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## DISCLOSURE STATEMENT

ON

### H.K.B. VACATION OWNERSHIP PLAN

*Name of Time Share Plan or Building*

Kaanapali Beach, Lahaina, Maui, Hawaii 96761

*Location*

# READ THIS DISCLOSURE STATEMENT BEFORE SIGNING ANYTHING

This 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.

**DISCLOSURE STATEMENT**  
**FOR**  
**H.K.B. VACATION OWNERSHIP PLAN**  
**A FEE SIMPLE TIMESHARE PLAN**

1. **DEVELOPER.** Maui Timeshare Venture, LLC, a Delaware limited liability company ("Developer"), with its principal place of business and post office address at c/o HTS-Maui, L.L.C., 140 Fountain Parkway, Suite 570, St. Petersburg, Florida 33716, and its telephone number is 727-803-9497. is the developer of the H.K.B. Vacation Ownership Plan ("Timeshare Plan"). The Developer is offering for sale, timeshare interests ("Timeshare Interests") in condominium units situated in the H.K.B. Condominium project ("Condominium Project") located at 180 Nohea Kai Drive, Lahaina, Island and County of Maui, State of Hawaii 96761. All capitalized terms not otherwise specifically defined in this document have the meanings ascribed to such terms in the Timeshare Declaration (as defined below in Section 3).

2. **PLAN MANAGER (MANAGING AGENT).** Owners of Timeshare Interests will manage the Timeshare Plan through an association of owners. The Timeshare Association's management responsibilities, duties and authorities, as described in Paragraph 15.C, will be given to an agent, called the "Managing Agent." HV Global Management Corporation, an affiliate of the Developer, is the Managing Agent. Managing Agent's principal place of business and post office address is 140 Fountain Parkway, Suite 570, St. Petersburg, Florida 33716, and its telephone number is 727-803-9497. Jim Cooper is the responsible managing employee, and his address and telephone number is (808) 662-4700, 180 Nohea Kai Drive, Lahaina, Hawaii 96761. The Managing Agent's responsibilities and authority include, among other things, (i) oversight of the management and maintenance of the Resort Units; (ii) preparing a budget for the Timeshare Plan and assessing and collecting Timeshare Plan Common Expenses from each member; (iii) the administration, management and operation of the reservation system of the Timeshare Plan; (iv) providing members with an opportunity to review the Timeshare Plan Documents; and (v) keeping a record of receipts and expenditures relating to the Timeshare Plan. Since the Managing Agent is an affiliate of the Developer, certain conflicts of interest may arise. For instance, since the Managing Agent must prepare a budget for the Timeshare Plan, it will be faced with making decisions on which items are properly allocable to the Timeshare Plan and which are not. The Managing Agent will, however, always seek to allocate costs properly and in accordance with the Timeshare Plan Documents. In addition, the reservation system for the Timeshare Plan is operated by HV Global Group, Inc., a Delaware corporation ("HVGG"), an affiliate of the Developer, however, the Developer does not possess any greater priority with respect to reservations than any other Owner, and HVGG will always seek to assign use of Weeks on an equitable basis among all Owners, including the Developer. Please note that HVGG may be referred to in various documents and agreements as HRG.

3. **TIME SHARE PLAN.**

**A. TYPE OF TIMESHARE PLAN: THIS IS AN OWNERSHIP PLAN; WHEN AND HOW IT WAS ESTABLISHED.** In timeshare or vacation ownership programs generally, the right to use property circulates each year from one person to another and so on, and this cycle repeats itself year after year. In ownership plans, people who have this right to use also have an ownership interest in the property.

This Timeshare Plan is an ownership type of plan. The initial properties in this Timeshare Plan are certain units located in the Condominium Project. The Developer has the reserved right to add other units in the Condominium Project to the Timeshare Plan from time to time, but has no obligation to do so.

The Timeshare Plan is created, and the Resort Units listed in Exhibit "1" were committed to timesharing, by a set of legal documents called the "Timeshare Plan Documents." They include the H.K.B. Vacation Ownership Plan Declaration of Covenants, Conditions and Restrictions, as the same may be amended ("Timeshare Declaration") which is the basic document governing the Timeshare Plan. It is dated September 25, 2013 and is officially recorded at the Bureau of Conveyances of the State of Hawaii ("Bureau") as Document No. A-50210809, as amended by that certain First Amendment to H.K.B. Vacation Ownership Plan Declaration of Covenants, Conditions and Restrictions dated December 3, 2014, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. A-54570269, and as supplemented by that certain H.K.B. Vacation Ownership Plan Declaration of

Covenants, Conditions and Restrictions First Declaration of Annexation dated May 13, 2015, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. A-56391000.

**B. GENERAL DESCRIPTION OF A TIMESHARE INTEREST.** A Timeshare Interest in the Timeshare Plan consists of: (1) an ownership interest in a Resort Unit in the Timeshare Plan; plus (2) the right to reserve and then use: (a) a Resort Unit in the Timeshare Plan of the same "Resort Unit Type" in which the Owner owns a Timeshare Interest; (b) every year (if an Annual Timeshare Interest is purchased) or every odd or even year (if a Biennial Timeshare Interest is purchased); on (c) a Fixed Week basis for an approximate one week period; plus (3) a membership in the H.K.B. Vacation Owners' Association (the "Timeshare Association").

**C. SPECIFICS ABOUT A TIMESHARE INTEREST.**

(1) **THE NATURE OF ONE TIMESHARE INTEREST.** For each Timeshare Interest purchased, a Purchaser will receive an undivided interest, as a tenant in common, in a Resort Unit. The Timeshare Interest may be either a 1/104 interest for each Biennial Timeshare Interest, or a 1/52 interest for each Annual Timeshare Interest. Each Purchaser will have a "fee simple" ownership, which is the most absolute form of property ownership recognized by law. The type of Timeshare Interest each Purchaser chooses (i.e., Annual Timeshare Interest, Biennial Odd Year Timeshare Interest or Biennial Even Year Timeshare Interest, the specific Fixed Week of use, occupancy start day, and the Resort Unit in which that Purchaser will have a Timeshare Interest and the specific undivided interest in that Resort Unit), will be stated in the deed ("First Deed") that will be recorded to transfer the Timeshare Interest to that Purchaser. A Purchaser becomes an Owner when the First Deed is recorded.

(2) **RESERVATION AND USE RIGHTS.** For each Timeshare Interest owned, an Owner will have during his or her Fixed Week: (a) the exclusive right to occupy and use an assigned Resort Unit of the same Resort Unit Type as the Resort Unit in which the Owner purchased his or her Timeshare Interest, which the Owner has confirmed, along with its common furnishings; and (b) the non-exclusive right to use with others the common elements of the Condominium Project subject to the provisions of the Condominium Declaration. Purchasers should understand the following basic terms and concepts for reservation and use purposes:

(a) Resort Units in the Timeshare Plan are divided into the Resort Unit Types stated in the attached Exhibit "1," subject, however, to the right of the Developer to add other or different Resort Unit Types to the Timeshare Plan from time to time; and

Each Resort Unit is divided into fifty-two (52) "Weeks" (or, in some years, 53 Weeks) each year. A period of use 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 period of use is identified by the number of its corresponding Week numbered 1 through 52. The use of Week No. 53 shall be retained for the use of the Developer, however, Developer shall assign the usage of Week No. 53 in a particular year to the person entitled to use Week No. 52 in a Resort Unit provided that the Owner of such Week No. 52 purchased such Week No. 52 from either (i) the Developer, or (ii) a resale agent that is an affiliate of Developer or which has an agreement with Developer to conduct resale activity with respect to Timeshare Interests in the Timeshare Plan (collectively referred to hereafter as "Authorized Resale Agent"). If the Owner of Week No. 52 in a Resort Unit acquired such Week from someone other than the Developer or through a sales agent that is not an Authorized Resale Agent, Developer shall retain the use of Week No. 53 in that particular Resort Unit. Week No. 53 may not be partitioned or separately conveyed. Week No. 53 shall have no ownership interest in any Resort Unit or in the common elements of the Condominium Project and thus, there shall not be any Timeshare Assessments or Condominium Common Expenses associated with Week No. 53. Unless the Resort Agreement is terminated in accordance with its terms, the Timeshare Association has agreed with HVG that the Hyatt Residence Club Rules shall govern the reservation of specific Weeks in Resort Units for maintenance purposes. Pursuant to the Hyatt Residence Club Resort Agreement, the Timeshare Association has a priority right during the Club Priority Period (as defined in the Hyatt Residence Club Resort Agreement) to reserve that portion of such unreserved Weeks verified by the Timeshare Association as being reasonably necessary to perform additional maintenance of the Resort Units and as may be required by applicable law, rules, and regulations. In the event the Resort Agreement is terminated, the Timeshare Association shall have the right to designate at least one (1) Week per year for maintenance purposes that is not a Fixed Week.

(3) **ANNUAL OR BIENNIAL USE RIGHTS.** Each Timeshare Interest will provide for reservation and use rights on an Annual or Biennial basis in the odd or even numbered years ("Odd Year" or "Even

Year"). The type of yearly rights, "Annual," "Odd Year" or "Even Year," which each Purchaser chooses will be indicated in the First Deed transferring a Timeshare Interest to that Purchaser.

(4) **FIXED WEEK RIGHTS.** An Owner will have the right to occupy a Resort Unit during the Fixed Week purchased. Notwithstanding the designation of a particular Fixed Week within a specific Resort Unit in an Owner's First Deed, an Owner has the exclusive right to reserve the use and occupancy of a Fixed Week in the Resort Unit Type but not the specific Resort Unit in which the Owner owns a Timeshare Interest. The use and occupancy of a Fixed Week is reserved to a particular Owner during the Home Resort Preference Period (Fixed), subject to the Hyatt Residence Club Documents. Each Timeshare Interest shall include use of one (1) Fixed Week. The use of a Fixed Week is conveyed to each Owner as a part of the Owner's Timeshare Interest.

(5) **HOW RESERVATIONS WILL BE REQUESTED AND CONFIRMED.** Owners of Timeshare Interests will be able to reserve the use of available Fixed Weeks within the Timeshare Plan on a first-come, first-served basis, subject to the priority rights established in favor of each Owner of a Timeshare Interest in the Timeshare Plan during the Home Resort Preference Period (Fixed) and in accordance with the other reservation and exchange rules and regulations set forth in the Resort Agreement and the Hyatt Residence Club Rules. Likewise, during the term of the Resort Agreement, an Owner of a Timeshare Interest in the Timeshare Plan will be able to reserve the use of accommodations at other Hyatt Residence Club Resorts subject to similar restrictions and limitations. There will be a Home Resort Preference Period (Fixed), meaning that there will be a period beginning not less than one year prior to the first day of use of a Fixed Week and lasting at least six months (specifically, 182 days), during which the Owner of such Fixed Week, as a part of the rights appurtenant to the Owner's Timeshare Interest, shall have the exclusive right to reserve the use and occupancy of a Fixed Week in the Resort Unit Type (but not the specific Resort Unit) in which the Timeshare Owner owns a Timeshare Interest, or, if permitted by the Hyatt Residence Club, a Split Week in the Resort Unit Type (but not the specific Resort Unit) owned. This reservation "window" may be increased but not decreased by HVGG as long as the Condominium Project is a Component Resort of the Hyatt Residence Club. Purchasers should consult the Hyatt Residence Club Rules for all of the specifics regarding reservation and use of an Owner's Timeshare Interest as well as other reservation features of the Hyatt Residence Club.

(6) **OTHER RULES ABOUT RESERVATION AND USE RIGHTS.**

(a) Owners who own one Timeshare Interest together, may make only one reservation for that Timeshare Interest and may not reserve separate Weeks for each Owner.

(b) The right to reserve and use shall not be carried over from year to the next or later years.

(c) Notwithstanding any provision contained in the Timeshare Plan Documents to the contrary, each Owner must pay all of Timeshare Assessments pertaining to such Owner's Timeshare Interest(s) for the entire fiscal year of the Timeshare Association in advance before such Owner may use or exchange each year.

(d) Reservation requests will not be accepted from Owners who have outstanding Timeshare Assessments or Personal Charges, and Owners or others claiming a right to use through them will not be assigned or allowed to use a Resort Unit until all outstanding Timeshare Assessments or Personal Charges, to include interest and late charges, if any, have been paid in full.

(e) Failure to request a reservation for a period of use in a particular year does not relieve the Owner from the obligation to pay all Timeshare Assessments and Personal Charges for each Timeshare Interest owned.

(f) Owners may have their reservation and use rights suspended, or may be fined, for a violation of the Timeshare Plan Documents and will not be allowed to exercise their reservation and use rights if they are in default in any way under any mortgage and promissory note given to the Developer to secure their obligations to repay any funds extended by the Developer to them which enabled them to purchase their Timeshare Interest.



(g) If necessary, in the event of an Owner's violation of any provision of the Timeshare Declaration, the Developer may do such things as may be necessary to keep an Owner from exercising his or her use and exchange rights, and all Owners agree that they will not hold the Developer responsible for any such actions which it takes in pursuing these rights.

(h) The Condominium Project is a non-smoking facility. Accordingly, smoking is strictly prohibited anywhere in the Condominium Project.

**D. OTHER RIGHTS AND RESPONSIBILITIES OF OWNERS AND THE DEVELOPER UNDER THE TIMESHARE PLAN.**

**(1) SOURCE OF, AND CHANGES TO, THESE RIGHTS AND RESPONSIBILITIES - THE TIMESHARE PLAN DOCUMENTS AND CONDOMINIUM DOCUMENTS.** Every Owner and occupant must obey the Timeshare Plan Documents which govern the Timeshare Plan. The Timeshare Plan Documents may not be amended to change an Owner's Fixed Week or voting rights (except in the case of annexation or deannexation of Resort Units to the Timeshare Plan), unless such Owner agrees to the change. The Developer has special reserved rights to change the Timeshare Plan and the Timeshare Plan Documents, and the Timeshare Plan Documents may not be amended to change or delete these or the other special rights the Developer has. Changes to the Hyatt Residence Club Rules and Regulations may also be made by HVGG in its sole discretion.

Each Owner and Occupant must obey both the Timeshare Plan Documents and Condominium Documents. By signing his Purchase Contract, Purchaser's Acknowledgements and First Deed, each Purchaser accepts and agrees to obey them.

