

HAWAII INSPECTION GROUP, INC.

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May 24, 2013

Letter of Transmittal

Kula Nani Estates
33 Wahelani St.
Kula, Hawaii 96790
Attn: Mr Jamie Woodburn

Subject: Kula Nani Estates 2012 Funding Update, FINAL, 052413

Mr Woodburn

It is our pleasure to forward to you the requested Kula Nani Estates 2012 FINAL funding study update. I have attached your 2012 update that has its date from when I have received financial information and approval to finalize. This study includes information received from Marion, changes discussed and changes made for this version. The study has been approved and finalized. Please forward to me reserve expenses as made and I will save them for changes towards the next reserve study update; when it is requested.

If I can be of further assistance to you, please ask for me; and I would be happy to help.

Attached you will find a copy of:

- Report Cover Sheet
- Table of Contents
- Reserve Study Summary
- Reserve Item Summary
- Cash Flow
- Dues Summary
- Expense Report
- Expense Summary

If you have any questions concerning this matter please call.

Sincerely,

Prepared by:

Robert S Miskae
Vice President, Hawaii Inspection Group, Inc.

Encl
cc: File

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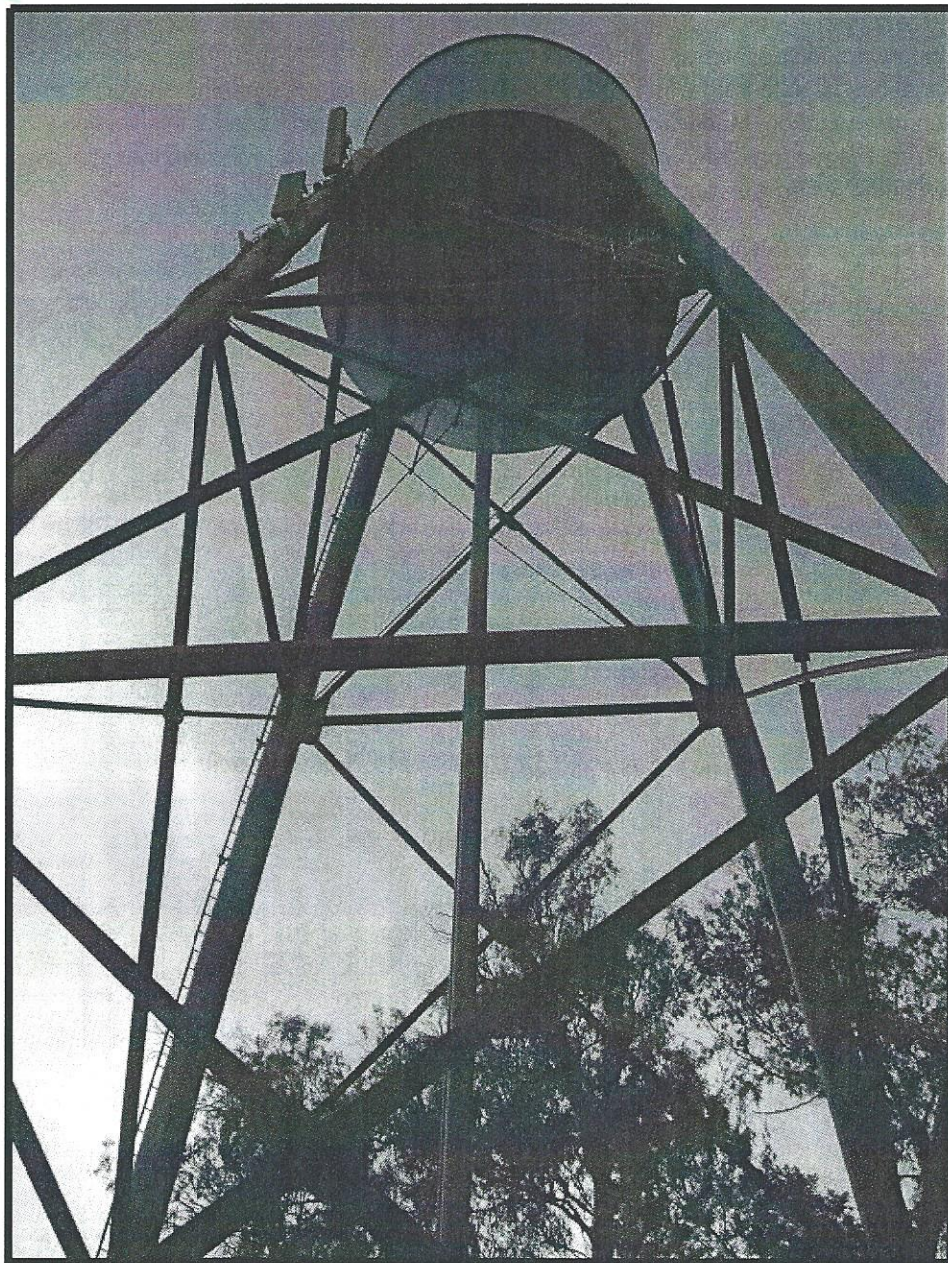
Web: www.HawaiiInspectionGroup.com

Funding Reserve Analysis

for

Kula Nani Estates 2012 FINAL

May 24, 2013



Kula Nani Estates Upper Water Tower, 2007.

Funding Reserve Analysis
for
Kula Nani Estates 2012 FINAL

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Fiscal Calendar Year Begins	January 1
Reserve Study by Fiscal Calendar Year Starting	January 1, 2012
Funding Study Length	50 Years
Number of Dues Paying Members	38
Reserve Balance as of January 1, 2012 ¹	\$193,568
Annual Inflation Rate	3.75%
Tax Rate on Reserve Interest ²	30.00%
Minimum Reserve Account Balance	\$0
Dues Change Period	1 Year
Annual Operating Budget	\$0

¹ See "Financial Condition of Association" in this report.

² Taxed as an IRS exempt association

Recommended Payment Schedule

The below table contains Hawaii Inspection Group, Inc. recommended schedule of payments for the next five years. Failure to follow the propose schedule of payments may result in inadequate Kula Nani Estates reserve funds or require the use of Special Assessments in the future.

