

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: CL Ocean Villas, LLC
Business Address: c/o 69-1029 Nawahine Place, Waikoloa, Hawaii 96738

Project Name(\*): HALI'I KAI (Report covers Phase V consisting of 41 of 193 apartments)\*\*
Address: 69-1033 Nawahine Place, Waikoloa, Hawaii 96738

Registration No. 5671
Effective date: January 7, 2011
Expiration date: February 7, 2012

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property 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.
FINAL: (white) The Developer has legally created a condominium and has filed complete information with the Commission.
SEVENTH SUPPLEMENTARY: (pink) This report updates information contained in the: Preliminary Public Report dated: Final Public Report dated: Supplementary Public Report dated: December 4, 2009

(\*Exactly as named in the Declaration

\*\* The entire condominium project described in the Declaration contains a total of 193 apartments. Of these apartments, 56 apartments are covered by the Final Public Report for Phase I (Reg. No. 5723) issued by the Commission on October 28, 2005, as supplemented by the Supplementary Public Report for Phase I issued by the Commission on January 25, 2006; 16 apartments are covered by the Final Public Report for Phase IIA (Reg. No. 5891) issued by the Commission on February 21, 2006; 16 apartments are covered by the Final Public Report for Phase IIB (Reg. No. 5724) issued by the Commission on June 13, 2006; 32 apartments are covered by the Final Public Report for Phase III (Reg. No. 5892) issued by the Commission on February 24, 2006; 32 apartments are covered by the Final Public Report for Phase IV (Reg. No. 5911) issued by the Commission on March 14, 2006; and 41 apartments are covered by the Final Public Report for Phase V (Reg. No. 5671) issued by the Commission on June 22, 2006. This Supplementary Public Report for Phase V shall, for marketing and sales purposes, cover 41 of the 193 apartments as follows: 1A through 1H, 2A through 2H, 19A through 19H, 20A through 20H, 21A through 21H, and Recreational Apartment 1.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

**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 to the Sixth Supplementary Public Report are as follows:

1. An updated title search has been obtained and Exhibit "G" has been revised to update the list of encumbrances.
2. The budget and maintenance fees listed in Exhibit "H" have been updated.

**SPECIAL NOTICE**

On June 17, 2005, the Commission issued an effective date for a Preliminary Public Report under Registration No. 5671 for Hali'i Kai, consisting of a total of 192 apartments. The Project has subsequently been reconfigured with a separate free-standing building formerly characterized as a common element of the Project being redesignated as an additional apartment. The Project now consists of a total of 193 apartments.

Of these apartments, 56 apartments are covered by the Final Public Report for Phase I (Reg. No. 5723) issued by the Commission on October 28, 2005, as supplemented by the Supplementary Public Report for Phase I issued by the Commission on January 25, 2006; 16 apartments are covered by the Final Public Report for Phase IIA (Reg. No. 5891) issued by the Commission on February 21, 2006; 16 apartments are covered by the Final Public Report for Phase IIB (Reg. No. 5724) issued by the Commission on June 13, 2006; 32 apartments are covered by the Final Public Report for Phase III (Reg. No. 5892) issued by the Commission on February 24, 2006; 32 apartments are covered by the Final Public Report for Phase IV (Reg. No. 5911) issued by the Commission on March 14, 2006; and 41 apartments are covered by the Final Public Report for Phase V (Reg. No. 5671) issued by the Commission on June 22, 2006. This Supplementary Public Report for Phase V shall, for marketing and sales purposes, cover 41 of the 193 apartments.

The apartments in this phase are completed.

**This Supplementary Public Report covers only the following 41 apartments in the Project:**

**1A through 1H, 2A through 2H, 19A through 19H, 20A through 20H, 21A through 21H, and Recreational Apartment 1**

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "F".

as follows:

\* Note: Land areas referenced herein are not legally subdivided lots.

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

described in Exhibit "D".

as follows:

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "G" describes the encumbrances against the title contained in the title report dated November 23, 2010 and issued by Title Guaranty of Hawaii, Inc.

