

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

ALOHA SURF HOTEL
444 Kanekapolei Street
Honolulu, Hawaii 96815

REGISTRATION NO. 1099

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

It was prepared as a supplement to an earlier Report dated April 25, 1979 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: January 19, 1981
Expires: May 25, 1981

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION TO SELL, SUBMITTED FEBRUARY 28, 1979, AND INFORMATION SUBSEQUENTLY FILED AS OF JANUARY 14, 1981. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL AND SUBMITTING INFORMATION ON MATERIAL CHANGES IN THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES ACT, CHAPTER 514A, HAWAII REVISED STATUTES, as amended.

1. Since the issuance of the Commission's Preliminary Public Report of April 25, 1979 on ALOHA SURF HOTEL, Registration No. 1099, the Developer reports

that changes have been made in the plan or setup as presented in the February 28, 1979 Notice of Intention to Sell, in particular the change to a fee simple condominium project.

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), becoming a part of the ALOHA SURF HOTEL registration. The Developer is responsible for placing a true copy of this Supplementary Public Report in the hands of all purchasers and prospective purchasers, along with a copy of the Preliminary Report and the Developer's revised Disclosure Abstract. The buyer shall sign the required receipt signifying that he has had an opportunity to read the reports.

2. The Developer of the Project has submitted to the Commission for examination of revised documents essential to the issuance of this Supplementary Public Report.

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

4. Advertising and promotional materials have been submitted to the Commission pursuant to rules and regulations promulgated by the Commission.

5. The Developer has requested and the Commission has granted an extension of the Preliminary Public Report to expire May 25, 1981.

The information in the topical headings, ATTORNEY REPRESENTING DEVELOPER, INTEREST TO BE CONVEYED TO PURCHASER, PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING and SPECIAL NOTATIONS BY DEVELOPER has been altered as hereinafter set forth. All other topical headings have not been disturbed.

ATTORNEY REPRESENTING DEVELOPER: Hamilton, Gibson, Nickelsen, Rush & Moore (Attention: D. Scott MacKinnon), 20th Floor, 745 Fort Street, Honolulu, Hawaii 96813; Telephone No. 521-0400.

INTEREST TO BE CONVEYED TO PURCHASER. The Developer advises that it has deleted the Unit Deed and Ground Lease and has determined to sell the apartments in the Project in fee simple by means of an Apartment Deed conveying the apartment and an undivided percentage interest in the common elements of the Project (as shown in Exhibit "A" attached to the Preliminary Public Report) to the purchaser.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Developer advises that the use restrictions applicable

to the residential apartment units have been changed. The proposed Declaration now provides that the residential apartment units shall be occupied and used for residential uses or time-sharing ownership by the respective owners thereof, their tenants, families, domestic servants and social guests and may be sold, leased, rented or used for any time period or periods including any annually recurring period on a fixed or floating basis, subject to all provisions of the Declaration or the By-Laws attached thereto.

NOTE: Please be advised that in the event any person, including the Developer, desires to sell any time-share interest in any apartment in the Project such persons will have to fully comply with the provisions of Chapter 514-E of the Hawaii Revised Statutes and any rules and regulations promulgated thereunder prior to selling any such time-share interest.

ENCUMBRANCES AGAINST TITLE. An updated Preliminary Title Report dated September 25, 1980, issued by Security Title Corporation has been filed with the Commission and discloses the following encumbrances against title:

1. Perpetual covenant as set forth in that certain Deed dated July 6, 1927, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 13321, to which reference is hereby made.
2. A Master Plan setback line, as shown on Map 25, as set forth by Land Court Order No. 26774, filed February 14, 1967.
3. Any and all existing unrecorded Leases and Subleases.
4. Mortgage dated May 18, 1978, filed in said Office of the Assistant Registrar as Document No. 876504, made by CHUBU TAIHEIYO SOGO KAIHATSU KABUSHIKI KAISHA, a Japan corporation, as Mortgagor(s), to HONOLULU FEDERAL SAVINGS AND LOAN ASSOCIATION, a federal savings and loan association, as Mortgagee(s), to secure the repayment of the sum of \$2,500,000.00.
5. Financing Statement dated May 18, 1978, covering all right, title and interest of the Debtor in any Escrow Agreement, Sales Contract, etc., given as security by CHUBU TAIHEIYO SOGO KAIHATSU KABUSHIKI KAISHA in favor of HONOLULU FEDERAL SAVINGS AND LOAN ASSOCIATION, recorded in the Bureau of Conveyances of the State of Hawaii in Book 12908, Page 437.
6. Lis Pendens dated May 14, 1979, filed in said Office of the Assistant Registrar as Document No. 940537, made in the matter entitled "A.S.H. PARTNERS, a Hawaii general partnership, Plaintiff, vs. CHUBU TAIHEIYO SOGO KAIHATSU KABUSHIKI KAISHA and TSURUJI NAKAMURA, Defendant", now pending in the Circuit Court of the First Circuit, State of Hawaii, under CA No. 57794. Re: To secure specific performance by Defendants affecting Lot 46-A.