**(2) EXCHANGE USE.** In order to increase the range of options available to Hyatt Residence Club Members, HVGG has arranged for an external exchange program. This program currently consists exclusively of an exchange agreement between HVGG and Interval International, Inc., as the external exchange company ("Interval"), under which HVGG is a "corporate member" on behalf of all Hyatt Residence Club Members. The exchange agreement between Interval and HVGG allows Hyatt Residence Club Members to exchange to resorts that participate in the Interval exchange network. Neither Interval nor HVGG is obligated to renew the agreement. Interval, HVGG, and their respective subsidiaries and affiliates are separate and distinct entities. Neither Interval or HVGG, nor any other subsidiary or affiliate of Interval or HVGG, has agreed or will agree to assume, guarantee or otherwise be responsible for any of the obligations, acts or omissions of the other party in connection with this offering. HVGG is not an agent for Interval and no representations or promises made by HVGG, or its agents, are binding on Interval. Interval's responsibility for representations regarding Interval's exchange program, as well as Interval's current or future services are limited to those made in written materials furnished by Interval.

**(3) GENERAL USE RIGHTS AND RESPONSIBILITIES UNDER THE PROGRAM.** No Owner other than the Developer may implement a commercial rental program or a time sharing plan within the Condominium Project. An Owner may, however, let other people, including tenants, use a Resort Unit during his or her Week. Except for people using through the Hyatt Residence Club or an external exchange through Interval, each Owner will be responsible for every person, including tenants, that the Owner lets use his or her confirmed period of use in such Owner's place.

The maximum number of occupants that may occupy each type of Resort Unit (which cannot exceed the maximum allowed by law), is as stated on Exhibit "1." Except with respect to the reservation and use rights of the Developer, each Resort Unit in the Timeshare Plan (specifically excluding units which are not part of the Timeshare Plan and are used by the Condominium Developer for hotel and commercial purposes) must be used only for residential, transient vacation, timeshare and other rental purposes, but, except with respect to units owned by the Developer, rental activity which indicates that (i) the activity is being conducted as a business rather than merely incidental to a primarily personal use, and (ii) the Owner has assigned the Timeshare Interest to pursue a business as opposed to personal use, is prohibited. No Resort Unit may be used to conduct any other trade or business, except for the units that are not part of the Timeshare Plan and which are used by the Developer for commercial purposes. No pets are allowed in any Resort Unit, except that visually impaired persons, hearing impaired persons and physically impaired persons will be allowed to keep certified seeing-eye dogs, certified signal dogs and certified service dogs, respectively, in the Resort Unit assigned for their use. Further, nothing will hinder full access to the Resort Units and/or other portions of the Condominium Project by persons with disabilities.

The Timeshare Board and, to the extent its authority is delegated, the Managing Agent, and not the individual Owners, have the exclusive right to make all decisions relating to, and are responsible for, the normal and other maintenance and repair of the Condominium Project and the improvements thereon. Each occupant has the duty, however, not to damage, beyond normal wear and tear, any part of the Condominium Project, and to keep the Resort Unit occupied by the occupant (and the common furnishings in that Resort Unit) in good order and condition (except for ordinary wear and tear). Each occupant must also remove all personal effects from the assigned Resort Unit at check-out time. Personal effects that are not removed will be considered abandoned. No one will be responsible for them, and if they are not claimed, the Timeshare Association may sell them and keep the sales proceeds. Each Owner and Occupant must maintain the assigned Resort Unit in good order and condition. Each Owner is responsible for all damage, normal wear and tear excepted, to a Resort Unit and its common furnishings caused by the Owner, or an occupant or tenant of the Owner, during the Owner's period of use. All unpaid charges for damage or loss will be billed to the Owner at check-out time or directly to the Owner.

The Timeshare Board and, to the extent its authority is delegated, the Managing Agent, and not the individual Owners, have the exclusive right to make all decisions relating to, and are responsible for, the color, decor and common furnishings for the interior of the Resort Units. The common furnishings within the Resort Units are the property of the Timeshare Association. In addition, under the Condominium Documents, the Condominium Association is responsible for the maintenance and repair of the common elements and the rebuilding and restoring of the buildings and other improvements of the Condominium Project, including the Resort Units. All decisions of the Condominium Association with respect to the above made in accordance with its Condominium Documents are binding on all Owners.

To the extent addressed in the Condominium Documents, all costs incurred in maintaining and repairing the common elements will be assessed to each Resort Unit as part of the Condominium Common Expenses and each Owner must pay his share of these costs. In the event that the Condominium Association does not possess sufficient funds to pay the costs of repair or rebuilding, each Resort Unit will be assessed by the Condominium Association to raise the necessary funds. The Association will, in turn, assess a special charge to each Owner who must then pay his share.

An Owner may not use or let others use: (i) at any time except during such Owner's confirmed period of use; or (ii) any Resort Unit, except the Resort Unit that has been assigned to such Owner for use. Any Owner, exchange user or occupant who interferes with someone else's use, for example, by using a Resort Unit that such Owner is not supposed to or making a Resort Unit unusable by damaging it, is subject to sanctions. Such Owner may be evicted at once, and must pay for all damage and costs involved. These damages and costs include (but are not limited to) costs of alternative living arrangements and additional travel costs, and all collection and any enforcement costs.

**(4) THE RIGHTS AND RESPONSIBILITIES OF THE DEVELOPER UNDER THE TIMESHARE PLAN.** As an Owner, the Developer has generally the same rights and duties as an Owner under the Timeshare Plan Documents to reserve and have confirmed periods of use for Timeshare Interests it owns on the same basis as other Owners, but will have special use and other rights, called the "Reserved Rights," that other Owners do not.

Each Purchaser should understand, and by signing his Purchase Contract, Purchaser's Acknowledgement and First Deed, accepts and agrees, that the Developer has and may exercise and assign its Reserved Rights. Specifically, under the Timeshare Plan Documents and the Condominium Documents, the Developer has Reserved Rights, described in Paragraph 6 below, as well as the following: (a) The Developer may (i) use unused periods of use, any other periods of use pertaining to Weeks owned by the Developer and its own confirmed periods of use for any purpose, including for rental, sales, leasing and other commercial activities permitted by law, free from the restrictions imposed by the Timeshare Plan Documents, in which event the Developer will, under certain conditions, be solely entitled to the proceeds from the rental, sales, leasing and other commercial activities; and (ii) use the common elements of the Condominium Project at all times for any purpose permitted by law and the Condominium Documents, if that use does not unreasonably interfere with the use of the Condominium Project by the other Owners; (b) the Developer also may pay a subsidy instead of the share of Timeshare Plan Common Expenses that other Owners must pay; (c) the Developer has the right to add to or withdraw Resort Units from the Timeshare Plan as stated later in Paragraph 4.B; (d) the Developer also (i) may select and has selected an affiliated company to act as the initial Managing Agent and may have the Managing

Agent's contract assigned to any other subsidiary or affiliate; and (ii) has special rights in setting up and running the Timeshare Association; (e) the Developer may change the name of the Timeshare Plan; and (f) the Developer may exercise the Reserved Rights or assign one or more of them to someone else without the consent, approval or joinder of any Purchaser or Owner.

**E. ENFORCEMENT OF PURCHASER'S RESPONSIBILITIES.** The Timeshare Association and the Managing Agent have the right to enforce the Timeshare Plan Documents. The Timeshare Association may take specific enforcement actions without having to go to court first. For example, it may try to stop any activity that is in violation. It may also fine an Owner or suspend his or her rights to reserve, confirm, use, exchange, vote and other privileges as a member of the Timeshare Association. It may advance funds on behalf of a defaulting Owner to correct or compensate for any violation and then require the defaulting Owner to pay back these advances. If an Owner's default is his failure to pay his share of Timeshare Plan Common Expenses or Personal Charges (or interest, late charges and collection costs on them), he or she may be suspended or fined without a hearing, or the Managing Agent may notify the Owner in writing (1) of the amount of the deficiency, including any per diem interest that may be accruing (2) that the Owner will not be permitted to use a period of use in any manner (e.g. occupy, exchange or rent) until the total amount of the delinquency is satisfied in full; and (3) that the Managing Agent intends to rent the delinquent Owner's Fixed Week and to apply the proceeds of such rental, net of any rental commissions, cleaning charges, travel agent commissions or any other commercially reasonable charges incurred by the Managing Agent in securing the rental, to the delinquent Owner's account. In other cases, the Owner must be given notices and an opportunity to appear and defend himself before the Timeshare Board. Unless specifically permitted by the Timeshare Plan Documents, however, no Owner individually or with any other Owner or through the Timeshare Association may enforce compliance or seek any relief or remedy in its own name.

The Timeshare Association may also take legal action. For example, it may file a lawsuit to collect money or to get an order from a court that the Owner stop his violation or an order requiring that the Owner do what he is supposed to do, or to any other legal redress or remedy. Perhaps the most serious action the Timeshare Association can take to collect is to foreclose on an Owner's Timeshare Interest or Timeshare Interests, as discussed below.

4. **DESCRIPTION OF TIME SHARE UNITS, BUILDINGS, LOCATION, ETC.**

**A. LOCATION OF THE TIMESHARE PLAN; COMPLETION OF CONSTRUCTION.** The Resort Units now in the Timeshare Plan are located in the Condominium Project. "Resort Units" consist of the condominium units identified in the attached Exhibit "1", together with the common interest that goes along with the Resort Units in the Condominium Project, and in addition, includes each unit in the Condominium Project and its appurtenant common interest, which may be subsequently added to the Timeshare Plan by the Developer. The attached Exhibit "1" lists each Resort Unit in the Timeshare Plan and the Resort Unit Type of each Resort Unit. Construction has been completed.

**B. THE DEVELOPER MAY ADD OTHER UNITS IN THE CONDOMINIUM PROJECT TO THE TIMESHARE PLAN AND REMOVE RESORT UNITS FROM THE TIMESHARE PLAN.** Without the consent of any Owners or other person, the Developer may add to the Timeshare Plan, any units that it owns in the Condominium Project that presently exist or that are created in the future. The Developer may do this as many times as it wants until December 31, 2034. The Developer may also remove Resort Units which it owns from the Timeshare Plan at any time.

**C. HAZARD AND LIABILITY INSURANCE.** Purchasers should refer to Article X of the Timeshare Declaration and Article IX of the Condominium Declaration for a discussion of insurance coverages that the Timeshare Association and the Condominium Association are supposed to maintain. Although the Timeshare Association will attempt to obtain these coverages, it may obtain less insurance if certain coverage is unavailable, too expensive, or would conflict with what is stated in the Condominium Documents or the Timeshare Declaration about insurance. The following is a brief summary of the insurance coverages that are to be obtained:

(1) **PROPERTY INSURANCE.** A policy covering all Resort Units, including their common interest in the common elements of the Condominium Project and the common furnishings, for such hazards as fire, lightning, windstorm, hail, smoke, explosion, riot, civil commotion, aircraft, vehicles and so on, is required. If possible to obtain at a reasonable cost, the insurance must cover the full cost of replacing the insured buildings, other



improvements and all common furnishings, subject to such deductibles as the Timeshare Board and/or Condominium Board, as applicable, deems prudent. This means that insurance proceeds realized from damage to the Resort Units may be used by the Condominium Association to pay for the rebuilding or repair of the Resort Units and other improvements of the Condominium Project.

(2) **LIABILITY INSURANCE.** A comprehensive policy or policies of public liability insurance protecting the Timeshare Association, the Timeshare Board, the Managing Agent, all officers, directors and employees of the Timeshare Association, and each Owner, against claims for personal injury, death and property damage due to the condition of, and activities and construction on, the Condominium Project site.

(3) **DIRECTORS AND OFFICERS INSURANCE.** An insurance policy or policies to protect the Managing Agent and all officers and directors of the Timeshare Association from liability for claims based upon their errors and omissions, negligence, or breach of duty.

(4) **FIDELITY BONDS.** A fidelity bond in compliance with the Time Share Law which covers all directors, officers, employees, agents and volunteers of the Timeshare Association who handle or are responsible for funds shall be maintained.

5. **MULTIPLE LOCATION TIME SHARE PLAN.** Not applicable because no units outside of the Condominium Project are currently a part of the Timeshare Plan.

6. **TIME SHARE PLAN IN A CONDOMINIUM.** The Condominium Project contains a total of one hundred thirty six (136) units (inclusive of five (5) commercial units). Commercial units 1, 2 and 5 are located on the grounds of the Condominium Project while all other units are situated within one multi-story structure. The Resort Units in the Condominium Project that are presently in the Timeshare Plan are described in Exhibit "1" attached hereto. The Developer anticipates, but makes no guaranty or representation whatsoever, as to the final number of Resort Units that will be included in the Timeshare Plan. The amenities currently include swimming pools and appurtenant deck areas, a pool bar, whirlpool spas, a fitness center, a restaurant, sundry store and landscaping areas of the Condominium Project.

The Condominium Project was created by a set of legal documents called the "Condominium Documents." They include (a) the Declaration of Condominium Property Regime of H.K.B. Condominium dated January 25, 2013, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. A-50210807 ("Condominium Declaration"), (b) the Bylaws of the Association of Apartment Owners of H.K.B. Condominium, (c) Condominium Map No. 5216, (d) certain rules and regulations adopted by the Condominium Association, and (e) all valid amendments, modifications and supplements to these documents. Under the Timeshare Plan, each Owner of a Timeshare Interest will have the right to use a Resort Unit and its common elements within the Condominium Project during such Owner's period of occupancy. The Condominium Documents contain additional provisions which each Purchaser should be aware of, including certain rights which have been reserved in favor of the Developer and other parties, including, without limitation:

A. The right of the Developer until December 31, 2034, to delete, cancel, relocate, realign, reserve, designate, grant, and receive any and all easements, rights of way, and/or licenses over, under, through across and upon the Condominium Project in accordance with Article XVII of the Condominium Declaration.

B. The right of the Developer until December 31, 2034, to effect any subdivision or consolidation of units in the Condominium Project or alterations to floor plans in accordance with Article XVIII of the Condominium Declaration.

C. The right of the Developer until December 31, 2034, to effect such modifications to units in the Condominium Project and common elements of the Condominium Project and/or to execute, file, and deliver any amendments to the Condominium Documents as may be necessary or allowed to effect compliance by the Condominium Project, the Condominium Association or by Developer, with all laws which apply to the Condominium Project or to the sale of units in any particular jurisdiction, including, but not limited to, the FHA and the ADA, or as may be required by the Real Estate Commission of the State of Hawaii, or by any title insurance company issuing title insurance on the Condominium Project or any of the units therein, or by any institutional



lender lending funds that are secured by the Condominium Project or any of the units, or by any governmental agency in accordance with Article XIX of the Condominium Declaration.

D. The right of the Developer until December 31, 2034, to amend the Condominium Declaration and Condominium Map to effect the conversion of any limited common element appurtenant to a unit owned by Developer into separate units of the Condominium Project in accordance with Article XX of the Condominium Declaration.

E. The right of the Developer and the Front Desk Unit Owner (as defined in the Condominium Declaration) until December 31, 2034, to recharacterize all or a portion of certain Limited Common Elements as may be appurtenant to a unit owned by Developer or the Front Desk Unit Owner as being common elements of the Condominium Project, thus giving up or waiving the exclusive use of any such area or areas; or (b) redesignate all or a portion of certain limited common elements as may be appurtenant to any unit owned by Developer or the Front Desk Unit Owner, to another unit or units as limited common elements in accordance with Article XXI of the Condominium Declaration.

