UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-1(b)

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In re: SKYLINE TOWER RESORT VACATION CONDOMINIUM ASSOCIATION, INC.[1], Debtor.	Chapter 11 Case No. 25-22156 (ABA) Judge: Hon. Andrew B. Altenburg, Jr. Hearing Date: January 29, 2026 at 10:00 a.m.

DEBTOR'S REPLY IN SUPPORT OF ITS APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF K&L GATES LLP AS SPECIAL COUNSEL TO THE DEBTOR EFFECTIVE AS OF THE PETITION DATE

[1] The last four digits of Debtor's tax identification number are 5824. Debtor's primary place of business is 100 S. North Carolina Ave, Atlantic City, NJ 08401.

Skyline Tower Resort Vacation Condominium Association, Inc. ("Debtor" or "Association") submits this this reply ("the "Reply") (i) in further support of *Debtor's Application for Entry of an Order Authorizing the Employment and Retention of K&L Gates LLP as Special Counsel to Debtor Effective as of the Petition Date* (the "Application") [Dkt. 59],[2] the *Declaration of Daniel M. Eliades in Support of Debtor's Application for Entry of an Order Authorizing the Employment and Retention of K&L Gates LLP as Special Counsel to Debtor Effective as of the Petition Date*, [Dkt. 59-1] (the "Eliades Declaration"), and the *Supplemental Declaration of Daniel M. Eliades in Support of Debtor's Application for Entry of an Order Authorizing the Employment and Retention of K&L Gates LLP as Special Counsel to Debtor Effective as of the Petition Date*, [Dkt. 85] (the "Supplemental Eliades Declaration"), and (ii) in reply to the *Objection of the United States Trustee to the Debtor's Application for Entry of an Order Authorizing and Approving the Employment and Retention of K&L Gates LLP as Special Counsel to the Debtor Effective as of the Petition Date*, [Dkt. 91] (the "Objection"), and respectfully states as follows:

PRELIMINARY STATEMENT

1. The Objection is critically flawed and should be overruled. The Objection is a misguided attempt to terminate a preexisting and ongoing attorney-client relationship in connection with a complex and unique set of legal issues, based on a misplaced argument that the representation must be terminated because such services are designed to culminate in a sale of property. The Objection myopically fails to consider the greater circumstances, and that 327(e) is designed precisely for the retention proposed in the Application.

2. The Objection fails to consider a full picture of the facts and circumstances upon

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Application.

which the Application is presented. The Objection incompletely plucks portions of statements out of the Application, leaving behind critical components of what is presented as a whole.

3. In an effort to terminate K&L Gates' preexisting and ongoing representation of the Debtor, the Objection attempts to refashion the Application, and then baldly assert the conclusion that K&L Gates will be "conducting the case." In further effort to deny the Debtor continuing with the counsel of its choice, the Objection reaches to argue a legal standard that does not apply.

4. More critically, while the Objection twice cites to section 327(e)'s consideration of what is in the best interest of the estate, the Objection completely fails to address that principle. The U.S. Trustee ignores a bedrock principle of bankruptcy expressly contained in section 327(e), while proposing to terminate the Debtor's continued employment of K&L Gates, a path extremely detrimental to the economics and administration of this case.

5. In filing the Application, the Debtor represents that it believes that the proposed retention of K&L Gates comports with section 327(e) and, in its business judgment, is in the best interest of the estate. The First Day Declaration, Application, Eliades Declaration, and Supplemental Eliades Declaration (all defined herein) evidence that: (i) the Debtor seeks to continue to employ K&L Gates to provide services related to the Sale Process, the Section 363(h) Proceeding, and a Sale Transaction (all defined herein); (ii) such services do not amount to "conducting" this bankruptcy case; (iii) K&L Gates has represented the Association for years prior the bankruptcy filing; (iv) K&L Gates does not hold or represent an interest adverse to the Debtor or the estate with respect to the matters on which K&L Gates is to be employed; and (v) the proposed engagement of K&L Gates is in the best interests of the estate. The Objection does not disprove any of the foregoing. Accordingly, the Debtor respectfully requests the Court overrule

the Objection, and approve the Application as presented.

BACKGROUND

A. General Background:

6. On November 15, 2025 (the "Petition Date"), Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Case"). The Debtor filed its Chapter 11 Case as a small business debtor under 11 U.S.C. § 1181. Accordingly, the deadline for Debtor to file a plan under 11 U.S.C. § 1189 (b) is currently February 13, 2026.

7. Debtor is a not-for-profit corporation organized under the laws of the State of New Jersey pursuant to a Certificate of Incorporation filed with the State Treasurer of New Jersey on October 19, 2004. *See Declaration of Sheama Holmes-Walker in Support of Debtor's Chapter 11 Petition and First Day Relief* [Dkt. 9] (the "First Day Declaration") at ¶ 6. The First Day Declaration was admitted into evidence in this Chapter 11 Case on November 21, 2025.

8. Pursuant to its By-Laws, Debtor was organized and exists to administer the Fairfield Atlantic City – Skyline Tower, a Condominium located in Atlantic City, New Jersey. The original By-Laws were recorded in conjunction with the recordation of the Master Deed on January 20, 2025, in the Office of the Recorder of Deeds for Atlantic County, New Jersey as part of Instrument No. 2005007307. *See* First Day Declaration at ¶ 9.

9. Debtor is operating its business and managing its affairs as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. *See* Id. ¶ 5.

10. For a detailed description of Debtor and its operations, Debtor respectfully refers the Court to the First Day Declaration.

B. The Property:

11. The property governed by the Association is located at 100 S. North Carolina Ave. Atlantic City, New Jersey (the "Property"). Built in 1982, the Property consists of a 32-story, concrete-constructed high rise above a parking deck. The Property contains 20 commercial units and 296 residential units - with 192 one-bedroom units, 98 two-bedroom units, 5 three-bedroom units and 1 four-bedroom unit. The Property operates as a timeshare community. *See* Id. at ¶¶ 11, 13.

12. Situated near the Atlantic City Boardwalk, the Property is strategically located near casinos, shopping and the Atlantic Ocean beaches. Rooms have balconies and partial ocean views. Common area amenities include an enclosed pool, fitness room, child activity center, meeting space, and other resort style amenities. *See* Id. at ¶ 12.

13. Building floors one through six contain the commercial units. (individually a "Commercial Unit" or collectively the "Commercial Units"). Wyndham Vacation Resorts, Inc. ("WVR") owns all Commercial Units. Commercial Unit 1 represents laundry space; Commercial Unit 2 is the front desk; Commercial Unit 3 is office space; Commercial Unit 4 and Commercial Unit 5 are non-descript Commercial Units; Commercial Unit 6 is the property management office; Commercial Units 7, 10, 12, 14 and 15 are components of the parking garage; Commercial Units 8, 9, 11, and 13 are designated as back of house; Commercial Unit 16 contains activities and the arcade; Commercial Unit 17 is a deck; Commercial Unit 18 is the indoor pool; Commercial Unit 19 is a recreation and fitness area; and Commercial Unit 20 is a sales unit. *See* Id. ¶ 15.

14. The residential units located on floors seven through twelve and fourteen through thirty-three of the Property are organized pursuant to the Master Deed as a timeshare plan. Sections 4.2 and 4.5.1 of the Master Deed provide that the developer has sole discretion to allocate

residential units into the timeshare plan and to create timeshare interests in the residential units. Vacation Ownership Interests ("VOI's") are defined as undivided interests as tenants in common with other owners in a residential unit or grouping of residential units. The initial developer, Fairfield Resorts, Inc., organized the VOIs in the Property by floor, with each timeshare owner receiving a fractional interest on one of the Property's residential floors. *See* Id. ¶ 16.

C. Ownership of the Property:

15. Exhibit F to the Master Deed sets forth the percentage of common elements allocated to each of the units in the condominium – both commercial and residential. Pursuant to Section 5.4 of the Master Deed, each owner of a VOI has a fractional undivided interest in one or more residential units and will also have a fractional ownership interest in the sum of the percentage interests in the common elements for all such residential units. *See* Id. at ¶ 17.

16. Pursuant to Section 1 of Article II of the Bylaws of the Association, record owners of VOIs and Commercial Units, including the Developer, are members of the Association and are hereafter referred to as the "Association Members." *See* Id. at ¶ 24.

17. The Association owns 9,369,000 of the 2,640,478,000 tenant-in-common fee simple VOIs at the Property, and a concomitant share of the common elements at the Property, (the "Association Interest"). The Association Interest comprises approximately .35% of the total VOIs at the Property. The Association is a tenant in common with all other VOI owners and commercial unit owner(s) at the Property. *See* Id. at ¶ 19.

18. WVR owns 268,407,000 of the 2,640,478,000 tenant-in-common fee simple VOIs at the Property, and a concomitant share of the common elements at the Property. WVR owns approximately 10.17% of the total VOIs at the Property. WVR is a tenant in common with all other VOI owners at the Property. *See* Id. at ¶ 20.

19. PTVO Owners Association, Inc. ("PTVO") owns 1,790,597,000 of the 2,640,478,000 tenant-in-common fee simple VOIs at the Property, and a concomitant share of the common elements at the Property. PTVO owns approximately 67.81% of the total VOIs at the Property. PTVO is a tenant in common with all other VOI owners and commercial unit owner(s) at the Property. *See* Id. at ¶ 21.

20. The remaining 572,105,000 of the 2,640,478,000 tenant-in-common fee simple VOIs at the Property, and a concomitant share of the common elements at the Property, are owned by approximately 8,848 parties to approximately 5,126 contracts (the "Interval Owners"). The Interval Owners own approximately 21.67% of the Property. The Interval Owners are tenants in common with all other VOI owners and commercial unit owner(s) at the Property. *See* Id. at ¶ 22.

21. According to the Debtor's records, nearly 9,000 parties possess an ownership interest in the Property. *See* Id. at ¶¶ 19-22.

D. Pre-Petition Resolutions:

22. Pursuant to the *Certification of Corporate Resolutions Authorizing Filing of Bankruptcy Petition* (the "Corporate Resolutions") [Dkt. 1, pgs. 5-10 of 587], and as more fully described in the First Day Declaration, a special meeting of Association Members (the "Membership Meeting") was held on October 4, 2025, at which time various resolutions were adopted, including resolutions authorizing the retention of K&L Gates in this Chapter 11 Case. *See* First Day Declaration, ¶¶ 42-43.

E. Debtor's Intentions Regarding the Property:

23. In its Chapter 11 Case, Debtor intends to seek Court approval (i) of marketing, bid and sale procedures for the Property (a "Sale Process"), (ii) of a judgment authorizing the sale of Debtor's undivided interest in the Property, jointly with the sale of the interests of the Association

Members, pursuant to 11 U.S.C. §363(h) and other applicable provisions of 11 U.S.C. §363, by way of an adversary proceeding (each such proceeding, a "Section 363(h) Proceeding"), (iii) of a sale of the Property free and clear of the interests of all Association Members, pursuant to the applicable provisions of 11 U.S.C. §363 (a "Sale Transaction"), and (iv) to distribute the net sale proceeds (after costs of administration and sale) pursuant to a confirmed plan of liquidation or other Bankruptcy Court order.[3]

24. The Debtor seeks approval of the Sale Process as set forth in the *Motion for Entry of an Order (I) (A) Approving Auction and Bidding Procedures, (B) Scheduling Bid Deadlines and an Auction, and (C) Approving the Form and Manner of Notice Thereof, and (II) (A) Authorizing the Sale of Assets and (B) Granting Related Relief* (the "Procedures Motion") filed on January 14, 2026 at Dkt. 90. The Procedures Motion is pending. The Procedures Motion was prepared by K&L Gates on behalf of and in consultation with the Debtor. As detailed in the Procedures Motion, closing of a sale of the Property shall be subject to the entry of final order(s) or judgment(s) of this Court authorizing Debtor to sell the Association Interest jointly with the sale of the interests of all other Association Members in the Property pursuant to Section 363(h) of the Bankruptcy Code.

F. The Debtor's Application to Retain K&L Gates:

25. On December 17, 2025, Debtor filed the Application seeking to retain K&L Gates as special counsel pursuant to section 327(e) of the Bankruptcy Code, to provide certain services specifically related to the marketing and sale of the Property. The application provides that "Debtor seeks to retain K&L Gates as its special counsel in the Chapter 11 Case in light of the Firm's (i) extensive knowledge, expertise, and experience in the field of debtors' and creditors' rights and

[3] Distribution to Association Members may be subject to set-off of amounts owed to the Association for delinquent maintenance fees and/or special assessments as determined in the Section 363(h) Proceeding pursuant to 11 U.S.C. §363(j).

business reorganizations under chapter 11 of the Bankruptcy Code, and (ii) extensive knowledge of, and experience with, the Debtor based upon pre-petition representations of the Association by K&L Gates." *Application* ¶ 34. The Application further describes that attorneys at K&L Gates have represented the Debtor and provided services related to the Property since prior to 2013,[4] including regarding a certain Inventory Foreclosure Agreement (the "IFA") between the Debtor and WVR whereby K&L Gates represented the Debtor, as plaintiff, in judicial foreclosures against Delinquent Owners contemplated by the IFA. *Application* ¶ 36.

26. Since July of 2025, K&L Gats has gained additional significant knowledge about the Association, its history, capital structure, governance, operations, financial conditions, and related matters that pertain to the services proposed in the Application. *See*, Eliades Declaration ¶¶ 6-7. For months prior to the Petition Date, K&L Gates worked with the Association regarding a potential sale of the Property in a bankruptcy proceeding.

27. The Eliades Declaration was filed concurrently with the Application [Dkt. 59-1]. The Eliades Declaration describes the relationship between the Debtor, WVR, Property Manager, and Travel + Leisure Co. explaining that WVR and Property Manager are indirect subsidiaries of Travel + Leisure Co., and that Travel + Leisure Co. is neither a creditor nor an Association Member in this chapter 11 case. *Eliades Declaration* ¶ 34. While Travel + Leisure Co. and certain of its subsidiaries (collectively "T+L") are clients of K&L Gates, K&L Gates's representation of T+L involves matters ***unrelated*** to the Debtor or the chapter 11 case. K&L Gates has not represented, does not represent, and will not represent T+L in matters directly related to Debtor or this chapter 11 case. *Id*.

28. On January 8, 2026, Debtor filed the Supplemental Eliades Declaration. The

[4] K&L Gates itself began to represent the Association in 2018.

Supplemental Eliades Declaration describes K&L Gates' extensive experience for which the Debtor wishes to retain K&L Gates in this chapter 11 case, specifically with regards to representing developers, associations and other parties in restructuring and/or the sale of timeshare resorts, including in a number of bankruptcy cases. *See* Supplemental Eliades Declaration ¶ 4.

29. On January 14, 2026, the U.S. Trustee filed the Objection stating the Debtor wishes to retain K&L Gates to perform services that amount to conducting the case, and that K&L Gates represents an interest adverse to the Debtor.

30. The Debtor wishes to retain K&L Gates for a delineated special purpose that is in the best interests of the estate, and K&L Gates does not represent or hold any interest adverse to the Debtor or the estate with respect to the matters on which K&L Gates is to be employed. As such, the Objection should be overruled.

ARGUMENT

I. DEBTOR IS ENTITLED TO RETAIN K&L GATES AS SPECIAL COUNSEL

31. Bankruptcy Courts generally consider a significant measure of deference to choice of counsel by a debtor-in-possession. Such consideration of a debtor's choice of counsel is even more imperative in the context of the Application, as the continuation of an ongoing and long-standing attorney-client relationship between the Association and K&L Gates is at stake.

32. "[A] trustee's choice of special counsel is subject to the evaluation and approval of the bankruptcy court. In exercising its approval function, however, the bankruptcy court should interfere with the trustee's choice of counsel " '[o]nly in the rarest cases,' " such as when the proposed attorney has a conflict of interest, or when it is clear that " 'the best interest of the estate' " would not be served by the trustee's choice." *In re Diocese of Buffalo, N.Y.*, 625 B.R. 567, 571

(Bankr. W.D.N.Y. 2021), *citing In re Smith (Smith v. Geltzer)*, 507 F.3d 64, 71 (2007) (citations deleted). "One's choice of counsel is entitled to great deference." *In re Enron Corp.*, 2002 WL 32034346 at *4 (Bankr. S.D.N.Y. May 23, 2002). Further, courts may consider "the significant prejudice that would result to [a debtor] if it were deprived its choice of counsel. *See In re Boy Scouts of Am.*, 630 B.R. 122 (D. Del. 2021) (affirming the bankruptcy court's approval of debtor's counsel under 327(a) emphasizing the significant prejudice that would result to debtor had counsel been disqualified).

33. As noted in the Application, "[i]t is the business judgment of the Debtor that continued employment of K&L Gates is in the best interests of Debtor and its estate." *Application* at ¶ 60. Debtor's business judgment is supported by a vote of a majority of the Association Members. As noted in the First Day Declaration the Membership Meeting occurred on October 4, 2025. *See* First Day Declaration at ¶ 42. Among other things, the notice of the Membership Meeting, that was sent to all Association Members, advised that the Association had retained K&L Gates and disclosed K&L Gates' connections to the Association and T+L. *See* Exhibit "A" to the Supplemental Eliades Declaration [Dkt. 85].

34. **At the Membership Meeting**, with 8,299 voting interests available and 4,838.5 of the voting interests represented in person or by proxy, **99.95% of the voting interests present at the Membership Meeting authorized the Debtor's Board of Directors to employ K&L Gates LLP as bankruptcy counsel for the Debtor**. *See* First Day Declaration at ¶ 43. **In seeking denial of the Application, the Objection seeks to disenfranchise the near unanimous vote of Association Members at the Membership Meeting and deprive Debtor of its choice of counsel.**

35. Under section 327(e) of the Bankruptcy Code, special counsel may be appointed by a Debtor if: "(1) the representation is in the best interest of the estate, (2) the attorney represented the debtor in the past, (3) the attorney is for a specific purpose approved by the court, other than to represent the debtor in conducting the case, (4) the attorney does not represent or hold an interest adverse to the debtor or the debtor's estate." *In re Woodworkers Warehouse, Inc.*, 323 B.R. 403, 406 (D. Del. 2005); *In re DeVlieg, Inc.,* 174 B.R. 497, 502 (N.D.Ill.1994). Debtor satisfies all four elements in its request for authority to continue to retain K&L Gates.

36. When analyzing whether retention of special counsel under section 327(e) of the Bankruptcy Code, courts should consider the following:

> all relevant facts surrounding the debtor's case, including but not limited to, the nature of the debtor's business, all foreseeable employment of special counsel, the history and relationship between the debtor and the proposed special counsel, the expense of replacement counsel, potential conflicts of interest and the role of general counsel.

See In re Roper & Twardowsky, LLC, 566 B.R. 734, 750; *see also In re Woodworkers Warehouse, Inc.*, 323 B.R. at 406 (D. Del. 2005).

37. According to the Objection, the U.S. Trustee takes issue with the third and fourth prong of the four-prong test in *Woodworkers Warehouse*. Specifically, the U.S. Trustee argues that (i) the scope of services that K&L Gates would provide to the Debtor would amount to K&L Gates "conducting the case"; and (ii) K&L Gates holds an adverse interest through its representation of T+L. *Objection* ¶¶ 9, 16-18. In its Objection, the U. S. Trustee fails to recognize the history and relationship between the Debtor and K&L Gates, the expense of replacement counsel for K&L Gates (and the harm to the estate from the loss of experience and expertise of K&L Gates), and the role of the Forman Holt firm as general bankruptcy counsel to the Debtor and conflicts counsel.

38. The U.S. Trustee has not established that K&L Gates would be "conducting the case" or that K&L Gates holds or represents any interest adverse to the estate. As detailed below, as well as in the First Day Declaration admitted into evidence, the Application signed by the President of the Board of Directors of the Debtor, and two Declarations signed by Daniel M. Eliades (i) K&L Gates' services outlined in the Application are appropriately tailored in the unique facts and circumstances presented, and do not amount to K&L Gates conducting the case within the meaning of 327(e), and (ii) K&L Gates has not and does not hold or represent an adverse interest to the Debtor or the estate with respect to the matter to which K&L Gates is to be employed. As a result, the Debtor requests that its choice of K&L Gates as special counsel be honored, that the Objection be overruled, and that the Application be granted.

A. K&L Gates' Retention is for a Specified Special Purpose:

39. The U.S. Trustee argues that the scope of services to be provided by K&L Gates is too broad such that they involve "conducting the case." However, the proposed scope of K&L Gates's services reflected in the Application are tailored to the circumstances presented and comport with the standards considered by relevant case law for retention under 327(e).

