

BY-LAWS OF ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS

A CONDOMINIUM PROJECT,
A HORIZONTAL PROPERTY REGIME

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By J...
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ARTICLE I

Office

Section 1. Principal Office. The principal office of the Association shall be maintained at the address of said project in Maui, Hawaii.

Section 2. Place of Meetings. All meetings of the Association shall be held at its principal office unless some other place is stated in the call.

ARTICLE II

Association of Apartment Owners

Section 1. Annual Meeting. The annual meetings of the Association shall be held on the third (3rd) Tuesday in the first (1st) calendar month following the close of the Association's fiscal year.

Section 2. Special Meetings. Special meetings may be held at any time upon the call of the President or upon the call of any three (3) owners. Upon receipt of such call, the Secretary shall send out notices of the meeting to all members of the Association.

Section 3. Notice of Meetings. A written or printed notice of every meeting of the Association stating whether it is an annual or special meeting, the authority for the call of the meeting, the place, day and hour thereof, and the purpose therefor shall be given by the Secretary or the person or persons calling the meeting at least three days before the date set for such meeting. Such notice shall be given to each member in any of the following ways: (a) by leaving the same with him personally, or (b) by leaving the same at the residence or usual place of business of such member, or (c) by mailing it, postage prepaid, addressed to such member at his address as it appears on the records of the Association, or (d) if such member or mortgagee cannot be located with reasonable efforts, by publishing such notice in any newspaper of general circulation in the County wherein the project is located, such notice to be published not less than two times on successive days, the first

publication thereof to be not less than three days nor more than ten days prior to the day assigned for the meeting. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat. Upon written request for notices mailed by registered mail addressed to the secretary of the Association at the address of said project, the holder of any duly recorded mortgage against any apartment unit may promptly obtain a copy of any and all notices permitted or required to be given to the members. Said request for notices need not be reviewed and shall entitle the holder of any mortgage requesting such notice to receive all notices sent to the members from and after receipt of said request until said request is withdrawn and said mortgage is discharged of record.

Section 4. Waiver of Notice. The presence of all the members, in person or by proxy, at any meeting shall render the same a valid meeting, unless any member shall, at the opening of such meeting, object to the holding of the same for non-compliance with the provisions of Section 3 of this ARTICLE II. Any meeting so held without objection shall, notwithstanding the fact that no notice of meeting was given, or that the notice given was improper, be valid for all purposes, and at such meeting any general business may be transacted and any action may be taken; PROVIDED, HOWEVER, that where a member has pledged his vote by mortgage, deed of trust, or agreement of sale, only the presence of the pledgee will be counted in determining whether notice is waived with regard to business dealing with such matters upon which the members vote is so pledged.

Section 5. Quorum. At any meeting of the Association the owners of a majority of the apartment units in said condominium building, present in person or by proxy, shall constitute a quorum, and the concurring vote of a majority of such owners constituting a quorum shall be valid and binding upon the Association, except as otherwise provided by law or these By-Laws. In the event a member has pledged his vote by mortgage, deed of trust, or agreement of sale, only the presence of the pledgee will be recognized in computing a quorum with regard to any business conducted concerning such matters upon which the member's vote is so pledged.

Section 6. Voting. Any person, firm, corporation, trust or other legal entity or a combination thereof, owning any unit in said project duly recorded in his or its name, the ownership whereof shall be determined by the records of the Bureau of Conveyances or Land Court of Hawaii, shall be a member of the Association, and either in person or by proxy entitled to one vote for each dwelling or unit so owned at all meetings of the Association. Any provision to the contrary notwithstanding co-owners or joint owners shall be deemed one owner entitled to one vote only. The authority given by a member to another person to represent such member at meetings of the Association shall be in writing, signed by such member or if an apartment

is jointly owned then by all joint owners, or, if such member is a corporation, by the proper officers thereof, and shall be filed with the Secretary, and unless limited by its terms such authority shall be deemed good until revoked in writing. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association with respect to any dwelling or unit owned or held by him in such capacity, whether or not the same shall have been transferred to his name by a duly recorded conveyance. In case such unit shall not have so been transferred to his name, he shall satisfy the Secretary that he is the executor, administrator, guardian or trustee holding such unit in such capacity. Whenever any such unit is owned by two or more jointly according to the records of said Bureau, the vote therefor may be exercised by any one of the owners present in the absence of protest by the other or others. Anything contained in these by-laws to the contrary notwithstanding, voting rights, transferred or pledged by mortgage of an apartment or any interest therein, or any other instrument, an executed copy of which is duly recorded or filed in the Bureau of Conveyances or Land Court, Honolulu, Hawaii, shall be exercised only by the mortgagee, pledgee or transferee under such instrument until the written release or other termination thereof is filed by the Secretary.

Section 7. Adjournment. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the members present, whether a quorum be present or not, without notice other than the announcement at the meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

ARTICLE III

Board of Directors

Section 1. Number and Qualification. The affair of the Association shall be governed by a Board of Directors initially composed of ~~nine (9)~~ *five (5)* persons and as may be increased or decreased at any annual meeting by a majority vote of the Association subject to the provision with respect to the intent and purpose expressed in Section 5 of this ARTICLE III, and all such directors must be owners of units in the project.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these by-laws directed to be exercised and done by the owners.

Section 3. Other Duties. In addition to duties imposed by these by-laws or by resolution of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the project and the common areas and facilities.
- (b) Collection of monthly assessments from the owners.
- (c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, the common elements and facilities and limited common elements and facilities.

Section 4. Manager or Management Agent, Employees.
Generally. The Board of Directors may employ for the Association a management agent or manager, at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article. The duties conferred upon the management agent or manager by the Board of Directors may be at any moment revoked, modified or amplified by the majority of owners in a duly constituted meeting. The Board of Directors may employ any other employee or agents to perform such duties and at such salaries as the Board of Directors may establish.

Section 5. Election and Term of Office. The Directors shall be elected by a majority of the owners. At the first annual meeting of the Association the term of office of three Directors shall be fixed for three (3) years. The term of office of three Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting; PROVIDED, HOWEVER, and the intent and purpose being that the term of office of at least one-third of the Directors shall expire annually.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 8. Compensation. No compensation shall be paid to Directors for their services as Directors. No remunera-

tion shall be paid to a Director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. A Director may not be an employee of the Association.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within one week of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, addressed to his residence, or by telephone, at least three (3) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days notice to each Director, given personally or by mail, addressed to his residence, or by telephone, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three Directors.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Bonds of Officers and Employees. The Board of Directors shall require that all officers and employees

of the Corporation handling or responsible for corporate funds shall furnish adequate bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

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

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 7. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Board of Directors or of the Association; shall give all notices as provided by these by-laws, and shall have such other powers and duties as may be incidental to the office of Secretary, given him by these by-laws or assigned to him from time to time by the Directors. If the Secretary shall not be present at any meeting, the presiding officer shall appoint a secretary pro tempore who shall keep the minutes of such meeting and record them in the books provided for that purpose.

Section 8. Auditor. The Association may at any meeting appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association and to perform such audits and fiscal duties as may be requested of him by the Association.

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ARTICLE V, SECTION I as amended (at 2 min. mtg 2/28/67)

The underlined words constitute the proposed amendment.

Section 1. Expenses, Assessments. Every Owner of any apartment unit in said project shall contribute prorata toward the expenses of administration of said project, including but not limited to all types of insurance, the cost of operation, maintenance, repair and replacement of all the buildings and common elements thereof, according to the total number of units in said project, provided that this contribution for any limited common elements, if any, appurtenant to such dwelling shall be determined according to the number of units having the use thereof. The Association shall fix a monthly charge for each unit in an amount sufficient to provide for its prorata share of all such current expenses, reasonable reserves for future expenses of administration and such other expenses as the Association may deem proper, subject to adjustment from time to time as the Association may deem necessary. Such monthly charge shall be due and payable monthly in advance on the first day of every month. If not paid on or before the 15th of the month for which it is due such monthly charge shall be classified as delinquent. Upon delinquency there shall be added to the delinquent amount a handling charge of \$5.00 per month for each month of delinquency if the delinquent account, including handling charges and interest, does not exceed \$100.00, or a handling charge of \$10.00 each month if the total of the delinquent account exceeds \$100.00, and all of the same shall bear interest at the rate of ten percent (10%) per annum from due date until paid, and with such handling charges and interest shall be a lien on the apartment unit or on the lease of the dwelling as the case may be, assessed prior in right to all other charges whatsoever except assessments, liens and charges in favor of the State of Hawaii for taxes past due and unpaid on such unit and sums and liabilities secured by mortgage instruments duly recorded. If such default continues for more than thirty (30) days, the Association of Apartment Owners is hereby authorized to terminate all utility connections to such delinquent condominium apartments.

Section 2. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other

owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the association for any expenditures incurred in repairing or replacing any common area and facility damages through his fault.

Section 3. Use of Family Units. All units shall be utilized for residential purposes only.

Section 4. House Rules. In order to assure the peaceful and orderly use and enjoyment of the apartment units, parking stalls and common elements of said project the Association may from time to time adopt, amend, modify and revoke in whole or in part the House Rules governing the conduct of persons on said project as it may deem necessary, by a vote of not less than seventy five per cent (75%) of the owners of the apartments. Such house rules upon adoption and every amendment, modification and revocation thereof shall be delivered promptly to each apartment unit in the project and shall be binding upon all members of the association and occupants of the dwelling.

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ARTICLE VI

Execution of Instruments

Section 1. Instruments Generally. All checks, drafts, notes, bonds, acceptances, contracts and all other instruments except conveyances shall be signed by such person or persons as shall be provided by general or special resolution of the Directors, and in the absence of any such resolution applicable thereto such instrument shall be signed by the President or the Vice-President and by the Treasurer or Secretary or Assistant Treasurer or Assistant Secretary.

ARTICLE VII

Liability of Officers

Section 1. Exculpation. No Director or officer of the association shall be liable for acts or defaults of any other officer or member or for any loss sustained by the association or any member thereof, unless the same has resulted from his own willful misconduct or negligence.

Section 2. Indemnification. Every Director, officer and member of the association shall be indemnified by the association against all reasonable costs, expenses and liabilities (including counsel fees) actually and necessarily incurred by or imposed

upon him in connection with any claim, action, suit, proceeding, investigation or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his having been an officer or member of the association whether or not he continues to be such Director, officer or member of the association at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence toward the association in the performance of his duties, or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the association. The foregoing right of indemnification shall be in addition to and not in limitation of all other rights to which such person may be entitled as a matter of law and shall inure to the benefit of the legal representatives of such person.

ARTICLE VIII

Fiscal Year

Section 1. Fiscal Year. The fiscal year of the association shall be such as may from time to time be established by the association.

ARTICLE IX

By-Laws

Section 1. Amendment. These by-laws may be amended, modified or revoked in any respect from time to time by vote of three-fourths (3/4) of all members of the association at a meeting duly called for the purpose; PROVIDED, HOWEVER, that the contents of these by-laws shall always contain those particulars which are required to be contained herein by the Horizontal Property Act; and, PROVIDED FURTHER that no modification of or amendment to the by-laws shall be valid unless set forth in an amendment to the declaration; PROVIDED, FURTHER, that amendments to ARTICLE II, Sections 3, 4, 5 and 6 and ARTICLE V, Section 1 and this section shall require the consent in writing of seventy-five per cent (75%) of mortgagees of apartments, if any.

Section 2. Conflict. In the event of any conflict between these by-laws with the provisions of the statute, the latter shall govern and apply.

ADOPTION OF BY-LAWS

The undersigned owner of said project hereby adopts the foregoing as the by-laws of its association of apartment owners; this 16th day of NOVEMBER, 1964.

PENINSULA DEVELOPMENT HAWAII, INC.
INCORPORATED

By Harold J. Tidemann
Its President

By Margaret B. Tidemann
Its V. P.

BY-LAWS OF ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS

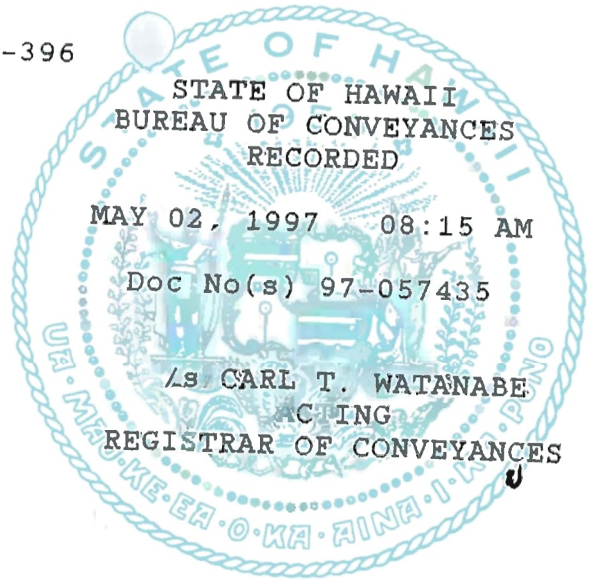
ARTICLE V, SECTION I as amended

The underlined words constitute the proposed amendment.

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the case may be, assessed prior in right to all other charges whatsoever except assessments, liens and charges in favor of the State of Hawaii for taxes past due and unpaid on such unit and sums and liabilities secured by mortgage instruments duly recorded. If such default continues for more than thirty (30) days, the association of apartment owners is hereby authorized to terminate all utility connections to such delinquent condominium apartments.

R-396



AFTER RECORDATION, RETURN BY MAIL

Destination Maui, Inc.
910-A Honoapilani Highway
Lahaina, Hawaii 96761

TOTAL PAGES: 3

TITLE OF DOCUMENT:

**AMENDMENT OF THE BY-LAWS
OF THE ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS**

PARTIES TO DOCUMENT:

ASSOCIATION: ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS

PROPERTY DESCRIPTION:

- : LIBER/PAGE/DOCUMENT NO.
- :
- : LAND COURT DOCUMENT NO.
- :
- : TRANSFER CERTIFICATE OF
- : TITLE NO(S).

TMK: (2) 4-4-01-52

CONDOMINIUM MAP NO. 35

AMENDMENT OF THE BY-LAWS
OF THE ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS
CONDOMINIUM MAP NO. 35

THIS AMENDMENT OF THE BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS is made this 26 day of APRIL, 1997, by the ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS (hereinafter referred to as "ASSOCIATION"),

W I T N E S S E T H :

WHEREAS, by Declaration of Horizontal Property Regime dated November 16, 1964, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5076, Page 212 (hereinafter referred to as the "Declaration"), as amended, the property described therein was submitted to a Horizontal Property Regime, established pursuant to that certain Horizontal Property Act, Chapter 170-A, Revised Statutes of Hawaii 1955, as amended (now known as the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes);

WHEREAS, said Declaration provided for the organization of the ASSOCIATION and established By-Laws therefore, which said By-Laws were attached to said Declaration and incorporated therein by reference (hereinafter referred to as the "By-Laws");

WHEREAS, Section 514A-82 (b) (2), Hawaii Revised Statutes, provides that the by-laws of condominium associations may be amended by the affirmative vote or written consent of sixty-five percent (65%) of the apartment owners;

WHEREAS, at least sixty-five percent (65%) of the apartment owners have given their written consent to amend the By-Laws as hereinafter set forth;

NOW, THEREFORE, the By-Laws are hereby amended as follows:

AMENDMENT

The By-Laws are hereby amended by adding the following:

Section 24.4. No animals whatsoever shall be allowed or kept in any part of the Project, except as otherwise provided by Law.

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

The undersigned officers of the ASSOCIATION hereby certify that the foregoing By-Law amendment was adopted by the written consent of sixty-five percent (65%) or more of the Maui Sands apartment owners.

IN WITNESS WHEREOF, the ASSOCIATION has executed this amendment the day and year first above written.

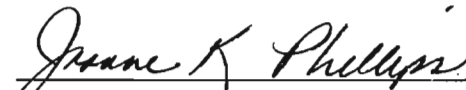
ASSOCIATION OF APARTMENT OWNERS
OF MAUI SANDS


By: Walter B. von Klumpp
Its President

By: Arthur C. Masler
Its TREASURER

STATE OF HAWAII)
) S.S.
COUNTY OF MAUI)

On this 26th day of April, 1997, before me appeared Walter B. Von Kleinsmid and Albert C. Maslin, to me personally known, who, being by me duly sworn, did say that they are the President and Treasurer respectively, of the Board of Directors of the Association of Apartment Owners of Maui Sands; that the instrument was signed in behalf of the Association by authority of its Board of Directors, and they acknowledged the instrument to be the free act and deed of the Association.



Notary Public, Second Judicial Circuit
State of Hawaii 

My commission expires: 2/16/98

R-396

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

MAY 02, 1997 08:15 AM

Doc No(s) 97-057435

/s/CARL T. WATANABE
ACTING
REGISTRAR OF CONVEYANCES

AFTER RECORDATION, RETURN BY MAIL

Destination Maui, Inc.
910-A Honoapilani Highway
Lahaina, Hawaii 96761

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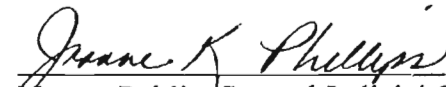
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) S.S.
COUNTY OF MAUI)

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Notary Public, Second Judicial Circuit
State of Hawaii 

My commission expires: 2/16/98

DIS

SEC: A-B

DOUBLE SYSTEM

RECORDED

RECORDATION REQUESTED 84- 70296

Crockett & Nakamura

84 JUN 19 P 3: 00

AFTER RECORDATION, RETURN TO:

17955, 655
REGISTRAR

Crockett & Nakamura
P. O. Box NNN
Wailuku, Maui, Hawaii 96793

RETURN BY: MAIL (X) PICK-UP ()

AMENDED MAUI SANDS BY-LAWS

KNOW ALL MEN BY THESE PRESENTS:

1. A Declaration of Horizontal Property Regime (the "Maui Sands Declaration" or the "Declaration"), dated November 16, 1964, recorded with the Bureau of Conveyances of the State of Hawaii at Liber 5076, Page 212, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 364363, submitted the property therein more particularly described to a horizontal property regime under the laws of the State of Hawaii (the "Maui Sands Horizontal Property Regime" or the "Maui Sands Property", as the case may be), which is known as "Maui Sands".

