

having the prefix "L2" or "LN2". Two Bedroom Units in the Napili Tower are those identified on Exhibit "1" as Apartment types having the prefix "N2" or "LN2". Three Bedroom Units in the Lahaina Tower are those identified on Exhibit "1" as Apartment types having the prefix "L3" and Three Bedroom Units in the Napili Tower are those identified on Exhibit "1" as Apartment types having the prefix "N3".

C. **SHARES.** The following terms have the meanings indicated:

1. "One Share" means the quotient of one (1) divided by the sum of all Ownership Interests in One Bedroom Units not owned by the Association, plus 110% of all Ownership Interests in Two Bedroom Units in the Maui, Lanai and Molokai Wings not owned by the Association, plus 123% of all Ownership Interests in Two Bedroom Units in the Lahaina and Napili Towers not owned by the Association, and plus 148% of all Ownership Interests in Three Bedroom Units in the Lahaina and Napili Towers not owned by the Association. For example, if 5980 Ownership Interests in 115 One Bedroom Units are owned by persons other than the Association, 2028 Ownership Interests in 39 Two Bedroom Units in the Maui, Lanai and Molokai Wings are owned by persons other than the Association, 2496 Ownership Interests in 48 Two Bedroom Units in the Lahaina and Napili Towers are owned by persons other than the Association, and 416 Ownership Interests in 8 Three Bedroom Units in the Lahaina and Napili Towers are owned by persons other than the Association, One Share would be calculated as follows:

$$\text{One Share} = \frac{1}{[5980 + (1.1 \times 2028) + (1.23 \times 2496) + (1.48 \times 416)]} = \frac{1}{11896.56} = .000084058$$

2. "Adjusted Share", depending on the circumstances, shall have one of the following meanings:

a) With respect to Ownership Interests in One Bedroom Units having an Every Year Ownership Share, "Adjusted Share" means the same as One Share.

b) With respect to Ownership Interests in One Bedroom Units having an Every Other Year Ownership Share, "Adjusted Share" means one-half of One Share.

c) With respect to Ownership Interests in Two Bedroom Units in the Maui, Lanai and Molokai Wings having an Every Year Ownership Share, "Adjusted Share" means one hundred ten percent (110%) of One Share.

d) With respect to Ownership Interests in Two Bedroom Units in the Maui, Lanai and Molokai Wings having an Every Other Year Ownership Share, "Adjusted Share" means fifty-five percent (55%) of One Share.

e) With respect to Ownership Interests in Two Bedroom Units in the Lahaina and Napili Towers having an Every Year Ownership Share, "Adjusted Share" means one hundred twenty-three percent (123%) of One Share.

f) With respect to Ownership Interests in Two Bedroom Units in the Lahaina and Napili Towers having an Every Other Year Ownership Share, "Adjusted Share" means sixty-one and one-half percent (61.5%) of One Share.

g) With respect to Ownership Interests in Three Bedroom Units having an Every Year Ownership Share, "Adjusted Share" means one hundred forty-eight percent (148%) of One Share.

h) With respect to Ownership Interests in Three Bedroom Units having an Every Other Year Ownership Share, "Adjusted Share" means seventy four percent (74%) of One Share.

In the event of any increase in taxes or other costs imposed upon the Units of the Project, the Association shall have the latitude to modify the allocation of costs to Units in the Lahaina Tower and Napili Tower to ensure a fair and equitable allocation of costs to all Owners.

D. **BASIC CHARGE.** Each Owner must pay to the Association a "Basic Charge" which is the regular charge for each Ownership Interest equal to an Adjusted Share of Program Expenses, as estimated in the Budget, plus any applicable late charges and interest and all costs of collecting unpaid Basic Charges, which include, court costs and attorneys' fees.

E. **SPECIAL CHARGE.** In addition, each Owner must pay to the Association a "Special Charge" which is an additional charge assessed on an as-needed basis for each Ownership Interest equal to an Adjusted Share of the amount necessary to pay Program Expenses on a current basis, as estimated in a Supplemental Budget, plus any applicable late charges and interest and all collection costs on unpaid Special Charges.