40. "Conducting the case" is not defined in the Bankruptcy Code, therefore courts have been tasked with determining which functions are to be included in the definition. Courts have permitted counsel to be retained for specified special purposes that include, among other things: (a) assisting in securing a debtor's use of cash collateral, finalizing its key employee retention program, and selling estate assets, *In re Woodworkers Warehouse, Inc.*, 323 B.R.403; (b) advising on tax matters or securities law compliance, *see In re Enviva Inc.*, No. 24-10453 (BFK), 2024 WL 3285781 (Bankr. E.D. Va. July 2, 2024); (c) taking the lead on negotiating all or key portions of

the asset purchase agreement in sale cases, *see In re Am. Tire Distribs., Inc., et al.*, No. 24-12391 (CTG) (Bankr. D. Del. Dec. 11, 2024), [Docket No. 444]; *In re SHC, Inc., et al.*, No. 03-12002 (MFW) (Bankr. D. Del. Aug. 5, 2003) [Docket No. 544]; and (d) assisting with plan negotiations and documentation related to historic corporate advice, *see In re Bicent Holdings LLC*, Case No. 12-11304 (KG) (Bankr. D. Del. May 16, 2012) [Docket No. 119]. As noted, courts have regularly allowed debtors to retain special counsel to assist with, or take the lead on, a debtor's asset sale process. *See, e.g., In re Nirvanix, Inc.*, No. 13-12595 (BLS) (Bankr. D. Del. Nov. 1, 2013), [Docket No. 127]; *In re Vice Grp. Holding Inc., et al.*, No. 23-10738 (JPM) (Bankr. S.D.N.Y. Sept. 29, 2023), [Docket No. 512]; *In re Hovensa L.L.C.*, No. 15-1003 (MFW) (Bankr. D.V.I. Oct. 8, 2015), [Docket No. 211].

41. When analyzing whether a proposed special counsel's function would arise to "conducting the case" under section 327(e), courts have looked at role of debtor's general counsel and have found "where the scope of [special counsel's] employment is narrowly defined, and the employment does not substantially overlap with those functions of general bankruptcy counsel . . . " special counsel's role would not arise to conducting the case. *See In re Thrush Aircraft, Inc.*, 2020 WL 1650323 at *3 (Bankr. M.D. Ga. Mar. 31, 2020). Here, the Debtor intends to retain K&L Gates for a special specified purpose that is narrowly defined—to represent the Debtor in the Sale Process, the Section 363(h) Proceeding, a Sale Transaction, and matters reasonably related thereto. K&L Gates in not "conducting the case"; Debtor has retained general bankruptcy counsel, Forman Holt, for that purpose. Forman Holt outlines the services that it will be providing in *Debtor's Application to Retain Forman Holt as Attorney* (the "Forman Holt Application") [Dkt. 61], which include the following:

> (a) Advising the Debtor regarding the powers and duties in the continued management and operation of its business as a debtor-in-possession, including the Debtor's rights and remedies with respect to the Debtor's assets and claims and with respect to the claims of creditors.
>
> (b) Preparing and obtaining confirmation of the Debtor's Plan.
>
> (c) Preparing all necessary applications, motions, complaints, answers, orders, reports and other pleadings and documents.
>
> (d) Appearing before this Court and other officials and tribunals, if necessary.
>
> (e) Negotiating and preparing documents relating to the disposition of the Debtor's assets.
>
> (f) Advising the Debtor regarding the day-to-day operations of its business in conjunction with the administration of the Debtor's estate as a debtor-in-possession.
>
> (g) Performing such other legal services for the Debtor as a debtor-in-possession as may be necessary and appropriate.
> (h) Providing general guidance in connection with the Debtor's Chapter 11 case.

Forman Holt Application ¶ 3. Thus, Forman Holt will be "covering matters for which [special counsel] was not specifically designated counsel, and umbrella, supervising, coordinating, and strategizing regarding the course of the bankruptcy[ ]" and K&L Gates will be "simply do[ing] the leg-work on certain specified, albeit important, matters." *In re DeVlieg, Inc.*, 174 B.R. 497, 505 (N.D. Ill. 1994) *see also In re Woodworkers Warehouse, Inc.*, 323 B.R. at 407 ("[T]he wide range of services left to be performed by general bankruptcy counsel demonstrates that general bankruptcy counsel had a prominent role to take in the Debtor's bankruptcy").

42. The Application details certain enumerated services that K&L Gates intends to continue to provide the Debtor, each inextricably linked to K&L Gates's defined purpose for employment, which parallel a marketing process and build toward an eventual sale of the Property

– including the ability of the Debtor to deliver insurable title to a buyer. *See* Application ¶ 22. In the unique circumstances of this case, the marketing and sale of the Property cannot be separated from the other services the Debtor wishes to continue with K&L Gates.

43. As outlined above, the Debtor has retained Forman Holt as general bankruptcy counsel under section 327(a), and the services Forman Holt will provide are consistent with such engagement; Forman Holt will represent the Debtor in connection with "conducting the case." The services to be provided by Forman Holt, and the services to be provided by K&L Gates, will compliment one another, as both firms have agreed to coordinate efforts to prevent unnecessary duplication. *See*, Eliades Declaration at ¶ 21; *Supplemental Certification of Michael E. Holt in Support of Application for Retention of Forman Holt as Attorneys for Debtor*, Dkt. 87, ¶ 12. In the event the U.S. Trustee or other party in interest is concerned about unnecessary duplication of services, such objections are preserved and may be presented in response to fee applications of counsel.

44. The U.S. Trustee raises concern that services concerning bidding and sale procedures are services that involve "conducting the case" and are not permissible under 327(e). The Debtor contends that the Sale Process and 363(h) Proceeding are inextricably intertwined, and that bifurcating services related to same would be impractical, inefficient and contrary to the best interests of the Debtor's estate. The proposed Sale Process involves the sale of interests of nearly 9,000 non-debtor co-owners. Among other things, the Sale Process must address procedural and substantive rights of thousands of Interval Owners (as defined in the First Day Declaration) – such as under Section 363(i). The ability of the Debtor to convey insurable title to a purchaser pervades the Sale Process, Section 363(h) Proceeding, and Sale Transaction. These issues are most

efficiently handled by K&L Gates as special counsel.

45. As noted in the First Day Declaration and K&L Gates retention application, Debtor intends to file one or more adversary proceedings seeking judgments authorizing the sale of the Property, including the Association Interest in the Property, together with the interests of all other Association Members. In the Sale Process necessarily requires the Debtor to seek authority to market the Property according to the Bidding Procedures while the Section 363(h) Proceedings are pending.

46. The Bidding Procedures preserve Section 363(i) rights of non-debtor co-owners of the Property, as each Association Member shall have the right to participate in the Auction, subject to the Bidding Procedures. The rights of Association Members and the Debtor pursuant to Section 363(j) of the Bankruptcy Code are addressed in the Bidding Procedures and must be dealt with in the Section 363(h) Proceedings and/or the subchapter V plan. It is not in the best interests of the estate to separate the Section 363(i) and (j) issues addressed in the Bidding Procedures and Section 363(h) Proceeding.

47. The Bidding Procedures and Sale Order will provide that closing of a sale transaction shall be subject to the entry of a final and unappealable order or judgment authorizing Debtor to sell the Association Interest jointly with the sale of the interests of all other Association Members in the Property pursuant to Section 363(h), which must necessarily work through all attendant legal issues, including those outlined above. In the unique facts and circumstances of this case, all of these issues are components of one complex litigation matter and cannot be separated.

48. Courts have frequently authorized the retention of special counsel to assist debtors

with functions such as asset sales and found that such services did not amount to "conducting the case." *See In re TalkPoint Communications, Inc.,* Case No. 04–10207(CGC), Docket No. 78 (Bankr.D.Del. Feb. 19, 2004) (authorizing special counsel to, inter alia, negotiate and review asset purchase agreement, and act as escrow agent in relation to the asset purchase agreement); *In re SFMB Acquisition Corp.,* Case No. 03–11524(PJW), *407 Docket No. 129 (Bankr.D. Del. June 11, 2003) (authorizing special counsel to perform all necessary services in connection with any ongoing-concern sale of all or substantially all of debtors' assets); *In re Troll Communications LLC,* Case Nos. 03–11508 through 03–11516(KJC), Docket No. 195 (Bankr.D.Del. Jul. 10, 2003) (authorizing special counsel to assist debtors in any effort to sell assets); *In re SHC, Inc.,* Case No. 03–12002, Docket No. 147(MFW) (Bankr.D.Del. Aug. 5, 2003) (same).

49. Therefore, in the circumstances presented in this case, the scope of K&L Gates's services reflected in the Application are appropriately defined, comport with the standards set forth by relevant case law for retention under 327(e), and do not amount to K&L Gates conducting the case.

B. K&L Gates' Proposed Retention Comports with the Intent and Purpose of Section 327(e):

50. The purpose of section 327(e) is to permit a debtor to continue with a preexisting representation by counsel. The Objection fails to address this concept and proposes to terminate the Debtor being represented by K&L Gates, without any consideration of the consequences.

51. In enacting section 327(e) of the Bankruptcy Code, Congress said that "[t]he subsection will most likely be used when the debtor is involved in complex litigation, and changing attorneys in the middle of the case after the bankruptcy case has commenced would be detrimental to the progress of that other litigation." H.R. Rep. No. 595, 95th Cong., 1st Sess., at 328 (1977);

S. Rep. No. 989 95th Cong., 2nd Sess., at 38–39 (1978), U.S.C.C.A.N. 1978, at 5787, 5824–5825, 6284–6285. This is because certain highly complex matters would require "[a]ny new attorney employed [. . . to] duplicate a great deal of [a special counsel's] efforts at substantial expense to the estate." *In re DeVlieg, Inc.*, 174 B.R. at 503 (N.D. Ill. 1994). As such, courts have recognized that the purpose of section 327(e) is to avoid "unnecessary duplication of services at the expense of the estate." *Id. citing In re NRG Res., Inc.*, 64 B.R. 643, 647 (W.D. La. 1986); *see also In re Thrush Aircraft, Inc.*, 2020 WL 1650323 at *3 (finding where a special counsel's representation is "narrowly tailored for a purpose beyond general representation, appointment of [special counsel] is consistent with the purpose behind Section 327(e) which is to avoid the unnecessary duplication of services at the expense of the estate"). Therefore, courts have found that retention of special counsel is appropriate where "[special counsel] possesses a high degree of familiarity with [Debtor's] legal bases and with the evidentiary materials [that] highly complex matters involve" *See In re DeVlieg, Inc.*, 174 B.R. at 503 (N.D. Ill. 1994) (affirming the retention of special counsel where non-retention would require substantial duplication of efforts by general counsel due to the complexity of the matters).

52. The Objection fails to address the preexisting, ongoing representation of the Debtor by K&L Gates, and the consequences of terminating such relationship. Even more, the Objection speaks to what is proposed in the Application and leaves out the fact that there is a preexisting representation at stake.

53. In paragraph 8 of the Objection, the U.S. Trustee presents a skewed view of the services K&L Gates proposes to provide to the Debtor. Romanettes (i) through (x) of paragraph 8 in the Objection are a re-presentation of what is outlined in the Eliades Declaration (*they are not*

quotes, they are presented as stand-alone sentences by way of "see" citations). It is critical to consider what is missing from the U.S. Trustee's presentation. Regarding romanettes (i) through (vi), every one of those representations in the Eliades Declaration (*the source document*) are preceded by the text "K&L Gates ***has and would*** provide services to the Debtor," speaking to a proposed ***continuing*** representation of the Debtor. The Objection fails to acknowledge or contemplate the preexisting attorney-client relationship between K&L Gates and the Debtor. This is not nit-picky. This is meaningful.

54. The Application is presented under 327(e), addressing services K&L Gates has been providing to the Debtor. The Application presents the Debtor's desire to continue K&L Gates' representation. The Objection is a request that the Court terminate the Debtor's attorney-client relationship with the counsel of its choice, with regard to a unique and complex ongoing legal representation. Utilizing 327(e) to continue proposed counsel's ongoing representation of a Debtor, particularly with regard to uncommon and complex legal matters, is precisely what 327(e) is designed and intended to accommodate. The fact that such services are inextricably linked with a sale process is not a basis to terminate the attorney-client relationship in question, as the U.S. Trustee proposes.

55. We note that the additional romannettes that follow in paragraph 8 of the Objection do not support the UST's position either. Romanettes (vii) and (viii) are natural extensions of the ones that precede them. Romanettes (ix) and (x) again fail to paint a full picture of what is presented in the source document, as both of those presentations leave out the text "related to" that qualifies such proposed services in the source document (the Eliades Declaration).

56. K&L Gates is uniquely situated to assist the Debtor in the marketing and sale of the

Property precisely because of K&L Gates' prior representation of the Debtor. Furthermore, requiring alternate counsel to represent the Debtor in the marketing and sale of the property would duplicate K&L Gates's efforts at substantial expense to the estate. In their representation of the Association since 2013, attorneys at K&L Gates have gained additional significant knowledge about the Debtor, its history, capital structure, governance, business operations, financial condition, and related matters – including the Property and the timeshare nature of title. For months prior to the Petition Date, K&L Gates worked with the Association regarding a potential sale of the Property in a bankruptcy proceeding. K&L Gates also has significant knowledge and experience with timeshare properties and therefore, any alternate counsel retained to take on the matters that Debtor wishes to retain K&L Gates would be required to duplicate much of K&L Gates efforts all of which would be at expense of the estate.

C. Mistaken Arguments by U.S. Trustee re: Representation of an Adverse Interest:

57. Section 327(e) permits the retention of an attorney so long as the attorney does "not represent or hold any adverse interest to the debtor or the estate with respect to the matter on which such attorney is to be employed." 11 U.S.C. § 327(e). Importantly, under 327(e) "to be disqualified, the interest held by [special counsel] must be adverse to the estate on the *particular* matter for which the firm is employed" *See In re DeVlieg, Inc.*, 174 B.R. at 503 (N.D. Ill. 1994) (emphasis added). Courts have explained that "[s]ection 327(e) has a narrower focus than § 327(a), and imposes fewer restrictions on the proposed attorney." *In re Polaroid Corp.*, 424 B.R. 446, 452 (Bankr. D. Minn. 2010). The Third Circuit has stated that a professional person has an interest adverse to the estate when the professional has ". . . a competing economic interest tending to diminish estate values or create a potential or actual dispute in which the estate is a rival claimant."

See United States Trustee v. First Jersey Secs., 180 F.3d 504, 509 (3d Cir. 1999) (internal quotations omitted).

58. Without any analysis, the U.S. Trustee summarily concludes that "it appears that K&L Gates holds an adverse interest through its concurrent representation of WVR (a creditor/owner of the Debtor), Travel + Leisure Co. (as owner of WVR and the Property Manager) and the Debtor." *Objection* at ¶16. After repeating what Debtor and K&L Gates disclosed in the Application regarding the concurrent representation, **the U.S. Trustee fails to offer any argument as to how same amounts to an adverse interest sufficient to disqualify K&L Gates to serve as special counsel to the Debtor**.[5]

59. On this issue, the U.S. Trustee ignores; (i) the First Day Declaration, Application, Eliades Declaration, and Supplemental Eliades Declaration, which evidence that K&L Gates does not hold or represent an interest adverse to the Debtor's estate (*see* Application at ¶¶ 51-60 and Eliades Declaration at ¶ 33); and (ii) the position of Forman Holt as general bankruptcy counsel <u>and</u> as conflicts counsel (*see* First Day Declaration at ¶78, Application at ¶¶ 19, 55, and Eliades Declaration at ¶¶ 35, 38).

60. The Debtor proposes to continue to retain K&L Gates to represent the Debtor in the Sale Process, the Section 363(h) Proceeding, a Sale Transaction, and matters reasonably related thereto. Only WVR is an Association Member, not T+L. As the Debtor has previously advised the

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[5] The Objection also fails to advise the Court that K&L Gates concurrent representation of the Association and T+ L was acknowledged and agreed to by the Debtor in at least two (2) separate engagement letters (s*ee* Exhibit "A" to the Eliades Declaration (Dkt. 59-1)) and was also disclosed to all Association Members before they voted in an avalanche to authorize the Board to continue to engage K&L Gates in the Chapter 11 Case (s*ee* Exhibit "A" to the Supplemental Eliades Declaration (Dkt. 85)).

U.S. Trustee, there is no apparent adversity between the Debtor and WVR, as WVR announced pre-petition that it will consent to the sale of its interests in the Property pursuant to Section 363(h). Thus, K&L Gates does "not represent or hold any adverse interest to the debtor or the estate with respect to the matter on which such attorney is to be employed." 11 U.S.C. § 327(e).

61. In the event any adversity arises, the Forman Holt firm will serve as conflicts counsel. As stated in the Eliades Declaration: *"The Association and T+L have each consented to the Firm's concurrent representation of the Association and T+L in their respective matters and each have waived any conflict that otherwise could be said to be presented by same. See the Engagement Letter. Such consent and waiver do not, however, extend to any litigation, arbitration, or other contested matters or adversary proceedings, whether actual or threatened, between the Debtor and T+L. K&L Gates will not represent either party in any such dispute, which would be handled by Forman Holt on behalf of Debtor and counsel other than K&L Gates on behalf of T+L"*. Eliades Declaration at ¶ 17.

62. On this point, the Objection also fails as it does not account for 11 U.S.C. § 327(c). If WVR is a creditor in this case, courts have approved the retention of counsel even where proposed counsel also represented a creditor in the case. *See In re Best Craft Gen. Contractor & Design Cabinet, Inc.*, 239 B.R. 462, 468 (Bankr. E.D.N.Y. 1999) ("if a creditor's attorney employed as special counsel does not otherwise hold or represent interests adverse to the estate, where there is an identity of interest between the creditor and the estate 'with respect to the matter for which special counsel is retained, there is no conflict and the representation can stand'); *Johnson v. Richter, Miller & Finn (In re Johnson)*, 312 B.R. 810, 822-23 (E.D. Va. 2004) ("Simply put, the interests of the Trustee and [the creditor] did not conflict; they coincided; both were

interested in enlarging the estate. Thus, by seeking to enlarge the estate on behalf of the Trustee, [counsel] served both the interests of the Trustee and [the creditor].").

63. Furthermore, 327(c) provides that an attorney "is not disqualified for employment under this section solely because of such person's employment by or representation of a creditor, unless there is objection by another creditor or the United States trustee, in which case the court shall disapprove such employment if there is an actual conflict of interest" 11 U.S.C. § 327(c). Courts have explained that a conflict of interest only warrants disqualification under 327(c) "if there is active competition between two interests, in which one interest can only be served at the expense of the other." *In re Johnson*, 312 B.R. 810, 823 (E.D. Va. 2004) *citing In re BH & P, Inc.*, 103 B.R. 556, 563 (Bankr. D.N.J. 1989) (internal quotation marks omitted). As stated above, there is no active competition between the interests of the Debtor and WVR.

64. While not binding on this Court, the Debtor refers the Court to orders in certain Timeshare Association Cases (defined below) approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) in near identical circumstances to those that the U.S. Trustee questions in its Objection.[6] On this point, see Section II below.

65. The U.S. Trustee's "argument" that K&L Gates represents an adverse interest to

[6] *See e.g. Orlando International Resort Club Condominium Association, Inc.*, No. 25-06813 (GER) (Bankr. M.D. Fla.) (order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on December 11, 2025, at Dkt. 80); *Star Island Vacation Ownership Association, Inc.*, No. 25-07207 (GER) (Bankr. M.D. Fla.) (order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on December 15, 2025, at Dkt. 75); and *Maple Ridge Property Owners Association, Inc.*, No. 25-40271 (AAE) (Bankr. W.D.N.C.) (order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on January 12, 2026, at Dkt. 60). As was disclosed in each of those cases, K&L Gates similarly concurrently represents the debtor and T+ L. In those cases, the estates were afforded the same protections as are being offered to the Debtor's estate.

the Debtor is without merit and cannot be sustained.

D. Mistaken Arguments by U.S. Trustee re: Disinterestedness Standard:

66. The Objection attempts to import and apply the disinterested standard to the Application. *See*, Objection paragraphs 9, 15-16. Such arguments are mistaken as the disinterested standard does not apply to the Application in question.[7]

67. Under Code § 327(e), special counsel need not be disinterested and must lack a material adverse interest only with respect to the matter on which the attorney is to be employed. *See,* 3 Collier on Bankruptcy P 327.04 (16th 2023); *In re Polaroid Corp.,* 424 B.R. 446, 453 (Bankr. D. Minn. 2010) (section 327(e) only disqualifies counsel when they have conflicts related to the matter on which the attorney is to be employed); *In re J.S. II, LLC,* 371 B.R. 311 (Bankr. N.D. Ill. 2007) (section 327(e) has more relaxed conflict of interest standard than section 327(a)); *In re EBW Laser, Inc.,* 333 B.R. 351, 359 (Bankr. M.D.N.C. 2005) (counsel not disqualified under section 327(e) because it holds prepetition claim); *In re Albert,* 206 B.R. 636, 644 (Bankr. D. Mass. 1997); *Kittay v. Kornstein,* 230 F.3d 531 (2d Cir. 2000); *In re Arochem Corp.,* 176 F.3d 610 (2d Cir. 1999); *In re M.T.G., Inc.,* 298 B.R. 310 (Bankr. E.D. Mich. 2003); *In re West Pointe Properties, L.P.,* 249 B.R. 273 (Bankr. E.D. Tenn. 2000); *In re Covenant Financial Group of America, Inc.,* 243 B.R. 450 (Bankr. N.D. Ala. 1999).