Proposed Modified Payment Payment

Fiscal Calendar Year	Member Monthly Reserve Payment	Monthly Reserve Payment	Annual Reserve Payment	Proposed Reserve Balance
2012	\$176.52	\$6,708	\$80,494	\$219,670
2013	\$197.30	\$7,497	\$89,969	\$283,878
2014	\$199.10	\$7,566	\$90,789	\$340,003
2015	\$201.09	\$7,641	\$91,697	\$419,563
2016	\$203.10	\$7,718	\$92,614	\$467,956
2017	\$205.13	\$7,795	\$93,540	\$553,269

* Annual Reserve Payments have been manually modified.

The 2013 reserve income is estimated at \$89,969.36 and is a combination of reserve fees, Rental income and a 25% water surcharge. Estimated current fees increase at 1.0 percent per year; your funding stays high enough to fund the large expenses expected in 40 and 50 years and takes your reserves down to an estimated 4.0% funded. You need to build your reserve balance much higher for the long run expenses.

Fiscal Year beginning January 1, 2012

Reserve Study Assumptions

*Cost estimates and financial information are accurate and current. *No unforeseen circumstances will cause a significant reduction of reserves. *Sufficient comprehensive property insurance exists to protect from insurable risks.*The association plans to continue to maintain the existing common areas and amenities.*Reserve payments occur at the end of every calendar month.*Expenses occur at the end of the expense year.

Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied. Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

Inflation Estimate

Inflation for the last year has been reviewed and a best estimate of the expected inflation for future years; using the past 20 years history, has been used to inflate future Expenses. Various CPI methods have been used.

Initial Reserves

Initial reserves for this Reserve Study were estimated or known to be \$193,568 on January 1, 2012. Based upon a study start date of January 1, 2012 a total of 0 days of accrued interest at 0.50 percent per annum were compounded to yield an initial reserve balance of \$193,568.

The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.

Financial Condition of Association

The starting capital for the 2010 reserve update was \$75,038.00 and was the amount stated in the auditor's report as the "Cash at end of period" for 2009. The return rate on Interest has fallen and has been reduced to an estimate of 0.25% for use in this study; note, get as high interest on your funds and as much funds into a high interest account as possible. The inflation rate has been left on the high side due to the mechanical nature of the repairs and 3.75% was used for this 2012 funding update. No audits have been received for 2010 and 2011; and it was stated that the 2011 year end reserve balance was \$193,568.00 and was used as the starting balance for this study.

Special Assessments

Special Assessments are not required for this Reserve Study.

Reserve Funding Goal

The reserve fund is set to be at or above \$0. (Threshold Funding)

Study Method

Funding studies may be done in several ways, but we believe that the value of a funding study lies in the details. "Bulk" studies are quick, usually inexpensive, and almost always border on worthless. We believe that meaningful answers to funding studies lie in the details. In this study, we have used the "Component" method because it is the only method which allows scrutiny of the funding details. The method is pragmatic, and allows human judgement and experience to enter into the equation.

Unless noted otherwise, the present cost of every reserve item in this report has been estimated using the "National Construction Estimator", a nationally recognized standard, and modified by an area cost adjustment factor. Where possible, known costs have been used. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum. As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

Summary of Findings

Hawaii Inspection Group, Inc. has estimated future projected expenses for Kula Nani Estates 2012 FINAL based upon preservation of existing improvements.

The attached funding study is limited in scope to those expense items listed in the attached "Kula Nani Estates 2012 FINAL Reserve Study Expense Items". Expense items which have an expected life of more than 50 Years are not included in this reserve study unless payment for these long lived items overlaps the 50 Years reserve study envelope.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached "Kula Nani Estates 2012 FINAL Dues Summary" will realize this goal. Some reserve items in the "Revenue Summary Table" may not contain payments. In this analysis the initial reserves were used to make annual payments for expense items in their order of occurrence until the initial reserve was consumed. As a result reserve items without payments may be expected, particularly in the first few years of the funding study. Reserve items that have been paid with initial reserve funds are identified with a [FP] in the Expense Items Sheets. An item marked [PR] is partially paid with initial reserve funds. Mr Jamie Woodburn represents and warrants that the information provided to Hawaii Inspection Group, Inc., including but not limited to that information contained in the attached Reserve Study Information Summary, that the maintenance records are complete and accurate, and that Hawaii Inspection Group, Inc. may rely upon such information and documents without further verification or corroboration. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, Mr Jamie Woodburn shall provide to Hawaii Inspection Group, Inc. Mr Jamie Woodburn's best-estimated age of that item. If Mr Jamie Woodburn is unable to provide and estimate of a Reserve Item's age, Hawaii Inspection Group, Inc. shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to Hawaii Inspection Group, Inc.. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. Any on site inspection is not considered to be a project audit or quality inspection.

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health".

The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required.

Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the Future Value, multiplied by the number of years used, divided by the expected life for the sum of all reserve items. In essence, Fully Funded is simply the total of the average net present value of the association improvements.

Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

Keeping Your Reserve Study Current

Hawaii Inspection Group, Inc. believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years, and certainly not more than five years.*This reserve study should be updated:*

- *At least once a year*
- *At changes in interest rates*
- *At changes in inflation rates*
- *At changes in the number of dues paying members*
- *Before starting new improvements*
- *Before making changes to the property*
- *After a flood or fire*
- *After the change of ownership or management*
- *After Annexation or Incorporation

Items Beyond the Scope of this Report

- Building or land appraisals for any purpose.
- State or local zoning ordinance violations.
- Building code violations.
- Soils conditions, soils contamination or geological stability of site.

- Engineering analysis or structural stability of site.
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, or radon.
- Water quality or other environmental hazards.
- Invasions by termites and any or all other destroying organisms or insects.
- Damage or destruction due to birds, bats or animals to buildings or site.
- This study is not a pest inspection.
- Adequacy or efficiency of any system or component on site.
- Specifically excluded reserve items.
- Septic systems and septic tanks.
- Buried or concealed portions of swing pools, pool liners, Jacuzzis and spas or similar items.
- Items concealed by signs, carpets or other things.
- Missing or omitted information supplied by the Kula Nani Estates for the purposes of reserve study preparation.
- Hidden improvements such as sewer lines, water lines, or other buried or concealed items.

