

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

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON
WAILUNA II-A
Mauka End of Kaahumanu Street
Waiau, Ewa, Oahu

Registration No. 1546

IMPORTANT — Read This Report Before Buying

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

It reflects information obtained by the Real Estate Commission in its investigation of the 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 but may only take reservations therefore after

- (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: June 20, 1983
Expires: July 20, 1984

SPECIAL ATTENTION

A comprehensive reading of this report by prospective purchasers 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 ON MAY 13, 1983, AND INFORMATION SUBSEQUENTLY FILED AS OF JUNE 14, 1983. THE DEVELOPER, 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. WAILUNA II-A is a proposed leasehold condominium project consisting of thirty-six (36) residential apartments in nine (9) two (2) story buildings, all to be built in accordance with floor plans filed with the Real Estate Commission. The project will have 78 parking stalls, 54 of which are garage stalls and 24 open stalls (six of the latter are for guest parking).

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report.
3. Copies of certain advertising and promotional matter have been submitted to the Real Estate Commission.
4. The basic documents (Declaration of Horizontal Property Regime, Bylaws of Association of Apartment Owners, and a copy of the floor plans) have not been filed as of this date in the office of the recording officer.
5. Each residential apartment owner shall be a member of the Wailuna Recreation Association, a Hawaii nonprofit corporation.
6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
7. This Preliminary Public Report is made a part of the registration of WAILUNA II-A condominium project. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock) and the Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed receipt therefor.
8. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, June 20, 1983, unless a Final or Supplementary Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: WAILUNA II-A

LOCATION: The project is located at the mauka end of Kaahumanu Street, Waiiau, Ewa, Oahu, and is situate on one (1) parcel of land consisting of 3.303 acres, more or less.

TAX KEY: First Division, 9-8-02-03; Portion 3 (Lot 6-B-2).

ZONING: A-1 (Low density apartment).

DEVELOPER: Lusk-Hawaii, a division of John D. Lusk & Son, a California corporation authorized to do business in the State of Hawaii, whose principal place of business in said State is Suite 1618, Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813 (Telephone No: 537-4972).

The officers of the corporation are:

JOHN D. LUSK	Chairman of the Board and Chief Executive Officer
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WILLIAM D. LUSK	Vice Chairman of the Board
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DONOVAN D. HUENNEKENS	President
GEORGE W. LUSK	Senior Vice President
DONALD D. STEFFENSEN	Senior Vice President and Assistant Secretary
JAMES C. WAPLES	Senior Vice President and Assistant Secretary
HARRY O. MERRILL	Vice President and Assistant Secretary
ERNEST A. HARRIS	Vice President
JOHN C. HALL	Vice President
NANCY K. LUSK	Vice President
JOHN ALSTROM	Vice President and Assistant Secretary
J. MICHAEL WEST	Vice President and Assistant Secretary
RICHARD T. DEIHL	Secretary
W. KENT WEATHERS	Treasurer

ATTORNEY REPRESENTING DEVELOPER: Damon, Key, Char & Bocken,
Tenth Floor, 810 Richards Street, Honolulu, Hawaii 96813
(Attn: Charles W. Key), Telephone No: 531-8031.

DESCRIPTION OF THE PROJECT: The proposed Declaration of Horizontal Property Regime indicates that the project will consist of nine (9) buildings (without any basement), each containing two (2) floors and constructed primarily of concrete slabs, wood, gypsum board interior partitions, masonite exterior siding, glass, aluminum and appropriate trim.

Each of the nine buildings contains 4 residential condominium apartments. The proposed Declaration of Horizontal Property Regime provides for thirty-six (36) two (2) and three (3) bedroom condominium apartments within the perimeter walls, floors, ceilings and stairways of the thirty-six (36) apartments in the buildings.

The residential apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and perimeter ceilings surrounding each apartment, or any pipes, wires, ducts, conduits or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements. Some of the residential apartments include a garage, and there is included within each residential apartment a covered lanai, as set forth in Exhibit "A" attached hereto and as shown on the proposed floor plans for the project (the Condominium Map). Each residential apartment shall be deemed to include the walls

and partitions which are not load-bearing and which are within its perimeter walls; doors and door frames; windows and window frames; the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto; lanai, garage (if any); all ducts, wires and conduits which serve only one apartment; and all stairways; entrances made for the exclusive use of an apartment and all fixtures originally installed therein.

All residential apartments will be identified by building number and designated by A, B, C or D as set forth in Exhibit "A" and shown on the proposed Condominium Map. The garages that comprise a part of a residential apartment are also identified on said Map by the same building number and letter designation.

The number of rooms and approximate gross area of each of the residential apartments are set forth in Exhibit "A".

The net living area of each type of apartment consisting of the enclosed portion of the apartment measured from the interior surface of the apartment perimeter walls, and the area of the lanais or patios and garage (if any) which are considered as part of the apartment, are set forth below in square feet:

	A	B	C	D
Net Living Area:	1,096	1,070	1,292	1,163
Lanais or patios:	235	189	189	254
Garage (if any):	439	--	416	406
Total:	<u>1,770</u>	<u>1,259</u>	<u>1,897</u>	<u>1,823</u>

Each residential apartment has immediate access (or through a stairway) to a walkway and driveway on the grounds of the project to a public street.

COMMON ELEMENTS: The proposed Declaration of Horizontal Property Regime states that the common elements shall include all the remaining portions of the project (but for the apartments) including specifically, but not limited to:

- (a) Said land in fee simple.
- (b) All foundations, floor supports, columns, girders, beams, supportors, unfinished perimeter walls and load-bearing walls and roofs of the residential buildings.
- (c) All yards, grounds and landscaping, roads, walkways, loading areas, driveways, refuse facilities and all parking areas.
- (d) Parking spaces 20, 25, 26, 27, 38 and 39 have been designated for use by guests.
- (e) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the

project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

Note: The land upon which the project is being built has an appurtenant easement over, across and under adjoining lot 6-A for waterline purposes. There are waterlines and a water pump within this easement area that constitute common elements.

