

STATE OF WASHINGTON
PUBLIC OFFERING STATEMENT
PURSUANT TO LAND DEVELOPMENT ACT

PART I

The undersigned hereby certify that they serve together as the Developer (as defined in RCW 58.19.020(7)) of:

A development known as River Ranch on the Little Spokane, sited in the County of Spokane, State of Washington; which development has been finally platted and recorded in the Office of the Spokane County Auditor under the same name (“Development”).

To the best of Developer’s knowledge, all information, statements and representations made herein are true and correct; namely:

1. The Developer’s name is Kuleana, LLC, a Washington limited liability company, the business address for which is 133 23rd Street, SE, Puyallup, WA 98372 and its telephone number is 253-840-5400.
2. The plat and lots included in this Development to date have been recorded with the County as shown:

Plat	Number of Lots	Date Recorded
1	22	_____

3. The lots or parcels in said plat filed or in the process of being filed of record with the Spokane County Auditor are as follows:
4. All property being developed into lots by the Developer at River Ranch on the Little Spokane is included in this Offering Statement.
5. As of February, 2007, all of the lots described in paragraph 3 that have been platted remain vested in the Developer and are available for sale. Title to each lot will be transferred to the purchasers at the time of sale.
6. Seller will pro-rate and pay all past-due taxes; record any real estate contracts used in the sales program which will not be fully paid at closing; pay required excise taxes and sellers' closing costs at the time of closing, and either furnish purchasers with title insurance or advise purchasers of their right to obtain title insurance at the time of closing of a sale.

7. There are no covenants and restrictions except those as attached to and considered part of this Public Offering Statement. Copies of the covenants on all parts of the plat, are intended to be shown or provided to all purchasers prior to sale. The Developer's intention, and the provisions of the covenants and restrictions, provide that the subject property will be developed into a single family residential planned community with common amenities. Each owner must receive approval from the Architectural Committee prior to any change to the lot including construction or alteration of any residence, fence, wall, pool or changes to landscaping including tree removal as set forth in the Design Guidelines. Currently the non-refundable design review fee is \$500.00 for new home construction and is due with the application in addition to the submission of architectural drawings and plans and specifications. Additionally, each owner must deposit \$5,000.00 with River Ranch Homeowners Association, which will be refunded without interest, upon completion of the improvements in accordance with the approved plans. If the improvements are not completed in accordance with the approved plans, the Association may utilize the deposit to remedy the violations. The design review fee and the refundable architectural deposit are subject to change.

NOTICE TO PURCHASERS: THE ENFORCEMENT OF COVENANTS OF A SUBDIVISION OR THE GOVERNING DOCUMENTS OF ANY ASSOCIATION IS THE RESPONSIBILITY OF ALL OF THE LOT OWNERS AND THE ASSOCIATION. NEITHER THE STATE OF WASHINGTON NOR COUNTY AGENCIES ORDINARILY ENFORCE COVENANTS.

8. Roads, trails, and entryway improvements have been constructed by the Developer in connection with providing access to and among lots. It is expected that construction and installation of additional roads and expansion of the trail system will be completed as needed as lots are sold within the Development. Portions of these improvements may be bonded with the County to assure completion of these improvements.
9. Domestic water will be provided by owners contracting directly with Whitworth Water District.
10. There will be electricity, telephone and natural gas available for each lot, generally in advance of the time of sale. Hook-up to the natural gas lines is further discussed in Part II of this Statement. Electrical hookup and other charges are payable to Inland Power Company. Natural gas hookup and other charges are payable to Avista. Telephone service is to be provided through Qwest. It will be the responsibility of the lot purchaser to pay required hookup charges and to provide necessary trenching from the service stubs on or near the lots in connection with such utility hookups. It will be the responsibility of Lot Owners to install such services past the service stubs, and it is not expected that bonding will be obtained to assure completion of any portions of the installation, which have not been completed prior to lot purchase.
11. It is expected that sewage disposal will be accomplished by means of individual on-site disposal systems. The Developer has received or will receive general approval from the Spokane County Health Department for the location of drainfields for each lot prior to recordation of each plat for the Development. The Spokane County Health Department has preliminarily approved a conventional drainfield, however, depending on the soil

conditions and location of the drainfield, non-conventional sewage disposal systems such as a sand filter system or pressure mound system, may be necessary. The preliminary findings of the Spokane County Health Department on each lot are available from the Developer upon request. Prior to receiving a building permit, it will be the responsibility of each lot purchaser to determine the suitability of such locations and to obtain a septic tank permit based on on-site soil conditions, and the size and placement of the proposed dwelling on the lot.

