

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer SCD ML II, LLC
Business Address 1100 Alakea Street, 27th Fl., Honolulu, HI 96813
Project Name(*): Kulalani at Mauna Lani (Phase 3) (report covers 64 of 126 units)**
Address: 68-1118 North Kaniku Drive, Kamuela, HI 96743

Registration No. 6313
Effective date: May 22, 2007
Expiration date: February 22, 2008

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the: Preliminary Public Report dated: Final Public Report dated: Supplementary Public Report dated:
And Supersedes all prior public reports. Must be read together with This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 1297 / 0298 / 0800 / 0203 / 0104 / 0107

** The entire condominium project contains 126 apartments. A Final Public Report (Reg. No. 5589 dated 6/30/06) was issued on 48 apartments (Phase 1) and a Final Public Report (Reg. No. 6052 dated 4/23/07) was issued on 14 apartments (Phase 2). This Contingent Final Public Report covers the remaining 64 apartments as follows: 701-706, 801-806, 901-904, 1001-1006, 1101-1004, 1201-1206, 1301-1304, 1401-1406, 1501-1506, 1601-1606, 1701-1704 and 1801-1806. Developer shall obtain one or more separate Final Public Reports for these remaining apartments in the Project.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contract executed pursuant to this report are **binding on the buyer under those conditions specified immediately below** and in Part V. B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

- (1) The Developer will notify the Purchaser thereof by certified mail; and
- (2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information:

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	6
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	7
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	8
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	13
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Construction Warranties	16
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	17
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	18
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	20
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Rights Reserved for Developer	
EXHIBIT B: Special Use Restrictions	
EXHIBIT C: Boundaries of Each Apartment	
EXHIBIT D: Permitted Alterations to Apartments	
EXHIBIT E: Common Elements	
EXHIBIT F: Limited Common Elements	
EXHIBIT G: Calculation of Common Interest	
EXHIBIT H: Encumbrances Against Title	
EXHIBIT I: Estimated Maintenance Fee	
EXHIBIT J: Summary of Purchase Agreement	
EXHIBIT K: Summary of Escrow Agreement	
EXHIBIT L: Summary of Apartment Deed, Encumbrances and Reservations of Rights	
EXHIBIT M: Summary of Mauna Lani Resort Association Declaration of Covenants and Restrictions	

General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: SCD ML II, LLC Phone: (808) 537-5220
Name* (Business)
1100 Alakea Street, 27th Fl.
Business Address
Honolulu, Hawaii 96813

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):
Stanford Carr Development, LLC - Manager (whose managers
are Stanford S. Carr and Gary R. Phillips)

Real Estate Broker* : Pacific Island Realty, LLC Phone: (808) 521-4009
Name (Business)
1100 Alakea Street, 27th Fl.
Business Address
Honolulu, Hawaii 96813

Escrow Island Title Corporation Phone: (808) 531-0261
Name (Business)
1132 Bishop Street, Suite 400
Business Address
Honolulu, Hawaii 96813

General Contractor*: Metcalf Construction Company, Inc. Phone: (808) 331-0903
Name (Business)
73-4273 Hulikoa Drive
Business Address
Kailua-Kona, Hawaii 96740

Condominium Managing Agent*: Classic Resorts Limited Phone: (808) 885-5022
Name (Business)
68-1050 Mauna Lani Point Drive
Business Address
Kohala Coast, Hawaii 96743

Attorney for Developer: Char Sakamoto Ishii Lum & Ching Phone: (808) 522-5133
Name (Business)
841 Bishop Street, Suite 850
Business Address
Honolulu, Hawaii 96813
Attn: Carolyn M. Oshiro

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2005-194154
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 4079
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2005-194155
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	Majority of <u>the Board of Directors</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See Exhibit "A".

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. **Underlying Land:**

Address: 68-1118 N. Kaniku Drive Tax Map Key (TMK): (3) 6-8-22-7
Kamuela, Hawaii 96743

Address TMK is expected to change because _____

Land Area: 25.067 square feet acre(s) Zoning: RM-3

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[X] Pets: Certain pets allowed, subject to the House Rules. See also page 20 and Exhibit "B".

[] Number of Occupants: N/A.

[X] Other: See Exhibit "B".

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None. Stairways: None. Trash Chutes: None.

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>See page 11.a.</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Total Number of Apartments: 126*

* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit "C".

Permitted Alterations to Apartments:

See Exhibit "D".

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has ----- elected to provide the information in a published announcement or advertisement.

* Total is 126, but on 64 apartments covered by this Contingent Final Public Report.

6. Interior:

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Approx. Net Living Area (sf)</u>	<u>Approx. Net Other (sf/Identify)</u>	
A1	9	2/2.5	1,868	374 431 144	lanais garage private garden
A1 (reverse)	9	2/2.5	1,868	374 431 144	lanais garage private garden
A2	9	3/2.5	2,022	447 486 170	lanais garage private garden
A2 (reverse)	9	3/2.5	2,022	447 486 170	lanais garage private garden
B1	15	2/2	1,331	331 218	lanais garage
B1 (reverse)	15	2/2	1,331	331 218	lanais garage
B2	15	3/2.5	1,913	263 232	lanais garage
B2 (reverse)	15	3/2.5	1,913	263 232	lanais garage
B3	15	2/2.5	1,631	397 261	lanais garage
B3 (reverse)	15	2/2.5	1,631	397 261	lanais garage

Total Number of Apartments: 126**

* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

** Although the Kulalani at Mauna Lani condominium project contains a total of 126 apartments, this Contingent Final Public Report covers only the 64 apartments identified on Page 1 hereof (Phase 3). Developer shall later obtain one or more separate Final Public Reports for these remaining apartments in the Project.

7. Parking Stalls:

Total Parking Stalls:	<u>228</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u> <u>Open</u>	<u>Covered</u> <u>Open</u>	<u>Covered</u> <u>Open</u>	TOTAL
Assigned (for each unit)	<u>162*</u>	_____	_____	<u>162</u>
Guest	_____	_____	_____	_____
Unassigned	<u>64**</u>	_____	_____	<u>64</u>
Extra for Purchase	_____	_____	_____	<u>2</u>
Other: _____	<u>2</u>	_____	_____	_____
Total Covered & Open:	<u>228</u>	_____	_____	<u>228</u>

Each apartment will have the exclusive use of at least 1 or 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
 Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
 Swimming pool Storage Area Recreation Area
 Laundry Area Tennis Court Trash Chute/Enclosure(s)
 Other: exercise facility

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- There are no violations. Violations will not be cured.
 Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

N/A.

* Each Apartment in a Type A building (4-plex) includes an enclosed garage for 2 regular size cars. Each Apartment in a Type B building (6-plex) includes an enclosed garage for 1 regular size car.
 ** There are 64 open stalls - 57 of which are regular size and 7 of which are handicap size (including 1 van accessible stall).

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "E" .

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "F".