Statement of Qualifications

Hawaii Inspection Group, Inc. is a professional in the business of preparing reserve studies for community associations. I have inspected the association improvements, and have made a complete review of all components required to complete a reserve study. I have completed a physical inspection of the components listed in this reserve study. My inspection included a review of current condition, economic life, remaining useful life, and replacement cost of all components included in this reserve study. No destructive testing was done. This was done by field measurements not drawing take-offs.

Hawaii Inspection Group would like to thank you for the opportunity to be of service in the preparation of the attached Funding Study. Again, please feel free to contact us at our letterhead address if you have any questions.

Prepared by:

Robert S Miskae
Vice President, Hawaii Inspection Group, Inc.

Conflict of Interest

As the preparer of this reserve study, Hawaii Inspection Group, Inc. certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

Kula Nani Estates 2012 FINAL Reserve Study Expense Item Summary

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
Building						
Roof replacement done 2009	\$1,235	17 Years	20 Years	\$2,423	\$129	Yes
Other building and site material replacement as needed	\$500	17 Years	20 Years	\$981	\$52.09	Yes
Fire Protection						
(1) Standpipes replacement with Hydrants in 2010 and 2011, #1, 3, 5, 8 & #9.	\$29,000	49 Years	50 Years	\$188,552	\$3,320	Yes
Standpipes replacement with Hydrants 2012	\$29,000	50 Years	50 Years	\$195,745	\$3,370	Yes
Standpipes replaced with Hydrants - future	\$29,000	0 Years	50 Years	\$30,106	\$30,037	Yes
Fire Hydrants Hydrostatic Testing each 10 years	\$1,650	9 Years	10 Years	\$2,399	\$234	Yes
Plumbing						
Water lines, various ductile Iron and valve refurbish as needed	\$3,000	1 Years	2 Year	\$3,233	\$1,609	Yes
Backflow 2 inch - rebuild or replacement as needed.	\$1,500	11 Years	12 Years	\$2,351	\$190	Yes
Project Property						
Chain Link Fence and gate systems replacement.	\$9,100	1 Years	32 Year	\$9,808	\$4,880	Yes
Signage and Entry Lettering	\$1,100	3 Years	35 Years	\$1,278	\$316	Yes
(C1) Water System						
(2) Lower Tank Exterior coat and repair last done 2002 by Tenyer Coatings	\$7,000	1 Years	15 Year	\$7,544	\$3,754	Yes
(3) Lower Tank Interior Coat from 1988 and Repair last done 2002 by Tenyer Coatings	\$2,500	1 Years	15 Year	\$2,694	\$1,341	Yes
Lower Steel Water Tank replacement	\$27,000	40 Years	50 Years	\$125,329	\$2,755	Yes
Upper Tank filler and overflow pipe line connections done 2010	\$64,000	40 Years	45 Years	\$297,075	\$6,530	Yes

Kula Nani Estates 2012 FINAL Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
Upper Tank roof repairs and coating done 2010	\$35,000	40 Years	50 Years	\$162,463	\$3,571	Yes
(4) Upper Tower Exterior coating Refurbish as needed. Repair last done 2002 by Tenyer coatings	\$90,000	8 Years	28 Years	\$126,063	\$13,697	Yes
Upper Tank Interior coat and Refurbish as needed. Last done 2010 by Tenyer coatings	\$30,000	8 Years	25 Years	\$42,021	\$4,566	Yes
Upper Steel Water Tower Replacement, if needed at \$400K in year 2010 dollars	\$1.00	40 Years	50 Years	\$5	\$0.10	Yes
Pressure regulators refurbish as needed, done 2010 & 2011	\$7,400	8 Years	9 Years	\$10,365	\$1,126	Yes
(5) 20 HP Motor, Pump, Bowl and Seals, done 2012 with 1 yr. Warr. - there are 2 units with 20 year estimated lives.	\$21,190	9 Years	10 Years	\$30,814	\$3,006	Yes
(6) 40 HP Pump, Motor and Control Replacement done 2010 and renew turbine only for \$6500.00 in 2011. Total system cost \$32K.	\$16,000	9 Years	10 Years	\$23,266	\$2,269	Yes
4 inch Valves, Regulators and pipe Refurbish	\$7,500	24 Years	25 Years	\$19,124	\$718	Yes
Other Pump Controls Refurbish. Telemetry cost \$2500 and with 7 year life. Updated 2010	\$2,500	5 Years	7 Years	\$3,130	\$514	Yes
(7) Electrical Transfer Switch (new 2012), Disconnects, transformer and breakers refurbish Allowance	\$3,000	9 Years	20 Years	\$4,362	\$426	Yes
Cleaning and Painting of Tanks, as needed	\$2,500	1 Years	2 Year	\$2,694	\$1,341	Yes
Contingency						
Consulting fees for HOA work as needed	\$5,000	3 Years	15 Years	\$5,808	\$1,438	No

Kula Nani Estates 2012 FINAL Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
(8) Reserve study update annual fee, as needed. \$950.00 for two year updates	\$650	1 Year	1 Year	\$701	\$349	No
Tank Inspection Fees, done early 2013	\$6,012	4 Years	4 Years	\$7,250	\$1,432	Yes
Tank Washout, Coatings and Inspection. Done early 2013.	\$32,000	2 Years	2 Years	\$35,804	\$11,848	Yes
2012 reserve expense adjustment - \$55,198.74 actual spent.	\$24,170	0 Year	1 Years	\$25,092	\$25,035	No

Raw Annual Payments do not include earned interest, tax adjustments or salvage.