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, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement, as amended.
  - 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: Master Declarations (described on page 6 herein); Hali'i Kai Reserve Study; Hali'i Kai Club Membership Plan; Hali'i Kai Club Resort Membership Agreement; Hali'i Kai Club Rules and Regulations.

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)  
Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)  
Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 5671 filed with the Real Estate Commission on May 11, 2005.

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WHITE paper stock

PINK paper stock

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

CL OCEAN VILLAS, LLC, a Delaware limited liability company

By CENTEX HOMES, a Nevada general partnership  
Its Managing Member

By CENTEX REAL ESTATE CORPORATION, a Nevada corporation  
Its Managing Partner

By



Name: Bruce N. Sloan  
Its: President, Hawaii Division

"Developer"

**DEC 08 2010**

Date

Distribution:

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

\* Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

**EXHIBIT "G"**

**ENCUMBRANCES AGAINST TITLE**

1. Real Property Taxes, if any, that may be due and owing. Check with the County tax assessor for additional information.
2. Mineral and water rights of any nature in favor of the State of Hawaii.
3. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.
4. The terms and provisions contained in the following:

INSTRUMENT:                   DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND  
RESTRICTIONS FOR WAIKOLOA BEACH RESORT

DATED     :                   as of April 1, 1980, effective on April 23, 1980  
RECORDED :                   Liber 14670 Page 531

Said Declaration was amended and/or supplemented by the following instruments:

- (a)     dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 607.
- (b)     dated December 30, 1980, effective December 30, 1980, recorded in Liber 15297 at Page 147.
- (c)     dated June 10, 1981, effective as of July 1, 1981, recorded in Liber 15676 at Page 497.
- (d)     dated October 29, 1985, recorded in Liber 19071 at Page 562.
- (e)     dated December 20, 1985, recorded in Liber 19166 at Page 388.
- (f)     dated December 9, 1985, recorded in Liber 19166 at Page 392.
- (g)     dated December 20, 1985, recorded in Liber 19166 at Page 412.
- (h)     dated as of June 1, 1986, recorded in Liber 19792 at Page 339.
- (i)     dated as of May 1, 1989, recorded in Liber 23187 at Page 750.
- (j)     dated as of August 24, 1989, recorded in Liber 23588 at Page 784.
- (k)     dated October 25, 1989, recorded in Liber 23806 at Page 164.
- (l)     dated as of September 8, 1989, recorded in Liber 24007 at Page 530, Joinder and Consent (WBR)  
dated February 26, 1990, recorded as Document No. 90-057829.
- (m)     dated as of May 21, 1990, recorded as Document No. 90-074294, as amended by instrument dated  
October 15, 2001, recorded as Document No. 2001-168808.
- (n)     dated as of May 24, 1990, recorded as Document No. 90-077240.
- (o)     dated as of August 7, 1990, recorded as Document No. 90-120680.

- (p) dated as of September 27, 1990, recorded as Document No. 90-150228, Joinder and Consent dated September 26, 1990, recorded as Document No. 90-150229.
- (q) dated October 9, 1991, recorded as Document No. 91-166876.
- (r) dated March 12, 1993, but effective as of August 16, 1990, recorded as Document No. 93-041631.
- (s) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041633.
- (t) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041635.
- (u) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041637.
- (v) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041639.
- (w) dated April 1, 1993, but effective as of February 8, 1991, recorded as Document No. 93-067585.
- (x) dated November 3, 1993, recorded as Document No. 93-203157.
- (y) dated March 27, 2000, recorded as Document No. 2000-042859.
- (z) dated February 2, 2001, recorded as Document No. 2001-020530.
- (aa) dated April 4, 2001, recorded as Document No. 2001-048450.
- (bb) dated June 6, 2001, recorded as Document No. 2001-085464.
- (cc) dated June 28, 2001, recorded as Document No. 2001-101573.
- (dd) dated August 25, 2004, recorded as Document No. 2004-174518.
- (ee) dated August 25, 2004, recorded as Document No. 2004-174520.
- (ff) dated May 2, 2005, recorded as Document No. 2005-087026.
- (gg) dated May 25, 2005, recorded as Document No. 2005-103524.
- (hh) dated as of August 30, 2005, recorded as Document No. 2005-173376.
- (ii) dated March 24, 2006, recorded as Document No. 2006-056543.
- (jj) dated May 5, 2006, recorded as Document No. 2006-084351.
- (kk) dated May 5, 2006, recorded as Document No. 2006-084357.
- (ll) dated May 5, 2006, recorded as Document No. 2006-084359.
- (mm) dated May 5, 2006, recorded as Document No. 2006-084360.
- (nn) dated April 3, 2006, recorded as Document No. 2006-081050.