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit "G".

as follows:

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "H" describes the encumbrances against the title contained in the title report dated March 17, 2007 and issued by Island Title Corporation.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest will be terminated and Buyer may be entitled to a refund of deposit, less excrow cancellation fees.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:
Developer does not make any warranties for the Project, but merely intends to pass on any warranties made to it by the general contractor (or any other contractor, subcontractor or parties) for the Project to correct work found to be defective within the applicable period. Typically, the general contractor will provide a warranty for work found defective within 1 year after the date of substantial completion, which can start prior to the recordation of the deed to Buyer. A 10-year limited warranty regarding the structural element (as defined in the policy) and other additional warranties are also being provided, subject to limitations set forth in the policy. Buyers are encouraged to review and learn about these warranties.
2. Appliances:
Developer will pass on the manufacturer's warranties, if any, on the appliances included as part of the Apartment being conveyed.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Construction of the Project commenced around June 2005. Developer estimates, but does not guarantee, that Phase 3 of the Project will be completed by December 31, 2008, and that the Project, in its entirety, will be completed by December 31, 2008. Developer estimated this completion date using reasonable methods and current information. However, as is typical in construction projects, there are a number of circumstances which may require the extension of this estimated completion date, including but not limited to fire, earthquake, other acts of God, war or civil disturbances, litigation or threats of litigation, strikes or labor trouble, the unavailability or delay in obtaining necessary labor or materials, and other circumstances.

The Project will have access from North Kaniku Drive.

H. **Project Phases:**

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

N/A.

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer
- self-managed by the Association of Apartment Owners
- the Developer or Developer's affiliate
- Other: _____

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit "I" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None
- Electricity (Common Elements only Common Elements & Apartments)
- Gas (Common Elements only Common Elements & Apartments)
- Water
- Sewer
- Television Cable
- Other refuse

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit "J" contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated January 10, 2005, as amended.
Exhibit "K" contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Exhibit "L" contains a summary of the Apartment Deed.
Exhibit "M" contains a summary of the Resort Declaration of Covenants and Restrictions.

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Contingent Final Report or Supplementary Report to a Contingent Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Resort Declaration (Summary Exhibit "M").

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 6313 filed with the Real Estate Commission on April 24, 2007.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. Additional Information Not Covered Above

Mauna Lani Resort Association

Through the homeowners association, Purchasers are responsible for their share of assessments by the Mauna Lani Resort Association. The estimated assessments, levied monthly (and is included in the estimated maintenance fees in Exhibit I), are approximately \$102 per Apartment.

Recreation Complex Association

Purchasers are responsible for their share of assessments by the Recreation Complex Association. The estimated monthly expense is \$85 per Apartment.

Pets

As stated in the Bylaws and House Rules, certain pets are allowed to be kept in an Apartment and may be on the Project. However, pets may be prohibited in certain areas governed by the Mauna Lani Resort Association outside of the Project, which may change from time to time. Owners who have pets and have questions as to the location of these prohibited areas should contact the Mauna Lani Resort Association at 68-1310 Mauna Lani Drive, Suite 101, Kohala Coast, Hawaii 96743-9704, telephone (808) 885-6677 and review the Association's documents concerning the subject.

Separate Final Public Reports

As indicated on Page 1 hereof, this Contingent Final Public Report only covers 64 of the 126 apartments that comprise the Project. In other words, as a sales strategy, the Developer has opted to obtain one or more separate Final Public Reports for these remaining apartments of the Project. Each group of apartments subject to a separate Final Public Report shall be referred to in this paragraph as a "Sales Phase." Sales Phase 1, consisting of the first 48 apartments, has already been issued a Final Public Report (Reg. No. 5589 6/30/06). Sales Phase 2, consisting of 14 apartments, has already been issued a Final Public Report (Reg. No. 6052 4/23/07).

Purchasers shall therefore be aware that not all 126 apartments in the Project as described in the Contingent Final Report will be closing at or about the same time, but rather in sales phases over a period of time. Further, the Developer shall obtain one or more separate Final Public Reports for all of the apartments in the Project.

The Developer hereby discloses that although separate Final Condominium Public Reports will be issued for each Sales Phase of the Project, all 126 apartments shall comprise a single condominium project. In other words, the art of separating the various apartments into different Sales Phases does not create separate and distinct condominium projects. Accordingly, the common elements described in Exhibit "E" of this Condominium Public Report serve each of the 126 apartments. Purchasers should be aware, therefore, that a blanket lien which arises against the common elements will affect all of the apartments of the Project notwithstanding the fact that separate Final Condominium Public Reports have been obtain for each Sales Phase.

Maintenance and Start Up Fees

Exhibit "I" states the Estimated Maintenance Fee of all 126 apartments, including the 64 designated herein.

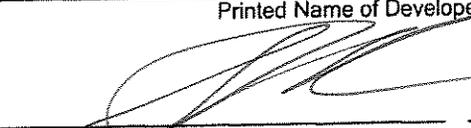
HRS 514B - New Condominium Law Codification

A new condominium law for the State of Hawaii will take effect as of July 1, 2006 and is codified as Hawaii Revised Statutes Chapter 514B ("HRS 514B"). The existing condominium law, found at Hawaii Revised Statutes Chapter 514A, will continue to be applicable to this Project, subject to certain sections being superceded by HRS 514B. Buyers should retain counsel to answer any questions they may have with regard to the affect HRS 514B will have on this Project.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers 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.

SCD ML II, LLC
BY: STANFORD CARR DEVELOPMENT, LLC
Its: Manager

Printed Name of Developer

By: 
Duly Authorized Signatory*

4/24/07

Date

STANFORD S. CARR, Manager

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii

Planning Department, County of Hawaii

**Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.*

EXHIBIT "A"

Rights Reserved by Developer

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the proposed Declaration. Capitalized terms have the same meaning as ascribed to such term in said Declaration.

