

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Mauna Lani Resort, Inc.
Address: 68-1310 Mauna Lani Drive Suite 101, Kohala Coast, Hawaii 96743-9704

Project Name(*): MAUNA LANI POINT
Address: Kalahuipua'a and Anaehoomalu, South Kohala, Island, County and State of Hawaii

Registration No. 1645

Effective date: December 17, 1997

Expiration date: January 17, 1999

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Properly Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the Final public report for a two apartment condominium project shall have no expiration date.

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 by the developer when complete information is filed.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] SUPPLEMENTARY: (pink) This report updates information contained in the:
[X] Preliminary Public Report dated: December 11, 1984
[X] Final Public Report dated: June 27, 1986
[X] Supplementary Public Report dated:
And
[X] Supersedes all prior public reports
[X] Must be read together with the Final Public Report dated June 27, 1986
[X] This report reactivates the Final public report(s) which expired on August 9, 1997

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - disclosures covered in this report.

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.

No prior reports have been issued by the developer.

Changes made are as follows:

The form and content of the public report has changed substantially since the issuance of the Final Public Report, which was issued by the Real Estate Commission based on information provided by the Developer. This Supplementary Public Report has been prepared by the Developer, and contains only those pages containing information related to the changes reported hereinbelow.

1. The address of the Developer has changed.
2. The name and address of the law firm representing the Developer has changed.
3. The Condominium Managing Agent has changed.
4. The AOA acquired certain additional property by Warranty Deed (Office Lot) dated November 4, 1996, recorded in the Bureau of Conveyances as Document No. 96-163161, Warranty Deed (Roadway Lot) dated November 4, 1996, recorded in the Bureau of Conveyances as Document No. 96-163162, and Bill of Sale dated November 4, 1996, recorded in the Bureau of Conveyances as Document No. 96-163163. The property acquired is more particularly described in said instruments, copies of which have been provided to the Real Estate Commission in connection with this Supplementary Public Report. The properties referred to in these instruments were annexed as common elements to the Project by Second Amendment to the Declaration of Horizontal Property Regime of Mauna Lani Point dated November 4, 1996, recorded in the Bureau of Conveyances as Document No. 96-163164. Said Second Amendment also makes the costs of servicing any loans made by the AOA a common expense.
5. The AOA's current operating budget is attached as Exhibit "B". As of the date of this Supplementary Public Report, there is one (1) unsold unit in the Project, which is owned by the Developer.
6. Developer hereby discloses that the president of the AOA has filed an annual registration indicating that some of the units may be used for condominium hotel operations. The remaining unsold unit will be sold as a residential unit and is intended for residential use in compliance with the applicable zoning. The Developer makes no representations or warranties as to whether rental pool arrangements or condominium hotel operations are occurring within the project and whether such rental pool arrangements or condominium hotel operations are permitted uses.

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I. PERSONS CONNECTED WITH THE PROJECT

Developer: Mauna Lani Resort, Inc. Phone: (808) 885-6677
Name (Business)
68-1310 Mauna Lani Drive Suite 101
Business Address
Kohala Coast, Hawaii 96743-9704

Names of officers or general partners of developers who are corporations or partnerships:

Real Estate Broker: Name _____ Phone: _____ (Business)
Business Address _____

Escrow: Name _____ Phone: _____ (Business)
Business Address _____

General Contractor: Name _____ Phone: _____ (Business)
Business Address _____

Condominium Managing Agent: Classic Resorts, Ltd.-Kathleen Leahy Phone: (808) 885-5022
Name (Business)
2 Kaniku Drive
Business Address
Kohala Coast, Hawaii 96743

Attorney for Developer: Watanabe, Ing & Kawashima Phone: (808) 544-8300
Name Donna Y. Kanemaru, Esq. (Business)
999 Bishop Street, 23rd Floor
Business Address
Honolulu, Hawaii 96813

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book 19499 Page 146
 Filed - Land Court: Document No. 1371344

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to the Declaration of Horizontal Property Regime of Mauna Lani Point dated January 8, 1987, recorded as aforesaid in Liber 20284 at Page 467, and also filed as aforesaid as Land Court Document No. 1432989; Second Amendment to the Declaration of Horizontal Property Regime of Mauna Lani Point dated September 8, 1987, recorded as aforesaid in Liber 21320 at Page 643, and also filed as aforesaid as Land Court Document No. 1509439; Second Amendment to the Declaration of Horizontal Property Regime of Mauna Lani Point dated November 4, 1996, recorded as aforesaid as Document No. 96-163164

