

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

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

SECOND SUPPLEMENTARY
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT

on
MAKANI KAI MARINA
45-395 Waialele Road
Kaneohe Bay, Oahu, Hawaii

REGISTRATION NO. 646

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

It was prepared as a supplement to an earlier Report dated March 15 and September 25, 1974, and July 11, 1975, issued by the Real Estate Commission on the above 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 until

- (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: July 30, 1976

Expires: August 10, 1977

SPECIAL ATTENTION

Particular attention of purchaser and prospective purchasers are directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED DECEMBER 28, 1973, AND INFORMATION SUBSEQUENTLY FILED AS OF JULY 27, 1976. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report on March 15, 1974, the Supplementary Report dated September 25, 1974 and the Final Public Report dated July 11, 1975 on the MAKANI KAI MARINA, Registration No. 646, the Developer reports that certain material changes have been made in the project.

This Supplementary Public Report (pink paper stock) supersedes in its entirety the Preliminary Public Report (yellow paper stock) the Supplementary Public Report (pink paper stock) and the Final Public Report (white paper stock) becoming a part of MAKANI KAI MARINA, Registration. The Developer is responsible for placing a true copy of this Second Supplementary Public Report in the hands of all purchasers and prospective purchasers. Securing from each purchaser or prospective purchaser a signed receipt for the report is also the responsibility of the Developer.

2. MAKANI KAI MARINA is a proposed leasehold condominium project containing 80 apartments located in 22 apartment buildings including 16 single level apartments, 63 townhouses and a 2-story manager's unit which is a part of the 80 apartments. The project contains a marina in which 80 boat docks are located.
3. The Developer has submitted to the Commission for examination all documents deemed necessary for the registration of the condominium project and the issuance of this Second Supplementary Public Report.
4. The Developer advises that the Declaration of Horizontal Property Regime and attached By-Laws has been filed in the Office of the Assistant Registrar of the Land Court as Land Court Document No. 706766 and recorded in the Bureau of Conveyances in Book 10345, Page 249. The Condominium Map has been filed with the Assistant Registrar as Condominium Map No. 238 and with the Bureau of Conveyances as Condominium Map No. 394. The Declaration and By-Laws have been amended by the First Amendment to Declaration and By-Laws dated May 27, 1976, filed in said Office of the Assistant Registrar as Document No. 766720 and recorded in said Bureau in Book 11441, Page 50. The Declaration has been further amended by the Second Amendment to Declaration and By-Laws dated June 10, 1976, filed in said Office of the Assistant Registrar as Document No.s. 771175 and 771176 and recorded in said Bureau in Book 11503, Page 388. The Condominium Map Nos. 238 and 394 have likewise been amended.
5. Advertising and promotional materials have been submitted pursuant to the Rules and Regulations promulgated by the Commission.
6. The purchaser or prospective purchaser is advised to acquaint himself with the provision of Chapter 514, Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
7. The Second Supplementary Public Report automatically expires on August 10, 1977 unless a further Supplementary Public Report issues or the Commission upon review of the registration issues an order extending the effective period of this report.

The Developer has requested and the Commission has granted an extension of the Final Public Report through this Second Supplementary Public Report for one year and 10 days from date of issuance.

THIS SECOND SUPPLEMENTARY PUBLIC REPORT SUPERSEDES IN ITS ENTIRETY ALL EARLIER PUBLIC REPORTS ISSUES FOR THE MAKANI KAI MARINA CONDOMINIUM PROJECT. THE DEVELOPER HAS SUBMITTED ALL OF THE INFORMATION ESSENTIAL TOWARD THE ISSUANCE OF THIS SECOND SUPPLEMENTARY PUBLIC REPORT AND THEREFORE THIS REPORT IS DEEMED COMPLETE IN ITSELF.

NAME OF PROJECT: MAKANI KAI MARINA.

