



**REAL ESTATE COMMISSION  
STATE OF HAWAII**

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
1010 Richards Street  
P. O. Box 3469  
Honolulu, Hawaii 96801

**CONDOMINIUM PUBLIC REPORT**

on  
THE ISLES AT DIAMOND HEAD BEACH  
(formerly known as "Diamond Head Beach Villas")  
219 Kaalawai Place and  
218 Kaimanawai Place  
Honolulu, Hawaii

Registration No. 1319

Issued: August 27, 1987  
Expires: February 27, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 31, 19 87 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:**  
(yellow) 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.
- FINAL:**  
(white) The developer has legally created a condominium and has filed complete information with the Commission.
  - Supersedes all prior public reports
  - Must be read together with \_\_\_\_\_
- THIRD SUPPLEMENTARY:**  
(pink) Updates information contained in the
  - Prelim. Public Report dated September 19, 1980
  - Final Public Report dated December 28, 1984
  - Supp. Public Report dated May 7, 1982 and September 5, 1986
 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.

Since the issuance of the Second Supplementary Public Report for the Isles at Diamond Head Beach on September 5, 1986, the following have occurred or changed:

1. The Real Estate Agent has changed to Santangelo Realty. See Page 6 for more information on Santangelo Realty.
2. The construction lender for the project, which was Magnet Bank, F.S.B., has been substituted by DIA Real Estate International, Ltd., a California corporation. Its mortgage is recorded in Book 20726, Page 683, and re-recorded in Book 20762, Page 770 in the Bureau of Conveyances, State of Hawaii.
3. The maintenance fee budget attached to the Second Supplementary Public Report contained some typographical errors which have been corrected in the maintenance fee budget attached hereto as Exhibit "D".
4. Units 218-2 and 218-4 of the Project have been sold. The mailing address for these units are 218 Kaimanawai Place and 220 Kaimanawai Place, respectively.
5. A Diagram 1 has been added. See comment under "Encroachment" on Page 18.
6. Minor changes were made to the House Rules on March 23, 1987.

## 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	Managing Agent
Real Estate Sales Agent	Attorney for Developer
Escrow Company	
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: Common Elements	
EXHIBIT B: Limited Common Elements	
EXHIBIT C: Encumbrances Against Title	
EXHIBIT D: Schedule of Maintenance Fees	
EXHIBIT E: Summary of Sales Contract	
EXHIBIT F: Summary of Escrow Agreement	
EXHIBIT G: Letter of February 24, 1981 from State Department of Land &	Natural Resources
EXHIBIT H:	
EXHIBIT I:	
EXHIBIT J:	
Diagram 1: Encroachment	

## GENERAL INFORMATION ON CONDOMINIUMS

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

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.

Some condominium projects are leasehold. This means that the land or the land, 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.

### 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.

**SUMMARY OF THE CONDOMINIUM PROJECT**

(cite to appropriate pages  
in text of report)

**Interest to be Conveyed to Buyer:**

A fee simple interest in a condominium unit and an undivided interest in the project's common elements.

**Type of Project:**

- 1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
- 2.  Residential  Commercial  
 Mixed Residential and Commercial  
 Other \_\_\_\_\_
- 3.  High Rise (5 stories or more)  Low Rise
- 4.  Single or  Multiple Buildings
- 5. Apartment Description

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
218-2	<u>1</u>	<u>4/4.5</u>	<u>3554</u>	<u>708</u>
218-4	<u>1</u>	<u>4/4.5</u>	<u>3449</u>	<u>695</u>
218-6	<u>1</u>	<u>4/5.5</u>	<u>3274</u>	<u>1715</u>
219-1	<u>1</u>	<u>4/4.5</u>	<u>3572</u>	<u>748</u>
219-3	<u>1</u>	<u>4/4.5</u>	<u>3328</u>	<u>655</u>
219-5	<u>1</u>	<u>4/4.5</u>	<u>3139</u>	<u>773</u>

Total Apartments: 6

\*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.

**6. Parking:**

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>12</u> (2 stalls per attached
Guest Stalls	<u>8</u> garage)
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>20</u>

**7. Recreational amenities:**

Unit 218-6 has a swimming pool, for the exclusive use of Unit 218-6.

