

READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This Report is prepared and issued by the developer of this Subdivision. It is NOT prepared or issued by the Federal Government.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a Lot in this Subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you received this Report prior to signing a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the thirtieth day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two years from the date of signing.

Name of Subdivision: Maui Lani VMX Subdivision
(also known as Maui Lani Village Center)

Name of Developer: Maui Lani Village Center, Inc.
ML Group 40 LLC
1100 Alakea Street, Suite 2200
Honolulu, HI 96813

Date of this Report: March 15, 2012

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In this Property Report, the words "you" and "your" refer to the buyer. The words "we", "us" and "our" refer to the Developer.

RISKS OF BUYING LAND

(1) The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

(2) Any value which your Lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

(3) Resale of your Lot may be difficult or impossible since you may face the competition of our own sales program and local real estate brokers may not be interested in listing your Lot.

(4) Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact, will depend on the location, size, planning and extent of development. Subdivisions that adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality, and noise levels may affect your use and enjoyment of your Lot and your ability to sell it.

(5) In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

WARNINGS

THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION, OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.

GENERAL INFORMATION

WARNING

THERE HAS BEEN NO INVESTIGATION OF THE SPECIFIC SOIL CONDITIONS FOR INDIVIDUAL LOTS IN THE SUBDIVISION AND THOSE CONDITIONS SHOULD BE INDEPENDENTLY VERIFIED BY YOU. IF ANY UNSTABLE OR EXPANSIVE SOIL CONDITIONS EXIST ON A LOT, SPECIAL CONSTRUCTION TECHNIQUES MIGHT BE REQUIRED WHICH WOULD INCREASE THE COST OF CONSTRUCTION.

This Report covers 54 of the lots ("Lots") (as well as various common area lots created for roadway and other purposes ("Common Areas")) that are part of the Maui Lani VMX Subdivision (aka Maui Lani Village Center), which is referred to as the "Subdivision" in this Report. The Subdivision is located in Maui County, Hawaii. See page 38 for a listing of the Lots that are covered by this Report. As described on page 38, nine additional development lots are also part of Maui Lani Village Center. It is estimated that the development of such lots could eventually add as many as 100 (possibly less, possibly more) commercial and/or mixed-use (commercial/residential) lots and/or units to Maui Lani Village Center.

The Developer of the Subdivision is:

Maui Lani Village Center, Inc.
ML Group 40 LLC [as to Lot 40-A only]
1100 Alakea Street, Suite 2200
Honolulu, Hawaii 96813
Telephone: (808) 528-3699
Fax: (808) 534-1004

Answers to questions and information about the Subdivision may be obtained by telephoning the Developer at the number listed above.

TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use, and enjoy the property. A contract to buy a Lot may give you possession but does not give you legal title. You won't have legal title until you receive a valid deed. A restriction or an encumbrance on your Lot, or on the Subdivision, could adversely affect your title.

Here we will discuss the Sales Contract you will sign and the deed or lease you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your Lot and some important facts about payments, recording, and title insurance.

METHOD OF SALE

Sales Contract and Delivery of Deed

Lots in the Subdivision will be sold pursuant to a Lot Purchase Agreement (the "Sales Contract"). At the present time, we intend to use only the cash method of selling. (Although we are not currently offering seller-financing, we reserve the right to do so. If we do provide seller-financing, your note and mortgage would be signed by you, along with the deed, as part of the closing documents, and the mortgage would be recorded on title after the deed conveying your Lot to you.) You may review the form of the Sales Contract and must do so before you may purchase a Lot. Copies of the form of the Sales Contract are available from us. Under the laws of the State of Hawaii (Hawaii Revised Statute Chapter 484 (Hawaii's Uniform Land Sales Practices Act) (the "State Subdivision Registration Law"), you would have various rights to cancel the Sales Contract, such as within seven (7) days after signing the Sales Contract. However, under the Sales Contract that would be presented to you, you will have the opportunity to cancel the Sales Contract up to 30 days after you sign the Sales Contract. The Sales Contract provides that you will receive a deed (or lease, if applicable) for your Lot at the closing of the escrow for the purchase transaction. At the closing, the deed (or a short form of the lease) will be recorded by the Escrow Agent (defined below) on your behalf.

Type of Deed (or Lease)

If you purchase the fee simple title to a Lot, then a Deed and Reservation of Rights and Easements (the "Deed") will be used to convey to you legal title to the Lot. If you purchase a leasehold interest in a Lot, then a ground lease (the "Lease") will be used to convey to you the leasehold interest in the Lot. The transfer will be free and clear of all monetary liens and monetary encumbrances except for real property taxes not yet due and payable. The transfer will also be free of all other liens and encumbrances except those specifically identified in the Deed, the Lease (if applicable) (including the legal description attached to the Deed or Lease) and/or the Sales Contract. The standard form of Deed and Lease are available from us for your review.

Oil, Gas and Mineral Rights

The oil, gas, and mineral rights to all of the Lots in the Subdivision are reserved by the State of Hawaii and will not belong to the purchasers of those Lots. The exercise of these rights could affect the use, enjoyment, and value of your Lot.

ENCUMBRANCES, MORTGAGES AND LIENS

In General

The Subdivision, including all the Lots, is currently subject to blanket mortgages and other financing documents (collectively, the "Development Mortgage") in favor of First Hawaiian Bank (the "lender"). The Development Mortgage creates a prior lien on the Subdivision and your Lot and attaches and perfects a security interest in all materials delivered or placed upon your Lot, in your Sales Contract, and in the Escrow Agreement (defined below). The lien created by the Development Mortgage is superior to any rights or interest you may have in a Lot arising from your Sales Contract. The Development Mortgage will be released as an encumbrance on the title to your Lot upon conveyance of the Lot to you.

Release Provisions

The recorded Development Mortgage contains a release provision. When you pay the full purchase price of your Lot, we will pay the lender an amount sufficient to release your Lot from the Development Mortgage, and we will deliver a Deed (or Lease, if applicable) to you at closing, conveying (or leasing) the Lot to you free and clear of the Development Mortgage.

The release provisions in the Development Mortgage may be exercised only by us, as mortgagor under the Development Mortgage.

We are required by 12 CFR Section 1010.109(c)(2)(C)(2) to state the following: "if we default on the Development Mortgage before obtaining a release of your Lot, you may lose your Lot and any money you have paid for it."

Notwithstanding the previous sentence, if we default on the Development Mortgage before conveying (or leasing) your Lot to you and before obtaining a release of your Lot, your Sales Contract would be assigned to the lender. The lender would then either proceed to closing pursuant to the terms of the Sales Contract or cancel the Sales Contract and return your deposit to you. Stated otherwise, if we default on the Development Mortgage, you may not be able to compel or force the lender to honor your Sales Contract for the purchase of your Lot, but the lender may hold you to your agreement to purchase the Lot.

RECORDING THE CONTRACT AND THE DEED

Method or Purpose of Recording

Pursuant to its terms, the Sales Contract for the purchase of your Lot will not be recorded. Further, because the Sales Contract is not in a form that would allow it to be recorded, it cannot be recorded. Although it is theoretically possible to record the Sales Contract in Hawaii if it was in the proper form, Hawaii law does not require that sales contracts be recorded and it is not the practice to do so. As such, it is unclear what protection, if any, recordation of the Sales Contract would give you under Hawaii law.

Even if the Sales Contract could be recorded, recordation of the Sales Contract may create problems. According to a prominent local title insurance company, Title Guaranty of Hawaii, Incorporated ("Title Guaranty"), recording a sales contract in this jurisdiction would be so unusual that there could be broad and unforeseen ramifications. Such effects may include

creating a cloud on title to your Lot and the Lots of other buyers. These effects may be difficult to remedy. Also, according to Title Guaranty, because recordation of sales contracts would be so unusual, recording the Sales Contract may create the potential for confusion.

In summary, although it is theoretically possible to record sales contracts in Hawaii, it is not a common practice to do so, and doing so may cause more problems than it avoids. Your Sales Contract is not in a recordable form and, therefore, cannot be recorded. For these reasons, your Sales Contract will not be recorded.

Although the Sales Contract will not be recorded, the Deed (or Lease, if applicable) for your Lot will be delivered to you on the closing of the purchase transaction. The Deed (or a short form memorandum of the Lease, if applicable) is intended to be recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau") at closing. At closing, the Escrow Agent will record the Deed (or the short form memorandum of the Lease) in the Bureau on your behalf and at your cost. Under Hawaii law, recording a deed (or the short form memorandum of the Lease) protects you from a claim by a third person against us after the date of recording.

WARNING

UNLESS YOUR CONTRACT, DEED OR LEASE IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.

Title Insurance

At the closing of escrow, a title insurance policy will be provided to you at your cost by a title insurance company of your choice that is licensed in Hawaii. This policy describes the Lot you are buying and any exceptions to coverage under the policy. You should seek the opinion of a competent professional concerning the policy and its contents.

PAYMENTS

Escrow

There is an agreement (the "Escrow Agreement") with First American Title Company, Inc. ("Escrow Agent"), which is an independent escrow company, relating to the sale of Lots in the Subdivision. The Escrow Agent's address is 1177 Kapiolani Boulevard, Honolulu, Hawaii 96814. We do not have any financial interest in and to, or any type of controlling interest (including any "Affiliated Business Arrangement", as defined under RESPA at 12 U.S.C. Section 2607(c)(f) and 24 CFR Section 3500.15) over or with, the Escrow Agent.

All deposits received under the Sales Contracts applicable to the Lots must be in the form of a check and payable to the Escrow Agent. No cash deposits will be accepted. All sums paid by you under the terms of the Sales Contract are to be held by the Escrow Agent in an escrow account under the terms of the Escrow Agreement. No disbursements will be made from that escrow account except in accordance with the provisions of the Escrow Agreement, which provides that disbursements may be made to the seller from the escrow fund only after (i) the Subdivision has received a final order of registration under the Hawaii Uniform Land Sales Practices Act (the "Hawaii Subdivision Law"), (ii) you have been given a copy of the

Hawaii Public Offering Statement, together with a receipt and notice of right to rescind form ("receipt and notice") which complies with Section 484-7 of the Hawaii Subdivision Law, (iii) the requirements of Hawaii Revised Statutes Sections 484-8.6(b) and (c) and 484-8.7 have been met, (iv) a copy of the receipt and notice, signed by you, has been given to the Escrow Agent, (v) 30 days have elapsed since you signed the Sales Contract without you having rescinded the Sales Contract by giving notice of such rescission to the seller and the Escrow Agent, and (vi) closing is complete for your purchase, in accordance with the Escrow Agreement.

