

Registration Number: S-1147
Date of Preliminary Order of Registration: June 15, 2006
Date of Final Order of Registration: July 26, 2016

**PUBLIC OFFERING STATEMENT
FOR THE
KUALONO SUBDIVISION**

1. **Name and Principal Address of Subdivider.**

Hanohano LLC
1300 N. Holopono Street, Suite 201
Kihei, Maui, Hawaii 96753

2. **Description of Subdivided Land.**

2.1. **Description of the Subdivision, Lots.** This Public Offering Statement covers 49 residential lots (the "Residential Lots"), and 10 common area lots (collectively, "Lots") in the Kualono Subdivision (the "Subdivision") being developed by the Subdivider on approximately 28.695 acres of land. The Lots in the Subdivision and the size and Tax Map Key Number of each are:

Lot Number	TMK Number	Area
1	(2) 2-3-11-2	18,193 Square Feet
2	(2) 2-3-11-76	18,102 Square Feet
3	(2) 2-3-11-77	18,107 Square Feet
4	(2) 2-3-11-78	18,209 Square Feet
5	(2) 2-3-11-79	18,187 Square Feet
6	(2) 2-3-11-80	18,114 Square Feet
7	(2) 2-3-11-81	18,142 Square Feet
8	(2) 2-3-11-82	18,184 Square Feet
9	(2) 2-3-11-83	19,901 Square Feet
10	(2) 2-3-11-84	19,902 Square Feet
11	(2) 2-3-11-85	22,301 Square Feet
12	(2) 2-3-11-86	19,680 Square Feet
13	(2) 2-3-11-87	21,178 Square Feet
14	(2) 2-3-11-88	18,279 Square Feet
15	(2) 2-3-11-89	18,345 Square Feet
16	(2) 2-3-11-90	19,712 Square Feet
17	(2) 2-3-11-91	18,465 Square Feet
18	(2) 2-3-11-92	18,869 Square Feet
19	(2) 2-3-11-93	20,371 Square Feet
20	(2) 2-3-11-94	25,221 Square Feet
21	(2) 2-3-11-95	18,259 Square Feet

22	(2) 2-3-11-96	19,788 Square Feet
23	(2) 2-3-11-97	21,930 Square Feet
24	(2) 2-3-11-98	20,065 Square Feet
25	(2) 2-3-11-99	20,081 Square Feet
26	(2) 2-3-11-100	19,770 Square Feet
27	(2) 2-3-11-101	20,069 Square Feet
28	(2) 2-3-11-102	20,443 Square Feet
29	(2) 2-3-11-103	20,590 Square Feet
30	(2) 2-3-11-104	19,618 Square Feet
31	(2) 2-3-11-105	35,465 Square Feet
32	(2) 2-3-11-106	20,034 Square Feet
33	(2) 2-3-11-107	20,538 Square Feet
34	(2) 2-3-11-108	20,030 Square Feet
35	(2) 2-3-11-109	20,470 Square Feet
36	(2) 2-3-11-110	20,079 Square Feet
37	(2) 2-3-11-111	19,765 Square Feet
38	(2) 2-3-11-112	19,471 Square Feet
39	(2) 2-3-11-113	18,304 Square Feet
40	(2) 2-3-11-114	19,237 Square Feet
41	(2) 2-3-11-115	19,620 Square Feet
42	(2) 2-3-11-116	18,350 Square Feet
43	(2) 2-3-11-117	18,400 Square Feet
44	(2) 2-3-11-118	19,940 Square Feet
45	(2) 2-3-11-119	19,923 Square Feet
46	(2) 2-3-11-120	18,074 Square Feet
47	(2) 2-3-11-121	18,349 Square Feet
48	(2) 2-3-11-122	18,649 Square Feet
49	(2) 2-3-11-123	18,433 Square Feet
50	(2) 2-3-11-1	2.383 Acres
51	(2) 2-3-11-124	77,887 Square Feet
52	(2) 2-3-11-125	39,162 Square Feet
53	(2) 2-3-11-126	12,465 Square Feet
54	(2) 2-3-11-127	19,530 Square Feet
55	(2) 2-3-11-128	11,424 Square Feet
56	(2) 2-3-11-129	3,810 Square Feet
57	(2) 2-3-11-130	1,871 Square Feet

Lot 50 (the "Heiau/Retention Basin Lot") contains a historical site (a heiau) and a retention basin; Lots 51 through 55, inclusive, are roadway lots; Lot 56 is a pedestrian access, utility reserve and emergency vehicle lot; and Lot 57 is a pedestrian access and utility reserve lot. Said Lots 50 through 57, inclusive, will not be offered for sale.

The size and location of the Lots are shown on File Plan No. 2488 on file at the Department of Commerce and Consumer Affairs of the State of Hawaii with the

Subdivider's application for registration of the Subdivision. Attached hereto as Exhibit "1" is a map generally showing the Lots comprising the Subdivision. Unless otherwise indicated, references in this Public Offering Statement to the Lots in the Subdivision will correspond to the lot designations on Exhibit "1". The Lot areas listed above are the total, gross acreages of each Lot. The useable area of each Lot will be limited by the setbacks, easements and other restrictions and encumbrances that are applicable to the Lots and may also be limited by the presence of drainage ways, sloped areas and other physical features.

File Plan No. 2488 also shows Lots 58 and 59, however, such Lots are neither a part of the Subdivision nor covered by this Statement. Both Lots 58 and 59 are road widening lots that are intended to be dedicated to the County of Maui.

2.2 **Location of the Subdivision.** The Subdivision is located in Pukalani, Kula, Maui, Hawaii, situated on the westerly side of Old Haleakala Highway near its intersection with Kula Highway. The Subdivision is approximately 9.9 miles from Kahului Airport and approximately 1 mile from the town of Pukalani.