(f) Any and all apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: The proposed Declaration of Horizontal Property Regime provides that certain parts of the common elements, called "limited common elements", are designated and set aside for the exclusive use of certain residential apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

(a) Each apartment that is designated a B apartment shall have two (2) automobile parking spaces appurtenant to and for the exclusive use of such apartment, as designated in Exhibit "A" attached hereto. As noted previously, the garage stalls for A, C & D apartments are part of their respective apartment areas.

(b) All entries of each residential apartment shall be appurtenant to and for the exclusive use of such apartment.

(c) All other common elements of the project which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the Project and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting, as set forth in Exhibit "A".

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration of Horizontal Property Regime provides that the residential apartments shall be occupied and used only as private dwellings. The residential apartments shall not be rented for transient or hotel purposes, which are defined as: (1) rental for any period less than thirty (30) days; or (2) any rental in which the occupants of the apartments are provided customary hotel services such as room service for food and beverages, maid service, laundry and linen or bellboy service. The apartments in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any

time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Except for the foregoing, the owners of the apartments shall have the absolute right to lease such apartments.

The House Rules provide, in part:

1. Occupancy will be limited to no more than two (2) adult persons per bedroom.
2. No waterbeds are permitted in any apartment.

MERGER OF PROJECTS: Wailuna II is a Horizontal Property Regime created by that certain Declaration of Horizontal Property Regime recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17020, Page 366. Wailuna II is adjacent to Wailuna II-A, and as part of the same incremental plan of development the Developer has heretofore constructed within Wailuna II six (6) buildings and other improvements containing twenty-four (24) apartments in a manner substantially like those described herein. Lessor and Developer expressly reserved the right to cancel and terminate the Wailuna II-A Declaration of Horizontal Property Regime and to remove the property from the Horizontal Property Act and to simultaneously amend, as appropriate, the Declaration of Horizontal Property Regime for Wailuna II and the condominium map of Wailuna II to add the land and the improvements constructed within this Project to the Wailuna II Horizontal Property Regime, and each of the apartments shall then have appurtenant thereto an undivided percentage interest in all the common elements of project known as Wailuna II as shown in Exhibit "B" attached hereto and incorporate herein by this reference, and the same proportionate share in all common profits and expenses of the project known as Wailuna II and for all other purposes, including voting.

In addition, one or more condominium projects, whether or not adjacent to the Project, but which are part of the same incremental plan of development and in the same vicinity, may be merged together with the Project from time to time so as to permit the joint use of the common elements of the projects by all the owners of the apartments in the merged projects. The merger documents may provide for a single association of apartment owners and board of directors for the merged projects and for sharing of the common expenses of the projects among all the owners of the apartments in the merged projects. Any other merger or mergers shall be effective upon approval by the Board of Directors and the Lessor and the Developer and upon

execution of the merger documents by two (2) officers of the Project and the Lessor and the Developer and recordation of same in the Bureau of Conveyances.

WAILUNA RECREATION ASSOCIATION: Wailuna Recreation Association, a Hawaii nonprofit corporation, has been formed to hold a Bishop Estate lease to the parking apartment consisting of twelve (12) parking stalls within the condominium project known as WAILUNA I and to hold two Bishop Estate leases for three (3) parks for use by the owners of apartments in WAILUNA I, WAILUNA II and WAILUNA IIA, and for use by owners of apartments in any additional projects developed on adjacent property. The three (3) private parks are briefly described as follows:

(a) An active park on about 0.622 acres of land consisting of certain landscaping, a recreation center, swimming pool and accessory items.

(b) A passive park on approximately 16.5 acres, which shall remain in its natural state and will not be improved.

(c) An active park on approximately 0.562 acre of land consisting of certain landscaping, two tennis courts and accessory items.

The roadway through the Project is a common element. This roadway connects with the public street known as Kaahumanu on the northeast end of the Project, goes across the land upon which the Project is located, goes across the land upon which Wailuna II is located abuts adjoining Lot 6-A, and connects to the roadway within Wailuna I-B.

It is noted that: One of the active parks owned by the Wailuna Recreation Association is located on Lot 6-A; that Wailuna I-B is a separate condominium project which adjoins said Lot 6-A; and that the roadway within Wailuna I-B is a common element of said Wailuna I-B project.

Lot 6-A (and therefore the Recreation Association and all members of the Recreation Association) has an easement for vehicular and pedestrian ingress and egress over and across the roadway within Wailuna II and within Wailuna II-A for access to the private park located on said Lot 6-A.

Lot 6-A (and therefore the Recreation Association and all members of said Association) does not have an easement over the roadway within the adjoining condominium project known as Wailuna I-B.

The Developer has informed the Commission that it intends (but is not obligated) to develop additional projects on adjoining lands and that it intends (but is not obligated) to construct additional private parks for use by

residential apartment owners of WAILUNA I, WAILUNA I-A, WAILUNA I-B, WAILUNA I-C, WAILUNA II, and WAILUNA II-A and by residential apartment owners of apartments in any additional projects developed on adjacent lands.

Each residential apartment owner shall be a member of Wailuna Recreation Association, a Hawaii nonprofit corporation, and each residential apartment owner shall remain a member thereof until such time as his ownership of such apartment ceases for any reason, at which time his membership in said corporation shall automatically cease. Such membership shall be appurtenant to and may not be separate from ownership of a residential apartment and shall be deemed to be conveyed or encumbered with the residential apartment even though such membership is not expressly mentioned or described in the conveyance or other instrument.

The Developer has submitted to the Commission a set of all documents pertaining to the Wailuna Recreation Association, which documents are listed as item 2 under ENCUMBRANCES below.

OWNERSHIP OF LAND: The Developer has submitted to the Commission a preliminary title report dated April 23, 1983 prepared by Title Guaranty of Hawaii, Incorporated. This report reflects that the fee simple title to the land on which the project will be situated is owned by the Trustees under the Will and of the Estate of Bernice Pauahi Bishop, deceased and that the Sublessee is John D. Lusk & Son, a California corporation.

