

**SECOND AMENDED DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	BALI HAI VILLAS, PHASE XI (Buildings 12 & 13, Increments 12 & 13)
Project Address	4970 Peipelani Loop Princeville, Kauai, Hawaii 96722
Registration Number	6449
Effective Date of Report	March 3, 2009
Developer(s)	BHV Development, Inc.

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

This Amended Developer's Public Report SUPERSEDES the prior public report issued on January 15, 2008.

A. Changes made as follows:

1. Bali Hai Villas Phases XII, XIII, XIV and XV were merged with the previously merged Bali Hai Villas condominium project pursuant to the condominium developer's reserved rights. As a result of such mergers, the percentage common interest in the common elements of the condominium project appurtenant to each unit has decreased.
2. The list of Encumbrances Against Title (set forth in Exhibit E) has been updated.
3. The percentage common interests described in the Estimate of Initial Maintenance Fees (Exhibit F) has been updated.
4. The List of Officers and Directors of the Developer (set forth in Exhibit I) has been updated.
5. Clarifications to information in the Amended Developer's Public Report and its Exhibits issued on January 15, 2008 have been made.

B. This resulted in changes to the following pages:

1. Pages 1a, 1b and 1c have been revised to reflect the changes described in Paragraph A above, to correct the number of units stated to be in Building 1 and in Building 6 of previously merged phases of the condominium project, and to add information about the registrations for the merged phases.
2. Page 3, Section 1.3 has been revised to reflect that Unit Type D has 3 bathrooms and the Exhibit reference has been changed to "Exhibit B".
3. On Page 4, Section 1.5, the description of the boundaries of the units has been revised and in Section 1.6, the description of permitted alterations has been revised.
4. On Page 5, Section 1.11, the description of use restrictions has been revised and Section 1.12 has been revised to reflect the date of the updated title report.
5. Page 6, Section 1.13 has been revised by adding a statement that the property is within a Visitor Destination Area and Section 1.14 has been revised by adding "to the best of Developer's knowledge".
6. Page 7 has been revised to delete the word "None" in the fourth and fifth sections of Section 1.15.
7. On Page 11, Section 3.6, the description of the condominium developer's reserved rights has been revised.
8. On Page 13, Section 5.4, the description of construction warranties has been revised.
9. Page 14, Section 5.6.1 has been revised to state that this section is not applicable to the project.
10. Page 18, Section 6 has been revised by revising the description of parking and adding a statement that the Developer's real estate broker is PAHIO Vacation Ownership, Inc., which is a subsidiary of the Developer.
11. On Exhibit C, the descriptions in item C has been revised.
12. Exhibit D has been revised to reflect the new percentage common interests that were assigned to the units in the Project upon the merger of the additional phases.
13. Exhibit E has been revised to update the encumbrances against title.
14. Exhibit F has been revised by updating the percentage common interests for the units in the Project and by referring to the vacation plan documents for information on when the assessments begin.
15. Exhibit G has been revised by deleting Item H.
16. Exhibit I has been revised to update the list of officers and directors of the Developer.
17. Minor typographical and grammatical errors were also corrected throughout this report and its exhibits and references to the Original Developer of the condominium project were clarified.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

1. Construction of all of the units in Buildings 12 & 13 of the Project has been completed. The Affidavit of the Owner's Notice of Completion was filed on August 14, 2007 (and published on June 29 and July 6, 2007) for Buildings 12 & 13, Increments 12 & 13 in the Circuit Court of the Fifth Circuit, State of Hawaii.

2. This Project is only one phase of a larger project that has been developed. This Project has been merged with the condominium project known as Bali Hai Villas, which is a merger of Bali Hai Villas (Phase I, Phase II, Phase III, Phase IV, Phase V, Phase VI, Phase VII, Phase VIII, Phase IX, Phase X, Phase XI, Phase XII, Phase XIII, Phase XIV and Phase XV). Each additional project that is developed, if any, may be merged with the previously constructed projects and phases of the merged Bali Hai Villas project. Phase I has one building identified as Building 3 containing 14 apartments (Increment 3). Phase II has two buildings identified as Building 4, containing 16 apartments (Increment 4) and Building 20 containing 1 apartment (Increment 20). Phase III has one building identified as Building 1, containing 12 apartments (Increment 1). Phase IV has one building identified as Building 2, containing 16 apartments (Increment 2). Phase V has one building identified as Building 8, containing 12 apartments (Increment 8). Phase VI has one building identified as Building 9, containing 15 apartments (Increment 9). Phase VII has one building identified as Building 10, containing 14 apartments (Increment 10). Phase VIII has one building identified as Building 11, containing 14 apartments (Increment 11). Phase IX has one building identified as Building 5 containing 16 apartments (Increment 5). Phase X has two buildings identified as Buildings 6 containing 14 apartments and 7 containing 14 apartments (Increments 6 and 7). Phase XI has two buildings identified as Building 12, containing 12 apartments, and Building 13, containing 14 apartments (Increments 12 and 13). Phase XII has three buildings identified as Building 17, containing 16 apartments, Building 18, containing 16 apartments, and a garage/storage building in Increment 17 (Increments 17 and 18). Phase XIII has one building identified as Building 16, containing 14 apartments (Increment 16). Phase XIV has one building identified as Building 15, containing 12 apartments (Increment 15). Phase XV has one building identified as Building 14, containing 16 apartments (Increment 14).

See Exhibit "A" for additional information. A Final Public Report for Bali Hai Villas, Phase I was issued under Registration No. 2399, Phase II was issued under Registration No. 3699, Phase III was issued under Registration No. 4036, Phase IV was issued under Registration No. 4257, Phase V was issued under Registration No. 4539, Phase VI was issued under Registration No. 4788, Phase VII was issued under Registration No. 5070, Phase VIII was issued under Registration No. 5611, Phase IX was issued under Registration No. 5867, Phase X was issued under Registration No. 6045, Phase XI was issued under Registration No. 6449, Phase XII was issued under Registration No. 6568, Phase XIII was issued under Registration No. 6584, Phase XIV was issued under Registration No. 6647, and Phase XV was issued under Registration No. 6726. All projects are subject to a Master Declaration for Phased and Incremental Development, as amended (the "Master Declaration"). The foregoing Phases were all registered under Chapter 514A, Hawaii Revised Statutes with the exception of Phases XI, XII, XIII, XIV and XV which were registered under Chapter 514B, Hawaii Revised Statutes. This Project is being registered under Chapter 514B, Hawaii Revised Statutes. See Exhibit "A" for additional disclosures concerning the Master Declaration, as amended.

3. A Declaration of Annexation submitting all of the units in Buildings 12 & 13 to the Bali Hai

Villas Vacation Ownership Plan (the "Vacation Ownership Plan") has or will be recorded at the Bureau of Conveyances of the State of Hawaii. The Vacation Ownership Plan was created by a Declaration of Covenants, Conditions, Easements and Restrictions for Vacation Ownership recorded at said Bureau as Document No. 2007-168839 (the "Vacation Ownership Plan Declaration"). See page 18 of this Public Report for additional disclosures. It is intended that all units in Phase XI will be sold on a time share basis.

4. The tax map key for the Project is TMK (4) 5-4-05:36 (the County deleted the reference to former parcel 50).
5. In October and November 2007, the Developer named herein acquired the 26 units covered by this report from Bali Hai Villas Ltd. Partnership, a Hawaii limited partnership, the developer of the Project (the "Original Developer").
6. Because the Developer under this Amended Developer's Public Report is not the Original Developer, or affiliated with the Original Developer, the Developer disclaims all responsibility and liability for the establishment, creation, and construction of the Project and of the Bali Hai Villas project as merged.
7. Pursuant to Section 514B-82, Hawaii Revised Statutes, it is not necessary to deliver a copy of this report to time share purchasers or prospective time share purchasers.
8. Under Section 514E-8, Hawaii Revised Statutes, either the seller or purchaser of an interest in a time share plan may, within seven (7) calendar days after the execution of the contract to purchase the interest in the time share plan, or within seven (7) calendar days after the purchaser's receipt of a disclosure statement required by Chapter 514E, Hawaii Revised Statutes, whichever occurs later, cancel the contract to purchase without penalty, by mailing or delivering a notice of cancellation to the other party at the address specified in the contract. The provisions of Section 5.8 of this report do not apply to the offer or sale of interests in a time share plan.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

If you are a typical condominium unit owner, you will have two kinds of ownership: (1) ownership in your individual unit; and (2) a percentage interest in the common elements.

