

THE ORIGINAL OF THE DOCUMENT
RECORDED AS FOLLOWS:
STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE DEC 17 2010 TIME 14:00
DOCUMENT NO. 2010-196603

Return by: Mail [] Pickup [XX] To:
ANDERSON LAHNE & FUJISAKI LLP
A Limited Liability Law Partnership
Joyce Y. Neeley (3134-0)
733 Bishop Street, Suite 2301
Honolulu, Hawaii 96813 (808) 536-8177

**RESTATEMENT TO ARTICLE V, SECTION 3(I) OF THE
BY-LAWS OF
THE ASSOCIATION OF APARTMENT OWNERS OF
HOKULANI IN KAILUA
(Condominium Map No. 1138)**

WHEREAS, Hokulani in Kailua ("the Project") was created by Declaration of Horizontal Property Regime recorded in the Bureau of Conveyances of the State of Hawaii on July 5, 1988 in Liber 22108, Page 161 and restated by instruments recorded on September 12, 1994 and August 11, 1995 as Document Nos. 94-150380 and 95-104139 (the "Declaration"); and

WHEREAS, said Declaration, as amended and restated, provided for the organization of the Association of Apartment Owners of Hokulani in Kailua and established By-Laws therefor, which By-Laws were attached to the Declaration and incorporated therein by reference and were restated by instruments recorded on September 12, 1994 and August 11, 1995 as Document Nos. 94-150381 and 95-104140;

WHEREAS, Section 514B-109(b), Hawaii Revised Statutes, provides that, subject to Section 514B-23, condominium associations of apartment owners may at any time restate the declaration and bylaws of the associations as may be required in order to conform with the provisions of Chapter 514B, Hawaii Revised Statutes, or any other statute, ordinance, rule, or regulation enacted by any governmental authority, by resolution adopted by the Board of Directors, and the restated declaration and bylaws shall be as fully effective for all purposes as if adopted by the vote or written consent of the apartment owners;

WHEREAS, by adoption of a resolution on NOVEMBER 8, 2010, the Board of Directors of the Association of Apartment Owners of Hokulani in Kailua voted to record a restated version of Article V, §3(1) of the By-Laws which would set forth such provisions of the By-Laws, as amended and restated and which would conform to Chapter 515, HRS, Hawaii Revised Statutes and 42 USC §3601, et seq.

NOW, THEREFORE, the By-Laws of the Association of Apartment Owners of Hokulani in Kailua are hereby restated as follows:

Article V, §3(1) of the By-Laws is amended to read as follows:

(1) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent; provided, however, notwithstanding any other provision herein, visually impaired persons may keep guide dogs as defined in Chapter 515, Hawaii Revised Statutes, hearing impaired persons may keep signal dogs as defined in Chapter 515, Hawaii Revised Statutes, and disabled persons may keep service dogs/animals as provided and defined in Chapter 515, Hawaii Revised Statutes, in their apartments and may use such dogs/animals as reasonably necessary to enjoyment of the Project.

In all other respects the By-Laws, as amended and restated, are hereby confirmed and shall be binding upon and inure to the benefit of owners and their respective successors and permitted assigns.

The undersigned officers of the Association hereby certify that the foregoing restatement of By-Laws was duly adopted by resolution of the Board of Directors.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 7th day of Dec, 2010.

ASSOCIATION OF APARTMENT OWNERS
OF HOKULANI IN KAILUA

By: Elizabeth A. Elsen

TYPE NAME: Elizabeth A. Elsen

TYPE TITLE: President

By: Earl K. Goldberg

TYPE NAME: Earl K. Goldberg

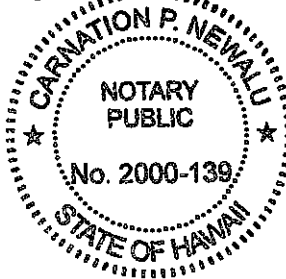
TYPE TITLE: Treasurer

STATE OF HAWAII)
)
CITY AND COUNTY OF HONOLULU)

SS:

On this 7th day of Dec., 2010, in the First Circuit, State of Hawaii, before me personally appeared Elizabeth A Elsen, to me personally known, who, being by me duly sworn or affirmed, did say that he/she is the President of the Association of Apartment Owners of Hokulani in Kailua and that said instrument identified or described as Restatement to Article V, Section 3(1) of the By-Laws of the Association Of Apartment Owners of Hokulani in Kailua was signed on behalf of said Association by authority of its Board of Directors, and that said officer acknowledged said instrument to be the free act and deed of said Association.

The foregoing instrument is dated 12-7-10 and contained 4 pages at the time of this acknowledgment/certification.



Carnation P. Newalu

(Signature)

Carnation P. Newalu

(Printed or Typed Name)

Notary Public, State of Hawaii

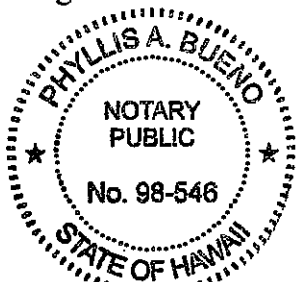
My Commission Expires: 04-02-2012

STATE OF HAWAII)
)
CITY AND COUNTY OF HONOLULU)

SS:

On this 8th day of Dec., 2010, in the First Circuit, State of Hawaii, before me personally appeared Earl K. Goldberg to me personally known, who, being by me duly sworn or affirmed, did say that he/she is the Treasurer of the Association of Apartment Owners of Hokulani in Kailua and that said instrument identified or described as Restatement to Article V, Section 3(1) of the By-Laws of the Association Of Apartment Owners of Hokulani in Kailua was signed on behalf of said Association by authority of its Board of Directors, and that said officer acknowledged said instrument to be the free act and deed of said Association.

The foregoing instrument is dated 12-7-10 and contained 4 pages at the time of this acknowledgment/certification.



Phyllis A. Bueno

(Signature)

PHYLLIS A. BUENO

(Printed or Typed Name)

Notary Public, State of Hawaii

My Commission Expires: 10-25-14

THE ORIGINAL OF THE DOCUMENT
RECORDED AS FOLLOWS:
STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE 03-07-00 TIME 08:02

DOCUMENT NO. 2100-030411

LAND COURT SYSTEM

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Return by: Mail [] Pickup [] To:

NEELEY & ANDERSON
Attorneys at Law, A Law Partnership
Joyce Y. Neeley (3134-0)
733 Bishop Street, Suite 2301
Honolulu, Hawaii 96813 (808) 536-8177

