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DISCLOSURE STATEMENT

ON

MARRIOTT OWNERSHIP RESORTS, INC.

MAUI OCEAN CLUB VACATION OWNERSHIP PROGRAM

A FEE SIMPLE TIME SHARE OWNERSHIP PLAN

Name of Time Share Plan or Building

Lahaina, Maui, Hawaii

Location

Registration No.
Date Accepted
Date Revised

TD-141
October 11, 1999
October 11, 2001
January 1, 2002
March 5, 2002
May 31, 2002
August 15, 2002
December 3, 2002
October 31, 2003
June 1, 2004
April 20, 2005
December 20, 2005
December 20, 2006
November 1, 2007
May 29, 2009
November 13, 2009

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

MAUI OCEAN CLUB

VACATION OWNERSHIP PROGRAM

A FEE SIMPLE VACATION OWNERSHIP PROGRAM

1. **DEVELOPER.** Marriott Ownership Resorts, Inc., a Delaware corporation ("Developer"), with its principal place of business and post office address at 6649 Westwood Boulevard, 3rd Floor, Orlando, Florida 32821-6090, and its telephone number as (407) 206-6000, is the developer of the Maui Ocean Club Vacation Ownership Program ("Program"). The Developer is offering for sale vacation ownership interests ("Ownership Interests") in the Program in condominium apartments in the Maui Ocean Club condominium project ("Condominium") located at 100 Nohea Kai Drive, Lahaina, Maui, HI 96761. All capitalized terms not otherwise specifically defined in this document have the meanings ascribed to such terms in the Program Declaration.

2. **PLAN MANAGER (PROGRAM OPERATOR).** Owners of Ownership Interests will manage this Program through an association of owners. Most of its management responsibilities, duties and authorities, as described in Paragraph 15.C, will be given to an agent, called the "Program Operator." Marriott Resorts Hospitality Corporation ("MRHC"), a South Carolina corporation, is the initial Program Operator. Its principal place of business and mailing address are 6649 Westwood Boulevard, 3rd Floor, Orlando, Florida 32821-6090, and its telephone number is (407) 206-6000. Karl Schwartzlow is its responsible managing employee, and his address and telephone number is 100 Nohea Kai Drive, Lahaina, Hawaii 96761, (808) 667-8268. The Program Operator's responsibilities and authority include, among other things, (i) oversight of the management and maintenance of the Units; (ii) preparing a budget for the Program and assessing and collecting Program Expenses and Charges from each member; (iii) the administration, management and operation of the reservation system of the Program; (iv) providing members with an opportunity to review the Program Documents; and (v) keeping a record of receipts and expenditures relating to the Program. Since the Program Operator is an affiliate of the Developer, certain conflicts of interest may arise. For instance, since the Program Operator must prepare a budget for the Program, it will be faced with making decisions on which items are properly allocable to the Program and which are not. The Program Operator will, however, always seek to allocate costs properly and in accordance with the Program Documents. In addition, since the Program Operator operates the reservation system for the Program and the Developer will be an Owner of Ownership Interests, a potential conflict of interest may arise with respect to the priority of reserving and confirming Use Periods between the Developer and other Owners. However, the Developer does not possess any greater priority with respect to reservation than any other Owner, and the Program Operator will always seek to assign Use Periods on an equitable basis among all Owners, including the Developer. MRHC has delegated certain of its responsibilities to Marriott Hotel Services, Inc. ("MHSI"), which is also a related entity. Therefore, MHSI is also known as "Program Operator." MHSI's address is 10400 Fernwood Road, Bethesda, Maryland 20817, its telephone number is (301) 380-9000 and its responsible managing employee is Brad Snyder.

3. **TIME SHARE PLAN (VACATION OWNERSHIP PROGRAM).**

A. **TYPE OF PROGRAM: THIS IS A VACATION OWNERSHIP PROGRAM; WHEN AND HOW IT WAS ESTABLISHED.** In time share 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 Program is an ownership type of plan. The initial properties in this Program are certain apartments located in the Condominium. The Developer has the reserved right to add other apartments to the Program from time to time, but has no obligation to do so.

The Program is created, and apartments listed in Exhibit "1" were committed to time sharing, by a set of legal documents called the "Program Documents." They include the Declaration of Covenants, Conditions and Restrictions for Maui Ocean Club Vacation Ownership Program, as the same may be amended ("Program Declaration") which is the basic document governing the Program. It is dated June 8, 1999 and is officially recorded in the Office of the Registrar of the Land Court of the State of Hawaii ("Land Court") as Document No. 2580210.

B. GENERAL DESCRIPTION OF AN OWNERSHIP INTEREST. An Ownership Interest in this Program consists of: (1) an ownership share ("Ownership Share") in one condominium apartment ("Unit") in the Program; plus (2) the right to reserve and then use: (a) either that Unit (called "Fixed Unit Rights") or any other Unit in the Program of the same "Unit Type" (called "Floating Unit Rights"); (b) every year (if an Every Year Ownership Share is purchased) or every odd or even year (if an Odd Year Ownership Share or an Even Year Ownership Share is purchased); on (c) a fixed or floating week basis for an approximate one week period; plus (3) a membership in the Maui Ocean Club Vacation Owners Association (the "Association").

C. SPECIFICS ABOUT AN OWNERSHIP INTEREST.

(1) **THE NATURE OF ONE OWNERSHIP SHARE.** For each Ownership Interest purchased, a Buyer will receive an undivided interest, as a tenant in common, in a Unit. The Ownership Share may be either a 1/104 interest for each Odd Year Ownership Share or Even Year Ownership Share, or a 1/52 interest for each Every Year Ownership Share. Each Buyer will have a "fee simple" ownership, which is the most absolute form of property ownership recognized by law. The type of Ownership Interest each Buyer chooses (i.e., Every Year, Odd Year or Even Year), and the Unit in which that Buyer will have an Ownership Share and the specific undivided interest in that Unit will be stated in the deed ("First Deed") that will be recorded to transfer the Ownership Interest to that Buyer. A Buyer becomes an Owner when his First Deed is recorded.

(2) **RESERVATION AND USE RIGHTS.** For each Ownership Interest owned, an Owner will have, during the Use Period he reserves and confirms: (a) the exclusive right to occupy and use the Unit he is assigned and confirms and its Common Furnishings; and (b) the non-exclusive right to use with others the common elements of the Condominium subject to the provisions of the Condominium Declaration. The specific Use Period which may be reserved and confirmed and the manner of reserving and confirming that Use Period as well as the assignment of a Unit depends upon which reservation and use rights a Buyer selects from the alternatives explained below. To understand these alternatives, Buyers should first understand the following basic terms and concepts for reservation and use purposes:

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

(b) Each Unit is divided into fifty-two (52) "Time Periods" (or, in some years, 53 Time Periods) during each Use Year. Each Use Year is the approximate one (1) year period beginning on the first "check-in" day for each Unit in a calendar year and ending on the first "check-out" day for that Unit the following calendar year. 52 (or, in some Use Years, 53) of these Time Periods will be "Use Periods." A Use Period is the one week period starting at "check-in" time in the afternoon and ending at "check-out" time in the morning one week later. Each Use Period is identified by the number of its corresponding Time Period. (In those Use Years having 53 weeks instead of 52 weeks, the Developer will be entitled to use the 53rd week at no extra cost, except an amount equal to (i) the actual expenses incurred by the Association in maintaining and rendering services to the Unit and to the Occupants of the Unit during the fifty-third week; and (ii) a reasonable amount, to be set by the Board, as a contribution to the Operating Reserve Account and the Replacement Reserve Account). The check-in/check-out day for each Use Period will be scheduled each Use Year by the Program Operator. The exact time of day for check-in and check-out will be stated in the Program Rules, which now state that check-in time will be 4:00 p.m. and check-out time will be 10:00 a.m.

The times between Use Periods (i.e. between check-out and check-in) and the Time Periods, if any, transferred to the Association in accordance with Section 3.12 of the Declaration, are called "Service Periods." The Program Operator will use Service Periods to prepare the Unit for the next person to use and to do maintenance and repairs. If an Owner has an assigned time for two or more consecutive Use Periods, however, his Use Periods

will run continuously from check-in for his first Use Period to check-out for his last Use Period. There will be no Service Periods in between. If the Owner so requests, however, the Association must service his Unit at the end of each Use Period at no extra expense to the Owner.

(3) Fixed or Floating Unit Rights.

(a) "Fixed Unit Rights" are the rights of an Owner to use the specific Unit in which the Owner has an Ownership Share, all in accordance with the Program Rules. The Developer may (but is not required to) add one or more schedules to the Declaration to list the Fixed Unit Rights granted. Each Owner having Fixed Unit Rights gives an easement to all other Owners having Fixed Unit Rights in the Unit and all other Owners having Floating Unit Rights, and all Occupants, to use the Unit in accordance with their respective rights, subject, however, to such Owner's Fixed Unit Rights.

(b) "Floating Unit Rights" are the rights of an Owner to reserve and use any Unit, as assigned by the Program Operator, of the same Unit Type as the Unit in which such Owner has an Ownership Share, all in accordance with the Program Rules. No Owner of an Ownership Interest having Floating Unit Rights can reserve or have confirmed the use of any specific Unit. Instead, such Owners will have Floating Unit Rights, and the Program Operator will assign to that Owner any one of the Units of the same Unit Type prior to or upon arrival. The assigned Unit shall be such Owner's "Assigned Unit". Each Owner of an Ownership Interest having Floating Unit Rights gives an easement to all other Owners and Occupants to use his Unit in accordance with the Floating Unit Rights described above.

Each Owner of an Ownership Interest shall either have Fixed Unit or Floating Unit Rights as stated in the recorded document initially transferring an Ownership Interest to the first Owner other than the Developer (the "First Deed"). If neither Fixed Unit Rights nor Floating Unit Rights is stated in, or cannot be inferred from, the provisions of an Owner's First Deed, such Owner shall be deemed to have Floating Unit Rights.

(4) **EVERY YEAR, ODD YEAR OR EVEN YEAR RIGHTS.** Each Ownership Interest will provide for reservation and use rights "Every Year" or "Every Other Year" in the odd or even numbered years ("Odd Year" or "Even Year"). The type of yearly rights, "Every Year," "Odd Year" or "Even Year," which each Buyer chooses will be stated in the First Deed transferring an Ownership Interest to that Buyer.

