

# 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 WAIKIKI ROYAL (CONVERSION)  
255 Beach Walk  
Honolulu, Hawaii

REGISTRATION NO. 1237

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

It was prepared as a supplement to an earlier Report dated February 22, 1980 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: March 10, 1981  
Expires: October 31, 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 JANUARY 29, 1980, AND INFORMATION SUBSEQUENTLY FILED AS OF FEBRUARY 11, 1981. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuance of the Commission's Preliminary Public Report of February 22, 1980, and the Final Public Report of March 31, 1980 on THE WAIKIKI ROYAL, Registration No. 1237, the Developer reports that changes have been made in the plan or setup as

presented in the January 29, 1980 Notice of Intention to Sell, in particular the provision for possible time-sharing use.

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), becoming a part of THE WAIKIKI ROYAL 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 and Final Public Reports and the Developer's Disclosure Abstract, and obtaining a receipt therefor.

2. The Developer of the Project has submitted to the Commission for examination the Amendment to the Declaration for the Project, recorded in the Bureau of Conveyances of the State of Hawaii on January 30, 1981, in Liber 15316, Page 127, and the other 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 matter has not been submitted to the Commission.

5. The Developer has requested and the Commission has granted an extension of the Final Public Report to October 31, 1981, which date coincides with the expiration of this report.

6. This Supplementary Public Report expires on October 31, 1981, unless the Commission, upon review of the registration, issues an order extending the effective date of this report.

The information under the topical headings, ATTORNEY REPRESENTING DEVELOPER, PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE, ENCUMBRANCES AGAINST TITLE and PURCHASE MONEY HANDLING 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.

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 Declaration and By-Laws, as amended, now provide that the residential apartment units shall be occupied and used as follows:

"The Residential Units may be used for residential and any other use lawful under the zoning laws and ordinances prevailing from time to time, including the leasing or rental of those units from time to time, subject to such limitations as may be contained herein or in the By-Laws of the Association and House Rules which may be adopted from time to time governing the use of Residential Units. The Residential Units in the Project or any interest therein may be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a Residential Unit or Residential Units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, beneficial interest under a Hawaii Land Trust, partnership or otherwise. The Fee Owner may use any Residential Unit for sales or display purposes prior to its sale."

NOTE: The property on which the Project is presently situated is zoned Resort-Hotel Precinct under the Comprehensive Zoning Code of the City and County of Honolulu. Prior to using the apartment for a purpose other than residential use, the purchaser is advised to examine the other permitted uses within the zoning classification with care.

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 514E of the Hawaii Revised Statutes and any rules or regulations promulgated thereunder prior to selling any such time-share interest.

ENCUMBRANCES AGAINST TITLE: An updated Preliminary Title Report dated December 29, 1980, issued by Security Title Corporation, has been filed with the Commission and discloses the following encumbrances against title:

A. AS TO PARCEL FIRST:

1. The terms and provisions of that certain Lease dated September 10, 1959, recorded on September 17, 1959 in said Bureau of Conveyances in Book 3690, Page 1, made by and between LOUIS J. ABRAMS, husband of Lee Abrams, and BISHOP TRUST COMPANY, LIMITED, Guardian of the Estate of Scott F. Abrams, a minor, acting herein pursuant to

License of the Circuit Court of the First Circuit of Hawaii, dated April 25, 1959, and filed in Probate No. 15267 of said court, as Lessor(s), to LYMAN J. BLANK, husband of Barbara Blank, GORDON H. DAMON, husband of Frances Damon, and GEORGE J. SCRANTON, husband of Mary Leigh Scranton, No Tenancy Shown, as Lessee(s), for a term commencing on July 1, 1959 and ending on May 31, 2013.

(a) By instrument dated September 21, 1960, recorded on October 20, 1960 in said Bureau of Conveyances in Book 3941, Page 50, the foregoing Lease was amended.

(b) By instrument dated June 29, 1961, recorded on July 19, 1961 in said Bureau of Conveyances in Book 4094, Page 98, the foregoing Lease was further amended.

(c) Said Lease, through mesne assignments, is now held by INDELCO, a Nevada partnership, as Lessee(s), by Assignment of Lease dated December 18, 1979, recorded on January 30, 1980 in said Bureau of Conveyances in Book 14457, Page 761.

Said Lease is subject to the following:

(a) Undated Financing Statement covering certain fixtures located on the real property, given as security by WAIKIKI ROYAL, INC. in favor of STATE SAVINGS AND LOAN ASSOCIATION, recorded on February 23, 1979 in said Bureau of Conveyances in Book 13504, Page 482 (also affects other property).

