

# REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

STATE OF HAWAII

1010 RICHARDS STREET  
P. O. BOX 3469  
HONOLULU, HAWAII 96801

## SECOND SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON

THE COUNTRY CLUB PLAZA  
5070 and 5090 Likini Street  
Honolulu, Hawaii

Registration No. 1389

### **This Report Is Not an Approval or Disapproval of This Condominium Project**

It was prepared as a <sup>second</sup> supplement to earlier Reports dated February 9, 1981, June 20, 1983 and July 2, 1984 issued by the Real Estate Commission on the above project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: December 11, 1985  
Expires: February 2, 1986

### SPECIAL ATTENTION

A comprehensive reading of this Report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JANUARY 30, 1981, AND ADDITIONAL INFORMATION SUBSEQUENTLY SUBMITTED AS OF DECEMBER 11, 1985. THE SELLER OF THE PROPERTY, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuance of the Commission's Preliminary, Supplementary and Final Public Reports dated February 9, 1981, June 20, 1983 and July 2, 1984, respectively, on The Country Club Plaza, Registration No. 1389, certain material changes have occurred with respect to the Project. This Second Supplementary Public Report has been issued at the request of Honolulu Federal Savings and Loan Association, a federal savings and loan association

(hereinafter referred to as "Honolulu Federal"), which, as of the date of issuance of this Report, has foreclosed on its mortgage covering each of the apartment units in the Project.

2. This Second Supplementary Public Report is made a part of the registration on THE COUNTRY CLUB PLAZA condominium project. Honolulu Federal is responsible for placing in the hands of all purchasers and prospective purchasers and securing a signed receipt therefor, this Second Supplementary Public Report (pink paper stock), together with the Final Public Report (white paper stock), issued July 2, 1984, Supplementary Public Report (pink paper stock), issued June 20, 1983, and Preliminary Public Report (yellow paper stock), issued February 9, 1981, and a copy of the latest Disclosure Abstract for the Project dated December 11, 1985.

3. All documents deemed necessary for the registration of this condominium project and the issuance of this Second Supplementary Public Report have been submitted to the Commission for examination.

4. The Declaration of Horizontal Property Regime of The Country Club Plaza and the Bylaws of Association of Apartment Owners of The Country Club Plaza were filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document Nos. 1192343 and 1192344, respectively. The approved floor plans have been filed in said Office of the Assistant Registrar as Condominium Map No. 500. The Declaration of Horizontal Property Regime and Condominium Map were amended by a First Amendment to Declaration of Horizontal Property Regime dated December 7, 1984, filed in said Office of the Assistant Registrar as Document No. 1283384, and by a Second Amendment to Declaration of Horizontal Property Regime dated August 30, 1985, filed in said Office of the Assistant Registrar as Document No. 1338008. The latter amendment consisted of an "as built" verification. The former amendment changed certain Limited Common Elements (see information under the topical heading LIMITED COMMON ELEMENTS below).

5. The purchaser and prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.

6. This Second Supplementary Public Report automatically expires on February 2, 1986, the same date the Final Public Report expires, unless a third Supplementary Public Report issues, or the Commission, upon reviewing the registration, issues an order extending the effective period of this Report and the Final Public Report.

SINCE THE ISSUANCE OF THE COMMISSION'S FINAL PUBLIC REPORT ON JULY 2, 1984 THE DEVELOPER HAS FILED BANKRUPTCY AND THE

MORTGAGEE HAS FORECLOSED ON THE PROJECT. THIS SECOND SUPPLEMENTARY REPORT IS INTENDED TO UPDATE INFORMATION FOR PROSPECTIVE PURCHASERS AND ENABLE THE MORTGAGEE, HONOLULU FEDERAL, TO SELL THE APARTMENTS BY WAY OF AUCTION.

A. Foreclosure of Project. The developer of the Project, GNP Development Ventures II, filed a petition for bankruptcy in the United States Bankruptcy Court for the District of Hawaii (Bankruptcy No. 85-00426). The Developer had not sold any apartments in the Project.