- Reserved Right to Grant Easements.** This right is set forth in Article XIX of the Declaration. Developer has the right, to and until January 31, 2012, to delete, cancel, relocate, realign, reserve, designate, grant and receive any and all easements and rights of way over, under, through, across and upon the Common Elements (including the Limited Common Elements) and the Property deemed necessary or desirable in Developer's sole discretion for the Project or adjacent Projects, including but not limited to, easements and/or rights of way for utilities, cesspools, sanitary and storm sewers, cable television, telecommunications systems, refuse disposal, driveways, parking areas and roadways, provided that such easements and/or rights of way shall not be located on or within any existing structure of the Project and shall not be exercised as to unreasonably disturb, impair or interfere with the normal use and enjoyment of the Project by the Apartment Owners.
- Reserved Right to Alter, Subdivide and Consolidate Apartments.** This right is set forth in Article XX of the Declaration. Developer has the right at any time or times prior to January 31, 2012, to: (1) alter the floor plan of any Apartment which it owns at any time provided that the Common Interest appurtenant to the Apartment shall not change; (2) cause the subdivision of any Apartment which it owns at any time to create two (2) or more Apartments provided that the total Common Interest appurtenant to the newly created Apartments shall equal the Common Interest appurtenant to the original Apartment; and (3) convert certain portions of any existing Apartment to Common Element status to facilitate any subdivision provided that the total Common Interest appurtenant to the newly created Apartment(s) shall equal the Common Interest appurtenant to the original Apartment. Also, if Developer is the owner of any two Apartments separated by a party wall, floor or ceiling, the Developer shall have the right at any time or times prior to January 31, 2012, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to consolidate two or more Apartments and to alter or remove all or portions of the intervening wall, floor or ceiling at Developer's expense, and execute and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.
- Reserved Right to Reconfigure, Recharacterize or Redesignate Limited Common Elements.** This right is set forth in Article XXI of the Declaration. Developer has the right, but not the obligation, to amend the Declaration at any time or times prior to January 31, 2012, to reconfigure, recharacterize, and redesignate all or any portion of Limited Common Elements as may be appurtenant to an Apartment owned by the Developer as being Common Elements of the Project, and Developer may, without being required to obtain the consent or joinder of any Owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer.
- Reserved Right to Reconfigure, Recharacterize or Redesignate Common Elements.** This right is set forth in Article XXII of the Declaration. Developer has the right, but not the obligation, to amend the Declaration at any time or times prior to January 31, 2012, to reconfigure, recharacterize, and redesignate all or any portion of Common Elements as being a Limited Common Element appurtenant to an Apartment or Apartments, and Developer may, without being required to obtain the consent or joinder of any Owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer.
- Reserved Right to Convert or Redesignate Limited Common Elements as Appurtenant to Other Apartments.** This right is set forth in Article XXIII of the Declaration. Developer has the right, but not the obligation, to amend the Declaration at any time or times prior to January 31, 2012, to convert or redesignate all or any portion of certain Limited Common Elements as may be appurtenant to any Apartment owned by Developer, to another Apartment or Apartments, and Developer may, without being required to obtain the consent or joinder of any Owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer.

6. **Reserved Right to Convert and Redesignate Common Elements Parking Stalls.** This right is set forth in Article XXIV of the Declaration. Developer has the right, but not the obligation, to amend the Declaration at any time or times prior to January 31, 2012 to convert and redesignate all or a portion of the parking stalls (regular size uncovered and/or handicap size uncovered) which are designated as Common Elements of the Project (if any), from Common Elements to being a Limited Common Element appurtenant to an Apartment or Apartments and Developer may, without being required to obtain the consent or joinder of any Owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer. Developer shall also have the reserved right, but not the obligation, to record an instrument ("Parking Stall Assignment Summary Amendment"), which lists all parking stalls that have been assigned and which identifies the Apartment to which each such parking stall was assigned or reassigned. Any such Parking Stall Assignment Summary Amendment shall be for informational purposes only, and shall not have the effect of assigning or reassigning the parking stalls of the Project.
7. **Reserved Right to Convert and Redesignate Limited Common Elements Parking Stalls.** This right is set forth in Article XXV of the Declaration. Developer has the right, but not the obligation, to amend the Declaration at any time or times prior to January 31, 2012 to convert and redesignate all or a portion of the parking stalls that are appurtenant to any of the Apartments that it owns (if any) from Limited Common Elements to Common Elements of the Project, and Developer may, without being required to obtain the consent or joinder of any Owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer. Developer shall also have the reserved right, but not the obligation, to record an instrument ("Parking Stall Assignment Summary Amendment"), which lists all parking stalls that have been assigned and which identifies the Apartment to which each such parking stall was assigned or reassigned. Any such Parking Stall Assignment Summary Amendment shall be for informational purposes only, and shall not have the effect of assigning or reassigning the parking stalls of the Project.
8. **Reserved Right to Modify Project.** This right is set forth in Article XXVI of the Declaration. Developer has the right, to and until January 31, 2012 to effect such modifications to Apartments and Common Elements in the Project, to execute, record and deliver any amendments to this Declaration, the Condominium Map as well as the Bylaws and House Rules promulgated hereunder, and/or to take such other action as may be necessary or required by the Developer in its sole discretion, or to effect compliance by the Project, the Association or by the Declarant, with laws which apply to the Project, including, without limitation, the Act and the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including any and all rules and regulations promulgated thereunder.
9. **Reserved Right to Conduct Sales Activities.** This right is set forth in Article XXVII of the Declaration. Developer has the right unto itself, its brokers, sales agents and other related persons and its successors and assigns, to and until January 31, 2012 to conduct extensive sales activities at the Project and from any Apartment owned by Developer, which right shall include, without limitation, showing the Project to potential buyers, the use of model apartments, sales and management offices, permitting potential buyers to stay in apartments owned by Developer and the use of banners, signs or other extensive sales displays and activities at the Project. Such sales activities may include the initial sale and resale of apartments. In the event that Developer's mortgage lender, if any, or any successor to or assignee of Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by a deed or an assignment in lieu of foreclosure, such mortgage lender, its successor and assigns, shall have the same rights as Developer to conduct such extensive sales activities on the Project. Each and every party acquiring an interest in the Project, by such acquisition, acknowledges that the sales activities may result in noise, and nuisances, and consents to such activity by Developer, and further waives, releases and discharges any rights, claims or actions such party may acquire against Developer, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.
10. **Reserved Right Regarding Recreation Complex.** These rights are set forth in Article XXX of the Declaration. Developer has the right, but not the obligation, to establish, enter into and amend the Recreation Complex Documents at any time or times prior to January 31, 2012, including but not limited to modifying the structure of the Recreation Complex Association as the Developer deems necessary or desirable in Developer's sole discretion, and Developer may, without being required to obtain the consent or joinder of any Owner, lienholder or other persons, execute and record amendments to the Recreation Complex Documents and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.

Declarant shall also have the reserved right, but not the obligation, to exclude the entrance area to the Project from being including as part of the Recreation Complex subject to the Recreation Complex Documents of the Recreation Complex Association and establish, enter into and amend such other agreements as may be necessary regarding the use, maintenance and general management of the entrance area at any time or times prior to January 31, 2012, and Declarant may, without being required to obtain the consent or joinder of any Owner, lienholder or other persons, execute and record, as necessary, any such agreements necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Declarant.

EXHIBIT "B"

Special Use Restrictions

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the proposed Declaration. Capitalized terms have the same meaning ascribed to such terms in said Declaration.