2. The Maui Sands Association of Apartment Owners (the "Association"), an unincorporated association established by the Maui Sands Declaration, and organized under the Hawaii Horizontal Property Regime Act, consists of the owners of the apartments of the Maui Sands Horizontal Property Regime.

3. There was annexed to the Maui Sands Declaration, made a part thereof, and also concurrently filed with the Office

EM 14

January 7, 1983
November 7, 1983

ORIGINAL

of the Assistant Registrar of the Land Court of the State of Hawaii and recorded with the Bureau of Conveyances of the State of Hawaii, By-Laws for the government of the Maui Sands Association of Apartment Owners and the operation of the Maui Sands Property (the "Maui Sands By-Laws").

4. The Maui Sands Declaration and the Maui Sands By-Laws are noted upon Transfer Certificate of Title Nos.

82,624 and 187,480

issued by the Land Court of the State of Hawaii.

5. At a meeting of the Maui Sands Association of Apartment Owners duly called and held April 28, 1984-----

the owners of apartments of the Maui Sands Horizontal Property Regime, to which appertained, in the aggregate, "common interests" exceeding seventy-five percent (75%) of the entire common interests appertaining to all of the apartments of the Maui Sands Horizontal Property Regime, voted to amend the Maui Sands By-Laws by adopting the "Amended Maui Sands By-Laws", a true copy of which is annexed hereto and made a part hereof.

82624
187480

CERTIFICATE

Allen Belmont Carpenter and Nelen Topham

President and Secretary, respectively, of the Maui Sands Association of Apartment Owners, an unincorporated association organized under the Hawaii Horizontal Property Act, do hereby certify that the foregoing Amended Maui Sands By-Laws, a true copy of which is annexed hereto and made a part hereof, was duly adopted and enacted by the apartment owners of the Maui Sands Horizontal Property Regime and by the Maui Sands Association of Apartment Owners, at a meeting duly called and held April 28, 1984,

and that they have been duly authorized and directed by the apartment owners of the Maui Sands Horizontal Property Regime and by the Maui Sands Association of Apartment Owners to cause the same to be filed with the Office of the Assistant Registrar of the Land Court of the State of Hawaii, to be noted upon each Transfer Certificate of Title issued by the Land Court of the State of Hawaii for the Maui Sands Property, and to cause the same to be recorded in the Bureau of Conveyances of the State of Hawaii.

Dated at Lahaina, Maui,

this 15th day of May, 1984.

MAUI SANDS ASSOCIATION OF APARTMENT OWNERS

By Allen Belmont Carpenter
Its President

By Nelen Topham
Its Secretary

State of Hawaii)
County of Maui) ss.

On this 15th day of May, 1984,
before me appeared ALLEN BELMONT CARPENTER, to me
personally known, who, being by me duly sworn did say that

is President of the MAUI SANDS
ASSOCIATION OF APARTMENT OWNERS-----,

an unincorporated association established under the
Maui Sands Declaration Of Horizontal Property Regime-----,
dated November 16, 1964, recorded with the Bureau of
Conveyances of the State of Hawaii at Liber 5076, Page 212,
and filed in the Office of the Assistant Registrar of the Land
Court of the State of Hawaii as Document No. 364363-----

and organized under the horizontal property regime statute
of the State of Hawaii, that said instrument was signed in behalf
of the said MAUI SANDS ASSOCIATION OF APARTMENT OWNERS

----- by authority of its members and
said ALLEN BELMONT CARPENTER acknowledged said
instrument to be the free act and deed of the said MAUI SANDS
ASSOCIATION OF APARTMENT OWNERS-----,

and that the said MAUI SANDS ASSOCIATION OF APARTMENT OWNERS
----- has no seal.

Lois L...
NOTARY PUBLIC

My commission expires: 12-4-87

State of Hawaii)
City & County of Honolulu) ss.

On this 21st day of May, 19 84,
before me appeared Helen Topham, to me
personally known, who, being by me duly sworn did say that
she is Secretary of the MAUI SANDS
ASSOCIATION OF APARTMENT OWNERS-----,

an unincorporated association established under the
Maui Sands Declaration Of Horizontal Property Regime-----,
dated November 16, 1964, recorded with the Bureau of
Conveyances of the State of Hawaii at Liber 5076, Page 212,
and filed in the Office of the Assistant Registrar of the Land
County of the State of Hawaii as Document No. 364363-----

and organized under the horizontal property regime statute
of the State of Hawaii, that said instrument was signed in behalf
of the said MAUI SANDS ASSOCIATION OF APARTMENT OWNERS

----- by authority of its members and
said Helen Topham acknowledged said
instrument to be the free act and deed of the said MAUI SANDS
ASSOCIATION OF APARTMENT OWNERS-----,

and that the said MAUI SANDS ASSOCIATION OF APARTMENT OWNERS
----- has no seal.

Joseph M. [Signature]
NOTARY PUBLIC, First Judicial
Circuit
My commission expires: 2/1/86

AMENDED MAUI SANDS BY-LAWS

WHEREAS:

The apartment owners of the Maui Sands Horizontal Property Regime (the "Horizontal Property Regime"), being the members of the Maui Sands Association of Apartment Owners (the "Association"), did, at a meeting duly called and held

April 28, 1984-----, ,

adopt the following "Amended Maui Sands By-Laws" for the government of the business and affairs of the Association and the regulation of the Maui Sands Property (the "Property").

NOW THEREFORE, the Maui Sands apartment owners do hereby declare that each apartment and all of the common and limited common elements that constitute the Horizontal Property Regime be, and the same is hereby held, and the same shall be held, used, conveyed, hypothecated, encumbered, leased, rented, repaired, reconstructed, renovated, rebuilt, improved, regulated and governed in every respect, in accordance with and subject to the limitations, restrictions, covenants, conditions and by-laws herein contained, and as the same may from time to time be amended. And the Maui Sands apartment owners do hereby approve, adopt and establish the by-laws herein contained for the government of the business and affairs of the Association and the regulation of the Maui Sands Property, and, further, hereby entirely repeal the existing Maui Sands By-Laws.

1. Statutory Basis.

The Horizontal Property Regime has been established under and pursuant to HAW. REV. STAT. Chapter 514A, and the terms used herein shall have the same meaning given by such statute. In the event of any conflict between this document and such statute, the statute shall control. If such statute should be amended or reenacted, such amendment or reenactment shall govern and regulate this Horizontal Property Regime, without any amendment to or of the Maui Sands Declaration (as amended, the "Declaration"), and without any amendment to or of these Amended By-Laws.

2. Voting Owners.

There shall be one "Voting Owner" of each apartment. The voting owner, who need not be an owner, shall be designated by the owner or owners of each apartment by written notice delivered to the Board of Directors. Such designation shall be revocable at any time by written notice delivered to the Board of Directors by any owner, or by the death or judicially declared incompetence of any owner. Any designation of a voting owner that is circulated with any notice for a meeting of the Association shall be valid only for that meeting (including any reconvened meeting following any adjournment thereof) for which that notice of meeting was given. Such powers of designation and revocation may be exercised by any guardian or the personal representative of the estate of a deceased owner, if, and in such case, the interest of such owner in such apartment is subject to administration in his estate. In the absence of any such designation of a voting owner, the owner or owners of an apartment shall be deemed to

be the voting owners of that apartment; and if any apartment be owned by more than one owner (and whether such owners shall hold such apartment jointly, commonly or by the entireties), any one of such owners present in person at any meeting of the Association shall be deemed to be the voting owner of such apartment, and if there be more than one of such owners present at any meeting, and if there be any dispute among them as to which of them shall be deemed to be the voting owner of such apartment, then the majority of them then present shall select a voting owner (irrespective of their relative interests, interest, to such apartment). An owner shall have the right to irrevocably designate some person or persons (natural or corporate) as the voting owner of an apartment. A voting owner shall have the power to appoint one or more persons as his proxy to attend a particular annual or special meeting of the Association for such voting owner, to vote and act at such meeting of the Association for such voting owner, subject to such conditions, restrictions or instructions, if any, as such voting owner may impose. Each such proxy shall expire upon, and shall have no validity after, the adjournment sine die of the particular meeting of the Association for which it was given.

3. Votes.

Each voting owner shall have a vote at each meeting of the Association equal to the common interest appurtenant to the apartment for which he votes. The votes for all of the apartments total one hundred. The term "majority of apartment owners" or any other term or phrase used herein relating or

referring to any stated fraction or percentage of the apartment owners or voting owners shall refer to the vote appurtenant to each apartment, the total of all such votes, or, as the case may be, the stated percentage or fraction of the total of all such votes. Any person (or entity) who wants to attend and vote at a meeting of the Association as the voting owner for any apartment must be so registered on the list of owners and voting owners kept by the Secretary of the Association not less than twenty-four hours before the time fixed for the commencement of that meeting.

4. Notices.

Any notice permitted or required to be delivered as herein provided may be delivered either personally or by mail. If delivery is by mail, such notice shall be deemed to have been delivered seventy-two (72) hours after the deposit of such notice with any government mail service, postage prepaid, addressed to the person entitled to such notice at his last known address on file with the Secretary of the Association. After filing a written request for notice with the Secretary of the Association, the mortgagee under any recorded mortgage or other security interest to any apartment shall have a right to any notice required to be given to an owner or voting owner of such an apartment, and the delivery of such notice, which shall be in addition to the notice required to be delivered to the owner or voting owner, shall not be complete until notice shall have been delivered to such mortgagee. Such request for notice need not be renewed, and shall remain in effect until the same be withdrawn or the security interest in such apartment released. The Secretary of the Association shall give each

voting owner written notice of such annual and special meeting of the Association. Such notice of meeting shall be delivered not less than fourteen (14) days prior to the day fixed for the assembly of such meeting. Such notice of meeting shall contain at least:

- (a) The time and the day for the assembly of such meeting.
- (b) The place for such meeting.
- (c) The items on the agenda for such meeting.
- (d) A standard form of proxy, if any, authorized by the Board of Directors of the Association.

5. Meetings Of Association Of Apartment Owners.

There shall be an annual meeting of the voting owners of the Association within five months following the end of the fiscal year established for the Association at the Property, or elsewhere within the State of Hawaii as determined by the Board of Directors. The Board of Directors shall fix the exact time and the day for each annual meeting of the Association. Special meetings of the Association shall be held:

- (i) When requested by the President;
- (ii) When requested by a member of the Board of Directors; or
- (iii) When requested by the voting owners representing not less than one-fifth (1/5) of the apartments.

Each request for a special meeting shall be in writing, and shall set forth the purpose for that meeting and the items of business proposed to be considered at the requested special meeting. Each request for a special meeting shall be delivered to the Secretary. The President shall forthwith fix a reasonable time and day for the requested special meeting, and shall prepare the agenda for the requested special meeting, which agenda shall permit the consideration of the items of business proposed for consideration in the request for the special meeting. Every special meeting of the Association shall be held at the Property. Voting owners representing a majority of the apartment owners shall constitute a quorum at any meeting of the Association. Unless expressly otherwise herein provided, any action may be taken or ratified, any resolution enacted, any administrative rules and regulations governing the details of the operation and use of the common elements or the apartments adopted or amended, at any meeting of the Association, upon the affirmative vote of a majority of the voting owners present at any such meeting. Only the items of business on the agenda for an annual or special meeting, as set forth in the notice for that meeting, shall be considered or acted upon at that meeting. In the absence of a quorum at any meeting of the Association, a majority of the voting owners present may, without providing for further notice of meeting, adjourn such meeting from time to time in order to secure the presence of a quorum. Each meeting of the Association shall be conducted in accordance with Roberts Rules Of Order;

provided, that at the commencement of any meeting of the Association other accepted rules for the conduct of such meetings may be adopted for that meeting, and for all subsequent meetings of the Association, upon the affirmative vote of a majority of the voting owners then present.

6. Board Of Directors.

At each annual meeting of the Association the voting owners shall elect members to the Board of Directors. The Board of Directors shall consist of six (6) persons, all of whom shall be either an owner of an apartment, a co-owner of an apartment, an officer of a corporate owner of an apartment, a general partner of an apartment owned by a partnership, or the purchaser of an apartment purchased under an agreement of sale. There shall not be more than one representative on the Board of Directors from any one apartment. The first Board of Directors shall consist of two directors (the directors who receive the highest votes) elected for a term of three years; two directors (the directors who receive the third and fourth highest votes) elected for a term of two years; and two directors (the directors who receive the fifth and sixth highest votes) elected for a term of one year. Thereafter, upon the expiration of the term of a director, each director shall be elected for a term of three years. At each annual meeting of the Association, any voting owner may nominate from the floor one or more persons for election as a director. Any

vacancy in the Board of Directors shall be filled by the remaining members thereof, and the person so appointed to the Board of Directors shall serve for the unexpired term of his predecessor in office. Meetings of the Board of Directors shall be called, held and conducted, and the Board of Directors shall act, in accordance with Robert's Rules Of Order, or such other accepted rules for the conduct of meetings as the Board of Directors shall adopt and from time to time amend; any such rules adopted by a Board of Directors shall continue in effect after the expiration of the term of office of such Board of Directors, until amended or revoked by their successors. The members of the Board of Directors shall not be compensated for their service. No member of the Board of Directors shall vote or cast proxy upon any matter pending before the Board of Directors in which he has a conflict of interest. A resident manager for the Association shall not be a member of the Board of Directors. The members of the Board of Directors may meet by means of a conference telephone (or similar communication equipment) by means of which all the persons participating in the meeting can hear each other at the same time.

7.1. Officers.

The principal officers of the Association shall be a President, a Secretary and a Treasurer. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other subordinate officers as in the discretion of the Board of Directors may be necessary.

7.2. Appointment Of Officers.

The Board of Directors shall each year elect a President from among its members, who shall preside over meetings of the Association and the Board of Directors. The Board of Directors shall each year also elect a Secretary and a Treasurer, who need not be members of the Board of Directors or owners or voting owners of apartments. In the event of the absence or incapacity of the President the Secretary shall act as the acting President.

7.3. Removal Of Officers.

Each officer shall hold office for one year following his appointment, at the pleasure of the Board of Directors, and until his successor is qualified. Upon the affirmative vote of a majority of the members of the Board of Directors any officer

may be removed, with or without cause.

7.4. President.

The President shall exercise general supervision and direction of the business and affairs of the Association. The President shall also have the powers and duties customarily incidental to such office, and such other powers and duties as may be given to him elsewhere in these By-Laws or as may be assigned to him by the Board of Directors.

7.5. Secretary.

The Secretary shall keep the list of owners and voting owners and the minutes of all meetings of the Association and of the Board of Directors. The Secretary shall determine whether a voting owner is present and entitled to vote at meetings of the Association. The Secretary shall record all votes upon resolutions voted upon at meetings of the Association and at meetings of the Board of Directors. The Secretary shall keep the minute book for the Association, wherein all resolutions shall be recorded, and such other books and records of the Association as the Board of Directors shall direct. The Secretary shall keep the minute book for the Association at the Property, at a particular place thereat designated by the Board of Directors, and the minutes of the meetings of the Board of Directors and of the Association shall be available for examination there by each apartment owner at convenient hours. At the request of an apartment owner, the Secretary shall mail copies of the minutes of meetings of the Board of Directors and of the Association to such owner. The Secretary shall also have the powers and duties customarily incidental to such office, and such other powers and duties as may be given to him elsewhere in these By-Laws or as may be assigned to him by the President or the Board of Directors.

7.6. Treasurer.

The Treasurer shall be responsible for the money and funds of the Association, and he 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. The Treasurer shall be responsible for the deposit of all money of the Association in the name of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall also have the powers and duties customarily incidental to such office, and such other powers and duties as may be given to him elsewhere in these By-Laws or as may be assigned to him by the President or the Board of Directors.

8. Committees.

The Board of Directors shall have the power to create, by resolution or resolutions enacted by a majority of the entire Board of Directors, such standing and ad hoc committee or committees which may have and exercise such power or powers of the Board of Directors provided by statute, the Declaration, or these By-Laws, with respect to the management of the business and affairs of the Association, or the administration of the common elements of the Property, as the Board of Directors shall from time to time deem necessary. Each such committee shall include not less than one member of the Board of Directors, and may include such number of apartment owners or voting owners, as the case may be, as the Board of Directors shall

provide by resolution. Such a committee may be established to investigate and to report to the Board of Directors with respect to a particular problem, in which case such committee shall not exercise any power or powers of the Board of Directors, and such committee need not include one member of the Board of Directors. No such committee shall have the power to fill any vacant directorship, nor the power to appoint or remove any person from any of the principal or subordinate offices of the Association, nor the power to determine the common expenses or to adopt the annual budget for the Association. Each such committee shall have such name as shall be stated in the enabling resolution enacted by the Board of Directors.

