Registration No. TD - 152
Date Accepted: September 21, 2001
Date Revised: April 28, 2009

DISCLOSURE STATEMENT

ON

Ocean Resort Villas

Name of Time Share Plan or Building

Six Kai Ala Drive, Lahaina, Maui, Hawaii 96761

Location

READ THIS DISCLOSURE STATEMENT BEFORE SIGNING ANYTHING

The disclosure statement is prepared and issued by the developer of the time share plan. It is NOT prepared or issued by the State of Hawaii. THE STATE OF HAWAII HAS NOT PASSED ON THE MERITS OF THE TIME SHARE PLAN DESCRIBED HEREIN.

INTRODUCTION

In this Disclosure Statement, the Developer is sometimes referred to as "*we*", and Buyers are sometimes referred to as "*you*". Capitalized terms not otherwise defined in this Disclosure Statement have the meanings given to them in the Vacation Plan Documents. The Vacation Plan Documents are listed in Exhibit "A".

1. DEVELOPER

SVO PACIFIC, INC, a Florida corporation. Its address is 9002 San Marco Court, Orlando, Florida 32819, Telephone (407) 903-4000.

2. PLAN MANAGER

SVO HAWAII MANAGEMENT, INC., a Hawaii corporation. Its address is 10 Hoohui Street, Suite 307, Lahaina, Maui, Hawaii 96761, Telephone (808) 665-0586. Its Responsible Managing Employee is Gregg Lundberg. His address and telephone number is the same as for the Plan Manager. The Plan Manager's responsibilities, duties and authority are described later in Section 15.

3. TIME SHARE PLAN

Welcome to Westin Ka'anapali Ocean Resort Villas Vacation Ownership Plan. We have worked hard to create a vacation plan that will provide you with enjoyable vacation experiences for many years to come. Here is how it works:

3.1. INTRODUCTION.

The name of the plan is Ocean Resort Villas Vacation Ownership Plan. For convenience we will call it the "*Vacation Ownership Plan*" or just the "*Plan*" in this document.

The basic idea of the Plan is that the Owners will share the ownership and use of certain condominium apartments and will also share the cost of operating the Plan and maintaining those apartments and their furnishings, and the condominium project.

The property included in the Plan consists of certain apartments located in a brand new beachfront condominium project on Maui named Ocean Resort Villas (the "*Condominium*"). The Condominium is currently being built and is located at Six Kai Ala Drive, Lahaina, Maui, Hawaii 96761. The apartments included in the Plan are called "*Vacation Units*" and they are listed in Exhibit "B".

Each Buyer will receive a deed of an interest in a Vacation Unit. The deed will be recorded in the real estate records of the State of Hawaii. Each Buyer will also receive a policy of title insurance. It insures his or her real estate ownership. Because the Buyer will receive a real estate deed, under Hawaii law the Plan is an "ownership" plan.

The nature of the Plan and the rights and duties of the Developer, the Buyers, and anyone else who participates in the Plan or who has an interest in it, are governed by the Vacation Plan Documents.

Under the Vacation Plan Documents, you and every other Owner will have the right to reserve the use of a Vacation Unit included in the Plan. The Vacation Unit you may reserve, and the times you may use it, are established in the Vacation Plan Documents. The Vacation Plan Documents also explain your other rights and duties as an Owner including your duty to pay your "Fair Share" of the costs of owning the Vacation Units and operating the Plan. For your convenience, we will discuss or summarize some of the key points in these documents later on, but you should make time to read them yourself so that you fully understand your rights and duties.

To widen your vacation opportunities, the Developer has arranged for the Plan to join the Starwood Pacific Vacation Club (the "*Club*"). The Club is an exchange program designed to link vacation plans together through a central reservation system. This gives the members of each of the linked vacation plans the opportunity to request a reservation in the other participating resorts.

The Club has been designed so that many different resorts can be included in the Club. Each vacation plan included in the Club is called a "*Club Vacation Plan*" and each resort is called a "*Club Resort*". The Plan is the first vacation plan to join the Club. The Ocean Resort Villas North Vacation Ownership Plan has now joined the Club; however, it is a completely separate plan consisting of units in a neighboring condominium project. The Ocean Resort Villas North Vacation Ownership Plan is the second vacation plan in the Club. There are presently no other Club Resorts and neither Developer nor anyone else can make promises about any future Club Resorts.

However, the Club provides access to the Starwood Vacation Network (referred to as "*SVN*" in this document; sometimes referred to in other documents as the "Network"). SVN is another exchange program. It links the Club with other vacation clubs and provides exchange services to owners in

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other vacation plans. This allows you to exchange your use rights for the right to use property in other SVN Resorts.

SVN currently includes various Westin and Sheraton vacation ownership resorts located in the Bahamas, Florida, Colorado, California, Arizona, South Carolina, and other locations. Other vacation plans or vacation clubs may also join but neither the Developer nor anyone else can make any promises about that. Each resort included in SVN is called an "*SVN Resort*".

Finally, SVN provides access to the Interval International, Inc. ("*Interval International*") exchange program. It provides you the opportunity to reserve a unit at nearly two thousand different vacation ownership resorts around the world.

So as an Owner in the Westin Ka'anapali Ocean Resort Villas Vacation Ownership Plan, you will have the opportunity to reserve:

- A Unit in the Plan;
- A unit in other Club Resorts, if any, or in other SVN Resorts; or
- A unit in the nearly two thousand resorts available through Interval International, Inc.

So far, we have only given you an overview of the Plan, the Club and SVN. Now let's get down to the details of what you are buying and how the Plan works.

3.2. WHAT AM I BUYING?

You are buying a "*Vacation Ownership Interest*". It includes:

- An undivided 1/52nd or a 1/104th interest in a Vacation Unit.
- A membership in the Ocean Resort Villas Vacation Owners Association (the "*Association*").
- The right to reserve the use of a Vacation Unit for one "*Use Week*".
- The right to use a Vacation Unit and its furnishings during the Use Week that you reserve (your "*Vacation Period*").

Your Vacation Ownership Interest comes with a membership in the Club. As a Club Member, you will have the right to request a reservation for units included in other Club Vacation Plans, if any.

Since the Club is part of SVN, you will also have access to SVN. As a member of SVN ("*SVN Member*"), you will have the right to request a reservation for units in other SVN Resorts. You will also have the opportunity to take advantage of any of the other benefits offered by the owner of SVN (the "*SVN Operator*") from time to time. This includes, for example, use of the Interval International exchange program.

Your rights in the Club and in SVN are described in greater detail in the Starwood Vacation Exchange Company Disclosure Guide. The Interval International exchange program is described in its own exchange program disclosure statement. The Developer will give you a copy of both of these documents.

As a co-owner of an apartment in the Condominium, you will also be a member of the Association of Apartment Owners of the Ocean Resort Villas condominium (the "*Condominium Association*"). See Section 6.1 for details.

In addition, all resort apartment owners, including you, are members of the Ocean Resort Master Association (the "*Master Association*") and will have the right to use certain amenities owned or controlled by the Master Association. See Section 4.5 for details.

3.3. WHAT ARE MY BASIC RIGHTS AND DUTIES?

First and foremost, you will be a member of the Plan. Members of the Plan are given an advantage in reserving a Vacation Unit in the Ocean Resort Villas Condominium. The period during which you have this advantage is the best time to make reservations because during this time period, you compete for reservations on a first-come, first-served basis only with the other Owners of Vacation Ownership Interests in this Plan.

Here is how you and the other Owners share the use of the Vacation Units:

A. **TIME PERIODS.** For reservation and use purposes, time is divided into "*Use Years*" with 52 "*Use Weeks*" per Use Year (except that in certain years with 53 weeks, there are 53 Use Weeks). Each Use Year begins on one of the first seven days of the calendar year and ends on one of the first seven days of the next calendar year.

B. **WHAT IS A USE WEEK?** A "*Use Week*" is a one-week period starting at "*check-in time*" in the afternoon and ending at "*check-out time*" in the morning one week later. Each year, the Plan Operator will prepare a "*Vacation Calendar*". The Vacation Calendar will divide the Use Year into Use Weeks and it will also show the Check-In/Check-Out Day for each Vacation Unit. Unless the Reservation Rules say otherwise, the Check-In/Check-Out Day will be a Friday, Saturday, or Sunday. The Check-In/Check-Out Day may be different for different Vacation Units and may be changed from time to time. The exact time of day for Check-In and Check-Out will be stated in the Association Rules, which now state that check-out time is 10:00 a.m., and check-in time is 4:00 p.m.

The Use Weeks are numbered from 1 to 52 (or 53). Some Use Weeks, called "*Event Weeks*", also have a name. The Event Weeks are: (i) "*New Years*", which means the last Use Week of the Use Year; "*Christmas*", which means the next to last Use Week of the Use Year; "*Golden Week*", which means the Use

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Week during which occurs the most number of those days (April 29, and May 3 – 5) in the Japanese national holiday called "Golden Week"; and "*Obon Week*", which means the Use Week that includes August 15, a religious holiday in Japan. When August 15 falls on a Check-In/Check-Out Day, the Vacation Calendar will state which Use Week will be Obon Week.

The time between Check-Out Time and Check-In Time later that day is called a "*Minor Service Period.*" The Association will provide housekeeping and other services during this time.

In addition, each year, the Association may choose up to three Use Nights per Vacation Unit to be the "*Major Service Period*" for that Vacation Unit. If needed to maintain or upgrade the Vacation Units and if the Plans vacancy rate is high enough to permit it, the Association may set aside additional time for Major Service Periods. Although all Use Weeks of the Use Year may be sold, Hawaii law permits the Association to rely on normal vacancy factors to provide time for Major Service Periods.

C. **HOW OFTEN CAN I RESERVE A USE WEEK?** You can purchase the right to reserve and use a Use Week every year or every other year.

If you choose every year, then you will own an "*Every-Year Vacation Ownership Interest*". It gives you the right to reserve the use of a Vacation Unit for one Use Week in every Use Year. In that case, you will own an undivided 1/52nd interest in Your Vacation Unit.

If you prefer every other year use rights then you will own an "*Every-Other-Year Vacation Ownership Interest.*" In that case, you will own an undivided 1/104th interest in Your Vacation Unit. There are two kinds of Every-Other-Year Vacation Ownership Interests:

If you choose an "*Even-Year Vacation Ownership Interest*", then you will have the right to reserve the use of a Vacation Unit for one Use Week in each Use Year that ends in an even number (for example, 2008, 2010, and so on.)

If you choose an "*Odd-Year Vacation Ownership Interest*", then you will have the right to reserve the use of a Vacation Unit for one Use Week in each year that ends in an odd number (for example, 2007, 2009, and so on.)

D. **WHAT USE WEEK CAN I USE?** The Use Week you use depends on the reservation rights you choose for your Vacation Ownership Interest. You can choose from a *Fixed Vacation Period*, a *Floating Vacation Period*, an *Event Vacation Period*, or an *Ultra Premium Vacation Period.* Here are the key features of each:

1) **Floating Vacation Period.** If you choose a Floating Vacation Period, then you may reserve any Use Week that is not already reserved and that no other persons have the exclusive right to reserve. The Use Week that you may reserve is called "*Your Use Week.*" To reserve a Use Week, you must follow the procedures in the current Reservation Rules. You cannot, of course, reserve a time period set aside for use by the Association for maintenance, repairs, and so on.

2) **Fixed Vacation Period.** If you choose a Fixed Vacation Period, then you will have the exclusive right (meaning the first chance) to reserve a specific Use Week. The Use Week that you may reserve is called "*Your Use Week*" or "*Your Fixed Vacation Period*". You must reserve it by the deadline stated in the Reservation Rules (currently about 10 months before Your Use Week starts). If you do not, then you will have the right to reserve a different Use Week (subject to availability) just as if you had a Floating Vacation Period.

3) **Ultra Premium Vacation Period.** If you choose an Ultra Premium Vacation Period, then a specific Use Week automatically will be reserved for use by you. The Use Week reserved for you is called "*Your Use Week*" or "*Your Ultra Premium Vacation Period.*"

4) **Event Vacation Period.** If you choose an Event Vacation Period, then a specific Event Week automatically will be reserved for use by you. The Event Week reserved for you is called "*Your Use Week*" or "*Your Event Vacation Period.*"

5) **Temporary Floating Use.** The Reservation Rules may permit the Owner of a Fixed, Event or Ultra Premium Vacation Period to give up his or her special reservation rights for that Use Year and instead be treated as if the Owner had a Floating Vacation Period for that Use Year. In that case, the Owner will have the same reservation and use rights as an Owner of a Floating Vacation Period for that particular Use Year. The Reservation Rules may impose conditions or limitations on the ability of an Owner to do this. The current Reservation Rules permit Owners having Event or Ultra Premium Vacation Periods to do this subject to certain conditions.

6) **Split Week Use.** "*Split Week*" means a period of less than seven consecutive Use Nights. A "*Use Night*" is a period beginning at Check-In Time on one day and ending at Check-Out Time the next day. Instead of reserving an entire Use Week, an Owner can reserve up to a total of seven Use Nights as Split Week Use Periods. An Owner may do this only if and to the extent that the Reservation Rules permit it. The current Reservation Rules permit this subject to certain conditions.

7) **Check-In/Check-Out Day.** The Check-In and Check-Out Days for the Use Weeks may change from time to time. This is true whether you have a Floating, Fixed, Event or Ultra Premium Vacation Period.

E. **WHAT UNIT MAY I USE?** The Unit you use depends on whether your Vacation Ownership Interest has a "*Floating Unit Use Right*" or a "*Fixed Unit Use Right*".

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1) **Unit Types.** The Vacation Plan Documents divide the Vacation Units into different groups or "*Unit Types*." Right now there are eight Unit Types: One Bedroom Island View, One Bedroom Ocean View, Two Bedroom Island View, Two Bedroom Ocean View, Two Bedroom Ocean Front, Two Bedroom Deluxe Island View, Two Bedroom Deluxe Ocean View, and Two Bedroom Deluxe Ocean Front. Your Unit will be one of these eight Unit Types. This is called "*Your Unit Type*". The list of Vacation Units attached as Exhibit "B" states the Unit Type for each Vacation Unit currently included in the Plan.

2) **Floating Unit Use Right.** If you choose a Floating Unit Use Right, then you have the right to reserve any Vacation Unit that is the same Unit Type as your own Vacation Unit. You cannot, however, reserve a Vacation Unit that is already reserved by someone else or that any other persons have the exclusive right to reserve, and you will not have the right to reserve any specific Vacation Unit even though you own an interest in a specific Vacation Unit.

3) **Fixed Unit Use Right.** If your Vacation Ownership Interest has a Fixed, Event or Ultra Premium Vacation Period, then it may have a Floating Unit Use Right or a Fixed Unit Use Right. If it has a Fixed Unit Use Right then you will have the right to use your own Vacation Unit during Your Use Week. You automatically give up your Fixed Unit Use Right if:

- You have a Fixed Vacation Period but you do not reserve Your Use Week by the deadline stated in the Reservation Rules.
- You choose to convert your special reservation rights as the Owner of a Fixed, Event or Ultra Premium Vacation Period for the right to be treated as if you had a Floating Vacation Period for that Use Year as discussed in Section 3.3.D.5), above.

4) **Lock-Off Use.** Some of the Vacation Units (called "*Lock-Off Units*") have been designed so that they can be used either as a whole unit or on a "lock-off" basis. For example, a Two-Bedroom Ocean View Unit can be used as a two-bedroom apartment. But it may also be used as two separate units: a one-bedroom unit and a studio unit, each having its own separate front door that can be locked.

When a Vacation Unit is used as a whole unit, it is called a "*Full Unit*". When it is used as two separate units on a lock-off basis, then the larger unit is called the "*Deluxe Side*" and the other unit is called the "*Guest Side.*" The Reservation Rules may permit an Owner who has the right to use a Lock-Off Unit for one Use Week to choose either (a) to use a Full Unit for one Use Week, or (b) to use a Deluxe Side for one Use Week and a Guest Side for another Use Week.

The Reservation Rules may also permit an Owner to use the Deluxe Side of a Lock-Off Unit during his or her Fixed, Event, or Ultra Premium Vacation Period and to give up the right to use the Guest Side during that time period for that Use Year. In that case, the Owner would have the right to reserve the Guest Side of a Lock-Off Unit (that is the same Unit Type as the Owner's Unit) in that same Use Year just as if he or she had a Floating Vacation Period during that Use Year. The Reservation Rules may also do the reverse (i.e., permit an Owner to use the Guest Side of a Lock-Off Unit during the Fixed, Event or Ultra Premium Vacation Period, and to reserve the Deluxe Side of a Lock-Off Unit that is the same Unit Type on a floating basis).

The Reservation Rules may place restrictions on Lock-Off use, including how far in advance an Owner may reserve just one side of a Lock-Off Unit.

5) **Assigned Unit.** If you have a Floating Unit Use Right, the Plan Manager will assign a Vacation Unit for your use. That Unit is called your "*Assigned Unit*". If you have a Fixed Unit Use Right, your own Vacation Unit is called your "*Assigned Unit*". If you choose to reserve part of a Vacation Unit on a Lock-Off basis, then the Deluxe Side or the Guest Side that you use will be your "*Assigned Unit*".

3.4. HOW DO I MAKE A RESERVATION?

A. **RESERVATION RULES.** The Plan is currently part of the Starwood Pacific Vacation Club. The Club is owned and operated by SVO Hawaii Management, Inc., a Hawaii corporation (the "*Club Operator*"). The Club Operator provides a reservation system for Owners who wish to reserve a Vacation Unit in the Plan.

To use a Unit, you must reserve a Use Period in the manner provided by the Reservation Rules adopted by the Plan Operator. "*Plan Operator*" means the Club Operator at any time when the Plan is part of the Club. If the Plan is no longer part of the Club, then "*Plan Operator*" means the Association.

This means that while the Plan is part of the Club, the Club Operator will manage the reservation and use of the Use Periods through the Club. During such time, you must make your reservations through the Club Operator's reservation system. You must also make all exchange requests through the Club Operator.

If the Plan is no longer part of the Club, then the Association becomes the Plan Operator. It must create a reservation system and adopt its own Reservation Rules.

The current Reservation Rules are attached to the Starwood Vacation Exchange Company Disclosure Guide. They are called the "Starwood Vacation Network Rules and Regulations for the Starwood Pacific Vacation Club." The Club Operator has adopted them as the Reservation Rules.

Note: At any time when the Plan is part of the Club, the Club Operator may delegate or assign some or all of its rights and duties as Plan Operator to someone else. It may also contract with someone else to perform its duties as the Plan Operator.

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B. **POINTS SYSTEM.** The Club is part of the SVN program. SVN is owned and operated by Starwood Vacation Exchange Company, a Delaware corporation (the "*SVN Operator*"). SVN is an Exchange Program. It allows you and other Owners to use units in other SVN Resorts in exchange for your use rights in the Plan.

SVN Resorts are located in different places. For instance, SVN includes resorts in Florida, the Bahamas, South Carolina, Colorado, Arizona, California, and elsewhere. SVN Resorts tend to have different features from one resort to the next, and the units may also differ. The demand for SVN Resorts may differ based on their location, the time of year, and other factors. For example, the demand for an SVN Unit in Colorado may be very high during the ski season.

To reflect these differences, the SVN Operator has adopted a "points" system to allocate reservation and use rights among the SVN Members. The Club Operator has also adopted a points system to allocate reservation and use rights among members of the Club. The Vacation Plan Documents expressly authorize the Club Operator to do this but it is not required.

The Club Operator's points system is used not only to reserve Vacation Units in this Plan but also to exchange use rights in this Plan for the right to use units in other Club Resorts. The SVN Operator's points system provides a way to exchange use rights in this Plan for the right to use units in other SVN Resorts.

The points system is described in greater detail in the Starwood Vacation Exchange Company Disclosure Guide and the Reservation Rules. For your convenience, however, some of the key points are summarized here.

C. **WHAT ARE POINTS AND HOW DO THEY WORK?** "*Points*", also called "*StarOptions*", represent each Owner's reservation and use rights. Each year, the Plan Operator assigns a certain number of Points to you and every other Club Member. You may "spend" your Points to reserve a Vacation Unit in the Plan or in another Club Resort. Every night in every Club Unit is given a "*Point Value*" - the price of staying in that unit or kind of unit for that night. Subject to the priorities, limitations and restrictions in the Reservation Rules, you may reserve any Vacation Unit or any other Club Unit for any Use Period so long as the Unit and Use Period is available and so long as you have enough Points to pay the Point Value.

