



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

CONDOMINIUM PUBLIC REPORT

PONO KAI
 1250 Kuhio Highway
 Kapaa, Kauai, Hawaii 96746

NOTE: This Report covers only the 27 apartments
 in Building K, which is being added to the Project.

Registration No. 987

Issued: November 21, 1991
Expires: December 21, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 21, 1991, 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:** 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.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated May 16, 1978
 Final Public Report dated May 16, 1979
 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:

Glen Ivy Resorts, Inc., (Developer) has acquired the "development" rights of Keokiaka Corporation (Keokiaka). Keokiaka was the original developer of The Pono Kai project, which initially had 214 apartments.

The Developer has entered into a ground lease with 300 WEST 23RD STREET who is the present owner of the fee underlying the entire Project. The Developer together with the Association of Apartment Owners has caused the Declaration of Condominium (Horizontal) Property Regime to be amended in order to establish and describe Building K which is the new building being added to the Project.

Building K contains 24 residential apartments and 3 commercial apartments. It is the intention of the Developer to only sell the 24 apartments on a timeshare basis. However, none of the 24 residential apartments can be sold or offered for sale on a time share basis unless it is registered with the Time Share Administrator, Department of Commerce and Consumer Affairs, State of Hawaii.

The Developer intends to file a timeshare annexation registration with the Time Share Administrator with this Condominium Registration. Any sale of time share units within the 24 apartments in Building K will require the delivery of both this Condominium Public Report and a Time Share disclosure statement to a prospective purchaser before the latter's execution of a purchase agreement.

As a leasehold condominium project, prospective purchasers of a time share interest (interval ownership) should be aware that their ownership will, to all intents and purposes, end on December 31, 2044.

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
I. PEOPLE CONNECTED WITH THE PROJECT	6
Developer	
Real Estate Sales Agent	
Escrow Company	
Managing Agent	
Attorney for Developer	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20
EXHIBIT A: Description of Property/Apartments	
EXHIBIT B: Developer Reservations	
EXHIBIT C: Leasehold Property Description	
EXHIBIT D: Common Elements	
EXHIBIT E: Limited Common Elements	
EXHIBIT F: Percentage Common Interest	
EXHIBIT G: Encumbrances Against Title	
EXHIBIT H: Estimate of Initial Maintenance Fees	
EXHIBIT I: Summary of Purchase Agreement	
EXHIBIT J: Summary of Escrow Agreement	

GENERAL INFORMATION ON CONDOMINIUMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Glen Ivy Resorts, Inc. **Phone:** (714) 371-5131
Name (Business)
268 W. Lincoln Avenue
Business Address
Corona, California 91720

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

Ralph Mann, President and Treasurer
Paula Bickett - Secretary

Real Estate Broker: Timeshare Interests will be sold only **Phone:** _____
Name (Business)
in California initially. Any sales in
Business Address
Hawaii must be conducted through a Hawaii
brokerage firm.

Escrow: Hawaii Escrow & Title, Inc. **Phone:** (808) 521-2977
Name (Business)
850 Richards Street, Suite 400
Business Address
Honolulu, Hawaii 96813

General Contractor: Kealii Builders, Inc. **Phone:** (808) 837-7744
Name (Business)
2933-B Koapaka Street
Business Address
HONolulu, Hawaii 96819

Condominium Managing Agent: JVK Realty Group, Ltd. **Phone:** (808) 947-3108
Name (Business)
P. O. Box 195
Business Address
Honolulu, Hawaii 96810

Attorney for Developer: Michael H. Sakai **Phone:** (808) 531-4171
Name (Business)
201 Merchant Street, Suite 902
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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. **Declaration of Condominium 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 - Document No. _____
Book 13670 Page 558
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

There have been numerous amendments to the Declaration since 1979.
See Exhibit "G" for specifics.

- 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. 611
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

The Condominium Map was amended by the Amendment to the Declaration of Condominium (Horizontal) Property Regime dated April 23, 1991, recorded as Document No. 91-94723. The amendment added 15 sheets to the Condominium Map which described Building K.

- 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 - Document No. _____
Book 13670 Page 581
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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.

