

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

The original of this document was
recorded as follows:

DOCUMENT N Doc T - 11365413
CT 341501
DATE _____ February 12, 2021 8:02 AM

After Recordation, Return by Mail () Pickup (X)

CASE LOMBARDI & PETTIT (NJY)
Pacific Guardian Center, Mauka Tower
737 Bishop Street, Suite 2600
Honolulu, Hawaii 96813

Total No. of Pages: 54

BYLAWS OF THE
ASSOCIATION OF UNIT OWNERS OF
NORTHWEST CORNER OF VILLAGES OF KAPOLEI

TABLE OF CONTENTS

	<u>Page</u>
1. INTRODUCTORY PROVISIONS	1
1.1 Definitions	1
1.2 Adoption of Bylaws	1
1.3 Conflicts	1
1.4 Application	1
2. ASSOCIATION OF OWNERS.....	1
2.1 Membership	1
2.2 Meetings of the Association	2
2.3 Notice of Meetings	3
2.4 Waiver of Notice.....	3
2.5 Quorum.....	3
2.6 Acts of Association.....	3
2.7 Voting	3
2.8 Proxies and Pledges	4
2.9 Order and Conduct of Business	5
2.10 Candidates for Election to Board of Directors.....	6
2.11 Prohibited Acts of Association Employees	6
2.12 Rights of Declarant	6
2.13 Committees.....	6
3. BOARD OF DIRECTORS.....	6
3.1 Powers and Duties.....	6
3.2 Number and Qualification.....	6
3.3 Election and Term of Office.....	7
3.4 Inspectors for Voting and Elections	7
3.5 Nomination for Election to the Board.....	7
3.6 Removal	7
3.7 Vacancies	8
3.8 Meetings of the Board of Directors	8
3.9 Notice	9
3.10 Waiver of Notice.....	9
3.11 Quorum of Board of Directors	9
3.12 Conflicts of Interest	9
3.13 Compensation.....	10
3.14 Fidelity Bonds	10
3.15 Community Documents.....	10
4. OFFICERS.....	10
4.1 Designation and Qualification	10
4.2 Election of Officers.....	10
4.3 Removal	11
4.4 President	11
4.5 Vice President.....	11
4.6 Secretary	11
4.7 Treasurer	11
4.8 Compensation.....	11

4.9	Auditor	11
4.10	Resignation.....	11
4.11	Fiduciary Duty.....	12
4.12	General - Committees	12
5.	ADMINISTRATION.....	12
5.1	Management.....	12
5.2	Employment of a Managing Agent	16
5.3	Execution of Instruments.....	16
5.4	Deposits of Association Funds	16
5.5	Books and Records of Account.....	17
5.6	Record of Ownership	17
5.7	Minutes of Meetings.....	18
5.8	Association Records; Generally	18
5.9	Location and Inspection of Books and Records	18
5.10	Representation	20
5.11	Liability and Indemnity of the Board of Directors and Officers	20
6.	BUDGETS, RESERVES AND ASSESSMENTS.....	21
6.1	Budget for Common Expenses	21
6.2	Supplemental Budget.....	23
6.3	Notice of Increase in Certain Assessments	23
6.4	Owner's Payments for Common Expenses	23
6.5	Payment as Agent.....	24
6.6	Land Trust.....	24
6.7	Due Date of Assessments.....	24
6.8	Taxes and Assessments	25
6.9	Utility Expenses	25
6.10	Default in Payment of Assessments.....	25
6.11	Collection from Tenants and Agents	27
6.12	Disputed Assessments; Notices; Dispute Resolution	27
6.13	Liability for Unpaid Assessments Upon Sale	28
6.14	Certificate of Unpaid Assessments	28
6.15	Waiver	28
6.16	Late Fees.....	28
7.	INSURANCE	28
7.1	Required Insurance.....	28
7.2	Additional Requirements of All Policies	29
7.3	Directors' and Officers' Insurance	29
7.4	Review; Inspection; Miscellaneous	29
8.	MAINTENANCE AND USE	29
8.1	Maintenance and Repair of Units	29
8.2	Maintenance and Repair of Common Elements	30
8.3	Use of Community	30
8.4	Alterations and Additions	32
9.	RESTORATION	32
9.1	Determination to Reconstruct or Repair	32
9.2	Notice to Owners	33

9.3	Plans and Specifications	33
9.4	Construction Contract	33
9.5	Disbursement of Funds	33
10.	MORTGAGES AND MORTGAGEES	35
10.1	Notice to Board of Directors	35
10.2	Notice of Default	35
10.3	Examination of Books	35
10.4	Mortgage Protection.....	35
10.5	Right of First Refusal Not Applicable.....	37
10.6	Unpaid Common Expenses or Assessments	37
10.7	Release of Information.....	38
11.	GENERAL AND MISCELLANEOUS PROVISIONS.....	38
11.1	Community Rules.....	38
11.2	Amendment of Bylaws	38
11.3	Abatement and Enjoinment of Violations by Unit Owners.....	39
11.4	Penalties for Violations	39
11.5	Litigation	39
11.6	Attorneys' Fees and Expenses of Enforcement.....	40
11.7	Attorneys' Fees and Expenses of Owner	40
11.8	Manner of Giving Notices.....	40
11.9	Owners May Incorporate.....	41
11.10	Registration Prior to Solicitation	41
11.11	Indemnifications	41
11.12	Exemption for Occupants with Disabilities.....	41
11.13	Subordination.....	41
11.14	Captions	42
11.15	Gender.....	42
11.16	Waiver	42
11.17	Interpretation.....	42
11.18	Severability	42
11.19	Incorporation of Exhibit	42

**BYLAWS OF THE
ASSOCIATION OF UNIT OWNERS OF
NORTHWEST CORNER OF VILLAGES OF KAPOLEI**

1. INTRODUCTORY PROVISIONS

1.1 Definitions. The terms used in these Bylaws shall have the meanings given to them in the Declaration (as hereinafter defined) and in Chapter 514B, Hawaii Revised Statutes, as amended, except as otherwise expressly stated herein or clearly required by the context. All definitions used in the Declaration shall be incorporated by this reference.

1.2 Adoption of Bylaws. Hawaii Housing Finance and Development Corporation ("**Declarant**") has established a condominium property regime by the execution and Recordation of the Declaration affecting the land described in **Exhibit "A"** attached hereto. Declarant declares that the Property constituting such condominium property regime is owned and shall be owned, conveyed, mortgaged, encumbered, leased, rented, used, occupied, and improved subject to the declarations, restrictions, and conditions set forth in these Bylaws, all of which are declared to be in furtherance of the plan set forth in the Declaration, and are established for the purpose of enhancing and preserving the value, desirability, and attractiveness of the Property and the Community. These Bylaws shall constitute equitable servitudes, liens, and covenants running with the Property and all Units and shall be binding on and shall inure to the benefit of all Persons having or acquiring any right, title, or interest in any portion of the Property.

1.3 Conflicts. These Bylaws are intended to comply with the Act. In case of any conflict between the provisions of these Bylaws and those of Hawaii law, the Act or the Declaration, then the provisions of Hawaii law, the Act or the Declaration, as the case may be, shall control.

1.4 Application. All present and future Owners, lessees, mortgagees, purchasers under agreements of sale, tenants, and occupants of Units and their guests, patrons, customers, other business invitees and employees, and any other Persons who may use any part of the Community in any manner are subject to the Community Documents, as each or any of them may be amended from time to time. The acceptance of a Unit Deed or other conveyance, or the entry into a rental agreement of a Unit, or the act of occupying a Unit, shall constitute an agreement that the Community Documents, as they may be amended from time to time, are accepted, ratified, and will be strictly complied with.

2. ASSOCIATION OF OWNERS

2.1 Membership. All Owners are members of and shall constitute the Association. Each Owner shall become a member of the Association upon acquiring title to a Unit. Membership shall terminate only when ownership of the Unit ceases for any reason, and shall terminate automatically upon such transfer of ownership of the Unit. It is intended that the Association qualify as a Unit owner's association under Section 528 of the Internal Revenue Code of 1986, as amended.

2.2 Meetings of the Association.

(a) First Meeting. Declarant or the Managing Agent shall call the first meeting of the Association no later than one hundred eighty days (180) after Recordation of the first Unit Deed, if at that time at least forty percent (40%) or more of the Units in the Community have been sold and Recorded. If forty percent (40%) of the Units in the Community are not sold and Recorded at the end of one (1) year from the date the first conveyance is Recorded, an annual meeting shall be called as soon as practicable upon the request in writing of at least ten percent (10%) of the Owners. At such meeting, a Board of Directors will be elected to serve until such time specified in Section 3.3. The term "sold and recorded" means the sale of a Unit and the Recording of the Unit Deed. Notwithstanding anything to the contrary contained in these Bylaws, Declarant shall be entitled to vote and act on all matters as the Association and the Board of Directors until such time as the first meeting of the Association.

(b) Annual Meetings. Annual meetings of the Association shall be held within one hundred twenty (120) days following the close of the fiscal year of the Association on such date as the President of the Association (herein the "**President**") may designate and call. If the President shall fail to designate such date by the forty-fifth (45th) day following the close of the fiscal year, then the annual meeting shall be held on the third Tuesday in the fourth calendar month following the close of the fiscal year. Each annual meeting shall be a general meeting, and any business within the powers of the Association, without special notice of such business, may be transacted except as limited by law, the Declaration, or these Bylaws. The Board (by resolution) or a majority of all of the Owners (by petition) may establish meetings in addition to annual meetings at semi-annual, quarter-annual or other regular intervals.

(c) Special Meetings. Special meetings of the Association may be called by the President, a majority of the Board, or by any two directors or by a petition to the Secretary of the Association (the "**Secretary**") or the Managing Agent signed by not less than twenty-five percent (25%) of the Owners. Upon receipt of the call for a meeting, the Secretary or the Managing Agent shall send notice of the meeting to all Owners. If the Secretary or Managing Agent does not send out the notices for the special meeting within fourteen (14) days of the receipt of a proper call for a meeting, 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 Bylaws. The meeting shall be held at the time and place specified in such call, or, if unspecified, at any reasonable time within forty-five (45) days from the date the call was received. Except as provided otherwise in these Bylaws or by law, only such business shall be transacted at any special meeting as shall have been indicated by a specific or general description in the notice of the meeting. A special meeting and procedures adopted for the removal and replacement of directors shall be conducted in accordance with the provisions of these Bylaws pertaining to the removal, replacement and election of directors.

(d) Adjournment. Any meeting of the Association may be adjourned to a time not less than forty-eight (48) hours from the time the original meeting was called, to such place and time as may be determined by majority vote of the Owners present at the meeting, either in person or by proxy, and whether or not a quorum is 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 that might have been transacted by a quorum at the meeting as originally called.

(e) Place of Meetings. All meetings of the Association shall be held at the address of the Community or elsewhere within the State of Hawaii convenient to the Owners as

designated by the Board; provided that, in the event of a natural disaster, such as a hurricane, an Association meeting may be held outside of the State of Hawaii.

2.3 Notice of Meetings. The notice of every meeting of the Association shall state whether it is an annual or special meeting, the date, time, and place of the meeting, the items on the agenda for the meeting, including the general nature and rationale of any proposed amendment to the Declaration or Bylaws and any proposal to remove a member of the Board (provided that this Section shall not preclude any Unit Owner from proposing an amendment to the Declaration or Bylaws or to remove a member of the Board at any annual Association meeting), and shall include a standard proxy form authorized by the Association, if any, and any other information permitted or required to be given by these Bylaws. Notice of each meeting, whether annual or special, shall be given at least twenty-five (25) days but no more than sixty (60) days before the date of the meeting. If notice is given pursuant to the provisions of these Bylaws, the failure of any Owner to receive actual notice of a meeting shall not invalidate the meeting or any proceedings taken at the meeting.

2.4 Waiver of Notice. The presence of an Owner or Unit Mortgagee, in person or by proxy, at any meeting shall constitute a waiver of any required notice to that Owner or Mortgagee unless an Owner shall at the opening of such meeting object to the holding of the meeting because of the failure to comply with the provisions of this Section. Except as otherwise provided by law, an Owner automatically waives notice of any Association meeting if the Owner fails to file a written objection with the Secretary or Managing Agent within thirty (30) days after the Owner receives written notice of any action taken at an Association meeting.

2.5 Quorum. Except as otherwise provided in these Bylaws, the presence in Person or by proxy of a Majority of Owners shall constitute a quorum at all meetings of Owners. For purposes of these Bylaws, "Majority of Owners" (or other specified percentage of Unit Owners) means that Owners of Units to which are appurtenant more than fifty percent (50%) (or other specified percentage) of the common interests in the Community.

2.6 Acts of Association. The vote of a Majority of Owners present at a meeting at which a quorum shall be present shall be the acts of the Association and binding upon all Owners for all purposes unless the Declaration or these Bylaws requires a different percentage.

2.7 Voting.

(a) Who Is Entitled To Vote. Each Owner shall be entitled to that percentage of the total vote of all of the Owners equal to the percentage of the common interest appurtenant to the Owner's Unit. Votes allocated to common areas not located inside Units shall not be cast at any Association meeting, whether or not it is so designated in the Declaration. Votes may be cast in person or by proxy in accordance with Section 2.8. A personal representative, guardian, conservator, or trustee may vote the percentage of vote for any Unit owned or controlled by such Person in such capacity, provided that such Person shall first have presented evidence satisfactory to the Association that such Person owns or controls the Unit in such capacity. When a Unit is owned of record by two (2) or more Persons, if only one of several Owners of such Unit is present at a meeting of the Association, that Owner is entitled to cast all the votes allocated to that Unit. If more than one of the Owners is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Owners, unless the Declaration expressly provides otherwise. There is majority agreement if any one of the Owners casts the votes allocated to that Unit without protest being made by any of the other Owners of the Unit to the Person presiding over the

meeting before the polls are closed. In case of protest, each co-owner shall be entitled to vote a fraction only of such vote in proportion to the co-owner's share of ownership in such Unit. Notwithstanding anything to the contrary provided herein, Declarant shall be entitled to vote and act on all matters as the Association and the Board of Directors until such time as the first meeting of the Association. Following the first meeting of the Association, Declarant, as the Owner of any unsold Units, shall be entitled to vote the interest of each such Unit.

(b) Voting for Directors.

Directors shall be elected by cumulative voting. The total number of votes that each Owner may cast in an election for directors is determined by multiplying the votes the Owner is entitled to vote on a noncumulative basis multiplied by the number of Directors to be elected. Each Owner is entitled to cumulate Owner's votes and give all of them to one nominee or to distribute such votes among any or all of the nominees. Subject to the provisions of Section 3.2 of these Bylaws, the nominees receiving the highest number of votes on a cumulative basis, up to the total number of directors to be elected, shall be deemed elected.

2.8 Proxies and Pledges.

(a) Requirements. The authority given by any Owner to another Person to represent the Owner at meetings of the Association must be written and contain at least the following: (i) the name of the Association, (ii) the date of the meeting of the Association, (iii) the printed name and signature of the Person or Persons giving the authority, (iv) the Unit or Units for which the proxy is given, (v) the printed name of the Person to whom the proxy is given, and (vi) the date the proxy is given. A proxy may designate any Person or the Board of Directors as an entity as proxy and may be limited as the Unit Owner indicates. In the case of a standard proxy form authorized by the Association, such proxy must contain boxes wherein the Owner has indicated that the proxy is given (A) for quorum purposes only, (B) to the individual whose name is printed on a line next to this box, (C) to the Board as a whole and that the vote is to be made on the basis of the preference of the majority of the directors present at the meeting, or (D) to those directors present at the meeting with the vote to be shared with each director 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. A standard proxy form authorized by the Association must also contain a box wherein the Owner may indicate that the Owner wishes to obtain a copy of the annual audit report required by Section 514B-150 of the Act. No proxy shall be irrevocable unless coupled with a financial interest in the Unit represented. A copy, facsimile telecommunication, or other reliable reproduction of a proxy may be used in lieu of the original proxy for any and all purposes for which the original proxy could be used; provided that any copy, facsimile telecommunication, or other reproduction shall be a complete reproduction of the entire original proxy. Nothing in HRS 514B-123 shall affect the holder of a proxy under a first mortgage of record encumbering a unit or an agreement of sale affecting a unit.