Months Remaining in Fiscal Calendar Year 2012: 12

Expected annual inflation: 3.75%

Interest earned on reserve funds: 0.50%

Initial Reserve: \$193,568

Category Comments

(C1) - 2010 study update changes to reflect Owens report of conditions and life of equipment if maintained as recommended by Owens report of July 30, 2010

Reserve Item Comments

- (1) Standpipe replacement is overdue for safety and best to replace with a hydrant with a longer service life.
- (2) Repairs and upgrades from KLM report, Dept of Health, OSHA, and AWWA were completed in 2002 and per the Owens report should last 15 years.
- (3) Repairs and upgrades per KLM report, Dept of Health, OSHA, and AWWA were completed in 2002 and per the Owens report should last 15 years.
- (4) Upper tank preventative maint., and tank life dating should be each ten years. Adjusted study tank life to 28 years after the Owens report.
- (5) 15 HP pump replacement overdue, but functional. Replace all motors with more energy efficient types when doing any work.
- (6) 40 HP pump replacement in 2004 & then run dry and refurbished in 2010. Replace all motors with more energy efficient types when doing any work.
- (7) Electrical safety is of concern and should be addressed with water and electrical controls in the same area.
- (8) Reserve updates should be done annually and pricing is based on it being done yearly. Price will increase for multi-year updates.

Kula Nani Estates 2012 FINAL Funding Study Modified Cash Flow Analysis

Fiscal Calendar Year	Annual Payment	Annual Interest	Salvage	Annual Expenses	Annual Income Tax	Net Reserve Funds	% Funded
2012	\$80,494	\$1,153		\$55,199	\$346	\$219,670	65.7 %
2013	\$89,969	\$1,305		\$26,675	\$391	\$283,878	85.6 %
2014	\$90,789	\$1,628		\$35,804	\$488	\$340,003	94.6 %
2015	\$91,697	\$1,910		\$13,474	\$573	\$419,563	108.8 %
2016	\$92,614	\$2,310		\$45,838	\$693	\$467,956	107.7 %
2017	\$93,540	\$2,554		\$10,015	\$766	\$553,269	122.1 %
2018	\$94,475	\$2,983		\$41,589	\$895	\$608,243	119.7 %
2019	\$95,420	\$3,260		\$7,421	\$978	\$698,525	130.9 %
2020	\$96,374	\$3,714		\$231,693	\$1,114	\$565,806	95.3 %
2021	\$97,338	\$3,052		\$68,840	\$916	\$596,441	135.1 %
2022	\$98,311	\$3,208		\$48,308	\$962	\$648,690	142.2 %
2023	\$99,294	\$3,471		\$10,970	\$1,041	\$739,444	149.9 %
2024	\$100,287	\$3,927		\$65,913	\$1,178	\$776,567	136.6 %
2025	\$101,290	\$4,115		\$9,290	\$1,235	\$871,448	147.3 %
2026	\$102,303	\$4,592		\$56,113	\$1,378	\$920,854	137.0 %
2027	\$103,326	\$4,841		\$10,012	\$1,452	\$1,017,556	143.7 %
2028	\$104,359	\$5,327		\$89,791	\$1,598	\$1,035,854	131.0 %
2029	\$105,403	\$5,421		\$28,713	\$1,626	\$1,116,338	140.0 %
2030	\$106,457	\$5,826		\$65,178	\$1,748	\$1,161,695	134.0 %
2031	\$107,522	\$6,055		\$99,045	\$1,817	\$1,174,411	130.1 %
2032	\$108,597	\$6,121		\$83,444	\$1,836	\$1,203,849	132.5 %
2033	\$109,683	\$6,271		\$12,534	\$1,881	\$1,305,387	139.8 %
2034	\$110,780	\$6,781		\$75,709	\$2,034	\$1,345,205	130.5 %
2035	\$111,888	\$6,983		\$17,193	\$2,095	\$1,444,787	135.3 %
2036	\$113,006	\$7,483		\$116,049	\$2,245	\$1,446,983	124.3 %
2037	\$114,136	\$7,497		\$14,559	\$2,249	\$1,551,808	133.0 %
2038	\$115,278	\$8,024		\$115,147	\$2,407	\$1,557,555	122.4 %
2039	\$116,431	\$8,055		\$15,691	\$2,416	\$1,663,933	129.9 %
2040	\$117,595	\$8,590		\$112,585	\$2,577	\$1,674,956	120.4 %
2041	\$118,771	\$8,647		\$145,563	\$2,594	\$1,654,217	117.5 %
2042	\$119,959	\$8,546		\$102,148	\$2,564	\$1,678,010	119.9 %
2043	\$121,158	\$8,668		\$49,709	\$2,600	\$1,755,527	122.1 %
2044	\$122,370	\$9,058		\$130,774	\$2,718	\$1,753,463	114.5 %
2045	\$123,593	\$9,051		\$168,222	\$2,715	\$1,715,170	110.8 %
2046	\$124,829	\$8,862		\$118,651	\$2,659	\$1,727,552	112.3 %
2047	\$126,078	\$8,927		\$55,430	\$2,678	\$1,804,448	114.1 %
2048	\$127,338	\$9,314		\$511,558	\$2,794	\$1,426,749	84.3 %
2049	\$128,612	\$7,429		\$30,015	\$2,229	\$1,530,546	111.5 %
2050	\$129,898	\$7,951		\$142,559	\$2,385	\$1,523,451	99.2 %
2051	\$131,197	\$7,918		\$198,255	\$2,375	\$1,461,935	91.7 %

Kula Nani Estates 2012 FINAL Funding Study Cash Flow by Fiscal Calendar Year - Continued

Fiscal Calendar Year	Annual Payment	Annual Interest	Salvage	Annual Expenses	Annual Income Tax	Net Reserve Funds	% Funded
2052	\$132,509	\$7,614		\$772,920	\$2,284	\$826,853	51.6 %
2053	\$133,834	\$4,441		\$26,504	\$1,332	\$937,292	85.3 %
2054	\$135,172	\$4,997		\$160,088	\$1,499	\$915,874	68.3 %
2055	\$136,524	\$4,893		\$28,565	\$1,468	\$1,027,259	70.5 %
2056	\$137,889	\$5,453		\$244,850	\$1,636	\$924,115	54.1 %
2057	\$139,268	\$4,940		\$30,786	\$1,482	\$1,036,055	59.2 %
2058	\$140,661	\$5,503		\$241,156	\$1,651	\$939,412	46.7 %
2059	\$142,067	\$5,023		\$57,311	\$1,507	\$1,027,685	49.6 %
2060	\$143,488	\$5,468		\$238,063	\$1,640	\$936,937	40.4 %
2061	\$144,923	\$5,017		\$545,112	\$1,505	\$540,260	22.6 %
2062	\$146,372	\$3,037		\$607,485	\$911	\$81,274	3.8 %
Totals :	\$5,875,169	\$287,218	\$0	\$6,188,516	\$86,165		

The cash distribution shown in this table applies to repair and replacment cash reserves only.

