

Shared Ownership at the Sands of Kahana

Buyer's Acknowledgment

Seller wants to be sure that you clearly understand what you are buying. So please review the following and sign below if it is correct: (Note: Refer to your Fractional Share Purchase Agreement and the escrow agreement for definitions.)

1. YOUR OWNERSHIP RIGHTS AND DUTIES.

a. Where Your Rights and Duties Come From. The Sands of Kahana is a leasehold condominium. You will share the ownership of a single condominium apartment under an apartment deed and sublease. The sublease will end on June 30, 2036 and, as a practical matter, your use rights will also end then. As an owner, you will belong to the Association of Apartment Owners of The Sands of Kahana (the "condominium association") and the Sands of Kahana Fractional Share Owners Association (the "Association"). Your rights and duties as a member are explained in the condominium documents and the program documents. You must obey them. Your membership will end when you no longer are an owner such as if you sell your fractional share.

b. Association Assessments. In addition to the initial purchase price for your fractional share, you must pay to the Association a quarterly fee (the "association assessment") for each fractional share you own. These assessments are used to pay the cost of operating and maintaining the program, including bills for taxes, maid service, and so on. You must pay the assessments whether or not you use your vacation unit in any particular year. If you do not pay the association assessments and any other charges, the Association may (i) suspend your rights, including your right to use your unit or to exchange your use rights, and (ii) foreclose on and sell your fractional share. The Association may increase the association assessments subject to the limits in the program documents.

It is hard to predict the costs to maintain and operate any fractional ownership program. And they usually increase over time as the condominium ages or due to inflation or other things which the seller cannot control or predict. As a result, neither the seller nor anyone else can promise that the budget estimates are accurate.

If you own an even-year fractional share or an odd-year fractional share, you may have to pay one-half of the standard assessment each quarter in every year, or all of the standard assessment each quarter in every other year, as the Association chooses.

c. Personal Charges. You must pay all charges for things like long distance telephone calls, extra maid service, or any missing items or damage (except for normal wear and tear) to your unit or its furnishings which occurs during your vacation period. The only exception is if someone else uses your vacation period under an exchange program.

d. You Will Not Own the Fractional Share Until the Closing. You will not own your fractional share until closing. Until then, the seller has and can use all the rights, limits and duties which go with the fractional share you are buying. That includes the use rights and voting rights. For example, the seller can rent the vacation period and keep the rent money.

e. The Board of Directors and Managing Agent. Seller chose the first board of directors for the Association. The seller hired the program manager for the fractional ownership program under a contract having an initial term of five years with automatic renewals after that unless the owners vote not to renew. The program manager is related to the seller.

2. YOUR USE RIGHTS.

a. Every-Year/Every Other Year. If you own an every-year fractional share, you will own a 1/6th interest in your unit and you may use it during your vacation period in every use year. If you own an

even-year fractional share, then you will own a 1/12th interest in your unit and may use it in every use year which ends in an even number (for example 2000, 2002, etc.). If you own an odd-year fractional share, then you will own a 1/12th interest in your unit and you may use it in every use year which ends in an odd number (for example, 1999, 2001, etc.).

b. Unused Use Rights. You can NOT carry forward an unused vacation period from one year to the next. This does not limit, however, your ability to participate in any "space-banking" or similar system offered through an independent exchange company.

3. BUY ONLY FOR PERSONAL USE; NO RENTAL OR REALES SERVICES.

You should buy your fractional share only for use and enjoyment as vacation lodgings for you, your family and guests, and not as an investment. The seller is not making, and the salespeople are not allowed to make promises of any investment potential of a fractional share including, for example, promises of rental income, resale at a profit, appreciation, tax benefits, or other economic benefits.

Seller is not now offering or planning any rental or resale service. If you want to rent or resell, you may do so, but you must make your own arrangements.

While you can rent your fractional share, you cannot join a "rental pool" or similar arrangement in which you agree to share rental income and/or expenses with other owners. The seller can enforce this restriction until the earlier of (1) December 31, 2010, or (2) the date the seller sells all fractional shares in the program.

4. THE EXCHANGE PROGRAM. Seller has arranged for Resort Condominiums International, Inc. ("RCI") to make its exchange program available to owners of fractional shares in this program. RCI assists owners in exchanging their vacation periods with people having use rights in other resort properties. Seller will pay your first year's membership fee. You must pay all other fees charged by RCI to use its exchange service. If you wish to be a member after the first year, you may do so by paying RCI's membership fee and other charges.

The seller and RCI are totally separate companies and neither one can make promises for the other. RCI is only responsible for the representations about its exchange program, and current or future services, contained in the written materials supplied by RCI and which the salespeople provided to you. RCI is not bound by promises made by the seller or the salespeople, and the seller is not responsible for any promises by RCI.

5. NO GOVERNMENT RECOMMENDATIONS. You understand that no federal or state agency has recommended or endorsed the fractional shares or the fractional ownership program.

6. DON'T RELY ON UNWRITTEN PROMISES. Only written promises signed by seller are binding. Seller will gladly put its promises in writing, so feel free to ask. But you cannot depend on promises which are not in writing and signed by seller.

7. EFFECT OF THIS DOCUMENT. Your promises and acknowledgments in this document will remain in effect even after the closing and for so long as you own your fractional share

By signing this document, you acknowledge, accept and agree to the things stated above.

Buyer Date signed

Buyer Date signed

Buyer Date signed

Buyer Date signed