

EXHIBIT "F"

VILLAGES OF LEIALI'I PHASE 1A

New House Limited Warranty Program

1. General. All work performed by the Seller's General Contractor, Hawaiian Dredging Construction Company ("Contractor") shall be covered by the *New House Limited Warranty Program* as outlined below. The intent of the program is to provide special warranty provisions and considerations for each original individual Buyer of the homes being constructed under this project.

Definitions: To help clarify the New House Limited Warranty Program below, the following definitions shall apply:

Developer:	WK 3 LLC
Contractor:	Hawaiian Dredging Construction Company
Subcontractor:	Subcontractor, Supplier/Vendor or Manufacturer
Seller:	WK 3 LLC
Buyer:	Only the Original Individual Home Buyer

2. New House Limited Warranty Program.

(a) Basic Construction Warranty. At closing of the sale of each house to the original Buyer, the Contractor shall provide, for the Buyer of each house, a warranty (the "Contractor's Warranty") guaranteeing the house against defects in workmanship and materials for a period of one year from the earlier of (i) Buyer's closing or occupancy date (the "Contractor's Warranty Period"). The warranty shall cover all structural components, foundation, walls, roof structure, beams and columns; all carpentry and siding; thermal and moisture protection features; doors and windows; finishes, including gypsum board, ceramic tile, flooring, base and painting; specialties; all plumbing and electrical installations; and all built-in fixtures such as cabinetry and door hardware. *"Contractor's Warranty" does not cover (i) defects caused by the work of the sitework contractor; (ii) performance of warranties and matters referred to in paragraphs 2 through 5 below beyond the above-stated Contractor's Warranty Period; or (iii) defects in workmanship and materials of which the Contractor has not received written*

notice until after the expiration of the Contractor's Warranty Period.

At closing, the Seller shall provide the Buyer with a Homebuyers Manual ("Homebuyers Manual") prepared by the Contractor, containing guidelines and procedures to assist the Buyer in identifying and reporting defects relating to the warranties herein provided for. The guidelines shall establish reasonable industry-wide standards, which shall apply in determining whether a defect exists, and the standards of the corrective work to be performed by the Contractor or its Subcontractors and/or Vendors. The Homebuyers Manual shall contain the forms of applicable warranties and the forms for submitting and processing requests for warranty work.

- Notice Requirement. The warranties referred to herein shall cover only those defects which the Buyer has given written notice of to the party (Contractor, Subcontractor or Vendor) designated in the Homebuyers Manual within the period referred to herein and in the Homebuyers Manual. If the Buyer fails to so notify the appropriate party within the applicable warranty period, then the Contractor, Subcontractor and Vendor shall have the option in their sole discretion, but not the obligation, to make the requested repair or replacement.
- Responsibility For Warranty. The Contractor, Subcontractor or Vendors are the only parties responsible for their warranty work - not the Seller, DHHL or the Architect. *Neither the Contractor nor Subcontractor shall be responsible for defective sitework or design or specification errors or omissions not directly related to the Contractor's or Subcontractor's work.*

3. Manufacturers' Warranties on Equipment, Appliances and Fixtures. The Contractor shall provide the Buyer with standard manufacturers' warranties on all equipment, appliances, plumbing and bathroom fixtures, water heater, and all other warranted items including items specified in the Project Specifications to be warranted. The Contractor shall be responsible for the manufacturers' performance of the manufacturer's warranty but only during the Contractors' Warranty Period.

4. Ground Termite Treatment/Treated Lumber Warranties. The Contractor shall cause the Termite Subcontractor to provide warranties for each house against live ground termite infestation. Under this warranty the Subcontractor shall re-treat the ground if infestation is discovered within three (3) years after the Contractor gives the Owner possession of the house ("Termite Warranty Period") in accordance with the terms contained in the Homebuyers

Manual. This re-treatment application shall be at no cost to the Buyer. The termite-treatment provider shall, under the termite warranty, provide one (1) visual interior and exterior inspection per year. The Buyer shall be responsible to call the Termite Subcontractor in advance to schedule the inspection at the parties' mutual convenience.