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the 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 project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner		
Address of Project	4970 Peipelani Loop Princeville, Kauai, Hawaii 96722	
Address of Project is expected to change because		
Tax Map Key (TMK)	(4) 5-4-05:36	
Tax Map Key is expected to change because	Addition of CPR Nos. to each unit.	
Land Area	23.297 acres	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not Applicable	

1.2 Buildings and Other Improvements

Number of Buildings	3
Floors Per Building	2 (1 for maintenance building)
Number of New Building(s)	3
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	concrete, hollow tile, wood and other allied building materials

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
B	16	2/2	1003	110	lanai	1113
C	8	2/2	997	110	lanai	1107
D	2	3/3	1397	271	lanai	1668
See Exhibit B.						

26	Total Number of Units
----	------------------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	87
Number of Guest Stalls in the Project:	
Number of Parking Stalls Assigned to Each Unit:	1
Attach Exhibit ___ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	
See Exhibit "C" for further information about the parking stalls.	

1.5 Boundaries of the Units

<p>Boundaries of the unit: The respective units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, interior walls including all load bearing walls, ceilings, entry and exit doors, lanais, lanai railings, lanai walls, entry deck or floors. The wires, conduits or other utility lines running through them, which are utilized for or serve more than one unit are deemed common elements as provided in the Declaration. Each unit shall be deemed to include the finished surfaces of all walls and partitions within the unit, including paint, wallpaper, or the like, carpeting, floor covering and built-in fixtures. Additionally, the boundary lines of each unit are the interior unfinished surfaces of all the interior side of all perimeter walls, and the interior unfinished surface of all perimeter doors, windows, glass and the frames thereof.</p>

1.6 Permitted Alterations to the Units

<p>Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):</p> <p>The common interest and easements appurtenant to each unit shall have a permanent character and shall not be altered without the consent of all unit owners affected, except as specified in the Master Declaration (described on page 18), the Declaration and in Sections 514B-32(a)(12), 514B-46 and 514B-140(d), Hawaii Revised Statutes.</p>

1.7 Common Interest

<p>Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:</p>
<p>Described in Exhibit <u>D</u>.</p>
<p>As follows:</p>

1.8 Recreational and Other Common Facilities (Check if applicable):

<input checked="" type="checkbox"/>	Swimming pool (located in prior Phase)
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input checked="" type="checkbox"/>	Tennis Court (located in prior Phase)
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Clubhouse (located in prior Phase)

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit C.

Described as follows:

Common Element	Number
Elevators	0
Stairways	11
Trash Chutes	

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit C.

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input checked="" type="checkbox"/>	Pets: None permitted unless approved by the Board of Directors and if permitted by the House Rules (the Bylaws also state that nothing in the Bylaws shall prevent a handicap owner from keeping a pet necessary for such owner and as may be permitted by federal or state law).
<input checked="" type="checkbox"/>	Number of Occupants: The House Rules for the Project state that the 2-bedroom units will have no more than 6 persons residing in them
<input checked="" type="checkbox"/>	Other: For the residential units, the permitted uses under the Declaration are resort, residential or time sharing
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit E describes the encumbrances against title contained in the title reports described below.

Date of the title report: February 19, 2009

Company that issued the title report: Hawaii Escrow & Title, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
<input checked="" type="checkbox"/>	Residential		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-15
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Timeshare	26	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-15, Visitor Destination Area
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.					

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/> *	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/> *	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/> *	<input type="checkbox"/>	<input type="checkbox"/>

* To the best of Developer's knowledge.

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>
--

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: BHV Development, Inc., a Delaware corporation Business Address: c/o Wyndham Vacation Ownership, Inc. 8427 SouthPark Circle Orlando, Florida 32819</p> <p>Business Phone Number: (407) 370-5200 E-mail Address:</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>See Exhibit I</p>
<p>2.2 Real Estate Broker</p>	<p>Name: PAHIO Vacation Ownership, Inc. Business Address: 3970 Wyllie Road Princeville, Kauai, Hawaii 96722</p> <p>Business Phone Number: (808) 826-6549 E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: Hawaii Escrow & Title, Inc. Business Address: 700 Bishop Street, Suite 1600 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 532-2977</p>
<p>2.4 General Contractor</p>	<p>Name: PAHIO Construction, Inc. Business Address: 3970 Wyllie Road Princeville, Kauai, Hawaii 96722</p> <p>Business Phone Number: (808) 826-6549</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: PAHIO Resorts, Inc. Business Address: 3970 Wyllie Road Princeville, Kauai, Hawaii 96722</p> <p>Business Phone Number: (808) 826-6549</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Diane Yuen Praywell Business Address: 1100 Alakea Street, Suite 2100 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 792-4200</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 20, 2007	2007-166108

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 2, 2007	2007-175193
Bureau of Conveyances	October 17, 2007	2007-184056

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 20, 2007	2007-166109

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 2, 2007	2007-175194

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4515
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed	<input type="checkbox"/>
Have Been Adopted and Date of Adoption	<input checked="" type="checkbox"/> 1995
Developer does not plan to adopt House Rules	<input type="checkbox"/>

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>A summary of the reserved rights are as follows (references are to paragraphs in the Declaration):</p> <p>Par. 4.2E, 5.1, 17.0, 20.0 and 21.0. The Original Developer reserved the right to up-grade the interior features of a unit (none of which will affect the basic floor plan of a unit) and the right to name these types of upgraded units (see Par. 4.2E of the Declaration). The Original Developer also reserved the right to delete undeveloped Increments from the Bali Hai Villas condominium project (see Par. 5.1 of the Declaration). The Original Developer reserved the right to amend the Declaration after the construction of the buildings and attaching a verified statement of a registered architect or engineer certifying the Condominium Map accurately depicts the layout, location, unit numbers and dimensions of the unit, as built, and to amend the Declaration prior to recording a unit deed conveying a unit to a party other than the Original Developer (see Par. 17.0 of the Declaration). The Original Developer reserved the right to amend the Declaration, Bylaws or Condominium Map in order to comply with State, Federal, or local law, or to resolve or remedy any conflict which may be found between the terms of the Declaration and any former Declaration of Condominium Property Regime (see Par. 20.0 of the Declaration). The Original Developer also has the right to further develop additional projects and Increments and to subsequently merge them into this Project and to also merge it with former projects (see Par. 21.0 of the Declaration). See also Exhibit A for a description of additional reserved rights.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.</p>	
<p>The initial Condominium Managing Agent for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input checked="" type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

<p>Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.</p>
<p>Exhibit <u>F</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input checked="" type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify) refuse collection

4.4 Utilities to be Separately Billed to Unit Owner

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>	
<input type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>G</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: September 21, 2007 Name of Escrow Company: Hawaii Escrow & Title, Inc. Exhibit <u>H</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input checked="" type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements:

The units are being sold in "as is" condition. Aside from limited warranties of title in the vacation ownership deed, the Developer makes no warranties, express or implied, about the units, the condominium project or anything contained in them. Without limiting the generality of the foregoing, the Developer makes no representation or warranty relating to the condominium map, including without limitation, information about construction materials, finishes, construction methods, appliances and fixtures and/or project totals.

Appliances: The Developer is not giving any express or implied warranties for the appliances

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: Completed in June 2007.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input checked="" type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p> <p>* This section is not applicable to the project.</p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

<p>Box A <input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B <input type="checkbox"/></p>	<p>The Developer has not submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other: - Master Declaration for Phased and Incremental Development for Bali Hai Villas dated October 19, 1994, as amended. - For purchasers of vacation ownership interests in the Vacation Ownership Plan: The Hawaii Time Share Disclosure Statement most recently accepted by the Department of Commerce and Consumer Affairs of the State of Hawaii.

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. **Parking.** The 26 residential timeshare units will each have the use of one parking stall. The condominium project will have the use of not less than 26 stalls. The Association of Apartment (Unit) Owners or Managing Agent for the Project may assign parking stalls. See Exhibit "C". There are 87 parking stalls located on Increments 12 and 13 and with the merger of this Project with prior projects, these stalls may be available for the use by other increments or phases of the Bali Hai Villas development.

2. **Time Share Plan.** The Developer has established the Bali Hai Villas Vacation Ownership Plan ("Vacation Ownership Plan") by that certain Declaration of Covenants, Conditions, Easements and Restrictions for Vacation Ownership dated August 17, 2007 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-168839. All 26 units in the Project are or will be annexed and committed to the Vacation Ownership Plan or another time share plan. The Developer has obtained a registration for the Vacation Ownership Plan from the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with Chapter 514E, Hawaii Revised Statutes, under Reg. No. TD-181. For information relating to the Vacation Ownership Plan, a purchaser should review the Hawaii time share Disclosure Statement for the Vacation Ownership Plan.