(b) To be valid, a proxy must be delivered to the Secretary of the Association or the Managing Agent, if any, no later than 4:30 p.m. Hawaii Standard Time on the second business day prior to the date of the meeting to which it pertains. A Unit Owner may vote by mail or electronic transmission through a duly executed proxy. Any one (1) of two (2) or more Persons owning a Unit may give or revoke a proxy for the entire vote of such Unit, or if so specified in the proxy, for a share of such vote in proportion to the share of ownership of the Person or Persons giving the proxy.

A proxy given by a co-owner or co-owners for only a share of a Unit's vote may be exercised to cast the entire vote for such Unit in the absence of protest by another co-owner or the holder of a proxy from another co-owner. In case of a protest, each co-owner or holder of a proxy from a co-owner, as the case may be, shall be entitled to only a share of such Unit's vote in proportion to the respective shares of ownership in such Unit. Any provision hereof to the contrary notwithstanding, the standard proxy form, if any, which accompanies a notice of meeting: (i) shall be valid only for the meeting to which such notice pertains and its adjournment, if any; (ii) may designate any Person as proxy; and (iii) may be limited to the Unit Owner's desires as indicated.

(c) Limitations on Proxy Votes. A director who uses Association funds to solicit proxies shall not cast any of these proxy votes for the election or reelection of directors at any Association meeting unless the proxy form specifically authorizes such a vote, and the Board first posts notice of its intent to solicit proxies in prominent locations within the Community at least twenty-one (21) days prior to its solicitation of proxies. Any Owner has seven (7) days from the time the Board posts notice to request Association funds to solicit proxies accompanied by a statement. The statement shall be limited to black text on white paper, shall not exceed one single-sided 8-1/2" x 11" page and shall disclose the Owner's qualifications to serve on the Board and the reasons for wanting proxies. The Board shall promptly mail to all Owners a proxy form containing either (i) the names of all Owners who requested the use of Association funds to solicit proxies, together with their statements, or (ii) without any names but accompanied by a list of names of all Owners who have requested the use of Association funds for soliciting proxies and their statements.

A Managing Agent employed by the Association shall not solicit any proxies for its use, nor shall the Managing Agent cast any proxy vote at any Association meeting except for the purpose of establishing a quorum. Voting rights transferred or pledged in a mortgage, deed of trust, lease, or agreement of sale of any Unit or interest therein, a true copy of which is filed with the Secretary, shall be exercised only by the Person designated in such instrument unless a written release or other termination signed by the parties is filed with the Secretary. No officer or member of the Association Board shall use Association funds to solicit proxies; except for the distribution of proxies as set forth in Section 514B-123(h) of the Act, provided that this shall not prevent an officer or individual member of the Board from exercising his or her right as a Unit Owner under the above-stated limitations.

(d) Termination. A proxy shall only be valid for the meeting to which the proxy pertains and its adjournments. A Unit Owner may revoke a proxy by actual notice of revocation to the Secretary of the Association or the Managing Agent. A proxy is void if it purports to be revocable without notice. Any one (1) of two (2) or more Persons owning a Unit may revoke a proxy for the entire vote of such Unit or if so specified in the proxy, for a share of such vote in proportion to the share of ownership of the Person or Persons giving such proxy. A proxy given by a co-owner for only a share of a Unit's vote in proportion to the share of ownership of such co-owner shall be revocable only by such co-owner.

2.9 Order and Conduct of Business. The order of business at all meetings of the Association shall be generally as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Approval of minutes of preceding meeting

- (d) Reports of officers;
- (e) Reports of committees (if any);
- (f) Selection of inspectors of election (when required);
- (g) Election of members of the Board of Directors (when required);
- (h) Ratification of auditor;
- (i) Unfinished business;
- (j) New business; and
- (k) Adjournment.

All meetings shall be conducted in accordance with the most current edition of Robert's Rules of Order Newly Revised, or by any means that allow participation by all Unit Owners in any deliberation or discussion.

2.10 Candidates for Election to Board of Directors. Each candidate for election or reelection to the Board of Directors may submit to the Board, for distribution to each member of the Association prior to the election, a personal biography which shall include a disclosure of any significant business connection, financial or otherwise, with any current insurer or the Managing Agent of the Community.

2.11 Prohibited Acts of Association Employees. No employee of the Association shall engage in selling or renting Units in the Community, except Association-owned Units, unless such activity is approved by an affirmative vote of sixty-seven percent (67%) of the Owners.

2.12 Rights of Declarant. Notwithstanding anything to the contrary provided herein, Declarant shall be entitled to vote and/or act on all matters as the Association and the Board of Directors until the first meeting of the Association, and/or as provided in the Declaration. Without limitation of the foregoing, Declarant shall have and does hereby reserve the right to amend these bylaws, for any purpose, and without notice to or consent from any Person or member, at any time prior to the first meeting of the Association.

2.13 Committees. The Board may create and appoint such general or special committees, including, without limitation, Budget Committees and a Design Review Committee, as the affairs of the Association may require and define the authority and duties of such committees.

3. BOARD OF DIRECTORS

3.1 Powers and Duties. The affairs of the Association, except as otherwise provided by the Act, the Declaration, or these Bylaws, shall be conducted and managed by a Board. In the performance of his or her duties, each director, shall owe the Association a fiduciary duty and exercise the degree of care and loyalty required of an officer or director of a corporation organized under Chapter 414D of the Hawaii Revised Statutes, as amended.

3.2 Number and Qualification. Members of the Board shall be unit owners or co-owners, vendees under an agreement of sale, trustees of a trust which owns a unit, or other person authorized to act on behalf of any legal entity which owns a unit. There shall not be more than one representative on the Board from any one Unit. No tenant, resident manager or employee of the Association shall serve on The Board. Any owner who is a Board member and an employee of the Managing Agent shall not participate in any discussion regarding a management contract at a Board meeting and shall be excluded from any executive session of the Board where the management contract or the Managing Agent will be discussed. In the

event that the Community shall be constructed in multiple increments, upon turnover of a portion of the Community, consisting of the first or multiple but not all increments, the initial Board of Directors shall consist of three (3) persons, subject to removal as herein provided. Upon integration of the last Increment into the Association, the number of Directors shall be increased to five (5) persons, which vacancies shall be filled in a special meeting of the Association held for that purposes within 90 days of the integration of the last Increment into the Association, pursuant to Section 2.2. Nominations for these additional directors shall be conducted pursuant to Section 3.5.

3.3 Election and Term of Office. Directors shall be elected by secret written ballot at each annual meeting and any special meeting called for that purpose. Directors shall hold office for a period of two years and until their respective successors have been elected, subject to removal as herein provided; except that at the first annual meeting of the Association, the number of Persons to equal a majority of directors (but no more) who receive the largest number of votes shall be elected for terms of two years, and the remaining directors shall be elected for a term of one year. Thereafter, at the expiration of the term of office of each of the initial members of the Board, each successor member shall be elected for a term of two years.

3.4 Inspectors for Voting and Elections. Before any meeting of the Association pursuant to which voting will take place, the Board, or, at the direction of the Board, the chairperson of the meeting, shall appoint inspectors of the voting at the meeting, including the voting for the election of directors. The number of inspectors will be either one (1) or three (3). The inspector or inspectors will: (a) determine the number of votes that may be cast; the authenticity, validity, and effect of proxies, pledges, and other documents purporting to give a Person the right to represent, act, and vote for an Owner; (b) receive votes, ballots, and consents; (c) hear and determine all challenges, questions, and conflicts relating in any way to the right to cast votes; (d) count and tabulate all votes and consents; (e) decide when the polls will close; (f) determine the results of all votes and elections; (g) do other acts that may be proper to conduct the vote or election with fairness to all Owners; and (h) perform such duties impartially, in good faith, to the best of his, her, or their ability and as quickly as practical. The decision, act, or certificate of a majority of inspectors, if there are three (3), or of the single inspector will be effective. Any facts stated in any effective report or certificate shall be presumed to be accurate.

3.5 Nomination for Election to the Board. The Board may appoint a committee to nominate Owners for election to the Board at each annual meeting. This committee will make their selections at least thirty (30) days before the date of each such meeting. The list of nominees must also include any qualified Person nominated in any petition signed by at least five percent (5%) of the Owners and received by the Board thirty (30) days before the meeting. This list of nominees must be sent to each Owner or made available to Owners upon check-in at the meeting. If the list is prepared before the notice of meeting is sent, it must be sent with the notice. Each Person nominated in accordance with this Section must be placed on the ballot at the meeting. At the meeting, however, any Owner present may nominate any qualified Person for director, and the Person so nominated must be added to the ballot.

3.6 Removal. At any regular or special meeting of the Association duly called, any one or more directors may be removed with or without cause by a vote of a majority of Unit Owners, and a successor shall then and there be elected for the remainder of the term to fill the vacancy thus created; provided, however, that if such removal and replacement is to occur at a special meeting, the call for such meeting shall be by the President or by a majority petition to the Secretary or Managing Agent signed by not less than twenty-five percent (25%) of the Unit

Owners; and provided further, that if the Secretary or Managing Agent does not send out the notices for the special meeting within fourteen (14) days of receipt of the petition, the petitioners shall send out the notices for the special meeting. Any member of the Board whose removal has been proposed by an Owner shall be given an opportunity to be heard at the meeting. Any director who shall miss three (3) consecutive meetings of the Board may be removed by vote of a majority of the remaining directors, even though they may constitute less than a quorum; provided, however, that this right of removal shall be without prejudice to the Unit Owners' right to remove directors as provided above in this Section. Upon removal of a director by the remaining directors of the Board, the President shall schedule a special Association meeting to elect a replacement director within sixty days from the date of the former director's removal. If the President fails to so schedule a special Association meeting, the call for such meeting shall be made by a petition to the Secretary or Managing Agent signed by not less than twenty-five percent (25%) of the Unit Owners. The replacement of the director removed by the Board shall be in accordance with all applicable requirements and procedures in these Bylaws for the replacement of directors including, but not limited to, any provisions relating to cumulative voting. Any director removed by the Board shall not be eligible for reelection to the Board for a period of one (1) year after such director's removal.

3.7 Vacancies. Vacancies in the Board caused by any reason other than removal of a director by the Association or by the Board as provided in Section 3.6 shall be filled by vote of a majority of the remaining directors, even though the directors present at such meeting 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 and until a successor is elected thereafter. The death, incapacity or resignation of a director, or if a director ceases to qualify for office as set forth above, shall cause his office to become vacant. Any director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment for more than sixty (60) days may be removed by a majority vote of the directors present at a regular or special meeting of the Board at which a quorum is present and a successor may be elected by the Board in the manner described above.

3.8 Meetings of the Board of Directors.

(a) Annual Meetings. An organizational meeting of the Board and each annual meeting thereafter shall be held at the place of and immediately following the annual meeting of the Association. No separate notice other than the notice of the annual meeting of the Association shall be necessary for such meeting. At such meeting the Board shall elect the officers of the Association for the ensuing year.

(b) Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board. The Board shall meet at least once a year in addition to the annual meeting. Declarant, when acting as the Board as provided in Section 2.2(a), may act without a formal meeting, call, or notice.

(c) Special Meetings. Special meetings of the Board may be called by the President and will be called by the Secretary promptly upon the written request of at least three (3) directors.

(d) Open and Executive Sessions. All meetings of the Board, other than executive sessions, shall be open to all Owners, and Owners who are not directors may participate in any deliberation or discussion, other than executive sessions, unless a majority of a quorum of the Board votes otherwise. The Board, with the approval of a majority of a quorum

of its members, may adjourn a meeting and reconvene in executive session to discuss and vote upon matters (i) concerning personnel, (ii) concerning litigation in which the Association is or may become involved, (iii) necessary to protect the attorney-client privilege of the Association, or (iv) necessary to protect the interests of the Association while negotiating contracts, leases, and other commercial transactions. The general nature of any business to be considered in executive session shall first be announced in open session.

(e) Attendance by Remote Communication. Members of the Board or of any committee, or any unit owner if permitted by the Board, may participate in a meeting by any means of communication by which all persons participating in the meeting can hear each other simultaneously, provided that the Board may require that the unit owner pay for the costs associated with the participation. Participation by such means shall constitute presence in Person at such a meeting.

(f) Conduct of Meetings. All meetings of the Board shall be conducted in accordance with the most current edition of Robert's Rules of Order Newly Revised.

3.9 Notice. Seven (7) days prior written notice of regular meetings of the Board, if practicable, and at least three (3) business days prior written notice of special meetings shall be given to each director, either personally or by telephone, electronic mail transmission, or facsimile, and shall state the time, place, and purpose of such meeting. Notice of all board meetings shall be posted by the Managing Agent, resident manager (if any), or a member of the Board in prominent locations within the Community seventy-two (72) hours prior to the meeting or simultaneously with notice to the Board.

3.10 Waiver of Notice. A director may waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance at a meeting shall constitute a waiver of notice of the time, place and purpose of the meeting. If all the directors are present at a meeting of the Board, notice shall not be required and any business may be transacted at such meeting.

3.11 Quorum of Board of Directors. At all meetings of the Board, a majority of the total number of directors established by these Bylaws shall constitute a quorum for the transaction of business. The votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A director shall not vote by proxy at any meeting. 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 originally called may be transacted without further notice.

3.12 Conflicts of Interest. A director shall not vote at any meeting on any issue in which such director has a conflict of interest. A director who has a conflict of interest concerning any issue before the Board shall disclose the nature of the conflict of interest to the Board prior to the vote on that issue at the meeting of the Board, and the minutes of the meeting shall record the fact that a disclosure was made. For purpose of this Section, a "conflict of interest" shall mean an issue in which a director has a direct personal or pecuniary interest not common to other members of the Association. The determination of whether a conflict of interest exists as to a particular director or directors shall be determined by a majority of the non-interested directors, which determination shall be conclusive and binding on all parties. If abstentions for such a reason would result in less than a majority being able to vote, the directors who do not

abstain shall appoint one or more Persons as temporary directors to vote on the matter in question.

3.13 Compensation. Directors shall not receive any compensation from the Association for acting as such other than a reasonable fee for attendance at the meetings of the Board as set by the Owners at the annual meeting. 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 include these expenses as separate line items. These expenses may include registration fees, books, videos, tapes, other educational materials, and economy travel expenses. The Board may approve reimbursement to directors of actual expenditures incurred on behalf of the Association. Except for economy travel expenses within the State of Hawaii, all other travel expenses incurred under this Section shall be subject to the requirements of this Section and Section 514B-107(d) of the Act.

3.14 Fidelity Bonds. The Board shall require that the Managing Agent and all directors, officers, trustees, employees, and volunteers responsible for handling funds belonging to or administered by the Association furnish adequate fidelity bonds naming the Association as the insured and providing coverage in such amounts as the Board deems adequate, but in no event in any amount less than any minimum amount required under the Section 514B-132(a)(3) of the Act. The premiums on such bonds, if paid by the Association, shall constitute a common expense. Every such bond shall:

(a) Provide that the bond(s) may not be canceled or substantially modified (including cancellation for nonpayment of premiums) without at least sixty (60) days prior written notice to the Board, the first Mortgagees of record with respect to any Unit or any interest therein and every other Person in interest who shall have requested such notice; and

(b) Contain a waiver of any defense based upon the exclusion of Persons who serve without compensation from any definition of the term "employee" or similar term, and, by appropriate endorsement, provide coverage for any such Persons not otherwise covered.