12. There is a community homeowners association known as River Ranch Homeowners Association, a Washington nonprofit corporation, which holds title to commonly owned properties and amenities, including community open spaces, recreation area and trails.
13. Purchasers may also be responsible for an assessment to be charged by the fire district, which has jurisdiction, payable upon issuance of a building permit. To the best of Developer's knowledge, however, such assessment has not been collected to date by the County or the fire districts on any lots in the Development.
14. There are no other promised, advertised, or County-required amenities, improvements, or structures, not already explained elsewhere in this Statement, except as follows:

A Recreation Area will be available to homeowners for walking, jogging, hiking, biking and wildlife viewing. Motorized vehicles are prohibited on the trail system.
15. The Development and surrounding area is subject to no known hazards as defined in RCW 58.19.020(7).
16. The Developer agrees not to sell lots sight unseen, not to actively or knowingly advertise or promote a program of selling for investment purposes, not to advertise facilities or amenities not actually planned and expected to be constructed, not to represent that facilities or amenities presently exist which are not actually in existence, and not to engage in those types of advertising and promotional activities noted and prohibited by the State of Washington. It is intended that the Developer will engage in advertising and promotional activity in order to market and sell the subject property through use of signs on and near the property, through direct mail, through the internet at its website, to advertise in local papers, through open houses, through listings in the local multiple listing service, through the Spokane Association of Realtors, and through other promotional events which may be conducted at the property or off site.
17. Pursuant to RCW 58.19.045, unless a prospective purchaser is given this Public Offering Statement more than two days before execution of a contract for the purchase of any lot within the Development, such purchaser shall have the right to cancel their contract within two days after receiving a copy of this Public Offering Statement and, if necessary, shall have two days to review this Public Offering Statement and cancel their contract, to extend the closing date for conveyance to a date not more than two days after the first receipt of this Public Offering Statement. For purposes of this provision, the two day period shall not include Saturdays, Sundays or legal holidays. Any purchaser electing to cancel a purchase and sale contract may do so by hand-delivering notice thereof to the

Developer or by mailing notice thereof by pre-paid United States mail to the Developer at the address stated above in this Offering Statement, or at any address provided for service of process. If cancellation is by mailing notice, the date of the postmark on the mail shall be the official date of cancellation. Cancellation may be made without penalty, and all payments made by the purchaser before cancellation will be refunded within 30 days from the date of cancellation.

18. A purchaser may not rely on any representation or express warranty unless it is contained in this Public Offering Statement or made in writing signed by the Developer or by any person identified in this Public Offering Statement as the Developer's agent.
19. This Public Offering Statement is only a summary of the some of the significant aspects of purchasing an interest in the Development. Any documents, which may govern or affect the Development may be complex, may contain other important information, and create binding legal obligations. You should consider seeking assistance of legal counsel.

PART II

SPECIAL INFORMATION ABOUT RIVER RANCH ON THE LITTLE SPOKANE

A. SEWAGE DISPOSAL:

All of the lots in the plat have received or will receive prior to closing general approval for individual on-site septic disposal systems. Prior to receiving a building permit, however, a lot owner will be required to obtain a septic tank permit based upon the size and placement of the proposed dwelling on the lot, and the desired placement of the drainfield. Certain lots have soil conditions which may pose possible drainage problems which could restrict the size and placement of a dwelling, or could involve system design requirements which would result in substantially increased installation costs for on-site sewage disposal.

B. NATURAL GAS:

C. RECREATION AREA:

A Recreation Area that is adjacent and to the west of the plat with approximately 1,200 feet of frontage generally on the east side of the Little Spokane River has been established for the benefit of homeowners. Neither the public nor homeowners' unleashed pets are permitted access in this area. The area is intended to provide a pedestrian recreation area, and restrictive signage will be installed at certain entry points.

PART III

GENERAL INFORMATION ABOUT THE COMMONLY OWNED PROPERTY AND COMMUNITY ASSOCIATION

A. MULTIPLE OFFERING:

A non-profit corporation, River Ranch Homeowners Association, has been created to own common properties and amenities for the Development and a trail system, recreation area and common open space areas. When you purchase a lot you will also be purchasing a non-dividable interest in other common property to be owned in common with all lot owners. The Association will be the means of ownership for those common property interests and is responsible for payment of the costs of maintaining all Homeowner Association assets.

