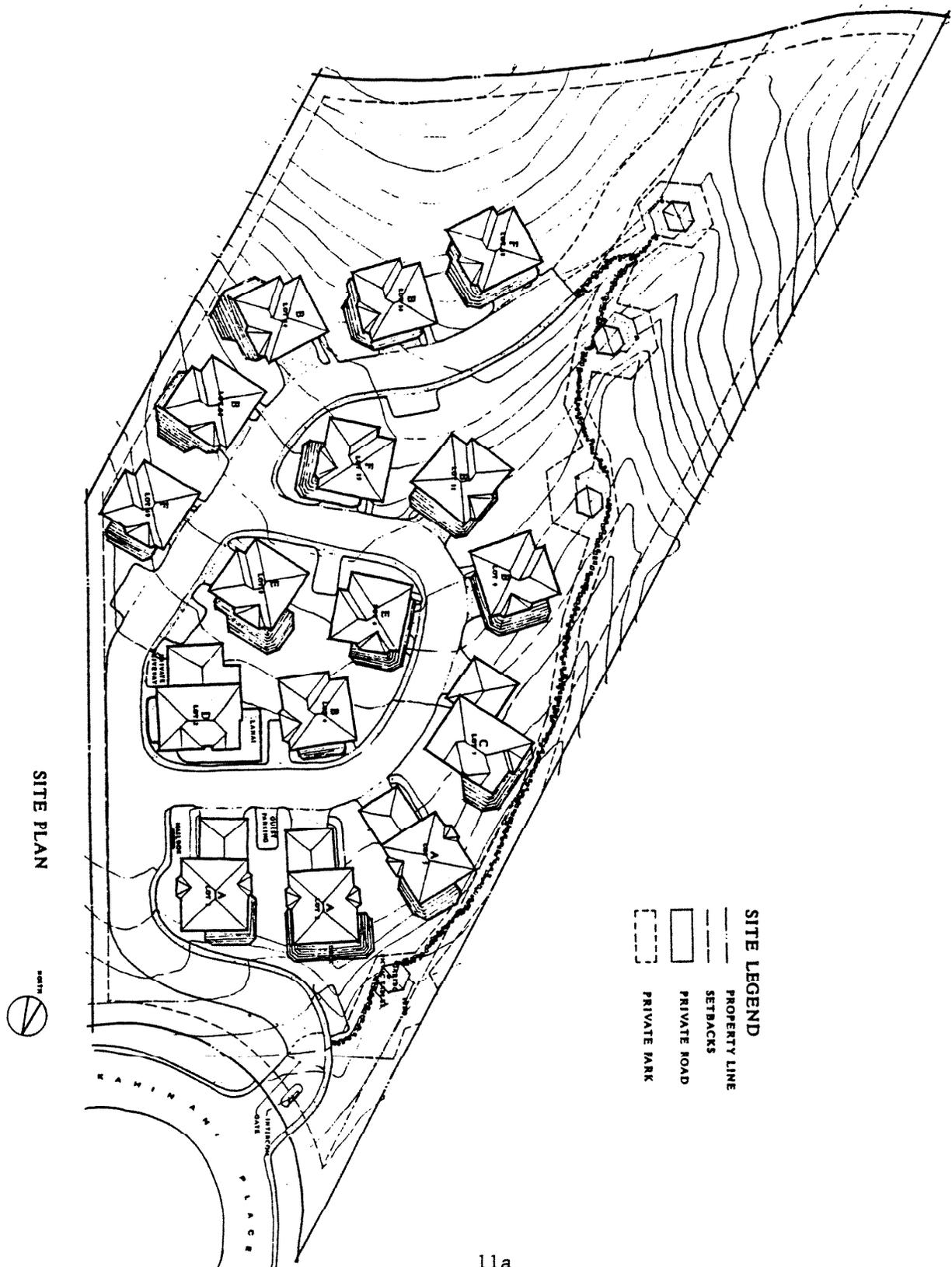
**The approximate areas of the Lanai/Deck have not been determined. These areas will be determined prior to the issuance of the Final Public Report.

