

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on
YACHT CLUB KNOLLS
44-354 Kaneohe Bay Drive
Kaneohe, Hawaii

REGISTRATION NO. 473

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: September 25, 1972
Expires: October 25, 1973

SPECIAL ATTENTION

A comprehensive reading of this report is urged so that the personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JULY 12, 1972, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF SEPTEMBER 20, 1972. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF THE INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES.

1. Yacht Club Knolls is a proposed leasehold condominium project consisting of a recreation center, including swimming pool, and 86 townhouse apartments arranged throughout 13 townhouse buildings. The developer proposes to sell and cause to be issued to purchasers of the condominium apartments apartment leases to be issued by the Trustees of the trust estates established pur-

suant to the Last Will and Testament including Codicils First through Fifth, of Harold K. L. Castle, Deceased, Harold K. L. Castle Foundation, Clinton Williams Murchison, Jr., John Dabney Murchison, Paul Whitney Trousdale, and Horace Winfred Beek White.

2. The Developer has submitted to the Commission for examination a filing of documents and exhibits which is complete except for some particular requirement, or requirements, which can be expected to be completed as part of this registration.

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners, and a copy of the approved floor plans) have not yet been filed in the office of the recording officer.

4. A brochure for Yacht Club Knolls containing sample floor plans has been submitted to the Commission.

5. The prospective purchaser is advised to acquaint himself with the provisions of the Horizontal Property Act, Chapter 514, Hawaii Revised Statutes, and with the rules and regulations promulgated pursuant thereto.

6. This Preliminary Report automatically expires on October 25, 1973, thirteen (13) months after its date of issue, unless a Supplementary Public Report issues or the Commission upon review of the registration, issues an order extending the effective period of the report.

7. If the Final Public Report covering Yacht Club Knolls is not issued within one (1) year from the date of this Preliminary Public Report, purchasers shall be entitled to refund of all moneys paid by them without interest and less their loan fees and escrow charges, and shall be relieved of any further obligation.

NAME OF PROJECT: YACHT CLUB KNOLLS

LOCATION: The project is located at 44-354 Kaneohe Bay Drive, mauka of Kaneohe Bay Drive northeasterly of and adjoining Yacht Club Hills Subdivision-Unit 1-Section "A" at Kaneohe, District of Koolaupoko, City and County of Honolulu, State of Hawaii, and consists of two lots containing areas of approximately 15.212 and 0.851 acres, respectively, or a total of approximately 16.063 acres. The Developer has applied to the Planning Department of the City and County of Honolulu for the subdivision of said two lots but has not yet obtained the approval of said Planning Department or of the Land Court of the State of Hawaii.

TAX KEY: FIRST DIVISION, 4-4-12: Portion of Parcel 1

ZONING: Planned Development-Housing (PD-H) District No. R-11.

DEVELOPER: Dan Ostrow Construction Co., Inc., a Hawaii corporation, whose principal place of business and post office address is Suite 1106, 745 Fort Street, Honolulu, Hawaii 96813. The officers of the corporation are as follows:

Dan Ostrow
 James H. Wodehouse, Jr.
 Joel Ostrow
 Ardie Ostrow

President and Treasurer
 Vice President
 Secretary
 Assistant Treasurer

ATTORNEY REPRESENTING DEVELOPER: Padgett, Greeley, Marumoto & Steiner (Wendell H. Marumoto) Suite 1400 Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813. Telephone 537-5976.

DESCRIPTION: The Developer proposes to construct 86 townhouse apartments in 13 townhouse buildings. The 13 townhouse buildings will be wooden frame structures on concrete slabs with exterior sidings and shake and gravel roofs. Of the 13 townhouse buildings, three will consist of three floors, seven of two floors, one of partly two floors and partly one floor, and two of one floor.

The 86 townhouse apartments will be numbered and located as shown on the condominium plans, the digit or digits which precede the last two digits of an apartment number indicating the building in which the apartment will be located. Each of the 86 townhouse apartments will be one of 16 types:

<u>Apartment</u>	<u>Type</u>	<u>Apartment</u>	<u>Type</u>
101	A-R	801	E
102	C-R	802	E
103	C	803	E-R
104	A-1	804	G
105	B-R	805	G-R
106	B-1	806	G
		807	G-R
201	A-R	808	G
202	A-1	809	G-R
203	A-1-R		
204	A	901	E
205	A-1-R	902	E
206	A-1	903	E-R
		904	G
301	B-1	905	G-R
302	B-R	906	G
303	B	907	G-R
304	B-R	908	G
305	B	909	G-R
306	B-1-R		
		1001	E
401	D-R	1002	E
402	D	1003	E-R
403	D-R	1004	G
404	D	1005	G-R
405	D-R	1006	G
406	D	1007	G-R
		1008	G
501	D-R	1009	G-R
502	D		
503	D-R	1101	A-R
504	D	1102	A-1