LOCATION: The project is located on 45-395 Waialele Road at Waialele, Lilipuna, and Waikapoki, Kaneohe, Oahu, Hawaii, and consists of approximately 13.77 acres including land area of 10.07 acres and water area of 3.7 acres.

TAX KEY: 4-5-02-01, 07, 11, 47; 4-5-03-09; 4-5-57-02.

ZONING: Planned Development Housing District No. R-39.

DEVELOPER: The developer is M.K.M., INC., a Hawaii corporation, whose address is Suite 602, 810 Richards Street, Honolulu, Hawaii 96813, Telephone No. Area Code 808, 235-5875. The principal officers are E. L. Thomas President-Treasurer, Paul G. Warthen, Vice President and Michael L. Rubin, Secretary. The developer under a Property Management Agreement dated April 26, 1976 by and among First Federal Savings and Loan Association of Phoenix, M.K.M., Inc. and J. Richard Farley and Bob W. Miller have contracted with Messrs. J. Richard Farley and Bob W. Miller to act as project managers for the management, marketing, sales and completion of the project. Pacific Western Corp. by Deed, Assignment of Ground Leases and Assumption of Mortgage dated February 24, 1976 did assign all of its right, title and interest in the project to M.K.M., Inc. said document being recorded in said Office of the Assistant Registrar as Land Court Document Nos. 758913, 758914 and 758915 and recorded in said Bureau in Liber 11323, Page 296.

ATTORNEY REPRESENTING DEVELOPER: Hiroshi Sakai, Attorney at Law, A Law Corporation, Suite 602, City Bank Building, 810 Richards Street, Honolulu, Hawaii 96813, Telephone: 531-4171.

DESCRIPTION OF PROJECT: The project consists of 80 apartment units which include the manager's apartment designated as Apartment No. 42 located in 22 apartment buildings including 16 single level apartments, 63 townhouses and a two-story manager's unit. The buildings are primarily wooden structures with exterior walls of wood panel siding and cedar shake roofs; parking complexes are concrete with paving for the pedestrian malls above; carports are wooden structures with pitch and gravel roofs.

There are the following apartment floors plans: The designation "r" after an apartment type indicates a floor plan which is the mirror image of the basic apartment type; decks and courtyards vary in size and shape and will be shown on the building plans.

Type A apartments, which are on each of the first and second levels, are single level apartments with an interior floor area of approximately 1,122 square feet including a living room, dining room, kitchen, two bathrooms and two bedrooms with decks off the living room and second bedroom and at the entrance.

Type B apartments, which are on the first level, are single level apartments with an interior floor area of approximately 1,133 square feet including a living room, dining room, kitchen, two bathrooms and two bedrooms with a deck off the bedrooms and a deck and courtyard off the living and dining rooms.

Type C apartments, which are on the upper level, are single level apartments with a floor area of approximately 1,057 square feet including a living room, dining room, kitchen, two bathrooms and two bedrooms, with a deck off the living room and a second deck off the dining room and second bedroom.

Type D apartments are two-bedroom single story apartments on the first level with an interior floor area of approximately 977 square feet including a living room, dining room, two bathrooms and two bedrooms with a deck off the living and dining rooms and a second deck off the two bedrooms.

Type D apartments on the second level are similar to Type D apartments on the lower level except for higher ceilings and smaller decks off the bedrooms.

Type E apartments are three-bedroom two-level townhouses with an interior floor area of approximately 1,227 square feet. The second level which is the main entrance level contains the kitchen, dining room, living room, two bedrooms, one bathroom, with a deck off the living room and one bedroom. The first level contains the master bedroom and bathroom with a deck off the master bedroom.

Type E1 apartments are similar to Type E apartments except that the main entry is located at the landing between the first and second levels.

Type F apartments are three bedroom two-level townhouses with an interior floor area of approximately 1,258 square feet. The first level contains a kitchen, dining room, living room, den/bedroom, bathroom and one bedroom with a deck at the entrance and a second deck off the living room and den/bedroom. The second level contains the master bedroom and bathroom with a third deck. Each Type F apartment has two parking stalls in a carport below it.