In some ways, Points are like miles in a frequent flyer program. In a frequent flyer program, you use your miles to get tickets for airline flights. In the Club, you use your Points to reserve a Unit in the Plan or in another Club Resort.

SVN works in essentially the same way. Your Club Points are converted to SVN Points and you may then use them to reserve a unit in an SVN Resort.

D. **WHERE DO POINTS COME FROM?** Each year, the Plan Operator assigns a Point Value to each Use Period in each Club Unit (including the units in this Plan) and the SVN Operator does the same for each Use Period in each unit at an SVN Resort that is available for reservation by SVN Members through the SVN program ("*SVN Unit*"). In setting Point Values, they may consider all factors that they consider relevant. For example, they may consider (i) the location, size, capacity, furnishings and other features of a unit or Unit Type, (ii) the location, views, recreational and other features of the resort in which a unit is located, (iii) demand and availability for purchaser use, (iv) the cost to buy, build, operate, or maintain a particular unit or resort, and (v) anything else that may be relevant in their opinion.

In setting the Point Values, the Plan Operator does not have to compare each Unit separately. Instead, it can divide the Units into different groups or types of units. The groups may be limited to a single resort or may be used throughout the system. The Plan Operator may then assign Points based on a comparison of the different unit types. Note that the Plan Operator can change the unit groupings from time to time based on any factors that are relevant in the Plan Operator's opinion.

Likewise, the Plan Operator does not have to compare each Use Night against every other Use Night. Instead, it may divide the calendar year into different periods, called "*Seasons*" and divide the Use Nights among the Seasons. It may then set Point Values by making comparisons between Seasons. The Seasons do not have to be the same for each resort and the Plan Operator may change the Seasons for a resort based on any factors that are relevant in the Plan Operator's opinion.

The Plan Operator may draw other distinctions when assigning Points. It may do so in order to recognize new classes of memberships or reservation and use rights created from time to time, or to enhance the administration and operation of the system, or for any other purpose that is relevant in the Plan Operator's opinion.

The Plan Operator can change the Point Value of a Use Period from time to time in its sole discretion. It may also change them as required by law or by any governmental agency. At least yearly, the Plan Operator will prepare a "Points Chart" or "Starpoints Chart" listing the Point Value for each Use Night available for reservation. It may update the Points Chart during the Use Year. For example, it might do so to reflect things like the addition or deletion of units or resorts, the creation of new unit types, and so on.

To protect your reservation rights, the Vacation Plan Documents provide that the total number of Points assigned to all persons receiving Points must not exceed the total of all the Point Values for all Use Periods to which Points are assigned.

If a Unit can be used as a Lock-Off Unit, then the Points Chart will list its Unit Type as a Full Unit and also the Unit Type of each Lock-Off Unit. Separate Point Values may be created for each. The sum of the Point Values for the Deluxe Side and the Guest Side may be higher than the Point Value for the Full Unit. This is because breaking up a unit into two Lock-Off

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Units may mean that one of the Lock-Off Units may go unused. As a result, the Plan Operator may choose to reflect this fact in setting the Point Values for use of Lock-Off Units.

Likewise, the sum of the Point Values for each Use Night in a Use Week may be higher than the Point Value for the full Use Week. This is because breaking up a Use Week into smaller Use Periods may mean that some of the Use Nights may go unused. As a result, the Plan Operator may choose to reflect this fact in setting the Point Values for use of the individual Use Nights making up a Use Week.

The decisions of the Plan Operator and the SVN Operator on Point assignments are final. However, to protect your reservation and use rights, the Declaration provides that the total number of Points assigned to all of the persons to whom Points are assigned must not exceed the total of all the Point Values for all Use Periods to which Points are assigned.

E. **HOW MANY POINTS DO I GET?** Each year, the Plan Operator will assign to each Vacation Ownership Interest the number of Points equal to the Point Value of the Owner's Vacation Ownership Interest as shown on the Points Chart for that Use Year.

The Plan Operator will assign Points to Odd-Year Vacation Ownership Interests only for use during Use Years ending in an odd number. Likewise, the Plan Operator will assign Points to Even-Year Vacation Ownership Interests only for use during Use Years ending in an even number.

The number of Points assigned to you will not be based on the use of Lock-Off Units but rather on use of a Full Unit (unless an Owner's use rights are limited to one side of a Lock-Off Unit). The number of Points assigned to you will not be based on individual Use Nights but on full Use Weeks.

A copy of the StarOptions and Starpoints Charts are given to Owners at the time of purchase.

F. **HOW DO I MAKE A RESERVATION?** To make a reservation, you must first check the Points Chart to find the Point Value of the Use Period and kind of Unit that you want to reserve. Then check to be sure that you have enough Points to reserve it. You must then follow the rules for making reservations contained in the Reservation Rules. If you are unsure about any of these things, just call Reservation Services. "*Reservation Services*" is a place you can call for help in making reservations. Its phone number is (888) 986-9637.

G. **WHEN CAN I MAKE A RESERVATION?** The Reservation Rules create a "*Reservation Window*" for each Use Period. This is a time when an Owner, a Club Member, an SVN Member, the Developer, the Club Operator, or someone else may request a reservation. Currently, the Reservation Rules provide that the Reservation Window for a Use Period begins one year before the Check-In Day for that Use Period. This means that the Plan Operator would begin taking reservations for a Use Week that starts on July 1, 2004 on the first day of July, 2003. You cannot reserve a Use Period before the start of the Reservation Window for that Use Period.

The Reservation Rules further divide the Reservation Window for a Use Period into different "*Reservation Periods*". A "*Reservation Period*" is a part of a Reservation Window. The dates when Reservation Periods start or end may be different for different Club Resorts or Club Vacation Plans, or at other SVN Resorts.

1) There must be at least one Home Resort Reservation Period and there may be more. A "*Home Resort Reservation Period*" is a Reservation Period when only Owners in this Plan may reserve a Use Period in a Vacation Unit included in this Plan. The Reservation Rules may give different names to the Home Resort Reservation Periods. For now, there are two Home Resort Reservation Periods (although this may change):

- The "*Home Resort Priority Period*" begins one (1) year before the Check-In Day of a given Use Period and lasts two (2) months. During the Home Resort Priority Period:
  - An Owner having a Fixed Vacation Period has the exclusive right to reserve his or her Fixed Vacation Period without competition from other Club Members or SVN Members, subject to any limitations in the Vacation Plan Documents and SVN Rules, and
  - Owners having Floating Vacation Periods in the Plan may reserve Use Periods in the Plan, subject to any limitations in the Vacation Plan Documents and SVN Rules. Other Club Members and SVN Members cannot reserve a Use Period in the Plan during this time.
- The "*Home Resort Float Period*" begins immediately after the Home Resort Priority Period and ends eight (8) months before the Check-in Day of the Use Period. During the Home Resort Float Period, all Owners in this Plan have the exclusive right to compete to reserve the use of unreserved Use Periods in this Plan, subject to any limitations in the Vacation Plan Documents and the Reservation Rules.

SVN Members at other SVN Resorts are likely to have similar rights with respect to their own Home Resort.

2) An "*SVN Reservation Period*" is a Reservation Period when SVN Members (including Owners in this Plan) may use SVN to reserve a Use Period in an SVN Unit, including but not limited to a Vacation Unit in this Plan. For now, there are three SVN Reservation Periods (although this may change):

- The "*SVN Float Period.*" It begins immediately after the Home Resort Float Period for a given Use Period and ends ninety (90) days before the Check-in Day. During the SVN Float Period, all SVN Members compete for a reservation on a space available, first-come, first-served basis to reserve

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the use of a Use Period for which the SVN Member holds enough Points, subject to the SVN Rules.

- The "*SVN Options Period.*" It begins immediately after the SVN Float Period and ends the day before the Check-In Day of a given Use Period. During the SVN Options Period, all SVN Members compete for a reservation on a space available, first-come, first-served basis to reserve the use of a Use Period for which the SVN Member holds enough Points, and have limited rights to Borrow Points and reserve Split Vacation Periods, subject to the SVN Rules. The SVN Options Period overlaps with the SVN Priority Period.

- The "*SVN Priority Period.*" It is the sixty (60)-day period immediately preceding the Check-in Day of a given Use Period. During the SVN Priority Period, SVN Members have limited rights to reserve the Use Periods, subject to the SVN Rules. In addition, during the SVN Priority Period the Developer and, to the extent permitted by law, the Club Operator have the right to reserve Use Periods for their own use such as for rental to the public or for other purposes.

3) There may be other Reservation Periods in addition to these. For example, the Club may set up one or more "*Club Reservation Periods*" when only Club Members can make reservations. New Reservation Periods may also appear when, for example, the Developer, the Club Operator, or the SVN Operator creates new kinds of memberships or new unit types. For example, suppose the Developer decides to add a group of units and to create a new kind of Vacation Ownership Interest that gives certain Owners the first chance to reserve those units at certain times such as Aloha Week. If so, the Developer might create a new Reservation Period when only those Owners can reserve one of those units for Aloha Week. This Reservation Period might be one of the Home Resort Reservation Periods. It might begin and end before the start of any other Home Resort Reservation Periods, but it would not have to do so. This is called a "*Special Reservation Period*" because it is a time when only Owners having certain special reservation rights may make a reservation.

By the way, it is possible that different SVN Resorts may choose different SVN Reservation Periods. For example, our SVN Float Period may start eight months in advance of check-in while the SVN Float Period for, say, one of the Florida vacation clubs may start 15 months in advance of check-in. In that case, the SVN Operator will not allow members of that Florida vacation club to make reservations of Vacation Units in this Plan until this Plan's SVN Float Period starts. Likewise, members of this Plan would not be able to make reservations in the Florida vacation club until this Plan's SVN Float Period starts. This is just an example; the SVN Float Period is currently the same for all SVN Resorts.

3.5. <u>WHAT SHOULD I KNOW ABOUT THE RESERVATION RULES?</u>

Everything! You should read them and take time to understand them. Here are some of the things we thought you might want to know about:

A. **RESERVATIONS.** So long as the Plan is part of the Club, all requests for reservations to use the Vacation Units in this Plan must be made through the Club Operator in its role as the Plan Operator. If the Club Operator delegates its duties as Plan Operator to the SVN Operator, then all reservation requests must be made through the SVN Operator.

B. **EXCHANGE.** So long as the Plan is part of the Club, all Owners must make their exchange requests through the Club Operator in its role as the Plan Operator. If the Club Operator delegates its duties as Plan Operator to the SVN Operator, then all exchange requests must be made through the SVN Operator.

C. **DELINQUENT OWNERS.** An Owner is not allowed to reserve, use or exchange a Vacation Unit if (i) the Owner has not paid any Regular Assessment, Special Assessment, Personal Charge, or Club Fees due or past due, or (ii) the Plan Operator learns that the Owner has not paid any amounts due under any note or mortgage made by the Owner in favor of the Developer. The Plan Operator may cancel a reservation held by an Owner if that Owner does not pay any Regular Assessment, Special Assessment Personal Charge, or Club Fees due or past due.

D. **OTHER RESERVATION RULES.** The Reservation Rules may contain other rules. For example, they may (1) designate some or all units as no-smoking units, (2) limit the number of Split Weeks that an Owner may reserve or the times when an Owner may reserve them, (3) limit how far in advance an Owner may reserve a Split Week or a Lock-Off Unit, (4) limit or prohibit an Owner from reserving only the Deluxe Side or the Guest Side of a Lock-Off Unit for less than a full Use Week, (5) require that reservations be for a minimum or maximum number of Use Nights, (6) limit the time period within which an Owner may cancel a reservation without losing some or all of his or her Points or reservation or use rights, (7) limit an Owner's reservation rights if the Owner had a confirmed reservation in that Use Year but changed it, or (8) permit the Plan Operator to cancel a reservation if an Owner's reservation or use rights have been suspended or have ended. Currently the Reservation Rules permit reservations for Split Week use only during the SVN Options Period.

E. **RESERVATION PRIORITIES.** The Reservation Rules may create other reservation priorities. For example, they may give priority to the reservation requests of: (1) an Owner requesting two or more Use Weeks in a row over an Owner requesting a single Use Week; (2) an Owner requesting a reservation of two Units for the same Use Week over an Owner requesting only a single Unit for that Use Week (or *vice versa*); (3) an Owner owning more Vacation Ownership Interests over an Owner owning fewer Vacation Ownership Interests; (4) an Owner owning an Every-Year Vacation Ownership Interest over an Owner owning an Every-

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Other-Year Vacation Ownership Interest; (5) an Owner requesting a Full Unit over an Owner requesting either the Deluxe Side or the Guest Side; (6) an Owner requesting a full Use Week over an Owner requesting a Split Week. The Reservation Rules may also provide for rotating the use of Use Periods in great demand, such as holiday Use Periods, and for waiting lists. Currently the Reservation Rules do some, but not all, of these things.

F. **BORROWING.** The Reservation Rules currently permit Owners to borrow Points from the next Use Year for use in the current Use Year, subject to certain limitations.

G. **TRANSACTION FEES.** The Reservation Rules may require that the Owners pay Transaction Fees. "*Transaction Fees*" are reasonable fees charged to an Owner by the Plan Operator and that relate to the manner in which an Owner uses his or her Points or use rights. For example, the Plan Operator may charge Transaction Fees (i) for making multiple reservations, (ii) for banking or borrowing Points or use rights, (iii) for canceling or changing reservations, (iv) for bonus week reservations and other special reservation or use requests, or (v) to cover the added housekeeping and reservation costs of permitting an Owner to use a Split Week or a Lock-Off unit. The rules may require that these fees be paid in money or may be paid using Points. The current Transaction Fees are shown in the SVN Fees Chart, although they may change from time to time.

H. **OTHER RESERVATION SYSTEM FEATURES.** The Club Operator has the option, from time to time, to enter into one or more special exchange relationships with any entity other than an exchange company pursuant to which Club Members will have access to selected non-Club resorts and non-Club owners will have access to Club Units after one or more of the Home Resort Reservation Periods have expired. The Club Operator is not obligated to make any of these exchange programs available to Owners, and the Plan and the Owners are not obligated to participate in any of these programs unless the Association's board of directors consents. The Club Operator may delegate its authority to enter into special exchange relationships to the SVN Operator. In addition, the Reservation Rules may, but currently do not, permit SVN Members to save their unused use rights or Points from one Use Year to the next (called "*banking*"), to let another SVN Member use some of their Points temporarily (called "*sharing*"), to reserve Use Periods that nobody else has reserved as of a certain period (which may not be more than 60 days) before the Check-In Day (called "*bonus use*"), or to rent Points from the SVN Operator.

I. **CHANGES IN THE RESERVATION RULES.** The Plan Operator may change the Reservation Rules from time to time in the manner and under the circumstances provided in them. The Plan Operator must give notice of any change to the Owners. See the SVN Reservation Rules attached to the Starwood Vacation Exchange Company Disclosure Guide for details.

3.6. WHAT ARE MY USE RIGHTS?

During your Vacation Period, you have the exclusive right to use your Assigned Unit and the furnishings in it (the "Common Furnishings"). You also have the right to use (i) the common elements of the Condominium, (ii) the Master Association Amenities to the extent permitted under the Master Association Documents, and (iii) any Ka'anapali North Beach Amenities to the extent permitted under the Ka'anapali North Beach Documents. The Master Association Documents and Ka'anapali North Beach Documents are described in Exhibit "A".

You must take care of your Assigned Unit and the Common Furnishings. You must leave them in good condition except for ordinary wear and tear. You must pay for any damage and any items that are lost or missing after your Vacation Period. You must also remove all personal effects at the end of your Vacation Period or you risk losing them.

You may reserve a Vacation Unit so that your children, parents, relatives, a friend, or just about anyone else (except a competitor of the Developer) can use it. You may also rent your Vacation Period. However, you cannot join a "rental pool" or similar arrangement where your Vacation Period is placed together in a pool with other Owners' Vacation Periods and rented, or where rental income and/or expenses are shared in some other way.

You will be responsible for your Guests and Renters. You must pay any charges they owe to the Association if they do not pay them. For example, if they do not pay their long distance telephone charges, you must pay them. You will also be responsible for their misconduct and for any loss or damage that they cause.

Except for your Assigned Unit during your Vacation Period, you may not use or occupy a Vacation Unit or its furnishings. Likewise, except during your Vacation Period you may not use any of the common elements of the Condominium, the Master Association Amenities, or any Ka'anapali North Beach Amenities unless they are open to the general public or unless the Board decides to permit Day Use. "*Day Use*" means that Owners may come onto the Condominium at times other than their Vacation Period. Day Use is still subject to any limitations imposed by the Governing Documents. The Plan Operator must limit Day Use so that it does not unreasonably burden or interfere with the use of the Condominium, the Master Association Amenities, or any Ka'anapali North Beach Amenities.

You may only use the Vacation Units as vacation lodgings. You may not use them for any commercial purpose.

Persons with handicaps or disabilities may keep specially trained animals in their Assigned Unit or elsewhere on the Condominium as permitted by the Governing Documents or by law. No other pets or animals of any kind may be allowed or kept in any Vacation Unit or elsewhere on the Condominium except as explicitly provided in the Association Rules.

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Anyone who fails to check out on time or who damages a unit or its furnishings so that it cannot be used will be subject to sanctions, including eviction and payment of all damages resulting from the misconduct. Such a person must also pay an amount equal to twice the daily rental value of the unit for each day or part of a day that it is unavailable.

3.7. WHAT SHOULD I KNOW ABOUT THE CLUB AND THE NETWORK?

The Club and SVN are described in more detail in the Starwood Vacation Exchange Company Disclosure Guide. You should make time to read it. Here are a few key points.

A. **RESERVATIONS BY SVN MEMBERS.** During the SVN Reservation Periods, SVN Members (not just Owners in this Plan) will be able to reserve a Vacation Unit in this Plan on a space available, first-come, first-served basis subject to the priority rights established in favor of each Owner and the reservation and exchange rules and regulations stated in any documents that govern SVN and any changes and additions made to any of them from time to time ("*SVN Documents*") and the Club Documents. Likewise, an Owner in this Plan will be able to reserve the use of SVN Units at other SVN Resorts subject to similar restrictions and limitations.

B. **SVN POINTS.** If you request a reservation of an SVN Unit other than a Vacation Unit in this Plan, the SVN Operator will convert your Club Points to SVN Points pursuant to the SVN Documents. For now, there is no difference between Club Points and SVN Points. This could change so that your Club Points may be worth more or fewer SVN Points at some future date. This would not affect your rights to make a reservation during the Home Resort Reservation Periods.

C. **OTHER CLUB OR SVN RESORTS.** New units or resorts may be included in the Club or the SVN program from time to time. Specific units and even whole resorts may be removed from the Club or SVN from time to time. Also, a member resort (including the Plan) may withdraw from the Club or SVN if its affiliation agreement expires or otherwise ends.

D. **AFFILIATION AGREEMENT.** The Association has entered into an agreement (the "*Club Affiliation Agreement*") with the Club Operator. The Club Affiliation Agreement provides that the Plan and each Owner will be part of the Club.

The Club Affiliation Agreement has a term of 5 years from the date when the first deed of a Vacation Ownership Interest is recorded. The Association may terminate the Club Affiliation Agreement whenever the Club Operator violates a material part of it and fails to cure its violation within the time permitted by the Club Affiliation Agreement or any longer time permitted by the Board. After the first term and each later term ends, the Club Affiliation Agreement automatically will be renewed for additional five year terms unless a written notice canceling it is sent by either party at least 30 days before the renewal date. The Association may give that notice only if a majority of the Owners who cast votes or ballots on the matter vote to give the notice, and this may be difficult to do. They may do so by written ballot or at a meeting of the Association. In either case, the ballot or meeting must be held not more than one hundred and twenty (120) nor less than thirty (30) days before the renewal date. The decision not to renew will be effective only if (i) at least thirty percent (30%) of the Owners (not counting the Developer's Vacation Ownership Interests and votes) are present at the meeting, in person or by proxy or participate in the voting by ballot, and (ii) the Owners voting or casting ballots in favor of not renewing the Club Affiliation Agreement hold at least twenty-five percent (25%) of the total number of votes for all Vacation Ownership Interests (not counting the Developer's Vacation Ownership Interests and votes). A decision not to renew the Club Affiliation Agreement cannot be made by the Board alone. The Developer must abstain from the vote, and the Developer's votes will not be considered when determining whether a Majority of the Owners Voting have voted or cast ballots in favor of giving the notice.

