

November 21, 2023

Aloha Fellow Royal Mauian Homeowners,

Some of you may have recently received another email from the four owners who are Claimants against the Association regarding the guest registration fee. We feel it is necessary to offer a brief response so that any owner who reads their latest message may receive a balanced perspective.

- The Association participated in mediation with the four owner Claimants in August. Unfortunately, mediation was unsuccessful in resolving the issue. The owner Claimants subsequently chose to demand arbitration and the Association is obligated to participate in that process. We do not yet have a timeline for arbitration.
- The owner Claimants' position on the fee is based on their interpretations of the AOAO Declaration and Bylaws language as well as Hawaii Statutes and is different from that of the Board and its legal counsel.
- The Board has attempted to keep all owners reasonably informed of key developments. Early on, we communicated directly with the Claimants, but once they undertook a legal challenge, by its nature, communication takes on a more formal process involving attorneys.
- The fee amount is not arbitrary, is not a number that was "backed into" nor does it have anything to do with a budget shortfall as was asserted by the Claimants. As stated when the Board resolution was unanimously approved, the fee is a calculated amount based only on the cost of the front office employee (Joanne) pro-rated for the time dedicated to being available to serve the thousands of non-owner guests each year, along with a small amount for administrative supplies, GET and accounting. This portion of the expense comprises approximately \$50,000 a year or about 5% of the annual budget from our dues. Please note that the 2024 budget approval and associated maintenance fee increase does not yet include registration fees already received or forecast until this legal issue is resolved.

We have received emails from a large number of both renting and non-renting owners concurring with the Board's action. We sincerely appreciate this support from so many and will keep you apprised as this matter progresses.

With aloha,

Royal Mauian Board of Directors