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: Each apartment shall be deemed to include (a) all of a separate building, including all perimeter and interior load-bearing and nonload-bearing walls, floors, ceilings, roofs, stairways, the entry doors and door frames, all floor coverings, and all windows, window glass and frames; (b) the entry, the garage and the deck/lanai; (c) all pipes, wires, conduits or other utility or service lines running through the apartment; and (d) all fixtures contained or installed in the apartment.

Permitted Alterations to Apartments: Alterations or additions solely within an apartment or within an appurtenant limited common element may be made with the approval of the Board of Directors, other apartment owners who may be directly affected and by the apartment owner's mortgagee. See item C on page 18 of this report.

Numbering and Location of Apartments: The apartments will be numbered serially 1 to 11, inclusive, 12, 14, 15, 16 and 18. The location of each apartment is shown on page 11a of this report.



11a

Shangri-La

BY
BUSINESS INVESTMENT, LTD.

7. Parking Stalls:

Total Parking Stalls: 36

	<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>32*</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>32</u>
Guest Unassigned	<u> </u>	<u>4**</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Extra Available for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>36</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least _____ 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 _____ contains additional information on parking stalls for this condominium project.

* Each apartment shall have a covered garage to accommodate two regular size cars.
The garage is part of an owner's apartment.

** There will be not less than four guest parking stalls.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: A private park area which will be improved with a gazebo with picnic tables and a barbecue and landscaping.

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 B 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 C

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 A 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 D describes the encumbrances against the title contained in the title report dated February 13, 1989 .

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	The underlying land is covered by a Mortgage which is more particularly described in item 5 of Exhibit D. The developer intends to obtain an interim loan to pay off the mortgage and to construct the Project. If the developer cannot obtain such interim loan, a Final Public Report will not be issued and the Sales Contract will not be binding on either the developer or the buyer.

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 E 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 anticipates but does not warrant that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

If within one year after the date of substantial completion of the work, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from the developer to do so unless the developer has previously given the contractor a written acceptance of such condition. The developer shall give such notice promptly after discovery of the condition.

The developer makes no warranties itself, but, if buyer shall give the developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of the contractor's warranty, the developer will forward such notice together with the written notice to the contractor to correct such condition.

2. **Appliances:**

A description of warranties on the appliances to be installed in each apartment is presently unavailable inasmuch as the purchase contracts therefor have not been executed by the developer. The developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixtures or appliances in the apartment. By such assignment the developer will be merely passing through to buyers any such manufacturer's or dealer's warranties, and the developer will not be adopting any such warranties or acting as co-warrantor.

J. **Status of Construction and Estimated Completion Date:** Construction of the Project has not started. Construction of the Project will begin only after the requirements of the construction lender are satisfied. See item D, Financing of Project, on page 18 of this report. When construction does start, it is estimated that the Project will be completed in eight months.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

L. **Sales Documents Filed with the Real Estate Commission:**

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated January 23, 1989

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

[X] Other Affidavit of Intent to Purchase a Unit Designated for Owner-Occupants;
Receipt for Public Report(s) and Notice of Right to Cancel; Apartment Deed

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

A. Land Area and Reservation by the Developer. The developer intends to consolidate two parcels of land into one lot and to resubdivide the consolidated lot into two newly created parcels of land. One of the newly created parcels of land, containing an area of approximately 2.906 acres, will be submitted to this condominium project and the other parcel of land, containing an area of approximately 4.503 acres, will be retained by the developer. The developer shall have an easement over, along, upon and under an easement area within the land to be submitted to this condominium project for ingress and egress and for roadway, television cable, utility and sewer purposes. The developer will also be permitted to construct, install, maintain, repair and replace an electric transformer and a water booster pump within the easement area. The developer will be obligated to pay for 1/17th of the cost to maintain the driveway to be constructed in the easement area. The easement document will be prepared following the approval of the subdivision and the creation of the easement by the Department of Land Utilization, City and County of Honolulu, and the Land Court of the State of Hawaii.