The Club Operator and the SVN Operator have entered into a separate agreement (the "*SVN Affiliation Agreement*"). The Club Operator may assign its rights and duties under the Club Affiliation Agreement, and it has assigned some or all of them to the SVN Operator in the SVN Affiliation Agreement. The SVN Operator may assign its rights and duties under the SVN Affiliation Agreement. You should not purchase in reliance that the Club Operator or the SVN Operator will continue to operate the Club or SVN.

3.8. EXTERNAL EXCHANGE PROGRAM.

The SVN Operator has entered into a contract (an "*Exchange Contract*") with Interval International, Inc. of Miami Florida ("Interval International") to make its exchange program available to SVN Members. See the discussion of this in your Purchase Agreement.

3.9. SPECIAL RIGHTS OF THE DEVELOPER, THE CLUB OPERATOR, AND THE SVN OPERATOR.

The Developer is the Owner of all unsold Vacation Ownership Interests. The Developer's unsold Vacation Ownership Interests will be treated as though they had Floating Unit Use Rights and a Floating Vacation Period. The Developer generally has the same rights and duties as other Owners to reserve and use Use Periods for the Vacation Ownership Interests that it owns. Additionally, the Developer will have special use and other rights, called "*Developer's Reserved Rights,*" that other Owners do not. The Club Operator and the SVN Operator also have special rights. The special or reserved rights of the Developer, the Club Operator, and the SVN Operator are described in Exhibit "C". You should understand, and by signing your Purchase Agreement, Buyer's Acknowledgment, and First Deed, you accept and agree that the Developer, the Club Operator, and the SVN Operator have and may exercise and assign these special rights.

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3.10. **ENFORCEMENT OF OWNERS' RESPONSIBILITIES.** As members of, and acting through the Association, the Owners have the right to enforce the Vacation Plan Documents. The Association may take any action permitted by the Vacation Plan Documents or by law. For example, it may try to stop any improper activity, suspend your rights as an Owner (such as your voting rights and your rights to make a reservation or an exchange), refuse to let you check in, charge a fine, or foreclose on and sell your Vacation Ownership Interest and use the money from the sale to pay your debts. The Association may also use your reservation rights to reserve a Unit, rent it, and then use the rent money to pay your debts to the Association. The Association may also take legal action. For example, it may file a lawsuit to collect money or seek a court order.

4. DESCRIPTION OF TIME SHARE UNITS, BUILDING, LOCATION, ETC.

4.1. **LOCATION OF THE CONDOMINIUM.** The Units now in the Plan, as well as those that may be added to the Plan later, are part of the Ocean Resort Villas condominium. The Condominium is located on a wide sandy beach fronting on the Pacific Ocean. It is a fee simple condominium situated on 13.998 acres of land in Ka'anapali North Beach, on the Island of Maui ("*Lot 98*"). The address of the Condominium is Six Kai Ala Drive, Lahaina, Maui, Hawaii 96761.

4.2. **CONSTRUCTION AND PHASED DEVELOPMENT PLANS.**

The Developer plans to develop the Project in stages. Each stage is called a "*phase*" or an "*increment*". Each phase may include apartments and other improvements. The phases are described as follows:

PHASE 1. The first phase consists of the Halekipa Building, the Kahakai Building, the Snack Bar Building, the Courtyard, the Tennis Courts and Tennis Pavilion, and related Improvements. The Courtyard contains the pool, waterslide, slide mountain, and various other amenities that are part of the Master Association Amenities.

- The Kahakai Building is a six-story building with a basement. It is constructed principally of steel-reinforced concrete, gypsum board, and glass. It contains 103 resort apartments, one whole commercial apartment (the "*Master Association Apartment*"), and part of another one (Apartment 101).
- The Halekipa Building is a one-story building with a basement. It is constructed principally of steel-reinforced concrete, gypsum board, and glass. It contains part of one commercial apartment (Apartment 101).
- The Snack Bar Building is a one-story building that has no basement. It is constructed principally of concrete, steel, concrete masonry unit blocks, wood, and gypsum board. It contains part of a commercial apartment (Apartment 101).

PHASE 2. The second phase consists of the Makani Kai Building and related Improvements. The Makani Kai Building is a six-story building with a basement. It is constructed principally of steel-reinforced concrete, gypsum board, and glass. It contains 107 resort apartments and part of a commercial apartment (Apartment 101).

PHASE 3. The third phase consists of the Ahelani Building and related Improvements. The Ahelani Building is a six-story building with a basement. It is constructed principally of steel-reinforced concrete, gypsum board, and glass. It contains 70 resort apartments.

PHASE 4. The fourth phase, if it is constructed, is presently planned to consist of a Gazebo. The Gazebo is likely to consist of a concrete slab floor, wood roof framing, and concrete masonry unit block columns. It contains one Commercial Apartment (the Gazebo Apartment). The Developer is not currently planning to construct the Gazebo Apartment, although this may change. If the Gazebo is constructed, it will be used for commercial purposes.

Note: Webcams may be in use in the common/amenity areas of the Condominium. Webcams provide a panoramic view of certain amenities (i.e. the pool area). These images may be viewed on a real time basis via the worldwide web/internet.

ORDER OF DEVELOPMENT. The Developer has completed construction of phases 1, 2 and 3. No date has been set for construction of the Gazebo Apartment (phase 4). The Developer may change its plan of development without the consent or approval of anyone else. For example, the Developer may choose to speed the construction of one building or slow construction of another.

STATUS OF CONSTRUCTION. The 103 resort apartments in the Kahakai Building (phase 1) were constructed, furnished and available for occupancy starting in the fall of 2003. The 177 resort apartments in the Makani Kai Building (phase 2) and the Ahelani Building (phase 3) were constructed, furnished and available for occupancy starting in the summer of 2005.

4.3. **APARTMENTS.** Although the Condominium Documents may divide the apartments differently, for purposes of the Vacation Ownership Plan, the apartments included in the Plan at the outset fall into one of eight Unit Types: One Bedroom Island View, One Bedroom Ocean View, Two Bedroom Island View, Two Bedroom Ocean View, Two Bedroom Ocean Front, Two Bedroom Deluxe Island View, Two Bedroom Deluxe Ocean View, and Two Bedroom Deluxe Ocean Front. They are described as follows:

A. "*One Bedroom Ocean View*" and "*One Bedroom Island View*" apartments have one bedroom, one bathroom, a

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combination living room and dining room, a kitchen, a foyer, and a lanai. These apartments have an interior area of about 904-909 square feet plus a lanai of about 87-101 square feet.

B. "*Two Bedroom Ocean View*" and "*Two Bedroom Island View*" apartments have one master bedroom, one combination bedroom and living area, two bathrooms, a combination living room and dining room, a kitchen, a foyer, and two lanais. These apartments have an interior area of about 1370-1383 square feet plus lanais totaling about 96- 233 square feet.

C. "*Two Bedroom Ocean Front*" apartments have one master bedroom, one combination bedroom and living area, two bathrooms, a combination living room and dining room, a kitchen, a foyer, and two lanais. These apartments have an interior area of about 1371 square feet and lanais totaling about 330 - 334 square feet.

D. "*Two Bedroom Deluxe Ocean Front*", "*Two Bedroom Deluxe Ocean View*", and "*Two Bedroom Deluxe Island View*" apartments have one master bedroom, one combination bedroom and living area, two bathrooms, a combination living room and dining room, a kitchen, a foyer, and two lanais. These apartments have an interior area of about 1547-1550 square feet plus lanais totaling about 256-271 square feet.

Note: The floor areas for the Resort Apartments are all approximate. The Developer makes no representations or warranties as to the actual area of any particular Apartment. The areas of particular Apartments are likely to vary.

4.4. **UNITS IN THE PLAN.** The Developer may also remove apartments from the Plan so long as the Developer owns all of the Vacation Ownership Interests in them. The Developer may also add apartments back into the Plan, or add any other apartments, at any time and without the consent of any Owner or anyone else. The Developer is not promising to add more apartments to the Plan.

When the Developer adds apartments to the Plan, it may create new Unit Types or new kinds of Vacation Ownership Interests. If the Developer creates a new Unit Type or new kinds of Vacation Ownership Interest, or if the Developer owns all of the Vacation Units of a particular Unit Type, then the Developer may change the Vacation Plan Documents with respect to that Unit Type. For example, the Developer could create new kinds of Vacation Ownership Interests that give the Owners of them the first chance or the exclusive right to reserve certain Vacation Units.

These rights of the Developer are subject to certain limits. For example, the Developer cannot change the rights of existing Owners to reserve and use the Vacation Units already included in the Plan (except for Units owned entirely by the Developer). And the Developer cannot give more than one vote to any new kind of Every-Other-Year Vacation Ownership Interest, nor more than two votes to any new kind of Every-Year Vacation Ownership Interest.

4.5. **MASTER ASSOCIATION.** The Developer decided to provide a way for the owners and occupants of the Condominium and some or all of the other projects in Ka'anapali North Beach to share the use of certain amenities located on the grounds of this Condominium, the Ocean Resort Villas North condominium, and perhaps some other projects in the area (the "Master Association Amenities"). The Developer also wants to be sure that the amenities and landscaping of the Condominium, the Ocean Resort Villas North condominium, and perhaps some other projects provide similar or complementary vacation ambience consistent with a first class destination resort, and that they can be updated and enhanced over the years to keep up with modern trends for first class destination resorts.

This Condominium has a pool, waterslide, slide mountain, tennis courts, ponds, and other amenities which may be available for your use. These amenities are part of the Master Association Amenities. The Developer is currently constructing the Ocean Resort Villas North condominium on the land next door to this Condominium. The Ocean Resort Villas North condominium will also have things that are part of the Master Association Amenities, such as pools and landscaping. The Developer may also develop other hotels or condominium, vacation ownership, time share, or fractional ownership projects elsewhere in Ka'anapali North Beach which will have things that are part of the Master Association Amenities.

In addition, the Developer wants to be able to use the Master Association Amenities for its own purposes. For example, it wants to be able to do these things:

- It wants to be able to show the amenities and the grounds to persons who might buy an apartment or Vacation Ownership Interest in the Condominium or an apartment, time share interest, or fractional ownership interest in other Ka'anapali North Beach projects.
- It wants to be able to offer activities to these prospective purchasers.
- It wants to be able to establish booths or concessions for the sale of food, beverages, tourist activities or other incentives intended to encourage prospective purchasers to attend a sales presentation.
- It wants to be able to conduct receptions for purchasers and prospective purchasers for the purpose of promoting the sales of apartments or Vacation Ownership Interests in the Project or apartments or time share interests or fractional ownership interests in other Ka'anapali North Beach projects.

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To accomplish these things, the Developer created the Ocean Resort Master Association, a non-profit corporation, and special apartments in the Condominium and the Ocean Resort Villas North condominium called the "*Master Association Apartment.*" The Developer has deeded to the Master Association the Master Association Apartment in this Condominium and intends to deed the Master Association Apartment in the Ocean Resort Villas North condominium to the Master Association. The amenities and most landscaping of the Condominium and the Ocean Resort Villas North condominium are limited common elements of these apartments. These include, for example, the various waterfalls, water slide, slide mountain, swimming pools, koi ponds, spa, pool decks, pool bathrooms, beach and pool showers, fitness center, late departure guest lounge, and tennis courts and a tennis pavilion, among other things. They also include most of the landscaping and grounds of the Condominium and the Ocean Resort Villas North condominium.

This means that the Master Association will control most or all of the amenities and landscaping of the Project. It also means that persons who are not Owners or occupants of the Condominium may have the right to use these amenities. Each Owner will also be a member of the Master Association and may use the amenities as permitted by the documents that established and that govern the Master Association. These documents, called the "*Master Association Documents*", are listed in Exhibit "A".

The Master Association Documents require that each Owner pay a share of the costs to operate, maintain, repair, replace, change, and upgrade the Master Association Amenities and other Master Association property, and the costs to operate and maintain the Master Association. All other Master Association Members must also pay a share of these costs as provided in the Master Association Declaration. Each owner of a resort apartment (including Owners of Vacation Ownership Interests) must pay the fees, charges, and expenses charged by the Master Association in accordance with the Master Association Documents. Because the owners of the Condominium's commercial apartments will not be participating in the Master Association, they do not generally have the right to use the Master Association Amenities and they will not share in the costs of owning, operating, and maintaining the property owned by the Master Association. The Developer, however, has certain easements to use the Master Association's property.

The Developer has the right to add to the Master Association Amenities any amenities located on any other project participating in the Master Association, but the Developer does not promise to do so. The Master Association has the rights stated in the Master Association Declaration to add, continue, change or remove any of the Master Association Amenities. This includes the right to change any Master Association Amenities located on the Condominium. For example, it may install, change and remove landscaping, waterfalls, ponds, streams, foot bridges, benches, tiki torches, walkways, water slides, and pools. It may add new amenities, remove or change old ones, and so on.

4.6. **KA'ANAPALI NORTH BEACH.** The Condominium is part of a larger community known as Ka'anapali North Beach. The former owner of the land of the Project recorded the Declaration of Covenants, Conditions, Easements and Restrictions for Ka'anapali North Beach (the "*Ka'anapali North Beach Declaration*") against all of the lands in Ka'anapali North Beach to ensure that such lands would be used and developed in accordance with the standards and restrictions described the Ka'anapali North Beach Declaration. The Ka'anapali North Beach Declaration applies to the Project and to all owners of apartments or time share interests in the Project.

The Ka'anapali North Beach Declaration provides for the use, administration, repair and maintenance of the "Common Area." This includes two parks, a roadway, an area set aside for public open space, and so on. It also provides for the implementation of a monitoring program for Hawksbill turtles in the Shoreline Setback Area. These functions will be performed by the Ka'anapali North Beach Master Association, Inc., a non-profit Hawaii corporation (the "*Ka'anapali North Beach Association*") whose members consist of the owners of the lands in the Ka'anapali North Beach Area.

Each owner of an apartment or Vacation Ownership Interest in the Project will be a member of the Ka'anapali North Beach Association. Members may use the Common Areas of Ka'anapali North Beach subject to the conditions and restrictions imposed by the Ka'anapali North Beach Declaration, rules and regulations adopted by the Ka'anapali North Beach Association, and other documents and laws. The Condominium Association, not the individual apartment owners, has the right to vote in the Ka'anapali North Beach Association. The Condominium Association must pay the amounts charged to it by the Ka'anapali North Beach Association. Those amounts will be a common expense of the Condominium and each Owner will pay a share of it.

4.7 **NO WARRANTIES.** The Seller is the developer of the Condominium but it is not related to the general contractors who built the buildings.

The Condominium consists of fully built and existing buildings. Certificates of occupancy were issued for the Kahakai and Halekipa buildings in 2003, and for the Ahelani and Makani Kai buildings in 2005, and all warranties have now expired.

Except for the warranty of title, the Developer makes no warranties, express or implied, about your Vacation Ownership Interest(s), the Apartment, the Condominium, or anything installed or contained in them. This includes, but is not limited to, warranties of merchantability, habitability, workmanlike construction, fitness for a particular use or sufficiency of design. **THE PROPERTY IS TRANSFERRED TO YOU "AS IS" AND WITH ALL DEFECTS, WHETHER VISIBLE OR HIDDEN, AND WHETHER KNOWN OR NOT.** This means, among other things, that the Developer does not have to

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correct or fix any defect no matter what causes it or when it is discovered.

You also give up (or, in legal terms, "waive and release") all rights and claims against the Developer and its officers, directors, agents and employees for (i) any defects in the Apartment or the Condominium or anything installed or contained in them, and (ii) for injury to persons or property arising from any such defects. This means that the Developer will not have to pay for any injury or damage to people or things as a result of any defect.

Finally, without limiting the other parts of this Section 4.7, the Condominium Map is not intended to be and does not create any representation or warranty by the Developer.

4.8. **HAZARD AND LIABILITY INSURANCE.** You should read Chapter 15 of the Vacation Plan Declaration and Section 13 of the Condominium Declaration for a discussion of insurance coverages that the Association and the Condominium Association are supposed to have. Although the Association will attempt to obtain these coverages, it may obtain less insurance if certain coverage is not reasonably available or if the Board decides that it is too expensive. The following is a brief summary of the coverages required by the Condominium Documents and/or the Vacation Plan Documents:

A. **PROPERTY INSURANCE.** The Association or the Condominium Association must buy a policy of property insurance that covers fire, lightning, windstorm and hail, smoke, explosion, riot, civil commotion, aircraft and vehicle damage, and so on. If it is available at a reasonable cost, the insurance must cover 100% of the cost of replacing the property (except for things like the foundation) without deductions for depreciation.

B. **LIABILITY INSURANCE.** The Association or the Condominium Association must buy a commercial general liability insurance policy and, if necessary, commercial umbrella insurance. The policy must cover all Owners, the Board, the Association, the Developer, the Managing Agent, the Plan Manager, and their officers, directors, agents, and employees against claims for personal injury, bodily injury, death, and property damage. The policy limits must not be less than $3,000,000 for personal injury, bodily injury and death, and $1,000,000 for property damage.

The Association must also buy a commercial automobile liability policy of insurance if the Association owns or leases any motor vehicles. The policy limits may not be less than $1,000,000 for bodily injury or death or property damage arising out of a single accident or occurrence.

You should note that the insurance policies are subject to various deductibles and that the Association and the Condominium Association may decide not to create reserves to pay the amount of the deductibles. If there is a loss, the Association or the Condominium Association may have to pay the amount of the deductibles from other funds.

You should review (or have a qualified insurance agent review) the insurance requirements stated in the Governing Documents, as well as the policies obtained by the various associations, to decide whether or not to buy more insurance for yourself. You are free to do so. You and the various associations are also free to buy insurance from any company licensed to do business in the State of Hawaii. Since insurance is the responsibility of these associations and the individual Owners, the Developer makes no guarantee that insurance will be available, or available at a reasonable cost, or adequate.

4.9. **ADDITIONAL INFORMATION.**

A. The property is subject to that certain Special Management Area (SMA) Permit 88/SM1-023 and Shoreline Setback Variance (SSV) 88/SSV-002 dated July 19, 1988, issued by the County of Maui, as confirmed by letter of July 22, 1988, issued by Christopher L. Hart, Planning Director. The property is also subject to Special Management Area Permit SM1 970006 issued by the County of Maui, having an effective date of December 14, 1998.

Copies of these permits are available for inspection by purchasers and prospective purchasers. The Condominium is subject to these permits. Owners and/or the owners associations must comply with these permits on an ongoing basis. The permits require, among other things, that the Condominium Association buy and maintain comprehensive liability insurance of at least one million dollars naming the County of Maui as an additional insured. The policy must cover all claims or demands for property damage, personal injury and/or death arising out of the permits. The cost of the policy will be a common expense.

B. The property is located in a tsunami inundation area. It is also located in a flood zone and flood control measures may be required. Certain areas in the Shoreline Setback Area (as that term is defined in the Condominium Documents) have been designated and must be preserved as wetlands.

C. The County of Maui has not made a determination as to whether any portions of the Project may contain historical sites. The Project is subject to certain public access requirements providing access to the beach in front of the Project. The Project is also subject to a 150 foot setback from the ocean. Please note that any further development may require additional Special Management Area approval by the County of Maui.

D. Preliminary entitlements, such as a special management area permit, have been granted for the development of the Ocean Resort Villas North condominium on the lot adjacent to this Condominium and a proposed 700 unit condominium, hotel and townhouse project on a nearby parcel. The construction of the Ocean Resort Villas North condominium and the 700 unit project may create and cause noise, dust, soot, smoke, odors, surface water runoff, vibrations, and other nuisances or hazards. The Developer is

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developing the Ocean Resort Villas North condominium but is not responsible in any way for the development of the 700 unit condominium, hotel and townhouse project.

5. (MULTIPLE LOCATION TIME SHARE PLAN)

Not applicable. The Plan includes only Units in the Condominium.

6. TIME SHARE PLAN IN A CONDOMINIUM

6.1. **CONDOMINIUM LEGAL STRUCTURE.** The Vacation Plan is located in the Ocean Resort Villas Condominium. The Condominium was created when the Condominium Documents were recorded (officially filed) in the real estate records of the State of Hawaii. The Condominium Documents are listed in Exhibit "A".

The Condominium Property Act (Chapter 514A, HRS) and the Condominium Documents control the rights and obligations of the apartment owners with respect to the Condominium 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.