3. **Master Declaration.** This Project and the entire Bali Hai Villas development is subject to the terms of a Master Declaration for Phased and Incremental Development dated October 19, 1994 (recorded as Document No. 94-180535), as amended. The Master Declaration allows the Original Developer to develop and finance the Project in phases and/or increments and to subsequently merge them into one project. See Exhibit "A" for further information.

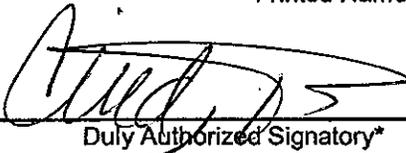
4. **Real Estate Broker.** The Developer's real estate broker for the Vacation Ownership Plan is PAHIO Vacation Ownership, Inc., a licensed real estate broker in Hawaii ("PVOI"). PVOI is a wholly-owned subsidiary of the Developer.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

BHV DEVELOPMENT, INC.
Printed Name of Developer

By: 
Duly Authorized Signatory*

2/24/2009
Date

CINDY ROSS, SVP
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, Island and County of Kauai

Planning Department, Island and County of Kauai

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A

Reservations In Favor of the Condominium Project Developer

IN GENERAL. Bali Hai Villas Ltd. Partnership, a Hawaii limited partnership (the "Original Developer") is the declarant under the condominium declaration and the developer of the Project. The Original Developer has reserved various rights relating to the Project and the land upon which the Project is located (the "Land"). Those rights include, among other things, the right to conduct extensive sales activities in the Project, the right to use units it owns as models, management, promotional, marketing, advertising and or sales offices and to conduct time sharing programs, sales and rental operations, and the right to make certain changes to the condominium documents.

The Original Developer's reserved rights also include certain rights under the Master Declaration for Phased and Incremental Development – Bali Hai Villas, dated October 19, 1994, as amended (the "Master Declaration") which include, without limitation, the rights to: annex additional apartments to the Project or develop other condominium projects on the Land, subdivide the Land; remove an undeveloped area from the Project; construct and complete the apartments, buildings, drives, roads, common amenities, utilities, sewers, or recreational facilities either above or below the ground; grant to the municipal government or utilities easements; annex and withdraw apartments and/or amenities from the Project; merge the Project with one or more other condominium projects; obtain financing and encumber the apartments and appurtenant interests in the common elements associated with an increment on the Land; and execute all documents on behalf of the apartment owners to exercise the Original Developer's reserved rights as contained in the condominium documents and Master Declaration.

By acquiring a unit in the Project, or interest in a unit in the Project, each owner, among other things,

- Grants to the Original Developer an irrevocable power of attorney, coupled with an interest, which will permit the Original Developer to sign documents and instruments on behalf of the owner in connection with the Original Developer's exercise of any of its rights as contained in the condominium documents and Master Declaration;
- Permits the Original Developer to reallocate the common interest appurtenant to each apartment;
- Consents to the Original Developer's construction of additional apartments, condominium projects, roads, drives, common amenities, including recreational facilities on the Land;
- Consents to the merger of the Project with one or more other condominium projects that may be developed in accordance with the terms of the Master Declaration;

- Consents to the Original Developer's grading, locating, maintaining, and repairing of any utilities and utility lines necessary for the construction of additional condominium projects on the Land, which include any easements required by any county or municipal authority;
- Consents to the Original Developer's removal of various portions of the Land and granting of any easements over the Project that may be necessary for access or utility purposes if the Original Developer does not develop additional condominium projects;
- Consents to subdivisions, consolidations and resubdivisions affecting any increment and/or the Land, as provided in the Master Declaration.

PROVIDED, HOWEVER, that the Original Developer's exercise its reserved rights and an owner's consent and agreements regarding them are and shall remain subject, among other things, to the conditions and limitations stated in paragraph 4.0(1.2) of the Master Declaration.

Certain of the Original Developer's reserved rights have been, or may be in the future, transferred to the Developer by the Original Developer (for example, and without limitation, rights relating to the marketing and sale of the units). The Original Developer (or the Developer, to the extent such rights are transferred to the Developer by the Original Developer) alone may exercise the reserved rights. The Developer makes no promise and has no duty to exercise any of the Original Developer's reserved rights.

REDESIGNATION OF COMMON INTEREST; FUTURE DEVELOPMENT. As stated above, the Original Developer has reserved the right to redesignate the common interest appurtenant to an apartment or unit in the event additional apartments are constructed and Increments are developed. If additional apartments are constructed, the undivided interest (with slight adjustments to bring the total to 100%) which is appurtenant to an apartment shall decrease. In connection with the foregoing, the Original Developer may develop, construct and finance individual condominium projects on each of the Increments and subsequently merge each project into a single project.

OPTIONS TO DELETE UNDEVELOPED LAND. Notwithstanding the conveyance of any apartment or anything to the contrary in the Declaration, the Bylaws, the Condominium Map, any Sales Contract, conveyance document, or any other document or instrument, if the Original Developer does not exercise its right to complete the additional phases and Increments of the Project, then the Original Developer or its mortgagee (if any), as successor in interest to the Original Developer, either by foreclosure or deed in lieu of foreclosure, including any third party that is the successful purchaser at any foreclosure auction (the "Succeeding Mortgagee"), of the undeveloped land on which the remaining phases of the Project were to be situated and any of the common elements that were to be located (the "Undeveloped Land") shall have the right, at its option, to delete the Undeveloped Land and remove any common elements that was to be situated on or within the Undeveloped Land of the Project by withdrawing from the Project any or all of the Undeveloped Land and any common elements thereon (including but not limited to a swimming pool and landscaping) pursuant to Section 514A-11(12) of the Condominium Act

(the "Withdrawn Land"). This option and right may be exercised by the Original Developer or the Succeeding Mortgagee, at any time through November 2, 2014. The Original Developer would withdraw the land on the following terms and conditions:

(a) The outer boundaries of the Withdrawn Land would conform to the boundaries of any surrounding developed Phases, as set forth on the Condominium Map, subject to adjustments where necessary to meet building setback requirements imposed as a condition to subdivision of the Withdrawn Land and other county or engineering requirements or adjustments;

(b) If required, the Original Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would use its best efforts to cause the Withdrawn Land to be subdivided from the remainder of the Project at its sole cost and expense, and shall promptly execute and file any subdivision applications and other documents which are necessary or appropriate in connection with the subdivision of the Withdrawn Land from the remainder of the Project;

(c) The Original Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the Withdrawn Land, including but not limited to, easements and/or rights-of-ways for pedestrian and vehicular access, utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, provided that such easements and/or rights-of-way do not materially impair the use of any apartment or its appurtenant common interest in the common elements;

(d) The Original Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would have the right, at its own expense and without being required to obtain the consent or joinder of any apartment owner or lienholder, to execute and file an amendment to the Declaration and the Condominium Map: (i) to delete the Withdrawn Land and any common elements situated within the Withdrawn Land from the Project; (ii) to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the Withdrawn Land, including but not limited to, easements and/or rights-of-way for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways provided that such easements and/or rights-of-way do not materially impair the use of any apartment or its appurtenant common interest in the common elements; (iii) to delete the apartments, common elements and limited common elements that were to be built on the Withdrawn Land from the project; (iv) to adjust the common interests appurtenant to the apartments of the Project to reflect the elimination of the apartments in the phases that were to be built on the Withdrawn Land from the Project; (v) to cancel all easements over the Withdrawn Land in favor of apartments in the Project; and (vi) to release all owners of any interest in the Withdrawn Land from any and all obligations and liabilities of the Project, including, without limitation, the obligation to pay common expenses and the lien securing the payment of such expenses.

(e) The withdrawal would become effective upon the approval of the subdivision by the County of Kauai Planning Department and the filing with the Bureau of Conveyances of the State of Hawaii of an amendment to the Declaration and Condominium Map noting such withdrawal

and setting forth a description of the Withdrawn Land.

(f) No withdrawal would be permitted if it requires the alteration or destruction of any constructed apartment.

(g) All rights of apartment owners shall be subject to the Original Developer and Succeeding Mortgagee's rights to require withdrawal of the Withdrawn Land as set forth in the Declaration, and the acceptance of ownership of an apartment in the Project shall constitute an acceptance of such right.

