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ASSISTANT REGISTRAR, LAND COURT
STATE OF HAWAII
(Bureau of Conveyances)

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**FIRST AMENDMENT TO
BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF
EWA OCEANSIDE**

THIS FIRST AMENDMENT TO BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF EWA OCEANSIDE (this "Amendment"), is made as of May 4, 2006, by SMITH/FOTI DEVELOPMENT LIMITED PARTNERSHIP, a Hawaii limited partnership ("Declarant"), the address of which is 212 Merchant Street, Suite 330, Honolulu, Hawaii 96813, and EWA OCEANSIDE, LLC, a Hawaii limited liability company ("Fee Owner"), the address of which is 212 Merchant Street, Suite 330, Honolulu, Hawaii 96813.

RECITALS:

A. By Declaration of Condominium Property Regime of Ewa Oceanside, dated January 20, 2005, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Land Court") as Document No. 3221021, and noted on Transfer Certificate of Title No. 723,368, Declarant and Fee Owner submitted certain land and improvements, as described in the Declaration, to a condominium property regime known as Ewa Oceanside (the "Project"), with the plans therefor filed in the Land Court as Condominium Map No. 1691 (the "Condominium Map").

B. Declarant and Fee Owner also recorded those certain Bylaws of the Association of Apartment Owners of Ewa Oceanside, dated January 20, 2005, recorded in the Land Court as Document No. 3221022, and noted on Transfer Certificate of Title No. 723,368

Land Court as Document No. 3221022, and noted on Transfer Certificate of Title No. 723,368 (the "Bylaws").

C. Section 12.3(a) of the Bylaws provides, in relevant part, that "Except as otherwise expressly provided in the Declaration, these Bylaws or in the Act, these Bylaws may be amended in any respect not inconsistent with law or the Declaration by the affirmative vote or written consent of not less than sixty-five percent of the Owners"

D. Section 12.3(b) of the Bylaws provides, in relevant part, that "An amendment to the Bylaws shall be effective only upon the Recording of an instrument setting forth the amendment and the required vote and/or consent, which has been duly executed by all of the consenting Owners or any two officers of the Association."

E. As of the date of this Amendment, Fee Owner is the Owner of one hundred percent (100%) of the Apartments in, and common interests of, the Project, and there are no other Apartment Owners in the Project.

F. Pursuant to Section 12.3 of the Bylaws, Declarant and Fee Owner desire to amend the Bylaws as set forth in this Amendment and, by this Amendment, approve and consent to the amendments set forth herein.

G. Unless otherwise defined in this Amendment, all capitalized terms (other than those at the beginning of sentences) shall have the definitions given to them in the Bylaws.

AMENDMENTS:

NOW, THEREFORE, in consideration of the Recitals, Declarant and Fee Owner hereby amend the Bylaws as follows:

1. Section 7.2 of the Bylaws is deleted in its entirety and replaced with the following:

"7.2 Property Insurance.

(a) The Association shall, at its common expense, insure at all times and keep insured all common elements, including all buildings, fixtures and building service equipment therein located, and, whether or not part of the common elements, all exterior and interior walls, floors and ceilings of the Apartments (to the extent herein provided), in accordance with the "as built" condominium plans and specifications, but excluding any improvements made by an Owner (other than Fee Owner or Declarant), and excluding property of every kind and description which is underground (meaning below the level of contiguous ground and covered by earth, except underground conduit or wiring when beneath buildings) against loss or damage by fire with endorsements for extended coverage, vandalism and malicious mischief or such broader forms of protection as the Board may determine, in a sufficient amount to provide for the replacement thereof, without deduction for depreciation and with an Inflation Guard Endorsement (for purposes of this section, the type of casualty coverage

afforded under such a policy or alternate policy of insurance shall be described as "Fire Insurance"), provided that the Association shall have the right and duty to allocate premiums for the insurance it obtains in an equitable manner rather than necessarily based strictly on the common interests of the Apartments.

