



DOCUMENT RECEIPT
Hawaii Association of REALTORS® Standard Form
Revised 12/17 (NC) For Release 5/20



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Purchase Contract Reference Date: 11-Jan-2021

Property Reference or Address: 445 Seaside Ave Island Colony 4312 Honolulu HI 96815

Tax Map Key: Div. 1 /Zone 2 /Sec. 6 /Plat 21 /Parcel 26 /CPR 717 (if applicable).

Condominium/Cooperative/Subdivision/PUD/Homeowner/Planned Community Association Documents.
Fill in dates and document identification details.

<https://hawaiihome.cc/condoDocs/500008.pdf>

1. CPR-HPR Declaration 912095 (11-28-1978).pdf
2. Financial Statement (11-30-2020).pdf
3. House Rules (12-06-2012).pdf
4. House Rules Amendment (02-22-2011).pdf
5. House Rules Amendment (09-20-2006).pdf
6. House Rules Amendment (09-20-2006)2.pdf
7. Insurance Summary (11-15-2020).pdf
8. Lenders Disclosure (HOA Cert.) (12-21-2020).pdf
9. Operating Budget (01-01-2021).pdf
10. Property Information (RR105c) (12-21-2020).pdf
11. Reserve Study Summary (01-01-2021).pdf
12. Approved Annual Minutes (03-09-2020).pdf
13. Approved BOD Minutes (02-27-2020).pdf
14. Approved BOD Minutes (06-17-2020).pdf
15. Approved BOD Minutes (10-14-2020).pdf
16. Bylaws (Restated) 2304256 (04-25-1996).pdf
17. CPR-HPR (Restated) 2304255 (04-25-1996).pdf
18. CPR-HPR (Restated) 3314024 (08-17-2005).pdf
19. CPR-HPR Amendments 979903 (11-23-1979).pdf

Reports and Other Documents: Fill in dates and document identification details.

- [] Building Permit Packet _____
- [] Rental. Check applicable items: [] Property Condition Form [] Rental Agreement [] Property Management Contract(s)
- [] Short Term Vacation Rental Reservation(s) [] Other: _____
- [] Inventory of Furniture and Furnishings _____
- [] Preliminary Title Report _____
- [] Residential Leasehold Disclosure _____
- [] Survey Report _____
- [] Termite Inspection Report (TIR) _____
- [] Other: _____
- [] Other: _____
- [] Other: _____
- [] Other: _____

 BUYER/BUYER'S REPRESENTATIVE'S INITIALS & DATE

 BUYER/BUYER'S REPRESENTATIVE'S INITIALS & DATE





RECEIPT OF PROJECT INFORMATION
Hawaii Association of REALTORS® Standard Form
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Property Reference or Address: 445 Seaside Ave Island Colony 4312 Honolulu HI 96815
("Project")

Tax Map Key: Division 1 /Zone 2 /Sec. 6 /Plat 21 /Parcel 26 /CPR 717 (if applicable).

By signing below, Buyer acknowledges and agree that:

1. Buyer has received a copy of the Project Information Form dated 21-Dec-2020.
2. The information contained in the Project Information Form is being provided by the Managing Agent at the Seller's request and is based only upon the knowledge and information available to the Managing Agent.
3. Buyer is advised that Buyer should refer to qualified experts in the various fields, including but not limited to attorneys, accountants, engineers and contractors for detailed evaluation of areas where additional information is desired.
4. If the Managing Agent has marked "NTMK" in response to any questions, Buyer recognizes that this does not mean there may not be a defect which an expert could discover, or the passage of time would reveal. Likewise, Buyer recognizes that a problem may be more serious than the Managing Agent knows.
5. The information contained in the Project Information Form is not a warranty of any kind by Seller, the Managing Agent, or any Brokerage Firm or any of its licensees representing Seller or Buyer.

Buyer Date

Buyer Date

NOTE: THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language. But there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES. This means that the Hawaii Association of REALTORS® is not liable to any Buyer or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).





HAWAIIANA

Hawaiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Tel: (808) 593-9100

PROPERTY INFORMATION FORM

(To be used in conjunction with RR109 Sellers' Real Property Disclosure Statement-
Condominium/Co-op/PUD/and other Homeowner Organization)

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Name of Property: ISLAND COLONY

All references hereafter to the word "Property" shall refer to the above.

Property Address: 445 Seaside Ave., Honolulu, HI 96815

Property Tax Map Key: (1) 2-6-021-026

This property is managed by a licensed real estate broker. ☒ Yes ☐ No.

If a licensed real estate broker, is managing agent registered with the Real Estate Commission as a Condominium Managing Agent? ☒ Yes ☐ No.

Name of Managing Agent: HAWAIIANA MANAGEMENT COMPANY, LTD.

Managed by this Managing Agent since: January 1, 2015

Managing Agent provides (Check those services that apply):

- ☒ Administrative Management Services
- ☒ Fiscal Management Services
- ☒ Physical Management Services
- ☐ Other Management Services -

A. GENERAL & LEGAL

Total number of units: 745 Number of guest parking stalls available: 21

If applicable, what percentage of Condominium Apartments has been sold and conveyed (excluding to the Developer)? 100 %.

If applicable, the approximate percentage of Condominium Apartments owner-occupied: 9%.

Approximately how many foreclosures have been filed by the Board of Directors during the past twelve (12) months? 1.

What approximate percentage of owners is more than one month delinquent in maintenance fees?

1 owner (0.13%).

Yes	No	NTMK (Not to my knowledge)		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(1)	Within the past year, has the Board of Directors had discussions with the lessor regarding the purchase of the leased fee interest in the land? <input checked="" type="checkbox"/> Property is fee simple
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(2)	Is this Property subject to phasing or development of additional increments?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(3)	Have the Owners Association or Corporation been in control of the operations of the Property for less than two (2) years?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(4)	Are there any lawsuits, arbitration or mediation actions affecting this Property and/or Association other than delinquent owner maintenance fees? Attorney for Association of Apartment Owners: <u>Taylor Gray , Esq.</u> <u>(808)593-1100</u> NOTE: Any attorney fees or other costs incurred for further answering this inquiry shall not be at the expense of the Association of Apartment Owners, nor of the Managing Agent.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(5)	If property is a Condominium, does any single entity, individual or partnership own more than 10 percent of the common interest of this property?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(6)	Are any Association or Corporation approvals required for transfer of Ownership?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(7)	Is a resident managers apartment a part of the common elements, or is one owned by the Association or Corporation (does not apply to Planned Unit Developments)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(8)	Is a time share operation existing at this Property? Name of operator:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(9)	Is there a hotel, transient vacation rental operation, or other organized rental program at the Property? Name of operator? <u>The Island Colony Partners since 1979.</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(10)	Are there commercial apartments, lots or commercial use of the common areas or common elements at the Property?

Number of Questions answered "YES" and Explain

- (1) The Association purchased the bulk fee from the Harry & Jeanette Weinberg foundation. Owners wanting to purchase the fee interest contact Monarch Properties 735-0000.
- (4) 1 Mediation – owner claims discrimination because he was not wearing a face mask and HPD gave him a ticket.
- (9) Rental Restrictions & Hotel Operator: There is a minimum rental period of 30 days, unless the apartment is managed by the Hotel operation. The Section 11 (a) of the Declaration reads. "Any Residential Apartment which is not committed to the hotel operation described n Paragraph 10 and is not used by the Hotel Operation shall not be rented for a period of less than thirty (30) days." Operator: The Island Colony Partners
- (10) There are 5 Commercial apartments (including toll public parking).

B. INSURANCE

Name of Insurance Company or Agency/Broker: INSURANCE ASSOCIATES, INC.

Name of Insurance Agent: Sue Savio

Phone: (808) 526-9271

***Certificate of Insurance should be requested directly from the insurance agent.**

****If answer is "yes", using the SAME number below, describe in the space provided.****

Yes No NTMKNote: In case of Planned Unit Development, questions #13 to #15 apply to common areas only.

- | | | | | |
|-------------------------------------|-------------------------------------|--------------------------|------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (11) | Is the Property located in a designated Flood Hazard Zone? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (12) | Is this Property covered by Flood Insurance? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (13) | Is this Property located in a tsunami inundation area? |

Number of Questions answered "YES" and Explain:

(11) & (12) Self explanatory

C. FINANCIAL

Financial statements are prepared monthly and are on a cash basis.

Apartment maintenance fees include the items with boxes that are filled in below:

- ☒ Water & Sewer
- ☒ Hot Water
- ☐ Electricity
- ☐ Gas
- ☐ Air Conditioning
- ☒ Cable TV Signal
- ☐ Lease Rent
- ☒ Refuse Collection
- ☒ Internet service

****If answer is "yes", using the SAME number below, describe in the space provided.****

Yes No NTMK

- | | | | | |
|-------------------------------------|-------------------------------------|--------------------------|------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (14) | Has the Association or Corporation Board of Directors approved a maintenance fee increase, special assessment, or loan? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (15) | Are any special assessments or loans in effect at this time? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (16) | Are any assessments required to be paid in full at the time of conveyance of ownership? |

Number of Questions answered "YES" and Explain:

- (14) An increase of 3% in maintenance fees beginning January 2021.

D. PROPERTY CONDITION

- ☒ There is Reserve Plan Data for any major repairs required or planned with respect to the common elements/common areas of the Property.
- ☐ There is no Property Reserve Study available.

E. DISCLAIMER

While not guaranteed, the information contained in this Property Information Form is based on information reasonably available to the Managing Agent at the time this form was completed. It has been provided by the Managing Agent at Owner/Seller's request and is believed to be current and correct to the best of the Managing Agent's knowledge at the time this form was completed. All persons relying upon the information contained herein are advised that the information provided cannot be considered a substitute for a careful inspection of the Property and the Property's governing documents, meeting minutes, financial documents and other documentation; and that they should refer to qualified experts in the various professional fields, including but not limited to attorneys, Certified Public Accountants, architects, engineers, contractors and other appropriate professionals for a detailed evaluation of areas where additional clarification or information is desired. The person or entity completing the form is doing so only as an accommodation to the parties and shall not be held liable for any errors or omissions whatsoever. The person or entity completing this form is not required to and has not completed any special investigation, and is only reporting facts already known to that person or entity or readily available. Specifically and without limitation, the person or entity completing the form has not reviewed any records except official records of meetings in the possession of that person or entity and only for the current year. Where the answer to a question is not applicable, unknown or is otherwise unanswerable, it has been marked "NTMK". Where the Managing Agent has

marked "NTMK" or "NO" in response to a question concerning property condition, it must be recognized that this does not mean there may not be a defect which an expert could discover or the passage of time would reveal. Likewise, a problem could be more serious than the Managing Agent, the Association, the Corporation or its Board of Directors knows. All such persons having access to this Property Information Form understand and acknowledge that this Property Information Form is not a warranty or guaranty of any kind by the Managing Agent, the Association or its Board of Directors.

*On-Site Manager's Name: Sterling Paulos
Phone No.: (808) 922-2443

FOR THE BOARD OF DIRECTORS
ISLAND COLONY

Date: December 21, 2020



LOIS EKIMOTO
Management Executive
HAWAIIANA MANAGEMENT COMPANY, LTD.

ISLAND COLONY

The Fitness Center, Association Office, Maintenance Office, and Meeting Room are located in Commercial Apartment 4, and are leased by the Association from the Harry & Jeanette Weinberg Foundation. The Bulk Pickup Storage area is located within Commercial Apartment 3, and is leased by the Association from the Harry & Jeanette Weinberg Foundation. All other amenities are located on common elements.

The Association leases the following common elements:

1. Approximately 30 square feet of lobby space to a Travel Agency.
2. Three parking stalls in the bus lane are leased to a taxi company.
3. Two parking stalls in the bus lane are leased to a car rental company for a "car share" program for the property.

MINUTES OF THE ANNUAL MEETING

ISLAND COLONY

March 9, 2020

I. CALL TO ORDER

President Bryn McLeod called the meeting to order at 6:00 p.m. Florence Lischka was the Recording Secretary for the meeting. A quorum was established with 62.84% of the owners present in person or by proxy. Steve Glanstein, Professional Registered Parliamentarian, was appointed chair pro tem by unanimous consent.

II. APPROVAL OF MINUTES

The following minutes were approved:

1. Adjourned Special Owners meeting of May 6, 2019. Approved as written.
2. Adjourned Annual Owners meeting of May 6, 2019. Approved as written.
3. Annual Owners meeting of March 8, 2020. Approved with a correction.

III. REPORTS

Auditor's Report: The Auditor's report for the year ending 12/31/19 has not yet been completed. When it is available it will be mailed to those who have requested it on their proxy.

IV. APPOINTMENT OF TELLERS

Brad Hanson and Barry Long were appointed tellers for any counted vote at the meeting.

V. ELECTION OF DIRECTORS

There were three positions to be filled for two years each.

Nominations and elections were conducted. The results are:

<u>Nominee</u>	<u>Percentage of vote received</u>	<u>Term appointed</u>
George Vosikis	38.365%	2 year term
Don White	37.493%	2 year term
Raymond Levister	33.115%	2 year term
Olivier Bensadoun	28.009%	NA
Clifford Larry Lyons	1.752%	NA
Robin Glass	0.771%	NA
Aubrey Yee	0.327%	NA
Mike Josefowski	0.109%	NA
William Hagan	0%	NA

V. **New Business**

A. **Tax Resolution.** The following resolution was adopted by unanimous consent:

"Resolved, by the owners of The Island Colony Association of Apartment Owners, that the amount by which members assessments in 2020 exceed the total expenses of the Association for maintenance, repairs and other expenses and capital expenditures of the Association as the board of directors has appropriately paid or determined payable shall be applied to regular member assessments in the year 2021."

VI. **ADJOURNMENT**

The meeting was adjourned at 7:40 p.m.

Florence Lischka
Recording Secretary

Approved by the Board of Directors on: _____ Secretary's Initials: _____

MINUTES OF THE ORGANIZATIONAL MEETING

ISLAND COLONY

March 9, 2020

I. CALL TO ORDER

Steve Glanstein, Professional Registered Parliamentarian, called to order at 7:45 p.m. Florence Lischka was the Recording Secretary for the meeting.

II. BOARD MEMBERS PRESENT

Bryn McLeod, George Vozikis, Raymond Levister, Michael Josefowski.
Don White was present by phone.

III. ELECTION OF OFFICERS

President Bryn McLeod was elected President. The process was as follows.
Nominations: Bryn McLeod and Michael Josefowski were nominated.
The election votes were taken one at a time in the order of nominations.
Vote: The vote was called for Bryn McLeod. Voting in favor (3) were Bryn McLeod, George Vozikis, and Don White. Voting against (2) were Raymond Levister and Michael Josefowski. Bryn McLeod was elected President.

Vice President Don White was elected Vice President. The process was as follows.
Nominations: Don White and Michael Josefowski were nominated.
The election votes were taken one at a time in the order of nominations.
Vote: The vote was called for Bryn McLeod. Voting in favor (3) were Bryn McLeod, George Vozikis, and Don White. Voting against (2) were Raymond Levister and Michael Josefowski. Don White was elected Vice President.

Secretary George Vozikis was elected Secretary. The process was as follows.
Nominations: George Vozikis and Michael Josefowski were nominated.
The election votes were taken one at a time in the order of nominations.
Vote: The vote was called for Bryn McLeod. Voting in favor (3) were Bryn McLeod, George Vozikis, and Don White. Voting against (2) were Raymond Levister and Michael Josefowski. George Vozikis was elected Secretary.

Treasurer George Voskis was elected Treasurer. The process was as follows.
Nominations: George Vozikis and Michael Josefowski were nominated.
The election votes were taken one at a time in the order of nominations.
Vote: The vote was called for George Voskis. Voting in favor (3) were Bryn McLeod, George Vozikis, and Don White. Voting against (2) were Raymond Levister and Michael Josefowski. George Vozikis was elected Treasurer.

IV. **BOARD MEETINGS**

1. Regular Board Meeting Day. The Board of Directors' meetings were set for the 2nd Wednesday of each month at 5:30 pm on site in the conference room next to the office.
2. Next Board Meeting. The next meeting is scheduled for April 8, 2020 at 5:30 p.m. on-site in the conference room next to the office.

V. **ADJOURNMENT**

The meeting adjourned at 7:53 p.m.

Florence Lischka
Recording Secretary

Approved by the Board of Directors on: _____ Secretary's Initials: _____

MINUTES OF THE BOARD OF DIRECTORS' MEETING
ISLAND COLONY
February 27, 2020

I. CALL TO ORDER.

President McLeod called the regular Board of Directors meeting of the Island Colony to order at 5:48 p.m. in the 6th floor conference room. L. Ekimoto was recording secretary.

BOARD MEMBER ATTENDANCE. The following Board members were present:

President Bryn McLeod	Vice President – Vacant position
Secretary/Treasurer George Vozikis	Director Michael Josefowski
Director Raymond Levister	

Present by Invitation:

General Manager Sterling Paulos	Attorney Tyler Gray
Management Executive Lois Ekimoto	

II. MINUTES.

Board of Directors meeting of January 15, 2020. The minutes were deferred to the next board meeting pending corrections.

III. REPORTS.

A. FINANCIAL REPORTS.

1. **DECEMBER 2019 AND JANUARY 2020 FINANCIALS.** After presenting his report, Secretary/Treasurer Vozikis moved to file the financial reports subject to audit. The motion was unanimously adopted.
2. **GENERAL MANAGER'S REPORT.** General Manager Paulos reviewed his report. Motions related to the report will be listed under Unfinished or New business.

B. RENOVATIONS COMMITTEE REPORT. The unit renovations for the following units were reviewed by the committee and are recommended for approval by the Board. Detailed information for each request is on file at the on-site office:

1. **For January 2020.** Units 3420, 4317, 3407, 2909, & 1914. Units 2401, 2503, 2601, 2603, 2701, 2703, & 2803 are under repair/reconstruction by contractor, Premier Restoration due to water leak on 29th floor (common area pipe, insurance claim)
2. **For February 2020.** Units 3316, 2208, 2508, 1004, 2912, 3121, 3917, 3915, 3504, 3105, & 2316. NOTE 1: Units 2401 & 2701 are finishing punch list items for repair/reconstruction by contractor, Premier Restoration due to water leak on 29th floor (common area drain pipe, insurance claim). NOTE 2: Unit 916 is also continuing with repair/reconstruction by contractor, Premier Restoration due to water leak from August 2019 from unit above (toilet/water line valve failure, insurance claim between owners).

President McLeod moved to approve all of the requests for January and February 2020. The motion was unanimously adopted.

IV. UNFINISHED BUSINESS.

- A. Pool Deck Furniture. The Board reviewed three additional selections. President McLeod moved to approve the purchase of 80 Java All-Weather resin adjustable chaise lounges from Costco (model #US465237) at a cost of \$31,196.24 including delivery. The motion was unanimously adopted.
- B. ICP 2018 Front Desk Fee Audit. The audit has been received. The Board will review the audit prior to distributing it to authorized individuals.
- C. Pest Control. The General Manager reported provided an update on the current pest control efforts.

V. NEW BUSINESS.

- A. Property Plumbing Project Discussion. The General Manager reported that they are getting estimates to have the pipes reviewed to determine if or when this project needs to be conducted.

