

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

KALIA CONDOMINIUM
2164 Kalia Road
Honolulu, Oahu, Hawaii

REGISTRATION NO. 1439 (CONVERSION)

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: October 2, 1981
Expires: November 2, 1982

SPECIAL ATTENTION

A comprehensive reading of this report by the prospective purchaser 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 JUNE 24, 1981, AND ADDITIONAL INFORMATION SUBSEQUENTLY SUBMITTED AS OF SEPTEMBER 23, 1981. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. KALIA CONDOMINIUM is a proposed leasehold condominium project consisting of one (1) existing eleven story building, with a penthouse and two (2) level basement, containing one hundred six (106) apartments. Included are two (2) Commercial Apartments: The first floor Restaurant and the lobby Desk Apartment. There

are a total of twenty-nine (29) parking stalls which are assigned to the Desk Apartment as limited common elements.

NOTE: THIS IS A CONDOMINIUM CONSTRUCTION PROJECT WHERE THE EXISTING BUILDING WAS CONSTRUCTED AS A HOTEL IN 1967. THE PROPERTY IS PRESENTLY ZONED RESORT HOTEL PRECINCT WITHIN THE WAIKIKI SPECIAL DESIGN DISTRICT WHICH WAS ESTABLISHED UNDER THE CURRENT COMPREHENSIVE ZONING CODE (CZC) AND EFFECTIVE IN 1975. PURCHASERS SHOULD BE ADVISED THAT THE CZC PROVIDES BY DEFINITION: "A 'HOTEL' IS A BUILDING OR GROUP OF ATTACHED OR DETACHED BUILDINGS CONTAINING DWELLINGS OR LODGING UNITS FOR WHICH 50% OR MORE OF THE UNITS ARE LODGING UNITS. A HOTEL SHALL INCLUDE A LOBBY, CLERK'S DESK OR COUNTER WITH 24-HOUR CLERK SERVICES AND FACILITIES FOR REGISTRATION AND KEEPING RECORDS RELATED TO HOTEL GUESTS."

NOTE: THE DEVELOPER HAS NOT ADVISED THE COMMISSION AS TO THE SPECIFIC USE OF THE 29 PARKING STALLS THAT WILL BE ASSIGNED TO THE LOBBY DESK APARTMENT AS LIMITED COMMON ELEMENTS.

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 documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the Condominium File Plan) have not yet been recorded in the Bureau of Conveyances of the State of Hawaii.

4. No advertising or 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 Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, _____, 1982, 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 KALIA CONDOMINIUM project. The Developer has the responsibility of placing a true copy of the Preliminary Public Report (yellow paper stock) together with the Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing

a signed copy of the Receipt therefor from each purchaser and prospective purchaser.

NAME OF PROJECT: KALIA CONDOMINIUM

LOCATION: The approximately 11,726 square feet of land to be submitted to the horizontal property regime is situated at 2164 Kalia Road, Kalia, Waikiki, Honolulu, Hawaii 96815.

TAX MAP KEY NO.: First Division: 2-6-3, 35 & 36

ZONING: Resort Hotel Precinct within the waikiki Special Design District.

DEVELOPER: Kalia Holding Corporation, a Hawaii corporation, whose post office address is Suite 903, 1164 Bishop Street, Honolulu, Hawaii 96813, phone 524-5830. The corporation officers are Thomas A. Roberts, President-Treasurer, and Harold L. Reilly, Vice President-Secretary.

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

DESCRIPTION: The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a leasehold condominium project consisting of one hundred six (106) condominium apartment units which spaces, together with appurtenant lanais, if any, are referred to therein as "apartments", and are contained in one (1) eleven-story building with a penthouse and two level basement, of concrete construction. Said Building and apartments are designated on the Condominium File Plan and more fully described as follows:

APARTMENT TYPE "A":

Sixteen (16) apartments, being Apartments 1 and 4 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 160 square feet together with a lanai having a floor area of approximately 50 square feet.

APARTMENT TYPE "B":

Sixteen (16) apartments, being Apartments 2 and 3 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 175 square feet together with a lanai having a floor area of approximately 40 square feet.

APARTMENT TYPE "C":

Eight (8) apartments, being Apartment 5 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 192 square feet together with a lanai having a floor area of approximately 42 square feet.

APARTMENT TYPE "D":

Eight (8) apartments, being Apartment 6 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 217 square feet together with a lanai having a floor area of approximately 42 square feet.

