



**REAL ESTATE COMMISSION
STATE OF HAWAII**
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
1010 Richards Street
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

THE HEIGHTS AT WAILUNA, INCREMENT 4
Mauka End of Kaahumanu Street
Waiiau, Ewa, Oahu, Hawaii

Registration No. 1788

Issued: September 9, 1986
Expires: October 9, 1987

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 25, 1986 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission. This report must be read together with n/a.
- SUPPLEMENTARY:** (pink) Changes information contained in the
 [] Prelim. Public Report dated _____
 [] Final Public Report dated _____
 [] Supp. Public Report dated _____
- And [] Supersedes all prior public reports
 [] Must be read together with _____

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

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Appendix I: People Connected with the Project

Attached only if there are additions or changes to information contained in the body of the report.

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominiums, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented or encumbered, and they may be disposed of by will or gift.

Your apartment will, however, be part of the group of apartments that comprise the condominium. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium

The Association of Apartment Owners is the means through which apartment owners may take action with regard to the administration, management, and operation of the condominium. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your control of the administration and operation of the condominium will in most cases be limited to your right to vote as an owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: LUSK HAWAII, a Division of The Lusk Company Phone: 537-4972
Name Suite 1618, Davies Pacific Center (Business)
841 Bishop Street
Business Address
Honolulu, Hawaii 96813

Names of officers or general partners of developers who are corporations or partnerships:
SEE APPENDIX "1"

Real Estate Sales Agent: HOMES PACIFICA Phone: 455-1019
(Paula M. Withrow, Principal Broker) (Business)
Name
98-1850-K Kaahumanu Street
Business Address
Pearl City, Hawaii 96782

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Managing Agent: CERTIFIED MANAGEMENT Phone: 487-7941
Name (Business)
98-1238 Kaahumanu St., Suite 404
Business Address
Pearl City, Hawaii 96782

Attorney for Developer: DAMON, KEY, CHAR & BOCKEN Phone: 531-8031
(Charles W. Key)
Name 1600 Pauahi Tower, Bishop Square
1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Appendix I may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Horizontal Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium.

The Declaration for this condominium is:

Proposed
 Recorded – Bureau of Conveyances – Book 19771 Page 448
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the elevation and layout of the condominium. It also shows the floor plan for each apartment.

The Condominium Map for this condominium is:

Proposed
 Recorded – Bureau of Conveyances – Map No. 1030
 Filed – Land Court – File Plan No. _____

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded – Bureau of Conveyances – Book 19771 Page 484
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted

Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are recorded or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	-	<u>Board of Directors</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

SEE EXHIBIT "A"

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

Lease Term Expires: Dec. 31, 2043
 Rent Renegotiation Date(s): Dec. 31, 1998, Dec. 31, 2008, Dec. 31, 2018

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit "B" contains a schedule of the lease rent for each apartment per
 Month Year.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners) either (1) remove or dispose of the building and other improvements; or (2) convey the building and improvements to the lessor at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
 Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

Other:

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled Foreclosed.
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

6. Interior (fill in appropriate numbers):

Total Apartments 36

Elevators _____ Stairways _____ Trash Chutes _____

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>	<u>Garage</u>
<u>1</u>	<u>5</u>	<u>2</u>	<u>1,135</u>	<u>_____</u>	<u>435</u>
<u>4</u>	<u>5</u>	<u>3</u>	<u>1,520</u>	<u>_____</u>	<u>423</u>
<u>4M</u>	<u>2</u>	<u>3</u>	<u>1,520</u>	<u>_____</u>	<u>423</u>
<u>5</u>	<u>10</u>	<u>2-1/2</u>	<u>1,302</u>	<u>_____</u>	<u>467</u>
<u>5M</u>	<u>3</u>	<u>2-1/2</u>	<u>1,302</u>	<u>_____</u>	<u>467</u>
<u>7</u>	<u>10</u>	<u>2-1/2</u>	<u>1,416</u>	<u>_____</u>	<u>415</u>
<u>7M</u>	<u>1</u>	<u>2-1/2</u>	<u>1,416</u>	<u>_____</u>	<u>415</u>

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining floor area may have been used.

