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STATE OF HAWAII
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DOCUMENT NO. Doc 2009-161757
DATE-TIME OCT 21, 2009 02:00 PM

Return by Mail () Pickup (X) To:

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Tax Map Key No. (4) 4-3-011-001
Total No. of Pages: 9

**AMENDMENT OF
DECLARATION OF CONDOMINIUM PROPERTY REGIME OF
KULANA
AND THE BYLAWS OF
THE ASSOCIATION OF APARTMENT OWNERS OF KULANA
AND CONDOMINIUM MAP NO. 3902**

THIS AMENDMENT is made by the Association of Apartment Owners of Kulana, an unincorporated Hawaii condominium owners association, with mailing address at c/o RE3, LLC, Real Estate Services, 2970 Haleko Road, #103, Lihue, Hawaii 96766.

I. BACKGROUND.

1. By that certain Declaration of Condominium Property Regime of Kulana recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau") on December 14, 2004, as Document No. 2004-252101 (the "Original Declaration"), Kapaa 382, LLC, a Hawaii limited liability company (the "Developer") created a condominium project known as "Kulana" (the "Project").

2. Concurrently with recordation of the Original Declaration, the Developer recorded in the Bureau as Document No. 2004-252102 those certain Bylaws of the Association of Apartment Owners of Kulana (also known as the "Bylaws of Kulana" and hereinafter called the "Bylaws") and Condominium Map No. 3902 (the "Condominium Map").

3. The Original Declaration was amended and completely restated by Amended and Restated Declaration of Condominium Property Regime recorded in the Bureau on January 27, 2005, as Document No. 2005-015753 (the "Restated Declaration"). The Restated Declaration was amended by instruments recorded in the Bureau on July 20, 2005, as Document No. 2005-143463, and recorded in the Bureau on August 31, 2006, as Document No. 2006-160828. The Restated Declaration, as so amended, is hereinafter called the "Declaration". The land of the Project is described in the Declaration, which description is incorporated herein by this reference.

4. The Declaration provides that it may be amended by vote of the owners of 75% of the Project's common interests and the Bylaws provide that they may be amended by the vote of the owners of 65% of the Project's common interests. The amendments become effective when signed by the appropriate officers of the Association and recorded in the Bureau.

5. The owners of more than 75% of the Project's common interests voted to amend the Declaration and the Bylaws (and other documents as noted below) as more particularly set forth herein.

6. The Developer, as "Declarant" under the Declaration, consented to the amendments set forth herein, as evidenced by that certain Consent to Amendments, a copy of which is attached hereto as Exhibit "1".

Unless otherwise defined herein, capitalized terms shall have the meanings given to such terms in the Declaration.

II. AMENDMENTS.

Amendment No. 1: The Association intends to have the Project be subject to and governed in all respects by Chapter 514B, Hawaii Revised Statutes, and to have the Association enjoy all of the benefits and rights granted to condominium associations by Chapter 514B, including (without limitation) the right to amend the Project's Declaration and Bylaws in accordance with the reduced approval requirements set forth in Chapter 514B. To achieve these ends, the Declaration, Bylaws, House Rules and Condominium Map are hereby amended by adding a new Section 27 to the Declaration as follows:

27. ADOPTION OF CHAPTER 514B, HAWAII REVISED STATUTES. Chapter 514B, Hawaii Revised Statutes, is adopted and shall be applicable to and govern the Project. The Declaration, the Bylaws, House Rules and Condominium Map and other constituent documents of the Association are amended to achieve any result permitted by Chapter 514B, Hawaii Revised Statutes.

To the extent that a separate amendment to the Bylaws is deemed necessary to achieve the Association's goals, the foregoing new Section 27 of the Declaration is hereby also added to the Bylaws and renumbered as new Section 7.8 of Article VII of the Bylaws.

Amendment No. 2: The Declaration is hereby amended by adding a new Section 28 to the Declaration as follows:

28. FINANCING OF COMPLETION OF SUBDIVISION IMPROVEMENTS; PAYMENT OF SUBDIVISION COMPLETION FEE.

28.1 To facilitate financing of the completion of the infrastructure of the Kulana Subdivision, the Association shall have the right, to be exercised by the Board without the joinder or consent of the Unit Owners or any other person or entity, to charge with respect to each Unit a one-time fee to pay part of the costs of subdivision completion (the "Subdivision Fee"). The amount of the initial base Subdivision Fee for each Unit will be determined by the Board based on (i) the total cost to complete the Kulana Subdivision's infrastructure so that the subdivision is sufficiently complete to enable Owners to apply to the County of Kauai for building permits for the improvement of individual Units as contemplated by this Declaration, divided by (ii) the number of Units in the Project. The Board may by resolution add to the base Subdivision Fee an interest charge for each year that the Subdivision Fee remains unpaid; provided, however, that this charge will not apply to Owners who elect to pre-pay the Subdivision Fee in cash or by way of a promissory note and mortgage to the Association, as provided in section 28.3 below. The Board shall periodically adjust the base Subdivision Fee and/or credit a portion of a Unit's paid Subdivision Fee to future common expense assessments as may be necessary to ensure that the total cost to complete the Kulana Subdivision's infrastructure (including but not limited to loan repayment and servicing costs) shall be allocated among all the Units as equitably as reasonably possible.