(5) **FIXED OR FLOATING TIME USE RIGHTS.**

"Fixed Time Rights" are the rights of an Owner to reserve and use a Unit only during a specifically numbered Use Period ("Fixed Use Period") as set forth in the First Deed. A Fixed Use Period entitles an Owner to a "permanent reservation" to use during the specifically confirmed Use Period without further action. However, the check-in/check-out day will not be fixed for all Fixed Use Periods. Instead, with the exception of Owners having Fixed Unit/Fixed Time Rights in Ocean Front Units in the Lahaina and Napili Towers which shall have a fixed check-in day of Saturday, for all other Fixed Use Periods, the Owner must request, as required by the Program Rules, a specific check-in/check-out day at least one hundred twenty (120) days in advance of such Owner's Fixed Use Period. Once an Owner with Fixed Time Rights requests the specific check-in/check-out day to use such Owner's Fixed Use Period for that particular Use Year, and the Program Operator confirms the reservation, the Fixed Use Period thus reserved will be such Owner's "Confirmed Use Period" for that particular Use Year. In the event an Owner of an Ownership Interest subject to Fixed Time Rights fails to timely request and obtain a confirmation of a specific check-in/check-out day, the Program Operator will assign a check-in day to such Owner. There is no guarantee that the specific check-in/check-out day assigned will be the day requested by the Owner. In the event of any conflict between the Program Rules and the Declaration regarding reservations and confirmations, the Declaration controls and must be obeyed. Currently, the Developer has designated Fixed Time Rights as to the following Units and Unit Types in the Program for the following Use Periods:

Use Periods Having Fixed Time Rights:

(a) The 52nd Use Period in all Units in the Maui, Lanai and Molokai Wings;

(b) The 51st and 52nd Use Periods in all Ocean View, Mountain/Garden View and Island View Units in the Lahaina and Napili Towers; and

(c) All Use Periods in Ocean Front Units in the Lahaina and Napili Towers but for the 1st through 50th Use Periods in Units 2208, 2210, 4208, 4210, 5208, 5210, 6208, 6210, 9208, 9210, 0308 and 0310 of the Lahaina Tower and Units 1406, 1409, 1413, 2401, 2406, 2409, 2413, 3401, 3406, 3409, 3413, 4401, 4406, 4409, 4413, 5401, 5406, 5409, 5413, 6401, 6406, 6409, 6413, 7401, 7406, 7409, 7413, 8401, 8406, 8409, 8413 of the Napili Tower.

Fixed Use Periods 51 and 52 are also known as the "Platinum Plus-Holiday Use Periods" and the "Platinum Plus-New Years Use Periods." The Platinum Plus-Holiday Use Periods shall be the Time Periods which include Christmas Day and the Platinum Plus-New Years Use Periods shall be the Time Periods which include New Year's Day. In the event that the foregoing holidays fall on a change day (i.e., the day on which a Time Period commences or ends), the Platinum Plus-Holiday Use Periods shall be that Time Period ending on the Christmas Day holiday and the Platinum Plus-New Years Use Period shall be that Time Period ending on the New Year's Day holiday. The Owner of a Platinum Plus-Holiday Use Period or Platinum Plus-New Years Use Period Ownership Interest shall have the right to occupy a Unit and to use the common element areas of the Condominium during the annually recurring Time Period that he owns. For the purpose of describing the Platinum Plus-Holiday Use Periods and Platinum Plus-New Years Use Periods in deeds, mortgages and other documents, the Platinum Plus-Holiday Use Periods shall be designated as Time Period 51 and the Platinum Plus-New Years Use Period shall be designated as Time Period 52. Notwithstanding such descriptions, in years in which there is a Time Period 53 (as defined in Paragraph 3.3.B.3 of the Declaration), the actual date of occupancy for Owners of Platinum Plus-Holiday Use Periods during Time Period 51 shall be Time Period 52, and for Owners of Platinum Plus-New Years Use Periods during Time Period 52 the actual date of occupancy shall be Time Period 53, so that the periods of occupancy in such years include Christmas Day and New Year's Day. Further, during such years in which there is a Time Period 53, the Developer shall have an easement, and will be entitled to use Time Period 51 in all such Units, provided that the Developer shall pay to the Association an amount equal to (i) the actual expenses incurred by the Association in maintaining and rendering services to the affected Units and to the Occupants thereof during such Time Period 51, and (ii) a reasonable amount, to be set by the Board, as a contribution to the Operating Reserve Account and the Replacement Reserve Account. Any such expenses shall be payable by the Developer promptly upon receipt of an itemized accounting of all such expenses. The Developer may assign this right and related liabilities to any other Owner at any time.

"Floating Time Rights" are the rights of an Owner to reserve and use a Unit during an unspecified Use Period in such Owner's Use Year. In each such Use Year, an Owner with Floating Time Rights shall have the right to reserve and have confirmed use of one (1) Use Period per Ownership Interest. Reservations for a Use Period may be made by an Owner during the period of time starting twelve (12) months in advance of the requested check-in day. Owners who own more than one Ownership Interest may reserve concurrent, meaning two (2) or more Units during the same Use Period, or consecutive Use Periods, meaning one (1) or more Units for two (2) or more Use Periods in a row, for Owner occupancy only thirteen (13) months in advance of the first requested check-in day for the first Use Period reserved, however, no more than fifty percent (50%) of the available non-Developer inventory for each Use Period can be reserved more than one (1) year in advance in this manner. In order to amend the foregoing time periods within which reservations may be made by Owners, the affirmative vote of a majority of the voting power of the membership of the Association, excluding the Developer, present in person or by proxy, at an annual or special meeting of the membership of the Association or an action of the Association without a meeting, at which a quorum is present and which is duly called in accordance with the procedures set forth in the Program Documents, shall be required. The Program Rules will govern other aspects by which these reservations must be made and confirmed. In the event of a conflict between the Program Rules and the Declaration regarding reservations and confirmations, the Declaration controls and must be obeyed. The Use Period the Owner thus reserves will be that Owner's "Confirmed Use Period" for that particular Use Year. Currently, the Developer has designated Floating Time Rights as to the following Units and Unit Types in the Program for the following Use Periods:

Use Periods Having Floating Time Rights:

(a) The 1st through 51st Use Periods in all Units in the Maui, Lanai and Molokai Wings;

(b) The 1st through 50th Use Periods in all Ocean View, Mountain/Garden View and Island View Units in the Lahaina and Napili Towers; and

(c) The 1st through 50th Use Periods in Ocean Front Units 2208, 2210, 4208, 4210, 5208, 5210, 6208, 6210, 9208, 9210, 0308 and 0310 of the Lahaina Tower and Units 1406, 1409, 1413, 2401, 2406, 2409, 2413, 3401, 3406, 3409, 3413, 4401, 4406, 4409, 4413, 5401, 5406, 5409, 5413, 6401, 6406, 6409, 6413, 7401, 7406, 7409, 7413, 8401, 8406, 8409, 8413 of the Napili Tower (the Owners having Floating Time Rights in any of the foregoing Units shall have the right to occupy any of such Units based upon availability during their Use Period, whether the Unit is located in the Lahaina Tower or Napili Tower. This does not mean, however, that such Owners have the right to occupy any particular one of the foregoing Units. Owners having such Floating Time Rights in these Units shall not be permitted to occupy any other Units in the Program other than the foregoing Units unless expressly authorized by the Program Operator in its sole discretion).

In each Owner's First Deed, the Developer will expressly state: (a) whether the Owner has Fixed Time Rights or Floating Time Rights; and (b) if Fixed Time Rights, the number of the Use Period for which the Owner has a Fixed Use Period; and (c) whether the Owner has Every Year Rights, Odd Year Rights or Even Year Rights. If neither Fixed Time Rights or Floating Time Rights is stated in, or cannot be inferred from, the provisions of an Owner's First Deed, such Owner shall be deemed to have Floating Time Rights.

As to Units in the Maui Wing, Lanai Wing and the Molokai Wing of the Condominium, the Developer may not, with the exception of the 52nd Use Period, grant Fixed Time Rights for more than twenty percent (20%) of the total number of the Time Periods in any one Use Year for all the Units of a particular Unit Type. Accordingly, the 51st Use Period in certain Units in the Maui Wing, Lanai Wing and Molokai Wing of the Condominium are, by way of example, being sold with Fixed Time Rights subject to the foregoing twenty-percent (20%) limitation. In addition, as to Units in the Maui Wing, Lanai Wing and the Molokai Wing, the Developer may not grant Fixed Time Rights for more than twenty percent (20%) of the total number of weeks of a particular Time Period of a particular Unit Type. Further, as to Units in the Lahaina and Napili Towers, the Developer may not, with the exception of Time Periods in all Ocean Front Units and the 51st and 52nd Time Periods in all Ocean View, Mountain/Garden View and Island View Units, grant Fixed Time Rights for more than sixty-five percent (65%) of the total number of the Time Periods in any one Use Year for all the Units of a particular Unit Type. In addition, with the exception of Time Periods in all Ocean Front Units and the 51st and 52nd Time Periods in all Ocean View, Mountain/Garden View and Island View Units in the Lahaina and Napili Towers, the Developer may not grant Fixed Time Rights for more than sixty-five percent (65%) of the total number of weeks of a particular Time Period of a particular Unit Type within the Lahaina and Napili Towers. The Developer may (but is not required to) add one or more schedules to the Declaration to list the Fixed Time Rights granted. Notwithstanding the foregoing, the Developer expressly reserves the right to convert any Unit that it owns containing Ownership Interests having Fixed Time Rights, to Floating Time Rights in its sole discretion pursuant to Section 3.7.D.4 of the Declaration.

(6) **HOW RESERVATIONS WILL BE REQUESTED AND CONFIRMED.** The reservation and use of Units in the Program shall be governed by Chapter 3 of the Program Declaration which, among other things, describes Fixed and Floating Time and Fixed and Floating Unit Reservation and Use Rights. These provisions will be supplemented by the following provisions of the Program Rules:

(a) For each Ownership Interest with Floating Time Rights, the Owner must reserve and have confirmed a Unit and a check-in/check-out day according to the following rules:

(i) Owners with Floating Time Rights must make a reservation request and receive a reservation confirmation from the Program Operator, or someone designated by the Program Operator, before occupying any Unit. Reservation requests may be made and confirmed by telephone, and all requests will be

processed on a first come, first served basis. Reservation requests will also be accepted by mail and/or facsimile with the date received by the Program Operator used in prioritizing requests.

(ii) A Buyer of an Ownership Interest with Floating Time Rights becomes eligible to make a reservation request in accordance with, and as soon as, the Purchase Contract is accepted by the seller for the Use Period purchased; however, an Owner will not be allowed to use such reservation unless the Purchase Contract has closed, or such contract allows by its terms for such reservation to be used, the conveyance of the Ownership Interest has been recorded, and the Developer has determined that the condominium is ready for occupancy

(iii) Owners will have the ability to request a reservation for a seven (7) night stay for an accommodation for a check-in day on a first come, first served basis, with other Owners, beginning twelve (12) months in advance of the requested check-in day. An Owner's request shall be timely if received no later than seventy-five (75) days prior to the first day of a Use Period. Owners who own more than one Ownership Interest may reserve concurrent, meaning two (2) or more Units during the same Use Period, or consecutive Use Periods, meaning one (1) or more Units for two (2) or more Use Periods in a row, for Owner occupancy only thirteen (13) months in advance of the first requested check-in day for the first Use Period reserved, however, no more than fifty percent (50%) of the available non-Developer inventory for each Use Period can be reserved more than one (1) year in advance in this manner. Any cancellation for a Use Period reserved in this manner must include all concurrent or consecutive Use Periods reserved with the Use Period canceled.

(iv) Owners with Floating Time Rights are entitled to request seven (7) nights of occupancy during each Use Year in which they have the right to reserve and use a Unit for each Use Period owned. The requested Use Period shall be limited to (i) a Use Period within the same Season which corresponds to the Ownership Interest owned, as reflected on the deed conveying the Ownership Interest to the Owner, and (ii) a check-in day in effect for the Use Period in question. All seven (7) nights must be used in the same Use Year. Unused or unreserved nights may not be carried over into subsequent Use Years.

(v) An Owner may cancel a reservation without penalty by giving notice at least sixty (60) days before the check-in date, but is not guaranteed another reservation for that Use Year. An Owner who cancels his or her reservation less than sixty (60) days before the check-in date, may not be allowed another reservation for that Use Year. An administrative fee may be assessed for each change of reservation.

