

PLAZA HAWAII KAI AOA
IMPORTANT NOTICE
Amendment to By-Laws
January 11, 2011
"NO SMOKING ON LANAIS"

Dear Owners/Residents:

We wish to inform you that the proposed By-Laws amendment to prohibit smoking on the lanais was ratified by more than 67% of the unit owners. The amendment was filed and recorded on January 11, 2011, and is effective immediately. Enclosed please find a copy for your information and records.

We wish to thank all of you for returning your vote and for your support in keeping Plaza Hawaii Kai smoke free on the lanais and in all the common areas.

We ask for your compliance and cooperation with the amendment and that you also inform your guests, residents, authorized agents and tenants of the newly implemented changes to the By-Laws including the adopted fines policy for violations in the House Rules. For those who smoke, and as a courtesy to others, we ask for your kind cooperation by closing your windows while smoking to prevent smoke from entering other units. Such actions will minimize second hand smoke exposure to residents in other units and prevent further actions by the Board of Directors to make the Plaza Hawaii Kai a totally smoke-free environment/building.

Article V, Section 3 of the Second Restatement of By-Laws is amended to add the following subsection (p):

(p) No smoking of any substance, including but not limited to cigarettes, pipes, cigars, is permitted on the lanais. The Board shall have the authority to adopt or amend house rules and policies pursuant to Article V, Section 4 of these By-Laws to fully implement this provision.

Adopted Fines ratified at the Board of Directors meeting of January 17, 2011:

1st offense - \$50.00

2nd offense - \$100.00

3rd offense – Turned over to legal counsel for action and compliance. All legal fees and costs shall be assessed to owner.

It is the intent of the Board of Directors to promote a safe, healthy and enjoyable environment for all. The lanai smoking ban, along with the consideration of owners who smoke (e.g., the closure of windows while smoking), is intended to provide a pleasant living experience for all residents. Your cooperation and compliance is greatly appreciated.

Thank you for doing your part in helping to keep Plaza Hawaii Kai for all to enjoy.

Sincerely,
BOARD OF DIRECTORS
PLAZA HAWAII KAI ASSOCIATION OF APARTMENT OWNERS

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

BUREAU OF CONVEYANCES

DATE_ Doc 2011-006213
DOCU JAN 11, 2011 02:00 PM

LAND COURT SYSTEM

REGULAR SYSTEM

Return by: Mail ☐ Pickup ☐ To:
RICHARD S. EKIMOTO, ESQ.
American Savings Bank Tower Suite 780
1001 Bishop Street
Honolulu, HI 96813 Telephone: (808) 523-0702

This document contains 6 pages

G:\CLIENT\PLAZA HAWAII\KAI\Documentation\Amendment to By-Laws Regarding Smoking r1.wpd

Tax Map Key: (1) 3-9-70-1

Condominium Map No. 267
(Bureau of Conveyances)

**AMENDMENT TO THE SECOND RESTATEMENT OF BY-LAWS OF THE
ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI**

This AMENDMENT TO THE SECOND RESTATEMENT OF BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI ("Amendment") is made as of the 28th day of December, 2010 by the ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI, whose address is c/o Touchstone Properties Ltd., 680 Iwilei Road, Suite 550, Honolulu, HI 96817 ("Association").

WITNESSETH THAT:

WHEREAS, the Declaration of Horizontal Property Regime of The Plaza Hawaii Kai dated March 22, 1973 (the "Declaration") was recorded in the Bureau of Conveyances of the State of Hawaii in Liber 9022 at Page 234; and

WHEREAS, the By-Laws of the Association were attached as an Exhibit to the Declaration; and

WHEREAS, the Condominium Map No. 267 was recorded in the Bureau of Conveyances of the State of Hawaii; and

WHEREAS, the Declaration was restated by "Restatement of Declaration of Condominium Property Regime of the Association of Apartment Owners of The Plaza Hawaii Kai" dated August 20, 1992, recorded in said Bureau as Document No. 92-162811, and by "Second Restatement of Declaration of Condominium Property Regime of the Association of Apartment Owners of The Plaza Hawaii Kai" dated September 16, 1993, recorded in said Bureau as Document No. 93-154354; and

WHEREAS, the By-Laws were restated by "Restatement of By-Laws of the Association of Apartment Owners of The Plaza Hawaii Kai" dated August 20, 1992, recorded in said Bureau as Document No. 92-162812, and by "Second Restatement of By-Laws of the Association of Apartment Owners of The Plaza Hawaii Kai" dated September 16, 1993 (the "Second Restatement of By-Laws"), recorded in said Bureau as Document No. 93-154353; and

WHEREAS, the Declaration, as amended, provided for the organization and operation of the ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI (the "Association") to operate and manage the Project in accordance with the By-Laws; and

WHEREAS, the Association was incorporated on January 31, 1992 under Chapter 415B of the Hawaii Revised Statutes as the ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI; and

WHEREAS, pursuant to HRS Section 514B-108(e), owners of more than sixty-seven percent (67%) of the common interests of The Plaza Hawaii Kai have given their written consent to amend the By-Laws as outlined below;

NOW THEREFORE, the Second Restatement of By-Laws is hereby amended as follows:

Article V, Section 3 of the Second Restatement By-Laws is amended to add the following subsection (p):

(p) No smoking of any substance, including but not limited to cigarettes, pipes, and cigars, is permitted on the lanais. The Board shall have the authority to adopt or amend house rules and policies pursuant to Article V, Section 4 of these By-Laws, to fully implement this provision.

The undersigned officers of the Association of Apartment Owners of The Plaza Hawaii Kai hereby certify that the above amendment was made by the written consent of 67% of the members of the Association. The officers of the Association agree that this instrument may be executed in counterparts, each of which shall be deemed an original, and those counterparts shall together constitute one and the same instrument, notwithstanding that all the undersigned officers are not signatories to the original or the same counterpart.

28TH IN WITNESS WHEREOF, the undersigned have executed these presents as of the
day of DECEMBER, 2010.

ASSOCIATION OF APARTMENT OWNERS OF
THE PLAZA HAWAII KAI

By: William B. Welch, Jr.
WILLIAM B. WELCH, JR.
Type Name
Its: PRESIDENT

IN WITNESS WHEREOF, the undersigned have executed these presents as of the
30 day of December, 2010.

ASSOCIATION OF APARTMENT OWNERS OF
THE PLAZA HAWAII KAI

By: Elizabeth P. Combra

Elizabeth P. Combra

Type Name

Its: Secretary

STATE OF HAWAII

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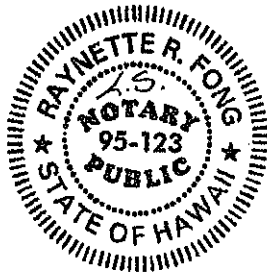
: SS.

CITY & COUNTY OF HONOLULU

)

On this 28th day of December, 2010, in the First Circuit of the State of Hawaii, before me personally appeared William B. Welch, Jr., personally known to me or proven to me on the basis of satisfactory evidence, who being duly sworn or affirmed, did say that such person was the President of the Association of Apartment Owners of The Plaza Hawaii Kai, a Hawaii Nonprofit Corporation, that said person executed the foregoing instrument identified or described as "Amendment to the Second Restatement of By-Laws of the Association of Apartment Owners of The Plaza Hawaii Kai," as such person's free act and deed on having been duly authorized to execute such instrument in such capacity.

The foregoing instrument is dated December 28, 2010 and contained 6 pages at the time of this acknowledgment/certification.



