



October 2024

Aloha Owners of The Collection:

At its meeting of September 11, 2024, your Board of Directors approved the 2025 Operating Expenses Budget and Reserve Study and selected monthly statement billings for the fiscal year 2025. Effective January 1, 2025, the maintenance fee increases will be as follows:

- Common – 10.39% increase (excludes Excess Hurricane Insurance)
- Tower – 2.10% increase
- Midrise/Lofts – 6.12% increase
- Commercial – 10.19% increase

Each unit is charged the maintenance fee for their respective entities (Tower, Midrise/Lofts or Commercial) **plus** the Common maintenance fee. The Maintenance Fee Schedule is enclosed. Copies of the 2025 Operating and Reserve Budget Reports are available on your association's website at www.thecollectionhonolulu.net and on Townsq.

The Board carefully analyzed the Association's current and projected operating expenses and long-range requirements and made the difficult decision to increase the maintenance fees. The projected cost of insurance premiums, contract work, and utilities are expected to rise in 2025.

For long-range requirements, a Level 3 Reserve Study update was prepared using the cash flow method of analysis for your association. To fund the replacement reserves for the fiscal year ending December 31, 2025, each entity will be collecting the required reserve contributions according to the Reserve Study Funding Plans. This reserve contribution amount has been factored into the calculation of the budget.

Hawaii Revised Statutes 514B requires certain information be provided to all homeowners on an annual basis on the operating budget, as well as the reserve study. The information is enclosed for your information.

PAYMENT DUE DATES & LATE FEES:

1. **Assessments are due on or before the 1st day of each month.**
2. Full payment must be received by the 1st day of each month – not based on the postmarked date. Payments not received by the 1st day of the month will incur late penalties. Your association's governing documents require us to assess a late fee equal to 5% of the amount due plus 1% interest for any unpaid assessments.

PAYMENTS:

1. **Statements:** Please make check payable to The Collection and mail check or money order with your statement to the below lockbox address. Please make sure your account number is on the check or money order. Please note: We do not accept post-dated checks.

OAHU | 737 Bishop Street, Suite 3100 (Mauka), Honolulu, HI 96813
808.836.0911 | Fax 1.888.608.4021

HAWAII ISLAND | 75-169 Hualalai Road, Kailua-Kona, HI 96740
808.329.6063 | Fax 1.808.326.2486

KAUAI | 4-1579 Kuhio Highway, Suite 102, Kapa`a, HI 96746
808.821.2122 | Fax 1.808.821.2131

MAUI – KIHEI | 375 Huku Lii Place, Suite 207, Kihei, HI 96753
808.243.9565 | Fax 1.808.244.7848



**The Collection
c/o Associa Hawaii
PO Box 138001
Honolulu, HI 96801-0001**

*If you own more than one unit, please make sure you submit a separate check and payment coupon for each unit.

2. **Direct Debit:** If you are currently using our direct debit service, no action is required. If you wish to sign up for this service where payment will be automatically deducted from your checking or savings account, the application is enclosed.
3. **Pay Online:** Payment on-line is available via TownSq. You must register for TownSq to utilize this service. There will be a convenience charge depending on the type of payment.
4. **Bill-Payer Service:** If you are using a 3rd party bill-payer service, please make sure you adjust your monthly payment amount and include your account ID and unit number.

INSURANCE & UNIT MAINTENANCE

The association's insurance policy renews on November 1, 2024. Please note that if the insurance premiums are drastically higher than budgeted and/or if the Board of Directors approves purchasing Excess Hurricane Insurance, a Special Assessment may be needed to pay for the increased insurance premiums.

The current insurance deductible for water claims is \$25,000 and the deductible for all other covered perils (excluding hurricane) is \$10,000, but this may change on November 1, 2024. Please ensure that your HO6 Insurance Policy is active with adequate coverage and promptly respond to letters from the Association's Insurance Agent, Insurance Associates, requesting proof of your insurance. If you do not provide proof of insurance, a Force Placed HO6 Policy will be purchased for your unit on an annual basis and the annual premium will be charged to your account. Please also take a moment to inspect your plumbing components, such as your faucets, shower, toilet wax rings, shut off valves, etc., and report any deficiencies. Each unit owner is responsible to maintain their own unit and HO6 insurance coverage.

For the Board of Directors of AOOU The Collection:

Mahalo and have a wonderful holiday season,

A handwritten signature in black ink, appearing to read "Michele Alueta".

Michele Alueta
Community Manager/ Associa Hawaii
michelea@associahawaii.com / PH: 808-836-0911

Enclosure: Maintenance Fee Schedule

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The Collection 2025 Budget Summary

HRS 514B-148 requires a budget summary be included in the annual budget sent to owners:

1. 2025 total revenue for all 4 departments is estimated to be \$5,965,764, and annual operating expenses are estimated to be \$5,965,764. The association will annually collect \$25,200 for Common, \$69,996 for Mid-Rise, \$26,808 for Commercial, and \$425,004 for Tower's estimated replacement reserves (i.e. reserve contribution) for the funding of future capital expenses. The estimated replacement reserve assessment for 2025 was calculated using the cash flow method of analysis.
2. The budget was prepared on an accrual basis.
3. For Honolulu County only: Estimated costs of the fire life safety equipment improvements (Ordinance 19-4) apply to this association. The association was recently constructed and has all necessary fire life safety systems, including fire sprinklers.
4. The estimated total replacement reserve balance for 1/1/2025 is expected to be \$6,278,803 (combining all class units). This value is calculated in advance of the budget. The actual end-of-year balances may vary depending on late-year project invoicing and if there are any unexpected expenses.
5. (A) Ayres Christ of the Reserve Study division prepared the reserve studies. Ayres Christ is a CAI Reserve Specialist and has no conflict of interest in performing this task for the association.
(B) A full list of expenses can be reviewed in the reserve studies. At this time, the preparer cannot confirm which capital expenses are excluded from these reserve studies.
(C) This reserve studies plan for varying amounts of annual increases for their respective 30-year funding projections. Please review the reserve studies for further information.
(D) At the time of preparing the reserve study, all monthly reserve contributions have been made for budget year 2024.