F. **PERSONAL CHARGES.** In addition to his share of Program Expenses, each Owner must pay the Association for his "Personal Charges." These are expenses that result from the act or omission of the Owner and Exchange User and Occupant. Buyers should remember that, as Owners, they are financially responsible for their guests and Tenants. Personal Charges include: (a) costs of any extra services requested or utilized, including optional housekeeping service, long distance telephone charges, and any other special service or supplies that may be furnished; (b) late charges and interest on, and all costs of collecting, those Personal Charges set forth in section (a) above; (c) collection costs on those unpaid Personal Charges set forth in Section (a) above, and all costs of enforcing the Program Documents, including fines, court costs and attorneys' fees; (d) costs to repair any damage (other than ordinary wear and tear) that is caused by the Owner, Exchange User, Tenants, Visitors or other Occupants during such person's Use Period; (e) costs of replacing any Common Furnishings that are lost or missing after their occupancy is over; (f) damage and injury to any other Owner or Occupant, the Program Operator or the Association or to any person in the Condominium or the Condominium Association, due to any act in violation of the Program Documents or the Condominium Documents; (g) expenses assessed by the Condominium Association due to such persons intentional or negligent act, or his failure to comply with the Program Documents or the Condominium Documents; (h) expenses incurred as a result of any failure to comply with the Program Documents or Condominium Documents; and (i) all advances made by the Association or the Program Operator for the failure of any Owner, Exchange User or Occupant to perform all of its duties and obligations or to repair or correct any damage caused by that person or for which is responsible. The Personal Charges of each Owner, Exchange User and Occupant also includes all Personal Charges against his Tenants and Visitors.

G. **RESERVE ACCOUNTS.** The Association will also collect money for future use. These reserves are placed in either an "Operating Reserve Account" so money is available to pay Program Expenses (other than capital investments) or a "Replacement Reserve Account" so money may be saved over a period of years to pay for needed capital improvements. Capital improvements are not daily or routine items of maintenance and repair. They are things that have to be done periodically in order to keep up the Units, and include major remodeling of the Units, replacing appliances, furniture and furnishings and so forth. (NOTE: Since the Condominium Association is responsible for maintaining the common elements, and for the capital improvements to them, some of these accounts will be established by the Condominium Association and be funded through Condominium assessments). The capital reserves for the Program are stated in Exhibit "4".

H. **ENFORCEMENT OF AN OWNER'S FINANCIAL DUTIES.** To collect all moneys owed by an Owner, the Association has a lien on each Owner's Ownership Interest, subject, however, to the terms of the Program Declaration. It may foreclose on that lien, either by a lawsuit or under a power of sale without going to court first. If the Association exercises this remedy, the Owner's Ownership Interest will be sold to someone else. If the foreclosure sale does not produce enough money to pay all of his debts, the Owner is still liable for the deficiency. An Owner cannot avoid his debts by giving up his Ownership Interest, his use or ownership rights, or by giving his Ownership Interest to someone else.

I. **LIMITED SUBSIDY AGREEMENT.** The Developer may pay to the Association a "subsidy" which is essentially the difference between the Program Expenses and the moneys collected from Owners of Ownership Interests other than the Developer. The attached Exhibit "4" does not reflect the payment of the subsidy by the Developer, but does accurately reflect the sums due from Owners other than the Developer. Purchasers should be aware that they must pay the budgeted amount of maintenance fees even if the actual expenses are higher or lower than the budgeted amount. If the actual expenses are lower than the budgeted amount, the Developer will pay a lower subsidy amount. If the actual expenses are higher than the budgeted amount, the Developer will pay a higher subsidy amount. The Developer represents that it has used its best efforts to arrive at a good faith estimate of what

the actual expenses will be, based upon actual expenses of operating comparable programs, and obtaining goods and services in connection therewith. Nonetheless, changes may occur which may result in deviations in the budget from year to year.

J. **SECURITY DEPOSIT.** The Program Operator has the right to require advance payments by way of monthly installments into an escrow account, or a security deposit, from any Owner, Exchange User or Occupant for the payment of all Charges of such Owner, Exchange User or Occupant. In the case of Basic Charges, the Program Operator has the right to establish an advance escrow procedure to assure the payment of Basic Charges by all Owners on commencement of the Association fiscal year.

K. **INITIAL PROGRAM EXPENSES.** Owners of Ownership Interests in the Program will be required to pay the prevailing Adjusted Share of Program Expenses for such Owner's Ownership Interest, as determined by the prevailing budget attached hereto as Exhibit "4" and incorporated herein by this reference.

