

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION OF APARTMENT OWNERS OF MOANA PACIFIC
REGARDING INSURANCE DEDUCTIBLES**

WHEREAS, Section 14.1 of the Declaration requires the Board to maintain insurance on the common elements of the Project and, whether or not part of the common elements, all exterior and interior walls, floors, ceilings, cabinets, appliances, wall coverings, floor covering, permanently installed fixtures and built-in fixtures, as installed; and

WHEREAS, Section 14.1 of the Declaration allows the Board to have such deductibles as the Board deems appropriate; and

WHEREAS, Section 15.1(d) of the Declaration provides that in the event that the insurance proceeds are insufficient to cover the cost of all the repairs, the Board shall levy a special assessment against (1) all the apartments if the repairs affect the common elements, exclusive of limited common elements; (2) only the apartments affected if the repairs affect only one or several apartments; and (3) only the apartments to which a common element is appurtenant if the repairs affect a limited common element; and

WHEREAS, Section 514B-143(d) of the Hawai'i Revised Statutes provides that concerning insurance deductibles, the Board may either (1) pay the deductible amount as a common expense; (2) assess the deductible amount against the owners who caused the damage or from whose units the damage or cause of loss originated, under the condition that these owners were provided with notice and an opportunity to be heard; or (3) require the unit owners of the units affected to pay the deductible amount.

THEREFORE, BE IT RESOLVED THAT the Board hereby adopts the following Policy which will be effective on October 4, 2007.

PAYMENT OF INSURANCE DEDUCTIBLES

1. Except as provided below, for claims involving the common elements, the Association shall pay the deductible as a common expense.
2. If a claim involves the common elements and apartments and/or limited common elements, the Board may apportion the cost of the deductible between owners and the Association and assess owners for their share of the deductible. For example, if a claim affects both the common elements and two apartments, the deductible may be divided by three (between the Association and the two owners).

3. The Board may assess the entire amount of the deductible against an owner if: (1) the owner or any occupant of the owner's apartment caused the damage, or (2) the damage or cause of loss originated from the owner's apartment. In this case, the Board shall provide the owner with notice and an opportunity to be heard in accordance with Section 514B-143(d) of the Hawai'i Revised Statutes.

BE IT FURTHER RESOLVED THAT copies of the policy will be sent to each and every member of the Association.

I, William Bartlett, Secretary of the Board of Directors of the Association of Apartment Owners of Moana Pacific, hereby certify that the above is a true copy of the Resolution duly adopted at a meeting of the Board of Directors, duly held on the day of October 4, 2007 and duly entered in the book of minutes of the Association, and that this Resolution is in full force and effect.

DATED: Honolulu, Hawai'i, OCTOBER 4, 2007.


[Secretary's Signature here]

WILLIAM BARTLETT Secretary
[Print Name here]