POWER OF ATTORNEY - DELETION OF LAND. In furtherance of the rights and powers reserved to the Original Developer and its successor in interest, each apartment owner and the Association of Apartment Owners will by virtue of accepting a conveyance of an apartment designate the Original Developer and/or its successor in interest (including the Succeeding Mortgagee) as his attorney-in-fact, with power of substitution, to execute any and all applications for subdivision, amendments to the Declaration, the Bylaws, and the Condominium Map, deeds in lieu of foreclosure, easement agreements and any other documents of whatsoever nature necessary or appropriate to effect the withdrawal of any or all of the Undeveloped Land from the Project and any subsequent conveyance or transfer of such Withdrawn Land. The execution of the Declaration or acceptance of ownership of an apartment in the Project shall constitute a grant of such power, and such grant, being coupled with the interest of the Original Developer and/or its successor in interest as herein reserved, shall be irrevocable.

This is just a summary of some of the reserved rights that are contained in the Declaration and/or Master Declaration. Prospective Buyers and Buyers should refer to the Master Declaration for the rights and obligations under it. If there is a conflict between the Declaration and Master Declaration and this summary, the former shall control.

EXHIBIT B

Description of Units

The units in the Project consist of three types of units.

A. Two-bedroom Type B Units. There are sixteen (16) separately designated and described freehold estates. Each of the two-bedroom type B units consists of 2 bedrooms, 2 bathrooms, a kitchen, living room, dining area, and one lanai. The net living area of the two bedroom type B unit is approximately 1,003 square feet (gross of 1,053 square feet) and the net area of the lanai is approximately 110 square feet (total of 1,113 square feet). The type B units are 1210, 1211, 1212, 1220, 1221, 1222, 1310, 1313, 1314, 1315, 1316, 1320, 1323, 1324, 1325, and 1326.

B. Two-bedroom Type C Units. There are 8 separately designated and described freehold estates. Each of the two-bedroom type C units consists of 2 bedrooms, 2 bathrooms, a kitchen, living room, dining area, and one lanai. The net living area of the two bedroom type C unit is approximately 997 square feet (gross of 1,047) and the net area of the lanai is approximately 110 square feet (total of 1,107 square feet). The type C units are 1213, 1214, 1223, 1224, 1311, 1312, 1321 and 1322.

C. Three-bedroom Type D Units. There are 2 separately designated and described freehold estates. Each of the three-bedroom type D units consists of 3 bedrooms, 3 bathrooms, a kitchen, living room, dining area and one lanai. The net living area of the three bedroom type D unit is approximately 1,397 square feet (gross total of 1,459 square feet) and the net area of the lanai is approximately 271 square feet (total of 1,668 square feet). The type D units are 1215 and 1225.

D. Floor Area. The floor area of a unit is the net living area and is measured from the interior surface of the unit's perimeter walls.

E. Interior Improvements. Original Developer reserves the right to up-grade the interior features of a unit such as plumbing fixtures, cabinets, countertops, flooring and other features. None of these features will affect the basic floor plan of a unit. The Original Developer also reserves the right to name these type of up-graded units.

EXHIBIT C

Common Elements

The common elements of the Project include:

- a. The land in fee simple.
- b. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, interior walls, entry landings, entry and exit doors, unfinished surfaces of lanais and lanai railings, windows, stairways of the units and building.
- c. The yards, landscaping, including the open parking stalls which are not appurtenant or assigned to a unit, and all of the landscaped yards and lawns.

NOTE: There are a total of 87 parking stalls in Increments 12 and 13. 63 of the stalls are paved open stalls. Because there are only 26 units in Increments 12 and 13, at most only 26 paved open stalls would be assigned. The remaining stalls may be assigned to other units in other Increments or will be available for guest parking.

- d. The central and appurtenant installations for utility services used or necessary to the existence, maintenance and safety of the Project.
- e. All licenses, leases, or contractual arrangements that the Association enters into for the purpose of providing parking, recreational amenities, including but not limited to swimming pools, tennis courts, meeting rooms, clubhouses, and management facilities for the use or benefit of the unit owners, their tenants and/or guest.
- f. Any limited common elements that by the terms of the Declaration shall become common elements.
- g. Any improvements placed on the grounds pursuant to a reservation in favor of the Original Developer such as tennis courts, landscaping and parking.
- h. Any and all other structures, apparatus and installations of common use, and all other parts of the Project necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use.

Limited Common Elements

The limited common elements of the Project and the restrictions affecting them are as follows:

a. Building 12. The land area delineated as Increment 12 on the Condominium Map is a limited common element for the units contained in Building 12 and is for the exclusive use of the units contained in Building 12.

b. Building 13. The land area delineated as Increment 13 on the Condominium Map is a limited common element for the units contained in Building 13 and is for the exclusive use of the units contained in Building 13.

c. Redesignation of Limited Common Elements as Common Elements. Notwithstanding any term or provision contained in the Declaration to the contrary, upon the recording of an "As Built" architect's or engineer's certificate for the buildings in Increments 12 and 13 and the Project including any subsequent Increment, the land area contained in such Increments 12 and 13 shall be deemed to be common elements of the Project.

d. Parking. Each unit in the Project shall have the use of at least one parking stall. There are 63 paved open stalls, 2 open paved HDCP stalls, and 22 grasscrete open stalls within Increments 12 and 13. Parking stall assignments may be made by the Managing Agent for the Project or by the Association of Unit Owners. Some of these stalls may be used for other Increments in this development. The Association of Unit Owners or Managing Agent for the Project may adopt rules for the purpose of assigning parking stalls, which rules, if any, shall attempt to minimize the distance between an assigned parking stall and the unit to which it is assigned. The Association of Unit Owners may also number the parking stalls. The location of the parking stalls are set forth in the Condominium Map.

EXHIBIT D

Common Interest

<u>Phase XI</u>	<u>Unit No.</u>	<u>Common Interest</u>
XI	1210	0.37617%
	1211	0.37617%
	1212	0.37617%
	1213	0.37617%
	1214	0.37617%
	1215	0.52737%
	1220	0.37617%
	1221	0.37617%
	1222	0.37617%
	1223	0.37617%
	1224	0.37617%
	1225	0.52737%
	1310	0.37617%
	1311	0.37617%
	1312	0.37617%
	1313	0.37617%
	1314	0.37617%
	1315	0.37617%
	1316	0.37617%
	1320	0.37617%
	1321	0.37617%
	1322	0.37617%
	1323	0.37617%
	1324	0.37617%
	1325	0.37617%
	1326	0.37617%

The above percentage common interest for the subject units are the percentage common interests in the Bali Hai Villas condominium project into which the subject units have been merged. The percentage undivided interest is calculated by dividing a unit's net living area (excluding the lanai) by the sum of all the net living areas of all the units that have been constructed with minor adjustments to bring the total percentage to 100%. The two bedroom units are considered to be the same size for the allocation of the percentage interest. The percentage common interest is subject to change upon the merger of any additional increments.

The Original Developer at its sole option when developing an Increment may obtain financing and separately encumber the units and appurtenant interest in the common elements for each Increment.

DELETION OF UNDEVELOPED INCREMENTS. In the event that no further Increments are undertaken by the Original Developer, the Original Developer and/or its mortgagee, as successor in interest to the Original Developer, may delete the undeveloped Increments pursuant to Section 514A-11(12) of the Act in accordance with the limited common area lines as set forth in the Condominium Map subject to boundary adjustments where necessary to meet building setback requirements and where a phase is not located with direct access to the roadway a perpetual easement shall be granted in favor of the inner phase for ingress and egress over the walkways, driveways, and grounds over the Project.

EXHIBIT E

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Covenants, conditions and restrictions as set forth in the Declaration, dated March 1, 1971, recorded in the Bureau of Conveyances, State of Hawaii, in Book 7444, Page 93.
Said Declaration was amended by instrument dated September 11, 1979, recorded in said Bureau, in Book 14006, Page 695.
3. Easement "D-2" (10.00 feet wide) for drainage purposes over, under and across Lot 2-D.
4. Covenants, conditions and restrictions as set forth in the Declaration, dated December 11, 1981, recorded in said Bureau, in Book 16048, Page 276.
5. Open District as shown on Survey Map of Wagner Engineering dated November 13, 1991.
6. An easement in favor of Princeville at Hanalei Community Association, dated November 12, 1987, for drainage purposes over Easement "D-2", recorded in said Bureau, in Book 21516, Page 321.
7. Easement "D-2" (10.00 feet wide) for drainage purposes over, under and across Lot 2-D, besides other land, containing an area of 22,284 square feet, more or less, more particularly described in instrument recorded in said Bureau, in Book 14006, Page 699.
8. An easement in favor of Citizens Utilities Company, a Delaware corporation, for right of entry into the herein described property, dated June 26, 1991, recorded in said Bureau, as Document No. 92-031765.
9. Master Declaration for Phased and Incremental Development Bali Hai Villas dated October 19, 1994, recorded in said Bureau, as Document No. 94-180535 (for development of 21 increments within Lot 2D).
First Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated March 20, 1995, recorded in said Bureau, as Document No. 95-040947.
Second Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated August 10, 1995, recorded in said Bureau, as Document No. 95-107667.
Third Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated May 26, 2004, recorded in said Bureau, as Document No. 2004-200786.
Fourth Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated March 15, 2006, recorded in said Bureau, as Document No. 2006-054580.