L. **COMMENCEMENT OF CHARGES.** Notwithstanding anything contained in the Program Documents to the contrary, no charge shall be assessed with respect to any Unit until the first day of the month following the first transfer by the Developer of an Ownership Interest in a Unit whereupon all Ownership Interests, including those owned by the Developer, will be assessed Charges. The Developer may, however, elect to pay a subsidy on its Ownership Interests in lieu of Basic Charges and Special Charges.

The Developer, the Association, the Board and Program Operator will not be responsible for any unpaid Personal Charges. Each Owner, Exchange User and Occupant must pay his Personal Charges whether or not he made an advance payment, a security deposit, or received a refund of any amount paid in advance or deposited.

13. **ESCROW ACCOUNT.** Hawaii's Time Share Law requires: (a) that Buyer's funds and notes must be put in escrow before closing; and (b) that closing cannot occur until the Buyer is protected from blanket liens. "Funds and notes" means not only money, but all negotiable instruments (for example, a note or check), purchase money contracts and any other document which contains a promise from the Buyer to pay money. A "negotiable instrument" generally is a document that the Developer could give to someone else who could then force the Buyer to keep his promise to pay free from any claim or defense the Buyer might have against the Developer. "Closing" means completing a Buyer's purchase and transferring ownership of an Ownership Interest to him by recording the First Deed, and if he is purchasing on credit, also recording the Buyer's mortgage to the Developer. "Blanket liens" are certain kinds of encumbrances as defined in the Time Share Law that affect two or more Ownership Interests. The Developer has established a special escrow account in compliance with the Time Share Law as described in the next paragraph and Paragraph 14 below.

An escrow account for the Developer has been established with First American Title Company, Inc., called the "Escrow Agent." Its address is 1177 Kapiolani Boulevard, Honolulu, Hawaii 96814 and its telephone number is (808) 536-3866. This special account is intended to serve as the Developer's special escrow account required by the Time Share Law and Section 16-106-34 of the Time Share Rules (Hawaii Administrative Rules Chapter 106). The Developer or the sales agent must give each Buyer's funds and notes to the Escrow Agent to hold in this account. As permitted by Hawaii's Time Share Law, however, the Developer or a sales agent may initially hold (a) a Buyer's check, if it is made out to the Escrow Agent, and (b) all notes that are not negotiable, until the seven (7) day mutual rescission period and any longer cancellation period stated in the Purchase Contract in which a Buyer may cancel expires.

14. **ESCROW AGREEMENT.** The escrow agreement with the Escrow Agent is dated July 24, 2002. It and the Purchase Contract contain the escrow instructions of both the Developer and each Buyer. These are the instructions to the Escrow Agent for the handling of each Buyer's funds and notes and other papers and for the closing of the sale. By signing the Purchase Contract, each Buyer accepts and agrees to the escrow agreement and the escrow instructions, so it is important for the Buyer to read these documents carefully.

A. **CLOSING PROCEDURES AND TITLE INSURANCE.** Closing will not occur until: (1) the mutual rescission period expires; (2) all other rights the Buyer has to cancel under the Purchase Contract also expire; (3) there are no blanket liens on the Buyer's Ownership Interest or protection against any such blanket liens has been provided in accordance with the Time Share Law and approved by the DCCA; and (4) there are no other

encumbrances affecting the Owner's Ownership Interest, except those identified in Paragraph 9, if any, unless the Buyer puts on a mortgage or other lien. The Escrow Agent must close as soon as possible as long as these conditions, and all other conditions in the Purchase Contract, are met and it has received all of the Buyer's money and sales and closing documents. The Escrow Agent must then notify the Association, the Developer and the Buyer of the closing and provide each of them with an executed copy of the First Deed. The Escrow Agent will pay all closing costs from the Buyer's money, and give the rest of the money to the Developer.

Proof that there are no encumbrances on the Buyer's Ownership Interest will be in the form of a title insurance policy in the Buyer's name from a title company authorized to do business in Hawaii. The Buyer is free to buy insurance from any licensed title company in the State of Hawaii. Unless a Buyer tells the Escrow Agent differently in writing, however, the Escrow Agent will issue the title policy through a related company, or on its own, make other arrangements for each Buyer. Before the Escrow Agent may close, it must receive a written commitment from the title company to issue the policy to the Buyer after closing.