505	D-R	1103	A-1-R
506	D	1104	A
		1105	A-1-R
601	D-R	1106	A-1
602	D		
603	D-R	1201	C-R
604	D	1202	C
605	D-R	1203	C-R
606	D	1204	C-R
		1205	C
701	C-R		
702	C	1301	D-R
703	C-R	1302	D
704	C	1303	D-R
705	C-R	1304	D
706	C	1305	D-R
		1306	D

The number of rooms and approximate area of each type of apartment are as follows:

Type A: A one-story unit consisting of five rooms (two bedrooms, a bathroom, kitchen, and living-dining room) with an approximate area of 922 square feet; and a fenced yard, including patio, exterior storage closet, and a fenced garbage can enclosure, with an approximate area of 460 square feet. (Two Units)

Type A-R: The reverse of Type A. (Three units)

Type A-1: The same as Type A except for an additional half-bath in lieu of a walk-in closet. (Five units)

Type A-1-R: The reverse of Type A-1. (Four units)

Type B: A two-story unit consisting of eight rooms (three bedrooms, two bathrooms, a powder room, kitchen, and living-dining room) with an approximate area of 1,300 square feet; and a fenced yard, including a patio, exterior storage closet, and a fenced garbage can enclosure, with an approximate area of 384 square feet. (Two units)

Type B-R: The reverse of Type B. (Three units)

Type B-1: The same as Type B except for an additional linen closet at the stair hall which increases the approximate area to 1,316 square feet. The approximate area of the fenced yard is also increased to 448 square feet. (Two units)

Type B-1-R: The reverse of Type B-1. (One unit)

Type C: A two-story unit consisting of eight rooms (four bedrooms, two bathrooms, a kitchen, and living room with dining area) with an approximate area of 1,555 square feet; two balconies with a total approximate area of 117 square feet; and a fenced yard, including a patio and fenced

garbage can enclosure, with an approximate area of 325 square feet. (Six units)

Type C-R: The reverse of Type C. (Seven units)

Type D: A two-story unit consisting of seven rooms (three bedrooms, two bathrooms, kitchen, and living room with dining area) with an approximate area of 1,321 square feet; a balcony with an approximate area of 114 square feet; and a fenced yard, including a fenced garbage can enclosure, with an approximate area of 287 square feet. (Twelve units)

Type D-R: The reverse of Type D. (Twelve units)

Type E: A one-story unit consisting of seven rooms (three bedrooms, two bathrooms, kitchen, and living room with dining area) with an approximate area of 1,200 square feet; a fenced yard, including a fenced garbage can enclosure, with an approximate area of 220 square feet; an entry deck, including an exterior storage closet, with an approximate area of 72 square feet; and a lanai with an approximate area of 320 square feet. (Six units)

Type E-R: The reverse of Type E. (Three units)

(There are no Type F units in the Project).

Type G: A two-story unit consisting of seven rooms (three bedrooms, two bathrooms, kitchen, and living-dining room) with an approximate area of 1,489 square feet; a fenced yard, including a fenced garbage can enclosure, with an approximate area of 352 square feet; and a lanai with an approximate area of 192 square feet (Nine units)

Type G-R: The reverse of Type G. (Nine units)

Each apartment will have immediate access to a walkway on the grounds of the project.

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

COMMON ELEMENTS: The proposed Declaration states that the common elements for the project include, but are not limited to, said land in fee simple; all foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, roofs, entrances, and exits of said buildings;

all roadways, walkways, grounds, landscaping, and recreational facilities; all parking areas, service rooms, equipment rooms, and storage services, all central and appurtenant installations for common services, including power, light, water, gas, sewer, telephone, television antenna and trash disposal; all tanks, pumps, motors, fans, compressors, ducts, and, in general all apparatus and installations existing for common use; and all other parts of the project necessary or convenient to its existence, maintenance, and safety or normally in common use.