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. 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 manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book 19499 Page 173
 Filed - Land Court: Document No. 1371345

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to the Bylaws of the Association of Apartment Owners of Mauna Lani Point dated January 8, 1987, recorded as aforesaid in Liber 20284 at Page 495, and also filed as aforesaid as Land Court Document No. 1432990

Fee Owner: _____
Name

Address

Lessor: _____
Name

Address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion

2. Number of Buildings: _____ Floors Per Building: _____

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

7. Parking Stalls:

Total Parking Stalls: _____

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____		_____		_____		=====

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.

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute
- Other: Office/Manager's Residence; Roadway Lot

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____ (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

11. 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

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

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

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

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

- 1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit _____.

as follows:

A summary of the changes to the description of the Common Elements affected by the acquisition and annexation of additional property by the AOA is included in Exhibit "A" of this Supplementary Public Report.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Declaration of Covenants and Restrictions (Mauna Lani Resort) dated June 3, 1982, filed as
Land Court Document No. 1120889, and also recorded in Liber 16425 at Page 203, as amended.

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 1645 filed with the Real Estate Commission on November 13, 1984.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock WHITE paper stock PINK paper stock

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

MAUNA LANI RESORT, INC.
Printed Name of Developer

By:  10/14/1997
Duly Authorized Signatory Date

Yasuyuki Nakata, Vice President and Secretary
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii

EXHIBIT "A"

AMENDMENTS TO THE DECLARATION OF HORIZONTAL PROPERTY REGIME (affecting the description and use of the Project)

1. Paragraph 2 of the Declaration of Horizontal Property Regime of Mauna Lani Point (the "Project"), as amended (the "Declaration"), states that the land submitted to the condominium property regime is described in Exhibit "A" attached to the Second Amendment to the Declaration dated November 4, 1996, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 96-163164, and that the parcels described as the "Office Lot" (Parcel Third) and the "Roadway Lot" (Parcel Fourth) in said Exhibit "A" are specifically included as part of the common elements of the Project.

2. Paragraph 3 of the Declaration states that the buildings comprising the Project now include the following:

". . . one (1) office building/manager's residence, two (2) free-standing storage sheds, . . . (collectively, the "Office/Manager's Residence"). . . constructed primarily of reinforced concrete, masonry block, stucco, glass, wood, plaster, tile and appropriate trim. . . The Office/Manager's Residence consists of one (1) story and contains a two bedroom apartment, office space, garage, and two storage sheds."

3. Paragraph 5 of the Declaration states that the Common Elements of the project now include the Office Lot and the Roadway Lot, the improvements located on the Office Lot and the Roadway Lot, and all roadways.

4. Paragraph 7(a) of the Declaration now provides that the residence portion of the Office/Manager's Residence consisting of the two bedroom apartment is reserved for the exclusive use of the manager hired by, or at the direction of, the Association.

5. Paragraph 12 of the Declaration now provides that the cost of servicing any loans made by the Association shall constitute a common expense.

EXHIBIT "B"

**ASSOCIATION OF APARTMENT OWNERS
MAUNA LANI POINT
OPERATING BUDGET 1997**

DESCRIPTION	BUDGET 1997
FEEES - MAINTENANCE	686,107
INTEREST INCOME - OPERATIONS	600
DISCOUNTS - PREPAID FEES	(600)
LEASE INCOME	55,000
PRIOR YEAR SURPLUS ROLLOVER	0
TOTAL OPERATING REVENUE	741,107
UTILITIES	
ELECTRICITY	35,876
GAS (PROPANE)	400
REFUSE	9,860
TELEPHONE	600
TELEVISION	19,587
WATER	66,000
SEWER	38,940
TOTAL UTILITIES	171,263
REPAIRS AND MAINTENANCE	
BUILDING	14,700
BUILDING SUPPLIES	8,500
AIR CONDITIONING	10,806
COMMON AREA LABOR	24,570
GROUNDS	161,451
PAINTING LABOR AND SUPPLIES	61,500
PEST CONTROL	4,875
POOL SUPPLIES	7,480
WINDOW CLEANING	13,750
TOTAL REPAIRS AND MAINTENANCE	307,632