All of the units have access to the beach through the common elements of the project.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: SANTANGELO INVESTORS Phone: (808) 732-0707  
Name 3221 Waialae Avenue, Suite 300  
Business Address  
Honolulu, Hawaii 96816  
(Business)

Names of officers or general partners of developers who are corporations or partnerships:  
Stephen F. Santangelo, General Partner

Real Estate Sales Agent: SANTANGELO REALTY Phone: (808) 732-0707  
Name 3221 Waialae Avenue, Suite 300  
Business Address  
Honolulu, Hawaii 96816  
(Business)

NOTE: The real estate agent is an affiliate of the Developer.

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: (808) 521-0211  
Name 235 Queen Street, First Floor  
Business Address  
Honolulu, Hawaii 96813  
(Business)

Managing Agent: LAULIMA PROPERTY MANAGEMENT, INC. Phone: (808) 732-2844  
Name 3221 Waialae Avenue, Suite 300  
Business Address  
Honolulu, Hawaii 96816  
(Business)

Attorney for Developer: HIROSHI SAKAI, ATTORNEY AT LAW, A LAW CORPORATION & MICHAEL H. SAKAI  
Name Suite 602, 810 Richards Street  
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 Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. **Declaration of Horizontal 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 – Book 18243 Page 178  
 Filed – Land Court – Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

First Amendment dated December 10, 1984 recorded in Book 18318, Page 398.  
Second Amendment dated September 2, 1986 recorded in Book 19821, Page 759.

- 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. 842  
 Filed – Land Court Condo Map No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

- 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 – Book 18243 Page 191  
 Filed – Land Court – Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

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 apartment owners who 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>75%</u>
House Rules	—	<u>                    </u>

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

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

---

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.



III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and 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.

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, 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 \_\_\_\_\_ contains further explanations.

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.

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: 219 Kaalawai Place and Tax Map Key: First Division  
218 Kaimanawai Place (TMK) 3-1-39-01(1)  
Honolulu, Hawaii

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 56,476  square feet  acre(s) Zoning: R7.5

Fee Owner: SANTANGELO INVESTORS  
name  
3221 Waiialae Avenue, Suite 300  
address  
Honolulu, Hawaii 96816

Sublessor: \_\_\_\_\_  
name  
\_\_\_\_\_  
address  
\_\_\_\_\_

**C. Buildings and Other Improvements:**

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

2. Buildings: 6 Floors Per Building: 2  
 Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood  
 Other Stucco

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>6</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

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: Household pets such as dogs, cats, birds and fish may be permitted if the House Rules so provide.

Number of Occupants: \_\_\_\_\_

Other: \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 6

Elevators \_\_\_\_\_ Stairways \_\_\_\_\_ Trash Chutes \_\_\_\_\_

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
<u>218-2</u>	<u>1</u>	<u>4/4.5</u>	<u>3554</u>	<u>708</u>
<u>218-4</u>	<u>1</u>	<u>4/4.5</u>	<u>3449</u>	<u>695</u>
<u>218-6</u>	<u>1</u>	<u>4/5.5</u>	<u>3274</u>	<u>1715</u>
<u>219-1</u>	<u>1</u>	<u>4/4.5</u>	<u>3572</u>	<u>748</u>
<u>219-3</u>	<u>1</u>	<u>4/4.5</u>	<u>3328</u>	<u>655</u>
<u>219-5</u>	<u>1</u>	<u>4/4.5</u>	<u>3139</u>	<u>773</u>

1st Floor 1715/2nd Floor 33

\*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 floor area may have been used.

Boundaries of Each Apartment:

Each apartment shall include the entire structure, including the lanai and patio, but exclusive of land area for each respective site, which shall be a limited common element.

Permitted Alterations to Apartments:

Construction, restoration, or replacement of individual units in the Project may be undertaken by the Developer or any unit owner with the approval of the Association of Apartment/Home Owners except that no unit owner can increase the total square footage of his unit or alter the location of his unit, nor may a unit owner deviate from the existing boundaries of the first and second floor plans as per the Condominium Map.

7. Parking Stalls:

Total Parking Stalls: 20

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u>12</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>12</u>
Guest Unassigned	<u>8</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>8</u>
Extra Available for Purchase	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other:	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Covered & Open	<u>20</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	

Each apartment will have the exclusive use of at least 2 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool
- Recreation Area
- Tennis Court
- Other: \_\_\_\_\_
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements

(For conversions of residential apartments in existence for 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	_____	_____	_____
Structures	_____	_____	_____
Lot	_____	_____	_____

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   A   describes the common elements.