1. **Apartments.** Apartments, in connection with any such occupancy or use of said Apartment for any length of time, shall be occupied and used only for residential purposes as shall be permitted by law and by the provisions of the Resort Documents. Subject to the above, the owners of such apartments shall have the absolute right to sell, rent, lease, mortgage, or otherwise transfer their respective Apartments in connection with any such occupancy or use for any length of time.
2. **Prohibition on Activities Which Jeopardize the Project.** No Apartment Owner shall do or suffer or permit to be done anything on any Apartment or appurtenant Limited Common Element or elsewhere on the Project which will: (i) injure the reputation of the Project, (ii) jeopardize the safety or soundness of the Project, (iii) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (iv) reduce the value of the Project, (v) result in the cancellation of insurance applicable to the Project, or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws, or (vi) increase the rate of insurance applicable to the Apartments or the contents thereof, or to the Project.
3. **Pets.** Certain pets are allowed to be kept in each apartment and shall be allowed on the Project. As set forth in the Bylaws, dogs, cats, birds, fish and other household pets of a reasonable size and in a reasonable number (as determined by the Board in their discretion and provided that the total number of pets per Apartment, excluding fish, shall not exceed 2) may be kept in the Apartment and are allowed on the Project, subject to the House Rules and any additional rules promulgated by the Association regarding the keeping of such pets. No pets may be kept outside of the Apartment. Notwithstanding any other provision therein, visually impaired persons, hearing impaired persons and physically impaired persons shall be allowed to keep certified seeing-eye dogs, certified signal dogs, and certified service dogs, respectively, in their Apartments. Furthermore, nothing herein or in the House Rules shall hinder full access to the Apartments and the Common Elements by persons with disabilities.

EXHIBIT "C"

Boundaries of Each Apartment

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in said Declaration.

(Article III.B.1. of the Declaration) There shall be 126 Apartments in the entire Project, but only 64, as designated herein, are covered by the Contingent Public Report. Each Apartment shall be deemed to include: (a) the space within the perimeter and party walls, windows, doors, floors and ceilings of the Apartment, (b) all walls and partitions which are not load-bearing within the Apartment's perimeter or party walls, including the decorated or finished surfaces thereof, (c) all pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines, running through the Apartment, or other utility meters or air conditioning units which are utilized for and serve only that Apartment, (d) the decorated or finished interior surfaces of all perimeter and party walls, load-bearing walls and partitions, floors and ceilings of the Apartment, (e) all appliances and fixtures installed in the Apartments and any replacements thereof, (f) the parking stall and space within the Apartment's single-car garage and the decorated or finished interior surfaces of said garage (but excluding the decorated or finished exterior surfaces thereof and excluding the entire garage door), (g) any lanai or porch areas of the Apartment, (h) the interior stairway connecting the first and second floors of the Apartment, (i) the decorated or finished interior surfaces of any doors, sliding doors, door frames, windows or window frames, (j) all cranks, window screens, and other window hardware, and (k) any pipes, wires, conduits, other utility or service lines or meters, or air conditioning units which are located within, under or upon the Limited Common Element appurtenant to such Apartment and which serve only that Apartment (if any).

Each respective Apartment shall not be deemed to include: (a) the perimeter or party walls, the undecorated or unfinished interior surfaces thereof, and the decorated or finished exterior surfaces of any perimeter wall, (b) the structural components of the building in which the Apartment is located, including the foundation, floor slabs, columns, guides, beams, supports, roofs and ceilings (excluding the decorated or finished interior surfaces of the ceiling which is part of the Apartment), (c) the interior load-bearing walls and partitions and the undecorated or unfinished surfaces thereof, (d) any electrical closets, meters, pipes, shafts, vents, ducts, pumps, conduits, cables, wiring or other utility or service lines running through the Apartment or other utility meters which are utilized for or serve more than one Apartment, and (e) the utility closets as described on the Condominium Map, the same being deemed Common Elements as hereinafter provided.

Furthermore, each respective Apartment shall not be deemed to include: (a) the perimeter doors, sliding doors, door frames, windows and window frames and the decorated or finished exterior surfaces of said door, sliding doors, door frames, windows and window frames, and (b) the garage door and the decorated or finished exterior surfaces of any garage and garage door, the same being deemed Limited Common Elements appurtenant to the Apartment as hereinafter provided.

EXHIBIT "D"

Permitted Alterations to Apartments

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in said Declaration.

1. **General Provisions.** Except as otherwise expressly provided in the Declaration, the Bylaws, the Resort Documents, Recreation Complex Documents, or the Act, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of the Declaration in accordance with Article XIII of the Declaration, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Association. Promptly upon completion of such restoration, replacement or construction the Association or Owner, as the case shall be, shall duly file such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.
2. **Additions or Alterations Solely Within An Apartment.** Notwithstanding anything to the contrary contained herein, each Owner of an Apartment shall have the right at any time and from time to time at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner or the Association, to make any of the following alterations solely within the Apartment: to paint, paper, panel, plaster, tile, carpet, re-carpet, finish, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls within any such Apartment and to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as may be appropriate for the utilization of such Apartment by such Owner or the tenants or lessees thereof, provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of the Apartment or any other part of the Project, reduce the value thereof, adversely affect any other Apartment, affect or impair any easement or rights of any of the other Apartment Owners, or interfere with or deprive any Owner of the use or enjoyment of any part of the Common Elements or directly affect any Owner or alter the external appearance of the Project.
3. **Apartment Owners to Execute Amendment Documents Certain Cases.** In the event that any change or alteration of an Apartment pursuant to and in compliance with Article XII of the Declaration shall alter the depiction of the particular Apartment on the Condominium Map or the description thereof in the Declaration, then the Owner of such Apartment shall amend the Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments and by no other party, and such shall become effective upon recording of the same at the Bureau. The provisions of Article XIII notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment or Apartments which are changed or altered. Every Apartment Owner and all holders of liens affecting any of the Apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid, join in, consent to, execute and deliver all instruments and documents necessary or desirable to affect the amendment of the Declaration and/or the Condominium Map; and appoints such Owner and his assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights and shall not be affected by the disability of any such party.

EXHIBIT "E"

Common Elements

Capitalized terms have the same meaning ascribed to such terms in the proposed Declaration.

One freehold estate is hereby designated in all of the remaining portions of the Project, which do not constitute Apartments, hereinafter called the "Common Elements," including specifically, but not limited to:

- a. The Land in fee simple;
- b. Any and all other apparatus and installations existing for common use, such as tanks, motors, fans, compressors and other such installations and apparatus;
- c. The landscaping and planters along the sidewalks and roadways of the Project, the grounds outside of the Apartments, and landscaping of these grounds;
- d. All roadways, access lanes, ramps, loading areas, sidewalks and walkways of the Project, excluding, however, any garage which is part of an Apartment;
- e. Fifty-seven (57) standard size uncovered parking stalls, seven (7) handicap size uncovered parking stalls (including one van accessible stall), and two (2) uncovered loading stalls located throughout the Project;
- f. All floodlights and other similar lighting devices attached to the exterior of any building within the Project;
- g. All lampposts within the Project;
- h. Unimproved areas, maintenance and storage areas, mailbox areas and other similar areas which are not part of an Apartment;
- i. Any and all recreation centers, exercise facility, and other facilities operated to serve the residents of the Project (if any) and located on the Land;
- j. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use; and
- k. All other areas of the Project which are not described as an Apartment or a part thereof.