SUPPLEMENTAL DECLARATION dated May 1, 1989, recorded in Liber 23179 at Page 433, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, "Assignee".

AMENDMENT TO SUPPLEMENTAL DECLARATION (ANNEXING LOT 6, FILE PLAN 1954) dated October 15, 2001, recorded as Document No. 2001-168808; re: Supplemental Declaration recorded as Document No. 90-074294.

5. The terms and provisions contained in the following:

INSTRUMENT :           DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE

DATED       :           as of April 1, 1980, effective on April 23, 1980

RECORDED   :           Liber 14670 Page 631

Said Declaration was amended and/or supplemented by the following instruments:

- (a)     dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 674.
- (b)     dated December 20, 1985, recorded in Liber 19166 at Page 426.
- (c)     dated December 20, 1985, recorded in Liber 19166 at Page 434.
- (d)     dated December 20, 1985, recorded in Liber 19166 at Page 438.
- (e)     dated December 20, 1985, recorded in Liber 19166 at Page 448.
- (f)     dated as of June 1, 1986, recorded in Liber 19792 at Page 344.
- (g)     dated as of May 1, 1989, recorded in Liber 23187 at Page 757.
- (h)     dated as of August 24, 1989, recorded in Liber 23588 at Page 788.
- (i)     dated October 25, 1989, recorded in Liber 23806 at Page 168.
- (j)     dated as of September 8, 1989, recorded in Liber 24007 at Page 521, Joinder and Consent (WBRC) dated February 26, 1990, recorded as Document No. 90-057830.
- (k)     dated as of May 21, 1990, recorded as Document No. 90-074295, as amended by instrument dated October 15, 2001, recorded as Document No. 2001-168809.
- (l)     dated as of May 24, 1990, recorded as Document No. 90-077241.
- (m)     dated as of August 7, 1990, recorded as Document No. 90-120681.
- (n)     dated as of September 27, 1990, recorded as Document No. 90-150230.
- (o)     dated May 1, 1995, recorded as Document No. 95-060406.
- (p)     dated March 27, 2000, recorded as Document No. 2000-042860.
- (q)     dated February 2, 2001, recorded as Document No. 2001-020529.
- (r)     dated April 4, 2001, recorded as Document No. 2001-048451.

- (s) dated June 28, 2001, recorded as Document No. 2001-101574.
- (t) dated August 25, 2004, recorded as Document No. 2004-174521.
- (u) dated May 2, 2005, recorded as Document No. 2005-087027.
- (v) dated May 25, 2005, recorded as Document No. 2005-103525.
- (w) dated as of August 30, 2005, recorded as Document No. 2005-173377.
- (x) dated as of November 15, 2005, recorded as Document No. 2005-236474.
- (y) dated May 5, 2006, recorded as Document No. 2006-084350.
- (z) dated May 5, 2006, recorded as Document No. 2006-084358.
- (aa) dated May 5, 2006, recorded as Document No. 2006-084361.
- (bb) dated May 5, 2006, recorded as Document No. 2006-084362.

SUPPLEMENTAL DECLARATION (ASSIGNING DECLARANT'S RIGHTS) dated December 27, 1990, recorded as Document No. 91-160953, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and TRANSCONTINENTAL DEVELOPMENT (HAWAII) CO., a Hawaii limited partnership, "Assignee".

Said Declaration was further amended by FOURTH AMENDMENT TO AND RESTATEMENT OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE dated May 1, 1998, recorded as Document No. 98-138993.

AMENDMENT TO SUPPLEMENTAL DECLARATION (ANNEXING LOT 6, FILE PLAN 1954) dated October 15, 2001, recorded as Document No. 2001-168809; re: Supplemental Declaration recorded as Document No. 90-074295.