LIMITED COMMON ELEMENTS: The proposed Declaration states that each of 172 of the 201 parking stalls in the project shall be a limited common element reserved for the use of a certain apartment. Each apartment shall have an exclusive easement to use two parking stalls, such stalls being designated on the condominium plans with the number of such apartment. Each balcony, fenced yard, patio, lanai and garbage can enclosure shall be a limited common element reserved for the use of the apartment to which it is attached or immediately adjacent and as shown on said condominium plans.

COMMON INTERESTS TO BE CONVEYED TO PURCHASER: The proposed Declaration discloses that each apartment shall have appurtenant thereto an undivided percentage interest, or common interest, in the common elements, in all profits and expenses of the project and for all other purposes, including voting, according to the type of such apartment, as follows:

<u>Type of Apartment</u>	<u>Percentage Common Interest</u>
A, A-R, A-1, A-1-R	0.8167%
B, B-R	1.1516%
B-1, B-1-R	1.1658%
C, C-R	1.3777%
D, D-R	1.1703%
E, E-R	1.0631%
G, G-R	1.3192%

USE: The proposed Declaration provides that the apartments shall be occupied and used only as private residences and only by the respective owners thereof and their tenants, and the families, servants and guests of such owners and tenants, and for no other purpose; provided, however, that until all apartments in the project have been conveyed to others, the Developer shall be entitled to use apartments as sales offices and as models for display to the public. The apartments shall not be rented for transient or hotel purposes, which purposes are defined as (a) rental for any period less than 30 days, or (b) rental under which the occupants of the apartments are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen, or bell boy service. Except

for the foregoing restrictions as to use, the apartment owners shall have the absolute right to lease their apartments subject to limitations, restrictions, covenants, and conditions contained in the Declaration or the By-Laws.

OWNERSHIP OF AND ENCUMBRANCES AGAINST TITLE: Information contained in the Notice of Intention and in the Preliminary Title Report dated August 28, 1972, prepared by Security Title Corporation, shows that the land upon which the Project is to be constructed is composed of two parcels: one an unregistered parcel (PARCEL FIRST); and, the second, a parcel registered with the said Land Court of the State of Hawaii. Both parcels were owned by Harold Kainalu Long Castle, Deceased, prior to his death. The Estate of Harold Kainalu Long Castle is still in probate (Probate No. 29772). Since there has been no final Order of Distribution, the Executors of the Will and of the Estate of Harold Kainalu Long Castle, Deceased, presently have possession and control of both parcels. However, the developer advises that according to the attorneys for the Executors under the Will and of the Estate of said deceased, title to both parcels will pass to the devisees of said deceased upon the distribution of the Estate. The developer also advises that according to the attorneys for said Executors, the devisees are the Trustees of the trusts established pursuant to the Last Will and Testament, including Codicils First through Fifth, of Harold K. L. Castle, Deceased, and Harold K. L. Castle Foundation, a Hawaii eleemosynary corporation. Because of the technical requirements of the Land Court, title to PARCEL SECOND, which is registered with the Land Court, cannot be shown to be in the Heirs or Devisees of Harold Kainalu Long Castle, Deceased, until there has been an Order of Distribution in the probate proceedings. Consequently, the Preliminary Title Report dated August 28, 1972, shows the title to PARCEL FIRST (the unregistered parcel) is vested in the Heirs and Devisees of Harold Kainalu Long Castle, Deceased; and, that the title to PARCEL SECOND (the registered parcel) is vested in James C. Castle, Henry H. Wong, and Hawaiian Trust Company, Limited, as Executors of the Will and of the Estate of Harold Kainalu Long Castle, Deceased. In the event that the Order of Distribution in the probate proceedings is not filed prior to the time when apartment purchasers in Yacht Club Knolls are ready to close, apartment leases to such purchasers will be issued by the Executors of the Will and of the Estate of Harold Kainalu Long Castle, Deceased, and confirmed by the Trustees of the trusts established pursuant to the Last Will and Testament, including Codicils First through Fifth, of Harold K. L. Castle, Deceased, and Harold K. L. Castle Foundation. Said Executors have been authorized by said Trustees and Devisees to join with Kaneohe Ranch Company, Limited, in subleases of portions of land under lease to Kaneohe Ranch Company, Limited, by instrument dated September 21, 1967, filed in the Circuit Court of the First Circuit, State of Hawaii, in Probate No. 29772, entitled "In the Matter of the Estate of Harold K. L. Castle, Deceased"; filed in said Office of the Assistant Registrar as Document No. 436884, and recorded in said Bureau of Conveyances in Liber 5955, at Page 199. A copy of said instrument has been submitted to the Real Estate Commission. Kaneohe Ranch Company,

Limited has been dissolved and the leases which it held in connection with the project parcels have been assigned to the Executors under the Will and of the Estate of Harold Kainalu Long Castle, Deceased, by Assignment of Leases, dated November 30, 1967, filed in said Office of the Assistant Registrar as Document No. 432614, and recorded in said Bureau of Conveyances in Liber 5883, at Page 44. A copy of said Assignment of Leases has been submitted to the Real Estate Commission.