Type G apartments are two bedroom two-level townhouses with an interior floor area of approximately 1,087 square feet. The first level contains a kitchen, dining room, living room, den/bedroom, and bathroom with a deck at the entrance and a second deck off the living room and den/bedroom. The second level contains the master bedroom and bathroom with a third deck.

Type H apartments are three bedroom two-level townhouses with an interior floor area of approximately 1,230 square feet. The first level contains three bedrooms and two bathrooms with a deck and courtyard off the master bedroom and entrance. The second level contains the kitchen, living room and dining room with decks off

the living room and dining room.

Type J apartments are four-level, three bedroom townhouses with an interior floor area of approximately 1,247 square feet. The first level contains the master bedroom and bathroom with a deck off the master bedroom. The second level, which is the main entrance level, contains the kitchen and dining room with a deck and courtyard at the entrance and a second deck off the dining room. The third level contains the living room and storage area with a deck off the living room. The fourth level contains two bedrooms and a bathroom with a deck off one bedroom.

The location of the apartments and apartment types within each building and the level on which single level apartments are located are as follows:

<u>Building No.</u>	<u>Apartment No.</u>	<u>Type</u>
1	1	J
1	2	Jr
1	3	J
2	4	J
2	5	Jr
2	6	J
3	7	Gr
3	8	G
3	9	G
4	10	Fr
4	11	F
4	12	Fr
4	13	F
5	14	Fr
5	15	F
5	16	Fr
5	17	F
6	18	Fr
6	19	F
7	20	J
7	21	Jr
7	22	J

<u>Building No.</u>	<u>Apartment No.</u>	<u>Type</u>
8	23	J
8	24	Jr
8	25	J
8	26	Jr
9	27	H
9	28	Hr
9	29	H
9	30	Hr
9	31	Hr
10	32	H
10	33	Hr
10	34	H
10	35	Hr
11	36	Elr
11	37	El
12	38	Elr
12	39	El
13	40	J
13	41	Jr
Manager's Apartment	42	-
14	43	J
14	44	Jr
15	45	J
15	46	Jr
15	47	J
16	48	E
16	49	Er
17	50	J
17	51	Jr
17	52	J

<u>Building No.</u>		<u>Apartment No.</u>	<u>Type</u>
18		53	H
18		54	Hr
18		55	H
18		56	Hr
19		57	H
19		58	Hr
19		59	H
19		60	Hr
19		61	H
19		62	Hr
20		63	E
20		64	Er
	<u>Level</u>		
21	1	65	D
21	1	66	Dr
21	1	67	D
21	1	68	Dr
21	2	69	D
21	2	70	Dr
21	2	71	D
21	2	72	Dr
22	1	73	B
22	1	74	B
22	1	75	B
22	1	76	A
22	2	77	C
22	2	78	C
22	2	79	C
22	2	80	A

Building Nos. 9 and 10 form a group linked by a pedestrian mall; Buildings 18 and 19 also form a group linked by a pedestrian mall; in each group the apartments front on the mall, all as shown on the site plan which is part of the Condominium Map. All apartments have access directly or via staircases to footpaths which are part of the common elements.

Each apartment will be provided with a range with double oven, refrigerator with ice-maker, garbage compactor, dishwasher and disposal.

The recreation center is a single story building of approximately 2,080 square feet of floor area including a kitchen, men's and women's sauna, showers and bathrooms, and a recreational room and lounge and a covered lanai off the recreation room and lounge with an equipment loft area above the kitchen. There is a pool adjacent to the recreation center. The use of the recreation center is restricted to the owners of apartments, boat docks and parking stalls. A person owning or leasing a boat dock without owning or leasing an apartment and parking stall is not entitled to the use of the recreation center, except as otherwise provided in the House Rules. The Project contains a total of 184 parking stalls, of which 160 are assigned and the remaining 24 stalls are for guest parking.