ENCUMBRANCES AGAINST TITLE: Said preliminary report dated April 23, 1983 reflects that the title to said land is subject to:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. The restrictive covenants and conditions for Wailuna Recreation Association set forth in that certain Declaration recorded in Liber 14026 at Page 566, as amended by instruments recorded in Liber 14026 at Page 599, Liber 14933 at Page 634, Liber 15863 at Page 627, Liber 15871 at Page 265 and Liber 16324 at Page 164.
3. Easement D-6 for drainage purposes.
4. Portion of Easement F-5 for flowage purposes.
5. Easement M-2 (3.00 feet wide) for wall purposes.
6. Easement M-3 (3.00 feet wide) for wall purposes.
7. A grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated August 16, 1979, recorded in Liber 14110 at Page 551; granting an easement (area 297 square feet) for utility purposes, over, under, upon, across and through the premises described in Schedule C.

8. A grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated October 6, 1981, recorded in Liber 15950 at Page 268; granting an easement for utility purposes over, under, upon, across and through a portion of Lot 6.
9. A grant in favor of the City and County of Honolulu, dated September 18, 1981, recorded in Liber 16431 at Page 434; granting easements for the purpose of repairing and maintaining the walls over and across said Easements M-2 and M-3.
10. Terms, agreements, reservations, covenants, conditions and provisions contained in that certain Lease No. 25,970, by and between Trustees of the Estate of Bernice Pauahi Bishop, as "Lessor", and Central Oahu Land Corporation, a Hawaii corporation, and Lear Siegler Properties, Inc., a Delaware corporation, authorized to do business in Hawaii, which corporations are associated in a joint venture known as Central-Trousdale, as "Lessee", dated December 1, 1980, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15190, at page 71, said lease having been assigned to LEAR SIEGLER, INC. and LEAR SIEGLER PROPERTIES, INC., both Delaware corporations authorized to do business in Hawaii, by Assignment of Lease dated April 6, 1983, and recorded in said Bureau in Liber 16969, page 319.
11. Unrecorded Development Agreement dated December 21, 1977. Confirmation of Development Rights dated May 1, 1981, recorded in Liber 15585 at Page 486, entered into by and among LEAR SIEGLER, INC. and LEAR SIEGLER PROPERTIES, INC., both Delaware corporations, and CENTRAL OAHU LAND CORPORATION, a Hawaii corporation, and LEAR SIEGLER PROPERTIES, INC., a Delaware corporation, which corporations are associated in a joint venture known as CENTRAL-TROUSDALE, and JOHN D. LUSK & SON, a California corporation. Estoppel Certificate dated May 28, 1981, recorded in Liber 15585 at Page 544.
12. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT:
MORTGAGOR : JOHN D. LUSK & SON, a California corporation
MORTGAGEE : BANK OF HAWAII, a Hawaii banking corporation
DATED : May 8, 1981
RECORDED : Liber 15585 Page 501
AMOUNT : \$1,800,000.00
CONSENT : Given by Lear Siegler, Inc. and Lear Siegler Properties, Inc., by instrument dated May 28, 1981, recorded in Liber 15585 at Page 544

13. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT:

MORTGAGOR : CENTRAL OAHU LAND CORPORATION, a Hawaii corporation, and LEAR SIEGLER PROPERTIES, INC., a Delaware corporation, associated in a joint venture known as CENTRAL-TROUSDALE

MORTGAGEE : BANK OF HAWAII, a Hawaii corporation

DATED : May 28, 1981

RECORDED : Liber 15585 Page 526

AMOUNT : \$1,800,000.00

14. ADDITIONAL CHARGES AND AMENDMENT TO MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT:

MORTGAGOR: JOHN D. LUSK & SON, a California corporation

MORTGAGEE: BANK OF HAWAII, a Hawaii banking corporation

DATED: December 9, 1982

RECORDED: Liber 16759, Page 105

AMOUNT: \$1,932,000.00.

15. ADDITIONAL CHARGES AND AMENDMENT TO MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT:

MORTGAGOR: CENTRAL OAHU LAND CORPORATION, a Hawaii corporation, and LEAR SIEGLER PROPERTIES, INC., a Delaware corporation, associated in a joint venture known as CENTRAL-TROUSDALE

MORTGAGOR: BANK OF HAWAII, a Hawaii corporation

DATED: November 29, 1982

RECORDED: Liber 16759, Page 111

AMOUNT: \$1,932.000.00

16. For any taxes that are due and owing, reference is made to the Office of the Tax Assessor, First Division.

17. Agreement for Issuance of Special Use Permit Under Ordinance No. 4451, Bill No. 40 (1975), dated August 12, 1980, recorded in Liber 15110 at Page 236.

In addition to the foregoing, the covenants, conditions, restrictions, easements, reservations and all

other provisions set forth in the proposed Declaration of Horizontal Property Regime and By-Laws and Condominium Map will encumber the property.

It is specifically noted that in the Declaration of Horizontal Property Regime for the Project adjoining Lot 6-A (and therefore the Recreation Association and all members of said Association) has a right-of-way for vehicular and pedestrian ingress and egress over and across the roadway constructed within the Project.

PURCHASE MONEY HANDLING: The Developer has submitted to the Commission a copy of a Specimen Sales Agreement and an Escrow Agreement dated April 26, 1983, identifying Title Guaranty Escrow Services, Inc., as the Escrow Agent. Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement before executing the Sales Agreement, since the Escrow Agreement prescribes the procedure for receiving and disbursing purchasers' funds and the sales agreement specifically provides that funds may be disbursed for certain costs of the Project prior to completion of construction.

Among other provisions, the specimen Sales Agreement provides that:

1. The Sales Agreement shall not be construed as a present transfer of any interest in the property covered by the Sales Agreement, but rather it is an agreement to transfer in the future; that Developer either has or shall enter into agreements with Bank of Hawaii (the "Lender"), pursuant to which Lender may loan an aggregate of up to \$7,118,000.00 for construction costs, costs of acquiring Developer's interest in the Project and other associated costs of the Project; that the purchaser acknowledges and agrees that all security interests obtained by the Lender in connection with such loans as well as any extensions, renewals and modifications thereof shall be and remain at all times a lien or charge on the Project, including the Property covered by the Sales Agreement, prior to and superior to any and all liens or charges on the Project arising from the Sales Agreement or any other prior reservation agreement; that the purchaser undertakes and agrees to execute any further documentation of subordination agreement required by the Lender to evidence this subordination and irrevocably appoints Developer as purchaser's attorney-in-fact to execute any such subordination agreement; and that purchaser consents to Developer's assignment by way of security of Developer's interests in the Sales Agreement and purchaser's escrow deposits to the Lender and agrees that in the event of passage of Developer's interests therein pursuant to said assignment, that the purchaser will, at Lender's option, perform to, attorn to and recognize Lender (its successors in interest, if any) as the Developer under the Sales Agreement, with all of the rights of the Developer thereunder, all as if the Lender were the original seller thereunder.

