



HAWAIIAN PROPERTIES, LTD.

Property Management and Sales

1165 Bethel Street, 2nd Floor Tel (808) 539-9777
Honolulu, Hawaii 96813 Fax (808) 521-2714
Mailing Address:
P.O. Box 38078
Honolulu, HI 96837-1078



December 2014

Mariner's Cove Association 2015 Dues Payment Instructions & Policies

Dear Mariner's Cove Association Homeowner,

The Board of Directors has approved the 2015 budget and Capital Reserve Study for the Association. The dues for 2015 will remain the same amount as 2014.

The 2015 monthly dues are **\$30.37**; the annual total is **\$364.44**.
Please follow the payment instructions as follows:

Your payments are due and payable on the first day of each semi-annual billing period as follows:

- 1) January 01, 2015 in the amount of \$182.22**
- 2) July 01, 2015 in the amount of \$182.22**

A billing statement is enclosed for the January to June 2015 semiannual billing period. If you are on SurePay, you do not need to do anything. If you are *not* on SurePay, please mail your payment in the enclosed pre-addressed envelope with the remittance portion of the statement to:

Hawaiian Properties, Ltd.
Property Management Division
P.O. Box 30950
Honolulu, HI 96820-0950

If you are not on SurePay, we are enclosing the application for Hawaiian Properties, Ltd.'s SurePay service, which allows you to have your two payments deducted automatically from your checking account on January 10, 2015 and July 10, 2015. This does not cost anything. If you have already subscribed to the Hawaiian Properties, Ltd.'s SurePay service, please do not re-apply. Please note that the application must be received by Hawaiian Properties, Ltd. no later than December 19, 2014 if you want to pay the dues for the January to June 2015 period. If your application is received later than December 19, 2014, please pay the January 01 to June 30, 2015 dues by check. SurePay will then go into effect for the July-December 2015 billing.

If you make your payment by credit card through Hawaiian Properties, Ltd. website, www.hawaiianprop.com, please be advised that payments are not deposited to the Association's account or posted to your account immediately, plan ahead to avoid the late fee.

If you use a bill paying service, you are responsible for providing them with the correct information, such as amount and remittance address, and you are still responsible for your payment to be received and deposited by the due date.

PLEASE NOTE:

Your Association allows a grace period of 15 days. If your payment is not received by the 15th of each semi-annual billing month, the association assesses a Late Fee of \$50.00, in accordance with the 'Resolution of the Board of Directors of Mariner's Cove Association Regarding an Increase in Late Fees'.

A copy of Mariners Cove Association's collection policy may be obtained by writing or calling Hawaiian Properties, Ltd. at the contact information below.

Mariner's Cove Association has an established Priority of Payments Plan. This ensures that the Association is reimbursed first for expenses incurred or services provided to Individual Owners. All payments received will be applied to charges on your account in the following order: Legal charges, Late Fees, Miscellaneous Charges, Non-Sufficient Funds (NSF) and Coupon Charges, Special Assessments (if any) and Maintenance Fees.*

*The balance remaining, if any, toward the payment of Maintenance Fees, applied to oldest balances first. Acceptance and applications of such payments will not be construed as a waiver of any rights the Association shall have against the delinquent owner.

Any changes to your account, such as address, phone, etc, *must be in writing* and mailed to:

Mariner's Cove Association
c/o Hawaiian Properties, Ltd.
P.O. Box 38078
Honolulu, HI 96837-1078

If you have a question on your account or need assistance, please call 808-539-9777. Please send any correspondence to the same address above.