The Apartment 42 (manager's unit) is a two-story building of approximately 1,108 square feet with a kitchen, living room, dining room and storage, and store rooms on the first level and a bedroom and bathroom on the second level.

The Project also contains a marina with 80 boat docks separated by boat piers linked by floating headers. The Developer has the right in its sole discretion to have the space for Dock No. 181 for the use of the owner of the manager's unit, converted to another use such as a haul-out ramp or such other use that it deems appropriate. The Project also has footpaths, landscaped and recreation areas.

COMMON ELEMENTS: The common elements will include all of the project except the apartments, specifically, but not limited to, the following:

- (a) The land;
- (b) All foundations, bearing walls, walkways and landscaped areas;
- (c) The roofs;
- (d) All driveway areas and parking stalls;
- (e) All ducts, electrical equipment, wiring and other central and appurtenant installations for services, including power, light, cold and hot water, refuse and telephone.
- (f) The recreation building, swimming pool, recreation areas and marina, save and except the reservations as to the boat docks as otherwise provided.

LIMITED COMMON ELEMENTS: Each apartment will have two parking stalls, bearing the same number as the apartment, reserved as limited common elements for the exclusive use of the apartment. Each apartment will have reserved for its exclusive use as a limited common element one boat dock in the marina (save and except Apartment 42 shall have the reservation and rights as to access, easement rights, assignment and lease as otherwise provided) together with the right to use the boat slip space which is the water area alongside the boat dock to which a boat is tied up to and where the boat is intended to lie. The Declaration will list which boat dock is assigned to each apartment and Developer reserves the right to amend the Declaration one or more times without the joinder of any other party having an interest in the project to designate which boat dock is assigned to which apartment, provided, however, that Developer shall not change any such designation with respect to an apartment of which Developer is no longer the fee owner without the consent of the grantee. Each floating header in the marina shall be a limited common element for the exclusive use of the apartments to which the boat docks on the header are appurtenant. Any enclosed courtyard adjacent to an apartment shall be a limited common element reserved for the use of that apartment and any staircase serving an apartment shall be a limited common element reserved for the exclusive use of that apartment and any other apartment served by the staircase.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED. The percentage of undivided interest in the common elements appurtenant to each apartment shall be 1.25 percent. The voting rights of the apartment owners as well as their share of the common expenses shall be in proportion to their common interest.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE. The apartments shall at all times be used as permanent or temporary residences and for no other purpose. Boats docked in the marina may not be used as living quarters.

Apartment 42 (manager's unit) may be utilized as a project sales office, shop to sell or repair items, storage room rented to the Association in whole or in part and any other uses in connection with the project that the owners thereof deems appropriate.

OWNERSHIP OF TITLE. The preliminary report prepared by Title Guaranty of Hawaii, Inc. states that as of June 29, 1976 ownership of the fee title to the land of the project was vested in M.K.M., Inc. and Windward Marine Service and Sales, Ltd. as Tenants in Common, an undivided interest as follows:

M.K.M., Inc.	71.25%
Windward Marine Service and Sales, Ltd.	28.75%

The preliminary report further showed the following:

1. As to Apartments 21 through 63 and 67 through 80, the developer is the owner of the apartments and their undivided interest in the common elements of the project amount in the aggregate to 71.25%.

2. As to Apartments 1 through 20, 64 through 66, the Developer is the owner of the apartments and their undivided interest in the common elements of the project other than land and the Lessee under 23 individual ground leases of Windward Marine Service and Sales, Ltd., as Lessor, leasing the undivided interest in the land of the project which is appurtenant to Apartments 1 through 20 and 64 through 66 amounts in the aggregate to 28.75%.

The conveyance of the undivided interest in the land is by the Second Amendment to the Declaration and By-Laws dated June 10, 1976 described above.