VI. NEXT MEETING. The next meeting will be the annual owners meeting on March 9, 2020.

VII. EXECUTIVE SESSION.

The Board adjourned into executive session from 7:13 p.m. to 7:52 p.m. to discuss personnel and legal matters. The following actions were taken during the session:

Personnel Matters. The Board reviewed and passed the General Manager's probation.

Legal Matters.

1. Pipes. As it related to a possible pipe replacement project, the attorney was asked to provide an opinion on which pipes the association was reasonable for and which pipes the owners are reasonable for. Also, if the association is changing a pipe and the contractor determines that the owner's pipe need to be replaced at the same time, can the Board approve it and charge it back to the owner.
2. ICP Audit. The attorney was provided with a copy of the audit and asked to review it and advise the Board on how to handle it and who should receive a copy and who else, if anyone is entitled to receive a copy of it.

VIII. ADJOURNMENT. The meeting was adjourned at 7:52 p.m.

Submitted by,

L. Ekimoto

L. Ekimoto, Recording Secretary

Approved by the Board of Directors on: _____

MINUTES OF THE BOARD OF DIRECTORS' MEETING
ISLAND COLONY
June 17, 2020

I. CALL TO ORDER.

President McLeod called the regular Board of Directors meeting of the Island Colony to order at 5:36 p.m. on zoom. L. Ekimoto was recording secretary.

BOARD MEMBER ATTENDANCE. The following Board members were present:

President Bryn McLeod	Vice President Don White
Secretary/Treasurer George Vozikis	Director Michael Josefowski
Director Raymond Levister	

Present by Invitation:

General Manager Sterling Paulos	Attorney Tyler Gray
Management Executive Lois Ekimoto	

II. MINUTES.

A. Board of Directors meeting of February 27, 2020. Secretary/ Treasurer Vozikis moved to approve the minutes. Voting in favor were Directors McLeod, White and Vozikis. Voting against were Directors Josefowski and Levister. The motion passed.

III. REPORTS.

A. **FINANCIAL REPORTS.**

1. March 2020 and April 2020 Financials. After presenting his report, Secretary/ Treasurer Vozikis moved to file the financial reports subject to audit. The motion was unanimously adopted.
2. **GENERAL MANAGER'S REPORT.** General Manager Paulos reviewed his report. Motions related to the report will be listed under Unfinished or New Business.

B. **RENOVATIONS COMMITTEE REPORT.** The unit renovations for the following units were reviewed by the committee and are recommended for approval by the Board. Detailed information for each request is on file at the on-site office:

1. March 2020. Units 1916, 2508, 2912, 3121, and 916 have submitted renovation requests to the committee. The Committee recommends approval.
2. April 2020. Units 2003, 3012, 3603, 3820, and 4401 have submitted renovation requests to the committee. The Committee recommends approval.
3. May 2020. Units 1812, 1916, 2903, 3609, and 3903 have submitted renovation requests to the committee. The Committee recommends approval.
4. June 2020. Units 1520 and 4109 have submitted renovation requests to the committee. The Committee recommends approval.

President McLeod moved to approve all of the requests for March, April, May and June. The motion was unanimously adopted.

IV. UNFINISHED BUSINESS.

- A. Pest Control. The General Manager reported that pest control services stopped during the COVID19 shut down but will be restarting in July.
- B. Bulk Cable/Internet Services. The General Manager gave an update on the situation with the service.
- C. New WASH laundry equipment installation. The General Manager gave an update on the installation schedule. The machines are expected to be installed in late June.

V. NEW BUSINESS.

- A. Property Plumbing Inspection. The Board reviewed the request for proposal (RFP) that the General Manager drafted for the project. It was the consensus of the Board to have the General Manager send out the RFP for plumbing inspections and request proposals.
- B. Reopening of common area amenities.
 - 1. Swimming Pool and Deck. The Board reviewed the phased opening schedule and cleaning plan. President McLeod moved to approve the schedule as submitted. The motion was unanimously adopted.
 - 2. Fitness Center. The Board reviewed the phased opening schedule and cleaning plan. President McLeod moved to approve the schedule as submitted. The motion was unanimously adopted.
 - 3. Sauna. The Board reviewed the phased opening schedule and cleaning plan. President McLeod moved to approve the schedule as submitted. Voting in favor were Directors McLeod, White and Vozikis. Voting against were Directors Josefowski and Levister. The motion passed.
- C. Spall Repairs. President McLeod moved to approve the proposal from Central Pacific Specialty Contractors, Inc., to repair approximately 20 linear feet of cement on the overhead slab edge of the parking garage for \$9,573.00. The motion was unanimously adopted.
- D. ICP 2019 Front Desk Fee Audit. President McLeod moved to have the General Manager get proposal to do the 2019 front desk audit (true-up). The RFP will be the same as the 2018 ICO true-up. The motion was unanimously adopted.

VI. NEXT MEETING. The next meeting will be at the call of the President.

VII. EXECUTIVE SESSION.

The Board adjourned into executive session from 8:13 p.m. to 8:25 p.m. to discuss legal matters.

VIII. ADJOURNMENT. The meeting was adjourned at 8:25 p.m.

Submitted by,

L. Ekimoto

MINUTES OF THE BOARD OF DIRECTORS' MEETING
ISLAND COLONY
October 14, 2020

I. CALL TO ORDER.

President McLeod called the regular Board of Directors meeting of the Island Colony to order at 5:30 p.m. on zoom. 27 owners were listed on the Zoom call. L. Ekimoto was recording secretary.

BOARD MEMBER ATTENDANCE. The following Board members were present:

President Bryn McLeod	Vice President Don White
Secretary/Treasurer George Vozikis	Director Michael Josefowski
Director Raymond Levister	

Present by Invitation:

General Manager Sterling Paulos	Attorney Tyler Gray
Management Executive Lois Ekimoto	Attorney Chris Porter

II. MINUTES.

- A. Board Meeting of February 27, 2020. Secretary/Treasurer George Vozikis moved to approve the minutes. The minutes were adopted with all voting in favor except for Directors Levister and Josefowski who abstained.
- B. Board Meeting of June 17, 2020. Secretary/Treasurer George Vozikis moved to approve the minutes. The minutes were adopted with all voting in favor except for Directors Levister and Josefowski who abstained.

III. REPORTS.

A. **FINANCIAL REPORTS.**

May 2020 through August 2020 Financials. After presenting his report, Secretary/ Treasurer Vozikis moved to file the financial reports subject to audit. The motion was adopted with all voting in favor except for Director Levister who abstained.

B. **GENERAL MANAGER'S REPORT.**

General Manager Paulos reviewed his report. Motions related to the report will be listed under Unfinished or New Business.

C. **RENOVATIONS COMMITTEE REPORT.** The unit renovations for the following units were reviewed by the committee and are recommended for approval by the Board. Detailed information for each request is on file at the on-site office:

1. July 2020. Units 1916, 2508, and 916 have submitted renovation requests to the committee. The Committee recommends approval.
2. August 2020. Units 2003, 3012 and 4401 have submitted renovation requests to the committee. The Committee recommends approval.
3. September 2020. Units 1812, 1916, and 3903 have submitted renovation requests to the committee. The Committee recommends approval.
4. October 2020. Units 1520 and 4109 have submitted renovation requests to the committee. The Committee recommends approval.

President McLeod moved to approve all of the requests for July 2020, August 2020, September 2020 and October 2020. The motion was unanimously adopted.

D. PLUMBING RETROFIT ADVISORY COMMITTEE.

President McLeod established the following special committee:

Committee Name: Plumbing Retrofit Advisory Committee.

Committee Purpose: To work with the General Manager and the Vendors to get information and recommendations for the Board to consider.

Committee Chair: Don White.

Committee members: The Committee is open to all owners. Chair White is authorized to select the members and will provide a final list to the Board by the end of this month.

IV. UNFINISHED BUSINESS.

- A. Bulk Cable/Internet Services. President McLeod moved to approve the contract with Hawaiian Telcom to provide cable and internet services for 5-years at an initial monthly cost of \$50.00 per unit. The minutes were adopted with all voting in favor except for Director Levister who abstained and Director Josefowski who opposed.

V. NEW BUSINESS.

- A. 2021 Budget. President McLeod moved to approve the budget with a 3% increase in maintenance fees effective January 1, 2021. The budget was adopted with all voting in favor except for Directors Levister and Josefowski who abstained.

VI. NEXT MEETING. The next meeting will be on December 9, 2020 or at the call of the President.

VII. EXECUTIVE SESSION.

The Board adjourned into executive session from 7:18 p.m. to 7:57 p.m. to discuss legal matters.

VIII. ADJOURNMENT. The meeting was adjourned at 7:57 p.m.

Submitted by,

L. Ekimoto

L. Ekimoto, Recording Secretary

Declaration

The declaration may usually be amended by the vote or written consent of 75% of all apartment owners, except in a few limited situations (e.g. parking stall transfers; changes affecting limited common elements and common interests). Some older projects used to require *all* apartment owners to vote to approve declaration amendments. Some years ago, however, the Legislature amended the law to permit most amendments to be approved by 75% of the apartment owners and to permit amendments by written consent.

Declaration amendments must be recorded.

The condominium file plan or map is sometimes considered part of the declaration. The law does not specifically state how amendments to the map are to be made after it is first recorded, but map amendments are usually made as declaration amendments.

BYLAWS

The bylaws may be amended by the vote or written consent of 65% of all apartment owners, even if the bylaws themselves require a higher percentage [Many older bylaws require the approval of 75% of owners for amendment. State law overrides that requirement.] The board of directors may propose amendments. In addition, subject to certain restrictions, a “volunteer owners’ committee” can submit a petition signed by at least 25% of owners and *require* the board to mail out a proposed bylaws amendment to the owners for their approval.

Section 514A-82 has created considerable confusion about the legal requirements for bylaws in Hawaii. Generally, the requirements stated in Section 514A-82(a) are *not* retroactive, i.e. do not apply to all projects but only to those projects created after a requirement stated in Section 514A-82(a) was enacted into law. In contrast, the requirements stated in Section 514A-82(b) *are* retroactive, i.e. they apply to all projects, regardless of when they were created. If a question arises as to the applicability of any requirement in subsection 514A-82(a), board members may have to consult an attorney experienced in condominium law.

SPECIFIC AMENDMENT ISSUES

Restatement

A condominium board may “restate” the declaration or bylaws *without* owner approval to: (i) include previous amendments approved by the owners, or (ii) to conform the documents to the provisions of any Federal, State, or County laws, rules and ordinances. The “restated” declaration or bylaws must also be recorded. Note, however, that the board can **ONLY** restate the declaration or the bylaws for those two purposes. The board may NOT restate the declaration or bylaws to make changes not required by law or not approved by the owners. Moreover, if the board’s restatement does not correctly restate the requirements of the law, the restatement may be challenged and invalidated.

Restatement of a condominium declaration and bylaws usually includes the following:

1. Changes required by the Federal Fair Housing Amendments Act [and its state counterpart, Chapter 515, Hawaii Revised Statutes], for example, amendments relating to pets, children, and alterations to the property.
2. Those sections of Chapter 514A which the law deems to be incorporated into the bylaws (see Section 514A-82(b)), for example, sections relating to conflicts of interest, use and solicitation of proxies, and amendment of by-laws.
3. All existing declaration and bylaws amendments.

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

L-107 STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
RECORDED

APR 25, 1996 03:00 PM

Doc No(s) 2304255

on Cert(s)

/s/ CARL T. WATANABE
ASSISTANT REGISTRAR

DOUBLE SYSTEM

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

APR 25, 1996 03:00 PM

Doc No(s) 96-057031

/s/ CARL T. WATANABE
ACTING
REGISTRAR OF CONVEYANCES

Return by: Mail [] Pickup [XXX] To:
RICHARD S. EKIMOTO, ESQ.
1000 Bishop Street, Suite 702
Honolulu, HI 96813

DOUBLE SYSTEM



L-705 STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
RECORDED

AUG 17, 2005 01:00 PM

Doc No(s) 3314024

on Cert(s) 503,777

/s/ CARL T. WATANABE
ASSISTANT REGISTRAR



20 1/1 Z1 R837



R-837 STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

AUG 17, 2005 01:00 PM

Doc No(s) 2005-163647

/s/ CARL T. WATANABE
REGISTRAR OF CONVEYANCES



20 1/1 Z1 L705

LAND COURT SYSTEM

Return by: Mail [] Pickup [] To:
RICHARD S. EKIMOTO, ESQ.
1132 Bishop Street, Suite 902
Honolulu, HI 96813
Telephone: (808) 523-0702

REGULAR SYSTEM

This document contains 6 pages

ISLAND COLONY AMENDMENT TO THE RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME

WHEREAS, by Declaration of Horizontal Property Regime dated November 28, 1978, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (hereinafter called "Land Court") as Document No. 912095 and duly noted on Transfer Certificate of Title No. 503,777 and recorded in the Bureau of Conveyances of the State of Hawaii ("hereinafter called the "Bureau") in Liber 13332, Page 585, and as shown on the Condominium Map No. 350, as amended, filed in Land Court, and Condominium Map No. 583, as amended, filed in the Bureau, HASEKO HAWAII, INC., a Hawaii corporation, formerly known as Hawaii Takenaka International, Ltd., (the "Developer"), did submit the property described in said Declaration to the provisions of the Horizontal Property Act (now known as the "Condominium Property Act"), Chapter 514A, Hawaii Revised Statutes, as amended;

WHEREAS, said Declaration has been amended from time to time; and

WHEREAS, said Declaration was restated by Island Colony Restated Declaration of Condominium Property Regime dated March 29, 1996 and filed in Land Court as Document No. 2304255 and in the Bureau as Document No. 96-057032 (collectively the "Declaration"); and

WHEREAS, Hawaii Revised Statutes § 514A-11(1) provides that the declaration of condominium associations may be amended by the affirmative vote or written consent of 75% of the apartment owners; and

WHEREAS, Hawaii Revised Statutes § 514C-22(a) provides that the Lessor's Lessee interest shall be disregarded if the Lessor is the Lessee of a condominium unit; and

I hereby certify that this is
a true copy from the records



DOUBLE SYSTEM

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

L-306 STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
RECORDED

APR 25, 1996 03:00 PM

Doc No(s) 2304255

on Cert(s) 236.721

/s/ CARL T. WATANABE
ASSISTANT REGISTRAR

R-671 STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

APR 25, 1996 03:00 PM

Doc No(s) 96-057032

/s/ CARL T. WATANABE
ACTING
REGISTRAR OF CONVEYANCES
KV

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RICHARD S. EKIMOTO, ESQ.
1000 Bishop Street, Suite 702
Honolulu, HI 96813
Telephone: (808) 523-0702
city.kl:rmated.doc

RECURRING SYSTEM

**ISLAND COLONY
RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME¹**

as Hawaii Takenaka International, Ltd., (the "Developer"), whose principal place of business and post office address is Suite 1814, 745 Fort Street, Honolulu, Hawaii, 96813, is the owner in fee simple of the land described in Exhibit "A" attached hereto and made a part hereof (the "Property"); and

WHEREAS, the Developer has developed the Property as a condominium project (the "Project") as more specifically described herein in accordance with plans incorporated herein by reference, filed in the Bureau of Conveyances of the State of Hawaii as Condominium File Plan No. 583 and filed in the Office of the Assistant Registrar of the Land Court as Condominium Map No. 354 (the Condominium File Plan and the Condominium Map being hereinafter collectively called the "Condominium Map").

WHEREAS, the Developer, by that Declaration of Horizontal Property Regime dated November 28, 1978 and recorded December 8, 1978 in the Bureau of Conveyances of the State of Hawaii in Liber 13332, at Page 585 and in the Office of the Assistant Registrar of the Land Court as Document No. 912095/as amended, and noted on

L-307

STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
RECORDED

APR 25, 1996 03:00 PM

Doc No(s) 2304256

on Cert(s)

/s/ CARL T. WATANABE
ASSISTANT REGISTRAR

DOUBLE SYSTEM

R-672

STATE OF HAWAII
BUREAU OF CONVEYANCES
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APR 25, 1996 03:00 PM

Doc No(s) 96-057033

/s/ CARL T. WATANABE
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1000 Bishop Street, Suite 702
Honolulu, HI 96813
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kat:restated.by1

REGULAR SYSTEM

(DO NOT WRITE IN THIS SPACE)

**RESTATED BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS
OF ISLAND COLONY**

WHEREAS, HASEKO HAWAII, INC. (the "Developer"), is the owner in fee of the land (the "Land") described in the Declaration of Horizontal Property Regime dated November 28, 1978 and recorded December 8, 1978 in the Bureau of Conveyances of the State of Hawaii in Liber 13332, at Page 588 and in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 912095, as amended (the "Declaration"), and noted on Transfer Certificate of Title No. 236,724, to which these Bylaws of the Association of Apartment Owners of Island Colony (the "Bylaws") were annexed; and

WHEREAS, the Developer submitted the Land and the building constructed thereon to a horizontal property regime by filing and recording the Declaration and adopting the Bylaws, all as provided for by the Horizontal Property Act, Chapter 514A, Hawaii Revised Statutes (now known as the Condominium Property Act), as amended (the "Act")¹;

WHEREAS, the Developer thereby declared that all of the property described therein is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the following Bylaws, all of which are declared to be in furtherance of the plan set forth in the Declaration and are established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of such property. The Bylaws shall constitute covenants running with the land and apartments established thereon and shall be binding upon all parties having or acquiring any right, title or interest therein.

The Developer, acting as the initial Association of Apartment Owners of the property, thereby approved and adopted these Bylaws pursuant to the Act;

WHEREAS, Hawaii Revised Statutes §514A-82.2, empowers boards of directors of condominium associations to restate their by-laws to set forth amendments thereto, and to conform the provisions thereof to the provisions of the Act and any other statute, ordinance, rule or regulation enacted by any governmental authority, by a resolution adopted by such boards; and

WHEREAS, at a duly held meeting the Board of Directors of the Association of Apartment Owners of Island Colony ("the Board of Directors") resolved to restate the Bylaws pursuant to Hawaii Revised Statutes §514A-82.2, in the manner set forth herein;

NOW, THEREFORE, the Bylaws are hereby restated to read as follows: /

ARTICLE I

INTRODUCTORY PROVISIONS

SECTION 1. Definitions. The terms used in these Bylaws shall have the meanings given to them in the Act, except as expressly provided otherwise. The term "common elements" means those elements designated in the Declaration as common elements and limited common elements. The term "Property" shall include the Land, the

property affixed thereto and intended for use in connection therewith. The term "Rules and Regulations" refers to the Rules and Regulations for the conduct of occupants of the building adopted by the Board of Directors as hereinafter provided. "Owner" means any person, including the Developer, owning severally or as a co-tenant an Apartment and the common interest appertaining thereto. The "Apartment Owner" under any Condominium Conveyance Document from the Developer shall be deemed to be an Owner during the period of his ownership. The terms "Apartment Owners", "Association of Owners", "Association" and similar terms mean and refer to (except where such meaning would be clearly repugnant to the context) the Association of Apartment Owners of Island Colony. The terms "Board" and "Board of Directors" mean and refer to the Board of Directors of the Association of Apartment Owners of Island Colony. "Project" means the property comprising the Island Colony condominium project. The terms "mortgagee of an Apartment", "Apartment mortgagee" and similar terms mean and refer to the mortgagees of the fee title or any recorded leasehold interest in an Apartment, including without limitation, the leasehold estate and interest created under any Condominium Conveyance Document from the Developer. "Residential Apartments" and "Commercial Apartments" shall have the meanings set forth in paragraph 3 of the Declaration. "Partnership", "Hotel Operator" and "Hotel Management Contract" shall have the meanings set forth in paragraph 10 of the Declaration.

