

**AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR KAOHE RANCH SUBDIVISION**

That certain Declaration of Protective Covenants, Conditions and Restrictions for Kaohe Ranch Subdivision (hereinafter "CC & R's"), recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-173651 and pertaining to that certain real property situated on the easterly side of Mamalahoa Highway, at Kaohe 4th, South Kona, Island, County and State of Hawaii, bearing Tax Map Key: (3) 8-7-8-8 is hereby amended, revised and superseded by the following provisions. In the event of any conflict between the meaning, terms and conditions of said CC & R's and the terms, provisions and conditions of this Amendment, this Amendment shall control.

Paragraph 2.4 entitled "Voting Rights" is hereby deleted and the following is inserted in place thereof:

Voting by proxy or by ballot shall be permitted. The right of each voter to vote may not be severed or separated from any lot, and any sale, transfer or conveyance of the estate of an owner in his lot shall operate to transfer the appurtenant voting rights without the requirement or any express reference thereto. Each owner, including Declarant, shall have one vote for each Homeowners Association lot which he owns. In the event of multiple owners of the same lot, the multiple owners shall, prior to each meeting of the Homeowners' Association, provide the Board with a written statement signed by each such multiple owner, designating one person who shall have the right to cast the vote assigned to the lot owned by such multiple owners. In the absence of such a written statement, if only one owner of multiple owners casts a vote with respect to such lot, that vote will be counted. However, if there are multiple conflicting votes cast with respect to any given lot no vote with respect to such lot shall be counted.

Paragraph 2.5 entitled "Quorums" is hereby deleted and the following is inserted in place thereof:

The presence of a majority of the total voting power of the Homeowners' Association, in person, by proxy or by ballot at any meeting to consider a matter shall constitute a quorum for consideration of that matter. Except as a

greater percentage of votes is required under a specific provision of this Declaration or of the Homeowners' Association Articles or By-Laws, a majority of the votes cast on the matter or, in the case of elections in which there are more than two (2) candidates, a plurality of votes cast, shall decide the matter.

Anything contained within the CC & R's not withstanding the Homeowners' Association is hereby authorized and empowered to assign to Kaohe Ranch Road Maintenance Corporation, a Hawaii non-profit corporation, all of its rights, responsibilities and obligations to repair, maintain, improve or otherwise modify the road system. In connection therewith, Kaohe Ranch Road Maintenance Corporation shall have the powers as set forth in Paragraph 5.1(b) of the CC & R's, as amended, to impose assessments for road maintenance expenses, provided, however, that neither the Homeowners' Association nor the Kaohe Ranch Road Maintenance Corporation shall be permitted to obligate the owners of any lot in Kaohe Ranch Subdivision to pay for the expense of extending the roadway system to service other properties not included in the Kaohe Ranch Subdivision. In the event that any owners of land are permitted to use the road system, for ingress and egress, those owners shall be required to be members of the Kaohe Ranch Road Maintenance Corporation and to pay their proportionate share of actual annual costs of road maintenance pursuant to the formula as set forth in Paragraph 4.2 of the CC & R's. The Kaohe Ranch Road Maintenance Corporation shall be empowered to impose with respect to the use of the roadway system such rules and regulations as are reasonably calculated to promote the safety and well being of the roadway users and owners in Kaohe Ranch Subdivision.

Paragraph 4.2 entitled "Cost Sharing for Road Maintenance and Improvements" is hereby deleted and the following is inserted in place thereof:

Each Owner of a Lot shall be responsible for and shall pay to the Declarant (or to the Kaohe Ranch Road Maintenance Corporation at such time as the obligation to maintain the road is assigned to it) Thirty and no/100 Dollars (\$30.00) each month, with yearly increases not to exceed the published U. S. Consumer Price Index for the Honolulu Metropolitan area or such similar measure of inflation then in existence or five percent (5%), whichever is lower, for the purposes of road maintenance.

Paragraph 5.1(b) entitled "Assessments" is hereby deleted and the following is inserted in place thereof:

Road maintenance assessments, payable to the Declarant (or to the Kaohe Ranch Road Maintenance Corporation at such time as the obligation for road maintenance is assigned to the Kaohe Ranch Road Maintenance Corporation), by all owners of Homeowners' Association lots and all other members of the Kaohe Ranch Road Maintenance Corporation in connection with the maintenance and repair of the road system, as set forth herein;

Paragraph 5.1(c) entitled "Assessments" is hereby deleted and the following is inserted in place thereof:

Homeowners' Association assessments, payable to the Declarant (or to the Homeowners' Association at such time that the Homeowners' Association is activated pursuant to Paragraph 2.1 of the CC & R's) by all owners of Homeowners' Association lots in connection with the administration and operation of the Homeowners' Association.

Paragraph 5.1(d) is hereby deleted and the following is inserted in place thereof:

In addition to the regular monthly assessments, the Declarant, Homeowners' Association or the Kaohe Ranch Road Maintenance Corporation may levy a special assessment for road repair purposes only provided that no special assessment may be levied unless the entity seeking to do so provides each owner or other user of the roadway affected thereby with a detailed description of the repair work sought to be done and an estimate of the costs to be incurred thereby and unless the owners and all such other users of the roadway system affected thereby vote to approve such special assessments pursuant to Article 2 of the CC & R's, at a special meeting called for that purpose.

All other terms and provisions of said CC & R's not specifically modified herein shall remain unchanged and in full force and effect.