APARTMENT TYPE "E":

Eight (8) apartments, being Apartment 7 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 210 square feet together with a lanai having a floor area of approximately 45 square feet.

APARTMENT TYPE "F":

Eight (8) apartments, being Apartment 8 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 197 square feet together with a lanai having a floor area of approximately 46 square feet.

APARTMENT TYPE "G":

Eight (8) apartments, being Apartment 9 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 246 square feet together with a lanai having a floor area of approximately 60 square feet.

APARTMENT TYPE "H":

Eight (8) apartments, being Apartment 10 on the Second through Ninth Floors are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 194 square feet together with a lanai having a floor area of approximately 36 square feet.

APARTMENT TYPE "I":

Four (4) apartments, being Apartments 1A and 2A on the Tenth and Eleventh Floors, are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 160 square feet together with a lanai having a floor area of approximately 50 square feet.

APARTMENT TYPE "J":

Two (2) apartments, being Apartments 1B and 2B on the Tenth Floor, are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 175 square feet together with a lanai having a floor area of approximately 41 square feet.

APARTMENT TYPE "K":

Two (2) apartments, being Apartment 3 on the Tenth and Eleventh Floors, are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 192 square feet together with a lanai having a floor area of approximately 42 square feet.

APARTMENT TYPE "L":

One (1) apartment, being Apartment 4 on the Tenth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 251 square feet together with a lanai having a floor area of approximately 63 square feet.

APARTMENT TYPE "M":

One (1) apartment, being Apartment 5 on the Tenth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 189 square feet together with a lanai having a floor area of approximately 71 square feet.

APARTMENT TYPE "N":

One (1) apartment, being Apartment 6 on the Tenth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 190 square feet together with a lanai having a floor area of approximately 67 square feet.

APARTMENT TYPE "O":

One (1) apartment, being Apartment 7 on the Tenth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 173 square feet together with a lanai having a floor area of approximately 40 square feet.

APARTMENT TYPE "P":

Two (2) apartments, being Apartments 1B and 2B on the Eleventh Floor, are built according to this floor plan, each apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. Each of these apartments contains a floor area of approximately 174 square feet together with a lanai having a floor area of approximately 40 square feet.

APARTMENT TYPE "Q":

One (1) apartment, being Apartment 4 on the Eleventh Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 203 square feet together with a lanai having a floor area of approximately 65 square feet.

APARTMENT TYPE "R":

One (1) apartment, being Apartment 5 on the Eleventh Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 328 square feet together with a lanai having a floor area of approximately 140 square feet.

APARTMENT TYPE "S":

One (1) apartment, being Penthouse 1 on the Twelfth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 312 square feet together with a lanai having a floor area of approximately 65 square feet.

APARTMENT TYPE "T":

One (1) apartment, being Penthouse 2 on the Twelfth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 330 square feet together with a lanai having a floor area of approximately 91 square feet.

APARTMENT TYPE "U":

One (1) apartment, being Penthouse 3A on the Twelfth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room and a bathroom. This apartment contains a floor area of approximately 175 square feet.

APARTMENT TYPE "V":

One (1) apartment, being Penthouse 3B on the Twelfth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 411 square feet together with a lanai having a floor area of approximately 103 square feet.

APARTMENT TYPE "W":

One (1) apartment, being Penthouse 4 on the Twelfth Floor, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room, a bathroom and a lanai. This apartment contains a floor area of approximately 380 square feet together with a lanai having a floor area of approximately 150 square feet.

APARTMENT TYPE "X":

One (1) apartment, being Apartment 11 on the Second Floor above the commercial level, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room and a bathroom. This apartment contains a floor area of approximately 376 square feet.

APARTMENT TYPE "Y":

One (1) apartment, being Apartment 12 on the Second Floor above the commercial level, is built according to this floor plan, being an apartment consisting of two (2) rooms, including a living room and a bathroom. This apartment contains a floor area of approximately 282 square feet.

APARTMENT TYPE "Z":

One (1) apartment, being Apartment 14 on the Second Floor above the commercial level, is built according to this floor plan, being a one-bedroom apartment consisting of four (4) rooms, including a bedroom, a living room, a kitchen, a bathroom and a lanai. This apartment contains a floor area of approximately 648 square feet together with a lanai having a floor area of approximately 132 square feet.

