

Fees are shown in the SVN Fees Chart which appears in the Owner's Handbook, although they may change from time to time.

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

I. CHANGES IN THE RESERVATION RULES. The Plan Operator may change the Reservation Rules from time to time in the manner and under the circumstances provided in them. Currently, the Reservation Rules can be changed in the sole discretion of the Plan Operator for any purpose, including permitting banking of Vacation Periods and creating SVN tiers. The Plan Operator must give notice of any change to the Owners. See the SVN Reservation Rules attached to the Starwood Vacation Exchange Company Disclosure Guide for details, particularly sections 8.3 and 8.5.

3.6. WHAT ARE MY USE RIGHTS?

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

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

You may reserve a Vacation Unit so that your children, parents, relatives, a friend, or just about anyone else (except a competitor of the Developer) can use it. You may also rent your Vacation Period. However, you cannot join a "rental

pool" or similar arrangement where your Vacation Period is placed together in a pool with other Owners' Vacation Periods and rented, or where rental income and/or expenses are shared in some other way.

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

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

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

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

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

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

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

A. RESERVATIONS BY SVN MEMBERS. During the SVN Reservation Periods, SVN Members (not just Owners in this Plan) will be able to reserve a Vacation Unit in this Plan on a space available, first-come, first-served basis subject to the priority rights established in favor of each Owner and the reservation and exchange rules and regulations stated in any documents that govern SVN and any changes and additions

made to any of them from time to time ("*SVN Documents*") and the Club Documents. Likewise, an Owner in this Plan will be able to reserve the use of SVN Units at other SVN Resorts subject to similar restrictions and limitations.

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

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

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

Unless the Affiliation Agreement is terminated earlier, it will stay in effect until the Plan terminates. The Association may terminate the Club Affiliation Agreement whenever the Club Operator violates a material part of it and fails to cure its violation within the time permitted by the Club Affiliation Agreement or any longer time permitted by the Board. The Club Affiliation Agreement will also terminate automatically in certain other circumstances (for example, if the Condominium is not managed, operated, or maintained up to the Club Operator's standards, or in some cases if a party files bankruptcy).

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

3.8. EXTERNAL EXCHANGE PROGRAM.

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

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

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

3.10. ENFORCEMENT OF OWNERS' RESPONSIBILITIES.

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

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

4.1. LOCATION OF THE CONDOMINIUM. The Vacation Units now in the Plan, as well as those that may be added to the Plan later, are part of the Ocean Resort Villas North condominium. The Condominium is located on a wide sandy beach fronting on the Pacific Ocean. It is a fee simple condominium situated on 11.471 acres of land in Ka'anapali North Beach, on the Island of Maui ("*Lot 101*"). The address of the Condominium is 170 Kai Ala Drive, Lahaina, Maui, Hawaii 96761.

4.2. CONSTRUCTION AND PHASED DEVELOPMENT PLANS.

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

PHASE 1. The first phase consists of five (5) buildings: Building 5, Building 6, the Pool Bar Building, the Keiki Club Building, the Parking Building, Courtyards 1 & 2, and related Improvements. The Courtyards contain pools, spas, and

various other amenities that are part of the Master Association Amenities.

- ◆ Building 5 is a six-story building. It has no basement. It is constructed principally of steel-reinforced concrete, aluminum, gypsum board, and glass. The building contains seventy-two (72) resort apartments.
- ◆ Building 6 is a six-story building. It has a partial basement consisting of a pool equipment room, service corridor and related Improvements. It is constructed principally of steel-reinforced concrete, aluminum, gypsum board, and glass. It contains seventy-four (74) resort apartments, one (1) full commercial apartment (the Master Association Apartment), and part of one (1) commercial apartment (Apartment 101). This phase also contained a small out-building, designated as the "Hale" on the condominium map, which was part of Apartment 101, however, the Developer has decided not to construct this building. This will be reflected when the "as built" plans for the Condominium are filed.
- ◆ The Pool Bar Building is a one-story building. It has no basement. It is constructed principally of concrete blocks, wood, aluminum, and gypsum board with a concrete slab floor. It is part of one (1) commercial apartment (Apartment 101).
- ◆ The Keiki Club Building is a one-story building. It has no basement. It is constructed principally of concrete blocks, wood, aluminum, gypsum board, and glass with a concrete slab floor. It is part of one (1) commercial apartment (Apartment 101).
- ◆ The Parking Building is a three-story structure. It also has a basement. It is constructed principally of steel-reinforced concrete. It contains no apartments.
- ◆ Phase 1 also includes three (3) marketing kiosks. Each consists of one story and none has a basement. They are constructed principally of concrete blocks, wood, and gypsum board.

