

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

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

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON
HANAMAULU BEACH VILLAS
Hanamaulu, Kauai, Hawaii
with access from Kuhio Highway

REGISTRATION NO. 1280

IMPORTANT — Read This Report Before Buying

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

It reflects information obtained by the Real Estate Commission in its investigation of the 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 but may only take reservations therefore after

- (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: April 11, 1980

Expires: May 11, 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 SUBMITTED MARCH 27, 1980, AND INFORMATION SUBSEQUENTLY FILED AS OF APRIL 9, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES.

1. HANAMAULU BEACH VILLAS is a fee simple condominium project consisting of one hundred fifty (150) residential apartment units in eight separate apartment buildings without basements, a total of two hundred twenty-five (225) parking stalls, a swimming pool,

sauna, jacuzzi, four tennis courts, a tennis pro shop, and a lagoon, all in accordance with plans prepared by John Graham and Company, which have not yet been filed in the Bureau of Conveyances of the State of Hawaii.

2. The Developer has submitted to the Commission for examination all documents necessary for the issuance of this Preliminary Public Report.
3. No advertising or promotional matter has been submitted pursuant to Chapter 514A of the Hawaii Revised Statutes and the rules and regulations promulgated by the Commission.
4. The Developer advises that the Declaration of Horizontal Property Regime and By-Laws of Association of Apartment Owners have not yet been recorded in the Bureau of Conveyances of the State of Hawaii.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, the Horizontal Property Act and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, April 11, 1980, unless a Final Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective period of this report.
7. This Preliminary Public Report is made a part of the registration on the HANAMAULU BEACH VILLAS condominium project. The Developer is responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) and the Disclosure Abstract in the hands of all purchasers and prospective purchasers and for securing a signed copy of the Receipt therefor.

NAME OF PROJECT: HANAMAULU BEACH VILLAS.

LOCATION: The project is located just north of Hanamaulu Bay on the eastern coast of the Island of Kauai, Hawaii. A final subdivision map, prepared by Portugal, Ibara & Associates, Inc., is on file with the County of Kauai, indicating that the land for the Project consists of 13 acres and will include nonexclusive easement rights in common with others in other land for access, beach access and for sewer and other utility services.

TAX MAP KEY: FOURTH DIVISION 3-7-03 (Por. of 07).

ZONING: The property is zoned for 150-condominium units per Kauai County Ordinance No. PM-26-79, including an Exhibit A thereto which defines design guidelines for the Project.

DEVELOPER: Graham Beach Partners, a Hawaii registered limited partnership, 1110 Third Avenue, Seattle, Washington

98101. The general partners of the Developer are: John Graham and MHY, Inc., a Hawaii corporation.

The developer may be contacted in Hawaii through the Developer's Development Manager, Graham Development Services, Inc. at Pioneer Plaza, Suite 1350, 900 Fort Street Mall, Honolulu, Hawaii 96813, Attn: Michael W. Davis, Phone Number 521-8573.

ATTORNEY FOR DEVELOPER: Carlsmith, Carlsmith, Wichman and Case, 190 South King Street, Honolulu, Hawaii 96813 (Attention: Ray Iwamoto or Stacey Hendrickson), Telephone 523-2500.

DESCRIPTION: The proposed Declaration provides that the land will be improved, according to the Developer's plans and intention to sell, with the construction of eight separate apartment buildings and two non-apartment buildings. The specimen Sales Contract states that the Developer intends to sell the apartments therein to third persons, and to grant to each purchaser of a condominium unit an apartment deed of such condominium unit and an undivided interest in the common elements of the Project, in fee simple.

A. Description of Access. The Project is accessible from Kuhio Highway by way of a 60-foot wide access road which is shared by other developments currently proposed or anticipated in the future and located adjacent to the Project. The access road is also open to the public for the purposes of gaining access to the beach by way of a beach access easement connecting from the access road.

The access road from Kuhio Highway will be constructed to county standards and landscaped.

B. Description of Project. The land, consisting of approximately 13 acres, is relatively flat varying in elevation from about 3 feet to 13 feet above sea level. The Project shall include a swimming pool, sauna and jacuzzi, four (4) tennis courts, a tennis pro shop, manager's office and a lagoon. The Project shall be landscaped.

C. Description of the Buildings.

1. Apartment Buildings. The project shall contain eight (8) separate apartment buildings constructed principally of concrete, glass, wood, and gypsum board. There shall be four (4) different and distinct apartment building types, designated as Types I, II, III, and IV. Apartment Building Types I and III shall each contain eighteen (18) apartments. Each Type IV apartment building shall contain twelve (12) apartments, and each Type II apartment building shall contain twenty-four (24) apartments. All apartment buildings are three stories in height without basements.

The apartment buildings are arranged along an access drive and are clustered around the swimming pool area and a man-made lagoon (not connected to the ocean). The apartment buildings are designated consecutively from A

through H, beginning with Building A at the entrance (Mauka side) to the property and ending with Building H at the beach (Lihue side).

2. Non-Apartment Buildings. The project shall include a pool house building containing a sauna and jacuzzi, and a tennis pro-shop building which shall contain the managing agent's office, the tennis pro-shop and will include storage space for maintenance equipment. These non-apartment buildings shall be one story buildings, without basement, and will contain no apartments.