9. Appointment Of Auditor.

The voting owners shall have the power to appoint, by the adoption of an appropriate resolution at any meeting of the Association, a certified public accountant, who shall examine and audit, and report to the voting owners upon, the records, books of account, and transactions of business of the Association in such detail and for such period of time as the voting owners shall determine at the time of the adoption of such resolution.

10. Indemnification.

The Association shall indemnify every director, officer or employee, or any former director, officer or employee (hereinafter called "indemnitee"), and their respective heirs, executors and administrators, against reasonable costs and expenses, including judgments, fines, penalties, amounts paid in settlement and attorney's fees (hereinafter called "expenses"),

incurred in connection with any civil or criminal action, suit or administrative proceeding to which an indemnitee shall be made a party by reason of his being or having been a director, officer or employee of the Association, except however, in relation to those expenses attributable to such portion or portions of the matters involved as to which it shall be adjudged in such proceeding that he has been guilty of negligence or misconduct in the performance of his duties to the Association. In the event of a settlement, indemnification shall be provided only as to the matters covered by the settlement as to which the Association is advised by its counsel that the indemnitee was not guilty of negligence or misconduct in the performance of his duties to the Association. The foregoing right of indemnification shall be in addition to any rights provided by law.

11. Powers Of Board Of Directors.

The affairs of the Association shall be administered by the Board of Directors, through the President, Secretary, Treasurer and Manager or Managing Agent, if any, for and on behalf of the apartment owners. The Board of Directors shall meet at least once during each fiscal year and that meeting shall be called the annual meeting of the Board of Directors. The Board of Directors may hold such additional meetings during each fiscal year as may be necessary or convenient for the administration of the affairs of the Association. Written notice of each meeting of the Board of Directors shall be mailed to each director not less than

fourteen (14) days prior to the date for such meeting.

Written notice of the annual meeting of the Board of Directors shall be given to each apartment owner and each voting owner in a reasonable manner at least fourteen (14) days prior to such meeting.

The Board of Directors shall have such powers reasonably necessary or convenient for the administration of the affairs of the Association and may do all such acts and things, except such acts and things as by law, the Declaration, or these By-Laws, are expressly reserved to the voting owners or to the apartment owners, and shall have the power to enter upon such contract or contracts for and on behalf of the Association, as may be necessary to exercise such power. Such powers of the Board of Directors shall include, without limitation, the following:

(a) To operate, care for and maintain the common elements.

(b) To determine the common expenses required for the administration of the affairs of the Association, and for the operation, care, upkeep, security and maintenance of the common elements.

(c) To collect the common expenses from the apartment owners.

(d) To employ, supervise and dismiss the personnel necessary for the maintenance, care, repair, replacement and operation of the common elements and for the administration of the affairs of the Association.

(e) To establish and maintain reasonable reserves and sinking funds for the future repair, maintenance and replacement of the common elements, and for general administrative and operating expenses.

(f) To obtain such utility service (if not separately metered or charged) as may be necessary for the apartments, and such utility service as may be necessary for the common elements.

(g) To purchase apartments of the Horizontal Property Regime at foreclosure or other judicial sale in the name of the Association.

(h) To obtain and pay the premiums for insurance in the amount of the full replacement value of the Property which shall insure the Property against loss or damage by fire and such other insurable perils as shall appear to be reasonably necessary, and such other insurance (including without limitation general liability insurance) as may be required in the course of the administration of the affairs of the Association and in the operation, care, upkeep, security and maintenance of the common elements.

(i) To borrow money on behalf of the Association; provided, that the total outstanding amount of such loans shall not, without the approval of a majority of the voting owners, at any time exceed the amount of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00).

(j) To deposit and withdraw funds of the Association with and from banks and like institutions.

(k) To establish a fiscal year for the Association.

(l) To enforce the provisions of these Amended By-Laws, the Declaration, and any administrative Rules and Regulations duly enacted for the use of the apartments or the common elements.

The voting owners may, except as otherwise provided by law, by resolution prospectively restrict any of the powers of the Board of Directors; provided that the enactment of such a resolution by the voting owners shall not, in any event, (i) impair the validity of any contract or obligation previously entered upon by the Board of Directors, or under the authority of the Board of Directors, or of any transfer of property, or any interest in property, previously made by the Board of Directors or under the authority of the Board of Directors, or (ii) conflict with any provision of the Declaration, or conflict with any provision of these Amended By-Laws.

The Board of Directors shall not, in any event, have the power to conduct a business for profit on behalf of the apartment owners or any of them; nor shall the Board of Directors have the power to convey, transfer, mortgage or encumber any of the common elements of the Property.

12. Manager.

The Board of Directors shall have the power to engage a Manager or Managing Agent (who may be a corporate person). The Board of Directors shall have the power to

delegate to such Manager or Managing Agent, subject to such restriction or restrictions as the voting owners may from time to time impose on the exercise of such powers by the Board of Directors, the following powers of the Board of Directors:

- (a) To operate, maintain and care for the common elements.
- (b) To collect the common expenses from the apartment owners.
- (c) To employ, supervise and dismiss personnel necessary for the maintenance, care and operation of the common elements and for the administration of the affairs of the Association.
- (d) To obtain such utility service (if not separately metered or charged) as may be necessary for the apartments, and such utility service as may be necessary for the common elements.

The Manager or Managing Agent shall not have the power to enter upon or execute any contract or to assume any liability on behalf of the Board of Directors, or of the Association, in an amount in excess of FIFTEEN THOUSAND and 00/100 DOLLARS (\$15,000.00), pursuant to any power delegated by the Board of Directors. Any power or powers delegated to the Manager or Managing Agent by the Board of Directors may be prospectively revoked by the Board of Directors without notice to the Manager or Managing Agent or to any third person.

13. Collection Of Common Expenses.

"Common Expenses" shall mean all costs, expenses, fees and charges incurred by the Association, or which the Board of Directors expect the Association will incur, for the administration of the affairs of the Association and for the operation, care, repair and maintenance of the common elements, including without limitation the costs and expenses incurred for the operation, care, repair and maintenance of all central and appurtenant installations for services such as power, light, telephone, gas, hot and cold water, heating, televisions, sewage disposal, and other utilities, and for any premiums for insurance against loss or damage by fire and such other perils to the Property as the Board of Directors shall deem to be reasonably necessary, for any premium for general liability insurance as hereafter provided, and for any utility service (if not separately metered or charged) as may be necessary for the apartments, and for the common elements, and for the maintenance of any reasonable reserve or sinking fund for the future repair, maintenance or replacement of the common elements, for general administrative and operation expenses of the Association, and all costs, expenses, fees and charges called "common expenses" by HAW. REV. STAT. Chapter 514A, as amended or reenacted, or by the Declaration.

Not less than thirty (30) days before the beginning of each fiscal year established for the Association, the Board of Directors shall prepare and adopt a budget for the next fiscal year and shall determine the amount of the total

common expenses for the next fiscal year (which shall include the amount of any deficit in the common expenses for the current fiscal year or for any prior fiscal year). The total amount of such common expenses for the next fiscal year, as approved by the Board of Directors, shall be assessed against, charged to, and as provided by law shall (together with any accrued interest, collection costs and reasonable attorney's fee upon any delinquent amount) constitute a lien upon each apartment on the first day of such fiscal year in proportion to the common interest appurtenant to each apartment. The share of such common expenses for each apartment shall be paid in monthly installments, which shall be due and payable on the first day of each month of each fiscal year established for the Association. (If the Board of Directors should change the fiscal year established for the Association, or if the estimate of the common expenses for any fiscal year should appear to be incorrect, the Board of Directors shall have the power to revise its budget as of the first day of the next month of the current fiscal year.) Not less than fifteen (15) days before the beginning of each fiscal year established for the Association, the Board of Directors shall notify each apartment owner of the amount of the total common expenses determined for the next fiscal year, and the proportion thereof for which his apartment will be liable. (If the Board of Directors should revise its budget for any current fiscal year, then the Board of Directors shall give each apartment owner written notice, not less than fifteen (15) days before the effective date of such revised budget, of the revised amount of

the total common expenses determined for the remaining part of the current fiscal year, and the proportion thereof for which his apartment is liable. If the Board of Directors increases the current budget, then the amount of such increase for which each apartment is liable shall be assessed against, charged to, and as provided by law shall (together with any accrued interest, collection costs and reasonable attorney's fee upon any delinquent amount) constitute a lien upon, each apartment on the effective date of such revised budget.)

14. Special Assessments.

The voting owners shall have the power, by the affirmative vote of a majority of the voting owners of all the apartments, to levy a special assessment against the apartments, which shall be apportioned among the apartments in proportion to the common interest appurtenant to each apartment, and which (together with any accrued interest, collection fees and reasonable attorney's fee upon any delinquent amount.) shall constitute a lien upon each such apartment as provided by law, to fund the renovation, reconstruction, or alteration of the common elements, or of some substantial portion thereof, or the construction of some addition to the common elements, or to fund the purchase of an apartment of the Horizontal Property Regime or to satisfy any extraordinary expense or liability of the Association. Such special assessment shall be due and payable at such time or times as such voting owners shall provide. The Secretary shall, within fifteen (15) days after the enactment by such voting owners of the resolution authorizing such special assessment, notify each

apartment owner of the amount of the special assessment for which his apartment is liable and the date or dates at which the same will be due. As hereinafter provided in section 28, if a deficiency (as therein defined) exists for the reconstruction of any damaged or destroyed common elements, then, unless a seventy-five percent (75%) majority of the voting owners of all the apartments vote in favor of a resolution instructing the Board of Directors not to proceed with such reconstruction, a special assessment in the amount of the deficiency shall be levied and shall exist upon the apartments (without any further vote or action on the part of the voting owners).

15. Accrual Of Interest Upon Delinquent Assessment.

Interest shall accrue at the rate of twelve per cent (12%) a year, or at such higher rate of interest as may be permitted by law, upon any delinquent assessment for common expenses, or upon any delinquent special assessment. The accrual of such interest shall start on the day following the payment date fixed for such assessment.

16. Liability Of Apartment Owners.

Each apartment owner or owners shall be personally liable (and if there be more than one owner of any apartment, they shall be jointly and severally liable) for the full amount of any special assessment or assessment for common expenses against his apartment, irrespective of the date or dates on which such assessments, or portions thereof, came due. The Board of Directors shall have the right to enforce such personal liability of each apartment owner by an action for a money

judgment for the unpaid amount of any such assessment; provided, that no such action shall be filed until fifteen (15) days after the date on which the unpaid amount came due. Any such action shall be brought in the name of the Association. Any judgment rendered in any such action shall include a sum for reasonable attorney's fees, costs and expenses of collection incurred by the Association in such amount as the court may adjudge against such owner in default. Upon full satisfaction of any such judgment, the Board of Directors, through the President, Secretary or Treasurer, shall execute and deliver to the judgment debtor an appropriate instrument to evidence such satisfaction.

If the Association should as provided by law foreclose its lien upon an apartment for any unpaid assessment for common expenses or for any unpaid special assessment, while the foreclosure proceeding is pending, and until title to the apartment has vested in a purchaser following the foreclosure sale of the apartment: (i) the owner of the apartment shall continue to be personally liable for the full amount of any additional special assessment or additional assessment for common expenses chargeable to the apartment; and (ii) the owner of the apartment shall be obligated to pay the Association a reasonable rental for the continued right to the use and possession of the apartment, which rentals shall be applied by the Association to discharge any accrued and unpaid assessment for common expenses, or any accrued and unpaid special assessment, which constitutes a lien upon the apartment.

17. Association's Lien Upon Apartment For Delinquent Assessments.

The Board of Directors may in their discretion cause a notice to be filed, in the name of the Association, with the Office of the Assistant Registrar of the Land Court of the State of Hawaii, and with the Bureau of Conveyances of the State of Hawaii, that shows the existence of the Association's lien upon an apartment for any delinquent assessment. The Board of Directors shall in their discretion determine the form and content for such notice of lien to show such delinquent assessment. The Association's lien upon an apartment for common expenses, or a special assessment, shall exist and be perfected without the filing of a notice thereof with such Office of the Assistant Registrar of the Land Court or with such Bureau of Conveyances. The Board of Directors, in the name of the Association, shall, in their discretion, as provided by law, take such steps as they deem to be in the best interest of the Association, to enforce or to protect the Association's lien upon an apartment for any delinquent common expenses or special assessment (together with any accrued interest, collection costs, and reasonable attorney's fees).

18. Expenses Of Enforcement.

Every apartment owner shall pay to the Association promptly upon demand all costs and fees including reasonable attorney's fees incurred by or on behalf of the Association for: (1) collecting any delinquent assessment against the owner's apartment; (2) enforcing or protecting the Association's lien

upon the owner's apartment; (3) enforcing any provision of the Declaration, these Amended By-Laws, or the Association's administrative or house rules.

19. Certificates Of Payment.

The Association shall upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not any common expense or special assessment is due and payable for a particular apartment, and, if such a delinquency exists, the amount of any such delinquent common expense or special assessment, and the date the same came due. Any such certificate signed by an officer of the Association shall be binding and conclusive upon the Association and may be relied upon by any person as an accurate statement of the facts shown therein.

20. Transfer Of Ownership Of Apartment.

The Secretary shall maintain at the Property a list of the names and addresses of the apartment owners, a list of the names and addresses of the voting owners, and a list of the names and addresses of each apartment purchaser under an agreement of sale. The Secretary shall not register any change in the ownership of an apartment until he has been furnished with a certified copy of a recorded (with the Office of the Assistant Registrar of the Land Court of the State of Hawaii and with the Bureau of Conveyances of the State of Hawaii) instrument to evidence such transfer. The Secretary shall not register any change in the designation of a voting owner until he has been furnished with an appropriate notice thereof, and, if a voting owner has been irrevocably designated, the name of such irrevocably designated voting owner shall not be removed from

such list without his written consent or release. The Association, each apartment owner and voting owner, the Board of Directors, President, Secretary, Treasurer and Manager or Managing Agent, shall have a right to rely upon such lists and shall have a right to regard any person whose name appears on such list as the owner, voting owner, or purchaser, as the case may be, of the apartment specified. The Board of Directors shall have the right to fix and collect for the Association a reasonable, uniform fee to cover the costs and expenses incurred by the Association in connection with the transfer of an apartment. Any unpaid transfer fee shall be a lien against the apartment transferred with like effect, and to the same extent, as any assessment for common expenses, and shall bear interest at the rate of twelve percent (12%) per year, or at such higher rate of interest as may be permitted by law, from and after fifteen (15) days following the date on which the same came due.

21. Collection Of Rent From Tenants.

If an owner shall at any time rent or lease his apartment and shall thereafter be in default in the payment of any common expense, special assessment, or any other payment due the Association, for which his apartment is liable, the Board of Directors may, at its option, and so long as such default shall continue, demand and receive from such tenant of the owner up to an amount sufficient to pay all of such unpaid common expense, special assessment, or other payment due the Association, including interest, and any such payment of rent to the Board of Directors by the tenant shall be a sufficient discharge of such tenant, as between such tenant and the owner

to the extent of the amount so paid; such demand for, or the acceptance of, such rent from any tenant shall not be deemed to be a release or discharge of any of the obligations or duties owed by the owner. If the Board of Directors shall make such demand upon any tenant as aforesaid, such tenant shall not have the right to question the right of the Board of Directors to make such demand, but such tenant shall be obliged to make such payments to the Board of Directors, with the effect as aforesaid. If and when a mortgagee of such an apartment obtains the appointment by a court of a receiver (or a similar court officer) to collect any of such rent, then and thereafter the right of the Association to collect such rent from a tenant of the apartment owner shall be subordinate and subject to the duty of such receiver to collect such rent and to apply the same in satisfaction of the indebtedness secured by the mortgage of such apartment.

22. Failure To Determine Common Expenses.

Any failure by the Board of Directors to determine the common expenses for any ensuing fiscal year, or the failure of the Board of Directors to notify any or all of the apartment owners of the amount of such common expenses, shall not be deemed to be a waiver or release of any apartment or of any apartment owner of any obligation or liability for such common expenses. In such event, the last determination of the Board of Directors as to the total amount of such common expenses shall continue, from year to year, and until the Board of Directors make such determination, and each apartment and apartment owner shall continue to be liable for the share of such common expenses

charged to each apartment.

23. Waivers.

The failure of the Board of Directors to require, in any one or more instances, a strict performance of or compliance with any of the limitations, restrictions, covenants or conditions herein contained by any apartment owner, or to exercise any right or option herein contained, or to serve or receive any notice, or to institute any action, shall not be construed as a waiver or relinquishment of such limitation, restriction, covenant, condition, right, option or right to serve or receive notice, but the same shall continue and remain in full force and effect. Nor shall the receipt by the Board of Directors, or any of its agents, of any payment from any apartment owner be construed as such a waiver.

24.1. Adoption Of Administrative Rules And Regulations.

The voting owners, by the vote of a majority of them present at any meeting of the Association for which the notice of meeting shall have stated that the adoption or amendment of administrative rules and regulations will be considered, shall have the power to adopt, and from time to time amend, administrative rules and regulations governing the details of the operation and use of the common elements, and such rules and regulations with respect to the use of the apartments as may be deemed reasonable and necessary for the common welfare.

24.2. Sanctions For Violation Of Administrative Rules/Regulations.

The Board of Directors shall have the power to impose the following sanctions for the violation of any Administrative Rule/Regulation:

(a) The power to order an apartment owner to stop violating an Administrative Rule/Regulation (a "Performance Order").

(b) The power to suspend the right of an Apartment Owner, and all persons who claim under him, to use those parts of the common elements which are not required for access to his apartment for a period not to exceed thirty (30) days.