Honolulu Federal holds a Mortgage encumbering all of the apartments in the Project. On September 20, 1985, Honolulu Federal filed a Complaint in the Circuit Court of the First Circuit, State of Hawaii (Civil No. 85-3459), seeking the foreclosure of its Mortgage. By Order dated November 6, 1985, Honolulu Federal's Motion for Summary Judgment was granted, and the Court issued an interlocutory decree of foreclosure. Mr. Aaron Chaney was appointed by the Court as the foreclosure commissioner to sell the Project. On December 9, 1985, Mr. Chaney held a foreclosure auction for the sale of the Project, and Honolulu Federal was the successful bidder at that foreclosure auction. A court hearing has been or will be scheduled to confirm Honolulu Federal's bid and to order the Project to be conveyed to Honolulu Federal.

B. Sale of Apartments by Honolulu Federal. Honolulu Federal intends to sell the apartments in the Project to the public. Honolulu Federal is not, however, the developer of the Project. Some or all of the apartments in the Project may be sold by way of one or more public auctions to be conducted by Honolulu Federal and its broker(s). A specimen copy of the Sales Contract to be used by Honolulu Federal for the sale of the apartments has been submitted to the Real Estate Commission. Each purchaser and prospective purchaser should carefully review the terms of the Sales Contract. The Sales Contract constitutes a binding contract for the purchase of an apartment, except that each purchaser's deposits made under the Sales Contract will be placed into escrow, and will not be released to Honolulu Federal until Honolulu Federal's foreclosure bid has been confirmed by the Court and title to the Project has been conveyed to Honolulu Federal. If Honolulu Federal's foreclosure bid is not confirmed by the Court or the Project is not conveyed to Honolulu Federal by July 1, 1986, then Honolulu Federal shall instruct escrow to immediately return to the purchaser all deposits made by the purchaser under the Sales Contract.

Honolulu Federal's principal place of business is at 188 Merchant Street, Honolulu, Hawaii 96813, and its telephone number is (808) 546-2200. The President and Chief Executive Officer of Honolulu Federal is Mr. W. Mendel Borthwick, and the Executive Vice President and Chief Operating Officer of Honolulu Federal is Mr. Kenneth S. Fujinaka.

The attorneys representing Honolulu Federal are Cades Schutte Fleming & Wright (Attn: William A. Cardwell,

John R. Aube, or Stanley M. Kuriyama), 1000 Bishop Street, Suite 1100, Honolulu, Hawaii 96813, telephone number (808) 521-9200.

The information in the Commission's Preliminary, Supplementary and Final Public Reports on the Project remains unchanged except for the information under the following topical headings: LIMITED COMMON ELEMENTS, ENCUMBRANCES AGAINST TITLE and PURCHASE MONEY HANDLING.

LIMITED COMMON ELEMENTS: According to the First Amendment of Declaration of Horizontal Property Regime, the assignment of certain parking stalls has been changed. Page 3 of Exhibit "A" attached to the Supplementary Public Report is hereby amended in the following respects: The reference to Apartment No. 114 is hereby changed to Apartment No. 115 (there being no Apartment No. 114 in the Project); the reference to Apartment No. 115 is hereby changed to Apartment No. 116; and the reference to Apartment No. 116 is hereby changed to Apartment No. 117. The result of these changes is that Apartment No. 115 has been assigned parking stall no. 285; Apartment No. 116 has been assigned parking stall no. 217A; and Apartment No. 117 has been assigned parking stall no. 166.

ENCUMBRANCES AGAINST TITLE: A Preliminary Report dated November 13, 1985, and update of December 4, 1985, both issued by Title Guaranty of Hawaii Incorporated, reflects the following encumbrances affecting the Project:

1. Excepting and reserving therefrom unto the Trustees under the Will and of the Estate of Samuel M. Damon, deceased, all artesian and other underground water and rights thereto appurtenant to said premises, as reserved in Deed dated October 7, 1965, filed as Land Court Document No. 372554, recorded in Liber 5163 at Page 496; said Trustees released all right to enter upon surface of lands to exercise said exception and reservation in Document No. 372554, including any rights of ingress and egress upon said lands by Release dated October 12, 1965, filed as Document No. 372562, recorded in Liber 5163 at Page 572.