F. The right of the owner of the commercial units in the Condominium Project, subject to the approval of the Front Desk Unit Owner, to alter the floor plans of commercial units in accordance with Article XXII of the Condominium Declaration.

G. The right of the Developer until December 31, 2034, (1) to amend the Condominium Documents, including, but not limited to, the Condominiums Declaration, (2) to enter into any agreements, including, but not limited to, declaring and subjecting the Condominium Project to restrictive covenants, (3) to designate and grant easements, (4) to secure any other governmental permits, and (5) to do all things necessary and convenient to satisfy the requirements of any land use or other permits pertaining to the Condominium Project, including, but not limited to, the Special Management Area Permit and Shoreline Setback Variance pertaining to the Condominium Project, and to execute, file and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to the Condominium Declaration and to the Condominium Map in accordance with Article XXIII of the Condominium Declaration.

H. The right of the Developer and the Front Desk Unit Owner until December 31, 2034, to convey to the Condominium Association, title to any property owned by the Developer or the Front Desk Unit Owner, including, but not limited to, the Front Desk Unit, and the right of first refusal to reacquire or lease any commercial unit or the Front Desk Unit if such units are ever conveyed to the Condominium Association and the Condominium Association thereafter desires to offer such units for sale or lease, or any portion thereof or any or all of the commercial units, and any Limited Common Elements appurtenant thereto in accordance with Article XXIV of the Condominium Declaration.

I. The right of the Developer until December 31, 2034, to conduct sales activities within the Condominium Project in accordance with Article XXV of the Condominium Declaration.

J. The right of the Developer until December 31, 2034, to amend the Condominium Documents, including without limitation, the Condominium Declaration, to comply with the Resort License Agreement (as defined in the Condominium Declaration, in accordance with Article XXVI of the Condominium Declaration.

K. The right of the Developer until December 31, 2034, to develop and construct improvements and/or commercial units and/or their appurtenant limited common elements at the same time or not at all in accordance with Article XXVII of the Condominium Declaration.

L. The right of the Developer until December 31, 2034, to construct roads, driveways and walkways within the Condominium Project in accordance with Article XXVIII of the Condominium Declaration.

M. The right of the Developer until December 31, 2034, to alter the number of units in the Condominium Project in accordance with Articles XXIX of the Condominium Declaration.

N. The right of the Developer to utilize limited common element areas appurtenant to the Front Desk Unit for any purpose permitted by law in accordance with Article XXX of the Condominium Declaration.

O. The right of the Developer until December 31, 2034, to inspect the condition of the common elements, improvements and facilities of the Condominium Project in accordance with Article XXXI of the Condominium Declaration.

Each Purchaser should read and fully understand the terms and provisions of the Condominium Documents which are available for review upon request.

7. **RESTRAINTS ON TRANSFER OF PURCHASER'S INTEREST.**

A. **UNDER THE TIMESHARE DECLARATION.** Each Owner may transfer or mortgage his Timeshare Interest. If he owns more than one Timeshare Interest, he can treat each Timeshare Interest separately. An Owner is not required to do with all of his Timeshare Interests what he does with any one of them. However, he may not transfer or mortgage less than his entire Timeshare Interest, provided that he may own an entire Timeshare Interest together with others. Purchasers should remember that there is a lien on each Timeshare Interest (subject to the terms of the Timeshare Declaration) to secure the payment of the Owner's debts to the Timeshare Association. All instruments attempting to transfer any Timeshare Interest should identify the transferor's Resort Unit Type, Fixed Week, reservation and use rights (i.e. Annual, Odd Year or Even Year, occupancy start day) for the Timeshare Interest being transferred, and, to the extent set forth in Section 3.4(a) of the Timeshare Declaration, the identification number assigned to such Timeshare Interest; provided that if the identification number is set forth in any instrument of conveyance such as a deed, or in any mortgage or other document, the Timeshare Interest which is identified by such identification number and all rights incident to ownership of such Timeshare Interest shall be deemed to be covered and conveyed by such document even though the Timeshare Interest or any of its attributes are not described, in such document or may be inaccurately described, in such document.

B. **WHEN THE DEVELOPER'S CONSENT IS REQUIRED.** The Developer's consent is required if a Purchaser wishes to transfer his Purchase Contract before closing or to transfer a Timeshare Interest that is mortgaged to the Developer. If the Developer assigns the mortgage to someone else, that person's consent will also be necessary.

C. **NOTICE TO THE ASSOCIATION.** The Timeshare Declaration requires that notice of any transfer must be given to the Timeshare Association. If notice is not given, the Timeshare Association and the Managing Agent do not have to recognize the transfer or the person receiving the transfer as an Owner for any purpose, and may continue to recognize the person making the transfer (the seller) as the Owner who will remain liable to the Timeshare Association for charges for the Timeshare Interest.

D. **RIGHT OF FIRST REFUSAL TO PURCHASE.** In the event an Owner desires to sell, transfer, assign or hypothecate his or her Timeshare Interest and for so long as the Developer has interests to sell in the Timeshare Plan, the Developer shall have the right of first refusal to purchase the Timeshare Interest under the same terms and conditions including financing terms as may be offered to or by a bona fide third party. Accordingly, each Owner desiring to sell his Timeshare Interest must notify the Developer in writing of his intent to list or sell his Timeshare Interest. The Owner's written notice to the Developer must include the proposed listing or offer price and general terms of the listing or sale. Upon receipt of such written notice, the Developer shall have 15 days within which to notify the Owner in writing as to whether the Developer elects to exercise its right of first refusal as set forth herein. If the Developer notifies the Owner that the Developer elects to exercise its right of first refusal, the purchase by the Developer of such Owner's Timeshare Interest shall close no later than 30 days after the Developer's receipt of the Owner's written notice to the Developer of the Owner's intent to sell or list his Timeshare Interest. If the Developer elects not to exercise its right of first refusal or fails to notify the owner in writing of the Developer's election to exercise its right of first refusal within said 15 days of Developer's receipt of Owner's notice, the Owner shall be entitled, for a period of seven (7) months thereafter, to list Owner's Timeshare Interest with a third party resale agent or sell the Timeshare Interest for a price equal to or greater than the price offered to the Developer without further notice to Developer. After the expiration of said seven (7) month period, if the Owner has not sold the Timeshare Interest, the Owner must again observe the Developer's foregoing right of first refusal if the Owner decides to sell his Timeshare Interest once again.

**IMPORTANT NOTICE:** Please be aware that the value and marketability of your Timeshare Interest may or may not be substantially and adversely affected by Developer's right of first refusal. Accordingly, if you attempt to sell your Timeshare Interest later, the price that you may be offered for your Timeshare Interest may

be considerably less than the price you would otherwise be offered, and the amount of time it may take to sell your Timeshare Interest may be much longer than the amount of time it would otherwise take to sell your Timeshare Interest if Developer did not have this right of first refusal. Developer's right of first refusal may possibly make difficult or delay the sale of your Timeshare Interest.

8. **MUTUAL RESCISSION PROVISION.** Both the Developer and any Purchaser may cancel any contract to buy a Timeshare Interest without penalty by giving the other party written notice within seven (7) calendar days after: (a) signing the contract; or (b) the Purchaser receives this Disclosure Statement, whichever is later. The seven (7) day period is called the "mutual rescission period." Each Purchaser will be given a form of Notice of Cancellation (Form TS-10 of the DCCA), together with all pertinent information completed at the time that Purchaser signs the Purchase Contract. If a Purchaser exercises this right to cancel, then, within fifteen (15) days, the Developer must return all payments made and the Purchaser must return all sales materials received in good condition, except for reasonable wear and tear, or the Developer may deduct their reasonable value (but not more than \$25.00).

9. **TITLE DEFECTS OR ENCUMBRANCES.** "Encumbrances" are interests in or claims on a person's property which someone else has. They also include duties imposed by certain documents that affect the property and its owner.

The encumbrances which currently affect the Resort Units and which will remain on title as to each purchaser's Timeshare Interest include those listed in the attached Exhibit "2", including the Timeshare Plan Documents and Condominium Documents, but excluding any mortgage and financing statements; the agreements contained in each First Deed which are described later in this Paragraph 9; and, if a purchaser purchases a Timeshare Interest on credit, a mortgage made by the Purchaser in favor of the lender. Timeshare Interests will be transferred to a purchaser subject to these encumbrances and to other encumbrances, if any, that do not materially affect the use or value of a purchaser's Timeshare Interest, and which do not constitute "blanket liens."

Any mortgage given or assumed by the Developer which is an encumbrance on any Purchaser's Timeshare Interest, to the extent that it encumbers or affects more than one Timeshare Interest, is called a "blanket lien." Blanket liens MAY NOT be an encumbrance on a Purchaser's Timeshare Interest at closing, and must and will be released before or when title to that Timeshare Interest is transferred from the Developer to the Purchaser. At this time, there is a mortgage lien more particularly described in Exhibit "2" which is a blanket lien, as that term is defined under the Time Share Law (Hawaii Revised Statutes Chapter 514E), as it affects more than one Timeshare Interest. The lien of the mortgage will be partially released prior to the closing of the sale of a Timeshare Interest to Purchasers. Title to all Timeshare Interests will be conveyed free and clear of the mortgage that secures the loan.

By signing his First Deed, each Purchaser consents to and makes an agreement about the Developer's Reserved Rights. These consents and agreements will be encumbrances on each Purchaser's Timeshare Interest. For example, by signing his First Deed, each Purchaser (a) consents to the reservation, exercise and assignment by the Developer of the Reserved Rights contained in the Timeshare Plan Documents, Condominium Documents and First Deed without the necessity of any consent or joinder from the Purchaser or any other person; (b) agrees, at the request of the Developer, to join in and execute such documents and instruments, and to do such other acts or things as may be necessary or convenient to effect any exercise of the Reserved Rights; (c) appoints the Developer as the Purchaser's attorney-in-fact with full right and power to do anything which the Developer decides is needed or helpful to do any of such things (this attorney-in-fact is coupled with the interest and is irrevocable, and will not be affected by any disability of a Purchaser or by the Purchaser's death. This means that the power of attorney appointment is permanent. Each Purchaser also gives the Developer the power to substitute anyone else for it as the Purchaser's attorney-in-fact); and (d) agrees to stay out of all areas that are fenced or posted to exclude access and to comply with all other access restriction and controls, and waives and releases all rights, claims and causes of action which a Purchaser may have against the Developer, its contractors and subcontractors, and the Developer's lenders, and all of their respective agents and employees, resulting from any failure to stay out of such areas or to obey other access restrictions or other controls or resulting from any on-going development, construction or sales activities.

Purchasers should read these provisions of the First Deed and similar provisions in the Purchaser's Acknowledgements, with care.

10. **PENDING OR ANTICIPATED SUITS.** Not applicable. There are currently no suits pending or anticipated that are material to the Timeshare Interests or this Timeshare Plan of which the Developer has or should have knowledge.

11. **FINANCIAL OBLIGATION OF PURCHASER.** Each Purchaser must pay the sales price stated in his Purchase Contract. Purchaser promises that he has the financial resources to pay for his Timeshare Interest or to get a loan to do so. The Developer is not arranging and has no duty to arrange outside financing for any Purchaser, however, the Developer does have available to qualified Purchasers, purchase money financing. A Purchaser must also pay closing costs. A Purchaser is obligated to pay the initial purchase price stated in the Purchaser's Purchase Contract. Based upon the estimated closing costs described in Exhibit "3", the Purchaser agrees to pay all closing costs. The Developer retains the right to make changes to Exhibit "3" at any time it chooses.

Whether a Purchaser makes a cash or credit purchase, such Purchaser also must pay his or her share of Timeshare Plan Common Expenses after the date of closing of the purchase of a Timeshare Interest. Each Purchaser should be aware that if Purchaser does not pay or keep the promises Purchase has made in the Purchase Contract (and if the Purchaser buys on credit, in the note and mortgage), the Developer can take any action against the Purchaser that is stated in the Purchase Contract (and note and mortgage), the Timeshare Declaration, this Disclosure Statement and allowed by law, including, but not limited to, the suspension of Purchaser's reservation and use rights. Purchasers should read these documents with care.

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

A. **TIMESHARE PLAN COMMON EXPENSES.** All Owners, including the Developer, must pay to the Association his or her share of Timeshare Plan Common Expenses. The term "Timeshare Plan Common Expenses" is a very broad term which includes all costs related directly to the operation, maintenance and repair of the Timeshare Plan. Consequently, all such charges billed to the Timeshare Association, the Developer, the Managing Agent or any Owners are Timeshare Plan Common Expenses and are shared among all Owners as stated in the Timeshare Declaration. Details of the items which constitute Timeshare Plan Common Expenses are set forth in the Timeshare Declaration. The estimated Timeshare Plan Common Expenses and the share that each Purchaser must pay are described in the Budget for the Timeshare Plan attached as Exhibit "4" to this document. The budget for the Condominium Association is also set forth in Exhibit "4" hereto, and sets forth the Condominium Common Expenses that must be paid by Owners in addition to Timeshare Plan Common expenses. The portion of Timeshare Plan Common Expenses you must pay is based upon the budget for each fiscal year prepared by the Managing Agent in accordance with the Timeshare Declaration. Each Purchaser must pay the Timeshare Assessment for each Timeshare Interest owned by the Owner upon the request of the Managing Agent, whether or not the Owner exercises his or her use rights in any particular use year. Owners of Annual Timeshare Interests shall pay Timeshare Assessments every year, while Owners of Biennial Timeshare Interests shall pay Timeshare Assessments only in the year in which they have occupancy rights. All Owners shall pay the Club Fee (the fee charged to Owners for exchange and reservation services and vacation and travel benefits, including the operation of the reservation system through which Owners exchange and reserve the use of accommodations in the Timeshare Plan and at other Hyatt Residence Club Resorts) every year. The Club Fee is included in the Timeshare Assessment, and therefore, Owners of Biennial Timeshare Interests shall be charged the Club Fee separately by the Association in those years in which such Owners do not have occupancy rights and therefore, do not pay the Timeshare Assessment. If the Owner does not pay his or her Timeshare Assessment or Club Fee, such Owner may lose his or her use rights and privileges. Without limiting the generality of the foregoing, Timeshare Plan Common Expenses include:

(1) Repair and maintenance of the interior of a Resort Unit and deferred maintenance and replacement reserves for the same;

(2) Liability and casualty insurance coverage relating to the interior and contents of any Resort Unit and any other insurance coverage, provided by the Timeshare Association;

(3) Any other expenses incurred in the normal operation of the Timeshare Association and the operation and maintenance of the Resort Units;

(4) Delinquent Condominium Common Expenses assessed against the Resort Units by the Condominium Association;



(5) Delinquent unpaid Timeshare Plan Common Expenses; and

(6) Expenses declared Timeshare Plan Common Expenses by the Timeshare Act.

