

**AMENDMENT FIRST TO
DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME:	KAI ANI VILLAGE
PROJECT ADDRESS:	1367 and 1415 South Kihei Road, Kihei, Hawaii 96753-8107
REGISTRATION NUMBER:	6160
EFFECTIVE DATE OF REPORT:	September 14, 2007
MUST BE READ TOGETHER WITH DEVELOPER'S PUBLIC REPORT DATED:	Amended Developer's Public Report, effective date: July 24, 2007
DEVELOPER(S):	KAI ANI VILLAGE, LLC

Preparation of this Amendment

The Developer prepared this amendment pursuant to the Condominium Property Act, section 514B-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 514B-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desire to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

The law defines "material change" as used in parts IV and V of Chapter 514B, HRS means any change that directly, substantially, and adversely affects the use or value of (1) A purchaser's unit or appurtenant limited common elements; or (2) Those amenities of the project available for the purchaser's use.

The law defines "pertinent change" to mean, as determined by the commission, a change not previously disclosed in the most recent public report that renders the information contained in the public report or in any disclosure statement inaccurate, including, but not limited to (1) The size, construction materials, location, or permitted used of a unit or its appurtenant limited common element; (2) The size, use, location, or construction materials of the common elements of the project; or (3) The common interest appurtenant to the unit. A pertinent change does not necessarily constitute a material change.

The filing of an amendment to the Developer's Public Report or an amended Developer's Public Report, in and of itself, shall not be grounds for a purchaser to cancel or rescind a sales contract. A purchaser's right to cancel or rescind a sales contract shall be governed by section 514B-86 and 514B-87, HRS, the terms and conditions of the purchaser's contract for sales, and applicable common law.

This Amendment has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this amendment to the Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts, material changes, or pertinent changes about the project have been fully or adequately disclosed; and (3) is not the

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Commission's judgment of the value or merits of the project.

The law defines "material facts" to mean any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale.

This amendment may be used by the Developer for promotional purposes only if it is used with the last Developer's Public Report in its entirety.

Prospective purchasers and purchasers are encouraged to read this amendment carefully and to seek professional advice.

Summary of Changes from Earlier Developer's Public Report are Described Beginning on the Next Page

