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Attorneys for Debtor
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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF HAWAII

In re

ASSOCIATION OF APARTMENT
OWNERS OF KAUAI BEACH
VILLAS,

Debtor and
Debtor-in-Possession.

BK. NO. 25-01103
(Chapter 11)

Debtor's Status Conference Report

Status Conference

DATE: January 26, 2026

TIME: 2:00 p.m.

JUDGE: Hon. Robert J. Faris

The ASSOCIATION OF APARTMENT OWNERS OF KAUAI BEACH
VILLAS, debtor and debtor-in-possession herein (the "Debtor" or the
"Association"), pursuant to 11 U.S.C. § 1188(c), submits its Status Conference
Report.

On December 5, 2025 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Subchapter V of Chapter 11 of the United States Code in the United States Bankruptcy Court for the District of Hawaii (the “Court”). Wayne Mau is the duly appointed Subchapter V Trustee.

The Kauai Beach Villas resort (the “Project”) is located at 4330 Kauai Beach Drive, Lihue, Kauai, Hawaii. The Project consists of eight (8) separate three-story buildings, designated as buildings “A” - “H” containing a total of one hundred and fifty (150) Apartments. Each building consists of multiple one- and two-bedroom apartments. The Project also includes two (2) administrative buildings that are being leased by the Association, a pool, and a pool-use building. The complex was constructed in the 1980s. *See* dkt # 11 at ¶ 18.¹

All of the Project is governed by the Association, including all Apartments. However, one hundred and five (105) of the one hundred and fifty (150) Apartments are utilized as timeshare. *See* dkt # 11 at ¶ 18.

Since the Petition Date, the Debtor has obtained approval for various first day motions including the use of cash collateral, the employment of Stretto as claims and noticing agent, and a motion to suppress personally identifiable information of certain individuals and limit notice. *See* dkt ## 20, 29, 32, 48, 55.

¹ Capitalized terms not herein defined shall have the meaning set forth in the *Declaration of Larry D. Warner in Support of Debtor’s Chapter 11 Petition and Applications for First Day Relief* filed herein as dkt # 11.

The Debtor also timely filed its Schedules and Statement of Financial Affairs on December 26, 2025. *See* dkt # 46. The 341 meeting of creditors is scheduled for January 14, 2026. *See* dkt # 30.

The Debtor intends to remove the Minority Owner Litigation, currently pending in the Circuit Court of the Fifth Circuit, State of Hawaii as Case Number 5CCV-22-0000029, which was commenced by approximately 18 whole unit owners who claim that the Association failed to properly maintain Buildings F-H, which deteriorated due to the alleged uneven allocation of maintenance resources to Buildings A-E where timeshare participants are in the majority.²

Further, the United States Trustee has signed off on the proposed order to employ K&L Gates as special litigation counsel who will commence an adversary proceeding seeking a judgment authorizing the sale of Debtor's undivided interest in the Project, jointly with the sale of the interests of approximately 7,000 other Association Members, pursuant to 11 U.S.C. §363(h).

Finally, the Debtor will be filing an application to employ HILCO Real Estate, LLC and a local broker to market and sell the Project.

The Debtor intends to file a Plan by the 90-day deadline of March 5, 2026, as required under 11 U.S.C. § 1189(b). However, this is not the typical Subchapter V case and a confirmation hearing may need to be delayed. Consequently, the

² The Association denies all liability for claims raised in the Minority Owner Litigation.

Debtor requests the Court continue this status conference to a date in April, 2026, so that the Debtor may apprise the Court of the status of the 363(h) litigation and unanticipated proofs of claim.

DATED: Honolulu, Hawaii, January 12, 2026.

/s/ Chuck C. Choi

CHUCK C. CHOI

ALLISON A. ITO

Attorneys for Debtor

and Debtor-in-Possession