Mauna Lani Point
Registration No. 1645
Supplementary Public Report
Exhibit "B"

**ASSOCIATION OF APARTMENT OWNERS
MAUNA LANI POINT
OPERATING BUDGET 1997**

DESCRIPTION	BUDGET 1997
GENERAL AND ADMINISTRATIVE	
AUDIT/TAX FEES	5,500
ACCOUNTING FEES - ,MNGMT	3,600
CONTINGENCY	5,000
DIRECTOR'S EXPENSE	1,150
INSURANCE LIABILITY	65,223
LEGAL FEES	8,000
MANAGEMENT FEES	32,016
REGISTRATION AND FEES	275
OFFICE SUPPLIES	2,250
RESORT MAINTENANCE FEES	77,674
TAXES - GENERAL EXCISE	2,494
TAXES - INCOME	0
	203,182
TOTAL GENERAL AND ADMINISTRATIVE	203,182
TOTAL EXPENSES	682,077
NET OPERATING PROFIT	59,030
	=====
OFFICE BUILDING EXPENSES	
LANDSCAPING	8,505
REPAIRS AND MAINTENANCE	1,000
PROPERTY TAXES	2,917
PRINCIPAL PAYMENTS	15,381
INTEREST PAYMENTS	31,227
	59,030
TOTAL OFFICE BUILDING EXPENSES	59,030
REVISED NET PROFIT (LOSS)	0
	=====

**ASSOCIATION OF APARTMENT OWNERS
MAUNA LANI POINT
OPERATING BUDGET 1997**

DESCRIPTION	BUDGET 1997
RESERVE FUND	
FEES - RESERVE	36,000
DISCOUNTS - PREPAID FEES	(31)
INTEREST INCOME	6,750
TOTAL RESERVE CONTRIBUTIONS	42,719
EXPENDITURES	
ENTRY DOOR PROJECT	
POOL APPLIANCES	
RESERVE SCHEDULE PROJECTIONS	37,420
TOTAL EXPENSES	37,420
NET RESERVE INCREASE	5,299
	=====
SUMMARY OF ASSESSMENTS	
FEES- OPERATIONS	686,107
FEES - RESERVE	36,000
TOTAL	722,107

**ASSOCIATION OF APARTMENT OWNERS
OF MAUNA LANI POINT**

**Notes to the Operating Budget
Fiscal 1997**

REVENUE

- Fees - Maintenance:** This category represents that portion of the total owner assessment that relates to regular operating expenses.
- Interest Income -
Operating:** Interest income that is applied against operating expenses is interest earned from any operating fund balances.
- Lease Rent:** Rent paid by Classic Resorts for use of the Office Building.
- Prior Year
Surplus Rollover:** The positive operating variance from 1995 and 1996 was used to purchase the Office Building and roadway lot.

OPERATING EXPENSES

Utility Costs

- Electricity:** Hawaiian Electric anticipates an 8% increase for 1997. The 1997 budget is based on an approximately 8% increase of the 1996 proforma number.
- Gas (Propane):** A small decrease from the 1996 budget figure.
- Refuse:** Kona Waste Management's fee is \$412.50 per month. Tipping fees for the Association's refuse are based on actual weight, so this fee will fluctuate. Tipping fees are estimated using an average weight of 300 pounds per dumpster, per pick-up, based on 1996 actuals. Last year, the first for tipping fees, an average weight of 400 pounds per dumpster was estimated for budget purposes.
- Telephone:** The cost of the telephone line to the enterphone system. Hawaiian Telephone had applied for an increase, to standardize the business line charge throughout the islands in 1996; a smaller increase than budgeted was awarded. The basic line charge for 1997 will increase by 8%, to approximately \$43.50 per month, plus various taxes and line charges.

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Notes to the Proposed Operating Budget
Fiscal 1997

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- Television: The 5% rate increase budgeted for 1996 did not occur; however, Cablevision anticipates an 8% increase for 1997.
- Water: Water rates increased by 20% on July 1, 1996; another increase, of approximately 10%, is scheduled for July 1, 1997. The budget number is based on the most recent water bill.
- Sewer: Per Mauna Lani STP, no rate increase is planned for 1997. The monthly charge will remain at \$3,245.00.