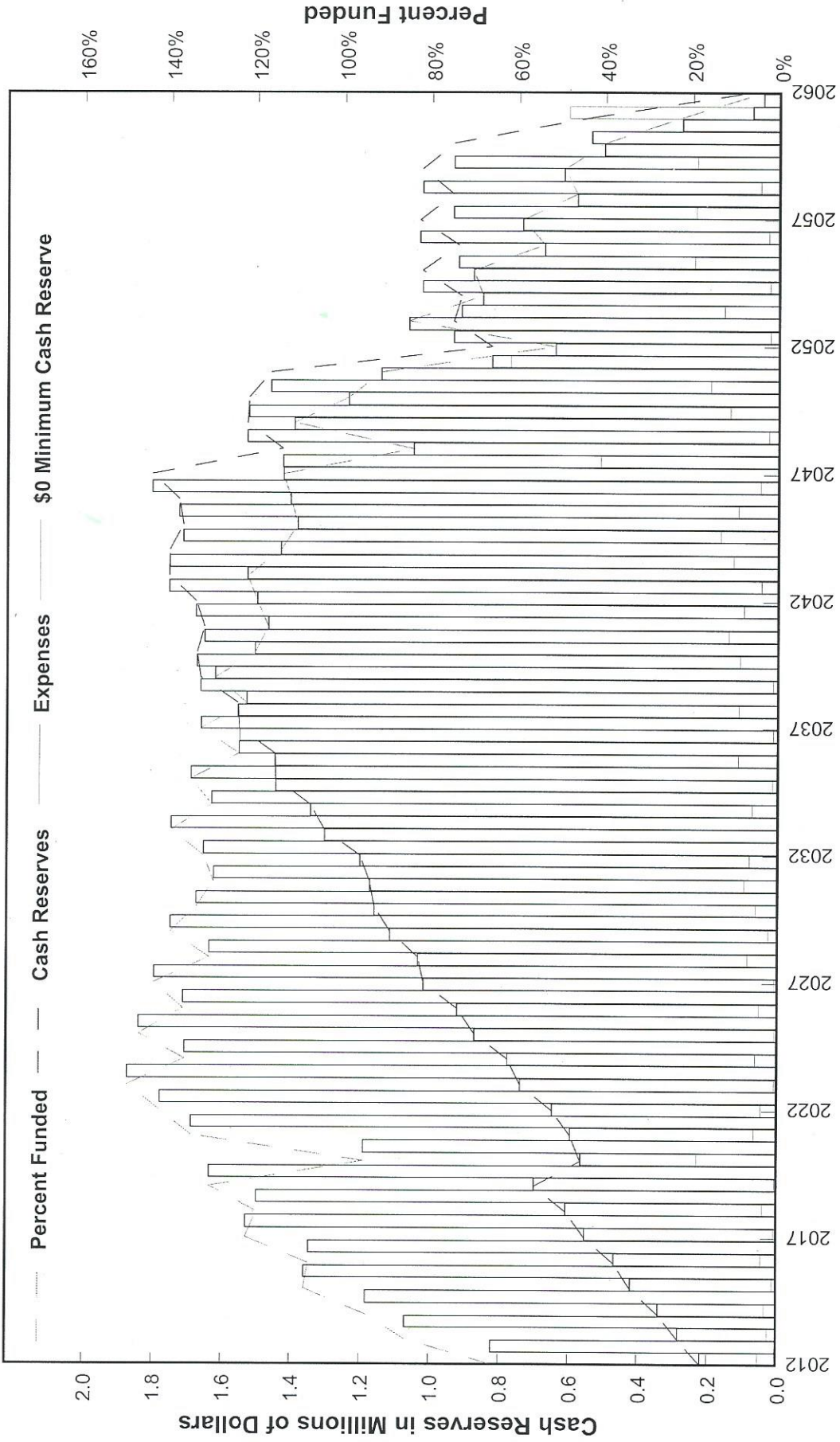
Basis of Funding Study - Modified Cash Flow

Cash reserves have been set to a minimum of \$0

Cash Flow has been modified with the forced Fixed Payments.

Months Remaining in Fiscal Calendar Year 2012: 12 Inflation = 3.75 % Interest = 0.50 %
 Study Life = 50 years Initial Reserve Funds = \$193,568.00 Final Reserve Value = \$81,273.54

Kula Nani Estates 2012 FINAL Funding Study Cash Flow by Fiscal Calendar Year - Continued