(c) The power to impose a fine payable to the Association which shall not exceed the amount of FIFTY and 00/100 DOLLARS (\$50.00) for each violation. If after the issuance of a Performance Order an apartment owner willfully fails or refuses to stop violating the Administrative Rule/Regulation, or fails to correct the condition which caused such violation of the Administrative Rule/Regulation, each day thereafter during which the apartment owner continues to violate such Administrative Rule/Regulation shall be the basis for the imposition of a fine which shall not exceed the amount of FIFTY and 00/100 DOLLARS (\$50.00), provided, that the aggregate amount of all

finances for any such continuing violation shall not exceed the sum of ONE THOUSAND and 00/100 DOLLARS (\$1,000.00). The Board of Directors shall from time to time adopt and publish a "Schedule Of Maximum Fines For Administrative Rule/Regulation Violations" which shall prescribe the maximum fine that may be imposed for the violation of each particular Administrative Rule/Regulation.

(d) The power to suspend, or to condition, the imposition of a fine for a violation of an Administrative Rule/Regulation.

(e) After the second willful violation of a particular Administrative Rule/Regulation by any occupant of an apartment in any calendar year, the power to require that the owner of such apartment give a bond, naming the Association as obligee, with a corporate surety licensed to do a surety business in the State of Hawaii as surety, to continue for a term not to exceed twenty-four (24) months, in a principal amount, to be determined by the Board of Directors, approximately equal to a judgment for damages, costs and expenses that the Association and any aggrieved apartment owner might reasonably expect to obtain against such apartment owner in an action for damages or injunctive relief, or both, brought under HAW. REV. STAT. Section 514A-88, for any past violations and the next violation of such

Administrative Rule/Regulation. The Board of Directors shall give such apartment owner notice of the amount of the bond required, and such bond shall be delivered to the Treasurer by such apartment owner within thirty (30) days after the delivery of such notice. If such apartment owner should fail to give such bond, then there shall be a lien against the apartment of such owner with like effect, and to the same extent, as any assessment for common expenses, in the principal amount of the required bond after the failure of such apartment owner to give such bond. The right of the Association to foreclose such lien shall be conditioned upon the entry of a judgment in favor of the Association and an aggrieved apartment owner under HAW. REV. STAT. Section 514A-88. In the event of the foreclosure of such a lien, the proceeds received in satisfaction of such lien shall be distributed or applied in accordance with the judgment entered under HAW. REV. STAT. Section 514A-88.

(f) If an Administrative Rule/Regulation has been violated by a tenant of an owner, and such tenant willfully fails or refuses to stop such violation, the power to enter into the apartment in which, or as to which, such violation exists, and to evict such tenant therefrom, as the irrevocably appointed agent

of the owner; if the Association shall incur any expense in such eviction, the full amount of such expense shall be a lien against such apartment with like effect, and to the same extent, as any assessment for common expenses.

24.3. Imposition Of Sanctions For Violation Of Administrative Rules/Regulations.

Any officer of the Association or any apartment owner may by a written complaint filed with the Board of Directors request the Board of Directors to impose sanctions upon an apartment owner for an alleged violation of an Administrative Rule/Regulation. The complaint shall describe the nature of the alleged violation of a particular Administrative Rule/Regulation. Upon the filing of a complaint the Secretary shall immediately fix a date, time and place for the hearing thereof by the Board of Directors (which date shall not be less than five days after the delivery of notice of the hearing upon the apartment owner alleged to be in default) and shall forthwith deliver a copy of the complaint and the notice of hearing to the apartment owner alleged to be in default.

At the hearing the Board of Directors shall hear the apartment owner alleged to be in default, and all others interested, and shall hear and consider such testimony and evidence as it deems pertinent. The Board of Directors may exclude and refuse to hear irrelevant, immaterial or unduly repetitious testimony or evidence. The Board of Directors shall make a written decision of its findings and conclusions in the matter after the hearing, and shall file the same with the Secretary. If the Board of Directors concludes that the

apartment owner alleged to be in default has violated an Administrative Rule/Regulation, the written decision shall specify the sanctions to be imposed upon that apartment owner. The written decision entered by the Board of Directors after such a hearing shall be final and binding among the apartment owners and the Association and the same shall not be subject to judicial review or appeal. The Secretary shall forthwith deliver a certified copy of the written decision entered by the Board of Directors in the matter to the apartment owner alleged to be in default.

25. Addition To And Alteration Of Apartment.

An owner shall not undertake any addition to, or the alteration of, the structural parts of his apartment without first obtaining the written consent of the Board of Directors or, failing to obtain such consent, the consent of a majority of the voting owners present at any Association meeting. An owner who seeks such consent shall first file with the Board of Directors a copy of the plans for the proposed alteration or addition which shall have been prepared by an architect or engineer licensed by the State of Hawaii. Such consent shall not be required for the redecoration, repainting or any aesthetic change made within any apartment. The cost of any such addition to, or the alteration or repainting of, an apartment shall not be charged to the Association. The Board of Directors shall have the right to require that any addition to, or the alteration of, an apartment shall not be commenced until after the contractor performing the work obtains a construction performance and payment bond for the work as provided under section 30.

26. Liability Insurance.

The Board of Directors shall obtain and pay the premium for a policy or policies of general liability insurance in which the limits of liability shall be not less than FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) for injury to any one person, ONE MILLION DOLLARS (\$1,000,000.00) for injury to more than one person in any one accident or occurrence, and ONE HUNDRED THOUSAND DOLLARD (\$100,000.00) against claims for property damage. Such policy or policies shall cover liability incurred in respect of the common elements of the Property and any sidewalks and sidewalk areas adjacent to the Property. Such policy or policies shall insure each apartment owner, any apartment mortgagee, any occupant of every apartment, each member of the Board of Directors, their agents and the agents of the Association, the Manager or Managing Agent employed by the Board of Directors, and the agents of such Manager or Managing Agent. The premiums for such insurance shall be a common expense.

27. Casualty Insurance.

The Board of Directors shall obtain and pay the premiums for a policy or policies of insurance against the loss or damage of the Property by fire, and such other insurable perils as the Board of Directors shall deem to be reasonably necessary, for the full replacement value of the Property. Unless the voting owners provide otherwise, such insurance shall be issued in the name of the Board of Directors, as trustees for the apartment owners, and their respective mortgagees, if any, as their respective interest shall appear, in proportion to the common interests appurtenant to the apartments owned by each of them. The premiums for such

insurance shall be a common expense. The voting owners, by the vote of a majority of them present, shall have the power to designate any bank or trust company licensed to do business within the State of Hawaii, and the power to revoke any such designation previously made, as the insurance trustee (the "INSURANCE TRUSTEE") to receive any proceeds of insurance. Any such designation, or revocation, shall be effective upon the acceptance thereof by the issuing insurer.

The insurer shall fairly apportion any such insurance proceeds between the common elements and each apartment damaged or destroyed in proportion to the relative loss suffered by the common elements and each apartment. The Insurance Trustee shall permit the Board of Directors to use that portion of such insurance proceeds paid for the loss suffered by the common elements for the repair and reconstruction of the common elements. The Insurance Trustee shall permit the Board of Directors to use that portion of such insurance proceeds paid for the loss suffered by any apartment for the repair and reconstruction of such apartment.

All such policy or policies of insurance (the "POLICY") shall:

- (a) Contain no provision limiting or prohibiting an apartment owner from obtaining other like insurance, but shall provide that the liability of the insurer shall not be affected by, nor shall the insurer claim any right of set-off, counterclaim, apportionment, proration,

or contribution, by reason of any such other insurance;

(b) Contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the Property, whether or not within the control of the Board of Directors, and, if obtainable, shall not relieve the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of an apartment, or any occupant of an apartment, or by reason of any act or neglect of the Board of Directors, any owner of an apartment, or any occupant of an apartment;

(c) Contain a waiver by the insurer of any right or subrogation for any loss paid by the insurer under the policy against any member of the Board of Directors, any apartment owner, or the occupant of any apartment;

(d) Shall provide that the policy cannot be cancelled or substantially modified by the insurer except by giving the Board of Directors, each apartment owner, and each mortgagee of an apartment who has requested such notice from the insurer, not less than thirty (30) days prior written notice of such cancellation or modification;

(e) Contain a provision waiving any right of the insurer to repair, rehabilitate or reconstruct the Property, if after a loss the voting owners vote not to repair, rehabilitate or reconstruct the Property.

(f) Contain a standard mortgagee clause
which:

(i) Shall name the mortgagee (the "MORTGAGEE") of any mortgage affecting any apartment whose name shall have been given to the Association and to the insurer;

(ii) Shall provide that the policy, as to the interest of the Mortgagee, shall not be invalidated by any act or neglect of the Board of Directors, an apartment owner, or the occupant of any apartment;

(iii) Shall waive (A) any provision invalidating such mortgagee clause by reason of the failure of the Mortgagee to notify the insurer of any hazardous use or vacancy, (B) any requirement that the Mortgagee pay any premium for the policy (provided, that if the Board of Directors fails to pay any premium due or to become due under the policy, the Mortgagee may pay the same prior to termination of the policy by reason of nonpayment of such premium), (C) any contribution clause, and (D) any right to be subrogated to the right of any mortgagee against an apartment owner, the occupant of an apartment, or the Board of Directors, or to require an assignment of any mortgage to the insurer, except that the insurer will have the right of subrogation to

the extent of insurance proceeds received by and retained by the Mortgagee if the insurer shall claim no liability against the mortgagor or apartment owner, but without impairing the Mortgagee's right to sue any person for any loss or deficiency not covered by the insurance proceeds;

(iv) Shall provide that, without affecting the protection afforded to the Mortgagee by such mortgagee clause, any insurance proceeds payable under such clause, if in excess of ten thousand dollars (\$10,000.00), shall be payable to the Insurance Trustee.

(v) Shall provide that any reference to a mortgagee in the policy shall include all mortgagees of any apartment in the priority of their respective liens upon the apartment.

(g) Provide that at the inception of the policy, and on each anniversary date thereof, the insurer shall furnish the Board of Directors with a written summary (the "INSURANCE SUMMARY") of the policy in layman's terms, including without limitation a description of the policy, the coverage provided by the policy and the limits thereof, the amount of the annual premium, and the renewal dates.

The policy shall be delivered to the Board of Directors with a certificate signed by a licensed insurance broker or licensed agent certifying that the policy includes all of the provisions herein set forth and complies with

and satisfies all of the requirements herein set forth (the "INSURANCE CERTIFICATE"). Upon the receipt of each Insurance Summary and Insurance Certificate the Board of Directors shall forthwith deliver copies of the same to each apartment owner.

Any proceeds of insurance paid for any damage or destruction suffered by the Property, or any part thereof, shall be held by the Board of Directors or by the Insurance Trustee free of any claim by any apartment owner, or his creditors, the holder of any lien upon any apartment, or the creditors of the Board of Directors or of the Association, or of any receiver, assignee or trustee in bankruptcy for any such creditor, and the same shall be held free of any action by any such creditor or on behalf of any such creditor and free of any writ of execution, attachment or garnishment obtained by any such creditor or on behalf of any such creditor, and free of any action to foreclose any lien upon any apartment, until the portions of the Property so damaged or destroyed be reconstructed (and such proceeds of insurance may be used to pay for such reconstruction), or the voting owners determine that the same should not be reconstructed, as the case may be.

28. Repair And Reconstruction Of Common Elements.

The Board of Directors shall be responsible for the repair, rehabilitation and reconstruction of the common elements. The Board of Directors shall have the power to expend from the funds of the Association set aside for such purpose and from any proceeds of insurance available to the Board of Directors for the repair and reconstruction of the common elements such amounts as may be necessary for the

repair or rehabilitation of the common elements. Any such repair or rehabilitation of the common elements shall be in accordance with the original plans and specifications therefor, to the extent practicable.

If any of the common elements should suffer substantial damage or destruction as the result of any casualty, the Board of Directors shall call and hold a special meeting of the Association within ninety (90) days after such damage or destruction shall have occurred. The Board of Directors shall, before the assembly of such special meeting, obtain not less than two (2) firm bids from two or more responsible building contractors for the reconstruction of the common elements so damaged or destroyed, in accordance with the original plans and specifications therefor, to the extent practicable. At such special meeting the voting owners shall determine whether the common elements so damaged or destroyed should be reconstructed. The Board of Directors shall proceed with the reconstruction of such damaged or destroyed common elements unless at such special meeting of the voting owners a seventy-five percent (75%) majority of the voting owners of all the apartments vote in favor of a resolution instructing the Board of Directors not to proceed with such reconstruction. If the aggregate amount of the proceeds of insurance available to the Board of Directors for the repair and reconstruction of the common elements and any other funds of the Association set aside for such purpose should be less than the aggregate estimated cost for the reconstruction of such common elements (the "DEFICIENCY"), then, unless at such special meeting of the voting owners a seventy-five percent (75%) majority of the voting

owners of all the apartments vote in favor of a resolution instructing the Board of Directors not to proceed with such reconstruction, a special assessment shall be levied and shall exist upon the apartments (without any further vote or action on the part of the voting owners) in the amount of the Deficiency, which shall be apportioned among the apartments in proportion to the common interest appurtenant to each apartment, with the same effect (except as herein otherwise provided) set forth in section 14. Such special assessment for the Deficiency shall be due and payable at such time or times as the Board of Directors shall provide.

29. Repair And Reconstruction Of Apartments.

Each apartment owner shall be responsible for the repair, rehabilitation and reconstruction of the parts of his apartment (exclusive of the common elements that enclose each apartment). Any such repair, rehabilitation or reconstruction shall be in accordance with the original plans and specifications therefor, to the extent practicable, and shall be subject to the approval of the Board of Directors.

If an apartment should suffer any damage or destruction as the result of any casualty, the apartment owner shall immediately cause the part of his apartment so damaged or destroyed to be reconstructed in accordance with the original plans and specifications therefor, to the extent practicable, and, in such event, if any common element has been damaged or destroyed by the same casualty, the Board of Directors shall arrange for and coordinate such repair and reconstruction of such apartment, in conjunction with the reconstruction of the

damaged or destroyed common element, for and on behalf of such apartment owner. The Board of Directors shall have the power to, and shall, expend from that portion of any proceeds of insurance held by the Board of Directors, or by the Insurance Trustee, which has been allocated by the insurer for the loss suffered by such apartment, for the repair and reconstruction of such apartment. If in such event such proceeds of insurance should not be sufficient to complete the reconstruction of such apartment, the apartment owner shall be obliged to pay the Board of Directors the full amount of such deficiency upon the completion of such reconstruction. If such apartment owner should fail to pay the amount of such deficiency, then there shall be a lien against the apartment of such owner with like effect, and to the same extent, as any assessment for common expenses, and such lien may be foreclosed, as provided by law, at any time after the failure of such apartment owner to make such payment.

If any apartment should suffer any damage or destruction as the result of any casualty, and if, in such event, any common element has been damaged or destroyed by the same casualty, and if the Board of Directors should be instructed by the voting owners not to proceed with the reconstruction of such damaged or destroyed common element, and if the Board of Directors should therefor lack the power to reconstruct such damaged or destroyed common element, then, and in such event, such apartment owner shall not be obliged to cause his apartment so damaged or destroyed to be reconstructed.

30. Performance And Payment Bond.

Before undertaking or permitting the repair, rehabilitation or reconstruction of any common element, or any part of any apartment, and if the total cost thereof exceeds FIFTY THOUSAND and 00/100 DOLLARS (\$50,000.00), the Board of Directors shall cause the contractor performing the work to obtain a bond, with a surety company licensed to do business in the State of Hawaii as surety, in a principal amount equal to one hundred percent (100%) of the cost of such construction, guaranteeing the full and faithful performance of such construction contract and the full payment of all subcontractors, laborers, and materialmen, engaged in the work, and naming each apartment owner, their respective mortgagees, if any, and the Association, as obligees.

31. Abatement Of Common Expenses.

If, as a result of the damage or destruction of some portion of the common elements by fire or other casualty, an apartment be rendered uninhabitable, then the common expense for which such apartment be liable shall abate from the time such damage or destruction of the common elements shall have occurred until such damage or destruction of the common elements be repaired or reconstructed, or the voting owners determine that such damage or destruction of the common elements shall not be reconstructed, as the case may be; and the common expense for which such apartment would normally be liable shall be deemed to be common expenses for which all of the other apartments shall be liable in accordance with their relative common interests. The liability of such apartment for special assessments shall not abate; nor shall the liability of such apartment, or the owner thereof, to pay real property taxes assessed against the apartment by the State of Hawaii or the County of Maui abate.

32. Clearing Debris.

After the common elements have suffered substantial damage or destruction and after the voting owners have determined that the common elements so damaged or destroyed should not be reconstructed, but either before or after the initiation of an action to partition the Property, the Board of Directors shall be entitled to expend from the proceeds of any insurance received as a result of such damage or destruction such amount as may be necessary to effect the removal from the Land of any building, structure or improvement damaged or destroyed which is not economically reparable, the removal of all debris resulting from such damage or destruction, and the restoration of the Property to a good and orderly condition and even grade. The Board of Directors shall have the power to contract for the removal of such damaged or destroyed building and debris and the restoration of the Property. If, in such event, such proceeds of insurance should not be sufficient to pay for such removal and the restoration of the Property, the voting owners shall have the power to levy a special assessment to make up such deficiency.

