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

FIRST SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

HIDDEN VALLEY ESTATES (Increments 3A and 3B)
2069 California Avenue
Wahiawa, Hawaii

Registration No. 1576-B

Issued: January 10, 1986
Expires: February 10, 1987

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

It was prepared as a supplement to an earlier Report dated 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.

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 and prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED OCTOBER 17, 1983, AND INFORMATION SUBSEQUENTLY FILED AS OF DECEMBER 30, 1985. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL AND REPORTING CHANGES IN THE PROJECT, 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 and Final Public Report of January 13, 1984 and July 5, 1984 (Registration No. 1576) respectively, covering Increment 1 of the HIDDEN VALLEY ESTATES condominium Project, and the issuance of the First and Second Supplementary Reports, dated March 6, 1985 and November 8, 1985 (Registration No. 1576-A) respectively, covering Increment 2 of said Project, the Developer reports that that it intends to construct two additional increments of the Hidden Valley Estates Project.

HIDDEN VALLEY ESTATES (Increments 3A and 3B) are part of a proposed incremental development which will have a maximum of 180 apartments. Increment 3A consists of five (5) residential buildings containing twenty-eight (28) apartments and seventy-five (75) parking stalls and Increment 3B consists of five (5) buildings containing forty (40) apartments and eighty (80) parking stalls.

2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for registration of the Project and the updating of information disclosed therein.

3. The Developer has advised the Commission that advertising and promotional material required to be filed pursuant to the rules and regulations promulgated by the Commission will be submitted prior to public exposure.

4. A purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the rules and regulations promulgated thereunder which relate to horizontal property regimes.

5. This First Supplementary Public Report on Increments 3A and 3B expires February 10, 1987, unless another Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the period of the report.

6. This FIRST SUPPLEMENTARY PUBLIC REPORT on Increments 3A and 3B is made a part of HIDDEN VALLEY ESTATES condominium project. The Developer is responsible for placing a true copy of this First Supplementary Public Report on Increments 3A and 3B (pink paper stock) and amended Disclosure Abstract dated December 10, 1985, in the hands of all purchasers and prospective purchasers along with a copy of the Preliminary Public Report (yellow paper stock) and Final Public Report (white paper stock) on Increment 1 and First and Second Supplementary Public Report (pink paper stock) on Increment 2.

NOTE: PURCHASERS OR PROSPECTIVE PURCHASERS OF APARTMENTS IN INCREMENT 3A OR INCREMENT 3B SHOULD BE COGNIZANT OF THE FACT THAT THE ISSUANCE OF THIS SUPPLEMENTARY PUBLIC REPORT AUTHORIZES DEVELOPER ONLY TO ENTER INTO RESERVATION AGREEMENTS OR SALES CONTRACTS FOR THE APARTMENTS IN INCREMENTS 3A AND 3B. SUCH AGREEMENTS OR CONTRACTS SHALL NOT BECOME BINDING NOR SHALL DEVELOPER HAVE ANY RIGHT TO UTILIZE PURCHASER'S FUNDS OBTAINED IN CONNECTION THEREWITH UNTIL THE ISSUANCE OF A SECOND SUPPLEMENTARY PUBLIC REPORT FOR INCREMENTS 3A AND 3B WHICH RECITES OR REFLECTS THAT THE DEVELOPER HAS COMPLIED WITH, AND THE COMMISSION IS SATISFIED THAT ALL THE REQUIREMENTS OF,

SECTION 514A-40 OF THE HAWAII REVISED STATUTES HAVE BEEN MET.

NAME OF PROJECT: HIDDEN VALLEY ESTATES (Increments 3A and 3B)

LOCATION: The land of the Project, consisting of approximately 22.955 acres is situate at Wahiawa, Oahu, State of Hawaii.

TAX MAP KEY: 7-25-27:01; 7-5-15:01 and 7-5-27:03

ZONING: R-4 (Residential)

DEVELOPER: HIDDEN VALLEY INVESTMENTS, a Hawaii limited partnership, whose principal place of business and post office address is 563 Pakala Street, Honolulu, Hawaii; telephone number: 395-4152. The managing partner is Town & Country Development Company, Inc., the principal executive officer of which is Jesse E. Spencer. The names and addresses of the partners of the Developer are as follows:

Town and Country Development Company, Inc.	General Partner 563 Pakala Street Honolulu, Hawaii 96825
Darline M. Bjerke	General Partner 1034 Kaimoku Place Honolulu, Hawaii 96821
Alzada P. Anderson	General Partner 1068 Laukahi Street Honolulu, Hawaii 96821
Martin and Rosemary Zais	Limited Partner 1580 Makaloa Street Suite 535 Honolulu, Hawaii 96814
Frank and Jeanne Gregory	Limited Partner 44-372 Kaneohe Bay Drive Kaneohe, Hawaii 96744
Walter and Margaret Mensching	Limited Partner 169 Kuukama Street Kailua, Hawaii 96734

ATTORNEY REPRESENTING DEVELOPER: Richard G. MacMillan, 345 Queen Street, Eighth Floor, Honolulu, Hawaii 96813. Telephone number: 531-6277.

DESCRIPTION OF PROJECT: The proposed Third Amendment of Declaration of Horizontal Property Regime describes the Project as follows:

(a) Increments 1 and 2. Increment 1 (which was completed on or about March 15, 1984) and Increment 2 (which was completed on or about October 1, 1985) consist of eleven (11) buildings (designated herein and on the Condominium File Plan as Buildings 1 through 11, inclusive), containing a total of fifty-six (56) apartments, parking areas containing one hundred thirty (130) parking stalls, trash receptacles, common mailbox facilities, and a landscaped private park area with picnic and barbecue facilities and playground equipment.

(b) Increment 3A. The new improvements to be constructed as part of Increment 3A consist of twenty-eight (28) apartments located in five (5) residential buildings, designated herein and on said Condominium File Plan as Buildings 17 through 21, inclusive. Increment 3A will also include parking areas containing one seventy-five (75) parking stalls, trash receptacles and common mailbox facilities and one additional private park area. Picnic and barbecue facilities and playground equipment will be provided in such park area. The buildings comprising Increment 3A are more particularly described as follows:

(i) Buildings 17, 20 and 21 are one-story structures, without basements, each containing four (4) Apartments; and

(ii) Buildings 18 and 19 are two-story structures, without basements, containing a total of eight (8) Apartments each, with four (4) Apartments on each floor.