APARTMENT TYPE "AA":

One (1) apartment, being the "Desk Apartment" on the lobby level, is built according to this floor plan and consists of two (2) rooms. This apartment contains a floor area of approximately 164 square feet.

APARTMENT TYPE "BB":

One (1) apartment, being the "Commercial Apartment" on the lobby level, is built according to this floor plan and consists of a restaurant with a bar, dining area (including the lanai area), waiting area and kitchen. This apartment contains a floor area of approximately 3,740 square feet.

The apartments are numbered and located in the manner shown on the Condominium File Plan to be recorded in the Bureau of Conveyances of the State of Hawaii.

The apartments have immediate access to an elevator leading to the grounds of the Project.

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, the same being deemed common elements as hereinafter provided. 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 states that one (1) freehold estate is designated in all remaining portions of the Project, therein called the "common elements", including specifically but not limited to:

- (a) The land in fee simple;
- (b) All foundations, floor slabs, columns, beams, supports, load-bearing walls, roofs, chases, stairways, elevator, walkways, ramps, driveways, entrances and exits of the building of the Project.
- (c) All yards, grounds, landscaping, refuse and service areas, and trash disposal equipment;

(d) All storage areas and the transformer room on the lower level to the building;

(e) 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 and television signal distribution, if any;

(f) The lobby area and the adjacent public restrooms off this same area;

(g) The laundry room, including, without limitation, washers and dryers, located on the eleventh floor of the building; and

(h) 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 states 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:

(a) That the roof above each penthouse shall be appurtenant to and for the exclusive use of each Penthouse.

(b) All those certain areas designated on Sheets A-2, 4, 5 & 6 on the Condominium File Plan filed with the Bureau of Conveyances, which are duly marked as limited common elements assigned to the "Desk Apartment".

(c) All those certain areas designated on Sheets A-2 and A-8 on the Condominium File Plan filed with the Bureau of Conveyances, which are duly marked as limited common elements assigned to the "Commercial Apartment".

(d) All telephone transmission systems including the instrument panel located in the Desk Apartment shall be limited common elements for the Desk Apartments.

(e) All twenty-nine (29) of the parking stalls shall be appurtenant to and for the exclusive use of the "Desk Apartment" of the Project.

INTEREST TO BE CONVEYED TO PURCHASERS: The proposed Declaration states that the apartments shall have appurtenant thereto an undivided fractional interest in all common elements of the Project as described in Exhibit "A1" attached hereto and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration provides that the apartments shall be occupied and used for any purposes that are permitted from time to time under applicable statutes, ordinances, rules and regulations, governmental determinations and restrictions of the appropriate agencies of the City and County of Honolulu, and State of Hawaii with the exception of the Commercial apartments which shall be used for commercial purposes only.

The apartments in the Project or any interest therein may be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise.

The By-Laws of the Association of Apartment Owners states, in part, that no livestock, poultry, rabbits, dogs, cats, other household pets, or other animals whatsoever shall be allowed or kept in any part of the Project.

NOTE: BUYER SHOULD BE AWARE THAT ALTHOUGH THE PROPOSED DECLARATION PERMITS TIME-SHARING USE OF THE APARTMENTS AT SOME FUTURE TIME, IT SHOULD BE NOTED THAT SUCH TIME-SHARING USAGE WOULD REQUIRE A SUBSEQUENT REGISTRATION WITH THE STATE OF HAWAII, DEPARTMENT OF REGULATORY AGENCIES, AS REQUIRED BY CHAPTER 514E, HAWAII REVISED STATUTES AND THE RULES PERTAINING TO TIME-SHARING ADOPTED BY THE DEPARTMENT OF REGULATORY AGENCIES UNDER THIS CHAPTER.

EASEMENTS: The proposed Declaration provides that the Developer reserves the following easements, among others:

1. The proposed Declaration states that the Developer shall have the right to conduct extensive sales activities on the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities until the earlier to occur of (a) eighteen (18) months from the date of the recording in the Bureau of Conveyances of the first Apartment Deed or (b) the closing of the sale of the last unsold apartment in the Project. In the event that the Developer is unable to sell all of the apartments within the eighteen (18) month period, the Developer shall have the right to conduct sales activities on the Project until the closing of the sale of the last unsold apartment in the Project, provided that such sales activities are conducted

in an unobtrusive manner which will not unreasonably interfere with the use, possession, and aesthetic enjoyment of the Project by the other apartment owners. In the event that the Developer's mortgage lender or any successor to or assignee of the Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or by an assignment in lieu of foreclosure, such mortgage lender, its successors and assigns, shall have the right to conduct such extensive sales activities on the Project until at least ninety-five percent (95%) of all of the apartments have been sold and closed, notwithstanding the foregoing.