(vi) Owners desiring to exchange their right to use a Unit through a company whose principal business is the facilitation of exchanges for time share interests (an "exchange company") must first obtain a confirmed reservation in accordance with the Program Rules prior to seeking to trade within any exchange system. If designation of a specific Unit is required to effectuate an exchange, the Program Operator, upon notification of this fact by the Owner, will provide the Owner with an exchange identification number to effectuate an exchange.

(b) The Developer has the right to reserve and use any unreserved Use Periods beginning seventy-four (74) days prior to the first day of the Use Period. If the Developer makes use of such Use Period, that Use Period may not be available for reservation or use by Owners. If the Developer exercises this right, or if an Owner fails to make a reservation request or is unwilling to accept any available Use Periods and if the Owner's request cannot be confirmed, an Owner could lose the opportunity to use a Use Period in a given Use Year.

(c) Each owner with Floating time Rights will have the option to request a reservation for "split week" occupancy, electing in any Use Year to occupy a Unit during one Weekend Occupancy Period and one Weekday Occupancy Period instead of an entire Use Period. Each such occupancy will be called a "Split Week Use Period."

For purposes of this paragraph, a "Weekend Occupancy Period" means a period of three (3) consecutive nights commencing on a Saturday (or another starting day designated by the Program Operator) at 4:00 p.m. and ending on the next following Tuesday (or another day, three (3) days later, in the event a different starting day is designated) at 10:00 a.m. A "Weekday Occupancy Period" means a period of four (4) consecutive nights commencing on Tuesday (or another starting day designated by the Program Operator) at 4:00 p.m. and ending on

the next following Saturday (or another day, four (4) days later, in the event a different starting day is designated) at 10:00 a.m.

At the time an Owner requests a reservation for split week occupancy, only occupancy of the period which will be used first (either a Weekend Occupancy Period or a weekday Occupancy Period) will be confirmed. Owners can request a reservation of the remaining portion of the split week one (1) year in advance of the first requested check-in day of the remaining occupancy period. The Program Operator may restrict the availability of split week occupancy in order to fulfill the maximum number of Owner requests for occupancy which may result in the Owner's request being denied and the Owner losing the use of the remaining split week Use Period.

Additional charges may be imposed on Owners who utilize split week occupancy. This charge is to pay for such additional costs as may be incurred by the Program Operator as a result of the use of split week occupancy option.

(d) In lieu of occupying the entire Unit during a Use Period, the Board has the right to offer each Owner of a two or three bedroom unit to make a request (i) to occupy a part of the Unit for a Use Period, with the remaining part of the Unit being "locked off" and being subject to exclusive use by others, and (ii) to occupy the other part of a Unit during a different Use Period, with the remaining part of the Unit being "locked off" and being subject to exclusive use by others. Each such occupancy will be called a "Lock Off Period" and must consist of seven (7) consecutive nights.

Thus in the case where an Owner with Floating Time Rights owns an interest in a two or three bedroom Unit, the Owner may make a reservation request to occupy either the master suite or the guest suite of the Unit for a Use Period and to occupy the other part of the Unit during a different Use Period. No Lock Off Use Periods shall be permitted for an Owner of an interest in a one bedroom Unit.

At the time an Owner requests a reservation for a Lock Off Use Period, only occupancy of the part of the Unit which will be used first will be confirmed. Owners can request a reservation of the remaining Lock Off Use Period one (1) year in advance of the requested check-in day of the remaining Lock Off Use Period. The Program Operator may restrict the availability of Lock Off Occupancy in order to fulfill the maximum number of Owner requests for occupancy which may result in the Owner's request being denied and the Owner losing the use of the remaining Lock Off Use Period.

Because less than 100% of the Units in the Lahaina and Napili Towers which will be occupied by Owners with Floating Unit Rights are available for Lock Off usage, there is no guarantee that an Owner with Floating Unit Rights will be able to confirm a reservation for use of a Lock Off Unit. Furthermore, the ratio of Lock Off Units to non-Lock Off Units in the Lahaina and Napili Towers may increase or decrease over the course of development of the Resort in the sole discretion of the Developer.

Additional charges may be imposed on Owners who utilize Lock Off Use Rights. This charge is to pay for such additional costs as may be incurred by the Program as a result of the use of a Lock Off Use Period

Each Owner is advised to request a reservation far enough ahead of time to be sure he will get Confirmed Use Period and to have a better chance of getting his first choices. Since reservations will be generally on a first-come, first-served basis, an Owner is not guaranteed his preferences.

(e) The Board, with the consent of the Program Operator, has the right to establish a priority list in an effort to insure the fair reservation and use of Units during high demand periods (i.e. holidays, special events, etc.). If implemented, access to certain Use Periods and the availability of certain check-in/check-out days by an Owner may be restricted in a given year based upon the Owner's ranking in a lottery or some other allocation methodology. An administrative fee may be established for this service.

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

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

(b) The right to reserve and use shall not be carried over from one Use Year to the next or later Use Years.

(c) Notwithstanding any provision contained in the Program Documents to the contrary, each Owner must pay all of the Basic Charges and Special Charges (as such terms are defined in Paragraphs 12.D and 12.E below) assessed to such Owner's Ownership Interest for the entire fiscal year of the Association in advance before such Owner may use or exchange during such Use Year.

(d) If a Unit is not available for an Owner's use due to an error by the Association or Program Operator, the Association or the Program Operator, as the case may be, at its expense must find alternative accommodations of similar quality on the Island of Maui for such Owner during his Confirmed Use Period.

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

(f) Failure to request a reservation for a Use Period in a Use Year does not relieve the Owner from the obligation to pay all Charges for each Ownership Interest owned.

(g) Owners may have their reservation and use rights suspended, or may be fined, for a violation of the Program 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 Ownership Interest.

(h) If necessary, in the event of an Owner's violation of any provision of the Program Declaration, the Developer may do such things as may be necessary to keep an Owner from exercising his 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.

(i) The Developer has special reservation and use rights as disclosed in Paragraph 3.D.(4) below.

(j) Members of exchange programs who desire to exchange their Use Period through the exchange company should consult their exchange company directory and membership material for the trading rules which govern reservation exchange requests.

(k) If an Owner purchases an Every Other Year Ownership Share, all of the rules in Part 25 of the Program Rules apply for each Use Year in which he is entitled to exercise his rights.

D. OTHER RIGHTS AND RESPONSIBILITIES OF OWNERS AND THE DEVELOPER UNDER THE PROGRAM

(1) **SOURCE OF, AND CHANGES TO, THESE RIGHTS AND RESPONSIBILITIES - THE PROGRAM DOCUMENTS AND CONDOMINIUM DOCUMENTS.** Every Owner, Exchange User and Occupant must obey the "Program Documents" which govern the Program. The Program Documents include the "Program Declaration," the "Charter," the "By-Laws" referred to in Paragraph 15.E, the "Program Rules" and all changes and additions legally made to these documents. The Program Documents may not be amended to change an Owner's Ownership Share, Fixed Time Rights or voting rights (except in the case of annexation or deannexation of Units to the Program), unless such Owner agrees to the change. The Developer has special rights to change the Program and the Program Documents, and the Program Documents may not be amended to change or delete these or the other

special rights the Developer has, called "Reserved Rights." These rights include, but are not limited to, those contained in Paragraphs 3.10, 6.12 and 13.5 of the Program Declaration. Changes to the Program Rules may also be made by the Board with the concurrence of the Program Operator.

Each Owner and Occupant must obey both the Program Documents and Condominium Documents. By signing his purchase documents (i.e., Maui Ocean Club Purchase Agreement ("Purchase Contract"), Buyer's Acknowledgments and First Deed), each Buyer accepts and agrees to obey them.

(2) **EXCHANGE USE.** Exchange means the temporary exchange by Owners of the use of their Use Periods: (a) among themselves, which is called a "Program Exchange" or (b) with people in other vacation ownership projects or other real estate (which is not a vacation ownership project), including exchanges by Owners for use periods or times at other resorts owned, managed or affiliated with the Developer or an affiliate of the Developer, which is called an "External Exchange." Each Owner will have the right, at his own risk and expense, to take part in any Program Exchange or External Exchange program. The Program Operator may (but does not have to) provide a Program Exchange program in the Program Rules, unless Owners of at least a majority of Ownership Interests decide not to do so. It may charge fees to defer the cost of this service.

The Program is participating in an External Exchange program. The name and address of the exchange company presently offering this exchange program is Interval International, Inc., ("Interval"), 6262 Sunset Drive, Miami, Florida 33143. The Developer has no ownership interest in Interval. Interval does not sell, lease or otherwise convey an interest in any real property. The Developer has paid the Developer's application fee, and for each Owner, the Developer will pay the Owner's initial membership fee at the time of closing. Thereafter, membership in an External Exchange program is at the option and expense of the Owner. Although the Developer has entered into a multi-year agreement with Interval with respect to the offering of exchange services, the Developer reserves the right, in its sole discretion, to change its affiliation to another exchange company at a future date or to develop its own separate exchange program to be managed and operated by itself or another Developer affiliated entity. The Program Operator, on behalf of the Association, has adopted and agreed to comply with the Exchange Agreement made by the Developer with Interval. The Association must exercise reasonable efforts to maintain an External Exchange program at all times, unless a majority of all Owners vote not to do so.

Unless not required by the Developer, all reservations must first be received and confirmed by the Developer or the Developer's designee prior to requesting an Exchange with any exchange facilitator.

So long as he complies with all of the Program Documents and pays all charges and amounts assessed against him or his Ownership Interest, an Owner may participate in an Exchange Program, but the participation by each Owner in any Exchange Program is at his own option, risk and expense. Any charges and rules imposed by an Exchange Program will not change or suspend the charges and duties imposed on each Owner by the Program Documents. Each Owner must notify the Program Operator in writing if he participates in an Exchange. Each Owner is responsible for all costs of his own exchange and other fees charged to him by Interval.

(3) **GENERAL USE RIGHTS AND RESPONSIBILITIES UNDER THE PROGRAM.** Each Owner will have the right to use a Unit of a particular type during his Confirmed Use Period. No Owner other than the Developer may implement a commercial rental program or a time sharing plan within the Condominium. An Owner may, however, let other people, including Tenants, use a Unit during his Use Period. Except for people using through a Program Exchange or an External Exchange, each Owner will be responsible for every person, including Tenants, that he lets use his confirmed Use Period in his place. Each Owner may rent his Use Period on his own, but may not join any rental pool until December 31, 2020 or until the date that the Developer sells the last Ownership Interest in the Program, whichever occurs first. There will be no rental pool arrangement ("RPA"), as that term is defined in the Securities and Exchange Commission's ("SEC") Securities Act Release No. 33-5347 (17 CFR § 231.5347 (Jan. 18, 1973)), or any other similar arrangement in the Program, and the Developer makes no representation to Buyer that any such RPA or other arrangement will be transferred to Buyer upon the purchase of his Ownership Interest. Buyer is purchasing only an Ownership Interest in a Unit located in the Condominium, which Ownership Interest is not coupled with any RPA. The Developer further makes no representation to Buyer as to the prospective availability of any RPA, nor does it make any representation as to the potential rental value of the Ownership Interest that Buyer may purchase, nor any representation as to any expectation of profit that can be

derived with respect to purchasing any Ownership Interest in the Program. Accordingly, Buyer should not have any expectation of profit from purchasing an Ownership Interest.