Sincerely,



John Brewer, CMCA®, AMS®
Association Manager

Hawaiian Properties, Ltd.
Managing Agent for
Mariner's Cove Association

Mariner's Cove Association 2015 Monthly Budget

2014 Approved Monthly Budget	2014 Forecasted Monthly Average	2015 Proposed Monthly Budget	2015 Approved Monthly Budget
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RECEIPTS

951-4101	Community Association Dues	12,453.00	12,361.92	13,138.00	12,453.00
951-4140	Late Fee Income	0.00	187.50	0.00	0.00
951-4250	Interest Income	0.00	37.83	0.00	0.00
951-4116	Boat Storage	400.00	461.67	425.00	425.00
951-4119	Clubhouse Rental	25.00	86.67	75.00	75.00
951-4900	Miscellaneous	0.00	0.00	0.00	0.00
TOTAL OPERATING RECEIPTS		12,878.00	13,135.58	13,638.00	12,953.00

OPERATING EXPENSES

UTILITIES

951-5110	Electricity	685.00	531.67	625.00	625.00
951-5120	Water	470.00	408.75	546.00	546.00
951-5121	Sewer	135.00	55.08	70.00	70.00
951-5125	Refuse	15.00	13.33	367.00	367.00
951-5126	Telephone	108.00	83.50	80.00	80.00
TOTAL UTILITIES		1,413.00	1,092.33	1,688.00	1,688.00

ADMINISTRATIVE

951-5308	Office/Admin Expense	725.00	845.17	775.00	775.00
951-5309	Onsite Office Expense	85.00	66.25	85.00	85.00
591-5401	Professional Mgmt Fees	1,518.00	1,518.00	1,551.00	1,551.00
951-5415	Audit/Tax Preparation	102.00	101.25	102.00	102.00
951-5417	Legal-Association	25.00	0.00	25.00	25.00
951-5418	Legal-Chargeback	0.00	368.42	0.00	0.00
951-5512	Fees. Licenses, Education	15.00	0.00	20.00	20.00
951-5513	Annual/BOD Meeting	0.00	0.00	0.00	0.00
951-5514	Dues/Subscriptions	0.00	0.00	0.00	0.00
TOTAL ADMINISTRATIVE		2,470.00	2,899.08	2,558.00	2,558.00

CONTRACT SERVICES

951-5215	Pest Control	65.00	58.33	65.00	65.00
TOTAL CONTRACT SERVICES		65.00	58.33	65.00	65.00

REPAIRS AND MAINTENANCE

951-5202	R & M, Building	125.00	49.17	110.00	100.00
951-5203	R & M, Special	85.00	84.75	85.00	75.00
951-5198	R & M, Plumbing	20.00	14.75	20.00	0.00
951-5207	R & M, Pool	100.00	48.08	120.00	100.00
951-5208	R & M, Grounds	150.00	220.75	150.00	150.00
TOTAL REPAIRS AND MAINTENANCE		480.00	417.50	485.00	425.00

SUPPLIES

951-5301	Building	125.00	222.75	250.00	125.00
951-5305	Pool	175.00	351.92	350.00	175.00
TOTAL SUPPLIES		300.00	574.67	600.00	300.00

Mariner's Cove Association 2015 Monthly Budget

SALARIES AND WAGES

951-5402 Wages	3,705.00	3,876.00	3,705.00	3,472.00
TOTAL SALARIES AND WAGES	3,705.00	3,876.00	3,705.00	3,472.00

PAYROLL BURDEN

951-5406 Payroll Services	110.00	109.08	110.00	110.00
951-5407 HR Expenses	15.00	0.00	15.00	15.00
951-5410 Insurance-Medical	0.00	0.00	0.00	0.00
951-5411 Insurance-Workers Comp	145.00	160.83	185.00	145.00
951-5412 Insurance-TDI	17.00	17.33	19.00	17.00
951-5426 Payroll Taxes	360.00	355.08	360.00	360.00
TOTAL PAYROLL BURDEN	647.00	642.33	689.00	647.00

INSURANCE

951-5408 Insurance- Package- Fire, Liability, D&O	720.00	727.00	750.00	720.00
951-5409 Insurance- Liability Fidelity Bond	39.00	38.25	39.00	39.00
951-5414 Insurance- Umbrella	140.00	141.33	150.00	140.00
TOTAL INSURANCE	899.00	906.58	939.00	899.00

