

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

MILLER TERRACE
502 Captain Cook Avenue
Honolulu, Hawaii 96813

REGISTRATION NO. 1417

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: June 3, 1981
Expires: July 3, 1982

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 prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION FILED APRIL 23, 1981 AND INFORMATION SUBSEQUENTLY FILED AS OF MAY 27, 1981. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. MILLER TERRACE is a proposed fee simple condominium project consisting of one (1) three-story building, with one (1) level of basement parking, containing twelve (12) apartments and fifteen (15) parking

2. The Developer of the project has filed all documents and materials deemed necessary by the Commission for the registration of this proposed condominium project and the issuance of this Preliminary Public Report.

3. The basic condominium documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans) have not yet been recorded in the Bureau of Conveyances of the State of Hawaii.

4. No advertising and promotional matter has been filed pursuant to the rules and regulations promulgated by the Commission.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of the Horizontal Property Act, Chapter 514A of the Hawaii Revised Statutes, as amended, 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, June 3, 1981, unless a Final or Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Preliminary Public Report is made a part of the registration on MILLER TERRACE condominium project. The Developer has the responsibility of placing a true copy of the Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt therefor.

NAME OF PROJECT: MILLER TERRACE

LOCATION: 502 Captain Cook Avenue, Honolulu, Hawaii, with approximately 8,100 square feet of land committed to the Regime.

TAX MAP KEY: FIRST DIVISION: 2-1-37-27.

ZONING: A-2

DEVELOPER: Dees Corporation, a Hawaii corporation, 1441 Kapiolani Boulevard, Suite 1208, Honolulu, Hawaii 96814, phone: 536-2702. The officers of the corporation are: Dong In Shin - President; and Du Shun Gim - Vice President, Secretary and Treasurer.

ATTORNEY REPRESENTING DEVELOPER: Hamilton, Gibson, Nickelsen, Rush & Moore (Attention: Ken Harimoto and Earl T. Sato), 20th Floor, Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813, phone: 521-0400.

DESCRIPTION:

1. Apartments. The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple condominium project consisting of one (1) three-story building, with one (1) level of basement parking, constructed principally of concrete. There will be twelve (12) freehold estates designated in the spaces within the perimeter walls of each of the twelve (12) apartment units contained in the building, which spaces, together with appurtenant lanais, if any, are referred to herein as "apartments" and are designated on said plans and described as follows:

Apartments 101, 102, 103 and 104 are located on the first floor of the building.

Apartments 201, 202, 203 and 204 are located on the second floor of the building.

Apartments 301, 302, 303 and 304 are located on the third floor of the building.

A description of each of the apartments, designating the layout, number of rooms and approximate floor area thereof, is as follows:

Apartments 101, 201 and 301 are built according to the same floor plan and consist of five (5) rooms, including a living room, two (2) bedrooms, a bathroom and a kitchen, containing a floor area of approximately 694 square feet. In addition, Apartment 101 has a lanai area of approximately 66 square feet.

Apartments 102, 104, 202, 204, 302 and 304 are built according to the same floor plan and consist of five (5) rooms, including a living room, two (2) bedrooms, a bathroom and a kitchen, containing a floor area of approximately 694 square feet. Apartments 103, 203 and 303 are the mirror image of the same floor plan. In addition, Apartments 102, 103 and 104 each have a lanai area of approximately 66 square feet.

NOTE: In accordance with local architectural practice, the floor area described above are gross floor areas measured center line to center line on the horizontal and outside to outside on the transverse.

2. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are

utilized for or serve more than one apartment. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls, doors and door frames, windows and window frames, the lanai air space (if any), the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

COMMON ELEMENTS: The proposed Declaration provides that one (1) freehold estate is designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to:

1. The land in fee simple;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways, walkways, entrances and exits of said buildings;
3. All yards, grounds and landscaping;
4. All parking areas;
5. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any;
6. 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: The proposed Declaration provides that certain parts of the common elements, therein called the "limited common elements", are designated 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 follows:

1. One (1) or more parking stalls, as designated on the Condominium File Plan by number, shall be appurtenant to and for the exclusive use of each apartment as follows:

<u>Apartment No.</u>	<u>Parking Stall</u>
101	5
102	6
103	7
104	8
201	9
202	10

<u>Apartment No.</u>	<u>Parking Stall</u>
203	11
204	12
301	13
302	14
303	15c
304	1c & 2 3 & 4c

Note: The designation "c" indicates a compact stall.

