

# REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
DEPARTMENT OF REGULATORY AGENCIES

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

## SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on

"THE PEARL" NUMBER TWO  
Koauka Loop, Kaonohi Ridge  
Oahu, Hawaii

REGISTRATION NO. 702

IMPORTANT - Read This Report Before Buying

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

It was prepared as a supplement to an earlier Report dated July 17, 1974 & October 31, 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: August 12, 1980  
Expires: August 30, 1981

#### SPECIAL ATTENTION

A comprehensive reading by the prospective purchaser is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JULY 12, 1974, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF AUGUST 4, 1980. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON MATERIAL CHANGES IN THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514A, HAWAII REVISED STATUTES.

1. Since the issuance of the Preliminary and Final Reports on "THE PEARL" NUMBER TWO project, Registration No. 702, dated July 17, 1974 and October 31, 1975, respectively, the Developer has

submitted additional information to that filed in the October 15, 1975 submittal. The changes subsequently made are determined to be a material revision to the information disclosed earlier. This Supplementary Public Report (pink paper stock) amends the Preliminary Public Report (yellow paper stock) and the Final Public Report (white paper stock) and is made a part of the registration. The Developer is required to provide all purchasers or prospective purchasers of apartments with a copy of this Supplementary Public Report, as well as the Preliminary and Final Public Reports and revised Disclosure Abstract. Securing a signed copy of the receipt therefor is also the responsibility of the Developer.

2. The Developer has complied with Chapter 514A, Hawaii Revised Statutes, and has fulfilled the requirements of the Commission for the issuance of this Supplementary Public Report.
3. No advertising or promotional matter has been filed pursuant to the rules and regulations promulgated by the Commission.
4. The basic documents (Declaration of Horizontal Property Regime, as amended, By-Laws of the Association of Apartment Owners), and a copy of the approved Floor Plans have been recorded in the Bureau of Conveyances of the State of Hawaii.

The Declaration of Horizontal Property Regime, with the By-Laws of the Association of Apartment Owners attached, was recorded in the Bureau of Conveyances of the State of Hawaii in Liber 10955 at Page 286, and the Floor Plans were designated as Condominium Map No. 435.

An Amendment of Declaration of Horizontal Property Regime, dated July 6, 1976, was recorded in said Bureau on July 15, 1976, in Liber 11536 at Page 26. An Amendment to Declaration of Horizontal Property Regime, dated October 4, 1976, was recorded in said Bureau on February 9, 1977, in Liber 12007 at Page 182. The Declaration of Horizontal Property Regime, as amended, and the By-Laws are hereinafter referred to as the "Declaration" and the "By-Laws", respectively.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.

6. The Developer has requested and the Commission has granted an extension of the Preliminary and Final Public Reports, through this Supplementary Public Report, effective July 22, 1980.

This Supplementary Public Report expires August 30, 1981, unless the Commission, upon review of the registration, issues an order extending the effective period of this report.

The information in the topical headings of the Preliminary Public Report and the Final Public Report has all changed except for NAME OF PROJECT, LOCATION, TAX KEY, DEVELOPER, COMMON ELEMENTS, PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE, OWNERSHIP OF TITLE, and MANAGEMENT AND OPERATIONS. In addition, a new section has been added, entitled PENDING LITIGATION. The changes are as follows:

ATTORNEY REPRESENTING DEVELOPER: Robert F. Hirano (Goodsill Anderson & Quinn), 1600 Castle & Cooke Building, Financial Plaza of the Pacific, Honolulu, Hawaii 96813 (Telephone 547-5600).

DESCRIPTION: The schedule set forth in the Final Public Report remains the same, except that by Amendment to Declaration of Horizontal Property Regime dated October 4, 1976, recorded in the Bureau of Conveyances of Hawaii in Liber 12007 at Page 182, the following additional parking stalls were transferred to and made appurtenant to the respective apartments listed below:

<u>Apartment No.</u>	<u>Second Parking Stall No. Assigned</u>
4E	327
7K	325
8F	324
8G	326
8J	353
8K	328
10H	354

Parking stalls 329, 343, 344, 345, 346, 347, 348, 349, 350, 351 and 352 remain appurtenant to Apartment No. 2J, but may be transferred by the Developer to apartment purchasers in accordance with the terms of the Declaration.