The Preliminary Title Report dated August 28, 1972, indicates the following encumbrances against said land: AS TO BOTH PARCELS FIRST AND SECOND: real property taxes for the fiscal year 1971-72, in the amount of \$11,395.12, have been paid in full; AS TO PARCEL FIRST: reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent 7984 and Royal Patent 129; grant, dated August 15, 1942, recorded on August 3, 1949 in the Bureau of Conveyances of the State of Hawaii in Book 2152 at Page 299, granting unto the United States of America an easement and right to build, etc., pole and wire lines, etc., for the transmission of electricity, etc., over, under, across and along Portion 1, 10 feet wide affecting Lot A; lease, dated July 1, 1953, between Kaneohe Ranch Company, Limited, as lessor, and Mutual Telephone Company (now Hawaiian Telephone Company) recorded in the said Bureau of Conveyances in Book 2737 at Page 1, for a term of 30 years from February 1, 1953, demising a road easement 20 feet wide, over and across Lot A from Easement B to Papaa Radio Station Site; further proceedings in the matter entitled "In the Matter of the Estate of Harold K. L. Castle, Deceased" pending in the Circuit Court of the First Circuit, State of Hawaii, under Probate No. 29772; lis pendens, dated May 2, 1969, recorded on May 2, 1969 in said Bureau of Conveyances in Book 6506 at Page 315, and amended lis pendens, dated June 2, 1970, recorded in said Bureau of Conveyances in Book 7034 at Page 28, made in the matter entitled "State of Hawaii, by its Attorney General, Plaintiff, vs. James C. Castle, et al., Defendants" pending in the Circuit Court of the First Circuit, State of Hawaii, under Civil No. 27870, to acquire abutter's rights of access over and across portions of PARCEL FIRST, (also affects other property); AS TO PARCEL SECOND: grant, dated August 15, 1942, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 103193, in favor of the United States of America, granting an easement to construct, maintain, etc. pole and wire lines for the transmission of electrical and telephone over and across Easement "A", across Lot 2-A-3, as shown on Map 5, filed with Land Court Application 614, as set forth by Land Court Order 8466, filed August 12, 1948 "...provided, however, that should the GOVERNMENT abandon or cease to use said easement for a period of three (3) consecutive years then the right granted herein shall cease and determine..."; lease of right of way, dated July 1, 1953, filed in said Office of the Assistant Registrar as Document No. 152427, in favor of Mutual Telephone Company (now Hawaiian Telephone Company), for a term of 30 years from February 1, 1953, demising an easement of right-of-way for road purposes over Easement "B" over and across Lot 2-A-3, as shown on Map 7, as set forth by Land Court Order No. 12002, filed May 19, 1953; instrument, dated July 1, 1953, filed as Document No. 152428, assigning the interest of Mutual Telephone Company in said lease of right of way to Hawaiian Trust Company, Limited, Trustee, as security to Trust Mortgage