Raynette R. Fong
Notary Public, State of Hawaii

Raynette R. Fong

Printed Name of Notary Public

My Commission Expires: **MAR 24 2011**

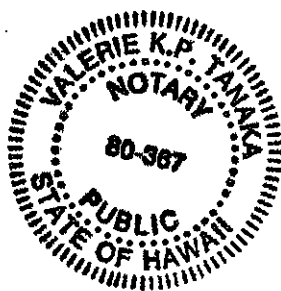
STATE OF HAWAII)

: SS.

CITY & COUNTY OF HONOLULU)

On this 30th day of December, 2010, in the First Circuit of the State of Hawaii, before me personally appeared Elizabeth P. Cambra, personally known to me or proven to me on the basis of satisfactory evidence, who being duly sworn or affirmed, did say that such person was the Secretary of the Association of Apartment Owners of The Plaza Hawaii Kai, a Hawaii Nonprofit Corporation, that said person executed the foregoing instrument identified or described as "Amendment to the Second Restatement of By-Laws of the Association of Apartment Owners of The Plaza Hawaii Kai," as such person's free act and deed on having been duly authorized to execute such instrument in such capacity.

The foregoing instrument is dated December 30, 2010 and contained 6 pages at the time of this acknowledgment/certification.



Valerie K.P. Tanaka
Notary Public, State of Hawaii
VALERIE K.P. TANAKA
Expiration Date: May 21, 2012
Printed Name of Notary Public
My Commission Expires: _____



Doc. Date: 12/30/10 # of Pages: 6
Valerie K. P. Tanaka First Circuit
Doc. Description: Amendment to the
Second Restatement of By-Laws
of Apartment Owners of the Plaza Hawaii Kai
Valerie K.P. Tanaka 12/30/10
Notary Signature Date
NOTARY CERTIFICATION

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

BUREAU OF CONVEYANCES

DATE 03-20-98 TIME 10:15
DOCUMENT NO. 98-037105

~~LAND CONVEYANCE SYSTEM~~

~~REGULAR SYSTEM~~

Return by: Mail [] Pickup [XX] To:

NEELEY & ANDERSON
Attorneys at Law
M. Anne Anderson (3548-0)
733 Bishop Street, Suite 2301
Honolulu, Hawaii 96813 (808) 536-8177

TITLE OF DOCUMENT:

AMENDMENT OF THE BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF
THE PLAZA HAWAII KAI

PARTIES TO DOCUMENT:

ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI

PROPERTY DESCRIPTION:

- * The Plaza Hawaii Kai
- * Condominium File Plan No. 267
- * TMK NO. 3-9-070-001 (1)

AMENDMENT OF THE BY-LAWS OF THE
ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI

WHEREAS, by Declaration of Horizontal Property Regime ("Declaration") dated March 22, 1973, recorded at the Bureau of Conveyances of the State of Hawaii (hereinafter referred to as the "Bureau of Conveyances") in Liber 9022 at page 234, the Trustees of the Estate of Bernice Pauahi Bishop, as fee owners, and Business Investment, Ltd., a Hawaii corporation, as developer, did submit the property described in said Declaration to the provisions of the Horizontal Property Act, Chapter 514, Hawaii Revised Statutes, as amended, (now known as the "Condominium Property Act, Chapter 514A, Hawaii Revised Statutes");

WHEREAS, said Declaration, as amended, provided for the organization of the Association of Apartment Owners of The Plaza Hawaii Kai (hereinafter referred to as the "Association") and established By-Laws therefor, which said By-Laws were attached to the Declaration and incorporated therein by reference;

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

WHEREAS, the owners of apartments at The Plaza Hawaii Kai to which are appurtenant more than sixty-five percent (65%) of the common interest gave their written consent to amend the By-Laws as set forth below.

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

AMENDMENT NUMBER ONE:

Article I, Section 6 of the By-Laws is amended to read as follows:

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

AMENDMENT NUMBER TWO:

Article II, Sections 1, 3, and 4 of the By-Laws, as restated, are amended to read as follows:

Part A: Article II, Section 1 of the By-Laws.

Section 1. Number and Qualifications. Except as provided in Article II, Section 3(a) below, the affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons, each of whom shall be the sole owner, co-owner, vendee under an agreement of sale, or an officer of any corporate owner of an apartment. The partners in a general partnership and the general partners of a limited partnership shall be deemed to be the owners of an apartment for this purpose. The directors shall serve without compensation. Pursuant to Section 514A-82(b)(10), Hawaii Revised Statutes, directors shall not expend Association funds for their travel, directors' fees, and per diem unless owners are informed and a majority approve of these expenses; provided, however, that this provision is not intended to authorize the expenditure of any Association funds deemed to be compensation as prohibited by the immediately preceding sentence of this Section 1. No resident manager of the condominium shall serve on the Board of Directors. There shall not be more than one representative on the Board of Directors from any one apartment.

Part B: Article II, Section 3 of the By-Laws.

Section 3. Election and Term. Election of directors shall be by cumulative voting by secret ballot at each annual meeting and each special meeting called for such purpose. Directors shall hold office for a period of three years and until their respective successors have been elected, subject to removal as herein provided. Notwithstanding any other provision herein:

(a) The decrease in the number of directors from nine (9) to seven (7), as provided by the amendment of Article II, Section 1, shall not serve to affect the term of office of any director then serving on the Board. Any director serving as of the effective date of the amendment to Article II, Section 1 establishing the number of directors at seven (7) shall serve until the expiration of his/her term of office or until his/her office otherwise becomes vacant. As such, it is expected that there will be a transition period after the effective date of said amendment during which the number of directors will be reduced from nine (9) to seven (7). During the transition period, while there are more than seven (7) members serving on the Board of Directors, the number of directors then serving on the Board shall be considered the total number of directors established by these By-Laws.

(b) In the event that any position on the Board of Director becomes vacant subsequent to the effective date of the amendment to Article II, Section 1 establishing the number of directors at seven (7), no successor shall be elected unless necessary to increase the number of directors serving on the Board of Directors to seven (7).

(c) At each annual meeting following the effective date of the amendment to Article II, Section 1 establishing the number of directors at seven (7), the number of directors elected shall be limited in such manner that the total number of directors serving on the Board of Directors shall be seven (7).

(d) As soon as reasonably possible, the terms of office of the seven (7) members of the Board of Directors shall be staggered so that in every successive three year period, the terms of office of three directors shall expire in one year and the terms of office of two directors shall expire in each of the other two years. Said staggered terms shall be created by the Board of Directors as herein provided. The Board of Directors shall be empowered to modify the terms of office of

positions on the Board of Directors up for election or reelection and the terms of office of positions to be filled by the Board pursuant to Article II, Section 4 below as is necessary so as to create said staggered terms. Notwithstanding the foregoing, the Board shall have no power to modify the terms of office of any positions up for election or reelection or to be filled by the Board if said staggered terms are already in place.

Part C: Article II, Section 4 of the By-Laws.

Section 4. Vacancies. Except as provided in Article II, Section 3 above or Article II, Section 5 below, any vacancies in the Board of Directors (other than a vacancy caused by the natural expiration of the term of a director) shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall serve for the remainder of the term of the director whose office he is elected to fill. Death, incapacity or resignation of any director, or his continuous absence from the State of Hawaii for more than six months, or his ceasing to be qualified to serve on the Board as provided in Article II, Section 1 above, or the unexcused absence from three consecutive Board meetings shall cause his office to become vacant.

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

The undersigned officers of the Association hereby certify that the foregoing By-Law amendments have been adopted by the written consent of the owners of apartments to which are appurtenant more than sixty-five percent (65%) of the common interest at The Plaza Hawaii Kai.