3. Description of the Apartments. One hundred and fifty (150) separate condominium apartments are designated in the spaces within the perimeter and party walls, windows, doors, floors, and ceilings of each of the one hundred and fifty (150) apartment units (specifically including the appurtenant lanais) of the Project, distributed among the eight (8) apartment buildings in the Project as described above, which spaces together with appurtenant lanai air spaces are referred to as "apartments," and are designated on the Condominium Map and described as follows:

a. Apartment Numbers and Locations. The apartments are numbered from one (1) to twelve (12), from one (1) to eighteen (18), or from one (1) to twenty-four (24) within each apartment building, depending on apartment building type. The numbers are assigned in such a way that Apartment Number 1 in any building will always be the left-hand-most apartment on the first floor when facing the building from the entrance drive. The highest numbered apartment (Apartment Nos. 12, 18, or 24) in any building will always be the right-hand-most apartment on the third floor when facing the building from the entrance drive. Each building stairway services six (6) apartments and all apartment numbers are assigned so that when entering any stair at ground level, odd-numbered apartments will always be to the left and even-numbered apartments will always be to the right. The apartment numbers and locations are more fully illustrated on the Condominium Map.

b. Layout and Area of Individual Apartments.
Note: In accordance with local architectural practice, the approximate floor area of each apartment as set forth below includes all of the walls and partitions within its perimeter walls, the entirety of its perimeter nonparty walls, and the interior half of its perimeter party walls, whether load bearing or nonload bearing, and the appurtenant lanais. The approximate area of the lanai(s) in each apartment as set forth below includes all the area of the lanai(s), and the entirety of its perimeter railing.

There shall be three basic apartment types designated as follows:

a. Apartment Type 2/2 which is a two bedroom/ two bathroom apartment, with living room, multi-purpose area, kitchen, entry, exterior storage and three lanais.

b. Apartment Type 1/2 which is a one bedroom/
two bathroom apartment, with living/dining room, kitchen,
entry, exterior storage, and one lanai.

c. Apartment Type 1/1 which is a one bedroom/
one bathroom apartment, with living/dining room, kitchen, entry,
exterior storage, and one lanai.

The distinguishing characteristics between the
apartments (designated by subtype 2/2-1, 2/2-2, 2/3-3...,
1/2-1, 1/2-2, 1/2-3, 1/2-4..., 1/1-1, 1/1-2, 1/1-3..., etc.)
are as follows: (Note: All areas noted are approximate.)

<u>Apartment Type</u>	<u>Characteristics</u>	<u>Building and Apartment Numbers</u>	<u>Total Area</u>
2/2-1	Two bedrooms, two bathrooms, interior apartment, living area is 1185 square feet, patio lanai area (3 lanais) is 198 square feet, lanai storage area is 18 square feet, ground floor location.	A-7, A-8, B-2, B-7, B-8, B-13, C-7, C-8, D-7, D-8, D-13, D-14, E-7, E-8, F-7, F-8, G-7, G-8, G-13, G-14, H-2, H-7	1401
2/2-2	Same as 2/2-1 except located on the second floor and lanais are balcony type.	A-9, A-10, B-4, B-9, B-10, B-15, C-9, C-10, D-9, D-10, D-15, D-16, E-9, E-10, F-9, F-10, G-9, G-10, G-15, G-16, H-4, H-9	1401
2/2-3	Same as 2/2-1 except located on the third floor and lanais are balcony type.	A-11, A-12, B-6, B-11, B-12, B-17, C-11, C-12, D-11, D-12, D-17, D-18, E-11, E-12, F-11, F-12, G-11, G-12, G-17, G-18, H-6, H-11	1401
2/2-4	Two bedrooms, two bathrooms, end apartment, living area is 1197 square feet, patio lanai area (3 lanais) is 198 square feet, lanai storage area 18 square feet, ground floor location.	B-1, B-14, H-1, H-8	1413
2/2-5	Same as 2/2-4 except located on second floor and lanais are balcony type.	B-3, B-16, H-3, H-10	1413
2/2-6	Same as 2/2-4 except located on third floor and lanais are balcony type.	B-5, B-18, H-5, H-12	1413
1/2-1	One bedroom/two bathrooms, end apartment, living area is 810 square feet, patio lanai area is 140 square feet, lanai storage area is 18 square feet, ground floor location.	A-1, A-14, C-1, C-14, D-1, D-20, E-1, E-14, F-1, F-14, G-1, G-20	968