68. The disinterested standard is related to a proposed retention under section 327(a) of the Bankruptcy Code, not 327(e). "Despite the broad provision against conflicts in § 327(a), a party may still represent the trustee or debtor by virtue of the narrow exception found in § 327(e),

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[7] Debtor does not concede that K&L Gates is not "disinterested". Rather, K&L Gates points out that the Objection argues to apply the incorrect legal standard to the Application.

which permits appointment of special counsel that has already represented the debtor. For the exception in § 327(e) to apply, an attorney must establish that: (1) the attorney has already represented the debtor; (2) the attorney is for a special specific purpose approved by the court; (3) the appointment of the attorney is in the best interest of the estate; and (4) the attorney has no conflict of interest concerning the matter at hand." *Meespierson Inc. v. Strategic Telecom Inc.,* 202 B.R. 845, 847–48 (D. Del. 1996). All of these components of a proposed 327(e) retention are satisfied here in connection with the Application in question.

69. The U.S. Trustee's efforts to import into the Objection the specific and distinct legal standard of disinterestedness, which does not apply to the Application in question, is inappropriate and should simply be ignored by the Court.

E. U.S. Trustee's Incomplete Reference to Corporate Resolutions:

70. The Objection attempts to rewrite the decision making that led to the Debtor filing the Application. The Objection presents an incomplete picture of the Corporate Resolutions, in an attempt to reframe the Debtor's authorizations, all in an effort to terminate the Debtor's engagement of K&L Gates.

71. The Objection posits the U.S. Trustee's view of what the Debtor appears to have "exactly" "contemplated" in connection with the engagement of counsel. The Objection states "that the Corporate Resolution filed with the Petition identifies K&L Gates, and only K&L Gates, as the Debtor's bankruptcy counsel." *Objection*, ¶ 1. That suggestion of what the Corporate Resolutions provide is myopic, and falls short of fully appraising what was more wholly considered and approved by the Members of the Debtor.

72. *Firstly*, the Corporate Resolutions taken together as a whole provide flexibility in

permitting the Debtor to carry out the intents of the such resolutions. One such provision providing appropriate and necessary flexibility is as follows:

> **5. Further Actions and Prior Actions**
>
> . . .
>
> Authorizing and empowering each of the Authorized Persons (and their designees and delegates), in the name of and on behalf of the Association, to take or cause to be taken any and all such other and further action, and to execute, acknowledge, deliver, and file any and all such agreements, certificates, instruments, and other documents and to pay all expenses, including but not limited to filing fees, in each case as in such Authorized Person's or Authorized Persons' absolute discretion, shall be necessary, appropriate, or desirable in order to fully carry out the intent and accomplish the purposes of these proposed resolutions;

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73. *Secondly*, the particular Corporate Resolution that addresses the engagement of counsel and other professionals, by its very terms, provides analogous flexibility, stating as follows:

> 2. Retention of Professionals
>
> Authorizing and empowering each of the Authorized Persons to employ on behalf of the Association: (i) the law firm of K&L Gates LLP as bankruptcy counsel; (ii) Hilco Real Estate, LLC as real estate broker; and (iii) ***any other legal counsel***, accountants, financial advisors, restructuring advisors, brokers, noticing agents or other professionals ***the Authorized Persons deem necessary, appropriate or advisable including "conflicts counsel" to represent the Association in any Bankruptcy Matter where there exists a dispute between the Association and Club Wyndham Access Vacation Ownership Plan, Wyndham Vacation Resorts, Inc. and/or Wyndham Vacation Management, Inc.); each to represent and assist the Association in carrying out its duties and responsibilities and exercising its rights under the Bankruptcy Code and any applicable law*** (including, but not limited to, the ***law firms*** filing any pleadings or responses); and in connection therewith, authorizing and empowering the Authorized Persons in accordance with the terms and conditions hereof, to execute ***appropriate***

> ***retention agreements***, pay appropriate retainers, and to cause to be filed ***appropriate applications*** for authority to retain such services;

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74. It is clear, with a more full and complete view of the Corporate Resolutions, that it was considered and resolved that the Debtor may indeed enter into "appropriate retention agreements" with "law firms," and file "appropriate applications" as the "Authorized Persons deem necessary, appropriate or advisable."

75. Simply put, the U.S. Trustee's suggestion that it was originally contemplated that K&L Gates, and only K&L Gates, would serve as the Debtor's bankruptcy counsel is mistaken; the idea of more than one law firm being engaged by the Debtor in this case was front and center all along.

F. Approval of the Application is in the Best Interest of the Estate:

76. Section 327(e) provides that retention of special counsel must be in the best interests of the estate. *See* 11 U.S.C. § 327(e); *In re Woodworkers Warehouse, Inc.*, 323 B.R. at 406. Debtor contends that its continued retention of K&L Gates is in the best interests of the estate. The Objection does not advance any argument to the contrary.

77. The Third Circuit requires that, "the attorney's employment must be in the best interest of the estate, which means property of estate is threatened and the need for services is real." *In re Engel*, 124 F.3d 567, 575 (3d Cir.1997) (citing *In re Duque*, 48 B.R. 965 (S.D. Fla. 1984)). Bankruptcy courts exercise discretion "to evaluate each case on its facts, taking all circumstances into account." *In re BH & P, Inc.*, 949 F.2d 1300, 1315 (3d Cir. 1991) (further citations omitted). It is beyond question that the Debtor is in need of services related to the Sale

Process, the Section 363(h) Proceeding, a Sale Transaction, and matters reasonably related thereto. The Debtor contends that those actions will maximize the value of the estate.

78. As detailed in the Eliades Declaration, attorneys at K&L Gates have represented the Association since prior to 2013. (K&L Gates began to represent the Association in 2018 after Daniel Eliades joined the firm.) Since July of 2025 the firm has gained additional significant knowledge about the Association, its history, capital structure, governance, operations, financial conditions, and related matters that pertain to the services proposed in the Application. *See*, Eliades Declaration ¶¶ 6-7. For months prior to the Petition Date, K&L Gates worked with the Association regarding a potential sale of the Property in a bankruptcy proceeding.

79. As noted in the Application, "[i]t is the business judgment of the Debtor that continued employment of K&L Gates is in the best interests of Debtor and its estate." *Application* at § 60 (emphasis added). Debtor's business judgment is supported by a vote of 99.95% of the voting interests of Association Members present at the Membership Meeting – who voted to authorize the Debtor's Board of Directors to employ K&L Gates LLP. *See* First Day Declaration at ¶ 43.

80. In addition, K&L Gates represents debtors in the Timeshare Association Cases (defined below) which involve sale processes and issues identical to the Sale Process, Section 363(h) Proceeding, and Sale Transaction that are contemplated in the Debtor's Chapter 11 Case. The Debtor and its estate will benefit from the experiences of K&L Gates in representing the debtors in the Timeshare Association Cases – further demonstrating that approval of the Application is in the best interests of the estate.

81. The First Day Declaration, Application, Eliades Declaration, and Supplemental

Eliades Declaration demonstrate that the Association's continued representation by K&L Gates is in the best interests of the estate as contemplated by § 327(e). The Objection does not refute this.

82. In fact, the Objection, does not consider the best interests of the estate at all. By seeking denial of the Application, the U.S. Trustee fails to consider the harm to the estate and the administration of the Chapter 11 Case that would result if the Objection was somehow sustained. By depriving the Debtor of the services of its long-time counsel, the Debtor would be forced to attempt to locate substitute counsel for K&L Gates – which counsel would be unfamiliar with the Debtor, title to the Property, and issues/challenges related to the Sale Process, Section 363(h) Proceeding, and Sale Transaction that are contemplated in the Debtor's Chapter 11 Case. Such substitute counsel may also lack experience in bankruptcy cases involving timeshare properties possessed by K&L Gates. The Debtor contends that the learning curve of replacement counsel for replace K&L Gates would be long and costly – and that same is contrary to the best interests of the estate.

83. It is in the best interest of the Debtor and the estate that the Application be approved.

II. ORDERS IN SIMILAR CASES SUPPORT GRANTING THE APPLICATION

84. The Eliades Declaration and Supplemental Eliades Declaration describe K&L Gates's qualifications to serve as Debtor's special counsel in this Chapter 11 Case, and state that K&L Gates professionals have significant experience in representing developers, associations, and other parties in restructuring and/or the sale of timeshare resorts, including in bankruptcy cases. *See* Eliades Declaration at ¶¶ 4-5. In that regard, apart from this matter, K&L Gates is proposed or approved counsel for associations that govern timeshare properties in the following pending chapter 11 cases:

(i) Orlando International Resort Club Condominium Association, Inc., No. 25-06813 (GER) (Bankr. M.D. Fla.) - Order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on December 11, 2025, at Dkt. 80.[8]

(ii) *Star Island Vacation Ownership Association, Inc.*, No. 25-07207 (GER) (Bankr. M.D. Fla.) - Order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on December 15, 2025, at Dkt. 75. [9]

(iii) *Maple Ridge Property Owners Association, Inc.*, No. 25-40271 (AAE) (Bankr. W.D.N.C.) – Order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on January 12, 2026, at Dkt. 60.[10]

(iv) *Association of Apartment Owners of Kauai Beach Villas*, Case No. 25-01103 (RJF) (Bankr. Haw.) – Order approving debtor's application to retain K&L Gates as special counsel to debtor under 11 U.S.C. § **327(e)** entered on January 16, 2026, at Dkt. 59. [11]

(v) *The Fairfield Williamsburg Property Owners Association, Inc.*, No. 25-51179 (SCS) (Bankr. E.D. Va.) - debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) is pending. No objections to the retention application have been filed.

(vi) *Newport Overlook Association, Inc.*, No 25-1100 (JAD) (Bankr. R.I.) - debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) is pending. No objections to the retention application have been filed.

(vii) *The Falls Condominium Property Owners Association, Inc.*, No. 25-60870 (BTF) (Bankr. W.D. Mo.) - debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) is pending. No objections to the retention application have been filed.

(ix) Elk Run Property Owners Association, Inc., Case No. 26-10311 (TBM) (Bankr. D. Co.) - debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) is pending.[12] No objections to the retention application have

[8] No objection was filed to the debtor's application to retain K&L Gates by the United States Trustee or any other party.
[9] No objection was filed to the debtor's application to retain K&L Gates by the United States Trustee or any other party.
[10] No objection was filed to the debtor's application to retain K&L Gates by the Bankruptcy Administrator or any other party.
[11] No objection was filed to the debtor's application to retain K&L Gates by the United States Trustee or any other party.
[12] Bankruptcy case filed on January 20, 2026.

been filed.

(x) Masters Place Condominiums Property Owners Association, Inc., Case No. 26-10313 (TBM) (Bankr. D. Co.) - debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) is pending. [13] No objections to the retention application have been filed.

(xi) Village Pointe Property Owners Association, Inc., Case No. 26-10314 (TBM) (Bankr. D. Co.) - debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) is pending. [14] No objections to the retention application have been filed.

The foregoing bankruptcy cases are collectively referred to herein as the "Timeshare Association Cases". The Debtor's Chapter 11 Case is not included in the reference to the Timeshare Association Cases.

85. The Debtor is not affiliate of any of the debtors in the Timeshare Association Cases, as defined in 11 U.S.C. §101(2) of the Bankruptcy Code. However, for purposes of evaluating the Application, the facts in the Debtor's Chapter 11 Case and the Timeshare Association Cases are substantially similar.

86. For instance, in *Association of Apartment Owners of Kauai Beach Villas*, Case No. 25-01103 (RJF) (Bankr. D. Haw.) (the "Hawaii Case"),[15] that debtor's proposed retention of K&L Gates as special counsel was identical to the Application in question and was approved without objection. The *Debtor's Application for Entry of an Order Authorizing and Approving the Employment and Retention of K&L Gates LLP as Special Counsel to Debtor Effective as of the Petition Date* filed in the Hawaii Case is attached hereto as **Exhibit A**. (the "Hawaii Application").

[13] Bankruptcy case filed on January 20, 2026.
[14] Bankruptcy case filed on January 20, 2026.
[15] As noted, in that matter an order approving debtor's application to retain K&L Gates as special counsel to debtor under 11 U.S.C. § ***327(e)*** was entered on January 16, 2026, at Dkt. 59. No objection was filed to the debtor's application to retain K&L Gates by the United States Trustee or any other party.

The services proposed in the Hawaii Application (Hawaii Application, ¶ 24) mirror the proposed services in the Application (Application, ¶ 22). The Hawaii Application was granted, without objection, as presented. A copy of the *Order Authorizing and Approving the Retention of K&L Gates LLP as Special Counsel Effective as of December 5, 2025* is attached hereto as **Exhibit B**.

87. In addition, the Timeshare Association Cases involve sale processes and issues identical to the Sale Process, Section 363(h) Proceeding, and Sale Transaction that are contemplated in the Debtor's Chapter 11 Case. The Debtor and the estate will benefit from the experiences of K&L Gates in representing the debtors in the Timeshare Association Cases – further demonstrating that approval of the Application is in the best interests of the estate.

III. DEBTOR'S RESERVATION OF RIGHTS

88. In a footnote to the Objection,[16] the U.S. Trustee incorrectly concludes that *if* the Debtor were to seek the approval of K&L Gates as co-counsel pursuant to 11 U.S.C. § 327(a) (instead of under § 327(e) per the Application) that *"K&L Gates' concurrent representation of the Debtor, WVR, and Travel + Leisure Co, who owns the Property Manager, appears to render K&L Gates not disinterested and representing an adverse interest, which would disqualify K&L Gates*

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[16] Footnote 1 of the UST Objection states as follows: *"To the extent the Debtor pivots and instead seeks the approval of K&L Gates as co-counsel pursuant to 11 U.S.C. § 327(a), K&L Gates discloses in the Eliades Declaration that it is concurrently representing the Debtor and Wyndham Vacation Resorts, Inc. ("WVR"), who owns 10.17% of the total Vacation Ownership Interests ("VOIs") of the Debtor. See Dkt. 59-1 at ¶ 33. As such, K&L Gates concurrently represents the Debtor and a creditor/owner of the Debtor. K&L Gates further discloses its relationship with Vacation Resort Management, Inc. (the "Property Manager"), who manages the property for the Debtor. See id. at ¶ 34. WVR and the Property Manager are indirect subsidiaries of Travel + Leisure Co. See id. Travel + Leisure Co. and certain of its subsidiaries are current clients of K&L Gates. See id. As such, K&L Gates represents the Debtor and Travel + Leisure Co., who owns WVR and the Property Manager. K&L Gates' concurrent representation of the Debtor, WVR, and Travel + Leisure Co, who owns the Property Manager, appears to render K&L Gates not disinterested and representing an adverse interest, which would disqualify K&L Gates under section 327(a)."*

under section 327(a)." The U.S. Trustee fails to advise the Court that K&L Gates concurrent representation of the Association and T+ L, on unrelated matters, was acknowledged and agreed to by the Debtor in at least two (2) separate engagement letters[17] and was also disclosed to all Association Members before they voted in an avalanche to authorize the Board to continue to engage K&L Gates in the Chapter 11 Case.[18]

89. The U.S. Trustee's position is incorrect as a matter of law and fact. On this issue, the U.S. Trustee blithely ignores; (i) 11 U.S.C. § 327(c); (ii) the First Day Declaration, Application, Eliades Declaration, and Supplemental Eliades Declaration, which evidence the disinterestedness of K&L Gates and that K&L Gates does not hold or represent an interest adverse to the Debtor's estate (see Application at ¶¶ 51-60 and Eliades Declaration at ¶ 33); (iii) the position of Forman Holt as general bankruptcy counsel and as conflicts counsel (see First Day Declaration at ¶78, Application at ¶¶ 19, 55, and Eliades Declaration at ¶¶ 35, 38); (iv) the best interests of the Debtor's estate in the continued retention of K&L Gates as determined by a majority of the Association Members and the Debtor's Board (see First Day Declaration at ¶ 43, Application at ¶ 37, and Eliades Declaration at ¶ 7); and (v) while not binding on this Court, but nonetheless instructive, orders in certain Timeshare Association Cases approving debtors' applications to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) in near identical circumstances to those that the U.S. Trustee questions in its Objection.[19]

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[17] *See* Exhibit "A" to the Eliades Declaration (Dkt. 59-1).

[18] *See* Exhibit "A" to the Supplemental Eliades Declaration (Dkt. 85).

[19] *See e.g. Orlando International Resort Club Condominium Association, Inc.*, No. 25-06813 (GER) (Bankr. M.D. Fla.) (order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on December 11, 2025, at Dkt. 80); *Star Island Vacation Ownership Association,*

90. The U.S. Trustee's effort to prospectively disqualify K&L Gates as Debtor's §327(a) co-counsel is, however, pre-mature. Such a request is not before the Court. While Debtor disputes the U.S. Trustee's unsupported conclusion that K&L Gates cannot serve as co-counsel under 11 U.S.C. § 327(a), Debtor does not belabor the point here. By choosing not to extensively address the U.S. Trustee's flawed position regarding §327(a), the Debtor does not concede the veracity or validity of the U.S. Trustee's allegations. Rather, all positions and rights of the Debtor are reserved – including Debtor's right to seek to continue to engage K&L Gates as its co-counsel in the Chapter 11 Case under 11 U.S.C. § 327(a).

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Inc., No. 25-07207 (GER) (Bankr. M.D. Fla.) (order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on December 15, 2025, at Dkt. 75); and *Maple Ridge Property Owners Association, Inc.*, No. 25-40271 (AAE) (Bankr. W.D.N.C.) (order approving debtor's application to retain K&L Gates as co-counsel to debtor under 11 U.S.C. § 327(a) entered on January 12, 2026, at Dkt. 60). As was disclosed in each of those cases, K&L Gates similarly concurrently represents the debtor and T+ L. In those cases, the estates were afforded the same protections as are being offered to the Debtor's estate.

CONCLUSION

91. For the reasons stated herein, the Debtors respectfully request that the Court overrule the Objection, grant the Application approving K&L Gates' retention under section 327(e) of the Bankruptcy Code as of the Petition Date, and grant such other and further relief as is appropriate in the circumstances.

Dated: January 26, 2026

K&L GATES LLP

/s/ Daniel M. Eliades
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EXHIBIT A

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IN THE UNITED STATE BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re Association of Apartment Owners of Kauai Beach Villas, Debtor and Debtor in possession	Case No. 25-01103 (Chapter 11) (Subchapter V) Judge: Hon. Robert J. Faris

DEBTOR'S APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF K&L GATES LLP AS SPECIAL COUNSEL TO THE DEBTOR EFFECTIVE AS OF THE PETITION DATE

The Association of Apartment Owners of Kauai Beach Villas ("Debtor" or "Association") hereby submits this *Debtor's Application for Entry of an Order Authorizing and Approving the Employment and Retention of K&L Gates LLP as*

Special Counsel to the Debtor Effective as of the Petition Date (this "Application"), seeking entry of an order approving the employment of the law firm K&L Gates LLP ("K&L Gates" or the "Firm"), effective as of the Petition Date (defined below), to represent Debtor as special counsel in the above captioned bankruptcy proceeding (the "Chapter 11 Case"). In support of this Application, Debtor relies upon; (i) the *Declaration of Daniel M. Eliades in Support of Debtor's Application for Entry of an Order Authorizing and Approving the Employment and Retention of K&L Gates LLP as Special Counsel to the Debtor Effective as of the Petition Date*, attached hereto as **Exhibit A** (the "Eliades Declaration"), and (ii) the *Disclosure of Compensation of Attorney for Debtor*, attached hereto as **Exhibit B** (the "Eliades 2016(b) Statement"). Also attached hereto as **Exhibit C** is a proposed form of order (the "Proposed Order") granting and approving this Application. In further support of this Application, Debtor respectfully states as follows:

JURISDICTION, VENUE AND STATUTORY PREDICATES

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Debtor confirms that it consents to the Court entering a final order in connection with this Application to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution

2. Venue of this proceeding and this Application is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are Sections 327, 328, and 329 of title 11 of the United States Code, §§ 101-1532 (the "Bankruptcy Code"), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 2014-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Hawaii (the "Local Rules").