28.2 Notwithstanding any other provision of this Declaration, the Bylaws, the Master Declaration or the Design Guidelines, no Owner will be permitted to connect such Owner's Unit to common element utility facilities or to commence construction of improvements to such Owner's Unit or on such Owner's limited common element land area until payment to the Association of the Unit's Subdivision Fee. The Board shall have the right, on behalf and in the name of the Association, to file for and obtain from any court of competent jurisdiction an injunction or other legal or equitable remedy to halt all connections or construction performed in violation of this Section 28 and/or to require payment of the Subdivision Fee, and in any action or proceeding brought to enforce compliance with this Section 28, the Unit Owner in violation will be fully liable for payment of the Association's attorney's fees, costs and other expenses incurred in connection therewith.

28.3 The Board may establish, through resolutions approved by a majority of the Board and published to the Owners, alternative methods of fulfilling the Subdivision Fee payment requirements of this Section 28. Such alternatives may include:

(a) A written, binding commitment made by the Owner to the Association to give the Association a promissory note for a discounted Subdivision Fee, and a recorded first mortgage on the Owner's Unit in favor of the Association to secure repayment of the note. The note would be payable over a specified period of time as

determined by the Board, and unpaid principal would accrue simple interest at a rate specified by the Board. The commitment would require the Owner to give the note and mortgage to the Association within a specified number of days of the Association's call for the note and mortgage; or

(b) A written, binding commitment made by the Owner to the Association to pay a discounted Subdivision Fee in cash before the Subdivision Fee would otherwise become due, payable within a specified number of days of the Association's call for the payment.

The discount of the Subdivision Fee for the cash payment alternative in (b) above will be greater than the discount available through the note and mortgage alternative in (a). The Board may (but shall not be required to) consider other payment alternatives as well in its sole discretion, some of which may also enable the Owner to pay a discounted Subdivision Fee.

28.4 Every Unit shall be subject to payment of the Subdivision Fee, and an Owner's obligation to pay the Subdivision Fee is in addition to (and not in lieu of) the Owner's obligation to pay all regular and special assessments and other charges levied by the Association, including (but not limited to) fines and attorney's fees and costs, as permitted by this Declaration, the Bylaws or applicable law. The Subdivision Fee shall neither be nor be deemed to be a "common expense" or an Association "assessment" as those terms are used in Sections 514A-90 and 514B-146 of the Hawaii Revised Statutes. The obligation to pay the Subdivision Fee shall run with each Unit and shall not be voided or voidable by a Unit's transfer or sale, through foreclosure or otherwise.

28.5 Upon satisfaction of the Subdivision Fee requirement of this Section 28 as to an identified Unit, the Owner of the Unit may request from the Board, and upon such request the Board shall provide to the Owner, a written statement, signed by the President and any other officer of the Association, certifying that the Subdivision Fee requirement as to the Owner's Unit has been satisfied in full and that Section 28 of this Declaration no longer applies to the Unit.

Amendment No. 3: The Declaration is hereby amended by adding a new Section 29 to the Declaration as follows:

29. RIGHTS OF THE ASSOCIATION TO COMPLETE THE KULANA SUBDIVISION.

29.1 Effective as of October 21, 2009, the Association shall have the right (but not the obligation), to be exercised by the vote or written consent of a majority of the Board, without the joinder or consent of any Unit Owner, Unit purchaser, lienholder or other person, to do (or cause to be done) all such things as the Declarant has or at any time had the right to do (regardless of whether the Declarant's rights have expired) under this Declaration, the Bylaws and the Master CCRs Declaration that are reasonably required, directly or indirectly (i) to complete the Kulana Subdivision infrastructure and

improvements, (ii) to comply with all of the terms and requirements of the County Permit, and (iii) to obtain from the appropriate Government Entity or Entities final subdivision approval for the Kulana Subdivision. These rights are hereby granted to the Association for the express and limited purpose of enabling the Association to cause the completion of the Kulana Subdivision infrastructure and improvements as expeditiously and economically as possible so that the Unit Owners may apply for such governmental permits and authorizations as are required to enable the Owners to make such Changes to their Units and Exclusive Areas as are permitted by Section 20.1 of this Declaration, subject, however, to all of the conditions, requirements and restrictions pertaining to Changes set forth in Section 20 of this Declaration.

29.2 The rights herein granted to the Association include, but are not limited to, the right to execute (and, if appropriate, to cause to be recorded in the Bureau of Conveyances) any and all legal documents, agreements, certificates, amendments, maps, plans, conveyances and other instruments required by any Government Entity or utility or service provider or by law to accomplish the tasks for which such rights are granted, including (but not limited to) one or more amendments to this Declaration, the Bylaws and/or the Condominium Map as may be necessary to reflect changes to the Project or the Land caused by or otherwise related to the exercise of such rights. Any such instrument or amendment need only be approved by a majority of the Board and signed by the person or persons authorized to sign by appropriate Board resolution, without the joinder or consent of any Unit Owner, Unit purchaser, mortgagee, lienholder, or any other person or entity whatsoever.