<u>Apartment Type</u>	<u>Characteristics</u>	<u>Building and Apartment Numbers</u>	<u>Total Area</u>
1/2-2	Same as 1/2-1 except located on the second floor and except lanais are balcony type.	A-3, A-16, C-3, C-16, D-3, D-22, E-3, E-16, F-3, F-16, G-3, G-22	968
1/2-3	Same as 1/2-1 except located on the third floor and except lanais are balcony type.	A-5, A-18, C-5, C-18, D-5, D-24, E-5, E-18, F-5, F-18, G-5, G-24	968
1/1-1	One bedroom/one bathroom, end apartment, living area is 684 square feet, patio lanai area is 101 square feet, lanai storage area is 18 square feet, ground floor location.	A-2, A-13, C-2, C-13, D-2, D-19, E-2, E-13, F-2, F-13, G-2, G-19	803
1/1-2	Same as 1/1-1 except located on the second floor and except lanais are balcony type.	A-4, A-15, C-3, C-16, D-3, D-22, E-3, E-16, F-3, F-16, G-3, G-22	803
1/1-3	Same as 1/1-1 except located on the third floor and lanais are balcony type.	A-6, A-17, C-5, C-18, D-5, D-24, E-5, E-18, F-5, F-18, G-5, G-24	803

c. Access to Common Elements. Each apartment has immediate access to the grounds of the Project or to a walkway or stairway leading to the grounds of the Project.

d. Other Data Identifying and Defining the Apartments. The apartments shall not be deemed to include: (i) the undecorated or unfinished surfaces of the perimeter (including party) walls, or interior load-bearing walls, (ii) the floors and ceilings surrounding each apartment, or (iii) any pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment, the same being common elements as hereinafter provided. Each apartment shall be deemed to include: (i) any adjacent lanai to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such apartment which are utilized for and serve only that apartment, (iv) the inner decorated or finished surfaces of all walls, floors and ceilings, (v) any doors, windows or panels along the perimeters, and (vi) all fixtures originally installed in the apartment, including range with self-cleaning oven, hood, refrigerator/freezer with icemaker, garbage disposer, dishwasher, water heater, carpets and drapes.

COMMON ELEMENTS: The proposed Declaration reflects that the common elements shall include the common elements described

above under the topical heading "DESCRIPTION", the limited common elements set forth below, and all other portions of the Project other than the apartments specifically, but not limited to:

(a) The Land in fee simple as described in Exhibit A attached to the proposed Declaration.

(b) All unfinished, undecorated portions of all perimeter (including party) and load-bearing walls, all structural components, foundations, floor slabs, columns, girders, beams, supports, and roofs, halls, corridors, exterior stairs, stairways, entrances of apartment buildings, exits, and walkways of the apartment buildings.

(c) The pool house building and tennis pro-shop building.

(d) All yards, grounds and landscaping, all refuse facilities, and trash collection areas.

(e) All internal roads, parking areas, driveways and walkways which are rationally of common use by owners of more than one apartment.

(f) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities over, under and across the project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

(g) The lagoon and lagoon areas.

(h) The swimming pool and tennis courts.

(i) The entirety of the fire sprinkler system, if any, including portions thereof installed within the various apartments.

(j) Sixty-eight (68) guest parking stalls numbered 37 through 48, 163 through 210, and 218 through 225 as shown on the Condominium Map, available for use by all apartment owners, their tenants and guests.

(k) Seven (7) Parking stalls numbered 211 through 217 as shown on the Condominium Map, to be used only by the Managing Agent.

(l) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called the "limited common elements", are designated in the Declaration and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common

elements as set forth in the proposed Declaration. The costs and expenses of every description pertaining to the limited common elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the limited common elements shall be charged to all apartment owners in the following equitable manner as set forth in the proposed Declaration: as a common expense in proportion to the common interests appurtenant to their respective apartments, except as otherwise provided in paragraph 3 of the Declaration.

(a) Each apartment shall have appurtenant to it as a limited common element one (1) or more parking stalls. The parking stalls shall be located as shown on the Condominium Map by stall numbers and are assigned to apartments as set forth in the schedule attached to the Declaration and as shown on Exhibit A attached hereto. The Developer has reserved the right to assign and reassign stalls from time to time by amendment to the proposed Declaration as provided in paragraph L of the Declaration. All costs and expenses of repaving, restriping or otherwise repairing such parking stalls shall be charged to each owner on a pro rata basis in direct proportion to the number of parking stalls appurtenant to the owner's apartment and all other costs and expenses attributable to such parking stalls shall be charged to each owner as a common expense of the Project.

(b) Each apartment shall have appurtenant to it as a limited common element one (1) mail box. Each mail box shall be numbered with a number corresponding to the number of the apartment to which it shall be appurtenant and the mail boxes are located in the Manager's office as shown on the Condominium Map. The direct costs of any maintenance, repairs and all expenses of said mail boxes shall be borne by the apartment owner of the apartment to which such mail box is appurtenant as a limited common element. The indirect costs of maintenance of such mail boxes shall be borne by all apartment owners as a common expense.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided percentage ownership in the common elements (the "Common Interest") appertaining to each apartment and its owner for all purposes including voting shall be as set forth in Exhibit B attached hereto. Each apartment and its appurtenant Common Interest shall be deeded to each purchaser by an Apartment Deed.

EASEMENTS: The proposed Declaration of Horizontal Property Regime provides that the apartments and common elements (including limited common elements) shall have and be subject to a number of easements including but not limited to the following which Purchaser should note:

1. The Developer reserves the right at any time to grant within the common elements, easements and rights of way over, across, and under the common elements for utilities, sanitary and storm sewers, cable television, and other public services and to relocate, realign or cancel the same

provided that such easements, their use, relocations, realignment, or cancellation shall not materially impair or interfere with the use of any apartment.

