

2025 President's Report Gary Sullivan

Dear Fellow Owners,

As we move forward into a new year of time spent at the Kuleana Club, I am reminded what a wonderful location we are all fortunate to enjoy. Thinking back on the years of exquisite experiences shared with family and friends, it's difficult when I realize how quickly time has passed. And with the passing of time, the age of our property reveals itself continually.

We were fortunate to be able to save enough funds in our reserve account to be able to complete the refurbishment of all units this past fall. Under the direction of Thom Rogers, the implementation of new furnishings throughout all units took place. The new look has been appreciated by all who have enjoyed time in the units and hopefully the owners coming in the rest of this year will have the same experience.

The one area that we still need to complete is the refurbishment of the bathrooms in every unit. This becomes much more complicated as we navigate the requirements of the permitting process on Maui. This process has become much more complicated since the fire in August of 2023. Remodel of the bathrooms will also require updating all plumbing pipes within the walls, which is overseen by the AOA.

Long story short, our timeshare association will be assessed for this project in the future. The AOA is in the process of assessing the cost of completely replacing all plumbing at the property, a monumental but necessary task. Dustin Schmitt and I both have a seat on the AOA Board, which has benefited our association over the years. Dustin is sitting on the AOA committee for the replumbing project and actively participating in the process. This will be a monumental undertaking as you can imagine.

We encourage owners to ensure the association has a current email address as we move toward more electronic communication. You can do this at the office upon check in or you may send an email to frontdesk@kuleanaclub.com which will go directly to our timeshare office.

We appreciate your support of our Association and are committed to making sound decisions based on due diligence and integrity for your benefit.

Safe travels on your next trip to our island of Maui.

Gary Sullivan, President of the Kuleana Club

Internal Exchange Program

Great news for owners using third-party exchange companies to trade their week at the Kuleana Club! The Board has approved an exciting new program designed to save you money: Internal Exchanges. This program allows you to request an exchange of your week for a different week at the Kuleana Club during any given year. To participate, simply complete the Internal Exchange Request Form available in the "Owners Only" section of our website at kuleanaclub.com or directly at kuleanaclub.com/internalexchange.

The fee for an internal exchange is \$100 per interval, plus any applicable condo type or seasonality upgrade fees. Please note that all requests are subject to approval by the Kuleana Club Association and VRI, and approval is not guaranteed.

Take advantage of this program to enjoy more flexibility and savings with your Kuleana Club ownership!

Rent Additional Space at Kuleana Club!

Did you know you can rent extra space at the Kuleana Club? Simply check availability on our website at www.kuleanaclub.com. As a special offer, use the coupon code **OWN3R** to get 10% off your rental. Plus, enjoy an additional **10% off** when you rent 7 nights or more! Don't miss out on this exclusive deal—book your extra space today!

Rent Your Interval Through Our Onsite Owner Rental Program

Did you know you can recuperate your maintenance fees by renting out your interval through our onsite owner rental program? It's easy to list your week, and our team will handle the details for you. If you're not using your interval this year, let us help you make the most of it.

Visit www.kuleanaclub.com/owner-rentals for more information or to complete a rental agreement today!

Check-In Time is at 4:00 PM

We'd like to remind all owners and guests that check-in time at the Kuleana Club is 4:00 PM. Early check-ins are at management's discretion and will not be considered prior to 2:00 PM. This policy ensures our team has adequate time to prepare your unit for a clean and comfortable stay.

We appreciate your understanding and cooperation as we work to provide the best experience for all our guests!

Kuleanaclub.com "Owners Only"
Password: thehonulife

2025 KCAIO Annual Meeting Notice

The annual meeting of the Kuleana Club Association of Interval Owners is scheduled for Tuesday, April 1, 2025. The meeting will be held on site at the Kuleana Club in Maui. Any owner in good standing interested in serving as a Board member may submit a resume along with a letter of interest and the conflict-of-interest form to the

Board by sending an email to attention:

Jessica.Richens@vriamericas.com.

As outlined in the bylaws of the KCAIO, resumes may not exceed 250 words and must be submitted to the managing agent before the deadline in order to appear on the proxy/ballot. The deadline is February 28, 2025.

Manager's Report

Aloha Kuleana Club Owners,

As we step into the new year, we want to share some important updates and insights into what's happening at the Kuleana club. From ongoing improvements to exciting new initiatives, we're focused on enhancing the Kuleana Club experience for all our owners and guests. We appreciate your continued support and look forward to keeping you informed on the latest developments.