2.3 **Status of Subdivision.** The County of Maui issued final approval of the Subdivision on June 5, 2009.

2.4 **Future Development.** The Subdivider does not currently intend to add lots for future development and annexation to the Subdivision. However, in the future other lands in the general vicinity of the Subdivision may be developed by Subdivider or others. Such other developments may cause impacts to the Subdivision, including without limitation increases in traffic, changes to views, changes in uses of neighboring lands and other potential impacts or nuisances relating to future development. All zoning is subject to change in the future. The Subdivider makes no representations, promises, or warranties regarding how the property adjacent to or in the vicinity of the Subdivision will be used or developed. You should carefully consider these potential impacts in evaluating your purchase of a Lot in the Subdivision.

3. **Ownership of Land.** The land comprising the Subdivision is currently owned by the Subdivider.
4. **Type of Interest to be Conveyed.** Residential Lots will be sold as unimproved lots in fee simple. Lot purchasers ("Purchaser(s)") will be given nonexclusive appurtenant easements for access purposes over the main roadway lots within the Subdivision, being Roadway Lots 51 through 55, inclusive (collectively, the "Roadway Lots") and Lot 58 (Lot 58 is not covered by this Statement). The Roadway Lots are intended to be owned and maintained by the owners association described below at the expense of the Lot owners. If any Roadway Lot and/or Lot 58 is dedicated to the County of Maui, the State of Hawaii, or any other governmental entity, the applicable access easements over such dedicated Lot will automatically terminate. Upon dedication, such Lot will be available for public use.
5. **Type of Instrument Used for Conveyance.** A limited warranty deed with covenants and reservations ("Deed"), to be recorded at the Bureau of Conveyances of the State of Hawaii, will be used to convey to Purchasers legal title to the Residential Lots. A

specimen form of the Deed is on file at the Department of Commerce and Consumer Affairs with the Subdivider's application for registration of the Subdivision, and will be provided to all Purchasers. The Deed contains covenants and reservations that will bind purchasers after closing of their Residential Lot purchases, including covenants that Residential Lot purchasers will comply with applicable zoning ordinances, reservations that permit the continued use of neighboring properties for agricultural activities, reservations of the right to grant, modify or relocate utility easements, reservations of the right to develop other properties in the area, and restrictions applicable to certain Residential Lots with drainage easements. All Lot Purchasers will be bound by the terms, conditions, and reservations contained in the Deed. Accordingly, Purchasers are encouraged to review it thoroughly.

6. **Existing Land Use/Zoning Regulations.** The Lots are zoned Residential (R-3), under the Maui County Code. The Lots are within the Urban land use district, under Chapter 205, Hawaii Revised Statutes ("HRS"). The General Plan land use map designation for the land within the Subdivision is Residential Community.
7. **Use for Which the Residential Lots are Offered.** The Residential Lots may be used for single-family residential dwellings and accessory uses, in accordance with and subject to applicable laws and the CC&Rs described below. In addition to any use restrictions set forth in the CC&Rs and under applicable law, the Residential Lots may not be used for the following purposes: schools, buildings used by government entities, bed and breakfast establishments, short-term vacation rentals, timeshares, or fractional ownership. In addition, except as set forth in the CC&Rs, "Accessory Dwellings" as defined in the Maui County Code, Chapter 19.35, are not permitted due to the limit on dwellings in the LUC Condition.
8. **Encumbrances, Easements, Liens & Restrictions.**

8.1. **Current Encumbrances.** The Preliminary Title Report for the Subdivision dated June 1, 2016, and issued by Title Guaranty of Hawaii, Inc. identifies the following reservations, encumbrances, easements, terms, provisions and restrictions affecting Lots in the Subdivision (where applicable as each such document may be amended from time to time):

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Easement(s) for waterline purposes and rights incidental thereto as set forth in a document dated April 26, 2000, recorded in the Bureau of Conveyances of the State of Hawaii ("Bureau") as Document No. 2000-057932. (Affects Lots 31, 50-57)

Amendment and Partial Release of Easement acknowledged September 15, 2004 and September 17, 2004, recorded in the Bureau as Document No. 2004-195439. (Affects Lots 31, 50-57)

Amendment of Easement to Define Easement Area, dated March 18, 2009, recorded as Document No. 2009-043647. (Affects Lots 31, 50-57)

3. Easement(s) for waterline purpose(s) and rights incidental thereto as set forth in a document dated April 25, 2000, recorded in the Bureau as Document No. 2000-058314. (Affects Lots 31, 51-57)

Amendment and Partial Release of Easement, acknowledged September 17, 2004, recorded in the Bureau as Document No. 2004-195440. (Affects Lots 31, 51-57)

Amendment of Easement to Define Easement Area, dated March 16, 2009, recorded in the Bureau as Document No. 2009-043649. (Affects Lots 31, 51-57)

4. Easement(s) for waterline purposes and rights incidental thereto as set forth in a document dated April 25, 2000, recorded in the Bureau as Document No. 2000-058316. (Affects Lots 31, 51-57)

Amendment and Partial Release of Easement, acknowledged September 17, 2004, recorded in the Bureau as Document No. 2004-195441. (Affects Lots 31, 51-57)

Amendment of Easement to Define Easement Area, dated March 16, 2009, recorded in the Bureau as Document No. 2009-043648. (Affects Lots 31, 51-57)

5. Certificate of Conditions dated May 20, 2005, recorded in the Bureau as Document No. 2005-105309 (the "LUC Condition"). Each Lot is subject to the conditions and requirements set forth in this Certificate which was required by the Land Use Commission in connection with the designation of the Subdivision for residential (urban) use. All of the conditions fall into two categories:

- (i) The first category, relating to such matters as a affordable housing commitment, park dedication requirement, traffic mitigation improvements, disposal of any hazardous materials found on the site, reservation of water capacity for the Subdivision, provision for civil defense measures, provision for constructing drainage improvements and similar requirements are all the responsibility of the Subdivider to complete as part of the development of the Subdivision. These conditions will impose no restrictions or compliance requirements on the individual lot purchasers.