2. The Developer, its successors, mortgagees and assigns shall have the right to conduct extensive sales activities in the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities as may be provided in any sales agreements between the Developer and the apartment owners, which right will be binding on such apartment owners and their successors, grantees and assigns.

3. The Developer, its agents, employees, contractors, licensees, successors, mortgagees and assigns shall have an easement over and upon the Project as may be reasonably necessary for the completion of the improvements of the Project, and the correction of defects therein.

4. The Developer, its agents, employees, contractors, licensees, successors, mortgagees and assigns shall have an easement over and upon the Project as may be necessary for the completion, correction and maintenance of the man-made lagoon, a part of which will be (and a part of which will not be) within the boundaries of the Project.

5. The owners, operators, managers, occupants and guests including hotel guests of the property adjacent to the Project, on the south boundary and adjacent to the man-made lagoon, shall have a non-exclusive easement over the Project for access to and use of the man-made lagoon and the lagoon areas as well as the four tennis courts of the Project, and shall have the right to use the same to the same extent as, and subject to the same limitations as are imposed upon an owner or occupant of an apartment in the Project as set forth in the By-Laws.

USE: The proposed Declaration provides that the non-apartment buildings may only be used for any permitted purposes under applicable laws and governmental regulations. The apartment buildings and the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, but such apartments may be leased or rented from time to time to transients. The Association shall have the power to enact resolutions, rules and regulations, and have the power to amend and repeal the same from time to time, reasonably restricting and regulating the use of the apartments and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of the Declaration, and By-Laws.

The owners of the respective apartments shall have the absolute right to sell, lease, rent or otherwise transfer such apartments subject to all provisions of the Horizontal Property Act, the Hanamaulu Beach Resort Association Declaration of Covenants and Restrictions, the Declaration and the By-Laws attached thereto; provided, however, that no apartment owner may sell, lease, or otherwise transfer less than the entire apartment.

No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the Project, or suffer anything to be done or kept in his apartment or elsewhere on the Project which will (a) jeopardize the soundness of the Project, or (b) interfere with or unreasonably disturb the rights of other owners and occupants, or (c) obstruct the corridors or stairways of the buildings, or (d) reduce the value of the Project, or (e) increase the rate (unless such owner pays such increase) or result in the cancellation of fire insurance on the apartments or the contents thereof or the Project.

Purchasers should also note that the Sales Contract places restrictions on the Apartment Owners, precluding them from entering into any rental pool or other rental-sharing arrangements with other apartment owners until after all apartments have been sold by the Developer and Apartment Deeds for all apartments have been recorded.

OWNERSHIP TO TITLE: The Preliminary Report of Title issued March 4, 1980, and prepared by Title Guaranty of Hawaii, Inc. states that fee simple title to the land is vested in Francis Isamu Sato, Stanley Kunji Ito, Masayuki Yamamoto, Richard Tadao Hirano, Richard Kwan Wai Tom, Jitsuichi Tamashiro, Raymond Nagata, Masao Shiroma (as Trustees for the Hawaii Carpenters Pension Fund).

ENCUMBRANCES AGAINST TITLE: The Preliminary Report of Title dated March 4, 1980, prepared by Title Guaranty of Hawaii, Inc. describes the encumbrances as set forth on Exhibit C attached hereto.

The Developer has submitted to the Commission a copy of the Purchase Agreement by and between Pacific Standard Life Insurance Company, as Seller, and the Developer, as Purchaser, dated October 8, 1979, by which the Developer will acquire fee title to the Land.

The Developer has informed the Commission that it will place a construction mortgage on its fee interest. The lien of this mortgage will be released and discharged of record as to each condominium apartment prior to its being conveyed to a purchaser.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated February 29, 1980, between Title Guaranty Escrow Services, Inc., as Escrow Agent, and Developer, has been filed with the Commission. On examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

The executed Escrow Agreement provides in part that if at any time (a) Escrow receives written notice from Developer to return to a purchaser under a Sales Contract the funds of such purchaser then held by Escrow under the Escrow Agreement, or (b) with respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall be any substantive change in the building plans of a

type which gives purchaser a right to cancel his Sales Contract pursuant to Chapter 514A of the Hawaii Revised Statutes (unless purchaser's written approval of acceptance of the specific change is obtained, or ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or he has first occupied the apartment) or (c) the Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change has not been obtained and the purchaser shall request the refund, or (d) the Final Report is not issued within one (1) year from the date of issuance of the Preliminary Report, unless the Sales Contract is nevertheless affirmed by the purchaser, then in any such event Escrow shall return such funds to the purchaser, without interest earned unless otherwise instructed by Developer and furthermore unless Developer shall otherwise instruct Escrow, less: (1) Escrow's cancellation fee of a minimum of \$50.00 per apartment, (2) any mortgagee's cancellation fee, and (3) all other costs, if any, which have been incurred in connection with the Escrow mortgage processing, closing or legal documentation. In such event, the Escrow Agreement further provides that Escrow shall hold the Sales Contract and any apartment deed previously delivered to Escrow and any mortgage documents which may have been executed shall be returned to the mortgagee, and Developer and the purchaser shall be deemed no longer bound by the terms of the Sales Contract; provided, however, that no refund shall be made to purchaser at purchaser's request until Escrow has received written approval of such refund from Developer.