33. Eminent Domain.

If any authority exercising the power of eminent domain should condemn the Property, some part or parts thereof, or any right, easement, privilege, or appurtenance belonging or appertaining thereto, then the entire award attributable to the condemnation of the Property (whether for land, buildings, improvements, a right, easement, privilege or appurtenance), any money paid by the condemning authority for the interruption of any business conducted on the Property, and any money paid for any damage resulting from such condemnation, or any money paid by any condemning authority to settle any such threatened condemnation (collectively referred to as the "CONDEMNATION

PROCEEDS"), shall be paid to the Board of Directors and shall be divided and distributed as follows: (1) any of such condemnation proceeds fairly attributable to an apartment shall be distributed to the owner thereof; (2) any of such condemnation proceeds which cannot be fairly attributed to an apartment, and any of such condemnation proceeds attributable to the common elements of the horizontal property regime, shall be divided and distributed to the owners of apartments affected by such condemnation in proportion to the common interest appertaining to the apartments owned by each of them.

The Board of Directors, for the Association and for and on behalf of each apartment owner, shall have the right to contest any issue involved in such condemnation proceeding. Each apartment owner hereby irrevocably appoints the Board of Directors of the Association as his attorney-in-fact to represent him in the negotiation of any settlement of a threatened condemnation action, and to appear for him in any such condemnation proceeding. The apartment owners understand that it would be impracticable, and not in their best collective interest, to permit any of them to individually negotiate a separate settlement of a threatened condemnation action or to appear individually in any such condemnation proceeding. The apartment owners therefore irrevocably surrender to the Board of Directors of the Association any right which they may individually hold to negotiate a separate settlement of any threatened condemnation action or to appear individually in any such condemnation action. The Board of Directors shall approve a proposed settlement of a threatened condemnation action upon obtaining an affirmative vote in favor of the proposed settlement by a majority of all the voting owners

at a meeting of the Association.

34. Apartment Purchased By Board Of Directors.

The voting owners shall have the power to levy a special assessment to fund the purchase of an apartment authorized by the voting owners. The Board of Directors shall have the power to borrow money from an established financial institution, on the credit of the Association, to fund the purchase of an apartment authorized by the voting owners, and, if such funds should be borrowed, the Board of Directors shall have the power to mortgage such apartment to secure such loan. Any apartment purchased by the Board of Directors shall be held in the name of the Board of Directors, as trustees for the apartment owners in accordance with the relative common interests of their respective apartments.

35. Association Books Of Receipts And Expenditures; Examination.

The Board of Directors shall keep at the Property detailed, accurate records, in chronological order, of the receipts and expenditures of the Association, specifying and itemizing the expenses incurred for the maintenance and repair of the common elements and all other expenses incurred by the Association. The Board of Directors shall keep at the Property (or elsewhere within the State of Hawaii as determined by the Board of Directors) all records and vouchers that support or authorize the disbursement of any Association funds. Any apartment owner, or voting owner, may at any convenient hour during a business day examine, or at his expense have his agents inspect or audit, all of such Association records and vouchers and all other records and books of account and financial statements maintained by or prepared for the Association. At the request

of an apartment owner, the Treasurer shall mail copies of the Association's financial statements to such owner.

36. Rules For Construction.

The headings and marginal notations of this document are for convenience only, and, if there be any conflict, the text shall control. The use of any gender shall include all genders. Whenever any words are used herein in the singular, they shall be construed as though they were also used in the plural in all cases where they would so apply, and vice versa.

37. Interpretation.

The provisions of this document shall be basically construed to effect the creation of a uniform plan for the development and operation of a horizontal property regime, and shall be construed with reference to HAW. REV. STAT. Chapter 514A, and as the same may from time to time be amended or reenacted, any decision of the Supreme Court of Hawaii interpreting such statute, and any published decision of any court interpreting a similar statute, and with reference to the Declaration.

38. Amendment.

The provisions of this document, other than this paragraph, which shall not be subject to amendment, may be amended by the affirmative vote of not less than sixty-five percent (65%) of all the voting owners; provided, that each of the particulars required to be set forth in these By-Laws by the Hawaii Horizontal Property Act shall always be embodied in these By-Laws.

SEC: A-B

I hereby certify that this is
a true copy from the records
of the Bureau of Conveyances.

[Signature]
Registrar of Conveyances
Assistant Registrar, Land Court
State of Hawaii

Groekett 9 Makamua
P.O. Box 1111
Waiuku, HI 96793

1242316

LAND COURT
OFFICE OF ASSISTANT REGISTRAR
RECEIVED

84 JUN 19 PM 3:07

ASSISTANT REGISTRAR
NOTE ON CERTIFICATE 8/2/21 & 744571
BOOK _____ PAGE _____

5/11

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

The original of this document was
recorded as follows:

DOCUMENT NO. 2379264

DATE MAY 05 1997 TIME 8:15

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Lahaina, Hawaii 96761

TOTAL PAGES: 3

TITLE OF DOCUMENT:

AMENDMENT OF THE BY-LAWS
OF THE ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS II

PARTIES TO DOCUMENT:

ASSOCIATION: ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS II

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CONDOMINIUM MAP NO. 54

AMENDMENT OF THE BY-LAWS
OF THE ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS II
CONDOMINIUM MAP NO. 54

THIS AMENDMENT OF THE BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS II is made this 26 day of APRIL, 1997, by the ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS II (hereinafter referred to as "ASSOCIATION"),

W I T N E S S E T H :

WHEREAS, by Declaration of Horizontal Property Regime dated November 21, 1967, recorded in the Office of the Assistant Registrar of the Land Court System of the State of Hawaii as Document No. 433168 (hereinafter referred to as the "Declaration"), as amended, the property described therein was submitted to a Horizontal Property Regime, established pursuant to that certain Horizontal Property Act, Chapter 170-A, Revised Statutes of Hawaii 1955, as amended (now known as the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes); Being noted on TCT NO. 361,238.

WHEREAS, said Declaration provided for the organization of the ASSOCIATION and established By-Laws therefore, which said By-Laws were attached to said Declaration and incorporated therein by reference (hereinafter referred to as the "By-Laws");

WHEREAS, Section 514A-82 (b) (2), Hawaii Revised Statutes, provides that the by-laws of condominium associations may be amended by the affirmative vote or written consent of sixty-five percent (65%) of the apartment owners;

WHEREAS, at least sixty-five percent (65%) of the apartment owners have given their written consent to amend the By-Laws as hereinafter set forth;

NOW, THEREFORE, the By-Laws are hereby amended as follows:

AMENDMENT

The By-Laws are hereby amended by adding the following:

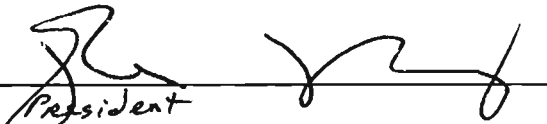
Section 24.4. No animals whatsoever shall be allowed or kept in any part of the Project, except as otherwise provided by Law.

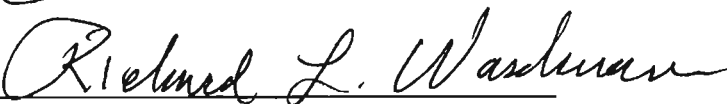
In all other respects, the By-Laws; as hereto and hereby amended, are hereby ratified and confirmed and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

The undersigned officers of the ASSOCIATION hereby certify that the foregoing By-Law amendment was adopted by the written consent of sixty-five percent (65%) or more of the Maui Sands II apartment owners.

IN WITNESS WHEREOF, the ASSOCIATION has executed this amendment the day and year first above written.

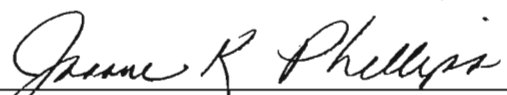
ASSOCIATION OF APARTMENT OWNERS
OF MAUI SANDS II


By: 
Its *President*

By: 
Its *Treasurer*

STATE OF HAWAII)
) S.S.
COUNTY OF MAUI)

On this 26th day of April, 1997, before me appeared John Hartley and Richard L. Wardman, to me personally known, who, being by me duly sworn, did say that they are the President and Treasurer respectively, of the Board of Directors of the Association of Apartment Owners of Maui Sands II; that the instrument was signed in behalf of the Association by authority of its Board of Directors, and they acknowledged the instrument to be the free act and deed of the Association.



Notary Public, Second Judicial Circuit
State of Hawaii 

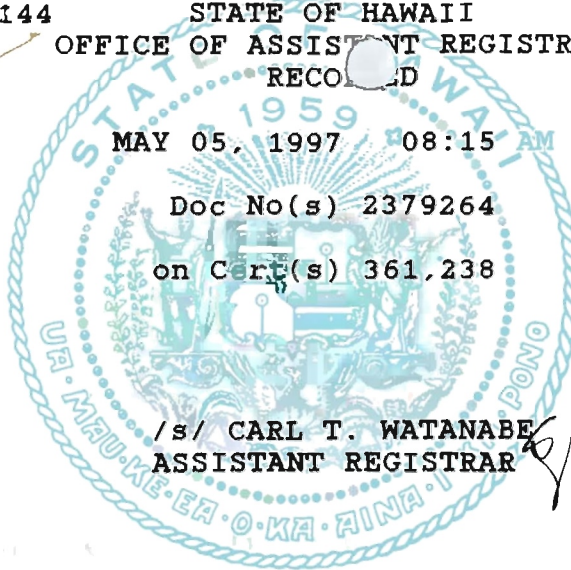
My commission expires: 2/16/98

MAY 05, 1997 08:15

Doc No(s) 2379264

on Cert(s) 361,238

/s/ CARL T. WATANABE
ASSISTANT REGISTRAR



MAIL () PICK-UP ()

910-A Honoapilani Highway
Lahaina, Hawaii 96761

TOTAL PAGES: 3

TITLE OF DOCUMENT:

AMENDMENT OF THE BY-LAWS
OF THE ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS II

PARTIES TO DOCUMENT:

ASSOCIATION: ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS II

PROPERTY DESCRIPTION:

- : LIBER/PAGE/DOCUMENT NO.
- :
- : LAND COURT DOCUMENT NO.
- :
- : TRANSFER CERTIFICATE OF
- : TITLE NO(S).

TMK: (2) 4-4-01-71

CONDOMINIUM MAP NO. 54

AMENDMENT OF THE BY-LAWS
OF THE ASSOCIATION OF APARTMENT OWNERS OF
MAUI SANDS II
CONDOMINIUM MAP NO. 54 ✓

THIS AMENDMENT OF THE BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS II is made this 26 day of APRIL, 1997, by the ASSOCIATION OF APARTMENT OWNERS OF MAUI SANDS II (hereinafter referred to as "ASSOCIATION"),

WITNESSETH :

WHEREAS, by Declaration of Horizontal Property Regime dated November 21, 1967, recorded in the Office of the Assistant Registrar of the Land Court System of the State of Hawaii as Document No. 433168 (hereinafter referred to as the "Declaration"), as amended, the property described therein was submitted to a Horizontal Property Regime, established pursuant to that certain Horizontal Property Act, Chapter 170-A, Revised Statutes of Hawaii 1955, as amended (now known as the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes); Being noted on TCT NO. 361,238. ✓

WHEREAS, said Declaration provided for the organization of the ASSOCIATION and established By-Laws therefore, which said By-Laws were attached to said Declaration and incorporated therein by reference (hereinafter referred to as the "By-Laws");

WHEREAS, Section 514A-82 (b) (2), Hawaii Revised Statutes, provides that the by-laws of condominium associations may be amended by the affirmative vote or written consent of sixty-five percent (65%) of the apartment owners;

WHEREAS, at least sixty-five percent (65%) of the apartment owners have given their written consent to amend the By-Laws as hereinafter set forth;

NOW, THEREFORE, the By-Laws are hereby amended as follows:

AMENDMENT

The By-Laws are hereby amended by adding the following:

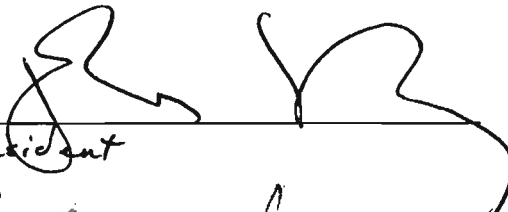
Section 24.4. No animals whatsoever shall be allowed or kept in any part of the Project, except as otherwise provided by Law.


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

The undersigned officers of the ASSOCIATION hereby certify that the foregoing By-Law amendment was adopted by the written consent of sixty-five percent (65%) or more of the Maui Sands II apartment owners.

IN WITNESS WHEREOF, the ASSOCIATION has executed this amendment the day and year first above written.

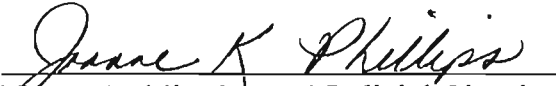
ASSOCIATION OF APARTMENT OWNERS
OF MAUI SANDS II

By: 
Its *President*

By: 
Its *Treasurer*

STATE OF HAWAII)
) S.S.
COUNTY OF MAUI)

On this 26th day of April, 1997, before me appeared John Hartley and Richard L. Wardman, to me personally known, who, being by me duly sworn, did say that they are the President and Treasurer respectively, of the Board of Directors of the Association of Apartment Owners of Maui Sands II; that the instrument was signed in behalf of the Association by authority of its Board of Directors, and they acknowledged the instrument to be the free act and deed of the Association.



Notary Public, Second Judicial Circuit
State of Hawaii



My commission expires: 2/16/98

RECORDATION REQUESTED BY:

Crockett & Nakamura

AFTER RECORDATION, RETURN TO:

Crockett & Nakamura
P. O. Box NNN
Wailuku, Maui, Hawaii 96793

RETURN BY: MAIL () PICK-UP ()

AMENDED MAUI SANDS II BY-LAWS

KNOW ALL MEN BY THESE PRESENTS:

1. A Declaration of Horizontal Property Regime (the "Maui Sands II Declaration" or the "Declaration"), dated November 21, 1967, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 433168, submitted the property therein more particularly described to a horizontal property regime under the laws of the State of Hawaii (the "Maui Sands II Horizontal Property Regime" or the "Maui Sands II Property", as the case may be), which is known as "Maui Sands II".
2. The Maui Sands II Association of Apartment Owners (the "Association"), an unincorporated association established by the Maui Sands II Declaration, and organized under the Hawaii Horizontal Property Regime Act, consists of the owners of the apartments of the Maui Sands II Horizontal Property Regime.
3. There was annexed to the Maui Sands II Declaration, made a part thereof, and also concurrently filed with the Office

- 1 -

January 7, 1983
November 7, 1983

COPY

of the Assistant Registrar of the Land Court of the State of Hawaii and recorded with the Bureau of Conveyances of the State of Hawaii, By-Laws for the government of the Maui Sands II Association of Apartment Owners and the operation of the Maui Sands II Property (the "Maui Sands II By-Laws").

4. The Maui Sands II Declaration and the Maui Sands II By-Laws are noted upon Transfer Certificate of Title Nos.

244, 572

issued by the Land Court of the State of Hawaii.

5. At a meeting of the Maui Sands II Association of Apartment Owners duly called and held at Honokawai, Lahaina, Maui, HI on Saturday, April 28, 1984-----, the owners of apartments of the Maui Sands II Horizontal Property Regime, to which appertained, in the aggregate, "common interests" exceeding seventy-five percent (75%) of the entire common interests appertaining to all of the apartments of the Maui Sands II Horizontal Property Regime, voted to amend the Maui Sands II By-Laws by adopting the "Amended Maui Sands II By-Laws", a true copy of which is annexed hereto and made a part hereof.

CERTIFICATE

By Robert Holywell Reinhard and James Noeman AZEVEDO,

President and Secretary, respectively, of the Maui Sands II Association of Apartment Owners, an unincorporated association organized under the Hawaii Horizontal Property Act, do hereby certify that the foregoing Amended Maui Sands II By-Laws, a true copy of which is annexed hereto and made a part hereof, was duly adopted and enacted by the apartment owners of the Maui Sands II Horizontal Property Regime and by the Maui Sands II Association of Apartment Owners, at a meeting duly called and held at Honokawai, Hana, Maui, Hi. on Sat. 4-28-84, and that they have been duly authorized and directed by the apartment owners of the Maui Sands II Horizontal Property Regime and by the Maui Sands II Association of Apartment Owners to cause the same to be filed with the Office of the Assistant Registrar of the Land Court of the State of Hawaii, to be noted upon each Transfer Certificate of Title issued by the Land Court of the State of Hawaii for the Maui Sands II Property.

Dated at Honolulu, Ca., 91301,
this 23 day of May, 1984.

MAUI SANDS II ASSOCIATION OF APARTMENT OWNERS

By Robert Holywell Reinhard
Its President
By James Noeman Azevedo
Its SECRETARY

State of California)
County of Los Angeles) ss.

On this 23 day of May, 1984,
before me appeared Robert HOLYWELL REINHARD to me
personally known, who, being by me duly sworn did say that

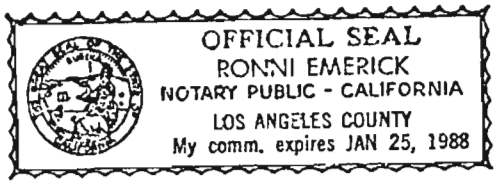
HE is PRESIDENT of the MAUI SANDS II
ASSOCIATION OF APARTMENT OWNERS

an unincorporated association established under the
Maui Sands II Declaration Of Horizontal Property Regime
dated November 21, 1967, filed in the Office of the
Assistant Registrar of the Land Court of the State of Hawaii
as Document No. 433168

and organized under the horizontal property regime statute
of the State of Hawaii, that said instrument was signed in behalf
of the said MAUI SANDS II ASSOCIATION OF APARTMENT OWNERS

by authority of its members and
said HE acknowledged said
instrument to be the free act and deed of the said MAUI SANDS II
ASSOCIATION OF APARTMENT OWNERS

and that the said MAUI SANDS II ASSOCIATION OF APARTMENT
OWNERS has no seal.