A copy of the Escrow Agreement may be obtained from us for your review.

Default

As provided in the Sales Contract, you will, in the event of your default under the Sales Contract, be provided twenty (20) days after written notice to cure the default. In the event that you fail to cure the default within such period, the Sales Contract may be terminated by written notice to you. In the event of such default and termination, the seller will be entitled to retain the sums paid by you, together with all interest accrued thereon, as liquidated damages; provided that such liquidated damages shall not exceed fifteen percent (15%) of the Purchase Price exclusive of any interest owed under the Sales Contract. Subject to applicable limitations under Federal Subdivision Law, all costs, including reasonable attorneys' fees, incurred by reason of default by you shall be borne by you. In the event of your default and failure to cure within the required time period set forth above, there will no longer be an obligation to sell you the Lot and you will not be able to buy the Lot under the terms of the Sales Contract.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

All of the lots in the Subdivision are encumbered by and subject to the "Maui Lani Village Center Declaration of Covenants, Conditions, Restrictions and Easements", which was recorded in the Bureau on October 8, 2009 as Document No. 2009-154916, as amended by that certain First Amendment to Declaration and as it may be further amended from time to time (the "Declaration"). A copy of the Declaration is available upon request. You are encouraged to read the Declaration thoroughly before committing to purchase a Lot in the Subdivision.

As discussed below, the Declaration contains items that require you to secure permissions and approvals and to take other action prior to making improvements to your Lot.

The covenants, conditions, restrictions and easements referred to here or contained in the Declaration may change prior to and after the sale of your Lot.

Certain provisions of the Declaration will be discussed in the paragraphs below. Because this discussion will only highlight certain provisions, it should not be a substitute for a careful study of the Declaration by you.

The Declaration was created by us as the "Declarant" and imposes certain covenants, conditions, restrictions and easements upon the Subdivision (including your Lot). The Declaration provides for the creation of the Maui Lani Village Center Owners Association (the "Association") in which you, as the owner of a Lot, will automatically be a member and in support of which you will be required to pay assessments. The membership and voting rights of

the Association are described in the Declaration. (Purchasers of leasehold interests in a Lot may have voting rights that differ from those who own the fee simple interest in their Lot.)

The votes allocated to the Lots will be based on the Lot's Voting/Assessment Ratio. The Voting/Assessment Ratio is the ratio or percentage assigned to the Lot in the Declaration and is generally based on the size of the Lot. The higher the Voting/Assessment Ratio, the more voting power the Lot will have. The Voting/Assessment Ratio of each Lot may be revised (likely increased) if a portion of the property that is subject to the Declaration is withdrawn from the effect of the Declaration. See the Declaration for the Voting/Assessment Ratio assigned to your Lot.

Notwithstanding the creation of the Association, until expiration of the Declarant Control Period (defined below), we, as the Declarant, directly for the Subdivision and through the Board of Directors for the Association (the "Board"), will have the right to: amend the Bylaws of the Maui Lani Village Center Owners Association (the "Bylaws"); amend the rules and regulations of the Maui Lani Village Center Owners Association (the "Association Rules"); amend the Maui Lani Village Mixed Use Design Guidelines (the "Design Guidelines"); appoint all (or a majority if so provided in the Bylaws) of the members of the Board; appoint all members of the Design Review Committee (defined below), all without the consent or joinder of the Association or any member of the Association ("Member"). Except as otherwise provided in the Bylaws or agreed to by us, during the Declarant Control Period, only we will be entitled to cast any vote with respect to the appointment or removal of directors or members of the Design Review Committee.

(Pursuant to the Declaration, the "Declarant Control Period" commenced on the recording of the Declaration (i.e., October 8, 2009) and expires upon the first to occur of the following: (i) when one hundred percent (100%) of the real property subject to the Declaration has been conveyed to persons other than us, Maui Lani 100, LLC ("ML100"), or developers holding title solely for the purpose of development and sale; (ii) such date as we, in our sole discretion, declare in a recorded instrument that the Declarant Control Period will terminate and that the Members shall assume control of the Association; or (iii) December 31, 2035.)

The Declaration provides that each Lot owner, by accepting the Deed, Lease or other conveyance of an interest in a Lot, covenants to pay to the Association a variety of "Assessments", which are more particularly described in the Property Owners Association section below. The Assessments will be used to, among other things, satisfy the obligations and liabilities of the Association, and to pay the costs of administration of the Association.

The Declaration addresses use and maintenance of the individual Lots, and imposes certain restrictions applicable to the Lots, including restrictions on further subdivision and/or consolidation of the Lots and restrictions on certain other potential uses of the Lots. Specifically, it provides that permitted and prohibited uses of the Lots are listed in an exhibit to the Declaration, and that, before any part of a Lot is used for a commercial purpose, the owner or occupant of the Lot must notify us (during the Declarant Control Period) and the Board or the Subdivision's managing agent in writing of the type of business that the owner or the occupant intends to operate on the Lot. Other restrictions, such as those relating to signs, garages, and animals, are also set forth in the Declaration.

Among many other things, Article 5 of the Declaration contains numerous restrictions on vehicular and pedestrian traffic within the Subdivision and on parking on the roadways or otherwise within the Subdivision.

Article 11 of the Declaration describes many of the easements over the Lots that will be reserved in favor of us and ML100. Those easements include, but are not limited to, easements for: utilities and utility construction; "Surrounding Operations"; ongoing construction; maintenance (including landscape maintenance); flowage; sales activities; and repair.

The Declaration contains numerous and broad reserved rights and easements in favor of us and/or ML100, some of which can be exercised by us or ML100 with respect to your Lot both before and after title to your Lot has been conveyed to you.

Article 9 of the Declaration establishes the Design Review Committee (the "DRC") to enforce the Design Guidelines and any other design and development guidelines adopted by the DRC. The Design Guidelines may contain, among other things, time limitations for completion of improvements on your Lot, procedures for assuring conformity of completed improvements, conditions for construction, requirements for utilities, signs and lights, requirements for or restrictions on other potential uses on or improvements to the Lots, and other limitations and restrictions as the Board and/or the DRC in their discretion shall adopt. As explained more fully below, the Design Guidelines also include (a) a Plot Plan for each Lot, and (b) a Land Use Matrix, both of which are important documents governing the construction of improvements and use of your Lot.

The Declaration provides that a "Plot Plan" will be established for each Lot, which Plot Plan shall be provided to you and shall be part of the Design Guidelines for your Lot. The Plot Plan for your Lot will show various information specific to the Lot, such as the following: (a) building area limits and building setbacks (including applicable "open areas"); (b) easement areas; (c) the Landfill Buffer Area (described below) (if applicable); (d) the Landfill Easement (described below) (if applicable); and (e) the approximate location of utilities and their connection points. The Lot, and the construction and use of improvements on the Lot by you, will be subject to all items shown or referred to on the Plot Plan, in accordance with the Declaration. A copy of each Plot Plan shall be maintained at the principal offices of the Association. The DRC and, during the Declarant Control Period, we shall each have the right to revise or amend the Plot Plans, and no Plot Plan can be revised or amended without written approval of the DRC and, during the Declarant Control Period, us.

The Declaration also indicates that there will be a "Land Use Matrix" attached to and made a part of the Design Guidelines. The Land Use Matrix sets forth the maximum floor area ratio, the maximum lot coverage ratio, the maximum building height, and the maximum number of stories allowed on the Lot.

Construction on your Lot by you (or on your behalf) must comply with the Declaration and the Design Guidelines. You may not construct (or obtain a permit for) any improvements, or any other structure, on your Lot unless you first obtain written approval by the DRC pursuant to the Declaration and in compliance with the Design Guidelines.

Copies of the Declaration and the Design Guidelines are available upon request. You are encouraged to read the Declaration and the Design Guidelines thoroughly before committing to purchase a Lot in the Subdivision.

The Subdivision is also subject to certain affordable housing requirements of the County, as set forth in the Affordable Housing Agreement, recorded January 5, 2007 as Document No. 2007-002482 (the "Affordable Housing Agreement"). Pursuant to the Affordable Housing Agreement, the Declaration requires that, after the first Dwelling Unit (as that term is defined in the Declaration) is developed on a Lot, a minimum of fifty-one percent (51%) of the "Total Residential Units" for sale or rent in the Lot be "Affordable Housing Units" (as those terms are defined in the Declaration and in the Affordable Housing Agreement). Specifically, Dwelling Units must be developed according to a schedule set forth in the Declaration. The sales prices and rental rates of the Affordable Housing Units to be offered for sale or rent must be approved by the County's Department of Housing and Human Concerns. The requirements of the Affordable Housing Agreement may be enforced by the County, us (during the Declarant Control Period) and/or the Board, as described in the Declaration.

Lots 2, 3, 31, 33, 34, 35 and 76 (collectively, the "Restricted Lots") are also subject to the "Declaration of Restrictive Covenants (No Car Wash or Retail Sale of Fuel)", which was recorded in the Bureau of Conveyances as Document No. 2010-089560 (the "Restricted Use Covenant"). The Restricted Use Covenant prohibits the use of the Restricted Lots for the retail sale of automobile fuel or for the operation of a commercial car wash. A copy of the Restricted Use Covenant is available upon request. You are encouraged to read the Restricted Use Covenant thoroughly before committing to purchase a Restricted Lot.

Easements

The following easements may have an effect on your building or other Lot use plans.

Existing Easements.¹ In addition to those easements and/or encumbrances set forth in the Declaration, the following easements will affect Lots in the Subdivision:

- (a) The following easements shown on the Subdivision Map (defined below), the File Plan (defined below), the Plot Plans for the respective Lots or otherwise affecting the respective Lots (the locations and/or configurations of all easements are subject to change), which may have the effect of limiting where the owner of an affected Lot may construct improvements on that Lot or how portions of the Lot may be used:
1. Lots 2, 3, 33, 34 and 35 only: Restriction on vehicular access.
 2. Lots 11, 13 through 16 only: Landfill Buffer Area.
 3. Lot 3 only: Easement D-1, for drainline purposes.

¹ Easements that only affect lots that have been conveyed to third-party buyers are not listed here. However, such lots may be included when an easement also affects Lots that have not been conveyed to a third-party buyer. As of the date of this Property Report, Lots 1, 12, 24, 25, 26, 32, 36, 42, 51, 52, 69, 70 and 75 have been conveyed to third-party buyers. As such, when, for example, reference is made in this Property Report to "Lots 11 through 76", it is understood to apply to Lots 11, 13 through 23, 27 through 31, 33, 34, 35, 37, 38, 39, 40-A, 43, 44, 45, 48, 49, 50, 53 through 68, 71, 72, 73, 74 and 76.