3.15 Community Documents. The Association shall, at its expense, provide all Board members with a current copy of the Declaration, these Bylaws, any Community Rules, and/or Design Guidelines in effect, if any, and, annually, a copy of the Act.

4. OFFICERS

4.1 Designation and Qualification. The principal officers of the Association shall be the President, Vice President, Secretary, and Treasurer, all of who shall be elected by the Board. The Board may appoint such other officers, who need not be members of the Board or the Association, as in its judgment may be necessary (e.g. the Board may appoint a secretary to take the minutes of any or all meetings). For the first four (4) years following the first annual meeting of the Owners, the officers elected by the Board of Directors shall be members of the Board of Directors. Thereafter, except to the extent required by law, officers are not required to be members of the Board. One individual may hold no more than one office.

4.2 Election of Officers. The officers of the Association shall be elected annually by the Board and shall hold office at the pleasure of the Board.

4.3 Removal. Any officer may be removed with or without cause by the affirmative vote of a majority of the Board. Vacancies may be filled by the Board at any regular meeting or at a special meeting of the Board called for such purpose.

4.4 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. Subject to the control of the Board, the President shall have all the general powers and duties which are incident to the office of president of a corporation organized under the laws of the State of Hawaii, including, but not limited to, the power to appoint committees from among Owners as the President may, in his or her discretion, decide to be appropriate to assist in the conduct of the affairs of the Association. The President shall also have such other powers and duties as may be provided by these Bylaws or assigned from time to time by the Board.

4.5 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. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act temporarily in the place of the President. The Vice President shall also have such other powers and duties as may be assigned from time to time by the Board or by the President.

4.6 Secretary. The Secretary shall attend and keep the minutes of all meetings of the Owners and the Board, shall maintain and keep a continuous and accurate record of the ownership of all Units, shall have charge of such books and papers as the Board may direct, keep the minute book wherein resolutions shall be recorded, and shall in general perform all the duties incident to the office of secretary of a corporation organized under the laws of the State of Hawaii. Duties of the Secretary may be delegated to the Managing Agent or to an assistant secretary subject to the Secretary's supervision.

4.7 Treasurer. The Treasurer shall be responsible for the keeping of full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data and reports. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects of the Association in such depositories as may be designated by the Board of Directors; and shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of the State of Hawaii. Duties of the Treasurer may be delegated to the Managing Agent subject to the Treasurer's supervision.

4.8 Compensation. No Person shall receive any compensation from the Association for acting as an officer but may be reimbursed for actual expenses incurred in the course of performing such officer's duties.

4.9 Auditor. The Board shall select, subject to the ratification of the Owners at the annual meeting, a certified public accountant or accounting firm as auditor, who shall not be an officer of the Association nor own any interest in any Unit, to audit the books and financial records of the Association as required by law or these Bylaws, or directed additionally by the Board.

4.10. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.11 Fiduciary Duty. In the performance of his or her duties, each officer of the Association shall owe the Association a fiduciary duty and exercise the degree of care and loyalty required of an officer or director of a corporation organized under Chapter 414D of the Hawaii Revised Statutes, as amended.

4.12 General - Committees. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed of such persons as may be appointed by the Board, and shall operate in accordance with the terms of the resolution of the Board of Directors or with rules adopted by the Board of Directors.

5. ADMINISTRATION

5.1 Management. The Board of Directors shall have the powers and duties necessary for the management and operation of the Community, for the administration of the affairs of the Association, and for the performance of all duties and obligations placed on the Board by the Community Documents, and may do all acts and things except those that may not be delegated by the Association to the Board of Directors by the Act, the Declaration or these Bylaws. Such powers and duties of the Board of Directors include, without limitation, the following:

(a) To contract and incur liabilities in connection with the exercise of any of the powers and duties of the Board;

(b) To have custody and control over all funds of the Association, open bank accounts on behalf of the Association, and designate the signatories of those accounts;

(c) To keep books of accounts and records with respect to the Community as provided in the Act and these Bylaws;

(d) To maintain, repair, replace, and restore the Common Elements and make any additions and alterations thereto;

(e) To make additions, alterations, and Improvements to the Property and repair and restore the Property in accordance with the provisions of the Act, the Declaration, the limited warranty, or these Bylaws after damage or destruction by fire or other casualty or as a result of condemnation;

(f) To purchase, maintain, and replace any equipment and provide all water and utility services required for the Common Elements;

(g) To provide each Unit with all water, sewer, electricity, and other utility services the Board shall deem necessary, either at the expense of such Unit or as a common expense, as determined by the Board;

(h) To purchase or provide all other materials, supplies, furniture, labor, and services required by these Bylaws or by law, or which the Board, in its discretion, deems necessary or appropriate for the proper operation and maintenance of the Property, or which

are used in common or jointly by the Common Elements and Units, in each case to the extent such goods and services shall not be otherwise provided;

(i) To have access to each Unit from time to time during reasonable hours as may be necessary for the operation of the Property or for making emergency repairs therein necessary to prevent damage to the Common Elements or to another Unit or Units;

(j) To maintain and repair any Unit, common driveway, or party wall, including the replacement or trimming of landscaping, if any, described and defined in the Declaration, if such maintenance or repair is necessary, in the discretion of the Board, to protect the Common Elements, Limited Common Elements, or any other portion of the Property and if the Owner or Owners of the Unit shall have failed or refused to perform the maintenance or repair within a reasonable time after written notice of the necessity of maintenance or repair shall have been delivered by the Board to the Owner or Owners, and the Board may levy a special assessment against such Unit for the cost of such maintenance or repair and any attorneys' fees and other expenses incurred in levying and collecting such special assessment;

(k) To employ, supervise, and dismiss such personnel as may be necessary for the operation, repair, maintenance, and replacement of the Common Elements;

(l) To procure legal, accounting, and management services necessary or proper for the operation of the Property or the interpretation, enforcement, or implementation of the Declaration, these Bylaws and any other material documents affecting the Property;

(m) To obtain and maintain in effect all policies of insurance and bonds as may be required or authorized by the Declaration, these Bylaws, the Board, or the Act;

(n) To cause to be prepared and to approve a budget covering the itemized estimated income of the Community, if any, from all sources and the estimated cost of maintaining and operating the Community during the ensuing fiscal year, including the reserves established by these Bylaws and any other reasonable reserves for such purposes, less any surpluses from the operation of prior years, if any, which surpluses shall, subject to Section 6.1(d), shall be applied to pay operating expenses or reserve contributions or subsequent years;

(o) To prepare and approve a schedule of monthly assessments against each Owner for such Owner's proportionate share of such estimated cost of maintaining and operating the Property for such ensuing year and to levy and collect all monthly and special assessments of the common expenses and other charges payable by the Owners;

(p) To pay all common expenses which the Association is required to pay pursuant to these Bylaws or by law or which in the Board's opinion shall be necessary or proper for the operation and maintenance of the Property or for the enforcement of these Bylaws, provided that if any such payment is required because of the particular actions of negligence by any Owner, the cost thereof shall be specially assessed to that Owner;

(q) To pay and discharge any lien, encumbrance, tax or assessment levied against all or any portion of the Property which may in the opinion of the Board constitute a lien against the Property or against the Common Elements or Limited Common Elements rather than merely against the interest of particular Owners. If one or more Owners are responsible for the existence of any such lien, they shall be jointly and severally liable for the cost of discharging such lien and for the costs incurred by the Board by reason of such lien;

(r) To enforce the provisions of the Community Documents and establish, assess, and collect such penalties and fines and any interest as the Board deems appropriate with respect to such enforcement, including penalties, fines, and interest for failure or refusal to pay on demand all costs and expenses required to be paid hereunder; provided that such penalties, fines and interest are not inconsistent with the law or the provisions of these Bylaws or the Declaration. The unpaid amount of such penalties and fines against any Owner shall constitute a lien against the Owner's interest in the Owner's Unit that may be foreclosed by the Board or the Managing Agent in the same manner as provided in the Act for the foreclosure of a lien for common expenses;

(s) To notify all Persons having any interest in any Unit, according to the Association's record of ownership, and subject to the provisions of Section 5.6, of delinquency exceeding sixty (60) days in the payment of any assessment against such Unit;

(t) From time to time to adopt and amend and enforce Community Rules that govern the details of the operation and use of the Property, including, without limitation, Community Rules that apply only to a particular Unit or a particular Unit Type, provided, however, that no Community Rule adopted by the Board shall be effective if disapproved by a Majority of Owners at a meeting duly called for such purpose. Nothing herein shall be construed to require that a meeting of the Association be called for the purpose of approving or disapproving Community Rules adopted by the Board of Directors. Except for Developer Amendments to Community Rules, which shall be effective immediately, all other Amendments to Community Rules shall not be effective until thirty (30) days after being mailed to the Owners;

(u) From time to time and as provided in and subject to the requirements of the Declaration, to appoint members of the Northwest Corner of Village of Kapolei Design Review Committee ("Northwest Corner DRC"), to ensure that proposed plans and Improvements delineated therein are in conformance with and are harmonious with the exterior design and existing materials within the Community and the Villages of Kapolei Community. The Board may adopt guidelines that apply only to a particular Unit or Units or a particular Unit type;

(v) To lease or otherwise use for the benefit of the Association, including, without limitation, to grant easements and enter into licenses respecting, those common areas and elements that, in accordance with Section 514B-38(5) of the Act, the Board determines are not actually used by any Unit Owners for a purpose permitted in the Declaration provided that, unless the approval of sixty-seven percent (67%) of the Owners is obtained, such lease shall not have a term of more than five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days' written notice, provided that the foregoing approval requirement shall not apply to any leases, licenses, or other agreements entered into for the purposes authorized by Section 514B-140(d) of the Act;

(w) To lease or otherwise use for the benefit of the Association, including, without limitation, to grant easements and enter into licenses respecting, those common areas and elements that, in accordance with Section 514B-38(6) of the Act, the Board determines are actually used by one or more Unit Owners for a purpose permitted in the Declaration upon obtaining the approval of sixty-seven percent (67%) of the Owners, including all directly affected Owners that the Board reasonably determines actually use such Common Elements, and the Owners' Mortgagees, provided that the foregoing approval requirement shall not apply to any

leases, licenses, or other agreements entered into for the purposes authorized by Section 514B-140(d) of the Act;

(x) To purchase, lease, or otherwise acquire any Unit in the Community in the name of the Board of Directors or its nominee, corporate, trust, or otherwise, on behalf of the Association and thereafter sell, lease, mortgage, vote the common interests appurtenant to, and otherwise hold or deal with such Unit, provided that no votes allocated to a Unit owned by the Association may be cast for the election or reelection of directors at any Association meeting. The Board of Directors may organize corporations to act as nominees of the Board of Directors in acquiring title to or leasing of Units on behalf of the Association;

(y) To purchase any Unit in the Community at foreclosure or other judicial sales in the name of the Board of Directors or its nominee, corporate, trust, or otherwise, on behalf of the Association.

(z) Subject to any approval requirements and spending limits contained in the Declaration and these Bylaws, to borrow money with or without security to be used by the Association for the repair, replacement, maintenance, operation, or administration of the Common Elements of the Community, or the making of any additions, alterations, or Improvements thereto. The cost 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 Community; provided that a Majority of Owners give written consent to such borrowing, having been first notified of the purpose and use of the funds;

(aa) To delegate its powers and duties to the Managing Agent, and to committees, agents, officers, representatives, and employees;

(bb) To grant an easement across the Common Elements for any "reasonable purpose," which term shall include, but shall not be limited to, those purposes which are necessary to the operation, care, upkeep, maintenance, and repair of any Unit, the Common Elements, or any Limited Common Elements in the Community;

(cc) To keep, or cause the Managing Agent to keep, an accurate and current list of members of the Association and their current addresses and names and addresses of the vendees under agreements of sale, if any;

(dd) On behalf of the Association, to enter into one or more agreements or contracts with the association(s) of Unit Owners of a condominium community or condominium communities adjacent to or in the vicinity of the Community as necessary or convenient to provide for the joint satisfaction of insurance requirements, on-site management functions, and other items of common interest between the Association and such other association(s), as may be desirable in the interest of efficiency and/or economy for the provision of such items. In such event, the joint expenses relating to such shared items shall be allocated among the participating associations based on the relative total net living floor area of all Units in each of the participating condominium communities, or in such other manner as may be reasonably determined fair and appropriate by the Board and the other participating associations;

Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of the Owners, or any of them, or the Association. Anything contained herein to the contrary notwithstanding, the Board shall have no power to impair the use and enjoyment of a Unit or the Limited Common Elements appurtenant thereto in a manner inconsistent with the Declaration or these Bylaws.

5.2 Employment of a Managing Agent. Except as otherwise provided in the Declaration with respect to the initial Managing Agent, the Board (on behalf of the Association) shall at all times employ a responsible company duly registered with the Real Estate Commission and licensed to do business in the State of Hawaii as Managing Agent to manage and control the Property, subject at all times to direction by the Board and subject also to the primary rights and responsibility of the Association, with such administrative functions as shall be delegated by the Board. The compensation of the Managing Agent shall be determined by the Board.

The Managing Agent shall have such powers and duties as may be necessary or proper, as determined by the Board and as delegated by the Board, in connection with (a) supervision of the immediate management and operation of the Property; (b) maintenance, repair, replacement, and restoration and any additions or alteration of the Common Elements; (c) the purchase, maintenance, and replacement of any equipment; (d) provision for utilities services to the buildings and the various Units; (e) employment, supervision, and dismissal on behalf of the Association of such personnel as it deems necessary for the maintenance and operation of the Property; (f) execution of contracts with others for the furnishing of such services as it deems proper for the Community; (g) preparation of a proposed budget and schedule of assessments; (h) collection of all assessments and payment of all bills; (i) purchase of such insurance as is contemplated by these Bylaws; (j) custody and control of all funds; (k) maintenance of books and records on a cash basis; and (l) preparation of financial reports.

Declarant, or such Managing Agent as Declarant may designate, shall act as the initial Managing Agent for the Community. If the initial management contract is for a term of more than one (1) year, it shall provide that it may be terminated by either party at the end of the first year or at any time thereafter upon not less than ninety (90) days written notice; however, if Declarant or a division, subsidiary, or affiliate of Declarant acts as the first Managing Agent, such management contract shall be subject to termination by either party thereto on not more than sixty (60) days written notice. The termination of any initial management contract shall be without payment of any termination fee to the Managing Agent. In no event shall the management contract be for a term exceeding three (3) years, and any such management contract shall be subject to termination, without penalty, by either party thereto on not more than ninety (90) days written notice. No decision by the Board of Directors to terminate professional management of the Community may be made without the prior written consent of at least sixty-five percent (65%) of the institutional holders of first mortgages on Units (based upon one (1) vote for each such first Mortgage).

The Board of Directors may in its discretion limit any of the powers granted to the Managing Agent in these Bylaws or grant additional powers to the Managing Agent.

5.3 Execution of Instruments. The officer or officers as shall be provided by general or special resolution of the Board or, in the absence of any such resolution applicable to such instrument, by the President and the Vice President, or by the President or the Vice President and the Treasurer or the Secretary shall (i) sign all checks, drafts, notes, acceptances, conveyances, contracts, and other instruments on behalf of the Association, and (ii) prepare, execute, certify and Record amendments to the Declaration, subject to the provisions of the Declaration.

