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STATE OF HAWAII
(Bureau of Conveyances)

The original of this document was
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DOCUMENT NO Doc 3622797
DATE _____ CTN 669,405
JUL 02, 2007 09:30 AM

LAND COURT SYSTEM

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Imanaka Kudo & Fujimoto
745 Fort Street, 17th Floor
Honolulu, Hawaii 96813
(808) 521-9500 (OTI)

Tax Map Key No. (2) 2-1-008:067
TCT No. 669,405

Total Pages: 5

FIRST AMENDMENT TO AMENDED AND RESTATED
BYLAWS OF THE ASSOCIATION OF
WALEA BEACH RESORT & RESIDENCES

THIS AMENDMENT is made this 29 day of June, 2007 by **WALEA HOTEL & BEACH RESORT, L.L.C.**, a Delaware limited liability company ("**Developer**"), with its principal place of business and post office address at Kobayashi Group, LLC, 1288 Ala Moana Boulevard, Suite 201, Honolulu, Hawaii 96814.

WITNESSETH:

WHEREAS, by way of that certain Declaration of Condominium Property Regime of Wailea Beach Resort & Residences dated June 23, 2006, filed with the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 3446757, as amended and restated in its entirety by that certain Amended and Restated Declaration of Condominium Property Regime of Wailea Beach Resort & Residences and Condominium Map dated November 9, 2006, and filed in said Office as Document No. 3573894, as the same may be further amended from time to time ("**Declaration**"), and that certain Condominium Map No. 1830, as amended ("**Condominium Map**"), Developer submitted that certain property located at Honuaua, District of Makawao, Island and County of Maui, State of Hawaii, and more particularly described in Exhibit "A" attached to said Declaration, plus all improvements thereon, to a condominium property regime known as "Wailea Beach Resort & Residences" ("**Project**") and duly noted on Land Court Certificate of Title No. 669,405; and

WHEREAS, Developer filed the Bylaws of the Association of Apartment Owners of Wailea Beach Resort & Residences dated June 23, 2006 at said Office as Document No. 3446758, as amended and restated in its entirety by that certain Amended and Restated Bylaws of the Association of Wailea Beach Resort & Residences dated November 9, 2006, and filed in said Office as Document No. 3573895, as the same may be further amended from time to time ("**Bylaws**"); and

WHEREAS, pursuant to Article X, Section 11 of the Bylaws, the Bylaws may be amended by Developer at any time prior to the closing of the sale of the first Unit, provided that any amendment authorized by that section shall be in writing, signed and acknowledged by Developer; and

WHEREAS, no sales of Units in the Project have closed and one hundred percent (100%) of the Common Interest of the Project is currently held by Developer; and

WHEREAS, Developer desires to make amendments to the Bylaws as set forth and evidenced herein;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Developer does hereby amend the Bylaws in the following manner:

1. The first paragraph of Article VII, Section 1 shall be replaced in its entirety with the following:

“Section 1. **GENERAL PROVISIONS.** The Front Desk Unit Owner is responsible for maintaining the Resort Amenities pursuant to the First Class Standard. Accordingly, the Front Desk Unit Owner shall be required at all times to maintain insurance for the Resort Amenities, on behalf of the Association, as required in this Article VII, the cost of which shall be charged to the Association through the License Fee and assessed to all Unit Owners as a Common Expense. To the extent the insurance required under this Article VII is not covered by the insurance obtained by the Front Desk Unit Owner for the Resort Amenities, the Association shall at all times maintain insurance as required in this Article VII, the cost of which shall be a Common Expense; provided that to the extent a claim is covered by the insurance maintained by both the Front Desk Unit Owner and the Association, the insurance maintained by the Front Desk Unit Owner shall be primary. Each policy may be separate, or the Association or the Front Desk Unit Owner can buy one or more commercial package policies.”