IN WITNESS WHEREOF, the parties hereto have executed this
instrument on this 4th day of March, 1998.

ASSOCIATION OF APARTMENT
OWNERS OF THE PLAZA HAWAII KAI

By James R. Doney
Name: JAMES R. DONEY
Title: President

By Bruce W. Bolton
Name: BRUCE W. BOLTON
Title: Treasurer

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

SS:

On this 9th day of March, 1998, before me personally appeared James Kean Gray, to me personally known, who, being by me duly sworn, did say that HC is the President of the Board of Directors of the Association of Apartment Owners of The Plaza Hawaii Kai, a Hawaii nonprofit corporation, that said instrument was signed in behalf of said Association, and that said officer acknowledged said instrument to be the free act and deed of said Association. Said Association has no seal.

Maui L. Gray
Notary Public, State of Hawaii
My commission expires: 3/4/99

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

SS:

On this 9th day of March, 1998, before me personally appeared Bruce Robert Doherty, to me personally known, who, being by me duly sworn, did say that HC is the Treasurer of the Board of Directors of the Association of Apartment Owners of The Plaza Hawaii Kai, a Hawaii nonprofit corporation, that said instrument was signed in behalf of said Association, and that said officer acknowledged said instrument to be the free act and deed of said Association. Said Association has no seal.

Maui L. Gray
Notary Public, State of Hawaii
My commission expires: 3/4/99

THE ORIGINAL OF THE DOCUMENT
RECORDED AS FOLLOWS
STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE SEP 21 1993 TIME 10:34 am
DOCUMENT NO. 93-154353

LAND COURT SYSTEM

REGULAR SYSTEM

Return by: Mail [] Pickup [XX] To:

To: NEELEY & ANDERSON
M. Anne Anderson
733 Bishop Street, Suite 2301
Honolulu, Hawaii 96813 (808) 536-8177

SECOND RESTATEMENT OF BY-LAWS OF
THE ASSOCIATION OF APARTMENT
OWNERS OF THE PLAZA HAWAII KAI

WHEREAS, by Declaration of Horizontal Property Regime dated March 22, 1973, recorded at the Bureau of Conveyances of the State of Hawaii (hereinafter referred to as the "Bureau of Conveyances") in Liber 9022 at page 234, the Trustees of the Estate of Bernice Pauahi Bishop, as fee owners, and Business Investment, Ltd., a Hawaii corporation, as developer, did submit the property described in said Declaration to the provisions of the Horizontal Property Act, Chapter 514, Hawaii Revised Statutes, as amended, (now known as the "Condominium Property Act, Chapter 514A, Hawaii Revised Statutes");

WHEREAS, said Declaration of Horizontal Property Regime, as amended (hereinafter referred to as the "Declaration"), provided for the organization of the ASSOCIATION OF APARTMENT OWNERS OF THE PLAZA HAWAII KAI (hereinafter referred to as the "ASSOCIATION") and established By-Laws therefor, which said By-Laws were attached to the Declaration and incorporated therein by reference;

WHEREAS, Section 514A-82.2(a), Hawaii Revised Statutes, provides that the By-Laws ("By-Laws") of an association of apartment owners may, at any time, be restated to set forth all amendments thereof by resolution adopted by the board of directors;

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

subordinate to the cited statute, ordinance, rule, or regulation;

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

WHEREAS, the Board of Directors of the ASSOCIATION, by adoption of a resolution on August 19, 1993, voted to record a restated version of the ASSOCIATION's By-Laws which would set forth the provisions of the By-Laws, as amended, and cause the By-Laws to conform with the provisions of the Federal Fair Housing Amendments Act of 1988, Chapter 515, Hawaii Revised Statutes, and Chapter 514A, Hawaii Revised Statutes.

NOW, THEREFORE, the operative provisions of the By-Laws of the ASSOCIATION are hereby restated as set forth in Exhibit "A" attached hereto. Each By-Law provision that has been restated has been identified in the endnotes attached to said Exhibit "A" and, where applicable, the specific provisions of Chapter 514A, Hawaii Revised Statutes, which have been implemented have also been identified in said endnotes. Said provisions have been restated solely for the purposes of information and convenience. To the extent that there is any conflict between the restated provisions of the By-Laws and the statute or statutes being implemented, the

provisions of the restated By-Laws shall be subordinate to said statute or statutes. The restated version of the By-Laws correctly sets forth, without change, the corresponding provisions of the By-Laws, as amended. This restated version of the By-Laws shall supersede the original By-Laws and all prior amendments thereto; provided, however, that in the event of any conflict, the restated version of the By-Laws shall be subordinate to the original By-Laws and all prior amendments thereto.

In witness whereof, the undersigned have executed this instrument this 16th day of September, 1993.

ASSOCIATION OF APARTMENT OWNERS
OF THE PLAZA HAWAII KAI

By Muriel C. Kelle
Its Vice President

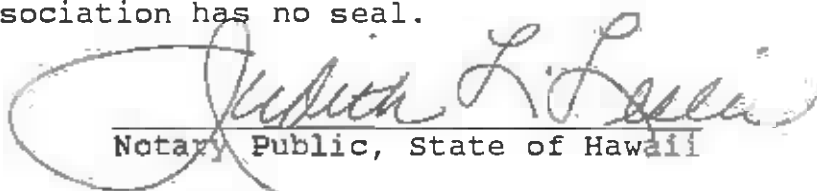
By Stanley Clements Jr.
Its Treasurer

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

SS:

On this 16th day of SEPTEMBER, 1993, before me personally appeared MEREDITH C RIDDLE, to me personally known, who being by me duly sworn, did say that he is the VICE-PRESIDENT of the Board of Directors of the Association of Apartment Owners of The Plaza Hawaii Kai, a Hawaii non-profit corporation, that the foregoing instrument was signed on behalf of said Association by authority of its Board of Directors and acknowledged that he executed the same as the free act and deed of said Association. Said Association has no seal.


Notary Public, State of Hawaii

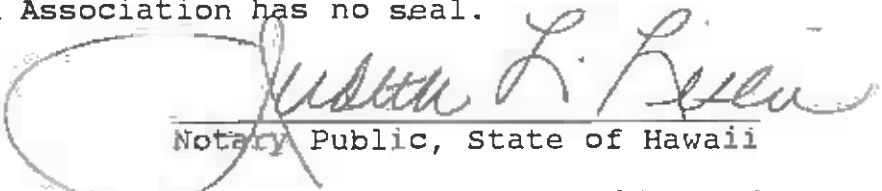
My commission expires: 06-08-95

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

SS:

On this 16th day of SEPTEMBER, 1993, before me personally appeared DANIEL CLEMENT, JR, to me personally known, who being by me duly sworn, did say that he is the TREASURER of the Board of Directors of the Association of Apartment Owners of The Plaza Hawaii Kai, a Hawaii non-profit corporation, that the foregoing instrument was signed on behalf of said Association by authority of its Board of Directors and acknowledged that he executed the same as the free act and deed of said Association. Said Association has no seal.


Notary Public, State of Hawaii

My commission expires: 06-08-95

EXHIBIT "A"
SECOND RESTATEMENT OF
BY-LAWS OF THE
ASSOCIATION OF APARTMENT OWNERS OF
THE PLAZA HAWAII KAI

The following By-Laws shall apply to the above-named condominium project (herein sometimes called the "project"), as described in and created by Declaration of Condominium Property Regime (hereinafter called the "Declaration") to be recorded or filed of record in the Bureau of Conveyances of the State of Hawaii contemporaneously herewith, and to all present and future owners, tenants and occupants of any apartments of the project and all other persons who shall at any time use the project:

ARTICLE I

MEMBERSHIP

Section 1. Qualification. All owners of apartments of the project shall constitute the Association of Apartment Owners, herein called the "Association". The owner of any apartment upon acquiring title thereto shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such apartment ceases for any reason, at which time his membership in the Association shall automatically cease; provided, however that to such extent and for such purposes, including voting, as shall be provided by any lease of any apartment filed with the Board of Directors of the Association (hereinafter sometimes called the "Board"), the lessee of such apartment shall be deemed to be the owner thereof.