(7) All other costs incurred by the Timeshare Association or the Managing Agent, except for Personal Charges; provided, however, that all Personal Charges which the Managing Agent or the Timeshare Board determines to be uncollectible, may, at the discretion of the Managing Agent or the Timeshare Board, become Timeshare Plan Common Expenses.

Condominium Common Expenses shall be assessed and collected from Owners separately from Timeshare Plan Common Expenses by the Condominium Association.

No Owner may withhold payment of any Timeshare Assessment or special assessment or any portion thereof because of any dispute which may exist between that Owner and the Condominium Association or its board of directors, the Timeshare Association, the Timeshare Board, the Management Company, the Developer or among any of them, but rather each Owner shall pay all Timeshare Assessments when due pending resolution of any dispute.

**B. BUDGET INCREASES.** The Timeshare Board may impose, without the vote or written approval of the Owners, a regular annual Timeshare Assessment that is as much as twenty percent (20%) greater than the regular annual Timeshare Assessment charged for the immediately preceding year. A regular annual Timeshare Assessment that is greater than twenty percent (20%) higher than the regular annual Timeshare Assessment charged for the immediately preceding year may only be levied with the approval of a majority of the Owners other than the Developer.

**C. SPECIAL ASSESSMENTS.** If the Timeshare Assessments with respect to any Timeshare Interest are or will become inadequate to meet all expenses incurred by the Timeshare Association for any reason, including nonpayment of Timeshare Assessments by any Owner on a current basis, the Timeshare Association may determine the approximate amount of the inadequacy, prepare and distribute a supplemental budget, and levy against each Owner according to the formula set forth in the Timeshare Declaration for Timeshare Plan Common Expenses, a special assessment in an amount sufficient to provide for the inadequacy. The special assessment shall not, in the aggregate, exceed five percent (5%) of budgeted gross expenses of the Timeshare Association for the applicable fiscal year, unless there is a vote or written assent of a majority of Owners other than Developer. The Timeshare Association may also levy a special assessment against an individual Owner or Owners for the purpose of reimbursing the Timeshare Association for costs incurred in bringing the Owner or Owners into compliance with the provisions of the Condominium Documents or Timeshare Plan Documents.

**D. PERSONAL CHARGES.** In addition to payment of Timeshare Plan Common Expenses, Ad Valorem Tax Common Expenses, and Hyatt Residence Club Dues Common Expenses, each Owner shall be obligated to pay for the following Personal Charges incurred in connection with the Timeshare Plan including, but not limited to:

(1) Any expense resulting from the act or omission of any Owner or occupant, including, without limitation: (a) the cost of long distance telephone charges or telephone message charges and other special services or supplies attributable to the occupancy of such Owner's assigned Resort Unit during such Owner's Week and the expense of additional housekeeping services requested by such Owner or occupant during such Owner's Week; (b) the cost to repair any damage to any portion of the Condominium Project or to repair or replace any furnishings on account of loss or damage caused by such Owner or occupant; or (c) the cost to satisfy any expense to any other Owner(s) or to the Timeshare Association due to any intentional or negligent act or omission of such Owner or occupant, or resulting from the breach by such Owner or occupant of any provisions of the Timeshare Plan Documents; and

(2) Any transient occupancy tax levied pursuant to the laws of the State of Hawaii and payable by any Owner which the Timeshare Association is or shall be required or entitled to collect on behalf of the levying authority.

**E. ENFORCEMENT OF AN OWNER'S FINANCIAL DUTIES.** To collect all moneys owed by an Owner, the Timeshare Association has a lien on each Owner's Timeshare Interest, subject, however, to the terms of the Timeshare Declaration. It may foreclose on that lien, either by a lawsuit or under a power of sale without going to court first. If the Timeshare Association exercises this remedy, the Owner's Timeshare 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 Timeshare Interest, his use or ownership rights, or by giving his Timeshare Interest to someone else.

**F. DEVELOPER GUARANTY.** In connection with the sale of Timeshare Interests, the Developer reserves the right to guarantee the level of Timeshare Plan Common Expenses in the manner more particularly described in note 6 to the budget appearing in Exhibit "4" attached hereto. In consideration of this guaranty, the Developer shall be excused from the payment of its share of the Timeshare Plan Common Expenses which otherwise would have been assessed against its unsold Timeshare Interests during the term of the guaranty. As a consequence of this exemption, the Developer shall pay any amount of Timeshare Plan Common Expenses not collected from the other Owners needed to meet the expenses of the Timeshare Association as these expenses are incurred each year while the guaranty is in effect.

**G. COMMENCEMENT OF CHARGES.** Notwithstanding anything contained in the Timeshare Plan Documents to the contrary, no Timeshare Assessment shall be made with respect to any Timeshare Interests until the first day of the month following the first transfer by the Developer of a Timeshare Interest in a Resort Unit whereupon all Timeshare Interests, including those owned by the Developer, will be subject to Timeshare Assessment. The Developer may, however, elect to pay a subsidy on its Timeshare Interests in lieu of Timeshare Assessments made to Owners of Timeshare Interests as stated above.

The Developer, the Timeshare Association, the Timeshare Board and Managing Agent will not be responsible for any unpaid Personal Charges, however, if not paid, such Personal Charges may become Timeshare Plan Common Expenses. Each Owner, exchange user and occupant must pay his or her Personal Charges whether or not he or she has 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 Purchaser's funds and notes must be put in escrow before closing; and (b) that closing cannot occur until the Purchaser 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 Purchaser to pay money. A "negotiable instrument" generally is a document that the Developer could give to someone else who could then force the Purchaser to keep his promise to pay free from any claim or defense the Purchaser might have against the Developer. "Closing" means completing a Purchaser's purchase and transferring ownership of a Timeshare Interest to him by recording the First Deed, and if he is purchasing on credit provided by the Developer, also recording the Purchaser's mortgage to the Developer. "Blanket liens" are certain kinds of encumbrances as defined in the Time Share Law that affect two or more Timeshare 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 Purchaser'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 Purchaser'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 Purchaser may cancel expires.

14. **ESCROW AGREEMENT.** The escrow agreement with the Escrow Agent is dated October 19, 2012. It and the Purchase Contract contain the escrow instructions of both the Developer and each Purchaser. These are the instructions to the Escrow Agent for the handling of each Purchaser's funds and notes and other papers and for the closing of the sale. By signing the Purchase Contract, each Purchaser accepts and agrees to the escrow agreement and the escrow instructions, so it is important for the Purchaser 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 Purchaser has to cancel under the Purchase Contract also expire; (3) there are no blanket liens on the Purchaser's Timeshare 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 Purchaser's Timeshare Interest, except those identified in Paragraph 9, if any, unless the Purchaser puts on a mortgage or other lien on the Timeshare Interest. 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 Purchaser's money and sales and closing documents. The Escrow Agent must then notify the Timeshare Association, the Developer and the Purchaser of the closing and provide each of them with a recorded copy of the First Deed. The Escrow Agent will pay all closing costs from the Purchaser's money, and give the rest of the money to the Developer.

Proof that there are no encumbrances on the Purchaser's Timeshare Interest will be in the form of a title insurance policy in the Purchaser's name from a title company authorized to do business in Hawaii. The Purchaser is free to buy insurance from any licensed title company in the State of Hawaii. Unless a Purchaser 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 Purchaser. Before the Escrow Agent may close, it must receive a written commitment from the title company to issue the policy to the Purchaser 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 Purchaser's money will be released by the Escrow Agent if one of these things occurs:

(a) If a Purchaser 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 Purchaser will be returned to the Purchaser within fifteen (15) days after the notice of cancellation is received;

(b) If a Purchaser delivers to the Escrow Agent a valid notice of cancellation of the Purchase Contract pursuant to HRS Section 514A-62, all of the funds deposited by the Purchaser will be returned to the Purchaser within fifteen (15) days after the notice of cancellation is received;

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

(d) If the Purchaser defaults in the performance of the Purchaser's obligations under the Purchase Contract, all funds deposited by that Purchaser 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 set forth in Exhibit "3" hereto;

(4) Both the Developer and the Purchaser 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

(5) 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 (TIMESHARE PLAN) 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 Timeshare Association was established for the Timeshare Plan as a Hawaii non-profit corporation by articles of incorporation ("Timeshare Articles") filed with DCCA on September 25, 2013. (NOTE: The Timeshare Association is different from the Condominium Association. Owners of a Timeshare Interest are members of both). Under the documents creating and governing the Timeshare Association, each Owner, including the Developer to the extent that it continues to own Timeshare Interests, will automatically become a voting member of the Timeshare Association.

**B. TIMESHARE ASSOCIATION ADMINISTRATION.** The Timeshare Association will administer its affairs through its Timeshare Board and through the Managing Agent.

**C. TIMESHARE ASSOCIATION'S FUNCTIONS.** The Timeshare Association's functions are to administer its own affairs as provided for in the Timeshare Articles and the Timeshare Plan Documents and manage, operate or control the Timeshare Plan. The Timeshare Association, through its Timeshare Board, acts on behalf of its members generally.

**(1) DEVELOPER CONTROL PERIOD.** Section 4.01 of the Timeshare Bylaws provides that there will be a period of Developer control during which time the Timeshare Board will be appointed by the Developer. The Developer control period shall terminate no later than the first to occur of the following events: (a) sixty (60) calendar days after the conveyance to Owners other than the Developer or an affiliate of Developer, of Timeshare Interests representing seventy-five percent (75%) of the ownership of all Timeshare Interests in the 131 units in the Condominium anticipated by Developer to be committed to the Timeshare Plan; (b) two (2) years after Developer has ceased to offer Timeshare Interests for sale in the ordinary course of business; or (c) the day Developer, after giving written notice to Owners, records an instrument voluntarily surrendering all rights to control the activities of the Timeshare Association. Therefore, Purchasers should be aware that the powers and rights of the Association are vested in the Developer until the end of the Developer control period. Since the Developer controls this period of governance, the Association may not have meetings or the power to make decisions or object to assessments or other governing matters. The Timeshare Board, on behalf of the Association, must retain a Managing Agent at all times, and may, but is not required to, delegate to the Managing Agent all of the Association's powers and duties, unless the Timeshare Plan Documents expressly require the Association or the Timeshare 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 Timeshare Plan Documents.

**(2) THE TIMESHARE BOARD OF DIRECTORS.** The Timeshare Board shall govern the affairs of the Timeshare Association and administration and management of the Timeshare Plan. Except for matters delegated to the Managing Agent, the Timeshare Board may act for the Timeshare Association. The Timeshare Board shall appoint a representative to vote on behalf of the Owners of all Timeshare Interests in each Resort Unit at all meetings of the Condominium Association. The Timeshare Board's representative to the Condominium Association meeting shall for all Timeshare Interests in the manner that the Timeshare Board considers to be in the best interest of the Owners. The Timeshare Board or Managing Agent, if authorized by the Timeshare Board, may represent the Timeshare in any lawsuit, arbitration or other legal proceedings about the Timeshare Plan, and may start, defend, join in, or settle any of these proceedings. For this purpose, each Owner appoints the Timeshare Board and the Managing Agent as his, her or its 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 such Owner's own behalf, or in the name of the Timeshare Association or any other Owners, if the law generally gives the Owner this right or if such Owner is directly affected.

**(3) DELEGATION OF RESPONSIBILITIES, DUTIES AND AUTHORITIES TO THE MANAGING AGENT.** Subject to the direction of the Timeshare Board, many of the rights and responsibilities of the Timeshare Association (and the Timeshare Board) may (but are not required to) be given to the Managing Agent to do. Some of these duties are to organize and conduct meetings of the Timeshare Association; collect each Owner's share of Timeshare Plan Common Expenses and Personal Charges; as agent only, pay bills for the Timeshare Plan Common Expenses; make sure that books and records are kept; handle bank accounts; prepare the



Budget for review by the Timeshare Board; make arrangements to have financial statements prepared and sent to Owners if required by the Timeshare Bylaws; make sure that periodic reports on insurance coverage are prepared and purchase insurance as directed by the Timeshare Board; repair the Resort Units and common furnishings; supervise use of the Resort Units and enforce the Timeshare Plan Documents; make arrangements for and supervise housekeeping service to get the Resort Units ready for the next occupant; make arrangements for additional services, including optional housekeeping service during a period of use as directed by the Timeshare Board. The Timeshare Board may delegate other matters to the Managing Agent.

The contract with the Managing Agent and every subcontract between the Managing Agent and a subcontractor, shall include the following: (a) the term may not exceed three (3) years, but may provide for automatic 3-year renewals after the end of the initial term, unless a written notice cancelling the contract is given by either party at least ninety (90) days before the renewal date; (b) the Managing Agent shall be always subject to the direction of the Timeshare Board; (c) upon the approval of the Timeshare Board, the Managing Agent may delegate its powers and duties to one or more sub-agents for any period and upon such terms it determines to be proper; (d) the Timeshare Board must have the right to cancel the contract upon the Managing Agent's default thereunder; (e) if the Managing Agent disputes the existence of any such default, the matter will be determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and HRS Chapter 458, as amended, and venue will be in Honolulu, Hawaii; and (f) the Managing Agent may resign only upon written notice to the Timeshare Board at least ninety (90) days in advance and the submission of all books and records relating to the management and operation of the Timeshare Plan to the Timeshare Board.

**D. MEMBERSHIP AND VOTING IN THE ASSOCIATION.** Owners of Timeshare Interests participate in the administration and management of the Timeshare Plan through their membership and voting in the Timeshare Association.

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

Generally, the vote of Owners of a majority of Timeshare Interests will control, unless a higher percentage is required by the Timeshare Plan Documents, and, unless such a higher percentage is required in any particular case, Owners of a majority of all Timeshare Interests in the Timeshare Plan may veto or direct action by the Timeshare Board or Managing Agent. A "majority (or other specified percentage)" means a majority or other specified percentage of votes attributed to the Timeshare 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 Timeshare Bylaws provides that the Timeshare Bylaws 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 Annual Timeshare Interest has one (1) vote for each Timeshare Interest owned and each Member who owns a Biennial Odd or Even Year Timeshare Interest has a one-half (1/2) vote for each Timeshare Interest owned. When more than one (1) person owns a Timeshare Interest they are all considered Members, however, only one (1) vote may be cast per Timeshare Interest in the case of an Annual Timeshare Interest, and only a one-half (1/2) vote may be cast per Timeshare Interest in the case of a Biennial Timeshare Interest. How votes may be cast is controlled by the Timeshare Bylaws.