NOTE: Prospective purchasers should be aware that:

1. The Mortgage and other liens which will secure the Developer's first mortgage interim construction loan (renewals and extensions) for the construction of the Project shall be and remain at all times a superior lien on the Project, and purchasers intentionally waive and subordinate their interests under the Sales Contract in favor of the priority of all such liens.

2. It is incumbent upon the prospective purchaser that he read with care the specimen Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of the proceeds of said trust fund. The Sales Contract sets forth when Purchaser's payments are payable. All payments other than funds from any mortgage lender must be paid to escrow at the times specified in the Sales Contract, and all of Purchaser's deposits must be paid to escrow by Preclosing which could be up to ninety (90) days prior to the Developer's estimated date of completion of the Project.

3. The specimen Sales Contract provides that said agreement is only a reservation agreement until (a) the Final Subdivision Map for the land is approved by the County of Kauai Planning Department, (b) the Developer sends the purchaser a confirmation letter, (c) the purchaser executes

the confirmation letter and returns it to Developer and (d) the confirmation letter is executed by the Developer, whereupon it shall become a binding sales contract (subject only to any applicable provisions of the Horizontal Property Act). Until the confirmation letter is signed by both the purchaser and the Developer, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the purchaser (at which time the purchaser's deposit will be refunded in full). However, it is important for the purchaser to review Section D.33 of the Sales Contract with respect to the provisions pertaining to purchaser's application for financing. Purchaser will be responsible for any mortgagee's processing costs and cancellation fees in the event of a cancellation of the Sales Contract, except only in the specific situation described in Section D.33.

4. The Sales Contract provides that the sale is a "pre-sale", i.e., a sale of a condominium apartment in a Project to be built and completed and the Purchaser expressly agrees that the description of the property covered by the Sales Contract, as contained in the Sales Contract, Declaration and in the Real Estate Commission's Public Report(s), is intended to be sufficient. The property is being purchased with reliance solely on the description contained in the Declaration and Public Report(s) and on the Condominium Map (without regard to any other plans and specifications of the Project) and that furthermore the Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments. The Purchaser agrees that the Condominium Map and the building plans and specifications for the Project at the Building Department of the County of Kauai or wherever located are not intended and do not constitute any representation or warranty by the Seller. The Purchaser acknowledges the Developer's rights to make changes in the plans and specifications for the Project, including changes to appliances, subject only to any right of cancellation and refund as may be provided by Chapter 514A, Hawaii Revised Statutes and as described in Section D.6 of the Sales Contract.

5. The Sales Contract provides that any and all interest earned on Purchaser's deposits in escrow shall accrue to and belong to the Seller.

6. Purchaser should also note that the Sales Contract places restrictions on selling or assigning the Sales Contracts.

7. In Section D.7 of the Sales Contract, the Purchaser acknowledges awareness and acceptance of certain conditions of the Project including the fact that the Project is adjacent to sugar cane fields and sugar cane operations which may result in noise, dust, smoke, soot or other annoyances to Purchaser.

8. As provided in Sections D.9 and D.25 of the Sales Contract, the purchaser acknowledges that construction activity may continue on and off the site after purchaser

has occupied his apartment, which may result in noise, dust or other annoyances. In addition, as further provided in said Section D.25, the Developer's sales activities, including the use of model units and signs and the use of the common areas for sales displays and related activities, may continue until the last apartment in the Project is sold.

9. The purchaser's attention is directed to paragraph L of the Declaration and Sections D.6 and D.7 of the Sales Contract, which together reserve to the Developer a right to make certain specified changes to the Project and the Project Plans and to make amendments to the Declaration that may be necessary to comply with the provisions of law (including any park ordinance), the requirements of any title insurance company, institutional mortgage lender or governmental agency, or to carry out the changes to the Project set forth in said paragraphs.

10. As provided in Section D.18 of the Sales Contract, the execution, delivery and recordation of the Purchaser's apartment deed shall constitute the assignment by Seller to Purchaser of any and all warranties given to Seller by the General Contractor for the Project, and by any subcontractors or any materialmen. Purchaser shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the apartment. The Purchaser acknowledges that Seller has made no warranties, expressed or implied with respect to the property, its quality or grade, or any common element or anything installed therein, its quality or grade. Purchaser's attention is invited to Section D.18 of the Sales Contract.

11. Purchaser should also note Section D.35 of the Sales Contract which provides that the Sales Contract constitutes the entire agreement between the parties and no fact sheets, informational material, advertising material or other documents which purport to describe the property or the Project in any manner beyond or different from the description set forth in the Declaration, By-Laws and Real Estate Commission's Public Report(s) shall be valid or enforceable against the Seller unless signed by the Seller.

12. Purchasers further are advised that any and all representations, advice, or discussion of rental or other income from the Apartment, or any other economic benefit to be derived therefrom, including the cash flow, vacancy factors, costs, expenses, or projected income or projected expenses, or similar items regarding the current or prospective operation of the Project or parts thereof by any person in connection with the sale of the condominium units are not authorized by the Developer and the Developer specifically disclaims such representations, if any. Such representations should, therefore, not be relied upon by prospective purchasers. The Developer has not authorized, and prospective purchasers should not rely on, any representations other than those specifically contained in the Declaration, By-Laws and Sales Contract prepared by the Developer.