The Condominium Documents divide the Condominium into apartments and common elements. "*Common elements*" means all parts of the Condominium except for the apartments. For example, the land of the Condominium is a common element. So are the driveways. Some common elements are set aside for the use of particular apartments. These are called "*limited common elements.*" The limited common elements are described in section 5.4 on page 18 of the Amended and Restated Condominium Declaration. Apartment 101 and the Master Association Apartments have particularly extensive limited common elements.

Each apartment comes with an ownership share, called a "*common interest*" in the common elements. This means that the owners can own their own apartments separately but that all of the apartment owners own the common elements together. The common interests for the Vacation Units are shown in Exhibit "B".

The Association of Apartment Owners of Ocean Resort Villas is an unincorporated association of the owners of apartments in the Condominium. It is responsible for the management of the common elements and the overall operations of the Condominium. Each owner of an apartment in the Condominium (including Owners of Vacation Ownership Interests in the Plan) is a member of the Condominium Association.

The apartment owners elect a board of directors to manage the Condominium. The board of directors is the governing body of the Condominium Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the Condominium will in most cases be limited to your right to vote as an Owner. The board of directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

The board of directors hires a Managing Agent to provide essentially all management services needed by the Condominium Association. The Developer has appointed the initial Managing Agent of the Condominium and it is the same company that serves as Plan Manager of the Plan.

Common expenses of the Condominium are divided among the apartments according to their common interests as are voting rights. The term "*common expenses*" means the expenses of operating the Condominium and all other amounts designated as common expenses under the Condominium Documents or under the Hawaii Condominium Property Act. Note that under the Hawaii Condominium Law, charges for common expenses to an apartment do not begin until the County issues a certificate of occupancy for that apartment.

Each apartment owner (including each Owner of a Vacation Ownership Interest) is responsible to pay the common expenses for his or her apartment. The Condominium Association has a lien on each apartment to secure payment of that apartment's share of the common expenses. If the common expenses are not paid, an apartment can be taken from its owners and sold by foreclosure. The Condominium Association can also sue the apartment owners for the amounts due.

The Condominium Association and its Managing Agent may enter any apartment as needed to operate the Condominium or to make emergency repairs.

The Developer has various special rights, called the "*Developer's Reserved Rights*", under the Condominium Documents. These are described in Exhibit "D".

6.2. **EASEMENTS.** "*Easement*" is a legal term. In general, it refers to the right of one person to use property in the possession of someone else. The Condominium Documents create various easements. Some of them can be summarized as follows:

A. The Shoreline Setback Area is subject to an existing easement. This easement requires that the Shoreline Setback Area remain open and available to the public as open space, for recreational access and passive recreational uses, and for Native Hawaiian use for traditional and customary uses of the shoreline and near-shore ocean waters. The Native Hawaiian uses include fishing, diving, ho'okupu ceremonies (ritual prayers on the shoreline) and gathering.

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B. The Project is located adjacent to a parcel of land currently owned by a private landowner but open to the public for beach access and park use. A road crossing the Project is used for access to that park. The Developer's current plans call for relocation of that road, and the construction of parking stalls in its place; however the Developer cannot promise that this will happen.

C. Employees, customers, and so on, of a commercial apartment, can come onto the Condominium, park in unassigned parking stalls, make deliveries, make casual use (such as after dinner strolls) of the walkways, and do other things reasonably necessary in connection with the ordinary conduct of business operations.

D. Persons authorized by the Master Association may come onto the Condominium as necessary or convenient to use, operate, maintain, add to, install, or replace the Master Association's properties. They may also park in unassigned parking stalls, make deliveries, and use the Shoreline Setback Area and any other recreation areas and facilities adjacent to the beach (e.g., showers).

E. The Developer and persons authorized by it may use the limited common elements of the Master Association Apartment to conduct educational, cultural, entertainment or sporting events, and other activities of general community interest.

F. The Developer and persons authorized by it have the ***exclusive*** right and an easement to conduct extensive marketing and sales activities on the common elements (including but not limited to the limited common elements of the resort apartments and the limited common elements of the Master Association Apartment) and from any apartment owned by it. This right includes but it is not limited to the right to permit purchasers and prospective purchasers to come onto the project and to park in unassigned parking stalls, the right to show the project to those persons, the right to use apartments owned by the Developer as model apartments, sales, management, and/or administrative offices, the right to establish and operate tour or activity desks or other businesses intended to promote sales, and the right to use banners, signs or other extensive sales displays and activities at the Condominium.

This easement applies to activities conducted in connection with the initial sale and/or any resale of (i) one or more apartments and/or Vacation Ownership Interests in the Condominium, and (ii) one or more apartments, time share interests and/or fractional ownership interests in any adjacent projects.

G. The Developer and persons authorized by it have an easement as may be reasonably necessary or convenient to complete any improvements and to correct any defects and other punchlist items in the common elements or any apartment or to use any of the other Developer's Reserved Rights.

H. The Owner of Apartment 101 has the exclusive right (but no duty) to provide (i) bellhop service, (ii) room service, (iii) valet parking service, and (iv) food and beverage services in the Courtyard of the Condominium.

I. The Developer and the Master Association have the right (but no duty) to operate one or more children's programs. They may make these programs available to children of Owners, occupants, other Master Association Members and occupants of their property, potential Master Association Members, and guests of any of these persons. The programs may involve use of the amenities of the Master Association or the Condominium, the Shoreline Setback Area (subject to the requirements of the SMA Permits), and the beach.

J. The Developer and persons authorized by it have an easement to create and cause noise, dust, soot, smoke, odors, surface water runoff, vibrations, and other nuisances or hazards in connection with (a) the use of its other easement rights, (b) the development of any Adjacent Parcel, or (c) the use of the Developer's Reserved Rights or any other rights of the Developer described in the Condominium Declaration.

K. The Developer has the right to establish, operate and maintain in the Shoreline Setback Area no more than three beach or beach side (meaning on the parts of the Condominium near the beach) concession stands. (The Developer also has the right to additional concession stands in the Courtyard and the other limited common elements of the Master Association Apartment.)

L. The Master Association has an easement appurtenant to the lot on which this Condominium is located as well as the adjacent lot on which the Ocean Resort Villas North condominium will be located (i) for off-site storm water runoff retention and storage purposes consistent with certain drainage requirements, and (ii) for the maintenance, inspection, observation and/or repair by the Master Association of certain retention basins.

Each person who has any interest in the Condominium (i) understands, acknowledges and accepts that some or all of these easements activities may result in noise, dust, soot, smoke, odors, surface water runoff, vibrations and other nuisances and hazards, (ii) consents to this activity, and (iii) gives up (in legal terms, "waives, releases and discharges") any rights, claims or actions that he or she may have, now or in the future, against the Developer and various other persons. Each Owner and every other interested party assumes the risk of any property damage, personal injury or loss in property value arising from the exercise of these easements.

7. RESTRAINTS ON TRANSFER OF BUYER'S INTEREST

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7.1. **UNDER THE VACATION PLAN DECLARATION.**

A. **GENERAL RULE.** One of the many benefits of owning a Vacation Ownership Interest is that you can transfer it to your children, a friend, or just about anyone else. Because it is a real estate interest, you can also mortgage your Vacation Ownership Interest. If you own more than one Vacation Ownership Interest, you may transfer or mortgage each of them separately. However you cannot transfer or mortgage less than an entire Vacation Ownership Interest. There are two exceptions (i) you can pledge or transfer your voting rights to a lender having a mortgage on your Vacation Ownership Interest (or for whom someone else holds a mortgage on your Vacation Ownership Interest); and (ii) the seller under an agreement of sale may retain legal title and the right to vote on certain matters. The Buyer may transfer his or her entire interest under the agreement of sale, but nothing less. The Association has a lien on each Vacation Ownership Interest for all amounts charged to it or to its Owner. This is discussed in Section 12.

B. **NOTICE OF TRANSFER.** The Vacation Plan Declaration requires that notice of any transfer must be given to the Association. If notice is not given, neither the Association nor the Plan Operator have to recognize the transfer, and the person making the transfer will remain liable to the Association for charges for the Vacation Ownership Interest. The Association and the Plan Operator may charge a reasonable service charge to register the change in ownership on their records.

7.2. **WHEN THE DEVELOPER'S CONSENT IS REQUIRED.**

A. The Developer's consent is required if you want to transfer your Purchase Contract before Closing, or to transfer a Vacation Ownership Interest that is mortgaged to the Developer. If the Developer assigns the mortgage to someone else, that person's consent will also be necessary.

B. Without the Developer's written consent, you cannot transfer, lease, rent, or otherwise contribute your Vacation Ownership Interest or its use rights, Points or Vacation Period to (i) another vacation ownership or time share plan or program, (ii) a fractional ownership plan, or (iii) a Competitor of the Developer (but this does not prevent an Owner from participating in a "Traditional Exchange Program", as that term is defined in the Vacation Plan Documents, or any Exchange Program available through the Club Operator or the SVN Operator). Any attempt to do so will not be effective; it will be void. The Developer may withhold its consent in its sole discretion. Also, Competitors of the Developer are not allowed to own any interest in the Property. If a Competitor acquires any interest in a Vacation Ownership Interest without the Developer's consent, or if anyone who has any interest in a Vacation Ownership Interest becomes a Competitor without the Developer's written consent, that interest will return to the Developer automatically. The Developer may withhold its consent in its sole discretion.

A "*Competitor*" is anyone who is: the developer of another time share plan or fractional ownership plan; any marketer or sales agent of another time share plan or fractional ownership plan (including but not limited to any OPC); the manager of another time share plan or fractional ownership plan; an exchange company other than the Club or SVN; any other competitor of the developer; any officer, director, agent, employee, independent contractor, partner, co-venturer, attorney, or affiliate of (i) a developer, marketer, sales agent, or manager of another time share plan or fractional ownership plan, or (ii) an exchange company other than the Club or SVN, or (iii) any officer, director, agent, employee, independent contractor, partner, co-venturer, attorney, or affiliate of anyone listed above, or (iv) anyone collaborating with anyone listed in items (i) to (iii). The Developer may cancel your Purchase Contract if you are a Competitor.

C. **RIGHT OF FIRST REFUSAL TO PURCHASE.** If you receive an offer to buy (the "*Offer to Buy*") your Vacation Ownership Interest and if you want to accept it, you must first notify the Developer before accepting the offer and must provide a complete copy of the Offer to Buy. The Developer will then have the right and an option to buy your Vacation Ownership Interest at the same price and on the same terms contained in the Offer to Buy. If the Developer decides to buy it, then the Developer will send you written notice of that decision within ten (10) business days after the Developer receives your notice of the Offer to Buy. The Developer's notice will create a binding contract between you and the Developer to buy your Vacation Ownership Interest on the terms stated in the Offer to Buy (subject, however, to a reasonable extension of the closing date). If the Developer does not send notice of its decision to buy the Vacation Ownership Interest within the ten (10) business day period, then you may sell your Vacation Ownership Interest to the person who submitted the Offer to Buy. If the Offer to Buy is changed in any way (for example, a reduction in the price, a change in the Buyer or an assignment of the Buyer's rights to someone else), or if the sale does not close within ninety days, then the Offer to Buy will be considered a new Offer to Buy and you must re-submit it to the Developer and the requirements of this section will apply again. If the Developer chooses not to buy the Vacation Ownership Interest, this will not constitute consent by the Developer of a sale or other transfer of the Vacation Ownership Interest to a Competitor.

8. MUTUAL RECISSION PROVISION

You and the Developer both have the right to cancel your Purchase Contract without penalty by giving the other party written notice within seven calendar days after: (1) signing the contract; or (2) you receive this disclosure statement, whichever is later. The seven-day period is called the "*Seven-Day Cancellation Period*". You will receive a form of Notice of Cancellation [Form TS-10 of the Department of Commerce and Consumer Affairs of the State of Hawaii ("*DCCA*")] with all pertinent information filled in at the time that you sign your

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Purchase Contract. If you cancel, then, within 15 business days all of your payments must be returned to you.

9. TITLE DEFECTS OR ENCUMBRANCES

"*Encumbrances*" are interests in or claims on property held by someone other than the owner of that property. They also include duties imposed by certain documents that affect the property and its owner. For example, a document giving the telephone company a right to install telephone lines across the land of a resort is an encumbrance.

Your Vacation Ownership Interests will be deeded to you subject to the encumbrances listed in Exhibit "A" and to (i) any mortgage signed by you, and (ii) any other encumbrances that do not make your title unmarketable. These are called the "*Permitted Encumbrances.*"

The Condominium Documents, the Master Association Documents, and the Vacation Plan Documents are Permitted Encumbrances. The Developer has certain special and reserved rights, called the "*Developer's Reserved Rights*", under these documents. Some of those rights are described in Exhibits "C" and "D". When you sign your Vacation Ownership Deed, you consent to, accept, approve, and make the agreements about the Developer's Reserved Rights as discussed in those exhibits. You also give to the Developer the right of first refusal described in Section 7.2.C, above. These consents, acceptances, approvals, agreements, and the right of first refusal will also be encumbrances on your Vacation Ownership Interest. You should read your Vacation Ownership Deed and your Purchase Contract with care.

10. PENDING OR ANTICIPATED SUITS

Not applicable. There are now no suits pending or anticipated that are material to the Vacation Ownership Interests or the Plan of which the Developer has or should have knowledge.

11. FINANCIAL OBLIGATION OF PURCHASERS

11.1. **PURCHASE OBLIGATION.** You must pay the Purchase Price stated in your Purchase Contract. You may pay it at once in cash or over time on credit from the Developer. If you buy on credit then you must make monthly loan payments both before and after Closing. See your Truth-In-Lending Disclosure Statement for the annual percentage rate and other information. The Developer is not arranging, and has no duty to arrange, outside financing for any Buyer. If you buy on credit, you must pay all costs of the collection agent to whom your payments are made. You must also pay closing costs in the amount listed on your Purchase Contract for "Settlement Charges". The Developer will pay all closing costs beyond that except that you must pay any title insurance premiums in excess of $100. See Exhibit "E" for information about sales prices, installment purchase terms and closing costs. All amounts are in United States dollars. Be sure to ask about special purchase prices and terms that may be offered from time to time. The Developer has the right to change Exhibit "E" from time to time.

11.2. **ASSOCIATION CHARGES.** As an Owner, you must pay all amounts charged to you by the Association, the Condominium Association, and the Master Association. See Section 12.

11.3. **ENFORCEMENT.** You should be aware that if you do not pay or keep the promises you make in your Purchase Contract (or in any note and mortgage that you sign), the Developer may take any action permitted by the Purchase Contract (or note and mortgage) and allowed by law. Among other things, the Purchase Contract allows the Developer to keep any payments made by a Buyer who defaults, and the mortgage permits the Developer to foreclose. You should read these documents carefully.

12. ESTIMATE OF DUES, MAINTENANCE FEES, REAL PROPERTY TAXES, ETC.

12.1. **ASSESSMENTS.** After Closing, you must pay your Assessments and Personal Charges. The current amount of assessments is shown in Exhibit "F". Assessments are set in this way:

A. **PLAN EXPENSES.** The Association pays all costs of operating the Plan and maintaining, repairing and replacing the Vacation Property. These expenses are called "*Plan Expenses*". You and every other Owner must pay a share of the Plan Expenses. Among other things, these are Plan Expenses:

- The cost of utility services such as water, electricity, garbage disposal, telephone and cable television.
- The cost of repairing, rebuilding, replacing, remodeling, or making improvements to the Vacation Property.
- The cost of buying insurance required or permitted by the Vacation Plan Documents.
- All amounts charged to the Vacation Units by the Master Association, the Condominium Association or the Ka'anapali North Beach Association (except amounts separately charged to individual Owners). This includes, for example, the expenses of operating and maintaining the Condominium or the Master Association Amenities.
- Any real property taxes and other government taxes and charges on the Units (except amounts separately charged to individual Owners).

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- Amounts needed for the Reserve Accounts. These are savings accounts of the Association. The money is used to pay for Capital Improvements. "*Capital Improvements*" are things like replacing the carpeting or appliances, other major repairs and remodeling, or replacing the Vacation Units or Common Furnishings.

- Any amounts due from the Association under the Club Affiliation Agreement, including but not limited to the Annual Club Dues for each Owner (unless separately charged to the individual Owners).

- Housekeeping and cleaning fees, and other expenses necessary to maintain, repair, manage and operate the Vacation Property.

B. **YOUR SHARE OF PLAN EXPENSES.** Each Owner must pay a share of the Plan Expenses (called a "*Fair Share*"). Your Fair Share of Plan Expenses depends on the Unit Type of Your Unit. It works like this:

1) **Relative Valuation.** The Developer sets a Relative Valuation for each Unit Type. *Relative Valuation* refers to the idea that each Vacation Unit's share of the Plan Expenses should be based on a comparison of that Vacation Unit to other Vacation Units included in the Plan. While some time share plans compare the size of apartments to determine their share of the plan's expenses, this does not necessarily result in a fair division of maintenance fees among the apartments. For example, the cost of sending a newsletter or notice of an Association meeting to an Owner is the same whether the Owner's unit is a one-bedroom unit or a larger two-bedroom unit.

As a result, the Developer has adopted a plan for dividing Plan Expenses among the Vacation Units based on their "*Relative Valuation*". The Developer determines a Relative Valuation for each Unit Type based on the size of the Vacation Unit, the estimated maintenance and expense burden, sleeping capacity, and other relevant factors as determined by the Developer in its sole discretion. The Relative Valuation for Vacation Units currently included in the Plan is listed in Exhibit "B".

Note that Relative Valuation is <u>not</u> intended to reflect the fair market value of (i) Vacation Units that are a particular Unit Type, or (ii) Vacation Ownership Interests in Vacation Units of a particular Unit Type. The Relative Valuation for a Unit Type will <u>not</u> change based on changes in market conditions.

2) **Fair Share.** "*Fair Share*" means a share based on a comparison of the Relative Valuation of one Vacation Unit to the total of the Relative Valuations for all of the Vacation Units, as follows:

- The Fair Share for each Every-Year Vacation Ownership Interest in a Vacation Unit is 1/52nd of the following fraction:

<u>The Relative Valuation of that Vacation Unit</u>

The Sum of the Relative Valuations
For All Vacation Units for Which
Assessments Have Begun

- The Fair Share for each Every-Other-Year Vacation Ownership Interest in a Vacation Unit is 1/104th of the same fraction. In other words, the Fair Share for an Every-Other-Year Vacation Ownership Interest is one half of the Fair Share of an Every-Year Vacation Ownership in the same Unit Type.

3) **When Assessments Begin.** For any Vacation Unit, Assessments begin on the later of (i) first day of the month after a deed transferring a Vacation Ownership Interest in that Vacation Unit is recorded, or (ii) the date when the County of Maui issues a temporary or permanent certificate of occupancy for that Vacation Unit. From then on, the Owner of each Vacation Ownership Interest in that Vacation Unit, whether it is the Developer or someone else, must pay a Fair Share of the Plan Expenses.

C. **REGULAR ASSESSMENTS.** Every year, the Association adopts a budget showing the Plan Expenses for the coming year. The budget reflects Plan Expenses based on the property that is expected to be included in the Plan by the start of the coming year. Of course, the actual expenses may vary, especially as additional property is included in the Plan. A copy of the current budget of Plan Expenses is attached as Exhibit "G" to this Disclosure Statement. You must pay your Fair Share of the Plan Expenses. This is called your "*Regular Assessment*".

D. **SPECIAL ASSESSMENTS.** If there is a shortfall in the budget or if the Vacation Property is damaged or destroyed, the Board may adopt a special budget to deal with the problem. You must pay your Fair Share of that budget. This is called a "*Special Assessment*".

E. **LIMITS ON INCREASING ASSESSMENTS.** Unless a majority of the Owners casting votes (not counting the Developer's votes) approve the increase, the Board may not increase the Regular Assessment on any Vacation Ownership Interest by more than 20% in any fiscal year, or charge a Special Assessment of more than 5% of the Regular Assessment (10% for repairing damaged or destroyed property) in any fiscal year. There are some limited exceptions to these rules for things like increases in taxes or utility expenses, emergencies, and so on.

F. **PROGRAM EXPENSES.** The Regular Assessment will be $1,070.15 per year for an Every-Year Vacation Ownership Interest in a One-Bedroom Unit, $1,247.34 per year for an Every-Year Vacation Ownership Interest in a Two-Bedroom Unit, and $1,675.86 per year for an Every-Year Vacation Ownership Interest in a Two-Bedroom Deluxe Unit. The Developer must pay Assessments on unsold Vacation Ownership Interests in Vacation Units for which Assessments have begun.