2. The Developer has made no representations with respect to the possibility or probability of rental or other income from the apartments, or other economical benefits to be derived from the rental of the apartments, including but not limited to, any representations to the effect that Developer or the managing agent of the project will provide services relating to the rental or sale of the apartments nor representations as to possible advantages from the rental of the apartments under federal or state tax laws. If a purchaser wishes to rent his apartment to third persons, purchaser must make his own arrangements.

3. The purchaser agrees for a period of two (2) years from and after the closing date that the purchaser shall not place anywhere within the Wailuna project any "For Sale" or "For Rent" signs.

4. The contract shall not become fully binding until the third day after the Developer has taken the Buyer's receipt for a copy of the Real Estate Commission's Final Public Report on this Project. The contract shall become fully binding automatically on said day without further notice to Buyer.

5. All taxes, assessments, lease rent and charges of any kind assessable against the Property shall be payable according to the terms of the Apartment Lease, the Declaration and the Bylaws, and will be prorated between Developer and Purchaser as of the final closing date. Purchaser shall pay all closing costs in connection with the sale, including without limitation, escrow fees, preparation of the Apartment Lease, preparation of Assignment of Apartment Lease, preparation of any agreement of sale, preparation of any land trust and related documents, State of Hawaii conveyance tax, preparation of any mortgages and all costs related to obtaining the mortgage, all acknowledgment fees, all recording fees, the escrow fee and any proof of title, including the cost of any title insurance premiums, and certain prepayments, all as set forth in the Contract.

The Escrow Agreement provides, in part:

1. Escrow shall make no disbursements of purchaser's funds (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided hereinbelow, until Escrow has received a certificate by Seller that the sales contracts have "become effective" and that "the requirements of Sections 514A-39, 514A-63, 514A-64 and 514A-66" of Hawaii Revised Statutes have been met, as said phrases are used in Section 514A-65, Hawaii Revised Statutes.

2. Escrow shall release from the Escrow fund and refund all sums received by it under a particular sales contract, subject only to such deductions as may be provided in said sales contract, upon receipt of evidence satisfactory to it from Seller or purchaser thereunder or both that the conditions provided in such

sales contract for such a refund have been met, or that the conditions provided in the Horizontal Property Act for such a refund have been met. Upon refund of said funds to the purchaser as aforesaid, Escrow shall return to Seller such purchaser's sales contract and any apartment lease and other conveyance documents delivered to Escrow, and thereupon neither the purchaser nor Seller shall be deemed obligated thereunder.

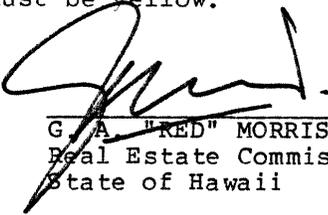
PROPERTY MANAGEMENT: Developer has submitted to the Commission copies of two agreements entitled "Agency and Property Management Agreement", which were executed by the Developer on behalf of the Association of Apartment Owners with Certified Management, a division of AR Corporation, as Agent. Said Agreements provide for property management of Wailuna II and for Wailuna Recreation Association. The address of Certified Management is 98-1238 Kaahumanu Street, Suite 404, Pearl City, Hawaii 96782, and its telephone number is 487-7941.

STATUS OF THE PROJECT: The Developer has stated that all site work for the Project has been completed, and that construction of the other improvements of the Project began on or about May 15, 1983 and that the estimated date of completion is about December 1, 1983.

The purchaser of 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 on May 13, 1983 and information subsequently filed as of June 14, 1983.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1546 filed with the Commission on May 13, 1983.

This report, when reproduced, shall be a true copy of the Commission's Preliminary Public Report. The paper stock used in making facsimilies must be yellow.


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. 1546

June 20, 1983

WAILUNA II-A

PRIOR TO MERGER OF INCREMENTS

The below schedule sets forth the following information with respect to the residential apartments:

1. Column 1 sets forth the apartment number of each apartment and the location and identification of each apartment by identifying the building in which it is located by an arabic numeral and a designation of each apartment by the letter designation of A, B, C, or D.

2. Column 2 indicates whether the apartment is a "standard floor plan" (S), or a "reverse floor plan" (R). A R means that the standard floor plan has been reversed and that it is a mirror-image of a standard floor plan.

3. Column 3 sets forth the type of building in which the apartment is located. The only type of building in this project is a "Type 2" building. When an "R" is placed after the designation of a building, this means that the building contains a reverse location of each apartment and that it is a mirror-image of a standard building.

4. Columns 4 through 11, inclusive, contain a description of each residential apartment as follows:

(a) Column 4 indicates whether the apartment is located on the ground floor (GF) or the second floor (SF) or is a two-story (TS) apartment.

(b) Columns 5, 6 and 7 indicate whether the apartment has a separate living room (LR) and a separate dining room (DR) or has a combination living room-dining room (L/DR).

(c) Column 8 indicates whether the apartment has two bedrooms (2) or three bedrooms (3).

(d) Column 9 indicates whether the apartment has two full baths and a one-half bath, or two full baths or one full bath and a one-half bath.

(e) Column 10 indicates whether the apartment includes a two-car garage (2-C).

(f) Column 11 indicates the approximate gross square footage area of the apartment, including the garage (if any) and lanai measured from the exterior face of exterior walls and the center line of party walls, with no reduction made to account for interior load-bearing walls, stairways, ducts, vent shafts and the like, located within the perimeter walls, and includes the horizontal projection of all stairways. It is noted that: all apartments include a lanai; that Apartments A, C and D include a two-car garage; and that the B Apartment does not include a garage.