B. MEMBERSHIP IN THE ASSOCIATION - COMMONLY OWNED PROPERTY:

The Development includes certain common areas and facilities as described elsewhere in this Statement. This is the property which you are to own in common with others through membership in River Ranch Homeowners Association. The common property will be owned in the name of the Association. Through legally enforceable provisions in a recorded Declaration Establishing Covenants, Conditions And Restrictions and Reservation of Easements, your membership in the Association will be mandatory and automatic at the time you purchase a lot. The purchase will automatically entitle and obligate you to be a member of the Association and, in most instances, will include a beneficial interest for you and your family in the common areas and facilities. A certain portion of your purchase price will most likely represent the value and cost of the interest in the community-owned properties you will acquire.

C. WHAT IS THE ASSOCIATION?

An automatic-member community homeowners association should not be confused with a voluntary civic or social club. The Association will manage property, operating under legal documents, which will restrict the uses of your property. The majority rules, and what the group wants under the agreements, you will have to accept, too. In addition to providing a means for ownership and management of the common properties, the Association serves other purposes. The Association will provide a means to accomplish architectural control throughout the Development and to enforce the covenants, conditions and restrictions of record and other land use restrictions. You should realize that there are restrictions, which may be enforced limiting the way in which you may build or use your land or residence.

D. VOTING CONTROL OF ASSOCIATION:

If you are making your purchase during an early stage of the Developer's sale program, it is likely the Developer promoting this project will effectively control the affairs of the Association. It is usually good planning and necessary that the Developer do so during these early stages. The Bylaws provide that the Developer will retain control until the earlier of (i.) the date more than 90% of the lots are sold or (ii.) January 1, 2010. Thereafter, control and management of the Association will transfer from the Developer to all lot owners collectively, if the lot owners assert their voting privileges after that date. The voting rights of membership are stated in the

governing instruments, which includes the Articles and Bylaws of the Association. For this reason, you should read the Articles and Bylaws carefully. You are to be given copies of them as attachments with this Disclosure Statement.

It is vitally important to the owners of individual lots that the transition from Developer to lot owner control be accomplished in an orderly manner and in the spirit of cooperation.

E. GOVERNING INSTRUMENTS:

Your ownership in the Development and your rights and remedies as a member of the Association will be controlled by governing instruments which generally will include (1) Covenants, Conditions and Restrictions of record, (2) Design Guidelines as originally adopted and amended from time to time, (3) Association Articles of Incorporation and (4) Association Bylaws. The provisions of these documents are intended to be, and in most instances are, enforceable in a court of law. The Association's governing documents are subject to the provisions of this state's NonProfit Corporation Act (RCW Ch. 24.03). Both the Developer and the Association are expected to comply with the requirements of any applicable laws. Copies of laws and governing documents for the Association are available in the Developer's sales office for your review. You should also have been given copies of such documents. You should study these documents carefully before entering into a contract to purchase.

F. ASSESSMENTS AND ASSOCIATION BUDGET:

In order to provide funds for operation and maintenance of the common properties, the Homeowners Association has the authority to levy assessments against an owner's lot. **IF AN OWNER IS DELINQUENT IN THE PAYMENT OF ASSESSMENTS, THE OWNER'S VOTING RIGHTS WILL BE SUSPENDED AND THE ASSOCIATION MAY ENFORCE PAYMENT THROUGH COURT PROCEEDINGS OR THE LOT MAY BE LIENED AND SOLD THROUGH THE EXERCISE OF A POWER OF SALE. THE ANTICIPATED INCOME AND EXPENSES OF THE HOMEOWNERS ASSOCIATION, INCLUDING THE AMOUNT THAT OWNERS MAY INITIALLY EXPECT TO PAY ANNUALLY THROUGH ASSESSMENTS, HAS BEEN OUTLINED IN THE 2007 BUDGET, A COPY OF WHICH IS ATTACHED AS APPENDIX "A". THIS BUDGET SHOULD BE EXAMINED CAREFULLY. IT MAY NOT REALISTICALLY AND ACCURATELY PROJECT THE FUTURE COSTS OF MANAGING AND MAINTAINING ASSOCIATION PROPERTIES. IT MAY NOT PROVIDE ADEQUATE RESERVES FOR MAJOR MAINTENANCE EXPENSES OR REPLACEMENT OF FACILITIES.**

G. ASSESSMENTS - NON-RESIDENT OWNERS:

If you are purchasing a lot with the possibility of being an absentee owner for any period of time, you should realize that you must still pay the usual and prescribed homeowner assessments to the Homeowners Association, whether or not you build a home or actively use association properties and facilities. Homeowner assessments begin on the date of acquiring ownership. If the Association properly elects to increase assessments for any authorized improvements or to pay for increased or unforeseen maintenance costs, you will have the same legal obligations to pay as would any resident owner.