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   B  

as follows:

- a) Unit 218-2: The land area consisting of 7,148 square feet.
- b) Unit 218-4: The land area consisting of 6,398 square feet.
- c) Unit 218-6: The land area consisting of 8,145 square feet.
- d) Unit 219-1: The land area consisting of 7,396 square feet.
- e) Unit 219-3: The land area consisting of 5,796 square feet.
- f) Unit 219-5: The land area consisting of 6,085 square feet.

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          describes the common interests for each apartment.

as follows:

Each unit will have an undivided one-sixth (1/6) fractional interest in all of the common elements.

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit C describes the encumbrances against the title contained in the title report dated May 29, 1987.

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.

[ X ] 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>
Mortgage Lien	The construction loan from Magnet Bank, F.S.B. has been released and substituted by a loan from DIA Real Estate International, Ltd. The construction loan of DIA would have to be released before a sale of a unit can close.

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.

[ X ] the Developer or the Developer's affiliate. (Laulima Property Management, Inc.)

[ ] 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   D   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:

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable         |
| <input type="checkbox"/> Gas         | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> 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:

- A. Buildings, driveways, landscaping, garden and perimeter concrete tile walls, seawall fence are warranted for 1 year by Rovens/Tanaka Contractors, Inc. (General Contractor).
- B. Concrete tile roof - two years (warranty expires 5/30/88)
- C. Sheet metal, ventilation and air conditioning - two years (expires 5/30/88).
- D. Soil treatment (control of subterranean termites) - five years (from 8/4/86).
- E. Osmose Pressure treated lumber - 20 years.
- F. Wood doors - one year.

2. Appliances:

90 days from date of occupancy.



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

All of the units in the Project have been completed, with the exception of the interior painting, wood trim, floor coverings, appliances, plumbing fixtures, electrical fixtures, finish hardware, air conditioner equipment, and exterior flood lights, for Units #219-1, #219-3, and #219-5. This has been done to allow the individual buyer to select their own coloring scheme and type of fixtures and appliances.

**K. Project Phases:**

The developer  has  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

Specimen Sales Contract

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

Escrow Agreement dated \_\_\_\_\_

Exhibit  F  contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Street Addresses. The following are the street/mailling addresses for the various units:

- a) Unit 218-2: 218 Kaimanawai Place
- b) Unit 218-4: 220 Kaimanawai Place
- c) Unit 218-6: 222 Kaimanawai Place
- d) Unit 219-1: 215 Kaalawai Place
- e) Unit 219-3: 217 Kaalawai Place
- f) Unit 219-5: 219 Kaalawai Place

ENCROACHMENT. The Department of Land and Natural Resources, State of Hawaii (DLNR) has previously stated by letter dated February 24, 1981 attached hereto as Exhibit G that a portion of the old Patterson structures encroached upon State of Hawaii property. Since that time, the structures have been removed and the new units (218-2 and 219-1) were placed in such a way as to avoid any possibility of an encroachment on the State land. A portion of the limited common land area for Unit 219-1 and a portion of the common element land area that runs along the beach front area may be reduced in size, however, the letter of February 24, 1981 indicates that the State's land area may be rented or purchased from the State at terms to be negotiated and paid for by the Association of Apartment Owners. The portion of the land area of the Project that extends onto the State land is cross-hatched in Diagram "1" attached hereto.

The existing seawall which has been there for approximately 60 years and a fence are the only existing encroachments according to the State Department of Land and Natural Resources and may have to be removed in the future. See Diagram "1". However, landscaping work and replacement of the fence by the Developer have been approved by the Department of Land Utilization, City and County of Honolulu, and DLNR, based on the present Plans (Condominium Map) by Building Permit issued on March 13, 1986.

**Buyer's Right to Cancel Sales Contract:**

**A. Rights Under the Condominium Statute:**

**Preliminary Report:** Sales made by the Developer 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 Horizontal 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.

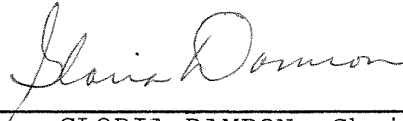
This Public Report is a part of Registration No. 1319 filed with the Real Estate Commission on May 23, 1980.

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.

Supplementary Public Reports expire on the expiration date given on the front of the report.