5. Column 12 indicates the parking stall, if any, that is appurtenant to and for the exclusive use of an apartment. It is noted that the B Apartment has two appurtenant parking stalls.

NOTE: All the foregoing is shown on said Condominium Map.

6. Column 13 sets forth undivided interest in the common elements of the Project appurtenant to the apartment.

EXHIBIT "A"

SCHEDULE

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
72-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	2.67
72-B	R		TS			L/DR	2	1-½	-	1290	18&19	2.53
72-C	R		TS	LR	DR		3	2-½	2-C	1951	-	3.10
72-D	R		SF			L/DR	3	2	2-C	1865	-	2.87
73-A	S	2	GF			L/DR	3	2	2-C	1807	-	2.67
73-B	S		TS			L/DR	2	1-½	-	1290	23&24	2.53
73-C	S		TS	LR	DR		3	2-½	2-C	1951	-	3.01
73-D	S		SF			L/DR	3	2	2-C	1865	-	2.87
74-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	2.67
74-B	R		TS			L/DR	2	1-½	-	1290	28&29	2.53
74-C	R		TS	LR	DR		3	2-½	2-C	1951	-	3.00
74-D	R		SF			L/DR	3	2	2-C	1865	-	2.87
75-A	S	2	GF			L/DR	3	2	2-C	1807	-	2.67
75-B	S		TS			L/DR	2	1-½	-	1290	34&35	2.53
75-C	S		TS	LR	DR		3	2-½	2-C	1951	-	3.00
75-D	S		SF			L/DR	3	2	2-C	1865	-	2.87
78-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	2.67
78-B	R		TS			L/DR	2	1-½	-	1290	36&37	2.53
78-C	R		TS	LR	DR		3	2-½	2-C	1951	-	3.00
78-D	R		SF			L/DR	3	2	2-C	1865	-	2.87
79-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	2.67
79-B	R		TS			L/DR	2	1-½	-	1290	40&41	2.53
79-C	R		TS	LR	DR		3	2-½	2-C	1951	-	3.10
79-D	R		SF			L/DR	3	2	2-C	1865	-	2.87
80-A	S	2	GF			L/DR	3	2	2-C	1807	-	2.67
80-B	S		TS			L/DR	2	1-½	-	1290	21&22	2.53
80-C	S		TS	LR	DR		3	2-½	2-C	1951	-	3.10
80-D	S		SF			L/DR	3	2	2-C	1865	-	2.87
81-A	S	2	GF			L/DR	3	2	2-C	1807	-	2.67
81-B	S		TS			L/DR	2	1-½	-	1290	30&31	2.53
81-C	S		TS	LR	DR		3	2-½	2-C	1951	-	3.00
81-D	S		SF			L/DR	3	2	2-C	1865	-	2.87
82-A	S	2	GF			L/DR	3	2	2-C	1807	-	2.67
82-B	S		TS			L/DR	2	1-½	-	1290	32&33	2.53
82-C	S		TS	LR	DR		3	2-½	2-C	1951	-	3.00
82-D	S		SF			L/DR	3	2	2-C	1865	-	2.87

Each of the nine (9) buildings contains one of each of the four (4) different types of apartments, as follows: A, B, C and D. There are, therefore, a total of nine (9) of each type of apartment in the Project, as follows:

TYPE A - 9
 TYPE B - 9
 TYPE C - 9
 TYPE D - 9

TOTAL APARTMENTS: 36

WAILUNA II-A

REVISION RESULTING FROM MERGER OF INCREMENTS

The below schedule sets forth the following information with respect to the residential apartments:

1. Column 1 sets forth the apartment number of each apartment and the location and identification of each apartment by identifying the building in which it is located by an arabic numeral and a designation of each apartment by the letter designation of A, B, C, or D.

2. Column 2 indicates whether the apartment is a "standard floor plan" (S), or a "reverse floor plan" (R). A R means that the standard floor plan has been reversed and that it is a mirror-image of a standard floor plan.

3. Column 3 sets forth the type of building in which the apartment is located. The only type of building in this project is a "Type 2" building. When an "R" is placed after the designation of a building, this means that the building contains a reverse location of each apartment and that it is a mirror-image of a standard building.

4. Columns 4 through 11, inclusive, contain a description of each residential apartment as follows:

(a) Column 4 indicates whether the apartment is located on the ground floor (GF) or the second floor (SF) or is a two-story (TS) apartment.

(b) Columns 5, 6 and 7 indicate whether the apartment has a separate living room (LR) and a separate dining room (DR) or has a combination living room-dining room (L/DR).

(c) Column 8 indicates whether the apartment has two bedrooms (2) or three bedrooms (3).

(d) Column 9 indicates whether the apartment has two full baths and a one-half bath, or two full baths or one full bath and a one-half bath.

(e) Column 10 indicates whether the apartment includes a two-car garage (2-C).

(f) Column 11 indicates the approximate gross square footage area of the apartment, including the garage (if any) and lanai measured from the exterior face of exterior walls and the center line of party walls, with no reduction made to account for interior load-bearing walls, stairways, ducts, vent shafts and the like, located within the perimeter walls, and includes the horizontal projection of all stairways. It is noted that: all apartments include a lanai; that Apartments A, C and D include a two-car garage; and that the B Apartment does not include a garage.

5. Column 12 indicates the parking stall, if any, that is appurtenant to and for the exclusive use of an apartment. It is noted that the B Apartment has two appurtenant parking stalls.

NOTE: All the foregoing is shown on said Condominium Map.