(c) Increment 3B. The new improvements to be constructed as part of Increment 3B consists of forty (40) apartments located in five (5) residential buildings, designated herein and on said Condominium File Plan as Buildings 12 through 16, inclusive. Increment 3B will also include parking areas containing eighty (80) parking stalls, trash receptacles and common mailbox facilities and one additional private park area. Picnic and barbeque facilities and playground equipment will be provided in such park area. Each of said buildings is a two-story structure, without a basement, and contains a total of eight (8) Apartments, with four (4) Apartments on each floor.

(d) Merger of Increments 3A and 3B. Increment 3A is scheduled for completion on or about March 1, 1986 and Increment 3B will be completed on or about July 1, 1986; provided, that the foregoing completion dates are an estimate only, and if the completion of either of said Increments, as herein provided, shall be delayed by war, earthquake, fire, flood, or similar disaster, or by strikes, labor disputes or any other cause beyond the control of the Developer, the completion thereof shall be extended according to the duration and nature of such delay; provided, further, that both of said increments shall, in any event, be completed not later than June 21, 1991, or the termination date of the Master Lease with the Fee Owner, whichever shall first occur. Subject to the limitations provided in paragraph 11 of the Declaration, neither the construction and completion by Developer of Increment 3A or Increment 3B nor the failure to complete and construct either of said increments shall prejudice or affect the right of Developer to construct and complete additional Apartments in the Project as part of any future increment or increments, and Developer shall have the right to complete, obtain Certificates of Occupancy for and convey title to the Apartments comprising Increments 3A and 3B or any future increment prior to the completion of any other increment to be constructed later in time. Upon the completion of Increments 3A and 3B, and any future increment, said increment shall be merged with the preceding increment or increments, as provided

in paragraph 11 of the Declaration, and the increments so merged shall be controlled and administered as a single condominium Project.

NOTE: BECAUSE INCREMENTS 3A AND 3B WILL BE COMPLETED AT DIFFERENT TIMES, IT IS ANTICIPATED THAT INCREMENT 3A WILL BE MERGED INTO THE PROJECT, AND THE SALES OF APARTMENTS IN SAID INCREMENT CLOSED, PRIOR TO THE MERGER OF INCREMENT 3B AND THE CLOSING OF APARTMENT SALES IN INCREMENT 3B.

Until the completion and merger of Increment 3A, Developer shall be responsible for the payment of 69.6% of all real property taxes and other expenses allocable to the land of the Project (but excluding any such taxes assessed against improvements comprising Increments 1 and 2). From and after the date of merger of Increment 3A, Developer's proportionate share of the real property taxes and other expenses allocable to the land of the Project shall be reduced to 56.3%. Upon the completion and merger of Increment 3B, Developer's proportionate share of such taxes shall be reduced to 36.3%. The foregoing allocations are based on the approximate ratio which the area set aside for future development and/or withdrawal by Developer bears to the total land area of the Project. The foregoing provisions are not intended to relieve Developer of its responsibility for real property taxes and other expenses attributable to Apartment in any increment which are unsold or owned by the Developer.

(e) Future Increments. The Developer is presently planning the future construction, in one or more phases or increments, of at least seven (7) additional residential buildings which will contain a minimum of thirty-six (36) Apartment units, together with appurtenant driveways, parking areas, utility installations, and recreational areas adequate to service such Apartments. As presently contemplated, the buildings included in such future development are those identified as the "Hopper Residence" and Building Nos. 22 through 27, inclusive, as shown on the Condominium File Plan; provided, that Developer shall have the right to construct one or more buildings in addition to those specified above, subject to the limitation that the Project, when fully completed, shall contain not more than one hundred eighty (180) Apartments. If future buildings are constructed, at least eighty (80) additional parking stalls will be added to the Project, together with one (1) more additional private park area. The buildings and Apartments to be constructed as part of any future increment(s) will be substantially equivalent to the buildings and Apartments in Increments 1, 2 3A and 3B in terms of design, building materials, quality of construction, layout and dimensions. Thus, upon the completion and merger of all increments which are presently planned, the Project will consist of not less than one hundred sixty-one (161) Apartments. Any of the foregoing provisions to the contrary notwithstanding, the Developer is under no obligation to construct any future increments and is making no warranties or representations that any increments after Increments 3A and 3B will be developed.

(f) Construction Materials. The buildings are constructed principally of wood, concrete, aluminum, glass and allied building materials.

2. Division of Property.

(a) Apartments. The numbering, type, approximate net area in square feet, number of rooms, and assigned parking stalls of the Apartments in Increments 3A and 3B are as follows:

INCREMENT 3A

Apt. No.	Floor Plan Type	Approx. Living Area in Sq. Ft.	Approx. Lanai Area in Sq. Ft.	No. of Rooms	Parking Stall No.
Bldg 17					
17A	A	782	44.36	6	221, 225
17B	A	782	44.36	6	222, 226
17C	A	782	44.36	6	224, 228
17D	A	782	44.36	6	223, 227
Bldg 18					
18A	A	782	44.36	6	235, 239
18B	A	782	44.36	6	237, 243
18C	A	782	44.36	6	244, 256
18D	A	782	44.36	6	241, 258
18E	B	811.61	36.07	6	236, 240
18F	B	811.61	36.07	6	238, 245
18G	B	811.61	36.07	6	246, 255
18H	B	811.61	36.07	6	242, 257
Bldg 19					
19A	B	811.61	36.07	6	229, 249
19B	B	811.61	36.07	6	231, 248
19C	B	811.61	36.07	6	253, 262
19D	B	811.61	36.07	6	251, 264
19E	A	782	44.36	6	230, 250
19F	A	782	44.36	6	232, 247
19G	A	782	44.36	6	254, 261
19H	A	782	44.36	6	252, 263
Bldg 20					
20A	A	782	44.36	6	266, 270
20B	A	782	44.36	6	265, 269
20C	A	782	44.36	6	267, 271
20D	A	782	44.36	6	268, 272
Bldg 21					
21A	A	782	44.36	6	274, 278
21B	A	782	44.36	6	273, 277
21C	A	782	44.36	6	276, 280
21D	A	782	44.36	6	275, 279