Ronni Emerick
NOTARY PUBLIC,

My commission expires:
Jan 25, 1988

_____) ss.
_____)

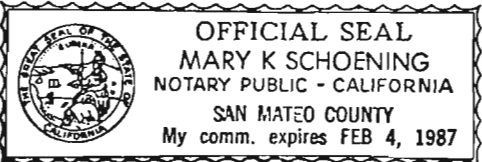
On this 31 day of May, 1984,
before me appeared James Norman Azevedo, to me
personally known, who, being by me duly sworn did say that

He is SECRETARY of the MAUI SANDS II
ASSOCIATION OF APARTMENT OWNERS-----,

an unincorporated association established under the
Maui Sands II Declaration Of Horizontal Property Regime
dated November 21, 1967, filed in the Office of the
Assistant Registrar of the Land Court of the State of Hawaii
as Document No. 433168-----

and organized under the horizontal property regime statute
of the State of Hawaii, that said instrument was signed in behalf
of the said MAUI SANDS II ASSOCIATION OF APARTMENT OWNERS
----- by authority of its members and
said He acknowledged said
instrument to be the free act and deed of the said MAUI
SANDS II ASSOCIATION OF APARTMENT OWNERS-----,

and that the said MAUI SANDS II ASSOCIATION OF APARTMENT
OWNERS----- has no seal.



Mary K Schoening
NOTARY PUBLIC,

My commission expires: Feb 4, 1987

AMENDED MAUI SANDS II BY-LAWS

WHEREAS:

The apartment owners of the Maui Sands II Horizontal Property Regime (the "Horizontal Property Regime"), being the members of the Maui Sands II Association of Apartment Owners (the "Association"), did, at a meeting duly called and held at Honokawai, Lahaina, Maui, HI on Saturday, April 28, 1984, adopt the following "Amended Maui Sands II By-Laws" for the government of the business and affairs of the Association and the regulation of the Maui Sands II Property (the "Property").

NOW THEREFORE, the Maui Sands II apartment owners do hereby declare that each apartment and all of the common and limited common elements that constitute the Horizontal Property Regime be, and the same is hereby held, and the same shall be held, used, conveyed, hypothecated, encumbered, leased, rented, repaired, reconstructed, renovated, rebuilt, improved, regulated and governed in every respect, in accordance with and subject to the limitations, restrictions, covenants, conditions and by-laws herein contained, and as the same may from time to time be amended. And the Maui Sands II apartment owners do hereby approve, adopt and establish the by-laws herein contained for the government of the business and affairs of the Association and the regulation of the Maui Sands II Property, and, further, hereby entirely repeal the existing Maui Sands II By-Laws.

1. Statutory Basis.

The Horizontal Property Regime has been established under and pursuant to HAW. REV. STAT. Chapter 514A, and the terms used herein shall have the same meaning given by such statute. In the event of any conflict between this document and such statute, the statute shall control. If such statute should be amended or reenacted, such amendment or reenactment shall govern and regulate this Horizontal Property Regime, without any amendment to or of the Maui Sands II Declaration (as amended, the "Declaration"), and without any amendment to or of these Amended By-Laws.

2. Voting Owners.

There shall be one "Voting Owner" of each apartment. The voting owner, who need not be an owner, shall be designated by the owner or owners of each apartment by written notice delivered to the Board of Directors. Such designation shall be revocable at any time by written notice delivered to the Board of Directors by any owner, or by the death or judicially declared incompetence of any owner. Any designation of a voting owner that is circulated with any notice for a meeting of the Association shall be valid only for that meeting (including any reconvened meeting following any adjournment thereof) for which that notice of meeting was given. Such powers of designation and revocation may be exercised by any guardian or the personal representative of the estate of a deceased owner, if, and in such case, the interest of such owner in such apartment is subject to administration in his estate. In the absence of any such designation of a voting owner, the owner or owners of an apartment shall be deemed to

be the voting owners of that apartment; and if any apartment be owned by more than one owner (and whether such owners shall hold such apartment jointly, commonly or by the entireties), any one of such owners present in person at any meeting of the Association shall be deemed to be the voting owner of such apartment, and if there be more than one of such owners present at any meeting, and if there be any dispute among them as to which of them shall be deemed to be the voting owner of such apartment, then the majority of them then present shall select a voting owner (irrespective of their relative interests, interest, to such apartment). An owner shall have the right to irrevocably designate some person or persons (natural or corporate) as the voting owner of an apartment. A voting owner shall have the power to appoint one or more persons as his proxy to attend a particular annual or special meeting of the Association for such voting owner, to vote and act at such meeting of the Association for such voting owner, subject to such conditions, restrictions or instructions, if any, as such voting owner may impose. Each such proxy shall expire upon, and shall have no validity after, the adjournment sine die of the particular meeting of the Association for which it was given.

3. Votes.

Each voting owner shall have a vote at each meeting of the Association equal to the common interest appurtenant to the apartment for which he votes. The votes for all of the apartments total one hundred. The term "majority of apartment owners" or any other term or phrase used herein relating or

referring to any stated fraction or percentage of the apartment owners or voting owners shall refer to the vote appurtenant to each apartment, the total of all such votes, or, as the case may be, the stated percentage or fraction of the total of all such votes. Any person (or entity) who wants to attend and vote at a meeting of the Association as the voting owner for any apartment must be so registered on the list of owners and voting owners kept by the Secretary of the Association not less than twenty-four hours before the time fixed for the commencement of that meeting.

4. Notices.

Any notice permitted or required to be delivered as herein provided may be delivered either personally or by mail. If delivery is by mail, such notice shall be deemed to have been delivered seventy-two (72) hours after the deposit of such notice with any government mail service, postage prepaid, addressed to the person entitled to such notice at his last known address on file with the Secretary of the Association. After filing a written request for notice with the Secretary of the Association, the mortgagee under any recorded mortgage or other security interest to any apartment shall have a right to any notice required to be given to an owner or voting owner of such an apartment, and the delivery of such notice, which shall be in addition to the notice required to be delivered to the owner or voting owner, shall not be complete until notice shall have been delivered to such mortgagee. Such request for notice need not be renewed, and shall remain in effect until the same be withdrawn or the security interest in such apartment released. The Secretary of the Association shall give each

voting owner written notice of such annual and special meeting of the Association. Such notice of meeting shall be delivered not less than fourteen (14) days prior to the day fixed for the assembly of such meeting. Such notice of meeting shall contain at least:

- (a) The time and the day for the assembly of such meeting.
- (b) The place for such meeting.
- (c) The items on the agenda for such meeting.
- (d) A standard form of proxy, if any, authorized by the Board of Directors of the Association.

5. Meetings Of Association Of Apartment Owners.

There shall be an annual meeting of the voting owners of the Association within five months following the end of the fiscal year established for the Association at the Property, or elsewhere within the State of Hawaii as determined by the Board of Directors. The Board of Directors shall fix the exact time and the day for each annual meeting of the Association. Special meetings of the Association shall be held:

- (i) When requested by the President;
- (ii) When requested by a member of the Board of Directors; or
- (iii) When requested by the voting owners representing not less than one-fifth (1/5) of the apartments.

Each request for a special meeting shall be in writing, and shall set forth the purpose for that meeting and the items of business proposed to be considered at the requested special meeting. Each request for a special meeting shall be delivered to the Secretary. The President shall forthwith fix a reasonable time and day for the requested special meeting, and shall prepare the agenda for the requested special meeting, which agenda shall permit the consideration of the items of business proposed for consideration in the request for the special meeting. Every special meeting of the Association shall be held at the Property. Voting owners representing a majority of the apartment owners shall constitute a quorum at any meeting of the Association. Unless expressly otherwise herein provided, any action may be taken or ratified, any resolution enacted, any administrative rules and regulations governing the details of the operation and use of the common elements or the apartments adopted or amended, at any meeting of the Association, upon the affirmative vote of a majority of the voting owners present at any such meeting. Only the items of business on the agenda for an annual or special meeting, as set forth in the notice for that meeting, shall be considered or acted upon at that meeting. In the absence of a quorum at any meeting of the Association, a majority of the voting owners present may, without providing for further notice of meeting, adjourn such meeting from time to time in order to secure the presence of a quorum. Each meeting of the Association shall be conducted in accordance with Roberts Rules Of Order;

provided, that at the commencement of any meeting of the Association other accepted rules for the conduct of such meetings may be adopted for that meeting, and for all subsequent meetings of the Association, upon the affirmative vote of a majority of the voting owners then present.

6. Board Of Directors.

At each annual meeting of the Association the voting owners shall elect a member to the Board of Directors. The Board of Directors shall consist of three (3) persons, all of whom shall be either an owner of an apartment, a co-owner of an apartment, an officer of a corporate owner of an apartment, a general partner of an apartment owned by a partnership, or the purchaser of an apartment purchased under an agreement of sale. There shall not be more than one representative on the Board of Directors from any one apartment. The first Board of Directors shall consist of one director (the director who receives the highest vote) elected for a term of three years; one director (the director who receives the second highest vote) elected for a term of two years; and one director (the director who receives the third highest vote) elected for a term of one year. Thereafter, upon the expiration of the term of a director, each director shall be elected for a term of three years. At each annual meeting of the Association, any voting owner may nominate from the floor one or more persons for election as a director. Any

vacancy in the Board of Directors shall be filled by the remaining members thereof, and the person so appointed to the Board of Directors shall serve for the unexpired term of his predecessor in office. Meetings of the Board of Directors shall be called, held and conducted, and the Board of Directors shall act, in accordance with Robert's Rules Of Order, or such other accepted rules for the conduct of meetings as the Board of Directors shall adopt and from time to time amend; any such rules adopted by a Board of Directors shall continue in effect after the expiration of the term of office of such Board of Directors, until amended or revoked by their successors. The members of the Board of Directors shall not be compensated for their service. No member of the Board of Directors shall vote or cast proxy upon any matter pending before the Board of Directors in which he has a conflict of interest. A resident manager for the Association shall not be a member of the Board of Directors. The members of the Board of Directors may meet by means of a conference telephone (or similar communication equipment) by means of which all the persons participating in the meeting can hear each other at the same time.

7.1. Officers.

The principal officers of the Association shall be a President, a Secretary and a Treasurer. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other subordinate officers as in the discretion of the Board of Directors may be necessary.

7.2. Appointment Of Officers.

The Board of Directors shall each year elect a President from among its members, who shall preside over meetings of the Association and the Board of Directors. The Board of Directors shall each year also elect a Secretary and a Treasurer, who need not be members of the Board of Directors or owners or voting owners of apartments. In the event of the absence or incapacity of the President the Secretary shall act as the acting President.

7.3. Removal Of Officers.

Each officer shall hold office for one year following his appointment, at the pleasure of the Board of Directors, and until his successor is qualified. Upon the affirmative vote of a majority of the members of the Board of Directors any officer

may be removed, with or without cause.

7.4. President.

The President shall exercise general supervision and direction of the business and affairs of the Association. The President shall also have the powers and duties customarily incidental to such office, and such other powers and duties as may be given to him elsewhere in these By-Laws or as may be assigned to him by the Board of Directors.

7.5. Secretary.

The Secretary shall keep the list of owners and voting owners and the minutes of all meetings of the Association and of the Board of Directors. The Secretary shall determine whether a voting owner is present and entitled to vote at meetings of the Association. The Secretary shall record all votes upon resolutions voted upon at meetings of the Association and at meetings of the Board of Directors. The Secretary shall keep the minute book for the Association, wherein all resolutions shall be recorded, and such other books and records of the Association as the Board of Directors shall direct. The Secretary shall keep the minute book for the Association at the Property, at a particular place thereat designated by the Board of Directors, and the minutes of the meetings of the Board of Directors and of the Association shall be available for examination there by each apartment owner at convenient hours. At the request of an apartment owner, the Secretary shall mail copies of the minutes of meetings of the Board of Directors and of the Association to such owner. The Secretary shall also have the powers and duties customarily incidental to such office, and such other powers and duties as may be given to him elsewhere in these By-Laws or as may be assigned to him by the President or the Board of Directors.

7.6. Treasurer.

The Treasurer shall be responsible for the money and funds of the Association, and he 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. The Treasurer shall be responsible for the deposit of all money of the Association in the name of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall also have the powers and duties customarily incidental to such office, and such other powers and duties as may be given to him elsewhere in these By-Laws or as may be assigned to him by the President or the Board of Directors.

8. Committees.

The Board of Directors shall have the power to create, by resolution or resolutions enacted by a majority of the entire Board of Directors, such standing and ad hoc committee or committees which may have and exercise such power or powers of the Board of Directors provided by statute, the Declaration, or these By-Laws, with respect to the management of the business and affairs of the Association, or the administration of the common elements of the Property, as the Board of Directors shall from time to time deem necessary. Each such committee shall include not less than one member of the Board of Directors, and may include such number of apartment owners or voting owners, as the case may be, as the Board of Directors shall

provide by resolution. Such a committee may be established to investigate and to report to the Board of Directors with respect to a particular problem, in which case such committee shall not exercise any power or powers of the Board of Directors, and such committee need not include one member of the Board of Directors. No such committee shall have the power to fill any vacant directorship, nor the power to appoint or remove any person from any of the principal or subordinate offices of the Association, nor the power to determine the common expenses or to adopt the annual budget for the Association. Each such committee shall have such name as shall be stated in the enabling resolution enacted by the Board of Directors.

9. Appointment Of Auditor.

The voting owners shall have the power to appoint, by the adoption of an appropriate resolution at any meeting of the Association, a certified public accountant, who shall examine and audit, and report to the voting owners upon, the records, books of account, and transactions of business of the Association in such detail and for such period of time as the voting owners shall determine at the time of the adoption of such resolution.

10. Indemnification.

The Association shall indemnify every director, officer or employee, or any former director, officer or employee (hereinafter called "indemnatee"), and their respective heirs, executors and administrators, against reasonable costs and expenses, including judgments, fines, penalties, amounts paid in settlement and attorney's fees (hereinafter called "expenses"),

incurred in connection with any civil or criminal action, suit or administrative proceeding to which an indemnitee shall be made a party by reason of his being or having been a director, officer or employee of the Association, except however, in relation to those expenses attributable to such portion or portions of the matters involved as to which it shall be adjudged in such proceeding that he has been guilty of negligence or misconduct in the performance of his duties to the Association. In the event of a settlement, indemnification shall be provided only as to the matters covered by the settlement as to which the Association is advised by its counsel that the indemnitee was not guilty of negligence or misconduct in the performance of his duties to the Association. The foregoing right of indemnification shall be in addition to any rights provided by law.

11. Powers Of Board Of Directors.

The affairs of the Association shall be administered by the Board of Directors, through the President, Secretary, Treasurer and Manager or Managing Agent, if any, for and on behalf of the apartment owners. The Board of Directors shall meet at least once during each fiscal year and that meeting shall be called the annual meeting of the Board of Directors. The Board of Directors may hold such additional meetings during each fiscal year as may be necessary or convenient for the administration of the affairs of the Association. Written notice of each meeting of the Board of Directors shall be mailed to each director not less than

fourteen (14) days prior to the date for such meeting. Written notice of the annual meeting of the Board of Directors shall be given to each apartment owner and each voting owner in a reasonable manner at least fourteen (14) days prior to such meeting.

The Board of Directors shall have such powers reasonably necessary or convenient for the administration of the affairs of the Association and may do all such acts and things, except such acts and things as by law, the Declaration, or these By-Laws, are expressly reserved to the voting owners or to the apartment owners, and shall have the power to enter upon such contract or contracts for and on behalf of the Association, as may be necessary to exercise such power. Such powers of the Board of Directors shall include, without limitation, the following:

(a) To operate, care for and maintain the common elements.

(b) To determine the common expenses required for the administration of the affairs of the Association, and for the operation, care, upkeep, security and maintenance of the common elements.

(c) To collect the common expenses from the apartment owners.

(d) To employ, supervise and dismiss the personnel necessary for the maintenance, care, repair, replacement and operation of the common elements and for the administration of the affairs of the Association.

(e) To establish and maintain reasonable reserves and sinking funds for the future repair, maintenance and replacement of the common elements, and for general administrative and operating expenses.

(f) To obtain such utility service (if not separately metered or charged) as may be necessary for the apartments, and such utility service as may be necessary for the common elements.

(g) To purchase apartments of the Horizontal Property Regime at foreclosure or other judicial sale in the name of the Association.

(h) To obtain and pay the premiums for insurance in the amount of the full replacement value of the Property which shall insure the Property against loss or damage by fire and such other insurable perils as shall appear to be reasonably necessary, and such other insurance (including without limitation general liability insurance) as may be required in the course of the administration of the affairs of the Association and in the operation, care, upkeep, security and maintenance of the common elements.

(i) To borrow money on behalf of the Association; provided, that the total outstanding amount of such loans shall not, without the approval of a majority of the voting owners, at any time exceed the amount of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00).

(j) To deposit and withdraw funds of the Association with and from banks and like institutions.

(k) To establish a fiscal year for the Association.

(l) To enforce the provisions of these Amended By-Laws, the Declaration, and any administrative Rules and Regulations duly enacted for the use of the apartments or the common elements.