4. Lots 11, 13 and 14 only: Easement D-2R for drainage and landfill maintenance purposes (the "Landfill Easement"), which easement is intended to replace Easement D-2.
5. Lots 14 and 15 only: Easement D-3, for drainage purposes.
6. Lot 28 only: Easement C-6, for cable television purposes.
7. Lot 30 only: Easement C-1, for cable television purposes. This easement may be granted to Oceanic Time Warner Cable if it is not deleted due to lack of a need for it.
8. Lot 39 only: Easement D-4A, for drainline and sewerline purposes, benefitting at least Lots 48, 49 and 50, which easement is intended to replace Easement D-4.
9. Lots 40-A only: Easement D-4B, for drainline and sewerline purposes benefitting at least Lots 42, 43 and 44, which easement is intended to replace Easement D-4.
10. Lots 48 and 49 only: Easement D-4C, for drainline and sewerline purposes benefitting at least Lots 49 and 50, which easement is intended to replace Easement D-4.
11. Lots 61, 62 and 63 only: Easement D-5, for drainline and sewerline purposes.
12. Lots 66, 67, 68 and 74 only: Easement D-6, for drainline and sewerline purposes.
13. Lots 31 and 76 only: Easement D-7, for drainline purposes.
14. Lot 2 only: Easement E-2R, for electrical purposes, which easement will replace Easement E-2 and which will be granted to Maui Electric Company Limited via a Utility Easement. As with all easements, the configuration of Easement E-2R may change from its current configuration.
15. Lot 13 only. Easement E-3R, for electrical purposes, which easement will replace Easement E-3 and which will be granted to Maui Electric Company Limited via a Utility Easement. As with all easements, the configuration of Easement E-3R may change from its current configuration.
16. Lot 15 only. Easement E-17, for electrical purposes, which easement will be granted to Maui Electric Company Limited via a Utility Easement. As with all easements, the configuration of Easement E-17 may change from its current configuration.

17. Lots 17 and 18: Easements for historic/archaeological preservation purposes, as well as requirements and restrictions relating to Archaeological Features described below.
18. Lot 20 only: Easement E-4R, for electrical purposes, which easement will replace Easement E-4 and which will be granted to Maui Electric Company Limited via a Utility Easement. As with all easements, the configuration of Easement E-4R may change from its current configuration.
19. Lot 28 only. Easement E-14, for electrical purposes, which easement will be granted to Maui Electric Company Limited via a Utility Easement. As with all easements, the configuration of Easement E-14 may change from its current configuration.
20. Lot 30 only: Easement E-5, for electrical purposes. This easement may be granted to Maui Electric Company Limited via a Utility Easement if it is not deleted due to lack of need for it.
21. Lot 31 only. Easement E-6 for electrical purposes. This easement may be granted to Maui Electric Company Limited via a Utility Easement if it is not deleted due to lack of need for it.
22. Lot 34 only. Easement E-15, for electrical purposes, which easement will be granted to Maui Electric Company Limited via a Utility Easement. As with all easements, the configuration of Easement E-15 may change from its current configuration.
23. Lot 74 only. Easement E-16, for electrical purposes, which easement will be granted to Maui Electric Company Limited via a Utility Easement. As with all easements, the configuration of Easement E-16 may change from its current configuration.
24. Lots 2, 3, 6, and 11 through 76: Pursuant to the Blanket Grant of Easement in favor of Maui Electric Company Limited ("MECO") and Hawaiian Telcom ("HT"), utility easements may be designated and granted in favor of MECO and/or HT on, within and under one, some or all of these Lots.
25. Lots 2 and 3 only: Easement L-1, for landscape purposes, pursuant to which the entry sign monument for the Subdivision is within Lot 1.
26. Lots 33, 34 and 35 only: Easement L-2, for landscape purposes, pursuant to which the entry sign monument for the Subdivision is within Lots 32 and 36.
27. Lots 31 and 76 only: Easement L-3, for landscape purposes, pursuant to which the entry sign monument for the Subdivision is within Lot 31.
28. Lot 28 only: Easement L-11, for landscape purposes.
29. Lot 30 only: Easement L-12, for landscape purposes.

30. Lot 71 only: Easement L-17, for landscape purposes.
31. Lots 2, 3, 6 and 40-A and Roadway Lot 77 only: Easement SW-1, for sidewalk purposes in favor of Roadway Lot 77 (Ma`a Street).
32. Lots 37, 38, 39 and 40-A and Roadway Lot 77 only: Easement SW-2, for sidewalk easement purposes in favor of Roadway Lot 77 (Ma`a Street).
33. Lots 40-A, 45, 48 and 50 and Roadway Lot 78 only: Easement SW-4, for sidewalk purposes in favor of Roadway Lot 78 (Pa`a Street).
34. Lots 53 through 60 and Roadway Lot 78 only: Easement SW-5, for sidewalk purposes in favor of Roadway Lot 78 (Pa`a Street).
35. Lots 33 through 35 and Roadway Lot 79 only: Easement SW-7, for sidewalk purposes in favor of Roadway Lot 79 (Ma`a Street).
36. Lots 71 through 74 and Roadway Lot 79 only: Easement SW-8, for sidewalk purposes in favor of Roadway Lot 79 (Ma`a Street).
37. Lots 60 through 68, 71 and Roadway Lot 80 only: Easement SW-10, for sidewalk purposes in favor of Roadway Lot 80 (La`a Street).
38. Lots 43, 44, 45 and Roadway Lot 80 only: Easement SW-11, for sidewalk purposes in favor of Roadway Lot 80 (La`a Street).
39. Lots 11 through 23, 27, 28 and Roadway Lot 80 only: Easement SW-13, for sidewalk purposes in favor of Roadway Lot 80 (La`a Street).
40. Lots 30, 31 and Roadway Lot 80 only: Easement SW-14, for sidewalk purposes in favor of Roadway Lot 80 (La`a Street).
41. Lots 28, 29, 30 and 76 and Roadway Lot 81 only: Easement SW-15, for sidewalk purposes in favor of Roadway Lot 81 (Ma`a Place).
42. Lots 2, 3 and Roadway Lot 11-D-1-A-1-F-1 only: Easement SW-16, for sidewalk purposes in favor of Roadway Lot 11-D-1-A-1-F-1 (Kuikahi Drive).
43. Lots 33, 34, 35 and Roadway Lot 11-D-1-A-1-F-1 only: Easement SW-17, for sidewalk purposes in favor of Roadway Lot 11-D-1-A-1-F-1 (Kuikahi Drive).
44. Lots 31, 76 and Roadway Lot 11-D-1-A-1-F-1 only: Easement SW-18, for sidewalk purposes in favor of Roadway Lot 11-D-1-A-1-F-1 (Kuikahi Drive).
45. Roadway Lot 80 (La`a Street): Easements SW-9 and SW-12, for sidewalk purposes in its favor.
46. Roadway Lot 78 (Pa`a Street): Easements SW-3 and SW-6, for sidewalk purposes in its favor.

47. Roadway Lots 77, 78, 79, 80 and 81: Ingress and egress access rights in favor of others.
48. Lot 76 only: Easement P-1R (which will replace Easement P-1), for historic/archaeological preservation purposes, as well as requirements and restrictions relating to Archaeological Features described below.
49. Lot 76 only: Easement W-1, for waterline purposes.

All Lots may also be affected by other items and additional easements for electrical and other utility, drainage, landscaping and maintenance purposes and access for those purposes, as may be referenced or shown on the applicable final subdivision map approved by the County (or amendments thereto) (the "Subdivision Map"), the file plan issued by the State of Hawaii (the "File Plan"), the Plot Plan for a Lot or the Declaration.

Note: After you close on the purchase of a Lot, we (and, perhaps others) shall have the right to grant, transfer or convey to another entity (such as the County, the Association or a utility company) use and access rights over any of the above-referenced easements that encumber your Lot.

- (b) **Archaeological Features.** Within portions of the Subdivision there may be remains of ancient (or otherwise pre-modern) Hawaiian habitats, persons, burials or other archaeological features (collectively, "Archaeological Features"). If they exist, we intend to convey or grant easements over the Archaeological Features to the Association, which, upon such conveyance or grant, would maintain the Archaeological Features as Common Area pursuant to the Declaration. It is anticipated that any such burial site areas will be landscaped and fenced.

Each Lot affected by any Archaeological Features shall be owned, occupied and used subject to any and all rights and restrictions relating to such Archaeological Features, including such maintenance and preservation as may be applicable, and our and Maui Lani Partners' (an affiliate of ours) reserved rights relating thereto. Those reserved rights include the right to negotiate with the County, the State and other appropriate entities to designate easements for access, use, maintenance and other purposes relating to the Archaeological Features, and to convey such easements to the County, the State, the Association and/or other appropriate entities as may be required by the County of Maui or otherwise deemed appropriate by us in connection with the development, construction, promotion, sale, use and/or ownership of the Subdivision, or portions thereof. Owners of Lots subject to Archaeological Features shall be responsible for compliance with restrictions and requirements, and fulfilling obligations, relating to the Archaeological Features, including any archaeological, burial treatment and preservation plan required by the State or the County.

As set forth in your Sales Contract, if your Lot is subject to Archaeological Features, then you: (i) accept any nuisance, inconvenience, irritation, annoyance, emotional or psychological discomfort, or diminution in value of your Lot or the Subdivision that may be experienced as a result of existence of the Archaeological Features; (ii) expressly waive any and all rights, claims, or actions that you might otherwise

have against us, Maui Lani Partners, the Association and/or the Board, arising out of or in connection with the Archaeological Features; (iii) agree to hold harmless us, Maui Lani Partners, the Association, and the Board, from and against any and all claims, demands, actions, lawsuits, proceedings, fines, penalties, damages, liabilities, judgments, awards, expenses and costs (including attorneys' fees and costs) (collectively, "Claims") that may arise out of or may directly or indirectly be attributable to the Archaeological Features located within the Lot; and (iv) agree to cooperate with us, Maui Lani Partners, the Association, and the Board in the defense of any and all Claims that may arise out of or may directly or indirectly be attributable to the Archaeological Features located within your Lot.