BACKGROUND

4. On December 5, 2025 (the "Petition Date"), Debtor filed a voluntary petition for relief pursuant to subchapter V of chapter 11 of the Bankruptcy Code (the "Chapter 11 Case") in the United States Bankruptcy Court for the District of Hawaii (the "Court").

5. The Debtor continues to operate its businesses as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. A detailed description of the Debtor and the facts and circumstances supporting this Motion, are set forth in greater detail in the *Declaration of Larry D. Warner in Support of Chapter 11 Petition, First Day Motions, and Applications* (the "First Day Declaration") [Docket No. 11] and is incorporated herein by reference. Capitalized terms used but not otherwise defined in this Motion shall have the meanings given to them in the First Day Declaration.

7. The Debtor is a registered not-for-profit corporation organized under the laws of the State of Hawaii pursuant to a Certificate of Incorporation filed with the Secretary of State of Hawaii, Department of Commerce and Consumer Affairs, on April 15, 2025. (First Day Declaration ¶ 6.)

8. The Association was formed pursuant to a Declaration of Horizontal Property Regime dated June 5, 1981, recorded in the Bureau of Conveyances on June 8, 1981 of the State of Hawaii (the "Bureau") in Liber 15596 at Page 1, as amended and restated by that certain instrument dated November 8, 1994, recorded in the Bureau on November 10, 1994, as Document No. 94-185714, which was subsequently amended by those certain instruments dated January 9, 1996, recorded in the Bureau on January 11, 1996, as Document No. 96-003864, dated May 28, 1998, recorded in the Bureau on June 3, 1998, as Document No. 98-079978, dated February 16, 2001, recorded in the Bureau on March 1, 2001, as Document No. 2001-028162, and dated February 14, 2006, recorded in the Bureau on February 24, 2006, as Document No. 2006-037041 (the foregoing being collectively referred to as the "Declaration"). (First Day Declaration ¶ 7.)

9. The Declaration created a plan for development and establishment of a condominium for the resort known as Kauai Beach Villas. The resort is managed, maintained and administered by the Association. (First Day Declaration ¶ 8.)

10. The property governed by the Association is located at 4330 Kauai Beach Drive, Lihue, Kauai, Hawaii (the "Project"). (First Day Declaration ¶ 18.) Pursuant to the Association's Bylaws, as amended, the Association was organized and is operated for the purposes of managing, maintaining, acquiring, constructing, and caring for the Project. (First Day Declaration ¶ 10.)

11. Pursuant to the Declaration, 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. (First Day Declaration ¶ 18.)

12. A Declaration of Covenants, Conditions and Restrictions for the PAHIO At Kauai Beach Villas Interval Ownership Plan, dated March 13, 1995, established a timeshare interval ownership plan within the condominium, known as PAHIO at Kauai Beach Villas (the "Timeshare Declaration") which was recorded in the Bureau on March 14, 1995 as Document No. 95034656. The Timeshare Declaration created the PAHIO at Kauai Beach Villas Interval Owners Association (the "IOA" or "Interval Association") as well as the by-laws for governance by the Interval Association. The Interval Association is responsible for the management of the timeshare plan. Pursuant to Article I, Section 3 of the Timeshare Declaration, the

purpose of the Interval Association "is to provide the means whereby the use, possession and ownership of the Intervals in the Project that are submitted to the Plan are governed." (First Day Declaration ¶ 12.)

13. The Interval Association is a subpart of the Association. All members of the Interval Association are also members of the Association. (First Day Declaration ¶ 13.)

14. 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. (First Day Declaration ¶ 19.)

15. Debtor owns two (2) every other year intervals at the Project and a concomitant share of the common elements at the Project (the "Association Interest"), which comprises approximately .0159% of the total ownership interest at the Project. The Association owns the common element share of the Association Interest as a tenant-in-common with all other Association owners. (First Day Declaration ¶ 22.)

16. PAHIO Vacation Ownership, Inc. ("PAHIO"), Pahio at Kauai Beach Villas Interval Owners Association, and PTVO Owners Association, Inc. ("PTVO")[1]

[1] Upon information and belief, pursuant to the Declaration of Covenants, Conditions and Restrictions; Grant and Reservation of Easements for Club Wyndham Access Vacation Ownership Plan ("CWA"), dated January 3, 2008, as amended, supplemented or restated from time to time (the "Club Declaration"), PTVO, a non-stock, non-profit corporation duly organized and existing under the laws of the State of Delaware, and Wyndham Vacation Resorts, Inc. ("WVR") created a multi-site timeshare program known as Club Wyndham Access. Upon Information and belief, pursuant to a Declaration of Trust for CWA dated as of

together own about 30.26% of the Project. The Association owns approximately .0158% of the Project, on account of the Association Interest.[2]

17. The remaining ownership interests in the Project (approximately 69.69% of the total) are owned by approximately 6,893 parties to corresponding contracts ("Interval Owners"), with each interval having its own separate corresponding contract and forty-five (45) whole owners, (collectively, "Whole Unit Owners"), all of whom are members of the Association. Interval Owners and Whole Unit Owners are collectively referred to herein as "Owners" or "Members". (First Day Declaration ¶ 23.) The Owners, PAHIO and PTVO are collectively referred to herein as "Association Members".

18. PAHIO Resorts, Inc. ("PRI" or "Project Manager") provides management services for the Project for the Debtor, pursuant to that certain Amended & Restated Management Agreement dated January 1, 2024 (the "Management Agreement"). (First Day Declaration ¶ 41.) Upon information and belief, the Project Manager and PAHIO are affiliates as they are both indirect subsidiaries of Travel + Leisure Co.

January 4, 2008, as amended, supplemented or restated from time to time, (the "Trust Declaration") PTVO and WVR created an irrevocable trust to hold legal title to certain real property interests in one or more resort properties ("Club Properties") that have been subjected to the Club Declaration. Upon information and belief, the Club Properties are deeded to First American Trust, a Federal Savings Bank ("First American Trust"). Upon information and belief, First American Trust is the trustee under the Trust Declaration. Upon information and belief, PTVO is the beneficiary under the Trust Declaration.

[2] Specifically, PAHIO owns approximately 11.52% of the Project and PTVO owns approximately 18.2% of the Project.

19. For a further detailed description of the Debtor and its operations, Debtor respectfully refers the Court and parties in interest to the First Day Declaration.

RELIEF REQUESTED

20. By this Application, Debtor respectfully requests that the Court enter an order, substantially in the form annexed hereto as **Exhibit C**, pursuant to Section 327(e) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1, authorizing Debtor to employ and retain K&L Gates as its special counsel in this case. The Debtor seeks to retain K&L Gates, effective as of December 5, 2025, because K&L Gates began providing services to the Debtor in this case as of such date.

21. By separate applications, Debtor has asked or intends to ask the Court to approve the retention of (a) Stretto, Inc. ("Stretto") as its notice, claims and solicitation agent (which motion was approved on December 12, 2025), (b) Hilco Real Estate, LLC ("Hilco") as its real estate broker and adviser, (c) Choi & Ito as general bankruptcy and conflicts counsel to Debtor pursuant to Section 327(a) of the Bankruptcy Code, (d) Porter Kaikona Kopper LLP as special corporate counsel pursuant to Section 327(a) of the Bankruptcy Code, and (e) other special litigation counsel to represent Debtor in pending litigation involving insurance carriers and a breach of fiduciary lawsuit against Debtor and members of its Board.

22. Each of the firms listed above works, and will continue to work, under the direction of the Board of the Debtor and the Project Manager. Debtor's directors and management are committed to minimizing duplication of services to reduce professional costs. Debtor understands that K&L Gates and its other professionals will coordinate with Debtor and each other to ensure that there is no unnecessary duplication of effort or cost.

SERVICES TO BE PROVIDED BY K&L GATES

23. Among other things, the Association intends to seek, subject to Bankruptcy Court approval as may be required, certain relief in the Chapter 11 Case including all or some of the following:

- Judgment against Association Members (by consent or otherwise) authorizing the sale of Debtor's undivided interest in the Project, jointly with the sale of the interests of the Association Members, pursuant to 11 U.S.C. §363(h) and/or other applicable provisions of the Bankruptcy Code. Bankruptcy Code. Debtor reserves the right to seek such relief by filing one or more adversary proceedings against Association Members.

- Approval of marketing, bid and sale procedures for the Project.

- Authorization to sell the Project and all interval interests free and clear of he interests of all Association Members as well as liens and encumbrances, with such interests to attach to the proceeds of sale, subject to distribution by bankruptcy court order in accord with 11 U.S.C. §§363(b), (f), (h), (i) and (j) and other applicable provisions of the Bankruptcy Code.

- Termination or amendment of the timeshare plan for the Project effective at or prior to closing of the sale of the Project.

- Authorization to assume and assign to a purchaser, or reject and terminate, all executory contracts and unexpired leases to which the Association is a party – at closing.

- Authorization to distribute net sale proceeds (after costs of administration and sale) as well as all remaining property, cash and reserves of the Association pursuant to a confirmed plan of liquidation or other Bankruptcy Court order. Distribution to Association Members may be subject to set-off of amounts owed to the Association for delinquent maintenance fees and/or special assessments.

- Resolution of all claims against the Association.

- Dissolution of the Association following sale of the Project and distribution of proceeds pursuant to a confirmed plan of liquidation or other Bankruptcy Court order.

24. Among other things, K&L Gates has and would provide services to the Debtor and its estate including, but not limited to, services in connection with (i) the marketing, bidding and sale procedures for the Project, and matters relating thereto; (ii) efforts to obtain judgment(s) against Association Members (by consent or

otherwise) authorizing the sale of Debtor's undivided interest in the Project, jointly with the sale of the interests of the Association Members, pursuant to 11 U.S.C. §363(h) and/or other applicable provisions of the Bankruptcy Code, and matters relating thereto; (iii) seeking Bankruptcy Court authorization to sell the Project free and clear of the interests of all Association Members, liens and encumbrances, with such interests to attach to the proceeds of sale, subject to distribution by Bankruptcy Court order in accordance with 11 U.S.C. §§363(b), (f), (h), (i), and (j) and/or other applicable provisions of the Bankruptcy Code, and matters relating thereto; (iv) closing the sale of the Project, and matters relating thereto, including but not limited to termination or amendment of the timeshare plan for the Project effective at or prior to closing of the sale; (v) the process to obtain Bankruptcy Court authorization to distribute net sale proceeds (after costs of administration and sale) as well as all remaining property, cash and reserves of the Association; (vi) consulting with the Board and other professionals retained by the Debtor regarding preparation and prosecution of a plan of liquidation for the Debtor; (vii) dissolution of the Association following sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order; (viii) governance of the Association regarding some or all of the above; and/or (ix) communicating with the Bankruptcy Court, United States Trustee, sub-chapter V trustee, professional engaged by Debtor, the Board, Association Members, and other parties in interest regarding all or some of the above.

25. As noted in the First Day Declaration, the Debtor and Association Members own 100% of the Project, and a concomitant share of the common elements of the Project, as tenants-in-common. (First Day Declaration ¶ 67.) Debtor believes that a large percentage of Association Members will consent to the sale of their interest in the Project if provided with the opportunity to do so. K&L Gates has and would provide services to the Debtor regarding obtaining consent from Association Members to the marketing and sale of their undivided interest in the Project, jointly with the sale of the interests of the Debtor and other Association Members, pursuant to 11 U.S.C. §363(h). Debtor contends that such member consent may be the basis of a proposed settlement between the Debtor and consenting members, a consent judgment, or a summary judgment in a Section 363(h) Proceeding (described below) – any of which would expedite the sale process and decrease the cost of same to the estate.

26. In connection with efforts to market and sell the Project, Debtor intends to file a *Motion for Entry of an Order (I) (A) Approving Auction and Bidding Procedures, (B) Scheduling Bid Deadlines and an Auction, and (C) Approving the Form and Manner of Notice Thereof, and (II) (A) Authorizing the Sale of Assets and (B) Granting Related Relief* (a "Sale Procedures Motion"). K&L Gates has and will

provide services to the Debtor related to the Sale Procedures Motion, including the preparation and prosecution of such motion. In connection with the Sale Procedures Motion, K&L Gates has and would prepare transaction related documents including bidding procedures, a purchase and sale agreement, escrow agreement, and agreements with other parties in interest including potential designated title insurer(s) and stalking horse bidder(s).

27. In connection with efforts to market and sell the Project, subject to Court approval, Debtor intends to retain Hilco Real Estate, LLC ("Hilco"), as real estate agent. K&L Gates has and would provide services to the Debtor interacting with Hilco regarding efforts to market and sell the Project.

28. In connection with efforts to market and sell the Project, Debtor has retained Stretto as noticing and claims agent. K&L Gates has and would provide services to the Debtor interacting with Stretto regarding issues concerning the services that K&L Gates has and would provide to the Debtor and its estate.

29. Debtor intends to file an adversary proceeding seeking judgment against Association Members (by consent or otherwise) authorizing the sale of Debtor's undivided interest in the Project, jointly with the sale of the interests of the Association Members, pursuant to 11 U.S.C. §363(h) and/or other applicable provisions of the Bankruptcy Code (any such proceeding a "Section 363(h) Proceeding"). K&L Gates has and would provide services to the Debtor related to

the Section 363(h) Proceeding, including, but not limited to, preparation of pleadings in such proceeding(s) and representation of the Debtor therein.

30. Debtor intends to seek Bankruptcy Court authorization to sell the Project and all interests therein free and clear of the interests of all Association Members as well as liens and encumbrances, with such interests to attach to the proceeds of sale, subject to distribution by bankruptcy court order in accord with 11 U.S.C. §§363(b), (f), (h), (i) and (j) and other applicable provisions of the Bankruptcy Code. K&L Gates has and would provide services to the Debtor related to such action, including, but not limited to, the preparation pleadings in such proceedings and representation of the Debtor therein.

31. Subject to Bankruptcy Court approval, it is anticipated that K&L Gates would provide services to the Debtor and its estate related to closing the sale of the Project, and matters relating thereto, including but not limited to termination or amendment of the timeshare plan for the Project effective at or prior to closing of the sale. Such services would include, but not be limited to, preparation of documents necessary to close the transaction; interaction with representatives of the purchaser, title insurer, closing agent, lenders (if applicable), governmental entities, Association Members, lienholders (if applicable), the Office of the United States Trustee, and other interested parties.

32. Subject to Bankruptcy Court approval, it is anticipated that K&L Gates would provide services to the Debtor and its estate related to distribution of net sale proceeds (after costs of administration and sale) as well as all remaining property, cash and reserves of the Association. Such services would include, but not be limited to, interaction with representatives of the purchaser, title insurer, closing agent, lenders (if applicable), governmental entities, Association Members, lienholders (if applicable), the Office of the United States Trustee, and other interested parties.

33. It is anticipated that K&L Gates would provide services to the Debtor and its estate related to preparation and prosecution of a plan of liquidation for the Debtor by Choi & Ito, including consulting with the Board and other professionals retained by the Debtor regarding the services provided by K&L Gates that impact the plan.

34. It is anticipated that K&L Gates would provide services to the Debtor and its estate related to post-petition governance issues, including but not limited to, dissolution of the Association following sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order.

35. The foregoing non-exclusive services that K&L Gates may provide to Debtor are collectively referred to as the "KLG Services".

K&L GATE'S QUALIFICATIONS AND RELATIONSHIPS WITH THE ASSOCIATION

36. Debtor seeks to retain K&L Gates as its special counsel in the Chapter 11 Case in light of the Firm's (i) extensive knowledge, expertise, and experience in the field of debtors' and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code, and (ii) knowledge of, and experience with, the Debtor based upon pre-petition representation of the Association by K&L Gates.

37. K&L Gates is well qualified to serve as Debtor's special counsel in this Chapter 11 Case. K&L Gates is a global law firm with a national and international practice and has substantial experience in virtually all aspects of the law that may potentially arise in connection with the Chapter 11 Case, including bankruptcy, not-for-profit corporations and related governance, finance, litigation, real estate, and transactional matters (including mergers and acquisitions). In addition, K&L Gates professionals have significant experience in representing developers, associations, and other parties in restructuring and/or sale of timeshare resorts, including in bankruptcy cases.[3] K&L Gates's restructuring and insolvency practice group

[3] K&L Gates is proposed or approved counsel for associations that govern timeshare properties in the following pending chapter 11 cases: (i) *Orlando International Resort Club Condominium Association, Inc.*, No. 25-06813 (GER) (Bankr. M.D. Fla.); (ii) *Star Island Vacation Ownership Association, Inc.*, No. 25-07207 (GER) (Bankr. M.D. Fla.); (iii) *Skyline Tower Resort Vacation Condominium Association, Inc.*, No. 25-22156 (ABA) (Bankr. N.J.); (iv) *Maple Ridge Property Owners Association, Inc.*, No. 25-40271 (AAE) (Bankr. W.D.N.C.); (v) *The Fairfield Williamsburg Property Owners Association, Inc.*, No. 25-51179 (SCS) (Bankr. E.D. Va.); (vi) *Newport Overlook Association, Inc.*, No 25-1100 (JAD) (Bankr. R.I.); and (vii) *The Falls Condominium Property Owners Association, Inc.*, No. 25-60870 (BTF) (Bankr. W.D. Mo.). The Debtor is not an affiliate of any of the debtors in the foregoing matters, as defined in Section 101(2) of the Bankruptcy Code.

consists of dozens of attorneys practicing in offices throughout the United States and overseas.

38. Since September of 2025, K&L Gates has gained significant knowledge about the Association, its history, capital structure, governance, business operations, financial condition, and related matters. K&L Gates's professionals have worked closely with Debtor's Board, management and other professionals regarding, (i) potential pursuit by the Association of a sale of all property governed by the Association, including all common elements, and property interests of all Association Members, (ii) potential conveyance of an interval interest to the Association, (iii) potential termination of the Timeshare Declaration and timeshare plan for the Project at closing of a transaction, and/or (iv) evaluating a potential chapter 11 bankruptcy. K&L Gates is familiar with Debtor's business and affairs and many of the potential legal issues that may arise in the Chapter 11 Case. K&L Gates's knowledge regarding Debtor and its management team will result in effective and efficient services in the Chapter 11 Case. Accordingly, Debtor believes that K&L Gates is uniquely qualified to represent it in the Chapter 11 Case and will do so in an efficient manner.

39. Debtor has reviewed the Firm's hourly rates and has determined that K&L Gates's rates are reasonable. K&L Gates further informed Debtor that the Firm operates in both national and regional marketplaces for legal services in which rates

are driven by multiple factors relating to the individual lawyer, his or her area of specialty, the Firm's expertise, performance, and reputation, the nature of the work involved, as well as other factors. The hourly rates K&L Gates charged Debtor prior to the Petition Date are the same as the rates K&L Gates has indicated it will charge Debtor post-petition. K&L Gates has informed Debtor (and discloses herein) that the Firm's hourly rates are subject to periodic adjustments to reflect economic and other conditions.

40. Debtor supervises all legal fees and expenses in order to reasonably manage costs. Debtor recognizes that it is its responsibility to closely monitor the billing practices of its counsel to ensure that the fees and expenses paid by Debtor's estate remain consistent with Debtor's expectations and the exigencies of the Chapter 11 Case. As it did pre-petition, Debtor will continue to review and monitor professional fees and expense reimbursement requests for reasonableness.

41. In sum, Debtor believes that K&L Gates is both well-qualified and uniquely able to represent it in an efficient and timely manner, and that the services of K&L Gates are necessary and essential to Debtor's performance of its duties as debtor in possession and efficient management of the Chapter 11 Case.

PROFESSIONAL COMPENSATION

42. Debtor understands that, subject to the Court's approval, K&L Gates will be compensated at its proposed hourly rates, which are based on the

professionals' level of experience. Debtor further understands that K&L Gates will seek Court approval of its compensation and reimbursement of its actual, necessary, and reasonable expenses, and other charges incurred by the Firm in connection with the Chapter 11 Case, upon the filing of appropriate applications for interim and final compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules. The principal attorneys and paralegals presently designated to represent Debtor, and their current hourly rates in the Chapter 11 Case, are:

Name	**Title**	**Hourly Rate**
Margart Westbrook	Parter	$875.00
Daniel M. Eliades	Partner	$765.00
Brian Peterson	Partner	$650.00
Brandy A. Sargent	Partner	$670.00
Jonathan N. Edel	Associate	$685.00
Ryan W. DeSimone	Associate	$485.00
Denise Lentz	Paralegal	$360.00
Joy M. VanDerWeert	Paralegal	$360.00
Kyra Swinney-Darby	Paralegal	$360.00

43. The hourly rates set forth above are subject to periodic adjustments to reflect economic and other conditions.[4] It is Debtor's understanding that these rates are set at a level designed to fairly compensate the Firm for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses.