Kula Nani Estates 2012 FINAL Modified Reserve Dues Summary

Projected Dues by Month and by Fiscal Calendar Year

Fiscal Calendar Year	Member Monthly Operations Payment	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Payment	Annual Reserve Payment
2012	NA	\$176.52	\$176.52	\$2,118.27	\$6,708	\$80,494
2013	NA	\$197.30	\$197.30	\$2,367.61	\$7,497	\$89,969
2014	NA	\$199.10	\$199.10	\$2,389.18	\$7,566	\$90,789
2015	NA	\$201.09	\$201.09	\$2,413.07	\$7,641	\$91,697
2016	NA	\$203.10	\$203.10	\$2,437.20	\$7,718	\$92,614
2017	NA	\$205.13	\$205.13	\$2,461.58	\$7,795	\$93,540
2018	NA	\$207.18	\$207.18	\$2,486.19	\$7,873	\$94,475
2019	NA	\$209.25	\$209.25	\$2,511.05	\$7,952	\$95,420
2020	NA	\$211.35	\$211.35	\$2,536.16	\$8,031	\$96,374
2021	NA	\$213.46	\$213.46	\$2,561.53	\$8,111	\$97,338
2022	NA	\$215.60	\$215.60	\$2,587.14	\$8,193	\$98,311
2023	NA	\$217.75	\$217.75	\$2,613.01	\$8,275	\$99,294
2024	NA	\$219.93	\$219.93	\$2,639.14	\$8,357	\$100,287
2025	NA	\$222.13	\$222.13	\$2,665.53	\$8,441	\$101,290
2026	NA	\$224.35	\$224.35	\$2,692.19	\$8,525	\$102,303
2027	NA	\$226.59	\$226.59	\$2,719.11	\$8,611	\$103,326
2028	NA	\$228.86	\$228.86	\$2,746.30	\$8,697	\$104,359
2029	NA	\$231.15	\$231.15	\$2,773.77	\$8,784	\$105,403
2030	NA	\$233.46	\$233.46	\$2,801.50	\$8,871	\$106,457
2031	NA	\$235.79	\$235.79	\$2,829.52	\$8,960	\$107,522
2032	NA	\$238.15	\$238.15	\$2,857.81	\$9,050	\$108,597
2033	NA	\$240.53	\$240.53	\$2,886.39	\$9,140	\$109,683
2034	NA	\$242.94	\$242.94	\$2,915.26	\$9,232	\$110,780
2035	NA	\$245.37	\$245.37	\$2,944.41	\$9,324	\$111,888
2036	NA	\$247.82	\$247.82	\$2,973.85	\$9,417	\$113,006
2037	NA	\$250.30	\$250.30	\$3,003.59	\$9,511	\$114,136
2038	NA	\$252.80	\$252.80	\$3,033.63	\$9,606	\$115,278
2039	NA	\$255.33	\$255.33	\$3,063.96	\$9,703	\$116,431
2040	NA	\$257.88	\$257.88	\$3,094.60	\$9,800	\$117,595
2041	NA	\$260.46	\$260.46	\$3,125.55	\$9,898	\$118,771
2042	NA	\$263.07	\$263.07	\$3,156.80	\$9,997	\$119,959
2043	NA	\$265.70	\$265.70	\$3,188.37	\$10,097	\$121,158
2044	NA	\$268.35	\$268.35	\$3,220.26	\$10,197	\$122,370
2045	NA	\$271.04	\$271.04	\$3,252.46	\$10,299	\$123,593
2046	NA	\$273.75	\$273.75	\$3,284.98	\$10,402	\$124,829
2047	NA	\$276.49	\$276.49	\$3,317.83	\$10,506	\$126,078

Kula Nani Estates 2012 FINAL Funding Study Payment Summary by Fiscal Calendar Year - Continued

Fiscal Calendar Year	Member Monthly Operations Payment	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Payment	Annual Reserve Payment
2048	NA	\$279.25	\$279.25	\$3,351.01	\$10,612	\$127,338
2049	NA	\$282.04	\$282.04	\$3,384.52	\$10,718	\$128,612
2050	NA	\$284.86	\$284.86	\$3,418.37	\$10,825	\$129,898
2051	NA	\$287.71	\$287.71	\$3,452.55	\$10,933	\$131,197
2052	NA	\$290.59	\$290.59	\$3,487.08	\$11,042	\$132,509
2053	NA	\$293.50	\$293.50	\$3,521.95	\$11,153	\$133,834
2054	NA	\$296.43	\$296.43	\$3,557.17	\$11,264	\$135,172
2055	NA	\$299.39	\$299.39	\$3,592.74	\$11,377	\$136,524
2056	NA	\$302.39	\$302.39	\$3,628.66	\$11,491	\$137,889
2057	NA	\$305.41	\$305.41	\$3,664.95	\$11,606	\$139,268
2058	NA	\$308.47	\$308.47	\$3,701.60	\$11,722	\$140,661
2059	NA	\$311.55	\$311.55	\$3,738.62	\$11,839	\$142,067
2060	NA	\$314.67	\$314.67	\$3,776.00	\$11,957	\$143,488
2061	NA	\$317.81	\$317.81	\$3,813.76	\$12,077	\$144,923
2062	NA	\$320.99	\$320.99	\$3,851.90	\$12,198	\$146,372

Dues Summary has been modified with forced Fixed Payments.

In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.

Number of Payment Months in Fiscal Calendar Year 2012: 12

Number of Years of Constant Payments: 1

No of Dues Paying Members: 38

Kula Nani Estates 2012 FINAL Funding Study - Expenses by Item and by Fiscal Calendar Year

Item Description	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Reserve Category : Building																			
Roof replacement done 2009																			\$2,423
Other building and site material replacement as needed																			\$981
Category Subtotal :																			\$3,404
Reserve Category : Fire Protection																			
Standpipes replacement with Hydrants in 2010 and 2011, #1, 3, 5, 8 & #9.																			
Standpipes replacement with Hydrants 2012																			
Standpipes replaced with Hydrants - future	\$30,106																		
Fire Hydrants Hydrostatic Testing each 10 years										\$2,399									
Category Subtotal :	\$30,106									\$2,399									
Reserve Category : Plumbing																			
Water lines, various ductile iron and valve refurbish as needed		\$3,233		\$3,485		\$3,756		\$4,048		\$4,362		\$4,702		\$5,067		\$5,461		\$5,886	
Backflow 2 inch - rebuild or replacement as needed.												\$2,351							
Category Subtotal :		\$3,233		\$3,485		\$3,756		\$4,048		\$4,362		\$7,053		\$5,067		\$5,461		\$5,886	
Reserve Category : Project Property																			
Chain Link Fence and gate systems replacement.		\$9,808																	
Signage and Entry Lettering				\$1,278															
Category Subtotal :		\$9,808		\$1,278															
Reserve Category : Water System																			
Lower Tank Exterior coat and repair last done 2002 by Tenyer Coatings		\$7,544																\$13,229	
Lower Tank Interior Coat from 1988 and Repair last done 2002 by Tenyer Coatings		\$2,694																\$4,725	
Lower Steel Water Tank replacement																			