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

**16. DEVELOPER IS ALSO ACQUISITION AGENT OR SALES AGENT OR PLAN MANAGER.** The Developer is not the plan manager or the sales agent for the Timeshare Plan. As stated in Paragraph 2 above,

the Managing Agent is HV Global Management Corporation, an affiliate of the Developer. The sales agent for the Developer is HV Global Marketing Corporation ("HVGMC"), also an affiliate of the Developer. A description of the sales program for the Timeshare Plan is attached as Exhibit "5" to this document. Timeshare Interests will be offered for sale as real property by way of sales presentations and other advertising and promotions. HVGMC will also function as the rental agent for the Timeshare Plan and in connection therewith, will be entitled to a commission on all rents collected. The external exchange agent for the Timeshare Plan is Interval International, Inc. which has entered into an affiliation agreement with HVGG for the benefit of Owners.

17. **COMPLIANCE WITH COUNTY REQUIREMENTS.** The County of Maui has confirmed that the Resort Units are located within an area that 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 Purchaser. 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 Project, the Timeshare Plan, the Timeshare Plan 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.** CSC Services of 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, Honolulu, Hawaii 96813.

20. **ADDITIONAL DISCLOSURES.**

**A. TIMESHARE INTERESTS ARE OFFERED AS REAL PROPERTY; RISK OF LOSS, REBUILDING AND INSURANCE.** Timeshare Interests in the Timeshare Plan 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. Owners are prohibited from entering into such rental pool arrangements. No Owner shall enter into a "pooling" or similar program whereby such Owner's use Week is placed into a pool together with other Owners' Weeks or other properties and leased, or where rental income and/or expenses are shared. An Owner is only purchasing a Timeshare Interest in a Resort Unit located in the Condominium Project, which Timeshare Interest is not coupled with any rental pool arrangement. The Developer further makes no representation to Purchaser as to the potential rental value of the Timeshare Interest that Purchaser may purchase, nor any representation as to any expectation of profit that can be derived with respect to purchasing any Timeshare Interest in the Timeshare Plan.

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

Since a Timeshare Interest is an interest in real estate, the RISK OF TEMPORARY AND PERMANENT LOSS OR DAMAGE OF THIS INTEREST IS ON A PURCHASER AFTER CLOSING. If a Purchaser 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 Timeshare Plan 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 Timeshare Plan Documents and Condominium Documents also require the Timeshare Association and Condominium Association to obtain property, liability and other kinds of insurance, if obtainable or if in the Timeshare Board's judgment, they are obtainable at a reasonable cost. Each Purchaser should review (or have a qualified insurance agent review) these requirements, as well as the policies obtained by the Condominium Association and the Timeshare Association, to decide whether or not to purchase added insurance for himself or herself. Each Purchaser is free to obtain more insurance for himself or herself. Each Purchaser (and the Timeshare 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 Timeshare Association and the individual Purchaser, 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 HGVMC salespersons in Hawaii must be licensed real estate salesmen or brokers. If other sales agents are added later, they will be listed in 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 TIMESHARE PLAN DOCUMENTS.** Under the Timeshare Declaration the Developer has certain rights to amend the Timeshare Plan Documents without obtaining anyone's consent. The Developer may exercise its right at any time and for all purposes, before it transfers any Timeshare Interests in the Timeshare Plan.

**D. ADDITIONAL DISCLOSURE.** THE PROGRAMS AND PRODUCTS OF THE TIMESHARE PLAN AND THE CONDOMINIUM PROJECT ARE OWNED, DEVELOPED, MARKETING AND SOLD BY THE DEVELOPER. DEVELOPER IS AN AFFILIATE OF INTERVAL LEISURE GROUP, INC. MANAGING AGENT, AN AFFILIATE OF INTERVAL LEISURE GROUP, INC., WILL MANAGE THE CONDOMINIUM PROJECT AND THE TIMESHARE PLAN. HVGG, AN AFFILIATE OF INTERVAL LEISURE GROUP, INC., INDEPENDENTLY OWNS AND MANAGES THE HYATT RESIDENCE CLUB PROGRAM. THE PROGRAMS AND PRODUCTS PROVIDED UNDER THE HYATT RESIDENCE CLUB BRAND ARE OWNED, DEVELOPED AND SOLD BY HVGG, ITS PERMITTED AFFILIATES AND CERTAIN PERMITTED SUBLICENSEES, NOT BY HYATT HOTELS CORPORATION OR ANY OF ITS AFFILIATES. DEVELOPER, MANAGING AGENT, AND HVGG ARE NOT AFFILIATES OF HYATT HOTELS CORPORATION. DEVELOPER, HVGG AND MANAGING AGENT USE THE HYATT NAME AND MARKS UNDER LICENSE FROM AN AFFILIATE OF HYATT HOTELS CORPORATION, AND THE RIGHT TO USE SUCH NAME AND MARKS SHALL CEASE IF SUCH LICENSE EXPIRES OR IS REVOKED OR TERMINATED. HYATT HOTELS CORPORATION AND ITS AFFILIATES MAKE NO REPRESENTATIONS, WARRANTIES, OR GUARANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE INFORMATION CONTAINED IN ANY OFFERING DOCUMENTS OR WITH RESPECT TO THE TIMESHARE PLAN, THE CONDOMINIUM PROJECT, OR THE HYATT RESIDENCE CLUB PROGRAM.

21. **OTHER RIGHTS TO CANCEL.** Purchasers also have certain cancellation rights under the Condominium Property Act. On sales in any other state or country, a Purchaser will also have the rights to cancel, if any, given by the laws of that state and country and made a part of the Purchaser'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 Purchasers. Purchasers should understand that it is not possible or practical to include in this Disclosure Statement all points which each Purchaser may consider important, or a summary of all the documents involved. In addition, this document has been written in plain language. However, since the Timeshare Plan Documents are written in legal language, the language of this document may not be identical with the Timeshare Plan Documents. Each Purchaser is, therefore, cautioned to read carefully the Timeshare Plan Documents and Condominium Documents, the escrow agreement, the form of Purchase Contract, Purchaser'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 Purchaser is also cautioned that by signing a Purchase Contract, he accepts and agrees to obey all of these documents.

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

MAUI TIMESHARE VENTURE, LLC,  
a Delaware limited liability company

By HTS-Maui, L.L.C.,  
a Delaware limited liability company  
Its Managing Member



By

Name: Lisa Trosset  
Its: Vice President, Compliance,  
Closing and Loan Administration  
and Assistant Secretary



## **EXHIBIT "1"**

### **RESORT UNIT TYPES**

The Resort Units in the Timeshare Plan are distinguished by the different Resort Unit Types set forth below. There are presently 88 Resort Units in the Timeshare Plan. The Developer intends to include up to a total of 131 Resort Units in the Timeshare Plan but makes no guaranty or warranty whatsoever as to the final number of Resort Units that will be included in the Timeshare Plan. The specific Resort Units of a particular Resort Unit Type are reflected below for the reader's convenience (note that Resort Unit Type codes appear in parenthesis):

**ONE BEDROOM LOWER LEVEL OCEAN UNIT (1-LL-O).** One bedroom, with sleeping accommodations for four (4) persons, located on floors 1 through 4, which include the following Resort Units:

**3101, 3202, 3402**

**ONE BEDROOM LOWER LEVEL MOUNTAIN UNIT (1-LL-M).** One bedroom, with sleeping accommodations for four (4) persons, located on floors 1 through 4, which include the following Resort Units:

**3201, 3301, 3401**

**ONE BEDROOM UPPER LEVEL OCEAN UNIT (1-UP-O).** One bedroom, with sleeping accommodations for four (4) persons, located on floors 5 through 12, which include the following Resort Units:

**3502, 3602, 3702, 3802**

**ONE BEDROOM UPPER LEVEL MOUNTAIN UNIT (1-UP-M).** One bedroom, with sleeping accommodations for four (4) persons, located on floors 5 through 12, which include the following Resort Units:

**3501, 3601, 4001**

**TWO BEDROOM LOWER LEVEL UNIT (2-LL).** Two bedrooms, with sleeping accommodations for six (6) persons, located on floors 1 through 4, which include the following Resort Units:

**3102, 3103, 3104, 3203, 3204, 3205, 3206, 3207, 3208, 3209, 3210, 3211,  
3303, 3304, 3305, 3306, 3307, 3308, 3309, 3310, 3311, 3403**

**TWO BEDROOM MIDDLE LEVEL UNIT (2-MID).** Two bedrooms, with sleeping accommodations for six (6) persons, located on floors 5 through 8, which include the following Resort Units:

**3503, 3504, 3505, 3506, 3507, 3508, 3509, 3510, 3511, 3603, 3604,  
3605, 3606, 3607, 3608, 3609, 3610, 3611, 3703, 3704, 3705, 3706, 3707**

**TWO BEDROOM UPPER LEVEL UNIT (2-UP).** Two bedrooms, with sleeping accommodations for six (6) persons, located on floors 9 through 12, which include the following Resort Units:

**3903, 3904, 3905, 3906, 3907, 3908, 3909, 3910, 3911, 4003, 4004, 4005, 4006, 4007, 4008, 4009, 4010, 4011,  
4111, 4112, 4113, 4114**

**THREE BEDROOM LOWER LEVEL UNIT (3-LL).** Three bedrooms, with sleeping accommodations for eight (8) persons, located on floors 1 through 4, which include the following Resort Units:

**3105, 3212, 3412**

**THREE BEDROOM UPPER LEVEL UNIT (3-UP).** Three bedrooms, with sleeping accommodations for eight (8) persons, located on floors 5 through 12, which include the following Resort Units:

**3512, 3612, 3712, 3812, 4012**

Owners should consult the Condominium Documents available at the offices of the Developer for more particular descriptions of the Resort Units.

**EXHIBIT "2"**

**ENCUMBRANCES AGAINST TITLE**

1. Any and all applicable Real Property Taxes for Tax Map Key No. (2) 4-4-013-013, County of Maui.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Covenant recorded -- as Book 3822 Page 37 of Official Records.
4. Shoreline setback lines as they may be established by the State Land Use Commission or by the various Counties pursuant to the Hawaii Revised Statutes.
5. Seaward boundary: "Determination of the seaward boundary of the land described herein pursuant to the laws of the State of Hawaii.
6. Reservation as contained in Deed recorded June 9, 1969 as Land Court Document No. 476140 of Official Records.
7. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Restrictions recorded December 29, 1977 as Land Court Document No. 853030 and as Book 12641 Page 179 of Official Records.  
  
Said Declaration of Restrictions was amended by instruments recorded November 1, 1978 as Land Court Document No. 906095 and as Book 13244 Page 299, recorded July 2, 1981 as Land Court Document No. 1075081 and recorded August 1, 1996 filed as Land Court Document No. 2326857 of Official Records.  
  
Assignment of Declaration of Restrictions recorded June 30, 1981 as Land Court Document No. 1074335 and as Book 15658 Page 725 of Official Records.
8. The terms and provisions contained in the Agreement recorded August 10, 1979 as Book 13911 Page 285 of Official Records.  
  
Said Agreement was amended by instrument recorded December 10, 1982 as Book 16732 Page 736 of Official Records.
9. The terms and provisions contained in the Agreement recorded July 1, 1980 as Book 14834 Page 55 of Official Records.

10. Easement 128 for underground utility purposes, as shown on Map 47, as set forth by Land Court Order No. 63139 filed July 1, 1982, as amended by Land Court Order No. 63180, filed July 9, 1982, and as shown in document entitled "Approved Subdivision Map Land Court Application 1744" recorded June 15, 2012 as Regular System Document No. A-45491035 of Official Records.
11. Easement rights over Easement 128 for underground utility purposes in favor of Lots 71 and 72, as shown on Map 32 of Land Court Application 1744 as set forth by Land Court Order No. 63180, filed July 9, 1982.
12. Partial Assignment of Nonexclusive Easement, by and between Amfac Property Corp., a Hawaii corporation, as Assignor, and Kaanapali Waste Water Corporation, a Hawaii corporation, as Assignee, recorded July 29, 1982 as Land Court Document No. 1125492 of Official Records; re: granting a nonexclusive right to the use and benefit of a portion of Amfac Property Corp.'s nonexclusive easement for underground utility purposes over Easement 128.
13. Partial Assignment of Nonexclusive Easement, by and between Amfac Property Corp., a Hawaii corporation, as Assignor, and Kaanapali Beach Partners, a Hawaii general partnership, as Assignee, recorded August 18, 1982 as Land Court Document No. 1128129 of Official Records; re: granting a nonexclusive right to the use and benefit of a portion of Amfac Property Corp.'s nonexclusive easement for underground utility purposes over Easement 128.
14. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Hyatt Regency Maui Warranty Deed Reserving Security Interest in Land recorded August 26, 1982 as Land Court Document No. 1129153 of Official Records.
15. A Grant of Easement for underground utility purposes over Easement 128, in favor of County of Maui, a political subdivision of the State of Hawaii, recorded August 26, 1983 as Land Court Document No. 1188209 and as Book 17280 Page 590 of Official Records.
16. A Grant of Easement for underground electrical line purposes over Easement "B", in favor of Maui Electric company, Limited, a Hawaii corporation, and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation, now known as Hawaiian Telcom, Inc., a Hawaii corporation, recorded January 7, 1992 as Land Court Document No. 1879259 of Official Records.
17. The terms and provisions contained in the Private Water System Agreement recorded May 18, 1992 as Regular System Document No. 92-077631 of Official Records.  
  
Said Private Water System Agreement was amended by instrument recorded June 15, 1993 as Regular System Document No. 93-095065 of Official Records.
18. The terms and provisions contained in the Private Water System Agreement recorded December 15, 1992 as Regular System Document No. 92-203857 of Official Records.
19. The terms and provisions contained in the Private Water System Agreement recorded April 5, 1993 as Regular System Document No. 93-053614 of Official Records.



