

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

Special Notes

There have been changes to the Project since the issuance of the Final Public Report. The changes to the Project are as follows:

1. The Project real estate broker has been changed. Susan I. Niimi, doing business as North Shore Realty, is no longer the real estate broker for the Project. Marriott Kauai Ownership Resorts, Inc. ("MKORI") is the new real estate broker for the Project. Prospective Buyers should refer to Page 5 of this Supplementary Public Report for the telephone number and address of MKORI.
2. The Developer has further amended the Declaration to clarify at Article XXIX thereof, that it has the right, in addition to consolidating and resubdividing the land underlying the Project, to withdraw and convey such land. Paragraph J at Page 2 of Exhibit "A" attached hereto has been revised to reflect this amendment.
3. Page 8 of 16 of Exhibit "E" has been revised and is attached. Apartment 1090 of the Kahili Tower is no longer listed as an Apartment Type DHR-5R Apartment. It has been changed to an Apartment Type DHR-7 Apartment. The square footage and common interest for Apartment 1090 has not changed, however.
4. Page 9 of 16 of Exhibit "E" has been revised and is attached. Apartment 1510 of the Ha'upu Tower is no longer listed as an Apartment Type EHR-4 Apartment. It has been changed to an Apartment Type EHR-5 Apartment. The square footage and common interest for Apartment 1510 has not changed, however.
5. Paragraph C.17 at Page 3 of 4 of Exhibit "G" has been revised to correct a typographical error and is attached. Narratives "a" through "p" in Paragraph C.17 are now referred to as narratives "1" through "16."
6. The maintenance fee schedule attached as Exhibit "I" has been replaced in its entirety. The Developer has adopted a new budget attached hereto as Exhibit "I" which shall replace the original form of said Exhibit "I".
7. The Condominium Map for the Project has been revised to reflect the changes indicated in Items 2 and 3 above as well as to reflect certain other changes to Apartments in the Project which do not materially affect the layout, location, apartment numbers and dimensions of the Apartments. For example, closet doors have been changed from sliding to swinging doors; grab bars have been installed in some bathrooms to permit easier access to bathtubs; doors have been added to certain corridors in the Project to facilitate air conditioning; the entertainment centers in certain Apartments have been more specifically defined; and pocket doors within certain Apartments have been deleted.
8. For marketing purposes, MKORI has filed with the State of Hawaii, the fictitious business name of "Marriott Vacation Club International" which it will be using in connection with marketing and sales of vacation ownership interests in the Marriott's Kauai Beach Club Vacation Ownership Program. MKORI is NOT changing its legal name.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Marriott Kauai, Inc. Phone: (301) 380-9000
10400 Fernwood Road, Bethesda, Maryland 20817 (Business)
Marriott Kauai Ownership Resorts, Inc. Phone: (813) 688-7700
1200 U.S. Highway 98 South, Lakeland, Florida 33801 (Business)

Names of officers or general partners of developer who are corporations or partnerships:

See Section V, Paragraph C hereof.

Real Estate Broker: Marriott Kauai Ownership Resorts, Inc. Phone: (808) 246-3100
Name (Business)
3610 Rice Street
Business Address
Lihue, Kauai, HI 96766

Escrow: First American Title Company of Hawaii, Inc. Phone: (808) 524-4050
Name (Business)
923 Nuuanu Avenue
Business Address
Honolulu, Hawaii 96813

General Contractor: Not Applicable Phone: _____
Name (Business)
Business Address

Condominium Managing Agent: Marriott Hotel Services, Inc. Phone: (808) 245-5050
Name (Business)
3610 Rice Street
Business Address
Lihue, Kauai, HI 96766

Attorney for Developer: Dwyer Imanaka Schraff Kudo Meyer & Fujimoto Phone: (808) 524-8000
Name (Business)
900 Fort Street Mall, Ste. 1800
Business Address
Honolulu, Hawaii 96813
Attn: Mitchell A. Imanaka, Esq.

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 95-048462
Book _____ Page _____
 Filed - Land Court: Document No. 2230409

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to Declaration dated May 25, 1995 and recorded at said Bureau as Document No. 95-079520 and filed in said Land Court as Document No. 2243582 on June 16, 1995, and Second Amendment to Declaration of Condominium Property Regime of Marriott's Kauai Resort and Beach Club dated August 23, 1995, recorded at said Bureau as Document No. 95-110672 and filed in said Land Court as Document No. 2256996 on August 28, 1995.