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Upper Tank filler and overflow pipe line connections done 2010																				
Upper Tank roof repairs and coating done 2010																				
Upper Tower Exterior coating Refurbish as needed. Repair last done 2002 by Tenyer coatings								\$126,063												
Upper Tank Interior coat and Refurbish as needed. Last done 2010 by Tenyer coatings								\$42,021												
Upper Steel Water Tower Replacement, if needed at \$400K in year 2010 dollars																				
Pressure regulators refurbish as needed, done 2010 & 2011									\$10,365										\$14,519	
20 HP Motor, Pump, Bowl and Seals, done 2012 with 1 yr. Warr - there are 2 units with 20 year estimated lives.										\$30,814										
40 HP Pump, Motor and Control Replacement done 2010 and renew turbine only for \$6500.00 in 2011. Total system cost \$32K.										\$23,266										
4 inch Valves, Regulators and pipe Refurbish																				
Other Pump Controls Refurbish. Telemetry cost \$2500 and with 7 year life. Updated 2010						\$3,130							\$4,068							
Electrical Transfer Switch (new 2012), Disconnects, transformer and breakers refurbish Allowance										\$4,362										
Cleaning and Painting of Tanks, as needed		\$2,694		\$2,904		\$3,130		\$3,373		\$3,635		\$3,918		\$4,223		\$4,551		\$4,905		
Category Subtotal :		\$12,932		\$2,904		\$6,260		\$3,373	\$178,449	\$62,077		\$3,918	\$4,068	\$4,223		\$4,551	\$17,954	\$19,424		
Reserve Category : Contingency																				
Consulting fees for HOA work as needed				\$5,808																

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Reserve study update annual fee, as needed. \$950.00 for two year updates		\$701																	
Tank Inspection Fees, done early 2013					\$7,250				\$8,421				\$9,762				\$11,362		
Tank Washout, Coatings and Inspection. Done early 2013.			\$35,804		\$38,588		\$41,589		\$44,822		\$48,308		\$52,064		\$56,113		\$60,476		\$65,178
2012 reserve expense adjustment - \$55,198.74 actual spent.	\$25,092																		
Category Subtotal:	\$25,092	\$701	\$35,804	\$5,800	\$45,838		\$41,589		\$53,243		\$48,308		\$61,846		\$56,113		\$71,838		\$65,178
Expense Totals :	\$55,199	\$26,675	\$35,804	\$13,474	\$45,838	\$10,015	\$41,589	\$7,421	\$231,693	\$68,840	\$48,308	\$10,970	\$65,913	\$9,290	\$56,113	\$10,012	\$89,791	\$28,713	\$65,178

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046	FY 2047	FY 2048
Reserve Category : Building																		
Roof replacement done 2009																		
Other building and site material replacement as needed																		
Category Subtotal :																		
Reserve Category : Fire Protection																		
Standpipes replacement with Hydrants in 2010 and 2011, #1, 3, 5, 8 & #9.																		
Standpipes replacement with Hydrants 2012																		
Standpipes replaced with Hydrants - future																		
Fire Hydrants Hydrostatic Testing each 10 years	\$3,489										\$5,073							
Category Subtotal :	\$3,489										\$5,073							
Reserve Category : Plumbing																		
Water lines, various ductile iron and valve refurbish as needed	\$6,344	\$6,837	\$6,837		\$7,368		\$7,941		\$8,559	\$9,224	\$9,224		\$9,942		\$10,715		\$11,548	
Backflow 2 inch - rebuild or replacement as needed.					\$3,684												\$5,774	
Category Subtotal :	\$6,344	\$6,837	\$6,837		\$11,052		\$7,941		\$8,559	\$9,224	\$9,224		\$9,942		\$10,715		\$17,322	
Reserve Category : Project Property																		
Chain Link Fence and gate systems replacement.																	\$32,502	
Signage and Entry Lettering																	\$32,502	
Category Subtotal :																	\$65,004	
Reserve Category : Water System																		
Lower Tank Exterior coat and repair last done 2002 by Tenyer Coatings													\$23,197					
Lower Tank Interior Coat from 1988 and Repair last done 2002 by Tenyer Coatings													\$8,285					
Lower Steel Water Tank replacement																		

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046	FY 2047	FY 2048	
Upper Tank filler and overflow pipe line connections done 2010																			\$359,655
Upper Tank roof repairs and coating done 2010																			
Upper Tower Exterior coating Refurbish as needed. Repair last done 2002 by Tenyer coatings																			
Upper Tank Interior coat and Refurbish as needed. Last done 2010 by Tenyer coatings															\$107,148				
Upper Steel Water Tower Replacement, if needed at \$400K in year 2010 dollars																			
Pressure regulators refurbish as needed, done 2010 & 2011								\$20,336											\$28,485
20 HP Motor, Pump, Bowl and Seals, done 2012 with 1 yr. Warr. - there are 2 units with 20 year estimated lives.	\$44,808										\$65,156								
40 HP Pump, Motor and Control Replacement done 2010 and renew turbine only for \$6500.00 in 2011. Total system cost \$32K.	\$33,632										\$49,197								
4 inch Valves, Regulators and pipe Refurbish						\$19,124													
Other Pump Controls Refurbish. Telemetry cost \$2500 and with 7 year life. Updated 2010	\$5,286							\$6,870							\$8,929				
Electrical Transfer Switch (new 2012), Disconnects, transformer and breakers refurbish Allowance											\$9,224								
Cleaning and Painting of Tanks, as needed	\$5,286		\$5,697		\$6,140		\$6,618		\$7,132		\$7,687		\$8,285		\$8,929			\$9,623	
Category Subtotal:	\$89,212		\$5,697		\$6,140	\$19,124	\$6,618	\$27,206	\$7,132		\$131,264		\$59,767		\$125,006			\$38,108	\$359,655

Reserve Category : Contingency

Consulting fees for HOA work as needed

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046	FY 2047	FY 2048	
Reserve study update annual fee, as needed. \$950.00 for two year updates																			
Tank Inspection Fees, done early 2013		\$13,198				\$15,330				\$17,806				\$20,683					\$24,025
Tank Washout, Coatings and Inspection. Done early 2013.		\$70,246		\$75,709		\$81,596		\$87,940		\$94,778			\$102,148	\$110,091		\$118,651			\$127,877
2012 reserve expense adjustment - \$55,198.74 actual spent.																			
Category Subtotal :		\$83,444		\$75,709		\$96,926		\$87,940		\$112,584		\$102,148		\$130,774		\$118,651			\$151,902
Expense Totals :	\$99,045	\$83,444	\$12,534	\$75,709	\$17,193	\$116,049	\$14,559	\$115,147	\$15,691	\$112,585	\$145,563	\$102,148	\$49,709	\$130,774	\$168,222	\$118,651	\$55,430		\$511,558