The voting owners may, except as otherwise provided by law, by resolution prospectively restrict any of the powers of the Board of Directors; provided that the enactment of such a resolution by the voting owners shall not, in any event, (i) impair the validity of any contract or obligation previously entered upon by the Board of Directors, or under the authority of the Board of Directors, or of any transfer of property, or any interest in property, previously made by the Board of Directors or under the authority of the Board of Directors, or (ii) conflict with any provision of the Declaration, or conflict with any provision of these Amended By-Laws.

The Board of Directors shall not, in any event, have the power to conduct a business for profit on behalf of the apartment owners or any of them; nor shall the Board of Directors have the power to convey, transfer, mortgage or encumber any of the common elements of the Property.

12. Manager.

The Board of Directors shall have the power to engage a Manager or Managing Agent (who may be a corporate person). The Board of Directors shall have the power to

delegate to such Manager or Managing Agent, subject to such restriction or restrictions as the voting owners may from time to time impose on the exercise of such powers by the Board of Directors, the following powers of the Board of Directors:

(a) To operate, maintain and care for the common elements.

(b) To collect the common expenses from the apartment owners.

(c) To employ, supervise and dismiss personnel necessary for the maintenance, care and operation of the common elements and for the administration of the affairs of the Association.

(d) To obtain such utility service (if not separately metered or charged) as may be necessary for the apartments, and such utility service as may be necessary for the common elements.

The Manager or Managing Agent shall not have the power to enter upon or execute any contract or to assume any liability on behalf of the Board of Directors, or of the Association, in an amount in excess of FIFTEEN THOUSAND and 00/100 DOLLARS (\$15,000.00), pursuant to any power delegated by the Board of Directors. Any power or powers delegated to the Manager or Managing Agent by the Board of Directors may be prospectively revoked by the Board of Directors without notice to the Manager or Managing Agent or to any third person.

13. Collection Of Common Expenses.

"Common Expenses" shall mean all costs, expenses, fees and charges incurred by the Association, or which the Board of Directors expect the Association will incur, for the administration of the affairs of the Association and for the operation, care, repair and maintenance of the common elements, including without limitation the costs and expenses incurred for the operation, care, repair and maintenance of all central and appurtenant installations for services such as power, light, telephone, gas, hot and cold water, heating, televisions, sewage disposal, and other utilities, and for any premiums for insurance against loss or damage by fire and such other perils to the Property as the Board of Directors shall deem to be reasonably necessary, for any premium for general liability insurance as hereafter provided, and for any utility service (if not separately metered or charged) as may be necessary for the apartments, and for the common elements, and for the maintenance of any reasonable reserve or sinking fund for the future repair, maintenance or replacement of the common elements, for general administrative and operation expenses of the Association, and all costs, expenses, fees and charges called "common expenses" by HAW. REV. STAT. Chapter 514A, as amended or reenacted, or by the Declaration.

Not less than thirty (30) days before the beginning of each fiscal year established for the Association, the Board of Directors shall prepare and adopt a budget for the next fiscal year and shall determine the amount of the total

common expenses for the next fiscal year (which shall include the amount of any deficit in the common expenses for the current fiscal year or for any prior fiscal year). The total amount of such common expenses for the next fiscal year, as approved by the Board of Directors, shall be assessed against, charged to, and as provided by law shall (together with any accrued interest, collection costs and reasonable attorney's fee upon any delinquent amount) constitute a lien upon each apartment on the first day of such fiscal year in proportion to the common interest appurtenant to each apartment. The share of such common expenses for each apartment shall be paid in monthly installments, which shall be due and payable on the first day of each month of each fiscal year established for the Association. (If the Board of Directors should change the fiscal year established for the Association, or if the estimate of the common expenses for any fiscal year should appear to be incorrect, the Board of Directors shall have the power to revise its budget as of the first day of the next month of the current fiscal year.) Not less than fifteen (15) days before the beginning of each fiscal year established for the Association, the Board of Directors shall notify each apartment owner of the amount of the total common expenses determined for the next fiscal year, and the proportion thereof for which his apartment will be liable. (If the Board of Directors should revise its budget for any current fiscal year, then the Board of Directors shall give each apartment owner written notice, not less than fifteen (15) days before the effective date of such revised budget, of the revised amount of

the total common expenses determined for the remaining part of the current fiscal year, and the proportion thereof for which his apartment is liable. If the Board of Directors increases the current budget, then the amount of such increase for which each apartment is liable shall be assessed against, charged to, and as provided by law shall (together with any accrued interest, collection costs and reasonable attorney's fee upon any delinquent amount) constitute a lien upon, each apartment on the effective date of such revised budget.)

14. Special Assessments.

The voting owners shall have the power, by the affirmative vote of a majority of the voting owners of all the apartments, to levy a special assessment against the apartments, which shall be apportioned among the apartments in proportion to the common interest appurtenant to each apartment, and which (together with any accrued interest, collection fees and reasonable attorney's fee upon any delinquent amount.) shall constitute a lien upon each such apartment as provided by law, to fund the renovation, reconstruction, or alteration of the common elements, or of some substantial portion thereof, or the construction of some addition to the common elements, or to fund the purchase of an apartment of the Horizontal Property Regime or to satisfy any extraordinary expense or liability of the Association. Such special assessment shall be due and payable at such time or times as such voting owners shall provide. The Secretary shall, within fifteen (15) days after the enactment by such voting owners of the resolution authorizing such special assessment, notify each

apartment owner of the amount of the special assessment for which his apartment is liable and the date or dates at which the same will be due. As hereinafter provided in section 28, if a deficiency (as therein defined) exists for the reconstruction of any damaged or destroyed common elements, then, unless a seventy-five percent (75%) majority of the voting owners of all the apartments vote in favor of a resolution instructing the Board of Directors not to proceed with such reconstruction, a special assessment in the amount of the deficiency shall be levied and shall exist upon the apartments (without any further vote or action on the part of the voting owners).

15. Accrual Of Interest Upon Delinquent Assessment.

Interest shall accrue at the rate of twelve per cent (12%) a year, or at such higher rate of interest as may be permitted by law, upon any delinquent assessment for common expenses, or upon any delinquent special assessment. The accrual of such interest shall start on the day following the payment date fixed for such assessment.

16. Liability Of Apartment Owners.

Each apartment owner or owners shall be personally liable (and if there be more than one owner of any apartment, they shall be jointly and severally liable) for the full amount of any special assessment or assessment for common expenses against his apartment, irrespective of the date or dates on which such assessments, or portions thereof, came due. The Board of Directors shall have the right to enforce such personal liability of each apartment owner by an action for a money

judgment for the unpaid amount of any such assessment; provided, that no such action shall be filed until fifteen (15) days after the date on which the unpaid amount came due. Any such action shall be brought in the name of the Association. Any judgment rendered in any such action shall include a sum for reasonable attorney's fees, costs and expenses of collection incurred by the Association in such amount as the court may adjudge against such owner in default. Upon full satisfaction of any such judgment, the Board of Directors, through the President, Secretary or Treasurer, shall execute and deliver to the judgment debtor an appropriate instrument to evidence such satisfaction.

If the Association should as provided by law foreclose its lien upon an apartment for any unpaid assessment for common expenses or for any unpaid special assessment, while the foreclosure proceeding is pending, and until title to the apartment has vested in a purchaser following the foreclosure sale of the apartment: (i) the owner of the apartment shall continue to be personally liable for the full amount of any additional special assessment or additional assessment for common expenses chargeable to the apartment; and (ii) the owner of the apartment shall be obligated to pay the Association a reasonable rental for the continued right to the use and possession of the apartment, which rentals shall be applied by the Association to discharge any accrued and unpaid assessment for common expenses, or any accrued and unpaid special assessment, which constitutes a lien upon the apartment.

17. Association's Lien Upon Apartment For Delinquent Assessments.

The Board of Directors may in their discretion cause a notice to be filed, in the name of the Association, with the Office of the Assistant Registrar of the Land Court of the State of Hawaii, and with the Bureau of Conveyances of the State of Hawaii, that shows the existence of the Association's lien upon an apartment for any delinquent assessment. The Board of Directors shall in their discretion determine the form and content for such notice of lien to show such delinquent assessment. The Association's lien upon an apartment for common expenses, or a special assessment, shall exist and be perfected without the filing of a notice thereof with such Office of the Assistant Registrar of the Land Court or with such Bureau of Conveyances. The Board of Directors, in the name of the Association, shall, in their discretion, as provided by law, take such steps as they deem to be in the best interest of the Association, to enforce or to protect the Association's lien upon an apartment for any delinquent common expenses or special assessment (together with any accrued interest, collection costs, and reasonable attorney's fees).

18. Expenses Of Enforcement.

Every apartment owner shall pay to the Association promptly upon demand all costs and fees including reasonable attorney's fees incurred by or on behalf of the Association for: (1) collecting any delinquent assessment against the owner's apartment; (2) enforcing or protecting the Association's lien

upon the owner's apartment; (3) enforcing any provision of the Declaration, these Amended By-Laws, or the Association's administrative or house rules.

19. Certificates Of Payment.

The Association shall upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not any common expense or special assessment is due and payable for a particular apartment, and, if such a delinquency exists, the amount of any such delinquent common expense or special assessment, and the date the same came due. Any such certificate signed by an officer of the Association shall be binding and conclusive upon the Association and may be relied upon by any person as an accurate statement of the facts shown therein.

20. Transfer Of Ownership Of Apartment.

The Secretary shall maintain at the Property a list of the names and addresses of the apartment owners, a list of the names and addresses of the voting owners, and a list of the names and addresses of each apartment purchaser under an agreement of sale. The Secretary shall not register any change in the ownership of an apartment until he has been furnished with a certified copy of a recorded (with the Office of the Assistant Registrar of the Land Court of the State of Hawaii and with the Bureau of Conveyances of the State of Hawaii) instrument to evidence such transfer. The Secretary shall not register any change in the designation of a voting owner until he has been furnished with an appropriate notice thereof, and, if a voting owner has been irrevocably designated, the name of such irrevocably designated voting owner shall not be removed from

such list without his written consent or release. The Association, each apartment owner and voting owner, the Board of Directors, President, Secretary, Treasurer and Manager or Managing Agent, shall have a right to rely upon such lists and shall have a right to regard any person whose name appears on such list as the owner, voting owner, or purchaser, as the case may be, of the apartment specified. The Board of Directors shall have the right to fix and collect for the Association a reasonable, uniform fee to cover the costs and expenses incurred by the Association in connection with the transfer of an apartment. Any unpaid transfer fee shall be a lien against the apartment transferred with like effect, and to the same extent, as any assessment for common expenses, and shall bear interest at the rate of twelve percent (12%) per year, or at such higher rate of interest as may be permitted by law, from and after fifteen (15) days following the date on which the same came due.

21. Collection Of Rent From Tenants.

If an owner shall at any time rent or lease his apartment and shall thereafter be in default in the payment of any common expense, special assessment, or any other payment due the Association, for which his apartment is liable, the Board of Directors may, at its option, and so long as such default shall continue, demand and receive from such tenant of the owner up to an amount sufficient to pay all of such unpaid common expense, special assessment, or other payment due the Association, including interest, and any such payment of rent to the Board of Directors by the tenant shall be a sufficient discharge of such tenant, as between such tenant and the owner

to the extent of the amount so paid; such demand for, or the acceptance of, such rent from any tenant shall not be deemed to be a release or discharge of any of the obligations or duties owed by the owner. If the Board of Directors shall make such demand upon any tenant as aforesaid, such tenant shall not have the right to question the right of the Board of Directors to make such demand, but such tenant shall be obliged to make such payments to the Board of Directors, with the effect as aforesaid. If and when a mortgagee of such an apartment obtains the appointment by a court of a receiver (or a similar court officer) to collect any of such rent, then and thereafter the right of the Association to collect such rent from a tenant of the apartment owner shall be subordinate and subject to the duty of such receiver to collect such rent and to apply the same in satisfaction of the indebtedness secured by the mortgage of such apartment.

22. Failure To Determine Common Expenses.

Any failure by the Board of Directors to determine the common expenses for any ensuing fiscal year, or the failure of the Board of Directors to notify any or all of the apartment owners of the amount of such common expenses, shall not be deemed to be a waiver or release of any apartment or of any apartment owner of any obligation or liability for such common expenses. In such event, the last determination of the Board of Directors as to the total amount of such common expenses shall continue, from year to year, and until the Board of Directors make such determination, and each apartment and apartment owner shall continue to be liable for the share of such common expenses

charged to each apartment.

23. Waivers.

The failure of the Board of Directors to require, in any one or more instances, a strict performance of or compliance with any of the limitations, restrictions, covenants or conditions herein contained by any apartment owner, or to exercise any right or option herein contained, or to serve or receive any notice, or to institute any action, shall not be construed as a waiver or relinquishment of such limitation, restriction, covenant, condition, right, option or right to serve or receive notice, but the same shall continue and remain in full force and effect. Nor shall the receipt by the Board of Directors, or any of its agents, of any payment from any apartment owner be construed as such a waiver.

24.1. Adoption Of Administrative Rules And Regulations.

The voting owners, by the vote of a majority of them present at any meeting of the Association for which the notice of meeting shall have stated that the adoption or amendment of administrative rules and regulations will be considered, shall have the power to adopt, and from time to time amend, administrative rules and regulations governing the details of the operation and use of the common elements, and such rules and regulations with respect to the use of the apartments as may be deemed reasonable and necessary for the common welfare.

24.2. Sanctions For Violation Of Administrative Rules/Regulations.

The Board of Directors shall have the power to impose the following sanctions for the violation of any Administrative Rule/Regulation:

(a) The power to order an apartment owner to stop violating an Administrative Rule/Regulation (a "Performance Order").

(b) The power to suspend the right of an Apartment Owner, and all persons who claim under him, to use those parts of the common elements which are not required for access to his apartment for a period not to exceed thirty (30) days.

(c) The power to impose a fine payable to the Association which shall not exceed the amount of FIFTY and 00/100 DOLLARS (\$50.00) for each violation. If after the issuance of a Performance Order an apartment owner willfully fails or refuses to stop violating the Administrative Rule/Regulation, or fails to correct the condition which caused such violation of the Administrative Rule/Regulation, each day thereafter during which the apartment owner continues to violate such Administrative Rule/Regulation shall be the basis for the imposition of a fine which shall not exceed the amount of FIFTY and 00/100 DOLLARS (\$50.00), provided, that the aggregate amount of all

fines for any such continuing violation shall not exceed the sum of ONE THOUSAND and 00/100 DOLLARS (\$1,000.00). The Board of Directors shall from time to time adopt and publish a "Schedule Of Maximum Fines For Administrative Rule/Regulation Violations" which shall prescribe the maximum fine that may be imposed for the violation of each particular Administrative Rule/Regulation.

(d) The power to suspend, or to condition, the imposition of a fine for a violation of an Administrative Rule/Regulation.

(e) After the second willful violation of a particular Administrative Rule/Regulation by any occupant of an apartment in any calendar year, the power to require that the owner of such apartment give a bond, naming the Association as obligee, with a corporate surety licensed to do a surety business in the State of Hawaii as surety, to continue for a term not to exceed twenty-four (24) months, in a principal amount, to be determined by the Board of Directors, approximately equal to a judgment for damages, costs and expenses that the Association and any aggrieved apartment owner might reasonably expect to obtain against such apartment owner in an action for damages or injunctive relief, or both, brought under HAW. REV. STAT. Section 514A-88, for any past violations and the next violation of such

Administrative Rule/Regulation. The Board of Directors shall give such apartment owner notice of the amount of the bond required, and such bond shall be delivered to the Treasurer by such apartment owner within thirty (30) days after the delivery of such notice. If such apartment owner should fail to give such bond, then there shall be alien against the apartment of such owner with like effect, and to the same extent, as any assessment for common expenses, in the principal amount of the required bond after the failure of such apartment owner to give such bond. The right of the Association to foreclose such lien shall be conditioned upon the entry of a judgment in favor of the Association and an aggrieved apartment owner under HAW. REV. STAT. Section 514A-88. In the event of the foreclosure of such a lien, the proceeds received in satisfaction of such lien shall be distributed or applied in accordance with the judgment entered under HAW. REV. STAT. Section 514A-88.

(f) If an Administrative Rule/Regulation has been violated by a tenant of an owner, and such tenant willfully fails or refuses to stop such violation, the power to enter into the apartment in which, or as to which, such violation exists, and to evict such tenant therefrom, as the irrevocably appointed agent

of the owner; if the Association shall incur any expense in such eviction, the full amount of such expense shall be a lien against such apartment with like effect, and to the same extent, as any assessment for common expenses.

24.3. Imposition Of Sanctions For Violation Of Administrative Rules/Regulations.

Any officer of the Association or any apartment owner may by a written complaint filed with the Board of Directors request the Board of Directors to impose sanctions upon an apartment owner for an alleged violation of an Administrative Rule/Regulation. The complaint shall describe the nature of the alleged violation of a particular Administrative Rule/Regulation. Upon the filing of a complaint the Secretary shall immediately fix a date, time and place for the hearing thereof by the Board of Directors (which date shall not be less than five days after the delivery of notice of the hearing upon the apartment owner alleged to be in default) and shall forthwith deliver a copy of the complaint and the notice of hearing to the apartment owner alleged to be in default.