LIMITED COMMON ELEMENTS: The information set forth in the Preliminary Public Report, as modified by the Final Public Report, remains the same except that reference should be made to the transfer of additional parking stalls discussed in the DESCRIPTION section above.

INTEREST TO BE CONVEYED TO PURCHASER: The Declaration reflects that the undivided interests (referred to in the Final Public Report) established and to be conveyed with the respective apartments cannot be changed, that the undivided interests in the common areas and facilities and the leasehold titles to the respective apartments to be conveyed shall not be separated or separately conveyed, and that each

said undivided interest shall be deemed to be conveyed or encumbered with its respective apartment even though the description in the instrument of conveyance or encumbrance may refer only to the leasehold title to the apartment. The additional parking spaces may be separately transferred, but only to an owner of an apartment. The proportionate shares of the owners of the respective apartments in the profits and common expenses, as well as their proportionate representation for voting purposes in the Association of Apartment Owners, shall be the undivided interest shown in the DESCRIPTION section of the Final Public Report.

ENCUMBRANCES AGAINST TITLE: A Preliminary Report issued on July 8, 1980, by Title Guaranty of Hawaii, Inc. reflects the following encumbrances against the title to the 252 apartments in "THE PEARL" NUMBER TWO still owned by the Developer and to be offered for sale:

1. For any taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor of the First Division.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Restriction of vehicle access rights along the entire length of the northerly boundary of Lot 2.
4. Easement "B" (10 feet wide) for sanitary sewer purposes, as shown on File Plan No. 1407.
5. Covenants, conditions, restrictions, easements, reservations and all other provisions set forth in Declaration of Horizontal Property Regime dated September 19, 1975, recorded in the Bureau of Conveyances in Liber 10955 at Page 286, and to the By-Laws attached thereto as the same are or may hereafter be amended in accordance with law, said Declaration or By-Laws. (Project covered by Condominium Map No. 435.) Said Declaration was amended by instruments dated July 6, 1976, recorded in Liber 11536 at Page 26, and dated October 4, 1976, recorded in Liber 12007 at Page 182.
6. Terms, agreements, reservations, covenants, conditions and provisions contained in the following Apartment Leases, all dated November 1, 1975, made and executed by and between the Trustees of the Estate of Bernice Pauahi Bishop, et al., as Lessor, and the Developer, as Lessee, which Apartment Leases cover the apartments and are recorded in the Bureau of Conveyances of Hawaii as follows:

<u>Apartment No.</u>	<u>Liber</u>	<u>Page</u>
1A	11095	51
1E	"	69
1F	"	78
1G	"	87
1K	"	96
2A	"	105
2B	"	114
2C	"	123
2E	"	141
2F	"	150
2G	"	159
2H	"	168
2J	"	177
2K	"	186
3A	"	195
3C	"	213
3D	"	222
3E	"	231
3F	"	240
3G	"	249
3H	"	258
3K	"	276
4A	"	285
4C	"	303
4F	"	330
4H	"	348
4J	"	357
4K	"	366
5A	"	375
5C	"	393
5E	"	411
5F	"	420
5H	"	438
6A	"	465
7A	"	555
7C	"	573
7E	"	591
7F	11096	1
7H	"	19
8A	"	46
8C	"	64
8E	"	82
8H	"	109
9A	"	136
9B	"	145
9C	"	154
9D	"	163
9E	"	172
9H	"	199
10C	"	244
10H	"	289
	12007	193
	(amendment)	
11A	11096	316
11C	"	334
11E	"	352

11H	"	379
12A	"	406
12B	"	415
12C	"	424
12E	"	442
12F	"	451
12G	"	460
12H	"	469
12J	"	478
12K	"	487
14A	"	496
14B	"	505
14C	"	514
14D	"	523
14E	"	532
14F	"	541
14G	"	550
14J	"	568
14K	"	577
15A	"	586
15B	11097	1
15C	"	10
15D	"	19
15E	"	28
15F	"	37
15H	"	55
15J	"	64
15K	"	73
16A	"	82
16B	"	91
16C	"	100
16D	"	109
16E	"	118
16F	"	127
16G	"	136
16H	"	145
16J	"	154
16K	"	163
17A	"	172
17B	"	181
17C	"	190
17D	"	199
17E	"	208
17F	"	217
17H	11097	235
17J	"	244
18A	"	262
18B	"	271
18C	"	280
18D	"	289
18E	"	298
18F	"	307
18G	"	316
18H	"	325
18J	"	334
19A	"	352
19B	"	361
19C	"	370

