

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

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

**SUPPLEMENTARY
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT
ON**

THE SUGAR COVE
Spreckelsville, Maui, Hawaii

REGISTRATION NO. 613

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

It was prepared as a supplement to an earlier Report dated December 11, 1973 and March 21, 1974, issued by the Real Estate Commission on the above 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 until

- (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: September 12, 1977
EXPIRES: September 21, 1978

SPECIAL ATTENTION

A comprehensive reading 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 SUBMITTED DECEMBER 4, 1973 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF SEPTEMBER 7, 1977. THE SELLER IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING ADDITIONAL INFORMATION, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW, CHAPTER 514, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report dated December 11, 1973, and Final Public Report dated March 21, 1974, and the extensions thereof on Registration No. 613, the Seller (previously referred to as "Developer") has forwarded additional information reflecting material changes which have been made a part of the documents for the project.

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

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

**SUPPLEMENTARY
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT
ON**

THE SUGAR COVE
Spreckelsville, Maui, Hawaii

REGISTRATION NO. 613

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

It was prepared as a supplement to an earlier Report dated December 11, 1973 and March 21, 1974, issued by the Real Estate Commission on the above 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 until

- (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: September 12, 1977
EXPIRES: September 21, 1978

SPECIAL ATTENTION

A comprehensive reading 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 SUBMITTED DECEMBER 4, 1973 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF SEPTEMBER 7, 1977. THE SELLER IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING ADDITIONAL INFORMATION, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW, CHAPTER 514, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report dated December 11, 1973, and Final Public Report dated March 21, 1974, and the extensions thereof on Registration No. 613, the Seller (previously referred to as "Developer") has forwarded additional information reflecting material changes which have been made a part of the documents for the project.

2. This Supplementary Public Report amends the Final Public Report and becomes a part of the registration of THE SUGAR COVE condominium project. The Seller is responsible for placing this Supplementary Public Report (pink paper stock) in the hands of all purchasers and prospective purchasers receiving the Final Public Report (white paper stock) and Preliminary Public Report (yellow paper stock) for THE SUGAR COVE. Securing a signed copy of the Receipt for Horizontal Property Regime Public Report from each purchaser and prospective purchaser is also the responsibility of the Seller.

3. The Seller of the project has filed all documents and materials deemed necessary by the Commission for the registration of this condominium project and the issuance of this Supplementary Public Report.

4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans) have been recorded in the Bureau of Conveyances of the State of Hawaii in Liber 9775, Page 463 (Condominium Map No. 340).

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

6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of the Horizontal Property Act, Chapter 514 of the Hawaii Revised Statutes and the Condominium Rules and Regulations which relate to Horizontal Property Regime.

7. This Supplementary Public Report amends the expiration date of the Final Public Report to cause both reports to automatically expire on September 21, 1978, unless the Commission, upon review of the registration issues an order extending the effective date.

The information in the topical headings DEVELOPER, ATTORNEY REPRESENTING DEVELOPER, DESCRIPTION, OWNERSHIP OF TITLE, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING, MANAGEMENT OF THE PROJECT, STATEMENT OF FINANCING and STATUS OF PROJECT has been altered as follows. All other topical headings have not been disturbed.

DEVELOPER: The Commission has been advised that the information contained in the heading entitled "Developer" in the Preliminary Public Report dated December 11, 1973, has been deleted. The original developer named therein is no longer involved in the project. To distinguish between the Developer and present Seller of the project, the term "Seller" will be used hereinafter to mean the successor to the original developer's interests. The Seller of the project is NORTH SHORE MAUI PARTNERS, a Hawaii limited partnership, Suite 1414, 745 Fort Street, Honolulu, Hawaii 96813, Phone 524-5490,

whose general partners are: (1) Freeman, Penrose & Kajimura, Ltd., a Hawaii corporation, and (2) The Berkeley Corporation, a Hawaii corporation; and whose limited partner is: R. Carter Freeman.