- (ii) Other covenants relate to the ongoing use and occupancy of the Subdivision and include such matters as the ongoing preservation and

management of the archaeological site and heiau on the Heiau/Retention Basin Lot; how new archaeological finds must be dealt with; road maintenance; maintenance of drainage improvements; requiring water and energy conservation measures; prohibition on accessory (ohana) dwellings; respecting native Hawaiian access rights for customary and traditional gathering, subsistence, cultural and religious practices. These and similar covenants are incorporated into the CC&Rs (defined in Section 8.2.3 below). These items will guide and control the use of lots and the ongoing management of the common areas of the Subdivision by the Association (defined in Section 8.2.3 below).

6. Easement in favor of Maui Electric Company, Limited, and Hawaiian Telcom, Inc. for utility purposes, dated November 12, 2008, recorded in the Bureau as Document No. 2008-186999.
7. Mortgage, Security Agreement and Fixture Filing dated December 22, 2005, recorded in the Bureau as Document No. 2005-263493; Assignment of Lessor's Interest in Leases dated December 22, 2005, recorded in the Bureau as Document No. 2005-263494, and Financing Statement recorded in the Bureau on December 28, 2005 as Document No. 2005-263495, as amended by UCC Financing Statement Amendment recorded in the Bureau as Document No. 2010-194553, as further amended by UCC Financing Statement Amendment recorded in the Bureau as Document No. A-58230708. As provided in the Sales Contract for each Lot, the Lot of each purchaser shall be released from the lien of these loan documents at the time title to said Lot is conveyed to the purchaser and neither the purchaser nor the Lot shall be subject to any rights or liens of Central Pacific Bank.
8. Existing Water Easement for waterline purposes as shown on File Plan No. 2488.
9. Restriction of Vehicular Access Rights as shown on File Plan No. 2488 (Affects Lots 11-16, inclusive, 19, 20, 33, 47 and 49). No direct access is permitted to Old Haleakala Highway from Lots 11-16, inclusive, 19 and 20. Such lots shall have access to Old Haleakala Highway via access easements granted in the CC&Rs over roadway lots 51 through 55. Lots 33, 47 and 49 may be accessed from the interior roadway lots only at certain points, as set forth on File Plan No. 2488. Purchasers of all such lots are encouraged to review File Plan No. 2488 for such restrictions.
10. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the Subdivision. At closing, title to each Lot shall be conveyed to the purchaser free and clear of any such liens, as required by the Sales Contract for each Lot.

Subdivider also recorded that certain Grant of Access Easement (Kualono Subdivision Road Widening Lots) dated June 1, 2016, recorded in the Bureau as Document No. A-60010656 (in favor of Lots 1-57). This easement grants a right of access over road widening Lots 58 and 59 shown on File Plan No. 2488 in favor of all of the Lots (Lots 58 and 59 are not covered by this Statement).

Unless otherwise noted, each of the Lots are encumbered by the items set forth above.

8.2. Future Encumbrances. The Subdivider may create additional reservations, encumbrances and easements prior to closing the sale of any Lot in the Subdivision, as follows:

1. The Subdivider reserves the right to designate, use, assign and grant such easements over the easements on each Lot that are designated or shown on the maps of the Subdivision, in the sales contract for such Lot, in the Deed for the Lot, or in the CC&Rs, without the consent or joinder of Purchasers or their mortgage lenders on such terms and conditions as the Subdivider may deem appropriate in its sole discretion, and the right to alter, modify, relocate or adjust the easements as necessary to reflect the locations of improvements as-built. The terms of the Subdivider's reserved rights are set forth in the Deed or the CC&Rs, which Purchasers should review carefully. Because these designated easements may affect how and where Purchasers can build on or otherwise use a Lot, Purchasers should review these easements carefully.

Without limiting the foregoing, the Deed conveying Lot 31 shall reserve to Subdivider the right to grant, without the consent or joinder of Purchasers or their mortgage lenders on such terms and conditions as the Subdivider may deem appropriate in its sole discretion, a waterline easement over Easement W-1 (shown on File Plan No. 2488) in favor of property located outside the Subdivision, and the Deed conveying Lots 4 and 5 shall reserve to Subdivider the right to grant, without the consent or joinder of Purchasers or their mortgage lenders on such terms and conditions as the Subdivider may deem appropriate in its sole discretion, a waterline easement over Easement D-5 (described in the CC&Rs) in favor of property located outside the Subdivision.

Note: One or more of the existing easements or the above described future easements may be canceled and additional easements may be created and/or granted by the Subdivider prior to closing of the sale of the Lots in the Subdivision. Additionally, Subdivider will reserve the right to grant additional easements for utility, drainage, sewer and water facility purposes to public or private utility companies and/or governmental authorities before and after the closing of the sale of the Lots in the Subdivision.