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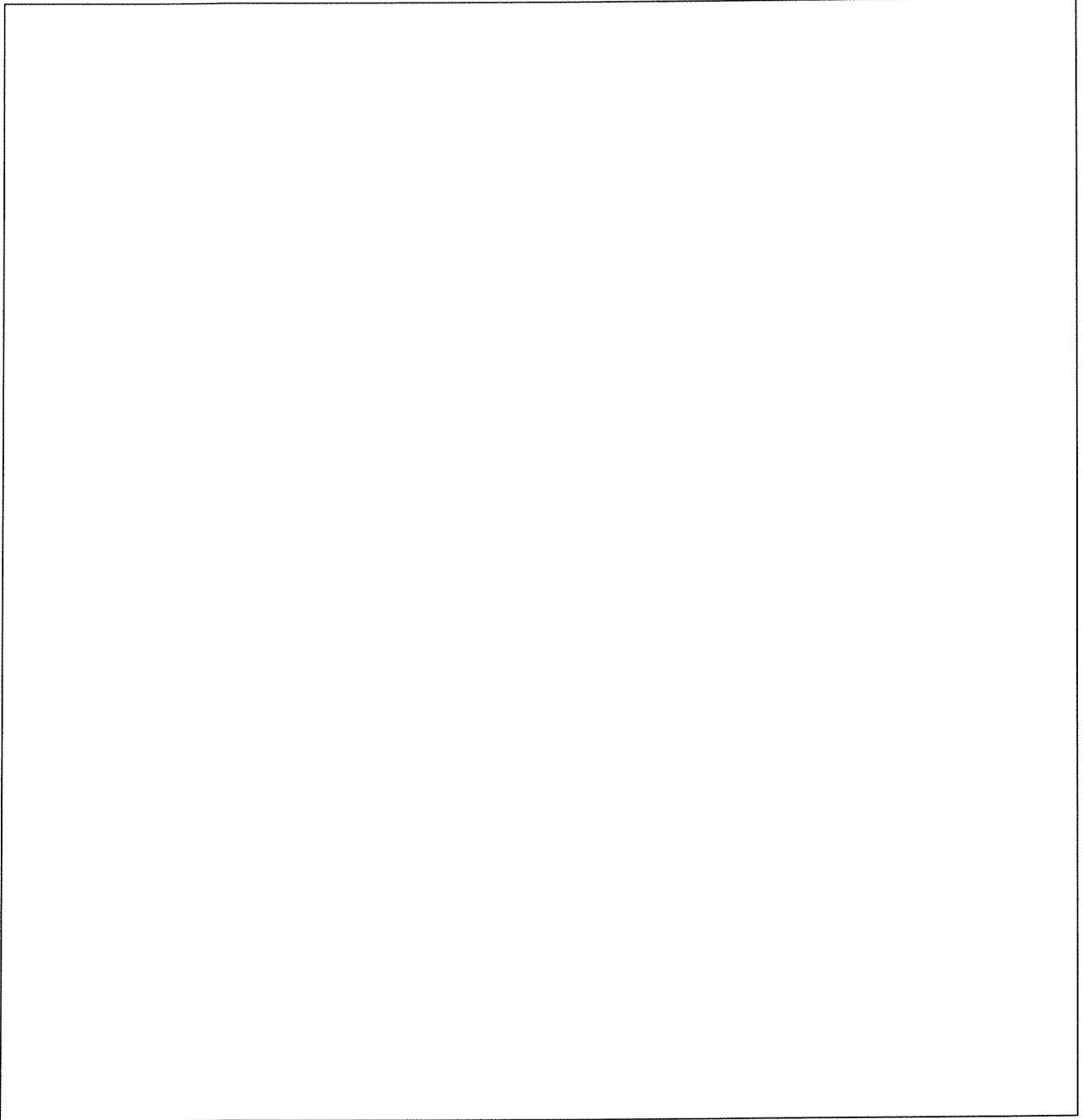
Summary of Changes from Earlier Developer's Public Report:

This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public Report with the effective date as noted on the top of page 1 if they wish to know the specific changes that have been made.

Changes made are as follows (include a description of what the change is and page number and or exhibit alphabet or number; additional pages may be used):

1. Revised Disclosure Abstract to include a summary of the limited warranty offered by the Project's general contractor with a description of the defects covered by the limited warranty, the term of the limited warranty and the procedures for submitting a claim under the limited warranty. Please see Tab 2, Exhibit L to the Public Report, pages 1-3.
2. Revised Condominium Purchase Agreement, Deposit Receipt & Contract (specimen) (Tab 8) to include a limited warranty offered by the Project's general contractor, specifically:
 - a. Page 5: includes an access easement for seller's contractor to correct defects or make repairs, renovations, modifications or other work that is required or necessitated under the general contractor's limited warranty.
 - b. Page 11: describes the general contractor's limited warranty.
 - c. Page 16: sets forth changes to the conditions and procedures for notice and the opportunity to cure construction defects.
3. Added Amendment to Project Broker Agreement, which amends the Project Broker Agreement dated February 13, 2007 by changing the amount of commission paid to brokers involved in the sale of units.
4. Added a disclosure of the possible addition of attached garages to certain units to page 18 of the Amended Developer's Public Report for a Condominium, such changes being contingent upon Maui County's approval of building plans containing such changes.
5. Added a disclosure that the Developer is planning to fractionalize interests in certain units in the Project; the first fractionalized units will be contained within Buildings 1 and 2.

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The Developer declares subject to the penalties set forth in Section 514B-69, HRS that this project continues to conform to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a) (13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report as amended, and, if purchaser deposits are to be used by the Developer to cure any violation of zoning permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report as amended, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report as amended and the exhibits attached to this report (if any) as amended and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report as amended to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report as amended at least 30 days prior to the anniversary date of the effective date of this report.