OWNERSHIP OF TITLE: The Preliminary Title Report dated September 17, 1981, issued by Title Guaranty of Hawaii, Inc., discloses that the fee owner of the land to be submitted to the regime is the Developer: Kalia Holding Corporation, a Hawaii corporation.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report dated September 17, 1981, issued by Title Guaranty of Hawaii, Inc., discloses that the following are encumbrances against title to the property:

As to all parcels -

1. Taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the First Division, City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. The restrictive covenants contained in those certain deeds dated September 16, 1914 and December 12, 1943, and recorded in Liber 418 at Page 168 and in Liber 378 at Page 116, respectively.

4. Mortgage from Bank of Hawaii as Mortgagee, to Kalia Hotel, Inc., as Mortgagor, dated September 13, 1974, recorded in Liber 10140, Page 431.

By assignment of Lessor's Interest dated September 13, 1974 and recorded in Liber 10140 at Page 458, KALIA HOTEL, INC., a Hawaii corporation, assigns to BANK OF HAWAII, a Hawaii banking corporation, all right, title and interest in and to any and all leases of premises in and about the hotel complex.

Said above Mortgage and Security Agreement and Assignment of Lessor's interest were assigned to THE RELIABLE LIFE INSURANCE COMPANY, a Missouri corporation, by instrument dated October 16, 1974 and recorded in Liber 10194 at Page 130.

5. Unrecorded space leases -

- (a) Between Kalia Hotel and Propark, Inc.
- (b) Between Propark, Inc. and Tropical Rent-a-Car System, Inc.
- (c) Between Kalia Hotel and "The Buccaneer" Restaurant.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated August 24, 1981, between First Hawaiian Bank, as Escrow, and Developer has been filed with the Commission. On examination, the executed Escrow Agreement filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Sections 514A-39, 514A-40(6), and 514A-63 through 514A-66, H.R.S. Among other provisions, the executed Escrow Agreement states that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, without interest, and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

1. Escrow receives a written request from Developer to return to purchaser the funds of such purchaser then held under the Escrow Agreement by Escrow; or
2. If a purchaser's funds were obtained prior to the issuance of a Final Public Report and if there is any material change in the condominium building plans, subsequent to the execution of purchaser's sales contract, requiring the approval of a county officer having jurisdiction over the issuance of permits for construction, 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
3. If a purchaser's funds were obtained prior to the issuance of a Final Public Report and the request is prior to the time the Final Public Report is issued; or
4. If the Final Public Report differs in any material respect from the Preliminary Public Report, unless the purchaser has given written approval or acceptance of the differences; or
5. If the Final Public Report is not issued within one (1) year of 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 purchaser receives a copy of said Final Public Report he is notified in writing of his right of refund and cancellation and the waiver of such right upon his failure to act within the thirty (30) day period.

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

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

2. No Rental Representations. Buyer agrees that he has read and understands all of the terms and conditions set forth in Paragraph "F" of the specimen Condominium Reservation Agreement. Buyer acknowledges that neither Developer nor any of its representatives has made any representation or reference as to 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 of the apartment. It is understood and agreed that rental or other disposition of the apartment and the provisions of management services in connection therewith is and shall be the sole responsibility of the Buyer.

3. No Rental Pooling. Buyer agrees for the sole benefit of Developer that until Developer has closed out the sale of the apartments in the condominium project or until December 31, 1983, whichever shall first occur, that Buyer 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 Buyer agrees to share expenses and/or rentals of apartments in the condominium

project. The agreement of Buyer shall survive the issuance to Buyer of the Condominium Conveyance Document and shall bind Buyer's heirs, personal representatives, successors and assigns during the term hereof.

4. Warranties. The delivery to Buyer of the Condominium Conveyance Document shall constitute the assignment by Developer to Buyer of the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the apartments. Buyer acknowledges that the Developer is only passing through to Buyer any such manufacturer's or dealer's warranties; Developer is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered thereby. The terms of the manufacturer's or dealer's written warranties are available for the Buyer's examination at the Developer's sales office.

