

LEASEHOLD SUMMARY

RESIDENTIAL GROUND LEASE DISCLOSURE AND SUMMARY

FOLLOWING IS A SUMMARY OF THE MAJOR PROVISIONS OF THE UNIT LEASE FOR THE PROJECT. THE PURPOSE OF THIS SUMMARY IS TO:

- 1.) Provide the Buyer with a basic understanding of the Lessee's (Buyer) obligations under the lease.***
- 2.) Partially satisfy the Seller's legal obligations to the Buyer as required by Hawaii Revised Statutes (HRS 516D-11 or HRS 516-71).***

IF THERE ARE ANY DISCREPANCIES BETWEEN THIS SUMMARY AND THE TERMS OF THE RECORDED LEASE, THE RECORDED LEASE PREVAILS.

MAJOR PROVISIONS OF THE UNIT LEASE

SUBJECT PROPERTY

CONDOMINIUM PROJECT: MAUI SANDS

UNIT #: 1H TMK: 2-4-4-1-52 CPR: 8

UNDIVIDED COMMON INTEREST: 1/56th

(Reference: Page 1 and 2. Also see Preliminary Title Report)

SELLER

FEDERAL NATIONAL MORTGAGE ASSOCIATION

LESSORS

**Robinson Maui Sands Partnership and the
Pioneer Mill Company, Limited**

DATE OF ORIGINAL LEASE: January 4th, 1966

Note: The Lessors above are the original Lessors named in the original master leases. The Lessors' interest in the leases may have been assigned or otherwise transferred to another party at some time after the date of the leases. The above Lessors may not be the current Lessors. *This Leasehold Disclosure does not warrant the insurable interest of the Seller and Lessor.*

(Reference: Page 1 of the Apartment Sublease. To verify the insurable interest of the Seller and Lessor, refer to the Preliminary Title Report)

TERM OF LEASE

January 4th, 1966 through June 30th, 2037

(Reference: "To Have and to Hold" page 5 of the Apartment sublease Modified by the Amendment of Sublease dated April 25th, 1988, page 3)

FIXED PERIODS OF LEASE RENT

December 20th, 1965 to December 31st, 1970 monthly rent is 1.9323% of \$1022.48

January 1st, 1971 to June 30th, 1982 monthly rent is 1.9323% of \$1897.40

July 1st, 1982 to June 30th, 1992 monthly rent is 2.89845% of 1/12 of
the annual rent proscribed by the Robinson and Pioneer Mill Leases.

July 1st, 1992 to June 30th, 2002 monthly rent is 2.41538% of 1/12
of \$30,169.20 plus 1/12 of the annual rent established under the Robinson lease.

January 1st, 1987 to June 30th, 2037 monthly rent of \$ 8.05 in addition to other
rents outlined in the sublease (See page 7, "fifth" and "sixth" items in Amendment to
sublease dated 4/25/88)

July 1st, 2002 to June 30th, 2012 monthly rent is 2.41538% of 1/12 of the
annual rent established for the Robinson and Pioneer Mill leases for the period.
(Current lease rent is \$620.52 monthly including GET tax)

July 1st, 2012 to June 30th, 2017 monthly rent is 2.41538% of 1/12 of the
annual rent established for the Robinson and Pioneer Mill leases for the period.

July 1st, 2017 to June 30th, 2027 monthly rent is 2.17384% of 1/12 of the
annual rent established for the Robinson and Pioneer Mill leases for the period.

July 1st, 2027 to June 30th, 2037 monthly rent is 2.17384% of 1/12 of the
annual rent established for the Robinson and Pioneer Mill leases for the period.

(Reference: Pages 4,5,6,7 Amendment to the Apartment Sublease dated 4/25/88 and effective 1/1/1987)

RENEGOTIATION DATES OF THE LEASE RENT

The lease rent will be renegotiated for the following periods for each lease.

Robinson Lease

January 1st, 1971
January 1st, 1981
January 1st, 1991 to June 30th, 2002
July 1st, 2002 to June 30th, 2012
July 1st, 2012 to June 30th, 2017
July 1st, 2017 to June 30th, 2027
July 1st, 2027 to June 30th, 2037

Pioneer Mill Lease

July 1st, 1982
July 1st, 1992 to June 30th, 2002
July 1st, 2002 to June 30th, 2012
July 1st, 2012 to June 30th, 2017
July 1st, 2017 to June 30th, 2027
July 1st, 2027 to June 30th, 2037

(Reference: Page 4. Amendment of Apartment Sublease dated 4/25/ 1988 and effective January 1st, 1987)

WHEN LEASE PAYMENTS ARE DUE

Equal monthly payments are payable (net of all gross income and excise taxes) in advance on the first day of each month.

(Reference: Pages 4 and 5 of the Apartment sublease)

PROCEDURE TO CALCULATE RENEGOTIATED LEASE RENTS

MUTUAL AGREEMENT: Lessor and Lessees, through the Association, must first try to agree on the renegotiated lease rents. If an agreement cannot be reached, the renegotiated lease rents will be determined by three competent and impartial real estate appraisers. The cost of the appraisal will be shared equally by the parties, except that each party shall pay for their own appraiser, attorney and witness fees. The selection of the appraisers and the calculation of the renegotiated lease rents will be determined as follows:

HOW APPRAISERS ARE APPOINTED: Lessor and Lessee, through the Association, will each choose a qualified appraiser. If either party fails to choose an appraiser, the party who has chosen an appraiser may request that a judge of the Circuit Court choose an appraiser. The two appraisers will then choose a third appraiser. The three appraisers will calculate the fair market value of the land. A decision by a majority of the appraisers will be final and binding upon the parties.

RENEGOTIATED LEASE RENT FOR THE PROJECT: The appraisers will determine the fair market value of the land of the project as if it were vacant without any buildings or other improvements. The annual renegotiated lease rent for the project will be equal to the fair market value of the land multiplied by six percent (6%). However, the lease rent in any year of a renegotiated rental period will not be less than the lease rent of the immediately preceding rental period.

LESSEE'S PROPORTIONATE LEASE RENT: Lessee's renegotiated lease rent will be equal to the total renegotiated lease rent for the project multiplied by Lessee's undivided common interest.

(Reference: See Robinson and Pioneer Mill leases and amendments)

SURRENDER PROVISIONS AT THE END OF THE LEASE

Lessee will return all the land to Lessor at the end of the lease term or upon earlier termination of the lease. Lessee together with the other apartment owners (the Association) may remove or dispose of the buildings and other improvements on the land. If the buildings and other improvements are not removed or disposed of, the Association will deliver possession of and title to the buildings and improvements to the Lessor in good condition.

(Reference: See #15 of the Apartment sublease, pages 13 & 14.)

NOTE: THIS CONCLUDES THE MANDATORY LEASEHOLD DISCLOSURE AS REQUIRED BY HAWAII STATE LAW. The above Disclosure Summary is not a complete analysis of the lease for this unit. For other terms and conditions regarding this unit lease, read the recorded lease copy for your unit (see next section) or consult with your attorney.

DATE OF THIS DISCLOSURE: September 8, 2011