EXHIBIT "F"

Limited Common Elements

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in the proposed Declaration.

Certain parts of the Common Elements, herein called the "Limited Common Elements," are hereby designated, set aside and reserved for the exclusive use of certain Apartments and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The responsibility to maintain, repair, replace, alter, improve and/or add to the Limited Common Elements shall be borne solely by the Owner(s) of the Apartment(s) to which the Limited Common Element is appurtenant, subject to the terms and restrictions set forth in the Declaration, the Bylaws, the House Rules, the Resort Documents and the Act. The costs and expenses of every description pertaining to any Limited Common Element, including but not limited to the cost of maintenance, repair, and replacement of and any alterations, improvements or additions to a Limited Common Element (collectively "Costs"), except as specifically set forth in the Declaration, the Bylaws, the House Rules, the Resort Documents and the Act, shall be charged to the apartment to which the Limited Common Element is appurtenant; provided that, the Costs for those Limited Common Elements that are appurtenant to multiple Apartments (the Costs associated with the Limited Common Elements appurtenant to multiple Apartments shall be referred to herein as "Product Fees") shall be charged to each owner of an Apartment to which said Limited Common Elements are appurtenant in equal shares.

- a. Any entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific Apartment shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Apartment. The costs and obligation to maintain, repair and replace the landscaping and stepping stones in such areas shall be the responsibility of the Association, subject to the Association's right to assess special damages against an Apartment Owner or other parties.
- b. Any perimeter doors, sliding doors, door frames, windows and window frames and the decorated or finished exterior surfaces of said door, sliding doors, door frames, windows and window frames which would normally be used only by a specific Apartment shall be a Limited Common Element appurtenant to such Apartment.
- c. The garage door and the decorated or finished exterior surfaces of the garage for a specific Apartment shall be a Limited Common Element appurtenant to such Apartment.
- d. That portion of the Common Element upon which an air conditioner unit which serves only a specific Apartment is located shall be a Limited Common Element appurtenant to such Apartment, along with said air conditioner unit.

EXHIBIT "G"

Calculation of Common Interest

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in said Declaration.

The Common Interest appurtenant to each Apartment in the Project was determined by calculating the proportion which the approximate net square footage of each Apartment bears to the total net square footage of all of the Apartments in the Project. The Common Interest appurtenant to each Apartment is set forth below:

<u>Type</u>	<u>Common Interest</u>
A1	.8637%
A1 (reverse)	.8637%
A2	.9349%
A2 (reverse)	.9349%
B1	.6154%
B1 (reverse)	.6154%
B2	.8845%
B2 (reverse)	.8845%
B3	.7541%
B3 (reverse)	.7541%

- * Note: Apartment 102's common interest is slightly more by a de minimus amount (.9401% instead of .9349%) in order for the common interest to equal 100% in the aggregate.

EXHIBIT "H"

Encumbrances Against Title

1. Real Property Taxes for Tax Map Key No. (3) 6-8-022-007. Check with the County Tax Assessor for additional information.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Right or claims of persons or entities other than the insured involving or arising out of: Mineral or metallic mines; geothermal resources; water; fishing; navigation; wetlands; creation or loss of the land or any portion thereof by accretion, avulsion or artificial means; persons residing on or otherwise in possession of the land or any portion thereof; trails, roadways, or other rights of way, including without limitation any rights or claims under Chapter 264, Hawaii Revised Statutes; claims arising out of customary or traditional Hawaiian rights including but not limited to those for access or gathering purposes protected by the Constitution of the State of Hawaii or the laws of Hawaii.
4. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (MAUNA LANI RESORT ASSOCIATION)

Dated: June 3, 1982
Document No. 1120889
Book: 16425
Page: 203

to which reference is hereby made, but deleting any covenant, condition or restriction including a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 516-6, HRS (as amended)

Date	Document No.	Book	Page
June 3, 1982	1121081	16428	456
August 13, 1982	1129996	16545	345
June 23, 1986	1380755	19613	236
January 8, 1987	1432988	20284	384
October 28, 1987	1507024	21287	398
June 22, 1988	1560401	22084	131

Date	Document No.	Document No.
June 25, 1991	1832379	91-089395
undated	2109682	94-008533
November 7, 1995	2281205	95-168247
October 16, 1998	2537869	98-155464
April 30, 1999	2541614	99-070732
August 23, 1999	2597831	99-204463
May 22, 2002		2002-101491
April 18, 2003		2003-090769
February 24, 2004		2004-044458
February 2, 2005	3228828	2005-090769

By Designation of Declarant and Co-Declarant of the Mauna Lani Resort Association Declaration of Covenants, Conditions and Restrictions and Acceptance dated March 10, 1998, effective January 30, 1998, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2445165, and also recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 98-033812, Mauna Lani Service, Inc., a Hawaii corporation, is designated as "Declarant", and Mauna Lani Resort (Operation), Inc., a Hawaii corporation, was designated as "Co-Declarant".

5. CERTIFICATE

Made By: MAUNA LANI RESORT, INC.
Dated: April 22, 1986
Book: 19452
Page: 724
Re: reclassification of land from Agricultural and Conservation Districts to Urban District

6. Easement "1", for sewer line purposes, as shown on File Plan No. 2200.

7. GRANT

In Favor Of: MAUNA LANI RESORT, INC., a Hawaii corporation
Dated: June 21, 1991
Recorded: Document No. 91-081218
Purpose: granting an easement for sewer line and incidental purposes, over, under, across and through portion of the land herein described, designated as Easement "A"

The foregoing Grant was amended by the following:

AMENDMENT OF GRANT OF EASEMENT

Dated: December 3, 1993
Document No. 94-009530

8. GRANT

In Favor Of: MAUNA LANI STP, INC., a Hawaii corporation, SEA CLIFF DEVELOPMENT, LLC, a Delaware limited liability company, WHITE SAND BEACH LIMITED PARTNERSHIP, a Delaware limited partnership, and PAUOA BAY PROPERTIES, LLC, a Delaware limited liability company

Dated: July 19, 2001

Recorded: Document No. 2726264 and Document No. 2001-119507

Purpose: granting an easement for sewer and incidental purposes, over, under, across and through portion of the land herein described, designated as Easement "S-3" (15-foot wide)

ASSIGNMENT AND ASSUMPTION OF EASEMENTS, in Favor of Hawaii-American Water Company, a Nevada corporation, dated March 31, 2006, recorded as Document No. 3411493 and Document No. 2006-061052.

9. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

LIMITED WARRANTY DEED

Dated: as of May 25, 2004

Document No. 2004-104739

to which reference is hereby made, but deleting any covenant, condition or restriction including a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 516-6, HRS (as amended)

10. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

LIMITED WARRANTY DEED

Dated: as of May 25, 2004

Recorded: 2004-104742

to which reference is hereby made, but deleting any covenant, condition or restriction including a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 516-6, HRS (as amended)

11. MORTGAGE (Loan No. —)

Dated: July 29, 2005
Recorded: Document No. 2005-156745
Principal Amount: \$ 32,150,000.00
Mortgagor: SCD ML II, LLC, a Hawaii limited liability company
Mortgagee: Pacific Coast Capital Funding, LLC, a Delaware limited liability company

MEMORANDUM OF ADDITIONAL ADVANCE AND MODIFICATION AGREEMENT

Dated: as of January 31, 2006
Recorded: Document No. 2006-027432

12. FINANCING STATEMENT

Recorded: August 8, 2005
Document No. 2005-156748
Debtor: SCD ML II, LLC
Secured Party: Pacific Coast Capital Funding, LLC

13. MORTGAGE (Loan No. —)

Dated: as of May 25, 2004
Recorded: Document No. 2004-104743
Principal Amount: \$ 5,985,000.00
Mortgagor: SCD ML II, LLC, a Hawaii limited liability company
Mortgagee: SCD HAWAII 156, L.L.C., a Nevada limited liability company

MODIFICATION OF MORTGAGE WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING

Dated: October 27, 2006
Recorded: Document No. 2006-201673

Said Mortgage was made subordinate to the lien of that certain Mortgage shown on Item No. 11 by an instrument:

Dated: July 28, 2005
Recorded: Document Nos. 2005-156746 and 2005-156747

AMENDMENT AND REAFFIRMATION OF SUBORDINATION AGREEMENT

Dated: as of January 31, 2006
Recorded: Document Nos. 2006-027433 and 2006-027434

14. FINANCING STATEMENT

Recorded: May 26, 2004
Document No. 2004-106688
Debtor: SCD ML II, LLC, a Hawaii limited liability company
Secured Party: SCD HAWAII 156, L.L.C., a Nevada limited liability company

Said Mortgage was made subordinate to the lien of that certain Mortgage shown on Item No. 11 by an instrument:

Dated: July 28, 2005
Recorded: Document Nos. 2005-156746 and 2005-156747

AMENDMENT AND REAFFIRMATION OF SUBORDINATION AGREEMENT

Dated: as of January 31, 2006
Recorded: Document Nos. 2006-027433 and 2006-027434

15. FINANCING STATEMENT

Recorded: August 8, 2005
Document No. 2005-156749
Debtor: SCD ML II, LLC
Secured Party: Pacific Coast Capital Funding, LLC

16. FINANCING STATEMENT

Recorded: September 6, 2005
Document No. 2005-177411
Debtor: SCD ML II, LLC
Secured Party: FSP Redmond 46, L.L.C.

17. Regular System Condominium Map No. 4079 .

18. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime of Kulalani at Mauna Lani:

Dated: August 15, 2005
Recorded: Document No. 2005-194154

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

19. By-Laws of the Association of Apartment Owners of Kulalani at Mauna Lani :

Dated: August 15, 2005

Recorded: Document No. 2005-194155

20. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as amended, and/or in the Apartment Deed, and/or as delineated on the Condominium Map identified in the Declaration.

EXHIBIT "I"

Estimate of Initial Maintenance Fees AND Estimate of Maintenance Fee Disbursements

Estimate of Initial Maintenance Fees for Each Apartment Type (not aggregate):

<u>Apartment</u>		<u>Monthly Fee x 12 months = Yearly Total</u>
Type A1 & A1 (reverse)	\$ 1,070	\$12,843
Type A2 & A2 (reverse)**	\$ 1,158	\$13,901
Type B1 & B1 (reverse)	\$ 763	\$ 9,151
Type B2 & B2 (reverse)	\$ 1,096	\$13,152
Type B3 & B3 (reverse)	\$ 934	\$11,213

Maintenance fees are intended to cover the Common Expenses of the Project (i.e., the expenses attributable to the maintenance and operation of the "general" Common Elements of the Project). Maintenance fees shall be charged to each Apartment Owner based upon said Owner's Common Interest.**

* Due to Apartment 102's slightly larger common interest (as described in Exhibit "G"), Apartment 102's estimated maintenance fees are \$1,165 per month (or \$13,979 annually).

** Except for those maintenance fees paid as part of the closing costs, the Apartment owner shall not be obligated for the payment of his respective share of the common expenses until such time the developer files an amended abstract with the Commission which shall provide, that after a date certain, the respective Apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his Apartment.

Recreation Complex Assessment.

The estimates of the initial maintenance fees do not include each Apartment's share of the Recreation Complex Association expenses and assessments. As set forth in this Exhibit "I", the estimate of the initial expenses and assessment from the Recreation Complex Association is \$85 per Apartment. This amount does not include assessments for capital reserves.

The amounts set forth in this Exhibit "I" are estimates only. Such estimates are not intended to be and do not constitute any representation or warranty by the Developer, including but not limited to any representation or warranty as to the accuracy of the estimates. The estimated initial maintenance fees for each Apartment by Apartment type does not include assessments for capital reserves. Reasonable efforts to consider current information were used to determine these estimates. However, as is typical, these estimates may change for any number of reasons, including but not limited to changes in the economy, amounts charged by service providers or Acts of God (such as the affect Hurricane Katrina which has resulted in an increase in insurance premiums).

Reserve Assessment:

The Developer has not completed an independent, third party reserve study as contemplated by §514A-83.6, HRS, and the replacement reserve rules, subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended (collectively, the "Reserves Law"), at this time for either the Project or the Recreation Complex.

For both the Project and the Recreation Complex, "Start-up fees" in an amount equal to two (2) months of the estimated maintenance fees will be collected from each purchaser at closing to start funding the maintenance fees and one (1) month of maintenance fees will be collected from each purchaser at closing to start funding the reserves. This one-time reserves payment is to be made by each purchaser and will be supplemented by an assessment to be determined by the Association in accordance with the Reserves Law.