The Program Rules will state the maximum number of Occupants that may occupy each type of Unit, which cannot exceed the maximum allowed by law. The limits now are as stated on Exhibit "1." Except with respect to the reservation and use rights of the Developer, each Unit in the Program (specifically excluding apartment units which are not part of the Program and are used by the Condominium Developer for hotel and commercial purposes) must be used only for residential, transient vacation, time share 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 Ownership Interest to pursue a business as opposed to personal use, is prohibited. No Unit may be used to conduct any other trade or business, except for the apartments which are not part of the Program and are used by the Condominium Developer for commercial purposes. No pets are allowed in any 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 their Assigned Units. Further, nothing will hinder full access to the Assigned Units and/or other portions of the Condominium by persons with disabilities.

The Board and, to the extent its authority is delegated, the Program Operator, 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 Property. Each Occupant has the duty, however, not to damage, beyond normal wear and tear, any part of the Property, and to keep the Unit occupied by the Occupant (and the Common Furnishings in that Unit) in good order and condition (except for ordinary wear and tear). Each Occupant must also remove all personal effects from the Assigned 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 Association may sell them and keep the sales proceeds. Each Owner and Occupant must maintain the assigned Unit in good order and condition. Each Owner is responsible for all damage, normal wear and tear excepted, to a Unit and its Common Furnishings caused by the Owner, or an Occupant or Tenant of the Owner, during the Owner's Confirmed Use Period. All unpaid charges for damage or loss will be billed to the Owner at check-out time or directly to the Owner.

The Board and, to the extent its authority is delegated, the Program Operator, 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 Units, and all changes, additions and other improvements to the Property. In addition, under the Condominium Documents, the Condominium Association is responsible for the maintenance and repair the common elements and the rebuilding and restoring of the buildings and other improvements, including the 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 Unit as part of the 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 rebuilding, each 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 his Confirmed Use Time; or (ii) any Unit, except his Assigned Unit. Any Owner, Exchange User or Occupant who interferes with someone else's use, for example, by using a Unit he is not supposed to or making a Unit unusable by damaging it, is subject to sanctions. He 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 Enforcement Costs.

(4) **THE RIGHTS AND RESPONSIBILITIES OF THE DEVELOPER UNDER THE PROGRAM.** As an Ownership Interest Owner, the Developer has generally the same rights and duties as an Owner under the Program Documents to reserve and have confirmed Use Periods for Ownership Interests it owns on the same basis as other Owners with Fixed or Floating Time Rights, but will have special use and other rights, called the "Reserved Rights," that other Owners do not.

Each Buyer should understand, and by signing his Purchase Contract, Buyer's Acknowledgement and First Deed, accepts and agrees, that the Developer has and may exercise and assign its Reserved Rights. Specifically, under the Program 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 Use Periods, any other Use Periods owned by the Developer and its own Confirmed Use Periods for any purpose, including for rental, sales and other commercial activities permitted by law, free from the restrictions imposed by the Program Documents, in which event the Developer will, under certain conditions, be solely entitled to the proceeds from the rental, sales and other commercial activities; and (ii) use the common elements of the Condominium 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 by the other Owners; (b) the Developer also may pay a subsidy instead of the share of Program Expenses that other Owners must pay; (c) the Developer has the right to add to or withdraw Units from the Program as explained later in Paragraph 4.B; (d) the Developer also (i) before the first annual meeting of Owners, may arrange an External Exchange Program with an Exchange Agent, which may be an affiliate of the Developer and may choose the initial Program Operator; (ii) may select and has selected an affiliated company to act as the initial Program Operator and may have the Program Operator's contract assigned to any other subsidiary or affiliate; and (iii) has special rights in setting up and running the Association prior to the first meeting of owners; (e) the Developer may change the name of the Program; (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 Buyer or Owner; and (g) the Developer (and only the Developer) will have the right, but not the obligation, to convey Ownership Interests to the Association for the purpose of establishing a bank of time which may be utilized as Major Service Periods, and if the Developer elects to do this, the Association must accept the conveyance and must cooperate to have the conveyance be effective. Upon the completion of any such conveyance, the obligation to pay all Charges and other sums and amounts attributed to the Ownership Interest will cease, and the attributed Charges will be allocated among the other Ownership Interests in the Program which are subject to assessment. Further, such Ownership Interests as may have been conveyed to the Association shall cease to have voting rights after such conveyance.

E. ENFORCEMENT OF BUYER'S RESPONSIBILITIES. The Association and the Program Operator have the right to enforce the Program Documents. The 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 rights to reserve, confirm, use and exchange and vote and other privileges as a member of the 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 Program Expenses or Charges (or interest, late charges and collection costs on them), he may be suspended or fined without a hearing, or the Program Operator 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 an assigned Use Period in any manner (e.g. occupy, exchange or rent) until the total amount of the delinquency is satisfied in full; and (3) that the Program Operator intends to rent the delinquent Owner's Use Period 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 Program Operator 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 Board. Unless specifically permitted by the Program Documents, however, no Owner individually or with any other Owner or through the Association may enforce compliance or seek any relief or remedy in its own name.

The 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 Association can take to collect is to foreclose on an Owner's Ownership Interest or Ownership Interests, as discussed below.

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

A. LOCATION OF THE PROGRAM. The Units now in the Program are located in the Condominium. All Units in the Program are completed. "Units" consist of the apartments identified in the attached Exhibit "1", together with the common interest that goes along with the apartments in the Condominium, and in addition, includes each apartment and its appurtenant common interest, which may be subsequently added to the Program by the Developer. The attached Exhibit "1" lists each Unit in the Program and the Unit Type of each respective Unit.

B. **THE DEVELOPER MAY ADD OTHER UNITS TO THE PROGRAM.** Without the consent of any Owners or other person, the Developer may add to the Program any of the apartments it owns in the Condominium. The Developer may do this as many times as it wants until December 31, 2020. The Developer may also remove Units which it owns from the Program at any time.

C. **HAZARD AND LIABILITY INSURANCE.** Buyers should refer to Chapter 11 of the Program Declaration and Article X of the Condominium Declaration for a discussion of insurance coverages the Association and the Condominium Association are supposed to maintain. Although the 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 Program Declaration about insurance. The following is a brief summary of the coverages required by the Program Declaration:

(1) **PROPERTY INSURANCE.** A policy covering all Units, including their common interest in the common elements of the Condominium 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 Board, in its business judgment, deems prudent.

(2) **LIABILITY INSURANCE.** Also required is a comprehensive policy or policies of public liability insurance protecting the Association, the Board, the Program Operator, all officers, directors and employees of the Association, and each Owner, against claims for personal injury, death and property damage due to the condition of, and activities and construction on, the Property.

(3) **DIRECTORS AND OFFICERS INSURANCE.** If elected by the Program Operator, an insurance policy or policies to protect the Program Operator and all officers and directors 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 Association who handle or are responsible for funds must be maintained with the Association and all Owners and the obligees.

Buyers should note that the insurance policies for the Property are subject to per occurrence deductibles of two percent (2%) of the insured value for named windstorm damage, \$25,000 for earthquake damage and \$25,000.00 for flood damage. The Developer has not created reserves for these deductible amounts. Buyers should also understand that under the mortgage to be given by the Buyers to Marriott Ownership Resorts, Inc., Buyers must obtain hazard insurance satisfying certain requirements if the Association or the Condominium Association do not maintain such insurance.

5. **(MULTIPLE LOCATION TIME SHARE PLAN).** Not applicable because no units outside of the Condominium are currently a part of the Program.

6. **TIME SHARE PLAN IN A CONDOMINIUM.** The Condominium contains four hundred eighty (480) apartments (459 Resort Apartments and 21 Commercial Apartments) located in one multi-story structure containing three (3) Wings known as the Lanai Wing (Wing A), the Molokai Wing (Wing B), the Maui (Wing C), the Lahaina Tower, the Napili Tower and other single story structures in the Condominium. The Units in the Program described in Paragraph 4 and Exhibit "1" attached hereto. The amenities currently include swimming pools and appurtenant deck areas, whirlpool spas, and landscaping areas of the Condominium.

The Condominium is created by a set of legal documents called the "Condominium Documents." They include (a) the Declaration of Condominium Property Regime of Maui Ocean Club dated June 8, 1999, recorded in the Land Court as Document No. 2577291, ("Condominium Declaration"), (b) the By-Laws of the Association of Apartment Owners of Maui Ocean Club, attached thereto, (c) Condominium Map No. 1314, (d) certain rules and regulations adopted by the Condominium Association, and (e) all valid amendments, modifications and supplements to these documents. Under the Program, each Owner of an Ownership Interest will have the right

to use an apartment unit and its common elements within the Condominium during such Owner's Use Period. The Condominium Documents contain additional provisions which each Buyer should be aware of, including certain rights which have been reserved in favor of the developer of the Condominium, such as:

A. The right of the Developer until December 31, 2020, to grant, among other things, easements over the common elements of the Condominium, in accordance with Article XIX of the Condominium Declaration.

B. The right of the Developer until December 31, 2020, to annex (or add) additional land and/or apartments to the Condominium, in accordance with Article XX of the Condominium Declaration.

C. The right of the Developer until December 31, 2020, to, among other things, change the floor plan of any Unit which it owns so long as the common interest appurtenant to the Unit does not change; subdivide any Unit which it owns at any time to create two or more Units so long as the total common interest appurtenant to the newly-created Units are equal to the common interest appurtenant to the original Unit; and convert the status of certain portions of an existing Unit which it owns to common element status to facilitate the subdivision so long as the total common interest appurtenant to the newly-created Unit(s) equal the common interest appurtenant to the original Unit, in accordance with Article XXI of the Condominium Declaration.

D. The right of the Developer until December 31, 2020, among other things, to convert the status or nature of a limited common element appurtenant to Units owned by the Developer, or any part of them, into a separate Unit of the Condominium and to change the physical aspects of the limited common element at the Developer's expense in connection with such a conversion, including building and structures that may be necessary or appropriate, in accordance with Article XXII of the Condominium Declaration.

E. The right of the Developer until December 31, 2020, to recharacterize and redesignate certain Limited Common Elements appurtenant to Commercial Apartments owned by the Developer as being Common Elements of the Project.

F. The right of the Developer until December 31, 2020, to accomplish, among other things, all modifications to Units and common elements in the Condominium to ensure full compliance by the Condominium, the Program, Association of Apartment Owners of Maui Ocean Club (the "Condominium Association"), the Association and any other association of vacation owners or time share owners or by the Developer, with laws which apply to the Condominium or the Program, including the Fair Housing Act, as amended, 42 U.S.C. §§ 12101 et seq., including all rules and regulations adopted under it, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 3601 et seq., including all rules and regulations adopted under it, in accordance with Article XXV of the Condominium Declaration.

G. The right of the Developer to, among other things, operate, lease and/or use all or any part of the limited common elements of the Condominium which are appurtenant to a Unit owned by the Developer for any purpose permitted by law, including the provision of services and amenities conducive to a first-class hotel and resort destination, in accordance with Article XXVI of the Condominium Declaration.

H. The right of the Developer until December 31, 2020, to, among other things, change or amend the Condominium Declaration to designate all or a portion of certain limited common elements appurtenant to a Unit owned by the Developer, as appurtenances to another Unit or Units owned by the Developer, in accordance with Article XXVII of the Condominium Declaration.