SECTION 2. Conflicts. These Bylaws are set forth to comply with the requirements of the Act. In case any of these Bylaws conflict with the Act or the Declaration, the provisions of the Act or the Declaration, as the case may be, shall control.

SECTION 3. Application. All present and future owners, mortgagees, tenants and occupants of Apartments and their guests and employees, and any other persons who may use the Property in any manner are subject to these Bylaws, the Declaration and the Rules and Regulations. The acceptance of a Condominium Conveyance Document, assignment of lease, conveyance or similar instrument or the entry into a lease or the act of occupancy of an Apartment shall constitute an agreement that these Bylaws, the Rules and Regulations, and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II

ASSOCIATION OF OWNERS

SECTION 1. Annual Meetings. The Developer or the Managing Agent shall call the first annual meeting of the Apartment Owners, within one hundred eighty (180) days after recordation of the first apartment conveyance; provided that prior to such first annual meeting forty percent (40%) or more of the Project has been sold and recorded. If within one (1) year after recordation of the first apartment conveyance forty percent (40%) of the Project has not been sold and recorded, then the first annual meeting shall be held as soon as practicable thereafter upon the call of at least ten percent (10%) of the Owners. The

the recordation and filing of Condominium Conveyance Documents transferring title to an Apartment from the Developer to the Owner. At such meeting the Apartment Owners shall elect a Board of Directors. Thereafter, the annual meetings of the Apartment Owners shall be held on the first Monday of March of each succeeding year or at such other time as the Board of Directors may designate. At such meetings the Board of Directors shall be elected by ballot of the Apartment Owners in accordance with the requirements of Section 6 of Article III of these Bylaws. The Apartment Owners may transact such other business at such meetings as may properly come before them.²

SECTION 2. Place of Meetings. Meetings of the Apartment Owners shall be held at the address of the Project, or elsewhere within the State of Hawaii as determined by the Board of Directors.

SECTION 3. Special Meetings. Special meetings of the Apartment Owners may be held at any time upon the call of the President or any three (3) Directors or upon the written request of not less than forty percent (40%) of the Owners.

SECTION 4. Notice of Meetings and Other Notices. Written notice of all meetings, annual or special, stating the place, day and hour of the meeting and whether it

is annual or special and stating the items on the agenda for such meeting and containing a standard proxy form authorized by the Association, if any, and any other notices permitted or required to be delivered by these Bylaws shall be given by mailing such notice, postage prepaid, at least fourteen (14) days before the date assigned for the meeting to the Owners at their addresses at the Property or at the addresses given to the Board for the purpose of service of such notices. Upon written request for notices delivered to the Board, the holder of any duly recorded mortgage from an Owner may obtain a copy of any and all notices permitted or required to be given to the Owner whose interest is subject to such mortgage. Upon notice being given in accordance with the provisions hereof, the failure of any Owner to receive actual notice of any meeting shall not in any way invalidate the meeting or proceedings thereat. Each Owner shall keep the Board informed of any changes in address.

SECTION 5. Adjournment of Meetings. Any meeting of the Association may be adjourned from time to time not less than forty-eight (48) hours from the time the original meeting was called as may be determined by majority vote of the Owners present, whether or not a quorum is present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

SECTION 6. Voting. The total vote to which each Apartment is entitled shall be the vote assigned to such Apartment pursuant to the Declaration. Votes may be cast in person or by proxy by the respective Apartment Owners. A personal representative,

first present evidence satisfactory to the Secretary that he owns or controls such Apartment in such capacity. The vote for any Apartment owned of record by two or more persons may be exercised by any one of them present at any meeting in the absence of protest by the other or others, and, in case of protest, each cotenant shall be entitled to only a share of such vote in proportion to his share of ownership in such Apartment. The purchaser of an Apartment pursuant to an Agreement of Sale recorded in the Bureau of Conveyances of the State of Hawaii and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii shall have all the rights of an Owner, including the right to vote, except as to those matters retained by the Seller under the Agreement of Sale pursuant to Section 514A-83 of Hawaii Revised Statutes, as amended ("HRS").

SECTION 7. Proxies and Pledges.

(a) 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, 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:

- (i) the name of the Association;

- (ii) the date of the meeting;
- (iii) the printed name and signature of the person or persons giving the proxy;
- (iv) the Apartment or Apartments for which the proxy is given;
- (v) the printed name of the person or entity to whom the proxy is given;
- and
- (vi) the date that the proxy is given.³

(b) A proxy shall only be valid for the meeting to which the proxy pertains and its adjournments, may designate any person as proxy, and may be limited as the Apartment Owner desires and indicates; provided that no proxy shall be irrevocable unless coupled with a financial interest in the unit.⁴

(c) 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. Any one of two or more persons owning any Apartment may give or revoke a proxy for the entire vote of such Apartment or if so specified in the proxy, for a share of such vote in proportion to the share of ownership of the person or persons

Apartment's vote in proportion to the share of ownership of such cotenant or cotenants shall be revocable only by such cotenant or cotenants. Any proxy given by a cotenant or cotenants for only a share of an Apartment's vote may be exercised to cast the entire vote for such Apartment in the absence of protest by another cotenant or the holder of a proxy from another cotenant, and, in case of such protest, each cotenant or holder of a proxy from a cotenant, as the case may be, shall be entitled to only a share of such Apartment's vote in proportion to the respective shares of ownership in such Apartment.

(d) All official proxy forms authorized by the Board for use at any annual meeting or its adjournments shall contain a box wherein the Owner may indicate that the Owner wishes to obtain a copy of the annual audit report as required by Article IV, Section 10 of these Bylaws.⁵

(e) All proxy forms, at a minimum, shall contain boxes wherein the Owner may indicate that the Owner wishes the proxy:

- (1) To be given for quorum purposes only;

- (2) To be given to a specific individual whose name is printed by the Owner next to this box;
- (3) To be given to the Board of Directors as a whole and that the vote be made on the basis of the preference of a majority of the Board; or
- (4) To be given to those Directors present at the meeting and the vote to be share with each board member receiving an equal percentage.

A proxy form which does not have a box marked shall be considered a proxy for quorum purposes only.⁶

(f) No officer of the Board shall use Association funds to solicit proxies; provided that this shall not prevent an officer from exercising his right as an Apartment Owner under the following provisions of this section:

(i) No resident manager or Managing Agent employed by the Association shall solicit, for use by such manager or Managing Agent, any proxies from any Apartment Owner, nor shall any resident manager or Managing Agent employed by the Association cast any proxy vote at any Association meeting except for the purpose of establishing a quorum. No Board member who uses Association funds to solicit proxies shall cast any such proxy votes for the election or re-election of Board members at any Association meeting unless the proxy specifically authorizes the Board member to vote for the election or re-election of Board members and the

the Project at least thirty days prior to its solicitation of proxies, provided that the Board receives within seven (7) days of the posted notice a request by any Apartment Owner for use of Association funds to solicit proxies accompanied by a statement, the Board shall either:

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

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

(ii) The statement shall not exceed one hundred words, indicating the Apartment Owner's qualifications to serve on the Board and reasons for wanting to receive proxies.⁷

(g) Nothing in Section 7(a), (d), (e), and (f) 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.⁸

SECTION 8. Order of Business. The order of business at all meetings of the Apartment Owners shall be generally as follows:

- (a) Roll call;
- (b) Statement of Secretary attesting that proper notice of meeting was given;
- (c) Reading and approval of minutes of preceding meeting;⁹
- (d) Reports of officers;
- (e) Report of Board of Directors;
- (f) Reports of committees;
- (g) Election of members of the Board of Directors (when so required);
- (h) Unfinished business; and
- (i) New business.

Rules of Order, unless some other generally accepted rules for the conduct of meetings are adopted by a majority vote of the Owners.

SECTION 9. Cumulative Voting. Election of Directors shall be by cumulative voting, and each Owner may cast for any one or more nominees to the Board of Directors a vote equivalent to the vote which such Owner is entitled to multiplied by the number of Directors to be elected. Each Owner shall be entitled to cumulate his vote and give all thereof to one nominee or to distribute his vote in such manner as he shall determine among any or all of the nominees; and the nominees receiving the highest number of votes on the foregoing basis, up to the total number of Directors to be elected, shall be deemed elected.

SECTION 10. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners having at least fifty percent (50%) of the total authorized votes of all Apartment Owners shall constitute a quorum at all meetings of the Apartment Owners.

SECTION 11. Majority Vote. The vote of a majority of Apartment Owners at a meeting at which a quorum shall be present shall be binding upon all Apartment

Owners for all purposes unless the Declaration or these Bylaws or Hawaii law requires a higher percentage.

SECTION 12. Majority of Apartment Owners. As used in these Bylaws, the term "majority of Apartment Owners" shall mean those Apartment Owners having more than fifty percent (50%) of the authorized votes present at any meeting of the Apartment Owners; and any specified percentage of the Owners means Owners having the specified percentage of the total votes in the Association.

SECTION 13. List of Members. The resident manager, if any, or Managing Agent, as referred to in Section 5¹⁰ of Article III hereof, or Board of Directors shall keep an accurate and current list of members of the Association and their current addresses and the names and addresses of the vendees under agreements of sale, if any, covering any Apartment. The list shall be maintained at a place designated by the Board of Directors and a copy shall be available, at cost, to any member of the Association as provided in the Declaration or these Bylaws or rules and regulations or, in any case, to any member who furnishes to the resident manager or Managing Agent or Board of Directors a duly executed and acknowledged affidavit stating that the list (1) will be used by such Owner personally and only for the purpose of soliciting votes or proxies or providing information to other Owners with respect to Association matters, and (2) shall not be used by such Owner or furnished to anyone for any other purpose. The Board of Directors shall not adopt any rule prohibiting the solicitation of proxies or distribution of materials relating to Association matters on the common elements by an Apartment Owner; provided that the Board of Directors may adopt rules regulating reasonable time, place, and manner of such solicitations

in connection herewith each Owner shall promptly cause to be duly recorded or filed on record the Condominium Conveyance Document or other conveyance to him of such Apartment and shall file a copy of such document with the Board of Directors through the Managing Agent.

SECTION 14. Minutes of Meetings. The minutes of all meetings of the Apartment Owners and the Board of Directors shall be available for examination by Owners and their Mortgagees at convenient hours at a place designated by the Board of Directors within seven (7) calendar days after approval and unapproved final drafts of the minutes of a meeting shall be available within sixty (60) days after the meeting; provided that the minutes of any executive session may be withheld if their publication would defeat the lawful purpose of the executive session.¹²

The minutes of meetings of the Association of Apartment Owners shall be approved at the next succeeding meeting.¹³

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall be composed of five (5) persons, all of whom shall be Owners, co-owners, vendees 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. No resident manager of the Project shall serve on the Board of Directors.

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 acts and things except such as by law, the Declaration or these Bylaws may not be delegated to the Board of Directors by the Apartment Owners. Each Director shall owe the Association a fiduciary duty in the performance of such Director's responsibilities.¹⁴ Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the common elements;
- (b) Preparation and adoption of an annual operating budget and distribution to the Owners;¹⁵
- (c) ~~Levy and collection of money and special assessments on the common~~ expenses and other charges payable by the Apartment Owners;
- (d) Employment and dismissal of the personnel necessary for the maintenance, operation, repair and replacement of the common elements;
- (e) Adoption and amendment of the Rules and Regulations covering the details of the operation and use of the Property;
- (f) Opening bank accounts on behalf of the Association of Apartment Owners and designating the signatories required therefor;
- (g) Obtaining insurance for the Property, including the Apartments, pursuant to the provisions of Article VII hereof;
- (h) Making additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

(i) Procuring legal and accounting services necessary or proper for the operation of the Project or the interpretation, enforcement or implementation of these Bylaws and any other material documents affecting the Project;

(j) Purchasing any other materials, supplies, furniture, labor and services, making repairs and structural alterations, and payment of all insurance premiums, taxes and assessments and other common expenses which the Board is required to secure, make or pay pursuant to these Bylaws or by law or which in its opinion shall be necessary or proper for the operation of the building or the enforcement of these Bylaws, provided that if any such materials, supplies, furniture, labor, services, repairs, structural alterations, insurance, taxes or assessments are required because of the particular actions or negligence of the Owners of particular Apartments, the cost thereof shall be specially assessed to the Owners of such Apartments;

(k) Payment of any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which may in the opinion of the Board constitute a lien against the Property or against the common elements or limited common elements rather than merely against the interest therein of particular Owners. If one or more Owners are responsible for the existence of any such lien, they shall be jointly and severally liable for the cost of discharging it and the costs incurred by the Board by reason of such lien;

(l) Maintenance and repair of any Apartment if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements and limited

reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board to said Owner or Owners, provided that the Board shall levy a special assessment against such Apartment for the cost of such maintenance or repair and any attorneys' fees and other expenses incurred in levying and collecting such special assessment;

(m) Purchasing or leasing or otherwise acquiring in the name of the Board of Directors or its nominee, corporate or otherwise, on behalf of all Apartment Owners, any apartments;

(n) Purchasing Apartments at foreclosure or other judicial sales in the name of the Board of Directors or its nominee, corporate or otherwise, on behalf of all Apartment Owners;

(o) Collecting and disbursing to the Developer as fee owner of the land the rent payable by each Owner pursuant to each Condominium Conveyance Document. This provision is mandatory and may not be amended without the written consent of the Developer;

(p) Notification in writing of all institutional holders of first mortgages on Apartments in the Project, as shown in the Association's record of ownership or of which the Secretary of the Association has been given written notice, of any loss to, or taking of, the common elements of the Project if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00); and

(q) Notification in writing to the institutional holder of the first mortgage on any Apartment in the Project, as shown in the Association's record of ownership or of which the Secretary of the Association has been given written notice, of any loss to such Apartment which exceeds One Thousand Dollars (\$1,000.00).

SECTION 3. Budgets and Reserves. (a) The Board of Directors shall prepare and adopt an annual operating budget and distribute it to the Owners. At a minimum, the budget shall include the following:

- (i) The estimated revenues and operating expenses of the Association;
- (ii) Information as to whether the budget has been prepared on a cash or accrual basis;
- (iii) The total replacement reserves of the Association as of the date of the budget;
- (iv) The estimated replacement reserves the Association will require to
- (v) A general explanation of how the estimated replacement reserves are computed; and
- (vi) The amount the Association must collect for the fiscal year to fund the estimated replacement reserves.

(b) The Association shall assess the Owners to fund the estimated replacement reserves. For each fiscal year the Association shall collect a minimum of fifty percent (50%) of the full amount required to fund the estimated replacement reserves for that fiscal year except as otherwise provided by rules adopted by the Hawaii Real Estate Commission.

(c) The estimated replacement reserves shall be computed by a formula which is based on the estimated life and the estimated capital expenditure or major maintenance required for each part of the Property. The estimated replacement reserves shall include:

(i) Adjustments for revenues which will be received and expenditures which will be made before the beginning of the fiscal year to which the budget relates; and

(ii) Separate, designated reserves for each part of the Property for which capital expenditures or major maintenance will exceed Ten Thousand and No/100 Dollars (\$10,000.00). Parts of the Property for which capital expenditures or major maintenance will not exceed Ten Thousand and No/100 Dollars (\$10,000.00) may be aggregated in a single designated reserve.

(d) The Board may not exceed its total adopted annual operating budget by more than twenty percent (20%) during the fiscal year to which the budget relates, except in emergency situations. Prior to the imposition or collection of an assessment under this paragraph, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Owners with the notice of assessment.

(e) As used herein:

"Capital expenditure" means an expense that results from the purchase or replacement of an asset whose life is greater than one (1) year, or the addition of an asset that extends the life of an existing asset for a period greater than one (1) year.

(i) Required by an order of a court;

(ii) Necessary to repair or maintain any part of the Property for which the Association is responsible where a threat to personal safety on the Property is discovered;

(iii) Necessary to repair any part of the Property for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the annual operating budget; or

(iv) Necessary to respond to any legal or administrative proceeding brought against the Association that could not have been reasonably foreseen by the Board in preparing and distributing the annual operating budget; or

(v) Necessary for the Association to obtain adequate insurance for the property which the Association must insure.

"Major maintenance" means an expenditure for maintenance or repair that will result in extending the life of an asset for a period greater than one (1) year.

"Replacement reserves" means funds for the upkeep, repair or replacement of those parts of the Property, including, but not limited to roofs, walls, decks, paving and equipment, that the Association is obligated to maintain.¹⁶

SECTION 4. Documents to be Given to Directors. The Association at its own expense shall provide all Board members with a current copy of the Declaration, these Bylaws and the house rules and, annually, a copy of the Act, with amendments.¹⁷

SECTION 5. Employment of Managing Agent. Except as herein otherwise provided with respect to the initial Managing Agent, the Board of Directors shall at all times employ a responsible Managing Agent to manage and control the Property, subject at all times to direction by the Board, with such administrative functions and powers as shall be delegated by the Board. The compensation of the Managing Agent shall be specified by the Board. The Hotel Operator shall serve as the initial Managing Agent for the term of the Hotel Management Contract.

The Managing Agent shall have such powers and duties as may be necessary or proper in connection with (a) supervision of the immediate management and operation of the Project, (b) maintenance, repair, replacement and restoration of the common elements and any additions or alteration thereto, (c) the purchase, maintenance and replacement of any equipment (d) provision for service of all utilities to the building and

deems necessary for the maintenance and operation of the Project, (f) conclusion of contracts with others for the furnishing of such services as it deems proper for the Project, (g) preparation of a proposed budget and schedule of assessments, (h) collection of all assessments and payment of all bills, (i) purchase of such insurance as is contemplated by these Bylaws, (j) custody and control of all funds, (k) maintenance of books and records on a cash basis and (l) preparation of financial reports.

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

Upon written request of any Apartment Owner, the Managing Agent shall deliver a written statement of the status of the account of such Apartment Owner.

SECTION 6. Election and Term of Office. Election of Directors shall be by cumulative voting at each annual meeting of the Apartment Owners and any special meeting called for that purpose. At the first annual meeting of the Apartment Owners, the term of office of three members of the Board of Directors shall be fixed at two (2) years and the term of office of two members of the Board of Directors shall be fixed at one (1) year. After the expiration of the term of office of each of the initial members, each successor

member of the Board of Directors shall be elected to serve for a term of two (2) years. Each member of the Board of Directors shall continue to exercise the powers and duties of the office until his successor shall have been elected by the Apartment Owners.