19D	"	379
19E	"	388
19F	"	397
19G	"	406
19H	"	415
19J	"	424
19K	"	433
20A	"	442
20B	"	451
20C	"	460
20D	"	469
20E	"	478
20F	"	487
20G	"	496
20H	"	505
20J	"	514
20K	"	523
21A	"	532
21B	"	541
21C	"	550
21D	"	559
21E	"	568
21F	"	577
21G	"	586
21H	11098	1
21J	"	10
21K	"	19
22A	"	28
22B	"	37
22C	"	46
22D	"	55
22E	"	64
22G	"	82
22J	"	100
23A	"	118
23B	"	127
23C	"	136
23D	"	145
23E	"	154
23F	"	163
23G	"	172
23H	"	181
23J	"	190
23K	"	199
24A	"	208
24B	"	217
24C	"	226
24D	"	235
24E	"	244
24F	"	253
24G	"	262
24H	"	271
24J	"	280
24K	"	289
25A	"	298
25B	"	307
25C	"	316
25D	"	325

25E	"	334
25F	"	343
25G	"	352
25H	"	361
25J	"	370
25K	"	379
26A	"	388
26B	"	397
26C	"	406
26D	"	415
26E	"	424
26F	"	433
26G	"	442
26H	"	451
26J	"	460
26K	"	469
27A	"	478
27B	"	487
27C	"	496
27D	"	505
27E	"	514
27F	"	523
27G	"	532
27H	"	541
27J	"	550
27K	"	559
28A	"	568
28B	"	577
28C	"	586
28D	11099	1
28E	"	10
28F	"	19
28G	"	28
28H	"	37
28J	"	46
28K	"	55
29A	"	64
29B	"	73
29C	"	82
29D	"	91
29E	"	100
29F	"	109
29G	"	118
29H	"	127
29J	"	136
29K	"	145
30A	"	154
30B	"	163
30C	"	172
30D	"	181
30E	"	190
30F	"	199
30G	"	208
30H	"	217
30J	"	226
30K	"	235
31A	"	244
31B	"	253



31C	"	262
31D	"	271
31E	"	280
31F	"	289
31G	"	298
31J	"	316
31K	"	325
32A	"	334
32B	"	343
32C	"	352
32D	"	361
32E	"	370
32F	"	379
32G	"	388
32H	"	397
32J	"	406
32K	"	415
33A	"	424
33C	"	442
33D	"	451
33E	"	460
33F	"	469
33J	"	496
33K	"	505

7. That certain Mortgage and Financing Statement dated October 4, 1974, recorded in said Bureau of Conveyances in Liber 10185 at Page 209, by and between Oceanic Properties, Inc., a Hawaii corporation, Cosmopolitan Land Company, Inc., a Hawaii corporation, and The Valley Corporation, a Hawaii corporation, as General Partners for and on behalf of Pearlridge Land Development Co., a Hawaii partnership, as Mortgagor, and Bank of Hawaii, a Hawaii corporation, as Mortgagee. By Agreement Substituting Mortgage Security dated December 16, 1975 and recorded in Liber 11095 at Page 40, that certain Lease recorded in Liber 10185 at Page 182 was released from the lien of said mortgage and the Apartment Leases more particularly described in 6 above (except for the Apartment Leases covering Apartments 9B and 10H which were partially released from said mortgage) were substituted in its stead.
8. Additional Security Mortgage dated June 22, 1976, recorded in Liber 11488 at Page 405, as amended, made by Pearlridge Land Development Co., a Hawaii general partnership, consisting of Oceanic Properties, Inc., Cosmopolitan Land Co., Inc., and The Valley Corporation, in favor of Bank of Hawaii, assigning all of its right, title and interest in and to said Apartment Leases as additional security.
9. Loan Modification Agreement dated April 14, 1977, recorded in Liber 12341 at Page 104.