Section 2. Place of Meetings. Meetings of the Association shall be held at the project or such other suitable place in the State of Hawaii convenient to the apartment owners as may be designated by the Board.

Section 3. Annual Meetings. The annual meetings of the Association shall be held within three months after the end of each accounting year.

Section 4. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President or a petition signed by at least twenty-five percent (25%) of the apartment owners and presented to the Secretary.

Section 5. Notice of Meetings. The Secretary shall give written or printed notice of each annual and special meeting to every apartment owner according to the Association's record of ownership, at least fourteen days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and date, and hour of such meeting and, if a special meeting, the items of business to be considered, in any of the following ways: (a) by delivering it to him personally, or (b) by leaving it at his apartment in the project or at his usual residence or place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the Association's record of ownership. A standard proxy form authorized by the Association, if any, shall be included with the notice. Where notice is mailed, it shall be deemed to be delivered three (3) days after having been deposited in the mail. If notice is given pursuant to the provisions of this section, the failure of any apartment owner to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any apartment owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof. Any apartment owner may waive notice before, at or after any meeting by written waiver filed with the Secretary.

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

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

by the other co-owner or co-owners provided written notice of such co-ownership has been given to the Board at least two (2) days prior to any meeting. In case of such protest each co-owner shall be entitled to only the share of such vote proportionate to his share of ownership in such apartment.

Section 8. Proxies and Pledges. The authority given by any apartment owner to another person to represent him at meetings of the Association shall be in writing, signed by such owner and filed with the Secretary. All proxies shall be valid for one Association meeting and its adjournment only, may designate any person as proxy, and may be limited as the apartment owner desires and indicates.

- (a) A proxy, to be valid, must be delivered to the Secretary of the Association or the Managing Agent no later than 4:30 p.m. on the second business day prior to the date of the meeting to which it pertains, and must contain at least: the name of the Association, the date of the meeting of the Association, the printed name and signature of the person or persons giving the proxy, the apartment or apartments for which the proxy is given, the printed name of the person or entity to whom the proxy is given, and the date that the proxy is given.
- (b) No proxy shall be irrevocable unless coupled with a financial interest in the unit.
- (c) Proxies may be given to the Board of Directors; provided that the proxy form shall contain a box wherein the owner may indicate that the owner wishes the vote to be shared with each Board member receiving an equal percentage. Proxy forms which are not marked shall be considered a choice by the owner that the vote be made on the basis of the preference of the majority of the Board.
- (d) No officer shall use Association funds to solicit proxies; provided that this shall not prevent an officer from exercising his or her right as an apartment owner.
- (e) Nothing herein shall affect the holder of any proxy under a first mortgage of record encumbering an apartment or under an agreement of sale affecting an apartment.
- (f) No resident manager or Managing Agent shall solicit, for use by the manager or Managing Agent, any proxies from any owner nor shall the resident manager or Managing Agent cast any proxy vote at any Association meeting except for the purpose of establishing a quorum.
- (g) No member of the Board who uses Association funds to solicit proxies shall cast the proxy votes for the

election or reelection of Board members at any Association meeting unless the proxy form specifically authorizes the Board member to vote for the election or reelection of directors and the Board first posts notice of its intent to solicit proxies in prominent locations within the project at least thirty days prior to its solicitation of proxies; provided that if the Board receives, within seven days of the posting, a request by any owner for use of Association funds to solicit proxies accompanied by a statement, the Board shall:

- (i) mail to all owners a proxy form containing either the names of all owners who have requested the use of Association funds for soliciting proxies accompanied by their statements; or
- (ii) mail to all owners a proxy form containing no names, but accompanied by a list of names of all owners who have requested the use of Association funds for soliciting proxies and their statements.

The statements shall not exceed one hundred words, indicating the owners' qualifications to serve on the Board and reasons for wanting to receive proxies.

Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any apartment or interest therein, a true copy of which is filed with the Board through the Secretary or Managing Agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

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

Section 10. Order of Business. The order of business at all annual meetings of the Association shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Report of committees.
- (f) Election of directors.
- (g) Unfinished business.

- (h) New business.
- (i) Adjournment.

Section 11. Conduct of Meetings. All Association and Board of Directors meetings shall be conducted in accordance with the most current edition of Robert's Rules of Order.

Section 12. Availability of Minutes. The minutes of meetings of the Board of Directors and Association of Apartment Owners shall be available for examination by apartment owners during normal working hours at the office of the resident manager. Minutes of meetings of the Board of Directors and Association shall include the recorded vote of each Board member on all motions except motions voted on in executive session.

(a) Minutes of meetings of the Board of Directors and the Association shall be approved at the next succeeding meeting; provided that for Board meetings, no later than the second succeeding meeting.

(b) Minutes of all meetings shall be available within seven calendar days after approval, but in no event more than sixty days after the meeting; provided that the minutes of any executive session may be withheld if their publication would defeat the lawful purpose of the executive session.

(c) Copies of meeting minutes shall be provided to any owner upon the owner's request provided that the owner pays a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of nine (9) persons, each of whom shall be the sole owner, co-owner, vendee under an agreement of sale, or an officer of any corporate owner of an apartment. The partners in a general partnership and the general partners of a limited partnership shall be deemed to be the owners of an apartment for this purpose. The directors shall serve without compensation. Pursuant to Section 514A-82(b)(10), Hawaii Revised Statutes, directors shall not expend Association funds for their travel, directors' fees, and per diem unless owners are informed and a majority approve of these expenses; provided, however, that this provision is not intended to authorize the expenditure of any Association funds deemed to be compensation as prohibited by the immediately preceding sentence of this Section 1. No resident manager of the condominium shall serve on the Board of Directors. There shall not be more than one representative on the Board of Directors from any one apartment.

Section 2. Powers. The Board of Directors shall have all powers necessary for the administration of the affairs of the Association and may do all such acts and things therefor as are not by law, the Declaration or these By-Laws directed to be exercised or done only by the apartment owners.

Section 3. Election and Term. Election of directors shall be by cumulative voting by secret ballot at each annual meeting and each special meeting called for the purpose. Directors shall hold office for a period of three years and until their respective successors have been elected, subject to removal as herein provided.

Section 4. Vacancies. Except as provided in the following paragraph, any vacancies in the Board of Directors (other than a vacancy caused by the natural expiration of the term of a director) shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall serve for the remainder of the term of the director whose seat he is elected to fill. Death, incapacity or resignation of any director, or his continuous absence from the State of Hawaii for more than six months, or his ceasing to be the sole owner or co-owner of an apartment, or the unexcused absence from three consecutive Board meetings shall cause his office to become vacant.

Section 5. Removal of Directors. At any regular or special meeting of the Association, duly called, any one or more of the directors may be removed with or without cause by vote of a majority of apartment owners and a successor may be elected to fill the vacancy thus created. If said vacancy is not so filled, the Board shall fill said vacancy as above provided. Any director whose removal has been proposed by the apartment owners shall be given an opportunity to be heard at such meeting.