5.4 Deposits of Association Funds. The funds of the Association shall be: (i) deposited in financial institutions, located in the State of Hawaii, pursuant to a resolution of the

Board, and whose deposits are insured by an agency of the United States; (ii) held by a corporation authorized to do business under HRS 412:8-100 through 8-403; (iii) held by the United States Treasury; or (iv) purchased in the name of and held for the benefit of the Association through a securities broker that is registered with the Securities and Exchange Commission, that has an office in the State of Hawaii, and the accounts of which are held by member firms of the New York Stock Exchange or National Association of Securities Dealers and insured by the Securities Insurance Protection Corporation. The funds in the general operating account of the Association shall not be commingled with funds of other activities such as lease rent collections rental, timeshare and assisted living facility operations, nor shall the Managing Agent commingle any Association funds with its own funds. For purposes of this Section, lease rent collections and rental operations shall not include the rental or leasing of Common Elements conducted on behalf of the Association. Association funds shall not be transferred between accounts by oral instructions over the telephone. Deposits of Association funds shall be invested only as set forth in Section 514B-149(c) of the Act.

5.5 Books and Records of Account.

(a) Financial Records. The Board of Directors will maintain or cause to be maintained accurate and complete books of account and other financial records on a cash basis in accordance with recognized accounting practices. The records shall include, without limiting the generality of the foregoing, detailed and accurate records in chronological order of all receipts and expenditures of the Association, specifying and itemizing all expenses paid or incurred in connection with the maintenance, repair, restoration, and replacement of the Common Elements and any other expenses incurred, all vouchers authorizing payment of such expenses, and monthly statements showing the total current delinquent amount of unpaid assessments for common expenses.

(b) Annual Statements. Within ninety (90) days after the end of each fiscal year of the Association, the Board will render or cause to be rendered to each Owner a balance sheet and a summary statement of all receipts and disbursements, including assessments received and receivable during the preceding year. Upon request by an Owner, the Association shall provide to such Owner a detailed statement of receipts and disbursements made in the preceding year and a statement of all Association funds and other assets, including, without limitation, all reserve accounts.

(c) Audit. The Association shall require an annual audit of the Association's financial accounts and no less than one yearly, unannounced verification of the Association's cash balance by an independent public accountant. A copy of the annual audit shall be made available to each Unit Owner in accordance with the requirements set forth in Sections 514B-150(b) and (c) of the Act.

5.6 Record of Ownership. The Board of Directors or the Managing Agent under the direction and supervision of the Board, will keep an accurate and current record of the names and addresses of members of the Association, their tenants, Mortgagees, and vendees under agreements of sale, and each Owner's common interest. Every Owner and purchaser under an agreement of sale shall promptly cause to be duly Recorded and filed with the Association the instrument conveying the Owner's interest in a Unit to such Owner or other evidence of the Owner's title or interest in a Unit. The Secretary shall maintain all such information in the record of ownership of the Association. Each Owner shall pay the Association or the Managing Agent on demand a service charge in an amount fixed from time to time by the Board for the registration on the records of the Association of a change in the ownership of a Unit.

5.7 Minutes of Meetings. The Association shall maintain minutes of all meetings of the Board of Directors and the Association. The minutes shall include the recorded vote of each Board member on all motions except those voted on in executive session.

5.8 Association Records; Generally. The Association shall keep financial and other records sufficiently detailed to enable the Association to comply with requests for information and disclosures related to resale of Units. Except as otherwise provided by law, all financial and other records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. Association records shall be stored on the island on which the Community is located; provided that if original records, including but not limited to invoices, are required to be sent off-island, copies of the records shall be maintained on the island on which the Community is located.

5.9 Location and Inspection of Books and Records.

(a) Location. Subject to the provisions of Section 5.8, all of the Association's books and records shall be kept at the Community or at such other convenient place within the State of Hawaii as the Board shall designate, and in accordance with the requirements of the Act. Subject to the provisions of Section 5.9(b), the Board of Directors shall establish reasonable rules with respect to notice to be given to the custodian of the records by an Owner desiring to make inspection, the hours and days of the week when such inspection may be made, and the payment of the cost of reproducing copies of documents so requested.

(b) Inspection of Financial Records and Minutes.

(i) The Association's most current financial statement and minutes of the Board's meetings, once approved, shall be available to any Owner, Mortgagees or their duly authorized representatives, at no cost to the Owner or on twenty-four (24) hour loan, at a convenient location designated by the Board.

(ii) Minutes of meetings of the Board and the Association for the current and prior year shall be available for examination by Unit Owners, Mortgagees or their duly authorized representatives, at convenient hours at a place designated by the Board. Minutes of the Board shall be available within 7 calendar days after approval, and unapproved final drafts shall be available within 60 days after the meeting; provided that the minutes of any executive session may be withheld if their publication would defeat the lawful purpose of said session. Copies of meeting minutes shall be transmitted by mail, electronic mail transmission, or facsimile, by the means indicated by the Owner if the Owner indicated a preference at the time of the request; provided, further, that the Owner, Mortgagees or their duly authorized representatives, shall, subject to Section 514B-105(d) of the Act, pay a reasonable fee for administrative costs associated with handling the request. An owner shall be allowed to offer corrections to the minutes at an Association meeting.

(iii) Financial statements, general ledgers, the accounts receivable ledger, accounts payable ledgers, check ledgers, insurance policies, contracts, and invoices of the Association for the duration those records are kept by the Association and delinquencies of ninety (90) days or more shall be available for examination by Unit Owners, Mortgagees or their duly authorized representatives, at convenient hours at a place designated by the Board; provided that:

(A) The Board may require Owners, Mortgagees or their duly authorized representatives, to furnish to the Association a duly executed and acknowledged

affidavit stating that the information is requested in good faith for the protection of the interests of the Association or its members or both; and

(B) Owners, Mortgagees or their duly authorized representatives, pay for administrative costs incurred by the Association under this Section in excess of eight (8) hours per year.

Copies of these items shall be provided to any Owner, Mortgagees or their duly authorized representatives, upon such Person's request, provided that the Owner, Mortgagees or their duly authorized representatives, pay a reasonable fee for duplication, postage, stationery, and other administrative costs associated with handling the request.

(iv) After any Association meeting, and not earlier, Owners, Mortgagees or their duly authorized representatives, shall be permitted to examine proxies, tally sheets, ballots, Owners' check-in lists, and the certificate of election, provided that:

(A) Owners, Mortgagees or their duly authorized representatives shall make a request to examine the documents within thirty (30) days after the Association meeting;

(B) The Board may require Owners, Mortgagees or their duly authorized representatives, to furnish to the Association a duly executed and acknowledged affidavit stating that the information is requested in good faith for the protection of the interest of the Association or its members or both; and

(C) Owners, Mortgagees or their duly authorized representatives, pay for administrative costs incurred by the Association under this Section 5.9(b)(iv) in excess of eight (8) hours per year.

If there are no requests to examine proxies and ballots, the documents may be destroyed thirty (30) days after the Association meeting. If there are requests to examine proxies and ballots, the documents shall be kept for an additional sixty (60) days, after which they may be destroyed. Copies of tally sheets, Owners' check-in lists, and the certificates of election from the most recent Association meeting shall be provided to any Owner upon the Owner's request, provided that the Owner pays a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request.

(v) Owners, Mortgagees or their duly authorized representatives, may file a written request with the Board to examine other documents. The Board shall give written authorization or written refusal with an explanation of the refusal within thirty (30) calendar days of receipt of the request.

The Association may comply with this Section by making information available to Owners, at the option of each Owner and at no cost to the Owner for downloading the information, through an Internet site.

(c) Members List. Each Owner shall promptly file with the Board of Directors a true and complete copy, as Recorded, of each Unit Deed, lease, mortgage, agreement of sale, assignment, or other instrument whereby such Owner acquires, encumbers, or disposes of an interest in a Unit. The Board or Managing Agent, under direction of the Board, shall keep an accurate and current list of members of the Association and their current addresses and the names and addresses of the vendees under agreements of sale, if any (the "**Members List**").

Owners shall be responsible for providing the Board or the Managing Agent with any change of such Owner's billing and/or mailing address. The Members List shall be maintained at a place designated by the Board and a copy shall be available at cost to any member of the Association as may be provided in the Community Rules or, in any event, to any member who furnishes to the Managing Agent or the Board of Directors a duly executed and acknowledged affidavit stating that the list (i) will be used by the Owner personally and only for the purpose of soliciting votes or proxies or providing information to other Owners with respect to Association matters and (ii) shall not be used by the Owner or furnished to any other Person for any other purpose.

(d) In addition to the foregoing, Owners shall have such rights of access to Association records as are provided in Section 514B-154 of the Act.

5.10. Representation. The Board may represent the Association or any two (2) or more Owners in any action, suit, hearing, or other proceeding affecting the Association, the Common Elements, or more than one (1) Unit 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 Owners individually to appear, to sue, or be sued. Service of process on two (2) or more Owners in any such action, suit, or proceeding may be made on the President.

5.11 Liability and Indemnity of the Board of Directors and Officers. The directors and officers of the Association shall not be liable to the Owners for any mistake of judgment or otherwise, except for their own gross negligence or willful misconduct. The Association shall indemnify each director and officer of the Association against all costs, expenses, and liabilities which may be incurred by or imposed on such director in connection with any claim, action, proceeding, investigation, or inquiry made, instituted, or threatened in which such Person may be involved as a party or otherwise by reason of such Person's being or having been a director or officer of the Association, or by reason of any past or future action taken, authorized, or approved by such director or officer or any omission to act as a director or officer, whether or not such Person continues to be such director or officer at the time of the incurring or imposition of such costs, expenses, or liabilities. Such costs, expenses or liabilities shall include judgments, amounts paid in compromise settlements, and amounts paid for services of counsel and other related expenses except those costs, expenses, and liabilities as shall relate to matters as to which such officer or director shall be finally adjudged to be, or shall be, liable by reason of gross negligence or willful misconduct toward the Association in the performance of such Person's duties as a director or officer. In the absence of a final adjudication of the existence or nonexistence of a director's or officer's liability to the Association, the determination of whether a director or officer has acted with gross negligence or willful misconduct may be made (i) by the Board of Directors by a majority vote or a quorum consisting of disinterested directors, or (ii) if such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel selected by the Board of Directors, or (iii) if a quorum of disinterested directors so directs, by a majority vote of the Owners. The foregoing right of indemnification shall not be exclusive of other rights that any director or officer may have and shall inure to the benefit of the heirs and personal representatives of each director or officer.

6. BUDGETS, RESERVES AND ASSESSMENTS

6.1 Budget for Common Expenses.

(a) Before the start of each fiscal year of the Association, the Board shall prepare, or have prepared, and adopt an annual operating budget in accordance with Section 514B-148 of the Act. At a minimum, the budget shall include the following:

(i) The estimated revenues, operating expenses, and working capital requirements of the Association for the upcoming year;

(ii) Information as to whether the budget has been prepared on a cash or accrual basis;

(iii) The total replacement reserves (as defined in Section 514B-148(h) of the Act) of the Association as of the date of the budget;

(iv) The estimated replacement reserves the Association will require to maintain the Property based on a reserve study conducted by the Association;

(v) A general explanation of how the estimated replacement reserves are computed;

(vi) The amount the Association must collect for the fiscal year to fund the estimated replacement reserves;

(vii) An estimate of the maintenance reserves the Association must collect in accordance with applicable provisions in the Declaration;

(viii) An amount which the Board deems appropriate to make up all or a portion of any deficiency from a prior year;

(ix) The amount of surplus from the prior year, if any, which shall be used to pay common expenses in the upcoming year;

(x) The proposed allocation of assessments between Multifamily Homes and Residences as may be proposed by committee(s) representing expanded Units or Unit types; and

(xi) Information (1) concerning the estimated replacement reserves required to satisfy applicable Fannie Mae and FHA lending requirements for consideration by the Board, and (2) as to whether the amount the Association must collect for the fiscal year to fund the estimated replacement reserves required by the Act was calculated using a percent funded or cash flow plan. The method or plan shall not circumvent the estimated replacement reserves amount determined by the reserve study pursuant to Section 6.1(a)(iv).

(b) For the fiscal year beginning after the Association's first annual meeting and for each fiscal year thereafter,

(i) unless waived or released by Declarant, so long as the Declarant owns any one or more units within the Community or under the terms of the Declaration

possesses the right to create one or more additional units within the Community (the "Declarant Ownership Period"), the Association shall assess the Owners to fund the minimum percentage of the estimated replacement reserves for the applicable fiscal year necessary to satisfy the higher budget replacement reserve requirement (the "minimum budget reserve requirement") established by and/or specified by Fannie Mae and/or the FHA (the "federal lending standards"), which as of the date of these Bylaws is to constitute ten percent (10%) of the gross annual budget (inclusive of the estimated replacement reserves). Provided the minimum budget reserve requirement and federal lending standards are satisfied, the Board may, in its discretion, implement incremental funding of replacement reserves in accordance with rules specifically promulgated by the Real Estate Commission pursuant to Section 514B-148(b) of the Act or otherwise as permitted under the Act. Estimated replacement reserves shall be computed by a formula based on the estimated life and the estimated capital expenditure or major maintenance (as such terms are defined in Section 514B-148(h) of the Act) required for each part of the Community and shall include: (i) adjustments for revenues which will be received and expenditures which will be made before the beginning of the fiscal year to which the budget relates; and (ii) separate, designated reserves for each part of the Community for which capital expenditures or major maintenance will exceed \$10,000.00. Parts of the Community for which capital expenditures or major maintenance will not exceed \$10,000.00 may be aggregated in a single designated maintenance reserve. Neither Developer, the Association, the Managing Agent, any Unit Owner, nor any director, officer nor employee of the Association who makes or participates in a good faith effort to calculate the estimated replacement reserves for the Association shall have any personal liability if such estimate subsequently proves to be incorrect.

(ii) following the earlier of the conclusion of the Declarant Ownership Period or Recoded release by Declarant of the obligations specified in Section 6.(b)(i) the Association shall assess the Owners to fund a minimum of fifty percent (50%) of the estimated replacement reserves for the applicable fiscal year, except that incremental funding of replacement reserves may be implemented in accordance with rules specifically promulgated by the Real Estate Commission pursuant to Section 514B-148(b) of the Act or otherwise as permitted under the Act, within the reasonable discretion of the Board. Estimated replacement reserves shall be computed by a formula based on the estimated life and the estimated capital expenditure or major maintenance (as such terms are defined in Section 514B-148(h) of the Act) required for each part of the Community and shall include: (i) adjustments for revenues which will be received and expenditures which will be made before the beginning of the fiscal year to which the budget relates; and (ii) separate, designated reserves for each part of the Community for which capital expenditures or major maintenance will exceed \$10,000.00. Due to the varying maintenance and replacement obligations as between Owners of Residences and Multifamily Homes, (A) separate designated reserves shall be established for those elements of the Multifamily Homes to be maintained and replaced by the Association, and Multifamily Home Owners shall be separately assessed therefor and (B) separate designated reserves shall be established for those elements of the Residences to be maintained and replaced by the Association, and Residence Owners shall be separately assessed therefor. Recommendations to the Board as to reserves for Residences, Multifamily Homes and Commercial Buildings may be made by committee(s) established by Unit Owners. Parts of the Community for which capital expenditures or major maintenance will not exceed \$10,000.00 may be aggregated in a single designated maintenance reserve. Neither Developer, the Association, the Managing Agent, any Unit Owner, nor any director, officer nor employee of the Association who makes or participates in a good faith effort to calculate the estimated replacement reserves for the Association shall have any personal liability if such estimate subsequently proves to be incorrect.