- The termite warranty does not apply to additions, alterations and other conditions, which affect the original structure or treated soil.
- If, within the Termite Warranty Period, the Termite Subcontractor questions the validity of a claim by the Buyer, then the claim shall be investigated by an unbiased expert who is mutually agreeable to the Subcontractor and the Buyer. The report of the expert shall be accepted as the basis for disposition of the case; the non-prevailing party shall pay the cost of the expert's inspections and of any other services rendered by the expert in order to investigate the claim.

In addition, the Contractor shall cause the Vendor of the treated lumber to provide a 20-year warranty from the party treating such lumber ("Treatment Provider") in the form to be provided from Osmose Pacific of Aiea, Hawaii.

Thereafter, the Buyer shall look solely to the Termite Subcontractor and the Treatment Provider for relief under these termite and treated lumber warranties. The Contractor shall be responsible for the performance by the Termite Subcontractor and the Treatment Provider of their respective warranties but only during the Contractor's Warranty Period.

5. Roofing Materials Warranty. The Contractor shall provide to each Buyer, a warranty from the manufacturer of the compositions roof shingles against deterioration for a period of twenty (20) years from the date the Contractor gives the Owner possession of the house. The Contractor shall be responsible to the Buyer for the performance of this roof manufacturer's warranty but only during the Contractor's Warranty Period. Thereafter, the Buyer shall look solely to the manufacturer for relief under this warranty.

6. GENERAL WARRANTY EXCLUSIONS. NONE OF THE ABOVE WARRANTIES SHALL COVER MATTERS RESULTING FROM ORDINARY WEAR AND TEAR, DAMAGE BY PETS, LACK OF OWNER'S OR BUYER'S MAINTENANCE, OR CASUALTY LOSS NORMALLY COVERED BY STANDARD HOMEOWNERS

INSURANCE. NONE OF THE ABOVE WARRANTIES SHALL COVER CRACKS IN WOOD, CONCRETE SIDEWALKS, DRIVEWAYS, PATIOS AND FLOOR SLABS, CRACKS IN DRYWALL, OR DRYWALL NAIL POPS WHICH ARE NON-STRUCTURAL, OR OTHER MINOR VISUAL DEFECTS WHICH ARE WITHIN NORMAL CURRENT INDUSTRY STANDARDS.

ALSO, PLEASE REFER TO SECTION 14 OF THE TERMS AND CONDITIONS (EXHIBIT A) TO THE CONTRACT, RELATING TO WAIVER OF ALL OTHER WARRANTIES.

7. CONSTRUCTION CLAIMS. THE HAWAII REVISED STATUTES CONTAIN IMPORTANT REQUIREMENTS PURCHASER MUST FOLLOW BEFORE PURCHASER MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED OR CONSTRUCTED PURCHASER'S HOME OR FACILITY. NINETY (90) DAYS BEFORE PURCHASER FILES PURCHASER'S LAWSUIT OR OTHER ACTION, PURCHASER MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS PURCHASER ALLEGES ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. PURCHASER IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT PURCHASER'S ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

8. WARNING AND BUYER'S RELEASE OF SELLER FOR LIABILITY FOR MOLD, MICROORGANISMS, RADON GAS AND CHEMICALS.

Warning. Microorganisms, including, but not limited to, mold, mildew, spores, or any other form of fungi or bacteria ("Microorganisms"), occur naturally in the environment and may be present, during or after construction, in the indoor air and/or on the interior surfaces of the building being constructed by the Seller, including, without limitation to, cavities, attics, windows, foundations, floor slabs, and/or on the exterior surfaces of the building, or any part thereof. Concentration of moisture in the building may result from cooking, showering or similar activities inside the building, the outside atmosphere, and/or the design, construction means and methods, and/or the building materials used in the construction of the building. This moisture may cause the growth, release, discharge, dispersal or presence of Microorganisms which, at certain levels, can cause deterioration of building materials, damage to property, health hazards, personal injuries and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and/or allergic reactions. Likewise, concentrations of radon released from soil or