10. Matters as shown on Condominium Map Nos. 2176, 2366, 2801, 2972, 3202, 3360, 3551, 3921, 4116, 4244, 4515, 4591, 4599, 4662 and 4731, filed in the Bureau of Conveyances.

11. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime dated October 19, 1994, recorded in said Bureau, as Document No. 94-209497 (Phase I, Increment 3).

First Amendment to the Declaration of Condominium Property Regime Bali Hai Villas, Phase I, dated August 10, 1995, recorded in said Bureau, as Document No. 95-107668.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, Phases I and II (1st Merger), dated October 17, 1997, recorded in said Bureau, as Document No. 97-165979 (now known as "Bali Hai Villas").

Second Amendment to the Declaration of Condominium Property Regime Bali Hai Villas, Phases I and II, dated July 27, 1998, recorded in said Bureau, as Document No. 98-115874.

12. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase I, dated October 19, 1994, recorded in said Bureau, as Document No. 94-209498.

First Amendment to By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phases I and II, dated July 27, 1998, recorded in said Bureau, as Document No. 98-115875.

13. Waiver and Release dated February 23, 1995, recorded in said Bureau, as Document No. 95-026634 (re: Water Services).

14. Waiver and Release dated October 19, 1995, recorded in said Bureau, as Document No. 95-143502 (Re: Water Services).

15. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime dated March 1, 1996, recorded in said Bureau, as Document No. 96-030516 (Phase II, Increment 4 and 20).

Said Declaration was amended by instrument dated November 5, 1996, recorded in said Bureau, as Document No. 97-005820.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, Phase I and II (1st Merger), dated October 17, 1997, recorded in said Bureau, as Document No. 97-165979 (now known as "Bali Hai Villas")

Second Amendment to the Declaration of Condominium Property Regime Bali Hai Villas, Phases I and II dated July 27, 1998, recorded in said Bureau, as Document No. 98-115874.

16. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase II, dated March 1, 1996, recorded in said Bureau, as Document No. 96-030517.

17. Waiver and Release dated May 3, 1996, recorded in said Bureau, as Document No. 96-069817 (affects Increment 4).

18. Waiver and Release dated June 14, 1996, recorded in said Bureau, as Document No. 96-092600 (re: Water Services - Cabana for Swimming Pool).

19. Waiver and Release dated July 5, 1996, recorded in said Bureau, as Document No. 96-101381 (re: Water Services - affects Bldgs. 1, 2 and 5).

20. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor) dated June 13, 1996, recorded in said Bureau, as Document No. 96-120601 (affects Increment 4).

21. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor) dated June 5, 1996, recorded in said Bureau, as Document No. 96-120602 (affects Increment 4).

22. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor) dated October 13, 1995, recorded in said Bureau, as Document No. 96-120603 (affects Increment 4).

23. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (General Contractor) dated June 14, 1996, recorded in said Bureau, as Document No. 96-120604 (affects Increment 4).

24. Release and Waiver of Lien, Covenant Not to Sue and Indemnity dated August 9, 1996, recorded in said Bureau, as Document No. 96-140773.

25. Declaration of Covenants, Conditions and Restrictions (New Clubhouse and Housekeeping) dated November 20, 1997, recorded in said Bureau, as Document No. 97-165985.

Assignment and Assumption of Assignor's Rights dated May 25, 2007, recorded in said Bureau as Document No. 2007-112524.

26. Grant of Easement (Clubhouse and Housekeeping), dated November 20, 1997, recorded in said Bureau, as Document No. 97-165987 (affects Commercial Apartment No. 20).

Assignment and Assumption of Assignor's Rights dated May 25, 2007, recorded in said Bureau as Document No. 2007-112524.

27. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime, dated September 23, 1998, recorded in said Bureau, as Document No. 98-145894 (Phase III, Increment 1).

Said Declaration was amended by instrument dated October 13, 1998, recorded in said Bureau, as Document No. 98-156843.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phases I, II and III (2nd Merger) dated January 8, 1999, recorded in said Bureau, as Document No. 99-007124.

28. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase III, dated September 23, 1998, recorded as Document No. 98-145895.

29. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime, dated September 7, 1999, recorded in said Bureau, as Document No. 99-152058 (Phase IV, Increment 2, Building 2).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase IV (3rd Merger) dated November 30, 1999, recorded in said Bureau, as Document No. 99-192751.

30. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase IV, dated September 7, 1999, recorded in said Bureau, as Document No. 99-152059.

31. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated December 4, 2000, recorded in said Bureau, as Document No. 2000-181959 (Phase V, Increment 8, Building 8).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase V (4th Merger) dated December 22, 2000, recorded in said Bureau, as Document No. 2000-000369.

32. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase V, dated December 4, 2000, recorded in said Bureau, as Document No. 2000-181960.

33. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated October 8, 2001, recorded in said Bureau, as Document No. 2001-173564 (Phase VI, Increment 9, Building 9).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase VI (5th Merger) dated January 28, 2002, recorded in said Bureau, as Document No. 2002-018908.

34. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase VI, dated October 8, 2001, recorded in said Bureau, as Document No. 2001-173565.

35. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime, dated March 15, 2003, recorded in said Bureau, as Document No. 2003-062585 (Phase VII, Increment 10, Building 10).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase VII (6th Merger) dated January 6, 2004, recorded in said Bureau, as Document No. 2004-008426.

36. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase VII, dated March 15, 2003, recorded in said Bureau, as Document No. 2003-062586.

37. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime, dated November 3, 2004, recorded as Document No. 2005-012302 (Phase VIII, Increment 11, Building 11).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase VIII (7th Merger) dated April 11, 2005, recorded in said Bureau, as Document No. 2005-075135.

38. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase VIII, dated November 3, 2004, recorded in said Bureau, as Document No. 2005-012303.

39. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime, dated October 24, 2005, recorded in said Bureau, as Document No. 2005-234162 (Phase IX, Increment 5, Building 5).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase IX (8th Merger) dated October 24, 2005, recorded in said Bureau, as Document No. 2006-011893.

40. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase IX, dated October 24, 2005, recorded as Document No. 2005-234163.

41. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime, dated April 21, 2006, recorded in said Bureau, as Document No. 2006-105680 (Phase X, Increments 6 and 7, Buildings 6 and 7).

Amendment to Declaration of Condominium Property Regime Bali Hai Villas, Merger with Phase X (9th Merger) dated April 21, 2006, recorded in said Bureau, as Document No. 2006-127016.

42. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase X, dated April 21, 2006, recorded in said Bureau, as Document No. 2006-105681.

43. Assignment and Assumption of Assignor's Reserved Marketing Rights dated July 20, 2006, recorded in said Bureau, as Document No. 2006-132913 (affects Apt. Nos. 513 and 523).

44. Assignment and Assumption of Assignor's Reserved Marketing Rights dated November 20, 2006, recorded in said Bureau, as Document No. 2006-214971 (affects Apt. Nos. 622, 623, 624 and 625).

45. Assignment and Assumption of Assignor's Reserved Marketing Rights dated May 29, 2007, recorded in said Bureau, as Document No. 2007-098068 (affects Apt. Nos. 710, 711, 712, 713, 714, 715, 716, 720, 721, 722, 723, 724, 725 and 726).

46. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions as set forth in the Declaration of Condominium Property Regime, dated April 20, 2007, recorded as Document No. 2007-166108 (Phase XI, Increments 12 and 13, Buildings 12 and 13).

Said Declaration was amended by instrument dated October 2, 2007, recorded in said Bureau, as Document No. 2007-175193.

Amendment to Declaration of Property Regime Bali Hai Villas, Certificate of Merger with Phase XI (10th Merger) dated October 17, 2007, recorded in said Bureau as Document No. 2007-184056.

47. By-laws of the Association of Apartment Owners of Bali Hai Villas, Phase XI, dated April 20, 2007, recorded as Document No. 2007-166109.