**AMENDMENT TO THE BY-LAWS OF THE
ASSOCIATION OF APARTMENT OWNERS OF HOKULANI IN KAILUA
(Condominium Map. No. 1138)**

WHEREAS, by Declaration of Horizontal Property Regime recorded in the Bureau of Conveyances of the State of Hawaii on July 5, 1988 in Liber 22108, Page 161 (herein called the "Declaration"), JAMES C. CASTLE, also known as James Christian Castle, JAMES C. McINTOSH, also known as James Castle McIntosh and HAWAIIAN TRUST COMPANY, LIMITED, Trustees of the Trust Estate established pursuant to Article Eighth of the Last Will and Testament of Harold K.L. Castle, deceased, (herein collectively called "the Fee Owner"), CHAMPION PROPERTIES CORPORATION, a Delaware corporation, duly registered to do business in the State of Hawaii, KEN NOBUTA, and PEPPERDALE, INC., (herein called the "Developer"), all submitted the property described in said Declaration to the provisions of the Horizontal Property Act, Chapter 514A, Hawaii Revised Statutes, as amended, including the By-Laws of the Association of Apartment Owners of Hokulani in Kailua attached to said Declaration, and contemporaneously therewith recorded in said Bureau, certain plans, incorporated in said Declaration by reference, as Condominium File Plan No. 1138 thereby establishing the HOKULANI IN KAILUA Condominium Project (herein called the "Project");

WHEREAS, said Declaration provided for the organization of the Association of Apartment Owners of the Project and established By-Laws therefor, which By-Laws were attached to said Declaration and incorporated therein by reference; and

WHEREAS, said Declaration and By-Laws were duly amended by instruments recorded in the Bureau of Conveyances of the State of Hawaii on March 20, 1989 in Liber 22967 at Page 352, on April 21, 1989 in Liber 23097 at Page 350, on May 26, 1989 in Liber 23229 at Page 127, on July 3, 1989 in Liber 23365 at Page 145, on July 3, 1989 in Liber 23365 at Page 234, on December 26, 1989 in Liber 24043 at Page 257, on December 26, 1989 in Liber 24043 at Page 267, on August 15, 1990 as Document No. 90-125451, on February 8, 1991 as Document No. 91-017017, on June 17, 1991 as Document No. 91-078144, on July 12, 1991 as Document No. 91-094015, on September 20, 1991 as Document No. 91-128271, on October 30, 1991 as Document No. 91-149365, on November 18, 1991 as Document No. 91-158418, on February 12, 1993 as Document No. 93-023873, on December 8, 1993 as Document No. 93-203023 and on June 3, 1994 as Document No. 94-094050, and said Declaration was restated by instruments recorded on September 12, 1994 and August 11, 1995 as Document Nos. 94-150380 and 95-104139 and said By-Laws were restated by instruments recorded on September 12, 1994 and August 11, 1995 as Document Nos. 94-150381 and 95-104140 and amended by instruments recorded on November 20, 1996 as Document No. 96-164458 and on July 28, 1999 as Document No. 99-120749.

WHEREAS, Section 514A-82(b)(2), Hawaii Revised Statutes, and Article VI, Section 1 of the By-Laws provide that the By-Laws may be amended by the vote or written consent of owners holding at least sixty-five percent (65%) of the common interest;

WHEREAS, by written consent owners holding more than sixty-five percent (65%) of the common interest have consented to amend the By-Laws, as hereinafter set forth.

NOW, THEREFORE, the Association of Apartment Owners of Hokulani in Kailua, pursuant to the provisions of Chapter 514A, Hawaii Revised Statutes, and Article VI, Section 1 of said By-Laws does hereby amend said By-Laws as follows:

1. Article II, Section 1 of the By-Laws is amended to read as follows.

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons. All members of the Board shall be owners, co-owners, vendees under an agreement of sale or an officer of any corporate owner, or in the case of fiduciary owners, shall be the fiduciaries or officers or employees of such fiduciaries. The partners in a general partnership and the general partners of a limited partnership shall be deemed to be the owners of an apartment owned by their partnership for the purposes of this paragraph. No resident manager of the condominium shall serve on the Board of Directors. The directors shall serve without compensation. Directors may be

reimbursed for expenses incurred while acting on behalf of the Association; provided, however, no Association funds shall be expended by directors for travel, directors' fees or per diem unless owners are informed and a majority approve of the expenses. The directors may expend Association funds, which shall not be deemed to be compensation to the directors, to educate and train themselves in subject areas directly related to their duties and responsibilities as directors; provided that the approved annual operating budget includes these expenses as separate line items. These expenses may include registration fees, books, videos, tapes, other educational materials, and economy travel expenses; provided, however, that except for economy travel expenses within the State, all other travel expenses shall be subject to owner approval. There shall not be more than one representative on the Board of Directors from any one apartment.

2. Article II, Section 3 of the By-Laws is amended to read as follows.

Section 3. Election and Term. Election of directors shall be by cumulative voting by secret ballot at each annual meeting and any special meeting called for the purpose. Directors shall hold office for a period of three (3) years and until their respective successors have been elected or appointed, subject to removal as herein; provided that in order to insure that approximately one-third of the directors' terms shall expire at each annual meeting, the Board of Directors shall be empowered to adjust the terms following passage of this amendment. No decrease in number of directors shall have the effect of shortening the term of any incumbent director. Each owner shall be entitled to cumulate his votes and give all thereof to one nominee or to distribute his votes in such manner as he shall determine among any or all of the nominees, and the nominees receiving the highest number of votes on the foregoing basis, up to the total number of directors to be elected, shall be deemed elected.

In all other respects the By-Laws, as amended, are hereby confirmed and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

The undersigned officers of the Association hereby certify that the foregoing amendments to the By-Laws were adopted by the Association of Apartment Owners of the Hokulani in Kailua by the written consent of owners holding more than sixty-five percent (65%) of the common interest.

IN WITNESS WHEREOF this instrument has been executed this 25th day of
February, 2000.

ASSOCIATION OF APARTMENT OWNERS OF
HOKULANI IN KAILUA

By: *Douglas C. Smith*

Douglas C. Smith

TYPE NAME: *Douglas C. Smith*

TYPE TITLE: *President* President

By: *Elizabeth A. Elsen*

Elizabeth A. Elsen

TYPE NAME: *ELIZABETH A. ELSER*

TYPE TITLE: *Vice President-Treasurer*
VICE PRES. - TREASURER

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

On this 15th day of February, 2000, before me personally appeared Douglas C. Smith, to me personally known, who being by me duly sworn, did say that he is the President of the ASSOCIATION OF APARTMENT OWNERS OF HOKULANI IN KAILUA and that said instrument was signed in behalf of said Association by authority of its Board of Directors, and that said officer acknowledged said instrument to be the free act and deed of said Association.

Jessie Tugade-Parmley
(Signature)
JESSIE TUGADE-PARMLEY
(Printed or Typed Name)

Notary Public, State of Hawaii
My commission expires: 4/15/2006

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

On this 25th day of February, 2000, before me personally appeared Elizabeth A. Elsie, to me personally known, who being by me duly sworn, did say that she is the V.P. / Treas. of the ASSOCIATION OF APARTMENT OWNERS OF HOKULANI IN KAILUA and that said instrument was signed in behalf of said Association by authority of its Board of Directors, and that said officer acknowledged said instrument to be the free act and deed of said Association.