KAE AVE VILLAGE, LLC
Printed Name of Developer

Todd Leibl
Duly Authorized Signatory*

August 14, 2007
Date

TODD LEIBL PRESIDENT
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

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6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

- A. Special Management Area Use Permit. Purchasers are notified that the Project is subject to a Special Management Area Use Permit, SM1 2005/0019, dated January 13, 2006 (the "SMP"), which contains conditions that must be satisfied for the granting of the SMP. The majority of these conditions apply when construction of the Project is underway and, accordingly, these conditions remain unfulfilled as of the effective date of this Report. However, the Developer will comply with these conditions as and when appropriate during the course of construction. A brief description and status of the unfulfilled conditions specific to the Project are noted below. If purchasers would like further information as to the specific conditions that remain outstanding or the standard conditions that must be observed or performed, a full copy of the SMP is on file with the Real Estate Commission and is available from the Developer. The following unfulfilled conditions specific to the Project remain:
1. The Declarant will comply with all applicable State of Hawaii and Maui County laws, statutes, codes, rules and regulations. The Declarant will comply with this condition.
 2. Compliance with Department of Health dust control standards. The Declarant will comply with this condition.
 3. Meet all affordable housing requirements set forth in the letter from Maui County Department of Housing and Human Concerns dated December 12, 2005. The Declarant has already complied with most of these requirements and will fulfill the remaining requirements as appropriate.
 4. Fulfillment of all of the provisions of the Settlement Agreement between the Developer and Kihei Kauhalenani Community Association. The Developer has already complied with some of these provisions and will fulfill the remaining requirements as appropriate.
- B. Flood Zones. The Project is located in two flood zones: (1) flood zone C (minimal flooding) and (2) flood zone AH with an elevation of six (if there is a 100 year flood there could be flooding up to six feet).
- C. Wetlands and Drainage Improvements. There are wetland areas located on the southern boundary of the Project, as more specifically shown on Exhibit "A", attached to the Settlement Agreement by and between the Developer and Kihei Kauhale Nani Community Association dated January 9, 2006 (the "Settlement Agreement"), which Settlement Agreement is attached as Exhibit 2 to the SMP, a full copy of which is on file with the Real Estate Commission and is available from the Developer (the Wetland areas shown on such Exhibit "A" will be referred to as the "Wetlands"). The Settlement Agreement was entered into for purposes of mitigating potential drainage impacts within the coastal zone management area to the Kihei Kauhale Nani Planned Unit Development, which drainage is facilitated by the Wetlands. Pursuant to the Settlement Agreement, the Developer has agreed to: (1) construct a 6-foot high boundary wall as shown on Exhibit "A" to the Settlement Agreement; (2) maintain a drainage way over and through the Project that is approximately eighteen feet wide, as shown on Exhibit "B" of the Settlement Agreement, that primarily consists of areas of the Wetlands; (4) install two box culvert drainage systems through and over the Project to accommodate a portion of off-site runoff, as shown on Exhibit "C" of the Settlement Agreement; and (3) grade the non-wetland areas designated on Exhibit "C" of the Settlement Agreement to match the ground elevation of the Wetlands (collectively, the "Drainage Improvements"). The Drainage Improvements will be constructed at the Developer's expense during construction of the Project, but will be part of the common elements of the Project to be subsequently maintained and controlled by the Project's Association of Unit Owners. Other than the Drainage Improvements, the Developer will not construct buildings or other improvements on the Wetlands.

- D. Possible Future Changes to Project. The Developer is planning to add attached garages to certain units, contingent upon Maui County approval of the building plans containing such changes. Adding such garages may necessitate the following changes to the project documents: (1) reassignment of certain parking stalls; (2) amendment of the condominium maps to show location of attached garages, (3) relocation or redirection of certain common elements, including but not limited to roads, sidewalks, landscaping, curbing and walls and (4) recordation of an amendment to the declaration reflecting the above changes.

- E. Fractionalized Interest. The Developer is planning to sell fractionalized interests in certain units in the Project; the first fractionalized units will be contained within Buildings 1 and 2, the two residential buildings closest to South Kihei Road. Such fractionalized interests will be for periods of 180 days or more, so there will be no more than two (2) fractionalized interests available for each unit. The Developer is planning to record declarations against such units that will govern and create a plan for the use and occupancy of such units.