[4] Generally, the Firm implements rate increases in January of each year.

44. Other attorneys and paralegals from K&L Gates may from time to time also serve Debtor in connection with the matters described herein. Debtor understands that K&L Gates will apprise and consult with Debtor regarding the identity and hourly rates of additional K&L Gates professionals who may provide services in the Chapter 11 Case.

45. It is the Firm's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients, including Debtor, include, among other things, (a) copies, (b) outside printing, (c) telephone, (d) facsimile, (e) online research, (f) delivery services/couriers, (g) postage, (h) local travel, (i) out-of-town travel (including subcategories for transportation, hotel, meals, and ground transportation), (j) working meals (local), (k) court fees, (l) subpoena fees, (m) witness fees, (n) deposition transcripts, (o) trial transcripts, (p) trial exhibits, (q) litigation support vendors, (r) experts, (s) investigators, and (t) arbitrators/mediators. The Firm will charge Debtor for these expenses in a manner and at rates consistent with charges made generally to the Firm's other clients. It is Debtor's understanding that the Firm believes that it is fairer to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

46. It is Debtor's understanding that K&L Gates will submit detailed statements to the Court setting forth the services rendered and seeking compensation

and reimbursement of expenses (including, when appropriate, authority to apply the Retainer (defined below)).

47. As set forth in the Eliades Declaration, K&L Gates has not shared nor agreed to share any of its compensation from Debtor with any other person, other than as permitted by section 504 of the Bankruptcy Code.

PRE-PETITION COMPENSATION RECEIVED FROM DEBTOR

48. K&L Gates was retained by Debtor to provide pre-petition and post-petition services pursuant to an engagement letter dated September 29, 2025 (the "Engagement Letter"), a copy of which is attached as **Exhibit A** to the Eliades Declaration.

49. Prior to the commencement of the Chapter 11 Case, Debtor paid the Firm $104,350, $86,366 of which was applied to pre-petition fees and expenses.[5] Specifically, Debtor has made the following payments to K&L Gates:

Payment Date	**Amount**
October 17, 2025	$50,000 (Retainer)
November 18, 2025	($32,016) (Deducted from Retainer)
December 5, 2025	($17,984) (Deducted from Retainer)
December 8, 2025	($36,366) (Invoice Payment)

[5] A formal disclosure pursuant to Bankruptcy Rule 2016 and Section 329 of the Bankruptcy Code is attached hereto as Exhibit B.

December 9, 2025	$15,032 (Additional Retainer)
December 9, 2025	$2,952 (Additional Retainer)
TOTAL PAID	$86,366
TOTAL RECEIVED	$104,350
REMAINING RETAINER	$17,984

50. As noted, K&L Gates continues to hold a retainer in the amount of $17,984, which will constitute a retainer for post-petition services and expenses in the Chapter 11 Case.

NO ADVERSE INTEREST AND DISCLOSURE OF CONNECTIONS

51. K&L Gates represented the Association pre-petition. The Debtor believes that (i) retention of K&L Gates is in the best interests of its bankruptcy estate; and (ii) K&L Gates does not represent or hold any interest adverse to the Debtor or the estate with respect to the matters on which K&L Gates is to be employed, including the KLG Services.

52. The Debtor believes that K&L Gates has no connection with the Debtor, its creditors or any party in interest herein in the matters upon which K&L Gates is to be retained, except as set forth herein and in the Eliades Declaration.

53. The Eliades Declaration describes the relationships that K&L Gates has or had with creditors of Debtor and other interested parties. To the best of Debtor's knowledge, and except as disclosed herein and in the Eliades Declaration, K&L

Gates has not represented Debtor, its creditors, or any other parties-in-interest, or their respective attorneys, in any matter relating to Debtor or its estate.

54. As disclosed to Debtor in its engagement letter with K&L Gates, and in the Eliades Declaration, K&L Gates has in the past represented, currently represents, and likely in the future will represent, certain parties-in-interest in the Chapter 11 Case.

55. Debtor consents to concurrent representation by K&L Gates of its Current Clients (as identified in the Eliades Declaration) and of Debtor. As noted above, Debtor is also proposing to retain Choi & Ito as, among other things, conflicts counsel. In the event any litigation, arbitration, or other adversarial proceedings arises between Debtor and a Current Client resulting in an actual conflict of interest for K&L Gates, K&L Gates will not represent either party in any such dispute, which would be handled by Choi & Ito on behalf of Debtor and independent counsel on behalf of the Current Client.

56. Other than as set forth in the Eliades Declaration, to the best of the Debtor's knowledge, neither K&L Gates nor any of its attorneys has any connection with any party in interest or their attorneys or accountants, in these Cases.

57. Except as provided in the Eliades Declaration, to the best of the Debtor's knowledge, neither K&L Gates, nor any of its attorneys, holds or represents

any interest adverse to the Debtor or the Debtor's estate in the matters on which they are to be retained, subject to K&L Gates's ongoing conflicts review.

58. To the best of the Debtor's knowledge, and except as disclosed in the Eliades Declaration, K&L Gates has had no other prior connection with the Debtor, their creditors or any other party in interest.

59. K&L Gates has informed Debtor that the Firm will continue conducting a review of its files to ensure that no disqualifying circumstances arise. If any new relevant facts or relationships are discovered, K&L Gates will supplement its disclosure to the Court.

60. Debtor desires to continue to employ K&L Gates as set forth in this Application. It is the business judgment of the Debtor that continued employment of K&L Gates is in the best interests of Debtor and its estate.[6] To the best of Debtor's knowledge, in reliance upon the disclosures made in the Eliades Declaration, K&L Gates does not represent or hold any interest adverse to the Debtor or the estate with respect to the matters on which K&L Gates is to be employed.

AUTHORITY FOR RELIEF

[6] At the special membership meeting of September 19, 2025, the requisite number of Association Members voted to authorize the Board to *"employ on behalf of the Association . . . the law firm of K&L Gates LLP as special bankruptcy counsel under Section 327(e) of the Bankruptcy Code . . . "* See First Day Declaration ¶54 and Exhibit D.

61. Section 327(e) of the Bankruptcy Code authorizes a debtor in possession, with the court's approval, to "employ, for a specified special purpose, other than to represent the trustee in conducting the case, an attorney that has represented the debtor, if in the best interest of the estate, and if such attorney does not represent or hold any interest adverse to the debtor or to the estate with respect to the matter on which such attorney is to be employed." 11 U.S.C. § 327(e). Moreover, section 1107(b) elaborates upon section 327, explaining that "a person is not disqualified for employment under section 327 of [the Bankruptcy Code] by a debtor in possession solely because of such person's employment by or representation of the debtor before the commencement of the case." 11 U.S.C. § 1107(b).

62. Bankruptcy Rule 2014(a) requires that an application for retention include:

> Specific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014(a).

63. Debtor requests approval of the employment of K&L Gates as special counsel effective as of the Petition Date. Such relief is warranted by the

circumstances presented by this Chapter 11 Case. Debtor's selection of K&L Gates as its special counsel necessitates that K&L Gates continue to or commence work on time-sensitive matters and promptly devote resources to Debtor's case pending submission and approval of this Application.

64. Debtor submits that, for the reasons stated above, in the Eliades Declaration, and in the Eliades 2016(b) Statement as well, the retention of K&L Gates as its special counsel as described herein, is warranted. Accordingly, the retention of K&L Gates as special counsel should be approved.

NOTICE

65. Notice of this Application has been given to the following parties: (a) the office of the United States Trustee for the District of Hawaii; (b) the Debtor's 20 largest unsecured creditors; (c) the United States Attorney's Office for the District of Hawaii; (d) the Internal Revenue Service; (e) the U.S. Securities and Exchange Commission; (f) the Office of the Attorneys General for Hawaii; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002.

NO PRIOR REQUEST

66. No previous application for the relief requested herein has been made to this or any other court.

CONCLUSION

WHEREFORE, Debtor respectfully requests entry of an order substantially in the form attached hereto as **Exhibit C**, authorizing the Debtor to employ and retain K&L Gates as its special counsel, effective as of December 5, 2025, and granting such other and further relief as is just and proper.

Dated: January 4, 2026

Respectfully submitted,

Association of Apartment Owners
of Kauai Beach Villas,

/s/ Larry D. Warner
Larry D. Warner
President - Board of Directors

EXHIBIT A

DECLARATION OF DANIEL M. ELIADES IN SUPPORT

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Proposed Attorney for Debtor and Debtor-in-Possession

Proposed Special Litigation Counsel for Debtor and Debtor-in-Possession

IN THE UNITED STATE BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re Association of Apartment Owners of Kauai Beach Villas, Debtor and Debtor in possession	Case No. 25-01103 (Chapter 11) (Subchapter V) Judge: Hon. Robert J. Faris

DECLARATION OF DANIEL M. ELIADES IN SUPPORT OF DEBTOR'S APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF K&L GATES LLP AS SPECIAL COUNSEL TO DEBTOR EFFECTIVE AS OF THE PETITION DATE

I, Daniel M. Eliades, declare under penalty of perjury as follows:

1. I am a partner in the firm of K&L Gates LLP ("K&L Gates" or the "Firm"), with offices located at 1085 Raymond Boulevard, Newark, NJ 07102, I am duly admitted to practice law in the State of New Jersey and the State of Washington, and admitted *pro hac vice* to appear in this Chapter 11 Case.[1]

2. This Declaration is submitted pursuant to sections 327, 329, and 504 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and in support of *Debtor's Application for Entry of an Order Authorizing the Employment and Retention of K&L Gates LLP as Special Counsel to the Debtor Effective as of the Petition Date* (the "Application").[2]

RELEVANT EXPERIENCE

3. Debtor seeks to retain K&L Gates as its special counsel in the Chapter 11 Case in light of the Firm's (i) extensive knowledge, expertise, and experience in the field of debtors' and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code, and (ii) knowledge of, and experience with, the Debtor based upon pre-petition representation of the Association by K&L Gates.

[1] I am also admitted to the following bars: United States Court of Appeals for the Third Circuit, United States District Court for the Northern District of Florida, United States District Court for the Central District of Illinois, United States District Court for the District of Colorado, United States District Court for the District of New Jersey, United States District Court for the Eastern District of Michigan, United States District Court for the Western District of Michigan, United States District Court for the Western District of Washington, and United States District Court for the Western District of Wisconsin.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Application.

4. K&L Gates is well qualified to serve as Debtor's special counsel in this Chapter 11 Case.[3] K&L Gates is a global law firm with a national and international practice and has substantial experience in virtually all aspects of the law that may potentially arise in connection with the Chapter 11 Case, including bankruptcy, not-for-profit corporations and related governance, finance, litigation, real estate, and transactional matters (including mergers and acquisitions). In addition, K&L Gates professionals have significant experience in representing developers, associations, and other parties in restructuring and/or sale of timeshare resorts, including in bankruptcy cases.[4] K&L Gates's restructuring and insolvency practice group consists of dozens of attorneys practicing in offices throughout the United States and overseas.

5. Since September of 2025, K&L Gates has gained significant knowledge about the Association, its history, capital structure, governance, business operations,

[3] At the special membership meeting of September 19, 2025, the requisite number of Association Members voted to authorize the Board to *"employ on behalf of the Association . . . the law firm of K&L Gates LLP as special bankruptcy counsel under Section 327(e) of the Bankruptcy Code . . . "* See First Day Declaration ¶54 and Exhibit D.

[4] K&L Gates is proposed or approved counsel for associations that govern timeshare properties in the following pending chapter 11 cases: (i) *Orlando International Resort Club Condominium Association, Inc.*, No. 25-06813 (GER) (Bankr. M.D. Fla.); (ii) *Star Island Vacation Ownership Association, Inc.*, No. 25-07207 (GER) (Bankr. M.D. Fla.); (iii) *Skyline Tower Resort Vacation Condominium Association, Inc.*, No. 25-22156 (ABA) (Bankr. N.J.); (iv) *Maple Ridge Property Owners Association, Inc.*, No. 25-40271 (AAE) (Bankr. W.D.N.C.); (v) *The Fairfield Williamsburg Property Owners Association, Inc.*, No. 25-51179 (SCS) (Bankr. E.D. Va.); (vi) *Newport Overlook Association, Inc.*, No 25-1100 (JAD) (Bankr. R.I.); and (vii) *The Falls Condominium Property Owners Association, Inc.*, No. 25-60870 (BTF) (Bankr. W.D. Mo.). The Debtor is not affiliate of any of the debtors in the foregoing matters, as defined in Section 101(2) of the Bankruptcy Code.

financial condition, and related matters. K&L Gates's professionals have worked closely with Debtor's Board, management and other professionals regarding, (i) potential pursuit by the Association of a sale of all property governed by the Association, including all common elements, and property interests of all Association Members, (ii) potential conveyance of an interval interest to the Association, (iii) potential termination of the Timeshare Declaration and timeshare plan for the Project at closing of a transaction, and/or (iv) evaluating a potential chapter 11 bankruptcy.

6. Due to the prior work performed by K&L Gates on behalf of Debtor, as well as in preparing for the Chapter 11 Case, K&L Gates is familiar with Debtor's business and affairs and many of the potential legal issues that may arise in the Chapter 11 Case. K&L Gates's knowledge regarding Debtor and its personnel will result in effective and efficient services in the Chapter 11 Case. Accordingly, K&L Gates is uniquely qualified to represent it in the Chapter 11 Case and will do so in an efficient manner.

SERVICES TO BE PROVIDED

7. In addition to other services referenced in the Application, K&L Gates anticipates providing services to the Debtor in the Chapter 11 Case, including, but not limited to, services in connection with (i) the marketing, bidding and sale procedures for the Project, and matters relating thereto; (ii) efforts to obtain

judgment(s) against Association Members (by consent or otherwise) authorizing the sale of Debtor's undivided interest in the Project, jointly with the sale of the interests of the Association Members, pursuant to 11 U.S.C. §363(h) and/or other applicable provisions of the Bankruptcy Code, and matters relating thereto; (iii) seeking Bankruptcy Court authorization to sell the Project free and clear of the interests of all Association Members, liens and encumbrances, with such interests to attach to the proceeds of sale, subject to distribution by Bankruptcy Court order in accordance with 11 U.S.C. §§363(b), (f), (h), (i), and (j) and/or other applicable provisions of the Bankruptcy Code, and matters relating thereto; (iv) closing the sale of the Project, and matters relating thereto, including but not limited to termination or amendment of the timeshare plan for the Project effective at or prior to closing of the sale; (v) the process to obtain Bankruptcy Court authorization to distribute net sale proceeds (after costs of administration and sale) as well as all remaining property, cash and reserves of the Association; (vi) consulting with the Board and other professionals retained by the Debtor regarding preparation and prosecution of a plan of liquidation for the Debtor; (vii) dissolution of the Association following sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order; (viii) governance of the Association regarding some or all of the above; and/or (ix) communicating with the Bankruptcy Court, United States Trustee, sub-chapter V trustee, professional engaged by Debtor, the Board, Association Members, and other parties in interest regarding all or some of the above.

8. As noted in the First Day Declaration, the Debtor and Association Members own 100% of the Project, and a concomitant share of the common elements of the Project, as tenants-in-common. Debtor believes that a large percentage of Association Members will consent to the sale of their interest in the Project if provided with the opportunity to do so. K&L Gates has and would provide services to the Debtor regarding obtaining consent from Association Members to the marketing and sale of their undivided interest in the Project, jointly with the sale of the interests of the Debtor and other Association Members, pursuant to 11 U.S.C. §363(h). Debtor contends that such member consent may be the basis of a proposed settlement between the Debtor and consenting members, a consent judgment, or a summary judgment in a Section 363(h) Proceeding (described below) – any of which would expedite the sale process and decrease the cost of same to the estate.

9. In connection with efforts to market and sell the Project, Debtor intends to file a *Motion for Entry of an Order (I) (A) Approving Auction and Bidding Procedures, (B) Scheduling Bid Deadlines and an Auction, and (C) Approving the Form and Manner of Notice Thereof, and (II) (A) Authorizing the Sale of Assets and (B) Granting Related Relief* (a "Sale Procedures Motion"). K&L Gates has and would provide services to the Debtor related to the Sale Procedures Motion,

including the preparation and prosecution of such motion. In connection with the Sale Procedures Motion, K&L Gates has and would prepare transaction related documents including bidding procedures, a purchase and sale agreement, escrow agreement, and agreements with other parties in interest including potential designated title insurer(s) and stalking horse bidder(s).

10. In connection with efforts to market and sell the Project, subject to Court approval, Debtor intends to retain Hilco Real Estate, LLC ("Hilco"), as real estate agent. K&L Gates has and would provide services to the Debtor interacting with Hilco regarding efforts to market and sell the Project.

11. In connection with efforts to market and sell the Project, Debtor has retained Stretto as its noticing and claims agent. K&L Gates has and would provide services to the Debtor interacting with Stretto regarding issues concerning the services that K&L Gates has and will provide to the Debtor and its estate.

12. Debtor intends to file an adversary proceeding seeking judgment against Association Members (by consent or otherwise) authorizing the sale of Debtor's undivided interest in the Project, jointly with the sale of the interests of the Association Members, pursuant to 11 U.S.C. §363(h) and/or other applicable provisions of the Bankruptcy Code (any such proceeding a "Section 363(h) Proceeding"). K&L Gates has and would provide services to the Debtor related to the Section 363(h) Proceeding, including, but not limited to, the preparation

pleadings in such proceeding(s) and representation of the Debtor in all aspects therein.

13. Debtor intends to seek Bankruptcy Court authorization to sell the Project and all interests therein free and clear of the interests of all Association Members as well as liens and encumbrances, with such interests to attach to the proceeds of sale, subject to distribution by bankruptcy court order in accord with 11 U.S.C. §§363(b), (f), (h), (i), and (j) and other applicable provisions of the Bankruptcy Code. K&L Gates has and would provide services to the Debtor related to such action, including, but not limited to, the preparation pleadings in such proceedings and representation of the Debtor regarding same.

14. Subject to Bankruptcy Court approval, it is anticipated that K&L Gates would provide services to the Debtor and its estate related to closing the sale of the Project, and matters relating thereto, including but not limited to termination or amendment of the timeshare plan for the Project effective at or prior to closing of the sale of the Project. Such services would include, but not be limited to, preparation of documents necessary to close the transaction; interaction with representatives of the purchaser, title insurer, closing agent, lenders (if applicable), governmental entities, Association Members, lienholders (if applicable), the Office of the United States Trustee, and other interested parties.

15. Subject to Bankruptcy Court approval, it is anticipated that K&L Gates would provide services to the Debtor and its estate related to distribution of net sale proceeds (after costs of administration and sale) as well as all remaining Project, cash and reserves of the Association. Such services would include, but not be limited to, interaction with representatives of the purchaser, title insurer, closing agent, lenders (if applicable), governmental entities, Association Members, lienholders (if applicable), the Office of the United States Trustee, and other interested parties.

16. It is anticipated that K&L Gates would provide services to the Debtor and its estate related to preparation and prosecution of a plan of liquidation for the Debtor prepared by Chio & Ito, including consulting with the Board and other professionals retained by the Debtor regarding the services provided by K&L Gates that impact the plan.

17. It is anticipated that K&L Gates would provide services to the Debtor and its estate related to post-petition governance issues, including but not limited to, dissolution of the Association following sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order.

18. The foregoing non-exclusive services that K&L Gates may provide to Debtor are collectively referred to as the "KLG Services".

19. I further submit that the employment of K&L Gates as special counsel will not be duplicative of, but will complement, the services to be provided by Choi

& Ito. The Debtor, Choi & Ito, and K&L Gates do not anticipate any overlap in responsibility or duplication of efforts between Choi & Ito and K&L Gates. To that end, K&L Gates will continue to work closely with Choi & Ito and other professionals to ensure that there is no unnecessary duplication of efforts. To efficiently provide the KLG Services to the Debtor, K&L Gates will coordinate efforts with all of the Debtor's professionals to avoid duplication of work and unnecessary fees.

PROFESSIONAL COMPENSATION

20. The Firm's fees for professional services will be based upon the amount of time spent by lawyers, paralegals, and other professionals who perform services on behalf of Debtor and their respective hourly rates as then in effect. Those hourly rates vary across the Firm and take into account the timekeepers' experience in particular areas. The Firm operates in both national and regional marketplaces for legal services in which rates are driven by multiple factors relating to the individual lawyer, his or her area of specialty, the Firm's expertise, performance, and reputation, the nature of the work involved, as well as other factors. These rates are set at a level designed to fairly compensate the Firm for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses.