SECTION 7. Removal of Directors. At any regular or special meeting of Apartment Owners, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the Apartment Owners and a successor shall¹⁸ then or thereafter be elected for the remainder of the term to fill the vacancy thus created; provided that an individual Director shall not be removed (unless the entire Board is removed) if Owners having sufficient votes to elect one Director by cumulative voting present at such meeting shall vote against his removal. Any member of the Board of Directors whose removal is proposed by the Apartment Owners shall be given an opportunity to be heard at the meeting. If such removal and replacement is to occur at a special Association meeting, the call for such meeting shall be by the President or by a petition to the Secretary or Managing Agent signed by not less than twenty-five percent (25%) of the Apartment Owners as shown in the Association's record of ownership; and provided further that if the Secretary or Managing Agent shall fail to send out the notices for the special meeting within fourteen (14) days of receipt of the petition, then the petitioners shall have the authority to set the time, date and place for the special meeting and to send out the notices for the special meeting in accordance with the requirements of the Bylaws. Except as otherwise provided herein, such meeting for the removal and replacement from Office of Directors shall be scheduled, noticed and conducted in accordance with these Bylaws.¹⁹ In addition, if any Director shall fail to attend four (4) consecutive regular meetings of the Board for any reason, the Board by a vote of a majority of

SECTION 8. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the Apartment Owners, shall be filled by a vote of a majority of the remaining members at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member whose vacancy he fills and until a successor shall be elected at the next annual meeting of the Apartment Owners.

SECTION 9. Annual Meetings. The first meeting of the Board of Directors following the annual meeting of the Apartment Owners shall be held at the place of and immediately following each annual meeting of the Association, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present thereat. At such meeting the Board shall elect the officers of the Association for the ensuing year. Notice of the annual Board of Directors meeting shall be given in a reasonable manner at least fourteen days, if practicable, prior to such meeting and may be included with any notice of the annual meeting of the Association.

reasonable manner at least fourteen days, if practicable, prior to such meeting and may be included with any notice of the annual meeting of the Association.

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 members of the Board of Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors in writing at least three (3) business 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 (3) business days' written notice to each member of the Board of Directors, which notice shall state the time, place 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 by the written request of at least three (3) members of the Board of Directors.

SECTION 12. Executive Session. The Board, with the approval of a majority of a quorum of its members, may adjourn a meeting and reconvene in executive session to discuss and vote upon 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.²⁰

SECTION 13. Attendance of Meetings by Members. All meetings of the Association members who are not on the Board may participate in any deliberation or discussion, other than executive sessions, unless a majority of a quorum of the Board votes otherwise.²¹

SECTION 14. Posting of Notice. Whenever practicable, notice of all Board meetings shall be posted by the resident manager or a member of the Board in prominent locations within the Project seventy-two (72) hours prior to the meeting or simultaneously with notice to the Board of Directors.²²

SECTION 15. Minutes of Meetings. The minutes of meetings of the Board of Directors and Association of Apartment Owners shall include the recorded vote of each Board member on all motions except motions voted on in executive session.²³

SECTION 16. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the timely receipt of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors

are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

SECTION 17. Rules of Order. All meetings of the Board of Directors shall be conducted in accordance with Roberts Rules of Order or other accepted rules for the conduct of meetings adopted by the Association.

SECTION 18. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business; and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

SECTION 19. Compensation. (a) No member of the Board of Directors shall receive any compensation from the Association for acting as such, but may be reimbursed for actual expenses incurred in the course of acting as such Director provided that, Directors shall not expend Association funds for their travel, Directors' fees or per diem unless the Owners are informed and a majority approves of the expenses.²⁴

(b) Directors may expend Association funds, which shall not be deemed to be compensation to the Directors, to educate and train themselves in subject areas directly operation budget include these expenses as separate line items. These expenses may include registration fees, books, videos, tapes, other educational materials, and economy travel expenses. Except for economy travel expenses within the State, all other travel expenses incurred shall be subject to subsection (a) of this Section.²⁵

SECTION 20. Conflict of Interest. A member of the Board of Directors shall not vote or cast proxy at any meeting of the Board of Directors on any issue in which he 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 a disclosure was made.²⁶

SECTION 21. Indemnification. The Association shall indemnify every director and officer and his personal representatives against all expenses reasonably incurred by or imposed on him in connection with any action, suit or proceedings to which he may be made a party by reason of being or having been a director or officer of the Association, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct; and in the absence of such final adjudication, indemnification shall be provided only in connection with such matters as to which the

Association is advised by its legal counsel that the person to be indemnified committed no such breach of duty. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

SECTION 22. Fidelity Bonds. The Board of Directors shall require that all directors, officers, employees and agents of the Association handling or responsible for funds belonging to or administered by the Association furnish adequate fidelity bonds in favor of the Association. The premiums on such bonds shall be paid by the Association. Such bonds shall in no event be in an amount less than one and one-half times the Association's estimated annual operating expenses and reserves and every such bond shall:

(a) Provide that the bond(s) may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least thirty (30) days' prior written notice to the Board, the first mortgagees and every other person in interest who shall have requested such notice; and

(b) Contain a waiver of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

ARTICLE IV

OFFICERS

SECTION 1. Designation. The principal officers of the Association shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. All officers shall be members of the Board of Directors.

SECTION 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board of Directors.

SECTION 3. Removal of Officers. Upon the 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 may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors 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 Apartment Owners and the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the laws of the State of Hawaii, including, but not limited to, the power to appoint committees from among the Apartment

Owners from time to time as he may in his discretion decide to be 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 of Directors to act temporarily in the place of the President. The Vice President shall also perform such other duties as shall be imposed upon him by the Board of Directors or by the President.

SECTION 6. Secretary. The Secretary shall keep the minutes of all meetings of the Apartment Owners and the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the laws of the State of Hawaii. The duties of the Secretary may be delegated to the Managing Agent.

SECTION 7. Treasurer. The Treasurer shall be responsible for the keeping of full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects of the Association in such depositories as may be designated by the Board of Directors; and he shall, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the laws of the State of Hawaii. The duties of the Treasurer may be delegated to the Managing Agent.

SECTION 8. Agreements, Contracts, Deeds, Checks and Other Instruments. All agreements, contracts, deeds, leases, checks and other instruments of the Association, including any amendments to the Bylaws as hereafter provided, shall be executed by any two of the President, Vice President, Secretary or Treasurer, or by such other person or persons (including the Managing Agent) as may be designated by the Board of Directors.

SECTION 9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such, but may be reimbursed for actual expenses incurred in the course of acting as such officer provided that, Directors shall not expend Association funds for their travel, Directors' fees or per diem unless the Owners are informed and a majority approves of the expenses.²⁷

SECTION 10. Auditor. (a) The Association 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 audit the books and financial records of the Association as required by law or directed additionally by the Board of Directors. The Association shall also require no less than one annual unannounced verification of the Association's cash balance by a public accountant.²⁸ The members of the Association may by majority vote at any annual meeting require that the yearly audit be conducted by a

certified public accountant or a firm of certified public accountants. Any institutional holder of a first mortgage on an apartment may request, and the Association shall provide it with, a copy of any annual audited financial statement within ninety (90) days following the end of any fiscal year of the Association.

(b) 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 a copy of the annual audit report. The Board shall not be required to submit 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 preceding the date on which notice of the annual meeting is mailed.²⁹

MAINTENANCE AND ALTERATION OF PREMISES

SECTION 1. Maintenance and Repair of Apartments. Each Owner of an Apartment shall, at the Owner's expense, keep the Apartment and all fixtures and equipment therein in good order, condition and repair and do such repainting and redecorating as may be necessary to maintain the good appearance and condition of his Apartment. Each Owner shall be responsible for the maintenance, repair and replacement of any plumbing fixtures, water heater, heating or cooling equipment, lighting fixtures, refrigerator, garbage disposal, range and similar equipment installed in his Apartment and not part of the common elements.

SECTION 2. Maintenance and Repair of Common Elements. All maintenance, repairs and replacements of the common elements, whether located inside or outside of the Apartments, shall be made only by or at the direction of the Board of Directors and be charged to all the Owners as a common expense; provided, that (1) the costs of maintenance, repairs and replacements necessitated by the negligence, misuse or neglect of an identified Apartment Owner shall be charged to such Apartment Owner as a special assessment constituting a lien on such Owner's Apartment in accordance with Section 4 of

Article VI hereof and (2) all costs of maintenance, repair, replacement, additions and improvements to any limited common elements shall be charged to the Owner of the Apartment to which such limited common elements are appurtenant as a special assessment constituting a lien on such Owner's Apartment in accordance with Section 4 of Article VI hereof.

SECTION 3. Alteration of the Project. (a) Additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board of Directors, except as provided for in the Declaration. No owner of a Residential Apartment may, except with the written permission of the Board of Directors, make any alteration, addition, repair or improvement to any of the common elements including, without limitation, common or limited common elements within, encompassing or adjacent to his Apartment, except that such approval shall not be required for additions, alterations, repairs or improvements required by law.

(b) Whenever in the judgment of the Board of Directors the common or limited common elements shall require additions, alterations, repairs or improvements with a total cost of less than Ten Thousand Dollars (\$10,000.00), the Board of Directors may proceed with such additions, alterations, repairs or improvements and shall assess the cost thereof as a common expense. Any additions, alterations, repairs or improvements costing in excess of Ten Thousand Dollars (\$10,000.00) may be made by the Board of Directors only after obtaining approval by a majority of the Owners.

SECTION 4. Alterations in Excess of \$50,000. Neither any Apartment Owner nor the

Project, change the grading or drainage of the Project, where the same involves an expenditure in excess of \$50,000 in any one instance, except in accordance with complete plans and specifications and detailed plot plans therefor first approved (as to the attractiveness of the exterior design and structural integrity) in writing by Developer. The Association will deposit with Developer, before commencing construction of any improvements or before remodeling, repairing, or altering the Project, where the same involves an expenditure in excess of more than Fifty Thousand Dollars (\$50,000.00), a bond or certificate thereof naming Developer as obligee, in a penal sum not less than one-half (1/2) of the cost of such construction, remodeling, repairing, or altering and in form and with surety satisfactory to Developer, securing the completion of such construction, remodeling, repairing, or altering free and clear of all mechanics' and materialmen's liens.

SECTION 5. Alterations and Additions to Apartments. No Owner shall do any work which could jeopardize the soundness or safety of the Property, reduce the value thereof, or impair any easement or hereditament, nor may any Owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five (75%) percent of the Owners, together with the consent of all Owners whose units or limited common elements appurtenant thereto are directly affected, being first obtained; provided that nonmaterial structural additions to the common elements,

including, without limitation, the installation of solar energy devices or additions to or alterations of a unit made within such unit or within a limited common element appurtenant to and for the exclusive use of the Apartment shall require approval only by the Board and such percentage, number or group of Owners as may be required by the Declaration or these Bylaws. "Nonmaterial structural additions to the common elements" as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the Property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting Owner of the use or enjoyment of any part of the Property, or directly affect any nonconsenting Owner. For purposes of this section, "solar energy device" means any new identifiable facility, equipment, apparatus or the like which makes use of solar energy for heating, cooling or reducing the use of other types of energy dependent upon fossil fuel for its generation; provided that if the equipment sold cannot be used as a solar device without its incorporation with other equipment, it must be installed in place and ready to be made operational in order to qualify as a "solar energy device".³⁰

SECTION 6. Exemptions For Handicapped Persons. Notwithstanding anything to the contrary contained in the Declaration, these Bylaws or the House Rules, and subject to reasonable administrative requirements as set forth in the House Rules, handicapped residents shall: (1) be permitted to make reasonable modifications to their Apartments and/or the common elements at their expense (including without limitation the cost of obtaining any bonds required by the Declaration or these Bylaws), if such modifications are necessary to enable them to use and enjoy their Apartments and/or the common elements, as the case may be; and (2) be allowed reasonable exemptions from the Declaration, these

Apartments and/or the common elements.

ARTICLE VI

COMMON EXPENSES, APARTMENT EXPENSES, TAXES AND ACCOUNTING

SECTION 1. Common Expenses. (a) Expenses Included. Accounting for common expenses shall commence with respect to each Apartment as of the date of issuance by the appropriate County authority of a Certificate of Occupancy comprehending the Apartment. Common expenses shall be assessed and paid as provided in subsection (b) below and shall include all charges for taxes (except real property taxes and other such taxes which are or may hereafter be assessed separately on each Apartment and the common interest in the common elements appertaining thereto or the personal property or any other interest of the Owner), assessments, insurance (including fire and other casualty and liability insurance), costs of repair, reinstatement, rebuilding and replacement of the premises, costs of yard, janitorial and other similar services, wages, accounting and legal fees, management fees and other necessary expenses of upkeep, maintenance, management and operation actually incurred on or for the common elements, excluding limited common elements. The cost of all utility services (including water, electricity and gas, garbage disposal and any other

similar services for both Residential and Commercial Apartments) shall be a common expense for collection purposes, but shall be allocated as set forth in Section 1(d)³² below. The cost of insurance premiums shall be a common expense, but shall be allocated as set forth in Section 8 of Article VII. The common expenses may also include such amounts as the Board of Directors may deem proper to make up any deficit in the common expense assessments for any prior year and a reserve fund for the operation and maintenance of the Property, including, without limitation, anticipated needs for working capital of the Project, and for replacements, repairs and contingencies.

(b) Method of Determining and Paying Assessments. The Owner of each Apartment shall be liable for and pay a share of the common expenses in the proportion to his interest in the common elements, provided, herein, that special provisions have been made for utility expense and insurance premium allocation as set forth in Section 1(d)³³ of this Article VI and Section 8 of Article VII, respectively, and as contemplated by Section 514A-15.5, H.R.S. Assessments of common expenses shall be payable in monthly installments on the first day of each month, commencing with respect to each Apartment on the first day of the first month following issuance of a Certificate of Occupancy by the appropriate County agency comprehending such Apartment. The Developer shall fix the rate of the monthly installments of common expenses until such rate shall be redetermined by the Board of Directors. The Board of Directors shall annually determine the rate of common expense assessments and shall send written notice to each Apartment Owner of the amount of the monthly installments applicable to such Owner's Apartment not less than thirty (30) days in advance of the beginning of such annual assessment period. The Board of Directors may from time to time during any year increase the assessment rate or impose

Apartment Owners written notice of any such increase or special assessment not less than thirty (30) days before the effective date of such increase or assessment. Any portion of an Owner's assessments used or to be used by the Association for capital improvements or any other capital expenditure shall not be treated as income to the Association but shall be treated as a capital contribution by the Owners to the Association and shall be credited by the Association upon its books as paid-in-surplus. Payments of common expenses shall be made to the Board as agent of the Owners of the Apartments, and the Board shall transmit such payments on behalf of each such Owner to the third person entitled to such payments from each Owner.³⁴

(c) Association of Apartment Owners Fund; Handling and Disbursement. All funds collected by the Association or by the Managing Agent shall be:

(i) Deposited in a financial institution located in the state whose deposits are insured by an agency of the United States government;

(ii) Held by a corporation authorized to do business under Article 8 of Chapter 412; or

(iii) Invested in the obligations of the United States government.³⁵

(d) Apportionment of utility expenses. The cost of utility services to any Commercial Apartment which is separately metered or check metered shall be payable by the Owner of such Commercial Apartment. For certain utilities, the Residential Apartments will have a single set of separate meters or check meters serving all 740 Residential Apartments. The Owners of the Residential Apartments shall share in the costs of any such utility services based upon the ratio of their respective interests in the common elements of the Project to the total common interests for all of the Residential Apartments in the Project. The apportionment of all remaining utility expenses for the Project shall be determined by the Board as follows: Upon completion of construction of the Project as evidenced by a certificate of substantial completion issued by the Architect of the Project, and thereafter from time to time during each calendar year, at least once in each calendar year, the Board shall estimate for the following twelve-month period the consumption and cost of water, electricity, gas, fuel, oil, sewage, drainage, and other utilities not separately metered or check metered and to be furnished (1) to each Commercial Apartment and its appurtenant limited common elements, (2) the Residential Apartments, and (3) the common elements. Based upon these consumption and cost estimates for each utility service, the Board shall determine for each user category percentages of anticipated use for each utility service. These percentages of anticipated use shall be adjusted from time to time in light of operating experience and shall be used by the Board to fairly and equitably allocate on a monthly basis expenses among (1) each Commercial Apartment and its appurtenant limited common elements, (2) the Residential Apartments, and (3) the common elements. In making consumption and cost estimates, the Board may seek advice from engineers,

right (as a common expense) to install additional check meters or separate meters to gauge utility use. If the Owners of more than fifty percent (50%) of the common interests appurtenant to the Residential Apartments or the Owners of more than fifty percent (50%) of the common interests appurtenant to the Commercial Apartments object in writing to any percentage of anticipated use determination made by the Board, the matter shall be submitted to an independent certified public accountant selected by the Board for review and final determination, which shall be final and binding on all of the Owners, and, if no objection is made within four (4) months after any percentage of anticipated use is established by the Board, the Board's percentage of anticipated use shall be final and binding. If an objection is filed by any Owner or group of Owners, all Owners shall continue to pay expenses according to the allocations determined by the Board until such time as any adjustment may be made by the certified public accountant, after which adjustment the payment of the expenses will be made to take into account the certified public accountant's determination.

SECTION 2. Payment as Agent. The Board will pay or cause to be paid, on behalf of the Owners, all common expenses. Each Owner, as principal, shall be liable for and pay his share, determined as provided in the Declaration, of all common expenses; and the Board shall be responsible, as agent for each Owner, only to transmit the payments

made by the Owner to third persons to whom such payments must be made by the Owner. The Board collecting the common expenses shall not be liable for payment of such common expenses as principal but only as the agent of all Owners to transmit said payments to third persons to whom such payments must be made by the Owners.

SECTION 3. Taxes and Assessments. Each Owner of an Apartment shall be obligated to have the real property taxes for such Apartment and its appurtenant interest in the common elements assessed separately by the proper governmental authority and to pay the amount of all such real property taxes so determined. The foregoing sentence shall apply to all types of taxes which now are or may hereafter be assessed separately by law on each Apartment and the common interest in the common elements appertaining thereto or the personal property or any other interest of the Owner. Each Owner shall execute such documents and take such action as may be reasonably specified by the Board to facilitate dealing with the proper governmental authority regarding such taxes and assessments. Each Owner shall be obligated to pay to the Board his proportionate share of any assessment by the Board for any portion of taxes or assessments, if any, assessed against the entire premises or any part of the common elements as a whole and not separately, such payment to be made as directed by the Board. If, in the opinion of the Board, any taxes or assessments may be a lien on the entire premises or any part of the common elements, the Board may pay such taxes or assessments as part of the common expenses. Such assessments by the Board shall be secured by the lien created by Section 4 of this Article VI.

SECTION 4. Default in Payment of Assessments.

