

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

STATE OF HAWAII

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

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

KALIHI GARDENS
2027 and 2033 Wilcox Lane
Honolulu, Hawaii 96819

REGISTRATION NO. 1656 (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: January 21, 1985

Expires: February 21, 1986

SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser and prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED DECEMBER 21, 1984 AND INFORMATION SUBSEQUENTLY FILED AS OF JANUARY 15, 1985. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. KALIHI GARDENS is a proposed fee simple condominium conversion project consisting of fifty-four (54) apartments contained in two three-story buildings, without basements. There are fifty-six (56) compact parking stalls in the Project.

2. The Developer of the Project has submitted to the Commission for its examination all documents deemed necessary for the registration of the condominium project and the issuance of this Preliminary Public Report.
3. The Developer reports that the Declaration of Horizontal Property Regime, the Bylaws of the Association of Apartment Owners and the Condominium Map will be filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii immediately prior to the application for a Final Public Report.
4. No advertising or promotional materials have been submitted to the Commission.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, 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 expires thirteen (13) months after issuance, January 21, 1985, unless a Final or Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective date of this report.
7. This Preliminary Public Report is part of the registration of KALIHI GARDENS. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and securing a signed copy of the receipt therefor.

NAME OF PROJECT: KALIHI GARDENS.

LOCATION: The Project is located at 2027 and 2033 Wilcox Lane, Honolulu, Hawaii 96819 and has a gross land area of approximately 43,592 square feet.

TAX KEY: 1-2-012-003 (1st Tax Division-City and County of Honolulu).

ZONING: The subject property is zoned I-1, Light Industrial District, an industrial classification intended to provide areas for light industrial and related uses close to the Central Business District and to other areas convenient to residential concentration. Because the buildings are non-conforming structures, any repairs or reconstruction must be in conformance with the Comprehensive Zoning Code. Also, because residential use of the Project may be a non-conforming use, variances may be required for commencing residential use of the Project after a discontinuance of such use.

DEVELOPER: LILIHA DEVELOPMENT CO., INC., a Hawaii corporation, whose principal place of business and post office address is 41 South Beretania Street, Suite B-101, Honolulu, Hawaii 96813. The officers of the corporation are: Peter B. Savio, President, Secretary and Treasurer; Mary V. Savio, Vice President.

ATTORNEY REPRESENTING DEVELOPER: Cades Schutte Fleming & Wright (Attention: Edward R. Brooks and Martin E. Hsia), Suite 1100, 1000 Bishop Street, P. O. Box 939, Honolulu, Hawaii 96808 (telephone: (808) 521-9200).

DESCRIPTION OF PROJECT: The proposed Project contains fifty-four (54) residential apartments in two three-story buildings. There are fifty-six (56) parking stalls in the Project, two (2) of which are for guest parking. The Project and the apartments are more particularly described in Exhibit "A" appended hereto and made a part hereof.

Each Apartment shall be deemed to include: (i) all the walls, columns and partitions which are not load-bearing within its perimeter walls, (ii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iii) any doors, door frames, lanai railings (except for the exterior surfaces thereof), windows or window frames along the perimeters, (iv) the airspace within the perimeters, (v) all fixtures installed therein, and (vi) the adjacent lanai to which each Apartment has direct, exclusive access. The respective Apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter (party and non-party) walls, (b) the interior load-bearing columns, girders, beams and walls, (c) the undecorated or unfinished floors and ceilings surrounding each Apartment, or (d) any pipes, shafts, 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.

COMMON ELEMENTS: One freehold estate is hereby designated in all remaining portions and appurtenances of the Project, including specifically, but not limited to:

- a. The Land in fee simple.
- b. All foundations, floor slabs, sewers, columns, girders, beams, supports, unfinished perimeter walls, load-bearing walls and roofs.
- c. All grounds, trees, gardens, landscaping, planters, entries and the central courtyard.
- d. All fences, yards and gates.
- e. All refuse containers on the grounds of the Project.
- f. All roads, parking areas, two (2) guest parking stalls, loading spaces, driveways, walkways, stairways, building entries and corridors.

