

the westin ka'anapali ocean resort villas

summer 2010 - ocean resort villas association newsletter

Dear Owner,

We hope the summer finds you well and that you had an opportunity to enjoy your vacation ownership interest with family and friends. Over the past few months, we have received an overwhelming response to your Association's Spring Newsletter. Thanks to your feedback and our continued efforts to communicate relevant, detailed information more often, we have added a frequently asked questions section (FAQS) to provide you with more insight into the business operations of your Association.

As always, we welcome your feedback and comments on how we can further improve our communication efforts.

resort updates

- We are pleased to announce the addition of Executive Chef Francois Milliet to our Ohana, which means family. In his new role, Francois's main focus will be to elevate and streamline service standards in our kitchens. Francois will provide direct mentorship and coaching to the culinary and stewarding team. He will work collaboratively with our Director of Food and Beverage and Sous Chef to create menu offerings that will provide a unique and rejuvenating dining experience for our Owners, guests and Associates. Born and raised in Switzerland, Francois attended EPSIC Culinary school in Lausanne, Switzerland. Francois is happily married to his beautiful wife, Jennifer, and enjoys spending time with their children, AhLayne, Shane and Madelein. Francois is passionate about windsurfing, skiing and bike riding and is also a fan of the San Diego Chargers.
- Also, please welcome Makalapua "Maka" Kanuha to our Ohana as the Guest Activities Manager and Brand Ambassador for the Resort. Born and raised in Honolulu, Maka graduated from Kaimuki High School. Maka has performed and led countless cultural events such as International Festival of Canoes, Merry Monarch and blessing ceremonies. Maka is passionate about educating, and being educated on, things that are Hawaiian. For personal renewal, she loves traveling to learn about different cultures, spending quality time with her 6 children and 7 grandchildren, as well as getting a relaxing deep tissue massage.
- Our Kai Lani Lawn- ocean side lawn is now available for weddings, renewals and other special events.
- Ongoing tree trimming initiatives are in place resort wide and we are continuously evaluating views, overgrown trees/bushes etc.
- A weekly farmers market is now being held at the Kai Ala Market.
- There is still time if you have not booked your 2010 vacation ownership. To check availability and make a reservation at a Starwood Vacation Ownership resort, call Owner Services at 800.472.6696. Upon your arrival at the resort this year, you will become automatically eligible for a weekly prize of a seven-night stay, as well as the Grand Prize of 1 million Starpoints® from the Starwood Preferred Guest® program as



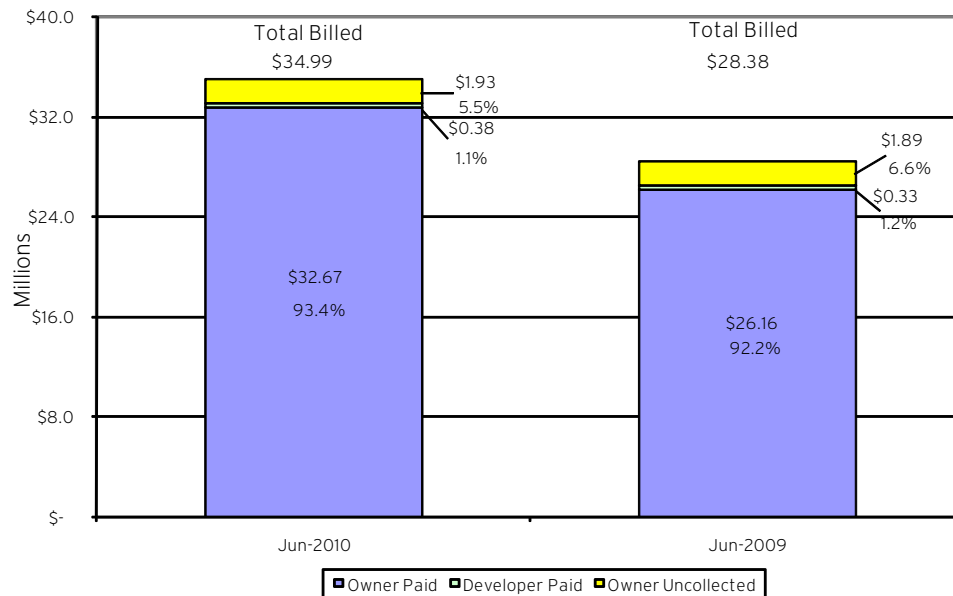
part of the Thanks-a-Million Vacation Giveaway. Visit thanksamilliongiveaway.com to learn more about how you can enter and watch Resort and Owner videos celebrating 30 years of great vacations with Starwood Vacation Ownership.