Boundaries of Each Apartment:

Each apartment consists of all improvements comprising the dwelling unit within each Condo Lot and all other improvements within the Condo Lot that do not service any other apartment.

Permitted Alterations to Apartments:

Any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall require only the prior written approval of the Lessor and the Board, and may be undertaken without an amendment to the Declaration or filing of a set of floor plans of the Project as so altered.

7. Parking Stalls:

	<u>Number</u>	<u>stalls</u>	
Assigned Stalls (For Individual Units)	_____		(NOTE: Each apartment contains a two (2) car garage.)
Guest Stalls	_____		
Unassigned Stalls	_____		
Other: _____	72		
Total Parking Stalls	<u>72</u>		

Each apartment will have the exclusive use of at least _____ parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	_____	_____	_____
Number of open stalls	_____	_____	_____

Commercial parking garage permitted on condominium.

Exhibit _____ contains additional information on parking stalls for this condominium.

8. Recreational and Other Common Facilities:

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> Swimming pool | <input type="checkbox"/> Storage Area |
| <input type="checkbox"/> Recreation Area | <input type="checkbox"/> Laundry Area |
| <input type="checkbox"/> Tennis Court | <input type="checkbox"/> Trash Chute |
| <input checked="" type="checkbox"/> Other: <u>SEE EXHIBIT "C"</u> | |

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot (for conversions only)

	<u>Conforming</u>	<u>Non-Conforming</u>	
		<u>Legal</u>	<u>Illegal</u>
Uses	_____	_____	_____
Structures	_____	_____	_____
Lot	_____	_____	_____

If a variance has been granted or if uses, improvements, or lot are either legal non-conforming or illegal non-conforming, buyer should consult with county zoning authorities as to possible limitations which may apply.

D. Common Elements, Limited Common Elements, Common Interest

1. Common Elements: Common Elements are those parts of the condominium intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit "D" describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments. The limited common elements and the apartment which may use them are:

described in Exhibit "E"

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit "F" describes the common interests for each apartment.

E. Encumbrances Against Title An encumbrance is a claim against or a liability on the property.

Exhibit "G" describes the encumbrances against the title contained in the title report dated July 15, 1986.

Blanket Liens:

- [] There are no blanket liens affecting title to the individual apartments.
[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Bank of Hawaii mortgages	Buyer's interest could be terminated and Buyer would receive a refund, less costs.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

- [X] not affiliated with the Developer.
[] the Developer or the Developer's affiliate.
[] other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium. If you are late in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit "H" contains a schedule of maintenance fees and maintenance fee disbursements.

H. Separate Utility Charges for Apartments:

Except for the utilities indicated below, each apartment will be billed separately for utilities:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |

I. Construction Warranties

1. Building and Other Improvements:

The Developer has a written one-year "New Home Limited Warranty" and a copy of this warranty is attached as EXHIBIT "I".

2. Appliances:

The Developer's New Home Limited Warranty does not cover appliances, fixtures, carpeting or other consumer items installed in the home, and the only warranty, if any, is the warranty of the manufacturer.

J. Status of Construction and Estimated Completion Date

Construction started in April, 1986, and barring unforeseen events, is expected to be completed in November, 1986.

K. Project Phases:

The developer has has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

SEE EXHIBIT "J".

L. Sales Documents Filed with the Real Estate Commission:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit "K" contains a summary of the provisions of the sales contract.

Escrow Agreement dated June 5, 1986

Exhibit "L" contains a summary of the provisions of the escrow agreement.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers a copy of the Final Public Report and all prior public reports not previously delivered to the buyer; and
2. The buyer is given an opportunity to read the reports; and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the reports and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the reports were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the reports were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Declaration of Horizontal Property Regime.
2. Bylaws of the Association of Apartment Owners.
3. House Rules.
4. Escrow Agreement.
5. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
6. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law are available for \$ 2.50 at the Department of Commerce and Consumer Affairs.