(c) Within thirty (30) days after the adoption of any proposed budget, the Board shall make available a copy of the budget to all the Unit Owners and shall notify each Unit Owner that the Unit Owner may request a copy of the budget. Upon adoption by the Board, the budget shall constitute the basis of the Association's calculation of common expenses for the year that shall be collected from the Owners as general assessments and/or special assessments. If practical, each year's budget shall be sent to all Unit Owners at least thirty (30) days before the annual meeting of the Association, provided that the budget for the first fiscal year of the Association need not be sent. If practical, the Association's annual statement prepared in accordance with Section 5.5(b) shall also be sent out at least thirty (30) days before the annual meeting of the Association.

(d) The Board may, but shall not be required to, adjust the budget during any year in the event of surplus funds or projected surplus funds, but no Owner will have a right to a refund of any assessment already paid or the right not to pay any assessment due but unpaid as a result of any such adjustment in the budget. At the annual meeting each year, the Association shall adopt a resolution that any surplus funds collected from the Owners for common expenses but left over after the end of the previous year shall be used to pay common expenses, excluding any capital Improvements, in the next year. For this purpose, each Owner irrevocably appoints the President as such Owner's proxy and attorney-in-fact to adopt such a resolution.

(e) A copy of the Association's annual operating budget shall be furnished to the Real Estate Commission upon its request as part of the Association's registration with the Real Estate Commission under Section 514B-103 of the Act or as required by law.

(f) The Declarant shall not use working capital reserve funds to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits while it is in control of the Association.

6.2 Supplemental Budget. The Association's expenditures in any given fiscal year may not exceed by more than twenty percent (20%) the total annual operating budget for that fiscal year, except in an emergency situation, as defined in Section 514B-148(h) of the Act or with the approval of a majority of the Unit Owners. If an emergency situation arises or the Association experiences significant revenue shortfalls due to unpaid assessments, and the Association does not have, or the Board projects that it will not have, sufficient funds to pay common expenses on a current basis, the Board shall prepare or have prepared a revision of the estimated common expenses for that year. The increased expense or revenue shortfall amounts of such revision shall be established by Board resolution as a supplemental budget for that year. Such supplemental budget resolution shall contain written findings as to the necessity of the extraordinary expenses and why the expenses were not or could not have been reasonably foreseen in the budgeting process and shall, if not previously approved by a Majority of Owners, be distributed to the Owners before any special assessment is made based on such supplemental budget.

6.3 Notice of Increase in Certain Assessments. The Board shall send to all Owners thereby affected written notice of any new or increased general assessment or any special assessment for common expenses at least thirty (30) days before the effective date of such new or increase general assessment or special assessment.

6.4 Owner's Payments for Common Expenses. Each Owner shall be liable for and pay a share of the common expenses (as defined in the Declaration) in proportion to the

common interest appurtenant to such Owner's Unit except to the extent provided in the Declaration or otherwise in these Bylaws all costs and expenses of any Limited Common Element will be charged to the Owner of the Unit to which the Limited Common Element is appurtenant, including all costs of maintenance, repair, replacement, additions and improvements to such Limited Common Element. General assessments and special assessments arising from any supplemental budget shall be charged to each Owner accordingly. Each assessment duly made by the Board pursuant to the Declaration or these Bylaws shall be the separate, distinct and personal obligation of each Owner assessed as of the date of assessment and shall constitute a lien on the Owner's Unit as provided in the Declaration, these Bylaws and the Act. When a Unit is owned by more than one Person, the obligation shall be joint and several among the co-Owners. Each Owner shall pay the assessments against such Owner's Unit for common expenses at such times and in such amounts as established by the Board, provided, however, that Owners who are required by the terms of a first Mortgage to make payments to the Mortgagee for transmittal to the Board shall be permitted to do so. Each Owner shall also be liable for and shall pay all other amounts chargeable to such Owner in accordance with the Declaration and these Bylaws, and all such amounts shall be charged to such Owner as a special assessment, and shall constitute a lien on the Owner's Unit as provided in the Declaration, these Bylaws and the Act. No Unit Owner may exempt himself from liability for contribution towards common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of the Unit.

6.5 Payment as Agent. Each Owner, as principal, shall be liable for the Owner's proportionate share of the common expenses. The Board, on behalf of the Owners, will pay or cause to be paid all common expenses and shall be responsible, as agent for each Owner, only to collect the funds for the payment of the common expenses and transmit the payments to third Persons to whom such payments must be made.

6.6 Land Trust.

(a) In the event title to any Unit and its appurtenant common interest is transferred to a trustee under a land title holding trust under which substantially all powers of management, operation, and control of the Unit remain vested in the trust beneficiary or beneficiaries, the trust estate and the beneficiaries thereunder from time to time shall be liable for and shall pay all common expenses and all other charges, costs, and expenses assessed against such Unit or the Owner thereof pursuant to the Declaration, these Bylaws, the Community Rules, or the Act.

(b) No claim for payment of common expenses or other charges, costs or expenses shall be made against any such trustee personally, and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against any such lien or assessment, but the amount thereof shall constitute a lien on the Unit as provided in the Declaration, these Bylaws, and the Act, notwithstanding any transfer of beneficial interest under such trust.

6.7 Due Date of Assessments. General assessments shall be payable in monthly installments, unless otherwise determined by the Board, on the first day of each month, commencing with respect to each Unit on the first day of the first month following the issuance by the appropriate county agency of a certificate of occupancy for such Unit. The first regular installment of common expenses shall be prorated for each Unit from the date of issuance of such certificate of occupancy. Special assessments for common expenses may be made payable in a lump sum or in installments as the Board shall determine. Special assessments for

other charges to an Owner shall be due on the date the next regular assessment is due or on such other date as the Board shall determine.

6.8 Taxes and Assessments. Each Owner shall be obligated to have the real property taxes for the Owner's Unit and appurtenant common interest separately assessed by the proper governmental authority and any other taxes which now are or may hereafter be assessed by law on each Unit and its limited common interest or the personal property or other interest of the Owner. Each Owner shall be obligated to pay the amount of the taxes so determined. Each Owner shall execute such documents and take such actions as may be reasonably specified by the Board to facilitate compliance with the proper governmental authority regarding such taxes and assessments. Each Owner shall pay the Owner's proportionate share of any assessment by the Board for any taxes or assessments, if any, assessed against the Land as a whole or any part of the common elements as a whole and not separately. If, in the opinion of the Board, any taxes or assessments may be a lien on the entire Land or any part of the common elements, the Board may pay such taxes or assessments and shall in a fair and equitable manner allocate such taxes and assessments to (a) the common elements, exclusive of the limited common elements, in which event such allocated share of the taxes or assessments shall be deemed to be a common expense and payable by all Unit Owners as such, or (b) the limited common elements, in which event such allocated share of the taxes or assessments shall be deemed to be limited common expenses and payable as such by the Owners of the Units to which such Limited Common Elements are appurtenant.

6.9 Utility Expenses.

(a) Except to the extent that the provisions of the Declaration with regard to submetering of water and sewer charges are inconsistent with this Section 6.9, this Section 6.9 shall apply. If the cost of utility services to any Unit or its Limited Common Element(s) is separately metered or sub-metered, then, assuming the utility company provides separate bills for such unit and/or its Limited Common Elements, the Owner of the Unit shall be responsible for the payment of the bill directly to the utility company. Otherwise, the cost of the utility services to such separately metered Unit and/or its Limited Common Elements will be added to the Unit's assessment for common expenses. For all utility expenses to the Unit and/or their Limited Common Elements that are not separately metered or check metered, the Board will allocate a proportionate share of the utility expenses to each of the Units as a common expense equal to the common interest appurtenant to each Unit. If the Owner of any such Unit disputes the Board's allocation, the Owner may require that the matter be submitted to arbitration. If the arbitrator's allocation is not more than ten percent (10%) different from the Board's allocation, then the Owner must pay the costs of the arbitration and the Board's legal fees and costs. Otherwise, the Association must pay the costs of the arbitration and the Owner's legal fees and costs.

(b) The cost of utility services for the common elements is a common expense.

6.10 Default in Payment of Assessments. Any assessment not paid within fifteen (15) days after the due date thereof shall be subject to a late charge of Fifty Dollars (\$50.00) or such other charge as the Board may specify from time to time, to defray the costs to the Association of additional record keeping and reporting, and the remaining unpaid balance shall accrue interest at a rate up to eighteen percent (18%) per year in accordance with Section 514B-144(b) of the Act, or such other lawful rate as determined by the Board, from the due date until paid. Any unpaid assessment shall constitute an assessment lien on the Unit for which the

assessment was made, which lien shall have the priority and standing in regard to other liens as provided by law, in particular Section 514B-146(a) of the Act. The Association may, in its discretion and without waiving the imposition of a late charge or interest in any other instance, waive the late charge and/or interest in any particular instance. A delinquent Owner shall also be liable for attorneys' fees and other related costs incurred by the Association as a result of such delinquency, and if any suit, action or arbitration proceeding is brought to collect any such assessment or charge, then there shall be added to the amount thereof costs of suit and reasonable attorneys' fees to be fixed by the court and included in any judgment or award rendered thereon.

In the event of a default or defaults in payment of any such assessment or assessments and in addition to any other remedies the Board may have under the Community Documents or by law, the Board may enforce each such obligation as follows:

(a) By suit to enforce such assessment obligations, provided that each such suit must be authorized by a majority of a quorum of the Board at a regular or special meeting thereof, and any such suit may be instituted by any one member of the Board or by the Managing Agent, if the latter is so authorized in writing. Each such action shall be brought in the name of the Board, and the Board shall be deemed to be acting on behalf of all the Owners. Any judgment rendered in any such action shall include all costs and expenses incurred by the Association in collecting the assessment, including reasonable attorneys' fees. Upon full satisfaction of any such judgment, it shall be the duty of the Board to authorize any two (2) members thereof, acting in the name of the Board, to execute and deliver to the judgment debtor an appropriate satisfaction thereof.

(b) At any time after the occurrence of the default, the Board or the Managing Agent (acting upon the authorization of the majority of the Board at any regular or special meeting) may give a notice to the defaulting Owner (with a copy to the Mortgagee of such Owner if such Mortgagee has furnished its name and address to the Board) stating the date of the delinquency, the amount of the delinquency, and making demand for payment thereof. If such delinquency is not paid within fifteen (15) days after delivery of such notice, the Board may prepare and Record on behalf of the Association a claim of lien against the Unit of such delinquent Owner. Such claim of lien shall state (i) the name of the delinquent Owner; (ii) a designation of the Unit against which the claim of lien is made; (iii) the amount claimed to be due and owing (after the allowance of any proper offset); (iv) that the claim of lien is made pursuant to the terms of these Bylaws and the Act; and (v) that a lien is claimed against such Unit in an amount equal to the net amount of the stated delinquency plus any accrued interest and costs of collection, including attorneys' fees, if any. Such claim of lien shall be signed and acknowledged by any two (2) or more members of the Board, or by the attorney for the Board or by the Managing Agent and shall be dated as of the date of execution. Upon Recordation of a duly executed original or copy of such claim of lien, the Board shall have and may exercise all available remedies. Said remedies include, but are not limited to, foreclosure of the lien in a like manner as to the foreclosure of a mortgage of real property, including foreclosure under power of sale, as provided for in Chapter 667, Hawaii Revised Statutes, and such other rights as may be exercised by the Board pursuant to HRS 514B-146, including without limitation 514B-146(e). The Owner of a Unit against which the lien of the Association is foreclosed shall pay a reasonable rental for such Unit, and the plaintiff in such a foreclosure shall be entitled to a receiver to collect such rental. Each default shall constitute a separate basis for a claim of lien, but a single claim of lien may be filed with respect to more than one default.

6.11 Collection from Tenants and Agents. If an Owner shall default in the payment of any assessment for a period longer than thirty (30) days, the Board may, at its option, so long as such default shall continue and subject to the requirements of HRS §514B-145, demand and receive from any tenant of the Owner occupying that Owner's Unit, the rent as it becomes due or the net amounts due to the Owner under any contract between the Owners and a rental agent up to an amount sufficient to pay all sums due from the Owner, including interest and costs of enforcement, if any. Any such payment to the Board by a tenant or rental agent shall be a full and sufficient discharge of the tenant or agent as between the tenant or agent and the Owner to the extent of the amount so paid. No such demand or acceptance of rent from any tenant or agent shall be deemed to be an approval of any lease by the Owner or a release or discharge of any of the obligations of the Owner remaining unpaid or unperformed or an acknowledgment of surrender of any rights or duties hereunder. Neither the tenant nor the rental agent shall have the right to question the right of the Board to make such demand, but shall be obligated to make such payments to the Board as demanded. The Board may not exercise this right if a receiver has been appointed to take charge of a Unit or if a Mortgagee is in possession pending a mortgage foreclosure.

6.12 Disputed Assessments; Notices; Dispute Resolution.

(a) No Owner shall withhold any assessment claimed by the Association. An Owner who disputes the amount of an assessment may request a written statement clearly indicating:

(i) The amount of common expenses included in the assessment, including the due date of each amount claimed;

(ii) The amount of any penalty, late fee, lien filing fee, and any other charges included in the assessment;

(iii) The amount of attorneys' fees and costs, if any, included in the assessment;

(iv) That under Hawaii law, the Owner has no right to withhold assessments for any reason;

(v) That the Owner has a right to demand mediation or arbitration to resolve disputes about the amount or validity of the Association's assessment, provided that the Owner immediately pays the assessment in full and keeps assessments current; and

(vi) That payment in full of the assessment does not prevent the Owner from contesting the assessment or receiving a refund of amounts not owed.

(b) An Owner who pays the Association the full amount claimed by the Association may file in small claims court or require the Association to mediate to resolve any disputes concerning the amount or validity of the Association's claim. If the Owner and the Association are unable to resolve the dispute through mediation, either party may file for arbitration under Part VII of the Act; provided that an Owner may only file for arbitration if all amounts claimed by the Association have been paid in full on or before the date of filing. If the Owner fails to keep all Association assessments current during the arbitration, the Association may ask the arbitrator to temporarily suspend the arbitration proceedings. If the Owner pays all Association assessments within thirty (30) days of the date of suspension, the Owner may ask the arbitrator to recommence the arbitration proceedings. If the Owner fails to pay all Association assessments by the end of the thirty (30) day period, the Association may ask the

arbitrator to dismiss the arbitration proceedings. The Owner shall be entitled to a refund of any amounts paid to the Association which are not owed.

6.13 Liability for Unpaid Assessments Upon Sale. In the event of voluntary conveyance of a Unit, the purchaser or other grantee shall be jointly and severally liable with the Owner or other grantor for all unpaid assessments for common expenses assessed against the Owner or other grantor up to the time of the conveyance; provided, however, that the Owner or other grantor or the purchaser or other grantee may obtain a certificate as provided in Section 6.14 below, and, except as to the amount of subsequently dishonored checks mentioned in such certificate as having been received within the thirty (30) day period immediately preceding the date of such certificate, the grantee shall not be liable for, nor shall the Unit conveyed be subject to, any lien for any unpaid assessments against the Owner or other grantor in excess of the amount set forth in the certificate.

6.14 Certificate of Unpaid Assessments. Any Owner (and his or her Mortgagee or any purchaser of an interest in his or her Unit) shall be entitled to a certificate from the Board, either directly or through the Managing Agent or resident manager, setting forth the amount of any due and unpaid assessments with respect to the Owner's Unit or setting forth that all assessments due are paid, if such is the case, within fifteen (15) days after written request and upon payment of a reasonable fee. If any claim of lien is Recorded and thereafter the Board shall receive payment in full of the amount claimed to be due and owing, including accrued interest and costs of enforcement, then upon demand of the Owner or the Owner's successor, and the payment of a reasonable fee, the Board, acting by any two (2) members, shall execute, acknowledge and deliver a release of lien in Recordable form. A certificate regarding unpaid assessments executed and acknowledged or made under penalty of perjury by any two (2) members of the Board or the Managing Agent or resident manager shall be conclusive upon the Board and the Association in favor of any and all Persons who rely thereon in good faith as to the matters therein contained, except as to the amount of subsequently dishonored checks mentioned in such certificate as having been received within the thirty (30) day period immediately preceding the date of such certificate.