B. Other Special Use Restrictions: The apartments shall be occupied and used only as 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 for hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of such apartments are provided customary hotel services on a daily basis, such as room service for food and beverages, maid service, laundry and linen or bellboy service. The apartments shall not be used, leased, rented or any undivided interest therein conveyed for time-sharing purposes or under any time-sharing arrangement. Except for such transient, hotel or time-sharing purposes, the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration.

C. Permitted Alterations to Apartments: Any alterations or additions solely within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment, or of certain apartments, shall be undertaken by an apartment owner or owners only pursuant to the written approval thereof, including the plans therefor, by the holders of mortgages affecting such apartment, the Board, and all other apartment owners thereby directly affected (as determined by the Board in its sole discretion). Upon completion of such alterations or additions the apartment owners directly affected shall duly record and file of record an amendment to the Declaration together with the approved plans showing only such alterations or additions within an apartment or within a limited common element as aforesaid. Such amendment to the Declaration need only be executed by the apartment owners directly affected and their mortgagees.

D. Financing of Project: The developer intends to pay for the construction and other development costs of the Project by means of the proceeds of an interim construction loan. The developer has discussed the financing of the Project with a few lenders, although no firm written commitment has been obtained for such interim construction loan. The developer anticipates that such interim construction loan will not be effected until certain requirements are satisfied and that construction of the Project will not commence until such requirements have been satisfied and the mortgage for such interim construction loan has been executed and recorded.

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 Apartment Deed

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. 2037 filed with the Real Estate Commission on
February 27, 1989.

Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.



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

APARTMENT DESCRIPTION

The floor areas of the apartments set forth hereinafter are in square feet and in terms of "net living area," "garage," "deck/lanai," "entry," "private yard," "private driveway," "total apartment area" and "gross floor area." Net living area represents the approximate area of the space within the interior finished surfaces of the perimeter walls of the apartment, including all partitions and walls (load-bearing and nonload-bearing), and all plumbing, mechanical and electrical chases within such perimeter walls. The net living area is the area of the apartment (exclusive of the garage, deck/lanai, entry, private yard and private driveway) measured in accordance with the regulations of the Real Estate Commission of the State of Hawaii. The private yards and private driveways are not included in the definition of an apartment but are limited common elements appurtenant to the respective apartments to which such private yards and private driveways are set aside and reserved for. Total apartment area is the sum of the net living area and the garage, deck/lanai, entry, private yard and private driveway.

Gross floor area represents the approximate area of the apartment measured not in accordance with the above-mentioned regulations of the Real Estate Commission but in accordance with local architectural practice and represents the space within the exterior of perimeter walls, and all partitions and walls (load-bearing and nonload-bearing), and all plumbing, mechanical and electrical chases within such perimeter walls. Gross floor area also includes the garage, deck/lanai, entry, private yard and private driveway. Gross floor areas of the apartments are set forth for comparison purposes only.

ALL AREAS SET FORTH HEREINAFTER ARE APPROXIMATE ONLY. THE AREAS OF THE APARTMENTS UPON COMPLETION ARE LIKELY TO VARY SOMEWHAT.

EXHIBIT A

1620R

<u>Apt. Type</u>	<u>Apt. Numbers</u>	<u>Net Living Area</u>	<u>Garage</u>	<u>Deck/Lanai*</u>	<u>Entry</u>	<u>Private Yard*</u>	<u>Private Driveway*</u>	<u>Total Apt. Area*</u>	<u>Gross Floor Area*</u>	<u>Percent Common Interest</u>
A	1, 3, 5	2,663	400		56					6.25
B	4, 9, 11, 12, 14, 16	2,552	400		50					6.25
C	7	2,606	400		48					6.25
D	2	1,958	400		44					6.25
E	6, 8	2,353	400		56					6.25
F	10, 15, 18	2,369	400		64					6.25

*The approximate areas of the deck/lanai, private yard and private driveway have not been determined. These areas will be determined prior to the filing of the Declaration of Condominium Property Regime of Shangri-La and the submission of a request for the issuance of the Final Public Report.