At the hearing the Board of Directors shall hear the apartment owner alleged to be in default, and all others interested, and shall hear and consider such testimony and evidence as it deems pertinent. The Board of Directors may exclude and refuse to hear irrelevant, immaterial or unduly repetitious testimony or evidence. The Board of Directors shall make a written decision of its findings and conclusions in the matter after the hearing, and shall file the same with the Secretary. If the Board of Directors concludes that the

apartment owner alleged to be in default has violated an Administrative Rule/Regulation, the written decision shall specify the sanctions to be imposed upon that apartment owner. The written decision entered by the Board of Directors after such a hearing shall be final and binding among the apartment owners and the Association and the same shall not be subject to judicial review or appeal. The Secretary shall forthwith deliver a certified copy of the written decision entered by the Board of Directors in the matter to the apartment owner alleged to be in default.

25. Addition To And Alteration Of Apartment.

An owner shall not undertake any addition to, or the alteration of, the structural parts of his apartment without first obtaining the written consent of the Board of Directors or, failing to obtain such consent, the consent of a majority of the voting owners present at any Association meeting. An owner who seeks such consent shall first file with the Board of Directors a copy of the plans for the proposed alteration or addition which shall have been prepared by an architect or engineer licensed by the State of Hawaii. Such consent shall not be required for the redecoration, repainting or any aesthetic change made within any apartment. The cost of any such addition to, or the alteration or repainting of, an apartment shall not be charged to the Association. The Board of Directors shall have the right to require that any addition to, or the alteration of, an apartment shall not be commenced until after the contractor performing the work obtains a construction performance and payment bond for the work as provided under section 30.

26. Liability Insurance.

The Board of Directors shall obtain and pay the premium for a policy or policies of general liability insurance in which the limits of liability shall be not less than FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) for injury to any one person, ONE MILLION DOLLARS (\$1,000,000.00) for injury to more than one person in any one accident or occurrence, and ONE HUNDRED THOUSAND DOLLARD (\$100,000.00) against claims for property damage. Such policy or policies shall cover liability incurred in respect of the common elements of the Property and any sidewalks and sidewalk areas adjacent to the Property. Such policy or policies shall insure each apartment owner, any apartment mortgagee, any occupant of every apartment, each member of the Board of Directors, their agents and the agents of the Association, the Manager or Managing Agent employed by the Board of Directors, and the agents of such Manager or Managing Agent. The premiums for such insurance shall be a common expense.

27. Casualty Insurance.

The Board of Directors shall obtain and pay the premiums for a policy or policies of insurance against the loss or damage of the Property by fire, and such other insurable perils as the Board of Directors shall deem to be reasonably necessary, for the full replacement value of the Property. Unless the voting owners provide otherwise, such insurance shall be issued in the name of the Board of Directors, as trustees for the apartment owners, and their respective mortgagees, if any, as their respective interest shall appear, in proportion to the common interests appurtenant to the apartments owned by each of them. The premiums for such

insurance shall be a common expense. The voting owners, by the vote of a majority of them present, shall have the power to designate any bank or trust company licensed to do business within the State of Hawaii, and the power to revoke any such designation previously made, as the insurance trustee (the "INSURANCE TRUSTEE") to receive any proceeds of insurance. Any such designation, or revocation, shall be effective upon the acceptance thereof by the issuing insurer.

The insurer shall fairly apportion any such insurance proceeds between the common elements and each apartment damaged or destroyed in proportion to the relative loss suffered by the common elements and each apartment. The Insurance Trustee shall permit the Board of Directors to use that portion of such insurance proceeds paid for the loss suffered by the common elements for the repair and reconstruction of the common elements. The Insurance Trustee shall permit the Board of Directors to use that portion of such insurance proceeds paid for the loss suffered by any apartment for the repair and reconstruction of such apartment.

All such policy or policies of insurance (the "POLICY") shall:

(a) Contain no provision limiting or prohibiting an apartment owner from obtaining other like insurance, but shall provide that the liability of the insurer shall not be affected by, nor shall the insurer claim any right of set-off, counterclaim, apportionment, proration,

or contribution, by reason of any such other insurance;

(b) Contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the Property, whether or not within the control of the Board of Directors, and, if obtainable, shall not relieve the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of an apartment, or any occupant of an apartment, or by reason of any act or neglect of the Board of Directors, any owner of an apartment, or any occupant of an apartment;

(c) Contain a waiver by the insurer of any right or subrogation for any loss paid by the insurer under the policy against any member of the Board of Directors, any apartment owner, or the occupant of any apartment;

(d) Shall provide that the policy cannot be cancelled or substantially modified by the insurer except by giving the Board of Directors, each apartment owner, and each mortgagee of an apartment who has requested such notice from the insurer, not less than thirty (30) days prior written notice of such cancellation or modification;

(e) Contain a provision waiving any right of the insurer to repair, rehabilitate or reconstruct the Property, if after a loss the voting owners vote not to repair, rehabilitate or reconstruct the Property.

(f) Contain a standard mortgagee clause which:

(i) Shall name the mortgagee (the "MORTGAGEE") of any mortgage affecting any apartment whose name shall have been given to the Association and to the insurer;

(ii) Shall provide that the policy, as to the interest of the Mortgagee, shall not be invalidated by any act or neglect of the Board of Directors, an apartment owner, or the occupant of any apartment;

(iii) Shall waive (A) any provision invalidating such mortgagee clause by reason of the failure of the Mortgagee to notify the insurer of any hazardous use or vacancy, (B) any requirement that the Mortgagee pay any premium for the policy (provided, that if the Board of Directors fails to pay any premium due or to become due under the policy, the Mortgagee may pay the same prior to termination of the policy by reason of nonpayment of such premium), (C) any contribution clause, and (D) any right to be subrogated to the right of any mortgagee against an apartment owner, the occupant of an apartment, or the Board of Directors, or to require an assignment of any mortgage to the insurer, except that the insurer will have the right of subrogation to

the extent of insurance proceeds received by and retained by the Mortgagee if the insurer shall claim no liability against the mortgagor or apartment owner, but without impairing the Mortgagee's right to sue any person for any loss or deficiency not covered by the insurance proceeds;

(iv) Shall provide that, without affecting the protection afforded to the Mortgagee by such mortgagee clause, any insurance proceeds payable under such clause, if in excess of ten thousand dollars (\$10,000.00), shall be payable to the Insurance Trustee.

(v) Shall provide that any reference to a mortgagee in the policy shall include all mortgagees of any apartment in the priority of their respective liens upon the apartment.

(g) Provide that at the inception of the policy, and on each anniversary date thereof, the insurer shall furnish the Board of Directors with a written summary (the "INSURANCE SUMMARY") of the policy in layman's terms, including without limitation a description of the policy, the coverage provided by the policy and the limits thereof, the amount of the annual premium, and the renewal dates.

The policy shall be delivered to the Board of Directors with a certificate signed by a licensed insurance broker or licensed agent certifying that the policy includes all of the provisions herein set forth and complies with

and satisfies all of the requirements herein set forth (the "INSURANCE CERTIFICATE"). Upon the receipt of each Insurance Summary and Insurance Certificate the Board of Directors shall forthwith deliver copies of the same to each apartment owner.

Any proceeds of insurance paid for any damage or destruction suffered by the Property, or any part thereof, shall be held by the Board of Directors or by the Insurance Trustee free of any claim by any apartment owner, or his creditors, the holder of any lien upon any apartment, or the creditors of the Board of Directors or of the Association, or of any receiver, assignee or trustee in bankruptcy for any such creditor, and the same shall be held free of any action by any such creditor or on behalf of any such creditor and free of any writ of execution, attachment or garnishment obtained by any such creditor or on behalf of any such creditor, and free of any action to foreclose any lien upon any apartment, until the portions of the Property so damaged or destroyed be reconstructed (and such proceeds of insurance may be used to pay for such reconstruction), or the voting owners determine that the same should not be reconstructed, as the case may be.

28. Repair And Reconstruction Of Common Elements.

The Board of Directors shall be responsible for the repair, rehabilitation and reconstruction of the common elements. The Board of Directors shall have the power to expend from the funds of the Association set aside for such purpose and from any proceeds of insurance available to the Board of Directors for the repair and reconstruction of the common elements such amounts as may be necessary for the

repair or rehabilitation of the common elements. Any such repair or rehabilitation of the common elements shall be in accordance with the original plans and specifications therefor, to the extent practicable.

If any of the common elements should suffer substantial damage or destruction as the result of any casualty, the Board of Directors shall call and hold a special meeting of the Association within ninety (90) days after such damage or destruction shall have occurred. The Board of Directors shall, before the assembly of such special meeting, obtain not less than two (2) firm bids from two or more responsible building contractors for the reconstruction of the common elements so damaged or destroyed, in accordance with the original plans and specifications therefor, to the extent practicable. At such special meeting the voting owners shall determine whether the common elements so damaged or destroyed should be reconstructed. The Board of Directors shall proceed with the reconstruction of such damaged or destroyed common elements unless at such special meeting of the voting owners a seventy-five percent (75%) majority of the voting owners of all the apartments vote in favor of a resolution instructing the Board of Directors not to proceed with such reconstruction. If the aggregate amount of the proceeds of insurance available to the Board of Directors for the repair and reconstruction of the common elements and any other funds of the Association set aside for such purpose should be less than the aggregate estimated cost for the reconstruction of such common elements (the "DEFICIENCY"), then, unless at such special meeting of the voting owners a seventy-five percent (75%) majority of the voting

owners of all the apartments vote in favor of a resolution instructing the Board of Directors not to proceed with such reconstruction, a special assessment shall be levied and shall exist upon the apartments (without any further vote or action on the part of the voting owners) in the amount of the Deficiency, which shall be apportioned among the apartments in proportion to the common interest appurtenant to each apartment, with the same effect (except as herein otherwise provided) set forth in section 14. Such special assessment for the Deficiency shall be due and payable at such time or times as the Board of Directors shall provide.

29. Repair And Reconstruction Of Apartments.

Each apartment owner shall be responsible for the repair, rehabilitation and reconstruction of the parts of his apartment (exclusive of the common elements that enclose each apartment). Any such repair, rehabilitation or reconstruction shall be in accordance with the original plans and specifications therefor, to the extent practicable, and shall be subject to the approval of the Board of Directors.

If an apartment should suffer any damage or destruction as the result of any casualty, the apartment owner shall immediately cause the part of his apartment so damaged or destroyed to be reconstructed in accordance with the original plans and specifications therefor, to the extent practicable, and, in such event, if any common element has been damaged or destroyed by the same casualty, the Board of Directors shall arrange for and coordinate such repair and reconstruction of such apartment, in conjunction with the reconstruction of the

damaged or destroyed common element, for and on behalf of such apartment owner. The Board of Directors shall have the power to, and shall, expend from that portion of any proceeds of insurance held by the Board of Directors, or by the Insurance Trustee, which has been allocated by the insurer for the loss suffered by such apartment, for the repair and reconstruction of such apartment. If in such event such proceeds of insurance should not be sufficient to complete the reconstruction of such apartment, the apartment owner shall be obliged to pay the Board of Directors the full amount of such deficiency upon the completion of such reconstruction. If such apartment owner should fail to pay the amount of such deficiency, then there shall be a lien against the apartment of such owner with like effect, and to the same extent, as any assessment for common expenses, and such lien may be foreclosed, as provided by law, at any time after the failure of such apartment owner to make such payment.

If any apartment should suffer any damage or destruction as the result of any casualty, and if, in such event, any common element has been damaged or destroyed by the same casualty, and if the Board of Directors should be instructed by the voting owners not to proceed with the reconstruction of such damaged or destroyed common element, and if the Board of Directors should therefor lack the power to reconstruct such damaged or destroyed common element, then, and in such event, such apartment owner shall not be obliged to cause his apartment so damaged or destroyed to be reconstructed.

30. Performance And Payment Bond.

Before undertaking or permitting the repair, rehabilitation or reconstruction of any common element, or any part of any apartment, and if the total cost thereof exceeds FIFTY THOUSAND and 00/100 DOLLARS (\$50,000.00), the Board of Directors shall cause the contractor performing the work to obtain a bond, with a surety company licensed to do business in the State of Hawaii as surety, in a principal amount equal to one hundred percent (100%) of the cost of such construction, guaranteeing the full and faithful performance of such construction contract and the full payment of all subcontractors, laborers, and materialmen, engaged in the work, and naming each apartment owner, their respective mortgagees, if any, and the Association, as obligees.

31. Abatement Of Common Expenses.

If, as a result of the damage or destruction of some portion of the common elements by fire or other casualty, an apartment be rendered uninhabitable, then the common expense for which such apartment be liable shall abate from the time such damage or destruction of the common elements shall have occurred until such damage or destruction of the common elements be repaired or reconstructed, or the voting owners determine that such damage or destruction of the common elements shall not be reconstructed, as the case may be; and the common expense for which such apartment would normally be liable shall be deemed to be common expenses for which all of the other apartments shall be liable in accordance with their relative common interests. The liability of such apartment for special assessments shall not abate; nor shall the liability of such apartment, or the owner thereof, to pay real property taxes assessed against the apartment by the State of Hawaii or the County of Maui abate.

32. Clearing Debris.

After the common elements have suffered substantial damage or destruction and after the voting owners have determined that the common elements so damaged or destroyed should not be reconstructed, but either before or after the initiation of an action to partition the Property, the Board of Directors shall be entitled to expend from the proceeds of any insurance received as a result of such damage or destruction such amount as may be necessary to effect the removal from the Land of any building, structure or improvement damaged or destroyed which is not economically reparable, the removal of all debris resulting from such damage or destruction, and the restoration of the Property to a good and orderly condition and even grade. The Board of Directors shall have the power to contract for the removal of such damaged or destroyed building and debris and the restoration of the Property. If, in such event, such proceeds of insurance should not be sufficient to pay for such removal and the restoration of the Property, the voting owners shall have the power to levy a special assessment to make up such deficiency.

33. Eminent Domain.

If any authority exercising the power of eminent domain should condemn the Property, some part or parts thereof, or any right, easement, privilege, or appurtenance belonging or appertaining thereto, then the entire award attributable to the condemnation of the Property (whether for land, buildings, improvements, a right, easement, privilege or appurtenance), any money paid by the condemning authority for the interruption of any business conducted on the Property, and any money paid for any damage resulting from such condemnation, or any money paid by any condemning authority to settle any such threatened condemnation (collectively referred to as the "CONDEMNATION

PROCEEDS"), shall be paid to the Board of Directors and shall be divided and distributed as follows: (1) any of such condemnation proceeds fairly attributable to an apartment shall be distributed to the owner thereof; (2) any of such condemnation proceeds which cannot be fairly attributed to an apartment, and any of such condemnation proceeds attributable to the common elements of the horizontal property regime, shall be divided and distributed to the owners of apartments affected by such condemnation in proportion to the common interest appertaining to the apartments owned by each of them.

The Board of Directors, for the Association and for and on behalf of each apartment owner, shall have the right to contest any issue involved in such condemnation proceeding. Each apartment owner hereby irrevocably appoints the Board of Directors of the Association as his attorney-in-fact to represent him in the negotiation of any settlement of a threatened condemnation action, and to appear for him in any such condemnation proceeding. The apartment owners understand that it would be impracticable, and not in their best collective interest, to permit any of them to individually negotiate a separate settlement of a threatened condemnation action or to appear individually in any such condemnation proceeding. The apartment owners therefore irrevocably surrender to the Board of Directors of the Association any right which they may individually hold to negotiate a separate settlement of any threatened condemnation action or to appear individually in any such condemnation action. The Board of Directors shall approve a proposed settlement of a threatened condemnation action upon obtaining an affirmative vote in favor of the proposed settlement by a majority of all the voting owners

at a meeting of the Association.

34. Apartment Purchased By Board Of Directors.

The voting owners shall have the power to levy a special assessment to fund the purchase of an apartment authorized by the voting owners. The Board of Directors shall have the power to borrow money from an established financial institution, on the credit of the Association, to fund the purchase of an apartment authorized by the voting owners, and, if such funds should be borrowed, the Board of Directors shall have the power to mortgage such apartment to secure such loan. Any apartment purchased by the Board of Directors shall be held in the name of the Board of Directors, as trustees for the apartment owners in accordance with the relative common interests of their respective apartments.

35. Association Books Of Receipts And Expenditures; Examination.

The Board of Directors shall keep at the Property detailed, accurate records, in chronological order, of the receipts and expenditures of the Association, specifying and itemizing the expenses incurred for the maintenance and repair of the common elements and all other expenses incurred by the Association. The Board of Directors shall keep at the Property (or elsewhere within the State of Hawaii as determined by the Board of Directors) all records and vouchers that support or authorize the disbursement of any Association funds. Any apartment owner, or voting owner, may at any convenient hour during a business day examine, or at his expense have his agents inspect or audit, all of such Association records and vouchers and all other records and books of account and financial statements maintained by or prepared for the Association. At the request

of an apartment owner, the Treasurer shall mail copies of the Association's financial statements to such owner.

36. Rules For Construction.

The headings and marginal notations of this document are for convenience only, and, if there be any conflict, the text shall control. The use of any gender shall include all genders. Whenever any words are used herein in the singular, they shall be construed as though they were also used in the plural in all cases where they would so apply, and vice versa.

37. Interpretation.

The provisions of this document shall be basically construed to effect the creation of a uniform plan for the development and operation of a horizontal property regime, and shall be construed with reference to HAW. REV. STAT. Chapter 514A, and as the same may from time to time be amended or reenacted, any decision of the Supreme Court of Hawaii interpreting such statute, and any published decision of any court interpreting a similar statute, and with reference to the Declaration.

38. Amendment.

The provisions of this document, other than this paragraph, which shall not be subject to amendment, may be amended by the affirmative vote of not less than sixty-five percent (65%) of all the voting owners; provided, that each of the particulars required to be set forth in these By-Laws by the Hawaii Horizontal Property Act shall always be embodied in these By-Laws.