21. K&L Gates will seek Court approval of its compensation and reimbursement of its actual, necessary, and reasonable expenses, and other charges

incurred by the Firm in connection with the Chapter 11 Case, upon the filing of appropriate applications for interim and final compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of the Bankruptcy Court. The principal attorneys and paralegals presently designated to represent Debtor, and their current hourly rates in the Chapter 11 Case are:

Name	Title	Hourly Rate
Margaret Westbrook	Partner	$875.00
Daniel M. Eliades	Partner	$765.00
Brian Peterson	Partner	$650.00
Brandy Sargent	Partner	$670.00
Jonathan N. Edel	Associate	$685.00
Ryan W. DeSimone	Associate	$485.00
Denise Lentz	Paralegal	$360.00
Joy M. VanDerWeert	Paralegal	$360.00
Kyra Swinney-Darby	Paralegal	$360.00

22. The hourly rates set forth above are subject to periodic adjustments to reflect economic and other conditions.[5] Other attorneys and paralegals from K&L Gates may from time to time also serve Debtor in connection with the matters described herein. K&L Gates will apprise and consult with Debtor regarding the identity and hourly rates of additional K&L Gates professionals who may provide services in the Chapter 11 Case.

[5] Generally, the Firm implements rate increases on January 1 of each year.

23. The hourly rates K&L Gates charged Debtor prior to the Petition Date are the same as the rates that K&L Gates will initially charge Debtor post-petition. It is the Firm's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, (a) copies, (b) outside printing, (c) telephone, (d) facsimile, (e) online research, (f) delivery services/couriers, (g) postage, (h) local travel, (i) out-of-town travel (including subcategories for transportation, hotel, meals, and ground transportation), (j) working meals (local), (k) court fees, (l) subpoena fees, (m) witness fees, (n) deposition transcripts, (o) trial transcripts, (p) trial exhibits, (q) litigation support vendors, (r) experts, (s) investigators, and (t) arbitrators/mediators. The Firm will charge Debtor for these expenses in a manner and at rates consistent with charges made generally to the Firm's other clients. The Firm believes that it is fairer to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

24. The Firm will maintain detailed, contemporaneous records of time and any necessary costs and expenses incurred in connection with rendering the legal services described above and that it will be charged for all disbursements and expenses incurred in the rendition of services. K&L Gates will submit detailed statements to the Court setting forth the services rendered and seeking compensation

and reimbursement of expenses (including, when appropriate, authority to apply the Retainer (defined below)).

PRE-PETITION COMPENSATION RECEIVED FROM DEBTOR

25. K&L Gates was retained by Debtor to provide pre-petition and post-petition services related to the Chapter 11 Case pursuant to an engagement letter dated September 29, 2025 (the "Engagement Letter"), a copy of which is attached as **Exhibit A** hereto.

26. Prior to the commencement of the Chapter 11 Case, Debtor paid the Firm $104,350, $86,366 of which was applied to pre-petition fees and expenses.[6] Specifically, Debtor has made the following payments to K&L Gates:

Payment Date	**Amount**
October 17, 2025	$50,000 (Retainer)
November 18, 2025	($32,016) (Deducted from Retainer)
December 5, 2025	($17,984) (Deducted from Retainer)
December 8, 2025	($36,366) (Invoice Payment)
December 9, 2025	$15,032 (Additional Retainer)
December 9, 2025	$2,952 (Additional Retainer)
TOTAL PAID	$86,366
TOTAL RECEIVED	$104,350
REMAINING RETAINER	$17,984

[6] A formal disclosure pursuant to Bankruptcy Rule 2016 and Section 329 of the Bankruptcy Code is attached hereto as **Exhibit B**.

27. As noted, K&L Gates continues to hold a retainer in the amount of $17,984, which will constitute a retainer for post-petition services and expenses in the Chapter 11 Case.

NO ADVERSE INTEREST WITH RESPECT TO THE KLG SERVICES AND DISCLOSURE OF CONNECTIONS

28. Insofar as I have been able to ascertain through diligent inquiry, neither K&L Gates, nor any partner or professional employee of K&L Gates hold an interest or represent any interest adverse to the Debtor or its estate in the Chapter 11 Case with respect to the matters on which K&L Gates is to be employed, including the KLG Services.

29. As discussed more fully below, K&L Gates currently represents, and in the past has represented certain entities with some relation to Debtor. K&L Gates's current and/or prior representations of these parties are either (i) not adverse to the Debtor or its estate in the Chapter 11 Case with respect to KLG Services, or (ii) have been in matters unrelated to Debtor or the Chapter 11 Case. K&L Gates has not represented, and will not represent, any such parties in connection with any matter in this Chapter 11 Case during the pendency of the case. I do not believe that K&L Gates's current or prior representation of these parties is adverse to the Debtor or its estate in the Chapter 11 Case with respect to KLG Services.

30. In preparing this Declaration, I used a set of procedures developed by K&L Gates to ensure full compliance with the requirements of the Bankruptcy Code,

the Bankruptcy Rules, and the Local Rules regarding the retention of professionals by a debtor in possession (the "Retention Procedures"). Pursuant to the Retention Procedures, and under my direction and supervision, K&L Gates performed a conflict of interest search to identify any actual or potential conflicts of interest. The Retention Procedures included:

> 1. Through conversations with Debtor, and review of information provided by Debtor to K&L Gates, a list of the following entities was developed: (i) Hawaii Bankruptcy Judges; (ii) Office of the U.S. Trustee staff; (iii) governmental and taxing authorities, (iv) vendors, creditors, parties to contracts, and other interested parties, (v) property management entities, (vi) professionals, (vii) members of the Debtor's board of directors, and (viii) Debtor's owners and Association Members; these parties are listed on the attached **Schedule 1** (collectively, the "Entity List").
>
> 2. K&L Gates maintains a database of current and former clients and related information (the "Database"). K&L Gates searched the Database for the parties listed on the Entity List and compiled a list of those entities for which K&L Gates attorney fees were billed during the past two years, which is set forth on the attached **Schedule 2** (the "Client List").
>
> 3. Based on the results of that search and by making general and, when applicable, specific inquiries of K&L Gates personnel, insofar as I have been able to ascertain after diligent inquiry, neither I, nor K&L Gates, nor any partner, counsel, or associate thereof have any connection with, or have an adverse interest to, the parties on the Entity List except as set forth on the Client List or disclosed in this Declaration.

31. PAHIO owns approximately 11.52% of the Project. PAHIO is a member of the Interval Association and is therefore also an Association Member. PAHIO is a Current Client of K&L Gates. K&L Gates was engaged by PAHIO in

2025. Specifically, K&L Gates represented PAHIO as an Association Member in connection with its request that the Board of Directors conduct a special meeting of the Association Members to consider and vote upon whether to, among other things, commence a chapter 11 case for the Association and pursue a sale of the entire Project.[7] K&L Gates's representation of PAHIO generated less than one tenth of one percent (.1%) of the Firm's revenue in 2025. K&L Gates' representation of PAHIO is presently inactive. In the event any litigation, arbitration, or other adversarial proceedings arise between Debtor and PAHIO resulting in an actual conflict of interest for K&L Gates, K&L Gates will not represent either party in any such dispute, which would be handled by Choi & Ito on behalf of Debtor and independent counsel (other than K&L Gates) on behalf of PAHIO.

32. As detailed in the Application, PRI provides management services for the Project to the Debtor pursuant to the Management Agreement. K&L Gates does not represent PRI in connection with the Management Agreement.

33. In addition, PRI and the Debtor are co-defendants in certain pending litigation captioned Rouhier, et al. v. AOAO Kauai Beach Villas, et al., Case Number: 5CCV-22-0000029, pending in the Circuit Court of the Fifth Circuit State of Hawaii (the "Litigation"). The defendants in the Litigation are/were: the Debtor,

[7] The letter requesting that the Association conduct a special membership meeting incorrectly identified the requesting member (and K&L Gates client) as PRI instead of PAHIO. The request for a special meeting was, in fact, initialed on behalf of PAHIO.

PRI, Travel + Leisure Co., the Interval Association, and members of the Board of Directors of the Debtor. K&L Gates does not represent PRI, Travel + Leisure Co. or any other party in the Litigation.

34. Upon information and belief, PRI and PAHIO are both indirect subsidiaries of Travel + Leisure Co. Travel + Leisure Co. is not a creditor of Debtor or an Association Member.

35. PRI is not a Current Client (defined below) of K&L Gates. Travel + Leisure Co. and certain of its subsidiaries (including PAHIO) (collectively, "T+L") are Current Clients of K&L Gates. K&L Gates's representation of T+L (except as disclosed herein with respect to its indirect subsidiary PAHIO) involve matters unrelated to Debtor or the Chapter 11 Case. Except as disclosed herein with respect to PAHIO, K&L Gates has not represented and does not represent T+L in matters directly related to Debtor or the Chapter 11 Case. K&L Gates will not represent T+L in matters directly related to Debtor or the Chapter 11 Case. K&L Gates's representation of T+L generated one tenth of one percent (.1%) or less of the Firm's revenue for each of the calendar years 2021, 2022, 2023, and 2024. No significant change in percentage of Firm revenue is anticipated for 2025.

36. The Association and T+L have each consented to the Firm's concurrent representation of the Association and T+L in their respective matters and each have waived any conflict that otherwise could be said to be presented by same. *See* the

Engagement Letter attached as **Exhibit A**. Such consent and waiver do not, however, extend to any litigation, arbitration, or other contested matters or adversary proceedings, whether actual or threatened, between the Debtor and T+L. K&L Gates will not represent either party in any such dispute, which would be handled by Choi & Ito on behalf of Debtor and counsel other than K&L Gates on behalf of T+L.

37. K&L Gates has represented, currently represents, and may in the future represent entities (other than PAHIO as a subsidiary of T+L) on the Client List (or their affiliates) in matters unrelated to Debtor's Chapter 11 Case. The Client List reflects that an entity is a "Current Client" if K&L Gates has any open matters for such entity or a known affiliate of such entity and attorney time charges have been recorded on any such matters within the past two (2) years. The Client List reflects that an entity is a "Former Client" if K&L Gates represented such entity or a known affiliate of such entity within the past two years based on recorded attorney time charges on a matter and such matter has been formally closed.

38. Except as disclosed herein with respect to its prior representation of PAHIO, K&L Gates has not represented, does not represent, and will not represent any entities on the Client List in matters directly related to Debtor or the Chapter 11 Case. K&L Gates's representation of the parties on the Client List, exclusive of BOA, generated fees paid to the Firm of less than 1% of the Firm's revenue in the calendar year 2024.

39. Debtor has consented to the continued representation by K&L Gates of all of the Current Clients, concurrent with the Firm's representation of the Debtor in connection with the KLG Services. Debtor is also proposing to retain Choi & Ito as bankruptcy counsel in the Chapter 11 Case. In the event any litigation, arbitration, or other adversarial proceedings arise between Debtor and a Current Client resulting in an actual conflict of interest for K&L Gates, K&L Gates will not represent either party in any such dispute, which would be handled by Choi & Ito on behalf of Debtor and independent counsel on behalf of the Current Client.

40. An attorney in the K&L Gates Newark office was previously employed by the United States Trustee Program. Peter J. D'Auria joined K&L Gates as Counsel on September 2, 2025, after terminating his employment as a Trial Attorney in the Newark, New Jersey field office of the United States Trustee Program on August 31, 2025.

41. K&L Gates contends that: (i) retention of K&L Gates is in the best interests of the Debtor's bankruptcy estates; and (ii) K&L Gates does not hold or represent any interest that is adverse to the Debtor's bankruptcy estate with respect to the KLG Services. Among other things, the Debtor's estate will benefit from K&L Gates' experience with the Debtor and the KLG Services via K&L Gates continued representation of the Debtor in this case.

42. Despite the efforts described above to identify and disclose K&L Gates's connections with the Entity List, because Debtor has numerous relationships, K&L Gates is unable to state with certainty that every client representation or other connection has been disclosed. If K&L Gates discovers additional information that requires disclosure, K&L Gates will file supplemental disclosure(s) with the Court as promptly as possible. To be clear, K&L Gates's review of its connection with the Entity List is ongoing and K&L Gates intends to supplement this Declaration as needed.

43. To the best of my knowledge, K&L Gates has not been retained to assist any other entity or person on matters relating to, or in connection with, this case. If this Court approves the proposed employment of K&L Gates as special counsel to Debtor, K&L Gates will not accept any engagement or perform any services in this case for any entity or person adverse to the KLG Services. K&L Gates may, however, continue to provide professional services to, and engage in commercial or professional relationships with, entities or persons that may be creditors of Debtor or parties-in-interest in this case; *provided*, *however*, that such services are not adverse to the KLG Services.

44. Thus, pursuant to section 327(e) of the Bankruptcy Code, K&L Gates does not hold or represent any interest adverse to the Debtor or its estate in the Chapter 11 Case with respect to KLG Services.

45. To the best of my knowledge and information after due inquiry, (i) except as disclosed herein, K&L Gates has no connections, within the meaning of Bankruptcy Rule 2014(a), with the Debtor, its creditors, any other party in interest, their respective attorneys or accountants, the U.S. Trustee, or any employee of that office; and (ii) K&L Gates does not hold or represent an adverse interest in connection with this case with respect to the KLG Services.

46. K&L Gates and certain of its directors, counsel and associates may have in the past represented, may currently represent, and may in the future represent other Potential Parties in Interest in connection with matters wholly unrelated to the Debtor or this case. Moreover, K&L Gates appears in many cases, proceedings, and transactions involving different attorneys, financial consultants and investment bankers, some of which may now or in the future represent the Potential Parties in Interest.

47. Except as disclosed herein, no attorney at K&L Gates has any other connection with the Debtor, its creditors, the U.S. Trustee, or any employee of that office, or any parties in interest in these proceedings.

48. To the best of my knowledge, no attorney at K&L Gates is a relative of, currently has, or previously has had any connection with the bankruptcy judge approving the employment of K&L Gates as the Debtor’s special counsel that would render the employment improper.

49. To the best of my knowledge, no attorney at K&L Gates has any other interest, direct or indirect, that may be affected by the proposed representation.

50. No promises have been received by K&L Gates nor any partner or associate thereof as to compensation in connection with this case other than in accordance with the provisions of the Bankruptcy Code.

51. Pursuant to section 504 of the Bankruptcy Code, no agreement or understanding exists between K&L Gates and any other person to share any compensation or reimbursement of expenses to be paid to K&L Gates in these proceedings.

52. The proposed engagement of K&L Gates is not prohibited by Bankruptcy Rule 5002.

53. K&L Gates will abide by the terms of any orders entered in this case governing the compensation and reimbursement of professionals for services rendered and charges and disbursements incurred.

54. By reason of the foregoing, I believe K&L Gates is eligible for employment and retention by Debtor pursuant to section 327(e) of the Bankruptcy Code and the applicable Bankruptcy Rules and Local Rules.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Date: January 4, 2026

By: */s/ Daniel M. Eliades*
Daniel M. Eliades, Esq.

SCHEDULE 1

Entity List

Hawaii Bankruptcy Judges and Staff
Judge Robert J. Faris
Susan Chen, Law Clerk
Layce Yamauchi, Law Clerk
Angela T. Thompson, Clerk of Court
Denise Beauchemin, Chief Deputy Clerk
Brennan Lee, Administrative Supervisor
Lisa Chang, Case Administrator
Breanna Aweau, Case Administrator
Joni Nakano, Courtroom Deputy
Lanie Ching, Docket Clerk
Audrey M. Wong, IT Manager
Antonio Bueno, Jr., IT Technician II
Ethan Ching, IT Support Specialist

U.S. Trustee for Region 15
Tiffany Carroll
Curtis Ching
Elvina Rofael
Candace Flores

Governmental / Taxing Authorities
Department of Taxation
Internal Revenue Service
Kauai Real Property Tax Office

Vendors, Creditors, Parties to Contracts, and other Interested Parties
49-50 Properties LLC
Allan Rouhier
Bank of Hawaii
Bruce and Lynne Gascoigne
Carole Hinck
Chuck Ashton
County of Kauai Department of Water
Craig Moller
Don Hazelquist

Gary and Sharlene Schmauch
James Barkley
Janet Grogan
Jerome Roache
Lynn C. Tuttle
Judy Dalton
Kaui Island Utility Cooperative
Law office of Bruce Wakuzawa
Lush Landscaping, LLC
Margaret Zacharias
Mr. T's Pest Control
Pahio Resorts, Inc.
Porter Kiakona Kopper LLP
Richard Leach and Susan Budzien
Robert Hall
Saeed Abousaeedi
Samuel and Christine Riley
Seal Tech Inc. d/b/a Seal Masters of Hawaii
Spectrum
Steve and Sandy Anderson
The Gas Company HI
The Hardy Group
Universal Protection Service LP
Wiss, Janney, Elstner Associates, Inc.
Wyndham Destinations

Property Management Entities
PAHIO Resorts, Inc.

Professionals:
Stretto, Inc.
Choi & Ito

Board of Directors:
Larry Warner
Linda Kolstad
Jim DeRose
George Keeney
Kevin Garner

<u>Owners / Association Members:</u>
All parties listed on Schedule A to the List of Equity Security Holders filed with the Bankruptcy Petition at docket entry #1 were included as parties searched for connections to K&L Gates

SCHEDULE 2

Name Searched	Firm Client	Former/Current
Bank of Hawaii	Bank of Hawaii*	Current
Merrill Lynch	Bank of America and its subsidiaries, including Merrill Lynch*	Current
George Keeney	George Keeney	Former
The Hardy Group	The John Hardy Group Inc	Active
Universal Protection Service LP	Universal Protection Services LP n/k/a Allied Universal Security Services, LLC	Current
Wyndham Destinations Wyndham Destinations, Inc. PAHIO Vacation Ownership, Inc.	Travel + Leisure Co. PAHIO Vacation Ownership, Inc.	Current

*K&L Gates currently represents Bank of America ("BOA") and Bank of Hawaii ("BOH" and with BOA, the "Banks") and certain of their affiliates in matters unrelated to the Debtor and this Chapter 11 Case. Debtor's relationship with the BOA is as a depositor and bank services client; BOA is not a lender in this case.

EXHIBIT A

(to the Eliades Declaration)

Engagement Letter

K&L GATES

September 29, 2025

Daniel Eliades
Daniel.Eliades@klgates.com

T +1 973 848 4018

Association of Apartment Owners of Kauai Beach Villas
c/o Porter Kiakona Kopper, LLP
841 Bishop Street – Ste 1500
Honolulu, HI 96813
Attn: Board of Directors

Re: Confirmation of Engagement

Dear Board Members:

Thank you for asking K&L Gates LLP ("K&L Gates", the "Firm", "we" or "us" as the context requires) to represent the Association of Apartment Owners of Kauai Beach Villas (the "Client", "Association" or "you" as the context requires). We welcome this opportunity and look forward to working with you on this engagement.

I enclose our Terms of Engagement for Legal Services (the "Terms") which supplement this letter and include additional information regarding our legal services, our relations with our clients, our billing and payment arrangements, potential conflicts, and other matters. These Terms will apply to this engagement, except as the Association and the Firm may otherwise expressly agree and except as otherwise provided by the Bankruptcy Court (defined below), the United States Bankruptcy Code (the "Code") and/or the Federal Rules of Bankruptcy Procedure (the "Rules"), if they become applicable.

Please review this letter and the Terms carefully. If they are not consistent with your understanding of our engagement in any respect or if you have any questions concerning the nature and terms of our engagement, please contact me as soon as possible so that we can promptly address your concerns.

<u>The Scope of Our Engagement</u>

The Firm is engaged to act as counsel solely for the Association and not for any affiliated entity (including parents and subsidiaries), shareholder, partner, member, manager, director, officer or employee not specifically identified herein. The Association has retained the Firm to provide advice regarding (i) potential pursuit by the Association of a sale of all property governed by the Association, including all common elements, property interests of the Association, and unit/interval interests of all members, (ii) potential conveyance of an interval interest to the Association, (iii) potential termination of the declaration and timeshare plan for the property at closing of a transaction, (iv) those additional matters for which the Firm expressly agrees to provide representation or counseling, and/or (v) evaluating a potential chapter 11 bankruptcy proceeding (a "Bankruptcy Case") filed by the Association in the United States Bankruptcy Court for the District of Hawaii (the "Bankruptcy Court"). The matters subject to this engagement letter are referred to as the "Association Matters". If the Association files a Bankruptcy Case, the Firm's ongoing employment by Client will be subject to the approval of the Bankruptcy Court. In such event, the Firm will take steps necessary to prepare the application and disclosure materials required in connection with the Firm's retention as counsel. If a Bankruptcy Case is filed, the Association and Firm contemplate seeking Bankruptcy Court approval for the Association to employ the Firm for specified purposes pursuant to 11 U.S.C. § 327(e).

The Association agrees that we are authorized to take instruction in this matter from its Board of Directors and any officer of the Association. The Association also agrees that we are authorized to communicate and exchange information and documents with any management company, legal counsel, accountant, financial advisor, restructuring advisor, broker or notice agent engaged by the Association regarding the Association and/or to assist the Firm in carrying out this engagement.