13. Purchasers should carefully read Section D.23 of the Sales Contract which sets forth certain rights to cancel the Sales Contract or increase the Purchase Price which the Seller reserves in the event of new laws or other delays to the Project beyond the control of the Seller. The Purchaser has a thirty (30) day right to cancel the sales contract if the Seller increases the Purchase Price as described in Section D.23.

14. Section D.5 of the Sales Contract describes the Hanamaulu Beach Resort Association and certain arrangements whereby the lagoon, lagoon areas and the four (4) tennis courts of the Project are shared with the owners, tenants, and guests, including hotel guests of the property adjacent to the Project, who, as described above under the topical heading "Easements" and in the Declaration, shall have an easement over the Project for such purposes. The By-Laws also provide for operation of the tennis courts by a tennis committee which will establish court fees to be charged to all users of the tennis courts, including the apartment owners. The expenses of operating and maintaining the tennis courts will be paid from the court fees collected and the balance will be shared one-half as a common expense of the Project and one-half by the adjacent property owners (who will also be entitled to membership on the tennis committee).

HANAMAULU BEACH RESORT ASSOCIATION: In addition to the condominium association, all purchasers shall automatically become members of the Hanamaulu Beach Resort Association, a Hawaii nonprofit corporation. The Resort Association's purpose is to provide for the management maintenance, protection, and preservation of land described in the Declaration of Covenants and Restrictions filed by PSLI as the Declarant, and certain improvements, including access roads, lagoons, public parking and other facilities, utility systems and in particular to provide for the operation of and management of a sewer treatment facility which will service the Project and other areas within the Hanamaulu Beach Resort Association.

Voting rights in the Resort Association are defined in the Declaration of Covenants and Restrictions and the Declaration of Covenants and Restrictions reserve a certain degree of voting and other control in PSLI as the Declarant and its nominees.

The Voting Rights of Owners of Condominium Units shall be exercised by the Board of Directors of the Association of Owners of the Project in which the Unit is located. If merchants or similar associations are established, the Voting Rights of the Owners of the Floor Area included in such associations shall be exercised through the boards of directors of such associations.

Each Owner of any Lot or Condominium Unit, by acceptance of a purchase and sale agreement, deed, lease, or other conveyance document therefor, whether or not it shall be expressed in any such deed, lease or any other conveyance,

shall be deemed to covenant and agree to pay his proportionate share of general and special maintenance assessments and assessments for capital contributions, such assessments to be fixed, allocated and collected from time to time.

The assessments levied by the Association shall be used exclusively for the purposes provided for in the Declaration of Covenants and Restrictions.

NOTE:

1. The Declaration of Covenants and Restrictions shall control in case of any conflict with the Declaration of Horizontal Property Regime.

2. The purchaser or prospective purchaser should read the Hanamaulu Beach Resort Association documents carefully, especially the Declaration of Covenants and Restrictions, which will give the Declarant rights to annex additional land.

DISCLAIMER: Nothing in the proposed Declaration and Sales Contract, nor any advertising or other documentation in connection with the Project or the Hanamaulu Beach Resort, shall be construed as obligating Developer or any other person to develop any land other than the land described in the Declaration, or to construct any improvements, including any recreational facilities, other than the improvements described in the Declaration; nor as granting to purchasers any membership or other interest in any entity, club, or facility (recreational or otherwise) other than the Project and the Hanamaulu Beach Resort Association; and any representations to the contrary by Developer's agents are not authorized.

MANAGEMENT OF THE PROJECT: The By-Laws vest in the Board of Directors the power and duties necessary for the administration of the overall affairs of the Project. The By-Laws submitted to the Commission permit the Developer to appoint the initial managing agent for the Project. The Developer has not yet selected the initial Management Agent.

HOUSE RULES: Purchasers and prospective purchasers are advised to read with care the House Rules for the Project which among other things provide that:

(a) Occupancy is limited to not more than two persons per bedroom contained in each apartment, excluding children under the age of five (5) but in no event to exceed three (3) occupants per bedroom;

(b) Dogs, cats and other household pets in a reasonable number as determined by the Board may be kept in the apartment but not for any commercial purposes. Occupants of any apartment containing a pet are required to register their pet with the managing agent;

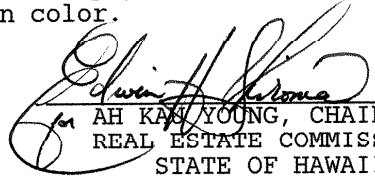
(c) No water beds shall be allowed in any apartment.

STATUS OF PROJECT: Construction has not yet commenced.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted March 27, 1980, and information subsequently submitted as of April 9, 1980.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1280 filed with the Commission on March 27, 1980.