(b) Undated Financing Statement covering certain fixtures located on the real property, given as security by WAIKIKI ROYAL, INC. in favor of INDELCO, recorded on December 27, 1979 in said Bureau of Conveyances in Book 14358, Page 776 (also affects other property).

2. Mortgage dated November 9, 1972, recorded on December 8, 1972 in the Bureau of Conveyances of the State of Hawaii in Book 8792, Page 140, made by LOUIS J. ABRAMS, No Marital Status Shown, as Mortgagor(s), to FIRST HAWAIIAN BANK, as Mortgagee(s), to secure the repayment of the sum of \$50,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.

B. AS TO PARCELS SECOND AND THIRD:

1. SUBJECT, HOWEVER, to an easement for pedestrian and vehicle passage over and across a portion of said Lot 31, being a strip 10 feet wide, as contained in that certain instrument dated April 1, 1968, recorded on April 15, 1968 in said Bureau of Conveyances in Book 6024, Page 289 (as to Parcel Third only).

2. The terms and provisions of that certain unrecorded undated Sublease made by and between LYMAN J. BLANK, GORDON HAPPER DAMON and GEORGE J. SCRANTON, as Sublessor(s), to TROPIC ISLE CORPORATION, a Hawaii corporation, as Sublessee(s), as disclosed by that certain instrument dated May 31, 1960, recorded on June 29, 1960 in said Bureau of Conveyances in Book 3865, Page 451.

3. The terms and provisions of that certain Sublease dated September 22, 1960, recorded on October 20, 1960 in said Bureau of Conveyances in Book 3941, Page 20, made by and between LYMAN J. BLANK, GORDON HAPPER DAMON and GEORGE J. SCRANTON, No Marital Status Shown for each, as Sublessor(s), to MUN ON CHUN, husband of Patsy S. Chun, as Sublessee(s), for a term commencing on October 15, 1960 and ending on May 30, 2013.

(a) By instrument dated December 29, 1961, recorded on February 12, 1962 in said Bureau of Conveyances in Book 4215, Page 157, the foregoing Lease was amended.

(b) By instrument dated April 1, 1968, recorded on April 15, 1968 in said Bureau of Conveyances in Book 6024, Page 289, the foregoing Lease was further amended.

(c) Said Lease, through Mesne assignments, is now held by INDELCO, a Nevada partnership, as Lessee(s), by Assignment of Lease dated December 18, 1979, recorded on January 30, 1980 in said Bureau of Conveyances in Book 14457, Page 768.

Said Lease is subject to the following:

(a) Undated Financing Statement covering certain fixtures located on the real property, given as security by WAIKIKI ROYAL, INC. in favor of STATE SAVINGS AND LOAN ASSOCIATION, recorded on February 23, 1979 in said Bureau of Conveyances in Book 13504, Page 482 (also affects other property).

(b) Undated Financing Statement covering certain fixtures located on the real property, given as security by WAIKIKI ROYAL, INC. in favor of INDELCO, recorded on December 27, 1979 in said Bureau of Conveyances in Book 14358, Page 776 (also affects other property).

C. AS TO ALL PARCELS:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent No. 4493.

2. The restrictive covenants as contained in those certain Deeds dated December 10, 1915, November 30, 1914 and December 23, 1919, respectively, recorded on December 15, 1915, January 12, 1915 and January 5, 1920, respectively, in the Bureau of Conveyances of the

State of Hawaii in Book 442, Page 24, Book 422, Page 165, and Book 545, Page 86, respectively.

3. Mortgage dated February 29, 1980, recorded on March 4, 1980 in the Bureau of Conveyances of the State of Hawaii in Book 14549, Page 89, made by INDELCO, a Nevada general partnership doing business in the State of Hawaii, as Mortgagor(s), to STATE SAVINGS AND LOAN ASSOCIATION, a Utah corporation, as Mortgagee(s), to secure the repayment of the sum of \$3,200,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.

4. Undated Financing Statement covering certain fixtures located on the real property, given as security by INDELCO in favor of STATE SAVINGS AND LOAN ASSOCIATION, recorded on March 4, 1980 in said Bureau of Conveyances in Book 14549, Page 116.