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2232
 Filed - Land Court Condo Map No. 1082

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Second Amendment to Declaration of Condominium Property Regime of Marriott's Kauai Resort and Beach Club dated August 23, 1995, recorded at said Bureau as Document No. 95-110672 and filed in said Land Court as Document No. 2256996 on August 28, 1995.

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 95-048463
Book _____ Page _____
 Filed - Land Court: Document No. 2230410

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other: Sales Contract and Apartment Deed
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Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, HI 96809, at a nominal cost.

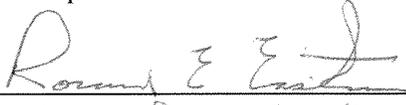
This Public Report is a part of Registration No. 3327 filed with the Real Estate Commission on April 11, 1995.

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D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

MARRIOTT KAUAI, INC.,
a Delaware corporation

By 
Its Vice President

MARRIOTT KAUAI OWNERSHIP RESORTS, INC.,
a Delaware corporation

By 
Its VICE PRESIDENT

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai
Federal Housing Administration

G. RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS. This right is set forth at Article XXVI of the Condominium Declaration. The Developer will have, among other things, the right to operate, lease and/or use all or any part of the limited common elements of the Condominium which are appurtenant to an Apartment owned by the Developer for any purpose permitted by law, including the provision of services and amenities conducive to a first-class hotel and resort destination.

H. RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER APARTMENTS. This right is set forth at Article XXVII of the Condominium Declaration. The Developer will have, among other things, the right until December 31, 2014, to change or amend the Condominium Declaration to designate all or a portion of certain limited common elements appurtenant to an Apartment owned by the Developer, as appurtenances to another Apartment or Apartments owned by the Developer.

I. RESERVED RIGHT REGARDING SPECIAL MANAGEMENT AREA PERMIT. This right is set forth at Article XXVIII of the Condominium Declaration. The Developer will have the right until December 31, 2014, to amend the Condominium Declaration, to enter into any agreements and to do all things necessary and convenient to satisfy the requirements of the Special Management Area Permit (SMA(U)-94-09) and Class IV Zoning Permit Z-IV-94-41 dated May 19, 1994, pertaining to the Condominium.

J. RESERVED RIGHT TO CONSOLIDATE, RESUBDIVIDE, WITHDRAW AND CONVEY PROPERTY. This right is set forth at Article XXIX of the Condominium Declaration. The Developer will have the right until December 31, 2014, to amend the Condominium Declaration, to enter into any agreements and to do all things necessary and convenient to effect the consolidation, resubdivision, withdrawal and conveyance of all or a portion of the land underlying the Condominium.

K. ASSIGNMENT OF RESERVED RIGHTS. No matter what is said elsewhere in the Condominium Declaration, the rights reserved by Developer are fully assignable.

L. RECALCULATION OF COMMON INTERESTS. It may be necessary to recalculate the common interests appurtenant to the Apartments in the Condominium upon the exercise of certain of Developer's reserved rights set forth above. The method by which the common interests will be recalculated are set forth in Article XXIV of the Condominium Declaration.

M. TRADEMARK PROTECTION AND PROJECT NAME. Article XXX of the Condominium Declaration provides that "Marriott" is a registered trademark of Marriott International, Inc. ("Marriott International") and no unauthorized use of, or reference to, this trademark may be made by the Condominium Association, any Owner or any other party without the prior written consent of Marriott International. In the event that the Project is no longer managed by the Developer or any affiliate of the Developer, the name of the Project must be immediately changed by the Board of Directors of the Condominium Association, or if it fails to do so, by the Developer, to a name that does not use, or make reference to, the name "Marriott" or any other Marriott registered trademark. In addition, the Developer has reserved the right to change the name of the Project at any time even if the Developer may not be affiliated with the Project at the time of the name change or may not own any Apartment at that point.

Each and every party acquiring an interest in the Project, by such acquisition, consents to Developer's exercise of its reserved rights and to the execution, delivery and recording (if necessary) of any and all documents necessary to effect these rights, including any amendment or amendments of the Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns such party's attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of these reserved rights, and shall not be affected by the disability of such party or parties.