PHASE 2. The second phase consists of Building 7 and related Improvements. Building 7 is a six-story building. It has no basement. It is constructed principally of steel-reinforced concrete, aluminum, gypsum board, and glass. The building contains seventy-one (71) resort apartments and a portion of one (1) commercial apartment (Apartment 101).

PHASE 3. The third phase consists of Building 8, Courtyard 3, and related Improvements. Building 8 is a six-story building. It has no basement. It is constructed principally of steel-reinforced concrete, aluminum, gypsum board, and glass. The building contains forty-one (41) resort apartments and a portion of one (1) commercial apartment (Apartment 101).

PHASE 4. The fourth phase, if it is constructed, is presently planned to consist of a Gazebo. The Gazebo is likely to be constructed principally of wood and gypsum board. It contains one (1) commercial apartment (the Gazebo Apartment

– Apartment 103). The Developer is not currently planning to construct the Gazebo Apartment, although this may change. If the Gazebo is constructed, it will be used for commercial purposes.

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

ORDER OF DEVELOPMENT. The Developer has completed construction of Phases 1, 2 and 3. No date has been set for construction of Apartment 103. The Developer has no obligation to build any phase beyond phases 1, 2 and 3. The Developer can develop later phases in any order that it wishes. It can also develop more than one phase at a time. The Developer can also divide a phase into separate smaller phases. The Developer may change its plan of development without the consent or approval of anyone else. For example, the Developer may choose to speed the construction of one building or slow construction of another. The Developer's current plans call for about 258 resort apartments to be located in the Condominium. In no case can the Developer create more apartments than allowed by the Special Management Area Permits for the Condominium.

STATUS OF CONSTRUCTION. Construction of Phases 1, 2 and 3 are complete.

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

A. "Two Bedroom Island Villas" have one master bedroom, one combination bedroom and living area, two bathrooms, a combination living room and dining area, a kitchen, two foyers and two lanais. These apartments have an interior area of about 1,214 to 1,507 square feet plus lanais totaling about 113 to 244 square feet, for a total area of about 1,328 to 1,672 square feet.

B. "Two Bedroom Ocean Villas" have one master bedroom, one combination bedroom and living area, two bathrooms, a combination living room and dining area, a kitchen, two foyers and two lanais. These apartments have an interior area of about 1,228 to 1,304 square feet plus lanais totaling about 121 to 125 square feet, for a total area of about 1,349 to 1,429 square feet.

C. "Two Bedroom Ocean Front Villas" have one master bedroom, one combination bedroom and living area, two bathrooms, a combination living room and dining area, a kitchen, two foyers and two lanais. These apartments have an interior area of about 1,214 to 1,394 square feet plus lanais totaling about 113 to 167 square feet, for a total area of about 1,327 to 1,559 square feet.

Note: The floor areas for the resort apartments are all approximate and may change during construction. The Developer makes no representations or warranties as to the actual area of any particular apartment. The exact areas of particular apartments are likely to vary. Apartment areas are calculated on the basis of the requirements of the regulations adopted by the Hawaii Real Estate Commission pursuant to the Hawaii Condominium Property Act. They may differ from areas calculated by reference to the actual apartment boundaries.

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

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

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

4.5. MASTER ASSOCIATION. The Developer developed the Ocean Resort Villas condominium located next door to this Condominium. It has about 280 resort units and several pools, pool decks, a water-slide, and various other amenities. The Developer also may develop hotels or other condominium, vacation ownership, time share, or fractional ownership projects in Ka'anapali North Beach. The Developer decided to provide a way for the owners and occupants of the Condominium and some or all of the other projects to share the use of certain amenities located on the grounds of this Condominium, the Ocean Resort Villas condominium, and perhaps other projects (the "*Master Association Amenities*"). The Developer also wants to be sure that the amenities and landscaping of the Condominium, the Ocean Resort Villas condominium, and perhaps some other projects provide a similar or complementary vacation ambience consistent with a first class destination resort, and that they can be updated and enhanced over the years to keep up with modern trends for first class destination resorts. And the Developer wants to be able to use these amenities for its own purposes. For example, it wants to be able to do these things:

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

To accomplish these things, the Developer created the Ocean Resort Master Association, a non-profit corporation, and a special apartment called the "*Master Association Apartment*." The Developer intends to deed this apartment to the Master Association. The amenities and most landscaping of the Condominium are limited common elements for that apartment. These include, for example, the various waterfalls, swimming pool, koi ponds, spa, pool decks, pool bathrooms, beach and pool showers, among other things. They also include most of the landscaping and grounds of the Condominium. The Developer created a similar apartment in the Ocean Resort Villas and deeded that apartment to the Master Association.

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

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