

EXHIBIT A

AMENDMENTS TO ARTICLE VII OF THE SECOND RESTATED
BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF WAILEA EKAHI

Article VII entitled, "INSURANCE AND RESTORATION," shall be amended in its entirety to read as follows:

ARTICLE VII

INSURANCE AND RESTORATION

SECTION 1. Fire and Extended Coverage Insurance. The Board shall procure and maintain from a company or companies qualified to do business in Hawaii (and, if necessary, to procure the required coverage from other companies) a policy or policies (herein called the "Policy") of fire insurance, with extended coverage endorsement or such broader forms of protection as the Board shall determine, for an amount as nearly as practicable equal to the replacement cost without deduction for depreciation, covering the Apartments and fixtures therein and the buildings, fixtures and building service equipment, but excluding any improvements made by an Owner which the Owner himself may insure and excluding property of every kind and description while underground (meaning thereby, below the level of contiguous ground and covered by earth, except underground conduit or wiring therein when beneath the buildings), in the name of the Board as insured as trustee for each of the Owners of the Apartments in proportion to their respective common interests in the common elements. Such Policy:

(a) Shall contain no provision limiting or prohibiting other insurance by the Owner of any Apartment, such right being provided by statute, but if obtainable, shall provide that the liability of the insurer shall not be affected by, nor shall the insurer claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of any such other insurance;

(b) Shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the buildings, whether or not within the control or knowledge of the Board, or if obtainable, shall contain no provision of relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board or the Owner or tenant of any Apartment, or by reason of any act or neglect of the Board or the Owner or tenant of any Apartment;

(c) Shall provide that the policy may not be cancelled by the insurer except by giving to the Board and to the Owner and/or mortgagee of each Apartment who shall have requested such notice of the insurer in writing addressed to him at the premises, thirty (30) days' written notice of such cancellation;

(d) Shall contain a provision waiving any right of the insurer to repair, rebuild or replace, if a decision is made pursuant to Section 5 of this ARTICLE VII not to repair, reinstate, rebuild or restore the damage or destruction;

(e) Shall provide that any loss shall be adjusted with the insured and the Owner and the mortgagee of any Apartment directly affected by the loss;

(f) Shall contain a standard mortgage clause which:

(i) Shall name the holder of any mortgage affecting any Apartment whose name shall have been furnished to the Board and to the insurer;

(ii) Shall provide that the insurance as to the interest of the mortgagee shall not be invalidated by any act or neglect of the Board or the Owner or tenant of any Apartment;

(iii) Shall waive any requirement invalidating such mortgagee clause by reason of the failure of the mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium (provided, however, in case the Board shall fail to pay the premium due or to become due under the policy, the mortgagee may pay the same prior to the effective date of the termination of the policy by reason of the nonpayment of the premium), any contribution clause, and any right to be subrogated to the right of any mortgagee against the Owner or lessee or any Apartment or the Board or to require an assignment of any mortgage to the insurer, except that the insurer will have the right of subrogation to the extent of insurance proceeds received by and retained by the mortgagee if the insurer shall claim no liability as to the mortgagor or Owner, but without impairing mortgagee's right to sue;

(iv) Shall provide that any reference to a mortgagee in the Policy shall include all mortgagees on any Apartment, in order of preference; and

(g) Shall provide for payment of the proceeds to the Board.

(h) Such policies shall, notwithstanding any other provisions of this Article, cover the common elements of the Project and, whether or not part of the common elements, all exterior and interior walls, exterior glass, floors and ceilings; (prior amendment)

(i) Such policies shall require the insurer at the inception of the policy and on each anniversary date thereof, to provide the Board with a written summary, in layman's terms of the policy. The summary shall include the type of policy, a description of the coverage and the limits thereof, amount of annual premiums and renewal dates. The Board shall provide this information to each Apartment Owner. (prior amendment)

SECTION 2. Comprehensive Liability Insurance. The Board shall procure and maintain from a company or companies qualified to do business in Hawaii (and, if necessary, to

procure the required coverage from other companies) a policy or policies (herein called the "Policy") of Public Liability Insurance to insure the Board, the Developer, each Apartment Owner, and the Managing Agent and other employees of the Association of Apartment Owners against claims for personal injury, death and property damage arising out of the condition of the property or activities thereon or construction work under a Comprehensive General Liability form. Said insurance shall be for such limits as the Board may decide. Such policy:

(a) Shall if obtainable contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the buildings, whether or not within the control or knowledge of the Board, or by any breach of warranty or condition caused by the Owner of any Apartment, or by any act or neglect of the Owner or tenant of any Apartment; and

(b) Shall provide that the policy may not be cancelled by the insurer except by giving to the Board and to the Owner of each Apartment and any mortgagee, who shall have requested such notice of the insurer in writing, thirty (30) days' written notice of such cancellation.