2. Easement "666" (15 feet wide) shown on Maps 373, 389 and 444, as set forth by Land Court Order No. 26828, filed March 31, 1967, for storm drain purposes.

3. Grant in favor of the City and County of Honolulu dated May 17, 1968, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 471827, granting an easement over said Easement "666".

4. Grant in favor of Hawaiian Electric Company, Inc. dated June 5, 1973, filed in said Office of the Assistant Registrar as Land Court Document No. 678090, granting an easement for utility purposes within Easement "666".

5. Easement "669" (10 feet wide) shown on Maps 373, 389 and 444, as set forth by Land Court Order No. 26828, filed March 31, 1967, for sanitary sewer purposes.

6. Grant in favor of the City and County of Honolulu dated November 28, 1957, filed in said Office of the Assistant Registrar as Land Court Document No. 471821, granting an easement over said Easement "669" for sanitary sewer purposes.

7. Easement "837" shown on Map 444, as set forth by Land Court Order No. 32445, filed November 19, 1970, for electrical purposes.

8. Grant in favor of Hawaiian Electric Company, Inc. dated May 1, 1973, filed in said Office of the Assistant Registrar as Land Court Document No. 633479, granting an easement over said Easement "837" for utility purposes.

9. The covenants as contained in Declaration dated November 24, 1970, filed as Document No. 520605.

10. Mortgage and Financing Statement in favor of Honolulu Federal, dated September 8, 1983, filed in said Office of the Assistant Registrar as Land Court Document No. 1190270.

Subordination Agreement dated September ---, 1983, recorded in Liber 17306 at Page 269, entered into by and between George A. Fan & Associates, Inc., a Hawaii corporation, GAF Corporation, a Hawaii corporation, and George A. Fan and Joanna Z. Fan, husband and wife (Guarantors), GNP Development Ventures II, a Hawaii general partnership (Borrower) and Honolulu Federal Savings and Loan Association, a federal savings and loan association (Lender).

11. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated September 2, 1983, filed in said Office of the Assistant Registrar as Land Court Document No. 1192343, and the ByLaws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said ByLaws. (Project covered by Condominium Map No. 500.) Said Declaration was amended by instrument dated December 7, 1984, filed as Document No. 1283384, consent by instrument dated January 3, 1985, filed as Document No. 1283385 and by instrument dated August 30, 1985, filed as Document No. 1338008, consent by instrument dated November 21, 1985, filed as Document No. 1338009.

12. Easement "1014" (271 square feet) shown on Map 640, as set forth by Land Court Order No. 67522, filed October 12, 1983, for water meter purposes.

13. Declaration of Restrictive Covenants (Private Park) dated October 26, 1983, filed as Document No. 1201262.

14. Grant in favor of the City and County of Honolulu and the Board of Water Supply, City and County of Honolulu dated July 2, 1984, filed in said Office of the Assistant Registrar as Land Court Document No. 1253941,

granting an easement for water pipeline over Easement "1014". Consent given by Honolulu Federal by instrument dated July 2, 1984, filed as Document No. 1253942.

15. Second Mortgage and Financing Statement in favor of Honolulu Federal, dated September 3, 1985, filed in said Office of the Assistant Registrar as Land Court Document No. 1320166.

16. Agreement for Escrow Instructions dated -----, 1984, recorded in Liber 17847 at Page 84, entered by and between Investment Mortgage International, Inc. ("IMI"), George A. Fan, an individual ("Fan"), GNP Development Ventures II, a Hawaii Joint Venture ("GNP"), GAF Corporation, a Hawaii corporation ("GAF"), and Long & Melone Escrow, Ltd. ("Long").