The parties agree that this Amendment may be signed and acknowledged in counterparts, each of which shall be considered an original, and the counterparts shall together constitute one and the same agreement, binding all of the parties to the Amendment, notwithstanding that all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this Amendment, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

The undersigned KAOHE RANCH ESTATES, INC., a Washington corporation, having acquired all of the rights, obligations and duties of the Declarant under said CC & R's does hereby consent to the foregoing Amendment to CC & R's as required pursuant to Paragraph 11.3 of the CC & R's; and

The President and Secretary of the undersigned KAOHE RANCH SUBDIVISION HOMEOWNERS' ASSOCIATION, an unincorporated association of property owners (the "Association"), do hereby certify pursuant to Paragraph 11.3 of the CC & R's that the foregoing Amendment to CC & R's has been approved by the affirmative vote of not less than seventy-five percent (75%) of the total voting power of the Association at a meeting of the Association duly called and held on March 31, 1994, for the purpose of authorizing such amendment, and notice of which meeting disclosed that such amendment would be considered.

IN WITNESS WHEREOF, the undersigned have placed their hands on this 14th day of April, 1994.

KAOHE RANCH ESTATES, INC., a Washington corporation

Gene L. Henry
BY _____
GENE L. HENRY, Its President

By _____
THOMAS L. ALLEN, Its Secretary

KAOHE RANCH SUBDIVISION HOMEOWNERS' ASSOCIATION, an unincorporated association of property owners

Gene L. Henry
By _____
GENE L. HENRY, Its President

By _____
THOMAS L. ALLEN, Its Secretary

RECORDER'S MEMO: Legibility of Writing, Typing or Printing UNSATISFACTORY in this Document when received.

The parties agree that this Amendment may be signed and acknowledged in counterparts, each of which shall be considered an original, and the counterparts shall together constitute one and the same agreement, binding all of the parties to the Amendment, notwithstanding that all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this Amendment, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

The undersigned KAOHE RANCH ESTATES, INC., a Washington corporation, having acquired all of the rights, obligations and duties of the Declarant under said CC & R's does hereby consent to the foregoing Amendment to CC & R's as required pursuant to Paragraph 11.3 of the CC & R's; and

The President and Secretary of the undersigned KAOHE RANCH SUBDIVISION HOMEOWNERS' ASSOCIATION, an unincorporated association of property owners (the "Association"), do hereby certify pursuant to Paragraph 11.3 of the CC & R's that the foregoing Amendment to CC & R's has been approved by the affirmative vote of not less than seventy-five percent (75%) of the total voting power of the Association at a meeting of the Association duly called and held on March 31, 1994, for the purpose of authorizing such amendment, and notice of which meeting disclosed that such amendment would be considered.

IN WITNESS WHEREOF, the undersigned have placed their hands on this 14th day of April, 1994.

KAOHE RANCH ESTATES, INC., a
Washington corporation

By _____
GENE L. HENRY, Its President

By Thomas L. Allen
THOMAS L. ALLEN, Its Secretary

KAOHE RANCH SUBDIVISION HOMEOWNERS'
ASSOCIATION, an unincorporated
association of property owners

By _____
GENE L. HENRY, Its President

By Thomas L. Allen
THOMAS L. ALLEN, Its Secretary

STATE OF WASHINGTON)
) SS:
COUNTY OF King)

On this 14th day of April, 1994,
before me personally appeared GENE L. HENRY, to me personally
known, who, being by me duly sworn, did say that he is the
President of KAOHE RANCH ESTATES, INC., a Washington corporation,
and that said instrument was signed on behalf of said corporation
by authority of its Board of Directors; and said officer
acknowledged that he executed said instrument as the free act and
deed of said corporation.

Dean W. Hemball
Notary Public of and for said
State and County

My commission expires: 9-1-95

RECORDER'S MEMO: Legibility of Writing, Typing or Printing UNSATISFACTORY
in this Document when received.

STATE OF WASHINGTON

COUNTY OF King

}
} SS:

On this 14th day of April, 1994,
before me personally appeared GENE L. HENRY, to me personally
known, who, being by me duly sworn, did say that he is the
President of KACHE RANCH SUBDIVISION HOMEOWNERS' ASSOCIATION, an
unincorporated association of property owners, and that said
instrument was signed on behalf of said Association by authority of
its Board of Directors, and said officer acknowledged that he
executed said instrument as the free act and deed of the Board of
Directors of the Association.

Dean W. Heimback

Notary Public of and for said
State and County

My commission expires: 9-1-95

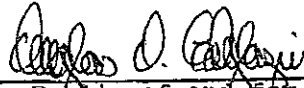
RECORDER'S MEMO: Legibility of Writing, Typing or Printing UNSATISFACTORY
in this Document when received.

STATE OF WASHINGTON

COUNTY OF Skagit

)
) SS:
)

On this 14th day of April, 1994,
before me personally appeared THOMAS L. ALLEN, to me personally
known, who, being by me duly sworn, did say that he is the
Secretary of KACHE RANCH ESTATES, INC., a Washington corporation,
and that said instrument was signed on behalf of said corporation
by authority of its Board of Directors; and said officer
acknowledged that he executed said instrument as the free act and
deed of said corporation.



Notary Public of and for said
State and County

My commission expires: 2-17-97

STATE OF WASHINGTON

COUNTY OF Skagit

)
) SS:
)

On this 14th day of April, 1994,
before me personally appeared THOMAS L. ALLEN, to me personally
known, who, being by me duly sworn, did say that he is the
Secretary of KACHE RANCH SUBDIVISION HOMEOWNERS' ASSOCIATION, an
unincorporated association of property owners, and that said
instrument was signed on behalf of said Association by authority of
its Board of Directors, and said officer acknowledged that he
executed said instrument as the free act and deed of the Board of
Directors of the Association.

Charles A. Pagan
Notary Public of and for said
State and County

My commission expires: 2-17-97