If the possible presence of Archaeological Features on your Lot is a concern to you, then you are advised to hire appropriate experts to examine the Lot after the sale of your Lot closes. Although we will make a reasonable good faith effort to disclose to you the presence of any Archaeological Features on your Lot, we make no warranties or representations whatsoever with respect to whether or not there are, or ever were, any Archaeological Features on your Lot.

Future Easements. There are certain easements to be reserved over the Lots for unintentional encroachments, utilities, landscaping, maintenance, drainage, sales and construction purposes, and repair activities on your Lot, and adjacent agriculture, development, construction, non-residential use, operations, events, and maintenance, as described in the Declaration, your Sales Contract, and/or the Deed or Lease for your Lot.

The effect of these various easements and encumbrances is that building on the Lots will have to be planned so that structures on the Lots and use of the Lots do not encroach upon or interfere with the easements.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

Subdivision Maps covering all of the Lots have been given final approval by the County of Maui. The State of Hawaii Surveyor recorded and issued File Plan No. 2470 that covers Lots 2, 3, 6, 11, 13 through 23, 27 through 31, 33, 34, 35, 37, 38, 39, 43, 44, 45, 48, 49, 50, 53 through 68, 71, 72, 73, 74 and 75, so legal descriptions of those Lots, adequate for purposes of conveying those Lots, will be based on the Lot number given on File Plan No. 2470. Because Lot 40-A is not covered by a file plan, the legal description of Lot 40-A, adequate for purposes of conveying Lot 40-A, is based on the metes and bounds legal description approved by the County.

Zoning

The land of the Subdivision is zoned "Village Mixed Use", VMX/C-R subdistrict, by the County of Maui, which allows for a mix of commercial and residential uses. The Subdivision is part of the Wailuku-Kahului Project District 1 (Maui Lani). The land of the Subdivision is within the "Urban" State Land Use Classification. The Lots in the Subdivision may be used only for commercial and/or residential purposes, subject, however, to restrictions set forth in the Declaration, the Design Guidelines and, if applicable, the Restricted Use Covenant, each of which sets forth uses that are permitted and/or prohibited in the Subdivision or on specific Lots.

You should review these documents to determine whether you can use your Lot for the purpose you are contemplating. Commercial and residential uses conform to the zoning of the property and the Declaration.

Surveying

We have not surveyed the Lots. Markers that identify the corners of each Lot are in place. You will be responsible for any surveying of your Lot that you want or need. The estimated cost to survey a Lot is \$6,000.

Permits

Before you can build any improvements on your Lot, you must obtain a building permit and such other permits as are required by the County of Maui (e.g., electrical and plumbing permits), authorizing such construction, from the County of Maui, Department of Public Works Development Services Administration, Building Permits Section, 250 South High Street, Wailuku, Maui, Hawaii 96793 (telephone: 808-270-7250). It may also be necessary for you to obtain grading and foundation permits.

Additionally, you must also obtain a Project District Phase III approval from the Department of Planning, 250 South High Street, Wailuku, Maui, Hawaii 96793 (telephone: 808-270-7735).

However, before you may construct improvements on your Lot, you must obtain approval of your construction plans from the Design Review Committee established pursuant to the Declaration.

Environment

A Phase I Environmental Site Assessment ("Environmental Assessment"), dated April 26, 2005, was prepared with respect to the Subdivision and some adjoining land in connection with a zoning application submitted to the County of Maui. No adverse conditions were identified in the Environmental Assessment.

However, two recognized environmental conditions were found, neither of which were located on the Subdivision land. The first, an apparent release of the contents of a 55-gallon drum, was subsequently properly removed and disposed of.

The second involves the location of County's former Waikapu Landfill (the "Landfill") that was adjacent to the southern boundary of the Subdivision (as described in the "Nuisances" section of this Report). Although the Landfill was closed and capped in 1991, the County continues to monitor the Landfill in accordance with the State of Hawaii Department of Health standards. As of the date of this Report, we are not aware of any odors, gases, pollutants, etc., having been discharged from the Landfill. Certain precautions have been taken by the State and the County with respect to the part of the Subdivision that is adjacent to the Landfill.

ROADS

Here we discuss the roads that lead to the Subdivision, the roads within the Subdivision and the location of nearby communities.

ACCESS TO THE SUBDIVISION

The Subdivision is accessed from Waiale Road, a public road, via an extension to Kuikahi Drive, which is currently a private road. It is intended that the extension to Kuikahi Drive will be dedicated to the County of Maui at some point in the future, but it is unknown when or even if such dedication may occur. If necessary for legal access, the Deed conveying the Lot to you will provide you with a nonexclusive access easement over the extension to Kuikahi Drive, which easement will terminate upon dedication of that road to the County.

Waiale Road has two lanes, has a wearing surface width of approximately 20 to 24 feet, and is made of asphaltic concrete. The County of Maui is responsible for its maintenance. Other than your payment of real property taxes to the County, there will be no cost to you for maintenance of Waiale Road.

Pursuant to an agreement with Maui County, we have completed construction of the outer two lanes of the Kuikahi Drive extension necessary for access to the entrance of the Subdivision. Those two outer lanes have a wearing surface width of approximately 28 feet and are made of asphaltic concrete. Under the agreement with Maui County, the County will construct the inner two lanes of the Kuikahi Drive extension when traffic conditions warrant. Upon their completion, those inner two lanes will have a wearing surface width of approximately 42 feet and will also be made of asphaltic concrete.

Unless and until the Kuikahi Drive extension is dedicated to Maui County, the Maui Lani Community Association will pay for the maintenance and repair of the Kuikahi Drive extension. Upon any such dedication to Maui County, maintenance and repair of the Kuikahi Drive extension will be the responsibility of Maui County. Other than payment of real property taxes, there will be no cost to you for maintenance of the Kuikahi Drive extension.

ACCESS WITHIN THE SUBDIVISION

The Deed conveying (or the Lease transferring) the Lot to you will provide you with a nonexclusive access easement over the interior roadways to your Lot, which easement would terminate upon dedication of those roadways to the County.

We have completed construction of the interior roadways to the extent needed to provide vehicular access to the Lots in the Subdivision. The interior roadways have two lanes (one in each direction), a wearing surface width ranging from 20 feet to 24 feet, and the travel surface is comprised of asphalt.

It is intended that the interior roadways will be dedicated to the County of Maui at some point in the future, but it is unknown when or even if such dedication might occur. If such dedication occurs, then the County would be responsible for the maintenance and repair of the interior roadways.

Unless and until the interior roads are dedicated to the County, the Association will, pursuant to the Declaration, be responsible for the costs to maintain and repair the interior roads. However, we will be responsible for such costs until those maintenance and repair obligations are turned over to the Association. Once the Association is responsible for the costs to maintain and repair the interior roads, you and other Lot owners, as Members of the Association, will be assessed for these costs as and when they are incurred. The costs to maintain the interior roads will be included within the General Assessments (described in the Property Owners Association section below) levied by the Association pursuant to the Declaration.

The interior roads will be maintained so as to provide year-round access to all of the Lots.

The table below identifies the appropriate distance (in miles) from the center of the Subdivision to nearby communities.

Nearby Communities	Estimated Population as of 2000	Distance over paved roads (miles)	Distance over unpaved roads (miles)	Total (miles)
Wailuku (County seat)	7,623	3	0	3
Kihei	30,000	10	0	10
Kahului	20,000	6	0	6

UTILITIES

Here we discuss the utilities available to Lots within the Subdivision and by whom those services are or will be provided.

WATER

Potable water for the Subdivision (including all the Lots) will be delivered through an existing central water system supplied, operated and maintained by the County of Maui, Department of Water Supply, the address of which is 200 South High Street, Wailuku, Hawaii 96793 (telephone: 808-270-7835).

We have installed the necessary water mains and water service lines to connect the Subdivision to the County system and to deliver water to the front of or adjacent to each individual Lot line. Construction of the internal water system has been completed and water service is available to the individual Lots.

The County states that its central water system is tested at regular intervals and has been found to meet all applicable standards for a public water supply. The County states that it has the ability to serve, and the supply of water will be sufficient to serve, the needs of the Subdivision.

You are responsible for the cost of actual construction of the connection to the water meter box located in the roadway adjacent to your Lot and for all utility improvements within the Lot. An estimate of the cost for such construction is approximately \$300, plus \$30.00 per linear foot, however, you should consult with a contractor to get a more accurate and current cost estimate.

We will see that each Lot in the Subdivision, regardless of the size of the Lot, will get one 5/8" water meter issued by the County of Maui. The cost of the water meter for your Lot (the "Water Meter Fee") will be paid entirely by you at closing. The amount of the Water Meter Fee to be paid by you will be the County's published rate at closing for a 5/8" water meter. As of the date of this Property Report, the cost for such a water meter is approximately \$6,030.00. If you determine that your Lot needs an additional water meter and/or a water meter of a different size, then you shall be solely responsible for obtaining and paying for such additional or different water meter, but will still be responsible for paying the Water Meter Fee. We make no representations or assurances whatsoever that any such additional or different water meter will be available for your Lot. In addition to the Water Meter Fee, you will be required to pay a meter installation charge, which is estimated to be approximately \$90. These are only estimates, and actual costs are subject to change. You will also be responsible for paying fees to use the water.

Use of the County-administered water system is not voluntary. You must hook into the County's water system and you will not be permitted to install an independent or individual water system to serve your Lot.

We will maintain and repair the water lines we install until we convey them to the Association (at which point the Association would maintain and repair them) or dedicate them to the County, grant appropriate easements to the County or dedicate the interior roads (in which

the water lines are located) to the County (at which point the County would maintain and repair them).

SEWER

For sewage and wastewater disposal, all Lots within the Subdivision must utilize the sewage system constructed by us, which is connected to the central sewer system, being the Wailuku-Kahului Waste Water Treatment Plant (the "WKWWTP"). The WKWWTP is owned, operated and maintained by the County of Maui and is located at 281 Amala Place, Kahului, Hawaii 96732 (telephone: 808-877-7808).

The WKWWTP sewer system is operational and installation of the transmission lines connecting the WKWWTP sewer system to the boundaries of all of the Lots in the Subdivision is completed.

We have connected the Subdivision to the WKWWTP system and have installed and constructed the necessary transmission lines and sewer mains in front of or adjacent to the boundary line of each Lot. Sewer service is available to all of the Lots.

No individual septic or cesspool systems are permitted within the Subdivision.

You are responsible for connection to the main lines of the sewer system and for the construction of lateral lines and related facilities to and within your Lot's boundaries. An estimate of the cost for such construction is approximately \$500, plus \$50.00 per linear foot, however, you should consult with a contractor to get a more accurate and current cost estimate.