6. The terms and provisions contained in the following:

INSTRUMENT : WARRANTY DEED

DATED : May 21, 1990  
RECORDED : Document No. 90-074296

The foregoing includes, but is not limited to:

- (A) Matters relating to restrictions relative to construction within the building setback line area as more particularly set forth therein.
- (B) Also, excepting and reserving unto Grantor and its successors and assigns, all water and water rights within or belonging or appertaining to or under the granted premises, together with the right to assign and transfer said rights to the State of Hawaii, County of Hawaii, any appropriate governmental agency, public utility, or private utility, and or any other corporation, partnership or individual; provided, however, that in the exercise of said rights, the Grantor, its successors and assigns, shall not have the right to drill upon or otherwise disturb the surface of the land within the granted premises or any improvements thereon.



recorded as Document No. 2005-255471. Said Document No. 2005-255471 was corrected by instrument dated January 13, 2006, recorded as Document No. 2006-009860.

The foregoing includes, but is not limited to, matters relating to the Residential Apartments in the Project or any interest therein shall not be the subject of or sold, transferred, conveyed, leased, occupied, rented or used at any time under a time share plan or similar arrangement or program.

Said Declaration was further amended by instruments dated March 27, 2007, recorded as Document No. 2007-060707, and dated May 10, 2007, recorded as Document No. 2007-095438.

16. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : June 23, 2005

RECORDED : Document No. 2005-131508

17. Designation of Easement "A" (6 feet wide) for pedestrian, shoreline access purposes, as shown on File Plan No. 2397.

18. Beach Trail, as shown on File Plan No. 2397 and on the tax map.

19. Encroachments or any other matters as shown on survey map prepared by Chrystal Thomas Yamasaki, Land Surveyor, with Wes Thomas Associates, dated October 25, 2004.

20. Encroachments or any other matters which a survey prepared after October 25, 2004 would disclose.

21. GRANT in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and HAWAIIAN TELCOM, INC., dated August 30, 2005, recorded as Document No. 2005-204197; granting a perpetual right and easement for utility purposes.

22. Any matters which a correct archaeological study or other evidence would disclose, including but not limited to a trail, if any, referenced in MEMORANDUM OF UNDERSTANDING FOR THE IMPLEMENTATION, MANAGEMENT, PROTECTION AND PUBLIC USE OF THE ALA KAHAKAI NATIONAL HISTORIC TRAIL recorded as Document No. 2010-028079.

EXHIBIT "H"

ESTIMATE OF MAINTENANCE FEE DISBURSEMENT AND COMMON EXPENSE

CERTIFICATE

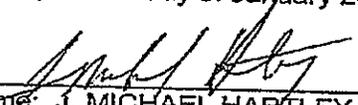
I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. I am the President for Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer of the Hali'i Kai condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 2011, based on generally accepted accounting principles.

3. As permitted pursuant to Section 514B-148(b), new associations need not collect estimated reserves until the fiscal year which begins after the association's first annual meeting.

4. DATED: Honolulu, Hawaii, this 4<sup>th</sup> day of January 2011.

  
Name: J. MICHAEL HARTLEY  
Title: PRESIDENT

Subscribed and sworn to before me  
this 4<sup>th</sup> day of January 2011.

State of Hawaii  
City & County of Honolulu

Date: January 4, 2011 # of Pages: 7

Doc. Description: Certificate of Managing Agent & Estimated  
Annual Disbursements for: Hali'i Kai

  
Notary Signature

Name: Stephanie M. Angle

No. & Expiration: 10-04

My commission expires: 6/13/2014  
First Circuit, State of Hawaii



NOTARY CERTIFICATION

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22594181745978.2

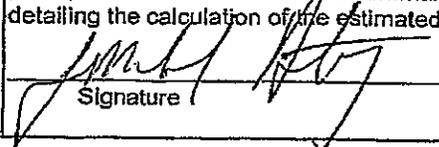
1-4-2011

## Estimate of Maintenance Fee Disbursement

Hali'i Kai  
(193 units)