H. FINANCIAL REPORTS - BOOKS AND RECORDS OF THE ASSOCIATION:

The Association is required to follow certain practices relative to management, record keeping and reporting of the Association's finances. The Association books and financial records are to be made available for your inspection at reasonable hours and times. You should also be provided with a report on the finances and the proposed budget of the Association at least once a year.

I. COOPERATIVE LIVING - RESTRICTIONS ON ACTIVITY AND LAND USE:

When contemplating the purchase of a lot in a common-interest development, you should consider factors beyond the attractiveness of the lot itself. Study the governing instruments and give careful thought to whether you will be able to exist happily in an atmosphere of cooperative living when the interests of the group must be taken into account as well as the interests of the individual. Remember that managing a common-interest association is very much like governing a small community - the management can serve you well, but you will have to work for its success. There are actions that can be taken by the governing body without a vote of the members of the association, which can have a significant impact upon the quality of life for association members. You should contemplate active participation in the affairs of the association as directors or on committees created by a board. In short, the association will be you and your neighbors. In addition to restrictions on land use and to some degree personal activity, you will find that building and construction are subject to prior review and approval by an architectural control committee. You should study the limitations and restrictions on building activity found in the governing documents carefully and realize that they are most likely enforceable in a court of law.

J. YOUR OBLIGATIONS AS A MEMBER OF AN ASSOCIATION:

1. To pay assessments properly authorized and to share expenses of the association.
2. To comply with the provisions of the governing documents, including proper and reasonable restrictions on land use or personal activity.
3. To attend the annual meeting, vote, and participate actively in the affairs of the association.
4. To take proper care of association property.

K. YOUR RIGHTS AS A MEMBER OF AN ASSOCIATION:

1. To properly use and share Association properties and facilities.
2. To receive annual reports on the financial and business affairs of the Association.
3. To vote, run for office and serve on committees.
4. To have reasonable access to association books and records, including minutes of meetings.
5. To have written notice of all association meetings and voting matters.

PART IV

THE COMMUNITY PROPERTY AND ASSOCIATION MEMBERSHIP, PART OF THE DEVELOPMENT KNOWN AS RIVER RANCH ON THE LITTLE SPOKANE

TO THE READER:

This part of the Public Offering Statement contains specific information about your common-interest ownership of certain community property, which is part of the development.

Located in: Spokane County, State of Washington.

This community property in which you are purchasing an undivided interest is to be owned and managed by a non-profit corporation known as: River Ranch Homeowners Association.

CONTENTS:

- A. The nature of your interest in the property
- B. General information about the association and the community property
- C. Number of members to be making use of facilities and amenities
- D. Ownership status of the community property
- E. The Association - its operation, management and structure:
 - 1. The Board of Directors
 - 2. The Association Officers
 - 3. The Registered Agent
 - 4. The Official Address
 - 5. The Classes of Memberships
 - 6. The Voting Rights and Voting Procedures for Members
 - 7. Control of the Association
 - 8. Removal of Trustees and Officers
 - 9. Amending Governing Documents
 - 10. Annual Meetings
 - 11. Books, Records and Financial Reports
 - 12. The Association Budgets
 - 13. Assessments
 - 14. Enforcement of Assessment Collection
 - 15. Association Insurance

A. THE COMMUNITY PROPERTY - NATURE OF YOUR INTEREST:

When you purchase a lot in the Development, you will also be purchasing interest in other property located within the Development. Part of your purchase price represents the value of this property. It is to service your recreational, social and amenity needs. Ownership of this property is by means of membership in River Ranch Homeowners Association. Such membership is mandatory. It goes with the purchase of your lot. You will automatically lose the membership and your interest in this property when you sell your lot, as your interest in this community property will be transferred with your ownership in the lot. Your ownership in this property is undivided and will be non-dividable for the life of the Association or the term of your use.