K&L Gates will only provide legal services. We have not been retained, and expressly disclaim any obligation, to provide business or investment advice.

More specifically, the scope of K&L Gates' engagement will be limited as follows:

1. In connection with our work for the Association, K&L Gates will be representing only the Association itself. We will not be representing any of the individuals who are officers or members of the Association.

2. In the course of our work for the Association, we will establish an attorney-client relationship solely with the Association. Unless approved by the Association, the Firm will not establish an attorney-client relationship with any of the members of the Association and will not receive confidential information from them other than information specifically related to our representation of the Association.

3. The Association understands that K&L Gates may currently represent, and may represent from time to time in the future, various persons and entities that are adverse to members of the Association, including adversity in litigation, enforcement actions, commercial transactions, and other matters. The Association agrees that K&L Gates' representation of the Association will not adversely affect K&L Gates' ability to represent clients who currently are, or who in the future may be, adverse to the members of the Association, and that K&L Gates' representation of the Association will not be asserted to constitute a conflict that would preclude or otherwise limit K&L Gates' ability to represent such clients.

<u>Our Charges</u>

Our statements for professional services will be substantially based upon the amount of time spent by lawyers, paralegals, and other professionals who perform services on your behalf and their respective hourly rates as then in effect. Those hourly rates vary by office across the Firm, take into account the timekeepers' experience in particular areas, and are adjusted periodically. Our charges for fees, disbursements, and other charges and the basis for our invoices are addressed in more detail in the enclosed Terms.

In connection with this matter, the Firm requires payment of a $50,000 advance fee deposit retainer (the "Deposit") against which future time and costs will be billed. The Deposit is a deposit and not a fixed fee arrangement. Please refer to the enclosed Terms for more detail concerning advance payments.

Our Billing and Payment Arrangements

We will generally render statements for professional services and related charges on a monthly basis and expect payment to be made within 30 days of your receipt of our statement, without regard to the consummation or outcome of the matter for which we have been engaged. If the Association files a Bankruptcy Case, payment for the Firm's professional services and related charges shall be consistent with applicable provisions of the Code and the Rules.

In the event our statements are not timely paid, we reserve the right (subject to Bankruptcy Court approval if applicable) to suspend our services until satisfactory payment arrangements are made or to terminate our services if such arrangements are not made and if such termination is otherwise appropriate. The Association may, of course, terminate our services at any time, subject to Bankruptcy Court approval if applicable.

Our Staffing of Your Engagement and Communications with You

I will be your principal contact with respect to the Firm's representation of the Association. Our representation of the Association will be staffed by other partners, associates and other professional staff as may be appropriate under the circumstances. The following chart reflects the identity and currently hourly rates of Firm professionals expected to provide services to the Association:

Firm Professional	Current Hourly Rate
Ryan Dwyer, Partner	$875
Margaret Westbrook, Partner	$875
Daniel Eliades, Partner	$765
Peter D'Auria, Counsel	$760
Jennifer Mazawey, Partner	$715

Firm Professional	Current Hourly Rate
Brian Peterson, Partner	$700
Jon Edel, Associate	$685
Sabrina Espinal, Associate	$545
Kyra Swinney Darby, Paralegal	$360
Joy VanDerWeert, Paralegal	$360

We will notify you of any increase in hourly rates of Firm professionals.

We anticipate that certain Firm lawyers will seek permission to practice before the Bankruptcy Court in any Bankruptcy Case filed by the Association (pro hac vice admission).

We will keep you apprised of significant developments in the course of our engagement, to consult with you about our work on an ongoing basis and to obtain your direction on critical issues.

You should contact me with any questions you may have about our work or any other aspect of our representation of the Association. You can reach me at the office (973) 848-4018 or on my mobile telephone (201) 741-7409 at your convenience.

Conflicts of Interest

We have searched the Firm's conflicts database and have disclosed to you any ethical conflicts of interest, as defined by the applicable rules of professional conduct, that existed at the time. Such conflicts, if any, have been resolved to your and to our satisfaction.

If the Association files a Bankruptcy Case, the Firm will prepare a schedule describing the Firm's relationships with certain interested parties (the "Disclosure Schedule"). The Firm will give Client a draft of the Disclosure Schedule once it is available. Although the Firm believes that these relationships do not constitute actual conflicts of interest, these relationships must be described and disclosed in any application of the Association to the Bankruptcy Court to retain the Firm. To the extent any actual conflict were to arise with any interested party listed on the Disclosure Schedule, the Firm will not represent either you or the conflicted party in the matter.

Disclosure of Relationship with Travel + Leisure Co.

Travel + Leisure Co. and/or certain of its subsidiaries or affiliates, including Pahio Resorts, Inc. and Pahio Vacation Ownership, Inc., (collectively, "T+L") (i) are members of the Association, and (ii) are parties to agreements with the Association, including a management agreement. The Firm currently represents T+L in connection with various legal matters and may represent T+L in future matters (the "T+L Matters").

Because our representation of the Association in Association Matters and our representation of T+L in the T+L Matters do not conflict, we believe that we can competently and diligently represent each client consistent with our obligations under the relevant rules of professional conduct and the Code. In addition, we believe that the Firm does not represent or hold any interest adverse to the Association with respect to the Association Matters. The Association has also retained other counsel ("Conflicts Counsel") with respect to a potential Bankruptcy Case, which will handle any adversity that may arise between the Association and T+L. Nevertheless, the Association should consider for itself, with the assistance of independent or in-house legal counsel if desired, whether it agrees with our conclusions and is prepared to consent to our representation of the Association and T+L as described above. We have asked T+L to consent in writing to the Firm's continued representation of T+L, and the Association's consent is not effective unless we receive reciprocal consent from T+L. This waiver would exclude the commencement of any litigation, arbitration, or other adversarial proceedings, whether actual or threatened, and the Firm will not represent either party in any such matter, which would be handled by Conflicts Counsel on behalf of the Association and independent counsel on behalf of T+L.

The Association hereby consents to: 1) the Firm's concurrent representation of the Association and T+L in their respective matters, 2) agrees that the Association will not object to our representation of, or seek to disqualify us from representing, T+L in the T+L Matters, except with respect to any litigation, arbitration, or other contested matters or adversary proceedings, whether actual or threatened, between the Association and T+L, which will be handled exclusively by Conflicts Counsel; and 3) waives any conflict that otherwise could be said to be presented by the foregoing.

Our Agreement

In providing legal services to the Association, absent timely advice from you to the contrary, we will act in reliance upon the understanding that this letter and the enclosed Terms constitute our mutual understanding with respect to the terms of our retention. If the Association proceeds with the use of our services, please sign and return this letter.

On behalf of K&L Gates, I thank you for the opportunity to represent the Association. We look forward to serving you.

Very truly yours,

Daniel Eliades

Daniel Eliades

Enclosure: Terms of Engagement for Legal Services

Association of Apartment Owners of Kauai Beach Villas confirms its engagement of K&L Gates LLP as set forth herein and in the enclosed Terms of Engagement.

Association of Apartment Owners of Kauai Beach Villas

____

Name:

Title:

Date: September ___, 2025

K&L GATES LLP

TERMS OF ENGAGEMENT FOR LEGAL SERVICES

Thank you for selecting K&L Gates LLP ("K&L Gates") to represent you and to provide legal services as described in our engagement letter. These Terms of Engagement for Legal Services (the "Terms"), together with our engagement letter, set forth the basis upon which K&L Gates will provide legal services to you. Absent a contrary agreement between us, we will understand that our engagement letter and these Terms supersede any prior oral understandings between us and together form the contract ("Engagement Contract") for our initial engagement and any subsequent assignments upon which you and we may mutually agree.

We believe it is important to establish clearly the basic terms of our engagement at the outset. Accordingly, if you have any questions concerning these Terms, please contact the lawyer responsible for your engagement so that your questions or concerns may be addressed and resolved promptly.

INTRODUCTION

K&L Gates comprises multiple affiliated entities: a limited liability partnership named K&L Gates LLP organized under the laws of Delaware ("K&L Gates-US," the "Firm," or "we" or "us" as the context requires) and maintaining offices in certain states throughout the United States and in a number of international multiple affiliated entities.[1]

OTHER K&L GATES ENTITIES

You agree that, as your agent, we may engage other K&L Gates entities to assist us in carrying out our engagement, where appropriate and with notice to you.

Numerous countries in which our offices are located have enacted Anti-Money Laundering ("AML") laws. If K&L Gates lawyers in any of these offices are engaged to assist you in matters within the scope of our engagement, it will be necessary to comply with the applicable AML laws. In connection therewith, we or lawyers from the appropriate office may be required to obtain additional, specific evidence of client identity from you and/or to report certain transactions to the authorities. If these AML requirements are applicable, you will be informed of the details needed for compliance.

OUR LAWYER-CLIENT RELATIONSHIP

The Firm has been engaged to represent only the client(s) named in our engagement letter ("you" or the "Client"), even if someone other than you, including an insurer, is responsible for paying, or has agreed to pay, our statements. Accordingly, absent a specific, separate engagement to represent such other persons or entities, (1) if our Client is an individual, the Firm has not agreed to represent, and is not representing, any other person or any affiliated entity; (2) if our Client is a corporation, partnership, joint venture or other entity, the Firm has not agreed to represent, and is not representing, any of your constituents, including directors, officers, employees, managing agents, partners, members, shareholders, affiliates (including parents and subsidiaries) or other persons associated with you; and, (3) if our Client is a trade association or other member organization, the Firm has not agreed to represent, and is not representing, any director, officer, member of or other entity represented by you or any of your other constituents.

In addition, the Firm's engagement to represent you is limited to the matter(s) described in our engagement letter and to any additional matters for which the Firm expressly agrees to provide legal representation.

You acknowledge that the Firm has not provided you with legal advice concerning the terms and conditions of our Engagement Contract.

OUR CHARGES FOR LEGAL SERVICES

A. Legal Fees

Our statements for professional services will be substantially based upon the time spent by

[1] K&L Gates comprises multiple affiliated entities: a limited liability partnership named K&L Gates LLP organized under the laws of Delaware ("K&L Gates-US,", the "Firm", or "we" or "us" as the context requires) and maintaining offices in certain states throughout the United States and in Beijing ("K&L Gates LLP Beijing Representative Office"), Berlin, Doha, Dubai, Frankfurt, Munich, Seoul ("K&L Gates LLP Seoul Foreign Legal Consultant Office"), and Shanghai ("K&L Gates LLP Shanghai Representative Office"); an Australian multi-disciplinary partnership maintaining offices in Brisbane, Melbourne, Perth and Sydney ("K&L Gates-AUS"); a limited liability partnership (also named K&L Gates LLP); incorporated in England and Wales and maintaining offices in London and Paris ("K&L Gates-UK"); a Delaware general partnership ("K&L Gates Belgium") maintaining an office in Brussels; a limited liability partnership established under the laws of Ireland (K&L Gates (Ireland) LLP) maintaining an office in Dublin; a private limited company registered with the Luxembourg Register of Commerce and Companies ("K&L Gates Volckrick S.à.r.l") with an office in Luxembourg; a Hong Kong general partnership ("K&L Gates, Solicitors") maintaining an office in Hong Kong; a professional association established and organized under the laws of Italy named Studio Legale Associato with an office in Milan; a general partnership organized under the laws of Brazil named K&L Gates LLP – Consultores em Direito Estrangeiro/Direito Norte-Americano, with an office in São Paulo; a Taiwan general partnership ("K&L Gates") maintaining an office in Taipei; a joint enterprise formed in accordance with Japanese regulations ("K&L Gates Gaikokuho Joint Enterprise") maintaining an office in Tokyo; and a limited liability company organized under the laws of Singapore ("K&L Gates Straits Law LLC").

professionals, including lawyers, paralegals and other staff members operating under the supervision of lawyers, who perform services on your behalf. The hourly rates for those individuals are based upon their experience and vary by office across the Firm. Time spent on your matters will include meetings with you and others; traveling; considering, preparing and working on documents, pleadings and other papers; written and electronic correspondence; and, making and receiving telephone calls. Whether or not a matter proceeds to completion, our statements will include all work done and all expenses incurred, unless otherwise agreed.

Our hourly rates are periodically reviewed and adjusted. In preparing our statements for professional services, we will use our hourly rates in effect when our services were rendered.

Information regarding standard hourly rates and other charges established by the Firm is proprietary to the Firm. You agree not to disclose such information to third parties without the Firm's prior written consent. In the event that you are served with a demand or legal process that you believe requires you to disclose such information, you agree to notify the Firm immediately of such demand or process, and to reasonably cooperate with the Firm in protecting the Firm's proprietary information from disclosure without the Firm's consent.

Where requested, we may provide you an estimate of the overall costs that may be incurred in connection with a particular engagement. Any such estimate is necessarily based on a number of uncertain factors and future developments and may be influenced by your decisions and by the actions of third parties. Accordingly, any estimate we provide shall not constitute a promise or agreement that we will render the necessary services within a specific time or for a specific amount. The Firm's statements for professional services will be based on the Firm's billing policies, as set forth herein, and the charges reflected in such statements may vary from any estimates previously given.

B. <u>Disbursements</u>

You will be billed for disbursements and other charges relating to our professional services. With respect to disbursements incurred on your behalf to vendors and other third parties for incidental expenses (such as filing fees and travel expenses), you will be billed at our invoiced cost. With respect to internally-generated and other charges (such as photocopying), you will be billed in accordance with our Schedule of Standard Charges in effect when the charge is incurred. Our current Schedule is attached to these Terms. Where the nature of our engagement requires the retention of third parties (e.g., expert witnesses, accountants, actuaries or other consultants, mediators or arbitrators), we will obtain your approval for such retention, and we will forward their statements for services and expenses directly to you for payment.

C. <u>Other K&L Gates Entities Charges</u>

Where, with notice to you, we have engaged another K&L Gates entity to assist us in our representation of you, we will include their charges in our statement for professional services unless you ask us to arrange for the other K&L Gates entity to invoice you separately.

<u>OUR BILLING AND PAYMENT ARRANGEMENTS</u>

A. <u>Billing</u>

It is our general practice to render statements for professional services and related charges on a monthly basis. We will send a final statement after completion of our work.

You have agreed to send us an advance payment and we will deposit and hold that advance in a separate trust account. Our statements for professional services and related charges, as described in these Terms, will be presented to you and will be payable upon presentation. When our engagement is concluded or our services are terminated, you authorize us to withdraw funds from that account to pay any outstanding balance due at that time. We shall refund to you any amount remaining after the application of the advance to any outstanding balance. Should the scope of our engagement change significantly, we may request an additional advance before performing additional services.

B. <u>Payment</u>

We will expect payment to be made within thirty days after your receipt of our statement, without regard to the consummation of any proposed transaction or the outcome of any matter. Payment should be made by you in the full amount of our statement and you will be responsible also for any withholding tax or other deduction that may be chargeable to you by the relevant taxing authorities or by a governmental entity. In the event our statements are not paid in a timely manner, we reserve the right to defer further work on your account and, where such arrearage is not resolved after notice of delinquency is given to you, to terminate our representation of you. Under such circumstances, you agree to consent to, and not oppose, such termination and to sign a substitution of counsel and/or such other document as may be reasonably necessary to effect the Firm's termination of our lawyer-client relationship, including the Firm's withdrawal of its prior appearance in any court or other litigated proceeding. The termination of our lawyer-client relationship shall not affect your ongoing responsibility for any fees or other charges incurred as of the date of our notice of termination.

C. Liens

You hereby grant K&L Gates a lien, to the extent permissible under applicable law, on any and all claims that are the subject of our representation under the Engagement Letter and Terms of Engagement. K&L Gates's lien will be for any sums owing to the Firm for any unpaid costs, or attorney's fees and expenses, at the conclusion of our services. The lien will attach to any recovery you may obtain, whether by arbitration award, judgment, settlement or otherwise. An effect of such a lien is that K&L Gates may be able to compel payment of fees and costs from any such funds recovered on your behalf even if our representation of you has terminated before the end of the matter. Because a lien may affect your property rights, you may seek the advice of an independent lawyer of your own choosing before agreeing to such a lien. By accepting and agreeing to be bound by the Engagement Letter and Terms of Engagement, you represent and agree that you have had a reasonable opportunity to consult such an independent lawyer and—whether or not you have chosen to consult such an independent lawyer— you agree that K&L Gates will have a lien as specified above.

D. Third Party Payment Responsibility

If a third party (including an insurer) undertakes to pay any portion of the Firm's bills, 1) you will remain responsible for payment of any amounts billed by the Firm and not paid by that third party, 2) you hereby consent to the application of those funds to the outstanding balance of your account with the Firm and waive any right you might otherwise have to direct us to pay or apply those funds in any other fashion, and 3) to the extent any such third party makes payment to us on your behalf accompanied by directions as to what portion of outstanding fees and expenses are to be covered by such payment, you hereby consent to us adhering to those directions and waive any right you might otherwise have to direct us to pay or apply those funds in any other fashion. If you are awarded legal fees or costs by a court or other party, you will remain responsible for payment of the Firm's billed fees and other charges, even if the award to you is less than the amounts we have billed you. Where we have agreed to represent multiple clients in a matter, each client will be jointly and severally responsible for payment of the Firm's statements.

E. Questions

If you have any questions about any statement that we submit to you, you should contact the lawyer responsible for your engagement as soon as you receive it so that we may understand and address your concerns promptly.

TERMINATION

A. Your Right to Terminate

You may terminate our engagement on any or all matters at any time, with or without cause. Your termination of our services will not affect your responsibility to pay for billed and unbilled legal services rendered or other charges incurred as of the date of termination and, where appropriate, for such expenses as we may incur in effecting an orderly transition to successor lawyers of your choice.

B. Our Right to Terminate

Subject to any applicable ethical rule or legal requirement, the Firm reserves the right to terminate its representation of you prior to the conclusion of our services, subject to such permission from any court or tribunal as may be required under the circumstances. In such event, we will provide you with reasonable notice of our decision to terminate and afford you a reasonable opportunity to arrange for successor lawyers, and we will assist you and your successor lawyers in effecting a transition of the engagement. Reasons for the Firm's termination may include your breach of our Engagement Contract including, without limitation, failure to pay outstanding statements in a timely manner as set forth above, the risk that continued representation may result in our violation of applicable rules of professional conduct or legal standards or of our obligations to any tribunal or third parties, your failure to give us clear or proper direction as to how we are to proceed or to cooperate in our representation of your interests, or other good cause.

C. Termination Upon Conclusion

Unless it is previously terminated, the Firm's representation of you, and our lawyer-client relationship with you, will terminate automatically as of the date of the last task performed by the Firm, regardless of whether (1) the Firm sends you a closing letter, (2) the Firm sends you invoices for unpaid expenses or fees, (3) a matter for you is open in the Firm's accounting records, or (4) the Firm refers to any matter for you on its website.

D. Post-Engagement Matters

After the conclusion or termination of our representation of you as described in our engagement letter and these Terms, changes in relevant laws, regulations or decisional authorities may affect your rights and obligations. Unless you engage the Firm to provide future services and to advise you with respect to any issues that may arise in the future as a result of such changes, we will have no continuing obligation to advise you with respect to future legal developments.

OUR COMMUNICATIONS WITH CLIENTS

The Firm's lawyers strive to keep our clients reasonably informed about the status of our engagements and promptly to comply with reasonable requests for information. To enable us to provide effective representation, you agree to be truthful and to cooperate with us in the course of the engagement and to keep us reasonably informed of material developments.

If there are particular limitations on how you would like us to communicate with you, please advise us in advance about your preferences. Unless you advise us to the contrary, however, we will assume that communication by e-mail is acceptable to you. Absent special arrangements, we do not employ encryption technologies in our electronic communications.

CONFIDENTIALITY

A. Confidentiality and Disclosure

We owe a duty of confidentiality to all our clients. Accordingly, you acknowledge that we will not be required to disclose to you, or use on your behalf, any documents or information in our possession with respect to which we owe a duty of confidentiality to another client or former client.

Information regarding standard hourly rates and other charges established by the Firm is proprietary to the Firm. Information regarding the Firm's security procedures, policies, and systems is proprietary and confidential to the Firm. Disclosure of this information to outside parties poses a significant security risk to the Firm and its clients. Accordingly, you agree not to disclose such information to third parties without the Firm's prior written consent. In the event that you are served with a demand or legal process that you believe requires you to disclose such information, you agree to notify the Firm immediately of such demand or process, and to reasonably cooperate with the Firm in protecting the Firm's proprietary and confidential information from disclosure without the Firm's consent.

B. Disclosure to Certain Third Parties

You agree that we may, when required by our insurers, auditors or other advisers, provide details to them of any matter or matters on which we have represented you.