17. Instrument: Application for Mechanic's and Materialman's Lien; Notice of Mechanic's and Materialman's Lien and Demand for Payment - M. L. No. 85-0022

Lienor : Hawaiian Dredging & Construction Company, a Division of Dillingham Construction Pacific, Ltd., formerly known as Dillingham Construction Corp., a Hawaii corporation (Attorney(s) - Edson G. H. HOO, Louanne K. L. Kam)

Owners : GNP Development Ventures II, a Hawaii partnership, and GAF Corporation, a Hawaii corporation

Lender : Honolulu Federal Savings and Loan Association, a federal savings and loan association

Filed : Circuit Court of the First Circuit, State of Hawaii, on March 21, 1985

Amount : \$746,340.50 on Tax Map Key 1-1-59-4

18. Instrument: Application for Mechanic's and Materialman's Lien; Notice of Mechanic's and Materialman's Lien and Demand for Payment - M. L. No. 85-0044

Lienor : Pacific Basin Landscaping, Inc. (Attorney(s) - Kenneth K. Takenaka)

Owners : GNP Development Ventures II, a Hawaii partnership

General Contractor: Makiki Nursery

Lender : Honolulu Federal Savings and Loan Association, a federal savings and loan association

Filed : Circuit Court of the First Circuit, State of Hawaii, on June 12, 1985

Amount : \$24,734.25 on Tax Map Key 1-1-59-4

19. Instrument: Notice of Pendency of Action

Plaintiff : Honolulu Federal Savings and Loan Association (Attorney(s) - William A. Cardwell, John R. Aube and David Schulmeister)

Defendant : GNP Development Ventures II, a joint venture registered as a Hawaii general partnership; George A. Fan & Associates, Inc., a Hawaii corporation, individually and as general partner of GNP Development Ventures II; GAF Corporation, a Hawaii corporation, individually and as general partner of GNP Development Ventures II; George A. Fan; Joanna Z. Fan; John Does 1-50; Does Partnerships, Corporations, Governmental Units, or Other Entities 1-50

Dated : September 9, 1985

Filed : Circuit Court of the First Circuit, State of Hawaii, Civil No. 85-3459, on September 20, 1985

Filed : Land Court Document No. 1323791 in the Office of the Assistant Registrar of the Land Court of the State of Hawaii on September 24, 1985

Re : Foreclosure of Mortgages filed as Documents Nos. 1190270 and 1320166

20. Pending in the United States Bankruptcy Court for the District of Hawaii is Bankruptcy No. 85-00426 filed by GNP Development Ventures II, a Hawaii general partnership, under Voluntary Business Chapter 11.

21. Real property taxes that may be due and owing; reference is hereby made to the Department of Finance, City and County of Honolulu.

All apartments conveyed by Honolulu Federal to a purchaser will be conveyed by Honolulu Federal free and

clear of the encumbrances shown as items 10, 15, 16, 17, 18, 19 and 20 above.

PURCHASE MONEY HANDLING: A copy of the specimen Sales Contract (the "Sales Contract") to be used by Honolulu Federal for the sale of apartments and the executed Escrow Agreement (the "Escrow Agreement") applicable to all sales made by Honolulu Federal, have been submitted by Honolulu Federal to the Commission. The Escrow Agreement, dated December 2, 1985, identifies Title Guaranty Escrow Services, Inc. as "Escrow". Title Guaranty Escrow Services, Inc. will be handling the escrow of all sales made by Honolulu Federal. Upon examination, the specimen Sales Contract and the Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, particularly with Sections 514A-37, 39, 40 and 65. Each purchaser and prospective purchaser should carefully examine the form of the Sales Contract and the Escrow Agreement to determine the time for, and the amount of, installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement before signing the Sales Contract, since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's deposits and the Sales Contract provides that the purchaser approves the Escrow Agreement.

Among other provisions, the Escrow Agreement provides for the manner in which purchasers may obtain refunds of their escrow deposits. Paragraphs 6 and 7 of the Escrow Agreement provide as follows:

"(6) Giving Back of Money  
("refunds") to the Buyers.

(a) When Refunds Will Be  
Made. The Sales Contract shows when refunds of Escrow deposits may be made to the Buyer. Escrow agrees to make any refunds as soon as possible after the Buyer and the Seller tell Escrow in writing that a refund should be made as shown in the Sales Contract. No refund is to be made to any Buyer who asks for it unless Escrow gets written approval from the Seller.