ENCUMBRANCES: The Preliminary Report shows that the property is presently subject to:

1. Real Property Taxes that are due and owing and a lien on the land.
NOTE: There are delinquent taxes due for First
Installation of Fiscal Year 1975-1976.
2. AS TO PARCEL "FIRST" ONLY: Easements for free flowage of water in all streams and auwais within said parcel, in favor of all persons entitled thereto, as amended by Land Court Order No. 3921, filed March 25, 1940.
3. AS TO PARCELS "SECOND" AND "THIRD" ONLY:
 - (a) The reservation in favor of the State of Hawaii of all mineral and metallic mines.
 - (b) Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated June 25, 1962, recorded in Liber 4313 at Page 150.
 - (c) Grant of sewer easement in favor of the City and County of Honolulu, dated June 23, 1964, recorded in Liber 4805 at Page 231.
 - (d) Easements for free flowage of water in all streams and auwais within the land above mentioned, in favor of all persons entitled thereto.
4. AS TO PARCEL "FOURTH" (LOT B-2-A) ONLY:
 - (a) An easement for free flowage of water in all streams and auwais within said parcel, in favor of all persons entitled thereto, as set forth by Land Court Order No. 3921, filed March 25, 1940.
 - (b) Grant of easement for utility purposes in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated June 14, 1956, filed as Land Court Document No. 190012.
 - (c) Delineation of sewer easement as shown on Map 36, as set forth by Land Court Order No. 23412, filed November 5, 1964.

- (d) Grant of sewer easement in favor of the City and County of Honolulu, dated September 15, 1964, filed as Document No. 346080.
 - (e) Delineation of sewer easement as shown on Map 43, as set forth by Land Court Order No. 26853, filed March 13, 1967.
 - (f) Grant of sewer easement in favor of the City and County of Honolulu, dated February 14, 1967, filed as Document No. 411928.
5. AS TO PARCEL "FOURTH" (LOT 38-B-1) ONLY:
- (a) Grant of perpetual utility easement in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated October 7, 1947, filed as Document No. 95985.
 - (b) Delineation of sewer easement as shown on Map 126, as set forth by Land Court Order No. 23411, filed November 5, 1964.
 - (c) That certain Agreement dated June 25, 1974, made by and between Makani Kai Marina Development Company, and Michael M. Motoda, and Michael J. Kujubu, filed as Document No. 694498.
6. AS TO PARCEL "FIFTH" ONLY:
- (a) Easement "B", four feet wide, in favor of John W. and Elizabeth A. Anderson, husband and wife, as shown on Map 1 on Land Court Application No. 1186.
 - (b) An Easement for free flowage and drainage of water through the stream shown on Map 1 in favor of the City and County of Honolulu; and Easements for free flowage of water in all streams and auwais within said parcel in favor of all persons entitled thereto, as set forth by Land Court Order No. 3921, filed March 25, 1940.
 - (c) Final Order of Condemnation, Civil No. 15670, in favor of the City and County of Honolulu, condemning easements over a portion of said parcel, dated May 2, 1968, filed as Document No. 443417.
 - (d) Delineation of sewer easements as shown on Map 44, as set forth by Land Court Order No. 28702, filed July 5, 1968.
 - (e) Designation of Easement "E", as shown on Map 46, as set forth by Land Court Order No. 29372, filed December 26, 1968.