SECTION 3. Insurance Against Additional Risks. The Board may also procure insurance against such additional risks as the Board may deem advisable for the protection of the Apartment Owners of a character normally carried with respect to properties of comparable character and use.

SECTION 4. Miscellaneous Insurance Provisions.

(a) The Board shall review at appropriate intervals in time the adequacy of its insurance program. At the request of any mortgagee of any Apartment, the Board shall furnish to such mortgagee a copy of the Policy described in Section 1 of this Article and of any other Policy to which a mortgagee endorsement shall have been attached. Copies of every policy of insurance procured by the Board shall be available for inspection by an Apartment Owner (or purchaser holding a contract to purchase an interest in an Apartment) at the office of the Managing Agent. Any coverage procured by the Board shall be without prejudice to the right of the Owners of Apartments to insure such Apartments and the contents thereof for their own benefit at their own expense.

(b) The Board in the case of a claim for damage to an apartment or the common elements, may:

(i) Pay the deductible amount as a common expense;

(ii) After notice and an opportunity for a hearing, assess the deductible amount against the Owners who caused the damage or from whose apartments the damage or cause of loss originated; or

(iii) Require the Apartment Owners of the apartments affected to pay the deductible amount. (Section 514B-143(d) of the Act)

(c) Any loss covered by the property insurance described under Section 1 of this Article VII shall be adjusted by and with the Board. In addition, if at the time of any loss under such policy, there is other insurance in the name of the Apartment Owner covering the same property covered by the Association's policy, the Association's policy shall be the primary insurance.

(d) The Board, with the vote or written consent of a majority of the Apartment Owners, may require Apartment Owners to obtain reasonable levels of insurance. The liability of an Apartment Owner shall include but not be limited to the deductible of the owner whose apartment was damaged, any damage not covered by insurance required by Section 1 of this Article VII as well as the decorating, painting, wall and floor coverings, trim, appliances, equipment and other furnishings. If the Apartment Owner does not purchase or produce evidence of insurance requested by the Board, the directors may, in good faith, purchase the insurance coverage and charge the reasonable premium cost back to the Apartment Owner. In no event is the Association or Board liable to any person either with regard to the failure of an Apartment Owner to purchase insurance or a decision by the Board not to purchase the insurance for the Owner, or with regard to the timing of its purchase of the insurance or the amounts or types of coverage's obtained. (Section 514B-143(g) of the Act)

SECTION 5. Damage and Destruction. If a building is damaged by fire or other casualty which is insured against and said damage is limited to a single Apartment, the insurance proceeds shall be used by the Board for payment of the contractor retained by the Board to rebuild or repair such Apartment, including paint, floor covering and fixtures, in accordance with the original plans and specifications therefore. If the insurance proceeds are insufficient to pay all costs of repair, the remaining deficiency shall be paid from the maintenance fund. If the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on all the Owners of Apartments in proportion to their respective common interests. If such damage extends to two or more Apartments or extends to any part of the limited common elements, if any, or to the common elements:

(a) If the Owners of the Apartments do not within sixty (60) days after such casualty or if by such date the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, agree in writing in accordance with the provisions of the Declaration and this Section 5 that the building or any portion thereof need not be rebuilt or repaired, or if the Owners at an earlier date agree to rebuild immediately, THEN:

(i) The Board shall thereupon contract to repair or rebuild the damaged portions of the building or buildings, including all Apartments so damaged, as well as common elements, in accordance with the original plans and specifications therefore, or

(ii) If reconstruction in accordance with said design is not permissible under the laws then in force, in accordance with such modified plan as shall be approved by the Board, provided that in the event said modified plan eliminates any Apartment and such Apartment is not reconstructed, the Board shall pay to the Owner of said Apartment the portion of said insurance proceeds allocable to said Apartment (less the proportionate share of said

Apartment in the cost of debris removal) and shall disburse the balance of insurance proceeds as hereinafter provided for the disbursement of insurance proceeds. The insurance proceeds shall be paid by the Board to the Contractor employed for such work in accordance with the terms of the contract for such construction and in accordance with the terms of this Section 5. If the insurance proceeds are insufficient to pay all the costs of repairing and rebuilding all damaged Apartments as well as the common elements, the Board is expressly authorized to pay such costs in excess of the insurance proceeds from the maintenance fund, and if the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on the Owners of Apartments in proportion to their respective common interests. The special assessment shall be secured by the lien created under Section 4 of Article VI hereof.