**B. GENERAL ESCROW PROVISIONS.** Among other things, the escrow agreement and instructions also state that:

- (1) Any interest earned on funds placed with the Escrow Agent will belong to the Developer;
- (2) A Buyer's money will be released by the Escrow Agent if one of these things occurs:

(a) If a Buyer or the Developer delivers to the Escrow Agent a valid notice of cancellation of the Purchase Contract under HRS Section 514E-8, all funds deposited by the Buyer will be returned to the Buyer within fifteen (15) days after the notice of cancellation is received;

(b) If a Buyer or the Developer properly terminates the Purchase Contract in accordance with its terms, all funds deposited by the Buyer will be delivered in accordance with the Purchase Contract; and

(c) If the Buyer defaults in the performance of the Buyer's obligations under the Purchase Contract, all funds deposited by that Buyer under the Purchase Contract will be delivered in accordance with the Purchase Contract.

(3) If there is a cancellation as specified above, the Escrow Agent may be entitled to a fee commensurate with the amount of work performed, but in no event more than the normal escrow fee;

(4) If the Buyer defaults and the Developer cancels the Purchase Contract, the Escrow Agent must treat all funds as funds of the Developer and not the Buyer (The Buyer may not change this instruction);

(5) Both the Developer and the Buyer agree to protect and pay (or in legal terms, "indemnify") the Escrow Agent for losses it suffers as a result of performing its duties, however, this indemnity does not include losses due to the Escrow Agent's negligence or misconduct; and

(6) The Seller may close sales for Ownership Interests within Units prior to completion of renovations thereto.

(7) There are certain additional protections contained in the escrow agreement and instructions for the benefit of the Escrow Agent.

**C. ESCROW ARRANGEMENTS IN OTHER STATES AND COUNTRIES.** The Developer or the Escrow Agent may set up an escrow arrangement with a bank, licensed escrow company or trust company doing business in a state or country other than Hawaii; provided that Hawaii's Time Share Law is always complied with.

15. **ESTABLISHMENT OF A NON-PROFIT CORPORATION, CLUB (PROGRAM) MEMBERSHIP OR ASSOCIATION.**

A. **FORMATION OF THE ASSOCIATION.** The Time Share Law requires that each time share or vacation ownership plan have an association, which must be a nonprofit corporation whose members include each Owner. The Association was established for the Program as a Hawaii non-profit corporation by articles of incorporation ("Charter") filed with DCCA on May 28, 1999. (NOTE: The Association is different from the Condominium Association. Owners of an Ownership Interest are members of both). Under the documents creating and governing the Association, each Owner, including the Developer to the extent that it continues to own Ownership Interests, will automatically become a voting member of the Association.

B. **ASSOCIATION ADMINISTRATION.** The Association will administer its affairs through its Board and through the Program Operator.

C. **ASSOCIATION FUNCTIONS.** The Association's functions are to administer its own affairs as provided for in the Charter and the Program Documents and manage, operate or control the Program. The Association, through its Board, acts on behalf of its members generally. Initially, because the Developer will own the majority of Ownership Interests in the Program, the Board will be controlled by the Developer. The Board, on behalf of the Association, must retain a Program Operator at all times, and may, but is not required to, delegate to the Program Operator all of the Association's powers and duties, unless the Program Documents expressly require the Association or the Board to exercise or perform a particular power or duty. The Association may also act on such specific matters as are expressly provided for in the Program Documents.

(1) **THE BOARD OF DIRECTORS.** At the Association's annual meetings, its members will elect Directors to govern the affairs of the Association and administration and management of the Program. Except for matters delegated to the Program Operator, the Board of Directors may act for the Association. The Board will also represent and vote on behalf of the Owners at meetings of the Condominium Association (unless the Owners of a majority of Ownership Interests in any Unit decide differently) and the Association or Program Operator, if authorized by the Board, may represent the Association (or any two (2) or more Owners of any Ownership Interest who are in the same situation as a class) in any lawsuit, arbitration or other legal proceedings about the Program, and may start, defend, join in, or settle any of these proceedings. For this purpose, each Owner appoints the Board and the Program Operator as his special attorney-in-fact to do all things and perform all acts in connection with these proceedings. Any Owner may, however, pursue or defend any such legal proceedings on his own behalf, or in the name of the Association or any other Owners, if the law generally gives the Owner this right or if he is directly affected. The Board must also keep and supervise a Program Operator for the Program. The Board may direct that the officers and directors of the Association be paid.