2. Covenants, conditions, reservations and restrictions contained in the Deed by which Lots will be conveyed to Purchasers, the form of which shall be provided to all Purchasers.
3. The Kualono Subdivision Declaration of Covenants, Conditions, Easements and Restrictions (the "CC&Rs") will be recorded on title to all Lots before the Subdivider conveys them to buyers. This Declaration will provide, among other things, for the formation of an association consisting of all Lot owners in the Subdivision ("Association"), the primary function of which will be owning and operating the common areas of the Subdivision, including, without limitation, the Roadway Lots and the Heiau/Retention Basin Lot. This Association will also be responsible for maintaining the detention basins and other Subdivision drainage facilities. The CC&Rs will also grant various easements, including, without limitation, access, utilities, drainage, and landscaping easements. As set forth in the CC&Rs, all improvements shall be made, constructed or installed in accordance with the Design and Construction Standards attached to the CC&Rs. The CC&Rs shall also contain the standards and procedures of the Design Review Committee, which committee shall have the right to review, approve, or disapprove all construction plans for dwellings in the Subdivision. The Design Review Committee may in its discretion adopt or amend reasonable rules and regulations to govern its procedures and requirements, including requirements that applicants cover all expenses reasonably incurred by the Committee in performing its duties. The Design Review Committee shall also have the right to inspect work on any Lot for compliance, assess owners for violations, and require removal of non-compliant improvements, all as set forth in the CC&Rs. The CC&Rs will contain height restrictions on buildings, structures, or landscaping located on a portion of Lot 31.

The easements that shall be granted in the CC&Rs include, but are not limited to, easements for pedestrian and vehicular access over the Subdivisions' internal roadway lots (Lots 51-55), easements for pedestrian and emergency access over common area Lots 56 and 57, various drainage line easements affecting Lots 3-9, 12, 29, 32, 36, 37, 38, 39, 40, 41, 44, 45, 49, a waterline easement affecting Lot 3, a drainage basin and waterline easement affecting Lots 3-9, a drainage channel easement affecting Lots 20-31, and various landscaping easements affecting Lots 11-14, 15, 16, 19, 20-31, 47, 48, 56 and 57, all as more particularly described in the CC&Rs.

4. Easements for electrical, telephone, cable television and similar utilities will be granted in favor of Maui Electric Company, Limited, Hawaiian Telcom, Inc. Oceanic Time Warner Cable, and other utilities over some or all of the easements identified above as being for utility purposes.

5. Subdivider reserves to itself and the Association the right to enter into an easement or license agreement in favor of the State of Hawaii, Department of Defense for the installation and operation of a civil defense siren within on or in the vicinity of Lot 20 without the consent or joinder of Purchasers or their mortgage lenders on such terms and conditions as the Subdivider and/or the Association, as applicable, may deem appropriate.

8.3. **Heiau/Retention Basin Lot.** The Heiau/Retention Basin Lot, located on the west side of the Subdivision, is a common area that contains a heiau, a site of historical importance to Hawaiians, marked as the "Existing Heiau" on File Plan 2488 (copies of which are available from Subdivider). The Subdivider intends to convey the Heiau/Retention Basin Lot to the Association, which conveyance the Association shall be required to accept. As set forth in the CC&Rs, there shall be two (2) concentric buffer zones surrounding the heiau, as more particularly shown on File Plan 2488. The first buffer zone shall extend out from the perimeter of the heiau by sixty (60) feet ("the "60-Foot Buffer Zone") in the general location shown on File Plan 2488. Subdivider intends to construct a rock wall of not less than four (4) feet high demarcating the perimeter of the 60-Foot Buffer Zone. No public access will be permitted within the 60-Foot Buffer Zone. The second buffer zone shall extend out from the perimeter of the heiau by one hundred (100) feet, in the general location shown on File Plan 2488 (the "100-Foot Buffer Zone"). The CC&Rs provide that the installation or construction of any structures or other improvements within the 100-Foot Boundary Zone is strictly prohibited (except for the boundary wall around the 60-Foot Buffer Zone and irrigation lines that may be installed between the 60-Foot Buffer Zone and the 100-Foot Buffer Zone perimeters). Neither zone may be disturbed or moved. The Association shall be obligated to protect, maintain, monitor, and preserve these zones as a common expense of the Association, which obligations include the installation and maintenance of appropriate informational signage required to be installed to aid in their preservation. By signing the sales contract, each Purchaser will be stating that he or she understands, acknowledges and agrees that the Association shall, at its expense, be obligated to comply with and abide by all monitoring and maintenance requirements for the Heiau/Retention Basin Lot, as set forth in the CC&Rs.

As set forth in the CC&Rs, the Subdivider will cause the formation of a Curator Selection Committee to select a Curator to oversee the maintenance and preservation of the heiau by the Association, and direct and coordinate the installation and maintenance of the native plantings within the 60-Foot Buffer Zone. The Association shall also bear the reasonable out-of-pocket costs, if any, incurred by the Curator, in connection with the performance of the Curator's duties. The Curator Selection Committee shall be comprised of three (3) persons: (i) a representative of the Association, (ii) a representative from the Office of Hawaiian Affairs, and (iii) a representative from the Kupuna Council of Maui. These representatives shall be selected pursuant to the Curator Selection Committee's Bylaws (a copy of which is available from the Subdivider upon request).

By signing the sales contract, each purchaser understands and agrees that, subject to the CC&Rs and applicable governmental restrictions, members of the general public (including practitioners of customary and traditional Hawaiian practices in the area) shall have access to the heiau through the Subdivision, which result in additional noise, vehicular and pedestrian traffic in and around the Subdivision.

In the event that any previously unidentified human burial, or archeological or historic sites, such as artifacts, marine shell concentrations, charcoal deposits, stone platforms, pavings, or loi walls (collectively, "Undiscovered Sites") is discovered after construction of an improvement to a Lot has commenced, construction on the Lot shall cease. Subdivider shall be notified immediately of the existence and location of the Undiscovered Site and the State Historic Preservation Division will be consulted. The owner of that Lot shall then be required to grant the Association, its agents, employees, and any government officials and inspectors access to the Undiscovered Site to conduct any required evaluation, testing, data recovery, preservation, and mitigation that may be required. Construction on the Lot shall not recommence until appropriate approvals have been obtained.