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

h. Any and all other appurtenant installations of common use and all other parts of the Project necessary and convenient to its existence, maintenance and safety or normally in common use.

i. The area on the eastern portion of the Land which is bounded by (1) Wilcox Lane, (2) the southeasterly boundary of the Land, (3) the fence and gate projecting from the easternmost corner of Building A and running parallel to Wilcox Lane and (4) a line from the easternmost corner of Building A perpendicular to and intersecting Wilcox Lane on which a chain link fence is situated, is designated on the Condominium Map as Area 1. It is hereby declared that Area 1 does not have an originally intended special purpose and that the Board of Directors of the Association, on behalf of the Association, shall have the right to lease or otherwise use Area 1 for the benefit of the Association. The Association shall be deemed to benefit from a lease of Area 1 to a resident manager of the Project for that resident manager's private use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called and designated "limited common elements", are set aside and reserved for the exclusive use of certain Apartments and such Apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements shall consist of:

a. One automobile parking stall bearing the number corresponding to the number of an Apartment shall be appurtenant to and for the exclusive use of the Apartment having such number.

b. One mailbox bearing the number corresponding to the number of an Apartment shall be appurtenant to and for the exclusive use of the Apartment having such number.

c. The yard area abutting the lanai of each first floor Apartment in Building B (Apartments 111 to 119), as more particularly described in the Condominium Map, shall be appurtenant to and for the exclusive use of that Apartment.

d. The yard area abutting the lanai of each first floor Apartment in Building A (Apartments 101 to 109), as more particularly described in the Condominium Map, shall be appurtenant to and for the exclusive use of that Apartment.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided percentage interest in the common elements appurtenant to each apartment shall be 1.85%, except that Apartment 101 shall have an appurtenant undivided percentage interest of 1.95%. Each Apartment shall have such percentage interest in all common profits and expenses of the Project and for all other

purposes, including voting. Interests in each Apartment will be transferred by the Developer to each buyer under an Apartment Deed, consisting of a deed to the Apartment and its appurtenant undivided percentage interest in the common elements.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The proposed Declaration provides that each Apartment shall be occupied and used only for residential purposes and no Apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The Apartments shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty days, or (ii) any rental in which the occupants of the Apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the Apartments nor any interest therein shall 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 or Apartments 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. Other than the foregoing obligations, the Owners of the respective Apartments shall have the absolute right to lease the same, provided that such lease covers an entire apartment, is in writing and is made subject to the covenants and restrictions contained in the Declaration and Bylaws.

The Bylaws provide, in part, that no livestock, poultry, rabbits, dogs, cats or other animals whatsoever shall be allowed or kept in any part of the Project, except as authorized by the Board of Directors.

OWNERSHIP OF TITLE: A Preliminary Report dated December 12, 1984, issued by Title Guaranty of Hawaii, Incorporated states that fee simple title to the land is held by Gladys Hideko Uyemura, wife of Richard Shigeo Uyemura, Trustee under an unrecorded Revocable Living Trust Agreement known as the Toworu Kunikiyo Trust dated June 30, 1971, as to an undivided one-half (1/2) interest, and Richard Shigeo Uyemura and Gladys Hideko Uyemura, Trustees under an unrecorded Revocable Living Trust Agreement known as the Katsuno Kunikiyo Trust dated May 29, 1971, as to an undivided one-half (1/2) interest (the "Uyemuras"). The Developer has been assigned all right, title and interest to the Deposit Receipts, Offers and Acceptances, dated October 26, 1983 and September 4, 1984 between the Uyemuras and Kalihi Gardens Apartments, Inc., respectively, and Savio Development Co., Inc., for the purchase of the fee title.

ENCUMBRANCES: The Preliminary Report dated December 12, 1984, states that the title to the property is subject to the following encumbrances:

1. For any taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor of the First Taxation Division.

2. Road setback line along Wilcox Road as shown on survey by Kataichi Ninomiya, Registered Professional Land Surveyor, dated September 21, 1984.

3. Lease dated April 1, 1958, filed as Document No. 216285, by and between Tamotsu Kunikiyo, husband of Katsuno Kunikiyo and Toworu Kunikiyo, husband of Chiyoko Kunikiyo, as Lessor, and Charles Joseph Pietsch, Jr., husband of Fern Lucille Pietsch, Cyrenus Linwood Gillette, husband of Alberta Mueller Gillette, Othello Vincent Esposito, husband of Joyce Lee Esposito, and Lorraine Madolyn Chikasuye, wife of Clesson Yasuto Chikasuye, as Lessee, which Lease was assigned to Kalihi Garden Apartments, Inc., a Hawaii corporation, by instrument dated February 26, 1959 and filed as Document No. 233236, and which Lease was amended by instrument dated October 11, 1961, filed as Document No. 280506 and recorded in Book 4146, Page 199.