2. Article VII, Section 1(b) shall be replaced in its entirety with the following:

“(b) Qualified Insurance Companies. Each insurance company must be licensed to do business in the State of Hawaii except for (i) federal flood insurance and other government insurance programs, and (ii) insurance not available, or not available at a reasonable price, from a company licensed in Hawaii. Each insurance company must have a financial rating of Class VII or better according to Best’s Insurance Report. If the insurance cannot be obtained from a company having that rating, or if the Front Desk Unit Owner or the Board decides that the cost is too high, then the Front Desk Unit Owner or the Association may buy the insurance from any financially sound company of recognized responsibility.”

3. Article VII, Section 1(d) shall be replaced in its entirety with the following:

“(d) Substitute Coverage; Reduction in Insurance. The Front Desk Unit Owner and the Board shall use its best efforts to obtain and maintain all insurance required under this Article VII. However, except for insurance required by law, the Front Desk Unit Owner and the Board need not buy any insurance if it is advised it cannot reasonably be obtained or if the Front Desk Unit Owner or the Board decides that it is too expensive. In those cases, the Front Desk Unit Owner or the Board may buy other insurance that it believes to be appropriate under the circumstances for units in condominium projects similar in construction, location and use. The Front Desk Unit Owner, subject to the prior written approval of the Board, or the Board may accept deductibles, uninsured retentions, and co-insurance as it chooses in its business judgment. Any amount paid on account of any deductible, uninsured retention, or co-insurance will be a License Fee or a Common Expense, as applicable; provided that if a loss results from the negligence or willful misconduct of an Owner, then the Front Desk Unit Owner or the Association may charge the amount to the Owner as provided in these Bylaws.”

4. Article VII, Section 2(j) shall be replaced in its entirety with the following:

“(j) shall provide that the policy or the coverage may not be modified or substantially changed (whether or not requested by the Board) unless the insurance company gives written notice of the cancellation or change at least thirty (30) days in advance. The insurance company must send notice to the Front Desk Unit Owner and the Board.”

5. The first paragraph of Article X, Section 1 shall be replaced in its entirety with the following:

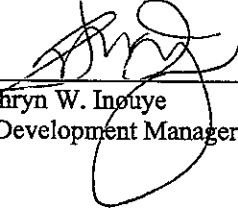
“Section 1. **HOUSE RULES.** Each Owner recognizes the right of the Board from time to time to establish and amend such uniform rules and regulations as the Board may deem necessary for the management and control of the Project (subject to the exclusive right of the Front Desk Unit Owner to establish rules and regulations for the use of the Resort Amenities) and, as may be necessary for the protection of the Project and the Units (“**House Rules**”). Each Owner agrees that the Owner’s rights under the Declaration and these Bylaws shall be in all respects subject to appropriate House Rules consistent with the foregoing, which shall be taken to be a part hereof; and the Owner agrees to obey all such House Rules as the same now are or may from time to time be amended, and see that the same are faithfully observed by the invitees, guests, contractors, vendors, suppliers, employees and tenants of the Owner. The House Rules shall uniformly apply to and be binding upon all occupants of the Units. The following provisions shall govern the promulgation of the House Rules authorized herein, which shall include the establishment of a system of fines and penalties:”

6. In all other respects, said Bylaws shall remain unchanged and in full force and effect. Capitalized terms used herein, unless otherwise noted, shall have the meanings set forth in the Declaration or Bylaws, as amended.

(The remainder of this page is intentionally left blank)

IN WITNESS WHEREOF, Developer has executed this amendment to the Bylaws on the day and year first above written.

WAILEA HOTEL & BEACH RESORT, L.L.C.,
a Delaware limited liability company

By  _____
Kathryn W. Inouye
Its Development Manager

“Developer”

STATE OF HAWAII

CITY & COUNTY OF HONOLULU

SS:

On this 29th day of June, 2007, before me appeared KATHRYN W. INOUE to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

U.S.

Evelyn S. Kubota

Name: Evelyn S. Kubota
Notary Public of and for such State
My commission expires: APR 9 2008