9. **Current Real Property Taxes.** Purchasers will be required to pay real property taxes assessed on individual Lots, prorated as of the date title to the Lot is transferred to the Purchaser. Annual property taxes on an unimproved Lot are based on the assessed value of the Lot. The amount of real property taxes will vary, depending on the assessed value of each lot, the value of any improvements constructed upon the lots, and the actual and permitted uses allowed upon the lots. The tax rate for the 2016-2017 fiscal year for residential property within the County of Maui is \$5.30 for each \$1,000 of assessed value of land, and \$5.30 for each \$1,000 of assessed value of improvements (if any). The property tax rates are set annually by the County of Maui and may vary from year to year. The assessed values are based on 100% of the market value of the land and improvements, as determined by the Department of Finance, Real Property Tax Division, County of Maui. Purchasers should contact the County Real Property Tax Division ((808) 270-7697), or seek advice from their own tax professionals, regarding real property taxes, including real property tax deadlines.

10. **Roads.**

10.1. **Access to the Subdivision.** Access to the Subdivision will be off the Old Haleakala Highway onto Lei'Ohu Street within the Subdivision (over Lot 58, but Lot 58 is not covered by this Statement). The Old Haleakala Highway is a two-lane public road which generally runs south-north with an average travel surface width (in the vicinity of the Subdivision) of 20 feet. Direct access from the Lots to the Old Haleakala Highway is prohibited. Lots 51 to 55, inclusive, which are Roadway Lots, are intended to be owned and maintained by the Association. As a member of the Association, each Purchaser will contribute toward those maintenance costs for Lots 51 to 55 via payment of assessments to the Association.

Road widening Lots 58 and 59 shown on the File Plan are intended to be dedicated to the County of Maui for use as portions of old Haleakala Highway and are

not part of the Subdivision or covered by this Statement. Until such dedication, the Association will be responsible for the costs to maintain and repair road widening Lots 58 and 59; provided, however, Subdivider shall pay for the costs to maintain and repair such road widening lots until the Association is activated. If the County of Maui does not accept road widening Lots 58 and 59, Subdivider will convey such Lots to the Kualono Homeowners Association, which conveyance the Association shall be required to accept. Thereafter, the Association would be responsible for its maintenance and repair.

10.2. **Access within the Subdivision.** Four interior Subdivision roads (Lei'Ohu Street, Lei'Ohu Circle, He'Ohualoha Place, and Lilinoe Place, being the Roadway Lots described above) and Lot 58 (a road widening lot that is not part of the Subdivision or covered by this Statement) provide access to the Lots within the Subdivision. The Subdivider is responsible for constructing such roads, and such construction is secured by a performance bond in favor of the Subdivider and the County of Maui. Lei'Ohu Street will be a 66 foot wide right-of-way, Lei'Ohu Circle will be a 44-foot wide right-of-way, He'Ohualoha Place will be a 48 foot wide right-of-way, and Lilinoe Place will be a 48 foot wide right-of-way. The final completed surface will be asphalt paving. As of the date of this Public Offering Statement, construction of the interior Subdivision roads is estimated to commence in October 2016, and is estimated to be completed by October 2018. This estimated completion date is subject to change due to weather, permitting delays outside of the Subdivider's control, natural disasters, the timing of construction commencement (which is subject to certain contingencies in the Lot sales contract), or other factors, so purchasers should anticipate the possibility of delays. No physical access to the Lots or construction on the Lots will be permitted until all interior Subdivision roads are complete.

11. **Water Supply.** Potable water will be supplied to the Residential Lots by an extension of underground water lines from the water system and transmission lines that are owned, operated and maintained by the County of Maui Department of Water Supply ("DWS"). These lines will be installed to a location at the street adjacent to the boundary of each Lot.

Such extension of water transmission lines is currently 0% complete to the Residential Lots, is estimated to commence in October 2016 and is estimated to be completed in October 2018. Upon Subdivider's completion of the water transmission liens and other facilities needed to connect the Subdivision to the DWS system, it will be transferred to DWS, which will thereafter be responsible for its maintenance.

Subdivider has secured the commitment of DWS to install a 5/8-inch water meter at each Residential Lot, and has paid the DWS' Water System Development Fee for such water meters. Subdivider's delivery of the Deed at closing shall constitute an assignment of the right to receive that meter. Purchaser acknowledges and agrees that Purchaser shall be responsible for arranging with DWS to install the water meter for Purchaser's Lot, at a time of Purchaser's choice after completion of the Subdivision Improvements. DWS has strict limits on the amount of faucets, fixtures, appliances and irrigation that can be served by a 5/8-inch water meter and building permits are not issued unless the proposed

improvements comply with those limits. Further, there is no assurance that additional or larger water meters will be available at any time. Accordingly, a prospective lot purchaser should consult with DWS or a knowledgeable architect to assess whether the purchaser's planned home or other improvements can be built under DWS' limits.

Purchasers will be responsible for the cost to construct the extension of the water line from the edge of their property line to their home. The current estimated construction cost to extend the water line from the edge of the Residential Lot to a home is approximately \$30 per linear foot. This estimated cost is based on 2016 construction costs, is subject to change and is outside of the Subdivider's control.

After the Purchaser's contractor has completed the service connection from the connection point at the Purchaser's property line to their home, the Purchaser can request the final hook up by calling the DWS directly. Buyers will be required to complete an application and pay a hook-up fee and standard user fees required by the County. As of the 2016 fiscal year, the current use fee is calculated on a sliding scale based on total usage that ranges from \$1.90 per 1,000 gallons to \$6.05 per 1,000 gallons for a single-family dwelling with a 5/8" water meter). DWS will not commit in advance to the specific hook-up fee they will charge Purchasers because the charges will be dependent on a number of factors. The fees and the cost figures stated above are subject to change and outside of the Subdivider's control.