6.15 Waiver. The failure of the Board to insist in any one or more instances upon a strict performance of or compliance with any of the covenants of the Owner hereunder, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or summary proceeding, shall not be construed as a waiver or a relinquishment for the future of such covenant or option or right, but such covenant or option or right shall continue and remain in full force and effect. The receipt by the Board of any sum paid by an Owner with or without knowledge by the Board of the breach of any covenant hereof shall not be deemed a waiver of such breach.

6.16 Late Fees. The Association may deduct and apply portions of common expenses payments received from an Owner to unpaid late fees, legal fees, fines and interest only if the Board adopts a policy in accordance with Section 514B –105(c) of the Act.

7. **INSURANCE.**

7.1 Required Insurance. To the extent required under Section 514B-143 of the Act, the Association shall at all times maintain the insurance set forth in, and meeting the requirements of, Section IX of the Declaration and this Section, and shall assess the cost of such insurance as a Common Expense to the Unit Owners as provided in Section IX of the Declaration.

7.2 Additional Requirements of All Policies. All insurance policies:

(a) Shall be issued in the name of the Association by an insurance company authorized to do business in the State of Hawaii that has been rated by A.M. Best Company, Inc. and is in compliance with insurance requirements contained in the *Selling Guide: Fannie Mae Single Family*, or any successor regulations;

(b) Shall, if obtainable, not relieve the insurer from liability because of loss occurring while the hazard is increased in or to the buildings, because of any breach of warranty or condition caused by Declarant, an Owner or occupant of a Unit, or because of any act or neglect of the Association, the Board of Directors, or an Owner or occupant of a Unit;

(c) Shall require that the carrier at the inception of the policy and on each anniversary date, provide the Board with a summary of the policy written in layman's terms. The summary shall include a description of the type of policy, the coverage and limits of coverage, the amount of annual premium, and the policy renewal dates.

7.3 Directors' and Officers' Insurance. The Association may purchase and maintain directors' and officers' liability insurance with coverage in such amount as shall be determined by the Board of Directors. The premiums for such policy or policies shall be a common expense.

7.4 Review; Inspection; Miscellaneous. The Board shall review, not less frequently than annually, the adequacy of its insurance program and shall report in writing its conclusions and actions taken on such review to Declarant and each Owner and to any mortgagee of a Unit who shall have requested a copy. At the request of any mortgagee of a Unit, the Board shall furnish to the mortgagee a copy of the property insurance policy and of any other policy to which a mortgagee endorsement shall have been attached and proof that premiums on such policy have been made for the period for which the mortgagee shall so request. Copies of every policy of insurance procured by the Board shall be available for inspection by any Owner (or purchaser holding a contract to purchase an interest in a Unit) at a place designated by the Board. Any coverage procured by the Board shall be without prejudice to the right of any Owner to insure the Owner's Unit and the contents for the Owner's own benefit at the Owner's own expense.

8. MAINTENANCE AND USE

8.1 Maintenance and Repair of Units. Each Owner or such Owner's authorized agent shall at his or her own expense at all times keep the Owner's Unit and all fixtures and equipment installed in the Owner's unit in good order, repair, and condition and shall do such repainting and redecorating as may be necessary to maintain the good appearance and condition of the Owner's Unit, as more fully described in the Community Rules. Each Owner or such Owner's authorized agent shall be responsible for the maintenance, repair, and replacement of all plumbing and lighting fixtures, windows, water heating, cooling or heating equipment, and appliances and similar equipment installed in the Owner's unit and not part of the common elements. Notwithstanding the foregoing, the Association may clean the exterior of the units, including, without limitation, the windows of the units and any lanai, and charge the costs thereof as a common expense to the Owner's unit or as a special assessment against the Owner, as may be deemed appropriate by the Board. Each Owner shall perform promptly all repair and maintenance work, the omission of which would adversely affect any common

elements or any other unit. To the extent a maintenance manual is provided to an Owner, the Owner shall perform the inspections recommended in the maintenance manual. Each Owner shall further be responsible for the care and maintenance of the Owner's unit as provided in or required by the Declaration, the Community Rules and Declarant's limited warranty. However, no Owner may paint or otherwise decorate the Owner's lanai except as provided in the Declaration and in the Community Rules. It is intended that the exterior of the buildings shall present a uniform appearance and to that end, the Board alone may arrange for painting or repair of the lanais, lanai ceilings, patios, outside doors, windows, trim, walls, railings and other exterior parts of any building, even if they are limited common elements or part of the units. The Board may also choose the type and color of paint to be used and the Board may assess each Owner for his or her proportionate share of the painting and repairs or the Board may use reserve funds for such exterior maintenance. Notwithstanding the foregoing, the cost of painting and repairs due to negligence, misuse or neglect of an Owner or other occupant may be charged to the applicable Owner as a special assessment. No awnings, shades, jalousies or other device, nor any lanai enclosure, shall be erected or placed on the lanais so as to be visible from the exterior without prior written permission from the Board or in accordance with the Community Rules, if applicable provisions are stated therein. Every unit Owner and occupant must (a) 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 owned by the Association caused by that Owner or occupant or by any person using the Community with their permission (except for normal wear and tear), and (b) give to the Managing Agent notice of any such loss or damage or other defect in the Community promptly after discovering it.

8.2 Maintenance and Repair of Common Elements. Except as provided otherwise in the Declaration or these Bylaws, all maintenance, repairs, and replacements of the Common Elements shall be made only by or at the direction of the Board of Directors and be charged to all the Owners as a common expense, except: (i) the costs of maintenance, repairs, and replacements necessitated by the negligence, misuse, or neglect of an identified Unit Owner shall be charged to such Unit Owner as a special assessment, and (ii) all costs of maintenance, repair, replacement, additions, and Improvements to any Limited Common Element shall be charged as a special assessment to the Owner(s) of the Unit or Units to which such Limited Common Element is appurtenant. To the extent a maintenance manual is provided to the Association, the Association shall perform the inspections recommended in the maintenance manual and, as a result of these inspections, perform all necessary maintenance when recommended. The Association waives any claim against and shall indemnify the Declarant and any of its agents and the contractor if the recommended maintenance is not performed by the Association.

8.3 Use of Community.

(a) All Units shall be used only for such purposes as provided in the Declaration.

(b) No fires, including barbecue fires, shall be allowed in any part of any Unit or the Common Elements, provided that barbecuing shall be permitted to the extent permitted by the County fire code (i) on lanais not located under another Unit or lanai and (ii) in such portions of the Common Elements as the Board may designate from time to time by resolution or in the Community Rules. Barbecuing shall include, but shall not be limited to, the broiling of any food items over a charcoal fire, gas grill, or electrical grill.

(c) Every Owner and occupant shall at all times keep his or her Unit in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules, and regulations now or hereafter made by any governmental authority or the Association which are applicable to the Property.

(d) All Owners and occupants shall exercise care so as not to make excess noise or vibration especially in the use of musical instruments, radios, televisions, and other devices with sound amplification that may disturb other occupants.

(e) No livestock, poultry, or other animals whatsoever shall be allowed or kept in or on any part of the Community, except that dogs, cats, or other common household pets, in a reasonable number as established by the Community Rules, may be kept by Owners and Occupants in their respective Units. Pets shall not be allowed on any common elements of the Community except on a leash or when carried. Owners and Occupants shall be responsible for the immediate and proper removal and disposal of all fecal matter of pets while the pets (whether on a leash or carried) are on any common elements of the Community. The Owner or Occupant of any Unit in which a pet is to be kept pursuant to these rules shall register the pet with the Board or the Managing Agent prior to or immediately upon bringing such pet onto the Community. Pets shall not be kept, bred or used for any commercial purpose. Any personal injury or property damage to the structures, grounds, flooring, walls, trim, finish, tile, carpeting, stairs or other portion of the Community caused by a pet will be the full responsibility of the pet owner and the Owner of the Unit in which the pet is kept. Owners and Occupants shall be responsible for the immediate and proper removal and disposal of all fecal matter of pets kept in their Units.

(f) No Owner or occupant shall make or suffer any strip of waste or unlawful, improper, or offensive use of his or her Unit, any Limited Common Element appurtenant thereto or any other part of the Community, nor shall any Owner or occupant alter or remove any furniture, furnishings, or equipment from the Common Elements.

(g) The Owner or occupant of any Unit shall not, without the prior written consent of the Board or in accordance with the Community Rules, if applicable provisions are stated therein, display any sign or place any other thing in or upon any door, window, wall, or other portion of a Unit or the Common Elements so as to be visible from the outside.

(h) No garments, rugs, or other objects shall be hung from the windows, lanais, or facades of any Unit or other part of the Property. No rugs or other objects shall be dusted or shaken from the windows or lanais of any Unit or other part of the Property or cleaned by beating or sweeping onto any exterior part of the Community. No refuse, garbage, or trash of any kind shall be thrown, placed, or kept on any Common Elements of the Community outside of the disposal facilities provided for such purposes.

(i) No Owner or occupant shall, without the written approval of the Board or in accordance with the Community Rules, if applicable provisions are stated therein, install any wiring for electrical installations, television antenna, machines or air conditioning units, or other equipment or appurtenances whatsoever on the exterior of any Unit or protruding through the walls, windows, or roof thereof.

(j) No Owner or occupant shall place, store, or maintain in the landings, stairways, walkways, sidewalks, parking areas, driveways, roads, grounds, or other Common Elements of similar nature any furniture, packages, or objects of any kind or otherwise obstruct transit through such Common Elements.

(k) No Owner or occupant shall permit any Person who has not obtained the age of majority and who is residing or visiting with him or her to loiter or play in any common areas of the Community that the Board may designate as a non-play area.

(l) No awnings, shades, jalousies, antenna, or other device shall be erected or placed on or projecting from the exterior of any Unit, or the exterior Limited Common Elements, so as to be visible from the outside without prior written permission from the Board or unless specifically permitted in accordance with the Community Rules.

8.4 Alterations and Additions.

(a) Any and all additions or alterations to a Unit may be undertaken only to the extent permitted in the Act and the Declaration. Subject to the provisions of the Act and except as may otherwise be provided in the Declaration, an Owner of a Unit shall not, without the prior written consent of the Board, make any structural alterations in or additions to the Owner's Unit or make any alterations in or additions to the exterior of the Owner's Unit. Any such alteration or addition permitted under the Declaration and the Act having a cost in excess of \$10,000.00 in any one instance may be made only provided a bond or certificate of bond naming the Association as obligee, in a penal sum not less than one hundred percent (100%) of the cost of such construction, and in a form and with a surety satisfactory to the Board of Directors is deposited with the Board assuring the completion of such construction free and clear of all mechanics' and materialmen's liens. Except as may otherwise be provided in the Declaration, any alteration or addition undertaken that is different in any material respect from the Condominium Map shall be commenced only pursuant to an amendment of the Declaration, and, promptly upon completion of such work, the Association shall Record such amendment, together with a complete set of plans of the Property as so altered, certified as-built by a registered architect or professional engineer; provided, however, that alterations or additions within a Unit or within a Limited Common Element appurtenant to and for the exclusive use of a Unit shall require the written consent of the Owner's plans by the Board and the Unit Owners directly affected by such alteration, as determined by the Board. Any necessary amendment of the Declaration may be made by such Owners and the Board and Recorded with the plans certified as-built by a registered architect or professional engineer.

(b) Additions or alterations to the Common Elements, which may include the planting strip in front of the Unit along the roadway serving the Community if designated as a Common Element of the Community, may be made only by or at the direction of the Board of Directors, except as otherwise provided in the Declaration and these Bylaws.

(c) Whenever in the judgment of the Board of Directors the Common Elements shall require additions or alterations with a total cost equal to or less than \$25,000.00, the Board may proceed with such work and shall assess the cost as a common expense. Any such addition or alterations costing in excess of \$25,000.00 may be made by the Board only after obtaining approval of seventy-five percent of the Owners, except that such approval shall not be required for any additions or alterations required by law or in the event of an emergency threatening immediate and substantial damage to Persons or damage.

9. RESTORATION

9.1 Determination to Reconstruct or Repair. If a building in the Community is damaged by fire or other casualty which is insured against, the Board of Directors shall, to the

extent permitted by law, contract to repair the damage and restore the building, including any Units and Common Elements. Where the Declaration permits Owners to decide not to repair and restore the damaged property, the Board of Directors shall immediately contract to repair and restore the damaged Units and Common Elements unless the specified percentage of Owners decide within ninety (90) days after the casualty or condemnation occurs. All costs of repair and restoration of the Units and the Common Elements shall be paid from the proceeds of insurance, and if the casualty is uninsured or the insurance proceeds are insufficient for the restoration, the deficiency shall be paid out of the Replacement Reserve Fund; provided, however, that the Unit Owners shall be solely responsible for such deficiency as it related to the restoration of their respective Unit. If the reserve fund is inadequate, the Board of Directors shall levy a special assessment on the appropriate Owners in accordance with the common interest appurtenant to their Units.

9.2 Notice to Owners. As promptly as possible after any casualty that requires the Owners to decide whether to repair and restore any damage or destruction, the Board of Directors shall notify all Owners of the nature and extent of the damage, the estimated cost to repair or restore, the amount of insurance proceeds, and the estimated amount of assessments required to pay the excess of the cost of reconstruction or repair over the amount of insurance proceeds, and any other information deemed relevant by the Board of Directors. Notice shall also be given of a meeting of Owners to decide the question of restoration. An Owner's approval or disapproval may be expressed by vote or in writing filed with the Association at or prior to the meeting. The expense of such determination shall be a common expense.

9.3 Plans and Specifications. Any reconstruction or repair shall be substantially in accordance with the original plans and specifications for the Improvements, and if restoration to such design is not permissible under applicable laws and regulations then in force, then such reconstruction or repair shall be in accordance with such modified plans and specifications as shall be previously approved by the Board of Directors and any Mortgagee of record of any interest in the Unit, provided, however, that, in either case, such plans and specifications shall include improvements of the Unit Owner(s) but only if such improvements are covered by insurance carried by the Association, and then only to the extent made possible by actual recovery of insurance proceeds thereunder). If one or more Units are eliminated from the Community, the common interests and other rights of the Owners of Units in the modified Community shall be adjusted in an amendment of the Declaration, provided that the common interest of any Owner shall not be altered without the Owner's consent. The Owner of any eliminated Unit shall be discharged from all obligations under the Community Documents upon the amendment of the Declaration. Alternatively, if the Declaration is not amended so as to discharge the Owners of eliminated Units of all such obligations and to adjust equitably the common interest appurtenant to those Units not eliminated, the Owner of any eliminated Unit may convey the Owner's interest to the Board of Directors for the benefit of all other Owners and thereby be discharged from all such obligations under the Community Documents.

9.4 Construction Contract. The Board shall contract to repair or rebuild the damaged portions of the Property, including all Units so damaged as well as the Common Elements, in accordance with the approved plans and specifications. If the damage is only to those parts of a Unit for which the responsibility of maintenance and repair is that of the Owner, then the Owner shall be responsible for reconstruction and repair after casualty.

