

Kihei Shores
Association of Apartment Owners
c/o Maui Condo Services LLC

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Kihei, Hawaii 96753

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July 18, 2011

To all Owners at Kihei Shores:

At the Board of Directors meeting on Friday, July 15, 2011, the Board approved the Fiscal Year 2012 budget with no change in your monthly maintenance fees.

The Kihei Shores fiscal year is from September 1 through August 31 each year. New payment coupons for September 2011 through August 2012 and a summary of the FY 2012 budget will be mailed to all owners except those that are on the SurePay automatic withdrawal system. Those on SurePay will receive an email or letter that will include the FY 2012 budget summary.

If you are interested in signing up for the SurePay automatic withdrawal payment plan for your monthly maintenance fees, please see Lisa Raney at the Kihei Shores office or contact Maui Condo Services for more information.

Much mahalos to the Board of Directors and Resident Manager Lisa Raney for keeping expenses to a minimum while efficiently utilizing the resources to maintain the property to the standards Kihei Shores owners have come to expect.

**AOAO Kihei Shores
FY 2012 Budget Summary**

| | FY 2011 Monthly Budget | FY 2012 Monthly Budget | FY 2011 Annual Budget | 2012 Annual Budget | Budget Increase (Decrease) | Per Cent Change |
|-----------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|---|----------------------------|
| Income | | | | | | |
| Maintenance Fees | \$ 70,212 | \$ 70,212 | \$ 842,544 | \$ 842,544 | \$ - | 0.0% |
| Reserve Fees | 18,720 | 18,720 | 224,640 | 224,640 | - | 0.0% |
| Interest Income - Operating | 25 | 2,000 | 300 | 24,000 | 23,700 | 7900.0% |
| Interest Income - Reserves | 723 | 400 | 8,671 | 4,800 | (3,871) | -44.6% |
| Other Income | 700 | 700 | 8,400 | 8,400 | - | 0.0% |
| Total Income | 90,380 | 92,032 | 1,084,555 | 1,104,384 | 19,829 | 0.5% |
| Expense | | | | | | |
| Repairs and Maintenance | 5,917 | 5,558 | 71,004 | 66,690 | (4,314) | -6.1% |
| Employee Costs | 30,024 | 31,258 | 360,282 | 375,101 | 14,819 | 4.1% |
| Utilities | 24,781 | 24,144 | 297,372 | 289,728 | (7,644) | -2.6% |
| Insurance | 6,799 | 6,576 | 81,588 | 78,912 | (2,676) | -3.3% |
| Administration | 10,474 | 5,033 | 125,682 | 60,394 | (65,288) | -51.9% |
| Taxes | 331 | 343 | 3,972 | 4,119 | 147 | 3.7% |
| Reserves | 31,339 | 9,216 | 376,067 | 110,587 | (265,480) | -70.6% |
| Total Expense | 109,664 | 82,128 | 1,315,967 | 985,531 | (330,436) | 0.5% |
| Net Income (Accrual Basis) | \$ (19,284) | \$ 9,904 | \$ (231,412) | \$ 118,853 | \$ 350,265 | 0.0% |

Detail of Monthly Maintenance Fees by Common Interest Percentage

| | Common Interest Percentage | FY 2011 Maint Fees | FY 2011 Reserve Fees | FY 2011 Monthly Fees | FY 2012 Maint Fees | FY 2012 Reserve Fees | FY 2012 Monthly Fees |
|---|-----------------------------------|-------------------------------|---------------------------------|---------------------------------|-------------------------------|---------------------------------|---------------------------------|
| A | 0.34% | \$ 238.72 | \$ 63.65 | \$ 302.37 | \$ 238.72 | \$ 63.65 | \$ 302.37 |
| B | 0.36% | \$ 252.76 | \$ 67.39 | \$ 320.15 | \$ 252.76 | \$ 67.39 | \$ 320.16 |
| C | 0.41% | \$ 287.87 | \$ 76.75 | \$ 364.62 | \$ 287.87 | \$ 76.75 | \$ 364.62 |
| D | 0.43% | \$ 301.91 | \$ 80.50 | \$ 382.41 | \$ 301.91 | \$ 80.50 | \$ 382.41 |
| E | 0.44% | \$ 308.93 | \$ 82.36 | \$ 391.29 | \$ 308.93 | \$ 82.37 | \$ 391.30 |
| F | 0.61% | \$ 428.29 | \$ 114.20 | \$ 542.49 | \$ 428.29 | \$ 114.19 | \$ 542.49 |
| G | 0.62% | \$ 435.32 | \$ 116.06 | \$ 551.38 | \$ 435.31 | \$ 116.06 | \$ 551.38 |