Loke Young
(Signature)
Loke Young
(Printed or Typed Name)

Notary Public, State of Hawaii
My commission expires: 5/29/2003

THE ORIGINAL OF THE DOCUMENT
RECORDED AS FOLLOWS:
STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE 08-11-95 TIME 08:02

DOCUMENT NO. 95-104140

LAND COURT SYSTEM

REGULAR SYSTEM

Return by: Mail [] Pickup [] To:

NEELEY & ANDERSON
Attorneys at Law, A Law Partnership
Joyce Y. Neeley (3134-0)
733 Bishop Street, Suite 2301
Honolulu, Hawaii 96813 (808) 536-8177

2

SECOND RESTATEMENT OF BY-LAWS OF THE
ASSOCIATION OF APARTMENT OWNERS OF HOKULANI IN KAILUA

WHEREAS, Section 514A-82.2(A), Hawaii Revised Statutes, provides that associations of apartment owners may at any time restate the by-laws of the associations to set forth all amendments thereof by resolution adopted by the Board of Directors;

WHEREAS, Section 514A-82.2(B), Hawaii Revised Statutes, provides that associations of apartment owners may at any time restate the by-laws of the associations to amend the by-laws as may be required in order to conform with the provisions of Chapter 514A, Hawaii Revised Statutes, or any other statute, ordinance, rule, or regulation enacted by any governmental authority, by resolution adopted by the Board of Directors, and the restated by-laws shall be as fully effective for all purposes as if adopted by the vote or written consent of the apartment owners. Section 514A-82.2(B), Hawaii Revised Statutes, further provides that the by-laws as restated pursuant to that section shall: 1) identify each portion so restated; 2) contain a statement that those portions have been restated solely for the purposes of information and convenience; 3) identify the statute, ordinance, rule, or regulation implemented by the amendment; and 4) state that in the event of any conflict, the restated by-laws shall be subordinate to the cited statute, ordinance, rule, or regulation;

WHEREAS, Section 514A-82.2(C), Hawaii Revised Statutes, provides that upon the adoption of a resolution pursuant to Section 514A-82.2(A) or (B), Hawaii Revised Statutes, the restated by-laws shall set forth all of the operative provisions of the by-laws, as amended, together with a statement that the restated by-laws correctly set forth, without change, the corresponding provisions of the by-laws, as amended, and that the restated by-laws supersede the original by-laws and all prior amendments thereto;

WHEREAS, the Board of Directors of the Association of Apartment Owners of Hokulani in Kailua by adoption of a resolution in June 1994 voted to record a restated version of the By-Laws which would set forth the provisions of the By-Laws recorded in the Bureau of Conveyances of the State of Hawaii on July 5, 1988 in Liber 22108 at Page 196 as amended by instruments recorded as aforesaid on July 12, 1991 as Document No. 91-094015 and recorded on June 3, 1994 as Document No. 94-94050 which instrument was recorded as aforesaid on September 12, 1994 as Document No. 94-150381.

WHEREAS, the Board of Directors of the Association of Apartment Owners of Hokulani in Kailua by adoption of a resolution at a meeting on April 10, 1995 voted to record a second restated version of the By-Laws which would conform with the provisions of Chapter 514A, Hawaii Revised Statutes and other statutes, ordinances, rules and regulations enacted by other governmental authority;

NOW, THEREFORE, the By-Laws of the Association of Apartment Owners of Hokulani in Kailua are hereby restated as set forth below. Each By-Law provision that has been restated has been identified in the endnotes attached hereto. Said provisions have been restated solely for the purposes of information and convenience. To the extent that there is any conflict between the restated provisions of the By-Laws and the statute or statutes being implemented, the provisions of the restated By-Laws shall be subordinate to said statute or statutes. The restated version of the By-Laws correctly sets forth, without change, the corresponding provisions of the By-Laws, as amended. This restated version of the By-Laws shall supersede the original By-Laws and all prior amendments thereto; provided, however, that in the event of any conflict, the restated version of the By-Laws shall be subordinate to the original By-Laws and all prior amendments thereto.

BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS
OF HOKULANI IN KAILUA

The following By-Laws shall apply to the above-named condominium project (herein called the "project"), as described in and created by Declaration of Horizontal Property Regime (herein called the "Declaration"), to be recorded in the Bureau of Conveyances of the State of Hawaii in Liber 22108 at Page 161, as amended from time to time, and to all present and future owners, tenants and occupants of any apartments of the project and all other persons who shall at any time use the project. The mere acquisition or rental of any apartment or the mere act of occupancy of any apartment will signify that these By-Laws are accepted, ratified and will be complied with.

ARTICLE I

MEMBERSHIP

Section 1. Qualification. All apartment owners shall constitute the Association of Apartment Owners, herein called the "Association". The term "apartment owners", as used herein, means the person owning, or the persons jointly or in common owning, an apartment and the common interest appertaining thereto; PROVIDED, HOWEVER, that, except as otherwise provided in the following sentence of this Section 1, to such extent and for such purposes (including the exercise of voting rights) as shall be provided by a lease registered under Chapter 501, Hawaii Revised Statutes (1976), as amended, or recorded under Chapter 502, Hawaii Revised Statutes (1976), as amended, a lessee of an apartment shall be deemed to be the owner thereof. The purchaser of an apartment pursuant to an agreement of sale registered under Chapter 501, Hawaii Revised Statutes (1976), as amended, or recorded under Chapter 502, Hawaii Revised Statutes (1976), as amended, shall have all of the rights of an apartment owner, including the right to vote; provided, that, to the extent permitted by law, the seller of an apartment pursuant to such an agreement of sale may retain the right to vote on matters substantially affecting his security interest in the apartment. The resident manager or Managing Agent, or Board of Directors of the Association (hereinafter sometimes called the "Board") shall keep an accurate and current list of apartment owners and their current addresses and the names and address of the vendees under an agreement of sale, if any. The list shall be maintained at a place designated by the Board of Directors.

Section 2. Place of Meetings. All meetings of the Association shall be held at the address of the project or elsewhere within the State at such other suitable place convenient

to the apartment owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the Association shall be called by the Developer and shall be held not later than one hundred eighty (180) days after recordation of the first apartment conveyance, provided forty percent (40%) or more of the project has been sold and recorded. If forty percent (40%) of the project is not sold and recorded within one (1) year of the recordation of the first apartment conveyance, an annual meeting shall be called if ten percent (10%) of the Apartment Owners so request. At such meeting the apartment owners shall elect a Board of Directors. Thereafter, the annual meetings of the Association shall be held on the second Tuesday in the third calendar month following the fiscal year as selected by the Board of Directors, or such other date, reasonably close to said date, which the Board shall determine. At such meetings the Board of Directors shall be elected by ballot of the apartment owners in accordance with the requirements of Section 3 of Article II of these By-Laws. The apartment owners may transact such other business at such meetings as may properly come before them.

Section 4. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President or a petition signed by at least twenty-five percent (25%) of the apartment owners (as shown in the Association's record of ownership) and presented to the Secretary or Managing Agent. If a special meeting is for the purpose of removal from office or replacement of one or more of the Association's directors and if the Secretary or Managing Agent shall fail to send out the notices for the special meeting within fourteen days of the receipt of a petition signed by at least twenty five percent (25%) of the apartment owners as shown on the Association's record of ownership then the petitioners shall have the authority to set the time, date and place for the special meeting and to send out the notices for the special meeting in accordance with the requirements of these By Laws.