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G. **PERSONAL CHARGES.** A "*Personal Charge*" is an expense not covered by Assessments. This includes expenses that result from the act, failure to act, or other conduct of an Owner, Occupant or an Occupant's Guest. It also includes charges for extra services requested or used by Owners, Occupants or their Guests. Personal charges include, for example:

- Food and beverage charges; telephone charges; extra housekeeping services.
- Charges for use or rental of sports supplies or other recreational equipment, or any amenities (for example, a spa) of the Condominium, the Master Association or Ka'anapali North Beach.
- The cost to repair any damage (except for ordinary wear and tear and unavoidable accidents) to Vacation Units or their furnishings, or to replace any missing items.
- Expenses to any other Owner or the Association due to a Person's intentional or negligent Act or failure to Act.
- Expenses resulting from any intentional or negligent violation of the Ka'anapali North Beach documents, the Master Association Documents, the Condominium Documents, or the Vacation Plan Documents.
- Costs of and charges, including fines, for enforcing the Vacation Plan Documents; and late charges and interest on, and all costs of collecting Assessments and Personal Charges, including court costs and legal fees.
- Any late charges and interest on overdue payments.
- So long as the Plan is part of the Club, any Club Fees charged to the Association or to any Owner by the Club Operator (except for Club Fees that are Plan Expenses).

An Owner is fully responsible for the Personal Charges of his or her Guests. An Owner is not responsible, however, for the Personal Charges of anyone who uses his or her use rights through an exchange program, including the Club and SVN.

H. **OTHER FEES AND ASSESSMENTS.** So long as the Plan is part of the Club, you must also pay any Club Fees charged to you by the Club Operator. So long as the Plan is part of the Club and the Club is part of SVN, you must pay any SVN Fees charged to you by the SVN Operator. These fees are Personal Charges. See the SVN Fees Chart for details on Club Fees and SVN Fees.

In addition to your Fair Share of the Plan Expenses, you must also pay a share of the regular and special assessments charged to Your Unit by the Condominium Association and the Master Association. The current amount of these assessments is shown in Exhibits "H" and "I".

I. **ENFORCEMENT OF FINANCIAL DUTIES.** To collect all money you owe, the Association may charge late fees and interest. It also has a lien on your Vacation Ownership Interest. It may foreclose on that lien and sell your Vacation Ownership Interest to someone else. If the money from the foreclosure sale is not enough to pay all amounts due plus legal fees and costs, you must pay the shortfall. You may not avoid paying by not using your Vacation Ownership Interest, by abandoning it or by giving it to someone else.

If you are in default, the Association may also refuse to allow you to make a reservation or to check in. It may also suspend services to your Vacation Unit or even file a lawsuit.

If you do not pay your Club Fees or SVN Fees, then the Club Operator and/or the SVN Operator may charge late fees and interest. Also, they will not process or confirm your reservation or exchange requests until you pay all amounts due.

J. **TAXES.** The State of Hawaii taxes the occupancy of time share units. The amount of the tax is 7.25% of the fair market rental value. The "fair market rental value" is set to one-half of the gross daily maintenance fees paid by the owner and attributable to the time share unit unless the taxpayer proves or the tax director determines that the gross daily maintenance fees do not fairly represent fair market rental value taking into account comparable transient accommodation rentals or other appraisal methods. Based on maintenance fees, the tax should be about $55 to $90 for a one-week stay depending upon the Vacation Unit that you use. The State of Hawaii also charges a 4% gross excise tax on amounts collected by the Association or the Master Association, including Regular and Special Assessments, and Personal Charges.

13. ESCROW ACCOUNT

The Hawaii "*Time Share Law*" is contained in Chapter 514E, Hawaii Revised Statutes, and Chapter 16-106, Hawaii Administrative Rules. It requires that: (a) Buyer's Funds, Notes, and Loan Documents be put in escrow before closing and that the Buyer's Funds be refunded if the Buyer cancels as explained in Section 8 above; (b) Buyer's Funds must be refunded in the other circumstances explained in Section 14; and (c) Closing cannot occur until the Buyer is protected from Blanket Liens.

"*Funds*" means money. "*Notes*" means any "negotiable instrument" as defined in the Time Share Law. A check is an example of a negotiable instrument. A "*negotiable instrument*" generally is a document that the Developer could give to someone else who could then force the Buyer to keep his or her promise to pay free from any claim or defense that the Buyer might have against the Developer. "*Loan Documents*" means any "purchase money contract" as defined in the Time Share Law. In general, "*purchase money contract*" refers to things like a promissory note, an agreement of sale, or other contract in which the Buyer agrees to repay a loan made to finance the Buyer's purchase of a Vacation Ownership Interest and made to the Buyer by the Developer or by a lender that is (i)

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affiliated with the Developer or (ii) to whom the Developer referred the Buyer.

"*Closing*" refers to completing the sale of a Vacation Ownership Interest. This normally includes recording your Vacation Ownership Deed and any mortgage that you sign, and payment to the Developer of all sums due under your Purchase Contract.

"*Blanket liens*" are certain kinds of encumbrances (for example, a mortgage) as defined in the Time Share Law that affect two or more Vacation Ownership Interests.

An escrow account for the Developer and its sales agents has been established with Hawaii Resort Escrow, Inc. (the "*Escrow Agent*"). Its address, telephone and fax numbers are 810 Richards Street, Suite 770, Honolulu, Hawaii 96813. Telephone: (404) 954-9831; Fax No. (404) 954-9898.

The Developer or the sales agent must give each Buyer's Funds, Notes and Loan Documents to the Escrow Agent to hold in this account. But, as permitted by Hawaii's Time Share Law, the Developer or any sales agent may initially hold all Notes (such as a Buyer's check) and Loan Documents (a) that are payable to the Escrow Agent, or (b) that are not negotiable instruments, until: (1) the Seven-Day Cancellation Period expires; and (2) the expiration of any longer period stated in the Purchase Contract in which a Buyer may cancel.

14. ESCROW AGREEMENT

The Escrow Agreement is dated August 12, 2003, and it applies to all sales made on or after that date. When you sign your Purchase Contract, you also adopt the Escrow Agreement, just as if you had signed it yourself. Be sure to read it. The Escrow Agreement contains the Developer's and your instructions for the handling of your Funds, Notes and Loan Documents, and for Closing your purchase. Some of the key provisions of the Escrow Agreement may be summarized as follows:

14.1. **RELEASE OF BUYER'S FUNDS.** No matter what else the contract documents say, the Escrow Agent may not release your Funds, Notes or Loan Documents to the Developer or a sales agent, or to someone else for the benefit of the Developer or a sales agent, until the last of these events occurs:

A. The Hawaii Real Estate Commission has issued an effective date for a Final Condominium Public Report. This has already happened for phases 1, 2 and 3 of the Condominium. Real Estate Commission Registration No. 4652 covers phase 1 of the Condominium and Registration No. 5129 covers phases 2 and 3 of the Condominium.

B. Your Purchase Contract "has become binding, and the requirements of sections 514A-40, 514A-39.5 and 514A-63 have been met" as that phrase is used in Section 514A-65 of the Hawaii Condominium Property Act.

C. The Escrow Agent has received a copy of a receipt for the Hawaii Disclosure Statement signed by you.

D. Your Seven-Day Cancellation Period has expired.

E. If and only if (i) your Purchase Agreement was made before the date when the Hawaii Real Estate Commission issues an effective date for a Final Condominium Public Report on the phase in which your Unit is located, and (ii) the Hawaii Real Estate Commission does not issue an effective date for a Final Condominium Public Report on that phase by the date on which the Contingent Final Public Report for that phase expires, then these conditions must be met:

- The Seller has given you written notice, by certified mail, that you have the right to rescind because the Real Estate Commission did not issue an effective date for a Final Public Report on the phase containing your Unit by the date on which the Contingent Final Public Report for that phase expired, and
- Both you and the Seller sign documents giving up (in legal terms, "waiving") your rights to rescind.

F. The Escrow Agent receives a sworn statement from the Developer stating, among other things, that the Developer has not received a valid notice of cancellation from you.

14.2. **CLOSING DATE.** The Developer must pick the day for the closing. That date is called the "*Closing Date*". It must occur within 90 days after the Closing Conditions are met. The Developer, however, can postpone the closing if it wishes to do so. Neither the Developer nor the Escrow Agent have to give you notice of the Closing Date.

14.3. **CLOSING CONDITIONS.** The Escrow Agent will close the sale on the Closing Date if all of the "*Closing Conditions*" listed in the Escrow Agreement (including the following, among others) have happened:

A. The Escrow Agent has not received notice that the Developer or you have cancelled your Purchase Contract in the manner provided in the Escrow Agreement.

B. The Escrow Agent has received all necessary closing documents and money.

C. A title insurance company authorized to do business in Hawaii is committed to issue, after your Vacation Ownership Deed is recorded, a policy of title insurance on your Vacation Ownership Interest.

1) The title policy must insure that your Vacation Ownership Interest is subject only to any Mortgage signed by you, the Permitted Encumbrances, and anything else that doesn't make your title unmarketable.

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D. As to each existing Blanket Lien, (i) the Escrow Agent is prepared to record or can confirm that someone else has already recorded a release of your Vacation Ownership Interest from the Blanket Lien, or (ii) in the case of mechanics' or materialmens' lien, your title policy includes an endorsement providing coverage against such liens.

E. The requirements described in section 14.1, above, have been met.

14.4. **FUNDS IN ESCROW.**

A. The Escrow Agreement provides that any interest earned on Funds in escrow will belong to the Developer.

B. The Escrow Agent may release a Buyer's Funds to the Developer prior to Closing if, as then permitted by law or by the Director pursuant to law, the Developer posts a bond, letter of credit, or other financial assurance that assures repayment to the Escrow Agent of any refund due the Buyer prior to Closing.

14.5. **REFUNDS.** The Escrow Agent will refund your Funds (without interest) if and only if:

A. You or the Developer give a valid notice of cancellation during the Seven-Day Cancellation Period (this applies only if your offer and sale was made wholly or partly in Hawaii).

B. You give a valid notice of rescission under Section 514A-64.5 of the Condominium Property Act. This applies only if (i) your Purchase Agreement was made before the date when the Hawaii Real Estate Commission issued an effective date for a Final Condominium Public Report on the phase of the Condominium in which your Unit is located, and (ii) the Hawaii Real Estate Commission did not issue an effective date for a Final Condominium Public Report on that phase by the date on which the Contingent Final Public Report expired.

C. You give a valid notice of cancellation under Section 514A-63 of the Condominium Property Act.

D. The Developer gives notice to the Escrow Agent that you have used any right to cancel that you have under the Purchase Agreement (other than the rights described in paragraphs A, B, or C, above). In that case, the Escrow Agent will refund your funds.

E. You give notice to the Escrow Agent that you have exercised any right to cancel that you have under the Purchase Agreement (other than the rights described in paragraphs A, B, or C, above). In that case, the Escrow Agent will notify the Developer of your decision to cancel. If the Developer approves your cancellation in writing, then your Funds, less any escrow cancellation fee, will be refunded. Otherwise, the Escrow Agent may deposit your money in court.

F. If the Developer instructs the Escrow Agent to do so, the Escrow Agent will refund your Funds.

14.6. **CANCELLATION BECAUSE THE BUYER DEFAULTS.** If you default and the Developer cancels your Purchase Agreement then your Funds will be delivered as provided in your Purchase Agreement. If the Purchase Agreement provides that your Funds are to be paid to the Developer as liquidated damages, then before doing so the Escrow Agent must give you notice, by registered or certified mail, stating that the Developer has declared that you are in default. If the Escrow Agent receives an objection from you within thirty (30) days after sending the notice to the you, then the Escrow Agent may deposit your Funds in court. Otherwise, the Escrow Agent may pay your Funds to the Developer.

14.7. **PROTECTION OF THE ESCROW AGENT.** The Escrow Agreement contains various protections for the Escrow Agent such as the following:

A. If there is any dispute or conflicting claims, the Escrow Agent may deposit your Funds with a court. The court would resolve the dispute or conflict.

B. Both the Developer and you agree to protect and pay (or, in legal terms, "*indemnify*") the Escrow Agent for losses it suffers for acting as instructed in the Escrow Agreement. But this indemnity does not include losses due to the Escrow Agent's negligence or misconduct.

15. ESTABLISHMENT OF A NON-PROFIT CORPORATION, ASSOCIATION MEMBERSHIP

15.1. **FORMATION OF THE ASSOCIATION.** Ocean Resort Villas Vacation Owners Association was formed on July 3, 2001. Everyone who owns a Vacation Ownership Interest is a member of the Association. This includes the Developer as to all unsold Vacation Ownership Interests.

15.2. **THE ASSOCIATION'S PURPOSES AND DUTIES, IN GENERAL.** The Association is the association of persons who own Vacation Ownership Interests in the Plan as required by the Hawaii Time Share Law. It has all of the powers and must perform all of the duties listed in the Vacation Plan Documents. For example:

- It pays the Plan Expenses and manages the financial affairs of the Plan. This includes preparing annual budgets, collecting Assessments and Personal Charges, and so on.
- It manages and maintains the Vacation Property, and provides check-in, check-out, and housekeeping services.

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- It signed an Affiliation Agreement with the Club which requires that the Club Operator provide reservation services for the Plan. If that arrangement ends, then the Association would provide reservation services for the Plan.

- It enforces the Vacation Plan Documents.

The Association is not responsible for the acts and omissions of Owners and Occupants. However it does have the right to remove Occupants who fail to leave their Assigned Unit on time.

15.3. **OPERATION OF THE ASSOCIATION.** Members participate in the administration and management of the program through their membership and voting in the Association, and their election of Directors to govern it. Each Owner of a Vacation Ownership Interest is automatically a Member of the Association, and only Owners are Members.

The Association meets at least once every year and may meet more often by having special meetings. To have a meeting, Members owning at least 15% of the total number of votes in the Association (not counting the votes of the Developer) must be present. Generally, a majority of the votes cast at any meeting will control, unless a higher percentage is required by the Vacation Plan Documents. The Developer's votes are included unless the Vacation Plan Documents expressly state that the Developer is not included.

The Bylaws of the Association contain, among other things, the rules for running the Association. For example, they include rules: (1) on how to call and run meetings; (2) on how members and Directors will vote and how decisions will be made; (3) on how Directors and officers will be elected or appointed; (4) governing the actions of Directors, officers and committees; and (5) on how to handle books and records. The Bylaws also provide Directors, officers and other Association agents protections on claims made against them because they acted for the Association.

15.4. **VOTING.** The Owner of each Every-Year Vacation Ownership Interest has two votes and the Owner of each Every-Other-Year Vacation Ownership Interest has one vote. When a Vacation Ownership Interest is owned by more than one person, its co-Owners do not each receive one or two votes. Instead, the co-Owners of that Vacation Ownership Interest must share the one or two votes for that Vacation Ownership Interest. Only one vote may be cast for each Every-Other-Year Vacation Ownership Interest, and only two votes may be cast for each Every-Year Vacation Ownership Interest. The Developer may cast the vote of any Vacation Ownership Interests it owns, but in some cases the votes of the Developer are not counted. When electing Directors, Owners have two votes (one for an Every-Other-Year Vacation Ownership Interest) for each Director to be elected. The Owners may give all of their votes to one candidate or distribute them among several candidates.

All Owners are encouraged to participate actively in the Association. So long as there is any substantial number of unsold Vacation Ownership Interests, as a practical matter the Developer may have significant voting power and therefore control over the Association and the Board, especially if other Owners do not participate.

15.5. **THE BOARD OF DIRECTORS.** The Board of Directors may exercise all powers and perform all duties of the Association. However the Board may not do anything that, by law or under the Vacation Plan Documents, can only be done by the Owners.

The Board consists of five Directors although this can be changed. The Directors will be elected by vote of the members, including the Developer except that at least one Director must be elected by members other than the Developer. The initial Directors, however, were appointed by the Developer and are employees or agents of the Developer.

The Board may delegate its powers to the officers of the Association or to one or more professional managers hired by the Association. The Board must hire a Plan Manager for the Plan.

On conflicts of interest, the Bylaws provide as follows: Except as otherwise provided by law, any member of the Board, any officer of the Association and any member of any Association committee (i.e. an "*interested party*") may be present at any Board or committee meeting, may be counted for quorum purposes, and may participate in the discussion of and voting on any matter on which the interested party, or any entity in which the interested party has any financial or other special interest, has an interest provided that (a) the interested party must first disclose his or her conflict of interest or the conflict must be known to all the other persons considering the matter; and (b) if the vote of the interested party is necessary in order for the matter to be authorized, approved or ratified, the result must be fair and reasonable to the Association. Any claim of the Association that such a matter is void or voidable or otherwise subject to change because the result was not fair or equitable to it, must be made within three (3) years from the date the matter was authorized, approved or ratified. Before pursuing any such claim, the Association must make reasonable efforts to modify the result so as to make it fair and equitable.

15.6. **DELEGATION OF RESPONSIBILITIES, DUTIES AND AUTHORITIES TO THE PLAN MANAGER.** The Association must require the Plan Manager to perform the duties and obligations of the Association except for those that cannot be delegated by law or under the Vacation Plan Documents.

The Management Contract has a term of 5 years from the date when the first Vacation Ownership Deed is recorded (which happened on July 14, 2003). The Association may terminate the contract at any time for cause if the Plan Manager violates a material part of it and fails to cure its violation within the time

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permitted by the Management Contract or any longer time permitted by the Board. After the first term and each later term ends, the Management Contract automatically will be renewed for additional three year terms unless the Association sends a notice canceling the Management Contract at least 90 days before the next renewal date. The Association may give that notice only if Owners holding more than 50% of the total number of votes for all Vacation Ownership Interests in the Plan (not counting the votes of the Developer) vote not to renew it at an annual or special meeting of the Association held within one year before the renewal date, and this may be difficult. The Plan Manager may resign at any time upon 90 days notice to the Association. The Developer appointed the initial Plan Manager.

The Managing Agent for the Condominium has a licensing arrangement with Westin License Company to use the name "Westin" and other service marks and trademarks (the *Marks*) owned or licensed to the Westin License Company. As a result, (i) the Plan will be designated as a Westin resort while the licensing arrangement is in effect, and (ii) the Condominium, the Master Association, and the Vacation Ownership Plan must be operated, managed, and maintained according to the standards established by the Westin License Company to protect its Marks (the *Westin Standards*). The fees, costs, and expenses to maintain the affiliation with Westin License Company will be Common Expenses of the Condominium, Project Expenses of the Master Association, and/or the Plan Expenses of the Plan. If the licensing arrangement ends for any reason, the Condominium, the Master Association, and the Plan will not be able to use the Marks (including the Westin name). This may happen if, for example (i) the management agreements with the Managing Agents or the Plan Manager end for any reason; or (ii) the Condominium, the Master Association, or the Plan is not managed, operated, and maintained in a manner consistent with the Westin Standards, or (iii) the licensing arrangement expires and is not renewed, or (iv) if other normal business defaults occur.

The Plan Manager has certain right to use the names "Kaanapali Ocean Resort", "Ka'anapali Ocean Resort", "Kaanapali North Beach" and "Ka'anapali North Beach" with respect to the Condominium, the Master Association, and/or the Plan under an agreement with the owner of those names (the "Ka'anapali Agreement"). As a result, (i) the Plan will be designated as the "Ka'anapali Ocean Resort Villas Vacation Ownership Plan" or by other names used to identify the Vacation Property or the Vacation Ownership Plan as being located in Ka'anapali North Beach, and (ii) the availability and use of these names is subject to the terms, conditions, and requirements of the Management Agreement and the Ka'anapali Agreement. The fees, costs and expenses to comply with those agreements will be Common Expenses of the Condominium, Project Expenses of the Master Association, and/or the Plan Expenses of the Plan. If the Management Agreement or the Ka'anapali Agreement end for any reason, the Condominium, the Master Association, and/or the Plan will not be able to use these names.

15.7. CHANGING THE VACATION PLAN DOCUMENTS.

A. **DECLARATION.** Generally, the Vacation Plan Declaration may be changed by the vote or written consent of (i) the Developer (if it owns, or holds a mortgage on, a Vacation Ownership Interest), and (ii) a Majority of the Owners Voting (not counting the Developer's Vacation Ownership Interests and votes) provided that the Owners voting for the amendment must hold at least twenty-five percent of the total number of votes for all Vacation Ownership Interests (not counting the Developer's Vacation Ownership Interests and votes).