B. GENERAL INFORMATION ABOUT THE ASSOCIATION:

River Ranch Homeowners Association was established on January ____, 2007 by the filing of Articles of Incorporation with the Secretary of State, State of Washington, pursuant to the provisions of RCW 24.03, the Washington Non-Profit Corporation Act. Its state U.B.I. number is _____. The incorporator was the Developer's agent, Harold Johnson. The initial registered agent and registered office of the Association are James F. Toppliff, Evans, Craven & Lackie, P.S., 818 W. Riverside Ave., Suite 250, Spokane, WA 99201-0910.

As a non-profit corporation, the Association cannot make a profit for distribution to its members, officers or directors. Were it to attempt to do so, it might lose its legal standing, be subject to suit, or lose certain member immunities and tax benefits. Its primary purpose is to own and manage for the benefit of its members the recreational, social and amenity facilities constituting the community property.

C. NUMBER OF MEMBERS TO BE MAKING USE OF FACILITIES:

There are 22 lots in Phase 1. The covenants contemplate that property owners in all phases will be members of the Homeowners Association and share in the use of community property. Although the Developer currently has no plans to change project density, the Developer reserves the right to either increase (with County approval) or decrease the total number of lots in future phases.

D. OWNERSHIP STATUS OF THE COMMUNITY PROPERTY:

The community property consists of the portions of the Development that have been designated as common areas on the plat and the Recreation Area that has been transferred to the Homeowners Association.

E. YOUR ASSOCIATION, ITS OPERATIONS AND MANAGEMENT:

The Covenants, Conditions and Restrictions of record provide for the creation of the Association whose purpose is to own and manage the community property advertised as part of the Development.

1. Board of Trustees: Business affairs of the association are conducted by a Board of Trustees. There is currently one (1) trustee on the Board, who is Harold Johnson, 133-23rd St. SE, Puyallup, WA 98372.

The Board is elected by general vote of the members at the annual meetings except that while the Developer has a majority of the votes, the Developer may appoint the Trustees.

2. Association Officers: Association officers are selected or hired by vote of the Board of Trustees. Currently, neither the trustees nor officers receive compensation for their services as trustees or officers. The current officers are:

- a. Hal Johnson, President
- b. Vacant, Vice President
- c. Harold Johnson, Secretary/Treasurer

3. Registered Agent: The registered agent for the Association as of the date of this Public Offering Statement is James F. Topliff, Evans, Craven & Lackie, P.S., 818 W. Riverside Ave., Suite 250, Spokane, WA 99201-0910. The purpose for this agent is to accept service on behalf of the Association were the Association to be named as a defendant in a lawsuit.

4. Association Official Address: The official address as of the date of this Public Offering Statement is 133 23rd Street SE, Puyallup, WA 98372.

5. Classes of Membership: The governing documents provide for two classes of membership with all lot owners, excluding the Developer, possessing Class A membership and having one vote for each lot owned. The Developer will initially have Class B membership entitling it to ten votes for each lot it owns or is planned in future phases.

6. Voting Rights and Procedures: Members are entitled to vote in the selection and election of trustees, after the Developer loses voting control of the Association. Trustees shall be responsible for the business affairs and operation of the Association.

7. Control of the Association: Voting rights of the membership are weighted so that the Developer will have voting control until the earlier or (i.) the date more than 90% of the lots are sold, or (ii.) January 1, 2010. If the lot owners do not assert their voting privileges after 90% of the lots are sold or January 1, 2010, the Developer could retain in-fact control of the association for a longer period of time.

8. Removal of Trustees and Officers: As long as the Developer has voting control of the Association, trustees may be removed prior to the expiration of their terms by the Developer or thereafter by a majority vote at either a regular or special meeting including Class A Member and Class B Members. Any officer may be removed from office by a majority of the Board at any time with or without cause.

9. Amending Governing Documents: The Covenants, Conditions and Restrictions may be amended in most respects by a majority of the votes held by all lot owners, including the holders of Class A voting rights and Class B voting rights.

10. Annual Meetings: Annual meetings of the Association will be held each year. Owners are to be sent written notice of annual and special meetings no less than ten days and no more than fifty days prior to the date set for such meeting.

11. Book, Records, and Financial Reports: The Association's books and records are required to be available for member inspection at reasonable hours and times. The Association's records are maintained at 133 23rd Street SE, Puyallup, WA 98372. If and when the location of the Association's office is changed, notification will be sent to all owners. Owners will be entitled to review Association records by prior appointment, made by telephone.