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 common interest which must vote for or give written consent to changes:

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

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

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules

See Exhibit "B"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

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

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____
 Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

- Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

Exhibit C contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: December 31, 2044
 Rent Renegotiation Date(s): January 1, 2010, January 1, 2020, January 1, 2030,
January 1, 2040

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

- Other:

For Subleaseholds:

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

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

B. Underlying Land:

Address: 1250 Kuhio Highway **Tax Map Key:** 4-5-7-2 (4th Div.)
Kapaa, Kauai, Hawaii (TMK)

Address TMK is expected to change because _____

Land Area: 12,049 square feet acre(s) **Zoning:** RR-20

Fee Owner: 300 West 23rd Street Company
Name
480 Park Avenue
Address
New York, NY 10022

Sublessor: Glen Ivy Resorts, Inc.
Name
268 W. Lincoln Avenue
Address
Corona, California 91720

C Buildings and Other Improvements:

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

2. Buildings: 1 Floors Per Building 3

Exhibit A contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Allied Building Materials

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input checked="" type="checkbox"/> Commercial	<u>3</u>	<u>Yes</u>	<input type="checkbox"/> Industrial	<u> </u>	<u> </u>
<input type="checkbox"/> Residential	<u> </u>	<u> </u>	<input type="checkbox"/> Agricultural	<u> </u>	<u> </u>
<input checked="" type="checkbox"/> Timeshare/Hotel	<u>24</u>	<u>Yes</u>	<input type="checkbox"/> Recreational	<u> </u>	<u> </u>
<input type="checkbox"/> Other: _____				<u> </u>	<u> </u>

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?

Yes No

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 pets are allowed within the project.

Number of Occupants: 4 in one bedroom units and 4 in studio unit (the handicap studio may only be occupied by 2 people)

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 1 Stairways 2 Trash Chutes 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>Five residential types-(See Exhibit "A" for details)</u>				
<u>B3(A)</u>	<u>9</u>	<u>1/1</u>	<u>473</u>	<u>40</u>
<u>B3(B)</u>	<u>9</u>	<u>1/1</u>	<u>473</u>	<u>40</u>
<u>B3(C)</u>	<u>2</u>	<u>1/1</u>	<u>554</u>	<u>40</u>
<u>B3(D)</u>	<u>2</u>	<u>1/1</u>	<u>554</u>	<u>40</u>
<u>C-1</u>	<u>2</u>	<u>Studio</u>	<u>320</u>	<u>76</u>

Total Apartments: 27 (This total includes the 3 commercial units)

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

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

Boundaries of Each Apartment:

Each of the apartments shall include all walls, partitions, floors, ceilings and other improvements within said perimeter; any adjacent lanai shown on the Condominium Map; all built-in appliances and fixtures and all furnishings and appliances described herein; and all air space encompassed within said perimeter; excluding therefrom, however, all elements herein established as common elements.

Permitted Alterations to Apartments:

No apartment owner will, without the prior written consent of the board (and any other persons required by the By-Laws or by law), make any structural alterations within his apartment or make any alterations in or additions to the exteriors of the building (including awnings, jalousies, screens or air conditioners) or to any other portion or portions of the common elements.

7. Parking Stalls:

Total Parking Stalls: 4

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	4	_____	_____	_____	_____	4
Total Covered & Open	4*		_____	_____	_____	_____	_____

*There are a total of 327 open parking stalls including the 4 handicapped stalls.

Each apartment will have the exclusive use of at least 0 parking stall(s). No assigned parking.
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities: for the entire project.

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: Lobby, spa, putting green

9. Present Condition of Improvements Not Applicable
 (For conversions of residential apartments in existence for at least 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 D describes the common elements.

As follows:

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 E

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 F 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 G describes the encumbrances against the title contained in the title report dated July 17, 1991 and issued by Hawaii Escrow & Title, Inc.

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.

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>
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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.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

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 H 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:

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

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 Construction Contract between the Developer and the general contractor (Kealii Builders, Inc.) provides that the contractor gives a warranty that all materials and equipment will be of good quality and the work will be free from defects. The Developer will assign all of the warranties given by the Contractor. The Developer does not give any warranties of its own, either expressed or implied.

2. Appliances:

The standard warranties given by the manufacturer of the appliances will be assigned to a purchaser.

J. **Status of Construction and Estimated Completion Date:**

Construction of Building K commenced in December 1989 and was completed in September, 1991.