INCREMENT 3B

Apt. No.	Floor Plan Type	Approx. Living Area in Sq. Ft.	Approx. Lanai Area in Sq. Ft.	No. of Rooms	Parking Stall No.
Bldg 12					
12A	A	782	44.36	6	141, 153
12B	A	782	44.36	6	143, 158
12C	A	782	44.36	6	139, 157
12D	A	782	44.36	6	138, 155
12E	B	811.61	36.07	6	142, 152
12F	B	811.61	36.07	6	144, 159
12G	B	811.61	36.07	6	140, 156
12H	B	811.61	36.07	6	137, 154
Bldg 13					
13A	A	782	44.36	6	147, 176
13B	A	782	44.36	6	145, 174
13C	A	782	44.36	6	151, 179
13D	A	782	44.36	6	149, 177
13E	B	811.61	36.07	6	146, 175
13F	B	811.61	36.07	6	160, 173
13G	B	811.61	36.07	6	150, 180
13H	B	811.61	36.07	6	148, 178
Bldg 14					
14A	A	782	44.36	6	181, 204
14B	A	782	44.36	6	183, 203
14C	A	782	44.36	6	186, 201
14D	A	782	44.36	6	188, 202
14E	B	811.61	36.07	6	182, 199
14F	B	811.61	36.07	6	184, 197
14G	B	811.61	36.07	6	185, 198
14H	B	811.61	36.07	6	187, 100
Bldg 15					
15A	A	782	44.36	6	162, 192
15B	A	782	44.36	6	164, 190
15C	A	782	44.36	6	163, 193
15D	A	782	44.36	6	161, 195
15E	B	811.61	36.07	6	170, 191
15F	B	811.61	36.07	6	172, 189
15G	B	811.61	36.07	6	171, 194
15H	B	811.61	36.07	6	169, 196
Bldg 16					
16A	A	782	44.36	6	208, 212
16B	A	782	44.36	6	206, 210
16C	A	782	44.36	6	213, 217
16D	A	782	44.36	6	216, 220
16E	B	811.61	36.07	6	207, 211
16F	B	811.61	36.07	6	205, 209
16G	B	811.61	36.07	6	214, 218
16H	B	811.61	36.07	6	215, 219

The approximate net area of each Apartment, as set forth above, is computed by measuring from the interior surfaces of the

perimeter walls to the surfaces of interior party walls, and no reduction has been made to account for interior walls, ducts, vents, shafts and the like located within the perimeter walls.

(b) Types of Apartments (Increments 3A and 3B).

(i) Each of the forty (40) Apartments in Increments 3A and 3B designated as being a Type A unit contains two bedrooms, a kitchen, living-dining room, bathroom and laundry. The total approximate gross area (including lanai) of each Type A Apartment is 826.36 square feet.

(ii) Each of the twenty-eight (28) Apartments in Increments 3A and 3B designated as being a Type B unit contains two bedrooms, a kitchen, living-dining room, bathroom and laundry. The total approximate gross area (including lanai) of each Type B Apartment is 847.68 square feet.

(c) Access. All ground floor Apartments have immediate access to the grounds and parking areas of the Project. Each of the Apartments above the ground floor has immediate access to its entry after travel by stairway.

(d) Limits of Apartments. Each Apartment shall include: (i) all the walls and partitions which are not load-bearing within its perimeter walls; (ii) all glass windows, louvres, doors and panels along its perimeter; (iii) the inner decorated or finished surfaces of the perimeter walls or interior load-bearing walls; (iv) the interior-finished surfaces of the floors and ceilings; (v) all built-in fixtures and appliances originally installed therein; (vi) any utility system or component thereof which is located within any Apartment designed for the exclusive use of such Apartment; and (vii) all of the air space encompassed within the condominium unit.

Notwithstanding the foregoing, the Apartments shall not include: (i) that portion of any load-bearing interior or perimeter wall within or surrounding any unit which (except for the inner finished surfaces of any such wall), shall be common element; (ii) the floors and ceilings of any Apartment which shall be common elements, except for their inner finished surfaces; and (iii) any pipes, shafts, chases, ducts or any other enclosed space for wiring, plumbing, air exhaust or ventilation, serving or being utilized by more than one condominium unit, the same being deemed common elements as provided hereinbelow."

COMMON ELEMENTS: The proposed Third Amendment of Declaration states that the common elements shall include the limited common elements described below and all other portions of the land and improvements other than the apartments, including the buildings, and land on which they are located, and all elements mentioned in the Horizontal Property Act which are actually constructed on the land described herein. Said common elements shall include but shall not be limited to:

(a) All the land of the Project.

(b) All foundations, columns, girders, beams, floor slabs, roofs, supports and load-bearing walls (except for the inner finished surfaces, if any, within each Apartment).

(c) All structural elements, walkways, retaining walls, fences and railings.

(d) All driveways and parking areas.

(e) The nine (9) guest parking stalls in Increment 3A, designated on said Condominium File Plan as Parking Stall Nos. 233, 234, 259, 260, 281, 282, 283, 284, and 285, and the six (6) guest parking stalls in Increment 3B, being Stall Nos. 135, 136, 165, 166, 167 and 168 (there are fifteen (15) additional guest stalls in the first and second increments).

(f) All pedestrian walkways, yards, grounds and landscaped areas.

(g) All private parks and other recreational areas and all equipment and fixtures installed therein, including, without limitation, barbecues, picnic tables and playground equipment.

(h) All mechanical and equipment rooms, ducts, shafts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities and installations which serve all Apartments for service such as power, light, water, gas, refuse and telephone.

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

LIMITED COMMON ELEMENTS: The proposed Third Amendment of Declaration provides that certain parts of the common elements, herein called and designated "limited common elements", are set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are listed below. Unless otherwise provided herein, all costs of every kind pertaining to each limited common element, including but not limited to cost of security, maintenance, repair, replacement, additions and improvements, shall be borne entirely by the Apartment or Apartments to which they are appurtenant. If any cost is charged to more than one Apartment, each such Apartment shall bear that portion of the total cost equal to the ratio which its common interest bears to the total common interest of all Apartments responsible for said costs.

(a) At least two (2) parking stalls shall be appurtenant to and for the exclusive use of each Apartment, as more particularly designed under the topical heading "Division of Property" hereinabove.