- Before you travel, visit mystarcentral.com, your 24-hour ownership resource for vacation offers and discounts, planning tools and tips, resort amenities and activities, the latest weather advisories, resort and Owner videos, resort construction updates, travel insurance and important information about your vacation ownership.

financials

The following is a snapshot of your Association's collections and notable comments regarding the collection efforts. As mentioned in the previous newsletter, your Association's cash flow for 2010 has been impacted by the economy and shortfall in uncollectable accounts or bad debt. We continue to focus on new ways in which to reduce the bad debt and increase cash flow.

Summary of Collections as of June 30, 2010



A total of \$34.99 million was billed for 2010 assessments, which was 23.3% higher than 2009. It is still too early in the year to be able to predict the total amount of maintenance fees that will ultimately be collected; however, the collection pace as of June 30, 2010 is slightly ahead of the 2009 pace (94.5% versus 93.4%). The Developer-paid amount of \$0.38M is for unsold units at the time of the annual billing.

association expenses

As of June 2010, actual operating expenses are performing unfavorable to budget due primarily to the final payment of the 2009/2010 real property tax. As we focus toward year-end, expenses are forecast to be favorable to budget due to a property valuation reduction for the 2010/2011 real property tax. Another contributing factor to the year-end savings is a reduction in overall insurance premiums.

property tax update

Following the May 5, 2010 hearing, the Maui County Board of Review issued minimal reductions in the assessed values for the 2009/2010 tax year. These reductions were not sufficient; therefore, the Association's Board of Directors has approved appealing these assessments to the Tax Appeal Court for the State of Hawai'i. The pre-trial process is underway; however, due to the backlog within the court system, it may be 2011 before the case is heard.

As mentioned in the Spring Newsletter, the Association also filed appeals with the Tax Appeal Court for the 2010/2011 tax year. Should the Tax Appeal Court issue a decision resulting in a favorable tax adjustment to the Association, it is the discretion of the Association's Board of Directors to determine how these funds will be used; options include: a credit against future assessments, contribution to replacement reserve fund, or a combination of both.

We will continue to keep you updated on this important matter.

update from your board

The Board has approved the use of electronic voting for proxy returns for annual meetings of the membership. Owners will continue to receive written notice of the annual meetings through postal mail; however, the notice will direct them to a secure web site to view the proxy materials and cast their vote. Owners may also request a written proxy which they may complete and submit by return mail if so desired. The electronic process allows for ease of participation, reduces printing and postage costs, and will hopefully generate votes sufficient to meet the quorum required to conduct business.

If you are interested in volunteering your time, talent and effort for the benefit of your Association, please consider submitting an application to serve on your Association's Board. Please be aware that terms of service for Director positions may vary. There may not currently be an open position; however, all applications are retained and reviewed as positions on the Board become available. To obtain an application please [click here](#).

coming soon: electronic billing

Your Association is constantly searching for ways to operate more efficiently and make greener business decisions. We are working on a method to allow you to receive your annual assessment statement and other Association-related correspondence electronically via mystarcentral.com. We will provide updates as we progress on this initiative.

your current board of directors

ocean resort master association

- Johnathan Ho, President*
- Gerald Bodzy, Vice President
- Craig McFarland, Vice President
- Teri Castleberry, Treasurer*
- Bruce McNish, Secretary*