I. The right of the Developer until December 31, 2020, to amend the Condominium Declaration, to enter into any agreements and to do all things necessary and convenient to satisfy the requirements of the Special Management Area Permit Application No. SM1 99-0008, pertaining to the Condominium, in accordance with Article XXVIII of the Condominium Declaration.

J. The right of the Developer until December 31, 2020, to amend the Condominium Declaration, to enter into any agreements and to do all things necessary and convenient to effect the subdivision and/or

consolidation and resubdivision, withdrawal and conveyance of all or a portion of the land underlying the Condominium and or any Apartment, in accordance with Article XXIX of the Condominium Declaration.

K. The right of the Developer until December 31, 2020, to convey Apartments that are owned by the Developer and free of liens to the Association and to redesignate Limited Common Elements appurtenant to Apartments owned by the Developer to Apartments owned by the Association.

L. It may be necessary to recalculate the common interests appurtenant to the Units in the Condominium upon the exercise of certain of Developer's reserved rights set forth above. The method by which the common interests will be recalculated are set forth in Article XXIV of the Condominium Declaration.

M. Article XXXII of the Condominium Declaration provides that "Marriott", "Marriott Vacation Club International" and "Marriott Resorts" are registered service marks and trademarks of Developer and/or Marriott International, Inc. ("Marriott International"), and no unauthorized use of, or reference to, such service marks or trademarks may be made by the Condominium Association, you, any owner of a Unit in the Condominium or any other party without the prior written consent of the Developer and/or Marriott International, as appropriate. In the event that the Condominium is no longer managed by Developer or any affiliate of the Developer, the name of the Condominium must be immediately changed by the Board of Directors of the Condominium Association, or if it fails to do so, by Developer, to a name that does not use, or make reference to, the name "Marriott" or any other Marriott registered trademark. In addition, the Developer has reserved the right to change the name of the Condominium at any time even if Developer may not be affiliated with the Condominium at the time of the name change or may not own any Unit at that point.

N. Article X, Section 15 of the Bylaws provides that the Developer shall have the reserved right to unilaterally amend the By-Laws for the purpose of complying with any applicable State, Federal or County law, to comply with the laws of any other jurisdiction whether for purposes of registering the Condominium for sale or otherwise, or for the purpose of incorporating requirements imposed by any institutional mortgage lender.

Each buyer 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 PROGRAM DECLARATION.** Each Owner may transfer or mortgage his Ownership Interest. If he owns more than one Ownership Interest, he can treat each Ownership Interest separately. An Owner is not required to do with all of his Ownership Interests what he does with any one of them. However, he may not transfer or mortgage less than his entire Ownership Interest, provided that: (1) he may own an entire Ownership Interest together with others; and (2) he also may buy or sell an Ownership Interest under an agreement of sale. Buyers should remember that there is a lien on each Ownership Interest (subject to the terms of the Program Declaration) to secure the payment of the Owner's debts to the Association. All instruments attempting to transfer any Ownership Interest should identify the transferor's Unit Type, Ownership Share and reservation and use rights (i.e. Every Year, Odd Year or Even Year, Fixed or Floating Time Rights) for the Ownership Interest being transferred, and, to the extent set forth in Exhibit "D" attached to the Program Declaration, the identification number assigned to such Ownership 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 Ownership Interest which is identified by such identification number and all rights incident to ownership of such Ownership Interest shall be deemed to be covered and conveyed by such document even though the Ownership 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 Buyer wishes to transfer his Purchase Contract before closing or to transfer an Ownership 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 Program Declaration requires that notice of any transfer must be given to the Association. If notice is not given, the Association and the Program Operator 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 Association for charges for the Ownership Interest. The Association may assess a transfer fee as stated in the Program Rules.

D. **RIGHT OF FIRST REFUSAL TO PURCHASE.** In the event an Owner desires to sell, convey or lease (or enter into other agreements relating to the use of a Unit if not designated as a "lease") for a term of three (3) years or more in the aggregate (and whether or not consecutive), or otherwise transfer ownership of such Owner's Ownership Interest in the Program and for so long as Developer has Ownership Interests to sell in the Program or the Developer or an affiliate of Developer manages the Program, whichever shall be later, Developer shall have the right of first refusal to purchase or lease, as applicable, the Ownership 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 or lease his Ownership Interest must notify Developer in writing of his intent to list, sell or lease his Ownership Interest. The Owner's written notice to the Developer must include the proposed listing, offer price or rental rate and general terms of the proposed listing, sale or lease. Upon receipt of such written notice, the Developer shall have fifteen (15) days within which to notify the Owner in writing as to whether the Developer elects to exercise its right of first refusal set forth herein. If Developer elects to exercise its right of first refusal, closing shall occur no later than sixty (60) days after Developer notifies the Owner in writing (within such fifteen (15) day period) of its decision to purchase the Ownership Interest. If Developer elects not to exercise its right of first refusal or fails to notify the Owner in writing of Developer's election to exercise its right of first refusal within such fifteen (15) day period, the Owner shall be entitled, for a period of seven (7) months thereafter, to list Owner's Ownership Interest with a third party resale agent or sell the Ownership Interest to a third party for a price equal to or greater than the price offered to Developer without further notice to Developer. In the event, however, that such third party buyer is an entity other than natural persons or such persons' personal trust (such as a corporation, partnership, limited liability company or partnership or other business entity), the Owner shall then reoffer the Ownership Interest to Developer under the procedure set forth above to provide Developer with the option to exercise its right of first refusal once again.

8. **MUTUAL RESCISSION PROVISION.** Both the Developer and any Buyer may cancel any contract to buy an Ownership Interest without penalty by giving the other party written notice within seven (7) calendar days after: (a) signing the contract; or (b) the Buyer receives this Disclosure Statement, whichever is later. The seven (7) day period is called the "mutual rescission period." Each Buyer will be given a form of Notice of Cancellation (Form TS-10 of the Department of Commerce and Consumer Affairs of the State of Hawaii ("DCCA")), together with all pertinent information completed at the time that Buyer signs the Purchase Contract. If a Buyer exercises this right to cancel, then, within fifteen (15) days, the Developer must return all payments made and the Buyer 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 Units and which will remain on each Buyer's Ownership Interest include those listed in the attached Exhibit "2", including the Program Documents and Condominium Documents, but excluding the mortgage and financing statements; the agreements contained in each First Deed which are described later in this Paragraph 9; and, if a Buyer purchases on credit, a mortgage made by the Buyer in favor of the Developer or a lender. Ownership Interests will be transferred to a Buyer subject to these encumbrances and to other encumbrances, if any, that do not materially affect the use or value of a Buyer's Ownership Interest, and which do not constitute "blanket liens."

Any mortgage given or assumed by the Developer, or any agreement of sale made by the Developer as "buyer" which is an encumbrance on any Buyer's Ownership Interest, to the extent that it encumbers or affects more than one Ownership Interest, is called a "blanket lien." Blanket liens MAY NOT be an encumbrance on a Buyer's Ownership Interest at closing, and must and will be released before or when title to that Ownership Interest is transferred from the Developer to the Buyer. At this time, there is no blanket lien, as that term is defined

under the Time Share Law (Hawaii Revised Statutes Chapter 514E), which affects more than one Ownership Interest.

By signing his First Deed, each Buyer consents to and makes an agreement about the Developer's Reserved Rights. These consents and agreements will be encumbrances on each Buyer's Ownership Interest. For example, by signing his First Deed, each Buyer (a) consents to the reservation, exercise and assignment by the Developer of the Reserved Rights contained in the Program Documents, Condominium Documents and First Deed without the necessity of any consent or joinder from the Buyer 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 Buyer'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 Buyer or by the Buyer's death. This means that the power of attorney appointment is permanent. Each Buyer also gives the Developer the power to substitute anyone else for it as the Buyer'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 Buyer 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.

Buyers should read these provisions of the Deed, and similar provisions in the Buyer's Acknowledgements, with care.

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

11. **FINANCIAL OBLIGATION OF PURCHASER.** Each Buyer must pay the sales price stated in his Purchase Contract. For initial Developer sales of Ownership Interests within Units in the Lahaina and Napili Towers only (versus sales of Ownership Interests that have been reacquired by the Developer for resale), the sales price includes Hawaii general excise tax at the rate of 4.166% (or any revised rate imposed by the State of Hawaii in the future) on the portion of the sales price allocable to the Common Furnishings in the Units. At Closing, such undivided prorata interest in the Common Furnishings shall be transferred to Buyer, and Buyer will in turn, concurrently transfer such interest to the Association to allow the Association to administer such Common Furnishings on behalf of Buyer. A Buyer must pay the sales price at once in cash. Buyer promises that he has the financial resources to pay for his Ownership Interest or to get a loan to do so. The Developer is not arranging and has no duty to arrange outside financing for any Buyer. A Buyer must also pay closing costs. Current sales prices, installment purchase terms and closing costs are stated in Exhibit "3" attached to this Disclosure Statement. All amounts are in United States dollars. Based upon the estimated closing costs described in Exhibit "3", the Buyer agrees to pay all closing costs not to exceed the amount referenced in Paragraph 8 of the Purchase Contract and the Developer will pay any amount of closing costs in excess of the amount Buyer is required to pay. The Developer keeps the right to make changes to Exhibit "3" and its obligation to pay any such excess closing costs at any time it chooses.

Whether he makes a cash or credit purchase, a Buyer also must pay his share of Program Expenses after the date scheduled for the closing of his purchase, even if he does not close on time.

Each Buyer should be aware that if he does not pay or keep the other promises he makes in his Purchase Contract (and if he buys on credit, in his note and mortgage), the Developer can take any action against the Buyer that is stated in the Purchase Contract (and note and mortgage), the Declaration, this Disclosure Statement and allowed by law, including, but not limited to, the suspension of Buyer's reservation and use rights. Buyers should read these documents with care.

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

A. **PROGRAM EXPENSES.** Whether he buys an Ownership Interest outright or on an installment basis, each Buyer, as an Owner, must pay to the Association his share of the Program Expenses. "Program Expenses" is a very broad term which includes all costs of maintaining the Property and operating the Program, including all

charges imposed on all Units, whoever is billed for the charges. Consequently, all such charges billed to the Association, the Developer, the Program Operator or any Owners are Program Expenses and are shared among all Owners as stated in the Declaration. Details of the items which constitute Program Expenses are set forth in the Declaration. The estimated Program Expenses and the share of these Program Expenses that each Buyer must pay are described in the Assessment Budget for the Program attached as Exhibit "4" to this document. The portion of Program Expenses you must pay is based upon the budget for each fiscal year prepared by the Program Operator in accordance with the Declaration. Each Buyer must pay an "Adjusted Share" of the Program Expenses for each Ownership Interest owned by the Owner upon the request of the Program Operator, whether or not he exercises his use rights in any particular Use Year. If the Owner does not pay, he may lose his use rights and privileges. Without limiting the generality of the foregoing, Program Expenses include:

- (1) The cost of all insurance purchased by the Association or the Program Operator;
- (2) All uninsured liabilities and damages;
- (3) All amounts necessary for any permitted purchase or lease of an Ownership Interest by the Association or the Program Operator;
- (4) All application, renewal and cancellation fees other than fees which must be paid by each Owner who participates in any Exchange Program arranged by the Association;
- (5) All sums due and payable under that certain Irrevocable Facilities License Agreement dated June 15, 1999 made by the Association and Developer; and
- (6) Amounts for contingencies and reserves, including the following:
 - (a) Unpaid charges to Owners (including unpaid Personal Charges) which the Program Operator determines to be uncollectible;
 - (b) Any deficiency for any reason in funds to pay costs on a current basis;
 - (c) Sums collected for Operating Reserve Expenses which are deposited in the Operating Reserve Account described in Paragraph 8.4 of the Program Declaration, and
 - (d) Sums collected for Replacement Reserve Expenses which are deposited in the Replacement Reserve Accounts described in Paragraph 8.5 of the Program Declaration.
- (7) All common expenses, including special assessments, imposed on all Units by the Condominium Association;
- (8) All real property and other governmental taxes and charges on all Units;
- (9) The cost of all utilities charged to the Units;
- (10) The cost of housekeeping service on all Units; and
- (11) All other costs incurred by the Association or the Program Operator, except for Personal Charges; provided, however, that all Personal Charges which the Program Operator or the Board determines to be uncollectible, may, at the discretion of the Program Operator or the Board, become Program Expenses.