Section 5. Notice of Meetings. Notices of Association meetings, whether annual or special, shall be sent to each member of the Association at least fourteen (14) days prior to such meeting, and shall contain at least: the date and time of such meeting, the place of such meeting, the items on the agenda for such meeting and a standard proxy form authorized by the Association, if any. A proxy form which accompanies a notice of meeting shall be valid for the meeting to which the notice pertains and its adjournment only and, except as may otherwise be provided herein or by the laws of the State of Hawaii, may designate any person as proxy and may be limited as the apartment owner desires and indicates. If notice is given pursuant to the provisions of this Section, the failure of any apartment owner to receive actual notice of any meeting shall in no way invalidate such meeting or

any proceedings thereat. The presence of any apartment owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

Section 6. Quorum. The presence at any meeting in person or by proxy of a majority of apartment owners shall constitute a quorum, and the acts of a majority of the apartment owners at any meeting at which a quorum is present shall be the acts of the Association except as otherwise provided herein, in the Declaration or pursuant to applicable law. The term "majority of apartment owners" herein means the owners of apartments to which are appurtenant more than fifty percent (50%) of the common interests as established by the Declaration, and any other specified percentage of the apartment owners means the owners of apartments to which are appurtenant such percentage of the common interests.

Section 7. Voting. Voting shall be on a percentage basis, and the percentage of the total vote to which each apartment is entitled shall be the percentage of the common interests assigned to such apartment in the Declaration. Votes may be cast in person or by proxy by the respective apartment owners as shown in the record of ownership of the Association. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association the percentage of vote for any apartment owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the Association's record of ownership, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such apartment in such capacity. The vote for any apartment owned of record by two or more persons may be exercised by any one of them present at any meeting in the absence of protest by the other or others, and in case of protest each co-owner shall be entitled to only a share of such vote in proportion to his share of ownership in such apartment.

Section 8. Proxies and Pledges. The authority given by any apartment owner to another person to represent him at meetings of the Association shall be in writing, signed by such owner and filed with the Secretary. The proxy, to be valid, must be delivered to the secretary of the Association or the Managing Agent no later than 4:30 p.m. on the second business day prior to the date of the meeting to which it pertains, and must contain at least: the name of the Association, the date of the meeting of the Association, the printed name and signature of the person or persons giving the proxy, the apartment or apartments for which the proxy is given, the printed name of the person or entity to whom the proxy is given, and the date that the proxy is given. A proxy shall only be valid for the meeting to which the proxy pertains and its adjournments, may designate any person as proxy, and may be limited as the apartment owner desires and indicates; provided that no

proxy shall be irrevocable unless coupled with a financial interest in the apartment. Proxies may be given to the Board of Directors. The proxy form shall contain a box wherein the owner may indicate that the owner wishes the vote to be shared with each board member receiving an equal percentage. Proxy forms which are not marked shall be considered a choice by the owner that the vote be made on the basis of the preference of the majority of the Board. No officer shall use Association funds to solicit proxies; provided that this shall not prevent an officer from exercising his or her right as an apartment owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any apartment or interest therein, a true copy of which is filed with the Board through the Secretary or Managing Agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

No resident manager, or Managing Agent shall solicit, for use by the resident manager or Managing Agent, any proxies from any apartment owner or the Association which employs the resident manager or Managing Agent, nor shall the resident manager or Managing Agent cast any proxy vote at any Association meeting except for the purpose of establishing a quorum. No member of the Board who uses Association funds to solicit proxies shall cast any of these proxy votes for the election or reelection of Board members at any Association meeting unless the proxy form specifically authorizes the Board member to vote for the election or reelection of Board directors and the Board first posts notice of its intent to solicit proxies in prominent locations within the project at least thirty days prior to its solicitation of proxies; provided that if the Board receives within seven days of the posted notice a request by any owner for use of Association funds to solicit proxies accompanied by a statement, the Board shall:

(A) Mail to owners a proxy form containing either the names of all owners who have requested the use of Association funds for soliciting proxies accompanied by their statements; or

(B) Mail to all owners a proxy form containing no names, but accompanied by a list of names of all owners who have requested the use of Association funds for soliciting proxies and accompanied also by a copy of their statements.

The statement shall not exceed one hundred words, indicating the owner's qualifications to serve on the Board and the reasons for wanting to receive proxies.¹

Section 9. Adjournment. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the apartment owners present, whether or not a quorum be present, without notice other than the announcement at such meeting. At any such adjourned meeting at

which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 10. Rules and Order of Business. All meetings of the Association shall be conducted in accordance with the most current edition of Robert's Rules of Order. Unless otherwise provided in such Rules of Order, the order of business at all meetings of the Association shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting
- (c) Reading of minutes of preceding meeting
- (d) Report of officers
- (e) Report of committees
- (f) Appointment of inspectors of election
- (g) Election of Directors
- (h) Unfinished business
- (i) New business.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons. Unless Section 514A-82 of the Hawaii Revised Statutes, as amended, otherwise provides, if the project shall at any time consist of more than one hundred individual apartment units then the Board shall consist of nine persons, unless not less than seventy-five per cent of all apartment owners vote by mail ballot, or at a special or annual meeting, to reduce the minimum number of directors. All members of the Board shall be owners, co-owners, vendees under an agreement of sale or an officer of any corporate owner, or in the case of fiduciary owners, shall be the fiduciaries or officers or employees of such fiduciaries. The partners in a general partnership and the general partners of a limited partnership shall be deemed to be the owners of an apartment owned by their partnership for the purposes of this paragraph. No resident manager of the condominium shall serve on the Board of Directors. The directors shall serve without compensation. Directors may be reimbursed for expenses incurred while acting on behalf of the Association; provided, however, no Association funds shall be expended by directors for travel, directors' fees or per diem unless owners are informed and a majority approve of the expenses. There shall not be more than one representative on the Board of Directors from any one apartment.²

Section 2. Powers. The Board of Directors shall have all powers necessary for the administration of the affairs of the Association and may do all such acts and things therefor as are not

by law, the Declaration or these By-Laws directed to be exercised or done only by the apartment owners.

Section 3. Election and Term. Election of directors shall be by cumulative voting by secret ballot at each annual meeting and any special meeting called for the purpose. Directors shall hold office for a period of three (3) years and until their respective successors have been elected or appointed, subject to removal as herein. Each owner shall be entitled to cumulate his votes and give all thereof to one nominee or to distribute his votes in such manner as he shall determine among any or all of the nominees, and the nominees receiving the highest number of votes on the foregoing basis, up to the total number of directors to be elected, shall be deemed elected.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a director by the Association shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director for the remainder of the term of the member whose vacancy he filled (unless removed). Death, incapacity of resignation of any director, or his continuous absence from the State of Hawaii for more than six (6) months, or his ceasing to be eligible to be a director under these By-Laws or under Chapter 514A, Hawaii Revised Statutes, shall cause his office to become vacant.