TAXES, PERMITS, OTHER

951-5425 General Excise Tax	28.00	33.92	38.00	38.00
951-5428 Real Property Tax	25.00	25.00	25.00	25.00
951-5866 Committee Exp - Community Events	40.00	40.00	40.00	30.00
TOTAL TAXES, PERMITS, OTHER	93.00	98.92	103.00	93.00

TOTAL OPERATING EXPENSES

10,072.00	10,565.75	10,832.00	10,147.00
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NON-OPERATING EXPENSES

951-5995 Major Project Expense	3,872.00	3,545.08	3,084.00	3,084.00
TOTAL NON-OPERATING EXPENSES	3,872.00	3,545.08	3,084.00	3,084.00

RESERVE TRANSACTIONS

951-5850 Transfer to Reserves	2,806.00	2,806.00	2,806.00	2,806.00
951-5851 Transfer from Reserves	3,872.00	2,374.25	3,084.00	3,084.00
951-5852 Interest Added to Reserves	0.00	56.50	0.00	0.00
TOTAL RESERVE TRANSACTIONS	-1,066.00	488.25	-278.00	-278.00

DIFFERENCE

0.00	(236.17)	0.00	0.00
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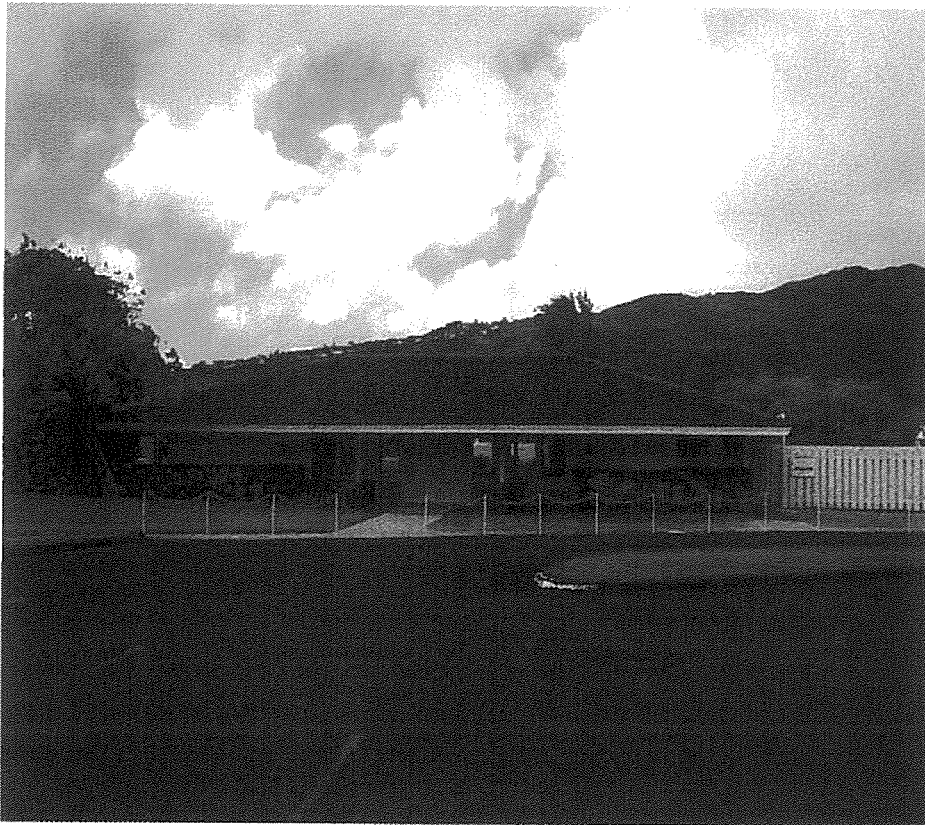
Unit Type: SFR	SFR PCI	2014 Annual Total	2015 Monthly Total	2015 Annual Total	\$ Difference	% Difference	SEMIANNUAL PAYMENTS:	
							Due January 01, 2015	Due July 01, 2015
Total Lots: 410								
Community Association Dues	0.2439%	\$ 364.44	\$ 30.37	\$ 364.44	\$0.00	0.0%	\$ 182.22	\$ 182.22

Capital Reserve Study 2015

Mariners Cove Association

800 Lunalilo Home Road

Honolulu, Hawaii 96825



HAWAIIAN PROPERTIES
Building Relationships that Last

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Phone: 808-539-9777 Fax: 808-521-2714
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Preface

What is A Reserve Study?