If a decision is made in accordance with the Declaration, this section and the Act, not to repair or rebuild all or any lesser number of damaged or destroyed Apartments, insurance proceeds allocable to any Apartment which is not to be rebuilt (hereinafter "eliminated Apartments") (less cost of debris removal) shall be paid to the Owner of the eliminated Apartment. Remaining insurance proceeds shall be paid to the Board who shall apply such moneys to repair and rebuild any portion of the building that is to be reconstructed in accordance with this section. If a decision is made to eliminate an Apartment, the common interests and other rights of remaining Apartment Owners in the Project shall be adjusted by amendment of the Declaration pursuant to HRS Section 514B-37 and Section 15 of the Declaration; provided, however, that the common interest of any Owner shall not be altered without his consent. The owner of any such eliminated Apartment shall be discharged from all obligations to the Project after proper amendment of the Declaration. Alternatively, in the event the Declaration is not amended so as to discharge the Owners of eliminated Apartments of all obligations to the Project and so as to equitably adjust the common interests appurtenant to those Apartments not eliminated, pursuant to HRS Section 514B-144(g), the Owner of any eliminated Apartment may convey his interest to the Board of Directors on behalf of all other Apartment Owners and thereby be discharged of all obligations to the Project. The Owner of any eliminated Apartment may, in addition to his allocable share of insurance proceeds, receive such reimbursement as the Board deems appropriate.

(b) The cost of the work (as estimated by the Board) shall be paid out from time to time or at the direction of the Board as the work progresses, but subject to the following conditions:

(i) An architect or engineer (who may be an employee of the Board) shall be in charge of the work;

(ii) Each request for payment shall be made on seven (7) days' prior notice to the Board and shall be accompanied by a certificate to be made by such architect or engineer stating that all of the work completed has been done in compliance with the approved plans and specifications and that the sum requested is justly required to reimburse the Board for payments by the Board to, or is justly due to, the contractor, subcontractors, material men, laborers, engineers, architects or other persons rendering services or materials for the work

(giving a brief description of such services and materials), and that when added to all sums previously paid out by the Board the sum requested does not exceed the value of the work done to the date of such certificate;

(iii) Each request shall be accompanied by waivers of liens satisfactory to the Board, covering that part of the work for which payment or reimbursement is being requested and by a search prepared by a title company or licensed abstractor or by other evidence satisfactory to the Board, that there has not been filed with respect to the premises any mechanics' or other lien or instrument for the retention of title in respect of any part of the work not discharged of record;

(iv) The request for any payment after the work has been completed shall be accompanied by a copy of any certificate or certificates required by law to render occupancy of the premises legal;

(v) Such other conditions not inconsistent with the foregoing as the Board may reasonably request.

(c) Upon the completion of the work and payment in full therefore, any remaining proceeds of insurance then or thereafter in the hands of the Board shall be paid or credited to the Owners of the Apartments (or to the mortgagee or lessor of an Apartment if there be a mortgage or if the lessor is entitled by the lease to share in the proceeds) in proportion to their respective common interests.

(d) To the extent that any loss, damage or destruction to the buildings or other property is covered by insurance procured by the Board, the Board shall have no claim or cause of action for such loss, damaged or destruction against any Apartment Owner or lessee. To the extent that any loss, damage or destruction to the property of any Apartment Owner or lessee is covered by insurance procured by such Owner or lessee, such Owner or lessee shall have no claim or cause of action for such loss, damage or destruction against the Board, the Managing Agent, any other Apartment Owner, or the Association. All policies of insurance referred to in this paragraph (d) shall contain appropriate waivers of subrogation.

SECTION 6. Disposition of Buildings. In the event the common elements of the Project suffer substantial damage and if Apartment Owners holding eighty percent (80%) of the common interests of the Project shall agree in writing that the Project need not be rebuilt, then the provisions of Section 514B-47 of the Act shall control the disposition of the Project and all insurance proceeds. (Section 514-B-47 of the Act).