ATTORNEY REPRESENTING SELLER: HAMILTON, GIBSON, NICKELSEN, RUSH & MOORE (Attention: Dwight M. Rush and Walter Beh, II) 20th Floor, Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813; Phone No. 521-2611.

DESCRIPTION: The approximate gross area of the two-bedroom apartments is 2,299 square feet as set forth in the Declaration for the project, rather than 2,229 square feet as incorrectly set forth in the Preliminary Public Report dated December 11, 1973. The other information contained in this topical heading has not been changed.

OWNERSHIP OF TITLE: The Seller advises that the lands of the project are currently subject to a foreclosure action in the Circuit Court of the Second Circuit of the State of Hawaii designated as Civil No. 2731. Seller, through its two general partners, is purchasing said property from the court-appointed Commissioner in said action, which sale was confirmed by order filed therein on August 5, 1977. A copy of said order has been supplied to the Commission.

ENCUMBRANCES AGAINST TITLE: Preliminary Report dated August 1, 1977, issued by Title Guaranty of Hawaii Incorporated, and other documents submitted to the Commission indicate that fee simple title to the lands of the project is subject to the following:

1. The reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Location of the seaward boundary of the land of the project and shoreline setbacks as affected by the law of the State of Hawaii.
3. Grant in favor of the Board of Water Supply of the County of Maui, dated April 8, 1975, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 10553, page 592; granting an easement (15 feet wide) for water pipeline or pipelines through, over, across and under the land of the project.
4. Covenants, conditions and restrictions and other provisions set forth in Declaration of Horizontal Property Regime dated March 11, 1974 recorded as afore-said in Liber 9775, page 463 and by the By-Laws attached thereto as the same are or may hereafter be amended in accordance with law, said Declaration or By-Laws. (Project covered by Condominium Map No. 340).

NOTE: THE ABOVE MENTIONED ORDER FOR CONFIRMATION OF SALE TO THE GENERAL PARTNERS OF SELLER FILED IN THE CIRCUIT COURT OF THE SECOND CIRCUIT OF THE STATE OF HAWAII ON AUGUST 5, 1977, PROVIDES THE PROPERTY WILL BE CONVEYED BY THE COURT-APPOINTED COMMISSIONER FREE AND CLEAR OF ALL ENCUMBRANCES EXCEPT ENCUMBRANCES NUMBERED 1, 2, 3 AND 4 ABOVE.

5. Mortgage dated August 1, 1973, recorded as aforesaid in Liber 9364, Page 305 in the amount of \$355,000.00.

By Subordination Agreement dated January 31, 1974 and recorded as aforesaid in Liber 9723, Page 475, the above mortgage was subordinated to the lien of that certain mortgage recorded as aforesaid in Liber 9723, Page 482, to the extent of \$1,500,000.00 of the total amount of said mortgage.

6. Mortgage and Financing Statement dated February 4, 1974, recorded as aforesaid in Liber 9723, Page 482, in the amount of \$1,600,000.00.

7. Notice of application for mechanic's and materialman's lien; Exhibit "A"; Notice of hearing; Order of Service, being Mechanic's Lien No. 246; dated May 9, 1975 for the amount of \$324,019.00, plus interest, cost, attorney's fees, etc., filed in the Circuit Court of the Second Circuit, State of Hawaii, on May 9, 1975; Order for attachment of mechanic's and materialman's lien was filed in said Circuit Court on May 22, 1975.

NOTE: Pending in the Circuit Court of the Second Circuit, State of Hawaii, is Civil No. 2731, filed on May 23, 1975, re: complaint to enforce the foregoing mechanic's and materialman's lien.

8. District Court Judgment dated August 18, 1975 for the amount of \$5,297.40 filed in the District Court of the Second Circuit, Wailuku Division, State of Hawaii, Civil No. W75-275 on August 18, 1975, and recorded as aforesaid in Liber 10904, Page 38.

9. Notice of federal tax lien dated March 4, 1976, recorded as aforesaid in Liber 11274, Page 541, for the amount of \$30,120.13.