Except for the agreements set forth above, it is expressly understood and agreed by and between Developer and Buyer that DEVELOPER 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.

5. Reservation Agreement.

(a) Notwithstanding any other provision of the Sales Contract to the contrary, it is expressly understood and agreed that if at the time of execution of the Agreement by the Buyer and the Developer, a Final Public Report for the Project has not been issued by the Real Estate Commission of the State of Hawaii, the Agreement shall not be legally binding upon either the Buyer or Developer. In such event, the Agreement shall constitute only a "reservation", and not a binding contract. Developer shall have no obligation to sell and Buyer shall have no obligation to buy the apartment described in the Agreement above. The Agreement will not become a binding sales agreement unless and until: (i) a Final Public Report is issued on the Project; and (ii) Buyer has receipted for or is deemed to have receipted for the Final Public Report. AS LONG AS THE AGREEMENT CONSTITUTES A RESERVATION, IT MAY BE TERMINATED AT ANY TIME, WITH OR WITHOUT CAUSE, AT THE OPTION OF EITHER PARTY, BY WRITTEN NOTICE OF SUCH TERMINATION TO THE OTHER PARTY. In the event of such termination, the Developer shall cause Escrow to refund all payments previously made by Buyer without interest, and neither party shall have any other or further liability hereunder or with respect to the Project; provided that if Buyer terminates the Agreement, then Escrow shall deduct from the refund to Buyer the Escrow cancellation fee

and all costs incurred by Developer, Escrow, or any lending institution in processing the Agreement or the loan application; if Developer terminates the Agreement, then Developer shall pay the Escrow cancellation fee.

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

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

MANAGEMENT OF THE PROJECT: The proposed By-Laws which are incorporated in the proposed Declaration provide that the operation of the Project shall be conducted for the Kalia Condominium by a responsible Managing Agent under the direction of the Board of Directors. The Developer in its Notice of Intention indicates that the initial managing agent for the Project will be HAWAIIAN PACIFIC REALTY, Suite 903, 1164 Bishop Street, Honolulu, Hawaii.

STATUS OF PROJECT: The Project involves the conversion of an existing apartment building originally constructed in 1967. Based upon a report issued by Au, Smith and Haworth, Ltd., architects, the present condition of the building as to the structure components, mechanical and electrical installations appear to be in good condition.

No representations are made herein or in the report described hereinabove concerning the useful life of existing improvements.

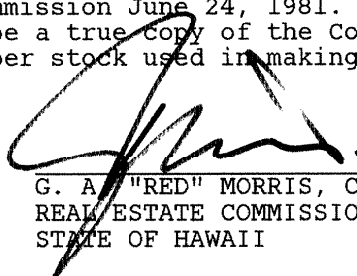
The Developer has filed with the Commission a Declaration attesting to the contents of the above report.

A statement from the City and County of Honolulu Building Department confirms that the building in this Project met all the code requirements at the time of construction.

The purchaser or prospective purchaser should be cognizant of the fact that this Public Report represents

information disclosed by the Developer in the required Notice of Intention submitted June 24, 1981 and information subsequently filed on September 23, 1981.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT which is made a part of REGISTRATION NO. 1439 filed with the Commission June 24, 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 DEPARTMENT, CITY AND COUNTY
OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1439

October 2, 1981

<u>Designation</u>	<u>Common Interest</u>
<u>Floors 2-9</u>	
<u>Apartment</u>	
1 & 4	.6431/unit
2 & 3	.6584/unit
5	.7166/unit
6	.7932/unit
7	.7809/unit
8	.7442/unit
9	.9371/unit
10	.7044/unit
<u>10th Floor</u>	
<u>Apartment</u>	
1A	.6431
1B	.6615
2A	.6431
2B	.6615
3	.7166
4	.9800
5	.7962
6	.7870
7	.6523
<u>11th Floor</u>	
<u>Apartment</u>	
1A	.6431
1B	.6554
2A	.6431
2B	.6554
3	.7166
4	.8207
5	1.4332
<u>Penthouse</u>	
<u>Apartment</u>	
1	1.1545
2	1.2893
3A	.5359
3B	1.0382
4	1.6231
<u>Above Commercial Apartment</u> (Second Floor)	
<u>Apartment</u>	
11	1.1515
12	.8636
14	2.3887

EXHIBIT "A1"

Commercial Apartment

1st Floor (Restaurant) 11.4529

Desk Apartment

Lobby 8.1583