7. Further proceedings made in the matter entitled "HENRY H. CHAN, Plaintiff(s), vs. ESTER CHU, ESTER CHU REALTY, INC., a Hawaii corporation, and ASH PARTNERS, a Hawaii partnership, Defendant(s)", now pending in the Circuit Court of the First Circuit, State of Hawaii, under Civil No. 59032, filed September 5, 1979. Re: "Breach of Agreement". "Notice of taking Oral Deposition", "Aloha Surf Hotel".

Said proceedings is not noted on Transfer Certificate of Title No. 200,334.

8. For real property taxes which may be due and owing, reference is made to the Office of the Tax Assessor, First Division.

NOTE: The Developer advises that items 3 through 7 above will be partially released and/or removed prior to the recordation of any conveyance to a prospective purchaser of an apartment in the Project.

PURCHASE MONEY HANDLING: The Developer advises that it has changed escrow companies since the issuance of the Preliminary Public Report of April 25, 1979. A copy of the executed Escrow Agreement dated June 28, 1979 with SECURITY TITLE CORPORATION, Escrow Agent, has been filed with the Commission. On examination, the executed Escrow Agreement filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Sections 514A-40(6), 514A-39 and 514A-63 through 514A-66, H.R.S. Among other provisions, the executed Escrow Agreement states that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, without interest, and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

1. Escrow receives a written request from Developer to return to purchaser the funds of such purchaser then held under the Escrow Agreement by Escrow; or
2. If a purchaser's funds were obtained prior to the issuance of a Final Public Report and if there is any change in the condominium building plans, subsequent to the execution of purchaser's sales contract, requiring the approval of a County officer having jurisdiction over the issuance of permits for construction of building, unless the purchaser has given written approval or acceptance of the change, or ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or has first occupied the apartment; or
3. If a purchaser's funds were obtained prior to the issuance of a Final Public Report and the request is prior to the time the Final Public Report is issued; or
4. If the Final Public Report differs in any material respect from the Preliminary Public Report,

unless the purchaser has given written approval or acceptance of the difference; or

5. If the Final Public Report is not issued within one (1) year from the date of issuance of the Preliminary Public Report; provided that if the Final Public Report is issued after the one year period and a copy of the Final Public Report is delivered to the purchaser either personally or by registered or certified mail with return receipt requested, notwithstanding any law to the contrary, the purchaser shall have thirty (30) days from the date of delivery to exercise his right of refund and cancellation of obligation, after which period such right shall be deemed waived; provided, further, that such waiver shall be effective only if at the time the purchaser receives a copy of the Final Public Report, he is notified in writing of his right of refund and cancellation of obligation and the waiver of such right upon his failure to act within the thirty (30) day period.

It is incumbent of the purchaser and prospective purchaser to read and understand the Escrow Agreement before signing the Condominium Reservation Agreement since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's funds. The Specimen Condominium Reservation Agreement specifically provides that the purchaser approve said Escrow Agreement, assume the benefits and obligations therein provided, and agree among other things to the following:

1. Late Charge. In the event any payment to be made by Buyer hereunder is not made when due, Buyer hereby agrees that such late payment shall bear interest at the rate of one percent (1%) per month from its due date until paid in full.

2. Warranties. Buyer acknowledges that Buyer is aware that the construction of the building of the Project was completed in 1967 and Buyer further understands and agrees that the apartment and the building of the Project is being sold in an "as is" condition and that SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE.