The County of Maui will charge Purchasers a wastewater assessment fee to connect a building to the County sewer system. This assessment, which, as of the date of this Property Report, is computed at a rate of \$4.57 per gallon of estimated daily wastewater output from the building, must be paid before the building permit is issued for the proposed improvements. The assessment rate is subject to increase by the County of Maui. It is recommended that you contact the County of Maui to determine what the wastewater assessment fee will be for the proposed improvements to your Lot. You will also have to pay a monthly service fee for use of the sewage system. The monthly service fee will be based on the number of gallons of water flow used and may vary depending on the type of business and/or improvements being serviced.

We will maintain and repair the sewer lines we install until we convey them to the Association (at which point the Association would maintain and repair them) or dedicate them to the County, grant appropriate easements to the County or dedicate the interior roads (in which the sewer lines are located) to the County (at which point the County would maintain and repair them).

ELECTRICITY

Electric service to the Subdivision will be provided by Maui Electric Company, a PUC-regulated utility. Its local address is 210 West Kamehameha Avenue, Kahului, Hawaii, 96732, telephone (808) 871-8461. We have installed the necessary utility duct lines to deliver electrical service to the Subdivision. All permanent electrical lines have been installed underground.

Primary electrical service will be extended to the lot line of each Lot within the Subdivision. We have installed electrical conduits close to the street boundary of the Lots. Primary electrical service lines have been installed by Maui Electric and electrical service is available to the Lots. Maui Electric will provide its own meters, and will be responsible for maintenance of the electrical lines outside the perimeter of your Lot.

In addition to connection fees (if any) and user fees (including deposits, if any), you will be responsible for the cost of actual construction of the connection (conduit) from the electrical service point adjacent to your Lot to your improvements. An estimate of the cost for such construction is approximately \$1,000, plus \$30.00 per linear foot. These are only estimates (actual costs may vary) and you should consult with a contractor to get a more accurate and current cost estimate. Maui Electric Company does not typically charge a connection fee for electrical service. However, if a connection fee is assessed, then you shall be responsible for paying it.

You may also be required to complete a deposit determination form with Maui Electric to determine whether any service deposits are required. Monthly electric bills will, obviously, vary with use. Depending on the design of your improvements and the electrical needs generated by them, additional transformers, pads, easements and/or connections to main lines may be necessary. The costs associated with these additional items will be borne by you.

TELEPHONE

Telephone service will be available and service will be provided by Hawaiian Telcom, Inc. ("Hawaiian Tel"), 60 South Church Street, Wailuku, Hawaii 96793, telephone (808) 643-3343.

We have installed conduits for underground telephone lines to service points in the roadways adjacent to the boundary of each Lot within the Subdivision. Hawaiian Tel has installed the telephone lines within the conduits. Telephone service is available to individual Lots.

You will be responsible for the cost of actual construction of the connection (conduit) from the telephone service point adjacent to your Lot to the improvements on your Lot. An estimate of the cost for such construction is \$700, plus \$30.00 per linear foot. However, you should consult with a contractor to get a more accurate and current cost estimate. You will also be required to pay a connection fee, which we estimate will be approximately \$50 per line. There will also be a service deposit requirement, which we estimate will be approximately \$80 (minimum). These are only estimates, and actual costs may vary. You will also be responsible for paying the monthly costs for telephone service.

FUEL AND OTHER ENERGY SOURCES

It is expected that electricity will be the primary fuel for heating, cooking and similar activities in the Subdivision. Propane gas is available from various suppliers locally, including, but not limited to, The Gas Company, Maui Division, 70 Hana Highway, Kahului, Hawaii 96732, telephone 808-877-6557. The installation cost of an individual tank system will vary depending on the size and needs of the individual user. Also, in addition to charges for the gas that is consumed, The Gas Company will require a deposit based on two months of an individual user's consumption.

All such systems, however, must be installed in accordance with the Declaration and the Design Guidelines.

FINANCIAL INFORMATION

Copies of our audited financial statements for the period ended December 31, 2010 are available from us upon request. The accountant did not qualify the opinion or decline to give an opinion.

Copies of our unaudited Statement of Financial Position (Assets, Liabilities and Equity), Statement of Operations, and Statement of Cash Flows for the period ended September 30, 2011 are available from us upon request.

LOCAL SERVICES

Here we will discuss the availability of local services, such as fire protection and the location of schools, medical care, shopping facilities, and mail service.

FIRE PROTECTION

Fire protection is available year round from the County of Maui. The nearest fire station is the Kahului Fire Department located approximately two miles from the Subdivision. The Subdivision will be serviced by fire hydrants installed within the Subdivision.

POLICE PROTECTION

Police protection is available from the County of Maui Police Department year round. The nearest police station is located in Wailuku, approximately two and one-half miles from the Subdivision.

SCHOOLS

Public elementary, intermediate, and high schools in the vicinity of the Subdivision are: Pomaikai Elementary School, a public elementary school, located approximately one and one-half miles from the Subdivision; Maui Waena Intermediate School, a public intermediate school, located approximately one and one-half miles from the Subdivision; and Maui High School, a public high school, located approximately one mile from the Subdivision. The Island of Maui is also served by a number of private schools. It is anticipated that the Hawaii State Department of Education will provide bus transportation from within the Subdivision to the public school system, provided that the home is located in excess of one mile from the school.

HOSPITAL

The nearest hospital facility to the Subdivision is Maui Memorial Hospital, which is located at 221 Mahalani Street, Wailuku, Hawaii 96793, approximately one mile from the Subdivision. Private ambulance service is available.

PHYSICIANS AND DENTISTS

Physician and dentist services are located in Wailuku and Kahului, within close proximity to Maui Memorial Hospital and are within a 2-mile radius of the Subdivision.

SHOPPING FACILITIES

The nearest shopping facility, the Queen Kaahumanu Center, is located approximately one and one-half miles from the Subdivision at 275 West Kaahumanu Avenue, Kahului, Hawaii 96732.

MAIL SERVICE

As of the date of this Property Report, it is anticipated that the United States Postal Service is expected to provide mail delivery to mailboxes in front of the individual Lots in the Subdivision.

PUBLIC TRANSPORTATION

There is no public transportation available in the Subdivision or to nearby towns. Private taxi service is usually available and private automobiles can be rented at the Kahului Airport, which is located approximately three and one-half miles from the Subdivision.

RECREATIONAL FACILITIES

There are no recreational facilities provided or contemplated by us for the Subdivision at this time. Further, there are no specific recreational facilities associated with the Subdivision that are maintained substantially for the benefit of, or provided essentially for the use of, Lot owners, and none are contemplated. Additionally, there are no recreational facilities for which a third party is responsible and which are within, adjacent to, or contiguous to the Subdivision. We are not contractually obligated to construct any recreational facility adjacent or contiguous to the Subdivision.

SUBDIVISION CHARACTERISTICS AND CLIMATE

GENERAL TOPOGRAPHY

The original topography of the land in the Subdivision generally sloped from west to east from an approximate elevation of 300 feet mean sea level at Waiale Drive to 150 feet mean sea level at the eastern boundary of the Subdivision site, and was comprised of rolling sand dunes. However, the Subdivision, which consists primarily of sand and dirt at this time, has been cleared, grubbed and graded, so that it is now relatively flat.

None of the Subdivision will be kept by us as natural open space or developed park land. There are no steep slopes which would necessitate the use of any special construction techniques to build on, or use, any Lot in the Subdivision.

We do not believe that there are any rock outcroppings or unstable or expansive soil conditions that will require special construction techniques to build on or use any of the Lots. However, there has been no investigation of the specific soil conditions for individual Lots in the Subdivision and those conditions should be independently verified by you. If any rock outcroppings or unstable or expansive soil conditions exist on a Lot, then special construction techniques might be required to build on or use the Lot, which would increase the cost of construction.

You should seek the advice of appropriate experts, such as geotechnical engineers, to help you determine what effect, if any, any steep grades, filled grounds and/or sandy soil, as well as adverse weather conditions, may have on your use and development of your Lot. Further, you are strongly encouraged to assess the impact of the various conditions, uses and circumstances described in this Property Report, the Sales Contract, the Declaration, the Design Guidelines, and applicable Plot Plan. You should also seek the advice of an attorney or other legal expert if you need assistance in understanding certain provisions set forth in this Property Report or in the Sales Contract, the Deed or, if applicable, the Lease.

Final grading of your Lot, construction of improvements, pipelines, service lines, and other improvements within your Lot shall be your responsibility, except with respect to those improvements, if any, that we specifically agree in your Sales Contract to construct on your Lot.

As set forth in Article 13 of the Declaration, you will be required to install approved landscaping and/or grass on the unimproved portions of your Lot within 90 days after the improvements that you will construct on your Lot are first occupied; provided, however, that if construction of vertical improvements to your Lot does not begin within 90 days after delivery of possession of your Lot to you, then you shall be required to install approved landscaping and/or grass on the unimproved portions of your Lot within 120 days after delivery of possession of your Lot to you. (Once construction of improvements to your Lot begins, you shall be required to diligently and regularly continue such construction until completed.) If you fail to landscape or grass the unimproved areas within such timeframe, then we or the Association may perform clearing and landscape work at our or their option and at your expense.

WATER COVERAGE

There are no lots in the Subdivision or portions of any lots in the Subdivision that are covered by water at any time during the year.

DRAINAGE AND FILL

Certain Lots required fill in order to permit these Lots to be used for the purpose for which they are to be sold, however, when grading of the Subdivision land was performed, the necessary fill was put into place. Accordingly, no corrective action should be required for any Lot.

Notwithstanding the foregoing, although we have performed some grading and fill within the Subdivision (and on some of the Lots), you will be responsible for all additional grading and fill and for any additional drainage improvements that may be required for construction on your Lot. You are cautioned that soil and drainage conditions may vary from Lot to Lot. You are also advised to obtain, at your expense, comprehensive soils and drainage reports and to retain, at your expense, a soils engineer and structural engineer prior to commencement of construction on your Lot. All improvements must be constructed to conform to Association and County of Maui building requirements as they relate to the Lot's soil conditions, site conditions, and drainage. Compliance of your construction and improvements with Maui County Code Chapter 20.08, "Soil Erosion and Sedimentation Control," is your responsibility and that of your civil and soils engineers.