Revenue	Monthly	Annually
Maintenance Fees	\$170,016	\$2,040,192
Investment Interest	\$602	\$7,224
Checking Interest	\$12	\$144
Resort Fees	\$3,372	\$40,464
Club Dues - Castle Resorts	\$57,600	\$691,200
<b>Utilities</b>		
Electricity	\$3,545	\$42,540
Water/Sewer	\$28,046	\$336,552
Telephone	\$124	\$1,488
<b>Contract Services</b>		
Cleaning Service/Windows	\$1,040	\$12,480
Pest Control	\$938	\$11,256
Non AC Pump & Vent	\$585	\$7,020
Refuse	\$2,800	\$33,600
Fire Systems	\$2,452	\$29,424
Backflow Prevention Test	\$146	\$1,752
Contract Entry Gate	\$264	\$3,168
Exterior Building Cleaning	\$6,000	\$72,000
<b>Maintenance</b>		
Building Maintenance	\$4,900	\$58,800
Grounds	\$42,988	\$515,856
Grounds - Tree Trimming	\$767	\$9,204
Grounds - Irrigation & Supp	\$1,032	\$12,384
Electrical Lighting	\$1,330	\$15,960
<b>Professional Services</b>		
Admin Supplies & Svcs	\$1,379	\$16,548
AOAO Admin Exps	\$101	\$1,212
Management Services	\$3,090	\$37,080
On-Site Management Services	\$8,496	\$101,962
Audit	\$122	\$1,464
Legal Fee General	\$2,600	\$31,200
Consulting Fees	\$217	\$2,604
<b>Other Expenses</b>		
Property Insurance	\$13,410	\$160,920
Liability Insurance	\$816	\$9,792
D and O Ins	\$172	\$2,064
Fidelity Bond Ins	\$83	\$996
Insurance - Umbrella	\$195	\$2,340
Master Assoc Dues	\$9,519	\$114,228
Owner Paid Club Dues	\$57,600	\$691,200
Miscellaneous Expense	\$10	\$120
Condo Registration	\$75	\$900
Association Meeting Exp	\$25	\$300
State GET	\$170	\$2,040
Allowance for Delinquencies	\$8,000	\$96,000
<b>TOTAL OP EXPENSE</b>	<b>\$203,037</b>	<b>\$2,436,444</b>
<b>Transfer to Reserves</b>	<b>\$28,565</b>	<b>\$342,780</b>
<b>TOTAL</b>	<b>\$231,602</b>	<b>\$2,779,224</b>

I, J. Michael Hartley, as agent for Hawaiiana Management Company, Ltd., hereby certify that the above estimates of the maintenance fee disbursements were prepared on a cash flow basis in accordance with generally accepted accounting principles. Attached hereto is a summary of the Hali'i Kai Reserve Study completed by Armstrong Consulting, Inc. detailing the calculation of the estimated replacement reserves for the Project calculated using the cash flow method.


  
Signature

 1/4/11  
 Date

# Estimated Maintenance Fees

Hali'i Kai  
(193 units)

Apartment No.	% Common Interest	Projected Club Dues	Projected Maintenance Fee		Total	
			Monthly	Annual	Monthly	Annual
0001A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0001B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0001C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0001D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0001E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0001F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0001G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0001H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0002A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0002B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0002C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0002D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0002E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0002F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0002G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0002H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0003A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0003B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0003C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0003D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0003E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0003F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0003G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0003H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0004A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0004B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0004C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0004D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0004E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0004F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0004G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0004H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0005A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0005B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0005C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0005D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0005E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0005F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0005G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0005H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0006A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0006B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0006C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0006D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0006E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0006F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0006G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0006H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65

1-4-2011

## Estimated Maintenance Fees

Hali'i Kai  
(193 units)

Apartment No.	% Common Interest	Projected Club Dues	Projected Maintenance Fee		Total	
			Monthly	Annual	Monthly	Annual
0007A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0007B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0007C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0007D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0007E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0007F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0007G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0007H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0008A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0008B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0008C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0008D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0008E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0008F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0008G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0008H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0009A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0009B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0009C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0009D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0009E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0009F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0009G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0009H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0010A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0010B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0010C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0010D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0010E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0010F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0010G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0010H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0011A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0011B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0011C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0011D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0011E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0011F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0011G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0011H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0012A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0012B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0012C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0012D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0012E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0012F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0012G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0012H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65