---

GLORIA DAMRON, Chairperson  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

Bureau of Conveyances  
Department of Finance, City & County of Honolulu  
Planning Department, City & County of Honolulu  
Federal Housing Administration  
Escrow Agent

EXHIBIT "A"

Common Elements

- a. The land in fee simple
- b. Any installation of services such as power, light, gas, sewer lines, water lines, telephone, radio and television, signal distribution and like utilities.
- c. Roadways, guest parking stalls, walkways and landscaped areas.
- d. Any parts of the Project existing for the common use and are necessary for the maintenance and safety of the Project.

EXHIBIT "B"

Limited Common Elements

The limited common elements include the areas designated in the Condominium Map No. 842 and consist of the following:

a. Unit 218-2. The land area consisting of 7,148 square feet is a limited common element for the owner of Unit 218-2.

b. Unit 218-4. The land area consisting of 6,398 square feet is a limited common element for the owner of Unit 218-4.

c. Unit 218-6. The land area consisting of 8,145 square feet is a limited common element for the owner of Unit 218-6.

d. Unit 219-1. The land area consisting of 7,396 square feet is a limited common element for the owner of Unit 219-1.

e. Unit 219-3. The land area consisting of 5,796 square feet is a limited common element for the owner of Unit 219-3.

f. Unit 219-5. The land area consisting of 6,085 square feet is a limited common element for the owner of Unit 219-5.

As to the land area for Units 218-2 and 219-1, the square footage may be reduced if the State of Hawaii, Department of Land and Natural Resources and the Association of Apartment Owners cannot arrive at a negotiated lease rental or purchase of that area that is stated to be encroached by the land area for both units and the common element between the two units which are in the rear of the land for the Project and abuts the shoreline to the Pacific Ocean. The statement of the State of Hawaii is set forth in the letter dated February 24, 1981. At the time of the resolution of this matter an appropriate amendment of the Declaration should be made as to the perimeter boundary of the Project and the changes in the limited common elements of Units 218-2 and 219-1, if any.

EXHIBIT "C"

Encumbrances

1. 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 and its effect, if any, upon the area of said parcels.

2. Grant in favor of Hawaiian Electric Company, Inc. dated January 11, 1941, recorded in Liber 1617 at Page 102; granting a perpetual easement over said Parcel Second.

3. 5-foot wide Access Easement "A" along THE ISLES AT DIAMOND HEAD BEACH lot from Kaimanawai Place to the State Beach Lot, as shown on Survey Map dated June 3, 1986 and August 13, 1986, prepared by Maitland C. Dease, Registered Professional Engineer and Surveyor:

Beginning at an iron pin on the Northeast corner of this piece of land, said pipe marking the end of Course 10 of the above described land, and the Southeast corner of 20-foot right-of-way, and running by true azimuths measured clockwise from true South:

- |    |          |   |
|----|----------|---|
| 1. | 335° 17' | 233.32 feet to a pipe;  |
| 2. | 87° 45'  | 5.00 feet along beach road reserve;   |
| 3. | 175° 17' | 233.10 feet;  |
| 4. | 265° 17' | 5.00 feet along the Southerly end of a 20-foot right-of-way, Kaimanawai Place, to the point of beginning and containing an Area of 1.166 square feet, more or less. |

4. As to an undivided interest in and to 20-foot right-of-way:

- (A) Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated October 5, 1951, recorded in Liber 2512 at Page 326; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate an underground power line, etc., through and under said 20-foot right-of-way.

- (B) Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company dated January 15, 1985, recorded in Liber 18615 at page 410, granting easement for utility purposes over said 20-foot right-of-way.

5. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated March 1, 1982, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 16195 at Page 620, and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 842, as amended.) Said Declaration were amended by instruments dated May 6, 1983, recorded in Liber 17114 at Page 447; dated July 25, 1983, recorded in Liber 17224 at Page 629; and amended in its entirety to completely restate and supersede the foregoing Declaration and By-Laws by instrument dated October 30, 1984, recorded in Liber 18243 at Page 178, and further amended by instrument dated December 10, 1984, recorded in Liber 18318 at Page 398, and dated September 2, 1986, recorded in Liber 19821 at Page 759.

6. By-Laws of the Association of Apartment Owners of the Condominium Project known as "THE ISLES AT DIAMOND HEAD BEACH" dated October 30, 1984, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18243 at Page 191, as the same may hereafter be amended.

7. Agreement for Issuance of Special Use Permit under Section 21-2.71, Revised Ordinances of Honolulu, 1978, as amended, dated June 1, 1982, recorded in Liber 16960 at Page 368, made by Santangelo Investors, a Hawaii limited partnership, as "Declarant".