Amended and Restated By-laws of the Association of Apartment Owners of Bali Hai Villas, Phase XI, dated October 2, 2007, recorded in said Bureau, as Document No. 2007-175194.

48. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements as set forth in the Declaration of Covenants, Conditions, Easements and Restrictions for Vacation Ownership for Bali Hai Villas Vacation Ownership Plan dated August 17, 2007, recorded in said Bureau as Document No. 2007-168839 (affects Apt. Nos. 622, 623, 624, 625, 710, 711, 712, 713, 714, 715, 716, 720, 721, 722, 723, 724, 725 and 726).

Declaration of Annexation dated March 27, 2008, recorded in said Bureau as Document No. 2008-055561 (affects Building 12 - Apt. Nos. 1210, 1211, 1212, 1213, 1214, 1215, 1220, 1221, 1222, 1223, 1224 and 1225).

Declaration of Annexation dated March 27, 2008, recorded in said Bureau as Document No. 2008-055563 (affects Building 13 - Apt. Nos. 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1320, 1321, 1322, 1323, 1324, 1325 and 1326).

Declaration of Annexation dated October 15, 2008, recorded in said Bureau as Document No. 2008-160723 (affects Apt. Nos. 313, 326, 410, 411, 412, 416, 420, 421, 422 and 426).

Declaration of Annexation dated October 15, 2008, recorded in said Bureau as Document No. 2008-160725 (affects Buildings 17 and 18 - Apt. Nos. 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1720, 1721, 1722, 1723, 1724, 1725, 1726, 1727, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1820, 1821, 1822, 1823, 1824, 1825, 1826 and 1827).

49. Bylaws of the Bali Hai Villas Vacation Owners Association, Inc. dated August 17, 2007, recorded in said Bureau as Document No. 2007-168840.

50. Assignment and Assumption of Assignor's Reserved Marketing Rights dated October 23, 2007, recorded in said Bureau as Document No. 2007-188068 (affects Apt. Nos. 1210, 1211, 1212, 1213, 1214, 1215, 1220, 1221, 1222, 1223, 1224 and 1225).

51. Assignment and Assumption of Assignor's Reserved Marketing Rights, dated November 26, 2007, recorded in said Bureau as Document No. 2007-208312 (affects Apt. Nos. 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1320, 1321, 1322, 1323, 1324, 1325 and 1326).

52. Assignment and Assumption of Assignor's Reserved Time Share Developer's Rights dated October 18, 2007, recorded in said Bureau as Document No. 2007-188067 (affects Apt. Nos. 1210, 1211, 1212, 1213, 1214, 1215, 1220, 1221, 1222, 1223, 1224 and 1225).

53. Assignment and Assumption of Assignor's Reserved Time Share Developer's Rights dated November 26, 2007, recorded in said Bureau as Document No. 2007-208311 (affects Apt. Nos. 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1320, 1321, 1322, 1323, 1324, 1325 and 1326).

54. Assignment and Assumption of Assignor's Reserved Marketing Rights dated December 26, 2007, recorded in said Bureau as Document No. 2008-019847 (as to certain timeshare intervals in Apt. Nos. 113, 114, 121, 122, 124, 212, 213, 214, 221, 222, 224, 226, 311, 315, 321, 325, 413, 414, 415, 423, 427, 525, 527, 813, 814, 822, 910, 915, 916, 1010, 1011, 1013, 1016, 1025, 1110, 1115, 1116, 1120 and 1125, as shown within said document).

55. The covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements as set forth in the Declaration of Condominium Property Regime Bali Hai Villas, Phase XII (Increments 17 and 18, Buildings 17 and 18) dated November 28, 2007, recorded in said Bureau as Document No. 2008-029194.

Amendment to Declaration of Condominium Property Regime Bali Hai Villas, Certificate of Merger With Phase XII (11th Merger) dated November 29, 2007, recorded in said Bureau as Document No. 2008-030197.

56. By-Laws of the Association of Unit Owners of Bali Hai Villas, Phase XII (Increments 17 and 18, Buildings 17 and 18) dated November 28, 2007, recorded in said Bureau as Document No. 2008-029195.

57. The covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements, as set forth in the Declaration of Condominium Property Regime Bali Hai Villas, Phase XIII (Increment 16, Building 16) dated January 14, 2008, recorded in said Bureau as Document No. 2008-044558.

Amendment to Declaration of Condominium Property Regime Bali Hai Villas, Certificate of Merger With Phase XIII (12th Merger) dated March 31, 2008, recorded in said Bureau as Document No. 2008-058950.

58. By-Laws of the Association of Unit Owners of Bali Hai Villas, Phase XIII dated January 14, 2008, recorded in said Bureau as Document No. 2008-044559.

59. Assignment and Assumption of Assignor's Reserved Marketing Rights dated March 25, 2008, recorded in said Bureau as Document No. 2008-052534 (as to Apt. Nos. 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1720, 1721, 1722, 1723, 1724, 1725, 1726 and 1727).

60. Notice of Time Share Plan Bali Hai Villas Vacation Ownership Plan dated March 27, 2008, recorded in said Bureau as Document No. 2008-055562 (affects Building 12 - Apt. Nos. 1210, 1211, 1212, 1213, 1214, 1215, 1220, 1221, 1222, 1223, 1224 and 1225).

61. Notice of Time Share Plan Bali Hai Villas Vacation Ownership Plan dated March 27, 2008, recorded in said Bureau as Document No. 2008-055564 (affects Building 13 - Apt. Nos. 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1320, 1321, 1322, 1323, 1324, 1325 and 1326).

62. Notice of Time Share Plan Bali Hai Villas Vacation Ownership Plan dated October 15, 2008, recorded in said Bureau as Document No. 2008-160724 (affects Apt. Nos. 313, 326, 410, 411, 412, 416, 420, 421, 422 and 426).

63. Notice of Time Share Plan Bali Hai Villas Vacation Ownership Plan dated October 15, 2008, recorded in said Bureau as Document No. 2008-160726 (affects Buildings 17 and 18).

64. Assignment and Assumption of Assignor's Reserved Marketing Rights dated April 22, 2008, recorded in said Bureau as Document No. 2008-065703 (as to certain timeshare intervals in Apt. Nos. 113, 215, 217, 310, 316, 423, 525, 916, 1013, 1110, 1112, 1115, 1120, 1121 and 1125, as shown within said document).

65. Assignment and Assumption of Assignor's Reserved Marketing Rights dated April 22, 2008, recorded in said Bureau as Document No. 2008-065712 (as to certain timeshare intervals in Apt. Nos. 510, 511, 512, 516, 517, 520, 522, 524, 526, 527, 610, 611, 612, 613, 614, 615, 616, 620, 621, 626 and 1116, as shown within said document).

66. Assignment and Assumption of Assignor's Reserved Marketing Rights dated April 28, 2008, recorded in said Bureau as Document No. 2008-069442 (as to Apt. Nos. 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1820, 1821, 1822, 1823, 1824, 1825, 1826 and 1827).

67. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements, as set forth in the Declaration of Condominium Property Regime dated May 27, 2008, recorded in said Bureau as Document No. 2008-099614 (Phase XIV, Increment 15, Building 15).

Amendment to Declaration of Condominium Property Regime Bali Hai Villas, Certificate of Merger With Phase XIV (13th Merger) dated May 27, 2008, recorded in said Bureau as Document No. 2008-128183.

68. By-Laws of the Association of Unit Owners of Bali Hai Villas, Phase XIV, dated May 27, 2008, recorded in said Bureau as Document No. 2008-099615.

69. Assignment and Assumption of Assignor's Reserved Marketing Rights dated June 23, 2008, recorded in said Bureau as Document No. 2008-105791 (as to certain timeshare intervals in Apt. Nos. 110, 111, 113, 114, 123, 124, 213, 214, 221, 314, 315, 321, 323, 325, 413, 417, 813, 815, 910, 914, 917, 922, 1011, 1013, 1015, 1110, 1120 and 1124, as shown within said document).

70. Assignment and Assumption of Assignor's Reserved Marketing Rights dated July 9, 2008, recorded in said Bureau as Document No. 2008-110680 (as to Apt. Nos. 1610, 1611, 1612, 1613, 1614, 1615, 1616, 1620, 1621, 1622, 1623, 1624, 1625 and 1626).

71. Assignment and Assumption of Assignor's Reserved Marketing Rights dated July 15, 2008, recorded in said Bureau as Document No. 2008-115638 (as to certain timeshare intervals in Apt. Nos. 514, 515, 521, 522, 525, 611, 612, 613, 614, 615, 616, 620, 621, 626, 1114, 1115, 1116 and 1125, as shown within said document).