# Estimated Maintenance Fees

Hali'i Kai  
(193 units)

Apartment No.	% Common Interest	Projected Club Dues	Projected Maintenance Fee		Total	
			Monthly	Annual	Monthly	Annual
0013A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0013B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0013C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0013D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0013E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0013F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0013G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0013H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0014A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0014B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0014C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0014D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0014E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0014F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0014G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0014H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0015A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0015B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0015C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0015D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0015E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0015F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0015G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0015H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0016A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0016B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0016C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0016D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0016E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0016F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0016G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0016H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0017A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0017B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0017C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0017D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0017E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0017F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0017G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0017H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0018A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0018B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0018C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0018D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0018E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0018F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0018G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0018H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65

## Estimated Maintenance Fees

Hali'i Kai  
(193 units)

Apartment No.	% Common Interest	Projected Club Dues	Projected Maintenance Fee		Total	
			Monthly	Annual	Monthly	Annual
0019A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0019B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0019C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0019D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0019E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0019F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0019G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0019H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0020A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0020B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0020C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0020D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0020E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0020F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0020G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0020H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0021A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0021B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0021C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0021D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0021E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0021F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0021G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0021H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0022A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0022B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0022C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0022D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0022E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0022F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0022G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0022H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0023A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0023B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0023C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0023D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0023E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0023F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0023G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0023H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0024A	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0024B	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0024C	0.407733%	\$300.00	\$944.32	\$11,331.81	\$1,244.32	\$14,931.81
0024D	0.496288%	\$300.00	\$1,149.41	\$13,792.96	\$1,449.41	\$17,392.96
0024E	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65
0024F	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0024G	0.631948%	\$300.00	\$1,463.60	\$17,563.25	\$1,763.60	\$21,163.25
0024H	0.528696%	\$300.00	\$1,224.47	\$14,693.65	\$1,524.47	\$18,293.65

1-4-2011

### Estimated Maintenance Fees

Hali'i Kai  
(193 units)

Apartment No.	% Common Interest	Projected Club Dues	Projected Maintenance Fee		Total	
			Monthly	Annual	Monthly	Annual
OREC1	0.896080%	\$0.00	\$2,075.34	\$24,904.07	\$2,075.34	\$24,904.07
	100.000000%	\$57,600.00	\$231,602.00	\$2,779,224.00	\$289,202.00	\$3,470,424.00

1-4-2011

**RECREATIONAL APARTMENT EXPENSES:  
ESTIMATE OF CLUB DUES**

Hali'i Kai  
(192 Residential Units)