We make no representations or express or implied warranties with respect to the condition of the soil or site conditions of any of the Lots. We also do not make any representations or warranties regarding soil compaction or drainage for your Lot or the need for, or the extent of any required, grading, fill, and/or drainage improvements in connection with construction on your Lot. You are cautioned that the longer a Lot is left unimproved, the more likely it will suffer erosion as a result of wind and rain. Additionally, heavy rain may cause severe erosion of a Lot and slope areas on a Lot after you take title to the Lot. You are advised to promote proper drainage of your Lot by planting ground cover or by installing geotextile fabric to prevent or alleviate erosion. Neither we nor the Association will be responsible for any post-closing remedial work required to restore a Lot that has been affected by erosion.

FLOOD PLAIN

According to the Federal Emergency Management Agency (FEMA), all of the Lots in the Subdivision are designated as flood zone classification Zone C. Zone C is characterized as an area of minimal flooding. Flood insurance is available. Although it is our understanding that flood insurance is not required in connection with the financing of improvements to Lots, you must make your own assessment as to whether you should get flood insurance. If you are interested in flood insurance or want to know if it is required for financing, you should contact your insurance agent to obtain an estimate of its cost and your lender to determine whether it is required for financing. It is important to note that just because flood insurance may not be required to obtain financing does not mean flood insurance will not be needed or helpful to you if your Lot is ever subject to a flood.

Notwithstanding the foregoing, that certain Declaration of Covenants and Restrictions, recorded January 31, 1990 as Document No. 90-014464, as amended and supplemented, made by Alexander & Baldwin, Inc. ("Declarant"), which encumbers the land of the Subdivision, provides the following: "The Property may be located in an area of special flood and drainage problems, and is also subject to overflowing of the Waiale Reservoir. Each Owner shall take and make all prudent planning, drainage and construction precautions, measures and improvements and take into account such flood, drainage and overflow problems from and onto

the Property and the effect of flooding and drainage on the Adjacent Properties. Such precautions, measures and improvements shall be designed and constructed generally to accommodate a 100-year flood"

FLOODING AND SOIL EROSION

We have implemented a soil erosion program for the Subdivision during our construction of the improvements to the Subdivision. Severe erosion hazards are not expected during construction, due to the existing topography and location of the Subdivision.

We obtained grading permits issued by the County and have completed the mass grading of the Subdivision land. The County of Maui requires all graded areas to be grassed and stabilized, which we have done for those portions of the Subdivision that are graded.

The majority of post-construction runoff will be through the drainage system, which consists of an underground storm drainage system that will convey and discharge post-development runoff from the Subdivision into offsite storm water retention basins. The offsite runoff from Wailuku Heights and the agricultural lands *mauka* (towards the mountains) of Waiale Road will be put into an underground drainage culvert, which will pass through the developed Subdivision and continue to discharge runoff into the Waiale Reservoir.

All of these measures commenced when construction within the Subdivision began and have been approved by the County pursuant to a Preliminary Engineering Report submitted to the County when we applied for (and received) permits for grading and Subdivision improvements.

NUISANCES

Generally. Some or all of the Lots may be periodically affected by various nuisances, risks and hazards and by noise, dust, smoke, soot, ash, odor, visual nuisances or other adverse environmental conditions of any other kind (including but not limited to those attributable to winddrift and other weather factors) created by surrounding historical, existing, and prospective agricultural (sugarcane and other crops), industrial, development, commercial, residential, sales and other uses and activities. These uses and activities include specifically, but are not limited to: (a) construction, development, grading, improvement, sales and maintenance of adjacent and surrounding properties, including residential and non-residential property and roadways; (b) irrigation of any and all surrounding lands, Common Areas of the Subdivision with reclaimed water, treated effluent, or other sources of non-potable water; (c) cane milling, burning, harvesting, tending, as well as fertilization and pest and weed control; (d) diversified agriculture operations and activities; (e) sand quarrying; (f) electrical transmission lines and facilities within or in the vicinity of the Subdivision; (g) public elementary school operations; (h) public regional park operations, construction and maintenance, pest management, weed and fungus control, use and events; (i) the past use of the Landfill; and (j) drainage from the Subdivision and other properties, and the effects thereof on the Subdivision.

Further, substantial portions of the land located in the vicinity of the Subdivision will likely be subject to various large-scale construction projects and development, including, without limitation, Maui Lani Parkway, a new regional park, a commercial center, a multi-family affordable housing project, one or more of which may include various residential, commercial,

industrial, agricultural and/or other components. As a result of the construction projects and the development, the Subdivision may be further affected by nuisances, annoyances, risks, hazards and effects described above and by noise, dust, blowing sand, smoke, soot, ash, odor, or other adverse environmental conditions.

Closed County Landfill. Located adjacent and directly south of the Subdivision is land that was once used as the Landfill. Although the Landfill was closed and capped in 1991, the County continues to monitor the Landfill in accordance with the State of Hawaii Department of Health (the "DOH") standards. Although, as of the date of this Property Report, no odors, gases, pollutants, etc., have been discharged from the Landfill, certain precautions have been taken by the State and the County, as required by the State of Hawaii Land Use Commission (the "LUC"), with respect to that part of the Project that is adjacent to the Landfill. Among other precautions, a residential buffer of 300 feet from the boundary of the Landfill (the "Landfill Buffer Area") has been designated. Within the Landfill Buffer Area, residential use is not permitted. As such, no portion of Lots 11, 13, 14, 15, or 16 that falls within the Landfill Buffer Area shall be used for residential purposes; provided, however, that those portions of Lots 11, 13, 14, 15, or 16 that do not fall within the Landfill Buffer Area can be used for residential purposes. (It is anticipated that the portion of the Landfill Buffer Area that affects those Lots is or will be shown on their respective Plot Plans.)

Further, the Landfill Easement has been designated and reserved within the southern boundary of the Subdivision (where it abuts the Landfill). Rights over the Landfill Easement have been granted to the County to ensure that the County may appropriately monitor the northern boundary of the Landfill for settlement, runoff, maintenance, and other purposes related to health and safety. Such access is meant to permit the movement of emergency or other vehicles by the County as the need may arise and may also serve to accept and appropriately contain any runoff from the Landfill. No landscaping or structures are allowed within the Landfill Easement. The Landfill Easement area also affects Lots 11, 13, and 14.

In purchasing or otherwise taking title to a Lot, you will be acknowledging and agreeing that, pursuant to the LUC's "Findings of Fact, Conclusions of Law, and Decision and Order for a State Land Use District Boundary Amendment" (issued on September 15, 2005 for Docket No. A04-754), as it may be amended, you shall: (a) immediately report to the LUC, the State Department of Health (the "DOH"), and the County of Maui any instances where the integrity of the boundary between the Subdivision and the Landfill has been compromised; and (b) have agreed that (i) property adjacent to the Subdivision is a closed landfill, and (ii) any construction or activity within the Subdivision that would compromise the integrity of the Landfill's cap or permit air or water to access the Landfill is prohibited.

Further, in purchasing or otherwise taking title to a Lot, you thereby (a) accept the circumstances described above relating to the Landfill, and any nuisance, inconvenience, irritation, annoyance, emotional or psychological discomfort, or diminution in value of the Lot or the Subdivision that may be experienced as a result of existence of the Landfill, including any and all inconveniences, annoyances, or nuisances resulting from the obligations and restrictions relating to and the existence of the Landfill (the "Landfill Requirements"); and (b) expressly waive any and all rights, claims, or actions that you might otherwise have against the Declarant-Related Entities (as that term is defined in the Declaration), the Association and the Board of Directors of the Association, arising out of or in connection with the Landfill and the Landfill Requirements.

There is a Right of Entry Agreement, dated November 26, 2008, between us and the County, which concerns rights and obligations relating to the Landfill (the "Landfill Right of Entry"). Among other things, the Landfill Right of Entry (a) requires us to regularly maintain an area adjacent to a portion of the Subdivision that is defined in the Landfill Right of Entry as the "Right of Entry Area", and (b) gives us the right to enter upon the Right of Entry Area for those limited purposes described in the Landfill Right of Entry. We will assign or delegate our rights and obligations under the Landfill Right of Entry to the Association. The Association shall be required to accept such assignment or delegation and, upon doing so, shall be responsible for fulfilling our obligations (including our corresponding indemnity obligations) under the Landfill Right of Entry.

Commercial Uses. Additionally, there may be some nuisances related to commercial uses, conditions, and activities. The Subdivision is part of and within a mixed-use (commercial and residential) development, and is not exclusively a residential community or exclusively a commercial community, and the presence of the mixed uses in the Subdivision may adversely affect your use and enjoyment of your Lot. As such, if you intend to use your Lot for residential purposes, you should be aware that many or all of the adjoining or nearby Lots will be used for commercial purposes. You should review the applicable provisions of the Declaration and the Maui County Code (specifically Maui County Code section 19.78.051, as may be amended from time to time, relating to uses permitted within the Village Mixed Use PD-WK/1, commercial/residential (VMX/C-R) subdistrict), regarding the various commercial uses authorized in the Subdivision.

Noises. Additionally, you should be aware that both commercial and residential uses on adjoining or nearby Lots may result in loud and/or sustained noises and those also may constitute nuisances. Sound may also be audible between the Lots, particularly where the sound level of the source is sufficiently high and the background noise within the Subdivision is very low.

A&B Declaration. Further, in purchasing or otherwise taking title to a Lot, you (a) will accept and assume complete risk of and forever release us, "Declarant" (as defined in the Declaration of Covenants and Restrictions, recorded January 31, 1990 as Document No. 90-014464, as amended and supplemented (the "A&B Declaration")), our and their successors and assigns (collectively, the "Released Parties"), from all claims for damages and nuisances occurring on the Lot and arising out of any "Agricultural Activities" or "Agricultural By-Products" (both as defined in the A&B Declaration), (b) will waive any right to: (i) require the Released Parties to take any action to correct, modify, alter, eliminate or abate any Agricultural Activities or Agricultural By-Products; or (ii) file any suit or claim against the Released Parties for injunction or abatement of any Agricultural Activities or Agricultural By-Products, and (c) shall indemnify, defend and hold harmless the Released Parties from and against all claims, demands, actions, losses, damages, liabilities, costs and expenses, asserted against or incurred by the Released Parties, which arise out of any injury, death or damage to you or any agent, contractor, employee, permittee, invitee or tenant of yours, or any of your or their property, that occurs on the Lot and is the result of any Agricultural Activities or Agricultural By-Products.