(b) If the Association shall specifically so elect, the Association's obligation to secure Fire Insurance shall be, to the extent permitted by law, delegated to the Apartment Owners as described in this Section 7.2(b), and the expense incurred by the Apartment Owner in securing such coverage shall be deemed a "common expense" regardless of to whom paid; provided, however, the Association shall not be required to account for the same; and provided, further, that the premiums for such insurance shall be paid by and allocated to the Apartment Owners individually according to such premium schedule as the insurers and the Apartment Owners shall determine and not according to the common interests of the Apartments. During such period, all Apartment Owners shall obtain, secure and maintain the "Apartment Insurance Coverage" described in Sections 7.7 of these Bylaws, subject to the requirements of Sections 7.3 and 7.4 of these Bylaws. The Apartment Insurance Coverage shall name the Association as an additional insured to the extent herein provided. Each Apartment Owner shall indemnify and hold harmless the other Apartment Owners and the Association from and against any liability or damages relating to a failure by such Apartment Owner to satisfy any insurance obligations hereunder relating to his or her Apartment and the limited common elements appurtenant thereto.

(c) In the event the Association elects to require Apartment Owners to obtain Apartment Insurance Coverage and thereafter the Association elects at some point to secure Fire Insurance coverage as primary coverage in substitution of the Apartment Owners' coverages (the "Primary Coverage"), the Association shall do so in a manner which minimizes to the extent reasonably practicable additional costs to which individual Apartment Owners may be subjected by virtue of the decision of the Association. Where possible, the Association shall obtain coverage in an amount or amounts permitting the adjustment and/or increase thereof as and when individual Owners' Apartment Insurance Coverage policies expire, with the design to fully and completely insure all Apartments within the Project within a pre-established period of time not to exceed one (1) year from the date of the initial acquisition of the policy described in this Section and the date that such policy covers all Apartments within the Project. At the conclusion of such period, which may be set in the discretion of the Association, subject to the caveat set forth in the prior sentence, the obligation of individual Owners to secure, obtain and maintain Apartment Insurance Coverage pursuant to the Declaration and these Bylaws shall terminate for so long as the Association determines to maintain Primary Coverage as aforescribed. Further, at any time if available, the Association may elect to obtain, as a common expense, a policy or policies of insurance providing additional coverage (for Fire Insurance or otherwise as herein permitted) for all Apartments and improvements located on the Yard Areas and all buildings, fixtures, building service equipment and common elements within the Project providing additional or umbrella coverage above and beyond that afforded by any single or collective Apartment Insurance Coverage policy or policies secured by Owners, or fire insurance coverage secured by the Association (the "Umbrella Coverage"). If the Association elects to obtain Umbrella Coverage the cost thereof shall be a common expense of the Association allocable to the Apartment Owners. Anything in this Article 7 to the contrary

notwithstanding, the Association shall have the right and duty to allocate premiums for the insurance it obtains in an equitable manner rather than necessarily based strictly on the common interests of the Apartments. For example, if all or part of the premiums for the Primary Coverage and/or the Umbrella Coverage are based on the respective replacement costs of the Apartments and their appurtenant limited common elements, said portions of those premiums shall be allocated among the Apartment Owners accordingly, rather than based on the Apartments' common interests, which may not reflect the Apartments' respective replacement costs."

2. Section 7.6 of the Bylaws is deleted in its entirety and replaced with the following:

"7.6 Insurance Premiums; Individual Policies. All premiums for insurance policies herein required to be obtained by the Board on behalf of the Association shall be a common expense of the Project; provided, however, that each Apartment Owner shall be fully and individually responsible for the payment of all premiums relating to any policy or policies (whether separate policies or a master policy) covering or relating to his or her respective Apartment and the limited common elements appurtenant thereto, such premiums deemed to be charged to such Apartment Owner as a special assessment; and provided, further, that premiums for such insurance shall generally be based on the replacement cost of the Apartment and appurtenant limited common elements and not on the Apartment's common interest. The obligations of the Board, on behalf of the Association, to procure insurance policies pursuant to this Article 7 shall be deemed satisfied if the Association shall elect to obligate each Apartment Owner, at such Owner's sole expense, to procure and maintain separate policies (assuming separate policies are reasonably available) covering his or her respective Apartment and appurtenant limited common elements, with such policies meeting each of the requirements set forth in Sections 7.1, 7.2, 7.3 and 7.4 above; provided that the Association shall always be named as an additional insured under such individual policies. Each Apartment Owner agrees to indemnify and hold harmless all other Apartment Owners and the Association from and against any liability or damages relating to a failure by such Apartment Owner or the Association to satisfy any insurance obligations hereunder relating to his or here Apartment and the limited common elements appurtenant thereto."