20. The terms and provisions contained in the Agreement for the Conveyance and Assignment of Easements, Rights and Obligations and Reservation of Rights recorded August 1, 1996 as Land Court Document No. 2326855 and Regular System Document No. 96-110079 of Official Records.
21. The terms and provisions contained in the Assignment and Assumption of Rights, Interests and Obligations and Reservation of Rights, Interests and Obligations recorded February 25, 2002 as Land Court Document No. 2781514 and Regular System Document No. 2002-033760 of Official Records.
22. Any facts, rights, interests, or claims which may exist or arise by reason of the facts disclosed by survey, Job No. 1-19015-OS, dated March 27, 2001 prepared by Ryan M. Suzuki, Licensed Professional Land Surveyor, Certificate No. 10059, as contained in Special Warranty Deed recorded March 28, 2001 as Land Court Document No. 2692988 of Official Records.
23. The terms and provisions contained in the Agreement Regarding Residential Workforce Housing recorded April 14, 2008 as Regular System Document No. 2008-057947 of Official Records.
24. The terms and provisions contained in the Hold-Harmless Agreement recorded July 21, 2008 as Regular System Document No. 2008-115888 of Official Records.
25. The terms and provisions contained in the Unilateral Agreement and Declaration (Off-Site Parking) recorded November 21, 2011 as Land Court Document No. 4113016 of Official Records.
26. The terms and provisions contained in the Hold Harmless Agreement recorded January 3, 2012 as Land Court Document No. T-8037194 of Official Records.
27. Certificate of Exemption from County Building Inspections recorded January 3, 2012 as Regular System Document No. A-43850445 of Official Records.
28. Certificate of Exemption from County Building Inspections recorded January 3, 2012 as Regular System Document No. A-43850446 of Official Records.
29. Certificate of Exemption from County Building Inspections recorded January 3, 2012 as Regular System Document No. A-43850447 of Official Records.
30. Existing electrical and telephone Easement B as shown in document entitled "Approved Subdivision Map Land Court Application 1744" recorded June 15, 2012 as Regular System Document No. A-45491035 of Official Records.
31. Access and utility Easement A-1 in favor of Lot 66-B of Land Court Application 1744 as shown and more particularly described in document entitled "Approved Subdivision Map Land Court Application 1744" recorded June 15, 2012 as Regular System Document No. A-45491035 of Official Records.
32. A Grant of Easement for utility purposes over Easement 278, in favor of Maui Electric Company, Limited, a Hawaii corporation, and Hawaiian Telcom, Inc., a Hawaii corporation, recorded September 10, 2012 as Regular System Document No. A-46360940 of Official Records.
33. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of

income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Restrictions (Operational and Maintenance Standards) recorded October 24, 2012 as Regular System Document No. A-46800525 of Official Records.

34. A Grant of Easement for ingress and egress purposes, in favor of HMC Maui LP, a Delaware limited partnership, recorded November 9, 2012 as Regular System Document No. A-46960685 of Official Records.
35. The terms and provisions contained in the Amenities and Facilities Use and Access Agreement recorded November 9, 2012 as Regular System Document No. A-46960688 of Official Records.
36. A mortgage to secure an original principal indebtedness of \$110,000,000.00, and any other amounts or obligations secured thereby.  
Dated: November 9, 2012  
Mortgagor: Maui Timeshare Venture, LLC, a Delaware limited liability company  
Mortgagee: First Hawaiian Bank, a Hawaii corporation, as agent  
Recorded November 9, 2012 as Regular System Document No. A-46960689 of Official Records.  
  
Subordination and Non-Disturbance Agreement and Notice to Creditors dated effective as of November 12, 2014, recorded November 14, 2014 as Regular System Document No. A-54311079 of Official Records.
37. Absolute Assignment of Rentals and Lessor's Interest in Leases  
  
Dated: November 9, 2012  
Recorded: November 9, 2012 as Regular System Document No. A-46960690 of Official Records  
Assignor: Maui Timeshare Venture, LLC, a Delaware limited liability company  
Assignee: First Hawaiian Bank, a Hawaii corporation, as agent
38. A financing statement;  
  
Debtor: Maui Timeshare Venture, LLC  
Secured Party: First Hawaiian Bank  
Recorded November 9, 2012 as Regular System Document No. A-46960691 of Official Records.
39. A Grant of Easement for drainage purposes, in favor of Lahaina Land Company, LLC, a Hawaii limited liability company, recorded August 26, 2013 as Regular System Document No. A-49860637 of Official Records.
40. Regular System Condominium Map No. 5216.
41. The terms and provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime, as may be amended. Said Declaration was recorded September 30, 2013 as Regular System Document No. A-50210807 of Official Records.
42. The terms and provisions contained in or incorporated by reference in the Condominium By-Laws, as may be amended. Said By-Laws were recorded September 30, 2013 as Regular System Document No. A-50210808 of Official Records.

43. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the H.K.B. Vacation Ownership Plan Declaration of Covenants, Conditions and Restrictions recorded September 30, 2013 as Regular System Document No. A-50210809 of Official Records.

First Amendment to H.K.B. Vacation Ownership Plan Declaration of Covenants, Conditions and Restrictions dated December 3, 2014, recorded December 10, 2014 as Regular System Document No. A-54570269 of Official Records.

H.K.B. Vacation Ownership Plan Declaration of Covenants, Conditions and Restrictions First Declaration of Annexation dated May 13, 2015, recorded June 10, 2015 as Regular System Document No. A-56391000 of Official Records.

44. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Uniform Mortgage Covenants of H.K.B. Vacation Ownership Plan recorded August 19, 2014 as Regular System Document No. A-53440254 of Official Records.
45. A Grant of Easement for electrical purposes over Easement "E-1", more particularly described therein, in favor of Maui Electric Company, Limited, a Hawaii corporation, and Hawaiian Telcom, Inc., a Hawaii corporation, recorded April 27, 2015 as Regular System Document No. A-55950701 of Official Records.
46. Any and all leases, subleases and/or tenancy agreements, the rights thereunder and encumbrances thereto.
47. Any statutory lien for labor or materials arising by reason of any work of improvement now in progress or recently completed.

**EXHIBIT "3"**

**SALES PRICES  
SCHEDULE OF ESTIMATED CLOSING EXPENSES**

**SALES PRICES.** Sales prices are subject to change by the Developer without notice. A Purchaser is obligated to pay the initial price stated in the Purchaser's Purchase Contract.

**SCHEDULE OF CLOSING EXPENSES**

Title Insurance Fees:	
Owner's Title Policy*	\$100.00
Mortgagee Policy (concurrent issue)	\$10.00
Escrow Fee (FLAT FEE)	\$67.70
Recording Fee on Deed and Mortgage**	
Regular System - Deed	\$93.00
Regular System -Mortgage	\$31.00
Deed Conveyance Tax	Purchase Price x .001
First Year Timeshare Assessment for Timeshare Plan Common Expenses (see current Estimated Operating Budget)	PURCHASER TO PAY
First Year Expenses for Ad Valorem Taxation And Special Assessments (see current Estimated Operating Budget)	PURCHASER TO PAY

\* An Owner's title policy is \$100.00 for up to \$75,000.00 of value and \$1.00 for each \$1,000.00 thereafter. If an Owner's Policy will not be issued to an Owner, a \$50.00 accommodation fee will be charged.

\*\* Recording fees are subject to modification without notice in the event of change thereto imposed by the State of Hawaii



**EXHIBIT "4"****BUDGET**

**Association of Unit Owners of H.K.B. Condominium  
Hyatt Ka'anapali Beach  
2015 Budget and Maintenance Fee**

<b>Units</b>	
<b>136</b>	<b>BUDGET TOTAL</b>
<b>INCOME</b>	
Condo Association Assessments	\$6,366,414
Reserve Income	\$172,500
Other Income	\$0
<b>Total Association Income</b>	<b>\$6,538,914</b>
<b>EXPENSES</b>	
General & Administration	\$250,600
Engineering & Housekeeping	\$400,000
Cable	\$60,000
Electricity	\$1,800,000
Fire, Life and Safety	\$12,000
Heating/AC	\$6,000
Fuel (Gas, Diesel & Oil)	\$114,000
Landscape/Grounds Maintenance	\$300,000
Pest Control	\$18,000
Plumbing	\$4,800
Pool and Spa	\$165,688
Security	\$189,648
Trash Removal	\$38,400
Telephone	\$30,000
Water	\$240,000
Sewer	\$90,000
Other Expenses	\$108,000
KBA Fee	\$70,000
Parking and resort access fee	\$1,623,136
<b>Sub-Total Operating Expenses</b>	<b>\$5,520,272</b>
<b>FIXED EXPENSES</b>	
Assessment, Billing, Collections	\$0
Audit	\$1,800
Bad Debt	\$0
Club Fee	\$0
Insurance	\$37,500
License/Permits	\$1,290
Legal	\$4,500
Accounting Support	\$12,750
Condo Association dues	\$0
<b>Sub-Total Fixed Expenses</b>	<b>\$57,840</b>
<b>TOTAL FIXED &amp; OPERATING</b>	<b>\$5,578,112</b>
Management Fee (15%)	\$852,902
Corporate Taxes	\$5,400
Excise tax	\$0
<b>Total Common Expenses</b>	<b>\$6,436,414</b>
Contingency (3%)	
<b>Reserve for Replacement Fund</b>	<b>\$172,500</b>
<b>Total Association Expenses</b>	<b>\$6,608,914</b>
<b>Less Other Income</b>	<b>\$0</b>
<b>Total Due Association</b>	<b>\$6,608,914</b>
<b>Estimated Ad Valorem Taxes</b>	<b>\$2,620,000</b>

See following page for individual unit assessment allocation

**Association of Unit Owners of H.K.B. Condominium**

Hyatt Ka'anapali Beach

Unit Number	Unit Type	Floor Plan	Condo Fee per Unit	Estimated Property Taxes per Unit	Total Annual Per Unit	Total Monthly Per Unit
3101	1-LL-O	L	\$35,022	\$14,617	\$49,639	\$4,137
3102	2-LL	E-ADA	\$46,265	\$19,310	\$65,574	\$5,465
3103	2-LL	E	\$46,265	\$19,310	\$65,574	\$5,465
3104	2-LL	E	\$46,265	\$19,310	\$65,574	\$5,465
3105	3-LL	H	\$80,926	\$33,776	\$114,702	\$9,559
3201	1-LL-M	K-ADA	\$34,247	\$14,294	\$48,541	\$4,045
3202	1-LL-O	J	\$35,022	\$14,617	\$49,639	\$4,137
3203	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3204	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3205	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3206	2-LL	A	\$46,265	\$19,310	\$65,574	\$5,465
3207	2-LL	B	\$46,265	\$19,310	\$65,574	\$5,465
3208	2-LL	A	\$46,265	\$19,310	\$65,574	\$5,465
3209	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3210	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3211	2-LL	A	\$46,265	\$19,310	\$65,574	\$5,465
3212	3-LL	G1	\$80,926	\$33,776	\$114,702	\$9,559
3301	1-LL-M	K	\$34,247	\$14,294	\$48,541	\$4,045
3302	1-LL-O	J	\$35,022	\$14,617	\$49,639	\$4,137
3303	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3304	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3305	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3306	2-LL	A	\$46,265	\$19,310	\$65,574	\$5,465
3307	2-LL	B-ADA	\$46,265	\$19,310	\$65,574	\$5,465
3308	2-LL	A	\$46,265	\$19,310	\$65,574	\$5,465
3309	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3310	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3311	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3312	3-LL	G	\$80,926	\$33,776	\$114,702	\$9,559
3401	1-LL-M	K	\$34,247	\$14,294	\$48,541	\$4,045
3402	1-LL-O	J-ADA	\$35,022	\$14,617	\$49,639	\$4,137
3403	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3404	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3405	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3406	2-LL	A	\$46,265	\$19,310	\$65,574	\$5,465
3407	2-LL	B	\$46,265	\$19,310	\$65,574	\$5,465
3408	2-LL	A	\$46,265	\$19,310	\$65,574	\$5,465
3409	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3410	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3411	2-LL	A2	\$46,265	\$19,310	\$65,574	\$5,465
3412	3-LL	G-ADA	\$80,926	\$33,776	\$114,702	\$9,559
3501	1-UP-M	K	\$34,280	\$14,307	\$48,587	\$4,049
3502	1-UP-O	J	\$32,592	\$13,603	\$46,195	\$3,850
3503	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3504	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3505	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3506	2-MID	A	\$46,505	\$19,410	\$65,915	\$5,493
3507	2-MID	B	\$46,505	\$19,410	\$65,915	\$5,493
3508	2-MID	A	\$46,505	\$19,410	\$65,915	\$5,493
3509	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3510	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3511	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493

3512	3-UP	G	\$83,162	\$34,710	\$117,871	\$9,823
3601	1-UP-M	K	\$34,280	\$14,307	\$48,587	\$4,049
3602	1-UP-O	J	\$32,592	\$13,603	\$46,195	\$3,850
3603	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3604	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3605	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3606	2-MID	A-ADA	\$46,505	\$19,410	\$65,915	\$5,493
3607	2-MID	B	\$46,505	\$19,410	\$65,915	\$5,493
3608	2-MID	A	\$46,505	\$19,410	\$65,915	\$5,493
3609	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3610	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3611	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3612	3-UP	G	\$83,162	\$34,710	\$117,871	\$9,823
3701	1-UP-M	K	\$34,280	\$14,307	\$48,587	\$4,049
3702	1-UP-O	J	\$32,592	\$13,603	\$46,195	\$3,850
3703	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3704	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3705	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3706	2-MID	A-ADA	\$46,505	\$19,410	\$65,915	\$5,493
3707	2-MID	B	\$46,505	\$19,410	\$65,915	\$5,493
3708	2-MID	A	\$46,505	\$19,410	\$65,915	\$5,493
3709	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3710	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3711	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3712	3-UP	G	\$83,162	\$34,710	\$117,871	\$9,823
3801	1-UP-M	K	\$34,280	\$14,307	\$48,587	\$4,049
3802	1-UP-O	J-ADA	\$32,592	\$13,603	\$46,195	\$3,850
3803	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3804	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3805	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3806	2-MID	A	\$46,505	\$19,410	\$65,915	\$5,493
3807	2-MID	B	\$46,505	\$19,410	\$65,915	\$5,493
3808	2-MID	A	\$46,505	\$19,410	\$65,915	\$5,493
3809	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3810	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3811	2-MID	A2	\$46,505	\$19,410	\$65,915	\$5,493
3812	3-UP	G	\$83,162	\$34,710	\$117,871	\$9,823
3901	1-UP-M	K	\$34,280	\$14,307	\$48,587	\$4,049
3902	1-UP-O	J	\$32,592	\$13,603	\$46,195	\$3,850
3903	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
3904	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
3905	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
3906	2-UP	A	\$46,534	\$19,422	\$65,956	\$5,496
3907	2-UP	B	\$46,534	\$19,422	\$65,956	\$5,496
3908	2-UP	A	\$46,534	\$19,422	\$65,956	\$5,496
3909	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
3910	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
3911	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
3912	3-UP	G	\$83,162	\$34,710	\$117,871	\$9,823
4001	1-UP-M	K-ADA	\$34,280	\$14,307	\$48,587	\$4,049
4002	1-UP-O	J	\$32,592	\$13,603	\$46,195	\$3,850
4003	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4004	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4005	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4006	2-UP	A	\$46,534	\$19,422	\$65,956	\$5,496
4007	2-UP	B	\$46,534	\$19,422	\$65,956	\$5,496
4008	2-UP	A	\$46,534	\$19,422	\$65,956	\$5,496
4009	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4010	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496