2. A fenced yard area, as depicted on the Condominium File Plan, shall be appurtenant to and for the exclusive use of Apartments 101, 102, 103 and 104 of the project.

3. One (1) recreation deck on the roof of the building shall be appurtenant to and for the exclusive use of Apartments 201, 202, 203, 204, 301, 302, 303 and 304 of the project, as designated on the Condominium File Plan by the same number as the apartment.

INTEREST TO BE CONVEYED TO PURCHASERS: The proposed Declaration states that each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project (therein called the "common interest"), and the same proportionate share of all common profits and expenses of the project and for all other purposes, including voting. All the apartments of the project shall have an undivided percentage interest of 8.3333+%.

Each purchaser will secure an Apartment Deed conveying an apartment, together with said individual percentage interest in the common elements of the project.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration states that the apartments shall be occupied and used only for purposes permitted from time to time by applicable zoning ordinances, rules and regulations, and for no other purposes. The owners of the respective apartments shall have the absolute right to lease the apartments, subject to all provisions of the Declaration and the By-Laws attached thereto, provided, however, that no apartment owner may lease less than the entire apartment.

OWNERSHIP OF TITLE: A preliminary title report dated April 9, 1981, issued by Security Title Corporation, indicates that the fee simple title to the property submitted to the regime is vested in L. L. & Associates, a Hawaii limited partnership, and Kahawai Investment, Ltd., a Hawaii corporation. The Developer is purchasing said property from the owners by Agreement of Sale, dated March 25, 1981. A copy of the Agreement of Sale has

been submitted to the Commission. The Developer anticipates that fee simple title to said property will be vested in the Developer prior to the completion of construction of the project and conveyance of the apartments to individual purchasers.

ENCUMBRANCES AGAINST TITLE: The preliminary title report dated April 9, 1981, issued by Security Title Corporation, submitted to the Commission, provides that the following are encumbrances against title to the property:

1. Agreement of Sale dated March 25, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15476, Page 401.
2. Reservations as contained in Land Patent Grant Number 5730 dated September 12, 1912.
3. For any taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor, First Division.

PURCHASE MONEY HANDLING: Copies of the executed Escrow Agreement dated April 2, 1981, between Security Title Corporation, as Escrow, and the Developer and a specimen Condominium Reservation Agreement, Deposit Receipt & Contract have been filed with the Commission. On examination, the executed Escrow Agreement and the Sales Contract filed with the Commission are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

1. Escrow Agreement. Among other provisions, the executed Escrow Agreement states that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, without interest and less Escrow's Twenty-Five Dollar (\$25.00) cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

(a) Escrow receives a written request from Seller to return to purchaser the funds of such purchaser then held hereunder by Escrow; or

(b) If purchaser's funds were obtained prior to the issuance of a Final Public Report and if there is any change in the building plans, subsequent to the execution of purchaser's contract, requiring the approval of the county officer having jurisdiction over the issuance of permits for construction, unless the purchaser has given written approval or acceptance of the change, or ninety (90) days have elapsed since the Purchaser has accepted in writing the apartment or he has first occupied the apartment; or

(c) If the purchaser's funds were obtained prior to the issuance of a Final Public Report and the Final Public Report differs in any material respect from

the Preliminary Public Report, unless the purchaser has given written approval or acceptance of the difference; or

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

2. Sales Contract. The specimen Sales Contract filed with the Commission contains, among others, the following provisions:

(a) The construction contract with the general contractor for the project contains the following clause, which provides in pertinent part that:

"If, within one year after the Date of Substantial Completion ..., any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition."