This Report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be yellow in color.


for AH KAI YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Taxation
Bureau of Conveyances
Planning Commission, County of Kauai
Federal Housing Administration
Escrow Agent

Registration No. 1280

April 11, 1980

EXHIBIT A

Parking Stall Assignment

<u>Apartment</u>	<u>Parking Stall(s)</u>
A- 1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
17	17
A-18	18
B- 1	31
2	32
3	33
4	34
5	35
6	36
7	25
8	26
9	27
10	28
11	29
12	30
13	19
14	20
15	21
16	22
17	23
B-18	24
C- 1	61
2	62
3	63
4	64
5	65
6	66
7	55
8	56
9	57
10	58
11	59
12	60

<u>Apartment</u>	<u>Parking Stall(s)</u>
13	49
14	50
15	51
16	52
17	53
C-18	54
D- 1	85
2	86
3	87
4	88
5	89
6	90
7	79
8	80
9	81
10	82
11	83
12	84
13	73
14	74
15	75
16	76
17	77
18	78
19	67
20	68
21	69
22	70
23	71
D-24	72
E- 1	91
2	92
3	93
4	94
5	95
6	96
7	97
8	98
9	99
10	100
11	101
12	102
13	103
14	104
15	105
16	106
17	107
E-18	108
F- 1	109
2	110
3	111
4	160
5	161

Apartment

Parking Stall(s)

6	162
7	154
8	155
9	156
10	157
11	158
12	159
13	148
14	149
15	150
16	151
17	152
F-18	153
G- 1	142
2	143
3	144
4	145
5	146
6	147
7	136
8	137
9	138
10	139
11	140
12	141
13	130
14	131
15	132
16	133
17	134
18	135
19	112
20	113
21	126
22	127
23	128
G-24	129
H- 1	114
2	115
3	116
4	123
5	124
6	125
7	117
8	118
9	119
10	120
11	121
H-12	122

Guest (Common Elements)

37, 38, 39, 40,
41, 42, 43, 44,
45, 46, 47, 48, 163,
164, 165, 166, 167,

Apartment

Parking Stall(s)

168, 169, 170, 171,
172, 173, 174, 175,
176, 177, 178, 179,
180, 181, 182, 183,
184, 185, 186, 187,
188, 189, 190, 191,
192, 193, 194, 195,
196, 197, 198, 199,
200, 201, 202, 203,
204, 205, 206, 207,
208, 209, 210, 218,
219, 220, 221, 222,
223, 224, 225

Managing Agent's Exclusive
Use (Common Element)

211, 212, 213, 214,
215, 216, 217

EXHIBIT B
COMMON INTERESTS

<u>Apartment Type</u>	<u>Apartment Number</u>	<u>Gross Area</u>	<u>Percentage Common Interest</u>	<u>Totals</u>
2/2-1	A-7, A-8, B-2, B-7 B-8, B-13, C-7, C-8 D-7, D-8, D-13, D-14, E-7, E-8, F-7, F-8, G-7, G-8, G-13, G-14, H-2, H-7.	1401	0.8090%	17.7980%
2/2-2	A-9, A-10, B-4, B-9, B-10, B-15, C-9, C-10, D-9, D-10, D-15, D-16, E-9, E-10, F-9, F-10, G-9, G-10, G-15, G-16, H-4, H-9.	1401	0.8090%	17.7980%
2/2-3	A-11, A-12, B-6, B-11, B-12, B-17, C-11, C-12, D-11, D-12, D-17, D-18, E-11, E-12, F-11, F-12, G-11, G-12, G-17, G-18, H-6, H-11.	1401	0.8090%	17.7980%
2/2-4	B-1, B-14, H-1, H-8.	1413	0.8035%	3.2140%
2/2-5	B-3, B-16, H-3, H-10.	1413	0.8160%	3.2640%
2/2-6	B-5, B-18, H-5, H-12.	1413	0.8160%	3.2640%
1/2-1	A-1, A-14, C-1, C-14, D-1, D-20, E-1, E-14, F-1, F-14, G-1, G-20.	968	0.5600%	6.7200%
1/2-2	A-3, A-16, C-3, C-16, D-3, D-22, E-3, E-16, F-3, F-16, G-3, G-22.	968	0.5600%	6.7200%
1/2-3	A-5, A-18, C-5, C-18, D-5, D-24, E-5, E-18, F-5, F-18, G-5, G-24.	968	0.5600%	6.7200%
1/1-1	A-2, A-13, C-2, C-13, D-2, D-19, E-2, E-13, F-2, F-13, G-2, G-19.	803	0.4640%	5.5680%
1/1-2	A-4, A-15, C-3, C-16, D-3, D-22, E-3, E-16, F-3, F-16, G-3, G-22.	803	0.4640%	5.5680%
1/1-3	A-6, A-17, C-5, C-18, D-5, D-24, E-5, E-18, F-5, F-18, G-5, G-24.	803	0.4640%	<u>5.5680%</u>
				100.0000%

EXHIBIT C

1. FOR ANY TAXES THAT MAY BE DUE AND OWING REFERENCE IS MADE TO THE OFFICE OF THE TAX ASSESSOR, FOURTH DIVISION.

2. RESERVATION IN FAVOR OF THE STATE OF HAWAII OF ALL MINERAL AND METALLIC MINES.

3. LOCATION OF THE SEAWARD BOUNDARY IN ACCORDANCE WITH THE LAWS OF THE STATE OF HAWAII, AND SHORELINE SETBACK LINE IN ACCORDANCE WITH COUNTY REGULATION AND/OR ORDINANCE.