7. AS TO PARCEL "SIXTH" ONLY:
 - (a) The reservation in favor of the State of Hawaii of all mineral and metallic mines.
 - (b) Sewer Easement in favor of the City and County of Honolulu, acquired by Final Order of Condemnation dated May 2, 1968, filed in Civil No. 15670 in the First Circuit Court, and recorded in Liber 6053 at Page 136.
 - (c) Easement A-1 (5 feet wide) for sewer purposes and Easement B-1 (5 feet wide) for sewer purposes.
8. AS TO PARCEL "SEVENTH" ONLY:
 - (a) The reservation in favor of the State of Hawaii of all mineral and metallic mines.
 - (b) Sewer Easement in favor of the City and County of Honolulu, acquired by Final Order of Condemnation dated May 2, 1968, filed in Civil No. 15670 in the First Circuit Court, and recorded in Liber 6053 at Page 136.
9. AS TO PARCEL "EIGHTH" ONLY: An easement for free flowage and drainage of water through the stream shown on Map 1 of Land Court Application 1196, in favor of the City and County of Honolulu; and Easements for free flowage of water in all streams and auwais within said parcel in favor of all persons entitled thereto, as set forth by Land Court Order No. 3921, filed March 25, 1940.
10. AS TO PARCEL "NINTH" (PARCEL A) ONLY:
 - (a) Delineation of Easement for drainage purposes as shown on Map 18, as set forth by Land Court Order No. 25859, filed June 29, 1966.
 - (b) Delineation of sewer easements as shown on Map 23, as set forth by Land Court Order No. 30114, filed May 26, 1969.
 - (c) Sewer Easement in favor of the City and County of Honolulu, acquired by Final Order of Condemnation, Civil No. 17306 filed in the First Circuit Court, dated April 12, 1966, filed as Document No. 389342.
 - (d) Sewer Easement in favor of the City and County of Honolulu, acquired by Final Order of Condemnation dated April 7, 1969, Civil No. 16967 and filed as Document No. 470163.
 - (e) The location of the seaward boundary in accordance with the law of the State of Hawaii.

11. AS TO PARCEL "NINTH" (PARCEL B) ONLY:

- (a) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
- (b) Easements of the free flowage of water in all streams and auwais within said parcel in favor of Chu Fong, Grantor under those certain Deeds dated October 11, 1952, recorded in Liber 2631 at Page 295 and dated February 12, 1955, recorded in Liber 3884 at Page 74, and others entitled thereto; and further the right unto said Chu Fong, his heirs and assigns, to make such changes in the course of said auwai on portions of the lands adjacent to said parcel, as said Chu Fong, in his discretion, shall desire.
- (c) A Sewer Easement in favor of the City and County of Honolulu, acquired by Final Order of Condemnation dated April 7, 1969, filed in Civil No. 16967 in the First Circuit Court, and recorded in Liber 6475 at Page 245.

12. Mortgage dated July 9, 1974, in favor of Bank of Hawaii, filed as Document No. 689141 and also recorded in Liber 10024 at Page 48.

Release of Security by Bank of Hawaii dated December 3, 1974, recorded in Liber 10345 at Page 207 and filed as Document No. 706763.

Substitution of Security to Bank of Hawaii dated December 3, 1974, recorded in Liber 10346 at Page 339 and filed as Document No. 706793.

The above mortgage was assigned to Island Federal Savings & Loan Association of Honolulu and First Federal Savings & Loan Association of Phoenix dated June 9, 1975, recorded in Liber 10703 at Page 51 and filed as Document No. 723440. The interest of Island Federal Savings & Loan Association was assigned to First Federal Savings & Loan Association dated June 16, 1976, recorded in Liber 11474 at Page 256 and filed as Document No. 769320.

13. Declaration of Horizontal Property Regime with By-Laws attached dated December 3, 1974, filed as Land Court Document No. 706766 and recorded in Liber 10345 at Page 249. (Project covered by Condominium Map No. 238 and Condominium File Plan No. 394).

First Amendment to the Declaration dated May 27, 1976 filed as Land Court Document No. 766720 and recorded in Liber 11441 at Page 50.

Second Amendment to the Declaration dated June 10, 1976 filed as Land Court Document Nos. 771175 and 771176 and recorded in Liber 11503 at Page 388. (Project covered by Condominium Map No. 238 and

Condominium File Plan No. 394 has been amended with a filing of a partial "as built" certification by the architect).

