

DISCLOSURE STATEMENT

ON

Ocean Resort Villas North

Name of Time Share Plan or Building

170 Kai Ala Drive, Lahaina, Maui, Hawaii 96761

Location

RECEIVED
PROF & VENDORIAL
NOTES DIVISION
2009 NOV 24 A 7:57
DEPT OF COMMERCE
& CONSUMER AFFAIRS
STATE OF HAWAII

READ THIS DISCLOSURE STATEMENT BEFORE SIGNING ANYTHING

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

Ocean Resort Villas North

INTRODUCTION

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

1. DEVELOPER

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

2. PLAN MANAGER

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

3. TIME SHARE PLAN

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

3.1. INTRODUCTION.

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

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

The property included in the Plan consists of certain apartments located in a brand new beachfront condominium project on Maui named Ocean Resort Villas North (the “*Condominium*”). The Condominium is currently being built and is located at 170 Kai Ala Drive, Lahaina, Maui, Hawaii 96761. The apartments

included in the Plan are called “*Vacation Units*” and they are listed in Exhibit B.

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

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

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

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

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

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

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

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

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

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

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

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

3.2. WHAT AM I BUYING?

You are buying a “Vacation Ownership Interest.” It includes:

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

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

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

Your rights in the Club and in SVN are described in greater detail in the Starwood Vacation Exchange Company Disclosure Guide. The Interval International exchange program is

described in its own exchange program disclosure statement. The Developer will give you a copy of both of these documents.

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

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

3.3. WHAT ARE MY BASIC RIGHTS AND DUTIES?

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

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

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

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

The Use Weeks are numbered from 1 to 52 (or 53). Some Use Weeks, called “Event Weeks”, also have a name. The Event Weeks are: (i) “New Years”, which means the last Use Week of the Use Year; “Christmas”, which means the next to last Use Week of the Use Year; “Golden Week”, which means the Use Week during which occurs the most number of those days (April 29, and May 3 – 5) in the Japanese national holiday called “Golden Week”; and “Obon Week”, which means the Use Week that includes August 15, a religious holiday in

Japan. When August 15 falls on a Check-In/Check-Out Day, the Vacation Calendar will state which Use Week will be Obon Week.

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

In addition, each year, the Association may choose up to three Use Nights per Vacation Unit to be the "Major Service Period" for that Vacation Unit. If needed to maintain or upgrade the Vacation Units and if the Plan's vacancy rate is high enough to permit it, the Association may set aside additional time for Major Service Periods. Major Service Periods are set aside for annual maintenance and repairs.

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

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

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

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

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

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

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

2) **Fixed Vacation Period.** If you choose a Fixed Vacation Period, then you will have the exclusive right (meaning the first chance) to reserve a specific Use Week. The

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

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

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

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

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

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

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

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

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

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

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

4) **Lock-Off Use.** Some or all of the Vacation Units (called "*Lock-Off Units*") have been designed so that they can be used either as a whole unit or on a "lock-off" basis. For example, a Two-Bedroom Ocean Villa in Building 5 can be used as a two-bedroom apartment. But it may also be used as two separate units: a one-bedroom unit and a studio unit, each having its own separate front door that can be locked.

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

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

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

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

3.4. HOW DO I MAKE A RESERVATION?

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

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

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

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

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

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

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

SVN Resorts are located in different places. For instance, SVN includes resorts in Florida, the Bahamas, South Carolina, Colorado, Arizona, California, and elsewhere. SVN Resorts tend to have different features from one resort to the next, and the units may also differ. The demand for SVN Resorts may

differ based on their location, the time of year, and other factors. For example, the demand for an SVN Unit in Colorado may be very high during the ski season.

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

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

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

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

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

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

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

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

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

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

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

If a unit can be used as a Lock-Off Unit, then the Points Chart will list its unit type as a Full Unit and also the unit type of each Lock-Off Unit. Separate Point Values may be created for each. The sum of the Point Values for the One Bedroom Premium Villa and the Studio Premium Villa may be higher than the Point Value for the Full Unit. This is because breaking up a unit into two Lock-Off Units may mean that one of the Lock-Off Units may go unused. As a result, the Plan Operator may choose to reflect this fact in setting the Point Values for use of Lock-Off Units.

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

The decisions of the Plan Operator and the SVN Operator on Point assignments are final. However, to protect your reservation and use rights, the Declaration provides that the total number of Points assigned to all of the persons to whom

Points are assigned must not exceed the total of all the Point Values for all Use Periods to which Points are assigned.

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

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

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

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

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

G. WHEN CAN I MAKE A RESERVATION? The Reservation Rules create a "Reservation Window" for each Use Period. This is a time when an Owner, a Club Member, an SVN Member, the Developer, the Club Operator, or someone else may request a reservation. Currently, the Reservation Rules provide that the Reservation Window for a Use Period begins one year before the Check-In Day for that Use Period. This means that the Plan Operator would begin taking reservations for a Use Week that starts on July 1, 2009 on the first day of July, 2008. You cannot reserve a Use Period before the start of the Reservation Window for that Use Period.

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

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

❖ The "Home Resort Priority Period" begins one (1) year before the Check-In Day of a given Use Period and lasts two (2) months. During the Home Resort Priority Period:

- An Owner having a Fixed Vacation Period has the exclusive right to reserve his or her Fixed Vacation Period without competition from other Club Members or SVN Members, subject to any limitations in the Vacation Plan Documents and the SVN Rules, and
- Owners having Floating Vacation Periods in the Plan may reserve Use Periods in the Plan, subject to any limitations in the Vacation Plan Documents and the SVN Rules. Other Club Members and SVN Members cannot reserve a Use Period in the Plan during this time.

❖ The "Home Resort Float Period" begins immediately after the Home Resort Priority Period and ends eight (8) months before the Check-in Day of the Use Period. During the Home Resort Float Period, all Owners in this Plan have the exclusive right to compete to reserve the use of unreserved Use Periods in this Plan, subject to any limitations in the Vacation Plan Documents and the Reservation Rules.

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

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

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

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

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

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

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

3.5. WHAT SHOULD I KNOW ABOUT THE RESERVATION RULES?

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

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

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

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

reservation held by an Owner if that Owner does not pay any Regular Assessment, Special Assessment Personal Charge, Club Fee or mortgage payment due or past due.

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

E. **RESERVATION PRIORITIES.** The Reservation Rules may create other reservation priorities. For example, they may give priority to the reservation requests of: (1) an Owner requesting two or more Use Weeks in a row over an Owner requesting a single Use Week; (2) an Owner requesting a reservation of two units for the same Use Week over an Owner requesting only a single Unit for that Use Week (or *vice versa*); (3) an Owner owning more Vacation Ownership Interests over an Owner owning fewer Vacation Ownership Interests; (4) an Owner owning an Every-Year Vacation Ownership Interest over an Owner owning an Every-Other-Year Vacation Ownership Interest; (3) an Owner requesting a Full Unit over an Owner requesting either a One Bedroom Premium Villa or a Studio Premium Villa; (4) an Owner requesting a full Use Week over an Owner requesting a Split Week. The Reservation Rules may also provide for rotating the use of Use Periods in great demand, such as holiday Use Periods, and for waiting lists. Currently the Reservation Rules do some, but not all, of these things.

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

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