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:

[] Notice to Owner Occupants

[X] Specimen ~~Sales Contract~~ Purchase Agreement

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

[X] Escrow Agreement dated June 26, 1991

Exhibit J contains a summary of the pertinent provisions of the escrow contract.

[] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. Apartment Conveyances. The Developer intends to issue individual Condominium Conveyance Documents to itself prior to conducting any timeshare sales. This means there will be 27 conveyances (one for each apartment) between the Developer as Grantor and the Developer as Grantee. Developer will not be selling interests in the Commercial apartments.

2. Common Area. Building K also includes a lobby area, general office and registration desk. These are being constructed by the Developer at no cost or expense to the Association of Apartment Owners.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding on the prospective buyer. Sales made by the Developer may be binding on the Developer unless the Developer clearly states in the sales contract that sales 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 Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

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

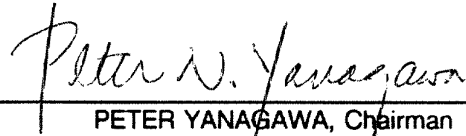
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 987 filed with the Real Estate Commission on April 5, 1978.

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.



PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, County of Kauai
Planning Department, County of Kauai
Federal Housing Administration

EXHIBIT "A"

DESCRIPTION OF EXISTING PROPERTY:

The two hundred and seventeen (217) residential apartments are located in nine (9) low-rise residential apartment buildings, identified by the letters "A" through "J" (excluding the letter "I"). Each building varies from two to three stories in height. There are no basements. Buildings A, B, C, D, E and F each contain twenty-five (25) residential apartments; Buildings G and H each contain twenty-three (23) residential apartments,, and Building J contains twenty-one (21) residential apartments. Each residential building has two stairways and one elevator for access to the second and third floors. A laundry room is located on the ground floor of each residential building and a storage room is located on each floor of each residential building.

Recreational amenities in the Project include a swimming pool, jacuzzi, two tennis courts, a volley ball court, putting green, horseshoe pit, croquet lawn, two shuffle boards, and a separate free-standing recreational building, one-story high in height. Two sauna baths are located in the recreational building. Barbecue facilities will be located near the pool area and/or near the beach. Other free-standing buildings, include an office building and a manager's residence; also one-story in height. The recreational amenities, the recreational building, the office building and the manager's residence are common elements limited in their use to the residential apartments.

All buildings are constructed principally of reinforced concrete steel, glass, aluminum, wood, stucco, and allied building materials.

There are additional facilities for maintenance purpose such as a sewage treatment plant with its associated equipment and electrical and mechanical facilities.

Residential parking will be at unassigned stalls locate near the residential buildings. There are a total of three hundred and thirty seven (337) open parking stalls, including two-hundred and sixty-six (266) full size parking stalls, sixty-six (66) compact parking stalls) and four (4) handicap stalls

DESCRIPTION OF ADDITIONAL BUILDING, BUILDING K:

There are twenty-four (24) residential apartments located in one low rise residential apartment building, identified as Building K. Building K consist of three stories without a basement. The building has two exterior stairways and one elevator. In addition

to the residential apartments, there is also a gift shop, laundry unit and a housekeeping unit on the ground level of the building.

DESCRIPTION OF RESIDENTIAL APARTMENTS:

The two-hundred and seventeen (217) residential apartments and the twenty-four (24) residential apartments in Building K are divided into three basic types: Type A, all having two bedrooms, Type B, all having one bedroom, and Type C which consists of a studio apartment.

There are one hundred fifty-six (156) one-bedroom apartments, eighty-two (82) two bedroom apartments, and 3 studio apartments. The basic types of apartments are further subdivided as follows:

(a) Type A-1, containing two bedrooms, two bathrooms, a kitchen, a dining room, a living room, a lanai, two hallways and an entryway. Each Type A-1 contains a gross floor area of approximately 1,302 square feet, including a lanai of approximately 108 square feet. The net floor area, including lanai, is approximately 1,256 square feet.

(b) Type A-2, containing two bedrooms, two bathrooms, a kitchen, a dining room, a living room, a lanai, one hallway and an entryway. Each Type A-2 contains a gross floor area of approximately 1,191 square feet, including a lanai of approximately 96 square feet. The net floor area, including lanai, is approximately 1,146 square feet.