(b) Interest on Refunds. The refunds will be made without any interest unless the Sales Contract shows different instructions.

(c) When Escrow May Subtract  
Cancellation Fees From Refunds. The words "cancellation fees" mean Escrow's cancellation fees which are described in the Sales Contract and will be described later in this Agreement. Cancellation fees may also be charged by the lender who has agreed to lend the Buyer money to

buy the apartment. The Sales Contracts show that there are times when Escrow is to subtract cancellation fees from the amount to be refunded unless the Seller tells Escrow not to charge the cancellation fees.

(d) Written Notice of Refunds to a Buyer. Escrow shall give each Buyer who is to get a refund written notice of the refund. Escrow will send this notice by registered or certified mail to the Buyer at the address shown on the Buyer's Sales Contract or to the last address which the Buyer may have given to Escrow.

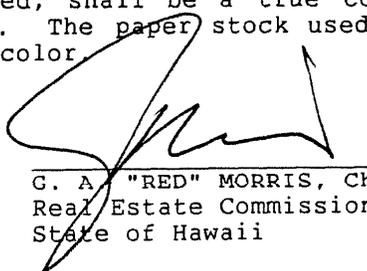
(7) The Buyer's Default. Escrow will notify the Seller and the Buyer promptly if the Buyer fails to make a payment or is otherwise in default under the Sales Contract. The Seller will tell Escrow in writing if the Buyer has defaulted or not done something that the Buyer promised to do in the Sales Contract. The Seller will tell Escrow in the same letter that, because the Buyer has defaulted, the Seller is cancelling the Sales Contract and will give Escrow a copy of the letter that the Seller sent by registered or certified mail to the Buyer, telling the Buyer of the default and cancellation. The Seller will also give Escrow a copy of the registered or certified mail return receipt. Escrow will then send a letter to the Buyer by registered or certified mail, informing the Buyer that the Seller has cancelled the Sales Contract because of the default. Escrow will wait for fifteen (15) days after the date which shows on the return receipt as the date when the Buyer got Escrow's letter or the date which shows the last time that the post office tried to deliver the letter. If Escrow does not hear from the Buyer during that time, Escrow may deduct its cancellation fee from the Buyer's funds and treat the Buyer's funds which are left as belonging to the Seller. If the Buyer tells Escrow that the Buyer has not defaulted or tells Escrow not to do anything with the Buyer's funds, then Escrow may go ahead under Paragraph (12) of this Agreement."

The Sales Contract, among other things, contains acknowledgments by each purchaser: (i) that Honolulu Federal will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the Project, other than apartments owned by Honolulu Federal; (ii) that Honolulu Federal has authorized no

agents, salespersons or brokers to make any representations as to rental, or other income, from any apartment, or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project, that no such representations or warranties have been made, and that Honolulu Federal expressly disclaims and repudiates any representation from any source as to the possible economic benefit arising from the ownership of an apartment in the Project; and (iii) that the apartments are being sold to the purchasers on an "as is" basis and that Honolulu Federal, not being the developer, contractor, architect or engineer of or for the apartments or the Project, nor the manufacturer of or the manufacturer's agent for any of the furnishings or appliances in the apartments or the Project, shall not be liable or responsible for any construction defects which may now exist or later arise in the Apartments, the Project or any furnishings or appliances in the Apartment or the Project, and Honolulu Federal disclaims (does not make) any express or implied warranty of any kind whatsoever with respect to the design or construction of the apartments or the Project or such furnishings or appliances, including the merchantability of such furnishings and appliances or their fitness for any particular purpose.

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The purchaser and prospective purchaser should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted January 30, 1981, and information subsequently submitted by Honolulu Federal as of December 11, 1985.

THIS SECOND SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 1389 filed with the Commission on January 30, 1981. This Report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be pink in color.