3. Section 7.7 of the Bylaws is deleted in its entirety and replaced with the following:

"7.7 Individual Apartment Insurance. By virtue of taking title to an Apartment, each Owner covenants and agrees with all other Owners and with Declarant, Fee Owner and the Association that such Owner shall, so long as the Association elects not to obtain fire or other casualty insurance coverage on Apartments within the Project (subject to the Association's requirement to obtain fire insurance covering the common elements and other portions of the Project, including portions of the Apartments as described in these Bylaws), carry or provide for blanket all-risk casualty insurance which shall include coverage against loss or damage by fire with endorsements for extended coverage, vandalism, malicious mischief and the additional coverages hereinafter provided (the "Apartment Insurance Coverage"), with appropriate liability coverage, on such Owner's Apartment and improvements to the Yard Area on such terms and

with such limits as a reasonably prudent person would obtain, and in an amount that is sufficient to ensure that the Owner will meet his obligation to fully restore the Apartment and improvements upon any casualty without deduction for depreciation and with an Inflation Guard Endorsement. The Apartment Insurance Coverage shall name the Association as an insured and any proceeds thereof shall be payable jointly to the Association to the extent of its interest in the restoration of the Apartment arising under the Declaration. By virtue of taking title to an Apartment, each Owner also covenants and agrees with all other Owners and with Declarant, Fee Owner and the Association that such Owner shall, so long as the Association elects not to obtain flood insurance coverage on Apartments within the Project, also carry or provide for flood insurance, as part of the Apartment Insurance Coverage, in the amount of the replacement cost of the Apartment or for the maximum limit of coverage available under the National Flood Insurance Act of 1973, as amended, whichever is less. Each Owner further covenants and agrees that in the event of a loss or damage and destruction (whether resulting in the total or less than total destruction) of the Apartment and/or other improvements, the Owner shall proceed promptly to repair, rebuild, reconstruct or otherwise reinstate the damaged Apartment and other improvements in a manner consistent with the original construction, or proceed in such other manner as may be approved in accordance with the Declaration. Under the foregoing circumstances, the Owner shall make up from Owner's own funds any deficiency in any insurance proceeds required to repair and to reconstruct the damaged Apartment and improvements in the foregoing manner."

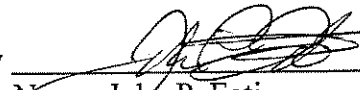
Except as amended by this Amendment and all other recorded amendments, the Declaration and the Condominium Map shall continue in full force and effect as first written.

[SIGNATURE PAGE FOLLOWS]

Declarant and Fee Owner have executed this Amendment as of the date referenced above.


SMITH/FOTI DEVELOPMENT LIMITED
PARTNERSHIP,
a Hawaii limited partnership

By: SMITH/FOTI DEVELOPMENT, INC.
Its General Partner

By 
Name: John P. Foti
Title: Vice President

Declarant

EWA OCEANSIDE, LLC,
a Hawaii limited liability company

By 
Name: John P. Foti
Title: Member

Fee Owner

STATE OF HAWAII)
)
CITY AND COUNTY OF HONOLULU) SS.

On this 4th day of May, 2006, before me personally appeared John P. Fofi, 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 capacities shown, having been duly authorized to execute such instrument in such capacities.

LS

Noneth B. Sahinas
Notary Public, State of Hawaii
Print or Type Name: NONETH SAHINAS
My commission expires: 4-10-2009