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

Estimate of Maintenance Fee Disbursements

Estimate of Maintenance Fee Disbursements

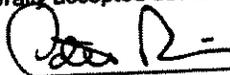
KULALANI AT MAUNA LANI
ESTIMATE OF COMMON AREA EXPENSES

REVENUE	<u>MONTHLY FEE</u> x 12 months =	<u>YEARLY TOTAL</u>
Maintenance Fees	\$123,911	\$1,486,936
EXPENSES	<u>MONTHLY EXPENSE</u>	<u>YEARLY TOTAL</u>
Utilities		\$ 60,000
Electricity	\$ 5,000	60,000
Sewer	5,768	69,216
Water	10,000	120,000
Cable TV	2,394	28,728
Refuse	1,000	12,000
Telephone (entry)	<u>42</u>	<u>504</u>
Subtotal Utilities	\$24,204	\$290,448
Repairs & Maintenance		\$ 45,000
Building Maintenance	\$ 3,750	45,000
Landscaping	29,167	350,000
Pest Control	<u>833</u>	<u>10,000</u>
Subtotal Repairs and Maintenance	\$33,750	\$405,000
General and Administrative		\$425,000
Insurance	\$35,417	425,000
Resort Maintenance Fees	12,852	154,224
Management Fee	2,520	30,240
Data and Accounting	1,260	15,120
Audit and Taxes	367	4,404
Office Supplies	208	2,500
Payroll and Benefits	<u>13,333</u>	<u>160,000</u>
Subtotal General and Administrative	\$65,957	\$791,488
TOTAL EXPENSES	\$123,911	\$1,486,936
Capital Reserve	<u>\$ 8,750</u>	<u>\$ 105,000</u>
Grand Total Expenses	\$132,661	\$1,591,936

**KULALANI AT MAUNA LANI
ESTIMATE OF RECREATION COMPLEX EXPENSES**

EXPENSES	<u>MONTHLY EXPENSE</u>	<u>YEARLY TOTAL</u>
Utilities		\$ 60,000
Electric	\$ 5,000	80,000
Water	6,667	1,104
Sewer	92	300
Television	25	540
Telephone	<u>45</u>	<u>\$141,944</u>
Subtotal Utilities	\$11,829	
 Maintenance		 \$ 60,000
Landscaping	\$ 5,000	5,000
Building Maintenance	417	5,500
Pool Supplies	458	<u>9,000</u>
Supplies	<u>750</u>	<u>\$ 79,500</u>
Subtotal Maintenance	\$ 6,625	
 Administrative		 \$ 12,000
Management Fee	\$ 1,000	32,000
Insurance	2,667	<u>2,000</u>
Office Supplies	<u>167</u>	<u>\$ 46,000</u>
Subtotal Administrative	\$ 3,834	
 TOTAL EXPENSES	 \$22,288	 \$267,444
 Capital Reserve	 \$ 3,333	 \$ 40,000
 Grand Total Expenses		 \$ 1,017
Estimated Expenses Per Apartment:¹	\$ 85	

I, Peter Rice, as agent for and employed by Classic Resorts Limited, the condominium managing agent for the Kulalani at Mauna Lani condominium project, hereby certify that the above estimates of initial maintenance fee assessments, Common Area expenses and Recreation Complex expenses were prepared in accordance with generally accepted accounting principles.



PETER RICE

December 7, 2006

DATE

- Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether in arriving at the figure for "Reserves", the Developer conducted a reserve study in accordance with 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to 514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

¹ Kulalani at Mauna Lani has 126 Apartments. Developer understands that the condominium project at Tax Map Key No. (3) 6-8-22-41 may have, in the aggregate, approximately 137 Apartments. The two projects will be

EXHIBIT "J"

Summary of Purchase Agreement

The specimen Purchase Agreement for Kulalani at Mauna Lani ("Agreement") contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Island Title Corporation ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement. All payments to be made under the Agreement shall be paid by Purchaser to Escrow pursuant to the Escrow Agreement.

B. The Purchaser specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of Seller, the Association and other owners, and contains certain other provisions to which the Purchaser consents.

C. The "Closing Date" shall be that date (following the completion of the structure in which the Apartment is located) upon which the Seller certifies to the Purchaser in writing that the Apartment is ready for occupancy. On the Closing Date, Seller and Purchaser shall be required to perform their respective obligations to purchase and sell the Apartment under the Agreement; provided, however, that the Seller may extend the Closing Date in the event that Purchaser's Apartment is not ready for occupancy to Purchaser due to any delay caused by the factors set forth in Section C.19. below. Except as set forth in the preceding sentence, the Closing Date may be extended only by the mutual agreement of the parties. All payments shall be due and payable in full on the Closing Date, and, if not paid on said date due to Purchaser's failure to act in a diligent manner in order for said payment to be made on said date, then such nonpayment shall result in a default under the Agreement. In the event of failure of Purchaser to actually close on the Closing Date scheduled by Seller, and in the event Seller waives its right to claim a default as provided in Section C.8 and in Section C.1.d, Purchaser agrees to pay, in addition to all other amounts due, a late charge of one and one-half percent (1-1/2%) per month (based on the amount of the total Purchase Price) for each month or portion thereof on a 30-day month prorated basis, until the date on which the actual closing date occurs. Seller's failure to exercise any right or remedy under the Agreement shall not constitute a waiver of any of such defaults or of any of such rights, including without limitation, the right to cancel the Agreement, and will not constitute a modification of the Agreement. Escrow shall not record Purchaser's Apartment Deed until Escrow has received a certificate from a title company authorized to do business in Hawaii and approved by Seller, stating that, upon filing of such Apartment Deed, the Apartment and appurtenant common interest thereby conveyed are free and clear of all liens, encumbrances and assessments whatsoever other than those permitted by law and the Agreement. Real property taxes, maintenance costs, and other prorations shall be made, and risk of loss shall transfer from Seller to Purchaser on the Closing Date. Purchaser expressly acknowledges that on the Closing Date, the construction of the other Apartments and portions of the common elements of the Project may not be fully completed and that such circumstances shall not in any way affect Purchaser's obligations to make the required payments and close the sale.

D. The Purchase Price does not include closing costs which include, among other things, the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, cost of preparing an amendment to the Declaration in the event that Purchaser wishes to buy an additional parking stall, real property tax and other prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, credit report costs and all other applicable mortgage costs, all of which the Purchaser shall be responsible

to pay at Closing. Purchaser shall also pay a start-up fee equal to two (2) months of estimated maintenance fees in advance and an additional fee equal to one (1) month estimated maintenance fees for the reserves assessment at Closing.

E. Purchaser agrees that it will not assign the Agreement to anyone. Seller may, without any consent of Purchaser, freely assign Seller's interests therein.

F. Purchaser shall not be entitled to possession of the Apartment as the owner thereof until Purchaser has completed all required payments and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

G. Notices to either party may be delivered personally or mailed.

H. The Purchaser acknowledges that Purchaser has entered into the Agreement without any reference or representation by Seller or any salesperson that the Seller, or any managing agent of the Project or anyone else affiliated with the Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Apartment purchased.

I. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

J. Purchaser has examined and approved the estimate of monthly maintenance charges for the Property as shown in the Public Report. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any such changes.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE PURCHASE AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, PURCHASER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.

EXHIBIT "K"

Summary of Escrow Agreement

The Escrow Agreement for the Project dated January 10, 2005, as amended ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. When Seller (Developer) enters into a purchase agreement for the sale of an apartment or other interest in the Project ("Purchase Agreement"), Seller shall deliver an executed copy of the Purchase Agreement to Escrow together with the address of the Purchaser and pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Purchaser, including those received relating to up-grades to the apartment and all payments made on loan commitments from lending institutions on account of any apartments in said Project, other than funds received from interim financing.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Purchase Agreements, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project, including sums received by Seller for up-grades to the apartment. Escrow shall not at any time commingle or permit the commingling of any Purchaser's funds with funds belonging to or held for the benefit of Seller.