B. **UNIT TYPES.** Each of the Units is configured either as a one bedroom apartment ("One Bedroom Unit"); a two bedroom apartment ("Two Bedroom Unit") or as a three bedroom apartment ("Three Bedroom Unit"). One Bedroom Units are those identified on Exhibit "1" as Apartment types having the prefix "OB". Two Bedroom Units in the Maui, Lanai and Molokai Wings are those identified on Exhibit "1" as Apartment types having the prefix "TB". Two Bedroom Units in the Lahaina Tower are those identified on Exhibit "1" as Apartment types

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. **ADDITIONAL DISCLOSURES.**

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

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

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

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

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

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

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

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

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

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

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

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

MARRIOTT OWNERSHIP RESORTS, INC.
a Delaware corporation

By

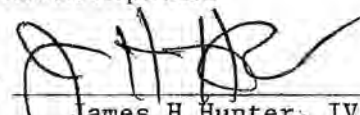

James H Hunter, IV
Its Vice President

EXHIBIT "1"

UNIT TYPES

A. UNIT TYPES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

UNIT TYPE N2OF. Two (2) bedrooms, with sleeping accommodations for eight (8) persons, ocean front.

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

UNIT TYPE N3OF. Three (3) bedrooms, with sleeping accommodations for ten (10) persons, ocean front.

Owners should consult the condominium documentation available at the offices of the Developer for more particular descriptions of the apartment units.

B. TOTAL NUMBER OF APARTMENTS IN THE PROGRAM BY UNIT TYPE. The total number of fee simple units of each type in the Program, and their apartment numbers, are as follows:

Unit Type OBOF <u>Total - 18</u>	Unit Type TBOF <u>Total - 48</u>	Unit Type OBOV <u>Total - 99</u>	Unit Type TBOV <u>Total - 44</u>
2010, 2111, 3010, 3110, 4010, 4107, 4110, 4111, 5009, 5010, 6009, 6010, 7009, 7010, 8009, 8010, 9009, 9010	109, 111, 1009, 1011, 2009, 2011, 2108, 2110, 2112, 3009, 3011, 3107, 3109, 3111, 4008, 4012, 4109, 4112, 5008, 5011, 5108, 5109, 5112, 5113, 6008, 6011, 6108, 6109, 6112, 6113, 7008, 7011, 7108, 7109, 7112, 7113, 8008, 8011, 8108, 8109, 8112, 8113, 9008, 9011, 9108, 9109, 9112, 9113	1013, 1014, 1015, 2001, 2002, 2003, 2013, 2014, 2015, 2033, 2038, 2102, 3001, 3002, 3003, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3033, 3038, 3039, 3040, 3041, 3102, 3103, 3104, 3105, 4001, 4002, 4003, 4013, 4014, 4015, 4016, 4017, 4018, 4019, 4020, 4102, 5003, 5004, 5005, 5006, 5013, 5014, 5017, 5018, 5019, 5020, 5102, 6003, 6004, 6005, 6006, 6013, 6014, 6017, 6018, 6019, 6020, 6102, 7003, 7004, 7005, 7006, 7013, 7014, 7017, 7018, 7019, 7020, 7102, 8003, 8004, 8005, 8006, 8013, 8014, 8017, 8018, 8019, 8020, 8102, 9003, 9004, 9005, 9006, 9013, 9014, 9017, 9018, 9019, 9020, 9102,	2004, 2007, 2034, 2037, 2039, 2042, 2100, 2104, 2105, 3004, 3007, 3034, 3037, 3100, 4004, 4007, 4100, 4104, 4105, 5001, 5015, 5100, 5104, 5105, 6001, 6015, 6100, 6104, 6105, 7001, 7015, 7100, 7104, 7105, 8001, 8015, 8100, 8104, 8105, 9001, 9015, 9100, 9104, 9105

Unit Type OBM/GV <u>Total - 43</u> 102, 105, 106, 107, 113, 114, 115, 116, 117, 118, 1001, 1002, 1003, 1016, 1017, 1018, 2016, 2017, 2018, 2019, 2020, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 3115, 3116, 3117, 3118, 3119, 3120, 3121, 3122, 4116, 4117, 4118, 4119, 4120, 4121	Unit Type TBM/GV <u>Total - 39</u> 104, 1004, 1007, 2021, 2114, 3021, 3113, 4115, 4123, 5116, 5118, 5119, 5122, 5123, 5126, 6116, 6118, 6119, 6122, 6123, 6126, 7116, 7118, 7119, 7122, 7123, 7126, 8116, 8118, 8119, 8122, 8123, 8126, 9116, 9118, 9119, 9122, 9123, 9126	Unit Type OBIV <u>Total - 20</u> 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032	Unit Type L2M/GV <u>Total - 20</u> 1211, 2201, 2203, 2211, 2213, 3201, 3203, 3211, 3213, 4201, 4211, 4213, 5211, 5213, 6211, 6213, 7213, 8213, 9213, 0313
Unit Type L2OV <u>Total - 21</u> 4203, 5201, 5203, 6201, 6203, 7201, 7203, 7211, 8201, 8203, 8211, 9201, 9203, 9211, 0301, 0303, 0311, 1303, 1311, 2303, 2311	Unit Type L2OF <u>Total - 12</u> 1208, 1210, 3208, 3210, 7208, 7210, 8208, 8210, 1308, 1310, 2308, 2310	Unit Type L3OF <u>Total - 12</u> 1206, 2206, 3206, 4206, 5206, 6206, 7206, 8206, 9206, 0306, 1306, 2306	Unit Type LN2OF <u>Total - 43</u> Lahaina Tower <u>Total - 12</u> 2208, 2210, 4208, 4210, 5208, 5210, 6208, 6210, 9208, 9210, 0308, 0310 Napili Tower <u>Total - 31</u> 1406, 1409, 1413, 2401, 2406, 2409, 2413, 3401, 3406, 3409, 3413, 4401, 4406, 4409, 4413, 5401, 5406, 5409, 5413, 6401, 6406, 6409, 6413, 7401, 7406, 7409, 7413, 8401, 8406, 8409, 8413
Unit Type N2IV <u>Total - 26</u> 1401, 2408, 2411, 2415, 3408, 3411, 3415, 4408, 4411, 4415, 5408, 5411, 5415, 6408, 6411, 6415, 7408, 7411, 7415, 8408, 8411, 8415, 9408, 9411, 0508, 0511	Unit Type N2OF <u>Total - 4</u> 9406, 9409, 0506, 0509	Unit Type N3OF <u>Total - 10</u> 1404, 2404, 3404, 4404, 5404, 6404, 7404, 8404, 9404, 0504	

EXHIBIT "2"

LIST OF ENCUMBRANCES

1. Reservation of all mineral and metallic mines of every description to the Hawaiian Government; except that Company affirmatively insures that neither the State of Hawaii nor persons authorized by it will enter, occupy or use the said land for the exercise of the reserved mineral and mining rights for a period of 75 years from January 1, 1960, as described in instrument dated January 29, 1960, recorded at said Bureau in Book 3822 at Pages 37.
2. Shoreline setback lines as they may be established by the State Land Use Commission or by the County pursuant to Sections 205A-41 to 205A-43.6 inclusive of the Hawaii Revised Statutes.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Deed dated April 25, 1969, recorded in said Office as Document No. 476140.
4. Designation of Easements "54" and "55" for utility purposes, as shown on Maps 19 and 36, as set forth by Land Court Order No. 31151, filed January 13, 1970.
5. Designation of Easement "81" for pedestrian purposes, as shown on Map 36, as set forth by Land Court Order No. 55161, filed December 5, 1979.
6. Designation of Easements "106" and "107" for parking access purposes, as shown on Map 43, as set forth by Land Court Order No. 62239, filed March 15, 1982.
7. Declaration dated December 23, 1977 filed in said Office as Document No. 853030 and recorded at said Bureau in Liber 12641, Page 179.

All rights, responsibilities, obligations, powers and duties arising at any time in, to and under said Declaration was assigned to Kaanapali Operations Association, Inc., a Hawaii nonprofit corporation, by instrument dated August 1, 1996, filed in said Office as Document No. 2326855, recorded at said Bureau as Document No. 96-110079.

Said Declaration was amended by instrument dated October 31, 1978, filed in said Office as Document No. 906095 and at said Bureau in Liber 13244 at Page 299; dated June 30, 1981, filed in said Office as Document No. 1075081 and at said Bureau in Liber 15691 at Page 351; dated August 26, 1982, filed in said Office as Document No. 1129155A and at said Bureau in Liber 16534 at Page 74; dated January 2, 1986, filed in said Office as Document No. 1344264 and at said Bureau in Liber 19217 at Page 240; and dated August 1, 1996, filed in said Office as Document No. 2326857.

8. Agreement dated July 11, 1979 by and between the County of Maui, Department of Water Supply and Amfac, Inc. recorded at said Bureau in Liber 13911 at Page 285.

Said Agreement was amended by instrument dated November 5, 1982, recorded at said Bureau in Liber 16732 at Page 736.

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Declaration of Appurtenant Easements dated March 5, 1980, recorded in said Office as Document No. 1000653.
10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Declaration of Appurtenant Easements dated March 5, 1980, recorded in said Office as Document No. 1000654.

11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Declaration of Appurtenant Easements dated March 5, 1980, recorded in said Office as Document No. 1000655, and at said Bureau in Book 14559 at Page 494.
12. Terms and provision of that certain Management Agreement (Unrecorded) dated March 7, 1980. A Short Form of which is dated March 7, 1980, recorded in said Office as Document No. 1000658, and also recorded at said Bureau in Book 14559 at Page 505.

The interest of Marriott Corporation was assigned to Marriott Hotels, Inc., a Delaware corporation, by that certain unrecorded Assignment dated January 2, 1982.

Said Management Agreement was amended by that certain unrecorded Restated and Amended Management Agreement for Kaanapali Beach Marriott Hotel dated December 23, 1986.

Said Management Agreement was restated and amended in its entirety by that certain unrecorded Second Restated and Amended Management Agreement for Kaanapali Beach Marriott Hotel dated December 31, 1988.

The interest of KBP Limited Partnership, by mesne unrecorded assignments, was assigned to Marriott Ownership Resorts, Inc., a Delaware corporation, by unrecorded Assignment of Owner's Interest in Management Agreements dated September 25, 1998 and September 28, 1998.