chemicals released from household furnishings, appliances, mechanical equipment, personal possessions or building materials may, at certain levels, create health hazards and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and allergic reactions. Because Microorganisms and radon occur naturally in the environment, the Seller cannot eliminate the possibility that radon may be present or that Microorganisms may grown in, on or about the building. Buyer may minimize these effects by proper utilization and maintenance of heating, cooling, dehumidification or ventilation equipment, interior maintenance and cleaning and exterior maintenance, such as, but not limited to, proper grading, landscaping, painting and caulking. BUYER ACKNOWLEDGES THAT BUYER HAS BEEN INFORMED OF SUCH EFFECTS, AND BUYER ASSUMES ALL RISKS OF DAMAGE, PERSONAL INJURY OR DESTRUCTION OF OR INJURY TO PROPERTY THAT MAY ARISE AS A RESULT OF OR BE IN ANY WAY CONNECTED WITH THE INDOOR AIR QUALITY OR THE PRESENCE OF MICROORGANISMS, RADON OR CHEMICALS IN, ON OR ABOUT THE BUILDING.

Release by Buyer. NOTWITHSTANDING ANY OTHER CONTRARY PROVISION IN THE CONTRACT, BUYER FULLY, FINALLY AND FOREVER RELEASES AND DISCHARGES, AND FURTHER AGREES TO INDEMNIFY AND DEFEND, SELLER AND ITS GENERAL CONTRACTOR, SUCCESSORS AND ASSIGNS, SUBCONTRACTORS, MATERIAL SUPPLIERS AND THE OFFICERS, EMPLOYEES, AGENTS OF EACH OF THEM (COLLECTIVELY IN THE REMAINDER OF THIS PARAGRAPH "RELEASEES"), FROM AND AGAINST ANY AND ALL CLAIMS, OBLIGATIONS, DEMANDS, DAMAGES, CAUSES OF ACTION, LIABILITIES, LOSSES AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' AND EXPERT FEES, WHETHER NOW KNOWN OR HEREAFTER KNOWN, FORESEEN OR UNFORESEEN, THAT BUYER OR ANY OCCUPANT OF THE BUILDING HAD, HAS, OR MAY HAVE IN THE FUTURE, IN LAW OR IN EQUITY (THE "CLAIM") THAT ARE ATTRIBUTABLE TO (1) BODILY INJURY, SICKNESS, EMOTIONAL DISTRESS, DISEASE, DEATH OR ANY OTHER PERSONAL INJURY OR ADVERSE HEALTH EFFECTS, OR (2) INJURY TO OR DESTRUCTION OF TANGIBLE PERSONAL PROPERTY, INCLUDING LOSS OF THE USE THEREOF ARISING OUT OF OR RELATING TO, OR IN ANY WAY CONNECTED WITH, INDOOR AIR QUALITY, MOISTURE, OR THE GROWTH, RELEASE, DISCHARGE, DISPERSAL OR PRESENCE OF ANY MICROORGANISMS, RADON OR ANY CHEMICAL OR TOXIN SECRETED THEREFROM, IN THE INDOOR AIR, ON THE INTERIOR SURFACES OF THE BUILDING, INCLUDING, WITHOUT LIMITATION TO, WALL CAVITIES, THE ATTIC, WINDOWS AND ANY BASEMENT, OR ON THE EXTERIOR SURFACES OF THE BUILDING, OR ON ANY PART THEREOF, WHETHER OR NOT THE CLAIM IS CAUSED BY, IN WHOLE OR IN PART, SELLER'S BREACH OF THE CONTRACT OR ANY ACT OR OMISSION OF SELLER, ITS GENERAL CONTRACTOR, SUBCONTRACTORS OR MATERIAL SUPPLIERS, IN THEIR

PERFORMANCE UNDER THE CONTRACT, INCLUDING, BUT NOT LIMITED TO, SELLER'S OR ITS GENERAL CONTRACTOR'S, SUBCONTRACTORS' OR MATERIAL SUPPLIERS', CONSTRUCTION MEANS AND METHODS, MATERIAL SELECTION AND INSTALLATION, AND/OR DESIGN SERVICES, IF ANY. SELLER MAKES NO EXPRESS OR IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR GOOD WORKMANSHIP AS TO BUILDING MATERIALS AND/OR CONSTRUCTION MEANS AND METHODS WITH REGARD TO INDOOR AIR QUALITY OR THE PRESENCE OF MICROORGANISMS, RADON OR CHEMICALS, INCLUDING, WITHOUT LIMITATION TO, ANY CHEMICAL OR TOXIN SECRETED THEREFROM IN, ON OR ABOUT THE BUILDING.

END OF EXHIBIT F