REPAIRS AND MAINTENANCE

- Building: The 1997 budget reflects ordinary building maintenance. This labor category covers time spent on such projects as roof tile repairs, exterior grounds lights, and general project maintenance.
- Building Supplies: The annual fire extinguisher inspection was included as a cost for 1996. All fire extinguishers need to be replaced in 1997; the cost for this will be approximately \$6,750.00. An increase is also budgeted to cover the increased costs of goods and the need for more parts and supplies as the project ages.
- Air Conditioning Maintenance: Semi-annual maintenance on all air conditioning units, including tax. Kona Industries will honor the current contract price. The cost of algicide control tablets and air filters being replaced twice a year is included. Savings in 1996 is attributable to replacement of air conditioning units at various apartments, with no maintenance charge assessed due to warranty period.
- Common Area Labor: Labor includes vacuuming pool daily, checking chemical level of water twice daily, check temperature, algicide treatment, maintain pool deck, clean BBQ, restrooms and monitor propane tanks for BBQ's. A 5% increase for payroll is budgeted for 1997.

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Note to the Proposed Operating Budget
Fiscal 1997

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- Grounds: Hawaii Land Care will honor the current contract price of \$11,018.00, per month. Budget figure includes semi-annual coconut tree trimming and monies for irrigation parts, mulch and other items. Money to implement appropriate portions of the Five Year Plan is also included, which is primarily replacing ground cover throughout the project in 1997. Green waste disposal fees of approximately \$6,300.00 are also included, which was not a budgeted expense in 1996.
- Painting Labor and Supplies: An increase over proforma is budgeted to cover increases in payroll and supply costs. The 1996 budget also included \$4,000.00 to purchase two front doors and supplies to refinish approximately 50 front doors; the doors were not purchased and the refinishing was subcontracted, with expenses paid from the capital reserve fund.
- Pest Control: Terminex has proposed a nominal price increase of \$10.40 per month, for an annual service fee of \$4,875.00 for 1997.
- Pool Supplies: A 10% increase over the 1996 budget is proposed, to cover possible increased chemical costs. Unexpected 1996 expenses included replacement of one spa and two pool filters.
- Window Cleaning: Art's Window Cleaning will maintain the current contract rate for 1997.

GENERAL AND ADMINISTRATIVE

- Audit/Tax Fees: A nominal increase is budgeted based on the 1996 bid.
- Accounting Fee: No increase for 1997.
- Contingency: This represents a small fund for unexpected expenses that might occur throughout fiscal 1997.
- Directors Expense: The budget is based on the 1996 proforma, plus an increase for phone conference calls and renting space for the Annual Meeting.

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- Insurance: Insurance Factors, our current agency, does not have firm quotes for premiums at this time. Our agent believes there will not be an increase in premiums for 1997.
- Legal: \$8,000.00 is budgeted for legal services.
- Management Fee: No increase for 1997.
- Registration Fees: No increase anticipated for 1997 Association registration.
- Office Supplies: Budget reflects an increase over 1996 proforma expenses.
- Resort Maintenance Fees: These fees increased in July, 1996 to \$53.14 per unit, per month. A 5% increase has been approved beginning January 1, 1997, raising the fee to \$55.80 per unit, per month.
- Taxes - Excise: Excise tax is due on both operating and reserve interest income plus the lease payments on the Office Building.
- Taxes - Income: Income tax is due on lease payments and all interest income. With the additional allocations for the Office Building expenses, it is anticipated that no taxes will be due in 1997.

OFFICE BUILDING

- Landscaping: Hawaii Land care has proposed \$468.75 as the monthly maintenance fee for this area. The budget also includes monies for tree trimming, irrigation parts, mulch, etc.
- Repairs and Maintenance: Supplies, air conditioning maintenance and labor costs for the upkeep of the Office Building.
- Taxes - Property: Based on past assessment.
- Principal Payments: Principal payments due on Office Building, estimated to be \$15,381.00 annually.
- Interest Payments: Estimated to be \$31,227.00 annually.

AOAO Mauna Lani Point
Notes to the Proposed Operating Budget
Fiscal 1997

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ADDITIONAL PAID-IN CAPITAL

Reserve Funding: The Reserve is being funded at \$36,000.00 for 1997, per the current schedule. The Reserve relates to the repair and/or replacement of assets and is treated as additional paid-in capital.

Total Assessments: The total assessment is equal to the maintenance assessments for operating expenses (offset by operating interest income, lease rent and a portion of the prior year's surplus rollover), plus the paid-in capital.