(2) **DELEGATION OF RESPONSIBILITIES, DUTIES AND AUTHORITIES TO THE PROGRAM OPERATOR.** Subject to the direction of the Board, many of the rights and responsibilities of the Association (and the Board) may (but are not required to) be given to the Program Operator to do. Some of these duties are to organize and conduct meetings of the Association; collect each Owner's share of Program Expenses and Personal Charges; as agent only, pay bills for the Program Expenses; make sure that books and records are kept; handle bank accounts; prepare the Budget for review by the Board; make arrangements to have financial statements prepared and sent to Owners; make sure that periodic reports on insurance coverage are prepared and purchase insurance as directed by the Board; repair the Units and Common Furnishings; supervise use of the Units and enforce the Program Documents; make arrangements for and supervise housekeeping service to get the Units ready for the next Occupant; make arrangements for additional services, including optional housekeeping service during a Use Period, as directed by the Board. The Board may delegate other matters to the Program Operator.

The contract with the Program Operator will last a maximum of three (3) years. The contract may provide that it will automatically be renewed for a period of one year on each termination date (including the date each renewal period ends), unless written notice of non-renewal is given by either party at least ninety (90) days before the end of the then-current term. The Program Operator may resign at any time upon ninety (90) days notice if it turns all books and records over to the Association.



D. **MEMBERSHIP AND VOTING IN THE ASSOCIATION.** Owners of Ownership Interests participate in the administration and management of the Program through their membership and voting in the Association, and their electing of Directors to govern it.

Each Owner of an Ownership Interest (including the Developer for unsold Ownership Interests) is automatically a member ("Member") of the Association, and only Owners are members. Upon the recognition of the acquisition of an Ownership Interest by any person, such person (the "New Owner") becomes the Owner and a Member for such Ownership Interest, and the person from whom the New Owner acquired the Ownership Interest ceases to be the Owner and a Member with respect to such Ownership Interest.

Generally, the vote of Owners of a majority of Ownership Interests will control, unless a higher percentage is required by the Program Documents, and, unless such a higher percentage is required in any particular case, Owners of a majority of all Ownership Interests in the Program may veto or direct action by the Board or Program Operator. A "majority (or other specified percentage)" means a majority or other specified percentage of votes attributed to the Ownership Interests involved, including those owned by the Developer, unless it is expressly stated that the Developer is not included. For example, Paragraph 10.05 of the By-Laws provides that the By-Laws may not be amended without the written consent of at least twenty-five percent (25%) of the Owners, exclusive of the Developer. Each member who owns an Every Other Year Ownership Share has one (1) vote for each Ownership Interest he owns and each member who owns an Every Year Ownership Share has two (2) votes for each Ownership Interest he owns. When more than one (1) person owns an Ownership Interest, they are all members. However, only one (1) vote may be cast per Ownership Interest in the case of an Ownership Interest having an Every Other Year Ownership Share, and only two (2) votes may be cast per Ownership Interest in the case of an Ownership Interest having an Every Year Ownership Share. How their votes may be cast is controlled by the By-Laws.

E. **THE "BY-LAWS" OF THE ASSOCIATION.** The By-Laws are a part of the Program Documents. Generally, their purpose is to establish procedures for running the Association. They contain rules: (1) on how voting will be done and election and appointment of Directors and officers and other decisions made; (2) on how Owners' and Directors' meeting must be run; (3) governing the actions of Directors, officers and committees; and (4) on how to handle books and records. The By-Laws also provide Directors, officers and other Association agents protections on claims made against them because they acted for the Association.

16. **DEVELOPER IS ALSO ACQUISITION AGENT OR SALES AGENT OR PLAN MANAGER.** The Developer is not the plan manager for the Program. The Developer is, however, the acquisition agent and the sales agent for the Program. Among other things, Ownership Interests will be offered for sale by contacting visitors to the Condominium and through advertising. A description of the sales program for the Program is attached as Exhibit "5" to this document. Ownership Interests will be offered for sale as real property by way of sales presentations and other advertising and promotions. As stated in Paragraph 2 above, the Program Operator is Marriott Resorts Hospitality Corporation, a South Carolina corporation ("MRHC"), an affiliate of Developer.

