

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer SCD ML II, LLC
 Address 1100 Alakea St., 27th Fl. Honolulu, Hawaii 96813
 Project Name (*): Kulalani at Mauna Lani (report covers 48 of 126 units)**
 Address: 68-1118 North Kaniku Drive, Kamuela, Hawaii 96743

Registration No. 5589 Effective date: January 18, 2007
 Expiration date: July 30, 2007

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: June 30, 2006
 Supplementary Public Report dated: _____
- And Supersedes all prior public reports.
 Must be read together with the 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.

** The entire condominium project contains 126 apartments. However, this Final Public Report covers only 48 of the 126 apartments as follows: 101-104, 201-206, 301-304, 401-406, 2001-2006, 2101-2106, 2201-2204, 2301-2306 and 2401-2406. Developer shall obtain one or more separate Final Public Reports for the 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:

1. Page 16 - Added language clarifying that completion date is estimated. Changed estimated Project completion date to December 31, 2008.
2. The January 10, 2005 Escrow Agreement was amended effective November 30, 2006 respecting escrow fees and owner's policy fees. Changes in fees will not affect purchase contracts that are binding as of the date of issuance for this Supplemental Public Report.
3. Exhibit "I" on Maintenance Fees has been revised.

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 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 disturbance, 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

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. 5589 filed with the Real Estate Commission on March 10, 2005.

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

YELLOW paper stock

WHITE paper stock

PINK 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 \$40 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 Final Public Report only covers 48 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 the 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." Phase II, consisting of the remaining 78 apartments, has been issued a Contingent Final Public Report (Reg. No. 6052 07/25/06).

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 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 act 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" is for the Estimated Maintenance of all 126 apartments, including the 48 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 declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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, INC.
 BY: STANFORD CARR DEVELOPMENT, LLC
 ITS: MANAGER

 Printed Name of Developer

By:  12/1/06
 Duly Authorized Signatory* Date

 STANFORD S. CARR
 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)	\$ 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

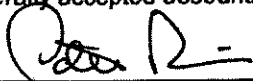
KULALANI AT MAUNA LANI
ESTIMATE OF COMMON AREA EXPENSES

REVENUE	<u>MONTHLY FEE x 12 months =</u>	<u>YEARLY TOTAL</u>
Maintenance Fees	\$123,911	\$1,486,936
EXPENSES	<u>MONTHLY EXPENSE</u>	<u>YEARLY TOTAL</u>
Utilities		
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		
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		
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

ESTIMATE OF RECREATION COMPLEX EXPENSES

EXPENSES	<u>MONTHLY EXPENSE</u>	<u>YEARLY TOTAL</u>
Utilities		
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
 Maintenance		
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
 Administrative		
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
 TOTAL EXPENSES	 \$22,288	 \$267,444
 Capital Reserve	 \$ 3,333	 \$ 40,000
 Grand Total Expenses		
Estimated Expenses Per Apartment:¹	\$ 85	\$ 1,017

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