6. Column 13 sets forth undivided interest in the common elements of the Project appurtenant to the apartment.

EXHIBIT "B"

SCHEDULE

(1)	(R)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
68-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	1.61
68-B	R		TS			L/DR	2	1-½	-	1290	6&7	1.53
68-C	R		TS	LR	DR		3	2-½	2-C	1951	-	1.81
68-D	R		SF			L/DR	3	2	2-C	1865	-	1.71
69-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
69-B	S		TS			L/DR	2	1-½	-	1290	10&11	1.53
69-C	S		TS	LR	DR		3	2-½	2-C	1951	-	1.83
69-D	S		SF			L/DR	3	2	2-C	1865	-	1.71
70-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	1.61
70-B	R		TS			L/DR	2	1-½	-	1290	12&13	1.53
70-C	R		TS	LR	DR		3	2-½	2-C	1951	-	1.83
70-D	R		SF			L/DR	3	2	2-C	1865	-	1.71
71-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
71-B	S		TS			L/DR	2	1-½	-	1290	16&17	1.53
71-C	S		TS	LR	DR		3	2-½	2-C	1951	-	1.83
71-D	S		SF			L/DR	3	2	2-C	1865	-	1.71
72-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	1.61
72-B	R		TS			L/DR	2	1-½	-	1290	18&19	1.53
72-C	R		TS	LR	DR		3	2-½	2-C	1951	-	1.81
72-D	R		SF			L/DR	3	2	2-C	1865	-	1.71
73-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
73-B	S		TS			L/DR	2	1-½	-	1290	23&24	1.53
73-C	S		TS	LR	DR		3	2-½	2-C	1951	-	1.81
73-D	S		SF			L/DR	3	2	2-C	1865	-	1.71
74-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	1.61
74-B	R		TS			L/DR	2	1-½	-	1290	28&29	1.53
74-C	R		TS	LR	DR		3	2-½	2-C	1951	-	1.81
74-D	R		SF			L/DR	3	2	2-C	1865	-	1.71
75-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
75-B	S		TS			L/DR	2	1-½	-	1290	34&35	1.53
75-C	S		TS	LR	DR		3	2-½	2-C	1951	-	1.81
75-D	S		SF			L/DR	3	2	2-C	1865	-	1.71
76-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	1.61
76-B	R		TS			L/DR	2	1-½	-	1290	44&45	1.53
76-C	R		TS	LR	DR		3	2-½	2-C	1951	-	1.81
76-D	R		SF			L/DR	3	2	2-C	1865	-	1.71
77-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
77-B	S		TS			L/DR	2	1-½	-	1290	42&43	1.53
77-C	S		TS	LR	DR		3	2-½	2-C	1951	-	1.81
77-D	S		SF			L/DR	3	2	2-C	1865	-	1.71

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
78-A	R	2/R	GF			LR/DR	3	2	2-C	1807	-	1.61
78-B	R		TS			L/DR	2	1- $\frac{1}{2}$	-	1290	36&37	1.53
78-C	R		TS	LR	DR		3	2- $\frac{1}{2}$	2-C	1951	-	1.81
78-D	R		SF			L/DR	3	2	2-C	1865	-	1.71
79-A	R	2/R	GF			L/DR	3	2	2-C	1807	-	1.61
79-B	R		TS			L/DR	2	1- $\frac{1}{2}$	-	1290	40&41	1.53
79-C	R		TS	LR	DR		3	2- $\frac{1}{2}$	2-C	1951	-	1.83
79-D	R		SF			L/DR	3	2	2-C	1865	-	1.71
80-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
80-B	S		TS			L/DR	2	1- $\frac{1}{2}$	-	1290	21&22	1.53
80-C	S		TS	LR	DR		3	2- $\frac{1}{2}$	2-C	1951	-	1.83
80-D	S		SF			L/DR	3	2	2-C	1865	-	1.71
81-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
81-B	S		TS			L/DR	2	1- $\frac{1}{2}$	-	1290	30&31	1.53
81-C	S		TS	LR	DR		3	2- $\frac{1}{2}$	2-C	1951	-	1.81
81-D	S		SF			L/DR	3	2	2-C	1865	-	1.71
82-A	S	2	GF			L/DR	3	2	2-C	1807	-	1.61
82-B	S		TS			L/DR	2	1- $\frac{1}{2}$	-	1290	32&33	1.53
82-C	S		TS	LR	DR		3	2- $\frac{1}{2}$	2-C	1951	-	1.81
82-D	S		SF			L/DR	3	2	2-C	1865	-	1.71

Each of the fifteen (15) buildings contains one of each of the four (4) different types of apartments, as follows: A, B, C and D. There are, therefore, a total of fifteen (15) of each type of apartment in the Project, as follows:

TYPE A	-	15
TYPE B	-	15
TYPE C	-	15
TYPE D	-	15
TOTAL APARTMENTS:		<u>60</u>

WAILUNA II-A
LEASEHOLD CONDOMINIUM
DEVELOPER'S DISCLOSURE ABSTRACT

Name of Project: WAILUNA II-A
At the Mauka End of Kaahumanu Street
Pearl City, Hawaii 96782

Developer and Project Manager: LUSK-HAWAII, a Division of John D. Lusk & Son
Suite 1618, Davies Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813
Telephone No. 537-4972

Number of Apartments and Use:

There are thirty-six (36) residential apartments in the project. The residential apartments shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and personal guests and shall not be used for transient or hotel purposes.

Warranties:

The Developer's warranty policy is attached hereto as Exhibit "A". THE DEVELOPER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY COMMON ELEMENT OR ANYTHING INSTALLED THEREIN.

Breakdown of Annual Maintenance Fees and Monthly Estimated Costs of the Project Payable by Each Apartment:

Attached hereto as Exhibit "B" is a copy of the initial estimated operating budget for the Association of Owners of the Project, and the breakdown of annual maintenance fees and monthly estimated costs of each apartment, which was prepared by Certified Management, a division of AR Corporation.

Breakdown of Annual Maintenance Fees and Monthly Estimated Costs of WAILUNA RECREATION ASSOCIATION Payable by Each Apartment:

Attached hereto as Exhibit "C" is a copy of the initial estimated operating budget for WAILUNA RECREATION ASSOCIATION, and the breakdown of annual maintenance fees and the monthly estimated costs of each residential apartment, which was prepared by Certified Management, a division of AR Corporation.

Breakdown of Combined Annual Maintenance Fees and Monthly Estimated Costs of the Project and WAILUNA RECREATION ASSOCIATION Payable by Each Residential Apartment:

Apartment Type	A	B	D	C1	C2
Operating Budget:					
Monthly (\$)	118.06	113.10	124.28	130.49	131.73
Annual (\$)	1,416.72	1,357.20	1,491.36	1,565.88	1,580.75

DATED: Honolulu, Hawaii, May 2, 1983.