COMMON ELEMENTS

The common elements shall include, but are not limited to, the following:

1. The land in fee simple.
2. All areas, structures or facilities of the Project outside of the buildings, which are for common use or which serve more than one apartment, such as gazebos, walkways and common ways, landscaping, yards, mailboxes, fences, retaining walls, and not less than four (4) guest parking stalls.
3. All central and appurtenant installations serving more than one apartment for power, light, gas, water, ventilation, refuse, telephone, radio and television signal distributions and all pipes, wires, conduits, ducts, vents and other service utility lines which serve more than one apartment.
4. All tanks, pumps, motors, fans and in general, all apparatus and installations for common use, and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use.
5. All other parts of the Project, which are not included in the definition of an apartment.

EXHIBIT B

LIMITED COMMON ELEMENTS

Certain of the common elements are designated as "limited common elements" and are set aside and reserved for the use of certain apartments, which apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements. The limited common elements so set aside and so reserved are as follows:

1. Sites of Apartments. The portion of the land beneath each apartment shall be limited to the exclusive use of such apartment. The site of each apartment is depicted on the Condominium Map.

2. Mailboxes. The mailbox assigned to an apartment shall be limited to the use of such apartment. Each apartment shall at all times have at least one mailbox appurtenant to it.

3. Private Yards. Each apartment will have adjoining thereto an uncovered private yard, which private yard will be a limited common element for the exclusive use of the apartment to which it adjoins. The respective areas of the private yards are set forth in Exhibit A. Fences and/or wood or metal stakes will be used to delineate the boundary line for the private yards between apartments.

4. Private Driveways. Each apartment will have adjoining thereto an uncovered private driveway, which private driveway will be a limited common element for the exclusive use of the apartment to which it adjoins. The respective areas of the private driveways are set forth in Exhibit A. Each private driveway adjoining an apartment space is depicted on the Condominium Map by a dotted line.

5. Other. All other common elements of the Project which are rationally related to less than all the apartments shall be limited to the use of such apartment or apartments to which the same are related.

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

A. Commitment for Title Insurance issued by First American Title Insurance Company dated February 13, 1989, shows the following encumbrances on the land:

1. For real property taxes as may be due and owing, inquiry should be made with the Department of Finance, Real Property Assessment Division, City and County of Honolulu.

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

3. As to Lot 151-A-2:

a. Restriction of vehicle access rights, as shown on Map 104, as set forth by Land Court Order No. 31968, filed on July 24, 1970.

b. Easement "V," as shown on Map 84, as set forth by Land Court Order No. 27667, filed on October 23, 1967.

c. Grant dated August 31, 1967, in favor of The City and County of Honolulu, filed in said Office of the Assistant Registrar as Document No. 430059, granting an easement for waterline purposes across Easement "V."

d. Vehicle access rights in favor of the State of Hawaii as set forth in Deed dated August 22, 1969, filed as aforesaid as Document No. 521091.

4. As to Lot 26-A:

a. Restriction of vehicle access rights, as shown on Map 114, as set forth by Land Court Order No. 36989, filed on March 5, 1973.

b. Vehicle access rights in favor of the State of Hawaii as set forth by Judgment and Final Order of Condemnation dated July 23, 1971, filed in the First Circuit Court of the State of Hawaii in Civil No. 28064 and also filed in said Office of the Assistant Registrar as Document No. 582800.

5. Mortgage dated December 14, 1988, made by Business Investment, Ltd., in favor of GECC Financial Corporation, a Hawaii corporation, filed as aforesaid as Document No. 1600416.

6. Financing Statement made by Business Investment, Ltd., in favor of said GECC Financial Corporation, recorded in the Bureau of Conveyances of the State of Hawaii on December 19, 1988, in Liber 22672, Page 328.