29.3 The rights herein granted shall be in addition to, and shall in no way limit or be deemed to limit, all other rights granted or reserved to the Association in this Declaration, the Bylaws, the Master CCRs Declaration or by applicable law (including Chapters 514A and 514B of the Hawaii Revised Statutes).

29.4 By acquiring, exercising or failing to exercise the rights granted in this Section 29, the Association shall not be or become (or be deemed to be or become) a successor to the Declarant, a co-Declarant, a partner or joint venturer with the Declarant, a subsidiary of the Declarant, or otherwise liable in any way whatsoever for the Declarant's past, present or future acts or omissions or the consequences thereof.


In all other respects, the Declaration, Bylaws, Condominium Map and other documents affected by this amendment remain unchanged and in full force and effect.


This instrument may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument, and in making proof of this instrument, it shall not be necessary to produce or account for more than one such counterpart.

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IN WITNESS WHEREOF, the undersigned have executed this amendment and made it effective as of this 17th day of October, 2009.

**ASSOCIATION OF APARTMENT OWNERS
OF KULANA**

By 
Larry R. Sherrer
Its Vice President

By 
SUSAN DIERRER
Its Secretary

STATE OF HAWAII)
) SS:
COUNTY OF KAUAI)

On this 16 day of October, 2009, before me personally appeared Harry K. Sherrer, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Signature: Karen R. Sakimae
Print Name: Karen R. Sakimae
Notary Public, State of Hawaii

My commission expires: 11-1-2010

Document Identification or Description: AMENDMENT OF DECLARATION OF CONDOMINIUM PROPERTY REGIME OF KULANA AND THE BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KULANA AND CONDOMINIUM MAP NO. 3902

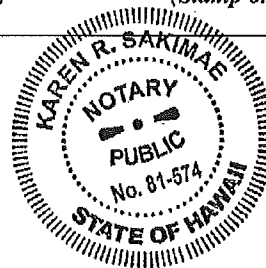
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Name: Karen R. Sakimae 5th Circuit

Karen R. Sakimae Oct 16, 2009
Notary Signature Date

NOTARY CERTIFICATE (Hawaii Administrative Rules §5-11-8)

(Stamp or Seal)



STATE OF HAWAII

)

) SS:

COUNTY OF KAUAI

)

On this 17 day of October, 2009, before me personally appeared Susan Dierker, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Signature: Karen R. Sakimae
Print Name: Karen R. Sakimae
Notary Public, State of Hawaii

My commission expires: 11-1-2010

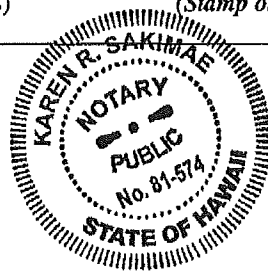
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Name: Karen R. Sakimae 5th Circuit

Karen R. Sakimae Oct 17, 2009
Notary Signature Date

NOTARY CERTIFICATE (Hawaii Administrative Rules §5-11-8) (Stamp or Seal)



CONSENT TO AMENDMENTS

THIS CONSENT (this "Consent") is given this 10th day of October, 2009, by KAPAA 382, LLC, a Hawaii limited liability company (the "Declarant").

I. BACKGROUND:

1. The Declarant is the developer of that certain condominium project known as "Kulana" (the "Project") and the declarant under that certain Declaration of Condominium Property Regime of Kulana recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau") on December 14, 2004, as Document No. 2004-252101 (the "Original Declaration"). The Original Declaration was amended and completely restated by Amended and Restated Declaration of Condominium Property Regime recorded in the Bureau on January 27, 2005, as Document No. 2005-015753 (the "Restated Declaration"). The Restated Declaration was amended by instruments recorded in the Bureau on July 20, 2005, as Document No. 2005-143463, and recorded in the Bureau on August 31, 2006, as Document No. 2006-160828. The Restated Declaration, as so amended, is hereinafter called the "Declaration".

2. By vote of members owning more than 75% of the common interests in the Project, the Association of Apartment Owners of Kulana (the "Association") elected to amend the Declaration as more particularly set forth in the instrument attached to this Consent (the "Amendments").

II. CONSENT:

By signing below, the Declarant hereby consents to the Amendments. This Consent is given exclusively as an accommodation to the Association, and by giving this Consent, the Declarant shall incur no obligations or liability whatsoever for the content of the Amendments or for any actions or omissions of the Association related in any way to the Amendments.

KAPAA 382, LLC
By Kauai Lease and Loan, Ltd.,
Its Manager

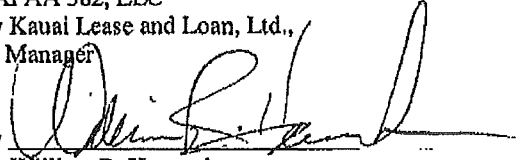
By 
William R. Hancock
Its President

EXHIBIT "1"