Section 5. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause and a successor shall then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the apartment owners shall be given an opportunity to be heard at such meeting. Such removal and replacement shall be in accordance with all applicable requirements and procedures contained in these By-Laws and in the Hawaii Revised Statutes, pertaining to the removal and replacement of directors. A director will not be considered to be removed if the number of votes cast against removing the director would be sufficient to elect that director under the cumulative voting provisions of these By-Laws and the vote shall be structured so as not to violate the protective intent of the cumulative voting provisions of these By-Laws.

Section 6. Annual Meeting. An organizational meeting of the Board of Directors shall be held at the place of and immediately following each annual meeting of the Association, and no notice shall be necessary to any directors in order validly to constitute such meeting, provided that a majority of the whole Board shall be present. At such meeting the Board shall elect the officers of the Association for the ensuing year.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least fourteen (14) days, if practicable, prior to the date of such meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least eight (8) hours' notice to each director, given personally or by telephone or telegraph, which notice shall state the time, place and purpose of such meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and with like notice on the written request of at least two (2) directors.

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors any director may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice to him of such meeting. If all the directors are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at such meeting.

Section 10. Quorum of Board. At all meetings of the Board of Directors a majority of the total number of directors established by these By-Laws shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. Fidelity Bonds/Registration. The Board of Directors shall secure fidelity bonds as required by Chapter 514A, Hawaii Revised Statutes. The premiums on such bonds shall be paid by the Association. The Board shall also register the Association annually as required by Chapter 514A.³

Section 12. Payment to Board Members. The Board of Directors shall serve without pay but may be reimbursed from Association funds for reasonable expenses incurred for Association business with the approval of the Board.

Section 13. Miscellaneous. Every meeting (whether regular or special) of the Board shall be conducted in accordance with the most current edition of Robert's Rules of Order. A director shall

not vote or cast proxy at any Board meeting on any issue in which he has a conflict of interest, as such terms are used in Hawaii Revised Statutes, Section 514A-82, as amended. A director who has a conflict of interest on any issue before the Board shall disclose the nature of the conflict of interest prior to a vote on that issue at the Board meeting, and the minutes of the meeting shall record the fact that disclosure was made.⁴

Section 14. Open Meetings. (a) All Board meetings other than executive sessions will be open to all owners. Owners who are not on the Board may take part in any discussion or deliberation other than executive sessions, unless not allowed to do so by the vote of a majority of a quorum of the Board.

(b) The Board may, upon the vote of a majority of a quorum of the Board, adjourn any meeting and reconvene in a closed executive session to discuss and vote upon: (1) personnel matters; and (2) lawsuits in which the Association is or may become involved. Before adjourning to executive session, the Board must announce the general nature of all business that will be considered there.⁵

Section 15. Notices. Whenever practicable, notice of all Board meetings shall be posted by the resident manager or a member of the Board in prominent locations within the project seventy-two hours prior to the meeting or simultaneously with notice to the Board.⁶

Section 16. Documents. Each Board member will be supplied with a current version of Chapter 514A, Hawaii Revised Statutes, the Declaration and the by-laws for the project at Association expense.⁷

Section 17. Examination of Books. Each owner of an apartment shall be permitted to examine the books and records of the Association provided by Chapter 514A and under the conditions provided by Chapter 514A.⁸

ARTICLE III

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by, and in the case of the President from, the Board of Directors. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. An owner shall not simultaneously act as an officer of the Association and an employee of the Managing Agent of the Association.⁹

Section 2. Election and Term. The officers of the Association shall be elected annually by the Board of Directors at its annual meeting and shall hold office at the pleasure of the Board.

Section 3. Removal. Any officer may be removed either with or without cause by vote of a majority of the members of the Board of Directors, and his successor elected, at any regular meeting of the Board or any special meeting called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association and of the Board of Directors. The President shall preside over the meetings of the Board of Directors and of the Association. Subject to the control of the Board the President shall exercise general supervision and direction over the management and conduct of the business and affairs of the Association. The President shall also have such other powers and duties as may be provided by these By-Laws or assigned to the President from time to time by the Board.

Section 5. Vice President. The Vice President shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice President shall also have such other powers and duties as may be assigned to the Vice President from time to time by the Board.

Section 6. Secretary. The Secretary shall attend the meetings of the Board and of the Association; shall keep the minutes of all meetings of the Association and of the Board of Directors; give all notices thereof as provided by these By-Laws; maintain and keep a continuous and accurate record of ownership of all apartments; have charge of such books, documents and records of the Association as the Board may direct, and in general perform all the duties incident to the office of Secretary. The Secretary shall in any event keep the minute book wherein resolutions shall be recorded.

Section 7. Treasurer. The Treasurer shall maintain and keep the financial records and books of account of the Association; prepare regular reports thereof and be responsible for the deposit and custody in the name of the Association of all its funds and securities.

Section 8. Audits. The Association shall require a yearly audit of the Association's financial accounts and no less than one yearly unannounced verification of the Association's cash balance by a public accountant who shall not be an officer of the Association nor own any interest in any apartment in the project.¹⁰

ARTICLE IV

ADMINISTRATION

Section 1. Management. The Board of Directors shall at all times manage and operate the project and have such powers and duties as may be necessary or proper therefor including without limitation the following:

(a) Supervision of its immediate management and operation;

(b) Maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto, including, but not limited to, restoration of the project or portions thereof after damage by insured or uninsured casualty or as a result of condemnation proceedings; PROVIDED, HOWEVER, that all funds accumulated for each such purpose in excess of the amounts required to fund specific requirements shall be returned to the apartment owners after it is determined that such excess is not required to pay for same;

(c) Purchase, maintenance and replacement of any equipment and provision of all water, sewer and other utility services required for the common elements;

(d) Provision at each apartment of all water, sewer, electricity and such other utility services and utilities as the Board shall deem necessary either at the expense of such apartment or as a common expense as determined by the Board;

(e) Employment, supervision and dismissal of such personnel as may be necessary for the maintenance and operation of the project;

(f) Preparation at least sixty (60) days before each fiscal year of a proposed budget and schedule of assessments for such year;

(g) Collection of all installments of assessments levied and payment of all common expenses authorized by the Board;

(h) Purchase and maintenance in effect of all policies of hazard and liability insurance for the project required by the Declaration and such other insurance and bonds as may be required or authorized by the Declaration or the Board;

(i) Custody and control of all funds of the Association, maintenance of full and accurate books of account and records of such funds and preparation of regular financial reports thereof;

(j) Notification of all persons having any interest in any apartment according to the Association's record of ownership of delinquency exceeding sixty (60) days in the payment of any assessment against such apartment;

(k) Establishment of such penalties and fines as it deems appropriate with respect to enforcement of the provisions of the Declaration, these By-Laws and the House Rules adopted pursuant to Article V, Section 4, of these By-Laws; PROVIDED, such penalties and fines are not inconsistent with law or the provisions herein, and the unpaid amount of such penalties and fines against any apartment owner shall constitute a lien against his interest in his apartment which may be foreclosed by the Board of Directors or Managing Agent in the same manner as provided in the Horizontal Property Act for common expenses; provided, however, that the said lien for such penalties and fines shall be subordinate to liens for taxes and assessments lawfully imposed by governmental authority against the apartment and to all sums unpaid on any mortgage of record recorded prior to the recordation of the notice of lien by the Association. The Board shall have the power to impose monetary fines upon Owners, tenants, and any other person using or coming upon the project or any part thereof for any purpose whatsoever, for violations of the Declaration, these By-Laws, the rules and regulations adopted by the Board or any statute, ordinance, or applicable requirement of any governmental entity, in accordance with a reasonable schedule of fines to be imposed in a fair and impartial manner. The Board of Directors may authorize the Managing Agent or resident manager, if any, to impose the aforementioned fines in accordance with such schedule. Written notice of the initial schedule of fines and each new schedule of fines, including any amendments thereto, shall be sent to all Owners. Owners or other occupants who have been fined shall be allowed the opportunity to be heard at the next regular meeting of the Board of Directors if they request to appear.