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>		<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
1-16	each	\$250.00
		<u>x 16</u>
		\$4,000.00
		\$48,000.00

[] Revised on _____

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

	<u>Monthly</u> x 12 months =	<u>Annually Total</u>
Utilities and Services		
Air Conditioning		
Electricity		
[X] common elements only	\$ 800.00	\$9,600.00
[] common elements and apartments		
Gas		
Refuse Collection	400.00	4,800.00
Telephone		
Water and Sewer	500.00	6,000.00
Maintenance, Repairs and Supplies		
Building		
Grounds	800.00	9,600.00
Management		
Caretaker (inc. entry-phone)	500.00	6,000.00
Management Fee	300.00	3,600.00
Payroll and Payroll Taxes		
Office Expenses /Contingencies	100.00	1,200.00
Insurance	300.00	3,600.00
Reserves	200.00	2,400.00
Taxes and Government Assessments	50.00	600.00
Audit Fees		
Other	<u>50.00</u>	<u>600.00</u>
TOTAL	\$4,000.00	\$48,000.00

I/We, GENERAL MANAGEMENT CORPORATION, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Colin A. Hill

CHAIRMAN

Date: January 19, 1989

SUMMARY OF PROVISIONS OF THE SALES CONTRACT

The Sales Contract establishes the developer's willingness to sell and a buyer's willingness to purchase an apartment.

Among other provisions, the Sales Contract includes the following:

1. Each Sales Contract executed prior to the issuance of a Final Public Report for the Project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment.

2. The developer may cancel the Sales Contract if the buyer's application for eligibility for a mortgage loan is rejected or not preliminarily approved within thirty (30) days after application.

3. The buyer will pay for the following closing costs: acknowledgments of buyer's signatures on all documents, cost of credit reports, drafting of buyer's mortgage, mortgage insurance premiums, financing and other fees in connection with buyer's mortgage, title insurance, recording fees not paid by the developer, and one-half of the escrow fees.

4. The developer makes no warranties, express or implied, with respect to the apartments, the Project, or consumer products or other things installed therein, including warranties of merchantability, habitability, workmanlike construction, or fitness for a particular purpose.

5. The developer and its agent have no program at this time nor is any program planned or contemplated to offer a rental service of any kind to the owners of apartments in the Project, either individually or in any form of pooling arrangement, or by a third-party designated or arranged for by the developer, nor have any representations been made by the developer or its agent as to the feasibility of renting the apartment, or otherwise generating income or deriving any other economic benefit from ownership of the apartment. The developer and its agent have made no representations (nor is anyone authorized to do so) contrary to this paragraph with respect to either benefits to be derived from the rentals or other tax treatment of any buyer of an apartment.

6. The buyer agrees that the developer shall have the right to conduct construction activities for the construction and/or completion of the other apartments and the limited common elements appurtenant thereto and for correction of defects in the

Project, and such rights shall terminate 24 months after the later of (a) the date of filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the first Apartment Deed to an apartment in the Project, or (b) "substantial completion" (as the term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the improvements to be constructed, completed or corrected.

7. The buyer further agrees that the developer shall have the right to conduct sales activities on the Project, including the use of model apartment units, sales offices, signs and extensive sales displays and activities, until the earlier to occur of (a) 12 months from the recording as aforesaid of the first Apartment Deed to an apartment in the Project, or (b) the sale of the last unsold apartment in the Project. In the latter case, such sales activities must be conducted in an unobtrusive manner and which will not interfere with the use, possession and aesthetic enjoyment of the Project by the buyer.

8. The buyer is advised that the developer intends to pre-close Sales Contracts by having all documents and funds necessary for final closing signed and deposited with Escrow prior to the date set for final closing and the buyer agrees to sign all necessary documents, including buyer's mortgage and escrow instructions, and deposit all monies required for final closing. If buyer does not sign all documents and deposit the necessary monies in escrow as aforesaid within 5 days after the developer has requested the buyer to do so, the developer will have the option to assess the buyer the costs and damages arising out of such delay.