A reserve study is a detailed report that assists Association (AOAO or other Hawaii entity) in planning for long-term common area repair and replacement expenses. In most cases, an AOAO exists when there is individual ownership of a house or condominium along with the shared ownership or right of use to common areas. These common areas can include streets, roofs, recreational facilities and many other items. A reserve study includes two parts:

- 1) **The Physical Analysis** contains information about the condition and repair/replacement cost of the components that the AOAO maintains. The physical analysis should include a component inventory and quantity, estimated useful and remaining life, and estimated replacement cost.
- 2) **The Financial Analysis** evaluates the AOAO's reserve fund balance and income. The financial analysis calculates a AOAO's percent funded by comparing the actual reserve balance to a fully funded balance. The reserve study then estimates the total annual contribution necessary to defray the future costs.

Why Should a Reserve Study be performed?

Certain states, such as Hawaii, require that reserve studies be completed and that the board of directors inform owners of the reserve status annually. In addition, the board of directors of an AOAO has a legal and fiduciary duty to maintain the community in a good state of repair. Property Values are directly affected by the level of maintenance and upkeep of the common area components. Reserve studies create a maintenance plan, which keeps a development in good condition, therefore increasing property appreciation and value. The amount of funds in the reserve account also greatly affects property values. Reserve studies inform AOAO's how much they should have in their reserve account, which eliminates costly special assessments. Over time each member of a AOAO should contribute their fair share to the reserve account so when expenses arise the required funds are available. Reserve Studies can also help avoid litigation against AOAO board members.

Sections of this Reserve Study

Executive Summary - Provides the general information about the findings of the study.

Component Summary – List all components and their details in tabular form.

20 Year Funding Plans – Lists theoretical fully funded balance for the next 20 years. Other Options can include theoretical annual contribution, projected year-end balance, and percent funded for the current, recommended, and threshold funding plans. (Inflation and annual dues increase are taken into account)

Annual Expenses – Lists projected annual expenses for each component over the next 20 years in tabular form. (Inflation is taken into account)

20 Year Reserve Projection Graph – Displays the reserve account balance for the current, fully funded, threshold, and recommended funding plans over the next 20 years. (Inflation and annual dues increase are taken into account)

Projected Annual Expenses Graph – Displays projected annual expenses over the next 20 years in a bar graph. (Inflation is taken into account)

Category Cost % Chart – Provides the percentage of total annual depreciation for each reserve category in a pie graph.

Component Details – Provides detailed information on each component. Also includes pictures of selected components.

Where do Component Repair/Replacement Cost Estimates Come From?

The most accurate cost source is actual bids from contractors or to look at contracts from when the repair/replacement was last performed. In most cases bids or contracts are not available so unit costs for similar work done in the same local area are used. In addition, it is helpful to talk to local vendors who have knowledge of the work and can help with a cost estimate. A third source is to use construction cost estimators.

Many times the entire quantity of a component will not need to be replaced or repaired all at once. An example of this is concrete sidewalks. All sidewalks should never have to be replaced, but some sections may experience cracking. In this case an allowance can be created for their partial replacement.

In some instances The cost source number for each component is provided in the component summary and details. An explanation of each follows:

1. **Local Historical Cost** – Cost based on bids for similar work done in same area.
2. **HF Estimate** – Estimate or Allowance made by Hawaiian Properties Ltd. employee.
3. **Board/Manager Direction** – Cost estimate provided by board member or property manager.
4. **Bid/Contract** – Bid came from actual bid or contract.
5. **Cost Manual** – Cost came from estimating manual.
6. **Previous Study** – Cost came from previous reserve study.

What Procedures were used for calculation and establishment of reserves?