4011	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4012	3-UP	G-ADA	\$83,162	\$34,710	\$117,871	\$9,823
4111	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4112	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4113	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4114	2-UP	A-ADA	\$46,534	\$19,422	\$65,956	\$5,496
4115	2-UP	B	\$46,534	\$19,422	\$65,956	\$5,496
4116	2-UP	A	\$46,534	\$19,422	\$65,956	\$5,496
4117	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4118	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4119	3-UP	D	\$83,162	\$34,710	\$117,871	\$9,823
4121	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4122	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4123	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4124	2-UP	A	\$46,534	\$19,422	\$65,956	\$5,496
4125	2-UP	B	\$46,534	\$19,422	\$65,956	\$5,496
4126	2-UP	A	\$46,534	\$19,422	\$65,956	\$5,496
4127	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4128	2-UP	A2	\$46,534	\$19,422	\$65,956	\$5,496
4129	3-UP	D	\$83,162	\$34,710	\$117,871	\$9,823
CU-1	Pool Bar		\$23,002	\$0	\$23,002	\$1,917
CU-2	Towel Hut		\$5,701	\$0	\$5,701	\$475
CU-3	Country Store		\$93,778	\$0	\$93,778	\$7,815
CU-4	Front Desk		\$53,829	\$0	\$53,829	\$4,486
CU-5	Events Area		\$85,273	\$0	\$85,273	\$7,106
			<u>\$6,538,914</u>	<u>\$2,620,000</u>	<u>\$9,158,914</u>	<u>\$763,243</u>



**Budget Notes**

**Association of Unit Owners of H.K.B. Condominium**

1. The following disclaimer forms an integral part of this document. Any and all information herein contained is expressly made subject to the terms of the following disclaimer: The projections, estimates and forecasts contained herein (collectively, the "Estimates") are based solely upon information currently available to HV Global Management Corporation ("HVGMC") and HVGMC's good faith assumptions regarding the operation of the project during the time periods herein set forth. HVGMC cannot and does not warrant, represent or guarantee the accuracy of the estimates or the economic results of the operation of the project, and HVGMC does not undertake any obligation to update or supplement the estimates subsequent to the initial date of delivery. Any and all such representations, warranties and/or guarantees (verbal, written, expressed or implied) are hereby disclaimed. Neither the content of the estimates nor HVGMC's delivery hereof shall confer upon the recipient any right whatsoever to rely upon the information and data contained herein. The estimates are intended to be used solely for informational purposes, and are not intended to be used as an inducement for action. Without limiting the foregoing, HVGMC shall not be deemed to be recipient's agent, advisor, consultant, fiduciary or underwriter with respect to the purchase, acquisition or development of the project. Recipient acknowledges that it may retain third party advisors to perform such functions on its behalf, and is encouraged by HVGMC to do so. Recipient's receipt and acceptance of this document shall be deemed by HVGMC to be recipient's acknowledgment of the terms of this disclaimer.

2. **Related Party Transaction Disclosures.** Employees of an affiliate of the Developer and employees of HVGMC are members of the Board of Directors of the Association of Unit Owners of H.K.B. Condominium. HVGMC and its affiliates provide certain services to the Association of Unit Owners of H.K.B. Condominium ("Condominium Association") and to H.K.B. Vacation Owners' Association, Inc. ("Timeshare Association").

3. **Association Books and Records.** The books and records of the Condominium Association are maintained by HV Global Management Corporation, which is located at 140 Fountain Parkway, Suite 570, St. Petersburg, FL 33716. Electronic copies of the Condominium Association records will be stored in HVGMC's offices at the resort. The books and records are available for reasonable inspection by any owner or the owner's authorized agents.

4. The budget is certified to have been based on generally accepted accounting principles, and has been prepared on an accrual basis.

5. **Reserves.** This is the estimated operating budget for the first year of operation of the Timeshare Plan. Accordingly, as of the date of the budget, the amount of total cash reserves held by the Timeshare Association is \$0.00. Pursuant to Section 514B-148 of the Hawaii Revised Statutes, a new association need not collect estimated replacement reserves until the fiscal year that begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project; however, replacement reserve amounts set forth in the budget have been estimated by the Developer based upon the information presently available to the Developer and the experience of Developer's affiliates at similar resorts. Once the project is complete, the Condominium Association will commission a reserve study which will establish estimated replacement reserves for the fiscal year that begins after the Condominium Association's first annual meeting. Reserves are generally calculated by reviewing, for each category of reserve component, the estimated useful life of the reserve component, the remaining useful life of the component, the estimated cost to replace the component, and the estimated balance of the reserve fund to determine the amount of funding required to the reserve fund in the applicable budget year to provide that, together with future funding, adequate reserves will be available to replace the component at the end of the component's estimated useful life. The estimated operating budget establishes that the Condominium Association will collect \$172,900.00 to fund cash reserves.

6. **Developer Guaranty (Condominium Association).** In connection with the sale of Resort Units, the Developer reserves the right to guarantee the level of Condominium Common Expenses and be excused from payment of same. The Developer guarantees to each Owner of a Unit in the Condominium that from January 1, 2014 through December 31, 2015, the total annual assessment for Common Expenses of the Condominium imposed upon all such Owners will not exceed the amounts shown in the following table (exclusive of Ad Valorem Taxes, which are billed separately)

Resort Unit Number	Resort Unit Type	Guaranty Amount
3101	1-LL-O	\$35,022
3102	2-LL	\$46,265
3103	2-LL	\$46,265
3104	2-LL	\$46,265
3105	3-LL	\$80,926
3201	1-LL-M	\$34,247
3202	1-LL-O	\$35,022
3203	2-LL	\$46,265
3204	2-LL	\$46,265
3205	2-LL	\$46,265
3206	2-LL	\$46,265
3207	2-LL	\$46,265
3208	2-LL	\$46,265
3209	2-LL	\$46,265
3210	2-LL	\$46,265
3211	2-LL	\$46,265
3212	3-LL	\$80,926
3301	1-LL-M	\$34,247
3302	1-LL-O	\$35,022
3303	2-LL	\$46,265
3304	2-LL	\$46,265
3305	2-LL	\$46,265
3306	2-LL	\$46,265
3307	2-LL	\$46,265
3308	2-LL	\$46,265
3309	2-LL	\$46,265
3310	2-LL	\$46,265
3311	2-LL	\$46,265
3312	3-LL	\$80,926
3401	1-LL-M	\$34,247
3402	1-LL-O	\$35,022
3403	2-LL	\$46,265
3404	2-LL	\$46,265
3405	2-LL	\$46,265
3406	2-LL	\$46,265
3407	2-LL	\$46,265
3408	2-LL	\$46,265
3409	2-LL	\$46,265
3410	2-LL	\$46,265
3411	2-LL	\$46,265
3412	3-LL	\$80,926
3501	1-UP-M	\$34,280
3502	1-UP-O	\$32,592
3503	2-MID	\$46,505
3504	2-MID	\$46,505
3505	2-MID	\$46,505
3506	2-MID	\$46,505
3507	2-MID	\$46,505
3508	2-MID	\$46,505
3509	2-MID	\$46,505
3510	2-MID	\$46,505
3511	2-MID	\$46,505
3512	3-UP	\$83,162
3601	1-UP-M	\$34,280
3602	1-UP-O	\$32,592
3603	2-MID	\$46,505
3604	2-MID	\$46,505
3605	2-MID	\$46,505
3606	2-MID	\$46,505
3607	2-MID	\$46,505
3608	2-MID	\$46,505
3609	2-MID	\$46,505
3610	2-MID	\$46,505
3611	2-MID	\$46,505
3612	3-UP	\$83,162
3701	1-UP-M	\$34,280
3702	1-UP-O	\$32,592
3703	2-MID	\$46,505
3704	2-MID	\$46,505

3705	2-MID	\$46,505
3706	2-MID	\$46,505
3707	2-MID	\$46,505
3708	2-MID	\$46,505
3709	2-MID	\$46,505
3710	2-MID	\$46,505
3711	2-MID	\$46,505
3712	3-UP	\$83,162
3801	1-UP-M	\$34,280
3802	1-UP-O	\$32,592
3803	2-MID	\$46,505
3804	2-MID	\$46,505
3805	2-MID	\$46,505
3806	2-MID	\$46,505
3807	2-MID	\$46,505
3808	2-MID	\$46,505
3809	2-MID	\$46,505
3810	2-MID	\$46,505
3811	2-MID	\$46,505
3812	3-UP	\$83,162
3901	1-UP-M	\$34,280
3902	1-UP-O	\$32,592
3903	2-UP	\$46,534
3904	2-UP	\$46,534
3905	2-UP	\$46,534
3906	2-UP	\$46,534
3907	2-UP	\$46,534
3908	2-UP	\$46,534
3909	2-UP	\$46,534
3910	2-UP	\$46,534
3911	2-UP	\$46,534
3912	3-UP	\$83,162
4001	1-UP-M	\$34,280
4002	1-UP-O	\$32,592
4003	2-UP	\$46,534
4004	2-UP	\$46,534
4005	2-UP	\$46,534
4006	2-UP	\$46,534
4007	2-UP	\$46,534
4008	2-UP	\$46,534
4009	2-UP	\$46,534
4010	2-UP	\$46,534
4011	2-UP	\$46,534
4012	3-UP	\$83,162
4111	2-UP	\$46,534
4112	2-UP	\$46,534
4113	2-UP	\$46,534
4114	2-UP	\$46,534
4115	2-UP	\$46,534
4116	2-UP	\$46,534
4117	2-UP	\$46,534
4118	2-UP	\$46,534
4119	3-UP	\$83,162
4121	2-UP	\$46,534
4122	2-UP	\$46,534
4123	2-UP	\$46,534
4124	2-UP	\$46,534
4125	2-UP	\$46,534
4126	2-UP	\$46,534
4127	2-UP	\$46,534
4128	2-UP	\$46,534
4129	3-UP	\$83,162

In consideration of this guaranty, the Developer shall be excused from the payment of its share of the Common Expenses which otherwise would have been assessed against its unsold Resort Units in the Condominium during the term of the guaranty. As a consequence of this exemption, the Developer shall pay any amount of Common Expenses not collected from the other Owners needed to meet the expenses of the Condominium Association as these expenses are incurred each year while the guaranty is in effect. However, any Common Expenses incurred during the guarantee period resulting from a natural disaster or an act of God, which are not covered by insurance proceeds from the insurance maintained by the Association, will be assessed against all Owners owning Resort Units on the date of such natural disaster or act of God, including the Developer; provided that during any period of time the Developer controls the Condominium Association, the Condominium Association maintains all insurance coverage required by Hawaii law. The Developer reserves the right, but not the obligation, to extend and increase this guaranty for one or more periods of one year each after the expiration of the current guaranty period on December 31, 2015, as permitted by law.

7. Management Contract and Management Fee. The Condominium Association has a management contract with HVGMC. The initial term expires on the third (3<sup>rd</sup>) anniversary of the closing of the sale of the first Resort Unit in the Resort, unless terminated earlier in accordance with its terms or applicable law. The contract subsequently renews for successive three year periods, unless sooner terminated in accordance with its terms. HVGMC provides on-site management services, and off-site administrative and accounting services. Fees under the contract are based on an amount not to exceed 15% of the Condominium Association's annual operating budget, excluding reserves and taxes. In addition, HVGMC and its affiliates provided certain other services to the Condominium Association and the Timeshare Association.

8. Ad Valorem Taxes. Ad valorem taxes are currently billed to the master property submitted to the Condominium and will be allocated among the Resort Units until such time as the Resort Units are individually assessed and billed. Until such time as an Owner's Resort Unit is individually assessed and billed for ad valorem taxes, the Condominium Association shall collect such allocated amount in the same manner as the Condominium Association collects other Common Expenses from Owners of Resort Units in the Condominium. Each Owner of a Resort Unit in the Condominium shall pay Owner's allocated portion of all ad valorem taxes.



**H.K.B. Vacation Owners' Association  
Hyatt Ka'anapali Beach  
2015 Budget and Maintenance Fee**

UNIT WEEKS

4,576

BUDGET TOTAL

**INCOME**

Assessment Income	\$5,010,673
Reserve Income	\$656,641
Other Income	<u>\$385,056</u>
<b>Total Association Income</b>	<b>\$6,052,371</b>

**EXPENSES**

General & Administration	\$1,173,053
Engineering & Housekeeping	\$2,370,767
Parking and resort access fee	<u>\$6,636</u>
<b>Sub-Total Operating Expenses</b>	<b>\$3,550,456</b>

**FIXED EXPENSES**

Assessment, Billing, Collections	\$45,760
Audit	\$6,852
Bad Debt	\$75,000
Club Fee	\$640,840
Insurance	\$142,748
License/Permits	\$4,911
Legal	\$17,130
Accounting Support	\$48,534
<b>Sub-Total Fixed Expenses</b>	<b>\$981,575</b>

<b>TOTAL FIXED &amp; OPERATING</b>	<b>\$4,532,031</b>
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Management Fee (15%)	\$627,530
Corporate Taxes	\$20,556
Excise tax	<u>\$215,614</u>
<b>Total Common Expenses</b>	<b>\$5,395,730</b>
Reserve for Replacement Fund	<u>\$656,641</u>
<b>Total Association Expenses</b>	<b>\$6,052,371</b>

Less Other Income	<u>(\$385,056)</u>
<b>Total Due Association</b>	<b><u>\$5,667,315</u></b>

See following pages for individual timeshare interest assessment allocation

**H.K.B. Vacation Owners' Association**  
**Hyatt Ka'anapali Beach**  
**2015 Budget and Maintenance Fee**  
**Per Annual Timeshare Interest in each Resort Unit**

Unit Number	Timeshare Association Percentage Common Interest	Timeshare Association Fees
3101	0.016%	\$906
3102	0.021%	\$1,197
3103	0.021%	\$1,197
3104	0.021%	\$1,197
3105	0.037%	\$2,095
3201	0.016%	\$886
3202	0.016%	\$906
3203	0.021%	\$1,197
3204	0.021%	\$1,197
3205	0.021%	\$1,197
3206	0.021%	\$1,197
3207	0.021%	\$1,197
3208	0.021%	\$1,197
3209	0.021%	\$1,197
3210	0.021%	\$1,197
3211	0.021%	\$1,197
3212	0.037%	\$2,095
3301	0.016%	\$886
3303	0.021%	\$1,197
3304	0.021%	\$1,197
3305	0.021%	\$1,197
3306	0.021%	\$1,197
3307	0.021%	\$1,197
3308	0.021%	\$1,197
3309	0.021%	\$1,197
3310	0.021%	\$1,197
3311	0.021%	\$1,197
3401	0.016%	\$886
3402	0.016%	\$906
3403	0.021%	\$1,197
3412	0.037%	\$2,095
3501	0.016%	\$887
3502	0.015%	\$844
3503	0.021%	\$1,204
3504	0.021%	\$1,204
3505	0.021%	\$1,204
3506	0.021%	\$1,204
3507	0.021%	\$1,204
3508	0.021%	\$1,204
3509	0.021%	\$1,204
3510	0.021%	\$1,204
3511	0.021%	\$1,204
3512	0.038%	\$2,152
3601	0.016%	\$887
3602	0.015%	\$844
3603	0.021%	\$1,204
3604	0.021%	\$1,204
3605	0.021%	\$1,204
3606	0.021%	\$1,204
3607	0.021%	\$1,204
3608	0.021%	\$1,204
3609	0.021%	\$1,204
3610	0.021%	\$1,204
3611	0.021%	\$1,204
3612	0.038%	\$2,152
3702	0.015%	\$844