(c) Type A-3, containing two bedrooms, two bathrooms, a kitchen, a dining room, a living room, a lanai, one hallway and an entryway. Each Type A-3 contains a gross floor area of approximately 1,179 square feet, including a lanai of approximately 96 square feet. The net floor area, including lanai, is approximately 1,132 square feet.

(d) Type A-4, containing two bedrooms, two bathrooms, a kitchen, a dining room, a living room, a lanai, one hallway and a loft. Each Type A-4 contains a gross floor area of approximately 1,471 square feet, including a lanai of approximately 96 square feet. Type A-4 is the same as Type A-3, except that Type A-4 apartments also have a loft containing an a gross floor area of approximately 292 square feet. The net floor area, including lanai and loft is approximately 1,403 square feet.

(e) Type B-1, containing one bedroom, one bathroom, a kitchen, a dining room, a living room, a lanai, one hallway. Each Type B-1 contains a gross floor area of approximately 775 square

feet, including a lanai of approximately 96 square feet. The net floor area, including lanai, is approximately 740 square feet.

(f) Type B-2, containing one bedroom, one bathroom, a kitchen, a dining room, a living room, a lanai, one hallway and a loft. Type B-2 contains a gross floor area of approximately 1,067 square feet, including a lanai of approximately 96 square feet. Type B-2 is the same as Type B-1, except that Type B-2 apartments also have a loft containing a gross floor area of approximately 292 square feet. The net floor area, including lanai and loft, is approximately 1,011 square feet.

Building K Apartments:

(g) Type B-3(A), containing one bedroom, one bathroom, a kitchen, a dining room, a living room, a lanai, and one hallway. Each Type B-3(A) contains a net living area of approximately 473 square feet, including a lanai of approximately 40 square feet.

(h) Type B-3(B), containing one bedroom, one bathroom, a kitchen, a dining room, a living room, a lanai, and one hallway. Each Type B-3(B) contains a net living area of approximately 473 square feet, including a lanai of approximately 40 square feet.

(i) Type B-3(C), containing one bedroom, one bathroom, a kitchen, a dining room, a living room, a lanai, and one hallway. Each Type B-3(C) contains a net living area of approximately 554 square feet, including a lanai of approximately 40 square feet. The unit of this type designed for the physically handicapped consist of 556 square feet.

(j) Type B-3(D), containing one bedroom, one bathroom, a kitchen, a dining room, a living room, a lanai, and one hallway. Each Type B-3(D) contains a net living area of approximately 554 square feet, including a lanai of approximately 40 square feet. The unit of this type designed for the physically handicapped consist of 556 square feet.

(k) Type C-1, a studio unit, containing a living room-bedroom, with a kitchen area, a lanai and one bathroom. Each type C-1 contains a net living area of approximately 320 square feet, including a lanai of approximately 76 square feet. The unit of this type designed for the physically handicapped consist of 296 square feet.

Each apartment will contain a range and oven, dishwasher, disposal, refrigerator, draperies and carpeting, except in bathroom and kitchen which will have vinyl floors.

Apartments on the first level have direct access to the grounds. Access to the apartments on the second and third levels are via one elevator or two stairways and the open corridor on that floor.

Description of Commercial Apartments located in Building K:

There are three commercial apartments located in Building K described as follows:

a) Gift Shop. This apartment consist of one room with two entrances. This unit contains a net area of approximately 446 square feet.

b) Laundry Unit. This apartment consist of one room with four entrances. This unit contains a net area of approximately 436 square feet.

b) Housekeeping Unit. This apartment consist of one room with two entrances. This unit contains a net area of approximately 317 square feet.

EXHIBIT "B"

Developer Reservations

The original developer of the Pono Kai project was Keokiaka Corporation ("Keokiaka"). Keokiaka reserved the right in the original Declaration for the Project to construct additional apartments. The reservation allowed this to be done without the consent of any person (which includes all apartment owners and the Association) which included the right to amend the Declaration and condominium map. However, the amendment which established the 27 apartments in Building K was approved by the Association of Apartment Owners.

The development and construction of the apartments in Building K are in furtherance of the "reservation" originally established by Keokiaka. Therefore, after completion and sale of Building K, there will be no other reservations remaining in favor of the Developer.