WAILUNA

New Home Limited Warranty

IMPORTANT: Sales representatives are not authorized to modify or add to the terms of this warranty policy. The Builders standard New Home Limited Warranty Policy is as follows:

1. Subject to the provisions of this policy, we will correct any defect in the structural components of your home due to faulty materials or workmanship of which we receive written notice during the one-year period following the date of close of escrow, or the date you take possession, whichever occurs earlier (the "warranty year"). The foregoing shall only apply to the structural components of your home which include the walls, wall covering, floors, ceilings, roof, doors, cabinets, shelves, closets, patios, balconies, bathroom fixtures, railings, shingles, gutters and windows. The foregoing shall also apply to the structural components of the plumbing, electrical, heating and air conditioning systems (if any) which include such things as ducting, wiring and pipes. This warranty shall not extend to any portion of the plumbing, electrical, heating and air conditioning systems which are not a part of the structural component of your home or which carry an express warranty by the manufacturer thereof. The structural component does not include any appliances, equipment or other "consumer" items which may be attached to the structural component, such as a smoke alarm installed in a bearing wall or the water heater attached to the hot water pipes. These consumer items are not a part of the structural component for the purposes of the Warranty, but they are generally warranted by the manufacturers thereof and you should look directly to the manufacturers for service on these items. Obviously, any item can be a "consumer" item depending on how it is sold, but we consider an item to be part of the structural component of your home if it has no separate function other than as part of the house. If a defect appears which the owner thinks is covered by the Limited Warranty, he must notify us in writing of the defect within a reasonable time following its discovery, but in no event later than one (1) week after the end of the applicable warranty period. Upon receipt of a written report of a defect, if the defective item is covered by this Limited Warranty, we will repair or replace it at no charge to the homeowner, within sixty (60) days (longer if weather conditions, labor problems or material shortages cause delays). The work will be done by us, or by a subcontractor of our choice. The choice between repair or replacement is also ours. Our sole responsibility under this warranty shall be to restore your home to the condition existing at the time the defect occurred. We do not take responsibility for any secondary damage caused by the defect, including, without limitation, damage to your personal property.

2. We will warrant all concrete, brick, stone and other masonry against substantial defects for a period of one (1) year. However, we will repair only those cracks in house slabs, basement floor and walls, garage slabs, walks and other masonry which substantially interrupt the plane of surface or affect its structural value and integrity. We will not assume responsibility for hairline cracks in concrete, plaster,

EXHIBIT "A"

drywall, masonry, ceramic tile and other rigid materials which occur due to normal expansion, contraction and settlement; the foregoing shall, without limitation, apply to hairline cracks in walls, driveways, garage floors, patios, and balconies, and to ceramic tile in the kitchen, shower, bathroom and entryway areas. We will not be responsible for and will not repair minor separation of ceramic tile grout at the tub line or at the intersection of a wall and floor where it is adjoined with other material resulting in loose grout.

3. We will make minor repairs such as doors sticking, cabinet drawer adjustments, failure of electrical plugs and operating fixtures, leaking faucets, tile caulking and the like only if brought to our attention in writing during the thirty (30) day period following the close of escrow or the date you take possession, whichever occurs first.

4. We will only correct defects or smudges of painted surfaces, counter tops, chipping of porcelain or tile in the kitchen, sinks, bathtub or elsewhere, chipped or otherwise defective surfaces of plumbing fixtures, torn or defective screens, defects in cabinet surface or finish, broken window or mirrored glass or similar defects readily visible to the human eye which go beyond industry standards or normal production tolerances and which are noted at the time of your Pre-move-in Inspection. The foregoing does not apply to hairline cracks in rigid materials which are covered above.

We will not be responsible for normal fading, chalking, or checking or paint or stucco which is not in excess of industry standards, which may occur due to sunlight or exposure to the elements. Where we do engage in paint and stucco repairs or patching, we do not warrant that the new paint or stucco will match perfectly with the old.

5. Plumbing drains are tested for proper operating before occupancy and we will only take responsibility for stoppages which are reported to us in writing within thirty (30) days after you take possession of your home. We will warrant the structural components of the plumbing system to be in proper working order and free from defective materials and workmanship for a period of one (1) year; provided, however, that normal maintenance items such as toilet adjustments and repair of dripping faucets are limited to a thirty (30) day warranty period. This warranty does not extend to the water heater or external plumbing fixtures, or any other portion of the plumbing system which is not a part of the structural component of your home or which carries an express warranty by the manufacturer of that part. Nor does this Warranty include the system or any of its parts which became defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents. Any costs we incur to eliminate a stoppage, whether or not reported within the thirty (30) day period, resulting solely from your use of the home will be billed to you.

6. We will warrant the electrical system for a period of one (1) year as follows: that the electrical system has been installed in accordance with good electrical practice and meets inspection agency standards. This warranty does not extend to the electrical system which is not a part of the structural

component of your home, including light bulbs and light fixtures, or which carries an express warranty by the manufacturer of that part. Nor does this warranty include the system or any of its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents.

7. We will warrant proper operation of the heating system, in the original finished room areas, for a period of one (1) year as follows: that the heating system has been installed in accordance with good heating practice and meets inspection agency standards. This warranty does not extend to the furnace or any other portion of the heating system which is not a part of the structural component of your home or which carries an express warranty by the manufacturer of that part. Nor does this warranty include the system or any of its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents.

8. We will warrant the air conditioning system, if included in the sale of the dwelling, for a period of one (1) year as follows: that the air conditioning system has been installed in accordance with good air conditioning practice and meets inspection agency standards. This warranty does not extend to the air conditioning system which is not a part of the structural component of your home or which carries an express warranty by the manufacturer of that part. Nor does this warranty include the system or its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the homeowner or his agents.