5. Condominium Map No. 693, filed in the Bureau of Conveyances of the State of Hawaii on March 12, 1980.

6. The covenants, agreements, obligations, conditions and other provisions set forth in that certain Declaration of Horizontal Property Regime of THE WAIKIKI ROYAL, dated February 29, 1980, recorded on March 12, 1980 in said Bureau of Conveyances in Book 14566, Page 720.

7. 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 at the time the first Apartment Deed in favor of a purchaser is recorded and delivered that all encumbrances listed above with the exception of the items listed under paragraphs B.1, C.1, C.2, C.5 and C.6 shall be satisfied and released of record or the apartment being conveyed shall be released therefrom by partial release duly recorded.

PURCHASE MONEY HANDLING: The Developer advises that it has changed escrow companies. A copy of the executed Escrow Agreement dated January 9, 1981, 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.

It is incumbent on 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. Renovation Work; Cancellation Rights.

(a) It is understood and agreed by Buyer that, upon the closing of purchase of the apartment described in Paragraph A above, Seller shall promptly commence and use its best efforts to diligently complete certain renovation work to the Project. The renovation work to the Project will include redesign of the lobby for the Project. Buyer hereby agrees to close the purchase of said apartment for cash or by means of an Agreement of Sale notwithstanding the status of the renovation work on the Project, subject to the Buyer's receipt for Supplementary Public Report on the Project and Seller's compliance with the disbursement provisions of said Escrow Agreement.

(b) Seller shall have the right and option to cancel this Agreement by written notice to the Buyer if (i) thirty-three (33) apartment units in the Project are not subject to an Escrow Agreement by February 27, 1981; or if (ii) such notice of cancellation is given prior to the issuance of a Supplementary Public Report; or if (iii) the Buyer, within five (5) days from the mailing or delivery by Seller of a copy of said Supplementary Public Report, shall fail to acknowledge receipt thereof, or shall fail to give his written approval or acceptance to any change to any building plans if such written approval or acceptance is required, or shall fail to give his written approval or acceptance of any said Supplementary Public Report if the same differs from the Final Public Report in any material respect other than amending the Declaration to provide that an apartment may be used for any legal use or for time sharing (including an approval or acceptance, if the same be required, of material amendments of documents on which basis either report was issued), all of which Buyer may choose to do without penalty, in whichever event all sums paid by Buyer hereunder shall be refunded without interest, and this Agreement shall be cancelled and both parties shall be relieved of and released from all further liabilities hereunder.

2. 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.

3. Warranties. Buyer acknowledges that Buyer is aware that the construction of the building of the Project was completed in 1961 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.

4. 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 Supplementary Public Report for the Project has not been issued by the Real Estate Commission of the State of Hawaii, this Agreement shall not be legally binding upon either the Buyer or Seller. In such event, this 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. This Agreement will not become a binding sales agreement unless and until: (i) a Supplementary Public Report is issued on the Project, and (ii) Buyer has received for or is deemed to have received for the Supplementary Public Report. AS LONG AS THIS 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 this Agreement, then Seller shall pay the escrow cancellation fee.

(b) If the Sales Contract is entered into after the issuance of the Supplementary Public Report on the Project, then the provisions of paragraph 4(a) above shall be of no force or effect and, subject to the provisions of Section 2 hereof, this Agreement shall be a fully binding contract upon Buyer and Seller upon acceptance of the Agreement by Seller as provided in paragraph F-22 of the Sales Contract.

5. 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.

6. 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



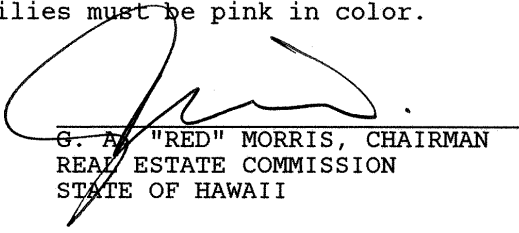
is aware that such amounts are only estimates, and are subject to change for various reasons, and Buyer specifically accepts and approves any such changes. "BUYER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY SELLER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES."

NOTE: The Developer advises that pursuant to paragraph 25 of the Specimen Condominium Reservation Agreement the purchaser shall agree that until Developer has closed out the sale of all apartments in Project or until May 30, 1981, 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. Also, pursuant to paragraph 26, the Developer 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 Developer. Rental or other disposition of the apartments and the provisions of management services in connection therewith is the sole responsibility of the purchaser.

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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 January 29, 1980, and information subsequently filed as of February 11, 1981.

THIS SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1237 filed with the Commission January 29, 1980.

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. 1237

March 10, 1981