EXHIBIT "C"

PONO KAI
LEASEHOLD PROPERTY DISCLOSURE

This is a summary of information about the Condominium Conveyance Document (the "Lease") for the apartments in Building K. Of course, there is no substitute for reading the Lease itself.

Buyers must realize that this document does not and cannot change the terms of the Lease. If the information below differs from the Lease, the Lease controls.

1. **Property Address:** An apartment at 1250 Kuhio Highway, Kapaa, Kauai, Hawaii
2. **Tax Map Key:** (Fourth) 4-5-7-2
3. **Lessor:** 300 West 23rd Street Co., a New York Partnership
4. **Expiration Date:** December 31, 2044
5. **Fixed Base Annual Rental for Each Apartment Unit:**

<u>Unit Type</u>	<u>Lease Rent Per Year</u>	<u>Term</u>
B-3 (A)	\$ 750.28	1/1/90 to 12/31/99
	1,000.40	1/1/2000 to 12/31/2009
B-3 (B)	750.28	1/1/90 to 12/31/99
	1,000.40	1/1/2000 to 12/31/2009
B-3 (C)	877.46	1/1/90 to 12/31/99
	1,169.97	1/1/2000 to 12/31/2009
B-3 (D)	877.46	1/1/90 to 12/31/99
	1,169.97	1/1/2000 to 12/31/2009
C-1	507.36	1/1/90 to 12/31/99
	676.50	1/1/2000 to 12/31/2009
C-1 (accessible)	507.36	1/1/90 to 12/31/99
	676.50	1/1/2000 to 12/31/2009
Gift Shop	707.21	1/1/90 to 12/31/99
	942.98	1/1/2000 to 12/31/2009
Laundry Unit	690.39	1/1/90 to 12/31/99
	920.54	1/1/2000 to 12/31/2009
Housekeeping Unit	502.65	1/1/90 to 12/31/99
	670.72	1/1/2000 to 12/31/2009

NOTE: This is the base rent. The Lease requires the lessee to pay other charges such as real property taxes, excise taxes, and so on. Your attention is directed to the annual maintenance budget for estimates of the other cost that a Buyer would be held responsible for.

6. **Renegotiation Dates:** January 1, 2010; January 1, 2020; January 1, 2030; and January 1, 2040.

7. **Renegotiation Terms:** The Fixed Base Annual Rental for each of the terms commencing on the renegotiation dates shall be determined by agreement between the Board of Directors of the Association of Apartment Owners and the Fee Owner. The Base Rental shall not be less than the greater of (i) 7% or the highest minimum percentage used by the Estate of Bernice Pauahi Bishop in determining rent payable on re-negotiation; or (ii) the total annual rent of the preceding rental period. In the event no agreement can be reached, the Base Rental will be determined by three impartial real estate appraisers. See Section IV.1(d) of Lease for the exact terms.

8. **Surrender Clause:** Upon termination, the lessees may remove the improvements from the land or sell it to a successor lessee, if any. If they do not remove it, then the improvements will be conveyed to the Fee Owner. The total sum of \$50,000 will be paid by the Fee Owner which sum will be shared and apportioned between all apartments within the Project. You are advised to become familiar with Section IV.14 of the Lease.

9. **The Fee Owner has has not made the lessor's interest available for sale.**

EXHIBIT "D"

Common Elements

The common elements include:

- a. The land in fee simple.
- b. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs, entry landings, and stairways in the buildings not within any of the apartments.
- c. The yards, landscaping, trash areas, including the open parking stalls which are not yet appurtenant or assigned to an apartment, all of the landscaped yards and lawns.
- d. The central and appurtenant installations for utility services used or necessary to the existence, maintenance and safety of the Project.
- e. All licenses, leases, or contractual arrangements that the Association enters into for the purpose of providing parking, recreational amenities, including but not limited to swimming pools, tennis courts, meeting rooms, clubhouses, and management facilities for the use or benefit of the apartment owners, their tenants and/or guest.
- f. Any limited common elements that by the terms hereof shall become common elements.
- g. Any improvements placed on the grounds pursuant to a reservation in favor of Developer such as swimming pools, landscaping and parking.