The Board of Directors shall establish an appeals process whereby the appellant will be given an opportunity to present defenses and supporting evidence. The initial appeal shall be heard by the Board of Directors. If the appellant wishes a further hearing, the decision of the Board may be further appealed to an Appeals Committee consisting of three apartment owners, of which one each shall be selected by the appellant and the Board of Directors, and the third selected by the two apartment owners. The findings of the Appeals Committee shall be final. If the appellant is not an owner, the owner or the owner's agent shall be required to be present at all meetings.¹¹

(l) Payment of any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which may in the opinion of the Board constitute a lien against the project or against the common elements or limited common elements rather than merely against the interests therein of

particular owners. Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and costs incurred by the Board by reason of such lien or liens; and,

(m) Maintenance and repair of any apartment if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements and limited common elements or any other portion of the project, and the owner or owners of said apartment have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board to said owner or owners, provided that the Board shall levy a special assessment against such apartment for the cost of said maintenance or repair.

(n) Notwithstanding anything to the contrary contained in these By-Laws:

- (i) The Board of Directors, is authorized to purchase a two bedroom apartment in Phase 2 of the project from the Developer pursuant to the provisions of Paragraph A.2 of the Declaration for use by the resident manager subject, at all times to the provisions of the Declaration, these By-Laws, and the House Rules, and to thereafter sell, mortgage, vote the common interest appurtenant thereto, and to otherwise deal with such apartment.
- (ii) Upon purchase of said apartment, the Association shall be liable for the common expenses assessed against said apartment and the common interest appurtenant to each owner's unit shall not be altered on account of such purchase.
- (iii) Pursuant to Section 514A-82.3, Hawaii Revised Statutes, the Board of Directors shall have the authority, on behalf of the Association, to borrow such funds from one or more financial institutions as it deems appropriate or necessary to purchase said apartment as provided herein, and shall be further empowered to do all other things and sign all documents incidental to the purchase of such apartment and/or the procurement of such a loan.
- (iv) All documents incidental to the purchase of the apartment as authorized herein or the procurement of a loan in connection with such purchase may be signed by any two of the President, Vice-President, Treasurer, or Secretary.¹²

(o) The Board of Directors may authorize the borrowing of money to be used by the Association for the repair, replacement, maintenance, operation, or administration of the common elements of the project, or the making of any additions, alterations, and improvements thereto. The costs of such borrowing, including, without limitation, all principal, interest, commitment fees, and other expenses payable with respect to such borrowing, shall be a common expense of the project; provided that owners representing fifty per cent of the common interest and apartments give written consent to such borrowing, having been first notified of the purpose and use of the funds;¹³

(p) Subject to any approval requirements and spending limits in the Declaration or herein, the Board may authorize the installation of meters to determine the use by the apartments of utilities, including electricity, water, gas, fuel, oil, sewage and drainage.¹⁴

Section 2. Managing Agent. The Board of Directors shall annually employ a responsible Hawaii corporation as Managing Agent to manage and control the project subject at all times to direction by the Board, with all the administrative functions set forth specifically in the preceding Section 1 and such other powers and duties and at such compensation as the Board may establish, subject to prior approval of every such employment contract by a majority of apartment owners.

Section 3. Representation. The President or Managing Agent, subject to the direction of the Board of Directors, shall represent the Association or any two (2) or more apartment owners similarly situated as a class in any action, suit, hearing or other proceeding concerning the Association, the common elements or more than one apartment, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings, without prejudice to the rights of any apartment owners individually to appear, sue or be sued. Service of process on two (2) or more apartment owners in any such action, suit, or proceeding may be made on the President or Managing Agent. Every Managing Agent shall also be the agent of the respective lessees under any apartment leases filed with the Board for the collection, custody and payment of all rents, taxes, assessments and other charges thereunder payable to their Lessors; and each contract with each such Managing Agent shall specifically set forth such agency and duties. The compensation for such duties shall be included in the Managing Agent's fee under his contract and shall be paid for by the owners as a common expense.

Section 4. Execution of Instruments. All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Association by such person or persons as shall be provided by general or special resolution

applicable to such instrument, by the President or Vice President and by the Treasurer or Secretary.

Section 5. Reserves. The Board of Directors may establish and maintain a General Operating Reserve by monthly assessment against and payment by all owners in proportion to their respective common interests, of such additional amount not exceeding that portion of the total monthly assessment for current common expenses, as the Board of Directors determines to be adequate to provide financial stability in the administration of the project, which additional amount shall be deemed conclusively to be savings of the owners held for their benefit for common expenses not payable from regular assessments; PROVIDED, HOWEVER, that whenever said Reserve equals twenty percent (20%) of the total annual assessments for current common expenses, the assessments for said Reserve shall be discontinued until the depletion of said Reserve below said twenty percent (20%) level. The size of said Reserve shall be reviewed at each annual meeting of the Association and shall continue to be maintained at a level no greater than said twenty percent (20%). The Association may vote to reduce the level. Said Reserve shall be deposited with a safe and responsible depository. Said Reserve at the discretion of the Board of Directors or the Association may be used to meet any deficiencies in operating funds from time to time resulting from higher than normal operating expenses and maintenance costs or any delinquency by owners in the payment of assessments for common expenses. Said Reserve shall not operate to exempt any owner from liability to contribute his proportionate share of such expenses or to pay any such assessments therefor, and any funds withdrawn from said Reserve for the purpose of making up any delinquency shall be restored upon the payment of such delinquent assessments. The proportionate interest of each owner in said Reserve and all interest earned thereon shall not be withdrawn or assigned separately but shall be deemed to be transferred with each apartment even though not mentioned or described expressly in the instrument of transfer. If the Horizontal Property Regime established hereby is terminated or waived, or if for any reason the Reserve is terminated or reduced, said Reserve remaining after payment of all outstanding common expenses shall be distributed to all owners, except for the owners of apartments reconstituted as a new Horizontal Property Regime, in proportion to their respective common interests. The unexpended Reserve at the end of any year shall be applied toward current residential expenses in the following year, unless the Association votes to return such unexpended Reserve to the owners in proportion to their respective common interests.