12. **Elevation of the Land**

The Subdivision lies between 1,640 feet to 1,730 feet above sea level. The general topography of the land within the Subdivision varies but areas on the plateaus generally slopes to the south at an average grade of about five and one-half percent (5.5%).

13. **Soil Conditions-Drainage**

Each Purchaser will be responsible for conducting his or her own soils investigation prior to construction of any structure on any Lot.

The site generally drains from north to south. The Subdivision is not located within the tsunami inundation zone nor is it susceptible to flooding as described by the Flood Insurance Rate Maps.

The lots are being sold to purchasers in an "as is" condition, and Subdivider makes no express or implied warranties with respect to the condition of the soil and site conditions of any of the Lots, including, without limitation, any warranty regarding soil compaction, drainage and suitability of the property for the construction of any type of improvements or individual waste water system. The Lots are not "finished lots," and will not be mass-graded. Accordingly, Purchasers are strongly encouraged to have their own professionals evaluate the conditions of the Lot (including without limitation the suitability of the soil for the construction of Purchaser's home). Upon purchasing a Residential Lot, the Purchaser shall be responsible for all grading, excavation, boulder removal, fill, drainage, and site work required for construction, dust, wind and erosion control.

Certain Lots in the Subdivision will contain drainage basins, swales, drains, ditches, channels, lines, and other facilities for managing surface water runoff within the Subdivision. As more particularly set forth in the CC&Rs, easements will be granted over such drainage facilities in favor of the Association for the purpose of maintaining certain of such drainage basins, swales, drains, ditches, channels, lines, and other facilities. Except for drainage facilities maintained by the Association set forth in the CC&Rs, the owner of each Lot shall maintain any drainage facilities on the Lot free and clear of debris, vegetation or improvements that would impair its function.

Purchasers are advised that there are Christmas berry trees and other vegetation on the Lots, some of which may be removed by Subdivider. Tree stumps and subsurface roots may exist on some of the Lots and are the responsibility of Purchaser to remove as necessary for the construction of their home.

14. **Sewage Disposal Facilities**

The Subdivision is not served by a central sewage disposal facility. Cesspools are prohibited. Each purchaser must pay for and construct an individual waste water system (also known as a septic system) within purchaser's Lot with a proper permit from the State of Hawaii's Department of Health. As of the date of this Public Offering Statement, the approximate cost of an individual waste water system is approximately \$15,000. Individual wastewater systems must be maintained in good operating condition, shall be pumped regularly (not less than once every 5 years), shall not be allowed to overflow or discharge odors detectible on neighboring Lots.

15. **Exposure to Natural and Other Hazards; Nuisances.** The Subdivision may be subject to various nuisances as set forth below. Each Lot owner will be required to, amongst other things, assume all risks relating to the nuisances, release Subdivider and its affiliates and their respective lessees from all claims of damages relating to the nuisances, waive any right to require Subdivider to take any action regarding the nuisances and to indemnify Subdivider for any claims arising out of injury or damage occurring on a Lot and is a result of a nuisance.

(a) **Generally.** 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. To the best of Subdivider's knowledge, the Subdivision is not located within any known tsunami zones and is not presently exposed to any natural hazards such as earthquakes, tsunamis, volcanic activity, forest fires or mud slides. Subdivider does not represent, however, that natural hazards will not occur at the Subdivision. There is a continuing risk and possibility of flooding from surface and storm water runoff from upslope properties.

According to the County of Maui Multi-Hazard Mitigation Plan Update, dated August 2015, 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: coastal erosion; dam and reservoir failure; drought; earthquakes; floods; high surf; high wind storms; landslides;

debris flows and rockfalls; tropical cyclones; tsunamis; volcanic hazards; lava; vog (volcanic gas); and wildfire.

The Subdivision has located within it or adjacent or nearby it, electrical lines, retention basins, utility poles and other utilities which may cause odors, interference with views, television and radio reception and which may have adverse health effects. The Subdivision will have street lights.

(b) Agricultural Uses. The Subdivision was formerly used for the cultivation of pineapple and/or other agricultural crops. Agricultural chemicals that were approved for use but that could pose risks to human health in the event of exposure were likely used in connection with such prior agricultural activities, and residues of such chemicals may still exist in the soils of the Subdivision property. The Lots may be subject to a continuing risk of hazard or nuisance attributable to those historical uses. Purchasers are advised that black plastic and other drip irrigation equipment related to such prior use may exist on the Lots. In addition, the Subdivision is adjacent to, nearby, or in the general vicinity of lands that were, are or in the future may be actively used for livestock grazing and the growing, harvesting, or processing of sugarcane, pineapple, and other agricultural products. These agricultural activities may, from time to time, result in smoke, dust, noise, heat, earthshock, soot, ash, odor, noxious vapors, agricultural chemicals (including pesticides and herbicides), particulates, and/or similar substances and nuisances being brought upon or affecting the Subdivision and the Residential Lots.

(c) Wildlife. The area in the vicinity of the Subdivision has a population of deer that could bark and make obnoxious noises during the course of the day, including during the early hours of the morning and late at night. Such deer may also eat vegetation within the Subdivision. Coqui frogs, which can create loud noises, have been spotted on Maui and may at some point be found in and around the Subdivision. Each Buyer will be assuming all risks pertaining to wildlife in and around the Subdivision.

(d) High School. King Kekaulike High Schools is approximately 1/10 mile from the Subdivision. As a result activities at the High School, there will be additional noise, vehicular traffic, and lights in and around the Subdivision.

(e) Civil Defense Siren. A civil defense siren is planned to be installed on or in the vicinity of Lot 20 shown on the File Plan, but the location has not yet been determined. Purchasers should expect additional deafening noise in the Subdivision when the siren is installed and used for monthly testing and during emergencies.