The treasurer of the Association is required to keep financial records and to act as trustee of the Association assessments and assessment funds. At least once annually, the treasurer is required to make available to all members certain financial information including a balance sheet, a statement of cash flow, the proposed budget for the coming year, and a full status on Association assessments. Owners are to be told the amount of collections, amount in any funds, interest earned, the identity and purpose of each disbursement, and the identity of those delinquent in payment of their assessments.

12. Annual Budget: (a) Current Operations. The Board has prepared the operating budget for the Association, a copy of which is attached hereto as Appendix "A". This document should be reviewed by any prospective purchaser prior to making a purchase. (b) Long Term Capital Expenditures. Significant improvements requiring maintenance by the Association include entrance gates, water features and other landscaped common areas, roads, recreation area, and the trails. Some routine maintenance will be required; though it is not anticipated that replacement should be necessary for a number of years. There are no planned improvements to be constructed in the common areas.

13. Assessments:

(a) Annual Assessments. You will be required to pay assessments to the Association. The 2007 Annual Assessment has been fixed by the Board at \$1,500.00 for the year, payable \$750.00 on January 1, 2007 and \$750.00 on July 1, 2007.

(b) Special Assessments. If there is a shortfall in the amount of receipts versus expenses of the Homeowners Association, it is possible that the deficiency will be paid by a Special Assessment charged to all Homeowners (excluding the Developer), unless such deficiency is funded out of the Association's cash reserves. The amount of future assessments thereafter will be projected from the Association budgets, and will be set by the Board. The amount may be increased as the result of unforeseen contingency, inadequate reserve protections, or a lag in assessment collections. An owner's first assessment is due at the closing of their lot, with the amount to be pro-rated for the first year. Thereafter, assessments will be due in semi-annual payments made in advance. Payments should be made payable to River Ranch Homeowners Association, and mailed to the Association's manager at 133 23rd Street SE, Puyallup, WA 98372.

(c) Transfer Assessments: Upon transfer of title or sale of any lot or home from an existing owner(excluding Developer), to a new owner, the new owner must pay a transfer assessment fee equal to \$500.00 to River Ranch Homeowners Association to mitigate the costs associated with such transfer of title such as establishing new accounting records.

14. Enforcement of Assessment Collection: Effective collection of assessments is an important and necessary part of association management and owners' community ownership. Unpaid assessments may result in financial problems for the Association and a greater financial

burden being placed upon other members. If a member fails to pay assessments when due, the following results are both legal and probable:

- a. The owner will pay penalties for each delinquency.
- b. The deficiencies constitute a lien on the owner's lot which must be paid before any resale, or which may be collected by the Association through legal proceedings.
- c. The owner may be sued personally for amounts due, together with delinquency charges, interest, costs, and attorneys' fees.
- d. The owner's name will appear as a delinquent on all Association financial reports going to association members.
- e. The owner could lose voting rights in Association affairs until deficiencies are fully paid.

15. Association Insurance: The Association could be responsible to third parties for its acts or omissions or for injury caused to others through use of Association property, and the Association has obtained liability insurance protection. This liability coverage does not cover injuries to others through an owner's own acts while on Association property, or while on the owner's property. Owners should carry their own liability insurance for such protection.

The liability policy does not cover injury or property loss to any lot owner or lessee of an owner. Owners have also agreed, pursuant to governing documents for the Association and the Development, to hold the officers and directors of the Association harmless from any lawsuit or claim by an owner or a guest using Association property with the owner's permission.

Insurance for fire and general casualty coverage on Association properties is carried by the Association. It is anticipated that losses may be excluded from coverage if done deliberately by an owner, and that other provisions regarding coverage and exclusions may apply. It is also anticipated that this coverage will not protect an owner's personal property, only Association property.

Dated February ____, 2007.

KULEANA, L.L.C., a Washington limited liability company

Harold Johnson, Manager

Exhibit "A"
River Ranch Homeowners Association
Operating Budget – 2007

RECEIPTS:

HOA DUES
DESIGN REVIEW FEES
TRANSFER FEES
INTEREST INCOME

TOTAL RECEIPTS

EXPENSES:

LANDSCAPING
MANAGEMENT
REPAIRS & MAINTENANCE
SNOW/ICE REMOVAL
ELECTRIC
INSURANCE
PHONE
AUDIT
REAL ESTATE TAXES
LEGAL
MISC/CONTINGENCY

TOTAL EXPENSES

TOTAL NET INCOME