(b) Stairways and sidewalks or walkways utilized for ingress and egress to one or more apartments but not all

Apartments, as shown on condominium File Plan, are restricted solely for the use of the Apartments served thereby.

(c) All other common elements of the Project which are rationally related to less than all of said Apartments, shall be limited common elements for the exclusive use of the Apartment or Apartments to which they are appurtenant.

INTEREST TO BE CONVEYED TO PURCHASERS: Each Apartment shall have appurtenant thereto an undivided interest in the common elements of the Project and in all profits and common expenses of the Project, and for all other purposes including voting. The percentage interest appurtenant to each Apartment prior to the merger of Increment 3A, after the completion and merger of Increment 3A and after the merger of Increment 3B shall be as follows:

Prior to Merger of Increment 3A

Unit Type	No. of Units	Percentage Common Interest Each	Totals
A	44	1.7756%	78.1264%
B	12	1.8228%	21.8736
			100.0000%

After Merger of Increment 3A

Unit Type	No. of Units	Percentage Common Interest Each	Totals
A	64	1.17970%	75.5008%
B	20	1.22496%	24.4992
			100.0000%

After Merger of Increments 3A and 3B

Unit Type	No. of Units	Percentage Common Interest Each	Totals
A	84	.796590%	66.91356%
B	40	.827161%	33.08644%
			100.00000%

A condominium conveyance document incorporating a ground sublease will initially be issued to purchasers at closing. Upon the completion of the last increment to be developed on the property, the existing Master Lease between the Developer and the fee owner of the property will be cancelled, thereby converting said sublease arrangement to a direct ground lease from the fee owner to each purchaser.

RESTRICTIONS AS TO USE: Said buildings and other improvements and each of the Apartments shall be restricted to the following uses:

(a) Each Apartment shall be used and occupied as dwellings by the respective owners thereof, their tenants, families, domestic servants and guests. Apartments shall not be used for transient rental or hotel purposes, which shall be defined as any rental of less than thirty (30) days duration.

(b) No Apartment owner shall use his Apartment or appurtenant limited common elements for any purpose which will injure the reputation of the Project, and except as permitted herein or in the Bylaws, no owner will suffer anything to be done or kept in his Apartment or elsewhere which will jeopardize the soundness of the building, or which will interfere with or unreasonably disturb the rights of other owners or their tenants and guests, or which will obstruct the entrances, parking areas, or walkways of the Project or which will cause an increase in the rate of or result in the cancellation of fire insurance on the improvements of the Project, or the contents thereof, or which will reduce the value of any of such improvements.

(c) Any portions of the Project designated as a "Private Park" on said Condominium File Plan shall be used only for park and playground purposes by the owners and occupants of the Project, as provided in that certain Declaration of Restrictive Covenants for Private Park, dated July 5, 1984, recorded in said Bureau in Liber 18009 at Page 304, and all Apartment owners and the Association of Apartment Owners shall at all times be required to comply with the terms, covenants and conditions contained in said Declaration of Restrictive Covenants for Private Park, including, without limitation, the covenant to perpetually maintain all such private park areas of the Project.

(d) Except as otherwise provided in the Declaration or in the Bylaws, no Apartment owner will, without the prior written consent of the Board of Directors, and any other persons required by the Bylaws or by law, make any structural alterations within his Apartment or make any alterations in or additions to the exterior of the building, including any awnings, jalousies or screens, or to any portion of the common elements.

(e) The owner of any Apartment will not, without the prior written consent of the Board of Directors, display any sign or place any other thing in or upon any door, window, wall or other portion of the Apartment or common elements, so as to be visible from the exterior.

DEVELOPER'S OPTION TO CONSTRUCT ADDITIONAL INCREMENTS AND/OR TO WITHDRAW LAND.

The proposed Third Amendment of Declaration reserves to the Developer the right to construct additional increments and/or to withdraw certain land from the Project subject to the limitation that the Project when fully completed, shall contain not more than 180 apartments. Paragraphs 11 and 12 of the

proposed Third Amendment of the Declaration of Horizontal Property Regime read as follows:

"11. Developer's Option to Construct Additional Increments.

(a) Notwithstanding the conveyance of any Apartment or anything to the contrary in this Declaration, Developer or its permitted assigns, shall, from time to time, have the right at its option, up to but not later than June 21, 1991, to require alteration of the Project by creating not more than fifty-six (56) additional residential Apartments (over and above the Apartments comprising Increments 1, 2, 3A and 3B) with appurtenant recreational facilities and other common elements in one or more increments (hereinafter called the "Additional Increment(s)") within the areas delineated on said Condominium File Plan as being included within the limits of "Increment 4", and to thereafter merge said Additional Increment(s) with the then existing Apartments and common elements of the Project (hereinafter called the "Preceding Increment(s)").

(b) In furtherance of the rights reserved to Developer hereunder, Developer, its employees, agents, contractors and subcontractors, shall have the right at any time, and from time to time, to enter upon the Project and the common elements thereof and do all things reasonably necessary, desirable or useful for constructing, completing and selling the Additional Increment(s), connecting the same to the utility installations of the Project, and selling the Apartments contained within said Additional Increment(s) upon and subject to the following terms and conditions:

(1) The Additional Increment(s) shall be constructed in accordance with plans and specifications prepared by a licensed architect and first approved in writing by Fee Owner; provided, however, that such plans and specifications shall not require the alteration or demolition of any Apartments in the Preceding Increment(s) or any buildings or structures (exclusive of roads and utility installations) constituting part of the common elements thereof.

(2) Developer shall have the right to remove, amend, redesign, alter or add common elements and to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service said Additional Increment(s), including but not limited to easements and right-of-way for utilities, cesspools, sanitary and storm sewers, sewage treatment plants, cable television, refuse disposal, driveways, parking areas and roadways; provided, that such easements and rights-of-way shall not materially impair the use of any Apartment in the Preceding Increment(s) or its appurtenant interest in the common elements.

(3) Developer shall have the right to sell and issue condominium conveyance documents for any Apartment in the Additional Increment(s), to place signs or other advertising at the Project in connection with such sales and to use any of said Apartments ad model units so long as such activities shall

not unreasonable affect the use and enjoyment of the Apartments in the Preceding Increment(s).

