

October 14, 2008

Dear Kahana Falls Owner:

Every day lately, it seems we are pelted by a barrage of bad news: banks failing, homes foreclosing, the dollar shrinking, stock market tumbling, prices and unemployment rising! It's no wonder we feel like acrobats walking the highwire.

And while it's necessary to be made aware of these issues, and important to be informed, we feel that the quality of that information is even more important. With that in mind, we would like to keep you and all of our owners well informed, not only through your resort's newsletters, but also via e-blasts, internet websites, etc., and of course letters such as this.

We live in an age that is increasingly "paperless" and the impact of doing so can be beneficial to both the budget and the environment. Many companies, including our own, are converting and storing files electronically. Communication via e-mail is a mainstay, and the capability to disseminate information with such immediacy has allowed us to communicate without delay and in a way that encourages prompt feedback from the recipients.

E-blasts and website postings from your Board of Directors keep you apprised of your resort's current events, recent Board decisions and upcoming meetings. They also serve as an avenue for dispelling any rumors or misinformation that may circulate via other unauthorized websites or e-mails. The use of electronic communication has already saved your association a significant amount of its precious resources, and will continue to do so in the future!

On the subject of finances, some of you have approached us with your concerns about the safety of your association's funds. Gail Turner, our Controller responsible for your association, has assured us that the safety of your funds is priority one, even above obtaining the highest return. This means zero tolerance for risk. Based on this philosophy, it is our goal to maintain all association funds in FDIC-insured and/or U.S.-backed investments at all times.

Here is the process: maintenance fees are received through a payment processing center. Funds then are "swept" into a money market account and invested in \$95,000 certificates of deposit with different FDIC-insured banking institutions. The certificates of deposit must be held at different banks because an association's funds are FDIC-insured up to only \$100,000 at any one financial institution. Although recent legislation increased the maximum amount of FDIC-insured monies to \$250,000 through December 2009, our certificates of deposit will remain under \$100,000. The maturity dates on the certificates of deposit vary, depending on when the cash is needed for operations and reserves.

In the near future we will be creating a series of newsletters to be distributed to all of our managed property owners, sending a very clear message: that in spite of the reported gloom and doom, you have the good fortune of owning a guaranteed vacation destination. We want to remind you that, through Trading Places International, you have many affordable options for travel and relaxation, and that as life goes on, so should life's little pleasures.

Wishing you all well,

Trading Places International



RJ Jackson



Marcus Wood



Michael Kizerian