HAZARDS

Other than ongoing construction, development and sales activity by us and other purchasers in the Subdivision, as well as in adjacent areas (which may result in noise, dust, traffic and safety hazards and other annoyances and nuisances), there are no unusual safety factors that affect the Subdivision.

The Subdivision is generally not subject to more frequent or different kinds of natural hazards than most other real property located in the State of Hawaii. As with other property in Hawaii, perhaps the most serious natural hazard the Subdivision faces is from hurricanes, especially from June 1 to November 30. There is a continuing risk and possibility of flooding from surface and storm water runoff from upslope properties. However, flood exposure from rising water levels in a body of water is low. The possibility of volcanic activity on Maui is also low.

According to the County of Maui Multi-Hazard Mitigation Plan 2010, dated May 2010, which was prepared for the County of Maui Civil Defense Agency (the "Mitigation Plan"), the County of Maui, which includes the Island of Maui where the Subdivision is located, may be subject to the following hazards: high wind storms; tropical cyclones; landslides, debris flows and rockfalls; earthquakes; lava; vog (volcanic gas); tsunamis; floods; dam and reservoir failures; high surf; coastal erosion; drought; and wildfires.

Based on the location of the Subdivision and on the historical and other information provided in the Mitigation Plan, the estimated possible frequency of each of those hazards occurring at the Subdivision is set forth in the following table. It is important to note that just because the frequency of a hazard may be low does not mean the hazard cannot or will not occur. The fact that a hazard has been identified as a hazard for the County of Maui suggests that it can occur. Further, if the hazard does occur, then the resulting injury and damage may still be very high. (You are advised to review the Mitigation Plan, which can be found via a link on the County of Maui Civil Defense Agency website: <http://www.co.maui.hi.us/index.aspx?NID=70>.)

<u>Hazard</u>	<u>Estimated Possible Frequency (Low, Moderate, High)</u>
High wind storms*	High
Tropical cyclones (including hurricanes)*	Moderate
Landslides, debris flows and rockfalls	Low
Earthquakes (moderate (5.0) or higher)	Low
Lava	Low
Vog*	Moderate
Tsunamis	Low

Hazard	Estimated Possible Frequency (Low, Moderate, High)
Floods**	Low
Dam and reservoir failures***	High (but see note below)
High surf	Low
Coastal erosion	Low
Drought	Moderate
Wildfires	Low

*The possible frequency of this hazard in the location of the Subdivision is no different than in most other locations of the Island or County of Maui. In other words, although the location of the Subdivision may be susceptible to the specified hazard, it is no more susceptible than most other locations.

**As noted above, according to FEMA, all of the Lots in the Subdivision are designated as flood zone classification Zone C, which is characterized as an area of minimal flooding.

***According to the Mitigation Plan, it appears that the Waiale Reservoir (which is referenced in the Flood Plain section of this Property Report) has a "high likelihood of failure." However, because the Subdivision is located upslope of the Waiale Reservoir, the likelihood of there being any damage to any Lots in the Subdivision as a result of a failure of the Waiale Reservoir should be low.

In addition, some or all of those items described under Nuisances, above, may be considered hazards.

Lots within the Subdivision were used historically for agricultural purposes. The activities and uses incidental to such agricultural operations included the use of fertilizers, pesticides and herbicides and similar hazardous materials. Additionally, lands in the vicinity of the Subdivision were used for the Landfill, although the Landfill is now closed. There may be a continuing risk of hazards or nuisances attributable to those historical uses and continued adjacent uses.

Hawaii has no system for rating land for fire hazards.

CLIMATE

The Subdivision is located in a tropical climate and weather conditions are generally good. The average temperature in summer and winter, the usual extreme temperatures and the average annual rainfall for the general area where the Subdivision is located are as follows:

Average Temperature		Usual Extreme Temperatures		Average Annual Precipitation (Inches)
Summer	Winter	Lowest	Highest	
80°	72°	68°	98°	17

OCCUPANCY

As of the date of this Property Report, no homes are occupied in the Subdivision.

ADDITIONAL INFORMATION

In this section, we will discuss the following areas:

- (a) Property Owners' Association;
- (b) Taxes;
- (c) Resale or Exchange Program;
- (d) Equal Opportunity in Lot Sales; and
- (e) Listing of Lots.

PROPERTY OWNERS ASSOCIATION

There is a property owners association for the Subdivision, called the "Maui Lani Village Center Owners Association". The Association has been formed and is in operation.

Upon closing on your purchase of your Lot, you will automatically become a Member of the Association.

We, as the Declarant under the Declaration, directly for the Subdivision and through the Board of Directors for the Association, have the right to control the Association (through special voting rights, control of the Board of Directors, and other rights reserved in the Declaration) during the Declarant Control Period.

Membership in the Association is mandatory. You are obligated to pay various types of assessments (including "General Assessments," "Special Assessments," "Subdistrict Assessments," "Benefited Assessments," "Capital Improvement Assessments", and, possibly, others), which may be established and collected from time to time. Payment of the Assessments shall be made by you directly to the Association, in accordance with the Declaration.

The General Assessments for the Lots are based on the Lot's Voting/Assessment Ratio. The Voting/Assessment Ratio is the ratio or percentage assigned to the Lot in the Declaration and is generally based on the size of the Lot. The higher the Voting/Assessment Ratio, the higher the Lot's General Assessments will be. The Voting/Assessment Ratio of each Lot may be revised if a portion of the real property that is subject to the Declaration is withdrawn from the effect of the Declaration or if a condominium project is created on the Lot. See the Declaration for the Voting/Assessment Ratio assigned to the various Lots in the Subdivision.

As noted above, larger Lots will have higher General Assessments and smaller Lots will have lower General Assessments. As examples, following are estimated General Assessments for calendar year 2012 for various different-sized Lots: (a) for a 196,185 square foot Lot, General Assessments are estimated to be approximately \$987.72 per month (\$11,852.60 per year); (b) for a 29,254 square foot Lot, General Assessments are estimated to be approximately \$147.29 per month (\$1,767.49 per year); and (c) for a 7,545 square foot Lot, General Assessments are estimated to be approximately \$37.91 per month (\$454.87 per year). For a

list showing the estimated 2012 General Assessments for all of the Lots see Exhibit "A" attached to the Hawaii Public Offering Statement for the Subdivision, which Exhibit "A" is incorporated herein by this reference.

It is important to note that the amount of the General Assessment may (and likely will) increase based upon budgetary requirements of the Association, including operating costs, insurance costs, maintenance and repair costs, and reserves. General Assessments under the Declaration can be increased or decreased by the Board of Directors of the Association.

Members of the Association are also subject to special assessments for: (a) costs incurred in bringing an owner or such owner's Lot into compliance with the provisions of the Declaration, any Supplemental Declaration, the Articles, Bylaws, Association Rules, or Design Guidelines; (b) any other charge designated as a Special Assessment in the Declaration, any Supplemental Declaration, the Articles, Bylaws, Association Rules or Design Guidelines; (c) unbudgeted expenses of the Association; (d) fines levied or fixed by the Board; and (e) attorneys' fees, interest and other costs or charges provided to be paid as, or which are incurred in connection with, a Special Assessment in accordance with the Declaration, any Supplemental Declaration, the Articles, Bylaws, Association Rules or Design Guidelines. The Board may also levy a Special Assessment against any Subdistrict (described below) to reimburse the Association for costs incurred in bringing the Subdistrict into compliance with the provisions of the Declaration, the Articles, the Bylaws, the Association Rules and the Design Guidelines.

Members of Subdistricts may be subject to a Subdistrict Assessment to fund Subdistrict Expenses that are owed and payable to the Association. Subdistrict Assessments shall be levied by the Association in respect of the specific Subdistrict(s) for whose benefit expenses are incurred, and to fund any other Subdistrict Expenses applicable to such Subdistrict, as provided in the Declaration or in any Supplemental Declaration. (Subdistricts are comprised of separately developed projects governed by the Declaration (including condominium projects), whether or not governed by a separate owners association, in which owners may have common interests other than those common to all other Class "A" Members in the Association. For example, a condominium project developed on one or more of the Lots within the Subdivision would be a Subdistrict.) All of the Lots within the Subdistrict(s) so assessed shall be responsible for paying the Subdistrict Assessments and, where a Subdistrict Association has been established, the Subdistrict Association may, as provided in the Declaration, be made responsible for the collection of such Association Assessments from the Owners within the Subdistrict.

Pursuant to the Declaration, we and ML100 can, during the Declarant Control Period, elect to satisfy the Assessment obligations associated with the Lots we own by: (a) paying General Assessments as the owner of Lots; or (b) making "in kind" contributions of services and/or materials; or (c) contributing to the Association (in cash and/or by "in kind" contributions of services and/or materials) the difference between the amounts received by the Association in Assessments from all owners other than us and ML100 and the amount of the actual expenditures required to operate the Association during the fiscal year. We and ML100 shall have no other or further Assessment obligations with respect to Lots owned by us or ML100 or otherwise.

The Association shall be responsible for: (a) owning, operating, administering and/or maintaining the Common Areas of the Subdivision, and certain other areas within and around

the Subdivision; (b) administration of certain responsibilities of the Association, including, but not limited to, those relating to the Landfill; (c) the "Grantee's" repair, maintenance and replacement obligations (and corresponding indemnity obligations) relating to the retaining wall, the drainage line, the drainage swale and the graded slope that may be located within the "Easement Area", as described in the Kihei Gardens Grant of Easement (defined below); and (d) enforcing the provisions of the Declaration and the Design Guidelines.

(The Grant of Easement, recorded July 30, 2008 as Document No. 2008-121846 is the "Kihei Gardens Grant of Easement". Pursuant to the Kihei Gardens Grant of Easement, we have graded an area adjacent to the Subdivision (the "Easement Area") and constructed a drainage line and drainage swale within the Easement Area. The "Grantee" under the Kihei Gardens Grant of Easement has the obligation to repair and maintain those improvements. We will enter into an agreement with the Association that requires the Association (rather than individual Lot owners) to repair and maintain any such improvements pursuant to the Kihei Gardens Grant of Easement.)

Further, upon an assignment of our rights and obligations under that certain Right of Entry Agreement, dated November 26, 2008, between the County and us, the Association shall be obligated to fulfill our obligations under the Right of Entry Agreement, which obligations include, but are not limited to, regular maintenance of the "Right of Entry Area" (as defined in the Right of Entry Agreement).