All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow, in an interest bearing account with a federally insured financial institution authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms of the Agreement. All income therefrom and interest paid thereon shall be credited to the account of Seller.

C. Escrow shall make no disbursements of Purchaser's funds or proceeds from the sale of apartments in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until Escrow has been instructed by Seller. In addition, no disbursements of Purchaser's funds shall be made from the balance of the escrow fund until Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless sufficient funds are set aside for any bona fide dispute.

D. Each Purchaser shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such Purchaser, promptly after request for return by the Purchaser if one of the following has occurred:

(1) Escrow receives a written request from Seller to return to the Purchaser the funds of the Purchaser then being held pursuant to the Agreement by Escrow; or

(2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Seller.

Upon the cancellation of the Purchase Agreement as specified above, Escrow may be entitled to a

cancellation fee. Notwithstanding anything in the Agreement or the Purchase Agreement to the contrary, said compensation to Escrow shall be the sole expense of the individual purchaser and shall not in any way be the obligation of the Seller.

E. If the Purchaser fails to make any payment on or before the due date thereof or if the Purchaser does or fails to do any act, which would constitute an event of default under the Purchase Agreement, Seller shall promptly give to such Purchaser and to Escrow, written notice of default. If Purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (1) that Seller has elected to terminate the Purchase Agreement and has notified the Purchaser, or (2) that Purchaser is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 16 of the Agreement, shall thereafter treat all funds of the Purchaser paid under such Purchase Agreement, or any portion thereof as may be allowed by said Purchase Agreement, less Escrow's cancellation fee, as funds of Seller and not of the Purchaser. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller the Purchase Agreement of such Purchaser and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Purchase Agreement shall be returned to the person from whom or entity from which such documents were received.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, PURCHASER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL.

EXHIBIT "L"

Summary of Apartment Deed, Encumbrances and Reservations of Rights for Kulalani at Mauna Lani

Capitalized terms shall have the same meaning ascribed to such terms in the Deed.

The specimen Apartment Deed, Encumbrances and Reservations of Rights for Kulalani at Mauna Lani ("Deed" or "Apartment Deed") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprises a portion of the Kulalani at Mauna Lani condominium property regime situate at Waikoloa, South Kohala, Island and County of Hawaii, State of Hawaii.

B. The Grantor is the lawful owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; that the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

C. Purchaser agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Declaration, and Purchaser agrees to sign such documents and do such things as may be required to permit Grantor to exercise those reserved rights, including signing, delivery and recording of all documents which may be necessary, and Purchaser appoints Grantor as Purchaser's "attorney-in-fact" which means that Grantor can act for Purchaser or on Purchaser's behalf, with "full power of substitution," which means that someone else may take Grantor's place to sign, deliver and record all documents and to do all things on Purchaser's behalf, which grant of authority, being coupled with an interest, which means that the Grantor has an interest beyond just in the power Purchaser is giving, cannot be revoked by Purchaser for the term of the reserved rights, and will not be affected by Purchaser's disability.

D. Purchaser agrees, for the benefit of all other owners of the other apartments in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration, the Bylaws, the House Rules, the Resort Documents and the Recreation Complex Documents, as any of the same exist or may hereafter be amended in accordance with law, and does accept and approve of the Declaration, Bylaws, House Rules, the Resort Documents and the Recreation Complex Documents.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE APARTMENT DEED. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE APARTMENT DEED, PURCHASER MUST REFER TO THE APARTMENT DEED TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE APARTMENT DEED, THE APARTMENT DEED WILL CONTROL.

EXHIBIT "M"

Summary of Mauna Lani Resort Association Declaration of Covenants and Restrictions

Capitalized terms shall have the same meaning ascribed to such terms in the Mauna Lani Resort Association Declaration of Covenants and Restrictions.

The Mauna Lani Resort Association Declaration of Covenants and Restrictions dated June 3, 1982, as amended and restated ("Resort Declaration") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

- A. A portion of the Kohala Coast of the Island of Hawaii, State of Hawaii, including the land underlying the Condominium Project (all of which is the "Covered Property") and thus each Apartment, is subject to the certain Resort Declaration. The Resort Declaration was created to keep the Covered Property desirable, attractive, beneficial and suitable in architectural design, materials, and appearance, and to enhance the natural beauty and protection of owners within the Covered Property. Under the Resort Declaration, an organization called the Mauna Lani Resort Association ("Resort Association") was established to develop to promote these and other objectives.
- B. The Resort Association is a nonprofit corporation. Every Owner, which includes the record owner, whether one or more persons or entities, of fee simple title to the real property or real property improvements which is part of the Covered Property, is a member of the Resort Association. Each Condominium Unit shall have one (1) vote in a vote of the membership. The voting rights of other classes of Owners are set forth in the Bylaws of the Mauna Lani Resort Association.
- C. Each member is responsible for a portion of the Resort Association's expenses. Each Condominium Unit Owner shall be responsible for its proportionate share of these expenses. In the case of the Condominium Project, the general assessments due from the Condominium Project's Owners shall be levied by the Resort Association to the Condominium Association in equal quarterly or monthly installments (or in such other reasonable manner) which shall then assess and collect such amounts from the Owners. With respect to Residential Owners, the annual assessment may not, without the vote or written assent of a majority of the voting power of the Association residing in the Residential Owners, impose a general annual assessment which is more than ten percent (10%) greater than the general assessment for the immediately preceding fiscal year. There may be additional assessments (e.g. additional general assessments, supplemental general assessments, and/or special assessments) as determined by the Resort Association. Each member's interest in or rights to its respective portion of the Covered Property may be subject to a lien in order to secure the member's payment of its share of the Resort Association's assessments.
- D. The Restrictive Covenants regarding the use of the Covered Property is set forth in Article V. of the Resort Declaration.

E. Generally, the Resort Association's Declaration may be amended as follows:

1. By the Declarant, Mauna Lani Resort, Inc., designated Declarant Mauna Lani Service, Inc., and designated Co-Declarant Mauna Lani Resort (Operation), Inc. (or such other person or entity to the extent it is designated as Declarant or Co-Declarant by Mauna Lani Resort, Inc. and it accepts the rights and obligations of Declarant under the Resort Declaration in a recorded document), to effect changes or amendments required by an administrative agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to marketing any portion of the Mauna Lani Resort; or
2. By a majority vote of the Board of the Resort Association, 2./3 vote of all Voting Rights of the Association, and a majority vote of the Residential Owners.

F. The Resort Declaration is effective through June 3, 2057.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE RESORT DECLARATION. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE RESORT DECLARATION, PURCHASER MUST REFER TO THE RESORT DECLARATION TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE RESORT DECLARATION, THE RESORT DECLARATION WILL CONTROL.