(4) Before the commencement of construction of any Additional Increment, Developer shall (i) secure a performance and payment bond, issued by a surety licensed to do business in the State of Hawaii and having a net worth of not less than $10,000,000.00, naming as obligees the Developer, the Fee Owner and collectibly the owners of all Apartments in the Preceding Increment(s) as their interests may appear through the Association of Apartment Owners, in a penal sum of not less than one hundred percent (100%) of the cost of the construction of said Additional Increment guaranteeing completion thereof free and clear of all mechanic's and materialmen's liens; and (ii) furnish to the Association of Apartment Owners satisfactory evidence that Developer has obtained a construction loan commitment and/or other immediately available funds in an aggregate amount sufficient to pay in full the costs of constructing and completing said Additional Increment, including without limitation, the cost of construction, land acquisition or ground rental, financing commitment fees, appraisal, architectural, engineering, legal and accounting fees, and all other costs and expenses associated with such construction.

(5) The construction and sale of the Additional Increment(s) shall be performed in such manner, as shall cause the least practicable annoyance to and interference with the Apartment owners of the Preceding Increment(s). Each purchaser of an Apartment in the Preceding Increment(s), by his acceptance and occupancy of his Apartment on closing, agrees (i) to remain outside of any fenced or posed construction areas or any other areas upon which work is being performed pending completion, and to exert diligent efforts to prohibit entry into such areas by members of his household and by his invitees; and (ii) to indemnify and save harmless Fee Owner and Developer and its contractors and agents from and against any and all loss or liability for death or injury to persons or damage or loss of property on account of such entry either by the Apartment purchaser or his family and invitees.

(6) Developer shall have the right, at its own expense, and without being required to obtain the consent or joinder of any Apartment owner or lienholder, to execute and record such amendments to this Declaration and said Condominium File Plan as shall be necessary or appropriate under this paragraph 11 to construct and complete the Additional Increment(s), and without limiting the generality of the foregoing, Developer may amend this Declaration: (i) to create and establish the Additional Increment(s); (ii) to describe and allocate the common interest and common elements appurtenant to the Additional Increment(s); (iii) to decrease the common interest appurtenant to each Apartment in the Preceding Increment(s); and (iv) to merge the Additional Increment(s) with and into the Preceding Increment(s) as herein provided.

(7) The common interest appurtenant to each Apartment in the Preceding Increment(s) shall be decreased and the common interest appurtenant to each now Apartment in the Additional Increment(s) shall be allocated on the following

basis: The total net floor area (exclusive of lanais) of all of the Apartments in the Preceding and the Additional Increment(s) shall first be determined. The net floor area of each such Apartment shall then be divided by such total net floor area and the resulting quotient shall be the common interest appurtenant to each such Apartment.

(8) Until the first merger of an Additional Increment as hereinafter provided, Developer shall be responsible for the payment of all real property taxes and other expenses allocable to the land of the Project within the "Future Increments" area, as shown on the Condominium File Plan (but excluding any such taxes assessed against the existing improvement herein described). Upon the merger of each Additional Increment, Developer's proportionate share of the real property taxes and other expenses allocable to the land of the Project shall be appropriately reduced to the ratio (as specified in an Amendment of this Declaration) which the area of the undeveloped land remaining subject to Developer's right of future development bears to the total land area of the Project. Developer will use its best efforts to arrange to have its proportionate share of any real property taxes excluded from the taxes assessed directly to the Apartment owners; provided, that if said proportionate share is nonetheless assessed to the Apartment owners, Developer shall promptly reimburse each Apartment owner therefor. In no event shall the owners of Apartments in the Preceding Increment(s) have any liability for any common expenses attributable to common interests to be constructed as part of any Additional Increment prior to the merger of such Additional Increment. Any of the foregoing provisions to the contrary notwithstanding, from and after June 21, 1991, or the date on which Developer shall cause to be recorded a notice, pursuant to subparagraph (d) of this paragraph, terminating the right reserved in this paragraph 11 and in paragraph 12 hereinbelow, whichever shall first occur, the Apartment Owners shall be and become solely responsible for all real property taxes and other expenses allocable to the entire Project, whether or not any Additional Increment has been created or merged with the Preceding Increment(s).

(9) The merger of any Additional Increment with the Preceding Increment(s) shall take effect only after the completion of such Additional Increment and the issuance of Certificate of Occupancy therefor and upon the recordation by Developer of an Amendment to the Declaration which shall certify that said increment has been completed as aforesaid and that the merger has been consummated. Without limiting the generality of the foregoing, the following consequences shall ensue from and after the effective date of such merger:

(i) Each of the increments so merged shall be treated for the purposes of administration, use and sharing of common expenses as though they had been developed, divided into Apartments and used by the owners thereof as a single undivided Project. The Apartments in each of the merged increments shall have an equal and non-exclusive right to use the common elements constructed as part of each of said increments, subject to the terms, conditions and limitations provided herein and in the Bylaws attached hereto, and the

Apartments in each of the merged increments shall have appurtenant thereto an undivided percentage interest in the 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 computed pursuant to subparagraph (b) (7) hereinabove;

(ii) The Developer may require the owner of the additional Apartments added to the Project by merger to make contribution, in addition to their share of the common expenses, to the maintenance reserves of the Project. The Developer may provide that such contributions may be made over a period to time, and in establishing the amounts and terms of such contribution, Developer shall take into account the amount of maintenance reserves accumulated prior to the addition of such Apartments and the condition of the Apartments in the Preceding Increment(s). The owners of additional Apartments added to the Project by merger shall not be obligated to pay or assume any debts, expenses, costs or other obligations incurred by or on behalf of the Association of Apartment Owners as of the effective date of the merger, with the exception of any such debts, expenses, costs or obligations which were incurred for the common benefit of the Apartments in the Preceding Increment(s) and the additional Apartments added to the Project by merger; and

(iii) Within sixty (60) days following the completion and merger of each Additional Increment, a special meeting of the Association of Apartment Owners shall be called to elect a new Board of Directors to replace the existing board of directors and govern the entire Project. The procedures for calling and holding such a meeting and all of the meetings of the Association shall be set forth in the Bylaws recorded concurrently herewith.

(c) At any time prior to June 21, 1991, Developer, with consent of Fee Owner, shall have the right to cancel and terminate the rights reserved in this paragraph and in paragraph 12 hereinbelow by causing to be recorded in the Bureau of Conveyances a written notice of such termination. From and after the date of recordation of such notice, Developer shall be relieved of any further obligation to pay any real property taxes or other expenses assessed against or allocable to the undeveloped land of the Project.