16. **Date of Completion and Responsibility for Construction and Maintenance of Existing and Proposed Improvements**

Subdivider is selling the Lots in the Subdivision without any improvements on them, except for a vinyl fence with rock columns Subdivider intends to install within the Easement L-1 and L-2 on Lots 11, 12, 13, 14, 15, 16, 19 and 20 (the "Screening Fence"). Generally, existing vegetation and fencing will be left on the Lots, but the Subdivider will grub and grade certain areas and remove portions of fences in connection with its

construction of the Subdivision's roadways, drainage facilities and other improvements. Subdivider will construct roadways and install street lights at intersections, fire hydrants, potable and nonpotable water distribution lines, and electrical, cable and telephone lines in accordance with County approved construction plans. Subdivider will install these utility lines to a location at the street adjacent to the boundary of each Lot to the extent necessary to adequately service each Lot. Subdivider estimates that the cost of these improvements will be approximately \$7,500,000. Purchasers are responsible for grading their Lots, installing all connections, lines, wires, transformers and pipes within their respective Lots, and for constructing all improvements within the Lots.

As of the date of this report, the estimated completion date for these Subdivision improvements is October 2018. This estimated completion date is subject to change due to weather, permitting delays outside of the Subdivider's control, natural disasters, the timing of construction commencement (which is subject to certain contingencies in the Lot sales contract), or other factors, so purchasers should anticipate the possibility of delays. Access to and construction on Lots will be restricted until the improvements are completed.

Upon dedication of the Subdivision improvements, Maui Electric Company, Limited will generally be responsible for maintaining the electrical lines and other public utility vendors will generally be responsible for maintaining the communication and cable lines. The Roadway Lots will be conveyed to the Association after completion and will be maintained by the Association after acceptance. Until such time, internal roadways will be maintained by the Subdivider.

The Association shall be responsible for the maintenance of the Screening Fence as a common expense; provided, however, if the Board of the Association elects to stop maintenance of the Screening Fence, each such Lot Owner shall be solely responsible for the maintenance of the fence located on such Owner's Lot.

17. **Electricity, Telephone, Gas, Cable Television**

The electrical, cable and telephone systems will be underground with service provided along the Subdivision's internal roadways. These lines will be installed to a location at the street adjacent to the boundary of each Lot.

Each Purchaser will be responsible for installing electrical, cable, and telephone lines within each Lot. Maui Electric Company, Limited and the other public utility vendors will not commit in advance to the specific hook-up fees they will charge to Purchasers because the charges will be dependent on a number of factors.

A centrally distributed gas service system will not be installed in the Subdivision. Purchasers, however, may contract directly with Hawaii Gas to install gas tanks on their respective Lots. According to Hawaii Gas, it will charge approximately \$675 to install a 124 gallon tank and approximately \$6.50 per gallon (plus tax) to fill the tank with fuel.

By signing a sales contract, Purchaser acknowledges that Subdivider makes no representations that Lot owners can enter into a net metering arrangement with Maui Electric Company, Limited. Purchasers should contact Maui Electric Company, Limited directly to determine whether a net metering arrangement in the Subdivision is possible.

18. **Type of Mail Service**

Mail service will be provided via gang mailbox. The nearest post office is located approximately one-half mile from the Subdivision.

19. **Fire and Police Protection**

The County of Maui provides fire and police protection. The subdivision is located approximately one-half mile (0.5) mile from the Makawao Fire Station with a response time of between 1 and 2 minutes. The Makawao Police Substation is located approximately 2 miles from the subdivision. Estimated police response time is approximately 3 to 4 minutes. Fire hydrants installed in the Subdivision will meet County of Maui standards for residential use.

20. **Public Transportation**

The County Bus provides public ground transportation with stops in Pukalani, the nearest being approximately 7/10 (0.7) mile from the entrance to the Subdivision. The Kahului Airport is located approximately 10 miles from the Subdivision.

21. **Schools**

Students in grades K-5 will attend Pukalani Elementary School which is located approximately one-half (0.5) mile(s) from the subdivision. Samuel Enoka Kalama Intermediate School serves students from grades 6-8 and is approximately 1.5 miles from the Subdivision. King Kekaulike High School serves grades 9 through 12 and is approximately 1/10 mile from the subdivision. Carden Academy of Maui, Haleakala Waldorf School, Kamehameha School, Seabury Hall, are private schools, located approximately within a 5 miles radius of the Subdivision.

22. **Shopping Facilities**

Pukalani Terrace Shopping Mall is located approximately 1.5 miles from the Subdivision and Queen Kaahumaanu Center is approximately 11 miles away.

23. **Hospitals or Medical Facilities**

Maui Memorial Medical is located approximately 11 miles away in Wailuku and is the only acute care hospital on Maui. Ambulance service is dispatched from Kula Hospital and Clinic located approximately 5 minutes from the Subdivision.

24. **Terms and Provisions of Sale**

Subdivider is selling the Lots in the Subdivision without any dwellings. Upon selection of a Lot and execution of a sales contract, purchaser must pay an initial deposit which will be held in escrow pending compliance with the terms of the sales contract. Purchaser will be required to pay the full balance of the purchase price together with other sums owed under the sales contract on or before the closing date, including without limitation, a start-up fee in the amount of \$450.00 to the Association and one month of estimated Association dues (currently estimated to be \$250.00).

If the Purchaser defaults under the sales contract, Subdivider may cancel the sales contract and retain Purchaser's deposit, in addition to other legal remedies including a suit for damages and a suit for specific performance, with Purchaser paying all litigation costs.

If Subdivider defaults under the sales contract, and Purchaser is not then in default of the sales contract, Purchaser may cancel the sales contract and receive a full refund of all deposits plus liquidated damages in the amount of \$5,000, as buyer's sole remedy.