13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Partial Assignment of Nonexclusive Easement dated July 12, 1982, recorded in said Office as Document No. 1125492.
14. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Partial Assignment of Nonexclusive Easement dated August 10, 1982, recorded in said Office as Document No. 1128129.
15. Warranty Deed dated August 26, 1982 filed in said Office as Document No. 1129155 and recorded at said Bureau in Liber 16534 at Page 74.

Said Deed was amended by instrument dated January 2, 1986, recorded in said Office as Document No. 1344264, recorded at said Bureau in Liber 19217 at Page 240.

16. Warranty Deed dated January 2, 1986 recorded in said Office as Document No. 1344265 and recorded at said Bureau in Liber 19691 at Page 1.

All rights, responsibilities, obligations, powers and duties arising at any time in, to and under said Deed were assigned to Kaanapali Operations Association, Inc., a Hawaii nonprofit corporation, by instrument dated August 1, 1996, recorded in said Office as Document No. 2326855, recorded at said Bureau as Document No. 96-110079.

By Assignment and Assumption of Rights, Interests and Obligations and Reservation of Rights, Interests and Obligations effective as of December 21, 2000, recorded in said Office as Document No. 2781514, and also recorded at said Bureau as Document No. 2002-033760, Kaanapali Development Corp., a Hawaii corporation, assumes all the obligations under the foregoing Warranty Deed.

17. Affirmative Covenants Agreement dated January 2, 1986 by and between Amfac Property Investment Corp., and Kaanapali Beach Partners II recorded in said Office as Document No. 1344267 and recorded at said Bureau in Liber 19200 at Page 728.

All rights, responsibilities, obligations, powers and duties arising at any time in, to and under said Agreement was assigned to Kaanapali Operations Association, Inc., a Hawaii nonprofit corporation, by

instrument dated August 1, 1996, filed in said Office as Document No. 2326855, recorded at said Bureau as Document No. 96-110079.

By Assignment and Assumption of Rights, Interests and Obligations and Reservation of Rights, Interests and Obligations effective as of December 21, 2000, recorded in said Office as Document No. 2781514, and also recorded at said Bureau as Document No. 2002-033760, Kaanapali Development Corp., a Hawaii corporation, assumes all the obligations under the foregoing Affirmative Covenants Agreement.

18. Unrecorded Grant of Easements and Consents, in favor of the County of Maui; granting a nonexclusive easement for pedestrian access over Easement "81" and vehicular access easements over Easements "106" and "107," as described in Exhibit A-2 attached to Deed recorded in said Office as Document No. 1425978, and also recorded at said Bureau in Book 20184 at Page 52.
19. Letter dated January 2, 1986 re: withdrawal of Kaanapali Beach Partners of its objections to the rezoning of approximately 22 acres of the "green belt area" from a zoning classification of R-3 to B-R Resort Commercial District. Said withdrawal was based upon the agreement of Kaanapali Beach Partners and Mr. Yokouchi to enter into an agreement for the development, construction and operation of the tourist attraction tentatively referred to as the "Hawaiian Sea Village" for a portion of such green belt area; as described in Exhibit A-2 attached to Deed recorded in said Office as Document No. 1425978, and also recorded at said Bureau in Book 20184 at Page 52.
20. Beach Access Agreement dated December 23, 1986 by and between Kaanapali Beach Partners, a Hawaii general partnership and AZABU BUILDINGS CO., LTD., a Japan corporation, recorded at said Bureau in Book 20183 at Page 736. (Said Agreement is not recorded in Land Court.)
21. Private Water System Agreement dated July 24, 1997 by and between Marriott Hotels, Inc., a Delaware corporation, Kaanapali Water Corporation, a Hawaii corporation, and the Department of Water Supply of the County of Maui, recorded at said Bureau as Document No. 97-137256. (Said Agreement is not recorded in Land Court.)
22. The following matters as shown on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated September 16, 1998:
 - A. Encroachment of certain sprinklers and trees into the 40-foot shoreline setback area established under the rules and regulations of the Planning Commission of the County of Maui, as shown on Certification Map for "Maui Marriott Resort" prepared by George F. Newcomer, Land Surveyor, dated November 19, 1986.
 - B. There are two concrete ramps along the Southeasterly boundary of the subject parcel which lie on Lot 72 (Beach Access Lot) that appear to be serving Lot 71.
23. Declaration of Condominium Property Regime of Maui Ocean Club dated June 8, 1999, recorded in said Office as Document No. 2577291, as amended, and By-Laws thereto dated June 8, 1999, recorded in said Office as Document No. 2577292, Condominium Map No. 1314 filed in said Office; any instrument creating the estate or interest herein set forth; and in any other allied instrument referred to in any of the instruments aforesaid.

Said Declaration was amended by those certain instruments dated August 23, 2001, recorded in said Office as Document No. 2742144; dated January 18, 2002, recorded in said Office as Document No. 2782146; dated April 24, 2002, recorded in said Office as Document No. 2808035, dated February 2, 2005, recorded in said Office as Document No. 3252590; dated September 2, 2005, recorded in said Office as Document No. 3359374, recorded in said Office on July 14, 2006 as Document No. 3452962 and recorded in said Office on August 16, 2007 as Document No. 3643144.

24. Terms, covenants, conditions, restrictions, and reservations as contained in the Maui Ocean Club Vacation Ownership Program Declaration of Covenants, Conditions and Restrictions dated June 8, 1999, recorded in said Office as Document No. 2580210, as amended and annexed, but deleting any covenant, condition or restriction 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.

Said Declaration was amended by those certain instructions dated August 27, 2001, recorded in said Office as Document No. 2742145; and dated February 2, 2005 in said Office as Document No. 3252589.

Said Declaration was annexed by those certain instruments dated January 18, 2002, recorded in said Office as Document No. 2783100, dated April 24, 2002, recorded in said Office as Document No. 2808036; dated February 2, 2005, recorded in said Office as Document No. 3252591; and dated September 2, 2005, recorded in said Office as Document No. 3359375. Said Declaration was amended by that certain instrument recorded in said Office on December 14, 2006 as Document No. 3527012. Said Declaration was further amended by that certain instrument recorded in said Office on August 30, 2007 as Document No. 3649387-3649388.

25. A right of refusal in favor of Marriott Ownership Resorts, Inc., a Delaware corporation, as disclosed by the document recorded June 8, 1999 as Document No. 2580210.
26. A Grant of Easement for utility purposes in favor of Maui Electric Company, Limited, a Hawaii corporation, recorded November 4, 2004 in said Office as Document No. 3188791.
27. A Grant of Easement for utility purposes, in favor of Maui Electric Company, Limited, a Hawaii corporation, recorded November 3, 2006 in said Office as Document No. 3508982.
28. Maui Ocean Club Vacation Ownership Program Declaration of Conversion, recorded in said Office as Document No. 3527011.

Remarks: Said Document affects Apartment Nos. 2208, 2210, 4208, 4210, 5208, 5210, 6208, 6210, 9208, 9210, 0308 and 0310

EXHIBIT "3"

**Current Sales Prices
Schedule of Estimated Closing Expenses**

UNIT TYPE	CURRENT SALES PRICE*	UNIT TYPE	CURRENT SALES PRICE*
MAUI, LANAI AND MOLOKAI WINGS:		LAHAINA TOWER:	
TBOF Week 52	\$76,000.00	Two Bedroom MGV Units	\$55,000.00
TBOF Week 51	\$72,000.00	Two Bedroom MGV Units (Fixed)	\$58,000.00 - \$67,000.00
TBOF Platinum	\$63,900.00	Two Bedroom OV Units	\$65,500.00
		Two Bedroom OV Units (Fixed)	\$70,600.00 - \$80,700.00
TBOV Week 52	\$70,000.00	Two Bedroom OF Units	\$74,000.00
TBOV Week 51	\$65,500.00	Two Bedroom OF Units (Float-Fixed)	\$97,500.00 - \$131,800.00
TBOV Platinum	\$57,100.00	Two Bedroom OF Units (Fixed)	\$50,000.00 - \$116,000.00
		Three Bedroom OF Units	\$66,350.00 - \$160,600.00
		NAPILI TOWER:	
TBMGV Week 52	\$51,500.00	Two Bedroom IV Units	\$46,900.00
TBMGV Week 51	\$50,500.00	Two Bedroom IV Units (Fixed)	\$55,000.00 - \$60,500.00
TBMGV Platinum	\$46,400.00	Two Bedroom OF Units	\$74,000.00
OBOF Week 52	\$48,500.00	Two Bedroom OF Units (Float-Fixed)	\$112,800.00 - \$132,800.00
OBOF Week 51	\$46,500.00	Two Bedroom OF Units (Fixed)	\$63,700.00 - \$122,500.00
OBOF Platinum	\$39,600.00	Three Bedroom Units	\$53,000.00 - \$163,500.00
OBOV Week 52	\$43,200.00		
OBOV Week 51	\$41,000.00		
OBOV Platinum	\$36,800.00		
OBGV Week 52	\$32,000.00		
OBGV Week 51	\$31,000.00		
OBGV Platinum	\$30,400.00		
OBIV Week 52	\$25,900.00		
OBIV Week 51	\$24,500.00		
OBIV Platinum	\$24,600.00		

*Sales prices are subject to change by the Developer without notice. For initial Developer sales of Ownership Interests within Units in the Lahaina and Napili Towers only (versus sales of ownership interests that have been reacquired by the Developer for resale), such sales prices include Hawaii general excise tax at the rate of 4.166% (or any revised rate imposed by the State of Hawaii in the future) on the portion of the Purchase Price allocable to the Subject Common Furnishings in Units.

SCHEDULE OF CLOSING EXPENSES

Title Insurance Fees:		
Owner Policy with Mortgagee Policy – FLAT FEE		\$ 80.00
Mortgagee Policy: (concurrent issue)	Included	
Escrow Fee (FLAT FEE)		\$ 80.00
Recording Fee on Deed and Mortgage		
Land Court (Deed)		\$ 50.00
Land Court (Mortgage)		\$ 25.00
Deed Conveyance Tax	Purchase Price x .001	
Mortgage Conveyance Fee	(NA)	
Document Preparation Fee		\$ 142.00
Lender Document Preparation Fee		\$100.00
First Year Assessment for Common Expenses and Maintenance Fees (see current Estimated Operating Budget)	BUYER TO PAY	
First Year Expenses for Ad Valorem Taxation And Special Assessments (see current Estimated Operating Budget)	BUYER TO PAY	

EXHIBIT "4"

2010 ASSESSMENT BUDGET FOR ASSOCIATION OF APARTMENT OWNERS OF MAUI OCEAN CLUB (In 2010 Dollars)

	TOTAL ANNUAL BUDGET	MAUI OCEAN CLUB VACATION OWNERS ASSOCIATION	MARRIOTT OWNERSHIP RESORTS, INC.
<u>OPERATING EXPENSES:</u>			
ACCOUNTING	\$ 46,522	\$ 46,506	\$ 16
ADMINISTRATIVE	80,578	80,550	28
ANNUAL AUDIT	17,000	16,994	6
BOARD OF DIRECTORS EXPENSES	1,200	1,200	-
UTILITY EXPENSE	4,254,543	4,253,087	1,456
GROUNDS & LANDSCAPING	1,467,003	1,466,501	502
HOUSEKEEPING	1,069,846	1,069,480	366
HUMAN RESOURCES	186,320	186,256	64
INSURANCE	2,050,145	2,049,557	588
IRREVOCABLE PARKING LICENSE AGREEMENT	319,123	319,014	109
K'A'ANAPALI OPERATORS ASSOCIATION	287,038	286,940	98
LOSS PREVENTION	1,182,083	1,181,678	405
REPAIRS & MAINTENANCE	1,801,592	1,800,975	617
MANAGEMENT FEES	1,284,942	1,284,502	440
RECREATION	893,455	893,149	306
INTEREST INCOME	-	-	-
INCOME TAX	170	170	-
(SURPLUS RETURN)/ DEFICIT RECOVERY	(2,500,000)	(2,499,145)	(855)
RESERVES FOR REPLACEMENT	1,692,800	1,692,221	579
TOTAL OPERATING EXPENSES & RESERVES	\$ 14,134,360	\$ 14,129,635	\$ 4,725