EXHIBIT "L"

Kai Ani Village

Disclosure Abstract

Date: August 14, 2007

Name and Address of Project: Kai Ani Village
1367 and 1415 South Kihei Road
Kihei, Maui 96753-8107

Developer: Kai Ani Village, LLC
25 N. Santa Anita Avenue, Suite A
Arcadia, California 91006
Phone No.: (626) 447-3121

Real Estate Broker: McEntire Realty, LLC
161 Wailea Ike Place, Suite C-104
Wailea, Hawaii 96753
Phone No.: (808) 874-8688

Managing Agent: Shore to Shore Realty, Inc.
331 Ho'okahi Street, Suite 202
Wailuku, Hawaii 96793
Phone No.: (808) 244-7142

Monthly Common Expenses and Monthly Estimated Costs for Each Unit: Exhibit "1" sets out the estimated monthly common expenses and estimated costs for the year.

DESCRIPTION OF LIMITED WARRANTIES:

1. Not later than the Date of Closing of the purchase of the Unit, the General Contractor, Betsill Brothers Construction, Inc. ("Contractor") shall issue to Owner a limited warranty relating to the construction of the Unit. The following is a brief summary of the Contractor's limited warranty and the separate manufacturer's warranties:

The Unit will be covered under a transferable LIMITED WARRANTY (the "Limited Warranty"). The Limited Warranty provides coverage for material construction defects that occur during the Limited Warranty Period and includes provisions limiting the responsibility and conditions under which it is valid or applicable. The Limited Warranty gives the Owner specific rights. Contractor's obligations under the Limited Warranty are expressly conditioned on prompt notification by Owner of any material construction defects as set forth in the Limited Warranty. In addition, the Limited Warranty does not cover certain construction defects that result, either

directly or indirectly from certain excluded causes or occurrences as set forth in the Limited Warranty.

- (a) Limited Warranty Period. The coverage of the Limited Warranty begins on the date Maui County issues a certificate of occupancy on the building containing the Owner's unit and the coverage of the Limited Warranty expires one (1) year from the Date of Closing on the Owner's unit or fourteen (14) months after such certificate of occupancy is issued, whichever event occurs earlier.
 - (b) Claim Procedure for Limited Warranty. If any defect appears during the Limited Warranty coverage period, which Owner believes should be covered by the Limited Warranty, Owner must deliver a Notice of Claim describing the damage and structural component to be repaired to the Contractor by e-mail or facsimile to: Betsill Brothers Construction, Inc., Attn: Johnnie Blevins; e-mail: warranty@betsillbuilder.com, facsimile no.: 808-874-6627. Such notices must be delivered to Contractor within the Limited Warranty coverage period.
2. Manufacturers' Warranties. Seller will assign and pass through to the Owner any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances that are part of the Unit, for their unexpired terms, to the extent such warranties exist and to the extent that Seller has the right and power to make such an assignment. Owner shall follow the procedure set forth in the manufacturer's warranty if any defects should appear in that item, and any service request should be made directly to the service representative for the manufacturer. Seller makes no representation or warranty with respect to the energy consumption of, or efficiency of, any appliance, equipment, or consumer product, or with respect to energy or utility costs.
3. Limitations of Warranty and Seller Liability. Except for the Limited Warranty and manufacturers' warranties described above, Seller makes no other warranties, express or implied, and SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP, AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE UNIT, OR THE PROJECT. SELLER SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY (REGARDLESS OF WHETHER SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES). NONE OF SELLER'S EMPLOYEES, SALESMEN OR OTHER AGENTS ARE AUTHORIZED TO MAKE ANY WARRANTY OTHER THAN THE LIMITED CONSTRUCTION AND MANUFACTURERS' WARRANTIES DESCRIBED IN THIS DISCLOSURE ABSTRACT, NOR CAN THEY EXTEND OR IN ANY WAY ALTER SUCH WARRANTIES.

IN WITNESS WHEREOF, the undersigned has executed these presents as of the date first above written.

KAI ANI VILLAGE, LLC, a Hawaii limited liability company

By Victory Development Hawaii, LLC,
a Hawaii limited liability company
Its Manager

By 
Name: TODD LEEBL
Its Manager