

January 15, 2014

Dear Fellow Hakone Owner,

Happy New Year ! We would like to advise you that the first quarterly invoice for 2014 Hakone Building Maintenance and Reserves will be sent to you on February 1st. The amount of the payment that will be assessed each quarter is almost the same as what was assessed each quarter last year and slightly less than the four quarters in 2012. Thank you to all of you who are staying current with your quarterly assessments. We have attached a 2013 statement of transactions for your home for your records. If you have a balance due, please remit so that your home's account will be current as we begin 2014.

Please note that the first of the two \$155 settlement credit payments from Smugglers' Notch Management Company will be applied to your first quarter invoice. If you opted to have the second payment also defer your regime expenses, it will appear on the second quarter invoice.

The invoices will again be issued on the following schedule with payments due within thirty days: February 1, May 1, August 1, and November 1. This way you will be able to anticipate when payments will be due. We will continue the 5% one-time late charge on any invoices past due, and a recurring finance charge on total unpaid balances at the end of each month at a 12% annual rate

The Hakone assessments cover the cost of our regular expenses such as the shared natural gas, the insurance on our building, accounting services, maintenance of the parking lot, snow removal in the winter, grass mowing and garden maintenance in the summer, snow and ice removal from the roof, trash removal, regular repair/replacement of roof shingles and painting decks and exterior siding as needed, etc., as well as contributions to a Reserve Fund for future planned projects.

This past year, we were able to install a beautiful, durable, low maintenance vinyl fence around the "garden side" of our building. Asian style lights for all 36 of our decks and four large matching light fixtures that will be installed on the front of our building, one on either side of the stairs on each half of the building to illuminate the stairs and the unit number sign have been purchased and will be installed this spring. We are in the process of refreshing our garden. Many of the large overgrown plantings have been removed, along with several trees that needed to be cut down. Large boulders have been placed along the fence to protect it from snow plowing and to enhance the appearance of the outside of the fence. Boulders will also be used in the Hakone garden as in its namesake. New plantings will be added over time in a three phase plan: inside and outside the fence and around our Hakone sign.

We will be reviewing our financials and long range plan and revising, as needed, a projection for 2014 in the next couple weeks. Our annual regime meeting conference call will be scheduled to bring everyone up to date on our projection for the remaining three quarters in 2014, the state of our regime reserves and project plans. Please let us, or the SNHA staff, know if you notice anything that requires attention on our building when you are in the resort. If you have any questions about anything related to our building, please ask.

Your Hakone directors,

Florrie Paige H13

Claire Franklin H8

Michael Sinz H7