B. **BYLAWS.** Generally, the Bylaws may be changed by the vote or written consent of (i) the Developer (if it owns, or holds a mortgage on, a Vacation Ownership Interest), and (ii) a Majority of the Owners Voting (not counting the Developer's Vacation Ownership Interests and votes) provided that the Owners voting for the amendment must hold at least ten percent of the total number of votes for all Vacation Ownership Interests (not counting the Developer's Vacation Ownership Interests and votes).

C. **ARTICLES.** Changes to the articles generally require the vote of two-thirds of the Owners present at an Association meeting plus the Developer (if it owns, or holds a mortgage on, a Vacation Ownership Interest).

D. **OTHER CHANGES.** The Developer has special and reserved rights to change the Plan and the Vacation Plan Documents as previously discussed. The Board may change the Articles to conform to the Declaration or Bylaws. The Plan Manager may, with the Board's approval, change the Association Rules. A Majority of the Owners may vote to change the Association Rules at a meeting of the Association so long as the notice of the meeting stated that the change would be considered at the meeting. Any change to the Association Rules requires the consent of the Developer and the Club Operator. The Club Operator may change the Club Rules in the manner provided in them. The SVN Operator may change the SVN Rules in the manner provided in them. The Association and the Club Operator may change the Club Affiliation Agreement. The Club Operator and the SVN Operator may change the SVN Affiliation Agreement. No amendment to the Vacation Plan Documents may change the rights and privileges of the Developer or the Club Operator unless they sign it.

16. DEVELOPER IS ALSO ACQUISITION AGENT OR SALES AGENT OR PLAN MANAGER

The Developer is also the sales agent. Buyers should understand that the sales agents represent only the Developer and not any individual Buyer.

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The Plan Manager is also the Club Operator. That company is related to the Developer and the SVN Operator. The Developer is the Owner of any unsold Vacation Ownership Interests. The Developer also has certain other special rights, such as the right to reserve use periods not reserved within sixty days before the Check-In Day. The Club Operator also has the right to reserve use periods not reserved within sixty days before the Check-In Day and certain other special rights. In short, both the Developer and the Club Operator have interests that compete with the interests of the other Owners. Because of this and because the Plan Manager is related to these companies, the Plan Manager has potential conflicts of interest.

For example, the Plan Manager must enforce the Vacation Plan Documents. This may give rise to conflicts in determining whether and how to interpret or enforce the Vacation Plan Documents when the interests of the Developer or the Club Operator may be affected, and the amount of any Assessment or Personal Charges to be charged to or collected from the Developer or the Club Operator under the Vacation Plan Documents.

The Club Operator provides reservation and exchange services to the program. A conflict of interest may arise to the extent that Club Operator has the authority to confirm reservations and exchanges for the Developer, for the Club Operator, the SVN Operator, for the individual Owners, or for members of other Club Vacation Plans or at other SVN Resorts. For instance, Owners may find themselves competing with the Club Operator for last minute reservations of otherwise unreserved time periods. Although the Developer and the Club Operator can reserve any unreserved Use Periods, they may not do so more than sixty days in advance.

A conflict may also arise to the extent that Club Operator or the SVN Operator have the right (i) to assign points to the Vacation Property and/or to property included in other Club or SVN Resorts being developed by their affiliates, or (ii) have the right to set the number of points required to use units in other Club Resorts or SVN Resorts. Points assigned to other Club Resorts or SVN Resorts, however, will not affect your ability to reserve a unit in this Plan during the Home Resort Reservation Periods.

Further, the same company may serve as the Plan Manager of the Plan, the Managing Agent of the Condominium, and the Managing Agent of the Master Association. The Condominium and the Master Association may include as members persons who are not Owners of Vacation Ownership Interests in the Plan. Since they are related to the Developer, conflicting demands may be made upon the company because of its service in these differing roles.

Potential conflicts of interest may be mitigated by the right of the Association to terminate the Plan Manager's contract for cause should it put the interests of the Developer above the proper management and administration of the Plan for the benefit of all Owners. The Association also has the right to terminate the Club Affiliation Agreement for cause. Also, proper management of the Plan is in the Developer's interest so long as the Developer is still selling Vacation Ownership Interests in the Plan and receiving payments of the purchase price from the Buyers. The Club Operator and the SVN Operator have similar interests because each Vacation Ownership Interest sold by the Developer also results in a new member joining the Club and SVN.

Although not a conflict of interest, you should realize that the Club Operator and the SVN Operator have the right to choose other exchange programs and/or benefits to be offered through the Club or SVN, and/or to determine the terms and conditions under which such programs or benefits may be offered, and/or to stop offering any such programs or benefits. Normal business considerations, including financial or other benefits to be derived by the Club Operator, the SVN Operator, or their affiliates, may influence their decisions on these matters.

17. COMPLIANCE WITH COUNTY REQUIREMENTS

The County of Maui has confirmed that the units are located in a zone designated for hotel use and thus may be used for timesharing.

18. SALES IN VIOLATION OF HAWAII TIME SHARE LAW

Section 514E-11.3 of Hawaii law provides that every sale or transfer made in violation of the Hawaii Time Share Law is voidable at the election of the Buyer.

19. SERVICE OF PROCESS

This refers to the official delivery of papers involved in a lawsuit. The Developer may be served by serving process on The Corporation Company, 1000 Bishop Street, 15th Floor, Honolulu, Hawaii 96813.

20. MORE DISCLOSURES

Vacation Ownership Interests are offered and sold as real estate. Purchases should be made for personal use and enjoyment and for value as a vacation experience and for spending leisure time, not as an investment or for rental income purposes or for appreciation or for value at resale. No promises about rentals or resale services, or any other arrangement for economic benefit, are made or authorized.

While the Seller may provide financing for you, it will do so only for its own benefit. The Seller has not agreed to act as your agent in seeking a loan from someone else. If you are

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borrowing from someone other than Seller, then (i) you must get the loan yourself and the Seller has no obligation to help you do so, (ii) you must pay all costs and expenses charged by that lender, and (iii) you must make sure that your lender is ready to Close by the Closing Date.

21. THIS DISCLOSURE IS A SUMMARY ONLY. FOR MORE INFORMATION, READ ALL OF THE DOCUMENTS CAREFULLY

This document contains disclosures required by Section 514E-9, HRS and Section 16-106-3, HAR, of the Time Share Law. It also contains information that the Developer believes will be of general interest to Buyers. Buyers should understand that it is not possible or practical to include in this Disclosure Statement all points that each Buyer may consider important, or a summary of all the documents involved. It is also not possible for the Developer to predict which points may turn out to be important to the Buyers. Each Buyer is therefore cautioned to read carefully the Vacation Plan Documents, the Club Documents, the SVN Documents, the Condominium Documents, the Master Association Documents, the Escrow Agreement, and his or her Purchase Agreement, Buyer Certification, Vacation Ownership Deed, and any note and mortgage to be sure that the purchase will satisfy his or her own personal requirements and expectations. Each Buyer is also cautioned that by signing a Purchase Agreement, he or she accepts and agrees to obey all of these documents.

SVO PACIFIC, INC., a Florida corporation

By _____
Its: Vice President
Dated: April 28, 2009

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EXHIBIT "A"

PERMITTED ENCUMBRANCES

Each buyer's Vacation Ownership Interest will be subject to these encumbrances:

1. The lien of real property taxes not yet due and owing.

2. Reservation of all mineral or metallic mines of every description to the Hawaiian Government; said reservation, however, being subject to that certain covenant that neither the State of Hawaii nor persons authorized by it will enter, occupy or use the said land for the exercise of the reserved mineral and mining rights for a period of 75 years from January 29, 1960, as contained in that certain instrument dated January 29, 1960, recorded in the Office of the Registrar of Conveyances in Book 3822, page 37.

3. The property borders on the ocean and is subject to the provisions of Hawaii Revised Statute 205A, Sections 41 to 49 relative to shoreline setbacks and prohibitions on use, and to the regulations of the Land Use Commission and the County Planning Department.

4. The "Ka'anapali North Beach Documents" consisting of the following documents and any lawful amendments to them: (i) that certain Declaration of Covenants, Conditions, Easements and Restrictions for Kaanapali North Beach dated December 6, 2000, filed December 6, 2000, as Land Court Document No. 2668967, and recorded December 6, 2000, as Document No. 2000-170917, (ii) the Articles of Incorporation of Ka'anapali North Beach Master Association, Inc., (iii) the Bylaws of Ka'anapali North Beach Master Association, Inc., and (iv) any rules and regulations adopted thereunder.

5. The "Condominium Documents" consisting of the following documents and any lawful amendments to them: (i) the Declaration of Condominium Property Regime of Ocean Resort Villas, dated August 24, 2001, and recorded as Land Court Document No. 2734238, as amended by that certain Amendment to Declaration dated March 12, 2003, and recorded as Land Court Document No. 2920781, and by that certain Amended and Restated Declaration of Condominium Property Regime of Ocean Resort Villas, dated August 6, 2003, and recorded as Land Court Document No. 2974209, as amended by that certain First Amendment to the Restated Declaration of Condominium Property Regime, dated August 25, 2003, and recorded as Land Court Document No. 2983215; (ii) the Bylaws of the Association of Apartment Owners of Ocean Resort Villas recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 2734239, as amended by that certain Amended and Restated Bylaws of the Association of Apartment Owners of Ocean Resort Villas, dated August 6, 2003, and recorded as Land Court Document No. 2974210; (iii) the Condominium Rules; (iv) Condominium Map No. 1431; and (v) Declaration of Merger of Condominium Phases of Ocean Resort Villas, dated August 28, 2001, and recorded as Land Court Document No. 2734237.

6. The "Master Association Documents" consisting of the following documents and any lawful amendments to them: (i) that certain Declaration of Covenants, Conditions, Easements and Restrictions for Ocean Resort Master Association dated September 5, 2001, recorded as Land Court Document No. 2737946, and by that certain First Amendment to Declaration of Covenants, Conditions, Easements and Restrictions for Ocean Resort Master Association, dated August 21, 2003, recorded as Land Court Document No. 2982410, and by that certain Ocean Resort Master Association Declaration of Annexation, dated August 5, 2003, and recorded as Land Court Document No. 2974211 (ii) the Articles of Incorporation of Ocean Resort Master Association, (iii) the Bylaws of the Ocean Resort Master Association, and (iv) any rules and regulations adopted thereunder.

7. The "Vacation Plan Documents" consisting of the following documents and any lawful amendments to them: (i) that certain Declaration of Covenants, Conditions, Easements and Restrictions for Ocean Resort Villas Vacation Ownership Plan dated September 14, 2001, recorded as Land Court Document No. 2737947, as amended by those certain Declarations of Annexation, recorded as Land Court Document Nos. 2852617 and 2974212, as amended by that certain First Amendment to Declaration of Covenants, Conditions, Easements and Restrictions for Vacation Ownership, dated August 21, 2003, recorded as Land Court Document No. 2982411, as amended by that certain Second Amendment to Declaration of Covenants, Conditions, Easements and Restrictions for Vacation Ownership dated November 10, 2003, recorded as Land Court Document No. 3102691; (ii) the Articles of Incorporation of Ocean Resort Villas Vacation Owners Association, (iii) the Bylaws of the Ocean Resort Villas Vacation Owners Association (a copy is attached to the Declaration), and (iv) any rules and regulations adopted thereunder.

8. Designation of Easement "42", for road, utility and pedestrian purposes, as shown on Maps 15 and 74, as set forth by Land Court Order No. 29190, filed November 7, 1968.

9. Easement dated March 9, 1970, filed as Document No. 498923 for a right of way over Easement "42".

10. Subdivision Agreement (Large Lots) dated August 6, 1990, filed August 20, 1990, as Document No. 1756822,

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and recorded August 20, 1990, as Document No. 90-127827.

11. Private Water System Agreement dated October 2, 1991, recorded October 7, 1991, as Document No. 91-136263 as amended by Amendment to Agreement dated October 14, 1992, recorded October 20, 1992, as Document No. 92-169921 (Not noted on Transfer Certificate of Title No. 569,700).

12. Restriction of Access Rights, as shown on Maps 2 and 74, as set forth by Land Court Order No. 109618, filed November 27, 1992.

13. A 40 foot Building Setback, as shown on Maps 71 and 74, as set forth by Land Court Order No. 109618, filed November 27, 1992.

14. Designation of Easement "172" (area 4,432 square feet), for sewer force purposes, as shown Maps 71 and 74, as set forth by Land Court Order No. 109618, filed November 27, 1992.

15. Unilateral and Irrevocable Declaration of Perpetual Rights and Uses and Perpetual Restrictions, (North Beach Shoreline Setback Area) dated December 29, 1998 (effective December 14, 1998), filed January 13, 1999, as Document No. 2513420, and recorded January 13, 1999, as Document No. 99-005138, as amended by instrument dated December 6, 2000, filed December 6, 2000, as Document No. 2668965, and recorded December 6, 2000, as Document No. 2000-170916.

16. Designation of Easements 246, 247, 248, 250, 251, and 252, and Restriction of Vehicular Access Rights, all as shown on Map 86, as set forth by Land Court Order No. 138359, filed May 8, 2000.

17. Reservations of the State of Hawaii, as set forth in Land Court Order No. 138359, filed May 8, 2000, including matters relating to the following: (a) Claims, if any, of native tenants, (b) Claims, if any, to any historic, religious and archaeological sites, (c) Claims, if any, to rights of access through public highways, trails and pathways and historical uses on and across the parcels to the shoreline be determined, protected and not restricted; (d) Claims, if any, to waters having their source upon or flowing under the parcels.

18. Encroachments shown on survey map dated May 12, 2000, prepared by James R. Thompson, Licensed Professional Land Surveyor.

19. Declaration of Covenants, Conditions, Easements and Restrictions for Kaanapali North Beach dated December 6, 2000, filed December 6, 2000, as Document No. 2668967, and recorded December 6, 2000, as Document No. 2000-170917. First Amendment to By-Laws of Kaanapali North Beach Master Association, Inc. dated September 17, 2003, filed December 3, 2003, as Document No. 3036052, and recorded December 3, 2003, as Document No. 2003-267151. Supplemental Declaration of Kaanapali North Beach dated August 5, 2003, filed August 5, 2003, as Document No. 2972191, and recorded August 5, 2003, as Document No. 2003-162023. Designation of Successor Declarant and Assignment of Declarant's Rights and Interest, dated December 21, 2000, filed February 20, 2001, as Document No. 2684122, and recorded February 20, 2001, as Document No.2001-022804. Designation of Successor Declarant and Assignment of Declarant's Rights and Interest under Declaration of Covenants, Conditions, Easements and Restrictions for Kaanapali North Beach, dated January 28, 2003, filed January 28, 2003, as Document No. 2885398, and recorded January 28, 2003, as Document No. 2003-015949. Designation of Successor Declarant and Assignment of Declarant's Rights and Interests under Declaration of Covenants, Conditions, Easements and Restrictions for Kaanapali North Beach dated August 26, 2003, filed August 27, 2003, as Document No. 2983238, and recorded August 27, 2003 as Document No. 2003-180662.

20. Grant of Easement and Agreement (Roadway and Utility Purposes) dated December 6, 2000, filed December 6, 2000, as Document No. 2668969.

21. Easement dated December 6, 2000, filed December 6, 2000, as Document No. 2668970 for roadway, bikeway, pedestrian and utility purposes.

22. Grant of Easements and Covenants to Share Costs (Roadway Lot 34 -Lots 98 and 101) dated December 6, 2000, filed December 6, 2000, as Document No. 2668971.

23. Notice of Time Share Plan dated December 4, 2000, filed December 6, 2000, as Document No. 2669185 and recorded December 6, 2000, as Document No. 2000-171389.

24. Unilateral Declaration of Restrictions; Joinder Agreement (North Beach Unit Count and Drainage) dated February 15, 2001, filed February 16, 2001 as Document No. 2683897, and recorded February 16, 2001 as Document No. 2001-022448.

25. Declaration of Restrictions (Unit Count) dated February 15, 2001, filed March 8, 2001 as Document No. 2688326, and recorded March 8, 2001 as Document No. 2001-032604.

26. Designation of Easement "261", as shown on Map 87, as set forth by Land Court Order No. 142094, filed May 25, 2001.

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27. Grant of Easements and Agreement Regarding Allocation of Retention Capacity (north Beach – Mauka Retention Basin): dated October 20, 2004, filed October 20, 2004, and recorded October 20, 2004 as Document No. 2004-214492.

28. Designation of Easements 269, 270 and 271 for electrical purposes as shown on Map 91, as set forth in Land Court Order No. 159828.

29. Easement for utility purposes recorded as Document No. 3230468.

30. Covenants, conditions, easements, reversions, and restrictions contained in the Vacation Ownership Deed used to transfer the Vacation Ownership Interest to the Buyer.

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EXHIBIT "B"

LIST OF VACATION UNITS

KAHAKAI BUILDING
(Building A)

UNIT TYPE	UNIT NUMBERS	RELATIVE VALUATION PER UNIT	COMMON INTEREST PER UNIT
One Bedroom Ocean View	**First Floor:** 2124, 2125 **Second Floor:** 2201, 2203, 2224, 2225 **Third Floor:** 2301, 2303, 2324, 2325 **Fourth Floor:** 2401, 2403, 2424, 2425 **Fifth Floor:** 2501, 2503, 2524, 2525 **Sixth Floor:** 2601, 2603, 2624, 2625	43, 873.44	0.002853946
Two Bedroom Ocean View	**First Floor:** 2108/10, 2109/11, 2112/14, 2113/15, 2116/18, 2117/19, 2120/22, 2121/23 **Second Floor:** 2200/02, 2204/06, 2205/07, 2208/10, 2209/11,2212/14, 2213/15, 2216/18, 2217/19, 2220/22, 2221/23 **Third Floor:** 2300/02, 2304/06, 2305/07, 2308/10, 2309/11, 2312/14, 2313/15, 2316/18, 2317/19, 2320/22, 2321/23 **Fourth Floor:** 2400/02, 2404/06, 2405/07, 2408/10, 2409/11, 2412/14, 2413/15, 2416/18, 2417/19, 2420/22, 2421/23 **Fifth Floor:** 2500/02, 2504/06, 2505/07, 2508/10, 2509/11, 2512/14, 2513/15, 2516/18, 2517/19, 2520/22, 2521/23 **Sixth Floor:** 2600/02, 2604/06, 2605/07, 2608/10, 2609/11, 2612/14, 2613/15, 2616/18, 2617/19, 2620/22, 2621/23	52,000.00	0.003382575
Two Bedroom Ocean Front	**First Floor:** 2130/31 **Second Floor:** 2230/31 **Third Floor:** 2330/31 **Fourth Floor:** 2430/31 **Fifth Floor:** 2530/31 **Sixth Floor:** 2630/31	52,000.00	0.003382575
Two Bedroom Deluxe Ocean Front	**First Floor:** 2126/28, 2127/29 **Second Floor:** 2226/28, 2227/29 **Third Floor:** 2326/28, 2327/29 **Fourth Floor:** 2426/28, 2427/29 **Fifth Floor:** 2526/28, 2527/29 **Sixth Floor:** 2626/28, 2627/29	71,653.10	0.004661000

MAKANI KAI BUILDING
(Building B)