EXHIBIT "E"

**Apartment Numbers, Apartment Types, Number of Bedrooms and Bathrooms, Building Designations,
Approximate Net Square Footage, Approximate Balcony Area, Common Interests,
Votes Per Apartment, Parking Assignments***

RESORT APARTMENTS

Apartment Number	Apartment Type	No. Bedrooms/ Bathrooms	Building Designations	Approximate Net Square Footage***	Approximate Balcony Area	Common** Interests	Votes
1063	DHR-1	0/1	Kahili	368	88	0.09255%	52
1064	DHRMTN-1	0/1	Kahili	332	None	0.09255%	52
1065	DHR-1R	0/1	Kahili	368	88	0.09255%	52
1066	DHRMTN-1R	0/1	Kahili	332	None	0.09255%	52
1067	DHR-1	0/1	Kahili	368	88	0.09255%	52
1068	DHRMTN-1	0/1	Kahili	332	None	0.09255%	52
1069	DHR-2	0/1	Kahili	368	88	0.09255%	52
1070	DHRMTN-1R	0/1	Kahili	332	None	0.09255%	52
1071	DHR-1	0/1	Kahili	368	88	0.09255%	52
1072	DHRMTN-1	0/1	Kahili	332	None	0.09255%	52
1073	DHR-2	0/1	Kahili	368	88	0.09255%	52
1074	DHRMTN-1R	0/1	Kahili	332	None	0.09255%	52
1075	DHR-3	0/1	Kahili	474	74	0.09255%	52
1076	DHR-4	0/1	Kahili	520	87	0.09255%	52
1077	DHR-5	0/1	Kahili	474	74	0.09255%	52
1078	DHR-5R	0/1	Kahili	474	74	0.09255%	52
1079	DHR-4R	0/1	Kahili	520	87	0.09255%	52
1080	DHR-3R	0/1	Kahili	474	74	0.09255%	52
1081	DHR-3	0/1	Kahili	474	74	0.09255%	52
1082	DHR-4	0/1	Kahili	520	87	0.09255%	52
1083	DHR-5	0/1	Kahili	474	74	0.09255%	52
1084	DHR-5R	0/1	Kahili	474	74	0.09255%	52
1085	DHR-4R	0/1	Kahili	520	87	0.09255%	52
1086	DHR-3R	0/1	Kahili	474	74	0.09255%	52
1087	DHR-3	0/1	Kahili	474	74	0.09255%	52
1088	DHR-4	0/1	Kahili	520	87	0.09255%	52
1089	DHR-5	0/1	Kahili	474	74	0.09255%	52
1090	DHR-7	0/1	Kahili	474	74	0.09255%	52
1091	DHRPRES	1/ 1-1/2	Kahili	2120	200	0.55530%	312
1161	DHRELEV-1	0/1	Kahili	309	78	0.09255%	52
1162	DHRELEV-1R	0/1	Kahili	309	78	0.09255%	52
1163	DHR-1	0/1	Kahili	368	88	0.09255%	52
1164	DHRMTN-1	0/1	Kahili	332	None	0.09255%	52
1165	DHR-1R	0/1	Kahili	368	88	0.09255%	52
1166	DHRMTN-1R	0/1	Kahili	332	None	0.09255%	52
1167	DHR-1	0/1	Kahili	368	88	0.09255%	52
1168	DHRMTN-1	0/1	Kahili	332	None	0.09255%	52
1169	DHR-2	0/1	Kahili	368	88	0.09255%	52
1170	DHRMTN-1R	0/1	Kahili	332	None	0.09255%	52
1171	DHR-1	0/1	Kahili	368	88	0.09255%	52

EXHIBIT "E"

**Apartment Numbers, Apartment Types, Number of Bedrooms and Bathrooms, Building Designations,
Approximate Net Square Footage, Approximate Balcony Area, Common Interests,
Votes Per Apartment, Parking Assignments***