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2050	FY 2051	FY 2052	FY 2053	FY 2054	FY 2055	FY 2056	FY 2057	FY 2058	FY 2059	FY 2060	FY 2061	FY 2062
Reserve Category : Building													
Roof replacement done 2009													
Other building and site material replacement as needed													
Category Subtotal :													
Reserve Category : Fire Protection													
Standpipes replacement with Hydrants in 2010 and 2011, #1, 3, 5, 8 & #9.												\$188,552	
Standpipes replacement with Hydrants 2012													\$195,745
Standpipes replaced with Hydrants - future													\$195,745
Fire Hydrants Hydrostatic Testing each 10 years		\$7,378										\$10,728	
Category Subtotal :		\$7,378										\$195,280	\$391,490
Reserve Category : Plumbing													
Water lines, various ductile iron and valve refurbish as needed		\$13,414		\$14,457		\$15,581		\$16,792		\$18,098		\$19,505	
Backflow 2 inch - rebuild or replacement as needed.									\$9,049				
Category Subtotal :		\$13,414		\$14,457		\$15,581		\$16,792		\$27,147		\$19,505	
Reserve Category : Project Property													
Chain Link Fence and gate systems replacement.													
Signage and Entry Lettering												\$4,738	
Category Subtotal :												\$4,738	
Reserve Category : Water System													
Lower Tank Exterior coat and repair last done 2002 by Tenyer Coatings									\$40,677				
Lower Tank Interior Coat from 1988 and Repair last done 2002 by Tenyer Coatings									\$14,527				
Lower Steel Water Tank replacement												\$125,329	

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2050	FY 2051	FY 2052	FY 2053	FY 2054	FY 2055	FY 2056	FY 2057	FY 2058	FY 2059	FY 2060	FY 2061	FY 2062
Upper Tank filler and overflow pipe line connections done 2010			\$297,075										
Upper Tank roof repairs and coating done 2010			\$162,463										
Upper Tower Exterior coating Refurbish as needed. Repair last done 2002 by Tenyer coatings													
Upper Tank interior coat and Refurbish as needed. Last done 2010 by Tenyer coatings													
Upper Steel Water Tower Replacement. If needed at \$400K in year 2010 dollars			\$5										
Pressure regulators refurbish as needed, done 2010 & 2011							\$39,899						
20 HP Motor, Pump, Bowl and Seals, done 2012 with 1 yr. Warr. - there are 2 units with 20 year estimated lives.		\$94,747										\$137,775	
40 HP Pump, Motor and Control Replacement done 2010 and renew turbine only for \$6500,00 in 2011. Total system cost \$32K.		\$71,540										\$104,029	
4 inch Valves, Regulators and pipe Refurbish												\$48,763	
Other Pump Controls Refurbish. Telemetry cost \$2500 and with 7 year life. Updated 2010			\$11,605							\$15,082			
Electrical Transfer Switch (new 2012), Disconnects, transformer and breakers refurbish Allowance												\$19,505	
Cleaning and Painting of Tanks, as needed		\$11,178		\$12,047		\$12,984		\$13,994		\$15,082		\$16,254	
Category Subtotal :		\$177,465	\$596,477	\$12,047		\$12,984	\$39,899	\$13,994	\$55,204	\$30,164		\$326,326	
Reserve Category : Contingency													
Consulting fees for HOA work as needed													

Kula Nani Estates 2012 FINAL Funding Study Expenses by Fiscal Calendar Year - Continued

Item Description	FY 2050	FY 2051	FY 2052	FY 2053	FY 2054	FY 2055	FY 2056	FY 2057	FY 2058	FY 2059	FY 2060	FY 2061	FY 2062
Reserve study update annual fee, as needed. \$950.00 for two year updates													
Tank Inspection Fees, done early 2013			\$27,907				\$32,415				\$37,652		
Tank Washout, Coatings and Inspection. Done early 2013.	\$137,821		\$148,538		\$160,088		\$172,536		\$185,952		\$200,411		\$215,995
2012 reserve expense adjustment - \$55,198.74 actual spent.													
Category Subtotal :	\$137,821		\$176,445		\$160,088		\$204,951		\$185,952		\$238,063		\$215,995
Expense Totals :	\$142,559	\$198,255	\$772,920	\$26,504	\$160,088	\$28,565	\$244,850	\$30,786	\$241,156	\$57,311	\$238,063	\$545,112	\$607,485

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Year	Category	Item Name	Expense
FY 2012	Fire Protection	Standpipes replaced with Hydrants - future	\$30,106
	Contingency	2012 reserve expense adjustment - \$55,198.74 actual spent.	\$25,092
FY 2012 Annual Expense Total = \$55,198			
FY 2013	Plumbing	Water lines, various ductile Iron and valve refurbish as needed	\$3,233
	Project Property	Chain Link Fence and gate systems replacement.	\$9,808
	Water System	Lower Tank Exterior coat and repair last done 2002 by Tenyer Coatings	\$7,544
		Lower Tank Interior Coat from 1988 and Repair last done 2002 by Tenyer Coatings	\$2,694
		Cleaning and Painting of Tanks, as needed	\$2,694
	Water System Subtotal = \$12,932.00		
Contingency	Reserve study update annual fee, as needed. \$950.00 for two year updates	\$701	
Annual Expense Total = \$26,674			
FY 2014	Contingency	Tank Washout, Coatings and Inspection. Done early 2013.	\$35,804
Annual Expense Total = \$35,804			
FY 2015	Plumbing	Water lines, various ductile Iron and valve refurbish as needed	\$3,485
	Project Property	Signage and Entry Lettering	\$1,278
	Water System	Cleaning and Painting of Tanks, as needed	\$2,904
	Contingency	Consulting fees for HOA work as needed	\$5,808
FY 2015 Annual Expense Total = \$13,475			

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ASHI Standard Home Inspection, including color photos and recommendations for all needed repairs

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Nationally Certified Mold Testing
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