Refurbishment Project Update: We are excited to share the latest updates on our ongoing refurbishment project. Phase one, which included the replacement of furniture throughout the property, was completed successfully in early November 2024. Special thanks to Hospitality Logistics for their excellent coordination in managing the installation and disposal of furniture, and to Hospitality Resource and Design for assisting with any unforeseen challenges that arose. To view photos of the refurbished condos, please visit www.kuleanaclub.com and click on "Units" on the top of the screen.

Looking ahead, we are preparing for phase two, which will focus on the replacement of the remaining original sliding glass doors across the property. This is a substantial investment in the long-term sustainability of our facilities, and we are working diligently to secure experienced contractors for this multi-phase effort. We understand the importance of keeping our facilities in top condition for our owners and guests, and we are committed to ensuring minimal disruption during this process.

New Rental Program: In line with our efforts to provide more flexibility and opportunities for owners, we launched our new rental program in 2024. The program started in June with association space rentals, and in August, we welcomed owner intervals into the mix. While the demand for vacation rentals has been significantly impacted by the Lahaina fire and broader economic conditions, we are steadily building our program and refining our offerings. We are proud to announce that the Kuleana Club has achieved Superhost status on Airbnb and Premier Host status on Vrbo, which is a testament to the quality of our rental program and the dedication of our team. We understand that the vacation rental market is competitive, and we are committed to delivering the best possible experience for both our guests and owners. Our new broker has been instrumental in building a robust listing strategy, and we anticipate that with time, our rental program will grow into an even stronger revenue stream for the property.

Maui Short-Term Rental Bill: As many of you are aware, there is a proposed bill regarding short-term rentals in Maui that could have significant implications for timeshare operations. In its current form, the bill does not directly affect the ability of owners to use their timeshare units. However, the language surrounding whether it will impact the Association's or owners' ability to rent their space remains ambiguous.

At this stage, we are monitoring the bill closely to better understand how it might affect our rental program. While timeshare usage appears unaffected, we are concerned that the proposed changes could restrict how association and owner rentals are managed. Association rentals contribute significantly to the Kuleana Club's budget, helping to cover the costs of maintenance and operations. If the ability to short-term rent association space were revoked, the financial burden would shift to the owners, potentially resulting in an increase in maintenance fees.

We will continue to advocate for clarity on this matter and keep you informed as we learn more. Thank you for your continued support as we navigate this uncertain situation.

Thank you for your continued support of the Kuleana Club. We are excited about the direction we're heading and remain committed to providing a high-quality experience for our owners and guests. If you have any questions or would like more details on any of the updates shared, please feel free to reach out. We look forward to keeping you informed and working together to make the Kuleana Club even better in the year ahead.

Mahalo, Thom Rogers, General Manager

**KULEANA CLUB ASSOCIATION OF INTERVAL OWNERS
OPERATING BUDGET FOR THE YEAR ENDING DECEMBER 31,
2025**

REVENUES

Assessments	\$1,518,009
Other income	<u>240,500</u>
TOTAL REVENUES	<u><u>1,758,509</u></u>

EXPENSES

Operating expenses	
Salaries and wages (Includes: Managing team & Housekeeping)	229,920
Payroll taxes/benefits	55,170
Electricity	50,000
Telephone - association	7,000
Water/sewer	1,200
Condo supplies	17,500
Condo accessories	12,000
Linen expense	10,750
Laundry	75,000
Maintenance supplies	25,000
Deep cleaning	30,552
Housekeeping Service	175,000
Hospitality	<u>2,000</u>
Total operating expenses	691,092
Administrative/General	
Insurance	22,800
Property taxes	52,847
Corporate tax	11,000
G.E tax	64,030
AOAO fees	384,528
Audit expense	4,500
Office expense	12,750
Newsletter	1,600
Office rent	5,470
Bank charges	20,000
Management fee	129,955
Directors/meeting expense	18,000
Legal & filing fees	1,000
Bad debt expense	<u>240,704</u>
Total Administrative/General	969,184
Replacements (reserves)	<u>98,233</u>
TOTAL EXPENSES	<u><u>\$1,758,509</u></u>

ANNUAL ASSESSMENTS PER VACATION PLAN:

	OPERATING	+	REPLACEMENTS	=	TOTAL
Small Units	\$888	+	\$61	=	\$949
Large Units	\$997	+	\$70	=	\$1,067

NOTE:

Your Association mails an annual assessment billing statement to each member. In the unlikely event that you do not receive a billing statement from the Association, you have the duty to request a duplicate bill. Failure to receive a billing statement will not relieve you of the obligation to timely pay assessments. Details, assumptions and backup to the budget are available at no additional charge.