4. Terms, conditions and provisions contained in unrecorded Revocable Living Trust Agreement known as the Toworu Kunikiyo Trust, dated June 30, 1971, and in unrecorded Revocable Living Trust Agreement known as the Katsuno Kunikiyo Trust, dated May 29, 1971.

Note: The setback described in item 2 is for street-widening purposes. At this time, based on the surveyor's examination of the records of the Department of Land Utilization and Department of Transportation Services of the City and County of Honolulu and the General Plan map, there are no plans for widening Wilcox Road in the near future. However, prospective purchasers should be aware that if street-widening occurs, it could affect a portion of the Project.

PURCHASE MONEY HANDLING: A copy of: (i) a specimen form of Deposit Receipt and Sales Contract for the Apartments (the "Sales Contract"), and (ii) an executed Escrow Agreement have been submitted as part of the registration. The Escrow Agreement, dated December 20, 1984, identifies Title Guaranty Escrow Services, Inc. as "Escrow." Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly with Sections 514A-37, 39 and 63. A prospective purchaser should carefully examine the form of the Sales Contract and the Escrow Agreement to determine the time for and the amount of the installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent upon

the purchaser to read and understand the Escrow Agreement before signing the Sales Contract since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's down payments and the Sales Contract provides that the purchaser approves the Escrow Agreement.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, and upon the terms and conditions provided for in the Sales Contract, if any one of the following has occurred:

(a) The Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held under the Escrow Agreement by Escrow; or

(b) The Developer shall have notified Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; or

(c) The Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held under the Escrow Agreement by Escrow because:

(1) The purchaser has been unable to obtain adequate financing or a commitment for adequate financing, for the purchase of his apartment unit, within thirty (30) calendar days following the end of the ten (10) day calendar period during which the Developer is limited to selling to owner-occupants, as required by Chapter 514A, Part VI, Hawaii Revised Statutes, or

(2) The purchaser desires to cancel the Sales Contract because of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes, or because the purchaser indicates an intent not to become an owner-occupant of the apartment unit covered by the Sales Contract.

In any of the foregoing events, Escrow shall, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee to Escrow of not less than \$25.00 per apartment or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater) and thereupon the Sales Contract and any Apartment Deed theretofore delivered to Escrow shall be returned and shall be deemed no longer held under the Escrow Agreement; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by the Developer of written notice from Escrow of its intent to make such refund.

The Sales Contract, among other things, contains acknowledgments by each purchaser: (i) Time is of the essence in the Sales Contract, and if Purchaser fails to perform any obligations required in the Sale Contract, the

Developer may, upon written notice of 10 days, terminate the Sales Contract and keep all sums previously paid by Purchaser as liquidated damages; (ii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iii) that the purchaser acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; (iv) that the purchaser's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of any mortgages or other security instruments made by the Developer in favor of any lending institutions to secure one or more loans for the purpose of completing the conversion of the Project; (v) that the Project and the apartment and anything installed or contained therein are being sold on an "as is" basis, without any warranties, express or implied; (vi) that the apartments in the Project may currently be occupied by tenants, and that it is the responsibility of the purchaser and not the Developer to evict any tenants in the purchaser's apartment; and (vii) that the Developer has the right to cancel the Sales Contracts if the Developer is unable to sell at least forty-six (46) Apartments in the Project or is unable to complete the conversion of the Project for any reason beyond the Developer's control.

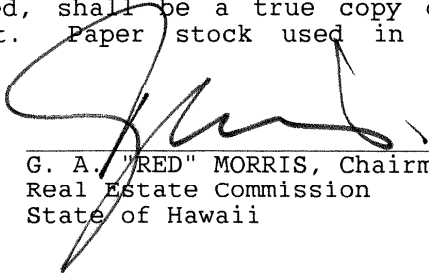
MANAGEMENT AND OPERATION: Article III, Section 3, of the proposed Bylaws states that the Board of Directors shall at all times employ a responsible corporate managing agent to manage and control the Project, subject at all times to direction by the Board. The initial managing agent of the Project is SAVIO REALTY, LTD., whose principal place of business and post office address is 41 South Beretania Street, Suite B-101, Honolulu, Hawaii 96813.