3703	0.021%	\$1,204
3704	0.021%	\$1,204
3705	0.021%	\$1,204
3706	0.021%	\$1,204
3707	0.021%	\$1,204
3712	0.038%	\$2,152
3802	0.015%	\$944
3812	0.038%	\$2,152
3903	0.021%	\$1,204
3904	0.021%	\$1,204
3905	0.021%	\$1,204
3906	0.021%	\$1,204
3907	0.021%	\$1,204
3908	0.021%	\$1,204
3909	0.021%	\$1,204
3910	0.021%	\$1,204
3911	0.021%	\$1,204
4001	0.016%	\$887
4003	0.021%	\$1,204
4004	0.021%	\$1,204
4005	0.021%	\$1,204
4006	0.021%	\$1,204
4007	0.021%	\$1,204
4008	0.021%	\$1,204
4009	0.021%	\$1,204
4010	0.021%	\$1,204
4011	0.021%	\$1,204
4012	0.038%	\$2,152
4111	0.021%	\$1,204
4112	0.021%	\$1,204
4113	0.021%	\$1,204
4114	0.021%	\$1,204

**Budget Notes**

**H.K.B. Vacation Owners' Association, Inc.**

1. The following disclaimer forms an integral part of this document. Any and all information herein contained is expressly made subject to the terms of the following disclaimer.  
The projections, estimates and forecasts contained herein (collectively, the "Estimates") are based solely upon information currently available to HV Global Management Corporation ("HVGMC") and HVGMC's good faith assumptions regarding the operation of the project during the time periods herein set forth. HRMC cannot and does not warrant, represent or guarantee the accuracy of the estimates or the economic results of the operation of the project, and HRMC does not undertake any obligation to update or supplement the estimates subsequent to the initial date of delivery. Any and all such representations, warranties and/or guarantees (verbal, written, expressed or implied) are hereby disclaimed. Neither the content of the estimates nor HVGMC's delivery hereof shall confer upon the recipient any right whatsoever to rely upon the information and data contained herein. The estimates are intended to be used solely for informational purposes, and are not intended to be used as an inducement for action. Without limiting the foregoing, HVGMC shall not be deemed to be recipient's agent, advisor, consultant, fiduciary or underwriter with respect to the purchase, acquisition or development of the project. Recipient acknowledges that it may retain third party advisors to perform such functions on its behalf, and is encouraged by HVGMC to do so. Recipient's receipt and acceptance of this document shall be deemed by HVGMC to be recipient's acknowledgment of the terms of this disclaimer.
2. **Related Party Transaction Disclosures.** Employees of an affiliate of the Developer and employees of HVGMC are members of the Board of Directors of H.K.B. Vacation Owners' Association, Inc. HVGMC and its affiliates provide certain services to the Association of Unit Owners of H.K.B. Condominium ("Condominium Association") and to H.K.B. Vacation Owners' Association, Inc. ("Timeshare Association").
3. **Association Books and Records.** The books and records of the Timeshare Association are maintained by HV Global Management Corporation, which is located at 140 Fountain Parkway, Suite 570, St. Petersburg, FL 33716. Electronic copies of the Timeshare Association records will be stored in HVGMC's offices at the resort. The books and records shall be made available for inspection in the State of Hawaii upon reasonable notice by the Department of Commerce and Consumer Affairs, Timeshare Division.
4. The budget is certified to have been based on generally accepted accounting principles, and has been prepared on an accrual basis.
5. **Reserves.** This is the estimated operating budget for the first year of operation of the Timeshare Plan. Accordingly, as of the date of the budget, the amount of total cash reserves held by the Timeshare Association is \$0.00. The Developer has not conducted a reserve study for the Project; however, replacement reserve amounts set forth in the budget have been estimated by the Developer based upon the information presently available to the Developer and the experience of Developer's affiliates at similar resorts. Once the project is complete, the Association will commission a reserve study which will establish estimated replacement reserves for the fiscal year that begins after the Association's first annual meeting. Reserves are generally calculated by reviewing, for each category of reserve component, the estimated useful life of the reserve component, the remaining useful life of the component, the estimated cost to replace the component, and the estimated balance of the reserve fund to determine the amount of funding required to the reserve fund in the applicable budget year to provide that, together with future funding, adequate reserves will be available to replace the component at the end of the component's estimated useful life. The estimated operating budget establishes that the Timeshare Association will collect \$656,641.00 to fund cash reserves.
6. **Developer Guaranty (Timeshare Interests).** In connection with the sale of Timeshare Interests, the Developer reserves the right to guarantee the level of Timeshare Common Expenses and be excused from payment of same. The Developer guarantees to each Owner of a Timeshare Interest that from January 1, 2014 through December 31, 2015, the total annual assessment for Timeshare Plan Common Expenses imposed upon all such Owners will not exceed the amounts shown in the following table for a Timeshare Interest related to a Resort Unit of the following Resort Unit Type (exclusive of Ad Valorem Taxes, which are billed separately):



Resort Unit Type	Timeshare Association Assessments	Condominium Association Assessments
1-LL-O	\$906.44	\$673.49
1-LL-M	\$886.39	\$658.59
1-UP-O	\$843.56	\$626.77
1-UP-M	\$887.26	\$659.22
2-LL	\$1,197.44	\$889.71
2-MID	\$1,203.65	\$894.33
2-UP	\$1,204.41	\$894.88
3-LL	\$2,094.62	\$1,556.27
3-UP	\$2,152.49	\$1,599.26

See the proposed budget for the Association of Unit Owners of H.K.B. Condominium for additional information regarding the estimated Condominium Association assessments and estimated ad valorem real estate tax assessments applicable to each Resort Unit. Guaranty amounts are exclusive of ad valorem real estate tax assessments.

In consideration of this guaranty, the Developer shall be excused from the payment of its share of the Timeshare Plan Common Expenses which otherwise would have been assessed against its unsold Timeshare Interests during the term of the guaranty. As a consequence of this exemption, the Developer shall pay any amount of Common Expenses not collected from the other Owners needed to meet the expenses of the Timeshare Association as these expenses are incurred each year while the guaranty is in effect. However, any Timeshare Plan Common Expenses incurred during the guarantee period resulting from a natural disaster or an act of God, which are not covered by insurance proceeds from the insurance maintained by the Timeshare Association, will be assessed against all Owners owning Timeshare Interests on the date of such natural disaster or act of God, including the Developer; provided that during any period of time the Developer controls the Timeshare Association, the Timeshare Association maintains all insurance coverage required by law. The Developer reserves the right, but not the obligation, to extend and increase this guaranty for one or more periods of one year each after the expiration of the current guaranty period on December 31, 2015.

7. Management Contract and Management Fee. The Timeshare Association has a management contract with HVGMC. The initial term expires on the third (3<sup>rd</sup>) anniversary of the closing of the sale of the first Resort Unit in the Resort, unless terminated earlier in accordance with its terms or applicable law. The contract subsequently renews for successive three year periods, unless sooner terminated in accordance with its terms. HVGMC provides on-site management services, and off-site administrative and accounting services. Fees under the contract are based on an amount not to exceed 15% of the Timeshare Association's annual operating budget, excluding reserves and taxes. In addition, HVGMC and its affiliates provided certain other services to the Condominium Association and the Timeshare Association.

8. Ad Valorem Taxes. Ad valorem taxes are currently billed to the master property submitted to the Condominium and will be allocated among the Resort Units until such time as the Resort Units are individually assessed and billed. Until such time as an Owner's Resort Unit is individually assessed and billed for ad valorem taxes, the Condominium Association shall collect such allocated amount in the same manner as the Condominium Association collects other Common Expenses from Owners of Resort Units in the Condominium. Each Owner of a Resort Unit in the Condominium shall pay Owner's allocated portion of all ad valorem taxes.

**H.K.B. Vacation Owners' Association  
Hyatt Ka'anapali Beach  
2015 Budget and Maintenance Fee  
Combined Condominium Association and Fees Per Annual  
Timeshare Interest in the designated Resort Unit**

Unit Number	Timeshare Association Fees	Condominium Association Fees ("")	Total
3101	\$906	\$955	\$1,861
3102	\$1,197	\$1,261	\$2,458
3103	\$1,197	\$1,261	\$2,458
3104	\$1,197	\$1,261	\$2,458
3105	\$2,095	\$2,206	\$4,300
3201	\$886	\$933	\$1,820
3202	\$906	\$955	\$1,861
3203	\$1,197	\$1,261	\$2,458
3204	\$1,197	\$1,261	\$2,458
3205	\$1,197	\$1,261	\$2,458
3206	\$1,197	\$1,261	\$2,458
3207	\$1,197	\$1,261	\$2,458
3208	\$1,197	\$1,261	\$2,458
3209	\$1,197	\$1,261	\$2,458
3210	\$1,197	\$1,261	\$2,458
3211	\$1,197	\$1,261	\$2,458
3212	\$2,095	\$2,206	\$4,300
3301	\$886	\$933	\$1,820
3303	\$1,197	\$1,261	\$2,458
3304	\$1,197	\$1,261	\$2,458
3305	\$1,197	\$1,261	\$2,458
3306	\$1,197	\$1,261	\$2,458
3307	\$1,197	\$1,261	\$2,458
3308	\$1,197	\$1,261	\$2,458
3309	\$1,197	\$1,261	\$2,458
3310	\$1,197	\$1,261	\$2,458
3311	\$1,197	\$1,261	\$2,458
3401	\$886	\$933	\$1,820
3402	\$906	\$955	\$1,861
3403	\$1,197	\$1,261	\$2,458
3412	\$2,095	\$2,206	\$4,300
3501	\$887	\$934	\$1,822
3502	\$844	\$888	\$1,732
3503	\$1,204	\$1,268	\$2,471
3504	\$1,204	\$1,268	\$2,471
3505	\$1,204	\$1,268	\$2,471
3506	\$1,204	\$1,268	\$2,471
3507	\$1,204	\$1,268	\$2,471
3508	\$1,204	\$1,268	\$2,471
3509	\$1,204	\$1,268	\$2,471
3510	\$1,204	\$1,268	\$2,471
3511	\$1,204	\$1,268	\$2,471
3512	\$2,152	\$2,267	\$4,419
3601	\$887	\$934	\$1,822
3602	\$844	\$888	\$1,732
3603	\$1,204	\$1,268	\$2,471
3604	\$1,204	\$1,268	\$2,471
3605	\$1,204	\$1,268	\$2,471
3606	\$1,204	\$1,268	\$2,471
3607	\$1,204	\$1,268	\$2,471
3608	\$1,204	\$1,268	\$2,471
3609	\$1,204	\$1,268	\$2,471
3610	\$1,204	\$1,268	\$2,471
3611	\$1,204	\$1,268	\$2,471
3612	\$2,152	\$2,267	\$4,419

3702	\$944	\$988	\$1,732
3703	\$1,204	\$1,268	\$2,471
3704	\$1,204	\$1,268	\$2,471
3705	\$1,204	\$1,268	\$2,471
3706	\$1,204	\$1,268	\$2,471
3707	\$1,204	\$1,268	\$2,471
3712	\$2,152	\$2,267	\$4,419
3802	\$944	\$988	\$1,732
3812	\$2,152	\$2,267	\$4,419
3903	\$1,204	\$1,268	\$2,473
3904	\$1,204	\$1,268	\$2,473
3905	\$1,204	\$1,268	\$2,473
3906	\$1,204	\$1,268	\$2,473
3907	\$1,204	\$1,268	\$2,473
3908	\$1,204	\$1,268	\$2,473
3909	\$1,204	\$1,268	\$2,473
3910	\$1,204	\$1,268	\$2,473
3911	\$1,204	\$1,268	\$2,473
4001	\$987	\$934	\$1,822
4003	\$1,204	\$1,268	\$2,473
4004	\$1,204	\$1,268	\$2,473
4005	\$1,204	\$1,268	\$2,473
4006	\$1,204	\$1,268	\$2,473
4007	\$1,204	\$1,268	\$2,473
4008	\$1,204	\$1,268	\$2,473
4009	\$1,204	\$1,268	\$2,473
4010	\$1,204	\$1,268	\$2,473
4011	\$1,204	\$1,268	\$2,473
4012	\$2,152	\$2,267	\$4,419
4111	\$1,204	\$1,268	\$2,473
4112	\$1,204	\$1,268	\$2,473
4113	\$1,204	\$1,268	\$2,473
4114	\$1,204	\$1,268	\$2,473

\*Condominium Association Fees are inclusive of Estimated Ad Valorem taxes which may change based upon actual assessments by Maui County.

## **EXHIBIT "5"**

### **MARKETING PLAN FOR**

#### **H.K.B. VACATION OWNERSHIP PLAN**

Maui Timeshare Venture, LLC ("Developer") intends to advertise the H.K.B. Vacation Ownership Plan within the State of Hawaii utilizing media typical to the industry (i.e. newspapers, magazines, brochure racks, radio, and possibly television); to solicit broker referral; to direct mail to select target markets, including existing Hyatt Residence Club members and referrals; and possibly utilize telemarketing in conjunction with other advertising campaigns. In addition, Developer intends to solicit guests staying in Hyatt Hotels properties through printed materials located within the hotels and their rooms and onsite guest services. It is anticipated that Developer may use outside acquisition agents for soliciting customers for the purpose of sales tours at the Condominium Project.

Developer will be operating several sales offices within the state. The main office will be located on the Island of Maui at 200 Nohea Kai Drive, Lahaina, Maui, Hawaii 96761. Solicited guests will be invited to attend a sales presentation at one of these locations.

A prize gift or other incentive may be offered to prospective purchasers who attend a sales presentation concerning the Timeshare Plan. Typically, the promotional item(s) are predetermined and definite, not from a list of several to which the disclosure of odds of receiving would be applicable. Typical incentives would include a lodging package, dining certificates and/or gift certificates applicable to the market.

At this time, it is contemplated that HV Global Marketing Corporation will be the Developer's real estate sales agent for the Plan. In addition, sales collateral and advertising materials are being developed and will be submitted to the Department of Commerce and Consumer Affairs, Time Share Division, prior to use.