9. The provisions of this policy are not transferable and only extend to the original buyer of each home if such original buyer occupies the home as his principal residence or purchases with the intent to occupy as his principal residence. In any event, the warranty herein provided shall automatically terminate as to the home when the original buyer ceases to occupy the home, upon the sale (by grant deed, installment land sales contract or otherwise) or lease of the home by the original buyer, or upon the expiration of the warranty year, whichever first occurs. Steps taken by the Builder to correct any defects shall not extend the warranty year beyond its initial one (1) year term.

10. Except as provided herein, the Builder makes no express warranty as to materials or workmanship. Without limiting the generality of the foregoing, we make no express warranties as to any appliances, fixtures, carpeting or other consumer items installed in your home and which are not part of the structural component thereof, nor do we adopt any express or implied warranties made by the manufacturers of such items. Any warranty claims on such consumer items should be made directly to the manufacturer of a defective item and not to the Builder. Rights under these manufacturers' warranties flow directly from the manufacturer to you, and you should consult these warranties for the terms and periods of coverage. The following are examples of such warranties, though not every home includes all of these items and some homes may include appliances or equipment not in this list:

Refrigerator	Range	Space Heater
Furnace	Washing Machine	Hot Water Heater
Dryer	Dishwasher	Garbage Disposal
Ventilating Fans	Air Conditioner	Boiler
Heat Pump	Exhaust Fan	Electric Air Cleaner
Thermostat	Sump Pump	Humidifier
Central Vacuum System	Smoke Detector	Fire Alarm
Fire Extinguisher	Chimes	Garage Door Opener
Water Pump	Intercom	Burglar Alarm
Electric Meter	Water Meter	Gas Meter
Barbeque Grill	Whirlpool Bath	Water Heater
Water Softener	Freezer	Trash Compactor
Oven (and hood)	Ice Maker	

11. The provisions of this policy shall not extend to, and we shall not be responsible to repair any portion of your home, structural or otherwise, which you or your employees or contractors have modified or added to in any way, including without limitation attempted repairs.

The provisions of this policy also do not extend to damage due to ordinary wear and tear, damage due to lack of proper maintenance, or damage due to abusive or unwarranted use.

I (We) have received a copy of this policy.

BUYER:

WAILUNA II, PHASE 2
PROPOSED OPERATING BUDGET

<u>Account</u>	<u>Monthly</u>	<u>Annually</u>
Other Employee Compensation	\$ 650	\$7,800
Payroll Taxes & Service Charges	165	1,980
Payroll Insurance	82	984
Medical Insurance	48	576
Office & Admin Expenses	25	300
Management Fee	262	3,144
Audit & Tax Preparation	8	96
Other Admin Expenses	10	120
Electricity	455	5,460
Water	458	5,496
Sewer	228	2,736
Exterminating	120	1,440
Rubbish Removal	290	3,480
Grounds Maintenance	113	1,356
Portable Equip. Maint. & Repair	10	120
General Maintenance	45	540
Fire Safety	11	132
General Excise Tax	5	60
Income Tax	5	60
SMP/Fire Insurance	176	2,112
Liability Insurance	30	360
Equipment Purchase	<u>45</u>	<u>540</u>
 OPERATING DISBURSEMENTS	 \$3,241	 \$5,844
 Transfer to Reserve	 487	 5,844
 TOTAL DISBURSEMENTS	 <u>\$3,728</u>	 <u>\$44,736</u>

WAILUNA II EXPENSES BY % OF INTEREST

Apartment Type	A	B	D	C	C
				<u>Type I Bldg.</u>	<u>Type II Bldg.</u>
% Common Int.	1.61	1.53	1.71	1.81	1.83
 Operating Budget					
Monthly	100.06	95.10	106.28	112.49	113.73
Annual	1,200.72	1,141.20	1,275.36	1,349.88	1,364.76

Unit	No.	Fee	Monthly	Annually
A	9 @	\$100.06	\$900.54	\$10,806.48
B	9 @	95.10	855.90	10,270.80
D	9 @	106.28	956.52	11,478.24
C1	7 @	112.49	787.43	9,449.16
C2	2 @	113.73	<u>227.46</u>	<u>2,729.52</u>
			3,727.85	<u>\$44,734.20</u>

The undersigned certifies that the above schedule of annual maintenance fees and monthly estimated costs for each Wailuna II apartment is based on generally accepted accounting principles.

CERTIFIED MANAGEMENT
A Division of A R Corporation

By Hal Yarger
Hal Yarger, Manager
Condominium Department

EXHIBIT "B"

WAILUNA RECREATION ASSOCIATION
PROPOSED OPERATING BUDGET

Other Employee Compensation	670
Payroll Taxes & Service Charge	50
Payroll Insurance	70
Medical Insurance	0
Office & Administration Expenses	65
Management Fee	600
Legal	0
Audit & Tax Preparation	10
Telephone/Communication Equipment	0
Other Administrative Expense	20
Elevator	0
Electricity	1,400
CATV/MATV	0
Water	257
Sewer	0
Gas	0
Grounds Maintenance	75
Custodial Service & Supplies	70
General Maintenance	200
Painting	20
Pool & Recreation Facilities	400
Real Estate Tax	10
General Excise Tax	10
SMP/Fire Insurance	190
Mortgage/Loan/Other	7
Equipment Purchase/Improvements/Major Projects	100
 OPERATING DISBURSEMENTS	 <u>\$4,224</u>
Transfer To Reserves	600
 TOTAL	 <u><u>\$4,824</u></u>

The budget includes the costs to operate both the Swim and Tennis Clubs.

Each owner of an apartment in WAILUNA II is a member of the WAILUNA RECREATION ASSOCIATION. All assessments are prorated equally among all apartments. This amount of estimated fees is in addition to those set forth for the WAILUNA II proposed operating budget.

	<u>Monthly</u>	<u>Annually</u>
WAILUNA RECREATION ASSOC. EXPENSES BY APARTMENT	\$ 18.00	\$216.00

The undersigned certifies that the above schedule of annual maintenance fees and monthly estimated costs for each Wailuna II apartment is based on generally accepted accounting principles.

CERTIFIED MANAGEMENT
A Division of A R Corporation
Hal Yarbber
Hal Yarbber, Manager, Condominium Department

EXHIBIT "C"