KULEANA CLUB ASSOCIATION OF INTERVAL OWNERS ASSESSMENT BILLING AND COLLECTION POLICY

The following is the Assessment Billing and Collection policy for the Kuleana Club Association of Interval Owners as adopted by the Board of Directors on July 8, 2024.

OCTOBER 1st

You will be mailed the Budget, ABC Policy and Assessment Notice for the next year's assessment. **NOTE: THE ENTIRE YEAR'S ASSESSMENTS MUST BE PAID IN FULL PRIOR TO SUBMITTING OR USING ANY USE WEEK FOR EXCHANGE PURPOSES OR DEPOSITING YOUR WEEK IN THE RENTAL PROGRAM.**

JANUARY 1st

Due date for the full amount if paying annually, or due date for the first of four (4) quarterly payments. Payments are considered late if not received by January 15th.

Quarterly Payment Option

The quarterly option is available to those owners who have a history of paying maintenance and property tax assessments when due. If you have a history of paying late, this option may not be available to you.

You may pay the assessment in full or in four (4) equal quarterly installments. If you choose to pay quarterly, a \$20.00 fee for additional payment processing is added to the first installment payment and this \$20.00 processing fee must be paid with the first installment payment to be eligible for this option. Once you choose this option, the \$20.00 is non refundable should you later choose to pay the entire maintenance fee balance.

To calculate the quarterly payment amount divide the total annual assessment by four (4). This is your quarterly payment amount. Remember to add the \$20.00 processing fee to the first month's payment. Each of the remaining three (3) quarterly payments is due by the first day of, **April 2025, July 2025 and October 2025.**

FEBRUARY 1st

If you have not paid your assessments, your account is delinquent.

If you are delinquent, the following charges are added to all delinquent owner accounts:

- a. A Reinstatement Fee of \$75.00
- b. Maximum Interest allowed by law per month beginning March 1st
- c. An exchange, deposit, or confirmation cancellation fee of \$50.00

If you are delinquent, your reservations are cancelled and you may not hold a reservation until your account is brought current. Exchange requests will not be confirmed. Existing confirmed exchanges will be blocked. There is no guarantee that you will receive a reservation or confirmed exchange after you have brought your account current.

You will be mailed a final Assessment Billing Notice, including all penalties, fees and interest. You must pay all charges in full to have your occupancy and voting rights reinstated. Use Weeks resulting from delinquencies are available for Bonus Time, Vacation Tyme, and the Administrative Hold Program. Net proceeds are used to offset collection costs, assessment liens, foreclosures, and shortfalls in the HOA operating account.

MARCH 1st

Management will send a notice detailing all charges and fees that will be added if the delinquent account is not paid in full in 15 days and is submitted for legal and/or collection action.

APRIL 1st

The Board of Directors may, at its discretion, implement any of the following actions. Any related costs for these actions will be added to the delinquent owner's account.

- a. Engage professional collection agencies to collect payment
- b. Pre-Notification of Lien & Record a Claim of Assessment Lien (\$50 charge to delinquent owners account)
- c. Foreclose on the Claim of Assessment Lien
- d. Institute a Small Claims suit or other legal action

NOTE: A \$25.00 charge will be added to your account for any payment that is not honored (bad check, insufficient funds, etc.). If the first payment is not honored for any reason subsequent payment including applicable late fees must be by secured funds (cash, money order, cashier's check).

2025 Association Meeting Dates

March 31, 2025 – Board Meeting
April 1, 2025 – Annual Owners Meeting
July 7, 2025 – Budget Meeting
November 10, 2025 – Board Meeting

If you have a question or suggestion to bring before the KCAIO Board of Directors, please forward the information to VRI Americas at the Salt Lake City, Utah office and it will be presented to the Board.
Send it to Jessica.Richens@vriamericas.com.

KCAIO Board Members

Gary Sullivan – President
Dustin Schmitt – Vice President
Blake VanKampen – Secretary
Devin Valentine – Director
Brenda Brown – Director

With your continued support and the dedication of current and future Board members, we are committed to maintain a high value of timeshare vacation experience at the Kuleana Club.

Kuleana Club Association of Interval Owners
C/O: VRI Americas
P.O. Box 70219
Salt Lake City, UT 84170-0219