EXHIBIT "E"

Limited Common Elements

The following parts of the common elements, herein called "limited common elements", are hereby set aside and reserved for the exclusive use of one or more apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common element(s):

(a) Residential Elements. The following limited common elements ("residential elements") are appurtenant to and for the exclusive use of all residential apartments:

1. Buildings "A" through "K" (there is no Building "I"), and the laundry room, storage rooms, elevators, stairways, exterior walkways, sidewalks, corridors, and electrical mechanical and telephone rooms in each such building and all other improvements, apparatus, equipment and installations thereof, except the residential apartments located therein and any commercial apartments located within Building "K";

2. The swimming pool, jacuzzi, two tennis courts, volley ball court, putting green, horseshoe pit, croquet lawn, two shuffleboard, barbecue facilities and recreational building (and the two sauna baths therein);

3. The Project Office Building;

4. The Manager's residence;

5. Central and appurtenant installations for services and utilities such as power, light, gas, hot and cold water, heating, refrigeration, air condition, incinerators, refuse collection, sewage and sewage treatment, which from time to time are used solely by any of the residential apartments;

6. All parking spaces;

7. All yards, grounds, landscaping, pathways, sidewalks, driveways and roads, except those (i) within the areas delineated on said Sheet 1 as being set aside for the development of additional commercial apartments, pursuant to paragraph 13 of the Declaration, and/or (ii) which provide access to said area.

(b) Commercial Elements. Those common elements, exclusive of the above-listed residential elements (except as otherwise

provided), which are appurtenant to and for the exclusive use of all the commercial apartments, shall be "commercial elements":, and, subject to the provision of paragraph 12 below, all costs and expenses of every description pertaining thereto ("commercial expenses"), including, but not limited to, the cost of maintenance, repair, and replacement of, and the making of any additions and improvements to, and the costs of administering and operating, including the costs of any security arrangements, and the cost of insuring, shall be charged to and borne by each owner of each additional commercial apartment in the percentage which common interest appurtenant to his commercial apartment bears to the total common interests of all commercial apartments.

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EXHIBIT "F"

Percentage Common Interest in Building K Apartments

<u>Apartment Type</u>	<u>Undivided Percentage Interest</u>	<u>No. of Units</u>	<u>Aggregate Percentage of Undivided Interest</u>
Type B-3(A)	.1115	9	1.0035
Type B-3(B)	.1115	9	1.0035
Type B-3(C)	.1304	2	.2608
Type B-3(D)	.1304	2	.2608
Type C-1	.0754	1	.0754
Type C-1 (accessible)	.0754	1	.0754
Gift Shop	.1051	1	.1051
Laundry Unit	.1026	1	.1026
Housekeeping Unit	<u>.0747</u>	<u>1</u>	<u>.0747</u>
	Total:	27	2.9618

1. Type B-3(A) apartments are numbered: K101, K103, K105, K202, K205, K207, K302, K305, K307.

2. Type B-3(B) apartments are numbered: K102, K104, K106, K203, K206, K208, K303, K306, K308

3. Type B-3(C) apartments are numbered: K201(HC), K301

4. Type B-3(D) apartments are numbered: K209(HC), K309

5. Type C-1 apartments are numbered: K204(HC), K304

6. The Gift Shop unit is numbered: KC1

7. The laundry unit is numbered: KC2

8. The housekeeping unit is numbered: KC3

HC-The letters "HC" after the apartment number designates that it is a handicapp unit.

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EXHIBIT "G"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. Restrictive covenant as set forth in the Deed dated November 8, 1943, recorded in the Bureau of Conveyances, State of Hawaii, in Book 1791, Page 205, being Deed No. 7554, and also set forth in the Deed dated June 24, 1968, recorded in said Bureau, in Book 6116, Page 1. (Affects northern most portion of lands herein). Agreement to Amend Restrictive Covenant allowing residential use as contained in Deed No. 7554, dated December 29, 1978, recorded in said Bureau, in Book 13493, Page 641.

3. Matters as shown on Condominium File Plan No. 611, filed in the Bureau of Conveyances.

4. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements and by-laws, set forth in Declaration of Horizontal Property Regime dated February 9, 1979, recorded in said Bureau, in Book 13670, Page 558.

