

**L. Stephen Polito &
Sara M. Carter
180 Gilmartin Drive
Tiburon, CA 94920**

May 3, 2009

Dear Fellow Homeowners:

I am writing to you as a homeowner and not as a representative of the association board. In my capacity as a homeowner, I have had discussions over the past months with several owners who have expressed concerns regarding the ultimate ownership and/or operation of the Commercial Units at our Beach Villas. Specifically, various owners have made reference to the belief being promoted by a few owners that Centex has in some way concealed or intentionally obscured information for their own benefit.

While Sara and I share concerns about maintaining our private association to the standard that drew us here in the first place, I am confounded by the assertion, from a few, that we were ill informed, or that Centex has operated in anything other than a professional manner.

In an attempt to clarify the situation, I would like to convey our understanding and personal experience with Centex as follows:

1. When Sara and I first entered the sales office we were greeted, introduced, and had dealings with an extremely attentive and qualified staff.
2. Our salesperson provided us with a complete overview, and understanding of what was being offered. In addition, any questions we had were either answered to our satisfaction immediately, or the salesperson would get the information or put us in touch with someone who could address the issues.
3. We made the decision to buy our first unit, B-602, that weekend and were provided an abundance of documentation to review:
 - a. The public report contained within that documentation clearly stated that The Developer "Centex" had the right to lease or transfer ownership of the commercial units to the Association or a third-party,
 - b. Within the Exhibits, there were numerous references to Rights of First Refusal, Purchase Options, and Agreements to Lease, all of which were recorded documents, and
 - c. Also contained in the Exhibits were references to various Lease Agreements which, although unrecorded, did have a recorded Memorandum of Lease, also available to us.

4. Our Title Report from Island Title Corporation clearly reiterated the aforementioned developer's rights to sell, transfer, lease, or encumber the commercial units, as they deem necessary. In addition, reference was made to Article XXXIV of the Declaration, which again, clearly addresses:
 - a. The right of the developer to sell, transfer, or lease, and clearly states it may do so without the consent of the ownership,
 - b. The right of the developer to retain administrative and management control over the commercial units, and
 - c. The developer's first right of refusal to reacquire the commercial units should the Association or any other third-party subsequently decide to sell or lease the commercial units.

In short, at no time prior to our purchase of our first (and subsequently second) unit were we ever given to believe that the commercial units would necessarily be transferred to the Association. Clearly, if Centex had a right to transfer outright ownership to a third-party of its choosing, transference of an option, or a right of first refusal, was an included right. The fact that Centex ultimately chose to transfer the commercial units to the Association, but with a first right of refusal to Ko Olina Development, was a clear, unambiguous exercise of its rights pursuant to the public disclosure documents.

We also question the import of the assertion by the "Concerned Beach Villa Homeowners" that "almost all" commercial units are turned over to the condominium association. While we have not done a survey, we are personally aware of several resort-condo developments that have *not* turned these amenities over to the owners' association. In any event, is this justification for failing to read the repeated, duplicative statements in the public disclosure documents and land records that Centex reserved the right to retain control of the units, or transfer them to a third party?

We believe Centex and all of its personnel have conducted themselves in an extremely professional manner and with our best interests in mind. Personally, we believe it could actually be a good thing if the Ko Olina Development, LLC, with all of its experience and expertise, did acquire the commercial units. After all, while we were all attracted to the Beach Villas, their location within the greater Ko Olina Development is central to why this is such a wonderful place to live. We may also keep in mind that it is Ko Olina Development and its principals who have worked so hard to create the atmosphere and the ambience which are an essential part of not only the development but the Beach Villas in particular, and have vigorously enforced the rules and regulations that maintain both so well. In that light, we find it illogical to conclude that they would do anything to diminish the value of that accomplishment. We believe it is in everyone's best interest to enjoy this outstanding community and to work cooperatively with Centex and its successor, whoever that may be.

Sincerely,
L. Stephen Polito