STATUS OF PROJECT: THE PROJECT IS A CONDOMINIUM CONVERSION. THE BUILDING AND APARTMENTS WERE CONSTRUCTED IN 1959. A LETTER DATED NOVEMBER 30, 1984 FROM THE BUILDING DEPARTMENT, CITY AND COUNTY OF HONOLULU VERIFIES THAT THE PROJECT MET ALL CODE REQUIREMENTS AT THE TIME OF CONSTRUCTION AND NO VARIANCES OR SPECIAL PERMITS WERE GRANTED TO ALLOW DEVIATIONS FROM ANY APPLICABLE CODES. THE PROJECT, THE APARTMENTS AND ANYTHING INSTALLED OR CONTAINED IN THE APARTMENTS ARE BEING SOLD IN "AS IS" CONDITION, AND THE DEVELOPER WILL NOT MAKE ANY CORRECTIONS TO THE PROJECT OR APARTMENTS OR ANYTHING INSTALLED AS CONTAINED THEREIN, AND SHALL NOT BE LIABLE FOR OR OBLIGATED TO CORRECT ANY CONSTRUCTION OR OTHER DEFECTS IN THE PROJECT OR APARTMENTS OR ANYTHING INSTALLED OR CONTAINED THEREIN, WHETHER OR NOT SUCH DEFECTS ARE HIDDEN OR LATENT. THE DEVELOPER DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT, THE APARTMENTS OR ANYTHING INSTALLED OR CONTAINED THEREIN, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

The purchaser and prospective purchasers should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted December 21, 1984 and information subsequently filed as of January 15, 1985.

This PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1656 filed with the Commission on December 21, 1984.

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



G. A. "RED" MORRIS, Chairman
Real Estate Commission
State of Hawaii

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City and County of Honolulu
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Registration No. 1618

January 21, 1985

PHYSICAL DESCRIPTION

A. The Project. The Project consists of two (2) three-story buildings, with no basements, and fifty-six (56) on-site parking stalls, all of which are uncovered. Fifty-four (54) parking stalls are limited common elements and two parking stalls are common elements for guest parking. All parking stalls are compact stalls. The buildings are located at 2027 and 2033 Wilcox Lane and face each other across a common courtyard. Building B is adjacent to the parking area and Building A is adjacent to the southeast boundary of the Project. The buildings of the Project are constructed of reinforced steel and concrete. There are fifty-four (54) apartments in the Project.

B. The Apartments. Each building contains twenty-seven (27) apartments on three (3) floors with nine (9) apartments per floor. Each first floor apartment in the Project has immediate access to the courtyard between the buildings and each first floor apartment in Building B also has immediate access across its lanai to the parking area. All other apartments in the Project have immediate access to a balcony which has a stairwell at each end leading to the central courtyard.

A list of the apartments and the apartment numbers, the floor areas and the percentages of common interest appurtenant to each apartment is set forth below. The common interests of the apartments were determined by dividing the total common interest in the Project (100%) by the number of apartments in the Project, except that Apartment 101 has been assigned an appurtenant interest of 1.95% so that the sum of all the common interests will be 100%.

There are two types of apartments, more particularly described as follows:

Type A Apartments. There are twenty-seven (27) Type A apartments. Five (5) Type A apartments are located on each floor of Building A and are numbered "02", "04", "06", "08" and "09" preceded by the number of the floor on which each is located. Four (4) Type A apartments are located on each floor of Building B and are numbered "11", "13", "15" and "17" preceded by the number of the floor on which each is located. Each Type A apartment has approximately 534 square feet of net living area and contains a living/dining room, a kitchen, two bedrooms, a hall, one bathroom, and a lanai of approximately 111 square feet.

Type B Apartments. There are twenty-seven (27) Type B Apartments. Four (4) Type B apartments are located on each floor of Building A and are numbered "01", "03", "05", and "07" preceded by the number of the floor on which each is located. Five (5) Type B apartments are located on each floor of Building B and are numbered "12", "14", "16", "18" and "19" preceded by the number of the floor on which each is located. Each Type B Residential Apartment has approximately 534 square feet of net living area and contains a living/dining room, a kitchen, two bedrooms, a hall, one bathroom and a lanai of approximately 111 square feet.