Seller makes no warranties itself, but Seller agrees that the assignment by Seller to purchaser of any and all warranties given Seller by the general contractor for the project, including the above-described contractor's agreement to promptly correct any of its work found to be defective or not in conformance with the construction contract for a period of one (1) year after the "Date of Substantial Completion" of the apartment as defined in the construction contract and the benefit of such agreement shall accrue to purchaser on closing without further instruments or documents. Seller hereby agrees to cooperate with purchaser during the effective period of such agreement in asserting any claims based thereon. Purchaser acknowledges and agrees that Seller is not adopting the contractor's warranty or acting as co-warrantor but is merely attempting to pass through to purchaser the benefit of any such contractor's warranty, if any.

Seller shall also assign to purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the apartment. Purchaser acknowledges that the Seller is only passing through to Buyer any such manufacturer's or dealer's warranties; Seller is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered hereby. The terms of the manufacturer's or dealer's written warranties are available for the purchaser's examination at the Seller's sales office.

Except for the agreements above, SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE.

(b) NO INSULATION WILL BE INSTALLED IN THE APARTMENT.

(c) Reservation Agreement. Notwithstanding any other provision in the Sales Contract to the contrary, unless and until Seller: (i) obtains the issuance by the Real Estate Commission of the State of Hawaii of the Final Public Report on the project; and (ii) has received from purchaser a fully executed receipt for the Final Public Report, that the Sales Contract shall represent only a reservation by the purchaser and shall not be binding upon either party hereto, and until such time, the Sales Contract may be terminated at the option of either party. In the event of such termination, Seller shall cause Escrow to refund all payments previously made by purchaser, without interest, and neither party shall have any other or further liability hereunder. If the Sales Contract is entered into after the issuance of the Final Public Report, this paragraph shall be of no force or effect and this Agreement shall be fully binding upon purchaser and Seller upon acceptance of the Sales Contract by Seller as provided in Paragraph "F-24" of the Sales Contract.

(d) Until Seller has closed out the sale of all the apartments in the condominium project or until April 30, 1983, whichever shall first occur, purchaser will not enter into any "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the condominium project and/or any third party under which purchaser agrees to share expenses and/or rentals of apartments in the condominium project.

(e) Final closing shall occur on the Date of Closing. However, purchaser is advised that Seller intends to preclose, regardless of the status of the construction of the apartments, by having all documents necessary for closing executed prior thereto and deposited with Escrow, and purchaser agrees to execute all necessary documents for such closing, including irrevocable escrow instructions, upon request by Seller.

(f) In the event any payment to be made by purchaser is not made when due, such late payment shall bear interest at the rate of one percent (1%) per month until paid.

3. Owner-Occupant Sales Contract. In addition to the above provisions of the specimen Sales Contract, the specimen Owner-Occupant Sales Contract filed with the Commission complies with the requirements of Section 514A-105, Hawaii Revised Statutes, and contains, among others, the following provisions:

(a) Within thirty (30) calendar days following the end of the ten (10) calendar day period during which Seller is limited to selling to owner-occupants under the provisions of Part VI, Chapter 514A, Hawaii Revised Statutes, the Buyer shall obtain such statements and documents as Seller may reasonably require to satisfy itself that Buyer is financially capable of making, when due, all the required payments as set forth herein, either by way of cash payments and/or a commitment for financing such noncash portion of the purchase price; if such proof of financing or commitment for financing is not obtained within said period, the contract shall be cancelled by Seller, subject, however, to the approval of such cancellation by the lender financing the project.

(b) If during the ten (10) calendar day period following the issuance of the first public report on the project by the Real Estate Commission (i) the Buyer desires to cancel the contract on account of hardship circumstances such as serious illness of the Buyer or a member of Buyer's family, job or military transfer, unforeseeable change in marital status, or the birth of a child, or (ii) Buyer indicates an intent not to become an owner-occupant of the apartment, Seller shall cancel the contract, subject, however, to the approval of such cancellation by the lender financing the project.

(c) Upon cancellation of the contract for any of the reasons set forth above, Seller shall return all moneys paid pursuant thereto, without interest, but may deduct from the moneys returned any reasonable amount representing expenses incurred by the Seller to process the contract, and thereafter neither Seller nor Buyer shall have any further obligation hereunder.