In this study the fully funded reserve balance for a component at a given time was computed using the component method. Using the component method the fully funded reserve balance equals the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component.

For example if the cost of a boiler is \$10,000, the useful life is 10 years and the remaining life is 3 years. The recommended reserve balance would be:

$$\$10,000 \times ((10-3)/10) = \$7,000.$$

Glossary of Terms:

50% Threshold Reserve Contribution – Reserve contribution that should be allocated into reserves to keep reserve balance above a 50% funded during the next 20 years.

Cash Flow Threshold Reserve Contribution – Reserve contribution that should be allocated into reserves to keep reserve balance above a minimum amount during the next 20 years. (Minimum amount is 5% of total replacement cost unless otherwise noted)

Percent Funded – The percentage of the fully funded balance that the AOA has in reserve fund. (Projected Balance/ Fully Funded Balance)

Contingency – An allowance for miscellaneous components or unpredictable expenses. (5% of total current cost unless directed otherwise)

Current Budgeted Reserve Assessment – Amount currently being deposited into reserve account. Provided by Property Manager or Board Member.

Depreciation This Year – Amount that should be saved for a component during current year. Provided for each component and summed for all components. If the association is 100% funded this is the amount they should contribute to the reserve fund annually. $= (\text{Total Current Cost} / \text{Normal Useful Life})$

Fully Funded Balance – The total deprecation over the life of the component. In other words, the amount

that should have been saved during the life of the component. Provided for each component and summed for all components $=((\text{Normal Life} - \text{Remaining Life}) * \text{Deprecation This Year})$

Normal Useful Life – Typical useable life for a component.

Projected Balance – Projected balance at fiscal year end with current funding plan. Calculated using current reserve balance, remaining contributions to reserves before yearend, and planned expenses before year-end.

Recommended Reserve Contribution – Recommended amount that the AOA should allocate into reserves.

Remaining Life – Expected remaining useable life of component. (0 year remaining life means the component will be serviced in the upcoming fiscal year)

Replacement Year – Year that component is projected to be replaced or repaired.

Total Cost – Total cost to replace entire quantity of component in today's dollars. $=(\text{Quantity} \times \text{Unit Cost})$

Total Future Cost - Current cost adjusted to future cost taking into account inflation and replacement year. $=(\text{Current Cost} * (1 + \text{inflation rate})^{(\text{Replacement Year} - \text{Present Year})})$

Under Funded – Amount association is short of fully funded balance; also know as a deficit. $=(\text{Fully Funded Balance} - \text{Projected Balance})$

Unit Cost – Cost per Unit.

Unit of Measure – Unit used to measure component. (Explanations shown below)

SF – Square Feet

SY – Square Yard

LF – Linear Feet

Each – Per Single Unit

Lump Sum - Total cost for component

Allowance – Allowance for component repair or replacement

Contract – Cost obtained from actual contract or bid

Useful Life – Time in years component is expected to last.

If you have any questions feel free to contact us:

Hawaiian Properties Ltd.

1165 Bethel St., 2nd Fl.

Honolulu, HI 96813

Ph: 808-539-9777 Fax: 808-521-2714

info@hawaiianprop.com

Mariner's Cove Association
Honolulu, Hawaii
RA Current Assessment Funding Model Summary

		<i>Report Parameters</i>	
Report Date	September 24, 2014	Inflation	1.80%
Account Number	951	Annual Assessment Increase	0.00%
Budget Year Beginning	January 01, 2015	Interest Rate on Reserve Deposit	0.50%
Budget Year Ending	December 31, 2015	Tax Rate on Interest	4.71%
Total Units	410	Contingency	5.00%
		2015 Beginning Balance	\$190,133.00

Project Summary

A Reserve Study was prepared using the cash flow method of analysis for the fiscal year.

This funding plan provides for fully funded reserve fund balances and complies with HRS 514B-148, approved by the association's Board of Directors as part of the new Budget.