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

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least one such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least one day prior to the date of such meeting. For purposes of this and the following paragraphs, notice shall be deemed to be delivered forty-eight (48) hours after it has been

deposited in the mail, or twelve (12) hours after communicated to a telegraph agent.

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

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

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

Section 11. Fidelity Bonds. The Board shall at all times secure and maintain fidelity bonds as required by Chapter 514A, Hawaii Revised Statutes, as amended from time to time. The premiums on such bonds shall be paid by the Association.

Section 12. Conflict of Interest. A director shall not cast any proxy at any Board meeting or vote on any issue in which he or she has a conflict of interest. A director who has a conflict of interest on any issue before the Board shall disclose the nature of the conflict of interest prior to a vote on that issue at the Board meeting, and the minutes of the meeting shall record the fact that disclosure was made. In the event of a conflict of interest, a majority of the disinterested directors shall constitute a quorum.

Section 13. Meetings of Board. All meetings of the Board of Directors, other than executive sessions, shall be open to all members of the Association and members of the Association who are not members of the Board of Directors may participate in any deliberation or discussion of the Board of Directors, other than

executive sessions, unless a majority of a quorum of the Board of Directors votes otherwise. The Board of Directors, with the approval of a majority of a quorum of its members, may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters or litigation in which the Association is or may become involved. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 14. Documents Provided to Board Members. The Association, at its expense, shall provide all Board members with a current copy of the Association's Declaration, By-Laws, and House Rules, and, annually, a copy of Chapter 514A, Hawaii Revised Statutes, with amendments.

Section 15. Posting of Notice of Board Meetings. Whenever practicable, notice of all Board meetings shall be posted by the resident manager or a member of the Board of Directors in prominent locations within the project seventy-two (72) hours prior to the meeting or simultaneously with notice to the Board.

ARTICLE III

OFFICERS

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

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

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

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

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

Section 6. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Association and of the Board of Directors, give all notices thereof as provided by these By-Laws, be provided by the management agency with a continuous and accurate record of ownership of all apartments, have charge of such books, documents and records of the Association as the Board may direct, and in general perform all the duties incident to the office of Secretary. The duties of the Secretary may be delegated to the Association's Managing Agent, from time to time.

Section 7. Treasurer. The Treasurer shall maintain and keep the financial records and books of account of the Association, prepare regular reports thereof and be responsible for the proper deposit and custody in the name of the Association of all its funds and securities. The duties of the Treasurer may be delegated to the Association's Managing Agent from time to time.

Section 8. Auditor: The Board of Directors shall appoint annually a public accountant or accounting firm as auditor, who shall not be an officer of the Association nor own any interest in any apartment, to conduct an annual audit of the Association's financial accounts and no less than one annual unannounced verification of the Association's cash balance. The Board of Directors shall make available a copy of the annual audit to each apartment owner at least thirty (30) days prior to the annual meeting which follows the end of the fiscal year. The Board shall provide upon all official proxy forms a box wherein the owner may indicate that the owner wishes to obtain either a summary of the annual audit report, or an unabridged copy of the annual audit report. The Board shall not be required to submit a summary of the annual audit report or a copy of the annual audit report to the owner if the proxy form is not marked. If the annual audit has not been completed by that date, the Board shall make available:

- (i) An unaudited year end financial statement for the fiscal year to each apartment owner at least thirty (30) days prior to the annual meeting; and
- (ii) The annual audit to all owners at the annual meeting, or as soon as the audit is completed, whichever occurs later.

If the Association's fiscal year ends less than two (2) months prior to the convening of the annual meeting, the year to date unaudited financial statement may cover the period from the

beginning of the Association's fiscal year to the end of the month proceeding the date on which notice of the annual meeting is mailed.

ARTICLE IV

ADMINISTRATION

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

(a) Supervision of the immediate management and operation;

(b) Maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto;

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

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

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

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

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

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

(i) The Board may impose special assessments for purposes of funding maintenance and other projects, paying expenses or debts of the Association, or for such other purpose or purposes as the Board deems necessary and/or appropriate from time to time.

Section 2. Managing Agent. The Board of Directors shall annually employ a responsible Hawaii corporation as Managing Agent to manage and control the project subject at all times to direction by the Board, with all the administrative functions set forth

specifically in the preceding Section 1 and such other powers and duties and at such compensation as the Board may establish.

Section 3. Representation. The President or Managing Agent, subject to the direction of the Board of Directors, may represent the Association or any two or more apartment owners similarly situated as a class in any action, suit, hearing or other proceeding concerning the Association, the common elements or more than one apartment, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits, and proceedings, without prejudice to the rights of any apartment owners individually to appear, sue or be sued. Service of process on two or more apartment owners in any such action, suit or proceeding in which the President or Managing Agent has elected to represent the Association or any two or more owners may be made on the President or Managing Agent. Every Managing Agent shall also be the agent of the respective lessees under any apartment leases filed with the Board for the collection, custody and payment of all rent, taxes, assessments and other charges thereunder payable to their lessors.

Section 4. Execution of Instruments. All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Association by such person or persons as shall be provided by general or special resolution of the Board of Directors or, in the absence of any such resolution applicable to such instrument, by any two of the President, Vice-President, Treasurer, or Secretary.

ARTICLE V

OBLIGATIONS OF APARTMENT OWNERS

Section 1. Assessments. All apartment owners shall pay to the Managing Agent in advance of the first day of each and every month the monthly installments of assessments against their respective apartments for common expenses of the project in accordance with the Declaration, and also with respect to any lease of any apartment filed with the Board of Directors, a monthly sum determined by the Managing Agent to be sufficient to accumulate and pay when due all rent, taxes, assessments and other charges thereunder payable by the owner of such apartment.

If an owner shall fail to pay his assessment when due, such owner shall pay a late fee for each such default or defaults in such amount as shall be determined by the Board of Directors from time to time. An additional late fee, in such amount as is determined by the Board from time to time, shall be assessed each subsequent month that all or a portion of the delinquent amount remains unpaid. The Board of Directors may also impose interest at the maximum rate of interest then allowed by law on all delinquent assessments from the date of such default until paid. Late fees

and interest charged under this provision shall constitute a lien against the apartment of the delinquent owner, which lien may be foreclosed upon in like manner as a mortgage of real property. Said lien shall have the same priority as liens for common expenses of the Association as provided by Chapter 514A, Hawaii Revised Statutes.

Notwithstanding any provision to the contrary contained in these By-Laws, if an apartment owner shall fail to pay any assessment when due, the Board of Directors may, in its discretion, upon ten (10) days written notice to the apartment owner, declare due and owing the entire unpaid balance of such owner's projected common expense assessments for the fiscal year in which the default occurs. If the Board of Directors subsequently makes adjustments in the projected common expense assessments for the relevant fiscal year causing either an increase or decrease in the monthly installments owed by such owner, then the owner shall pay the deficiency or receive a credit for the adjusted amount of the installments within thirty (30) days after the date of the transmittal of notice by the Association to such owner of such increase or decrease.

All late fees, expenses, costs, and attorneys' fees assessed against an apartment owner shall be promptly paid on demand to the Association by such owner. The Board of Directors shall be authorized to adopt a policy whereby payments received from apartment owners may be applied toward the indebtedness of such apartment owners to the Association in such order as the Board of Directors may specify. For example, the Board of Directors may adopt a policy whereby payments from apartment owners shall be applied in the following order: 1) toward the payment of expenses, costs, and attorneys' fees assessed against the delinquent owners; 2) toward the payment of late fees assessed against the delinquent owners; and 3) the balance remaining, if any, toward the payment of common expense assessments. Such acceptance and application of payment shall not be construed as a waiver of any rights the Association shall have against such apartment owners for any and all outstanding amounts due and owing to the Association and the Board of Directors, at its sole discretion, may refuse the acceptance of any payment which may be insufficient to satisfy all amounts due and owing to the Association.