9. The buyer agrees that his rights under the Sales Contract is subordinated to a mortgagee who makes a construction loan for the Project. This does not mean that the buyer is or will be in any way responsible for the payment of such loan. It merely means that if the developer defaults under the construction loan mortgage before the apartment is conveyed to the buyer (i.e. before final closing of the Sales Contract) and the mortgagee forecloses the mortgage, the Sales Contract which the buyer has signed for the purchase of an apartment may or may not be honored by the mortgagee. What will determine the action of the mortgagee in such a case will depend upon all of the circumstances then existing and cannot be predicted at this time. If the developer defaults after the apartment is conveyed to the buyer (i.e. after final closing of the Sales Contract), buyer's interest in the apartment will not be affected at all.

The foregoing are only excerpts from certain paragraphs in the Sales Contract. It is incumbent upon the prospective buyer to read the entire Sales Contract with care.

SUMMARY OF PROVISIONS OF THE ESCROW AGREEMENT

The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed in trust as well as the retention and disbursements of said funds.

Among other provisions, the Escrow Agreement includes the following:

1. Escrow shall deposit any or all funds received and held in escrow in interest bearing accounts in federally-insured savings and loan institutions or federally-insured banking institutions designated by the developer or may use such funds for the purchase of time certificates. Any and all interest earned on such funds during the holding thereof shall accrue to the credit of the developer in accordance with the agreements and instructions contained in the Sales Contracts.

2. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, the buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such buyer, if one of the following has occurred:

(a) The developer notifies Escrow to return to the buyer the funds of the buyer then being held thereunder by Escrow; or

(b) The developer notifies Escrow of the developer's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to the developer; or

(c) The conditions provided for a refund under Sections 514A-62, 514A-63 or 514A-105 of the Condominium Property Act (as amended on the date upon which the Sales Contract becomes binding and effective) have been met, and written notice thereof has been provided to the developer, and the developer and the buyer shall advise Escrow to refund buyer's funds.

Upon the return of said funds to the buyer as aforesaid, Escrow shall return to the developer such buyer's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract; and thereupon the buyer shall no longer be obligated under the Sales Contract.

3. Escrow shall make no disbursements of any buyer's funds, except by way of refunds thereof as provided above, until such buyer's Sales Contract has "become effective" and the requirements of Section 514A-39, 514-62 and 514A-63 of the Condominium

Property Act have been met. No disbursements of any buyer's funds shall be made by Escrow until Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless sufficient funds are set aside for any bona fide dispute.

The foregoing are only a summary of certain provisions in the Escrow Agreement. It is incumbent upon the prospective buyer to read the entire Escrow Agreement with care.

OFFICERS OF DEVELOPER

<u>Name</u>	<u>Title</u>	<u>Address</u>
Colin de Silva	President	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Kaye Hall	1st Vice President and Secretary	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Margaret Smith	Vice President and Treasurer	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Ranita Le Grande	Vice President	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813
Cheryl Brendle	Vice President	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813

REAL ESTATE SALES AGENTS

<u>Name</u>	<u>Business Address</u>	<u>Business Phone</u>
Business Investment, Ltd. Real Estate Division Ranita Le Grande, Principal Broker	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813	536-1082
Virginia Epley-Sprinkle, dba Century 21 Kahala Hale	4400 Kalaniana'ole Hwy., Suite C21 Honolulu, HI 96821	735-7888
David R.V. Golding, dba Golding & Associates Realty David & Marijane Golding, Realtors	1210 Queen Street Suite 14 Honolulu, HI 96814	531-5996
Vivia B. Lee Realtor, Inc. Vivia Lee, Principal Broker	Suite 2700, Pacific Tower 1001 Bishop Street Honolulu, HI 96813	524-1818
Julie T. Itchner, dba Julie Itchner Realty	1210 Queen St., Suite 14 Honolulu, HI 96814	528-3320
Alfred Jussel, dba Jussel Realty	4614 Kilauea Ave., Suite 378 Honolulu, HI 96816	734-6730