10. Assignment of Rents as Additional Security and Security Agreement, dated April 14, 1977, recorded in Liber 12341 at Page 112, pursuant to which Pearlridge Land Development Co., a Hawaii general partnership, whose partners are Cosmopolitan Land Co., Inc., Oceanic Properties, Inc. and The Valley Corporation, all Hawaii corporations, assigned to Bank of Hawaii, a Hawaii corporation, all right, title and interest in and to all rents and income due and to become due from any and all subleases made by assignor of apartments in said project.
11. Loan Agreement and Assignment (Revolving Credit Loan), dated April 14, 1977, recorded in Liber 12341 at Page 126, made by Pearlridge Land Development Co., a Hawaii general partnership, whose partners are Cosmopolitan Land Co., Inc., Oceanic Properties, Inc. and The Valley Corporation, all Hawaii corporations, in favor of Bank of Hawaii, a Hawaii corporation, to secure the repayment in an aggregate principal amount of any one time outstanding of up to but not exceeding One Million Dollars (\$1,000,000.00).
12. As to Apartment 9-B only, Mortgage dated June 22, 1976, recorded in said Bureau in Liber 11498 at Page 294, made by Pearlridge Land Development Co., a Hawaii partnership, being composed of Oceanic Properties, Inc., Cosmopolitan Land Co., Inc. and The Valley Corporation, all Hawaii corporations, as Mortgagor, in favor of Bank of Hawaii, a Hawaii corporation, as Mortgagee.
13. As to Apartment 10-H only, Mortgage dated July 22, 1976, recorded in said Bureau in Liber 12007 at Page 198, made by Pearlridge Land Development Co., a Hawaii partnership, being composed of Oceanic Properties, Inc., Cosmopolitan Land Co., Inc. and The Valley Corporation, all Hawaii corporations, as Mortgagor, in favor of Bank of Hawaii, a Hawaii corporation, as Mortgagee.

PURCHASE MONEY HANDLING: The Escrow Agreement dated July 3, 1974 between the Developer and Bank of Hawaii, as Escrow Agent, has been terminated. The Developer has advised the Commission that it intends to sell, in bulk, the 252 Apartments still owned by the Developer. The Sales Contract, as well as any escrow agreement, will be in such form as shall be negotiated between the Seller and the prospective purchaser. The Commission advises that a bulk purchaser of said Apartments must comply with the requirements of Chapter 514A of the Hawaii Revised Statutes, to the extent applicable.

MANAGEMENT AND OPERATIONS: The Project is currently managed by Aaron M. Chaney, Inc., pursuant to a Property Management Agreement dated August 1, 1977. The Property Management Agreement may be cancelled by either party upon 30 days written notice.

OPTION TO ENLARGE PROJECT AND CONSOLIDATE PROJECT WITH ADJOINING PARCEL: The Developer has advised the Commission that it does not intend to exercise its option to enlarge the scope of the Project or to consolidate the Project with the adjoining parcel.

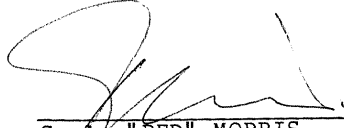
STATUS OF PROJECT: The Project was completed on or about September 1975, and 65 of the 316 Apartments have previously been sold by the Developer. One of the 65 Apartments previously sold by the Developer, Apartment 10-H, has been reacquired by the Developer. Said Apartment 10-H, together with the remaining 251 Apartments retained by the Developer, have been rented by the Developer since completion of the Project (or in the case of Apartment 10-H, since reacquisition by the Developer) and are therefore not "new" Apartments. The Developer has advised that it intends to sell all of its 252 Apartments, in bulk, in an "as is, where is" condition, without any warranties, express or implied. Further, such sales should be made expressly subject to any existing rental agreements covering the Apartments, and the purchaser(s) shall be required to assume all of the Developer's obligations under any rental agreement(s) covering the Apartment(s) being purchased.

PENDING LITIGATION. The Developer has advised the Commission that there is currently pending before the Hawaii Supreme Court a lawsuit against the Developer known as Blamey v. Pearlridge Land Development Co., Civil No. 6828. The Blamey case involved a challenge to the Developer's ability to conduct a rental program at the Project. The First Circuit Court of the State of Hawaii, in Civil No. 49201, granted summary judgment in favor of the Developer, and the plaintiffs in the case have appealed that grant of summary judgment to the Hawaii supreme court.

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The prospective purchaser or purchasers should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted July 12, 1974 and additional information subsequently filed as of August 4, 1980.

This SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 702 filed with the Commission on July 12, 1974.

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



G. A. "RED" MORRIS  
Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

DISTRIBUTION:

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

REGISTRATION NO. 702

August 12, 1980