Section 2. Maintenance of Apartments. Every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment, including without limitation all internal installations therein such as water, electricity, gas, telephone, sewer, sanitation, air conditioning, lights and all other fixtures and accessories belonging to such apartment the interior decorated or finished surfaces of all walls, doors, floors and ceilings of such apartment, all window panes and any appurtenant storage areas, with all necessary reparations and amendments whatsoever in good order and condition except as

otherwise provided by law or the Declaration, and shall be liable for all costs, loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent. Every apartment owner and occupant shall reimburse the Association promptly on demand all expenses incurred by it in repairing or replacing any uninsured loss or damage to the common elements or any furniture, furnishings and equipment thereof caused by such owner or occupant or any person under either of them and shall give prompt notice to the Managing Agent of any such loss or damage or other defect in the project when discovered.

Section 3. Use of Project.

(a) All apartments of the project shall be used only for residential purposes, as provided by the Declaration.

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

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

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

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

(f) No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alterations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board and first approved in writing by the Board. The Board of Directors shall have the authority to withhold its approval under this provision, at its discretion, on aesthetic grounds, to preserve the uniformity of the appearance of the project, or for any other reason, provided that such approval shall not be unreasonably withheld. The Board of Directors may

adopt reasonable rules and regulations with regard to any proposed alteration, addition, modification, sign, or other matter for which approval is sought hereunder. The Board may require that the owner requesting approval hereunder provide the Board and the Association with an indemnification agreement and to pay any attorneys' fees and costs incurred by the Association or the Board in connection with the request by the owner for Board approval hereunder.

(g) No apartment owner shall decorate or landscape any entrance, hallway, or planting area appurtenant to his apartment, nor any other portion of the project, except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board.

(h) All occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers in such a manner as may disturb other occupants.

(i) No garments, rugs or other objects shall be hung from the windows, facades or lanais of the project or otherwise displayed in public view; provided, however, that this provision is not intended to apply to alterations and additions that have been approved in accordance with Article V, Section 3(f) above or other provisions of these By-Laws, the Declaration, or Chapter 514A, Hawaii Revised Statutes.

(j) No rugs or other objects shall be dusted or shaken from the windows of the project or cleaned by beating or sweeping on any hallway, or exterior part of the project.

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

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project, except that owners and occupants may keep one dog or one cat in their respective apartments.¹ Owners and occupants may also keep birds, in reasonable number, and fish in their respective apartments. Notwithstanding the foregoing, no cat, dog, bird, or

¹ This section will not be enforced in any manner contrary to Section 514A-82.6, Hawaii Revised Statutes, which provides:

(a) Any apartment owner who keeps a pet in the owner's apartment pursuant to a provision in the bylaws which allows owners to keep pets or in the absence of any provision in the bylaws to the contrary may, upon the death of the animal, replace the animal with another and continue to do so for as long as the owner continues to reside in the owner's apartment or another apartment subject to the same bylaws.

(b) Any apartment owner who is keeping a pet pursuant to subsection (a) as of the effective date of an amendment to the bylaws which prohibits owners from keeping pets in their apartments shall not be subject to the prohibition but shall be entitled to keep the pet and acquire new pets as provided in subsection (a).

fish shall be kept, bred or used in any apartment for any commercial purpose; nor shall any dog, cat, bird, or fish be allowed on any common elements except in transit when carried or on a leash or harness. Notwithstanding the foregoing, any pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or the Managing Agent. The Board may establish rules and regulations related to the use of the common elements by pets from time to time. The Board may require pet owners to pay a refundable deposit to the Association, in such amount as is established by the Board from time to time, for use in the event of damage to the common elements caused by the pet. Notwithstanding any other provision herein, visually impaired persons may keep certified seeing-eye dogs, hearing impaired persons may keep certified signal dogs, and physically handicapped persons may keep certified service dogs in their apartments. This provision is not intended to restrict access to or the full use and enjoyment of the apartments and the project by handicapped persons. This provision, including, but not limited to, the limit herein of one dog per apartment, will not be enforced in any manner that will constitute a violation of the Federal Fair Housing Amendments Act of 1988 or Chapter 515, Hawaii Revised Statutes.

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

(n) No apartment owner or occupant shall erect, place or maintain any television or other antennas on said project visible from any part outside of his apartment.

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

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

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

against such apartment, foreclosing its lien therefor or enforcing any provisions of the Declaration or these by-laws against such owner or any occupant of such apartment. Said costs and expenses, including reasonable attorneys' fees, incurred by or on behalf of the Association shall constitute a lien against the apartment of the owner against whom said fees and costs have been assessed.

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

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

ARTICLE VI

MISCELLANEOUS

Section 1. Amendment. The provisions of these by-laws other than this paragraph may be amended in any respect not inconsistent with provisions of law or the Declaration by the affirmative vote or written consent of sixty-five percent (65%) of the apartment owners, and evidenced by an instrument in writing signed and acknowledged by any two officers of the Association which amendment shall be effective only upon the recording of said written instrument in the Bureau of Conveyances of the State of Hawaii.

Section 2. Indemnification. The Association shall indemnify every director and officer and his executors and administrators against all expenses reasonably incurred by or imposed on him in connection with any action, suit or proceeding to which he may be made a party by reason of being or having been a director or officer of the Association, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct. In the absence of such final adjudication, the Board may conclusively rely upon the opinion of the Association's legal

counsel as to whether or not the person to be indemnified was guilty of gross negligence or wilful misconduct. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

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

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

Section 5. Authority to Borrow Funds. Subject to any approval requirements and spending limits in the Declaration or these By-Laws, the Board of Directors may authorize the borrowing of money to be used by the Association for the repair, replacement, maintenance, operation, or administration of the common elements of the Project, or the making of any additions, alterations, and improvements thereto. The cost of such borrowing, including, without limitation, all principal, interest, commitment fees, and other expenses payable with respect to such borrowing, shall be a common expense of the Project; provided that owners representing fifty percent of the common interest and apartments give written consent to such borrowing, having been first notified of the purpose and use of the funds.

Section 6. Submeters. Subject to any approval requirements and spending limits in the Declaration or these By-Laws, the Board may authorize the installation of meters to determine the use by the apartments of utilities, including electricity, water, gas, fuel, oil, sewerage, and drainage. The cost of metered utilities shall be paid by the owners of such apartments based on actual consumption and may be collected in the same manner as common expense assessments. Owners' maintenance fees shall be adjusted as necessary to avoid any duplication of charges to these owners for the cost of metered utilities.

Section 7. Increase in Maintenance Fees. The Board of Directors shall notify owners in writing of maintenance fee increases at least thirty days prior to such increases.

Section 8. Fair Housing. None of the provisions herein are intended to be in contravention of the Federal Fair Housing Amendments Act of 1988 or Chapter 515, Hawaii Revised Statutes. The Board will at all times comply with the provisions of the Federal Fair Housing Amendments Act of 1988 and Chapter 515, Hawaii Revised Statutes, when acting upon requests by handicapped persons to make reasonable modifications, at their cost, to their apartments and/or the common elements of the Project if the proposed modifications are necessary to enable said handicapped persons to have full use and enjoyment of the Project. The Board will also comply with the provisions of the Federal Fair Housing Amendments Act of 1988 and Chapter 515, Hawaii Revised Statutes, when acting upon requests by handicapped persons for exemptions from any of the provisions of the Association's Declaration, By-Laws, and/or House Rules which would interfere with said handicapped persons' equal opportunity to use and/or enjoy their apartments and/or the common elements of the Project.