MRHC has delegated certain of its responsibilities to Marriott Hotel Services, Inc. ("MHSI"), which is also a related entity. Therefore, MHSI is also known as "Program Operator." MHSI's address is 10400 Fernwood Road, Bethesda, Maryland 20817, its telephone number is (301) 380-9000 and its responsible managing employee is Brad Snyder. The exchange agent for the Program is Interval International, Inc. MRHC will also function as a rental agent for the Program and in connection therewith, will be entitled to a commission on all rent collected.

17. **COMPLIANCE WITH COUNTY REQUIREMENTS.** The County of Maui has confirmed that the Units are located in a zone designated for hotel use ("H-2") and thus, may be used for time sharing pursuant to Section 514E-5 of the Hawaii Revised Statutes. Further, time share use is explicitly and prominently authorized by the project instrument (i.e., the Condominium Declaration).

18. **SALES IN VIOLATION OF HAWAII TIME SHARE LAW.** The Time Share Law governs sales and sales activities made in the State of Hawaii. With respect to these sales, Section 514E-11.3 provides that every sale or transfer made in violation of Chapter 514E of the Hawaii Revised Statutes is voidable at the election of the Buyer. The sales activities and contracts made in another state or country will be governed by the law of that state or country. These matters, include, but are not limited, to the validity of any Purchase Contract made outside of

Hawaii. Hawaii law governs the Condominium, the Program, the Program Documents, the Condominium Documents, First Deed, and note and mortgage, if any, even if the sale was made outside of Hawaii.

19. **SERVICE OF PROCESS.** PHCS Hawaii, Inc. is hereby designated as the agent to receive service of process on behalf of the Developer. The principal place of business and post office address of the agent is 1003 Bishop Street, Suite 1600, Pauahi Tower, Honolulu, Hawaii 96813.

20. **ADDITIONAL DISCLOSURES.**

A. **OWNERSHIP INTERESTS ARE OFFERED AS REAL PROPERTY; RISK OF LOSS, REBUILDING AND INSURANCE.** Ownership Interests in the Program are being offered and sold as real estate and not as a security. Purchases should be made for personal use and enjoyment, not as an investment. As stated previously, the Developer makes no representation to Buyer that a rental pool arrangement ("RPA"), as that term is defined in the Securities and Exchange Commission's ("SEC") Securities Act Release No. 33-5347 (17 CFR § 231.5347 (Jan. 18, 1973)) or any other similar arrangement will be transferred to Buyer upon the purchase of his Ownership Interest. Buyer is purchasing only an Ownership Interest in an apartment located in the Condominium, which Ownership Interest is not coupled with any RPA. The Developer further makes no representation to Buyer as to the prospective availability of any RPA, nor does it make any representation as to the potential rental value of the Ownership Interest that Buyer may purchase, nor any representation as to any expectation of profit that can be derived with respect to purchasing any Ownership Interest in the Program. A rental pool arrangement is an arrangement under which Ownership Interests are put together for rental purposes and in which proceeds are shared. These arrangements, when coupled with the sale of Ownership Interests, may be deemed a security. Because the Developer does not intend to sell a security, and does not want to appear to be selling a security, you are prohibited from entering into such rental pool arrangements.

**THE PURCHASE OF AN OWNERSHIP INTEREST SHOULD BE BASED SOLELY UPON ITS VALUE; AND THAT VALUE IS IN THE USE OF THE OWNERSHIP INTEREST.**

Since an Ownership Interest is an interest in real estate, the RISK OF TEMPORARY AND PERMANENT LOSS OR DAMAGE OF THIS INTEREST IS ON A BUYER AFTER CLOSING. If a Buyer purchases on credit, he still has to pay his note and mortgage, and all net proceeds, if any, from insurance (or from the government, if the loss is because the government takes the property through exercise of its power of eminent domain) must be applied first to the payments due under the note and mortgage, unless the Program Documents and Condominium Documents require rebuilding. If available proceeds from insurance, condemnation or other funds are not sufficient to pay for the costs of restoring or rebuilding, each Owner must pay his share of the difference.