Document No. 56356, as amended; lease, dated May 25, 1893, between Nannie R. Rice, as Lessor, and Joseph P. Mendonca, as Lessee, recorded in said Bureau of Conveyances in Book 144, at Page 37; instrument, dated November 1, 1894, assigning the foregoing lease to Kaneohe Ranch Company, Limited, recorded in said Bureau of Conveyances in Book 148, at Page 466; instrument, dated January 12, 1904, amending the foregoing lease, recorded in said Bureau of Conveyances in Book 257, at Page 169; unrecorded lease, dated March 27, 1907, between Nannie R. Rice, as Lessor, and Kaneohe Ranch Company, Limited, as Lessee; agreement, dated April 1, 1907, between Nannie R. Rice and Kaneohe Ranch Company, Limited, recorded in said Bureau of Conveyances in Book 398 at Page 67, as amended by unrecorded instruments, dated March 30, 1908, July 1, 1909, and April 7, 1911; lease, dated March 5, 1897, between Nannie R. Rice, as Lessor and Joseph P. Mendonca, as Lessee, recorded in said Bureau of Conveyances in Book 169, at Page 73; and instrument, dated March 6, 1897, assigning the foregoing lease to Kaneohe Ranch Company, Limited, recorded in said Bureau of Conveyances in Book 169 at Page 74; instrument, dated November 30, 1967, assigning the foregoing leases dated May 25, 1893 and March 5, 1897, respectively, besides other leases, to James C. Castle, also known as James Christian Castle, Henry H. Wong, also known as Henry Ho Wong and Hawaiian Trust Company, Limited, a Hawaii corporation, Executors under the Will and of the Estate of Harold Kainalu Long Castle, also known as Harold K. L. Castle; appointment of James C. Castle as Temporary Administrator of the Estate of Harold K. L. Castle with power to join in subleases, consents to Assignments, extensions or replacement subleases and other related documents, the Assistant Registrar is directed to file any document otherwise proper, executed by said James C. Castle as Temporary Administrator as valid and binding the Estate of Harold K. L. Castle, as set forth by Land Court Order No. 27476, filed September 1, 1967; will and first to fifth codicils of Harold K. L. Castle, Deceased, dated July 30, 1962, filed in said Office of the Assistant Registrar as Document No. 428185; order, dated September 21, 1967, admitting Will of Harold K. L. Castle, Deceased, to Probate, filed in said Office of the Assistant Registrar as Document No. 428186; letters testamentary, dated September 25, 1967, re: James C. Castle, Henry H. Wong and Hawaiian Trust Company, Limited, are hereby authorized to perform the duties of Executor of the Will of Harold K. L. Castle, Deceased, filed in said Office of the Assistant Registrar as Document No. 428187; lease, dated July 21, 1972, between James C. Castle, Henry H. Wong and Hawaiian Trust Company, Limited, Executors under the Will and of the Estate of Harold Kainalu Long Castle, also known as Harold K. L. Castle, Deceased, as Lessors, and Clinton Williams Murchison, Jr., husband of Jane Coleman Murchison, John Dabney Murchison, husband of Lucille Gannon Murchison, Paul Whitney Trousdale, husband of Jean Cameron Trousdale, and Horace Winfred Beek White, husband of Lucile Matthews White, no tenancy shown, as Lessees, filed in said Office of the Assistant Registrar as Document No. 590885, and recorded in said Bureau of Conveyances in Liber 8461, at Page 114; memorandum of lease, dated July 21, 1972, between James C. Castle, Henry H. Wong and Hawaiian Trust Company, Limited, Executors under the Will and of the Estate of Harold Kainalu Long Castle, also known as Harold K. L. Castle, Deceased, and Clinton Williams Murchison, Jr., husband of Jane

Coleman Murchison, John Dabney Murchison, husband of Lucille Gannon Murchison, Paul Whitney Trousdale, husband of Jean Cameron Trousdale, and Horace Winfred Beek White, husband of Lucile Matthews White, "Landlord", and Dan Ostrow Construction Co., Inc., a Hawaii corporation "Tenant", filed in said Office of the Assistant Registrar as Document No. 590886, and recorded in said Bureau of Conveyances in Liber 8461, at Page 136; development agreement, (unrecorded), dated January 2, 1957, between Harold Kainalu Long Castle, et al., deceased, as Owner, and C. W. Murchison, Jr., J. C. Murchison, Paul W. Trousdale, and H. W. B. White, as "Developers", said Developers entered into an unrecorded joint venture construction agreement with Centex Corporation and Trousdale Construction Company, dated August 1, 1958, and, said unrecorded development agreement and unrecorded joint venture construction agreement are disclosed by the instrument next hereinafter described; agreement, dated May 26, 1972, assigning certain rights and benefits under the aforesaid development agreement to Dan Ostrow Construction Co., Inc., filed in said Office of the Assistant Registrar as Document No. 590887, and recorded in said Bureau of Conveyances in Liber 8461, at Page 146; consent thereto filed as Document No. 590887-A and recorded in Book 8461 at Page 158; and, mortgage and financing statement and security agreement, dated July 3, 1972, made by Dan Ostrow Construction Co., Inc., as Mortgagor, to Bank of Hawaii, as Mortgagee, to secure the repayment of the sum of \$1,600,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said Mortgagor therein referred to, encumbering the foregoing unrecorded development agreement, dated January 2, 1957, filed in said Office of the Assistant Registrar as Document No. 590888, and recorded in said Bureau of Conveyances in Liber 8461, at Page 162; consents thereto filed as Documents No. 590889 and 590890, and recorded in Liber 8461 at Pages 179 and 183, respectively.