Section 9. Remedies Against Tenants and Occupants. The violation of any of the House Rules, the breach of any of these By-Laws or the breach of any provision of the Declaration, or violation of Chapter 514A, Hawaii Revised Statutes, by a tenant or occupant other than an owner, shall give the Board the right, in addition to any other rights or remedies provided by law, the Declaration or these By-Laws, to initiate and prosecute to conclusion a legal action to terminate any lease, rental agreement, or other occupancy right of such tenant or occupant and/or to obtain a court order directing such tenant or occupant to immediately and permanently vacate such apartment and to refrain from re-entering the Project and in such event, the Association shall have no liability to the owner for lost rentals or any other consequence of such termination or removal. This provision shall not limit, in any manner whatsoever, any other right or remedy of the Association against any tenant or occupant or any right or remedy against any owner.

Section 10. Collection from Subtenants and Rental Agents. If an owner shall at any time rent or lease his apartment and shall default for a period of thirty (30) days or more in the payment of the owner's share of the common expenses, the Board may, at its option, so long as such default shall continue, demand and receive from any renter or lessee (hereinafter in this paragraph referred to as "lessee" of the owner occupying the apartment or from any rental agent of such owner who is in receipt of proceeds from the rental or lease of such owner's apartment, the rent due or becoming due from such lessee or rental agent to the owner up to an amount sufficient to pay all sums due from the owner, including interest, late fees, and attorneys' fees and costs, if any, and any such payment of such rent to the Board by the lessee or rental agent shall be sufficient discharge of such lessee or rental agent, as between such lessee or rental agent and the owner to the extent of the amount so paid; but any such demand or acceptance of rent

from any lessee or rental agent shall not be deemed to be a consent to or approval of any lease by the owner or a release or discharge of any of the obligations of the owner hereunder or an acknowledgment of surrender of any rights or duties hereunder. In the event that the Board makes demand upon the lessee or rental agent as aforesaid, the lessee or rental agent shall not have the right to question the right of the Board to make such demand, but shall be obligated to make the said payments to the Board as demanded by the Board with the effect as aforesaid, provided, however, that the Board may not exercise this right if a receiver has been appointed to take charge of the premises pending a mortgage foreclosure or if a Mortgagee is in possession pending a mortgage foreclosure.

Section 11. Imposition of Fines. The imposition of fines shall be in accordance with the following:

(a) The Board of Directors shall have the right to recover, in the same manner as unpaid common expenses, any damages, expenses, costs, attorneys' fees, and fines (except fines for which an appeal to the Board of Directors is pending or for which the time for appeal under Section(b)(i) and (b)(v)(1), immediately below, has not yet expired) assessed against an owner by the Association as a result of such owner's violation of the Declaration, By-Laws, rules and regulations, or any statute, ordinance or requirement of any governmental entity.

(b) The Board of Directors shall have the right, in addition to any other right set forth in the Declaration or these By-Laws, to impose monetary fines upon owners, tenants, and any other person using or coming upon the project or any part thereof for any purpose whatsoever, for violations of the Declaration, these By-Laws, the rules and regulations or any statute, ordinance, or applicable requirement of any governmental entity, in accordance with a reasonable schedule of fines to be imposed in a fair and impartial manner. The Board of Directors may authorize the Managing Agent or resident manager, if any, to impose the aforementioned fines in accordance with such schedule. Written notice of the initial schedule of fines and each new schedule of fines, including any amendments thereto, shall be sent to all owners and the owners shall be allowed the opportunity to be heard thereon at the next regular meeting of the Board of Directors. Such notice shall be mailed to the owners at least fourteen (14) days in advance of the meeting.

Persons fined may appeal from the fine imposed by the Board of Directors, the Managing Agent, or the resident manager, if any, as follows:

(i) Notice of Initial Appeal. By delivering to the Secretary or Managing Agent, within twenty (20) days after the date of mailing to the appellant of written notice of such fine, a

written notice of his or her initial appeal and the reasons therefor. The delivery of a notice of initial appeal as aforesaid shall not halt the accrual of any ongoing fine imposed for the violation which is the subject of the initial appeal. However, the Board of Directors may waive or rescind all or part of such fine for good cause at the time of the hearing of such initial appeal.

(ii) Time for Hearing Initial Appeal. All initial appeals shall be heard at a meeting of the Board of Directors within sixty (60) days after the notice of initial appeal has been delivered to the Secretary or Managing Agent.

(iii) Procedure. The cause of the fine shall be reported in writing by the Board of Directors, the Managing Agent, or the resident manager, if any, at such meeting, with a statement of the facts upon which the fine was based, a copy of which shall be delivered or mailed to the appellant at least ten (10) days before the meeting. At the meeting, the appellant and/or any witnesses on his behalf may present his defenses and supporting evidence, if any, and the Board of Directors may present any witnesses and/or evidence it may have regarding the violation. During the meeting, the appellant and the Board of Directors shall each have a full opportunity to present witnesses, testimony, and evidence relevant to the matter in question.

(iv) Disposition of Initial Appeal. The Board of Directors shall vote as to whether the fine and/or the amount thereof will be affirmed. If less than a majority of the Directors participating in the meeting vote in the affirmative, the fine shall thereby be rescinded. If a majority of the Directors participating in the meeting vote to uphold the fine or any portion thereof, that sum shall be remitted by the appellant in full, within twenty (20) days of the date that the appellant is delivered or mailed written notice of the decision of the Board of Directors upon the initial appeal, unless the appellant delivers a notice of final appeal to the Secretary or Managing Agent in the manner stated immediately below, within the aforesaid twenty (20) day period of time.

(v) Final Appeal. Persons wishing to appeal from the decision of the Board of Directors upon the initial appeal may appeal to an Appeals Committee as follows:

(1) Notice of Final Appeal. By delivering a written notice of final appeal and the reasons therefor to the Secretary or Managing Agent within twenty (20) days after the date of delivery or mailing to the appellant of written notice of the decision of the Board of Directors upon the initial appeal. The delivery of a notice of final appeal shall not halt the accrual of any ongoing fine imposed for the violation which is the subject of the final appeal.

(2) Appeals Committee. The appellant and the Board of Directors shall each select an apartment owner who is willing to hear the final appeal as set forth below, and shall deliver the name, address, and telephone number of that person to the Secretary or Managing Agent within twenty (20) days of the delivery of the notice of final appeal as aforesaid. Those two apartment owners shall select one additional apartment owner and shall deliver the name, address, and telephone number of that person to the Secretary or the Managing Agent within ten (10) days of the expiration of the aforesaid twenty (20) day period. Those three owners shall constitute an Appeals Committee to hear and decide the final appeal. No member of the Appeals Committee shall be related to either the appellant or any director by blood, marriage, or adoption, nor shall any member of the Appeals Committee be the co-owner, tenant, co-tenant, or landlord of the appellant or any director. Failure of the appellant to name an apartment owner as aforesaid, within said twenty (20) days, or the failure or refusal of such person to serve on the Appeals Committee, to cooperate in choosing a third member of the Appeals Committee, and to hear and decide the appeal after initially agreeing to do so, unless replaced by a willing and qualified substitute prior to the hearing of such appeal, shall result in the automatic dismissal of the final appeal. Failure of the Board of Directors to name an apartment owner as aforesaid, within said twenty (20) days, or the failure or refusal of such person to serve on the Appeals Committee, to cooperate in choosing a third member of the Appeals Committee, and to hear and decide the appeal after initially agreeing to do so, unless replaced by a willing and qualified substitute prior to the hearing of such appeal, shall result in the automatic recision of the fine.