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VACATION OWNERSHIP

association of apartment owners of ocean resort villas

- Mark Watford, President
- Beatrice Case, Vice President
- Vic H. Henry, Director
- Johnathan Ho, Treasurer*
- Gerald Bodzy, Secretary

ocean resort villas vacation owners association

- Mark Watford, President
- Beatrice Case, Vice President
- Vic H. Henry, Director
- Johnathan Ho, Treasurer*
- Gerald Bodzy, Secretary

If you have questions regarding the information within this newsletter, please contact your board by emailing kaanapali@myassociationdirect.com.

*Associate of Starwood Vacation Ownership, Inc.

important dates (dates subject to change)

board meetings:	october 7, 2010
annual membership meeting:	december 16, 2010

frequently asked questions (faqs)

q: Is the annual assessment we pay in November or December for the current year or for the coming year and can the Association offer payment plans to help the delinquent Owners?

a: The annual assessment is paid in advance of the operating year for which they will be used. To illustrate, the statement that you receive in November or December is usually due around January 1 and is for the upcoming year's expenses. Thus the statement you received in November 2009 was for the 2010 budget year (January to December) expenses and the statement that you will receive this fall will be for the 2011 budget year (January to December) expenses.

The Association's annual assessment is based on an annualized budget. We have given consideration to various alternatives to determine if the Association can provide Owners with a multiple payment system. The cash flow of an Association is extremely sensitive. A staggered payment system will lead to the necessity for more financing and line of credit arrangements which would also lead to increased interest expense and less investment income.

For Owners who may foresee a burden of paying the annual assessment in the future we encourage, and the Association allows, payment in advance during the year. If you can pay money during the year toward your future balance you will reduce the impact of the lump sum annual assessment payment. Your account will simply reflect a credit balance until the annual budget for the following year is approved by the Board of Directors and the annual assessment statements are sent to the Owners.

q: Why did the 2010 assessments increase?

a: In general, assessments increased at all properties driven by the economic climate. Most Associations have seen an increase in the amount of bad debt (e.g. Owners who have not paid their annual assessment and/or are behind in payments). This, combined with increases in property taxes in some jurisdictions, are the primary drivers of the increase in assessments year over year.

q: Why am I responsible for paying everyone else's bill? I have always paid my annual assessment on time.

a: While we understand that this can be frustrating, your Association has operating expenses that get divided among all the Owners. When one or more of those Owners fail to pay their portion of the expense, it is up to the rest of the Owners to absorb the total cost.

q: What is my Owners Association doing to collect from Owners who are delinquent and help prevent this from happening in the future?

a: The Association pursues non-paying Owners through a variety of collection techniques which may include collection calls, denying Owners use of their interest, applying late fees and interest to their account, and potentially recording a claim of lien against the interest. The Association may also pursue foreclosure of that lien which may allow the Association to take title to the interval with an ultimate goal of selling the interest to a new paying Owner.

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VACATION OWNERSHIP

frequently asked questions (continued)

q: If so many Owners are not paying their dues, then why can it still be difficult at times to make a reservation or book a week?

a: Availability at any particular resort or your Home Resort can depend on many factors such as the supply of units available for the week requested and the corresponding highly desired vacation time periods. The increase in unit Owners who have become delinquent in paying their annual assessment has had a big impact on the Association's cash flow for paying expenses; however this increase in delinquency does not necessarily correspond to unit availability during a particular high-demand week. If you have questions about your individual account and how to best use your week or to check availability at any Starwood Vacation Network(SM) resort, please contact a Vacation Counselor for more information.

q: What is being done to control operating expenses at the property and will these changes impact my vacation experience?

a: Your Operations team has implemented several cost-saving initiatives over the past year. While these efforts have been successful, the Resort and Association's goal is to maintain the integrity of the property and the Westin brand standard, as well as your overall vacation experience.