  
G. A. "RED" MORRIS, Chairman  
Real Estate Commission  
State of Hawaii

Distribution:

Department of Finance  
Bureau of Conveyances  
Planning Department, City and County of Honolulu  
Federal Housing Administration  
Escrow Agent

Registration No. 1389

December 11, 1985

THE COUNTRY CLUB PLAZA  
UPDATED DISCLOSURE ABSTRACT

1. Name of Project: The Country Club Plaza  
Address: 5070 & 5090 Likini Street  
Honolulu, Hawaii  
  
Developer: GNP Development Ventures II  
1272 South King Street  
Honolulu, Hawaii 96814  
  
Telephone No.: 524-1153  
  
Project Manager: Chaney Brooks & Company  
606 Coral Street  
Honolulu, Hawaii 96813  
  
Telephone No.: 544-1600
2. Maintenance Fees: Attached is a breakdown of the estimated annual maintenance fees for the Project and estimated monthly maintenance fee for each Apartment, as of December 11, 1985. The cost and expense of maintaining and operating a condominium project are difficult to estimate, particularly where, as in the case of the Project, the Association of Apartment Owners will be newly organized and will have no history of operation. Thus, no assurances can be made regarding the accuracy of the maintenance fees described in the attached schedule. In addition, such variables as inflation, casualty loss or damage, increased or decreased services from those contemplated in the attached schedule, apartment owner delinquencies and other factors may cause the maintenance fees to be greater or lesser than the estimated maintenance fees. Maintenance fees also tend to increase in an inflationary economy and as the Project increases in age. The estimated monthly maintenance fee for each Apartment does not include the Purchaser's obligations for the payment of real property taxes, mortgage loans or limited common element costs and expenses chargeable to the Apartment to which a limited common element is appurtenant.
3. Warranties. The Apartments are now being sold by Honolulu Federal Savings and Loan Association (the "Seller"). The Project was developed by GNP Development Ventures II, a joint venture registered as a Hawaii general partnership. After completing construction of the Project, GNP Development Ventures II filed a petition for bankruptcy in the United States Bankruptcy Court for the District of Hawaii (Bankruptcy No. 85-00426). The general contractor for the Project is Hawaiian Dredging & Construction Company (the "Contractor"). The architect for the Project is KFC & Associates, Inc. (the "Architect"). According to the Architect, construction of the Project was substantially completed on or about January 2, 1985. The Contractor's general one-year warranty for correcting construction defects will therefore expire on or about

January 2, 1986. The Seller does not promise or guarantee that the Contractor will perform any or all of the Contractor's warranty obligations, and the Seller shall not be liable to any Purchaser if the Contractor fails to perform any or all of the Contractor's warranty obligations.

The Apartments are being sold to each Purchaser in "as is" condition. This means that the Seller will not be responsible for correcting any defects which may now exist or later arise in any Apartment, the Project or in any furnishings or appliances in any Apartment or the Project.

Each Purchaser has had full opportunity to inspect the Apartments and the Project, and to retain any engineer, architect, contractor or any other person to inspect the Apartments and the Project on the Purchaser's behalf.

EACH PURCHASER ACKNOWLEDGES THAT THE SELLER IS NOT THE DEVELOPER, CONTRACTOR, ARCHITECT OR ENGINEER OF OR FOR THE APARTMENTS OR THE PROJECT, NOR THE MANUFACTURER OF OR MANUFACTURER'S AGENT FOR ANY OF THE FURNISHINGS OR APPLIANCES IN THE APARTMENTS OR THE PROJECT. THE SELLER DISCLAIMS (DOES NOT MAKE) ANY EXPRESS OR IMPLIED WARRANTY WITH RESPECT TO THE DESIGN OR CONSTRUCTION OF THE APARTMENTS, THE PROJECT OR SUCH FURNISHINGS OR APPLIANCES, INCLUDING THE HABITABILITY OF THE APARTMENTS AND THE PROJECT AND THE MERCHANTABILITY OF SUCH FURNISHINGS AND APPLIANCES OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE.

As used in this Contract, the term "Project" includes all "Common Elements" and "Limited Common Elements" of the Project, as those terms are defined in the Project's Declaration of Horizontal Property Regime, as amended.

4. Residential: All of the Apartments in the Project shall be occupied and used for residential purposes.
5. Commercial Development: The Project contains no commercial development.