By signing the sales contract, the Purchaser waives any right to sue and agrees to mediate and arbitrate any "Dispute" as defined in the sales contract. This means that the Purchaser is giving up any rights Purchaser might possess to have a dispute litigated in a court or by jury trial.

The Subdivider's obligation to sell a Lot to the Purchaser is conditioned on the Subdivider entering into binding sales for at least 25 Lots. If this condition is not met or waived by the Subdivider by June 30, 2017, either Purchaser or the Subdivider may cancel the sales contract.

The risk of loss to a Lot will transfer from the Subdivider to the Purchaser at the closing of the sale of the Lot, even though it is possible that the Subdivider will be continuing construction activity on the Lot after Closing. Ongoing construction on the Lot or at the Subdivision will not affect the Purchaser's obligation to make the payments required by the sales contract, or to close the purchase of a Lot.

Closing may occur prior to the Subdivider's completion of roadway, utility and other improvements serving the Subdivision, including purchaser's Lot.

Even though the Purchaser has paid for a Lot and the sale has closed, the Purchaser may not enter, occupy, rent, lease, or construct improvements on the Lot, and water and other utility services will not be available to the Lot, until the Subdivider notifies the Purchaser that the improvements to be made by the Subdivider are complete.

The Subdivider may, in its sole discretion, offer short term Agreements of Sale or Purchase Money Mortgages in connection with the sale of Lots in the Subdivision.

Upon the execution of the sales contract by Subdivider and a Purchaser, the sales contract will be binding upon the parties, subject to the Purchaser's rescission rights pursuant to Chapter 484, Hawaii Revised Statutes, as amended. A purchaser's rescission rights include, for example, the right to cancel a sales contract within seven (7) days after the purchaser receives an amended public offering statement.

25. **Existing or Proposed Association of Lot Owners.**

All owners of Lots in the Subdivision will automatically be members of the Kualono Homeowners Association, a Hawaii non-profit corporation (the "Association") and are entitled to one vote for their Lot in all matters subject to a vote of the Association's members. Members will elect the board of directors of the Association. As described above, the purpose of the Association will be to own, maintain and manage the Roadway Lot, the Heiau/Retention Basin Lot, and certain other improvements. As provided in Section 8 of the Declaration, all Lots existing at the time the Board determines the amount of assessments for common expenses shall be subject to equal per Lot assessments that shall be paid in twelve (12) monthly installments. If any two (2) or more Lots are consolidated, the assessments for common expenses attributable to the resulting Lot shall be equal to the amount that would have been assessed against the Lots that were consolidated. Such assessments shall generally be determined based on an Association budget that is to be set annually. All prospective purchasers are encouraged to review the most recent Association budget.

Subdivider or the Association (through its board of directors) will manage the funds and determine how they are used. Because the Subdivision is currently under construction and the Association has not yet been formed, all purchasers should be aware that initial Association budgets and assessments are likely to change over time. The funds will be deposited at a depository located in the State of Hawaii, federally insured in that depository, and will not bear interest.

26. **Escrow or Trust Agreement**

Subdivider has entered into an escrow agreement with Title Guaranty Escrow Services, Inc. ("Title Guaranty") for the sale of Lots in the Subdivision. Title Guaranty's Maui address is 80 Puunene Street, Kahului, Hawaii 96732. The escrow agreement will cover, among other things, the handling of Purchasers' funds and the closing of the sale of Lots in the Subdivision. Subdivider will require that all transactions for the sale of Lots in the Subdivision be escrowed at Title Guaranty.

27. **Road Maintenance Fund**

It is currently anticipated that there will be no special road maintenance fund for the maintenance of the Roadway Lots. It is intended that the Roadway Lots will be conveyed to and maintained by the Association as part of the common areas of the Subdivision, under the terms of the CC&Rs. Purchasers will contribute to the costs of operating and maintain the Roadway Lots through their payment of assessments to the

Association. All decisions concerning the Roadway Lots would be made by the Board of Directors of the Association.

28. **Hawaii Real Estate Agent**

Subdivider's real estate agent for the sale of lots in the subdivision is CBIP, Inc., a Hawaii corporation, dba Coldwell Banker Island Properties, whose address and telephone number is 444 Hana Highway, Unit A1, Kahului, Hawaii 96732, 808-442-7500.

29. **Name and Address of Agent to Receive Service (out-of-state applicants only)**. Not applicable.

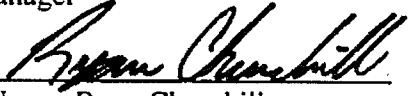
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THIS SUBDIVISION HAS BEEN REGISTERED WITH THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS, STATE OF HAWAII ON JULY 26, 2016. REGISTRATION DOES NOT INDICATE APPROVAL OR DISAPPROVAL OF THE SUBDIVISION.

HANOHANO LLC

By: Separate Maui Investment, LLC,
a Washington limited liability company
Its Manager

By: JSG Separate Management, Inc.,
a Washington corporation,
Its Manager

By: 
Name: Ryan Churchill
Its: Vice President

"Subdivider"

THIS PUBLIC OFFERING STATEMENT MUST BE GIVEN TO EACH PURCHASER AT THE TIME OF SALE AND A RECEIPT THEREOF MUST BE TAKEN. EACH PURCHASER MUST ALSO BE GIVEN AMPLE OPPORTUNITY TO READ THIS PUBLIC OFFERING STATEMENT. THE SALE OF SUBDIVISIONS IN HAWAII IS GOVERNED BY CHAPTER 484, HAWAII REVISED STATUTES.

EACH PURCHASER HAS A SEVEN- (7) DAY PERIOD AFTER SIGNING A CONTRACT TO PURCHASE SUBDIVIDED LANDS FROM THE SUBDIVIDER TO RESCIND THE CONTRACT AT NO PENALTY TO THE PURCHASER.

EXHIBITS

1. File Plan No. 2488