		Monthly	Annual
<b>REVENUE CLUB DUES</b>	Club Dues	\$57,600.00	\$691,200.00
	<b>Total Club Dues:</b>	<u>\$57,600.00</u>	<u>\$691,200.00</u>
<b>F&amp;B REVENUE</b>	Food	\$9,000.00	\$108,000.00
	Beverage	\$2,750.00	\$33,000.00
	<b>Total F&amp;B Revenue:</b>	<u>\$11,750.00</u>	<u>\$141,000.00</u>
<b>F&amp;B Costs</b>	Cost of Sale of Food	\$2,970.00	\$35,640.00
	Cost of Sale of Beverage	\$605.00	\$7,260.00
	<b>Total Cost of Sales:</b>	<u>\$3,575.00</u>	<u>\$42,900.00</u>
	<b>F&amp;B Gross Margin:</b>	\$8,175.00	\$98,100.00
	<b>Total Club Dues &amp; F&amp;B Gross Margin:</b>	<u>\$65,775.00</u>	<u>\$789,300.00</u>
<b>OPERATING EXPENSES</b>			
<b>CLUB OPERATING EXPENSES</b>	Decorations	\$500.00	\$6,000.00
	Housekeeping/Operating Supplies	\$396.00	\$4,752.00
	Office Supplies	\$0.00	\$0.00
	Locks & Keys	\$50.00	\$600.00
	Linen Expense	\$500.00	\$6,000.00
	Equipment Maintenance Agreement	\$225.00	\$2,700.00
	Laundry	\$2,100.00	\$25,200.00
	Cable TV	\$150.00	\$1,800.00
	Maintenance-Grounds	\$5,729.00	\$68,748.00
	Maintenance-Pest Control	\$200.00	\$2,400.00
	Maintenance-Pool	\$700.00	\$8,400.00
	Repairs & Maintenance	\$1,500.00	\$18,000.00
	Utilities	\$12,500.00	\$150,000.00
	Miscellaneous Expenses	\$100.00	\$1,200.00
	Telephone	\$75.00	\$900.00
	Contract Services	\$6,000.00	\$72,000.00
	Maintenance Fee	\$1,679.00	\$20,148.00
	Management Fee	\$1,000.00	\$12,000.00
	General Excise Taxes	\$2,500.00	\$30,000.00
	Real Property Taxes	\$0.00	\$0.00
	Capital Reserve Contribution	\$1,831.00	\$21,972.00
	Accounting Fee	\$2,000.00	\$24,000.00
	Insurance	\$2,000.00	\$24,000.00
	Licenses & Permits	\$0.00	\$0.00
	Employee Relations	\$0.00	\$0.00
	<b>Total Club Operating Expenses:</b>	<u>\$41,735.00</u>	<u>\$500,820.00</u>
<b>F&amp;B PAYROLL EXPENSES</b>	Salaries & Wages	\$20,138.00	\$241,656.00
	Vacations	\$775.00	\$9,294.00
	Payroll Taxes	\$1,905.00	\$22,860.00
	Health Insurance	\$4,900.00	\$58,800.00
	Other Employee Benefits	\$836.00	\$10,026.00
	<b>Total Payroll</b>	<u>\$28,554.00</u>	<u>\$342,636.00</u>

1-4-2011

**RECREATIONAL APARTMENT EXPENSES:  
ESTIMATE OF CLUB DUES**

Hali'i Kai  
(192 Residential Units)

**OTHER F&B EXPENSES**

Decorations	\$0.00	\$0.00
Operating Supplies	\$250.00	\$3,000.00
China, Glass & Silver	\$150.00	\$1,800.00
Guest Entertainment	\$100.00	\$1,200.00
Printing & Stationary	\$25.00	\$300.00
Guest Relations	\$50.00	\$600.00
Linen Expense	\$25.00	\$300.00
Laundry	\$500.00	\$6,000.00
Kitchen Equipment	\$100.00	\$1,200.00
Contract Services	\$0.00	\$0.00
Uniforms	\$50.00	\$600.00
Training	\$25.00	\$300.00
Maintenance-Pest Control	\$0.00	\$0.00
Repair & Maintenance	\$550.00	\$6,600.00
Utilities	\$1,000.00	\$12,000.00
Trash Removal	\$0.00	\$0.00
Tax & License	\$200.00	\$2,400.00
Telephone & Communication	\$75.00	\$900.00
Accounting Fee	\$1,500.00	\$18,000.00
Insurance	\$2,000.00	\$24,000.00
Reserves	\$300.00	\$3,600.00
<b>Total Other F&amp; B Expenses</b>	<b>\$6,900.00</b>	<b>\$82,800.00</b>

**Net Income (Loss):**                    **-\$11,413.00**                    **-\$136,956.00**

Subsidy from Front Desk Operations:                    **\$5,000.00**                    **\$60,000.00**

CL Ocean Villas Subsidy:                    **\$6,667.00**                    **\$80,004.00**

**TOTAL OPERATING EXPENSE**                    **\$77,189.00**                    **\$926,256.00**

**NET INCOME (LOSS) TOTAL CLUB OPERATIONS**                    **\$253.00**                    **\$3,048.00**

I, J. Michael Hartley, as agent for Hawaiiana Management Company, Ltd., hereby certify that the above estimates of the maintenance fee disbursements were prepared on a cash flow basis in accordance with generally accepted accounting principles. Attached hereto is a summary of the Hali'i Kai Reserve Study completed by Armstrong Consulting, Inc. detailing the calculation of the estimated replacement reserves for the Project calculated using the cash flow method.

Signature

Date