(d) All of the rights reserved by the Developer to construct Additional Increment(s) in this paragraph 11 (including the right of cancellation provided in (c) above) together with the rights reserved by the Developer in paragraphs 12 and 13 below, are also reserved in favor of the Fee Owner, its successors and assigns, effective upon the expiration or sooner termination of the Master Lease."

"12. Developer's Option To Withdraw And Reconsolidate Common Areas. Notwithstanding the conveyance of any Apartment or anything to the contrary in this Declaration, Developer, or its assigns, shall have the right, at its option, up to but not later than June 21, 1991, to (i) require alteration of the Project by withdrawing therefrom and causing the reconveyance to Developer or its assigns of any portion or

all of the land within the common element areas delineated on said Condominium File Plan as being included within the limits of "Increment 4", and (ii) to subsequently reconsolidate any subdivided lot previously withdrawn with the land of the Project. Any such withdrawal and reconveyance and any subsequent reconsolidation shall be effect on the following terms and conditions:

(a) If the withdrawal shall require a subdivision or consolidation and re-subdivision of the land of the Project, Developer shall arrange for the same at its sole cost and expense.

(b) Developer shall give each Apartment owner and lienholder at least thirty (30) days prior written notice of its intention to withdraw such land, or its intention to subsequently effect a reconsolidation thereof.

(c) Developer shall, at its own expense and without being required to obtain the consent or joinder of any Apartment owner or lienholder: (i) execute and file any amendments to the Declaration and the Condominium File Plan for the purpose of withdrawing all or any portion of the common element area or areas designated as being subject to withdrawal or to reconsolidate the subdivided land previously withdrawn; and (ii) when applicable, add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the land withdrawn, including but not limited to easements and/or rights-of-way for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways; provided, however, that such easements and/or rights-of-ways do not materially impair the use of any Apartment or its appurtenant common interest in the common elements; (iii) execute and file an assignment of lease reconveying to Developer, or its nominee, the land so withdrawn; and (iv) execute and file any consolidation or subdivision applications, and other documents which are necessary or appropriate in connection with the subdivision, withdrawal and reconveyance of the withdrawn land, or the subsequent reconsolidation thereof. If and to the extent that any such documents require the consent or joinder of the Apartment owners, Developer shall have the right to execute the same as the attorney-in-fact for each of the Apartment owners of the Project pursuant to the power of attorney set forth in paragraph 13 hereinbelow.

(d) The withdrawal or any subsequent reconsolidation shall become effective upon the filing with the Bureau of Conveyances of the State of Hawaii of an amendment to the Declaration noting such withdrawal or reconsolidation and setting forth a description of the land withdrawn from the Project as a common element or a description of the reconsolidate land, as the case may be.

(e) No withdrawal or reconsolidation shall be permitted which requires the alteration or destruction of any existing Apartment or the limited common elements appurtenant thereto."

ENCUMBRANCES AGAINST TITLE: A Preliminary Title Report, dated November 12, 1985, issued by Founder's Escrow and Title of Hawaii, reflects that title to the land is subject to the following:

AS TO PARCEL FIRST ONLY:

1. An easement in favor of the City and County of Honolulu for sanitary sewer purposes, situate over, under, through and across a portion of said parcel, acquired by Final Order of Condemnation filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 31981, on December 29, 1971, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 8045 at Page 400.

2. Grant in favor of United States of America, dated June 8, 1979, recorded in Liber 13923 at Page 327; granting a perpetual and assignable easement and right-of-way for the location, construction, operation, maintenance, alteration, repair and patrol of an underground water pipeline, etc., in, over and across a portion of said parcel.

3. Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated September 28, 1983, recorded in Liber 17508 at Page 29; granting a perpetual right and easement to construct, reconstruct, operate, maintain, repair and remove pull boxes, handholes, transformer vaults and underground power lines, etc. under, upon, across and through said parcel; Consent and Joinder of Hidden Valley Investments.

AS TO PARCEL SECOND ONLY:

4. An easement in favor of the City and County of Honolulu, for sanitary sewer purposes, situate over, under, through and across a portion of the land described herein, acquired by Final Order of Condemnation filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 31981, on December 29, 1971, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 8045 at Page 400. Said easement created to service Improvement District Mo. 222.

AS TO PARCELS FIRST AND THIRD ONLY:

5. An 8-foot ditch right-of-way along California Avenue in favor of the City and County of Honolulu, as shown on the Tax Map.

6. Grant in favor of the United States of America, dated June 8, 1979, recorded in Liber 13923 at Page 327; granting a perpetual and assignable easement and right-of-way for the location, construction, operation, maintenance, alteration, repair and patrol of an underground water pipeline, etc., in, over and across a portion of said parcel.

AS TO ALL PARCELS:

7. Any rights of way and water rights as were conveyed by J. W. Welte, et al., to the Wahiawa Water Company, Limited, by Deeds dated April 18, 1903, recorded in Liber 266 at Page 26 and Liber 269 at Page 2.

8. That certain Mortgage and Financing Statement, dated August 24, 1983, made by HIDDEN VALLEY INVESTMENTS, a Hawaii limited partnership, Mortgagor, in favor of MIDPAC LUMBER CO., LTD., a Hawaii corporation, Mortgagee, recorded as aforesaid in Liber 17356 at Page 165.

9. That certain Mortgage, dated September 24, 1985, made by HIDDEN VALLEY INVESTMENTS, a Hawaii limited partnership, Mortgager, in favor of MIDPAC LUMBER CO., LTD, a Hawaii corporation, Mortgagee, recorded as aforesaid in Liber 18965 at Page 567.