UNIT TYPE	UNIT NUMBERS	RELATIVE VALUATION PER UNIT	COMMON INTEREST PER UNIT
One Bedroom Ocean View	**First Floor:** 3102, 3124, 3125 **Second Floor:** 3200, 3202, 3224, 3225 **Third Floor:** 3300, 3302, 3324, 3325 **Fourth Floor:** 3400, 3402, 3424, 3425 **Fifth Floor:** 3500, 3502, 3524, 3525 **Sixth Floor:** 3600, 3602, 3624, 3625	43,873.44	0.002853946
Two Bedroom Ocean View	**First Floor:** 3101/03, 3104/06, 3105/07, 3108/10, 3109/11, 3112/14, 3113/15, 3116/18, 3117/19, 3120/22, 3121/23 **Second Floor:** 3201/03, 3204/06, 3205/07, 3208/10, 3209/11, 3212/14, 3213/15, 3216/18, 3217/19, 3220/22, 3221/23 **Third Floor:** 3301/03, 3304/06, 3305/07, 3308/10, 3309/11, 3312/14, 3313/15, 3316/18, 3317/19, 3320/22, 3321/23 **Fourth Floor:** 3401/03, 3404/06, 3405/07, 3408/10, 3409/11, 3412/14, 3413/15, 3416/18, 3417/19, 3420/22, 3421/23 **Fifth Floor:** 3501/03, 3504/06, 3505/07, 3508/10, 3509/11, 3512/14, 3513/15, 3516/18, 3517/19, 3520/22, 3521/23 **Sixth Floor:** 3601/03, 3604/06, 3605/07, 3608/10, 3609/11, 3612/14, 3613/15, 3616/18, 3617/19, 3620/22, 3621/23	52,000.00	0.003382575
Two Bedroom Ocean Front	**First Floor:** 3130/31 **Second Floor:** 3230/31 **Third Floor:** 3330/31 **Fourth Floor:** 3430/31 **Fifth Floor:** 3530/31 **Sixth Floor:** 3630/31	52,000.00	0.003382575
Two Bedroom Deluxe Ocean Front	**First Floor:** 3126/28, 3127/29 **Second Floor:** 3226/28, 3227/29 **Third Floor:** 3326/28, 3327/29 **Fourth Floor:** 3426/28, 3427/29 **Fifth Floor:** 3526/28, 3527/29 **Sixth Floor:** 3626/28, 3627/29	71,653.10	0.004661000

AHELANI BUILDING
(Building C)

UNIT TYPE	UNIT NUMBERS	RELATIVE VALUATION PER UNIT	COMMON INTEREST PER UNIT
One Bedroom Ocean View	**First Floor:** N/A **Second Floor:** 4211, 4213 **Third Floor:** 4311, 4313 **Fourth Floor:** 4411, 4413 **Fifth Floor:** 4511, 4513 **Sixth Floor:** 4611, 4613	43,873.44	0.002853946
Two Bedroom Ocean View	**First Floor:** 4107/09 **Second Floor:** 4207/09 **Third Floor:** 4307/09 **Fourth Floor:** 4407/09 **Fifth Floor:** 4507/09 **Sixth Floor:** 4607/09	52,000.00	0.003382575
Two Bedroom Island View	**First Floor:** 4100/01, 4106/08, 4114/16, 4115/17, 4122/23 **Second Floor:** 4200/01, 4206/08, 4214/16, 4215/17,4222/23 **Third Floor:** 4300/01, 4306/08, 4314/16, 4315/17, 4322/23 **Fourth Floor:** 4400/01, 4406/08, 4414/16, 4415/17, 4422/23 **Fifth Floor:** 4500/01, 4506/08, 4514/16, 4515/17, 4522/23 **Sixth Floor:** 4600/01, 4606/08, 4614/16, 4615/17, 4622/23	52,000.00	0.003382575
Two Bedroom Deluxe Island View	**First Floor:** 4102/04, 4118/20, 4119/21 **Second Floor:** 4202/04, 4218/20, 4219/21 **Third Floor:** 4302/04, 4318/20, 4319/21 **Fourth Floor:** 4402/04, 4418/20, 4419/21 **Fifth Floor:** 4502/04, 4518/20, 4519/21 **Sixth Floor:** 4602/04, 4618/20, 4619/21	71,653.10	0.004661000
Two Bedroom Deluxe Ocean View	**First Floor:** 4103/05 **Second Floor:** 4203/05 **Third Floor:** 4303/05 **Fourth Floor:** 4403/05 **Fifth Floor:** 4503/05 **Sixth Floor:** 4603/05	71,653.10	0.004661000

EXHIBIT "C"

SPECIAL RIGHTS OF THE DEVELOPER, THE CLUB OPERATOR, AND THE NETWORK OPERATOR

The Developer owns all unsold Vacation Ownership Interests and generally has the same rights as other Owners with respect to those Vacation Ownership Interests. In addition, the Developer has the following "Reserved Rights" that other Owners do not have.

DEVELOPER:

1. The Developer may: (i) use one or more Vacation Units as model apartments; (ii) use one or more of the Vacation Units for customer relations, sales, marketing, and/or administrative offices, and (iii) show the Vacation Units to potential buyers; provided in each case that no First Deed or Agreement of Sale has been recorded for any such Vacation Unit.

2. The Developer may use its Vacation Periods for any purpose, no matter what else the Vacation Plan Documents provide. This includes, among other things, use for rental, sales and other commercial purposes permitted by law. If the Developer rents these Use Periods, it has the right to keep the rent.

3. So long as the Developer owns any Vacation Ownership Interest or apartment, it may use: (i) the common elements of the Condominium for any purpose permitted by law and by the Condominium Documents, free from the restrictions imposed by the Vacation Plan Documents, and (ii) the Master Association Amenities for any purpose permitted by law and by the Master Association Documents, free from the restrictions imposed by the Vacation Plan Documents.

4. The Developer may change the name of the Vacation Ownership Plan at any time.

5. In certain Use Years, there will be 53 Use Weeks instead of 52. The Developer has the right to reserve and use the Vacation Units for one Use Week in each Use Year that contains a 53rd Use Week. The Developer must pay to the Association an amount equal to (i) the actual expense to the Association in maintaining and providing services (such as housekeeping) to the Vacation Unit and its Occupants during the Use Periods reserved and used by the Developer, and (ii) a reasonable amount, to be set by the Board, for reserve expenses allocable to such use.

6. The Developer has the right to reserve any Use Periods that, for any reason, are not reserved as of sixty (60) days before the Check-In Day. The Developer must pay to the Association an amount equal to (i) the actual expense to the Association in maintaining and providing services (such as housekeeping) to the Vacation Unit and its Occupants during the Use Periods reserved and used by the Developer, and (ii) a reasonable amount, to be set by the Board, for reserve expenses allocable to such use.

7. The Developer gets to choose the initial Plan Manager and it is a company related to the Developer.

8. The Developer may add apartments to the Plan. It may also remove any apartments if it owns all of the Vacation Ownership Interests in them.

9. The Developer may create new Unit Types and new kinds of Vacation Ownership Interests having new kinds of reservation and use rights. It may also create new kinds of Event Weeks. The Developer may do these things only with respect to apartments being added to the Plan or apartments where the Developer owns all of the Vacation Ownership Interests.

10. The Developer may divide an Every-Year Vacation Ownership Interest into two Every-Other Year Vacation Ownership Interests. Nobody else can do that.

11. Certain parts of the Vacation Plan Documents cannot be changed without the Developer's written consent.

12. Without the Developer's written consent, an Owner may not lease, rent, or otherwise contribute his or her Vacation Ownership Interest or its reservation or use rights to (i) another vacation ownership or time share plan or program, (ii) a fractional ownership plan, or (iii) a Competitor of the Developer.

13. Each Owner promises not to enter into a "*Rental Pool*" or similar arrangement where the Owner's Vacation Period is placed together in a pool with other Owners' Vacation Periods and rented, or where rental income and/or expenses are shared in some other way. Only the Developer can enforce this restriction.

14. The Developer has a right of first refusal on each Vacation Ownership Interest as discussed in Section 7.

15. The Developer chooses the first Board of Directors for the Association.

16. The Board may not incur or commit the Association to incur legal fees and costs of more than $10,000 in a dispute with the Developer or any company related to the Developer, or in a dispute with the Club Operator or any company related to the Club Operator, unless:

    a. The Board obtains from at least two law firms and provides to the Owners: (1) A list of all of the Association's claims, (2) An estimate of the likelihood of prevailing on each claim, and (3) An estimate of the total amount of legal fees, court costs and expenses that the Association is likely to incur through the trial or completion of any arbitration or other proceeding (assuming that the Association will

prevail on only those claims where the law firms give the Association more than a 60% chance of prevailing), and (4) An estimate of the total amount of any Special Assessments, or any increase in the Regular Assessments, that the Board expects to charge to the Owners to pay for legal fees, court costs, and expenses while the lawsuit or other legal proceeding is going on..

b. A Majority of the Owners vote at a special meeting of the Association to authorize the Board to start and prosecute the lawsuit or any other arbitration or other legal proceeding. This may be difficult to do. The Vacation Ownership Interests and votes of the Developer, however, will not be counted.

This rule does not apply to suits against the Developer or any company related to it if the suit is filed solely to collect Assessments or Personal Charges, or Subsidy Contract payments that are past due or for breach of any contract to provide goods or services to the Association (for example, the Management Agreement or the Club Affiliation Agreement).

17. The Association must furnish a copy of the list of Owners to the Developer upon request. It may not furnish the list to anyone else without first notifying the Developer and giving the Developer an opportunity to object to release of the list.

18. The Developer may transfer property to the Association and the Association must accept it.

19. The Developer has the right to determine the Relative Valuation for each type of Vacation Unit. This is used to divide the Plan Expenses among the different Unit Types. The Relative Valuation per square foot for a new Unit Type cannot be more than twenty percent (20%) higher or lower than the Relative Valuation per square foot for other Unit Types having the same number of bedrooms if the Unit Types have similar features (for example, size [±150 square fee], location, number of bathrooms, and views).

20. Certain Association actions require both the approval of the Owners and the approval of the Developer. For example, an increase of more than 20% in the Regular Assessment requires this. Likewise, an amendment of the Declaration requires this.

21. The Developer must pay the Assessments and Personal Charges for each Vacation Ownership Interest its owns. Instead of doing so, however, the Developer may enter into a "*Subsidy Contract*" with the Association in which the Developer agrees to pay to the Association the difference between the actual cost incurred by the Association and the Assessments charged to other Owners.

22. The Developer is not liable for any decision it makes on insurance for the Association unless it was grossly negligent or was guilty of intentional misconduct.

23. Without the consent or approval of any person, including any Owner and anyone having a contract to buy a Vacation Ownership Interest, the Developer may change the Declaration at any time:

- For any purpose before any First Deed or Agreement of sale is recorded.
- To comply with the laws and regulations of the State of Hawaii.
- To comply with the real estate laws of any other place (for example, the State of Maine) or the requirements of any government agency (such as the California Department of Real Estate) in connection with (i) the registration of the Plan to permit the sale of Vacation Ownership Interests there, or (ii) so long as the Plan is part of the Club, to permit the registration of the Club, or (iii) so long as any Owner is an SVN Member, to permit the registration of SVN.
- In any Declaration of Annexation adding new Unit Types or creating new kinds of Vacation Ownership Interests.
- In any amendment creating new Event Weeks.

However, unless it is signed by the Owner and the Owner's Lender (if any), no amendment may:

- Take away the right of any Owner to reserve a Use Week and to use a Vacation Unit during his Vacation Period;
- Take away the right of an Owner having a Fixed, Event or Ultra Premium Vacation Period to use a Vacation Unit during the Owner's Use Week.
- Take away the right of an Owner having the right to use a certain Vacation Unit during his or her Vacation Period.
- Change an Owner's undivided interest in a Vacation Unit.
- Change the right of the Owner to cast one vote for an Every-Other-Year Vacation Ownership Interest or two votes for an Every-Year Vacation Ownership Interest.

24. No amendment may change the rights and privileges of the Developer unless the Developer signs it.

25. If the Developer signs and records a document that expressly transfers some or all of its rights or duties as the Developer under the Vacation Plan Documents to

someone else, then that person will become the "Developer" to the extent of the rights and duties transferred.

CLUB OPERATOR AND SVN OPERATOR:

1. The Club Operator has the right to permit members of Other Club Vacation Plans to use the Vacation Units in the Plan if they properly reserve it through the Club. The SVN Affiliation Agreement may authorize the SVN Operator to permit SVN Members to use the Vacation Units in the Plan if they properly reserve it through the SVN program.

2. The Club Operator has the right to change the Reservation Rules in the manner and under the circumstances provided in them. The Club Operator has delegated this right to the SVN Operator. The SVN Operator has the right to change the SVN Rules.

3. At any time when the Plan is part of the Club, no amendment may change the rights and privileges of the Plan Operator or the Club Operator unless the Club Operator signs it.

4. If the Club Operator signs and records a document that expressly transfers some or all of its rights or duties to someone else, then that person will become the Club Operator to the extent of the rights and duties transferred.

5. The Association must furnish a copy of the list of Owners to the Club Operator upon request.

EXHIBIT "D"

CONDOMINIUM DEVELOPER'S RESERVED RIGHTS

The Developer has reserved various rights under the Condominium Documents. Some of the Developer's Reserved Rights are or may be necessary or helpful to developing the Project in phases. Even so, the exercise of the Developer's Reserved Rights is not limited to the development of the Project in phases except to the extent that the Declaration expressly states otherwise. The Developer's Reserved Rights under the Condominium Documents include, among others, the right:

- To delete from the Condominium any land designated in the Condominium Declaration for possible removal (see section 21);
- To add back into the Condominium any "Adjacent Parcel", meaning a parcel previously deleted or any part or all of Lot 101 as shown on Map 86 of Land Court Application No. 1744 (section 22);
- To design, develop, construct and add new buildings and improvements on the land of the Condominium or on any Adjacent Parcel (sections 19 and 23) and to merge any condominium on an Adjacent Parcel with the Condominium;
- To create new apartments in any new buildings and improvements constructed on the land or on any Adjacent Parcel added into the Condominium (section 18) and to create parking stalls or other limited common elements and assign them to those apartments;
- To expand Apartment 101 to include any new improvements constructed on the Project or on any Adjacent Parcel annexed into the Project (section 18).
- To create new apartments and/or common elements from the limited common elements of any commercial apartment (section 24);
- To convert any part of any apartment owned by the Developer into limited common elements for that apartment (section 25);
- To convert all or any part of any apartment owned by the Developer or its limited common elements into general common elements (section 25).
- To divide any commercial apartment into two or more apartments, and to combine two or more commercial apartments into one apartment (section 17);
- To change or remove any wall, floor or ceiling between two adjacent commercial apartments or between a commercial apartment and its limited common elements;
- To change the ownership share (in legal terms, the "common interest in the common elements") of each apartment when apartments are created, divided, or combined;
- To change the Condominium as needed or helpful to comply with law or with certain governmental permits, approvals or zoning requirements (sections 25 and 26);
- To create, grant, accept or otherwise deal (i) with any easements over, under, across or through the common elements, or (ii) easements in favor of the Condominium or its land (section 7.4);
- To enter the Condominium and to permit its employees, agents, contractors, and so on, to do so; and
- To make noise, dust, vibrations and do other annoying things when using these or other reserved rights of the developer.

This is only a summary of certain Developer's Reserved Rights. The nature and extent of these rights is described in and governed by the Condominium Documents.

The Developer may exercise the Developer's Reserved Rights separately or in one or more combinations and at one or more times. The Developer has no duty to exercise the Developer=s Reserved Rights. For example, the Developer has no duty to develop any new phases of the Project. Conversely, the use of these rights on one occasion does not limit or otherwise affect the Developer's right to use them again from time to time.

The Developer may use the Developer's Reserved Rights in most cases without being required to obtain the approval, consent, or joinder of anyone else, and without having to give notice to anyone else. This includes, but is not limited to, the Association, any apartment owner, any lender, or any other Interested Person.

When an apartment owner or any other Interested Person acquires an apartment or any other interest in the Project, he or she automatically does each of these things:

He or she takes his or her interest in the Project subject to the Developer's Reserved Rights, and each and every exercise and/or assignment of them.

He or she acknowledges, approves, consents to, agrees to and accepts:

- The Developer's Reserved Rights and its use of them from time to time;
- That this may change the Project;

- That this may result in the recalculation of the common interest of some or all apartments in some cases; and

- That the Developer can file and/or record any and all documents that the Developer deems necessary or convenient to the use of its rights. This includes, but it is not limited to, amendments to some or all of the Condominium Documents.

He or she agrees, promptly after being asked to do so, to join in, consent to, sign (and have notarized if asked), deliver, and record all documents and do all other things that the Developer in its sole discretion determines to be necessary or convenient to the use of the Developer's Reserved Rights or to accomplish the purposes for which those rights were reserved (as determined by the Developer).

He or she appoints the Developer as his or her attorney-in-fact to join in, consent to, sign, have notarized, deliver and record all documents and to do all things on his, her or its behalf. This means that the Developer can act in the place of the Owner or other Interested Person. The Developer can do anything that they could do, and they ratify, accept and confirm anything that the Developer does using this power of attorney.

- This power of attorney appointment is permanent. It cannot be revoked and will not be affected by the disability of the Owner or any other Interested Person who gives it.

- The Developer can let someone else act in its place as a substitute attorney-in-fact.

- Each Owner and every other Interested Person gives the Developer this power of attorney whether or not it expressly says so in any deed, mortgage, or other document by which he or she obtained an interest in the Project.

- The Developer has the power to do only the things stated or intended by the Condominium Documents (as determined by the Developer). This includes, however, the power to do anything else that the Developer deems necessary or convenient to accomplish the stated or intended goal and anything incidental to it. Ambiguities must be resolved in favor of giving, not denying, the Developer the power to act.

Each Owner also appoints the Association as his or her attorney-in-fact with full right and power to receive and accept on his or her behalf any legal notice required by Chapter 501, Hawaii Revised Statutes, and to accept service of process (meaning legal papers) on his or her behalf in connection with any Land Court petition or other legal proceeding in the Land Court. This power of attorney appointment is permanent and it includes full power of substitution.

Amendments in Connection with Exercise of Developer's Reserved Rights. The Developer has the right to amend some or all of the Condominium Documents in connection with the exercise of some of the Developer's Reserved Rights. For example, the Developer may amend some or all Condominium Documents when using its reserved rights to build additional phases of the Condominium, to create new apartments in those phases, to designate limited common elements for those apartments, to remove land from the Project, and so on.

General Rights. The Developer also has reserved the right to change the Condominium Documents:

- In any way and for any purpose before the date when the Developer first records a deed transferring an apartment or a Vacation Ownership Interest to someone other than the Developer or its Lenders.

- To file the "as-built" statement (with plans, if necessary or convenient) required by Section 514A-12 of the Condominium Property Act. The Developer may do this each time a phase or increment of the Project, or any New Improvement is completed. It may also do this at any other time required by law or permitted by the Declaration.

- To comply with the real estate laws of any place (for example, the State of Hawaii) or the requirements of any government agency (such as the Hawaii Real Estate Commission or the California Department of Real Estate) in connection with the registration of the Project, or any Vacation Ownership Program (or any Adjacent Project), to permit the sale of apartments or Vacation Ownership Interests (or any apartments, time share interests, or fractional ownership interests in an Adjacent Project);

- To correct any misstatements of fact in the Condominium Documents.

EXHIBIT "E"

INSTALLMENT PURCHASE TERMS

[NOTE: All amounts are in U.S. Dollars]

1. **PURCHASE PRICES:** Prospective Purchasers are advised that the prices at which Vacation Ownership Interests may be purchased vary but presently will not exceed the prices stated below. The sales agents will furnish a copy of the current price list to you. You are encouraged to ask about any special purchase prices and terms that may be offered from time to time. Please refer to your Purchase Agreement for the actual initial purchase price of your own Vacation Ownership Interest.

   a. **ONE BEDROOM OCEAN VIEW VILLA** (for a Floating Vacation Period with Floating Unit Use Rights):

      i. Every-Other-Year: $29,900

      ii. Every-Year: $42,900

      iii. Christmas//Obon/Golden Week (Every Year): $46,900

      iv. New Years (Every Year): $50,900

   b. **TWO BEDROOM ISLAND VIEW VILLA** (for a Floating Vacation Period with Floating Unit Use Rights):

      i. Every-Other-Year: $38,900

      ii. Every-Year: $54,900

      iii. Christmas/Obon/Golden Week (Every Year): $58,900

      iv. New Years (Every Year): $60,900

   c. **TWO BEDROOM OCEAN VIEW VILLA** (for a Floating Vacation Period with Floating Unit Use Rights):

      i. Every-Other-Year: $45,900

      ii. Every-Year: $72,900

      iii. Christmas/Obon/Golden Week (Every Year): $78,900

      iv. New Years (Every Year): $82,900

   d. **TWO BEDROOM OCEAN FRONT VILLA** (for a Floating Vacation Period with Floating Unit Use Rights):

      i. Every-Other-Year: $59,900

      ii. Every-Year: $99,900

      iii. Christmas/Obon/Golden Week (Every Year): $105,900

      iv. New Years (Every Year): $109,900

   e. **TWO BEDROOM DELUXE ISLAND VIEW VILLA** (for a Floating Vacation Period with Floating Unit Use Rights):

      i. Every-Other-Year: $38,900

      ii. Every-Year: $56,900

      iii. Christmas/Obon/Golden Week (Every Year): $64,900

      iv. New Years (Every Year) : $69,900

f. **TWO BEDROOM DELUXE OCEAN VIEW VILLA** (for a Floating Vacation Period with Floating Unit Use Rights):

i. Every-Year: $72,900

ii. Christmas/Obon/Golden Week (Every Year): $79,900

iii. New Years (Every Year) : $84,900

g. **TWO BEDROOM DELUXE OCEAN FRONT VILLA** (for a Floating Vacation Period with Floating Unit Use Rights):

i. Every-Year: $114,900

ii. Christmas/Obon/Golden Week (Every Year): $119,900

iii. New Years (Every Year) : $129,900

h. **UPGRADE OPTIONS:**

i. Fixed Vacation Period: Add 10% to the base price.

ii. Ultra Premium Vacation Period: Add 30% to the base price.

iii. Fixed Unit Use Right: Add another 10% to the base price [in addition to any amount added as items (i), (ii), or (iii)].