72. Assignment and Assumption of Assignor's Reserved Marketing Rights dated August 19, 2008, recorded in said Bureau as Document No. 2008-136186 (as to certain timeshare intervals in Apartment Nos. 121, 124, 212, 222, 224, 226, 322, 514, 811, 813, 822, 825, 916, 921, 926, 1011, 1016, 1020, 1026, 1110, 1114, 1115, 1120 and 1125, as shown within said document).

73. Assignment and Assumption of Assignor's Reserved Marketing Rights dated August 29, 2008, recorded in said Bureau as Document No. 2008-139659 (as to Apartment Nos. 1510, 1511, 1512, 1513, 1514, 1515, 1520, 1521, 1522, 1523, 1524 and 1525).

74. Assignment and Assumption of Assignor's Reserved Marketing Rights dated September 12, 2008, recorded in said Bureau as Document No. 2008-146423 (as to certain timeshare intervals in Apartment Nos. 521, 611, 613, 614 and 615, as shown within said document).

75. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions and easements, as set forth in the Declaration of Condominium Property Regime dated October 7, 2008, recorded in said Bureau as Document No. 2008-166057 (Phase XV, Increment 14, Building 14).

First Amendment to Declaration of Condominium Property Regime Bali Hai Villas, Phase XV (Increment 14, Building 14) dated November 4, 2008, recorded in said Bureau as Document No. 2008-175804.

Amendment to Declaration of Condominium Property Regime Bali Hai Villas, Certificate of Merger With Phase XV (14th Merger) dated November 19, 2008, recorded in said Bureau as Document No. 2008-180272.

76. Bylaws of the Association of Unit Owners of Bali Hai Villas, Phase XV, dated October 7, 2008, recorded in said Bureau as Document No. 2008-166058.

77. Assignment and Assumption of Assignor's Reserved Marketing Rights dated October 27, 2008, recorded in said Bureau as Document No. 2008-167365 (as to certain timeshare intervals in Apartment Nos. 115, 123, 124, 214, 215, 216, 223, 310, 414, 415, 524, 810, 814, 821, 915, 917, 1011, 1015, 1110, 1113, 1114, 1115, 1120 and 1125, as shown within said document).

78. Assignment and Assumption of Assignor's Reserved Marketing Rights dated November 19, 2008, recorded in said Bureau as Document No. 2008-178510 (as to certain timeshare intervals in Apartment Nos. 112, 113, 121, 124, 211, 515, 525, 812, 813, 815, 823, 914, 915, 922, 1013, 1014, 1020, 1021, 1110, 1113, 1115, 1120 and 1125, as shown within said document).

79. Assignment and Assumption of Assignor's Reserved Marketing Rights dated January 5, 2009, recorded in said Bureau as Document No. 2009-012438 (as to Apartment Nos. 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1420, 1421, 1422, 1423, 1424, 1425, 1426 and 1427).

80. Any and all easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration and/or in said Apartment Deed, and/or as delineated on said Condominium Map.

81. For Real Property Taxes that may be due and owing reference is made to the Department of Taxation, County of Kauai.

EXHIBIT F

Estimate of Initial Maintenance Fees

Attached is a schedule of estimated initial maintenance fees for the units in the Project.

Because all units will be sold on a timeshare basis, maintenance fee for each time share unit will be set forth in a Hawaii time share Disclosure Statement for the Vacation Ownership Plan to which any of the units may be annexed. However, the estimated maintenance fee per unit on a "whole" condominium basis is attached hereto.

The obligation of when maintenance fee assessments will commence against a time share purchaser will be governed by the applicable time share documents relating to such interest.

EXHIBIT F
Condominium Maintenance Fees
(Phase XI, Increments 12 & 13)

<u>Apartment Number</u>	<u>Common Interest</u>	<u>Month</u>	<u>Year</u>
1210	0.37617%	\$1,537.97	\$18,455.60
1211	0.37617%	\$1,537.97	\$18,455.60
1212	0.37617%	\$1,537.97	\$18,455.60
1213	0.37617%	\$1,537.97	\$18,455.60
1214	0.37617%	\$1,537.97	\$18,455.60
1215	0.52737%	\$2,279.11	\$27,349.26
1220	0.37617%	\$1,537.97	\$18,455.60
1221	0.37617%	\$1,537.97	\$18,455.60
1222	0.37617%	\$1,537.97	\$18,455.60
1223	0.37617%	\$1,537.97	\$18,455.60
1224	0.37617%	\$1,537.97	\$18,455.60
1225	0.52737%	\$2,279.11	\$27,349.26
1310	0.37617%	\$1,537.97	\$18,455.60
1311	0.37617%	\$1,537.97	\$18,455.60
1312	0.37617%	\$1,537.97	\$18,455.60
1313	0.37617%	\$1,537.97	\$18,455.60
1314	0.37617%	\$1,537.97	\$18,455.60
1315	0.37617%	\$1,537.97	\$18,455.60
1316	0.37617%	\$1,537.97	\$18,455.60
1320	0.37617%	\$1,537.97	\$18,455.60
1321	0.37617%	\$1,537.97	\$18,455.60
1322	0.37617%	\$1,537.97	\$18,455.60
1323	0.37617%	\$1,537.97	\$18,455.60
1324	0.37617%	\$1,537.97	\$18,455.60
1325	0.37617%	\$1,537.97	\$18,455.60
1326	0.37617%	\$1,537.97	\$18,455.60
Approximate Total			\$497,633.02

The common interest is subject to change from time to time upon merger with other Projects, Phases and/or Increments in accordance with the Master Declaration.

I, Danielle Ramos, as agent for and employed by PAHO Resorts, Inc., the managing agent for the Bali Hai Villas condominium project, hereby certifies that the above estimates of initial maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


Signature

January 15, 2009
Date

EXHIBIT G

Summary of Specimen Sales Contract

There are four forms of the specimen purchase agreements for the vacation ownership interests in the time share plan (collectively, the "Agreement"). One form of Agreement will be used for sales of standard vacation ownership interests with fixed vacation periods. One form of Agreement will be used for standard vacation ownership interests with floating vacation periods. One form of Agreement will be used for designated vacation ownership interests with fixed vacation periods. And one form of Agreement will be used for designated vacation ownership interests with floating vacation periods.

Specimens of each of said forms of the Agreement have been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ, IN FULL, THE AGREEMENT THAT APPLIES TO THEIR PROPOSED PURCHASE because the summary set forth below is NOT A COMPLETE DESCRIPTION of its contents. Each Agreement contains, among others, the following terms and provisions (which may be modified or otherwise limited by provisions that are not summarized below):

A. The Developer has engaged Hawaii Escrow & Title, Inc. ("Escrow Agent") to handle Buyers' funds and to close the transaction in accordance with the terms of the Agreement.

B. The total purchase price and additional sums that must be paid in connection with the purchase of a vacation ownership interest will be included in the Agreement. The purchase price does not include settlement charges and processing fees. Settlement charges include, among other things, the Escrow Agent's fees, recording fees, document preparation fees, taxes and other closing costs.

C. The vacation ownership interest, condominium unit and the Project are subject to various governing documents which the Buyer should examine. By signing the Agreement, the Buyer accepts and approves those documents and changes that may be made to them.

D. The Buyer must pay the regular and any special assessments charged by the Condominium Association, the time share owners association, and/or the resort community association. The Buyer understands that the costs to maintain and operate any real estate project are difficult to estimate and that they usually increase over time.

E. Other than limited warranties of title to be given in the vacation ownership deed conveying the vacation ownership interest, the Developer makes no warranties, express or implied, about the vacation ownership interest, the units in the Project, the Project, or anything installed or contained in them. Everything is being sold "As Is" with all defects. Buyers should review the Agreement (including, specifically, Section 9) carefully to fully understand the matters set forth therein.

F. If the Developer is providing financing for the purchase of the vacation ownership interest, the Buyer authorizes the Developer to check the Buyer's credit. If the Buyer is borrowing

from someone other than the Developer, the Buyer must get the loan itself and the Developer has no obligation to help the Buyer do so.

G. The date of closing is to occur within thirty (30) days after the closing conditions set forth in the Escrow Agreement have been met, provided, however, that the Developer can postpone the date of closing for up to six (6) months after the closing conditions are met.

H. Pursuant to Section 514E-8, Hawaii Revised Statutes, within seven (7) days after execution of the Agreement, or within seven (7) days after the Buyer's receipt of the Developer's time share plan Disclosure Statement, whichever occurs later, either the Buyer or the Developer may cancel the Agreement without penalty by mailing or delivering a notice of cancellation to the other party at the respective party's address.