It is important to recognize that a reserve study is a financial forecast of future funds required to maintain the capital components of the project. Hawaii law requires directors of the association to use reasonable efforts to project inflation, interest income, component inventory, component life & remaining life, and replacement costs of the project's components for a 20 year period. From this information, reserve contributions are calculated to fund the statutory replacement reserves. By its nature, a Reserve Study is an estimate to be used for annual budgeting purposes. The Reserve Study is a requirement of HRS 514A-83.6 and HRS 514B-148. The reserve study is not an audit or quality inspection of the project.

This Reserve Study has adopted a funding plan based on the cash flow method that provides full funding. The Reserve Study reflects that the Association is fully funded and has complied with the reserve requirements of Hawaii State Law; provided however, the association implements the funding plan and the criteria used reflects the project's actual operating experience during the life of the funding plan.

Current Assessment Funding Model Summary of Calculations

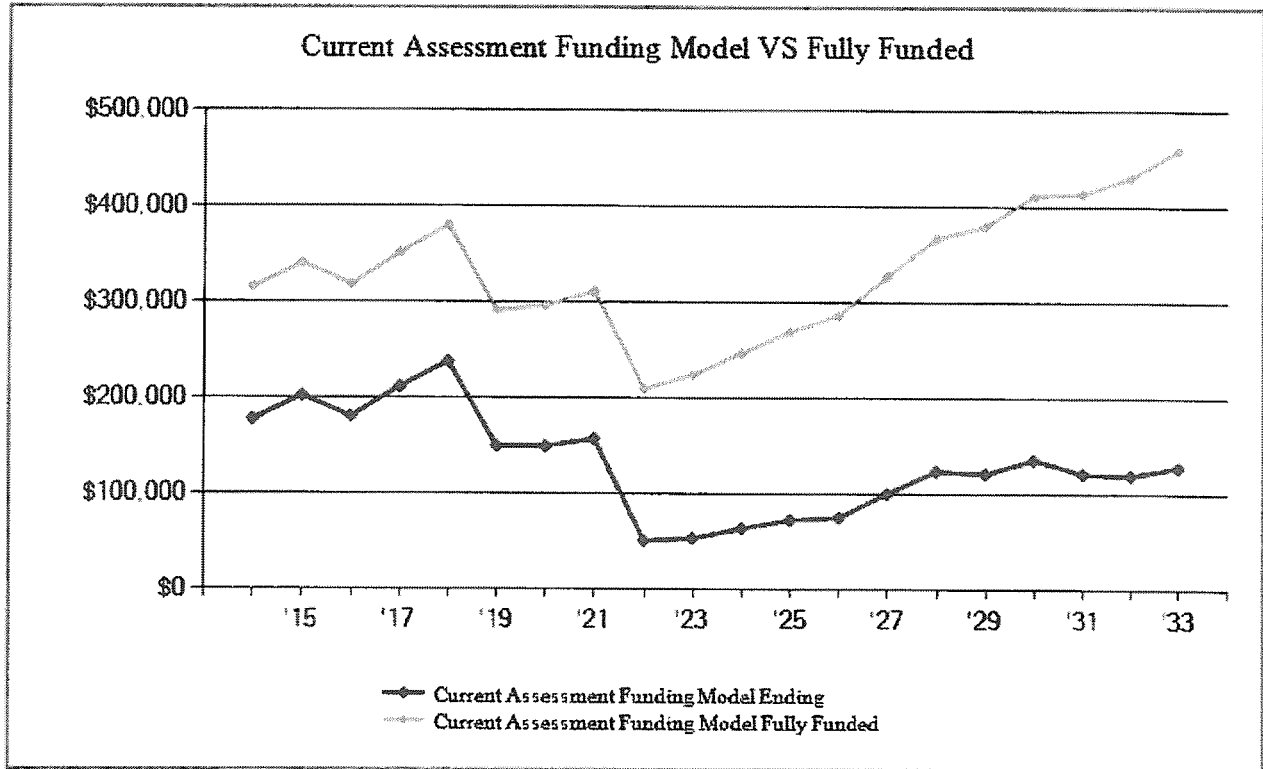
Required Biannually Contribution	\$16,837.50
<i>\$41.07 per unit biannually</i>	
Average Net Biannually Interest Earned	<u>\$425.45</u>
Total Biannually Allocation to Reserves	\$17,262.95
<i>\$42.10 per unit biannually</i>	