10. Default Judgment dated June 7, 1976, in the amount of \$511.02, filed in the District Court, Second Circuit, Wailuku Division, State of Hawaii, Civil No. 76-193, on June 7, 1976, recorded as aforesaid in Liber 11477, Page 203.

11. Circuit Court Judgment dated February 17, 1977 in the amount of \$8,362.38, filed in the Circuit Court, First Circuit, State of Hawaii, Civil No. 49682, on February 17, 1977, recorded as aforesaid in Liber 12029, Page 443.

12. Circuit Court Judgment dated May 18, 1977 in the amount of \$9,950.03 plus expenses, costs, etc., filed in the Circuit Court, First Circuit, State of Hawaii, Civil No. 2852 on May 18, 1977, recorded as aforesaid in Liber 12227, Page 65.

13. For any taxes that are due and owing, reference is made to the Office of the Tax Assessor, Second Division.

PURCHASE MONEY HANDLING: The Seller advises that a new Escrow Agreement dated August 28, 1977, between Title Guaranty Escrow Services, Inc., as Escrow, and Seller has been filed with the Commission. Upon examination, the specimen Condominium Sales Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514, Hawaii Revised Statutes, and particularly Sections 514-36 through 514-40, thereof.

The specimen Condominium Sales Agreement contains the following provisions, among others:

1. "It is expressly understood and agreed by and between Seller and Buyer that Buyer's Apartment described in Paragraph "A" hereof will be conveyed to Buyer "AS IS" and that THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE, involved in this sale."

2. "It is expressly understood and agreed by and between Seller and Buyer that the project consists of fully constructed and existing buildings, which Seller is purchasing from the court-appointed Commissioner in that certain foreclosure action in the Circuit Court of the Second Circuit of the State of Hawaii designated as Civil No. 2731; said project was designed, constructed and submitted to the Horizontal Property Regime by the previous developer, and Seller had no part therein. Buyer acknowledges that Buyer has been offered an adequate opportunity to examine the plans for the project (which are on file in the Bureau of Conveyances of the State of Hawaii as Condominium Map No. 340 and open to public inspection) and the actual project and Apartment covered hereby, and accepts the same "AS IS"; except that Seller shall, without giving any warranty, provide, or cause to be provided to Buyer for a period of one (1) year from the Date of Closing, servicing of all kitchen appliances, which obligation shall be limited to the provision of labor to affect adjustments, repairs and required replacement of parts covered by the original manufacturer's warranty, as well as the cost of such parts; provided, however, that said kitchen appliances requiring such service shall not have been subject to any abuse or misuse."

3. "Buyer hereby agrees for the sole benefit of Seller that until Seller has closed out the sale of all the apartments in the condominium project or until January 1, 1979, 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."

4. "In the event less than twelve (12) apartments are sold prior to November 1, 1977, Seller may at its option cancel this Agreement, in which event Seller will cause Escrow to refund all monies paid by Buyer, without interest, and less Escrow's cancellation fee and Seller shall be relieved and released of all further liability hereunder."

NOTE: PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THE SELLER'S MORTGAGE LOANS (ACQUISITION, 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: SELLER ADVISES THAT NO REPRESENTATION 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 SELLER 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 APARTMENTS 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 Declaration provides 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 corporate managing agent. The Developer advises that it has not yet appointed an initial managing agent for the project. The specimen Condominium Sales Agreement provides that Seller may appoint the initial managing agent.

STATEMENT OF FINANCING: This topical heading has been completely deleted.

STATUS OF PROJECT: The Seller advises that the project has been completed as evidenced by the Owner's Notice of Completion of Contract and filed in the Second Circuit Court of the State of Hawaii on April 4, 1975, a copy of which the Seller has supplied to the Commission.

The purchaser or prospective purchaser should be cognizant of the fact that this Report represents information disclosed in the required Notice of Intention submitted December 4, 1973, and information subsequently filed by the Seller on September 7, 1977.

This SUPPLEMENTARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 613 filed with the Commission on December 4, 1973.

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

Ah Kau Young

AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING COMMISSION,
COUNTY OF MAUI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 613

September 12, 1977