9.5 Disbursement of Funds. The funds for payment of costs of repair and restoration, which shall consist of proceeds of insurance and funds collected by the Association from assessments against Owners, shall be disbursed in the following manner:

(a) In the event a decision is made not to repair or rebuild all or any lesser number of the damaged or destroyed Units, the Association, which shall hold insurance proceeds in trust for Unit Owners and Mortgagees, as their interests may appear, shall pay to the Owner and any Mortgagee of each Unit eliminated, as their interests may appear, the portion of the insurance proceeds allocable to their respective Unit, less the proportionate share of the cost of debris removal. The Owner of any eliminated Unit may, in addition to the Owner's allocable share of insurance proceeds, receive such reimbursement as the Board deems appropriate. The remaining insurance proceeds shall be paid by the Association, holding insurance proceeds in trust for Unit Owners and Mortgagees, to the contractor employed for such work in accordance with the terms of the construction contract and the terms of this Section. When such funds are exhausted, the Association, or if an Owner shall be responsible for costs in excess of insurance proceeds, then that Owner, shall disburse the funds to the contractor.

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

(i) An architect or engineer (who may be an employee of the Board) shall be in charge of the work when the cost of repairs is in excess of \$10,000.00.

(ii) Each request for payment shall be made upon seven (7) days prior notice to the Association and shall be accompanied by a certificate to be made by such architect or engineer (if one is required hereunder) stating that all of the work completed has been done in compliance with the approved plans and specifications and that the sum requested is required to reimburse the Board for payments by the Board to, or is due to, the contractor, subcontractors, materialmen, laborers, engineers, architects, or other Persons rendering service or materials for the work (giving a brief description of such services and materials), and that, when added to all sums previously paid out by the Association, the sum requested does not exceed the value of the work done to the date of the certificate.

(iii) Each request shall be accompanied by waivers of liens satisfactory to the Association covering that part of the work for which payment or reimbursement is being requested and by a search of title prepared by a licensed abstractor or other evidence satisfactory to the Association showing that no mechanics' or materialmen's or other lien or instrument for the retention or encumbrance of title shall have been filed since the commencement of the reconstruction work and permitted to remain undischarged of record with respect to the Property or any part of the work.

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

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

(c) The first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. Upon the completion and payment in full of the work, any remaining balance in a construction fund shall be paid or credited to the Owners (or to the holder of any mortgage on a Unit) in proportion to their respective common interests.

(d) To the extent that any loss, damage, or destruction to the buildings or other property is covered by insurance procured by the Board, the Board shall have no claim or cause of action for such loss, damage, or destruction against any Owner or lessee. To the extent that any loss, damage, or destruction to the property of any Owner or lessee is covered by insurance procured by such Owner or lessee, such Owner or lessee shall have no claim or cause of action for such loss, damage, or destruction against the Board, the Managing Agent, any other Owner, or the Association.

10. MORTGAGES AND MORTGAGEES

10.1 Notice to Board of Directors. An Owner who mortgages the Owner's interest in a Unit shall notify the Board of the name and address of the Owner's Mortgagee and file a conformed copy of the mortgage with the Association within ten (10) days after execution of the mortgage. The Board of Directors shall maintain such information in a book entitled "Mortgagees of Units."

10.2 Notice of Default. When giving notice to an Owner of a default in paying common expenses or other default in the performance of any obligation under the Community Documents or any other document of the Association, the Board of Directors shall send a copy of such notice to each holder of a Mortgage on the Owner's Unit or interest therein whose name and address has been furnished to the Board of Directors.

10.3 Examination of Books. Each holder of a Mortgage on a Unit shall be permitted to examine the books of account and records of the Association at reasonable times on business days, and each such Mortgagee shall have the right to require the submission to it of annual reports and other financial data that may be required to be submitted to an Owner.

10.4 Mortgage Protection.

(a) The liens in favor of the Association on any Unit and its appurtenant interest in the Common Elements shall be subject and subordinate to the rights of the holder of any indebtedness secured by any Recorded Mortgage of such Community made for value, provided that, after the foreclosure of any such Mortgage, there shall be a lien upon the interest of the purchaser at such foreclosure sale to secure all assessments, whether general or special, assessed to such Unit if falling due after the date of such foreclosure sale.

(b) All taxes, assessments, and charges which may become liens prior to the first Mortgage under the laws of the State of Hawaii shall relate only to the individual Units and not to the Community as a whole.

(c) The Declaration and these Bylaws shall not give an Owner or any other party priority over any rights of first mortgagees of Units pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

(d) No amendment to this Section shall affect the rights of the holder of any Recorded first Mortgage who does not join in the execution thereof, if such Mortgage was Recorded prior to the Recording of such amendment.

(e) Any holder, insurer, or guarantor of a first Mortgage of a Unit whose interest appears in the record of ownership or who has otherwise delivered a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the House number) shall be entitled to:

(i) Prior written notice of any proposed amendment by the Association to the Declaration or these Bylaws effecting a change in (A) the boundaries of a Unit, (B) the common interest pertaining to the Unit, or (C) the purposes to which the Unit, the Limited Common Elements appurtenant thereto, or the Common Elements are restricted;

(ii) Prior written notice of any proposed termination of the Community;

(iii) Timely written notice of any actual or threatened condemnation or eminent domain proceeding or casualty loss affecting the Property or any portion thereof;

(iv) Timely written notice of any significant damage or destruction to the Common Elements or to a Unit on which there is a first Mortgage held, insured, or guaranteed by such holder;

(v) A copy of any bond required to be posted before commencing or permitting construction of any Improvements on or to the Property;

(vi) Timely written notice of all meetings of the Association (the holder or insurer of a first mortgage being permitted to designate a representative to attend all such meetings);

(vii) Timely written notice of any default by the Owner of the Unit involved which is not cured within sixty (60) days;

(viii) Upon request therefor, a certificate of any then unpaid assessments for common expenses due from the Owner of the Unit involved, as provided in Section 6.14 above;

(ix) A copy of all pleadings filed in any lawsuit, administrative proceedings, or other action affecting the Property, or any portion thereof, upon specific written request and at such Person's expense;

(x) Prior written notice of any proposal by the Association to subdivide, encumber, sell, or transfer the Common Elements or any part thereof, provided that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Community shall not be deemed a transfer within the meaning of this subsection;

(xi) Timely written notice of a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and

(xii) Timely written notice of any proposed action that requires the consent of a specified percentage or Mortgagees.

(f) Unless at least seventy-five percent (75%) of the Owners have given their prior written approval and the approval by the holders for first Mortgages on Units to which at

least fifty-one percent (51%) of the votes of Units subject to Mortgages held by such holders are allocated have been obtained, the Association shall not be entitled to:

- (i) Change the common interest appurtenant to any individual Unit;
- (ii) Partition or subdivide any Unit;
- (iii) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements, provided that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Community shall not be deemed a transfer within the meaning of this subsection;
- (iv) Use condemnation proceeds or hazard insurance proceeds for losses to the Property or any part thereof (whether to Units or to Common Elements) for other than the repair, replacement, or reconstruction of same;
- (v) Amend any provision of the Declaration or these Bylaws that materially and adversely affect Mortgagees.

(g) Unless at least eighty percent (80%) of the Owners have given their prior written approval and (i) in the event of substantial destruction or condemnation, the approval by the holders for first Mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by such holders are allocated have been obtained, or (ii) absent substantial destruction or condemnation, the approval by the holders for first Mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to Mortgages held by such holders are allocated have been obtained, the Association shall not be entitled to, by act or omission, seek to abandon or terminate the Community.

(h) Implied approval is to be assumed when a mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days after it receives proper notice of proposal delivered by certified or registered mail with a "return receipt" requested, provided, however, Section 10.4(f) and (g) shall not apply to any actions taken pursuant to rights expressly reserved to Declarant in the Community Documents.

10.5 Right of First Refusal Not Applicable. In the event that there shall be any "right of first refusal" to purchase any Unit, any first Mortgagee or its assignee who obtains title to a Unit pursuant to the remedies provided in a Mortgage or foreclosure of the Mortgage or deed or assignment in lieu of foreclosure or sale or lease of the Unit shall be exempt from such "right of first refusal".

10.6 Unpaid Common Expenses or Assessments. Any first Mortgagee who obtains title to a Unit pursuant to the remedies provided in a Mortgage or foreclosure of the Mortgage shall be liable for such Unit's unpaid common expenses and assessments that accrue prior to the acquisition of title to such Unit by the Mortgagee to the extent required by Section 514B-146 of the Act, but in no event shall the Mortgagee be liable for more than six (6) months of the Unit's unpaid common expenses and assessments that accrued prior to the acquisition of the title of the Unit by the Mortgagee. Mortgagee shall be liable for any fees or costs related to the collection of unpaid dues if the Association's lien priority includes costs of collecting unpaid dues. Notwithstanding the foregoing, the unpaid share of common expenses or assessments shall be deemed to be collectible from all of the Owners of the Unit of the foreclosed Unit.

10.7 Release of Information. The Board may provide any information available to it pertaining to a Unit or the Community to the first Mortgagee of a Unit and such Mortgagee may provide any information to the Board regarding the mortgagor, the mortgagor's loan, and the status of such loan.

11. GENERAL AND MISCELLANEOUS PROVISIONS

11.1 Community Rules. Declarant may initially establish and the Board may thereafter adopt, amend, or repeal Community Rules as the Board may deem necessary to govern the conduct, use, and operation of the Community, including without limitation, the Units, Common Elements, and Limited Common Elements. Each Owner agrees that the Owner's rights under this instrument shall be in all respects subject to the Community Rules. Each Owner agrees to obey the Community Rules as the same may be promulgated from time to time and shall see that the Community Rules are faithfully observed by the Owner's invitees, guests, employees, and tenants. The Community Rules shall uniformly apply to and be binding upon all occupants of the Units.

11.2 Amendment of Bylaws.

(a) Vote or Consent Requirements. Except as otherwise expressly provided in the Declaration, these Bylaws, or in the Act, these Bylaws may be amended in any respect not inconsistent with law or the Declaration by the affirmative vote or written consent of not less than sixty-seven percent (67%) of the Owners, provided that each of the particulars set forth in Section 514B-108 of the Act shall always be embodied in the Bylaws, and provided further that an amendment to the provisions of these Bylaws that are for the express benefit of holders or insurers of first Mortgages on Units shall require the approval of holders of first Mortgages on Units to which there are allocated at least fifty-one percent (51%) of the votes allocated to all Units subject to first Mortgages held by such holders, together with the vote of not less than sixty-seven percent (67%) of the Owners, and provided further that an amendment to the provisions of these Bylaws that are for the express benefit of Declarant shall also require the express written consent and joinder of Declarant, together with such other approval requirements as set forth in this Section. During the period of Declarant's Control Period, as defined in the Declaration, Declarant may amend these Bylaws without consent or joinder of, or notice to, any Owner, lienholder, Unit purchase or for any other person who may have an interest in the Community.

(b) Proposed Amendments. Proposed amendments to these Bylaws with the rationale for the proposal may be submitted to the Owners either by the Board of Directors or by a volunteer Owner's group. If a volunteer Owner's group desires to submit a proposal to the Owners, it shall first submit the proposal to the Board of Directors with the rationale for the proposal and a petition supporting the proposed Bylaws signed by not less than twenty-five percent (25%) of the Owners. Within thirty (30) days from the receipt of the proposal, the rationale, and the petition by the Board, the Board shall mail to the Owners for approval without change the proposed amendments to these Bylaws, the rationale for the proposal, ballots for voting, and the Board's comments, if any, concerning the proposal. No proposal by the Board or the volunteer Owner's group shall be valid unless the required percentage of votes or consents for such amendment are obtained within three hundred sixty-five (365) days of the mailing to Owners or in such shorter time as is specified in the mailing.

(c) Adoption of Group's Proposal. If the Board fails to mail the proposed amendments to these Bylaws, rationale, and ballots for voting to the Owners within thirty (30) days of the receipt of the petition by the Board, then the Owner's group may mail such items to the Owners, and the vote thus taken will be valid, provided the Owner's group has complied with all other applicable rules on voting for Bylaws amendments. The results of such vote shall be presented to the officers of the Association who shall promptly execute such documents as shall be necessary to permit the amendments to be Recorded.

(d) When Amendments Are Effective. An amendment to the Bylaws shall be effective only upon the Recording of such amendment.

11.3 Abatement and Enjoinment of Violations by Unit Owners. The violation or breach of any Community Document shall give the Board the right, in addition to any other right set forth in such Community Document:

(a) To enter the Unit and/or Limited Common Elements appurtenant thereto, in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the appropriate Owner, any structure, thing, or condition that may exist therein which is contrary to the intent and meaning of the Community Documents, and the Board shall not be deemed guilty in any manner of trespass; or

(b) To enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach, and all costs, including attorneys' fees, shall be paid by the appropriate Owner upon demand.

11.4 Penalties for Violations. The violation by any Owner of any of the covenants, conditions and restrictions set forth in any of the Community Documents shall give the Board the right, in addition to other rights set forth in such Community Documents, to assess a reasonable fine against such Owner; provided that if any such violation continues for a period of ten (10) days after notice of violation has been given to such Owner, such continuing violation shall be deemed to be a new violation and shall be subject to the imposition of new penalties. The unpaid amount of such fines against any Owner shall constitute a lien against such Owner's interest in such Owner's Unit that may be foreclosed by the Board or the Managing Agent in the same manner as provided in the Declaration, these Bylaws, or the Act for unpaid common expenses. No penalty may be imposed under this Section until the Owner accused of any such violation has been afforded the right to have a hearing before the Board or a committee designated by the Board to conduct such hearing or has waived such right in writing. Each such Owner shall have the right to be heard in person, by submission of a written statement, or through a spokesperson, at any such hearing.

11.5 Litigation.

(a) It is specifically intended that all disputes or controversies as described in Section XXIV of the Declaration, except those described in Sections 5.1(r) and 6.9 of these Bylaws, be resolved by alternative dispute resolution methodologies. The Board, absent an affirmative vote or written consent of not less than seventy-five percent (75%) of the Owners, shall not commence any litigation (except as specifically permitted pursuant to Sections 5.1(r) and 6.9 of these Bylaws and Section XXIV of the Declaration). In advance of the limitation of arbitration permitted pursuant to the Declaration, the Board shall first engage in non-binding mediation in an effort to resolve any dispute or controversy which is the subject of Section XXIV of the Declaration. State law may limit when and how an Owner and/or Association may make a claim against a contractor.

(b) Before making an arbitration claim for defective construction against the contractor who designed, repaired or constructed your unit, the Owner and/or Association must serve on the contractor a written notice of any alleged construction defect ninety (90) days before making an arbitration claim. The contractor has the opportunity to make an offer to repair and/or pay for the alleged defects. An Owner and/or Association are not obligated to accept any offer made by the contractor. There are strict deadlines and procedures under the law and failure to follow them may negatively affect the ability to make an arbitration claim.

11.6 Attorneys' Fees and Expenses of Enforcement. All costs and expenses, including reasonable attorneys' fees, incurred by or on behalf of the Association for:

- (a) Collecting any delinquent assessments from any Unit Owners;
- (b) Asserting and/or foreclosing any lien thereon; and
- (c) Enforcing any provision of the Community Documents, the Act or the rules and regulations of the Commission;

against a Unit Owner, such Unit Owner's employees, tenants, guests, or invitees, shall be promptly paid on demand by such Unit Owner to the Association, provided that if the claims upon which the Association takes any action are not substantiated, all costs and expenses, including reasonable attorneys' fees, incurred by such Unit Owner as a result of the action of the Association shall be promptly paid on demand to such Unit Owner by the Association.

11.7 Attorneys' Fees and Expenses of Owner. If any claim by an Owner is substantiated in any action against the Association, any of its officers or the Board to enforce any provision of the Declaration, these Bylaws, the Community Rules or the Act, then all reasonable and necessary expenses, costs and attorneys' fees incurred by such Owner shall be awarded to such Owner; provided that no such award shall be made in any derivative action unless:

- (a) The Owner first shall have demanded and allowed reasonable time for the Board to pursue such enforcement; or
- (b) The Owner demonstrates to the satisfaction of the court that a demand for enforcement made to the Board would have been fruitless.