From time to time, as specifically directed by the Association at any annual or special meeting, the Board of Directors may establish and maintain one or more Capital Improvements Reserve Funds by the monthly assessment against and payment by all the owners in proportion to their respective common interests. Each

such Fund shall be earmarked for a specific capital improvement which shall have been specifically authorized by the Association at any annual or special meeting and the amount of such Fund shall be such annual amount as the Association determines to be adequate (but no more) to provide the particular capital improvement, whether it be the repair, restoration, and replacement of the common elements and the furniture, fixtures, and mechanical equipment thereof, and for such other improvement as may be specifically authorized by the Association. The assessments for said Funds shall be deemed conclusively to be savings of the owners held for their benefit for common expenses of a capital nature. Each such fund shall be deposited in a separate account with a safe and responsible depository and may be in the form of a cash deposit or may be invested in obligations of or fully guaranteed as to principal by an agency of the United States of America. Disbursements from said Fund shall be made only upon authorization by the Board of Directors. The proportionate interests of each owner in said Fund and all interest earned thereon shall not be withdrawn or assigned separately but shall be deemed to be transferred with each apartment even though not mentioned or described expressly in the instrument of transfer. If the Horizontal Property Regime established hereby is terminated or waived, or if the Fund exceeds the cost of the particular improvement, or if the planned improvement is for any reason not implemented within a reasonable time (in any event not more than ten [10] years) after creation of said Fund, said Fund remaining shall be distributed to all owners, except for the owners of apartments reconstituted as a new Horizontal Property Regime, in proportion to their respective common interests. The common expenses may also include such amounts as may be required, by special assessment, for the purchase or lease of any apartment by the Board of Directors or its designee, corporate or otherwise, on behalf of the Association, as permitted under Hawaii law or these By-Laws; PROVIDED, HOWEVER, that the Board of Directors may not purchase an apartment and hold the same, or lease an apartment for a period in excess of one (1) year, without obtaining the approval of the owners of at least seventy-five percent (75%) of the apartments.

ARTICLE V

OBLIGATIONS OF APARTMENT OWNERS

Section 1. Assessments. All apartment owners shall pay to the Managing Agent in advance on the first day of each and every month the monthly installments of assessments against their respective apartments for common expenses of the project in accordance with the Declaration, and also, with respect to any lease of any apartment filed with the Board of Directors, a monthly sum determined by the Managing Agent to be sufficient to

accumulate and pay when due all rent, taxes, assessments and other charges thereunder payable by the Lessee of such apartment.

Section 2. Maintenance of Apartments. Every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment, including without limitation all internal installations therein, such as water, electricity, gas, telephone, sewer, sanitation, air conditioning, lights and all other fixtures and accessories belonging to such apartment and the interior decorated or finished surfaces of all walls, floors and ceilings of such apartment, and any appurtenant patios, storage and privacy areas, with all necessary reparations and amendments whatsoever in good order and condition except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent. Every apartment owner and occupant shall reimburse the Association promptly on demand all expenses incurred by it in repairing or replacing any uninsured loss or damage to the common elements or any furniture, furnishings and equipment thereof caused by such owner or occupant or any person under either of them and shall give prompt notice to the Managing Agent of any such loss or damage or other defect in the project when discovered.

Section 3. Use of Project.

(a) All apartments of the project shall be used only for residential purposes, and no apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any trade or business whatsoever.

(b) All common elements of the project shall be used only for their respective purposes as designed.

(c) No apartment owner or occupant shall place, store, or maintain in or upon the grounds, recreational areas, halls, lobbies, stairways, walkways, parking areas or other common elements of similar nature any furniture, package or objects of any kind or otherwise obstruct transit through such common elements.

(d) Every apartment owner and occupant shall at all times keep his apartment in a strictly clean and sanitary condition and maintain and keep his privacy area, if any, in a neat and attractive condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the project.

(e) No apartment owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his apartment or the project nor alter or remove any furniture, furnishings or equipment of the common elements.

(f) No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alterations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, nor install draperies the exterior side of which is anything but an unpatterned, off-white, plain surface, decorate or landscape any entrance, hallway, planting area, paint the walls or ceilings of any lanai appurtenant to his or her apartment, or install any awning or similar device visible from the exterior of the building, or install any other sunscreening device (including but not limited to any coating or film applied to the interior or exterior surfaces of the glass windows or doors of the apartment) visible from the exterior of the building, or install any air conditioning equipment which varies in appearance or location from that originally made available for inclusion in the apartment (if any), except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board and also approved by the Board and a majority of apartment owners (or such larger percentage required by law or the Declaration), including all owners of apartments thereby directly affected.

(g) No apartment owner shall decorate or landscape any entrance, or privacy area of his apartment or other portion of the project except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board.

(h) All occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers that may disturb other occupants.

(i) No garments, rugs or other objects shall be hung from the windows or facades of the project.

(j) No rugs or other objects shall be dusted or shaken from the windows of the project or cleaned by beating or sweeping on any walkways, hallways, privacy areas or other areas of the project.

(k) No refuse, garbage or trash or any kind shall be thrown, placed or kept on any common elements of the project outside of the disposal facilities, if any, provided for such purpose.

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project

except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent; provided, however, that notwithstanding any other provision herein, visually impaired persons may keep certified seeing-eye dogs, hearing impaired persons may keep certified signal dogs and physically impaired persons may keep certified service dogs in their apartments and may use such dogs as reasonably necessary to enjoyment of the project.

(m) No apartment owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, television antenna, machines or air conditioning units, or other equipment or appurtenances whatsoever on the exterior of the project or protruding through the walls, windows or roof thereof.

(n) No apartment owner or occupant shall erect, place or maintain any television or other antennas on said project visible from any point outside of his apartment without the approval of the Board of Directors.

(o) Nothing shall be allowed, done or kept in any apartments or common elements of the project which would overload or impair the floors, walls, or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

(p) The common elements, including without limitation, the buildings and foundations will be maintained by the Board and the color of the common elements will not be changed by any Apartment Owner, without the prior written approval of the Board.

Section 4. House Rules. The Board of Directors, upon giving notice to all apartment owners in the same manner as herein provided for notice of meetings of the Association an opportunity to be heard hereon, may adopt, amend, or repeal any supplemental rules governing details of the operation and use of the common elements not inconsistent with any provision of law, the Declaration or these By-Laws.

Section 5. Expenses of Enforcement. Every apartment owner shall pay to the Association promptly on demand all costs and expenses including reasonable attorneys' fees incurred by or on behalf of the Association in collecting any delinquent assessments against such apartment, foreclosing its lien therefor or

enforcing any provisions of the Declaration or these By-Laws against such owner or any occupant of such apartment.

Section 6. Record of Ownership. Every apartment owner shall promptly shall cause to be duly recorded or filed of record the deed, lease, assignment or other conveyance to him of such apartment or other evidence of his title thereto and shall file such lease with and present such other evidence of his title to the Board of Directors through the Managing Agent, and the Secretary shall maintain all such information in the record of ownership of the Association.

Section 7. Mortgages. Any apartment owner who mortgages his apartment or any interest therein shall notify the Board of Directors through the Managing Agent of the name and address of his mortgagee, and also of the release of such mortgage, and the Secretary shall maintain all such information in the record of ownership of the Association. The Board of Directors or Managing Agent at the request of any mortgagee or prospective purchaser of any apartment or interest therein shall report to such person the amount of any assessments against such apartment then due and unpaid.