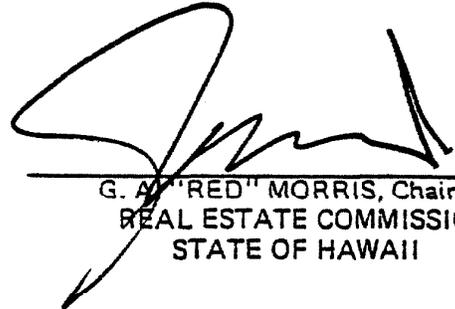
This Public Report is a part of Registration No. 1788 filed with the Real Estate Commission on August 25, 1986.

The Developer is responsible for delivering a true copy of this report to all purchasers and prospective purchasers and for securing a signed receipt for the report. When reproduced, this report must be on:

yellow paper stock white paper stock pink paper stock

Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.



G. A. "RED" MORRIS, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Separate Disclosure Abstract on this condominium:

Required Not Required — disclosures covered in this report

Distribution:

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

—NAMES AND BUSINESS ADDRESSES—OF
OFFICERS OF THE LUSK COMPANY

JOHN D. LUSK	Chairman of the Board and Chief Executive Officer	17550 Gillette Avenue Irvine, California 92714
WILLIAM D. LUSK	Vice Chairman of the Board	17550 Gillette Avenue Irvine, California 92714
DONOVAN D. HUENNEKENS	President	17550 Gillette Avenue Irvine, California 92714
DONALD D. STEFFENSEN	Executive Vice President and Assistant Secretary	17550 Gillette Avenue Irvine, California 92714
JAMES C. WAPLES	Senior Vice President and Assistant Secretary	17550 Gillette Avenue Irvine, California 92714
HARRY O. MERRILL	Senior Vice President and Assistant Secretary	17550 Gillette Avenue Irvine, California 92714
ERNEST A. HARRIS	Vice President	841 Bishop Street, Suite 1618 Honolulu, Hawaii 96813
JOHN C. HALL	Vice President	17550 Gillette Avenue Irvine, California 92714
NANCY K. LUSK	Vice President	17550 Gillette Avenue Irvine, California 92714
J. MICHAEL WEST	Vice President and Assistant Secretary	17550 Gillette Avenue Irvine, California 92714
MARVIN C. STEADMAN	Vice President and Assistant Secretary	17550 Gillette Avenue Irvine, California 92714
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GORDON E. DUNFEE	Division Vice President	5451 Oberlin Drive, Suite 0 San Diego, California 92929
CARL E. VOGEL	Division Vice President	365 Esplanade Dr., Suite 204 Oxnard, California 93030
JOHN W. ZELHOFER	Division Vice President	6250 Village Parkway Dublin, California 94566

DEVELOPER'S (SELLER'S) RIGHT TO MODIFY THE DECLARATION, ETC.

Seller reserves the right to modify the Declaration, By-Laws, Apartment Lease, and the documents relating to the Recreation Association, provided that no such modification shall:

- (a) Increase the Buyer's share of common expense;
- (b) Increase the purchase price for the Property covered hereby;
- (c) Reduce the obligations of the Seller for common expenses on unsold apartments; or

The Seller further reserves the right to make changes to the site plan, the grading, the fencing, the condominium lots, the apartments, and the common elements but if any such changes are made which shall:

- (a) directly, substantially and adversely affect the use or value of (1) the Buyer's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use; or
- (b) substantially reduce the size of the home herein described; or
- (c) move the proposed physical location of the home on the condominium lot by more than twenty-four (24) inches with respect to the side boundary of the condominium lot or by more than forty-eight (48) inches with respect to the front and back boundary lines; or
- (d) increase or reduce the size of the condominium lot that has the same numerical number as the home by more than twenty (20%) percent (NOTE: if the size of the condominium lot changes, the placement or location of the fences will also change accordingly).