8. Possible encroachment into Old Beach Road (land owned by the State of Hawaii).

9. Mortgage by and between Santangelo Investors, a Hawaii limited partnership, as Mortgagor, and DIA Real Estate International, Ltd., a California corporation, as Mortgagee, dated May 29, 1987, recorded in said Bureau in Book 20726, Page 683 and re-recorded in said Bureau in Book 20762, Page 770.

10. For Real Property Taxes due and owing, reference is hereby made to the Director of Finance, City and County of Honolulu, State of Hawaii.

ISLES  
EX C



EXHIBIT  D

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
218-2	636.00	\$ 7,632.00
218-4	636.00	7,632.00
218-6	636.00	7,632.00
219-1	636.00	7,632.00
219-3	636.00	7,632.00
219-5	<u>636.00</u>	<u>7,632.00</u>
	\$ 3,816.00	\$ 45,792.00

[ ] Revised on \_\_\_\_\_

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly</u> x 12 months =	<u>Yearly Total</u>
<b>Utilities and Services</b>		
Air Conditioning	---	---
Electricity		
<input checked="" type="checkbox"/> common elements only	100	1,200
<input type="checkbox"/> common elements and apartments		
Gas	---	---
Refuse Collection	---	---
Telephone	---	---
Water and Sewer	600	7,200
<b>Maintenance, Repairs and Supplies</b>		
Building	1,066	12,792
Grounds	---	---
<b>Management</b>		
Management Fee	400	4,800
Payroll and Payroll Taxes		
Office Expenses		
Insurance	500	6,000
Reserves	900	10,800
Taxes and Government Assessments	---	---
Audit Fees	50	600
Other Security	200	2,400
<b>TOTAL</b>	<b>\$3,816</b>	<b>\$45,792</b>

STEPHEN F. SANTANGELO, President of  
I/We, LAULIMA PROPERTY MANAGEMENT, INC., 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.

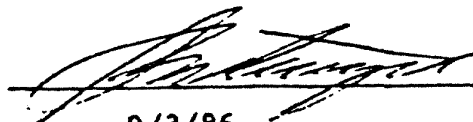
  
Date: 9/3/86

EXHIBIT "E"

Summary of Sales Contract

The Sales Contract 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 Sales Contract says:

(a) A buyer must obtain his own financing. Buyer acknowledges that this Sales Contract is not 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 interest on deposits shall belong to the buyer so long as said funds are held in escrow.

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

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

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT "F"

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.

GEORGE R. ARYOSHII  
GOVERNOR OF HAWAII



Susumu Ono,  
CHAIRMAN  
BOARD OF LAND & NATURAL RESOURCES

EDGAR A. HAMADA  
DEPUTY TO THE CHAIRMAN

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

P. O. BOX 691  
HONOLULU, HAWAII 96809

DIVISIONS:  
CONVEYANCES  
FISH AND GAME  
FORESTRY  
LAND MANAGEMENT  
STATE PARKS  
WATER AND LAND DEVELOPMENT

FEB 24 1981

Messrs. Byrle Lerner and  
Stephen F. Santangelo  
c/o Santangelo Realty  
3221 Waiialae Ave., Suite 300  
Honolulu, Hawaii 96816

Gentlemen:

Subject: Diamond Head Beach Villas, 2119 Kaalawai  
Place and 218 Kaimanawai Place, Honolulu,  
Oahu, TMKs: 3-1-39:01 and 3-1-40:23

The Department has reviewed your situation and finds that a portion of the lanai and patio overhang of the structure on Tax Map Key 3-1-39:01 and a portion of the lanai on Tax Map Key 3-1-40:23 encroaches upon State property.

The Department does not, however, object to the processing of your request for a certificate of appropriateness from the Diamond Head Historic, Cultural and Scenic District if you will acknowledge and agree to the following conditions:

1. You will remove all encroachments from State property; or
2. If you allow the encroachment to continue, you will not add further encroachments without prior written approval from the Department and you will notify all prospective purchasers in writing that said encroachments do exist and that, at some time in the future, you or any purchaser will be required to either: (1) remove said encroachments from the State property, or (2) be required to rent the property from the State at terms to be negotiated, or (3) be required to purchase the property from the State at terms to be negotiated.

