

EXHIBIT "B"

Modifications

1. The ~~Makila Kai~~ Affordable Housing Project ("Project") approved by this resolution and the exemptions set forth in Exhibit "A" shall all lapse and become void if:
 - a. By the end of 180 days from the effective date of this resolution, ~~Makila Kai~~ LLC has failed to receive the Maui County Council's approval of a State Land Use District Boundary Amendment from Agricultural District to Rural District, for the approximately 14.594 acres of land for the 25 residential workforce housing units, as depicted in the Application; or
 - b. Construction of the Project has not started within two years of the adoption of this resolution. Start of construction shall mean the visible start of grading, pursuant to a valid grading permit as needed for the development of the 14.594 acres containing the 25 residential workforce housing units.
2. The Developer shall act in good faith and with its reasonable best efforts to complete construction of all 25 residential workforce housing units on the 14.594 acres, with all related roads and infrastructure, not later than five years from the effective date of this resolution.
3. The height of all buildings, including but not limited to the 25 residential workforce housing units and all homes to be constructed on lots sold at market prices, shall be limited to one story.
4. The Developer shall develop all workforce housing units before or concurrently with the development of homes on the 24 market-rate lots.
5. The Developer shall develop a well for non-potable water for irrigation with a yield sufficient to meet the non-potable water demand of all 49 lots. Market-rate lots shall absorb the costs of the non-potable water system. Said yield shall serve the project either directly or by dedication to Launiupoko Irrigation Co. in order to alleviate any project impact in Kauaula Stream flows. The County of Maui shall have the right to deny the issuance of building permits for homes on the market-rate lots if and as long as the Developer is in breach of this modification.
6. The Developer shall record in the Bureau of Conveyances of the State of Hawaii restrictions permanently providing for the following:

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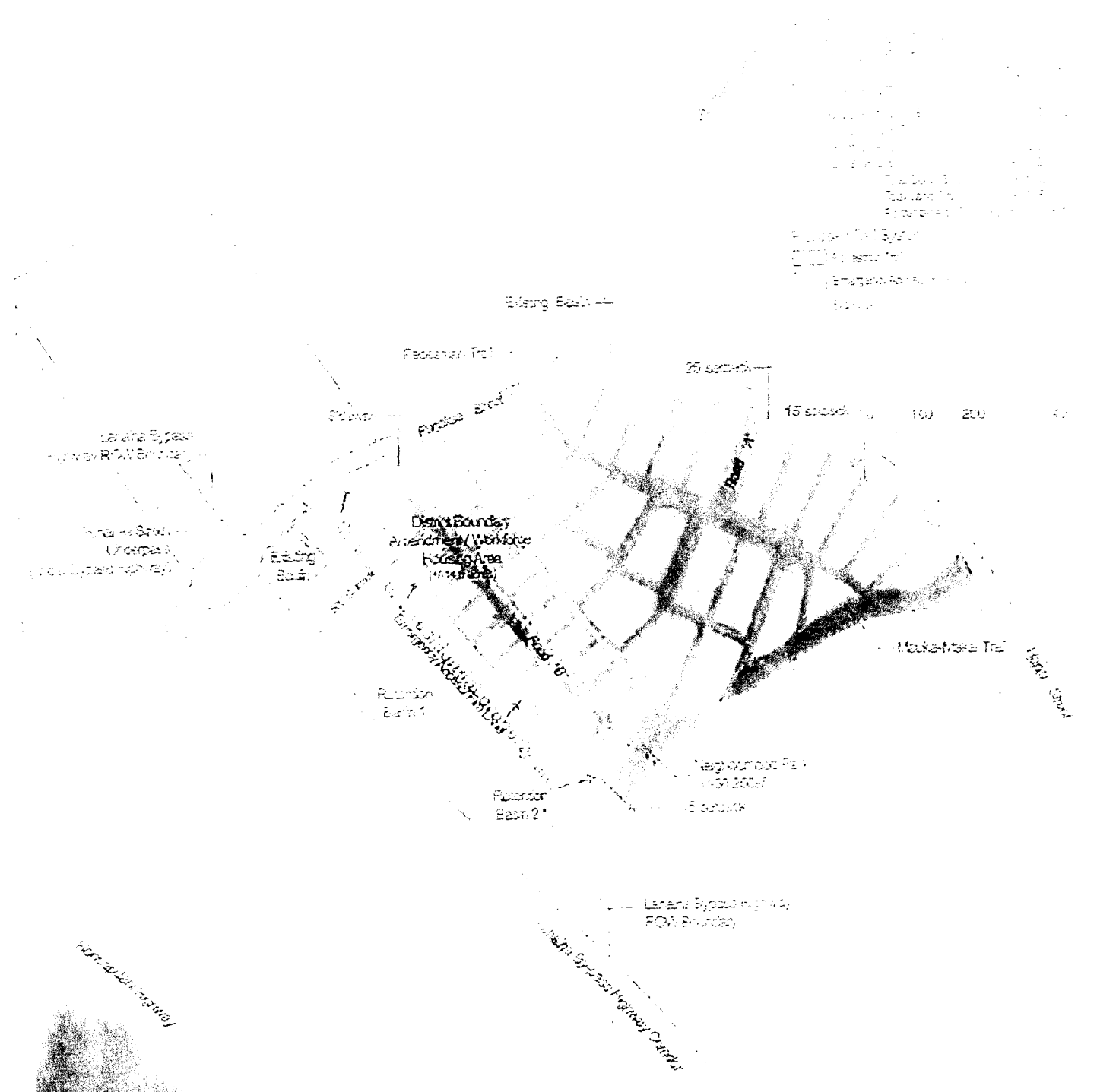