RENT SCHEDULE

The annual rent payable for each apartment, net over and above all taxes, assessments and other charges hereunder, is as follows:

- (a) \$1,000.00 per annum from the date of commencement of said term to December 31, 1998;
- (b) \$1,750.00 per annum for the ten-year period ending December 31, 2008;
- (c) \$3,062.00 per annum for the ten-year period ending December 31, 2018;
- (d) For and during the remaining period of said term (ending on December 31, 2043), such annual rent as shall be determined by written agreement of Lessor and Lessee or, if they fail to reach such agreement at least 90 days before the commencement of such period, as shall be equal to Lessee's proportionate share (as established for said apartment by the Declaration) of seven percent (7%) of the then fair market value of said land comprising the whole site of the project or equal to Lessee's said proportionate share of the then current fair market rental value of said land, in either case exclusive of any buildings thereon and considering the nature and extent of approved development thereof, as determined by appraisal as provided in the apartment lease, whichever is greater.

RECREATIONAL FACILITIES

WAILUNA RECREATION ASSOCIATION

The Project does not have any amenities; however, 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 the projects known as (i) WAILUNA, consisting of 364 apartments; (ii) The Heights at Wailuna, Increment 1, consisting of thirty-one (31) apartments; (iii) The Heights at Wailuna, Increment 2, consisting of twenty-eight (28) apartments; (iv) The Heights at Wailuna, Increment 3, consisting of thirty (30) apartments; (v) owners of apartment in this Project; (vi) 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 Developer has informed the Commission that it intends (but is not obligated) to develop additional projects on adjoining lands and that it may (but is not obligated) to construct additional private parks for use by residential apartment owners.

The Developer hereby advises that it is in the process of developing an additional recreational facility consisting of a recreational center and swimming pool on 13,842 square feet of land that it intends to make available to the Wailuna Recreation Association.

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.

DESCRIPTION OF THE COMMON ELEMENTS

1. The land of the Project in fee simple described in Exhibit "A" of the Declaration of Horizontal Property Regime for The Heights at Wailuna, Increment 4:

2. All yards, grounds and landscaping, loading zone, roads, the sidewalks within the road areas, walls, fences, and driveways. (NOTE: all the foregoing is as shown on said Condo Map except for the landscaping. The fences and walls and also the sidewalks within the road that are common elements are shown on the Site Plan which is a part of said Condo Map. The location of the fences and the walls may vary somewhat from location shown on the Condo Map);

3. All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the land of the project which serve more than one apartment for services such as power, light, water, gas, drainage, sewer, telephone and radio and television signal distribution (NOTE: There are conduits within the Condo lots that are common elements, and there are conduits and a low voltage power source in the utility closets within the garage of each apartment that are also common elements); and

4. The following easement area that affects and is within the following separate land area, as shown on said Condo Map:

EASEMENT AREA

SEPARATE
LAND AREA

E

72

5. The rain gutters and downspouts on the roof of an apartment adjacent to the common boundary line and the water drainage patterns on the surface of each condo lot; and

6. 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.

DESCRIPTION OF THE LIMITED COMMON ELEMENTS

1. The various separate land areas numbered "43" through "78" as shown on said Condo Map are limited common elements. Each of the apartments has appurtenant thereto as a limited common element the land area having the same number as said apartment. (NOTE: The limited common area designated as land areas "43" through "78" are sometimes herein referred to as a Condo lot. The square footage of a Condo lot may vary somewhat from that shown on the Condo map.)

2. The driveway extending from the road within the project to the garage of each dwelling unit is a limited common element on said apartment.

3. 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.

All limited common elements, costs and expenses, including but not limited to, maintenance, repair, replacement, additions and improvements, shall be charged to the owner of the apartment to which the limited common elements are appurtenant, and all such charges shall be collected in the same manner as common expenses and the Association shall have a lien against apartments for any unpaid charges in accordance with paragraph 9 of the Declaration of Horizontal Property Regime for The Heights at Wailuna, Increment 4.