14. Grant in favor of the City and County of Honolulu, dated December 11, 1975 for underground water pipeline purposes, filed as Document No. 752854 and recorded in Liber 11221 at Page 139.
15. Mortgage dated June 5, 1975, in favor of Island Federal Savings and Loan Association of Honolulu and First Federal Savings and Loan Association of Phoenix, filed as Document No. 723147 and recorded in Liber 10697 at Page 325. The interest of Island Federal Savings and Loan Association was assigned to First Federal Savings & Loan Association dated June 16, 1976, recorded in Liber 11474, Page 256, and filed as Document No. 769320.

PURCHASE MONEY HANDLING: A copy of the revised specimen Sales Contract and the executed Escrow Agreement has been submitted as part of the registration. The Escrow Agreement dated July 2, 1975 with Title Guaranty Escrow Services, Inc. has been amended on February 24, 1976 to substitute M.K.M., Inc. in place of Pacific Western Construction Corp. The revised sales contract provides that sale of the apartment will close upon notice of readiness of occupancy. Since the original sales contracts require purchasers to close prior to completion of construction, the original purchasers will be offered the option of either terminating their original sales contract and receiving the return of their deposits or entering into the revised form of sales contract and applying their deposits to the revised contract. Upon examination, the revised specimen sales contract is found to be in compliance with Chapter 514, Hawaii Revised Statutes, and particularly with Section 514-15 and Section 514-36 through 514-40, Hawaii Revised Statutes.

The revised specimen Sales Contract provides in part, that the Seller's mortgage loan (interim, renewals and extensions) used for the construction of the project shall be and remain at all times a superior lien on the project, and purchasers intentionally waive and subordinate the priority of any lien under the sales contract in favor of the mortgage loan. Further the sales contract provides that the Seller may postpone the commencement of the common maintenance fees at such time as the Project is completed in its entirety provided that Seller maintains the Project at its own expense. The Buyer in consideration therefor agrees to pay for any separately metered utility and his taxes for his own unit and waives any claim for lack of maintenance and for any disturbance and interference to the common elements during the period of construction for the completion of the remaining units in the Project.

A prospective purchaser should carefully examine the form of the Sales Contract, Condominium Conveyance, Condominium Apartment Conveyance and Ground Lease Assignment and Escrow Agreement, to determine the time for the amount of installment payments of the purchase price and sharing of the closing costs. The Ground Leases to be assigned to purchasers of Apartments 1 through 20 and 64 through 66 provided that Lessor's consent is required for further assignments, which consent will not be unreasonably withheld or delayed.

MANAGEMENT AND OPERATION. The Developer has executed on behalf of the Association an Agreement of Agency for Management dated October 11, 1974 and amended on February 24, 1976 with Bishop Trust Company, Limited as managing agent. The management fee is \$486.00 per month, however, there is a reduction of management fee to \$186.00 per month for the units presently completed.


STATUS OF PROJECT: The Developer advises that 32 apartments including the manager's unit, recreation center and 80 boat docks have been completed and the Affidavit of publication for the same have been filed with the First Circuit Court on April 9, 1976.

a. When 15 units have been sold to buyers which have been approved and qualified by First Federal Savings and Loan Association of Phoenix, then J. Richard Farley and Bob W. Miller shall be allowed to start 20 more units.

b. When 10 more of the original 32 units have been sold and closed, then J. Richard Farley and Bob W. Miller shall be allowed to start the balance of the 48 units.

The purchaser or prospective purchaser shall be cognizant of the fact that this Second Supplementary Public Report represents information disclosed by the Developer in the required Notice of Intention submitted December 28, 1973 and information filed subsequently as of July 27, 1976.

This SUPPLEMENTARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 646, filed with the Commission on December 28, 1973. The report, when reproduced shall be a true copy of the Commissioner's Public Report. The paper stock used in making facsimiles must be pink in color.



AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:
Department of Taxation
Bureau of Conveyances
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

REGISTRATION NO. 646

JULY 30, 1976