Certain rules, guidelines, and standards for the design, construction and repair of improvements on each Lot are contained in the Declaration and in the Design Guidelines, which constitute the rules, regulations, restrictions and guidelines controlling construction and improvements in the Subdivision. As provided in the Declaration, the DRC, established pursuant to the Declaration, will interpret and implement the Design Guidelines. The DRC will consist of at least three but no more than five persons. During the Declarant Control Period, we, as the Declarant under the Declaration, shall have the right to appoint, determine the number of, augment, or replace all members of the DRC. The current version of the Design Guidelines is available for your review. You are encouraged to read and review the Design Guidelines, as they will substantially affect your ability to improve your Lot.

Initially, we will maintain the Common Areas of the Subdivision (including the internal roads) and manage the Subdivision and the Association at no charge to Lot owners. Some time before or after the Common Areas are conveyed to the Association and an outside property manager is hired, the Association (and, thus, the Lot owners) will be required to assume responsibility for the costs of such maintenance and management; provided that internal roadways dedicated to Maui County would not be among the Common Areas of the Subdivision after such dedication. The budget that was prepared and that forms the basis for the initial General Assessments to be paid to the Association anticipated and included the costs to perform these functions. As such, it is not expected that an initial increase in assessments or fees will be necessary to continue these functions, but no guarantee is made in that respect.

We are not able to express an opinion as to whether the current level of assessments, fees, charges, or other income received by the Association provides the capability for the Association to meet its present or planned financial obligations, including operating costs, maintenance, and repair costs, and reserves for replacement. However, we have no reason to believe that such level (subject to adjustments due to inflation or other external factors) will not be able to provide such capability.

TAXES

You will be obligated to pay taxes on the Lot after title to the Lot is transferred to you. Real property taxes on the Lot will be paid to the County of Maui.

Annual taxes on an unimproved Lot are based on the assessed value of the Lot. This value is typically set initially at the sales price of the Lot. Taxes will be prorated as of the date the sale of the Lot is closed. The fiscal year 2011-2012 tax rate for unimproved land in the Subdivision is \$6.25 per \$1,000.00 of assessed valuation. These rates may vary from year to year and are subject to change by the County of Maui.

RESALE OR EXCHANGE PROGRAM

Restrictions that might hinder the resale of Lots include required membership in the Association and the architectural approval and control restrictions of the Declaration and Design Guidelines and other restrictions in the Declaration. These restrictions would affect your ability to place signs on your Lot and/or how your Lot can be used. Also, the Restricted Use Covenant (discussed in "Restrictions on the Use of Your Lot") prohibits the use of the Restricted Lots for the retail sale of automobile fuel or for the operation of a commercial car wash.

We have no program to assist you in the sale of your Lot. Also, we do not have a program that assures that you will be able to exchange your Lot for another.

LEASES

We may offer to sell ground leases (rather than fee simple interests) on some of the Lots. If we do, we anticipate (a) that the initial term of each lease will be 35 years, (b) that the leases will not be automatically renewable, but may include options for the lessees to renew them, and (c) that each lease (or a short form thereof) will be recordable in the Bureau.

If you enter into a ground lease of a Lot with us, our creditors will not be able to acquire title to your Lot without having an obligation to honor the terms of your lease.

It is anticipated that the lease payments will be flat over the initial term, but will escalate at the beginning of the option period if the lessee exercises the option to renew the lease.

Provided the terms of the lease are acceptable to a lender, lessees will be able to mortgage their leasehold interests. Lessees will be able to encumber their leasehold interests, subject, however, to the Declaration and other items of record.

When the ground lease expires or is terminated, ground lessees will be permitted to remove any above-ground improvements that were installed by them or by a previous ground lessee.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968 and all applicable State laws concerning discrimination in land sales. We have not and will not discriminate against you, directly or indirectly, because of your race, color, religion, sex, national origin, familial status, or any physical or mental handicap in any of the following general areas: lot

marketing and advertising, rendering of lot services, and in requiring terms and conditions on lot sales and leases. Furthermore, we will not indicate a preference for or a rejection of any particular group in our marketing and advertising, in our rendering services to Lots, or in the terms and conditions of our sales.

LISTING OF LOTS

The 54 Lots included in this offering consist of the Lots described (by reference to the identifying numbers on the File Plan and/or the applicable Subdivision Map) as Lots 2, 3, 6, 11, 13 through 23, 27 through 31, 33, 34, 35, 37, 38, 39, 40-A, 43, 44, 45, 48, 49, 50, 53 through 68, 71, 72, 73, 74 and 76. (Lots 40, 41, 46 and 47, as shown on the File Plan, were consolidated into a single lot, Lot 40-A. As such, Lot 40-A, rather than Lots 40, 41, 46 and 47, is part of this offering.)

Except for Lot 40-A, all of the Lots in this offering are currently owned in fee simple by us (i.e., Maui Lani Village Center, Inc. ("MLVCI")). Lot 40-A is owned in fee simple by ML Group 40 LLC, a Hawaii limited liability company ("ML40"), which is wholly controlled by us (i.e., MLVCI) as its manager. (ML40 is identified as a "Developer" in this Property Report because of its ownership of Lot 40-A.) With respect to the sale of Lot 40-A, we will require ML40 to enter into the Sales Contract with the buyer of Lot 40-A, and, upon satisfaction of the terms and conditions of that Sales Contract, to convey title to Lot 40-A to the buyer.

The following 13 lots shown on the Subdivision Map and the File Plan are not included in this offering, because they have been sold to third-party buyers: 1, 12, 24, 25, 26, 32, 36, 42, 51, 52, 69, 70 and 75.

The following six lots shown on the Subdivision Map and the File Plan are not included in this offering: Lots 4, 5 and 7 through 10 (collectively, the "Improved Lots"). The Improved Lots are part of Maui Lani Village Center, but will be sold to third-party buyers with completed buildings on them.

Approximately 12 acres of land comprising Lots 11-D-1-A-1-B-3, 11-D-1-A-1-C-1 and 11-D-1-A-1-C-2 shown on the Subdivision Map will also be part of Maui Lani Village Center. It is anticipated that those lots will be developed as commercial and/or mixed use (commercial/residential) lots and/or condominium units. Such development may contain more or less than 100 lots and/or units. The total number of lots and units may vary from this estimate. We make no representations or warranties regarding the development of such lots.

Because the sales of the Improved Lots and Lots 11-D-1-A-1-B-3, 11-D-1-A-1-C-1 and 11-D-1-A-1-C-2 are exempt from the Interstate Land Sales Full Disclosure Act (the "Act") pursuant to one or more exemptions found in 15 U.S.C. Section 1702(a), they are exempt from registration under the Act and, thus, are not being registered under the Act. However, it is noted that, because exemptions from the State Subdivision Registration Law may not apply to the sales of Lots 11-D-1-A-1-B-3, 11-D-1-A-1-C-1 and 11-D-1-A-1-C-2, those lots are being registered under the State Subdivision Registration Law.

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

Cost Sheet

In addition to the purchase price of your Lot, there are other expenditures which must be made. Listed below are estimates of the major costs, excluding construction and landscaping costs, mortgage costs and other closing costs. All costs are subject to change.

Sales Price

Cash price of lot:	\$ _____
Finance charge:	\$ _____ N/A _____
TOTAL	\$ _____

Estimated One-Time Charges

1.	County of Maui Water Meter Fee and Installation Charge	\$6,120
2.	Construction Costs to Connect to Water Meter from Lot Line	\$ 300+\$30/l.ft.
3.	Construction Costs to Connect to Sewer Main	\$ 500+\$50/l.ft.
4.	Construction Costs to Extend Electric Service from Lot Line	\$ 1000+\$30/l.ft.
5.	Construction Costs to Extend Telephone Service from Lot Line	\$ 700+\$30/l.ft.
6.	Telephone Connection Fee (1 line) and Deposit	\$ 130
7.	Construction Design Review Processing Fee	\$
8.	Closing Costs (escrow agent fee, title insurance policy, recording fee, notary fee, document preparation costs, conveyance tax)	\$
9.	Association start-up fee (equal to 3 months of General Assessments)	\$
10.	Other (identify)	\$

	TOTAL OF ESTIMATED SALES PRICE AND ONE-TIME CHARGES	\$ _____

Estimated Annual Charges, Exclusive of Utility Use Fees

1a. Taxes (pro rata share of taxes paid by developer) \$ _____¹

OR

1b. Taxes (average for unimproved lot after sale to purchaser) \$ _____²

2. General Assessments (Maui Lani Village Center
Owners Association) \$ _____³

[Signature page follows]

¹ Based on the size of the Lot. (See discussion of Taxes above.)

² Based on the sale price of the Lot. (See discussion of Taxes above.)

³ Based on the Lot's Voting/Assessment Ratio. (See discussion of Assessments in Property Owners Association section above.)

The information contained in this Property Report is an accurate description of our subdivision and development plans.

MAUI LANI VILLAGE CENTER, INC.,
a Hawaii corporation

By Stacey Takaba
Name: Stacey Takaba
Title: President

ML GROUP 40 LLC,
a Hawaii limited liability company

By Maui Lani Village Center, Inc.,
Its Manager

By Stacey Takaba
Name: Stacey Takaba
Title: President

RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE

PURCHASER RECEIPT

IMPORTANT: READ CAREFULLY

Name of Subdivision: MAUI LANI VILLAGE CENTER

ILSRP NUMBER: 32345

Date of Report: March 15, 2012

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: _____ Date: _____
Street Address: _____
City: _____ State _____ Zip _____

If any representations are made to you which are contrary to those in this Property Report, please notify the:

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20006

AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot _____ Block _____ Section _____
Name of Salesperson: _____
Signature: _____ Date: _____

PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract, and wish to do so, you may cancel by personal notice, or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below.

Name of Subdivision: Maui Lani Village Center
Name of Developer: Maui Lani Village Center, Inc.
ML Group 40 LLC [as to Lot 40-A only]
1100 Alakea Street, Suite 2200
Honolulu, Hawaii 96813
Telephone: (808) 528-3699
Fax: (808) 534-1004

Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) Signature _____ Date: _____

Purchaser(s) Signature _____ Date: _____

RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE

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Lot _____ Block _____ Section _____

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Signature: _____ Date: _____

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Name of Subdivision: Maui Lani Village Center
Name of Developer: Maui Lani Village Center, Inc.
ML Group 40 LLC [as to Lot 40-A only]
1100 Alakea Street, Suite 2200
Honolulu, Hawaii 96813
Telephone: (808) 528-3699
Fax: (808) 534-1004

Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) Signature _____ Date: _____

Purchaser(s) Signature _____ Date: _____