The developer advises that the easement granted to the United States of America by grant, dated August 15, 1942, has not been used by the Government within the prior three (3) years and pursuant to its terms has ceased and determined. The developer also advises that Hawaiian Telephone Company (formerly Mutual Telephone Company) has agreed to surrender the road easement demised to it under the foregoing lease, dated July 1, 1953. The Notice of Intention and the condominium plot plan indicate a 20-foot building set-back along the boundary of the project abutting the present Kaneohe Bay Drive right-of-way.

PLANNED UNIT DEVELOPMENT: The Notice of Intention discloses that the Project is zoned Planned Development-Housing (PD-H) District No. R-11 pursuant to Ordinance No. 3859 of the City and County of Honolulu approved December 23, 1971, and that in accordance with that Ordinance it has been necessary to incorporate its provisions as covenants running with the land. Paragraph 19 of the proposed Declaration which so incorporates these provisions and is restated in the specimen Sales Contract and Apartment Deed, provides as follows:

19. Planned Unit Development. The Project has been zoned as Planned Development-Housing (PD-H) District No. R-11 pursuant to Ordinance No. 3859 of the City and County of Honolulu approved

December 23, 1971. Unless and until they are repealed or otherwise superseded or amended, the provisions of Ordinance No. 3859, which are hereby incorporated herein by reference, shall constitute covenants running with the land which shall inure to the benefit of the City and County of Honolulu and its successors and shall be binding upon all who now or hereafter may own or occupy any interest in the Project; provided, however, that if any such provision is repealed or otherwise superseded, it shall automatically cease to operate as a covenant running with the land; and provided, further, that if any such provision is amended, it shall thereafter operate as a covenant running with the land only in its amended form.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement between the Bank of Hawaii, as escrow, and Dan Ostrow Construction Co., Inc., as seller, executed on June 14, 1972, has been submitted as part of this registration. The specimen Sales Contract and the executed Escrow Agreement have been examined and have been found to conform with the requirement of Chapter 514, 514-36 through 514-40, Hawaii Revised Statutes.

Among other provisions, the specimen Sales Contract provides that Seller may cancel the sales contract upon written notice to Buyer, in which event Seller shall refund to Buyer all amounts paid by him, without interest and after deduction of Buyer's share of escrow fees and all mortgage loan expenses, (a) at any time prior to its issuance of a Final Public Report covering the Project; or (b) if upon expiration of nine months after the issuance of a Final Public Report covering the Project either the construction of apartments (other than model apartments) has not commenced or at least 80% of the apartments in the Project have not been sold under binding sales contracts.

MANAGEMENT AND OPERATION: The proposed Declaration and By-Laws of the Association of Apartment Owners provide that the operation of the project shall be conducted for the Association by a responsible corporate managing agent under the direction of the Association's Board of Directors. The specimen Sales Contract authorizes the developer to employ the first managing agent; gives the managing agent complete authority for the management, operation, and maintenance of the project; and provides that upon being billed for the same, the purchaser will pay his proportionate share of project maintenance expenses and reserves. The developer advises that it presently intends to retain Hawaiiana Realty and Management, Inc., as the initial managing agent.

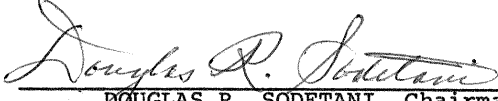
STATUS OF PROJECT: The developer advises that it has completed construction of the recreation center and Building 1 in order that the apartments therein may serve as models. It has also commenced construction of Buildings 5, 6, 7, 10, 11, 12, and 13. Construction of Buildings 3, 4, 8, and 9 will commence within

the next thirty (30) days and construction of Building 2 will commence in February, 1973.

The purchaser or prospective purchaser should recognize that this published report represents information disclosed by the developer in the required Notice of Intention submitted on July 12, 1972, and additional information subsequently filed as of September 20, 1972.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 473 filed with the Commission on July 12, 1972.

The report when reproduced shall be a true copy of the Commission's public report. The paper stock must be yellow in color.



DOUGLAS R. SODETANI, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, CITY AND COUNTY OF HONOLULU
ESCROW AGENT
FEDERAL HOUSING ADMINISTRATION

Registration No. 473

September 25, 1972