FIGURE 9
Conceptual Master Plan
Makila Kai

EXHIBIT A-1



- a. The residential workforce housing units shall by deed restriction be owner occupied for a period of 30 years; provided, however, that if no loans are approved due to the 30-year deed restriction, the Developer may request of the Council of the County of Maui, via resolution, an adjustment of the deed restriction. The Developer shall not sell the units at market rate.
 - b. Condominium conversion or further subdivision of any of the 49 lots in the Project is prohibited.
 - c. Use or operation of any dwelling on the 49 lots for transient or short-term rentals, including any rental for a term of less than 180 days, is prohibited. *month-to-month; not allowed?*
 - d. Each individual wastewater system shall be constructed and operated strictly in accordance with all applicable laws and regulations, including Section 11-62-31.1 of the Hawaii Administrative Rules, governing general requirements for individual wastewater systems.
 - e. Each individual wastewater system shall be pumped every three to five years and properly maintained.
 - f. The maintenance schedule for each individual wastewater system shall be managed and enforceable by the homeowners' association established for the 49 lots. Fines shall be collected by the homeowners' association if the maintenance schedule for individual wastewater systems is not followed by homeowners of residential workforce housing or market-rate units.
 - g. For an initial marketing period of 120 days, market-rate lots shall be offered to first-time home buyers only, as defined by the criteria set forth in Section 2.96.090(B)(5), MCC, which provides that, for a period of three years before the submittal of the ownership application, an applicant shall not have had an interest of fifty percent or more in real property in fee or leasehold in the United States, where the unit or land is deemed suitable for dwelling purposes, unless the applicant is selling an affordable unit and purchasing a different affordable unit that is more appropriate for the applicant's family size.
7. The construction of accessory dwellings shall not be prohibited by any restrictive covenant. Accessory dwellings shall comply with all applicable laws. However, only one wastewater disposal system shall be permitted on each of the 49 lots.

8. The Project shall comply with all applicable requirements of Chapter 2.96, MCC, and Chapter 201H, HRS.
9. The Project shall be developed in strict compliance with the representations made to the Maui County Council in obtaining approval of this Resolution, including the following:
 - a. The Project will be developed in conformance with the Rural District standards (RU-0.5) set forth under Section 19.29.020 MCC.
 - b. Internal Project roadways will be constructed to the Rural street standards as specified under Section 18.16.050, MCC.
 - c. The Developer shall implement and install traffic-calming measures on Road "B," as identified in Figure 9, ~~Makila Kai~~ Final Application for Workforce Housing Community.
 - d. The 49 lots shall be limited to residential and agricultural uses.
10. The Department of Housing and Human Concerns shall oversee the distribution of all affordable units via lottery. No affordable units shall be promised or pledged to applicants prior to such lottery.

No exemptions for market rate lots