PROPOSED OPERATING BUDGET

Country Club Plaza

(279 Units)

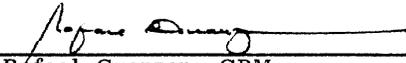
| <u>Receipts</u>  | <u>Monthly</u> | <u>Annually</u> |
|------------------|----------------|-----------------|
| Maintenance Fees | \$33,444       | \$401,328       |
| TOTAL RECEIPTS   | \$33,444       | \$401,328       |

| <u>Disbursements</u>                   |              |               |
|--|--------------|---------------|
| Audit & Tax Fees                       | 167          | 2,004         |
| Insurance Package                      | 2,655        | 31,860        |
| Insurance - Liability                  | 2,500        | 30,000        |
| Insurance - Other                      | 29           | 348           |
| Insurance - Medical                    | 320          | 3,840         |
| Insurance - Workmen's Compensation     | 715          | 8,580         |
| Legal Fees                             | 150          | 1,800         |
| Management & Accounting Services       | 2,198        | 26,376        |
| Misc. & Project Office Expenses        | 400          | 4,800         |
| Petty Cash Reimbursement               | 100          | 1,200         |
| Refuse Service                         | 878          | 10,536        |
| Maintenance & Repair - Building        | 250          | 3,000         |
| Maintenance & Repair - Elevator        | 2,867        | 34,404        |
| Maintenance & Repair - Other Equipment | 200          | 2,400         |
| Maintenance & Repair - Pest Control    | 88           | 1,056         |
| Maintenance & Repair - Window Cleaning | 689          | 8,268         |
| Payroll, Maintenance                   | 3,390        | 40,680        |
| Payroll, Resident Manager              | 1,205        | 14,460        |
| Lodging, Resident Manager              | 875          | 10,500        |
| Payroll, Other                         | 695          | 8,340         |
| Security Service                       | 3,216        | 38,592        |
| Supplies Grounds                       | 100          | 1,200         |
| Supplies, Janitorial                   | 250          | 3,000         |
| Supplies, Painting                     | 125          | 1,500         |
| Supplies, Pool                         | 150          | 1,800         |
| Supplies, Electric & Lighting          | 200          | 1,200         |
| Supplies, Building & Other             | 250          | 3,000         |
| Taxes, Payroll                         | 707          | 8,484         |
| Electricity                            | 5,000        | 60,000        |
| Telephone                              | 750          | 9,000         |
| Water/Sewer                            | 1,100        | 13,200        |
| Other Disbursements                    | 250          | 3,000         |
| <br>SUBTOTAL DISBURSEMENTS             | <br>\$32,469 | <br>\$389,628 |
| TRANSFER TO RESERVES                   | 975          | 11,700        |
| TOTAL DISBURSEMENTS                    | \$33,444     | \$401,328     |

The cash operating budget (prorated on a monthly basis) and the estimated monthly cost for each unit is for one year commencing January 1, 1986. The information contained herein is based on data available to us at this time.

We certify that the monthly maintenance fee and the monthly cash operating costs have been based on generally accepted accounting principles.

December 11, 1985

  
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 Rafael Guanzon, CPM  
 Senior Vice President  
 Chaney, Brooks & Company

COUNTRY CLUB PLAZA

| <u>TYPE APARTMENT</u> | <u>PERCENT COMMON INTEREST</u> | <u>MONTHLY<br/>MAINTENANCE FEES</u> |
|-----------------------|--------------------------------|-------------------------------------|
| A                     | 0.454057                       | \$151.85                            |
| B                     | 0.454057                       | 151.58                              |
| C                     | 0.308144                       | 103.06                              |
| C-1                   | 0.224628                       | 75.12                               |
| C-2                   | 0.215029                       | 71.91                               |
| D                     | 0.308144                       | 103.06                              |
| D-1                   | 0.224628                       | 75.12                               |
| D-2                   | 0.215029                       | 71.91                               |
| E                     | 0.497257                       | 166.30                              |
| F                     | 0.497257                       | 166.30                              |
| G                     | 0.342062                       | 114.40                              |
| H                     | 0.342062                       | 114.40                              |

RLG:ghs  
12-11-85