2. **INSTALLMENT PURCHASE TERMS** generally will be as follows: not less than ten percent down; an interest rate between 4.9% and 16.9%; and monthly installment payments over a term of not more than twenty years. There are no points, no prepayment penalties, and no balloon payments. Larger down payments and shorter terms will result in lower interest rates. The interest rate may also be reduced if a Buyer makes the monthly payments automatically from the Buyer's bank account through an Automatic Payment Plan Authorization ("APPA Program") or an Automatic Credit Card Authorization ("ACCA Program"). The Developer may offer other terms from time to time. The loan will be made using a note and mortgage. Notwithstanding the interest rates listed below, the Buyer will not pay an interest rate in excess of 12%, prior to Closing. The Buyer must pay interest at the lesser of 12% per annum or the rate of one percent per month on the difference between the Purchase Price and the Initial Deposit as those figures are shown on the Buyer's Sales Contract.

3. **ADMINISTRATIVE FEE:** These charges, sometimes referred to as "closing costs", are per transaction, not per Vacation Ownership Interest. One transaction may include more than one Vacation Ownership Interest. A policy of title insurance will be issued to protect the Buyer. If the Developer provides a mortgage loan to the Buyer, a separate policy must be issued to the mortgage lender. The amount shown below for title insurance is based on a quote provided by Hawaii Vacation Title Services, Inc. ("Vacation Title"). The charge will be the same whether Vacation Title issues only an owner's policy or an owner's and a lender's policy, and regardless of how many Vacation Ownership Interests are covered by the policy or policies. Buyers are free to choose any title company licensed in the State of Hawaii. If the Buyer chooses a title company other than Vacation Title, then the Buyer must give a written notice to the Escrow Agent stating the name of such title insurance company chosen by the Buyer. If the Buyer does not choose a title company, then Vacation Title will issue the policy or policies.

A Buyer will be required to pay closing costs not to exceed $1000.00 (assuming that Vacation Title is to issue the title policy or policies). If the Buyer chooses a title company other than Vacation Title, then the Developer will pay up to a maximum of One Hundred Dollars ($100.00) towards the cost of the title policy or policies. The Buyer must pay any amounts above that. The Administrative Fee paid by Buyer is applied to the expenses incurred by Developer to close the sale. Any excess is retained by the Developer for its expenses in selling the property. The Administrative Fee is not a finance charge and must be paid whether Purchaser pays in cash or finances the purchase. The following amounts represent estimated costs applicable to a standard closing. Some of these fees are paid by the Developer and some are paid by the Buyer. If Buyer is a corporation, an additional corporate name search fee (currently $25.00) will be charged.

A.	Escrow Fee:	$ 85.00
B.	Title Insurance Policy	$100.00
C.	Administration	$285.00

D. Recording Fees:

a.	Deed	$ 25.00
b.	Issuance of Certificate of Title	$ 25.00
c.	Mortgage (if applicable)	$ 25.00

In addition, the State of Hawaii charges a conveyance tax at the rate of $.10 per $100.00 of the purchase price, and this amount is paid as part of the Administrative fee.

4. COLLECTION AGENT AND FEES. This applies only if the Developer finances your purchase. The Developer will designate an agent to collect each Buyer's loan payments and it may be an affiliate of the Developer or the Developer itself. The collection agent will impose standard charges due to any failure of a Buyer to pay, to pay on time, or dishonored checks and so on.

EXHIBIT "F"

ASSESSMENTS

NOTE: This page summarizes the amounts that an Owner who is buying one week for the first time in the Westin Ka'anapali Ocean Resort Villas must pay based on the budgets that appear on the next three pages. For other owner situations, please refer to the footnotes to such budgets.

One Bedroom Every-Other-Year	Condominium Association: Master Association: Vacation Ownership Association: TOTAL:	$ 218.36 $ 56.39 $ 611.84 $ 886.59
One Bedroom Every-Year	Condominium Association: Master Association: Vacation Ownership Association: TOTAL:	$ 436.71 $ 112.77 $ 1,070.15 $ 1,619.63
Two Bedroom Every-Other-Year	Condominium Association: Master Association: Vacation Ownership Association: TOTAL:	$ 258.80 $ 66.83 $ 700.44 $ 1,026.07
Two Bedroom Every-Year	Condominium Association: Master Association: Vacation Ownership Association: TOTAL:	$ 517.60 $ 133.66 $ 1,247.34 $ 1,898.60
Two Bedroom Deluxe Every-Other-Year	Condominium Association: Master Association: Vacation Ownership Association: TOTAL:	$ 356.62 $ 92.09 $ 914.70 $ 1,363.41
Two Bedroom Deluxe Every-Year	Condominium Association: Master Association: Vacation Ownership Association: TOTAL:	$ 713.23 $ 184.17 $ 1,675.88 $ 2,573.28

NOTES:

a. All amounts are stated in U.S. dollars.

b. The Vacation Ownership Association assessment for Every-Other-Year Vacation Ownership Interests includes a $20 bookkeeping fee.

c. The Vacation Ownership Association assessment includes Club Dues in the amount of $133.53.

OCEAN RESORT VILLAS VACATION OWNERS ASSOCIATION
APPROVED BUDGET OF OPERATING EXPENSES
JANUARY 1, 2009 through DECEMBER 31, 2009

	All Units Annual	All Units Monthly	Unit Week - Annual		
			One-Bedroom Unit (1)	Two Bedroom Lockoff Unit (1)	Two Bedroom Deluxe Lockoff Unit (1)
REVENUES					
Maintenance Fee Revenue	$ 14,412,676	$ 1,201,056	$ 815.49	$ 966.54	$ 1,331.84
Interest Revenue	119,484	9,955	6.76	8.01	11.04
Club Rental Revenue	109,402	9,117	6.19	7.34	10.11
Biennial Service Fee Revenue	117,574	9,798	6.65	7.88	10.86
Total Operating Revenue	$ 14,759,116	$ 1,229,926	$ 835.09	$ 989.77	$ 1,363.85
EXPENSES					
Housekeeping & Rooms	$ 5,927,556	$ 493,963	$ 335.39	$ 397.51	$ 547.75
Administrative & General	1,474,414	122,868	83.42	98.88	136.25
Financial Services	448,002	37,333	25.35	30.04	41.40
Data Processing	56,343	4,695	3.19	3.78	5.21
Annual Audit	7,800	650	0.44	0.52	0.72
Reserve for Bad Debt (2)	147,060	12,255	8.32	9.86	13.59
Repairs & Maintenance	1,602,077	133,506	90.65	107.44	148.04
Insurance	173,482	14,455	9.81	11.63	16.03
Income Taxes	35,573	2,964	2.01	2.39	3.29
Management Fee	1,536,991	128,083	86.97	103.07	142.03
Owner Services	552,025	46,002	31.23	37.02	51.01
Ad Valorem Taxes	2,455,801	204,650	138.95	164.69	226.93
General Excise Tax	745,359	62,113	42.17	49.99	68.88
Prior-Year (Surplus)/Deficit Reduction	(403,348)	(33,612)	(22.82)	(27.05)	(37.27)
Total Operating Expenses	$ 14,759,116	$ 1,229,926	$ 835.09	$ 989.77	$ 1,363.85

APPROVED BUDGET OF RESERVES FOR REPLACEMENT
JANUARY 1, 2009 through DECEMBER 31, 2009

	All Units Annual	All Units Monthly	Unit Week - Annual		
			One-Bedroom Unit (1)	Two Bedroom Lockoff Unit (1)	Two Bedroom Deluxe Lockoff Unit (1)
REVENUES					
Reserve Fee Revenue	$ 2,494,227	$ 207,852	$ 141.13	$ 167.27	$ 230.48
EXPENSES					
Replacement Reserves					
Roof Replacement	N/A	N/A	N/A	N/A	N/A
Pavement Resurfacing	N/A	N/A	N/A	N/A	N/A
Building Painting	$ 84,304	$ 7,025	$ 4.77	$ 5.65	$ 7.79
Unit Furnishings, Equipment and Other Capital Expenditures	2,409,923	200,827	136.36	161.61	222.69
Deferred Maintenance	N/A	N/A	N/A	N/A	N/A
Total Reserve Expenses	$ 2,494,227	$ 207,852	$ 141.13	$ 167.27	$ 230.48
Total Maintenance & Reserve Fee (1)	$ 16,906,903	$ 1,408,909	$ 956.62	$ 1,133.81	$ 1,562.33
Club Dues (3)	1,637,103	136,425	113.53	113.53	113.53
Total Maintenance, Reserve Fee & Club Dues	$ 18,544,006	$ 1,545,334	$ 1,070.15	$ 1,247.34	$ 1,675.86

REPLACEMENT RESERVE ANALYSIS
DECEMBER 31, 2008

Description	Estimated Life	Estimated Replacement Cost	Remaining Life (4)	Estimated Balance 12/31/08
Replacement of Unit Furnishings and Equipment, and Other Capital Expenditures	4 to 20 years	$ 2,974,012	0 to 15 years	$ 5,612,870
Deferred Maintenance	N/A	N/A	N/A	N/A
Roof Replacement	N/A	N/A	N/A	N/A
Pavement Resurfacing	N/A	N/A	N/A	N/A
Building Painting	4 to 10 years	874,176	0 to 5 years	196,350
Totals		$ 3,848,188		$ 5,809,220

(1) Biennial Unit Week fees are one-half of those shown plus a $20 bookkeeping fee.
(2) Reserve for bad debt includes an allowance for unpaid Club Dues.
(3) Club Dues include the SVN Membership Fee. The fee for single-week Owners is $113.53 ($109 SVN Fee + Hawaii tax). For multi-week Owners it is $147.81 ($142 SVN Fee + Hawaii tax). In addition, International (non-U.S.) Owners are charged $25 for the International Owner fee.

(4) Estimated remaining useful life as of December 31, 2008.
A certain number of Vacation Ownership Interests have been deeded by the Developer to the Association to use for maintenance purposes.
The Assessments for each Vacation Ownership Interest deeded to the Association will be included in the budget as a Plan Expense.
This means that the other Vacation Ownership Interests must all pay a share of the Assessments for any Vacation Ownership Interest deeded to the Association

Exhibit G

ASSOCIATION OF APARTMENT OWNERS OF OCEAN RESORT VILLAS, INC.
APPROVED BUDGET OF OPERATING EXPENSES
JANUARY 1, 2009 through DECEMBER 31, 2009

	All Units Annual	All Units Monthly	Unit Week - Annual			Commercial Units
			One-Bedroom Unit	Two Bedroom Lockoff Unit	Two Bedroom Deluxe Lockoff Unit	
REVENUES						
Maintenance Fee Revenue	$ 7,299,880	$ 608,323	$ 404.53	$ 479.46	$ 660.67	$ 150,298.55
Interest Revenue	26,444	2,204	1.47	1.74	2.39	544.46
Total Operating Revenue	$ 7,326,324	$ 610,527	$ 406.00	$ 481.20	$ 663.07	$ 150,843.01
EXPENSES						
Housekeeping & Rooms	$ 528,721	$ 44,060	$ 29.30	$ 34.73	$ 47.85	$ 10,885.93
Administrative & General	7,333	611	0.41	0.48	0.66	150.99
Financial Services	6,841	570	0.38	0.45	0.62	140.84
Annual Audit	7,800	650	0.43	0.51	0.71	160.60
Activities & Security	675,187	56,264	37.42	44.35	61.11	13,901.13
Reserve for Bad Debt	45,652	3,796	2.52	2.99	4.12	937.89
Repairs & Maintenance	420,812	35,068	23.32	27.64	38.09	8,664.17
Utilities (Electricity, Gas, Water, Sewer & Telephone)	3,756,865	313,072	208.19	245.75	340.01	77,350.77
Cable Television	92,313	7,693	5.12	6.06	8.35	1,900.64
Internet	63,274	5,273	3.51	4.16	5.73	1,302.75
Insurance	497,721	41,477	27.58	32.69	45.05	10,247.66
Income Taxes	12,707	1,059	0.70	0.83	1.15	261.82
Management Fee	715,415	59,701	39.70	47.05	64.84	14,750.40
Interest Expense	14,515	1,210	0.80	0.95	1.31	298.85
Prior-Year (Surplus)/Deficit Reduction	407,575	33,965	22.59	26.77	36.89	8,391.63
North Beach Master Association	72,715	6,060	4.03	4.78	6.58	1,497.14
Total Operating Expenses	$ 7,326,324	$ 610,527	$ 406.00	$ 481.20	$ 663.07	$ 150,843.01

APPROVED BUDGET OF RESERVES FOR REPLACEMENT
JANUARY 1, 2009 through DECEMBER 31, 2009

	All Units Annual	All Units Monthly	Unit Week - Annual			Commercial Units
			One-Bedroom Unit	Two Bedroom Lockoff Unit	Two Bedroom Deluxe Lockoff Unit	
REVENUES						
Reserve Fee Revenue	$ 580,687	$ 48,391	$ 32.18	$ 38.14	$ 52.55	$ 11,955.87
EXPENSES						
Replacement Reserves						
Roof Replacement	$ 27,505	$ 2,292	$ 1.52	$ 1.81	$ 2.49	$ 566.31
Pavement Resurfacing	94,463	7,872	5.23	6.20	8.55	1,944.93
Building Painting	219,566	18,297	12.17	14.42	19.87	4,520.68
Unit Furnishings, Equipment and Other Capital Expenditures	239,152	19,929	13.25	15.71	21.64	4,923.95
Deferred Maintenance	N/A	N/A	N/A	N/A	N/A	N/A
Total Reserve Expenses	$ 580,687	$ 48,391	$ 32.18	$ 38.14	$ 52.55	$ 11,955.87
Total Maintenance & Reserve Fee	**$ 7,860,567**	**$ 656,714**	**$ 436.71**	**$ 517.60**	**$ 713.23**	**$ 162,254.42**

REPLACEMENT RESERVE ANALYSIS
DECEMBER 31, 2008

Description	Estimated Life	Estimated Replacement Cost	Remaining Life (1)	Estimated Balance 12/31/08
Replacement of Unit Furnishings and Equipment, and Other Capital Expenditures	4 to 30 years	$ 5,765,763	0 to 26 years	$ 930,910
Deferred Maintenance	N/A	N/A	N/A	N/A
Roof Replacement	20 to 50 years	1,375,356	14 to 46 years	107,066
Pavement Resurfacing	6 to 8 years	857,142	2 years	367,703
Building Painting	6 to 12 years	1,879,232	0 to 8 years	854,670
Totals		$ 9,877,493		$ 2,260,348

(1) Estimated remaining useful life as of December 31, 2008.

A certain number of Vacation Ownership Interests have been deeded by the Developer to the Association to use for maintenance purposes.
The Assessments for each Vacation Ownership Interest deeded to the Association will be included in the budget as a Plan Expense.
This means that the other Vacation Ownership Interests must all pay a share of the Assessments for any Vacation Ownership Interest deeded to the Association.

Exhibit H

OCEAN RESORT MASTER ASSOCIATION
APPROVED BUDGET OF OPERATING EXPENSES
JANUARY 1, 2008 through DECEMBER 31, 2009

	All Units Annual	All Units Monthly	KOR Unit Week - Annual			KOR North Unit Week - Annual
			One-Bedroom Unit	Two-Bedroom Lockoff Unit	Two-Bedroom Deluxe Lockoff Unit	Two-Bedroom Lockoff Unit
REVENUES						
Maintenance Fee Revenue	$ 3,677,069	$ 306,422	$ 108.28	$ 128.34	$ 175.84	$132.71
Interest Revenue	142,203	11,850	4.19	4.96	6.84	5.13
Late Fee Revenue	87,020	7,252	2.56	3.04	4.19	3.14
Miscellaneous Revenue	6,569	547	0.19	0.23	0.32	0.24
Developer Contribution	1,121,884	93,490	33.04	39.16	53.95	40.49
Total Operating Revenue	$ 5,034,745	$ 419,562	$ 148.26	$ 175.72	$ 242.14	$ 181.71
EXPENSES						
Administrative & General	$ 1,205,045	$ 100,420	$ 35.49	$ 42.06	$ 57.95	43.49
Financial Services	13,143	1,095	0.39	0.48	0.83	0.47
Annual Audit	7,800	650	0.23	0.27	0.38	0.28
Activities & Security	13,388	1,116	0.39	0.47	0.64	0.48
Reserve for Bad Debt	156,784	13,065	4.62	5.47	7.54	5.66
Repairs & Maintenance	1,335,775	111,315	39.34	46.62	64.24	48.21
Utilities (Electricity, Gas, Water & Sewer)	1,523,641	126,970	44.87	53.18	73.28	54.99
Insurance	298,068	24,839	8.78	10.40	14.34	10.76
Income Taxes	23,991	1,999	0.71	0.84	1.15	0.87
Management Fee	450,125	37,510	13.26	15.71	21.65	16.25
Interest Expense	6,985	582	0.21	0.24	0.34	0.25
Total Operating Expenses	$ 5,034,745	$ 419,562	$ 148.26	$ 175.72	$ 242.14	$181.71

APPROVED BUDGET OF RESERVES FOR REPLACEMENT
JANUARY 1, 2009 through DECEMBER 31, 2009

	All Units Annual	All Units Monthly	KOR Unit Week - Annual			KOR North Unit Week - Annual
			One-Bedroom Unit	Two-Bedroom Lockoff Unit	Two-Bedroom Deluxe Lockoff Unit	Two-Bedroom Lockoff Unit
REVENUES						
Reserve Fee Revenue	$ 152,419	$ 12,702	$ 4.49	$ 5.32	$ 7.33	$ 5.50
EXPENSES						
Replacement Reserves						
Roof Replacement	N/A	N/A	N/A	N/A	N/A	N/A
Pavement Resurfacing	$ 96,179	$ 8,015	$ 2.83	$ 3.36	$ 4.63	$ 3.47
Building Painting	406	34	0.01	0.01	0.02	0.01
Unit Furnishings, Equipment and Other Capital Expenditures	55,834	4,653	1.64	1.95	2.69	2.02
Deferred Maintenance	N/A	N/A	N/A	N/A	N/A	N/A
Total Reserve Expenses	$ 152,419	$ 12,702	$ 4.49	$ 5.32	$ 7.33	$ 5.50
Total Maintenance & Reserve Fee	$ 3,829,488	$ 432,264	$ 112.77	$ 133.66	$ 184.17	$ 138.21

REPLACEMENT RESERVE ANALYSIS
DECEMBER 31, 2008

Description	Estimated Life	Estimated Replacement Cost	Remaining Life (1)	Estimated Balance 12/31/08
Replacement of Unit Furnishings and Equipment, and Other Capital Expenditures	3 to 30 years	$ 4,481,706	29 years	$ 68,022
Deferred Maintenance	N/A	N/A	N/A	N/A
Roof Replacement	N/A	N/A	N/A	N/A
Pavement Resurfacing	8 to 32 years	5,240,694	2 to 29 years	117,174
Building Painting	8 to 18 years	17,296	2 to 15 years	495
Totals		$ 9,739,696		$ 185,691

(1) Estimated remaining useful life as of December 31, 2008.
A certain number of vacation ownership interests have been deeded by the Developer to the Association to use for maintenance purposes.
The Assessments for each Vacation Ownership Interest deeded to the Association will be included in the budget as a Plan Expense.
This means that the other Vacation Ownership Interests must all pay a share of the Assessments for any Vacation Ownership Interest deeded to the Association.

Exhibit I