10. That certain unrecorded Master Lease, dated July 1, 1980, by and between WILLIAM H. LIVINGSTON, husband of Mary R. Livingston, KARL R. TIEDE, husband of Joy M. Tiede, C. GORDON LIVINGSTON, husband of Ruth M. Livingston, GILBERT L. LIVINGSTON, husband of Mary Lou Livingston, JAMES C. STELLA, husband of Beatrice M. Stella, JOSEPH W. STELLA, JR., husband of Michelene E. Stella, RUTH C. SAVAGE, wife of Cyrus J. Savage, NANCY C. WRIGHT, wife of Eric Wright, ALICE H. CAMERON, unmarried, JAMES A. CAMERON, husband of Genevieve M. Cameron, and ROBERT E. BJERKE, husband of Darline M. Bjerke, Lessor, and REDEVCO PROPERTIES, INC., a Hawaii corporation, Lessee. A short form of said Master Lease was recorded as aforesaid in Liber 17115 at Page 499, and an Amended Short Form Lease, dated October 3, 1985, was recorded in Liber 19147 at Page 367. Said Master Lease has been amended by unrecorded instruments dated January 7, 1982, June 15, 1984 and October 3, 1985.

Said unrecorded Master Lease was assigned to HIDDEN VALLEY INVESTMENTS, a Hawaii limited partnership, by indenture dated January 8, 1982, recorded as aforesaid in Liber 17282 at Page 509.

11. Declaration of Horizontal Property Regime, dated June 19, 1984, recorded as aforesaid in Liber 17961 at Page 15, as amended by instrument dated November 29, 1984 recorded as aforesaid in Liber 18363 at Page 270, and by instrument dated October 3, 1985, and recorded as aforesaid in Liber 18363 at Page 270, and the Bylaws of the Association of Apartment Owners, dated June 19, 1984, recorded as aforesaid in Liber 17961 at Page 47. (Project covered by Condominium Map No. 908).

12. Declaration of Restrictive Covenants for Private Park, dated July 5, 1984, by HAWAIIAN TRUST COMPANY, LIMITED, a Hawaii corporation, and HIDDEN VALLEY INVESTMENTS, a Hawaii limited partnership, recorded as aforesaid in Liber 18009 at Page 304.

13. For any taxes that are due and owing, reference is made to the Department of Finance, City and County of Honolulu.

14. Title to all minerals and metallic mines reserved to the State of Hawaii.

PURCHASE MONEY HANDLING: An executed Escrow Agreement, dated June 25, 1985, identifies Founder's Title and Escrow of Hawaii, as the escrow agent for units in Increments 3A and 3B. Upon examination, the specimen Deposit Receipt and Sales Contract for Increments 3A and 3B and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. Among other provisions, the Escrow Agreement and the Sales Contract provides that:

a) A Sales Contract for a unit in either of said increments shall be non-binding and cancellable by either Buyer or Seller until and unless: (i) another Supplementary Public Report for said increment is issued by the Real Estate Commission which recites that the Developer has complied with all of the requirements which would otherwise be necessary to obtain a Final Public Report for said increment; and (ii) the Sales Contract has become binding as provided in paragraph b) below.

b) A Sales Contract for either Increment 3A or Increment 3B shall only become binding on Buyer and Seller after:

(i) A true copy of such further Supplementary Public Report has been delivered to Buyer, either personally or by registered or certified mail with return receipt requested, together with a true copy of all other public reports thereon, if any, issued prior to the date of such delivery and not previously delivered to Buyer:

(ii) Buyer has been given an opportunity to read the reports; and

(iii) Buyer has executed the form of the receipt and notice required under Section 514A-62 of the Hawaii Revised Statures, and waived his right to cancel; provided that if Buyer does not execute and return the receipt and notice within thirty (30) days from the date of delivery of such reports, or if the apartment is conveyed to Buyer prior to the expiration of such thirty (30) day period, Buyer shall be deemed to have receipted for the reports and to have waived his right to cancel.

c) Until a Sales Contract becomes binding, as provided above, all funds paid by Buyer shall be held in escrow and not disbursed for any purpose;

d) After a Sales Contract for Increment 3A or 3B has become binding as provided above, Buyer shall have the right to rescind the Contract if there is a material change in the Project (other than any change implemented in furtherance of

Developer's rights to construct additional apartments in one or more increments) which directly, substantially, and adversely affects the use or value of (i) Buyer's Apartment or appurtenant limited common elements, or (ii) those amenities of the Project available for Buyer's use.

e) Buyer's right of rescission described above shall be waived upon (i) delivery to Buyer, either personally or by registered or certified mail, return receipt requested, of a disclosure document which described the material change and contains a provision for the Buyer's written approval or acceptance of such change, and (ii) Buyer's written approval or acceptance of the material change or the lapse of ninety (90) days since Buyer has accepted the Apartment, or the occupancy of the Apartment; provided that if the Buyer does not rescind this Contract or execute and return the written approval or acceptance of such change as provided in the disclosure document within thirty (30) days from the date of delivery of such disclosure document, Buyer shall be deemed to have approved and accepted such change; provided, further, that the deemed approval and acceptance shall be effective only if at the time of delivery of the disclosure document, Buyer is notified in writing of the fact that Buyer will be deemed to have approved and accepted the change upon his failure to act within the thirty (30) day period.

f) In the event of any rescission pursuant to the foregoing provisions, Buyer shall be entitled to a prompt and full refund of any money paid, less any escrow cancellation fees and other costs associated with the purchase, which fees and costs shall not exceed $250.00.

The specimen Deposit Receipt and Sales Contract for Increments 3A and 3B also states that all of Buyer's right, title and interest under the Sales Contract are and shall be subject and subordinate to the lien of any mortgage made by Developer for the purpose of acquiring, and constructing the Project, and that Seller has until June 21, 1991, to construct all additional increments.

It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement before executing the Deposit Receipt and Sales Contract, since the Escrow Agreement describes the procedure for receiving and disbursing purchasers' funds, and the Deposit Receipt and Sales Contract specifically provides that the purchaser approves that Escrow Agreement and assumes the benefit and obligations therein provided.

STATUS OF PROJECT. Increment 1, consisting of twenty four (24) apartments, was completed on or about January 15, 1984. Increment 2 consisting of thirty-two (32) apartments was completed on or about October 1, 1985. Construction of Increments 3A and 3B was commenced on or about November 1, 1985, and it is anticipated that Increment 3A will be completed on or about March 1, 1986 and Increment 3B will be completed and ready for occupancy on or about July 1, 1986.

The purchaser and prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted October 17, 1983, and information subsequently filed as of December 30, 1985.

This is a SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT, which is made a part of HIDDEN VALLEY ESTATES, (Increments 3A and 3B) REGISTRATION NO. 1576-B, filed with the Commission on October 17, 1983. 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.