RESORT APARTMENTS

Apartment Number	Apartment Type	No. Bedrooms/ Bathrooms	Building Designations	Approximate Net Square Footage***	Approximate Balcony Area	Common** Interests	Votes
1172	DHRMTN-1	0/1	Kahili	332	None	0.09255%	52
1173	DHR-2	0/1	Kahili	368	88	0.09255%	52
1174	DHRMTN-1R	0/1	Kahili	332	None	0.09255%	52
1175	DHR-3	0/1	Kahili	474	74	0.09255%	52
1176	DHR-6	0/1	Kahili	520	None	0.09255%	52
1177	DHR-5	0/1	Kahili	474	74	0.09255%	52
1178	DHR-5R	0/1	Kahili	474	74	0.09255%	52
1179	DHR-6R	0/1	Kahili	520	None	0.09255%	52
1180	DHR-3R	0/1	Kahili	474	74	0.09255%	52
1181	DHR-3	0/1	Kahili	474	74	0.09255%	52
1182	DHR-6	0/1	Kahili	520	None	0.09255%	52
1183	DHR-5	0/1	Kahili	474	74	0.09255%	52
1184	DHR-5R	0/1	Kahili	474	74	0.09255%	52
1185	DHR-6R	0/1	Kahili	520	None	0.09255%	52
1186	DHR-3R	0/1	Kahili	474	74	0.09255%	52
1187	DHR-3	0/1	Kahili	474	74	0.09255%	52
1188	DHR-6	0/1	Kahili	520	None	0.09255%	52
1189	DHR-5	0/1	Kahili	474	74	0.09255%	52
1190	DHR-5R	0/1	Kahili	474	74	0.09255%	52
1501	EHR-1	0/1	Ha'upu	480	73	0.09255%	52
1502	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1503	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1504	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1505	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1506	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1507	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1508	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1509	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1510	EHR-5	0/1	Ha'upu	425	73	0.09255%	52
1511	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1512	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1513	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1514	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1515	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1516	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1517	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1518	EHR-3R	0/1	Ha'upu	425	73	0.09255%	52
1519	EHR-3	0/1	Ha'upu	425	73	0.09255%	52
1520	EHR-2	0/1	Ha'upu	425	73	0.09255%	52
1521	EHR-3	0/1	Ha'upu	425	73	0.09255%	52

12. All public restrooms not located within a Commercial Apartment or not part of the Limited Common Elements appurtenant to the CONFERENCE Commercial Apartments.

13. All interior areas of the Project commonly referred to in the hotel industry as "back-of-house," to the extent such areas are not otherwise characterized and defined in the Condominium Declaration as Commercial Apartments.

14. The registration lobby adjacent to the FRONT OFFICES Commercial Apartment.

15. The telephone equipment room located on the fourth floor of the Kahili Tower.

16. The parking stalls identified in Exhibit "B" attached to the Condominium Declaration and all other parking stalls and parking areas located within the Project Area.

17. Any area identified on the Condominium Map as a Limited Common Element appurtenant to the FRONT OFFICES Commercial Apartment, even if not otherwise described in the foregoing narratives "1" through "16."

D. THE CONFERENCE A, B, C, D, E AND F COMMERCIAL APARTMENTS. The CONFERENCE A, B, C, D, E and F Commercial Apartments, which are created with the intent that business be conducted therein, shall have appurtenant thereto, as Limited Common Elements, the following areas and such other areas as may be depicted on the Condominium Map:

1. The Building Structures in which the CONFERENCE A through F Commercial Apartments are situated, including all structures connecting these Commercial Apartments.

2. The corridors and public restrooms located adjacent to any of the CONFERENCE A through F Commercial Apartments.

E. THE EXECUTIVE A COMMERCIAL APARTMENT. The EXECUTIVE A Commercial Apartment, which is created with the intent that business be conducted therein, shall have appurtenant thereto, as Limited Common Elements, the Building Structure in which the EXECUTIVE A Commercial Apartment is located.

F. THE EXECUTIVE B AND EXECUTIVE C COMMERCIAL APARTMENTS. The EXECUTIVE B and C Commercial Apartments, which are created with the intent that business be conducted therein, shall have appurtenant thereto, as Limited Common Elements, the Building Structure of the Kahili Tower.

G. THE KITCHEN COMMERCIAL APARTMENT. The KITCHEN Commercial Apartment, which is created with the intent that business be conducted therein, shall have appurtenant thereto, as Limited Common Elements, the Building Structure in which the KITCHEN Commercial Apartment is located.