I. If the Buyer defaults in making any payment or does not keep any other promise in the Agreement, then Developer may cancel the Agreement and keep all of the Buyer's payments as liquidated damages, enforce the Agreement, or pursue other remedies.

J. The Developer may also cancel the Agreement, in its sole discretion, if the Buyer is financing the purchase and if the lender does not give its unqualified approval of the Buyer's credit report or loan application.

K. The Agreement describes or references various rights reserved in the Declaration, Master Declaration and in the time share plan documents in favor of the Original Developer, the Developer, the Condominium Association, the time share owners association and other owners, and contains certain other provisions to which the Buyer consents. Among the reserved rights in favor of the Original Developer are those summarized in Exhibit A of this public report, which summary is incorporated herein by reference.

L. The Project may be subject to substantial construction activities occurring in and around the Project in connection with the development of additional condominium units and related facilities which may be added to the Project in accordance with the Declaration and Master Declaration.

THIS SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. PROSPECTIVE BUYERS AND BUYERS MUST REFER TO THE AGREEMENT TO DETERMINE THEIR ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL.

EXHIBIT H

Summary of Escrow Agreement

The Escrow Agreement has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ, IN FULL, THE ESCROW AGREEMENT, because the summary set forth below is NOT A COMPLETE DESCRIPTION of its contents.

The Escrow Agreement contains, among others, the following terms and conditions (which may be modified or otherwise limited by provisions that are not summarized below):

A. When the Developer accepts a purchase agreement for the conveyance of vacation ownership interest in the Project ("Purchase Agreement"), it shall send each Buyer's funds, notes and loan documents to the Escrow Agent, subject to the following two (2) exceptions: (1) the Developer or its sales agent may hold any notes and loan documents made payable to the Escrow Agent or that are not negotiable instruments until the end of the cancellation periods provided in the Purchase Agreement and (2) where an out-of-state escrow account is set up to handle sales made there. The Developer shall deliver an executed copy of the Purchase Agreement and a copy of a receipt for the time share developer's Disclosure Statement to the Escrow Agent.

B. The Escrow Agent shall accept, hold, deposit and pay out, according to the Purchase Agreement and other applicable documents, all funds, notes and loan documents received from the Buyer or from anyone else for the Buyer. The Buyer's funds may not be used for any purpose while the Escrow Agent is holding them, except as otherwise expressly provided in the Escrow Agreement. The Escrow Agent is to deposit all sums it receives in a federally insured account at a bank, savings and loan association, or trust company authorized to do business in Hawaii. The accounts must pay interest at the prevailing interest rate.

C. Except as otherwise set forth in the Escrow Agreement, the Escrow Agent may not release a Buyer's funds notes or loan documents to or for the benefit of the Seller or a sales agent, until the last of the following events occurs for sales made entirely in Hawaii:

1. The Escrow Agent has received a copy of a receipt for the time share developer's Disclosure Statement signed by the Buyer whose funds are being released;
2. The seven-day cancellation period under Section 514E-8, Hawaii Revised Statutes, has expired as to the Buyer whose funds are being released;
3. The Escrow Agent has not received from the Buyer a valid notice of cancellation sent or delivered before the end of the seven-day cancellation period; and
4. The Escrow Agent has received a sworn statement from the Developer in the form attached to the Escrow Agreement.

D. Unless otherwise provided in the Escrow Agreement, each Buyer shall be entitled to a return of his or her funds, without interest and less any cancellation fee, and Escrow shall pay

such funds to such Buyer, promptly after request for return by the Buyer if: (i) the Buyer or the Seller gives valid notice of cancellation during the seven-day cancellation period; (ii) the Seller gives notice to the Escrow Agent that the Buyer has exercised any right to cancel that the Buyer has under the Purchase Agreement; (iii) the Buyer gives notice to the Escrow Agent that the Buyer has exercised any right to cancel that Buyer has under the Purchase Agreement and the Seller has approved the cancellation; and (iv) the Seller instructs the Escrow Agent to do so.

E. Upon the return of the funds to the Buyer, Escrow shall return to Developer such Buyer's Purchase Agreement and any conveyancing documents already delivered to Escrow.

F. If the Seller gives written notice to the Escrow Agent that the Seller is canceling a Purchase Agreement because of the Buyer's default, then the Buyer's funds will be delivered as provided in the Purchase Agreement.

G. The Escrow Agent will close each sale if all of the following conditions have been met:

1. The Escrow Agent has not received a notice of cancellation from the Seller or the Buyer as provided in the Escrow Agreement;

2. The Escrow Agent has received enough money to pay the purchase price stated on the Buyer's Purchase Agreement and any closing costs less (i) any credits allowed by the Seller and (ii) the amount of any loan made by the Seller to the Buyer;

3. The Escrow Agent has received all necessary closing documents; and

4. All requirements set by the Seller or anyone else loaning money to the Buyer for the purchase have been met provided that Escrow Agent is notified of those requirements in writing;

5. A title insurance company authorized to do business in Hawaii is committed to issue, after the Buyer's vacation ownership deed is recorded, a policy of title insurance on the Buyer's vacation ownership interest insuring that the Buyer's vacation ownership interest is subject only to any mortgage signed by the Buyer, the "permitted encumbrances" listed in the disclosure statement, and anything else that doesn't make the Buyer's title unmarketable, but free and clear of all blanket liens;

6. As to each existing blanket lien, the Escrow Agent is prepared to record or can confirm that someone else has already recorded a release of the Buyer's vacation ownership interest from the blanket lien; and

7. If the closing will happen less than forty-six (46) days after the date of completion of Buyer's unit, the title policy must include an attachment (in legal terms, an "endorsement") insuring against any loss due to mechanics' or materialmen's liens.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. PROSPECTIVE BUYERS AND BUYERS SHOULD REFER TO THE ESCROW AGREEMENT TO DETERMINE THEIR ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT I

List of Officers and Directors

BHV DEVELOPMENT, INC.
As of 12/31/08

OFFICERS

<u>Name</u>	<u>Title</u>
Franz S. Hanning	President
Thomas Anderson	Executive Vice President
Gregory J. Bendlin	Executive Vice President, Legal; General Counsel and Assistant Secretary
Mary Falvey	Executive Vice President
Michael A. Hug	Executive Vice President and Chief Financial Officer
Alan S. Litwack	Executive Vice President
Scott G. McLester	Executive Vice President, Legal and Assistant Secretary
Virginia M. Wilson	Executive Vice President
Susan Beversluis	Senior Vice President
Charles A. Bott	Senior Vice President, Legal
Dawn Costello	Senior Vice President
Terri Dost	Senior Vice President
Thomas Michael Duncan	Senior Vice President and Controller
Christopher J. Feeney	Senior Vice President and Treasurer
Lynn A. Feldman	Senior Vice President and Secretary
Serena E. Frank	Senior Vice President
Thomas A. Goodman	Senior Vice President, Legal

<u>Name</u>	<u>Title</u>
Scott D. Grey	Senior Vice President
Robert Hale	Senior Vice President
George B. Hewes	Senior Vice President, Legal
Kirsten Hotchkiss	Senior Vice President, Legal and Assistant Secretary
Mark A. Johnson	Senior Vice President
Brian D. Keller	Senior Vice President
Jon J. Knotts	Senior Vice President
Matthew B. Risinger	Senior Vice President
Cindy Ross	Senior Vice President
Nicola Rossi	Senior Vice President
Justine A. Rourk	Senior Vice President
Adam Schwartz	Senior Vice President
Steven L. Thull	Senior Vice President
Michael Toscano	Senior Vice President
Michael Turolla	Senior Vice President
Vijay Wagh	Senior Vice President
Susan Loring Crane	Vice President, Legal and Assistant Secretary
Gregory Geppel	Vice President, Tax
Barry Goldschmidt	Vice President and Assistant Treasurer
Mark L. Gray	Vice President
Steve Meetre	Vice President, Legal and Assistant Secretary
Mark Pollard	Vice President
Kim Sanborn	Vice President, Finance

<u>Name</u>	<u>Title</u>
Michael J. Smith, Jr.	Vice President, Legal and Assistant Secretary
Kimberly R. Thompson	Vice President
Michael Aschenbrenner	Assistant Vice President
Joel Crinella	Assistant Secretary
LaShunda Davenport	Assistant Secretary
Lisa Gonzalez	Assistant Secretary
Anna L. Walton	Assistant Secretary

DIRECTORS

Stephen P. Holmes	Director
Virginia M. Wilson	Director