Of Counsel:
ASHFORD & WRISTON
A Limited Liability Law Partnership LLP

CUYLER SHAW 1413-0
ELLEN A. SWICK 10514-0
999 Bishop Street, Suite 1400
Honolulu, Hawaii 96813
Telephone: (808) 539-0400
Email: cshaw@awlaw.com
eswick@awlaw.com

Attorneys for Bank of Hawaii

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF HAWAII

In re	)	CASE NO. 25-01103
	)	(Chapter 11)
ASSOCIATION OF APARTMENT OWNERS OF KAUAI BEACH VILLAS,	)	(Subchapter V)
	)	Hearing Date: January 5, 2026
Debtor and Debtor in possession.	)	Hearing Time: 2:00 p.m.
	)	Hearing Judge: Hon. Robert J. Faris

BANK OF HAWAII'S LIMITED OBJECTION TO DEBTOR'S EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS AUTHORIZING DEBTOR TO USE CASH COLLATERAL OF BANK OF HAWAII

Bank of Hawaii ("Bank"), by and through its undersigned counsel, hereby files this Limited Objection to Debtor's Emergency Motion for Interim and Final Orders Authorizing Debtor to Use Cash Collateral of Bank of Hawaii filed in this

case on December 7, 2025 (Docket No. 6) (the "Motion"). The Bank objects to Debtor's Motion on the following grounds:

1. Paragraph 6 of the Motion provides an inadequate and incomplete description of the Collateral for the BOH Loan which is more completely described as follows:

    (a) all of the Debtor's "accounts" as that term is defined in Section 490:9- 102 of the Hawaii Revised Statutes including but not limited to the Debtor's rights to the payment of maintenance fees and assessments allocable to all of the apartments in the Project, excluding, however, such segregated accounts in which "replacement reserves" as defined in HRS Section 514A- 83.6 and HRS Section 514B-148 are maintained.

    (b) the Debtor's right to assess and collect such "accounts."

    (c) the Debtor's statutory lien rights to enforce payment of the accounts including the Debtor's lien rights against the apartments in the Project to enforce payment of unpaid maintenance fees and assessments,

    as evidenced by a UCC-1 financing statement filed at the Bureau on December 30, 2013, as Document No. A-51120364 and two

continuation statements filed at the Bureau on October 8, 2018, and on November 14, 2023, as Doc Nos. A-68550156 and A-87180236, respectively.

2. Paragraph 8 of the Motion should clarify that BOH's "Cash Collateral" does not include the $ 2,658,551 held in Debtor's "reserve" investment account at Merrill Lynch because the Bank's Security Agreement and Financing Statement excludes any pledge by Debtor of funds held by the Debtor in a statutorily-required CPR "reserve" account.

3. For ease of administration, Bank proposes that the cap on the amount secured by the Replacement Liens granted Bank which is the "actual net diminution of BOH's Cash Collateral due to the Association's use thereof" be measured solely by the actual net diminution of the $629,678 in cash in Debtor's First Hawaii Bank account because changes from time to time in the value of the Debtor's "accounts" comprised primarily of delinquent AOAO assessments and maintenances fees of unknown collectability is too difficult to determine.

4. The Debtor's authority to use BOH's Cash Collateral shall terminate immediately upon the occurrence of any of the following events:

(a) The expiration of the December 2025 through April 30, 2026 period ("Period")

(b) Debtor's failure to timely make the monthly full debt service loan payments of $13,030 to BOH,

(c) Debtor's aggregate expenditure of more than 120% of Debtor's Exhibit B budgeted expenses at any time during the Period.

WHEREFORE, the Bank requests that the Court condition any grant of Debtor's Motion on the order's including the changes described in paragraphs 1 through 4 above, and that the Court grant such other and further adequate protection as appropriate.

DATED: Honolulu, Hawaii; December 18, 2025.

/s/ Cuyler Shaw
CUYLER SHAW
ELLEN A. SWICK
Attorneys for Bank of Hawaii

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Debtor and Debtor in possession.	)	

CERTIFICATE OF SERVICE

The undersigned hereby certifies that service of a copy of the foregoing document was made upon the following parties via CM/ECF:

Chuck C. Choi on behalf of Debtor Association of Apartment Owners of Kauai Beach Villas
cchoi@hibklaw.com,
jczerwinski@hibklaw.com;csouza@hibklaw.com

Allison A. Ito on behalf of Debtor Association of Apartment Owners of Kauai Beach Villas
aito@hibklaw.com,
jczerwinski@hibklaw.com;ItoAR70906@notify.bestcase.com;csouza@hibklaw.com

Office of the U.S. Trustee.
ustpregion15.hi.ecf@usdoj.gov

Elvina Rofael on behalf of U.S. Trustee Office of the U.S. Trustee.
elvina.rofael@usdoj.gov

Curtis B. Ching on behalf of U.S. Trustee Office of the U.S. Trustee.
USTPRegion15.HIECF@usdoj.gov

and upon the following parties by electronic mail:

Margaret Westbrook, Esq.
Margaret.Westbrook@klgates.com

Daniel M. Eliades, Esq.
Daniel.Eliades@klgates.com

Brian T. Peterson, Esq.
Brian.Peterson@klgates.com

Christopher P. Porter, Esq.
cporter@hawaiilegal.com

Maxwell Kopper, Esq.
mkopper@hawaiilegal.com

Wayne Mau, Esq.
wayne@wmaulaw.com

Richard Wilson, Esq.
rewilson_law@yahoo.com

Terry Revere, Esq.
terry@revereandassociates.com

Angela Tsai, Esq.
Angela.Tsai@stretto.com

Sheryl Betance, Esq.
Sheryl.Betance@stretto.com

Team KBV
TeamKBV@stretto.com

DATED: Honolulu, Hawaii; December 18, 2025.

/s/ Cuyler Shaw
CUYLER SHAW
ELLEN A. SWICK
Attorneys for Bank of Hawaii