These Program Documents and Condominium Documents also require the Association and Condominium Association to obtain property, liability and other kinds of insurance, if obtainable or if in the Board's judgment, they are obtainable at a reasonable cost. Each Buyer should review (or have a qualified insurance agent review) these requirements, as well as the policies obtained by the Condominium Association and the Association, to decide whether or not to purchase added insurance for himself. Each Buyer is free to obtain more insurance for himself. Each Buyer (and the Association and Condominium Association) are also free to purchase insurance from any company licensed to do business in the State of Hawaii. Since insurance is the responsibility of the Condominium Association, the Association and the individual Buyer, the Developer makes no guarantee that insurance will be available, or available at a reasonable cost, or adequate.

B. **SALESPERSONS MUST BE LICENSED HAWAII SALES AGENTS.** All salespersons in Hawaii must be licensed real estate salesmen or brokers. Marriott Ownership Resorts, Inc., an affiliate of the Developer will act as the sales agent for the Program. If other sales agents are added later, they will be listed in another exhibit to this document. Salespersons in any other state or country must meet all licensing requirements, if any, imposed by that state or country in order to sell real estate.

C. **DEVELOPER'S RIGHT TO AMEND PROGRAM DOCUMENTS.** Under the Program Declaration, the Developer has certain rights to amend the Program Documents without obtaining anyone's consent. The Developer may exercise its right at any time and for all purposes, before it transfers any Ownership Interests in the Program.

D. **MARRIOTT REWARDS® PROGRAM.** The Developer is offering an additional vacation privilege to Buyers, namely, participation in the "Marriott Rewards Program" (the "Marriott Rewards Program"). Under the Marriott Rewards Program, guests and owners of Marriott Hotels and Resorts may accumulate points redeemable for benefits at participating Marriott Hotels and Resorts worldwide, and with Marriott's participating partners. Owners who desire to participate in the Marriott Rewards Program will be able to assign the use of their Ownership Interest to the Developer in trade for award points in the Marriott Rewards Program which are purchased by Developer from Marriott International, Inc. on an Owner's behalf. The rules and regulations for the Timeshare/Marriott Rewards Program are contained in a separate description packet delivered to Owners at the time of execution of the Purchase Agreement. The Marriott Rewards Program packet, sets forth a full description of the Marriott Rewards Program procedure, the awards and participating partners. An Owner's participation in the Marriott Rewards Program is voluntary.

THE MARRIOTT REWARDS PROGRAM MAY BE TERMINATED OR AMENDED AT ANY TIME IN THE SOLE DISCRETION OF THE DEVELOPER OR MARRIOTT INTERNATIONAL, INC. MARRIOTT INTERNATIONAL, INC. RESERVES THE RIGHT TO ADD, MODIFY OR DELETE ANY OF THE RULES, CONDITIONS, AWARDS OR AWARD LEVELS PERTAINING TO THE MARRIOTT REWARDS PROGRAM WITH OR WITHOUT PRIOR NOTICE. PROGRAM POINTS MAY NOT BE ASSIGNED TO THIRD PARTIES BY OWNERS. FURTHER, ALL REQUESTS TO PARTICIPATE IN THE MARRIOTT REWARDS PROGRAM BY OWNERS MUST BE ACCOMPANIED BY PAYMENT OF A PROCESSING FEE TO THE DEVELOPER. TRANSFEREES OF ELIGIBLE OWNERS IN THE PROGRAM WILL BE ELIGIBLE TO PARTICIPATE IN THE MARRIOTT REWARDS PROGRAM ONLY UPON A LIMITED BASIS AS DESCRIBED IN THE RULES AND REGULATIONS FOR THE TIMESHARE/MARRIOTT REWARDS PROGRAM.