H. THE PENTHOUSE COMMERCIAL APARTMENT. The PENTHOUSE Commercial Apartment, which is created with the intent that business be conducted therein, shall have appurtenant thereto, as Limited Common Elements, the following areas and such other areas as may be depicted on the Condominium Map as being appurtenant to the PENTHOUSE Commercial Apartment:

1. The Building Structure of the Kilohana Tower.

2. The roof decks adjacent to the PENTHOUSE Commercial Apartment as shown on the Condominium Map.

1995 ASSESSMENT BUDGET FOR
ASSOCIATION OF APARTMENT OWNERS OF MARRIOTT'S KAUAI RESORT AND BEACH CLUB
(CONDOMINIUM BUDGET)

	ANNUAL BUDGET (1)	MARRIOTT'S KAUAI BEACH CLUB OWNERS ASSOCIATION	MARRIOTT KAUAI, INC.	MARRIOTT KAUAI OWNERSHIP RESORTS, INC.
INSURANCE - GCE	\$255,000	\$119,424	\$129,976	\$5,600
LEASE COSTS - LIMOUSINE ROAD - GCE	14,501	6,791	7,392	318
CONDOMINIUM REGISTRATION FEE - GCE	1,228	575	626	27
LEGAL - GCE	10,000	4,683	5,097	220
ACCOUNTING - GCE	10,000	4,683	5,097	220
MISCELLANEOUS - GCE	10,000	4,683	5,097	220
ROOMS - LCE (HOUSEKEEPING & FRONT OFFICE)	481,563	6,863	474,700	220
RECREATION - LCE	777,308		777,308	
GENERAL & ADMINISTRATIVE - LCE	607,786	183,270	416,188	8,328
GENERAL & ADMINISTRATIVE - GCE	12,455	5,833	6,348	274
GENERAL & ADMINISTRATIVE - RICE PARCEL	2,301	870	1,420	11
WATER & SEWER - LCE	543,300	163,824	372,033	7,443
WATER & SEWER - GCE	60,500	28,334	30,837	1,329
WATER & SEWER - RICE PARCEL	1,105	418	682	5
GAS - LCE	279,568		279,568	
GAS - GCE	49,336	23,105	25,148	1,083
ELECTRIC - LCE	1,715,912	477,218	1,188,846	49,848
ELECTRIC - GCE	254,349	119,118	129,645	5,586
ELECTRIC - RICE PARCEL	66,277	25,042	40,911	324
REPAIRS AND MAINTENANCE - LCE	2,340,078	705,633	1,602,385	32,060
REPAIRS AND MAINTENANCE - GCE	48,246	22,594	24,592	1,059
REPAIRS AND MAINTENANCE - RICE PARCEL	22,092	8,347	13,637	108
RICE PARCEL OTHER COSTS	120,771	45,632	74,549	590
RESERVE FOR REPLACEMENT - LCE (2)	713,713	229,156	476,931	7,626
RESERVE FOR REPLACEMENT - GCE (2)	194,940	91,297	99,363	4,279
MANAGEMENT FEES - LCE	498,667	120,008	371,404	7,255
MANAGEMENT FEES - GCE	59,834	28,020	30,497	1,317
TOTAL	\$9,150,830	\$2,425,422	\$6,590,280	\$135,128

- (1) The annual budget, prepared on an accrual basis, is allocated among Apartment Owners based on methodology adopted by the Managing Agent and approved by the Board. Because expenses associated with Limited Common Elements (LCEs) are assessed against only the Apartments to which the LCEs are apportioned, each Apartment's assessment cannot be computed simply by multiplying its percentage Common Interest times the total annual budget. Rather, the total assessments shown in columns two, three and four have been derived from allocation formulas for each line item. The Total from the second column is carried forward to the Vacation Ownership Budget under the line item "Condominium Association Assessment," and ultimately assessed against Owners of Resort Apartments that have been submitted to the plan of vacation ownership. The Total from the third column is payable by Marriott Kauai, Inc. as Owner of certain Resort and Commercial Apartments. The Total from the fourth column is payable by Marriott Kauai Ownership Resorts, Inc. as Owner of certain Commercial Apartments.
- (2) Since this is the first Budget for the Association, the total cash reserves of the Association as of the date of this Budget is zero. However, the total amount of estimated cash reserves, and the total amount to fund such reserves is \$908,653. The estimated cash reserves were calculated by identifying each reserve components estimated replacement cost and dividing it by its estimated useful life.