**2010 ASSESSMENT BUDGET FOR
MAUI OCEAN CLUB VACATION OWNERS ASSOCIATION
(VACATION OWNERSHIP BUDGET)**

23688 OWNERSHIP INTERESTS
(In 2010 Dollars)

	TOTAL BUDGET PER YEAR	PER EVERY YEAR OWNERSHIP INTEREST PER YEAR	PER ODD/EVEN YEAR OWNERSHIP INTEREST PER YEAR
ACCOUNTING	\$ 506,795	\$ 21.39	\$ 10.70
ADMINISTRATIVE	780,127	32.93	16.47
ANNUAL AUDIT	16,887	0.71	0.36
BAD DEBT EXPENSE	569,405	24.04	12.02
BILLING & COLLECTIONS	202,557	8.55	4.28
BOARD OF DIRECTORS EXPENSE	7,134	0.30	0.15
CABLE TELEVISION	103,258	4.36	2.18
CONDOMINIUM ASSOCIATION ASSESSMENT	14,129,635	596.49	298.25
CREDIT CARD EXPENSE	486,569	20.63	10.32
FRONT OFFICE	2,424,617	102.36	51.18
HIGH SPEED INTERNET	16,337	0.69	0.35
HOUSEKEEPING (INCLUDING LAUNDRY)	4,670,463	197.17	98.59
HUMAN RESOURCES	176,647	7.46	3.73
INCOME TAX	133,679	5.64	2.82
INSURANCE	556,240	23.48	11.74
LEGAL FEES - OUTSIDE	10,058	0.42	0.21
MAINTENANCE	964,220	40.70	20.35
MANAGEMENT FEES	2,410,115	101.74	50.87
OTHER INCOME (LATE FEES, INVESTMENT INCOME)	(510,203)	(21.54)	(10.77)
OWNER SERVICES	680,098	28.71	14.36
POSTAGE & PRINTING	45,132	2.07	1.04
PROPERTY TAXES	6,932,922	292.68	146.34
RECOVERY OF DEFICIT	-	-	-
TAXES - GENERAL EXCISE TAX	1,693,317	71.48	35.74
TELEPHONE	106,667	4.50	2.25
TOTAL OPERATING EXPENSES	\$ 37,118,676	\$ 1,566.96	\$ 783.53
RESERVES FOR REPLACEMENT (INTERIOR)	3,520,076	148.60	74.30
TOTAL OPERATING EXPENSES & RESERVES	\$ 40,638,752	\$ 1,715.56	\$ 857.83

CALCULATION OF "ADJUSTED SHARE" (SEE SECTION, 8.1 OF VACATION OWNERSHIP PROGRAM DECLARATION)
(BASED ON 23688 OWNERSHIP INTERESTS)

TOTAL BUDGET	\$ 40,638,752		
DIVISION FACTOR	26,409.14		
ONE BEDROOM ASSESSMENT (9310 OWNERSHIP INT.)		\$ 1,538.81	\$ 769.41
TWO BEDROOM MAUI, LANAI & MOLOKAI WINGS MULTIPLIER	110.0%		
TWO BEDROOM ASSESSMENT (6776 OWNERSHIP INT.)		\$ 1,692.70	\$ 846.35
TWO BEDROOM LAHAINA & NAPII MULTIPLIER	123.2%		
TWO BEDROOM ASSESSMENT (6480 OWNERSHIP INT.)		\$ 1,896.49	\$ 948.25
THREE BEDROOM LAHAINA & NAPII MULTIPLIER	147.9%		
THREE BEDROOM ASSESSMENT (1122 OWNERSHIP INT.)		\$ 2,275.79	\$ 1,137.90

Note: The Vacation Ownership Program Declaration allows for the Association to modify the allocation of costs due to any increases in costs that would adversely affect the existing owners. Such a modification has been made for the 2010 budget based on significant increases in Insurance, Utilities and Property Taxes. The recalculated division factor is based on the new multipliers and the number of unit weeks existing in 2010.

MAUI OCEAN CLUB VACATION OWNERS ASSOCIATION
2010 ESTIMATED OPERATING BUDGET NOTES
FOR THE PERIOD BEGINNING JANUARY 02, 2010 AND ENDING DECEMBER 31, 2010

1) This budget has been prepared on an accrual basis.

2) 23,697 Time Periods exist in the 459 Resort Apartments submitted for registration in the Vacation Ownership Program. The Developer has conveyed 171 Time Periods to the Association for use as Major Service Periods each year.

3) Although this site is located in Hawaii, it has been registered in California. California Law requires the association board to disseminate to members an annual report of the provisions relating to methods and procedures for funding reserves pursuant to Section 11240(b)(2)(L) of the California Business Professions Code. Planned replacement reserves are the moneys that the association's Board of Directors has identified to be used to defray the future repair or replacement of, or additions to, those major components, which the association is obligated to maintain.

4) The itemized estimate of the remaining life and estimated replacement of the major components are listed below:

Components	Estimated Useful Life in Yrs.	Estimated Replacement Cost	Estimated Remaining Useful Life in Yrs.	Anticipated Beginning Fund Balance as of 1/2/2010	% of Fund Balance over Replacement Cost	Age in Years as of 1/2/2010
Furniture, Fixtures, and Equipment	10	\$3,970,050	5	\$,999,342	11.12%	5
TOTAL		\$3,970,050		\$,999,342	11.12%	

5) The cash flow method is being used, which is based on a minimum twenty-year projection of the association's future income and expenses to fully fund its replacement reserve requirements each year during that twenty-year period. The cash flow method requires the association to assess and collect from its owners to fully fund 100% of the estimated replacement reserves, in order to establish a full replacement reserve for the association by the end of each budget year.

6) The remaining life of a component can be estimated by subtracting the current age of the component from the useful life of such component. Each year, the association board may adjust the amount of the estimated replacement reserve for an asset based on reasonable projections for inflation and for interest which will be earned during the estimated useful life of the asset.

7) Capitalized terms not defined in these footnotes have the meaning given to them in the Maui Ocean Club Vacation Ownership Program Declaration of Covenants, Conditions and Restrictions (the "Vacation Ownership Program Declaration").

8) The amounts set forth in this budget are estimates only and may be modified prior to the actual commencement of the fiscal year. Insurance, energy and labor costs are calculated based on current rates, and such costs may substantially increase over a short period of time. The Developer cannot predict how changes in the economic, social and political conditions may impact such costs. Purchasers are aware and acknowledge that the budget and, as a result, each purchaser's overall assessment, may increase substantially due to increasing costs, including (without limitation) those described above.

ASSOCIATION OF APARTMENT OWNERS OF MAUI OCEAN CLUB
2010 ESTIMATED OPERATING BUDGET NOTES
FOR THE PERIOD BEGINNING JANUARY 02, 2010 AND ENDING DECEMBER 31, 2010

1) This budget has been prepared on an accrual basis, is allocated among Apartment Owners based on methodology adopted by the Managing Agent and approved by the Board. Because expenses associated with Limited Common Elements (LCE's) are assessed against only the Apartments to which the LCE's are appurtenant, each Apartment's assessment cannot be computed simply by multiplying its percentage Common Interest by the total annual budget. Rather, the total assessments shown in columns two & three have been derived from allocation formulas for each line item. The Total from the second column is carried forward to the Vacation Ownership Budget under the line item "Condominium Association Assessment", and ultimately assessed against Owners of Resort Apartments that have been submitted to the plan of vacation ownership. The Total from the third column is payable by Marriott Ownership Resorts, Inc. as Owner of certain Resort and Commercial Apartments.

2) Although this site is located in Hawaii, it has been registered in California. California Law requires the association board to disseminate to members an annual report of the provisions relating to methods and procedures for funding reserves pursuant to Section 11240(h)(2)(L) of the California Business Professions Code. Planned replacement reserves are the moneys that the association's Board of Directors has identified to be used to defray the future repair or replacement of, or additions to, those major components, which the association is obligated to maintain.

3) The itemized estimate of the remaining life and estimated replacement of the major components are listed below:

	Estimated Useful Life in Yrs.	Estimated Replacement Cost	Estimated Remaining Useful Life in Yrs.	Anticipated Beginning Fund Balance as of 1/2/2010	% of Fund Balance over Replacement Cost	Age in Years as of 1/2/2010
Components						
Roof Replacement	25	4,650,028	5	563,203	12.11%	20
Furniture, Fixtures, and Equipment	5	841,215	1	1,069,188	127.10%	4
Building Painting	7	1,911,064	6	-1,102,513	-57.89%	1
External Building Maintenance	25	3,696,595	21	-22,376	-0.61%	4
Pavement Resurfacing	20	153,976	18	30,623	20.08%	2
Common Area Rehabilitation	15	16,086,512	6	-281,831	-1.75%	11
TOTAL		\$27,349,390		\$256,574	0.94%	

4) The cash flow method is being used, which is based on a minimum twenty-year projection of the association's future income and expenses to fully fund its replacement reserve requirements each year during that twenty-year period. The cash flow method requires the association to assess and collect from its owners to fully fund 100% of the estimated replacement reserves, in order to establish a full replacement reserve for the association by the end of each budget year.

5) The remaining life of a component can be estimated by subtracting the current age of the component from the useful life of such component. Each year, the association board may adjust the amount of the estimated replacement reserve for an asset based on reasonable projections for inflation and for interest which will be earned during the estimated useful life of the asset.

6) Capitalized terms not defined in these footnotes have the meaning given to them in the Declaration of Condominium Property Regime of Maui Ocean Club.

7) The amounts set forth in this budget are estimates only and may be modified prior to the actual commencement of the fiscal year. Insurance, energy and labor costs are calculated based on current rates, and such costs may substantially increase over a short period of time. The Developer cannot predict how changes in the economic, social and political conditions may impact such costs. Purchasers are aware and acknowledge that the budget and, as a result, each purchaser's overall assessment, may increase substantially due to increasing costs, including (without limitation) those described above.

EXHIBIT "5"
MARKETING PLAN FOR
MAUI OCEAN CLUB

The developer, Marriott Ownership Resorts, Inc. ("MORI"), intends to advertise within the Hawaiian market 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 Marriott owners and referrals; and possibly utilize telemarketing in conjunction with other advertising campaigns. In addition, MORI intends to solicit guests staying in Marriott hotels through printed materials located within the hotels and their rooms and onsite guest services. It is anticipated that MORI may use outside acquisition agents for soliciting customers for the purpose of sales tours at the Condominium.

MORI will be operating several sales offices within the state. The main office will be located on the Island of Kauai at 2249 Poipu Road, Koloa, Kauai, Hawaii 96756. 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 Program. 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 MORI will be the sales agent for the Program. In addition, sales collateral and advertising materials are being developed and will be submitted prior to use.