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

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

Registration No. 1576-B

Dated: January 10, 1986

Date: December 10, 1985

HIDDEN VALLEY ESTATES - INCREMENTS 1, 2, 3A and 3B

DEVELOPER'S DISCLOSURE ABSTRACT

1. Name and Address of Project: HIDDEN VALLEY ESTATES, 2069 California Avenue, Wahiawa, Hawaii.

2. Name, Address and Telephone Number of Developer: HIDDEN VALLEY INVESTMENTS, 563 Pakala Street, Honolulu, Hawaii 96825 (Telephone No. 621-0532).

3. Manager of Project: The initial managing agent for the Project is Chaney Brooks & Co., 606 Coral Street, Honolulu, Hawaii 96813. (Telephone No. 544-1600).

4. Maintenance Fees: The schedule of the estimated annual maintenance fees for the Project and the monthly maintenance fees for each apartment as determined by generally accepted accounting principles, is more particularly set forth in Exhibit "A" attached hereto and made a part hereof. Purchasers should be aware that the figures shown in Exhibit "A" are estimates only and that there are many factors which may cause the actual maintenance assessments to be greater or lesser than the estimated assessments. For example, such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by the Developer, owner delinquencies, and other factors may affect maintenance assessments. The attached breakdown of the estimated costs for each apartment does not include the Purchaser's obligations for the payment of real property taxes. The actual amount of real property taxes for each apartment probably will not be assessed until after the date of closing. Purchasers should also be aware that the estimated maintenance fees set forth in Exhibit A reflects common expenses which will be applicable when both Increment 3A and Increment 3B have been merged with the first two increments. It is anticipated that Increment 3A will be merged into the Project three to six months prior to the merger of Increment 3B. Although during this period there will be forty (40) less apartments in the Project, the estimated monthly maintenance fees which will be chargeable to the apartments in Increments 1, 2, and 3A will not deviate materially from the figures shown in Exhibit "A".

5. Warranties: The Developer has obtained from the General Contractor of the Project a written warranty with respect to any defects in the construction of the Apartment and the Project due to faulty materials or workmanship or both which are discovered and reported within the one (1) year warranty period provided for in the Contract between the Developer and the General Contractor for the construction of the Project.

The Developer does not promise that the General Contractor will honor his warranty. The Developer will attempt to mail the Purchaser a reminder notice (if the Purchaser still owns the Apartment) about 90 days before this warranty period expires; however, failure to mail the notice by the Developer will not affect the Purchaser's rights or give the Purchaser any rights against the Developer for defects or otherwise. The Developer also will transfer to the Purchaser any manufacturer's or dealer's warranties covering appliances in the Apartment. The Developer further agrees without incurring any legal liability, to cooperate with the Purchaser to try to have all the warranties performed by the General Contractor for which the General Contractor is responsible. This promise to cooperate by the Developer is referred to as the Developer's "Limited Warranty". THE LIMITED WARRANTY IS GIVEN TO THE PURCHASER INSTEAD OF ANY WARRANTY OF ANY KIND FROM THE DEVELOPER, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROJECT AND ANY FURNISHINGS OR APPLIANCES LOCATED IN THE APARTMENT OR THE PROJECT. THE PURCHASER ACKNOWLEDGES THAT THE DEVELOPER IS NOT THE CONTRACTOR, ARCHITECT OR ENGINEER OF OR FOR THE APARTMENT OR THE PROJECT, AND THE DEVELOPER DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY WITH RESPECT TO THE DESIGN OR CONSTRUCTION OF THE APARTMENT, THE PROJECT OR SUCH FURNISHINGS OR APPLIANCES, INCLUDING THE MERCHANTABILITY OF SUCH FURNISHINGS AND APPLIANCES OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE. THE PURCHASER SHALL, HOWEVER, HAVE THE BENEFIT OF ANY EXISTING CONTRACTOR'S, MANUFACTURER'S OR DEALER'S WARRANTIES COVERING THE APARTMENT, THE PROJECT OR SUCH FURNISHINGS OR APPLIANCES, TO THE EXTENT SUCH WARRANTIES CAN BE ASSIGNED TO THE PURCHASER. EXCEPT AS STATED ABOVE, THE PURCHASER ACKNOWLEDGES AND AGREES THAT THE DEVELOPER HAS NOT MADE AND WILL NOT BE LEGALLY OBLIGATED FOR ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROJECT OR ANYTHING INSTALLED IN THE APARTMENT, OR THE PROJECT.

6. Residential Use: All of the apartments in the Project are limited to residential use only.

7. Commercial Development: The Project contains no commercial or other non-residential development.

REV. 12-10-85

PROPOSED OPERATING BUDGET
1985 - 1986

HIDDEN VALLEY ESTATES
PHASES I, II and III

RECEIPTS	MONTHLY	ANNUALLY
Maintenance Fees	$ 7,477.00	$ 89,724.00
TOTAL RECEIPTS	$ 7,477.00	$ 89,724.00
DISBURSEMENTS		
Audit and Taxes	$ 150.00	$ 1,800.00
Insurance - Package	693.00	8,316.00
Insurance - Liability	50.00	600.00
Insurance - Other	14.00	168.00
Management & Accounting Services	1,177.00	14,124.00
Misc. & Project Office Expenses	35.00	420.00
Refuse Service	840.00	10,080.00
Maintenance and Repairs - Building	50.00	600.00
Maintenance and Repairs - Grounds	2,100.00	25,200.00
Supplies, Electric & Lighting	35.00	420.00
Supplies, Building & Other	35.00	420.00
Taxes, Corporate Income	25.00	300.00
Electricity	325.00	3,900.00
Water/Sewer	1,268.00	15,216.00
SUB-TOTAL	$ 6,797.00	$ 81,564.00
Transfer to General Operating Reserve	204.00	2,448.00
Transfer to Replacement Reserve	476.00	5,712.00
TOTAL	$ 7,477.00	$ 89,724.00

The monthly maintenance fees will be as follows:

Unit Type	Number of Units	Common Interest	Amount
Ground Level (A,B,C, & D)	84	.00796590	$ 59.56
Second Level (E,F,G, & H)	10	.00827161	$ 61.85

The cash operating budget (pro-rated on a monthly basis) is for one year commencing October 1985. The information contained herein is based on the data available to us at this time.

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

October 18, 1985