4. RESERVATIONS CONTAINED IN DEED RECORDED IN LIBER 12300 AT PAGE 260, IN AGREEMENT OF SALE RECORDED IN LIBER 12200 AT PAGE 307, AND IN SUB-AGREEMENT OF SALE RECORDED IN LIBER 12697 AT PAGE 19, TO-WIT:

"RESERVING UNTO SELLER, ITS SUCCESSORS AND ASSIGNS:

(A) AS APPURTENANT TO THE LANDS OF THE SELLER, LOCATED IN THE DISTRICT OF LIHUE, NOW OWNED AND USED OR HEREAFTER ACQUIRED AND USED BY THE SELLER IN ITS SUGAR PLANTATION OPERATIONS, THE PERPETUAL RIGHT AND EASEMENT OVER AND UPON THE GRANTED PREMISES TO DISCHARGE, EMIT, OR TRANSMIT SURFACE WATER RUNOFF, NOISE, SMOKE, SOOT, DUST, LIGHTS, VAPORS, ODORS AND OTHER SUBSTANCES AND PHENOMENA OF EVERY DESCRIPTION CREATED BY AND RESULTING FROM THE REASONABLE OPERATIONS OF THE SELLER IN BURNING SUGAR CANE AND BAGASSE, MILLING, GENERATING POWER, TRUCKING, HAULING AND ALL OTHER ACTIVITIES INCIDENTAL TO THE OPERATION OF A SUGAR CANE PLANTATION; AND THE PURCHASER, HIS HEIRS, EXECUTORS, ADMINISTRATORS AND ASSIGNS, DO HEREBY WAIVE ANY AND ALL CLAIMS UNDER ANY LAW WHATSOEVER AGAINST THE SELLER ARISING THEREFROM.

205953 JT

TITLE GUARANTEE OF HAWAII
INCORPORATED
HONOLULU, HAWAII

(B) SUCH EASEMENTS AND RIGHTS OF WAY OVER, ACROSS, UNDER AND THROUGH THE GRANTED PREMISES FOR SEWER DRAINAGE, UTILITY ACCESS AND OTHER PURPOSES AS MAY BE REASONABLY NECESSARY, CONVENIENT AND APPURTENANT TO EXISTING IMPROVEMENTS AND FACILITIES LOCATED IN LIHUE AND SELLER'S SURROUNDING LANDS; PROVIDED, HOWEVER, THAT ANY SUCH EASEMENT AND RIGHT OF WAY SHALL NOT UNREASONABLY INTERFERE WITH ANY THEN EXISTING OR FUTURE UTILIZATION OF PURCHASER'S PARCEL AFFECTED BY SUCH EASEMENT AND RIGHT OF WAY."

5. AGREEMENT OF SALE

VENDOR : THE LIHUE PLANTATION COMPANY, LIMITED, A
HAWAII CORPORATION

VENDEE : WALTER T. SHIMODA, HUSBAND OF NANCY KIYOKO
SHIMODA

DATED : FEBRUARY 23, 1977 (AS OF AUGUST 15, 1976)
RECORDED : LIBER 12200 PAGE 307
AMOUNT : \$1,200,000.00 - COVERS LOT 1-0 BESIDES OTHER
LAND

REFERENCE IS MADE TO SAID INSTRUMENT FOR TERMS, CONDITIONS, RESTRICTIONS, RESERVATIONS, PROVISIONS, ETC...

6. SUB-AGREEMENT OF SALE

SUB-VENDOR : WALTER T. SHIMODA, HUSBAND OF NANCY KIYOKO
SHIMODA

SUB-VENDEE : PACIFIC STANDARD LIFE INSURANCE COMPANY, AN
ARIZONA CORPORATION

TITLE GUARANTEE OF HAWAII
INCORPORATED
HONOLULU, HAWAII

205953 JT

DATED : SEPTEMBER 23, 1977
RECORDED : UNRECORDED
CONSENT : GIVEN BY FRANCIS ISAMU SATO, STANLEY KUNJI
ITO, MASAYUKI YAMAMOTO, RICHARD TADAO HIRANO,
RICHARD KWAN WAI TOM AND JITSUICHI TAMASHIRO,
TRUSTEES OF THE HAWAII CARPENTERS PENSION
FUND, BY INSTRUMENT DATED JANUARY 9, 1978 AND
RECORDED IN LIBER 12697 AT PAGE 26
COVERS LOT 1-D BESIDES OTHER LAND.

REFERENCE IS MADE TO SAID INSTRUMENT FOR TERMS, CONDITIONS,
RESTRICTIONS, RESERVATIONS, PROVISIONS, ETC...

A SHORT FORM OF SAID SUB-AGREEMENT OF SALE IS DATED
SEPTEMBER 23, 1977 AND RECORDED IN LIBER 12697 AT PAGE 19.

7. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN THE HAWAII
CARPENTERS PENSION FUND.

8. FINAL APPROVAL BY THE PLANNING COMMISSION, COUNTY OF KAUAI.

TITLE GUARANTEE OF HAWAII

INCORPORATED
HONOLULU, HAWAII

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