C. Disclosure to Other K&L Gates Entities

You agree that we may disclose confidential information relating to you, or any matters on which we are representing you, to other K&L Gates entities.

D. Disclosure of Representation

You agree that, in Firm brochures, attorney biographies, and other materials or information about our practice, we may indicate the general nature of our representation of you, your identity as a Firm client, and examples of engagements handled on your behalf. Consistent with our ethical obligations, we will not disclose any confidential information. If you do not wish to have your name mentioned in our materials, please so inform us in writing.

E. Internet/Cloud-Based Services and Data Protection

Any information, including personal data, that K&L Gates collects in our global legal practice may be controlled, stored and processed in, and transferred among, any of our offices and with such contractors, vendors, consultants, professional advisors, and other service providers as we engage to assist us in our practice or to meet our clients' legal needs (collectively, "contractors"), and may be transferred to and through any country, including countries that may not have privacy (data protection) legislation and regulations comparable, for example, to countries in the European Economic area. The location of our offices and of such contractors may change from time to time, and we may acquire offices and engage contractors in other countries at any time.

In addition, we may use internet/cloud-based infrastructure, services and applications for storing information and files, sharing information with clients and contractors, and for ease of access. These internet/cloud-based services and applications may include, among others, email, mobile phone applications, voice services, electronic data/document websites, artificial intelligence, generative artificial intelligence, appointment/event tracking, contact information storage, time tracking, file sharing with you and other authorized persons or entities, and file synchronization services to keep such information up to date. We understand that, in engaging the Firm, you expressly consent to all such control, storage, processing and transfers.

Whether we control, store, or process this information in our offices or with internet/cloud-based service providers or other contractors, we have an obligation under the applicable rules of professional conduct to protect your confidential information and not reveal such information without your informed consent. We are therefore advising you of the likelihood that during the course of this engagement we may use internet/cloud-based services and applications in your representation. Consistent with applicable rules and ethics opinions, we will take reasonable steps to prevent the disclosure of confidential information, including reviewing the various policies, procedures, and security safeguards that any internet/cloud-based service providers have in place. Although the use of these services and applications involves some degree of risk that third parties may access confidential information, we believe and, by signing this letter, you agree that the benefits of using these services and applications outweigh the risk of any accidental disclosure.

When we handle personal data in connection with the services we provide to you, including any data we outsource to internet/cloud-based service providers or other contractors or share within our offices around the world, we will comply with applicable data privacy regulations (e.g., the EU General Data Protection Regulation 2016/679, the California Consumer Privacy Act, the Chinese Personal Information Protection Law).

F. Artificial Intelligence

In connection with our representation of you, we may use artificial intelligence services, including generative AI ("GenAI") to enhance and streamline certain aspects of our services. For example, we may use this technology to aid in document analysis, summarize information, and assist in legal research. Like any technology, GenAI carries some degree of risk, which may include the risk of errors in GenAI-generated content, data security vulnerabilities, and system malfunctions. We have implemented reasonable measures to safeguard against these risks, and our lawyers maintain oversight of GenAI-generated outputs. Accordingly, we believe and, by accepting our services, you agree, that the benefits of using this technology outweigh the related risks, and you consent to the use of this technology and to our uploading confidential documents or other information relating to our representation for use with GenAI services.

CONFLICTS OF INTEREST

The Firm's lawyers, acting in a variety of practice areas and in multiple jurisdictions, provide and will provide legal services to thousands of current clients and future clients. Those clients may be competitors, customers, suppliers or have other business dealings and relationships inter se. As a result, those clients may have matters in which their interests are actually or potentially adverse to one another.

Further, in undertaking the representation of Client, the Firm wants to be fair not only to Client's interests but also to those of the Firm's other clients. Because Client is engaged in activities (and may in the future engage in additional activities) in which its interests may diverge from those of the Firm's other clients, the possibility exists that one of the Firm's current or future clients may take positions adverse to Client (including litigation or other dispute resolution mechanisms) in a matter in which such other client may have retained the Firm or one of Client's adversaries may retain the Firm in a matter adverse to another entity or person.

In the event a present conflict of interest exists between Client and the Firm's other clients or in the event one arises in the future, Client agrees to waive any such conflict of interest or other objection that would preclude the Firm's representation of another client in other current or future matters substantially unrelated to this engagement.

In addition, if a waiver of a conflict of interest necessary to allow the Firm to represent another client in a matter that is not substantially related to the Engagement is not effective for any reason, Client agrees that the Firm may withdraw from the Engagement. Should that occur, Client will not, for itself or any other entity or person, seek to preclude such termination of services or assert that either (a) the Firm's representation of Client or any of Client's affiliates in any past, present, or future matter or (b) the Firm's actual or possible possession of confidential information belonging to Client or any of Client's affiliates is a basis to disqualify the Firm from representing such other client or acting on such adverse matter.

It is important that you review this letter carefully and consider all of the advantages and disadvantages of waiving certain conflicts of interest that would otherwise bar the Firm from representing parties with interests adverse to you during the time in which the Firm is representing you.

If it becomes necessary for Client to commence a case under Title 11 of the United States Code (any such case, a "Restructuring Case"), the Firm's ongoing employment by Client will be subject to the approval of the court with jurisdiction over the petition. If necessary, the Firm will take steps necessary to prepare the disclosure materials required in connection with the Firm's retention as lead restructuring counsel. In the near term, the Firm will begin conflicts checks on potentially interested parties as provided by Client.

If necessary, the Firm will prepare a preliminary draft of a schedule describing the Firm's relationships with certain interested parties (the "Disclosure Schedule"). The Firm will give Client a draft of the Disclosure Schedule once it is available. Although the Firm believes that these relationships do not constitute actual conflicts of interest, these relationships must be described and disclosed in Client's application to the court to retain the Firm.

To the extent any actual conflict of interest arises during the course of a Restructuring Case, Client will be represented by conflicts counsel (if any has been retained) or such other legal counsel as Client so chooses.

Finally, you agree that, for the purposes of determining whether any conflict may exist, only the client(s) identified in our engagement letter, and not any affiliated entity or person, shall be considered our client.

SANCTIONS

The firm and its lawyers are subject to legal requirements relating to international sanctions enforced in various jurisdictions. These various laws and regulations may at any time impose restrictions or prohibitions on our ability to continue work on your matter due to the parties or activity involved. In such event, we may have legal obligations, or otherwise determine it is appropriate, to take certain steps including potentially reporting matters to relevant authorities and pausing or stopping work for you immediately. Where appropriate we also may decide to apply for a government license under which work may be permitted to continue, but we are under no obligation to do so. Should additional work become necessary as a result of international sanctions, we will advise you about the estimated costs and timescales that may be involved.

OPPOSING LAWYERS

In addition to our representation of business and not-for-profit entities as well as individuals, we also regularly serve as legal counsel to lawyers and law firms. From time to time, we engage other lawyers and law firms to represent us. As a result, opposing lawyers in a matter may be a lawyer or law firm that we represent now or may represent in the future. Likewise, opposing lawyers in a matter may represent us now or in the future. Further, we have professional and personal relationships with many other lawyers, often because of our participation in professional organizations. Collectively, these situations are common in the legal field. We believe that these relationships with other lawyers will not adversely affect our ability to represent you.

DOCUMENT RETENTION

Your original hard copy documents and property, described further below, will be returned to you upon request at the conclusion of our representation of you and upon our receipt of payment for outstanding fees and other charges, subject to applicable Rules of Professional Conduct. At that time, you also will have the opportunity to receive the remainder of your client file (other than any original documents previously returned to you). Some K&L Gates offices maintain files in a digital image format. If you request your file from any of those offices, we will provide it in an electronic format on a CD, DVD or other medium. Should you decide not to accept your remaining file at that time, you authorize us to destroy your files at our discretion. If you do not request the return of your file at the time our representation of you is concluded, we may retain or destroy the file without further notice to you.

Original documents and property, if not returned to you for any reason, will be designated for permanent retention and will not be destroyed without your prior approval. Such items include, but are not limited to, money orders, travelers checks, stocks and bonds, final executed releases, settlement agreements, contracts and sale or purchase agreements, judgments, deeds, titles, easements, wills and trusts, powers of attorney and all other dispositive estate planning documents.

You agree that our drafts of documents, notes, internal working papers, internal e-mail and electronic databases shall be and remain the property of K&L Gates LLP and shall not be considered part of your client file.

The Firm retains the right to make copies of your file, at our expense, for our own information and retention purposes.

FIRM LAWYERS' PRIVILEGE

We believe it is in your interest as well as the Firm's interest that, in the event ethical or other legal issues arise during our representation of you, including conflict of interest issues or potential disputes between us, the Firm lawyers working on your behalf are able to receive informed, confidential advice regarding their obligations. Accordingly, if we determine in our discretion that it is necessary or advisable for Firm lawyers to consult with our internal or outside counsel, you agree that they may do so and that you recognize the Firm has a lawyer-client privilege protecting the communications between the Firm lawyers working on your behalf and the Firm's internal or outside counsel.

NEW YORK FEE DISPUTE PROCESS

If any of our New York licensed lawyers work on this matter and if a material portion of the legal services we provide to you takes place in New York, you may have an option to invoke arbitration should a fee dispute arise between you and us during or at the conclusion of this engagement. Specifically, in any civil matter where the fee dispute involves a sum of up to $50,000, you may have a right to compel resolution by binding arbitration. In addition, whether or not binding arbitration is available, both you and we are encouraged to seek resolution of lawyer-client disputes, including fee disputes, through mediation, and the New York Courts and Bar have established a program for mediation of such disputes by an impartial mediator. In the event that any fee dispute should arise in this engagement which is not promptly and satisfactorily resolved between us, we shall furnish you with further details concerning the procedures and effects of arbitration and mediation, so that you can make an informed decision as to how to proceed in the circumstances.

CLIENT RESPONSIBILITIES

It is possible that you may have insurance policies relating to the matter that is the subject of our engagement. You should carefully check the insurance policies you have purchased and, if coverage may be available, you should provide notice to all insurers that may provide such coverage as soon as possible. Although we will be pleased to assist you in assessing the potential for coverage under any policies you may have, our engagement will not include advising you with respect to the existence or availability of insurance coverage for matters within the scope of our engagement unless you supply us with copies of your insurance policies and expressly request our advice on the potential coverage available under such policies.

It is possible that you may be obligated under the Corporate Transparency Act ("CTA") to file beneficial ownership reports with the Financial Crimes Enforcement Network ("FinCEN"), a bureau within the United States Treasury Department. Our engagement will not include advising you with respect to your obligations under the CTA or the filing of any reports with FinCEN, except to the extent that we have specifically agreed to include such work in the scope of our engagement in an engagement letter. The **CTA** requires certain entities created by the filing of a document with a secretary of state (or a non-US entity registered to do business by filing a document with a secretary of state) to file beneficial ownership reports with the **FinCEN.** This filing must include information on the Reporting Company itself, its Beneficial Owners, and up to two Company Applicants. Penalties may be incurred if these obligations are not met.

SEVERANCE OF TERMS

If all or any part of our Engagement Contract is or becomes illegal, invalid or unenforceable in any respect, then the remainder will remain valid and enforceable.

THIRD PARTY RIGHTS

No provision of our Engagement Contract is intended to be enforceable by any third party. Accordingly, no third party shall have any right to enforce or rely on any provision of our Engagement Contract.

ASSIGNMENT

A. Permitted Assignment

We may assign the benefit of our Engagement Contract to any partnership or corporate entity that carries on the business of K&L Gates-US in succession to us and you will accept the performance by such assignee of the Engagement Contract in substitution for our performance. References in these Terms (other than in this paragraph) and in any relevant engagement letter to the Firm or to K&L Gates-US shall include any such assignee.

B. Other Assignment

Subject to the foregoing paragraph, neither you nor we shall have the right to assign or transfer the benefit or burden of our Engagement Contract without the written consent of the other party.

DEFINITIONS

In these Terms a reference to a **"matter"** is to a transaction, case or other matter as to which at any time you have engaged us to represent you; and, any reference to **"our services"** is to the legal services to be provided by us to you as described in our engagement letter and any other legal services provided by us to you at any time in relation to a matter.

INCONSISTENCIES

In the event of any inconsistency between our engagement letter and these Terms, the engagement letter shall prevail.

RESOLVING PROBLEMS AND DISPUTES

If you have any complaints or concerns about our work for you, please raise these in the first instance with the lawyer responsible for your engagement or with the Firm's Chairman or Global Managing Partner. We will investigate your complaint promptly and carefully and do what we reasonably can to resolve the difficulties to your satisfaction.

APPLICATION OF TERMS

These Terms supersede any earlier terms of business we may have agreed with you and, in the absence of express agreement to the contrary, will apply to the services referred to in any engagement letter accompanying these Terms and all subsequent legal services we provide to you.

Last Updated: February 18, 2025

K&L GATES LLP

SCHEDULE OF STANDARD CHARGES

2025

DESCRIPTION OF CHARGE:	STANDARD CHARGE	UNIT BASIS
Photocopying/Image Printing	$0.20	Each copy
Color Copying/Printing	$1.00	Each copy
Media Duplication	$25.00	Per CD/DVD

Legal Research: The Firm pays for Lexis and Westlaw under monthly fixed fee contracts. The actual, monthly fixed fee is allocated to all users of the database each month, and client charges for such usage are directly proportional to the actual research conducted on their behalf.

Secretarial Overtime: As required by client specific circumstances, secretarial overtime will be charged at the Firm's average hourly rate for secretarial overtime.

The following are examples of items that will be charged at their out-of-pocket cost to K&L Gates:

Courier (Federal Express, UPS, etc.)

Business Meals

Off-site Storage Retrieval

EXHIBIT B

(to the Application)

Eliades 2016(b) Statement

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Proposed Special Counsel for Debtor and Debtor-in-Possession

IN THE UNITED STATE BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re Association of Apartment Owners of Kauai Beach Villas, Debtor and Debtor in possession	Case No. 25-01103 (Chapter 11) (Subchapter V) Date: To be set Time: To be set Judge: Hon. Robert J. Faris

STATEMENT OF DANIEL M. ELIADES AND K&L GATES LLP PURSUANT TO 11 U.S.C. § 329(a) AND RULE 2016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE

I, Daniel M. Eliades, Esq., a partner with the law form of K&L Gates, LLP ("K&L Gates"), in accordance with 11 U.S.C. § 329(a) and F.R.B.P. 2016(b), states as follows:

1. K&L Gates was retained by Debtor to provide pre-petition and post-petition services related to the Chapter 11 Case pursuant to an engagement letter dated as of September 29, 2025 (the "Engagement Letter"), a copy of which is attached as **Exhibit A** to the Eliades Declaration.

2. Prior to the commencement of the Chapter 11 Case, Debtor paid K&L Gates $104,350, $86,366 of which was applied to pre-petition fees and expenses. Specifically, Debtor made the following payments to K&L Gates:

Payment Date	**Amount**
October 17, 2025	$50,000 (Retainer)
November 18, 2025	($32,016) (Deducted from Retainer)
December 5, 2025	($17,984) (Deducted from Retainer)
December 8, 2025	($36,366) (Invoice Payment)
December 9, 2025	$15,032 (Additional Retainer)
December 9, 2025	$2,952 (Additional Retainer)
TOTAL PAID	$86,366
TOTAL RECEIVED	$104,350
REMAINING RETAINER	$17,984

3. As noted, K&L Gates continues to hold a retainer in the amount of $17,984, which will constitute a retainer for post-petition services and expenses in the Chapter 11 Case.

4. Debtor has been advised that, upon application and subject to Court approval, Debtor and its estate shall be responsible for all fees and actual expenses incurred by K&L Gates.

5. K&L Gates informed Debtor that it operates in both national and regional marketplaces for legal services in which rates are driven by multiple factors relating to the individual lawyer, his or her area of specialty, and that the Firm's expertise, performance, and reputation, the nature of the work involved, as well as other factors. The hourly rates K&L Gates charged Debtor prior to the Petition Date are the same as the rates K&L Gates has indicated it will

charge Debtor post-petition. K&L Gates has informed Debtor (and discloses herein) that the Firm's hourly rates are subject to periodic adjustments to reflect economic and other conditions.

6. K&L Gates has not shared or agreed to share compensation with any other entity.

Executed on January 4, 2026

/s/ Daniel M. Eliades
DANIEL M. ELIADES
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EXHIBIT C

(to the Application)

Proposed Order

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Proposed Attorney for Debtor and Debtor-in-Possession

Proposed Special Litigation Counsel for Debtor and Debtor-in-Possession

IN THE UNITED STATE BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re Association of Apartment Owners of Kauai Beach Villas, Debtor and Debtor in possession	Case No. 25-01103 (Chapter 11) (Subchapter V) Date: To be set Time: To be set

Judge: Hon. Robert J. Faris

ORDER AUTHORIZING AND APPROVING THE RETENTION OF K&L GATES LLP AS SPECIAL COUNSEL EFFECTIVE AS OF DECEMBER 5, 2025

Upon consideration of the *Debtor's Application for Entry of an Order Authorizing and Approving the Employment and Retention of K&L Gates LLP as Special Counsel to the Debtor Effective as of the Petition Date* (this "Application");[1] and upon consideration of the Declaration of Daniel M. Eliades in support of the Application; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the Court having the power to enter a final order consistent with Article III of the United States Constitution; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Application is in the best interests of the Debtor's estate, creditors and other parties-in-interest; and the Debtor having provided adequate and appropriate notice of the Application under the circumstances; and after due deliberation and good and sufficient cause appearing therefor; and it appearing to the Court that the Application should be approved,

IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED as set forth herein.

[1] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

2. The Debtor is hereby authorized to retain and employ K&L Gates LLP as special counsel pursuant to Sections 327(e) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local

Rule 2014-1, effective as of December 5, 2025.

3. K&L Gates shall apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Debtor's case in compliance with the applicable provisions of the Bankruptcy Code, including Section 330 of the Bankruptcy Code, the Bankruptcy Rules, and any applicable procedures and orders of this Court.

4. K&L Gates is authorized to render professional services to Debtor as described in the Application.

5. Debtor and K&L Gates are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

6. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

7. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

EXHIBIT B

Date Signed:
January 16, 2026

SO ORDERED.

Robert J. Faris
United States Bankruptcy Judge

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	Case No. 25-01103 (Chapter 11) (Subchapter V)

ORDER AUTHORIZING AND APPROVING THE RETENTION OF K&L GATES LLP AS SPECIAL COUNSEL EFFECTIVE AS OF DECEMBER 5, 2025

Upon consideration of the *Debtor's Application for Entry of an Order Authorizing and Approving the Employment and Retention of K&L Gates LLP as Special Counsel to the Debtor Effective as of the Petition Date* (this "Application");[1] and upon consideration of the Declaration of Daniel M. Eliades in support of the Application; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the Court having the power to enter a final order consistent with Article III of the United States Constitution; and this matter being a core proceeding pursuant to 28 U.S.C. §

[1] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Application is in the best interests of the Debtor's estate, creditors and other parties-in-interest; and the Debtor having provided adequate and appropriate notice of the Application under the circumstances; and after due deliberation and good and sufficient cause appearing therefor; and it appearing to the Court that the Application should be approved,

IT IS HEREBY ORDERED THAT:

1. The Application, on the terms set forth in the Engagement Letter attached to the Application, is GRANTED as set forth herein.

2. The Debtor is hereby authorized to retain and employ K&L Gates LLP as special counsel pursuant to Sections 327(e) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1, effective as of December 5, 2025.

3. K&L Gates shall apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Debtor's case in compliance with the applicable provisions of the Bankruptcy Code, including Sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and any applicable procedures and orders of this Court.

4. The obligation of K&L Gates to disclose any and all facts that may have a bearing on whether K&L Gates, its affiliates, and/or any individuals working on

the engagement hold or represent any interest adverse to the Debtor, its creditors, or other parties in interest in this case shall be a continuing obligation.

5. K&L Gates shall use its best efforts to avoid any duplication of services provided by any of the Debtor's other retained professionals in this case.

6. Notwithstanding anything to the contrary in the Application or Engagement Letter, the arbitration clause is not applicable during the pendency of this bankruptcy case to the extent it divests the Court of its jurisdiction.

7. Notwithstanding anything to the contrary in this Order, the Application, or Engagement Letter, this Court is not approving terms and conditions of K&L Gates's employment under 11 U.S.C. § 328(a).

8. To the extent the Application or Engagement Letter are inconsistent with this Order, the terms of this Order shall govern.

9. K&L Gates is authorized to render professional services to Debtor as described in the Application.

10. Debtor and K&L Gates are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

11. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

12. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

END OF ORDER

APPROVED AS TO FORM:

/s/ Elvina Rofael
ELVINA ROFAEL, ESQ.
Counsel for Office of U.S. Trustee

SUBMITTED BY:

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