ONLY OWNERS OF OWNERSHIP INTERESTS IN THE PROGRAM WHO ACQUIRE THEIR INTERESTS DIRECTLY FROM THE DEVELOPER OR UPON RESALES BROKERED BY A SUBSIDIARY OR AFFILIATED COMPANY OF THE DEVELOPER, OR TRANSFEREES OF SUCH OWNERS BY WILL OR INTESTATE SUCCESSION, OR PRESENT OR FUTURE CHILDREN OF SUCH OWNERS WHO HAVE OTHERWISE SUCCEEDED TO THEIR PARENTS' OWNERSHIP INTEREST ARE ELIGIBLE TO PARTICIPATE IN THE MARRIOTT REWARDS PROGRAM. THEREFORE, A NEW OWNER SHALL NOT BE ABLE TO PARTICIPATE IN THE MARRIOTT REWARDS PROGRAM IF SUCH OWNER PURCHASED HIS/HER OWNERSHIP INTEREST FROM AN INDEPENDENT RESALE AGENT OR DIRECTLY FROM AN EXISTING OWNER. THE DEVELOPER, IN ITS SOLE DISCRETION, WITH OR WITHOUT PRIOR NOTICE, HAS THE UNILATERAL RIGHT TO EXPAND OR CONTRACT THE LIST OF PERSONS ELIGIBLE TO PARTICIPATE IN THE MARRIOTT REWARDS PROGRAM AT ANY TIME IN THE FUTURE.

21. **OTHER RIGHTS TO CANCEL.** Buyers also have certain cancellation rights under the Condominium Property Act. On sales in any other state or country, a Buyer will also have the rights to cancel, if any, given by the laws of that state and country and made a part of the Buyer's purchase contract. This applies even if the right is for a longer time or is of a different kind than the mutual rescission right. The foregoing rights to cancel are in addition to the mutual rescission provision explained in Paragraph 8 and the right to void sales explained in Paragraph 18.

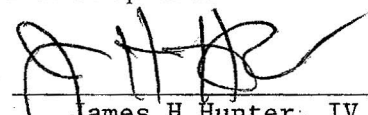
22. **THIS DISCLOSURE IS A SUMMARY ONLY, FOR MORE INFORMATION, READ ALL OF THE OTHER DOCUMENTS CAREFULLY.** This document contains disclosures required by Section 514E-9 of the Time Share Law and Section 16-106-3 of the Time Share Rules. It also contains information which the Developer believes will be of general interest to Buyers. Buyers should understand that it is not possible or practical to include in this Disclosure Statement all points which each Buyer may consider important, or a summary of all the documents involved. In addition, this document has been written in plain language. However, since the Program Documents are written in legal language, the language of this document may not be identical with the Program Documents. Each Buyer is, therefore, cautioned to read carefully the Program and Condominium Documents, the escrow agreement, the form of Purchase Contract, Buyer's Acknowledgments, the First Deed, note and mortgage, if any, to be sure that the purchase will satisfy his own personal requirements and expectations. Each Buyer is also cautioned that by signing a Purchase Contract, he accepts and agrees to obey all of these documents.



Dated as of the latest revision date stated on the cover page of this Disclosure Statement.

MARRIOTT OWNERSHIP RESORTS, INC.  
a Delaware corporation

By

  
James H Hunter, IV  
Its Vice President

## **EXHIBIT "1"**

### **UNIT TYPES**

#### **A. UNIT TYPES.**

The units in the Maui, Molokai and Lanai Wings of the Maui Ocean Club Vacation Ownership Program are currently divided into seven (7) basic types, as follows:

**UNIT TYPE OBOF.** One (1) bedroom, with sleeping accommodations for four (4) persons, ocean front.

**UNIT TYPE TBOF.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, ocean front.

**UNIT TYPE OBOV.** One (1) bedroom, with sleeping accommodations for four (4) persons, ocean view.

**UNIT TYPE TBOV.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, ocean view.

**UNIT TYPE OBM/GV.** One (1) bedroom, with sleeping accommodations for four (4) persons, mountain/garden view.

**UNIT TYPE TBM/GV.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, mountain/garden view.

**UNIT TYPE OBIV.** One (1) bedroom, with sleeping accommodations for eight (4) persons, island view, in the Maui Wing.

The Units in the Lahaina Tower of the Maui Ocean Club Vacation Ownership Program are currently divided into five (5) basic types, as follows:

**UNIT TYPE L2M/GV.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, mountain/garden view.

**UNIT TYPE L2OV.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, ocean view.

**UNIT TYPE L2OF.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, ocean front.

**UNIT TYPE LN2OF.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, ocean front.

**UNIT TYPE L3OF.** Three (3) bedrooms, with sleeping accommodations for ten (10) persons, ocean front.

The Units in the Napili Tower of the Maui Ocean Club Vacation Ownership Program are currently divided into four (4) basic types, as follows:

**UNIT TYPE N2IV.** Two (2) bedrooms, with sleeping accommodations for eight (8) persons, island view in the Napili Tower.