(d) If after the initial period set forth above, Buyer's application or commitment for Buyer's

mortgage financing or eligibility and credit approval therefor is rejected by such lending institution at any time, Seller shall have the option to terminate the contract and cause Escrow to refund to Buyer all monies previously paid, without interest, less the cost of any credit reports and all other costs including escrow charges incurred by Seller. Seller shall give written notice of such termination to Buyer and a copy thereof shall be given to Escrow.

(e) If after the period set forth above, Seller shall determine, in its sole opinion, that Buyer is incapable of making, when due, all the required payments as set forth in the contract, Seller shall have the option to terminate the contract and cause Escrow to refund to Buyer all monies previously paid, without interest, less the cost of any credit reports and all other costs including escrow charges incurred by Seller. Seller shall give written notice of such termination to Buyer and a copy thereof shall be given to Escrow.

4. At the time of the preclosing described above, purchaser agrees to pay into escrow all sums due from purchaser at closing, excluding only the mortgage proceeds, if applicable, which mortgage proceeds purchaser hereby authorizes Escrow to collect as of the Date of Closing.

NOTE: PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THE SELLER'S MORTGAGE LOANS (CONSTRUCTION, RENEWALS AND EXTENSIONS) FOR THE PROJECT SHALL BE AND REMAIN AT ALL TIMES A SUPERIOR LIEN ON THE PROJECT, AND PURCHASERS INTENTIONALLY WAIVE AND SUBORDINATE THE PRIORITY OF LIEN UNDER THE SALES CONTRACT IN FAVOR OF THE MORTGAGE LOANS.

NOTE: DEVELOPER ADVISES THAT NO REPRESENTATIONS OR REFERENCES WILL BE MADE TO EITHER PURCHASERS OR PROSPECTIVE PURCHASERS CONCERNING RENTAL OF THE APARTMENT, INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE RENTAL OF THE APARTMENT, INCLUDING BUT NOT LIMITED TO, ANY REFERENCE OR REPRESENTATION TO THE EFFECT THAT DEVELOPER OR THE MANAGING AGENT OF THE PROJECT WILL PROVIDE, DIRECTLY OR INDIRECTLY, ANY SERVICES RELATING TO THE RENTAL OR SALE OF THE APARTMENT. RENTAL OF THE APARTMENT AND THE PROVISIONS OF MANAGEMENT SERVICES IN CONNECTION THEREWITH IS AND SHALL BE THE SOLE RESPONSIBILITY OF THE PURCHASER.

It is incumbent upon the purchaser and the prospective purchaser that he read with care the Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of residential apartments are placed in trusts, as well as the retention and disbursement of said trust funds. The specimen Sales Contract specifically provides that the purchaser approves said Escrow Agreement and assumes the benefits and obligations therein provided.

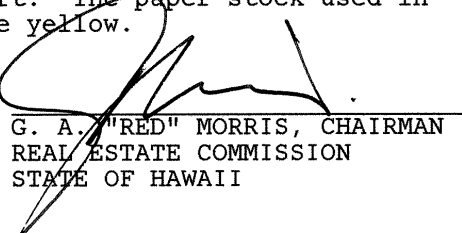
MANAGEMENT OF THE PROJECT: The By-Laws which are incorporated in the Declaration provide that the operation of the project shall be conducted for the Association of Apartment Owners under the direction of the Board of Directors by a responsible managing agent. The initial managing agent as indicated in the Disclosure Abstract will be Spectrum Properties, Inc., whose principal place of business is 1750 Kalakaua Avenue, Suite 211, Honolulu, Hawaii 96826.

STATUS OF PROJECT: The Developer has advised the Commission that construction of the project has not commenced but that it estimates construction of the project will begin in July, 1981 with an estimated date of completion in January, 1982.

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 April 23, 1981 and information subsequently filed as of May 27, 1981.

This is a PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT which is made a part of REGISTRATION NO. 1417 filed with the Commission on April 23, 1981.

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.


G. A. "RED" MORRIS, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING COMMISSION,
CITY AND COUNTY OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1417

June 3, 1981