Owner who disputes the amount of an assessment may request a written statement clearly indicating:

- (i) The amount of common expenses included in the assessment, including the due date of each amount claimed;
- (ii) The amount of any penalty, late fee, lien filing fee and any other charge included in the assessment;
- (iii) The amount of attorneys' fees and costs, if any, included in the assessment;
- (iv) That under Hawaii law, an Owner has no right to withhold assessments for any reason;
- (v) That an Owner has a right to demand mediation or arbitration to resolve disputes about the amount or validity of the Association's assessment, provided the Owner immediately pays the assessment in full and keeps assessments current; and

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

(b) An Owner who pays the full amount claimed by the Association may file in small claims court or require the Association to mediate to resolve any disputes concerning the amount or validity of the Association's claim. If an Owner and the Association are unable to resolve the dispute through mediation, either party may file for arbitration under part VII of the Act; provided that an Owner may only file for arbitration if all amounts claimed by the Association are paid in full on or before the date of filing. If the Owner fails to keep all Association assessments current during the arbitration, the Association may ask the arbitrator to temporarily suspend the arbitration proceedings. If the Owner pays all Association assessments within thirty days of the date of suspension, the Owner may ask the arbitrator to recommence the arbitration proceedings. If the Owner fails to pay all Association assessments by the end of the thirty day period, the Association may ask the arbitrator to dismiss the arbitration proceedings. The Owner shall be entitled to a refund of any amounts paid to the Association which are not owed.³⁶

(c) Each monthly assessment and each special assessment shall be the separate, distinct and personal debt and obligation, as of the date of assessment, of the Owner against whom the same are assessed and, in the case of an Apartment owned by more than one person, shall be the joint and several obligation of such co-owners. Any assessment not paid within ten (10) days after the due date thereof shall accrue interest at the rate of twelve percent (12%) per annum from such due date until paid. In the event of a default or defaults in payment of any such assessment or assessments and in addition to

(i) By suit or suits to enforce such assessment obligations. Each such action must be authorized by a majority of the Board at a regular or special meeting thereof, and any such suit may be instituted by any one member of the Board or by the Manager if the latter is so authorized in writing. Each such action shall be brought in the name of the Board, and the Board shall be deemed to be acting on behalf of all the Owners. Any judgment rendered in any such action shall include, where permissible under any law, a sum for attorneys' fees in such amount as the court may adjudge against such defaulting Owner. Upon full satisfaction of any such judgment, it shall be the duty of the Board to authorize any two members thereof, acting in the name of the Board, to execute and deliver to the judgment debtor an appropriate satisfaction thereof;

(ii) At any time within ninety (90) days after the occurrence of any such default, the Board (acting upon the authorization of the majority thereof at any regular or special meeting) may give a notice to the defaulting Owner (with a copy to the mortgagee of such Owner if such mortgagee has furnished its name and address to the Board) stating the date of the delinquency, the amount of the

delinquency and making demand for payment thereof. If such delinquency is not paid within ten (10) days after delivery of such notice, the Board may file a claim of lien against the Apartment of such delinquent Owner. Such claim of lien shall state (i) the name of the delinquent Owner, (ii) a designation of the Apartment against which the claim of lien is made, (iii) the amount claimed to be due and owing (after the allowance of any proper offset), (iv) that the claim of lien is made by the Board pursuant to the terms of these Bylaws and the Act, and (v) that a lien is claimed against such Apartment in an amount equal to the net amount of the stated delinquency plus any accrued interest and costs of enforcement, including attorneys' fees, if any. Such claims of lien shall be signed and acknowledged by any two or more members of the Board or by the attorney for the Board and shall be dated as of the date of the execution by such attorney or the last such Board member to execute such claim of lien. Upon recordation of a duly executed original or copy of such claim of lien with the Bureau of Conveyances of the State of Hawaii and filing in the Office of the Assistant Registrar of the Land Court, the Board shall have all remedies provided in Section 514A-90, HRS. Each default shall constitute a separate basis for a claim of lien, but a single claim of lien may be filed with respect to more than one default; and

(iii) For the purposes of this Section 4, a certificate executed and acknowledged or made under penalty of perjury by any two members of the Board shall be conclusive upon the Board and the Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained, and any Owner shall be entitled to such a certificate setting forth the amount of any due and unpaid

paid if such is the case) within fifteen (15) days after demand therefor and upon payment of a reasonable fee not to exceed Ten Dollars (\$10.00). If any claim of liens is recorded and thereafter the Board receives payment in full of the amount claimed to be due and owing, (including accrued interest and any costs of enforcement), then upon demand of the Owner and payment of a reasonable fee, not to exceed Ten Dollars (\$10.00), the Board, acting by any two members, shall execute, acknowledge and deliver to the Owner a release of lien, stating the date of the original claim of lien, the amount claimed, the book and page where such lien is recorded in the Bureau of Conveyances and that the lien is fully satisfied, released and discharged.³⁷

SECTION 5. Waiver. The failure of the Board to insist in any one or more instances upon a strict performance of or compliance with any of the covenants of the Owner hereunder or to exercise any right or option herein contained or to serve any notice or to institute any action or summary proceeding shall not be construed as a waiver or a relinquishment for the future, of such covenant, option or right, but such covenant, option or right shall continue and remain in full force and effect. The receipt by the Board of any sum paid by the Owner hereunder, with or without knowledge by the Board of the breach of any covenant hereof, shall not be deemed a waiver of such breach; and no waiver, express or implied, by the Board of any provision hereof shall be deemed to have been made unless

expressed in writing and signed by the President pursuant to authority contained in a resolution of the Board of Directors.

SECTION 6. Collection from Tenant. If the Owner at any time rents or leases his Apartment and defaults for a period of thirty (30) days or more in the payment of the Owner's share of the common expenses, the Board may, so long as such default continues, demand and receive from any renter or lessee (hereinafter in this paragraph referred to as "lessee") of the Owner occupying the Apartment the rent due or becoming due from such lessee to the Owner up to an amount sufficient to pay all sums due from the Owner, including interest and costs of enforcement if any; and any such payment of such rent to the Board by the lessee shall be a full and sufficient discharge of such lessee as between such lessee and the Owner to the extent of the amount so paid; but no such demand or acceptance of rent from any lessee shall 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 remaining unpaid or unperformed or an acknowledgment of surrender of any rights or duties hereunder. If the Board makes any such demand upon the lessee, the lessee shall not have the right to question the right of the Board to make such demand, but shall be obligated to make such payments to the Board as demanded by the Board with the effect as aforesaid; provided, 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 7. Books of Account; Audit. The Board, on behalf of all Owners,

shall cause to be maintained books of account of the common expenses in accordance with the following: available for inspection by any Owner or his authorized representative at reasonable business hours at the address of the Project or elsewhere in the State as determined by the Board of Directors. Within thirty (30) days after the end of each fiscal year of the Association, the Board will render or cause to be rendered to each Owner a statement (determined on a cash basis) of all receipts and disbursements during the preceding year. Any Owner may, at his expense, cause an audit or inspection to be made of the books and records of the Association.

The Board 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 a copy of the annual audit report. The Board shall not be required to submit 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:

(a) 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

(b) 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 preceding the date on which notice of the annual meeting is mailed.³⁸

ARTICLE VII

INSURANCE AND RESTORATION

SECTION 1. Fire and Extended Coverage Insurance. The Board shall procure and at all times maintain from a company or companies qualified to do business in Hawaii having a financial rating by Best's Insurance Reports of Class VI or better (and, if necessary to procure the required coverage, from other companies) a policy or policies (hereinafter in this Section 1 called the "Policy") of fire insurance, with extended coverage endorsement or such broader forms of protection as the Board shall determine (including flood insurance under the provisions of the Federal Flood Disaster Protection Act of 1973, if the Project is located in an identified flood hazard area as designated by the Department of Housing and Urban Development), for an amount as nearly as practicable equal to the full replacement cost without deduction for depreciation, with an Inflation Guard Endorsement, covering the Apartments and fixtures therein and the buildings, fixtures and building service equipment and the common elements and, whether or not part of the common elements, all exterior

may insure, and excluding property of every kind and description while underground (meaning thereby, below the level of contiguous ground and covered by earth, except underground conduit or wiring therein when beneath the buildings), in the name of the Association of Apartment Owners. The Policy:

(a) Shall contain no provision limiting or prohibiting other insurance by the Owner of any Apartment, 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) Shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the buildings, whether or not within the control or knowledge of the Board, and, if obtainable, shall not relieve the insurer from liability by reason of any breach of warranty or condition caused by the Board or the Owner or tenant of any Apartment or by reason of any act or neglect of the Board or the Owner or tenant of any Apartment;

(c) Shall provide that the Policy may not be cancelled or substantially modified by the insurer except by giving to the Board and the Owner and any mortgagee of each Apartment who shall have requested such notice from the insurer thirty (30) days' written notice of such cancellation;

(d) Shall contain a provision waiving any right of the insurer to repair, rebuild or replace if a decision is made pursuant to Section 5 of this Article VII not to repair, reinstate, rebuild or restore the damage or destruction;

(e) Shall provide that any loss shall be adjusted with the insured and the Owner and mortgagee of any Apartment directly affected by the loss;

(f) Shall contain a standard mortgage clause which:

(i) Shall name the holder of any mortgage affecting any Apartment whose name shall have been furnished to the Board and to the insurer;

(ii) Shall provide that the insurance as to the interest of the mortgagee shall not be invalidated by any act or neglect of the Board or the Owner or tenant of any Apartment;

(iii) Shall waive (A) any provision invalidating such mortgage clause by reason of the failure of the mortgagee to notify the insurer of any hazardous use or ~~any other~~ (B) any requirement that the mortgagee pay any premium (provided, that 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 the Owner or lessee of any Apartment or the Board 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 Owner, but without impairing the mortgagee's right to sue any person for any loss or deficiency not covered by the insurance proceeds;³⁹

(iv) Shall provide that, without affecting the protection afforded to the mortgagee by such mortgage clause, any proceeds payable under such clause, if in excess of Ten Thousand Dollars (\$10,000.00), shall be payable to a corporate trustee selected by the Board who shall be a bank or trust company or real estate management company doing business in Honolulu having net assets of not less than Five Million Dollars (\$5,000,000.00), herein referred to as the "Insurance Trustee" or "Trustee"; and

(v) Shall provide that any reference to a mortgagee in the Policy shall include all mortgagees of any Apartment, in their order of priority;

(g) Shall provide for payment of the proceeds to the Insurance Trustee if the total proceeds payable on account of any one casualty exceed Ten Thousand Dollars (\$10,000.00); and

(h) Shall require the insurer, at the inception of the Policy and on each anniversary date thereof, to provide the Board of Directors with a written summary, in layman's terms, of the Policy, which summary shall include the type of policy, a description of the coverage and the limits thereof, amount of annual premium and renewal dates, which information the Board of Directors shall provide to each Owner.

SECTION 2. Comprehensive Liability Insurance. The Board shall procure and maintain from a company or companies qualified to do business in Hawaii (and, if necessary to procure the required coverage, from other companies) a policy or policies (hereinafter in this Section 2 called the "Policy") of public liability insurance to insure the Board, the Developer, each Apartment Owner, and the Managing Agent and other employees of the Association of Apartment Owners against claims for personal injury, death and property damage arising out of the condition of the Property or activities thereon or construction work under a Comprehensive General Liability form, with minimum limits of not less than \$100,000 for damage to property, not less than \$300,000 for injury to one person and not less than \$1,000,000 for personal injury and property damage arising out of a single occurrence. The Policy:

(a) Shall, if obtainable, not relieve the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board, or because of any breach of warranty or condition caused by the Owner of any Apartment or any act or neglect of the Owner or tenant of any Apartment;

(b) Shall provide that the Policy may not be cancelled by the insurer except by giving to the Board and to the Owner of each Apartment and any mortgagee who shall have requested such notice of the insurer in writing thirty (30) days' written notice of such cancellation;

(c) Shall contain a waiver by the insurer of any right of subrogation to any right of the Board, the Developer or the Owners against any of them or any other persons under them; and

(d) Shall contain a "severability of interest" endorsement, precluding the insurer from denying the claim of an apartment owner because of negligent acts of the Association or other Owners.

SECTION 3. Insurance Against Damage to Exterior Glass and Additional Risks. The Board may procure insurance against damage to exterior glass and such additional risks as the Board may deem advisable for the protection of the Apartment Owners of a character normally carried with respect to properties of comparable character and use.

SECTION 4. Miscellaneous Insurance Provisions. The Board shall review at appropriate intervals in time the adequacy of its insurance program. At the request of any mortgagee of any Apartment, the Board shall furnish to such mortgagee a copy of the Policy described in Section 1 of this Article and of any other policy to which a mortgagee endorsement shall have been attached. Copies of every policy of insurance procured by the Board shall be available for inspection by an Apartment Owner (or purchaser holding a contract to purchase an interest in an Apartment) at the office of the Managing Agent. Any coverage procured by the Board shall be without prejudice to the right of the Owners of Apartments to insure such Apartments and the contents thereof for their own benefit at their own expense.

SECTION 5. Damage and Destruction. If a building is damaged by fire or other casualty which is insured against and said damage is limited to a single Apartment, the insurance proceeds shall be used by the Board or the Trustee for payment of the contractor retained by the Board to rebuild or repair such Apartment, including paint, floor covering and fixtures, in accordance with the original plans and specifications therefor. If the insurance proceeds are insufficient to pay all costs of repair, the remaining deficiency shall be paid from the maintenance fund. If the maintenance fund is insufficient for this purpose,

proportions prescribed pursuant to the Declaration for the allocation of common expenses.

If such damage extends to two or more Apartments or extends to any part of the limited common elements or to the common elements:

(a) If the Owners of the Apartments do not within sixty (60) days after such casualty or, if by such date the insurance loss has not been finally adjusted, within thirty (30) days after such final adjustment, agree in writing in accordance with the provisions of the Declaration and this Section 5 that the building or any portion thereof need not be rebuilt or repaired, or if the Owners at an earlier date agree to rebuild immediately, then the Board shall contract to repair or rebuild the damaged portions of the building or buildings, including all Apartments so damaged, as well as common elements:

(i) In accordance with plans and specifications therefor which will restore the same in conformity with the design immediately prior to the destruction, or

(ii) If reconstruction in accordance with such design is not permissible under applicable laws and regulations then in force, in accordance with such modified

plan as shall be approved by the Board, provided that, if such modified plan eliminates any Apartment and such Apartment is not reconstructed, the Insurance Trustee shall pay to the Owner of such Apartment the portion of the insurance proceeds allocable to such Apartment (less the proportionate share of such Apartment in the cost of debris removal) and shall disburse the balance of the insurance proceeds as hereinafter provided for the disbursement of insurance proceeds.

The insurance proceeds shall be paid by the Trustee to the contractor employed for such work in accordance with the terms of the contract for such construction and in accordance with the terms of this Section 5. If the insurance proceeds are insufficient to pay all the costs of repairing and rebuilding all damaged Apartments as well as the common elements, the Board is expressly authorized to pay such costs in excess of the insurance proceeds from the maintenance fund, and if the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on the Owners of Apartments in the proportions prescribed pursuant to the Declaration for the allocation of common expenses. The special assessment shall be secured by the lien created under Section 4 of Article VI hereof.

If a decision is made in accordance with the Declaration, this section and the Act, not to repair or rebuild all or any lesser number of damaged or destroyed Apartments, the insurance proceeds allocable to any Apartment which is not to be rebuilt (hereinafter called an "eliminated Apartment"), less the proportionate share of such Apartment in the cost of debris removal, shall be paid to the Owner and any mortgagee of the eliminated

the building that is to be reconstructed in accordance with this section. If a decision is made to eliminate an Apartment, the common interests and other rights of the remaining Apartment Owners in the Project shall be adjusted by amendment of the Declaration pursuant to Section 514A-13(b), HRS, and Section 16 of the Declaration; provided, that the common interest of any Owner shall not be altered without his consent. The owner of any eliminated Apartment shall be discharged from all obligations to the Project after proper amendment of the Declaration. Alternatively, if the Declaration is not amended so as to discharge the Owners of eliminated Apartments of all obligations to the Project and so as to adjust equitably the common interests appurtenant to those Apartments not eliminated, the Owner of any eliminated Apartment may, pursuant to Section 514A-92, HRS, convey his interest to the Board of Directors on behalf of all other Apartment Owners and thereby be discharged of all obligations to the Project. The Owner of any eliminated Apartment may, in addition to his allocable share of insurance proceeds, receive such reimbursement as the Board deems appropriate.

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

(i) An architect or engineer (who may be an employee of the Board) shall be in charge of the work;

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

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

(iv) The request for any payment after the work has been completed

(v) The fees and expenses of the Trustee as determined by the Board and the Trustee shall be paid by the Association as common expenses, and such fees and expenses may be deducted from any proceeds at any time in the hands of the Trustee;

(vi) The Trustee may impose other reasonable conditions consistent with the foregoing.

(c) Upon completion of the work and payment in full therefor, any remaining insurance proceeds then or thereafter in the hands of the Board or the Trustee shall be paid or credited to the Owners and mortgagees of the Apartments in proportion to the respective common interests appurtenant to the Apartments.

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

lessee shall have no claim or cause of action for such loss, damage or destruction against the Board, the Managing Agent, any other Apartment Owner, or the Association. All policies of insurance referred to in this paragraph (d) shall contain appropriate waivers of subrogation by the insurers.

SECTION 6. Disposition of Buildings. If the common elements of the Project suffer substantial damage within the meaning of Section 514A-21(a)(2), HRS, and if Apartment Owners holding seventy-five percent (75%) or more of the common interests of the Project shall agree in writing that the Project need not be rebuilt, any insurance proceeds shall be used to remove any remaining improvements on the land included in the Project, and the balance of such insurance proceeds, if any, shall be allocated among the Apartment Owners and their mortgagees, in accordance with the interest in the common elements appurtenant to each Apartment.

SECTION 7. Notice of Right to Vote Against Rebuilding. Within ten (10) days after the occurrence of any damage or destruction with respect to which some or all of the Apartment Owners will have the right, pursuant to Section 13⁴⁰ of the Declaration, to vote against any proposed rebuilding or restoration, the Board of Directors shall send notice to all such Owners so entitled to vote. Such notice shall recite the nature and extent of damage, the right of specified Owners to vote against rebuilding or restoration, the percentage of votes necessary to prevent rebuilding or restoration, the time when or within which any such vote must be cast, the place and manner in which any such vote must be cast, and any other information deemed relevant by the Board of Directors.