Exhibit G

Messrs. Byrle Lerner and  
Stephen F. Santangelo

-2-

FEB 24 1981

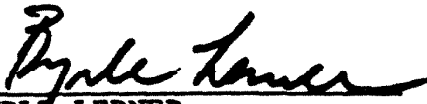
If the foregoing is acceptable to you, please sign in  
the designated space below.

Very truly yours,



SUSUMU ONO  
Chairman of the Board

ACKNOWLEDGED AND AGREED:



BYRLE LERNER



STEPHEN F. SANTANGELO

Dated: 2/24/81

cc: Mr. M. Kealoha  
Mr. S. Hong

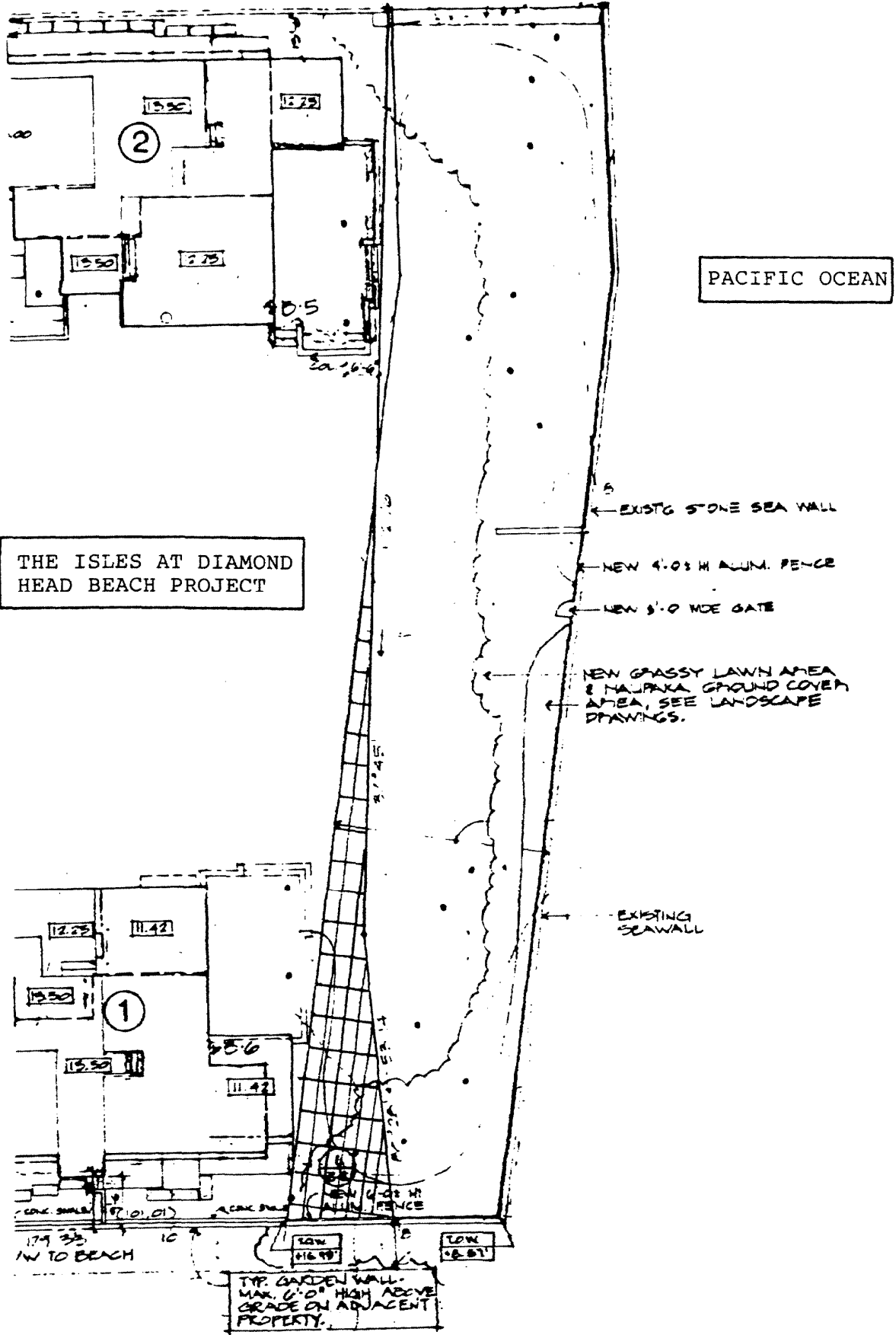


Diagram "1"