Mariner's Cove Association
RA Current Assessment Funding Model Projection

Beginning Balance: \$190,133

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2015	33,675	851	37,000	187,659	321,307	58%
2016	33,675	756	54,448	167,642	298,837	56%
2017	33,675	905	3,109	199,113	330,619	60%
2018	33,675	1,032	8,095	225,725	357,438	63%
2019	33,675	666	111,296	148,770	277,716	53%
2020	33,675	681	31,333	151,793	282,836	53%
2021	33,675	700	30,329	155,839	289,675	53%
2022	33,675	237	131,486	58,264	192,374	30%
2023	33,675	261	28,891	63,310	203,751	31%
2024	33,675	348	15,616	81,716	229,547	35%
2025	33,675	368	29,787	85,972	241,073	35%
2026	33,675	395	28,427	91,615	254,656	35%
2027	33,675	491	13,936	111,846	283,909	39%
2028	33,675	608	9,676	136,453	317,999	42%
2029	33,675	723	10,104	160,746	352,003	45%
2030	33,675	662	47,222	147,861	347,875	42%
2031	33,675	619	43,344	138,811	348,713	39%
2032	33,675	674	22,663	150,498	371,872	40%
2033	33,675	700	28,915	155,959	389,116	40%
2034	33,675	864		190,498	437,025	43%

**Mariner's Cove Association
RA Current Assessment Funding Model VS Fully Funded Chart**



The Current Assessment Funding Model is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 20 years of planned reserve expenditures.

**Mariner's Cove Association
RA Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2015	
Chain Link Fence	17,225
Kitchen - Refurbish	6,500
Pool Furniture - Replace	4,750
Utility Doors - Partial replace	3,000
Wood Surfaces - Repaint	5,525
Total for 2015	\$37,000
Replacement Year 2016	
Pool - Retile	38,175
Stucco - Repaint	7,111
Wading Pool - Retile	9,162
Total for 2016	\$54,448
Replacement Year 2017	
Elastomeric Deck - Seal/Repair	3,109
Total for 2017	\$3,109
Replacement Year 2018	
Pool-Comm Salt Chlorine Generator	4,139
Signage	3,956
Total for 2018	\$8,095
Replacement Year 2019	
Elastomeric Deck - Resurface	31,823
Electronic Enrty - Replace	3,168
Tile Roof	76,305
Total for 2019	\$111,296
Replacement Year 2020	
Asphalt Seal/Repair	18,295
Pump Shut Offs - Replace	3,717
Utility Doors - Partial replace	3,280
Wood Surfaces - Repaint	6,040
Total for 2020	\$31,333
Replacement Year 2021	
Elastomeric Deck - Seal/Repair	3,339

**Mariner's Cove Association
RA Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2021 continued...</i>	
Pool Furniture - Replace	5,287
Pool/Spa Filters - Replace	2,003
Sliding Glass Doors - Partial Replacement	8,347
Vinyl Fence - Replace	11,352
Total for 2021	\$30,329
Replacement Year 2022	
Asphalt Resurface	106,503
Solar Hot Water - Replace	24,983
Total for 2022	\$131,486
Replacement Year 2023	
Pole Lights - Replace	24,366
Pool-Comm Salt Chlorine Generator	4,525
Total for 2023	\$28,891
Replacement Year 2024	
Dock - Replace	15,616
Total for 2024	\$15,616
Replacement Year 2025	
Bathroom - Refurbish	7,769
CVT Floor Replace	3,460
Elastomeric Deck - Seal/Repair	3,586
Pool Deck - Replace 10%	4,781
Utility Doors - Partial replace	3,586
Wood Surfaces - Repaint	6,604
Total for 2025	\$29,787
Replacement Year 2026	
Asphalt Seal/Repair	20,362
Kitchen - Refurbish	8,065
Total for 2026	\$28,427
Replacement Year 2027	
Kitchen - Refurbish	8,052
Pool Furniture - Replace	5,884
Total for 2027	\$13,936