Commercial Apartments shall bear all premiums on the fire and extended coverage policy (the "Fire Policy") required under Section 1 of this Article VII fairly allocable to that portion of the Fire Policy which pertains to insuring those common elements, limited common elements, exterior and interior walls, floors, ceilings and exterior glass (if covered by the Fire Policy) primarily designed or intended for, exclusively reserved to, or included within the Commercial Apartments. The Owners of Residential Apartments shall bear all premiums on the Fire Policy fairly allocable to that portion of the Fire Policy which pertains to insuring those common elements, limited common elements, exterior and interior walls, floors, ceilings and exterior glass (if covered by the Fire Policy) primarily designed or intended for, exclusively reserved to, or included within the Residential Apartments. To the extent that the premiums on the Fire Policy shall be greater or less by reason of the application of a special rate instead of the rate which would be applicable to an otherwise similar project without the Commercial Apartments, such difference shall be borne by or credited to the owners of apartments responsible for such difference. The remainder of all premiums on the policy shall be borne by all apartment owners in proportion to their respective common interests. The Board of Directors shall be responsible for the allocation of the insurance premiums among the five Commercial Apartments and the Residential Apartments on an equitable basis after consultation with the insurance carrier or other person qualified by education and experience to render advice on such matters. The premiums for the liability

insurance required under Section 2 of this Article VII shall be equitably allocated by the Board of Directors upon advice of the insurer among the Owners of the Commercial Apartments and the Residential Apartments according to the risks insured against and the benefits derived by the Owners or the respective classes of Owners. The Board shall assess such Owners their portion of such premiums in the same manner as provided in Section 1 of Article VI relating to the apportionment of utility expenses. In the event that the Board and one or more of the Owners of the Commercial Apartments are unable to reach agreement on material matters involving such insurance, such Owners may at their option either obtain separate liability insurance covering the condition of the common elements or limited common elements intended for use by or appurtenant to their respective Commercial Apartments or activities thereon, subject to the terms of this paragraph, and such coverage shall not be included in the insurance contracts obtained by the Board relating to the common elements or limited common elements intended for the use of or appurtenant to the Residential Apartments. Notwithstanding the foregoing, with respect to any insurance required under this Article VII, if the Owners of more than fifty percent (50%) of the common interests appurtenant to the Commercial or Residential Apartments object in writing to the premium allocation made by the Board of Directors, the matter shall be submitted to an independent insurance broker or agent selected by the Board of Directors for determination, which shall be final and binding on all of the Owners, and, if no objection is made within four (4) months after any allocation made by the Board of Directors, the Board of Directors' allocation shall be final and binding. If an objection is filed by any Owner or group of Owners, all Owners shall continue to pay expenses according to the allocations determined by the Board of Directors until such time as any adjustment may be made by the independent insurance broker or agent; after which adjustment the payment determination.

ARTICLE VIII

MORTGAGES

SECTION 1. Notice of Unpaid Common Expenses. The Board of Directors, whenever so requested in writing by a purchaser or mortgagee of an interest in an Apartment, shall promptly report any then unpaid assessments for common expenses due from the Owner of the Apartment involved.

SECTION 2. Notice of Default. When giving notice to an Apartment Owner of a default in paying common expenses or other default, the Board of Directors, shall send a copy of such notice to each holder of a mortgage covering such Apartment or interest therein whose name and address has theretofore been furnished to the Board of Directors.

SECTION 3. Examination of Books. Each mortgagee of an Apartment shall be permitted to examine the books of account of the Association at reasonable times on

business days, and each mortgagee shall have the right to require the submission of annual reports and other financial data.

SECTION 4. Mortgage Protection. Notwithstanding all other provisions hereof:

(a) All sums assessed by the Association but unpaid for the share of the common expenses chargeable to any Apartment constitute a lien on the Apartment prior to all other liens, except liens for taxes and assessments lawfully imposed by governmental authority against the Apartment, and all sums unpaid on any mortgage of record which was recorded prior to the recordation of a notice of lien by the Association, and costs and expenses including attorneys' fees provided in such mortgages, provided that after the foreclosure of such mortgage there shall be a lien upon the interests of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such Apartment if falling due after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided in Section 4 of Article VI hereof.⁴¹

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

(c) The Declaration and Bylaws shall not give an apartment owner or any other party priority over any rights of first mortgagees of Apartments pursuant to their

interest in the Project or to the taking of an Apartment unit, common elements or both.⁴²

SECTION 5. Notice to Board of Directors. An Owner who mortgages his interest in an Apartment shall notify the Board of Directors of the name and address of his mortgagee and within ten (10) days after the execution of the same shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "Mortgages of Apartments".

ARTICLE IX

CONDEMNATION

In the event of a taking in condemnation or by eminent domain of part or all of the Project, the proceeds of any award of compensation shall be payable to a condemnation trustee (the "Condemnation Trustee") which shall be a bank, trust company or real estate management company designated by the Board doing business in Hawaii and having net assets of not less than Five Million Dollars (\$5,000,000.00).

Proceeds payable to the Condemnation Trustee under this Article IX do not include any compensation of damages for or on account of the Land. Such compensation or damages or both for or on account of the Land are payable to and the sole property of the Developer as fee owner of the Land in accordance with the terms of each Condominium Conveyance Document.⁴³

In the event all or any of the Apartments are taken and there is no final judicial determination of the amount of condemnation proceeds allocable to each Apartment so taken, the amount of the condemnation proceeds allocable to each Apartment (including the Apartment's appurtenant interest in the common elements and any limited common elements) shall be determined by a real estate appraiser ("Appraiser") who shall be a member of the American Institute of Real Estate Appraisers, or any successor organization and who shall have acted on behalf of the Apartment Owners in the condemnation proceedings; or, if no such Appraiser shall have acted on behalf of the Apartment Owners or if more than one Appraiser shall have acted on behalf of the Apartment Owners, then an Appraiser with such qualifications shall be selected by the Board of Directors to determine the amount of condemnation proceeds allocable to each Apartment, subject to the right of the affected Apartment Owners, by majority vote within fifteen (15) days after all such affected Apartment Owners receive notice of the appointment of such Appraiser and their right to vote thereon, to require that the Appraiser consist of a panel of three (3) appraisers, in which event the Board of Directors shall select three (3) qualified appraisers to act as Appraiser, and the decision of any two (2) of them shall be the decision of the Appraiser.

Apartment Owner and mortgagee, as their interests may appear, the portion of the condemnation proceeds determined by the Appraiser to be allocable to the Owner's Apartment.

In the event of a partial taking of the Project in which (i) any Apartment is physically eliminated, or (ii) a portion thereof is eliminated and the remaining portion cannot be repaired or rebuilt in a manner satisfactory to the Owner of the Apartment and to the Board of Directors, then such apartment shall be removed from the Project and the Condemnation Trustee shall disburse to the Owner and any mortgagee of such Apartment, as their interests may appear, in full satisfaction of their interests in the Apartment, the portion of the proceeds of such award allocable to such eliminated or removed Apartment after deducting the proportionate share of such Apartment in the cost of the debris removal.

In the event of any partial taking of the Project, the Board shall, subject to the provisions of the preceding sentence concerning removal of an Apartment, arrange for any necessary repair and restoration of the buildings and improvements remaining after the taking in accordance with the design thereof immediately prior to such condemnation or, if repair and restoration in accordance with such design are not permissible under applicable laws and regulations then in force, in accordance with such modified plan as shall be

approved by the Board and the mortgagee of record of each Apartment in the Project remaining after such taking. Such work shall be undertaken, and disbursements therefor shall be made, in the manner prescribed in Section 5(b) of Article VII hereof. If the sums held by the Condemnation Trustee are insufficient to pay the cost for such repair and restoration, the Board shall pay such excess costs from the maintenance fund; and, if the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on the Owners of the remaining Apartments in the proportions prescribed for their sharing of common expenses. Such special assessment shall be secured by the lien created under Section 4 of Article VI hereof.

If the sums received as a result of a partial condemnation exceed the total of any amounts payable to the Owner and any mortgagee of a removed Apartment and the amount of costs for debris removal and for repair and restoration of the remaining buildings and improvements, such excess shall be divided among the Apartment Owners in accordance with their interest in the common elements prior to the condemnation.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. Rules and Regulations. The Developer shall initially establish and the Board may thereafter establish and amend such Rules and Regulations as the Developer or the Board, as the case may be, may deem necessary for the operation and use of the common elements and limited common elements, including, without limitation, such

the common elements and limited common elements. The Rules and Regulations may govern Residential Apartment Owners only or provide differing rules for the Commercial Apartments, subject to the requirements of paragraph 16 of the Declaration. The Owner's rights under this instrument shall in all respects be subject to the Rules and Regulations, which shall be deemed to be a part hereof; and each Owner shall abide by all such Rules and Regulations, as the same may from time to time be amended and shall see that the same are faithfully observed by the invitees, guests, employees, and tenants of the Owner; and the Rules and Regulations shall uniformly apply to and be binding upon all occupants of the Residential Apartments.

SECTION 2. Abatement and Enjoinment of Violations by Apartment Owners. The violation of any of the Rules and Regulations, the breach of any of these Bylaws or the breach of any provision of the Declaration shall give the Board of Directors the rights in addition to any other rights set forth in these Bylaws:

(a) To enter the Apartment during reasonable hours in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Apartment Owner, any structure, thing or condition that may exist therein in

violation of the Rules and Regulations, these Bylaws or the Declaration; and the Board of Directors shall not thereby be guilty of any trespass; or

(b) To enjoin, abate or remedy by appropriate legal proceedings, the continuance of any such breach, and all costs thereof, including attorneys' fees, shall be paid by the defaulting Apartment Owner on demand.

SECTION 3. Expenses of Enforcement. Every Owner shall pay to the Association promptly on demand:

(a) All costs and expenses, including reasonable attorneys' fees, incurred by or on behalf of the Association for:

(i) Collecting any delinquent assessments against any Owner's Apartment;

(ii) Foreclosing any lien thereon;

(iii) Enforcing any provision of the Declaration, Bylaws, House Rules and the Act; or

(iv) The rules and regulations of the real estate commission; against an owner, occupant, tenant, employee of an owner or any other person who may in any manner use the Property shall be promptly paid on demand to the Association by such person or

substantiated, all costs and expenses, including reasonable attorneys' fees, incurred by any such person or persons as a result of the action of the Association, shall be promptly paid on demand to such person or persons by the Association.⁴⁴

(b) All sums assessed by the Association of Apartment Owners but unpaid for the share of the common expenses chargeable to any Apartment constitute a lien on the Apartment prior to all other liens, except (1) liens for taxes and assessments lawfully imposed by governmental authority against the Apartment, and (2) all sums unpaid on mortgages of record prior to the recordation of notice of a lien by the Association of Apartment Owners and costs and expenses including attorneys' fees provided in such mortgages. The lien of the Association of Apartment Owners may be foreclosed by action by the Manager or Board of Directors, acting on behalf of the Apartment Owners, in like manner as a mortgage of real property. In any such foreclosure the Apartment Owner shall be required to pay a reasonable rental for the Apartment, if so provided in these Bylaws, and the plaintiff in the foreclosure shall be entitled to the appointment of a receiver to collect the same. The Manager or Board of Directors, acting on behalf of the Apartment Owners, may, unless prohibited by the Declaration, bid on the Apartment at foreclosure sale, and acquire and hold, lease, mortgage and convey the same. Action to recover a money

judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.⁴⁵

(c) If any claim by an Owner is substantiated in any action against the Association, any of its officers or directors or its Board of Directors to enforce any provision of the Declaration, Bylaws, House Rules or the Act, then all reasonable and necessary expenses, costs and attorneys' fees incurred by an Owner shall be awarded to such Owner; provided that no such award shall be made in any derivative action unless:

(i) The Owner first shall have demanded and allowed reasonable time for the Board of Directors to pursue such enforcement; or

(ii) The Owner demonstrates to the satisfaction of the court that a demand for enforcement made to the Board of Directors would have been fruitless.

If any claim by an Owner is not substantiated in any court action against the Association, any of its officers or Directors or the Board of Directors to enforce any provision of the Declaration, Bylaws, House Rules or the Act, then all reasonable and necessary expenses, costs and attorneys' fees incurred by the Association shall be awarded to the Association, unless the action was filed in small claims court or prior to filing the action in a higher court the Owner has first submitted the claim to mediation, or to arbitration under Part VII of the Act, and made a good faith effort to resolve the dispute under any of those procedures.⁴⁶

~~SECTION 4. Right of Access.~~ The Apartment Owners shall have the irrevocable right, to be exercised by the Board, the Managing Agent and any other person authorized by the Board of Directors or the Managing Agent to have access to each Apartment from time to time during reasonable hours as may be necessary for the operation of the Property or for making emergency repairs therein necessary to prevent damage to the common elements or to another Apartment or Apartments or for the purposes of making inspections or correcting any condition existing in an Apartment and threatening another Apartment or a common element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other common elements in an Apartment or elsewhere in the building, provided that requests for entry shall be made in advance and any such entry shall be at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be granted and effective immediately, whether the Owner is present at the time or not.⁴⁷

SECTION 5. Owners May Incorporate. All of the rights, powers, obligations and duties of the Owners imposed hereunder may be exercised and enforced by a nonprofit membership corporation formed by the Owners under the laws of the State of Hawaii for the purposes herein set forth. Such corporation shall be formed upon the written approval of seventy-five percent (75%) in interest of the voting Owners. The formation of such corporation shall in no way alter the terms, covenants and conditions set forth herein, and

the Articles and Bylaws of such corporation shall be subordinated hereto and controlled hereby. Any action taken by such corporation in violation of any or all of the terms, covenants or conditions contained herein shall be void and of no effect.

SECTION 6. Notices. All notices to the Association shall be mailed or delivered to the Board of Directors, in care of the Managing Agent, or, if there is no Managing Agent, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate by notice in writing to all Owners and all mortgagees of Apartments. All notices to any Owner shall be mailed or delivered to the building or to such other address designated by him in writing given to the Board of Directors. Any notices to mortgagees of Apartments shall be sent by mail to their respective addresses, as designated by them in writing given to the Board of Directors. If delivery is made by mail, it shall be deemed to have been delivered 24 hours after a copy of it has been deposited in the United States mail, postage prepaid, addressed to the person to whom the notice is to be given at the address given by such person to the Board of Directors for the purpose of service of such notice or to the apartment which such person owns if no address has been given to the Board of Directors. Such address may be changed from time to time by notice in writing to the Board of Directors. Upon written request for notice delivered to the Board of Directors, the holder of any duly recorded mortgage against any apartment may promptly obtain a copy of any and all notices permitted or required herein to be made to the owner or owners whose apartment unit is subject to said mortgage or deed of trust. Said request for notice need not be renewed and shall entitle the holder of such mortgage requesting such notice to receive all notices sent to the owner or owners whose apartment

provisions of this section, the failure of any apartment owner to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat. All notices shall be deemed to have been given when mailed, except notices of change of address, which shall be deemed to have been given when received.

SECTION 7. Captions. The captions herein are inserted only as a matter of convenience and for reference and shall in no way define, limit or prescribe the scope of these Bylaws or the intent of any provision hereof.

SECTION 8. Gender. The use of any gender in these Bylaws shall be deemed to include either or both of the other genders and the use of the singular shall be deemed to include the plural whenever the context requires.

SECTION 9. Waiver. No restriction, condition, obligation or provision in these Bylaws shall be deemed abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

SECTION 10. Interpretation. The provisions of these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform hotel condominium complex

whereby the Owners of Apartments shall carry out and pay for the operation and maintenance of the Project as a mutually beneficial and efficient establishment.

SECTION 11. Amendment. Except as otherwise provided herein, the provisions of these Bylaws, other than this section, may be amended pursuant to Section 514A-82(b)(2), HRS, by the vote or written consent of Apartment Owners owning at least sixty-five percent (65%) of the common interest in the common elements, and evidenced by an instrument in writing, signed and acknowledged by any two officers of the Association of Apartment Owners, which amendment shall be effective upon recordation in the Bureau of Conveyances of the State of Hawaii and filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

Any proposed bylaws with the rationale for the proposal may be submitted by the Board of Directors or by a volunteer Apartment Owners' committee. If submitted by that committee, it shall be accompanied by a petition signed by not less than twenty-five percent (25%) of the Apartment Owners as shown in the Association's record of ownership. The proposed bylaws, rationale and ballots for voting on any proposed bylaw shall be mailed by the Board of Directors to the Apartment Owners at the expense of the Association for vote or written consent without change within thirty days of the receipt of the petition by the Board of Directors. The vote or written consent required to adopt the proposed bylaw shall be not less than sixty-five percent (65%) of all Apartment Owners; provided that the vote or written consent must be obtained within one hundred twenty (120) days after mailing. In the event that the bylaw is duly adopted, then the Board of Directors shall cause the bylaw amendment to be recorded in the Bureau of Conveyances or filed in the Land Court,

submitting a petition for a proposed bylaw which is substantially similar to that which has been previously mailed to the Apartment Owners within one year after the original petition was submitted to the Board; provided, however, that this paragraph shall not preclude any Apartment Owner or voluntary Apartment Owners' committee from proposing any bylaw amendment at any annual Association meeting.⁴⁸

SECTION 12. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

SECTION 13. Exemptions for Handicapped Persons. Notwithstanding anything to the contrary contained in the Declaration, these Bylaws or the Rules and Regulations, and subject to reasonable administrative requirements as set forth in the Rules and Regulations, handicapped residents shall: (1) be permitted to make reasonable modifications to their Apartments and/or the common elements at their expense (including without limitation the cost of obtaining any bonds required by the Declaration or these Bylaws), if such modifications are necessary to enable them to use and enjoy their Apartments and/or the common elements, as the case may be; and (2) be allowed reasonable exemptions from the

Declaration, these Bylaws and the Rules and Regulations, when necessary to enable them to use and enjoy their Apartments and/or the common elements.⁴⁹

IN WITNESS WHEREOF, the undersigned have executed this instrument this
29th day of March, 1996.

ASSOCIATION OF APARTMENT OWNERS
OF ISLAND COLONY

By:

H. J. Stahl

H. J. STAHL

Type Name

Its: PRESIDENT

By:

G. Sharman

G. Sharman

Type Name

STATE OF Hawaii)
CITY & COUNTY OF Honolulu) : SS.

On this 28th day of March, 19 96, before me
appeared H. Stahl to me personally known, who
being by me duly sworn, did say that he is the President
of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF
ISLAND COLONY; 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.

M. J. Stahl
Notary Public, State of Hawaii

My Commission Expires: 11/31/99

STATE OF HAWAII)
CITY & COUNTY OF HONOLULU) : SS.

On this 17th day of April, 19 96, before me
appeared G. Sharman to me personally known, who
being by me duly sworn, did say that she is the Secretary
of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF
ISLAND COLONY; that the foregoing instrument was signed on behalf of said Association
by authority of its Board of Directors, and acknowledged that she executed the same
as the free act and deed of said Association. Said Association has no seal.

G. Sharman
Notary Public, State of Hawaii

My Commission Expires: 8/26/96

ENDNOTES

The following endnotes correspond to provisions in the Bylaws which have been restated to conform to Hawaii Revised Statutes Chapter 514A, and the Federal Fair Housing Act (42 U.S.C. §§3601 et seq.), and to integrate all amendments made to the Bylaws. These Restated Bylaws correctly set forth without change the corresponding provisions of the original Bylaws, as amended, and supersede the original Bylaws and all prior amendments thereto. This Restatement was made solely for purposes of information and convenience. In the event of a conflict, the Restated Bylaws shall be subordinate to the cited statute.

1. To conform to HRS §514A-1.
2. To conform to the redesignation of Section 4 to Section 6 of Article III.
3. To conform to HRS §514A-83.2(a).
4. To conform to HRS §514A-83.2(b).
5. To conform to HRS §514A-96(b).
6. To conform to HRS §514A-83.2(c).
7. To conform to HRS §514A-83.2(d).
9. To conform to HRS §514A-83.4.
10. To conform to the redesignation of Section 3 to Section 5 of Article III.
11. To conform to HRS §514A-83.3.
12. To conform to HRS §514A-83.4(c).
13. To conform to HRS §514A-83.4(b).
14. To conform to HRS §514A-82.4.
15. To conform to HRS §514A-83.6(a).
16. To conform to HRS §514A-83.6.
17. To conform to HRS §514A-82(b)(11).
18. To confirm to HRS §514A-82(b)(1).
19. To conform to HRS §514A-82(b)(1).