11.8 Manner of Giving Notices. All notices permitted or required to be given under these Bylaws, the Declaration, or the Act must be in writing and may be delivered either personally or by mail. All notices mailed to Owners shall be sent by registered, certified, or first class mail, or, at the option of the Owner, expressed in writing, by electronic mail to the electronic mailing address designated in writing by the Owner, in each case to the Owner or Owners at the address furnished in writing from time to time to the Association, or, if no address has been furnished, to the Unit. All notices to the Board may be personally delivered to a director or may be sent by registered or certified mail or facsimile transmission to the office of the Managing Agent or to such other address as the Board may hereafter designate from time to time by notice in writing to all Owners and Mortgagees of Units. All notices to Mortgagees of Units shall be sent by registered, certified, or first class mail to their respective addresses, as designated by them from time to time in writing, to the Board. All notices given by mail shall be deemed to have been given seventy-two (72) hours after being deposited in the United States mail, postage prepaid, except notices of changes of address which shall be deemed to have been given when received.

11.9 Owners May Incorporate. All of the rights, powers, obligations, and duties of the Association imposed hereunder may be exercised and enforced by a nonprofit membership corporation, formed under applicable laws for the purposes herein set forth. Such a corporation shall be formed upon the approval of at least seventy-five percent (75%) of the Owners. The formation of the corporation shall in no way alter the terms, covenants, and conditions set forth herein, and the Articles and Bylaws of the corporation shall be subordinated hereto and controlled hereby. Any action taken by said corporation which is in violation of any or all of the terms, covenants, or conditions contained herein shall be void and of no effect.

11.10 Registration Prior to Solicitation In addition to the assessments collected from the Owner as described in Article 6 of this Bylaws, if the Association decides to raise funds from the public, pursuant to HRS Chapter 467B, the Association shall register with the Department of Attorney General, prior to conducting any solicitation or prior to having any solicitation conducted on its behalf by others. The Association shall also file with the Department of Attorney General an annual report for its most recently completed fiscal year, which report shall include a financial statement and such other information as the department may require. Failure to do so may result in an administrative fine imposed by the department.

11.11 Indemnifications. In no event shall the Board, the Association, the managing agent or the resident manager be or be deemed to be liable for any loss, damage or injury to persons or property caused by or arising in connection with any Owner's, occupant's or guest's guide dog, signal dog or other service animal. By acquiring an interest in a Unit in the Community, each Owner, other than the Declarant, agrees to indemnify, defend and hold harmless the Board, the Association, the managing agent and the resident manager against any claim or action at law or in equity arising out of or in any way relating to such Owner's or such Owner's occupant's or guest's guide dog, signal dog or other service animal.

11.12 Exemption for Occupants with Disabilities. Notwithstanding anything to the contrary contained in the Community Documents, occupants with a disability shall: (a) be permitted to make reasonable modifications to their Units and/or the Common Elements, at their expense, (including the cost of obtaining any bond, required by any of the governing documents or the Act in connection with such modifications) if such modifications are necessary to enable them to use and enjoy their Units and/or the Common Elements, as the case may be; and (b) be allowed reasonable exemptions from the Community Documents, when necessary to enable them to use and enjoy their Units and/or the Common Elements, provided that any occupant with a disability desiring to make such modifications or desiring such an exemption shall make such request, in writing, to the Board of Directors. That request shall set forth, with specificity and in detail, the nature of the request and the reason that the requesting party needs to make such modification or to be granted such an exemption. The Board of Directors shall not unreasonably withhold or delay its consent to such request, and any such request shall be deemed to be granted if not denied in writing, within forty-five (45) days of the Board's receipt thereof, or within forty-five (45) days of the Board's receipt of additional information reasonably required by the Board in order to consider such request, whichever shall last occur.

11.13 Subordination. These Bylaws are subordinate and subject to all provisions of the Act and the Declaration and any amendments thereto, which shall control, in that order, in case of any conflict. Additionally, in the event any portion of the Act is not addressed in these Bylaws or the Declaration, the Act shall govern. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or the Act.

11.14 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws, or the intent of any provisions hereof.

11.15 Gender. The use of a pronoun of any gender in these Bylaws shall be deemed to include the other gender and the use of the singular shall be deemed to include the plural whenever the context requires.

11.16 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

11.17 Interpretation. The provisions of these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform condominium complex whereby the Owners shall carry out and pay for the operation and maintenance of the Community as a mutually beneficial and efficient establishment.

11.18 Severability. The provisions of these Bylaws shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

11.19 Incorporation of Exhibit. **Exhibit "A"** attached to these Bylaws is incorporated into these Bylaws by this reference.

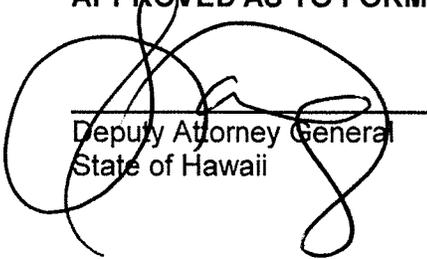
[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

CERTIFICATE OF ADOPTION

The undersigned Declarant and Owner of all Units in the Community hereby adopts the foregoing as the Bylaws of the Association of Unit Owners of Northwest Corner of Villages of Kapolei as of February 1, 2021 _____.

**HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION**

APPROVED AS TO FORM:



Deputy Attorney General
State of Hawaii

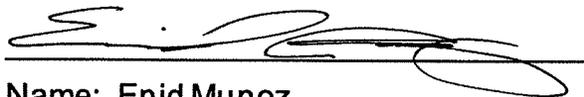
By: Francis Paul Keeno
Francis Paul Keeno
Executive Assistant

Date: 2/1/21

"Declarant"

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

On this 1 day of February, 2021, before me appeared Francis Paul Keeno, to me personally known, who, being by me duly sworn, did say that he is the Executive Assistant of HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic of the State of Hawaii; that the seal affixed to the foregoing instrument is the corporate seal of the corporation; that this 53-page Bylaws of The Association of Unit Owners of Northwest Corner of Villages of Kapolei, dated February 1, 2021, was signed and sealed in behalf of the corporation by authority of its Board of Directors, and said officer acknowledged the instrument to be the free act and deed of the corporation.



Name: Enid Munoz
Notary Public, State of Hawaii
1st Judicial Circuit

My commission expires: 11/24/2023



EXHIBIT "A"
Description of Land and Encumbrances

-PARCEL FIRST:-

All of that certain parcel of land situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

LOT 2-A, area 3.634 acres, more or less, as shown on Map 13, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1828 of the Trustees of the Estate of James Campbell.

The following as set forth by Order filed as Land Court Document No. T-11292188 filed on December 1, 2020:

Lot 2-A will have access:

- (i) Over Lots 5351, 5353 and 5349, as shown on Map 505 of Land Court Application 1069, to Farrington Highway, a public Road; or
- (ii) Over Lots 5351, 5353 and 5354, as shown on Map 505 of Land Court Application 1069, to Farrington Highway, a public Road; or
- (iii) Over Lots 5351, 5353, 5349 and 5356, as shown on Map 505 of Land Court Application 1069, to Farrington Highway, a public Road.

-PARCEL SECOND:-

All of that certain parcel of land situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

LOTS 5351, area 22.890 acres, and 5353, area .506 acre, more or less, as shown on Map 505, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069 of the Trustees under the Will and of the Estate of James Campbell, deceased.

Being land(s) described in Transfer Certificate of Title No. 341,501 issued to HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and body corporate and politic in the State of Hawaii.

BEING THE PREMISES ACQUIRED BY DEED

GRANTOR: STATE OF HAWAII, by its Board of Land and Natural Resources, acting pursuant to Section 171-95, Hawaii Revised Statutes

GRANTEE: HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and body corporate and politic of the State of Hawaii

DATED: January 4, 1990

FILED: Land Court Document No. 1696820

The following as set forth by Land Court Order No. 97282, filed March 21, 1990:

Lot 5351 will have access over Lots 5349 and 5356.

Lot 5353 will have access over Lot 5349.

SUBJECT, HOWEVER, TO:

1. Mineral and water rights of any nature.

2. -AS TO PARCEL FIRST (LOT 2-A):-

(A) Restriction of access rights for vehicular traffic, as shown on Map 1 of Land Court Application No. 1828.

A portion of said restriction of vehicular access rights affecting Lot 2-B has been cancelled by Order filed as Land Court Document No. T-10453245, as shown on Map 13.

(B) DESIGNATION OF EASEMENT "N"

PURPOSE: irrigation
SHOWN: on Map 2, as set forth by Land Court Order No. 21338, filed June 3, 1963

(C) Restriction of vehicle access rights, as shown on Map 13, as set forth by Order filed as Land Court Document No. T-10453245.

(D) The terms and provisions contained in the following:

INSTRUMENT: UNILATERAL AGREEMENT AND DECLARATION FOR
CONDITIONAL ZONING
DATED: March 6, 2001
FILED: Land Court Document No. 2689090

Said above Agreement was also recorded as Document No. 2001-032622.

(E) The terms and provisions contained in the following:

INSTRUMENT: MEMORANDUM OF AGREEMENT
DATED: November 27, 2002
RECORDED: Document No. 2005-068465
PARTIES: HOUSING AND COMMUNITY DEVELOPMENT
CORPORATION OF HAWAII, a public body and body
corporate and politic of the State of Hawaii, and STATE OF
HAWAII, Department of

(F) Abutter's rights of vehicle access over and across the common boundary of Lot 2 and 3, which rights were conveyed to the State of Hawaii by Deed dated April 19, 1966, filed as Land Court Document No. 393650.

(G) The terms and provisions contained in the following:

INSTRUMENT: AGREEMENT
DATED: April 11, 1989
FILED: Land Court Document No. 1650349
PARTIES: STATE OF HAWAII by its Board of Land and Natural Resources, HOUSING FINANCE AND DEVELOPMENT CORPORATION and STATE OF HAWAII DEPARTMENT OF TRANSPORTATION and THE TRUSTEES UNDER THE WILL AND OF THE ESTATE OF JAMES CAMPBELL, DECEASED
RE: to provide for the acquisition by the State through its condemnation powers of approximately 830 acres of land for the development of the Kapolei Village project

(H) DESIGNATION OF EASEMENT "X" (10 feet wide)

PURPOSE: sewer
REFERENCED: on Map 5, as set forth by Land Court Order No. 96678, filed January 26, 1990

3. -AS TO PARCEL SECOND (LOT 5351):-

(A) Restriction of access as set forth by Land Court Order No. 18309, filed on August 16, 1960.

(B) Abutter's right of vehicle access in favor of the State of Hawaii along Barbers Point Naval Air Station Access Road, by Quitclaim Deed dated October 18, 1972, filed as Land Court Document No. 623619

(C) DESIGNATION OF EASEMENT "2312"

PURPOSES: electrical
SHOWN: on Map 505, as set forth by Land Court Order No. 97282, filed March 21, 1990.

(D) DESIGNATION OF EASEMENT "2315"

PURPOSES: drainage
SHOWN: on Map 505, as set forth by Land Court Order No. 97282, filed March 21, 1990.

(E) GRANT

TO: HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation
DATED: July 10, 1990
FILED: Land Court Document No. 1747712
GRANTING: a perpetual right and easement for utility purposes, Easement "2313"

(F) DESIGNATION OF EASEMENT "6756"

PURPOSE: none stated
SHOWN: on Map 956, as set forth by Land Court Order No. 134762,
filed April 13, 1999

(G) Order filed as Land Court Document No. T-11292188 filed December 1, 2020 sets forth the following:

Access in favor of Lot 2-A.

4. -AS TO PARCEL SECOND (LOT 5353):-

(A) DESIGNATION OF EASEMENT "2312"

PURPOSES: electrical
SHOWN: on Map 505, as set forth by Land Court Order No. 97282, filed
March 21, 1990.

(B) DESIGNATION OF EASEMENT "2315"

PURPOSES drainage
SHOWN: on Map 505, as set forth by Land Court Order No. 97282, filed
March 21, 1990.

(C) GRANT

TO: HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation
DATED: July 10, 1990
FILED: Land Court Document No. 1747712
GRANTING: a perpetual right and easement for utility purposes, over
Easement 2312

(D) DESIGNATION OF EASEMENT "6755"

PURPOSE: none stated
SHOWN: on Map 956, as set forth by Land Court Order No. 134762,
filed April 13, 1999

(E) The terms and provisions contained in the following:

INSTRUMENT: UNILATERAL AGREEMENT AND DECLARATION FOR
CONDITIONAL ZONING
DATED: March 6, 2001
FILED: Land Court Document No. 2689090

Said above Agreement was also recorded as Document No. 2001-32622.

(F) GRANT

TO: HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN
TELCOM, INC.
DATED: April 25, 2013
FILED: Land Court Document No. T-8521109
GRANTING: non-exclusive easement for transmission and distribution of
electricity

(G) The terms and provisions contained in the following:

INSTRUMENT: DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS, VILLAGES OF KAPOLEI
DATED: July 26, 1990
FILED: Land Court Document No. 1752834

Restated Declaration of Covenants, Conditions and Restrictions of Villages of
Kapolei dated September 30, 1994, filed as Land Court Document No. 2199063.

Second Restated Declaration of Covenants, Conditions and Restrictions of
Villages of Kapolei dated February 16, 1995, filed as Land Court Document No.
2238460 (Consent thereto given by the U.S. Department of Housing and Urban
Development, by instrument dated February 27, 1995, filed as Land Court
Document No. 2238461; No consent given by Housing Finance and
Development Corporation).

Said Declaration was supplemented by instruments dated May 11, 1994, filed as
Land Court Document No. 2151494, dated September 1, 1995, filed as Land
Court Document No. 2258452 and dated December 11, 2006, filed as Land
Court Document No. 3534701. (Not noted on Transfer Certificate(s) of Title
referred to herein)

Third Restated Declaration of Covenants, Conditions and Restrictions of Villages
of Kapolei dated March 23, 1999, filed as Land Court Document No. 2620834
(Consent thereto given by Housing and Community Development Corporation
and the U.S. Department of Housing and Urban Development).

Amendment and Fourth Restated Declaration of Covenants, Conditions and
Restrictions of Villages of Kapolei dated March 16, 2016, filed as Land Court
Document No. T-9703149 (Consent thereto given by Hawaii Housing Finance &
Development Corporation)

(H) Order filed as Land Court Document No. T-11292188 filed December 1, 2020
sets forth the following:

Access in favor of Lot 2-A.

5. The terms and provisions contained in the following:

INSTRUMENT: QUITCLAIM DEED
DATED: January 3, 1990 and June 20, 1990
FILED: Land Court Document No. 1696820

The foregoing includes, but is not limited to, matters relating to the reservation of minerals, water and prehistoric and historic remains.

6. The terms and provisions contained in the following:

INSTRUMENT: DECLARATION OF CONDITIONS IMPOSED BY THE LAND
USE COMMISSION
DATED: June 6, 1990
FILED: Land Court Document No. 1736622

Said Declaration was amended by instrument dated February 6, 1992, filed as Land Court Document No. 1888121.

7. The terms and provisions contained in the following:

INSTRUMENT: QUITCLAIM DEED
DATED: July 9, 1990 and June 20, 1990
FILED: Land Court Document No. 1745093

The foregoing includes, but is not limited to, matters relating to reservation of minerals, water and prehistoric and historic remains.

8. The terms and provisions contained in the following:

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY REGIME
OF NORTHWEST CORNER OF VILLAGES OF KAPOLEI
DATED:
FILED: Land Court Document No. 2493 Doc T - 11365412
Condominium Map No. 2493 CT 341501
February 12, 2021 8:02 AM

END OF EXHIBIT "A"