3. Reservation Agreement.

(a) Notwithstanding any other provision of the Sales Contract to the contrary, it is expressly understood and agreed that if at the time of execution of the Agreement by the Buyer and the Seller, a Final Public Report for the Project has not been issued by the Real Estate Commission of the State of Hawaii, the Agreement shall not be legally binding upon either the Buyer or Seller. In such event, the Agreement shall constitute only a "reservation", and not a binding contract. Seller shall have no obligation to sell and Buyer shall have no obligation to buy the Apartment described. The Agreement will not become a binding sales agreement unless

and until: (i) a Final Public Report is issued on the Project, and (ii) Buyer has receipted for or is deemed to have receipted for the Final Public Report. AS LONG AS THE AGREEMENT CONSTITUTES A RESERVATION, IT MAY BE TERMINATED AT ANY TIME, WITH OR WITHOUT CAUSE, AT THE OPTION OF EITHER PARTY, BY WRITTEN NOTICE OF SUCH TERMINATION TO THE OTHER PARTY. In the event of such termination, the Seller shall cause Escrow to refund all payments previously made by Buyer without interest, and neither party shall have any other or further liability hereunder or with respect to the Project; provided that if Buyer terminates the Agreement, the Escrow shall deduct from the refund to Buyer the escrow cancellation fee and all costs incurred by Seller, Escrow, or any lending institution in processing the Agreement or the loan application; if Seller terminates the Agreement, then Seller shall pay the Escrow cancellation fee.

(b) If the Sales Contract is entered into after the issuance of the Final Public Report on the Project, then the provisions of this paragraph shall be of no force or effect and the Agreement shall be a fully binding contract upon Buyer and Seller upon acceptance of the Agreement by Seller as provided in paragraph F-23 of the Sales Contract.

4. Furnishings. The Property will include only the appliances and furnishings specified in paragraph A of the Condominium Reservation Agreement. Buyer acknowledges that NO WALLPAPER, MIRRORS, CHANDELIER, LANAI FLOOR COVERING OR OTHER FURNITURE, FURNISHINGS OR APPLIANCES (other than those specified in paragraph A), WHETHER OR NOT INCLUDED IN ANY MODEL APARTMENT, ARE INCLUDED IN THE "TOTAL PURCHASE PRICE" FOR THE PROPERTY.

5. Estimated Monthly Maintenance Charges. Buyer has examined and approved the estimate of monthly maintenance charges and assessments for the apartment as shown in the Developer's Disclosure Abstract. Buyer is aware that such amounts are only estimates, and are subject to change for various reasons, and Buyer specifically accepts and approves any such changes. BUYER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY SELLER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.

6. Buyer and Seller agree that after the deposit of all monies required to be paid pursuant to paragraph C.2 of the Agreement, said monies may be used for paying for the costs and expenses of renovating the Project and/or replacing the carpeting, draperies, furniture and other items in said apartment, subject in all events to the issuance of a Final Public Report on the Project and full compliance with the disbursement requirements of the Escrow Agreement.

7. The purchaser agrees that until Seller has closed out the sale of all apartments in the Project

or until December 31, 1980, whichever shall first occur, the purchaser will not enter into a "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the Project and/or any third party.

8. The Seller advises that in conjunction with the sale of the apartments in the Project it is not offering to provide services relating to the rental of apartments in the Project and no representation or reference to that effect has been made or will be made by or on behalf of the Seller. Rental or other disposition of the apartments and the provisions of management services in connection therewith is the sole responsibility of the purchaser.

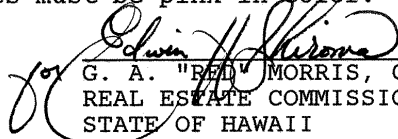
SPECIAL NOTATION BY DEVELOPER: Paragraph 12 under this heading in the Preliminary Public Report of April 25, 1979 should be amended to read as follows:

12. Delivery of actual possession of the unit will take place on the Date of Completion as that term is defined in paragraph F.12 of the Condominium Reservation Agreement.

The purchaser or prospective purchaser should be cognizant of the fact that this report represents information disclosed by the Developer in the required Notice of Intention submitted February 28, 1979 and information subsequently filed as of January 14, 1981.

This SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1099 filed with the Commission February 28, 1979.

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


G. A. "RED" MORRIS, 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. 1099

January 19, 1981