Said Declaration was amended by the following instruments:

<u>DATED:</u>	<u>BOOK:</u>	<u>PAGE:</u>
October 23, 1979	14093	646
October 25, 1979	14101	467
October 29, 1979	14108	66
October 31, 1979	14119	520
November 1, 1979	14126	626
November 7, 1979	14133	447
November 20, 1979	14220	229
May 6, 1980	14728	452
December 30, 1980	15254	36
July 16, 1984	18068	731
February 15, 1989	22909	39

DOCUMENT NO:

May 28, 1991	91-81637
April 23, 1991	91-94723

5. Correction Submittal of Property to Declaration of Horizontal Property Regime; Pono Kai, dated May 6, 1980, by

Keokiaka Corporation, recorded in said Bureau, in Book 14728, Page 452.

6. An Easement affecting a portion of said land and for the purposes stated therein, and incidental purposes, in favor of Citizens Utilities Company, a Delaware corporation, dated May 6, 1980, recorded in said Bureau, in Book 14739, Page 559, for electrical purposes.

7. The Declaration of Covenants, Conditions, and Restrictions for the Club Pono Kai Interval Program, dated July 9, 1982, recorded in said Bureau, in Book 16467, Page 177.

Declaration of Removal dated June 26, 1986, recorded in said Bureau in Book 19627, Page 140 (deletes Apartment E-302 from Club Pono Kai Interval Ownership Program).

Said Declaration for The Club Pono Kai Interval Ownership Program was amended by the following instruments:

<u>DATED:</u>	<u>BOOK:</u>	<u>PAGE:</u>
December 2, 1982	16722	321
July 28, 1986	19713	18
June 19, 1987	20808	671
June 22, 1988	22069	222

8. Any and all easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said condominium conveyance document and/or as delineated on said condominium file plan.

9. Terms, provisions, and conditions of that certain condominium conveyance document, assignment, and consent herein referred to.

10. Real property taxes as may be due and owing. Check with the Kauai Tax Assessor for further information.

EXHIBIT H

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
(BUILDING K ONLY)**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Type B-3 (A)	89.57	1,074.84
Type B-3 (B)	89.57	1,074.84
Type B-3 (C)	104.75	1,257.00
Type B-3 (D)	104.75	1,257.00
Type C-1	60.57	726.84
Type C-1 (accessible)	60.57	726.84
Gift Shop	84.43	1,013.16
Laundry Unit	10.12	121.44
Housekeeping Unit	60.00	720.00

The above maintenance fees are on a condominium apartment basis and does not reflect the fees associated with any time sharing program.

If a purchaser is considering the acquisition of a time share interest in Building K, the purchaser should review the time share Disclosure Statement for information on the maintenance fees and assessments.

The budget on the next page is for all 244 apartment units in the Pono Kai project which includes Building K. The maintenance fees for each unit type above were determined by multiplying the appurtenant common interest for each apartment type by the total monthly and annual maintenance fee budget set forth on the next page.

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

Estimate of Maintenance Fee Assessments and Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning (Included in Electricity)

Electricity

common elements only

\$ 6,300

\$ 75,600

common elements
and apartments

Gas

600

7,200

Refuse Collection

1,210

14,520

Telephone

3,168

38,016

Water and Sewer

4,300

51,600

Cable

1,557

18,684

Maintenance, Repairs and Supplies

Building

3,738

44,860

Grounds

3,252

39,028

Management

Management Fee

2,467

29,607

Payroll and Payroll Taxes

24,980

299,764

Office Expenses

1,752

21,020

Security

3,547

42,559

Insurance

10,820

129,845

Reserves

5,028

60,333

Taxes and Government Assessments

125

1,500

Audit Fees

1,005

12,500

Other - Contingency

5,000

60,000

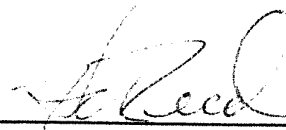
TOTAL

\$80,331

\$946,186

I/We, GLEN IVY RESORTS, INC. as Developer, 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.

by



Date:

11/11/91

EXHIBIT "I"

Summary of Purchase Agreement

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

(a) A buyer must obtain his own financing. Buyer acknowledges that this Purchase Agreement is contingent on any financing after the issuance of the final public report.

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

(c) That the unit will be subject to various other legal documents which the buyer certifies that he has examined.

(d) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

The Purchase Agreement contains various other provisions with which the purchaser should become acquainted.

EXHIBIT "J"

Summary of Escrow Agreement

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

(a) Escrow will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

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