(3) Time for Hearing Final Appeal. All final appeals shall be heard at a meeting of the Appeals Committee within sixty (60) days after the notice of final appeal has been delivered to the Secretary or Managing Agent.

(4) Procedure. Copies of all written materials submitted by the appellant and the Board of Directors in the initial appeal, together with any additional supporting information that the Board of Directors or appellant may elect to provide, shall be delivered or mailed to each of the members of the Appeals Committee at least ten (10) days before the meeting. At the meeting, the appellant and/or witnesses on his behalf may present his defenses and supporting evidence, if any, and the Board of Directors may present any witnesses and/or evidence it may have regarding the violation. During the meeting, the appellant and the Board of Directors shall each have a full opportunity to present witnesses, testimony, and evidence relevant to the matter in question.

(5) Disposition of Final Appeal. The Appeals Committee shall vote as to whether the fine and/or the amount

thereof shall be affirmed. If less than a majority of the Appeals Committee votes to uphold the fine, then the fine shall thereby be rescinded. If a majority of the Appeals Committee votes to uphold the fine and the amount thereof, the fine shall stand and shall be remitted by the appellant in full, within twenty (20) days of the date that the Secretary or Managing Agent delivers or mails the appellant written notice of the decision of the Appeals Committee. If a majority of the Appeals Committee votes to uphold the fine but to reduce the amount thereof, then the fine, as so adjusted, shall stand, and shall be remitted by the appellant in full, within the aforesaid twenty (20) day period.

(6) Failure to Comply With Deadlines. The failure of appellant to comply with any deadlines contained herein shall result in the automatic waiver of all appeal rights hereunder.

Section 12. Waiver. Failure of the Board of Directors to insist upon strict performance or compliance with any of the provisions of the Condominium Property Act, the Declaration, or these Bylaws, and/or the House Rules by any apartment owner or person shall not be construed as a waiver or relinquishment of any such provisions or a waiver or relinquishment of the right of the Board of the Directors to insist upon performance or compliance at any future date.

Section 13. Gender/Captions. The reference to any one gender herein shall mean all genders. The use of captions herein is for convenience only and said captions are not intended to create, limit, or restrict any interpretations of the provisions hereof.

Section 14. Purchase of Units. Notwithstanding anything to the contrary contained in these By-Laws:

(i) The Board of Directors is authorized to purchase one or more units at the project at foreclosure or other judicial sale, on the open market, or otherwise, on behalf of all owners, for use by the resident manager, or for other uses as may be deemed appropriate by the Board of Directors subject, at all times to the provisions of the Declaration, these By-Laws, and the House Rules, and to thereafter sell, mortgage, vote the common interest appurtenant thereto, and to otherwise deal with such unit(s).

(ii) If the Board of Directors purchases one or more units, the Association shall be liable for the common expenses assessed against such unit(s) and the common interest appurtenant to each owner's unit shall not be altered on account of such purchase.

(iii) All documents incidental to the purchase of one or more units as authorized herein or the procurement of a loan in connection with such purchase may be signed by any two of the President, Vice-President, Treasurer, or Secretary.

Section 15. Approval/Notice/Consent of Trustees. Upon the sale by the Trustees of the Estate of Bernice Pauahi Bishop of 100% of the leased-fee interest in the land underlying the project, all approval, notice, and other requirements pertaining to the Trustees set forth in these By-Laws shall thereupon become null and void and of no effect.

THE PLAZA HAWAII KAI

(BY-LAWS - SECOND RESTATEMENT)
ENDNOTES

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

1. The introductory paragraph and Article VI, Section 3 of the By-Laws have been restated to update the reference to the Condominium Property Act and Chapter 514A, Hawaii Revised Statutes.
2. Article I, Section 5 of the By-Laws has been restated to conform with Section 514A-82(b)(3), Hawaii Revised Statutes.
3. Article I, Section 8 of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665 and to conform with Section 514A-82(b)(4) and Section 514A-83.2(a) - (e), Hawaii Revised Statutes.
4. Article I, Section 11 of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665.
5. Article I, Section 12 of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665 and to conform with Section 514A-83.4 and Section 514A-83.5, Hawaii Revised Statutes.
6. Article II, Section 1 of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665 and to conform with Section 514A-82(b)(10), Hawaii Revised Statutes.

7. Article II, Section 11 of the By-Laws has been restated to conform with Section 514A-95.1, Hawaii Revised Statutes.
8. Article II, Section 12 of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665 and to conform with Section 514A-82(b)(5), Hawaii Revised Statutes.
9. Article II, Section 13 of the By-Laws has been added to conform with Section 514A-83.1, Hawaii Revised Statutes.
10. Article II, Section 14 of the By-Laws has been added to conform with Section 514A-82(b)(11), Hawaii Revised Statutes.
11. Article II, Section 15 of the By-Laws has been added to conform with Section 514A-82(b)(9), 82(b)(9), Hawaii Revised Statutes.
12. Article III, Section 1 of the By-Laws has been restated to conform with Section 514A-82(b)(7), Hawaii Revised Statutes.
13. Article III, Section 6 of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665
14. Article III, Section 8 of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665 and to conform with Section 514A-96, Hawaii Revised Statutes.
15. Article IV, Section 1(j) of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 15823 at page 665 and to conform with Section 514A-83.3 and Section 514A-83.5, Hawaii Revised Statutes.

16. Article V, Section 3(i) of the By-Laws has been restated to incorporate the language of the amendment of the By-Laws which was recorded at the Bureau of Conveyances of the State of Hawaii in Liber 9414 at page 162.
17. Article V, Section 3(1) of the By-Laws has been restated to conform with the Federal Fair Housing Amendments Act of 1988 and Chapter 515, Hawaii Revised Statutes.
18. Article VI, Section 1 of the By-Laws has been restated to conform with Section 514A-82(b)(2), Hawaii Revised Statutes.
19. Article VI, Section 5 of the By-Laws has been added to conform with Section 514A-82.3, Hawaii Revised Statutes.
20. Article VI, Section 6 of the By-Laws has been added to conform with Section 514A-15, Hawaii Revised Statutes.
21. Article VI, Section 7 of the By-Laws has been added to conform with Section 514A-92.2, Hawaii Revised Statutes.
22. Article VI, Section 8 of the By-Laws has been added to conform with the provisions of the Federal Fair Housing Amendments Act of 1988 and Chapter 515, Hawaii Revised Statutes.
23. The following provisions have been restated to incorporate the language of the amendment of the By-Laws that was recorded at the Bureau of Conveyances of the State of Hawaii as Document No. _____:

Article I, Section 2
Article I, Section 3
Article I, Section 6
Article I, Section 10
Article I, Section 11
Article II, Section 1
Article II, Section 3
Article II, Section 4
Article II, Section 12
Article III, Section 1
Article III, Section 6
Article III, Section 7
Article III, Section 8
Article IV, Section 1(i)

Article IV, Section 2
Article IV, Section 3
Article IV, Section 4
Article V, Section 1
Article V, Section 3(f)
Article V, Section 3(i)

All provisions of the By-Laws which have been restated to implement the provisions of the Federal Fair Housing Amendments Act of 1988, Chapter 515, Hawaii Revised Statutes, and/or Chapter 514A, Hawaii Revised Statutes, have been restated solely for the purpose of information and convenience. In the event of any conflict, the restated provisions shall be subordinate to the provisions of the Federal Fair Housing Amendments Act of 1988, Chapter 515, Hawaii Revised Statutes, and Chapter 514A, Hawaii Revised Statutes.