ARTICLE VI

MISCELLANEOUS

Section 1. Amendment. These By-Laws may be amended at any time by the vote or written consent of sixty-five per cent of all apartment owners; provided that each one of the particulars set forth in Section 514A-82 of the Hawaii Revised Statutes shall be embodied in these By-Laws always; and provided further that any proposed by-laws with the rationale for the proposal may be submitted by the Board or by a volunteer apartment owners' committee. If such a proposal is submitted by such a committee the proposal shall be accompanied by a petition signed by not less than twenty-five per cent of the apartment owners as shown in the Association's record of ownership. The proposed By-Laws, rationale and ballots for voting on any proposed bylaw shall be mailed by the Board to the owners at the expense of the association for vote or written consent without change within thirty days of the receipt of the petition by the Board. The vote or written consent required to adopt the proposed bylaw shall be sixty-five percent of all apartment owners; provided that the vote or written consent must be obtained within one hundred twenty days after mailing. In the event that the by law is duly adopted, then the Board shall cause the bylaw amendment to be recorded in the Bureau of Conveyances or filed in the Land Court of the State of Hawaii as the case may be. The volunteer apartment owners' committee shall be precluded from submitting a petition for a proposed by law which is substantially similar to that which has been previously mailed to the owners

within one year after the original petition was submitted to the Board. The foregoing shall not preclude any apartment owner or voluntary apartment owners' committee from proposing any bylaw amendment at any annual Association meeting.

Section 2. Indemnification. The Association shall indemnify every director and officer and his executors and administrators against all expenses reasonably incurred by or imposed on him in connection with any action, suit, or proceeding to which he may be made a party by reason of being or having been a director or officer of the Association, except in relation to matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for negligence or misconduct; and in the absence of such final adjudication, indemnification shall be provided only in connection with such matters as to which the Association is advised by its legal counsel that the person to be indemnified committed no such breach of duty. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

Section 3. Subordination. These By-Laws are subordinate and subject to all provisions of the Declaration and any amendments thereto and the Horizontal Property Act (Chapter 514A, Hawaii Revised Statutes, as amended), which shall control in case of any conflict. All terms herein (except where clearly repugnant to the context) shall have the same meaning as the Declaration or said Horizontal Property Act.

Section 4. Interpretation. In case any provision of these By-Laws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these By-Laws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in any active business for profit on behalf of any or all of the apartment owners.

Section 5. Examination of Minutes. The minutes of meetings of the Board of Directors, and Association shall be available for examination by apartment owners at convenient hours at a place designated by the Board.

IN WITNESS WHEREOF, the parties hereto have executed these presents this 5th day of June, 1994^{Def}

ASSOCIATION OF APARTMENT OWNERS OF
HOKULANI IN KAILUA

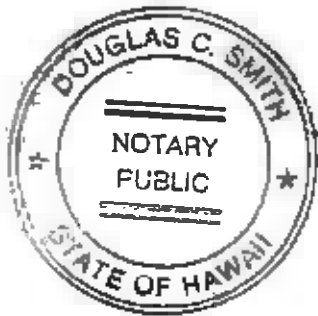
By: Timothy S. Freitas
Type Name: Timothy S. Freitas
Its: President President

By: Jean M. McDermott Valenuel
Type Name: Jean M. McDermott Valenuel
Its: Treasurer Treasurer

STATE OF HAWAII
CITY AND COUNTY HONOLULU

SS:

On this 5th day of June, 1994, before me personally appeared Timothy S Freitas, to me personally known, who being by me duly sworn, did say that he is the President of the ASSOCIATION OF APARTMENT OWNERS OF HOKULANI IN KAILUA and that said instrument was signed in behalf of said Association, and that said Timothy S Freitas acknowledged said instrument to be the free act and deed of said Association.



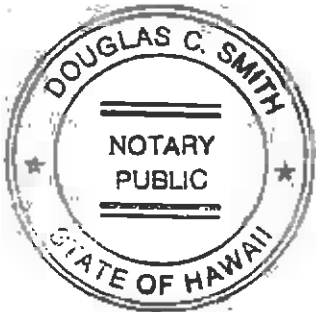
[Signature]
Notary Public, State of Hawaii

My commission expires: 11/03/96

STATE OF HAWAII
CITY AND COUNTY OF HONOLULU

SS:

On this 5th day of June, 1994, before me personally appeared Tean M. McDermott Valenzuela to me personally known, who being by me duly sworn, did say that she is the Treasurer of the ASSOCIATION OF APARTMENT OWNERS OF HOKULANI IN KAILUA and that said instrument was signed in behalf of said Association, and that said Tean M. McDermott Valenzuela acknowledged said instrument to be the free act and deed of said Association.



[Signature]
Notary Public, State of Hawaii

My commission expires: 11/03/96

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SECOND RESTATEMENT OF BY-LAWS OF
THE ASSOCIATION OF APARTMENT OWNERS
OF HOKULANI IN KAILUA

ENDNOTES

The following By-Law provisions have been restated for the reasons set forth below:

1. Article I, Section 8 of the By-Laws has been restated to conform with Sections 514A-82(b)(4) and 83.2, Hawaii Revised Statutes.
2. Article II, Section 1 of the By-Laws has been restated to conform with Section 514A-82(b)(10), Hawaii Revised Statutes.
3. Article II, Section 11 of the By-Laws has been restated to conform with Section 514A-95.1, Hawaii Revised Statutes.
4. Article II, Section 13 has been restated by renumbering from Section 12 which was a duplication of numbers and to conform with Section 514A-82(b)(5), Hawaii Revised Statutes.
5. A new Section 14 has been added to Article II to conform with Section 514A-83.1, Hawaii Revised Statutes.
6. A new Section 15 has been added to Article II to conform with Section 514A-82(b)(9), Hawaii Revised Statutes.
7. A new Section 16 has been added to Article II of the By-Laws to conform with Section 514A-82(b)(11), Hawaii Revised Statutes.
8. A new Section 17 has been added to Article II of the By-Laws to conform with Sections 514A-83.3, 83.4 and 83.5, Hawaii Revised Statutes.
9. Article III, Section 1 of the By-Laws has been restated to conform with Section 514A-82(b)(7), Hawaii Revised Statutes.
10. Article III, Section 8 of the By-Laws has been restated to conform with Section 514A-96, Hawaii Revised Statutes.
11. Article IV, Section 1(k) of the By-Laws has been restated to incorporate the language in the Amendment recorded in the Bureau of Conveyances of the State of Hawaii on June 3, 1994 as Document No. 94-94050.

12. A new Subsection (n) has been added to Article IV, Section 1 of the By-Laws to incorporate the language of the Amendment recorded in the Bureau of Conveyances of the State of Hawaii on July 12, 1991 as Document No. 91-94015.
13. A new subsection (o) has been added to Article IV, Section 1 of the By-Laws to conform with Section 514A-82.3, Hawaii Revised Statutes.
14. A new subsection (p) has been added to Article IV, Section 1 of the By-Laws to conform with Section 514A-15.5(b), Hawaii Revised Statutes.