SCHEDULE OF APARTMENTS AND COMMON INTF ST

THE HEIGHTS AT WAILUNA, INCREMENT 4
(a Leasehold Condominium)

<u>Apartment Number</u>	<u>Type of Dwelling Unit</u>	<u>Percentage Ownership of Common Elements</u>
43	1	2.77
44	7	2.77
45	5	2.77
46	4	2.77
47	5	2.77
48	7	2.77
49	5R	2.77
50	7R	2.77
51	1	2.77
52	5	2.77
53	7	2.77
54	4	2.77
55	5	2.77
56	7	2.77
57	1	2.77
58	5	2.77
59	7	2.77
60	4MR	3.05
61	5M	2.77
62	7R	2.77
63	4R	2.77
64	5R	2.77
65	1R	2.77
66	7R	2.77
67	4R	2.77
68	5R	2.77
69	7R	2.77
70	5R	2.77
71	4R	2.77
72	7R	2.77
73	1R	2.77
74	5M	2.77
75	7M	2.77
76	4M	2.77
77	5M	2.77
78	5	2.77
	TOTAL	100.00%

Where an "R" is set forth in the middle column entitled "Type of Dwelling Unit", this reflects that the floor plan of the particular dwelling unit is a mirror image of the type of designated unit. Where an "M" is set forth in the middle column entitled "Type of Dwelling Unit" this reflects a modified location of the garage.

INCUMBRANCES AGAINST THE TITLE

1. Real Property Taxes have been fully paid up to and including June 30, 1986. (see tax statement attached)

Tax Key: 9-8-02-54 Area assessed: 6.433 acres
 covers the land described
 herein, besides other land

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Portion of existing flowage Easement F-6, as per survey of Harry K. Matsuo, Registered Professional Land Surveyor, dated March 15, 1985.

4. Easement 6 for roadway and utility purposes, being more particularly described as per survey of said Harry K. Matsuo, dated March 15, 1985.

5. Easement 9 for access purposes, being more particularly described as per survey of said Harry K. Matsuo, dated March 15, 1985.

6. Portion of Easement 10 for drainage purposes, being more particularly described as per survey of said Harry K. Matsuo, dated March 15, 1985.

7. Easement 11 for flowage purposes, being more particularly described as per survey of said Harry K. Matsuo, dated March 15, 1985.

8. Agreement for Issuance of Special Use Permit under Section 21-2.71 of the Comprehensive Zoning Code of the City and County of Honolulu (Am. Ord. 3234) dated December 17, 1981, recorded in Liber 16210 at Page 16, by the Trustees of the Estate of Bernice Pauahi Bishop, "Declarant", as amended by instruments dated June 15, 1982, recorded in Liber 16546 at Page 182, and dated June 15, 1982, recorded in Liber 16609 at Page 600.

9. Terms, agreements, reservations, covenants, conditions and provisions contained in Lease referred to in Schedule C.

10. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

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

MORTGAGEE : BANK OF HAWAII, a Hawaii banking corporation

DATED : March 22, 1985

RECORDED : Liber 18561 Page 752

Mortgaging the land described herein, besides other land,
to secure the repayment of the sum of \$4,400,000.00

11. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

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

MORTGAGEE : BANK OF HAWAII, a Hawaii banking corporation

DATED : April 10, 1985

RECORDED : Liber 18600 Page 13

Mortgaging the land described herein, besides other land,
to secure the repayment of the sum of \$700,000.00

12. Declaration (Wailuna, Top of the Ridge) dated March 8,
1983, recorded in Liber 18437 at Page 711.

13. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

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

MORTGAGEE : BANK OF HAWAII, a Hawaii banking corporation

DATED : June 26, 1985

RECORDED : Liber 18776 Page 427

Mortgaging the land described herein, besides other land,
to secure the repayment of the sum of \$2,883,000.00

EXHIBIT "G"

14. Grant in favor of Hawaiian Electric Company, Inc., and Hawaiian Telephone Company dated September 5, 1985, recorded in Liber 19012 at Page 777; granting a perpetual right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate pull boxes, handholes, transformer vaults, etc., for the transmission and distribution of electricity over, under, upon, across and through the land described herein.

15. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : THE LUSK COMPANY, formerly known as John D. Lusk & Son, a California corporation

MORTGAGEE : BANK OF HAWAII, a Hawaii banking corporation

DATED : June 12, 1986

RECORDED : Liber 19591 Page 196

AMOUNT : \$3,888,000.00

EXHIBIT "G"

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
43 thru 59 & 61 thru 78	\$69.20 + \$19 = 88.20 x 12 = \$1,058.40
60	\$76.19 + \$19 = 95.19 x 12 = \$1,142.28

[] Revised on July 23, 1986

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements.

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

\$ 161

\$1,932

common elements
and apartments

Gas

Refuse Collection

Telephone

Water and Sewer

511

6,132

Maintenance, Repairs and Supplies

Building

50

600

Grounds

1,000

12,000

Management

Management Fee

250

3,000

Payroll and Payroll Taxes

20

240

Office Expenses

405

4,860

Insurance

Reserves

50

600

Taxes and Government Assessments

13

156

Other

38

456

Total Maintenance Fees

\$2,498

\$29,976

Recreation Dues

\$ 684

\$ 8,208

TOTAL

I/We, CERTIFIED MANAGEMENT, as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Robley W. Smith
Date: April 24, 1986

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,

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:

MERGER OF INCREMENTS

The Developer intends on developing one or more additional condominium projects on land located adjacent or near the project and the Declaration of Horizontal Property Regime has provisions for the merger of any such additional condominium projects with the present project.

In addition, Developer expressly reserves the right without the consent or joinder of persons then owning or leasing apartments in the Project to merge this Project with any and all of the following condominium projects to permit the joint use of the common elements of the merged projects by all the apartment owners of the projects:

(i) That certain project known as "The Heights at Wailuna, Increment 1", consisting of thirty-one (31) apartments, established by that certain Declaration of Horizontal Property Regime dated September 17, 1985, recorded in said Bureau of Conveyances in Liber 18981, at page 660;

(ii) That certain project known as "The Heights at Wailuna, Increment 2", consisting of twenty-eight (28) apartments established by that certain Declaration of Horizontal Property Regime dated January 27, 1986, recorded in said Bureau of Conveyances in Liber 19285 at page 693; and

(iii) That certain project known as "The Heights at Wailuna, Increment 3", consisting of thirty (30) apartments established by that certain Declaration of Horizontal Property Regime dated April 17, 1986, recorded in said Bureau of Conveyances in Liber 19486 at page 487.

SUMMARY OF SALES CONTRACT

1. The sales agreement contains the price and other terms and conditions under which a buyer will agree to buy an apartment in the project.

2. The contract provides for the buyer to get a copy of certain legal documents that buyer should closely examine.

3. The contract provides for severe penalties if buyer fails to comply with the terms and conditions of the contract.

4. The purchaser must complete the sale and purchase of the apartment by a certain date and pay closing costs, in addition to the purchase price.

5. The purchaser will not receive interest on deposits made under the sales agreement.

6. The purchaser's money will be held in escrow under the terms of the Escrow Agreement for the project.

7. The purchase agreement and the rights of the buyer under the purchase agreement is subordinate to the lien of the Bank of Hawaii mortgages on the property.

8. The project will be subject to ongoing construction and sales activities which will result in certain annoyances to the buyer.

9. The Developer is making no warranties or representations in connection with the sale of any of the apartments, except for its written limited warranty.

This is merely a highlighted summary of certain of the terms and conditions of the sales contract, and any buyer should review all the terms and conditions of the sales agreement before signing.

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the payments which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains many other provisions and establishes certain charges that may be incurred by the purchaser, and the purchaser should carefully read the entire Escrow Agreement.