

### 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: August 14, 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. A Final Public Report will be issued by the developer when complete information is filed.
- ☐ **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. Contingent Final public reports may not be extended or renewed.  
☐ No prior reports have been issued.  
☐ This report supersedes all prior public reports.
- ☐ **FINAL:**  
(white) The developer has legally created a condominium and has filed complete information with the Commission.  
☐ No prior reports have been issued.  
☐ This report supersedes all prior public reports.  
☐ This report must be read together with \_\_\_\_\_
- ☒ **SUPPLEMENTARY:**  
(pink) This report updates information contained in the:  
☐ Preliminary Public Report dated: \_\_\_\_\_  
☐ Final Public Report dated: \_\_\_\_\_  
☐ Supplementary Public Report dated: \_\_\_\_\_  
☒ Contingent Final Public Report dated May 22, 2007.  
And ☐ Supersedes all prior public reports.  
☒ Must be read together with the Contingent Final Public Report.  
☐ 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:

Exhibit "I" on estimated Maintenance Fees has been revised.

**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:

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](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://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

- 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\*

Date

July 26, 2007

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 "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)	\$ 970	\$11,645
Type A2 & A2 (reverse)*	\$ 1,050	\$12,604
Type B1 & B1 (reverse)	\$ 691	\$ 8,297
Type B2 & B2 (reverse)	\$ 994	\$11,925
Type B3 & B3 (reverse)	\$ 847	\$10,167

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 \$1,056 per month (or \$12,675 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**

<b>REVENUE</b>	<b><u>MONTHLY FEE x 12 months =</u></b>	<b><u>YEARLY TOTAL</u></b>
Maintenance Fees	\$112,351	\$1,348,208
<b>EXPENSES</b>	<b><u>MONTHLY EXPENSE</u></b>	<b><u>YEARLY TOTAL</u></b>
<b>Utilities</b>		
Electricity	\$ 5,000	\$ 60,000
Sewer	5,768	69,216
Water	11,667	140,000
Cable TV	3,167	38,000
Refuse	2,250	27,000
Telephone (entry)	<u>42</u>	<u>504</u>
Subtotal Utilities	\$27,894	\$334,720
<b>Repairs &amp; Maintenance</b>		
Building Maintenance	\$ 3,750	\$ 45,000
Landscaping	25,000	300,000
Pest Control	<u>1,000</u>	<u>12,000</u>
Subtotal Repairs and Maintenance	\$29,750	\$357,000
<b>General and Administrative</b>		
Insurance	\$24,167	\$290,000
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	\$54,707	\$656,488
<b>TOTAL EXPENSES</b>	\$112,351	\$1,348,208
Capital Reserve	<u>\$ 8,750</u>	<u>\$ 105,000</u>
<b>Grand Total Expenses</b>	\$121,101	\$1,453,208

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

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

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

7/18/07  
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.

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<sup>1</sup> 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 sharing the Recreation Complex and entrance to the Project. Each Apartment will bear an equal share of the expenses for these areas, e.g. 1/263rd of the expenses. Excludes pro rata share of Reserves.