**1995 ASSESSMENT BUDGET (b) FOR
MARRIOTT'S KAUAI BEACH CLUB OWNERS ASSOCIATION
(VACATION OWNERSHIP BUDGET)
12,000 OWNERSHIP INTERESTS (a) IN 232 UNITS**

	TOTAL BUDGET PER YEAR	PER EVERY YEAR OWNERSHIP INTEREST PER YEAR	PER ODD/EVEN YEAR OWNERSHIP INTEREST PER YEAR	PER EVERY YEAR OWNERSHIP INTEREST PER MONTH	PER ODD/EVEN YEAR OWNERSHIP INTEREST PER MONTH
INSURANCE	\$30,000	\$2.50	\$1.25	\$0.21	\$0.11
BOARD OF DIRECTORS EXPENSE	12,000	1.00	0.50	0.08	0.04
LAUNDRY SERVICE	96,512	8.04	4.02	0.67	0.34
ROOM GUEST PACKAGES & OTHER	72,384	6.03	3.02	0.50	0.25
CABLE TELEVISION	10,022	0.84	0.42	0.07	0.04
ROOMS (HOUSEKEEPING & FRONT OFFICE)	1,149,607	95.80	47.90	7.98	3.99
REPAIRS & MAINTENANCE	556,211	46.35	23.18	3.86	1.93
GENERAL & ADMIN. - ON SITE (INCL. LOSS PREVENTION)	520,078	43.34	21.67	3.61	1.81
GENERAL & ADMINISTRATIVE - LAKE LAND	146,015	12.17	6.09	1.02	0.51
OWNER SERVICES & RESERVATIONS	90,000	7.50	3.75	0.63	0.32
POSTAGE, PRINTING & HANDLING	60,000	5.00	2.50	0.42	0.21
ANNUAL AUDIT	10,000	0.83	0.42	0.07	0.03
LEGAL	25,000	2.08	1.04	0.17	0.08
INTERIOR RESERVES (F&E) (c)	566,010	47.17	23.58	3.93	1.96
CONTINGENCY (OPERATING RESERVE)	100,315	8.36	4.17	0.70	0.35
SUBTOTAL	3,444,154	287.01	143.51	23.92	11.97
MANAGEMENT FEE	344,415	28.70	14.35	2.39	1.20
SUBTOTAL	3,788,569	315.71	157.86	26.31	13.17
GENERAL EXCISE TAX	157,870	13.16	6.57	1.10	0.54
PROPERTY TAXES	485,934	40.49	20.25	3.37	1.69
CONDOMINIUM ASSOCIATION ASSESSMENTS:					
GCE - OPERATING COSTS	367,844	30.65	15.33	2.56	1.28
GCE - RESERVE COSTS (c)	91,297	7.61	3.80	0.64	0.32
LCE - OPERATING COSTS	1,737,125	144.76	72.38	12.06	6.03
LCE - RESERVE COSTS (c)	229,156	19.10	9.54	1.59	0.79
COMMON EXPENSE REIMBURSEMENT UNDER IFLA:					
IFLA SHARE OF OPERATING COST *	1,548,247	129.02	64.51	10.75	5.38
IFLA SHARE OF RESERVE COST (c)	109,998	9.17	4.58	0.76	0.38
TOTALS	\$8,516,040	\$709.67	\$354.82	\$59.14	\$29.58

* (GCE) GENERAL COMMON ELEMENT; (LCE) LIMITED COMMON ELEMENT; (IFLA) IRREVOCABLE FACILITIES LICENSE AGREEMENT.

**CALCULATION OF "ADJUSTED SHARE" (SEE SECTION 8.1 OF VACATION OWNERSHIP PROGRAM DECLARATION)
(BASED ON 12,000 OWNERSHIP INTERESTS)**

TOTAL BUDGET	\$8,516,040				
DIVISION FACTOR	12,217.20				
ONE BEDROOM ASSESSMENT (9,828 OWNERSHIP INTERESTS)		\$697.00	\$348.50	\$58.08	\$29.04
TWO BEDROOM MULTIPLIER					
TWO BEDROOM ASSESSMENT (2,172 OWNERSHIP INTERESTS)	110.00%	\$767.00	\$383.50	\$63.92	\$31.96

(a) While 12,064 Time Periods exist in the 232 Resort Apartments being submitted to the Vacation Ownership Program, the Developer presently intends to convey 64 Time Periods to the Condominium Association for use as Major Service Periods.

(b) This Budget has been prepared on an accrual basis.

(c) Since this is the first Budget for the Association, the total cash reserves of the Association as of the date of this Budget is zero. However, the total amount of estimated cash reserves, and the total amount to fund such reserves is \$996,461. The estimated cash reserves were calculated by identifying each reserve components estimated replacement cost and dividing it by its estimated useful life.