**Mariner's Cove Association
RA Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2028	
Pool-Comm Salt Chlorine Generator	4,947
Signage	4,729
Total for 2028	<u>\$9,676</u>
Replacement Year 2029	
Chain Link Fence	6,253
Elastomeric Deck - Seal/Repair	3,851
Total for 2029	<u>\$10,104</u>
Replacement Year 2030	
Chain Link Fence	22,510
Pump Shut Offs - Replace	4,443
Stucco - Repaint	9,128
Utility Doors - Partial replace	3,920
Wood Surfaces - Repaint	7,220
Total for 2030	<u>\$47,222</u>
Replacement Year 2031	
Elastomeric Deck - Resurface	39,419
Electronic Enrty - Replace	3,925
Total for 2031	<u>\$43,344</u>
Replacement Year 2032	
Asphalt Seal/Repair	22,663
Total for 2032	<u>\$22,663</u>
Replacement Year 2033	
Elastomeric Deck - Seal/Repair	4,136
Pool Furniture - Replace	6,549
Pool-Comm Salt Chlorine Generator	5,409
Pool/Spa Filters - Replace	2,482
Tile Floor - Replace	10,340
Total for 2033	<u>\$28,915</u>

Disclaimer

This report attempts to determine the estimated remaining useful life of the components that can be visually observed. This report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements. The study is not a guarantee or warranty, or a recommendation to purchase. Estimated remaining useful lives are calculated with reasonable consideration for weather conditions. Natural disasters, including seismic activity will not be addressed in this report. Reserve funding for earthquake damages and other disasters exceeds the scope of the study. We recommend the development consider additional insurance to cover unforeseen disasters. We assume the components of the association will receive proper maintenance. The report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements.

In providing the opinions of probable construction costs, the client understands that HAWAIIAN PROPERTIES, LTD. has no control over costs or the price of labor, equipment or materials, or over the contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of HAWAIIAN PROPERTIES, LTD. s qualifications and experience. HAWAIIAN PROPERTIES, LTD. makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Because the Capital Reserve Study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as future inflation rates and levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand. All future projections are therefore theoretical and capital reserve studies should be updated annually.

HAWAIIAN PROPERTIES, LTD. has made a reasonable effort to ensure that the report is accurate. This study does not preclude errors resulting from unforeseen conditions or circumstances. The scope of this report is expressly limited to the components described herein. HAWAIIAN PROPERTIES, LTD. has obtained certain information, documentation and materials from the Association files and the reserve study is based upon the accuracy of such information. Material inaccuracies could adversely affect the reserve study. HAWAIIAN PROPERTIES, LTD. is not responsible for such inaccuracies. This study is limited to a visual observation. There has been neither destructive testing nor inspection of the interior of private units; floors, wall or ceiling cavities, or structural elements. It is assumed that the components have been constructed per original construction documents and comply with applicable codes. This study in not designed to uncover latent or patent defects. Estimates represent replacement of a component with similar materials unless otherwise noted. Local building codes have not been researched to determine whether or not current ordinances will permit the replacement of any component with components of like material. The estimates do not take into account the abbreviated useful life of a component as a result of its original construction, installation, or design. HAWAIIAN PROPERTIES, LTD. is not responsible for any claims, demands, or damages arising out of the discovery of asbestos, radon or any environmental claims, demands or damages. We do not assume any liability for damages which may result from this study. We are not responsible for conditions this report fails to disclose. The information contained in this study is deemed reliable as of the date of this study, but is not guaranteed.

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The information contained within the report is assembled in conjunction with the client and is intended to assist the client with its reserve planning. HAWAIIAN PROPERTIES, LTD. does not guarantee, either explicitly or implied, that all repair and replacement items have been identified, the accuracy of the probable costs or the product lives associated with these items.