20. To conform to HRS §514A-83.1(b).
21. To conform to HRS §514A-83.1(a).
22. To conform to HRS §514A-82(b)(9).
23. To conform to HRS §514A-83.4(a).
24. To conform to HRS §514A-82(b)(10).
25. To conform to HRS §514A-82(b)(12).
26. To conform to HRS §514A-82(b)(5).
27. To conform to HRS §514A-82(b)(10).
28. To conform to HRS §514A-96(a).
29. To conform to HRS §514A-96(b).
30. To conform to HRS §514A-89.
31. To conform to the Federal Fair Housing Act, as amended (42 U.S.C. Sections 3601 et seq.).
32. To conform to the redesignation of Section 1(c) to Section 1(d).
33. To conform to the redesignation of Section 1(c) to Section 1(d).
34. To conform to HRS §514A-92.2.
35. To conform to HRS §514A-97(c).
36. To conform to HRS §514A-90(c).
37. Changes in paragraph designations made solely to comply with format of original Bylaws.
38. To conform to HRS §514A-96.
39. To correct a typographical error.
40. To correct a typographical error in the original Bylaws.
41. To conform to HRS §514A-90(a).
42. To conform to HRS §514A-82(b)(2).

43. To integrate the First Amendment to the Declaration recorded in the Bureau of Conveyances of the State of Hawaii on November 26, 1979 in Liber 14221, at Page 632, and in the Office of the Assistant Registrar of the Land Court as Document No. 979903.
44. To conform to HRS §514A-94(a).
45. To conform to HRS §514A-90(a).
46. To conform to HRS §514A-94(b).
47. To conform to HRS §514A-82(b)(6).
48. To conform to HRS §514A-82(b)(2).
49. To conform to the Federal Fair Housing Act, as amended (42 U.S.C. Sections 3601 et seq.).

DOUBLE SYSTEM

L-306

STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
RECORDED

R-671

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

APR 25 1996 03:00 PM

Doc No(s) 2304255

on Cert(M) 235 721

/s/ CARL T. WATANABE
ASSISTANT REGISTRAR

APR 25 1996 03:00 PM

Doc No(s) 96-057032

/s/ CARL T. WATANABE
ACTING
REGISTRAR OF CONVEYANCES

REGULAR SYSTEM

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

RICHARD S. EKIMOTO, ESQ.
1000 Bishop Street, Suite 702
Honolulu, HI 96813
Telephone: (808) 523-0702
eky:kdt:restated.doc

ISLAND COLONY

RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME¹

WHEREAS, HASEKO HAWAII, INC., a Hawaii corporation, formerly known as Hawaii Takenaka International, Ltd., (the "Developer"), whose principal place of business and post office address is Suite 1814, 745 Fort Street, Honolulu, Hawaii, 96813, is the owner in fee simple of the land described in Exhibit "A" attached hereto and made a part hereof (the "Property"); and

WHEREAS, the Developer has developed the Property as a condominium project (the "Project") as more specifically described herein in accordance with plans incorporated herein by reference, filed in the Bureau of Conveyances of the State of Hawaii as Condominium File Plan No. 583 and filed in the Office of the Assistant Registrar of the Land Court as Condominium Map No. 350 (the Condominium File Plan and the Condominium Map being hereinafter collectively called the "Condominium Map").

WHEREAS, the Developer, by that Declaration of Horizontal Property Regime dated November 28, 1978 and recorded December 8, 1978 in the Bureau of Conveyances of the State of Hawaii in Liber 13332, at Page 585 and in the Office of the Assistant Registrar of the Land Court as Document No. 912095, as amended, and noted on

Transfer Certificate of Title No. 236,721, thereby submitted said Property to a Horizontal Property Regime as established by Chapter 514A, Hawaii Revised Statutes (now known as the Condominium Property Act), as amended (the "Act"), and in furtherance thereof made the following declarations as to divisions, limitations, restrictions, covenants and conditions, and thereby declared that the Property is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, and improved subject to the declaration, restrictions and conditions set forth herein and in the Bylaws (the "Bylaws") of the Association of Apartment Owners (the "Association"), attached thereto and thereby made a part thereof², as the same may from time to time be amended, which declarations, restrictions and conditions shall constitute covenants running with the land, and shall be binding on and inure to the benefit of the Developer, all apartment owners and their respective heirs, successors, personal representatives and assigns, and all subsequent owners and lessees of all or any part of the Project and their respective heirs, successors, assigns and personal representatives;

WHEREAS, by that certain instrument recorded November 26, 1979 in the Bureau of Conveyances of the State of Hawaii in Liber 14221 at Page 632, and in the Office of the Assistant Registrar of the Land Court as Document No. 979903, the Developer amended the Declaration in part by incorporating therein a Verified Statement of Registered Architect certifying that the final plans of the Project heretofore recorded as said Condominium File Plan No. 583 and Condominium Map No. 350 accurately depict the layout, location, apartment numbers and dimensions of the apartments as built;³

WHEREAS, Hawaii Revised Statutes §514A-82.2, empowers the boards of directors of condominium associations to restate their declarations to include therein any amendments thereto, and to conform to the provisions of Hawaii Revised Statutes, Chapter 514A, and any other statute, ordinance, rule, or regulation enacted by any governmental authority, by a resolution adopted by their boards of directors; and

WHEREAS, at a duly held meeting, the Board of Directors of the Association of Apartment Owners of Island Colony (the "Board of Directors") resolved to restate the Declaration of Condominium Property Regime of the Association (the "Declaration") pursuant to Hawaii Revised Statutes §514A-82.2, in the manner set forth herein;

NOW, THEREFORE, the Declaration is hereby restated to read as follows: /

1. Name. The Horizontal Property Regime established hereby shall be known as the ISLAND COLONY. /

2. Land Description. The land submitted to the Horizontal Property Regime is described in Exhibit "A". /

3. Description of the Project. The Project consists of a forty-three (43) story building consisting of a lobby with adjacent commercial apartments and certain limited common elements, three floors of parking, a recreation and sun deck and thirty-seven floors, each containing twenty residential apartments. The Project is divided into 740 residential apartments (the "Residential Apartments") and 5 commercial apartments (the "Commercial Apartments"), including a parking apartment containing approximately 291 parking stalls (regular, compact and tandem), all as more fully described in Exhibit "B" attached hereto / and made a part hereof and as shown on the Condominium Map; provided, however, should the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control; and provided, further, that the Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments and elevations and is not intended and shall not be deemed to contain or make any other representation or warranty.

4. Limits of Apartments. Each apartment's dimensions shall include all the walls and partitions which are not load bearing within its perimeter walls, the interior halves of the perimeter party walls measured from the centerlines of such walls to the interior of each apartment, non-party perimeter walls measured from the unfinished exteriors of such walls, all doors, windows and perimeter glass, the inner decorated or finished surfaces of all walls, floors and ceilings. Notwithstanding the foregoing, the respective apartments shall not be deemed to include the floors and ceilings surrounding each apartment, loadbearing and exterior walls or any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each Residential Apartment shall include its adjacent lanai. The dimensions of those Commercial Apartments without perimeter walls

are shown on and defined by the Condominium Map. Notwithstanding the foregoing, apartment owners may not remove, alter or otherwise modify the perimeter walls (excluding the inner decorated or finished surfaces of such walls), except as permitted in Paragraph 11(e)(1)⁴ of this Declaration.

5. Common Elements. The common elements will include the limited common elements described below, and all other portions of the Project, other than the apartments, including, specifically, but not limited to, the common elements mentioned in the Act which are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, and which are not included as part of an apartment, including but not limited to those common elements described in Exhibit "B" attached hereto and made a part hereof.

Each apartment in the Project has immediate access to an adjacent corridor which is a common element.⁵

6. Limited Common Elements. Certain designated parts of the common elements are reserved for the exclusive use of certain apartments as described in Exhibit "B" attached hereto and made a part hereof.

7. Percentage of Undivided Common Interest. The undivided percentage common interest in the common elements appurtenant to each apartment is described in Exhibit "C" attached hereto and made a part hereof, and each apartment shall have such percentage in all common profits and expenses of the Project, except as otherwise expressly provided herein and in said Exhibit "C" with respect to any limited common element, and for all other purposes including voting.

8. Easements. In addition to the easements designated in paragraph 6 as limited common elements, the apartments and common elements shall also have and be subject to the following easements:

a. Each apartment shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes for ingress to, egress from, and support, maintenance and repair of such apartment; in the other common elements (except limited

common elements) for use according to their respective purposes; and in all other apartments and limited common elements for support;

b. If any part of the common elements now or hereafter encroaches upon any apartment or limited common element, or if any apartment now or hereafter encroaches upon any other apartment or upon any portion of the common elements, or limited common elements, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall exist. If the Project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements or limited common elements due to construction, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist;

c. The Association shall have the irrevocable right, to be exercised by its Board of Directors or the Managing Agent, to have access to each apartment from time to time during reasonable hours as may be necessary for the operation of the Project, for purposes of cleaning the windows of the Projects painting the Project and other maintenance and repair, or for making emergency repairs therein necessary to prevent damage to the common elements or to another apartment or apartments;⁶

d. Each apartment owner shall have an easement in common with the owners of all other apartments to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other apartments or limited common elements and serving such owner's apartment. Each apartment and its appurtenant limited common elements shall be subject to an easement for access to any common elements located in such apartment or its appurtenant limited common elements in favor of the owners of all other apartments served by such common elements.

e. Each apartment owner shall have an access easement across the parking apartment on the third, fourth and fifth floors to the fire exits to be used only during emergencies.

f. The owner and employees and agents of the owner or lessee of Commercial Apartment 4 shall have a non-exclusive easement for pedestrian access along

the Diamond Head side of Commercial Apartment 1 to the service elevator which is adjacent to Commercial Apartment 1.

9. Alteration and Transfer of Interests. The undivided interest in the common elements and the limited common elements and other easements appurtenant to each apartment shall have a permanent character, and shall not be altered without the consent of all of the apartment owners affected, expressed in an amendment to this Declaration duly recorded, and shall not be separated from the apartment to which they appertain, and shall be deemed to be conveyed, leased or encumbered with such apartment even though such interest or easements are not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any portion thereof except as provided in the Act and as otherwise expressly provided herein.

10. Hotel Operation and Delegations to Partnership. The Project has been developed by the Developer as a condominium hotel with the intention that the maximum number of Residential Apartments be owned by persons joining and becoming limited partners in the Island Colony Partners, a Hawaii limited partnership, or any successor thereto (the "Partnership"). A Hotel Management Contract (the "Hotel Management Contract") has been executed between the Partnership and the Hotel Corporation of the Pacific, Inc. (the "Hotel Operator") to provide for the operation of Commercial Apartment 1 (and its limited common elements) and those Residential Apartments owned by limited partners in the Partnership as a commercial hotel operation. The Developer contemplates that a significant number of the Residential Apartments will be used in the hotel operation. The Hotel Operator shall also serve as managing agent for the Project. The common elements of the Project shall be subject at all times to use by the Hotel Operator and the hotel operation, including all customary hotel activities such as maid, bellman, laundry, linen and room service, the daily arrival, registration, accommodation and departure of hotel guests at all hours and all activities incidental⁷ thereto. Notwithstanding anything herein to the contrary, for so long as any Residential Apartment is used in the hotel operation contemplated in this paragraph, the Partnership shall assume all duties and obligations of

the owner imposed by Article V, Section 1 of the Bylaws regarding the maintenance of the Residential Apartments other than the obligation to pay the cost of such maintenance. No use restriction or other provision in this Declaration or the Bylaws shall be interpreted to restrict the reasonable use of the Project by the Hotel Operator and the Partnership for hotel purposes.

11. Purposes and Uses. The Project and each of the apartments are intended for and shall be restricted to the following purposes and uses:

a. Each Residential Apartment shall at all times be used as permanent or temporary residence and for any other purpose permitted by all applicable laws and this Declaration; provided, however, that any Residential Apartment which is not committed to the hotel operation described in Paragraph 10 and not used by the Hotel Operator shall not be rented for a period of less than thirty (30) days. All such minimum rentals shall be evidenced by a written lease, a copy of which shall be filed with the Hotel Operator. The intent of this restriction is to assure that the Project and the Partnership shall enjoy the economies of scale and orderliness arising from use of a single hotel operation administered by the Partnership. Any lease or rental agreement of an apartment shall provide that it shall be subject in all respects to the provisions of the Declaration, the Bylaws and the House Rules for the Project, and that any failure of the lessee or renter to comply with the terms of these documents shall be a default under the lease or rental agreement.

b. Commercial Apartment 5 (the parking apartment) shall at all times be used to park motor vehicles and for any other purpose permitted by the applicable zoning laws, and the owner of the parking apartment shall have the right to establish a system of control by gate, guard, parking cards, stickers, validations, rules and regulations, or otherwise for vehicular access to, from and through the parking apartment, to redesignate, eliminate or create parking stalls, and to charge such rates for the parking of vehicles as the owner of the parking apartment shall determine in its sole discretion.

c. The Commercial Apartments and the limited common elements respectively appurtenant thereto may be used for any purpose which may from time to time be permitted by law. Without limiting the generality of the foregoing, the owners of the

Commercial⁸ Apartments may alter the layout of the spaces within the Commercial Apartments and may add additional commercial operations by further partitioning the Commercial Apartments or otherwise so long as such changes to the interior of the Commercial Apartments do not affect the structural integrity of the Project.

d. No owner will suffer anything to be done or kept in an apartment or elsewhere which would jeopardize the soundness of the Project, or which will interfere or unreasonably disturb the rights of other apartment owners, or which will obstruct the limited common elements, or which will increase the rate of fire insurance on the Project or the contents thereof, or which will reduce the value of the Project; provided, however, that the owners of the Commercial Apartments to which limited common elements are appurtenant may alter the floor plans of the limited common elements and may utilize the limited common elements for business purposes so long as such uses do not unreasonably interfere with the access of the owners of the Residential Apartments to their respective apartments.

e. No apartment owner will, without the prior written consent of the Board of Directors, make any structural alterations within an apartment or any common element or limited common element or make any alterations in or additions to the exterior of the Project (including awnings, jalousies, screens or air conditioners). The Board of Directors shall not unreasonably withhold or delay its consent, and shall have the obligation to answer any written request by an apartment owner for its consent to any structural alterations of his apartment within thirty days after its receipt of such request describing the proposed alteration in reasonable detail, and the Board's failure to do so shall constitute its consent to the proposed alteration. Notwithstanding the foregoing, without any such consent:

(1) The owner of any two or more apartments separated by a party wall may alter or remove all or portions of the intervening wall if the structural integrity and soundness of the Project is not thereby affected and if the finish of the wall then remaining is restored to a condition substantially compatible to that of the wall prior to such alteration. Prior to the termination of the common ownership of such adjacent apartments, if the intervening wall shall have been altered or removed pursuant to the foregoing provisions, the

owner of such apartments shall be obligated to restore such intervening wall to substantially the condition in which the wall existed prior to such alteration or removal;

(2) The Owner of any Commercial Apartment may from time to time install, maintain and rearrange partitions and other improvements within his apartment and the commercial elements as appropriate for their commercial utilization so long as the structural integrity or soundness of the Project is not impaired.

f. The owner of any Residential Apartment will not, without the prior written consent of either the Board of Directors or the managing agent, display any sign or place any other thing in or upon any doors, windows, walls or other portions of the apartment or the common elements so as to be visible from the exterior; provided, however, that this restriction shall not apply to signs displayed by (i) the Developer for sales purposes prior to the completion of sales of all Residential Apartments in the Project, or (ii) to the Hotel Operator in connection with the reasonable hotel use of the Residential Apartments and common elements as part of the hotel operation. The owner of any Commercial Apartment and the Hotel Operator may, without prior consent of the Board of Directors or the managing agent, so display any sign on the exterior of any Commercial Apartment or limited common element appurtenant thereto.

g. The interior decoration of the common elements is designed to facilitate a hotel operation and shall not be modified or altered without the consent of the Partnership.

h. No owner shall do any work which could jeopardize the soundness or safety of the Property, reduce the value thereof, or impair any easement or hereditament, nor may any owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five percent (75%) of the owners, together with the consent of all owners whose units or limited common elements appurtenant thereto are directly affected, being first obtained; provided that nonmaterial structural additions to the common elements, including, without limitation, the installation of solar energy devices or additions to or alterations of a unit made within such unit or within a limited common element appurtenant to and for the exclusive use of the apartment shall require approval

only by the Board of Directors and such percentage, number or group of owners as may be required by this Declaration or the Bylaws. "Nonmaterial structural additions to the common elements", as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the Property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of property, or directly affect any nonconsenting owner. For purposes of this section, "solar energy device" means any new identifiable facility, equipment, apparatus or the like which makes use of solar energy for heating, cooling or reducing the use of other types of energy dependent upon fossil fuel for its generation; provided that, if the equipment sold cannot be used as a solar device without its incorporation with other equipment, it must be installed in place and ready to be made operational in order to qualify as a "solar energy device".⁹

12. Service of Process. Developer at its place of business at Suite 1814, 745 / Fort Street, Honolulu, Hawaii, is hereby designated as the agent to receive service of process / until such time as the Board of Directors and officers of the Association are elected, at which time and thereafter process may be served upon any officer of the Association.

13. Percentage of Votes Required for Rebuilding. In the event of damage or destruction of all or any part of the Project, and where an election is otherwise permissible under the other provisions of this Declaration and Bylaws, the Project shall be rebuilt, repaired or restored unless the owners of at least 75% of the interest in the common elements vote not to rebuild, repair or restore. There shall be an affirmative obligation to rebuild in the absence of such a vote not to rebuild. Notice of any event authorizing a vote under this section shall be given pursuant to Section 7 of Article VII of the Bylaws.¹⁰

14. Administration of Project. The administration of the Project shall be governed by this Declaration, the Bylaws,¹¹ and the Condominium Conveyance Document conveying to each owner his interest in his apartment. Each apartment owner shall comply strictly with the Declaration, Bylaws and Condominium Conveyance Document. Apartment owners acting for any purpose in connection with the common elements for the government, operation or administration of the Project and in accordance with the Declaration and with

said Bylaws, shall be deemed to be acting as the Association, and specifically but without limitation the Association shall:

a. Make, build, maintain and repair all fences, sewers, drains, roads, curbs and sidewalks which may be required by law to be made, built, maintained and repaired upon or adjoining or in connection with or for the use of the common elements or any part thereof;

b. Keep all common elements in a strictly clean, orderly and sanitary condition, and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority for the time being applicable to the common elements or the use thereof;

c. Well and substantially repair, maintain, amend, and keep all common elements with all necessary reparations and amendments whatsoever in good order and condition except as otherwise provided herein;

d. Before commencing or permitting construction of any improvement in the Project in excess of Fifty Thousand Dollars (\$50,000), obtain and deposit with the Developer a performance bond in a penal sum equal to one-half the cost of such construction and in form with surety satisfactory to the Developer, securing the completion of such construction in accordance with the contract for the same, free and clear of all mechanics' and materialmen's liens;

e. Not at any time make or suffer any strip or waste or unlawful or improper or offensive use of the common elements.

f. Not change the configuration of the entrances, lobby, elevator lobby or ground floor restrooms without the prior written consent of the owner of Commercial Apartment 1.

15. Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such provision had never been included herein.

16. Amendment. The Declaration may be amended by the vote or written consent of the apartment owners by at least seventy-five percent (75%) of the interest in the common elements¹², evidenced by an instrument in writing, signed and acknowledged by any two (2) officers of the Association,¹³ which amendment shall be effective upon the later of filing in the Office of the Assistant Registrar of the Land Court and recording in the Bureau of Conveyances of the State of Hawaii. No¹⁴ regulations or rules whatsoever shall materially limit or affect the right or interest of (a) the owners of the Commercial Apartments without first securing the affirmative vote of owners of not less than seventy-five percent (75%) of the interest in the common elements appurtenant to Commercial Apartment 1, (b) the owners of the Residential Apartments without first securing the affirmative vote of the owners of not less than seventy-five percent (75%) of the interest in the common elements appurtenant to the Residential Apartments or (c) the Partnership or Commercial Apartment 1 without first securing the written approval of the general partner of the Partnership; provided, further, however, that at any time prior to the first recording of a conveyance of an apartment and its appurtenances to a party not a signatory hereto, the Developer may amend this Declaration (including all exhibits) and the Bylaws in any manner, without the consent of any apartment purchaser. Notwithstanding the lease, sale or conveyance of any of the apartments, the Developer may amend this Declaration (and when applicable, the Condominium Map) to file the "as-built" verified statement required by Section 514A-12 of the Act (1) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans thereto filed fully and accurately depict layout, location, apartment numbers, and the dimensions of the apartments as-built, or (2) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the apartments as-built or any change in any apartment number. In case of a modification or amendment to the Bylaws, this Declaration shall be amended to set forth such modification or amendment pursuant to such percentage vote as required by the Bylaws which rendered the modification or amendment thereof effective.

17. Exemptions For Handicapped Persons. Notwithstanding anything to the contrary contained in this Declaration, the Bylaws, or the House Rules, and subject to reasonable administrative requirements as set forth in the House Rules, handicapped residents shall: (1) be permitted to make reasonable modifications to their apartments and/or the common elements, at their expense (including without limitation the cost of obtaining any bonds required by this Declaration or the Bylaws), if such modifications are necessary to enable them to use and enjoy their apartments and/or the common elements, as the case may be; and (2) be allowed reasonable exemptions from this Declaration, the Bylaws, and the House Rules, when necessary to enable them to use and enjoy their apartments and/or the common elements.¹⁵

IN WITNESS WHEREOF, the undersigned have executed this instrument this

29th day of March, 1996.

ASSOCIATION OF APARTMENT OWNERS
OF ISLAND COLONY

By:

H. J. Stahl

H. J. STAHL

Type Name

Its: PRESIDENT

By:

G. Sharman

G. Sharman

Type Name

Its: Secretary

STATE OF Hawaii)
CITY & COUNTY OF Honolulu) : SS.

On this 29th day of March, 1996, before me appeared H. J. Stahl to me personally known, who being by me duly sworn, did say that he is the President of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY; 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.

M. J. [Signature]
Notary Public, State of Hawaii

My Commission Expires: 11/01/99

STATE OF HAWAII)
CITY & COUNTY OF HONOLULU) : SS.

On this 17th day of April, 1996, before me appeared G. Sharman to me personally known, who being by me duly sworn, did say that she is the Secretary of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY; that the foregoing instrument was signed on behalf of said Association by authority of its Board of Directors, and acknowledged that she executed the same as the free act and deed of said Association. Said Association has no seal.

[Signature]
Notary Public, State of Hawaii

My Commission Expires: 8/26/96

FIRST:-

ALL of that certain parcel of land situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 3-A-5, area 3,381.0 square feet, as shown on Map 4, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 634 of Guardian Trust Company, Limited;

TOGETHER WITH a perpetual right of way for any and all purposes to be used and exercised in common with others legally entitled thereto and as an appurtenance to said Lot 3-A-5, over, across, along, upon and under Lot 3-A-4-A, area 3,325.0 square feet, as shown on Map 6 of said Land Court Application No. 634;

TOGETHER ALSO WITH the perpetual right or easement to install and maintain public utilities of all kinds, to be used and enjoyed in common with others legally entitled thereto and as an appurtenance to said Lot 3-A-5, over, across, upon, along and under Lot 3-A-4-D, area 226.0 square feet, and Lot 3-A-3-B, area 627.0 square feet, as shown on Map 6, and Lot 3-A-2, area 686.0 square feet, as shown on Map 4 of said Land Court Application No. 634.

Being the premises described in Transfer Certificate of Title No. 165,912 issued to Takenaka Construction (Hawaii) Ltd. (now known as Haseko Hawaii, Inc.)

SECOND:-

ALL of that certain parcel of land (being portions of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa and L. P. Grant 7847 to Trustees of B. P. Bishop Estate), being LOT A, the same being all of Parcels 1, 2, 3, 8 and 9, being also all of Lot A-1, situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, and more particularly described as follows:

Beginning at the west corner of this piece of land, on the north corner of Lot 108-A of Land Court Application 551 and on the southeasterly side of Seaside Avenue, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 11,344.58 feet South and 7,812.47 feet East, thence running by azimuths measured clockwise from True South:

1. 222° 45' 216.32 feet along the southeasterly side of Seaside Avenue;

Thence along the southeasterly side of Seaside Avenue on a curve to the right with a radius of 20.00 feet, the azimuth and distance of the chord being:

2. 267° 45' 28.28 feet;

3. 312° 45' 142.00 feet along the southwesterly side of Ala Wai Boulevard;

- | | | | |
|----|----------|--------|---|
| 4. | 42° 45' | 100.00 | feet along Parcel 4, along the remainders of L. P. Grant 7847 to Trustees of B. P. Bishop Estate and R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |
| 5. | 312° 45' | 98.08 | feet along Parcels 4 and 5, along the remainder of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |
| 6. | 42° 45' | 88.75 | feet along the northwesterly side of Nohonani Street; |
| 7. | 114° 04' | 55.73 | feet along Lot 3-A-5 of Land Court Application 634; |
| 8. | 124° 35' | 209.33 | feet along Lot 108-A of Land Court Application 531 to the point of beginning and containing an area of 46,442 square feet, as per survey of James Y. Hamazaki, Registered Professional Land Surveyor, Certificate No. 3683, dated May 18, 1978. |

BEING the same land and premises conveyed to Takenaka Construction (Hawaii) Ltd. (now known as Haseko Hawaii, Inc.) by Deed dated May 2, 1974, recorded in the Bureau of Conveyances at Honolulu in Book 9874, Page 363, and by Deed dated December 14, 1973, recorded in said Bureau in Book 9646, Page 497.

SUBJECT, HOWEVER, to EASEMENT A (10 feet wide) for utility purposes, being a portion of Lot A, being also a portion of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa, situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, being more particularly described as follows:

Beginning at the southeast corner of this piece of land, being also the Southeast corner of Lot A and on the northwesterly side of Nohonani Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 11,421.02 feet South and 8,095.98 feet East, thence running by azimuths measured clockwise from True South:

- | | | | |
|----|----------|-------|---|
| 1. | 42° 45' | 10.00 | feet along the northwesterly side of Nohonani Street; |
| 2. | 132° 45' | 98.08 | feet along the remainder of Lot A, along the remainder of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |
| 3. | 222° 45' | 10.00 | feet along the remainder of Lot A, along the remainder of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |

4. 312° 45' 98.08 feet along Parcels 4 and 5, along the remainder of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa to the point of beginning and containing an area of 981 square feet, as per survey of James Y. Hamasaki, Registered Professional Land Surveyor, Certificate No. 3683, dated May 18, 1978.

SUBJECT, ALSO, to the reservation in favor of the State of Hawaii of all mineral and metallic mines.

SUBJECT, FURTHER, to the covenants and agreements contained in that certain instrument dated September 15, 1976, recorded in the Bureau of Conveyances at Honolulu in Book 11682, Page 302.

Description of the Project

A. Physical Description. The Project consists of a single forty-three story building of concrete, reinforced steel, glass and allied building materials and is without basement. The Project contains 745 apartments, consisting of five Commercial Apartments and 740 Residential Apartments. The Commercial Apartments are located on the first through the sixth floors of the Project. The residential Apartments are located on the upper thirty-seven floors of the Project, beginning with the seventh floor.

B. Commercial Apartments. The five Commercial Apartments are each of a different floor plan and model type and are described as follows:

1. Commercial Apartment 1. This apartment is on the first floor and consists of approximately 2009 square feet. The apartment consists of a hotel front desk, offices, and employees' restrooms. Commercial Apartment 1 at all times shall include a clerk's desk or counter with 24-hour clerk service and facilities for registration and keeping of records relating to hotel guests. The apartment is located in the Northern or Mauka-Ewa corner of the Project.

2. Commercial Apartment 2. This apartment is on the first floor and consists of approximately 7,112 square feet. It is intended to serve as a kitchen and restaurant or other commercial facility. The apartment is located near the center of the Project.

3. Commercial Apartment 3. This apartment is on the first floor and consists of approximately 4,685 square feet. It is intended to serve as a commercial retail facility, mini-mart, gift shop, delicatessen or other commercial facility. The apartment is located in the Diamond Head corner of the Project adjacent to Commercial Apartment 2.

4. Commercial Apartment 4. This apartment is on the sixth floor and consists of approximately 8,604 square feet. This apartment is located in the approximate center of the sixth floor. It is intended for use as a cocktail bar and coffee shop or other commercial facility or facilities.

5. Commercial Apartment 5. This apartment is on the third, fourth and fifth floors of the Project and consists of approximately 93,227 square feet. The apartment contains approximately 291 parking stalls (regular, tandem or compact) and includes a ramp area on the second floor of the Project as shown on the Condominium Map.

The foregoing descriptions of the intended uses for the Commercial Apartments should not be deemed to limit use of the apartments. They may be used for any use permitted by law.

C. Residential Apartments. All 740 Residential Apartments are located on the seventh through the forty-fourth

floors of the Project. There is no floor numbered thirteen (13) in the Project. Each of these thirty-seven floors has an identical floor plan with twenty Residential Apartments, each of a different model type. The model types are numbered 01 through 21; there is no model type thirteen (13). The last two digits of each apartment number indicates the apartment's model type. As an example, apartments 4101 and 901 are both model type 01 apartments. Of the twenty model types, there are three categories of apartments. These are one-bedroom apartments, of which there are 148 apartments (four per floor), studio apartments of which there are 222 apartments (six per floor), and lodging apartments of which there are 370 units (ten per floor). Model types 01, 02, 20 and 21 are one-bedroom apartments. Model types 06, 07, 10, 11, 14, and 17 are studio apartments. Model types 03, 04, 05, 08, 09, 12, 15, 16, 18, and 19, are lodging apartments.

Each one-bedroom apartment consists of a bathroom, bedroom and lanai, and contains a living/dining room with kitchen facilities. Each one-bedroom apartment will be furnished with a disposal, unit air-conditioner, refrigerator, range and carpeting. Each studio apartment consists of a living/dining room with kitchen facilities, bathroom and lanai. Each studio apartment will be furnished with a disposal, unit air-conditioner, refrigerator, built-in cook top and carpeting. Each lodging apartment consists of a living/dining room with limited kitchen facilities, bathroom and lanai. Each lodging apartment will be furnished with a disposal, unit air-conditioner, refrigerator, and carpeting. Lodging apartments differ from studio apartments in that the lodging apartments are not furnished with the cooking facilities (a two-burner cook top) with which the studio apartments are furnished.

The Residential Apartment locations may be determined by reference to the apartment numbers. The first two digits for each four digit apartment number designates the floor upon which the apartment is located. For each Residential Apartment with a three-digit number, the first digit indicates the floor on which the apartment is located. As an example, Residential Apartment 701 is located on the seventh floor and Residential Apartment 1501 is located on the fifteenth floor. Odd numbered apartments begin with model type 01, which is at the Diamond Head-Mauka Corner of the Project, and progress along the Diamond Head side of the Project to model type 21, which is located in the Diamond Head-Makai corner of the Project. Model type 02 is located in the Mauka-Ewa corner of the Project, and the even-numbered model types proceed by even numbers to model type 20, which is located in the Makai-Ewa corner of the Project. As an example, Residential Apartment 2105 would be a lodging apartment located on the 21st floor of the Project on the Diamond Head side near the Mauka corner.

The square footage for each Residential Apartment has been determined in accordance with the definition in paragraph 4 of the Declaration of the limits of each apartment. Square footages for each Residential Apartment are as follows:

EXHIBIT "B"

RESIDENTIAL APARTMENTS

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
701, 801, 901, 1001, 1101, 1201, 1401, 1501, 1601, 1701, 1801, 1901, 2001, 2101, 2201, 2301, 2401, 2501, 2601, 2701, 2801, 2901, 3001, 3101, 3201, 3301, 3401, 3501, 3601, 3701, 3801, 3901, 4001, 4101, 4201, 4301, 4401	01	563	669
702, 802, 902, 1002, 1102, 1202, 1402, 1502, 1602, 1702, 1802, 1902, 2002, 2102, 2202, 2302, 2402, 2502, 2602, 2702, 2802, 2902, 3002, 3102, 3202, 3302, 3402, 3502, 3602, 3702, 3802, 3902, 4002, 4102, 4202, 4302, 4402	02	563	669
703, 803, 903, 1003, 1103, 1203, 1403, 1503, 1603, 1703, 1803, 1903, 2003, 2103, 2203, 2303, 2403, 2503, 2603, 2703, 2803, 2903, 3003, 3103, 3203, 3303, 3403, 3503, 3603, 3703, 3803, 3903, 4003, 4103, 4203, 4303, 4403	03	280	396
704, 804, 904, 1004, 1104, 1204, 1404, 1504, 1604, 1704, 1804, 1904, 2004, 2104, 2204, 2304, 2404, 2504, 2604, 2704, 2804, 2904, 3004, 3104, 3204, 3304, 3404, 3504, 3604, 3704, 3804, 3904, 4004, 4104, 4204, 4304, 4404	04	292	396
705, 805, 905, 1005, 1105, 1205, 1405, 1505, 1605, 1705, 1805, 1905,	05	302	418

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
2005, 2105, 2205, 2305, 2405, 2505, 2605, 2705, 2805, 2905, 3005, 3105, 3205, 3305, 3405, 3505, 3605, 3705, 3805, 3905, 4005, 4105, 4205, 4305, 4405			
706, 806, 906, 1006, 1106, 1206, 1406, 1506, 1606, 1706, 1806, 1906, 2006, 2106, 2206, 2306, 2406, 2506, 2606, 2706, 2806, 2906, 3006, 3106, 3206, 3306, 3406, 3506, 3606, 3706, 3806, 3906, 4006, 4106, 4206, 4306, 4406	06	309	413
707, 807, 907, 1007, 1107, 1207, 1407, 1507, 1607, 1707, 1807, 1907, 2007, 2107, 2207, 2307, 2407, 2507, 2607, 2707, 2807, 2907, 3007, 3107, 3207, 3307, 3407, 3507, 3607, 3707, 3807, 3907, 4007, 4107, 4207, 4307, 4407	07	308	424
708, 808, 908, 1008 1108, 1208, 1408, 1508, 1608, 1708, 1808, 1908, 2008, 2108, 2208, 2308, 2408, 2508, 2608, 2708, 2808, 2908, 3008, 3108, 3208, 3308, 3408, 3508, 3608, 3708, 3808, 3908, 4008, 4108, 4208, 4308, 4408	08	316	420
709, 809, 909, 1009, 1109, 1209, 1409, 1509, 1609, 1709, 1809, 1909, 2009, 2109, 2209, 2309, 2409, 2509, 2609, 2709, 2809, 2909, 3009, 3109, 3209, 3309, 3409, 3509, 3609, 3709, 3809, 3909,	09	308	424

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
4009, 4109, 4209, 4309, 4409			
710, 810, 910, 1010, 1110, 1210, 1410, 1510, 1610, 1710, 1810, 1910, 2010, 2110, 2210, 2310, 2410, 2510, 2610, 2710, 2810, 2910, 3010, 3110, 3210, 3310, 3410, 3510, 3610, 3710, 3810, 3910, 4010, 4110, 4210, 4310, 4410	10	316	420
711, 811, 911, 1011, 1111, 1211, 1411, 1511, 1611, 1711, 1811, 1911, 2011, 2111, 2211, 2311, 2411, 2511, 2611, 2711, 2811, 2911, 3011, 3111, 3211, 3311, 3411, 3511, 3611, 3711, 3811, 3911, 4011, 4111, 4211, 4311, 4411	11	308	424
712, 812, 912, 1012, 1112, 1212, 1412, 1512, 1612, 1712, 1812, 1912, 2012, 2112, 2212, 2312, 2412, 2512, 2612, 2712, 2812, 2912, 3012, 3112, 3212, 3312, 3412, 3512, 3612, 3712, 3812, 3912, 4012, 4112, 4212, 4312, 4412	12	316	420
714, 814, 914, 1014, 1114, 1214, 1414, 1514, 1614, 1714, 1814, 1914, 2014, 2114, 2214, 2314, 2414, 2514, 2614, 2714, 2814, 2914, 3014, 3114, 3214, 3314, 3414, 3514, 3614, 3714, 3814, 3914, 4014, 4114, 4214, 4314, 4414	14	316	420
715, 815, 915, 1015, 1115, 1215, 1415, 1515,	15	308	424

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
1615, 1715, 1815, 1915, 2015, 2115, 2215, 2315, 2415, 2515, 2615, 2715, 2815, 2915, 3015, 3115, 3215, 3315, 3415, 3515, 3615, 3715, 3815, 3915, 4015, 4115, 4215, 4315, 4415			
716, 816, 916, 1016, 1116, 1216, 1416, 1516, 1616, 1716, 1816, 1916, 2016, 2116, 2216, 2316, 2416, 2516, 2616, 2716, 2816, 2916, 3016, 3116, 3216, 3316, 3416, 3516, 3616, 3716, 3816, 3916, 4016, 4116, 4216, 4316, 4416	16	315	419
717, 817, 917, 1017, 1117, 1217, 1417, 1517, 1617, 1717, 1817, 1917, 2017, 2117, 2217, 2317, 2417, 2517, 2617, 2717, 2817, 2917, 3017, 3117, 3217, 3317, 3417, 3517, 3617, 3717, 3817, 3917, 4017, 4117, 4217, 4317, 4417	17	305	421
718, 818, 918, 1018, 1118, 1218, 1418, 1518, 1618, 1718, 1818, 1918, 2018, 2118, 2218, 2318, 2418, 2518, 2618, 2718, 2818, 2918, 3018, 3118, 3218, 3318, 3418, 3518, 3618, 3718, 3818, 3918, 4018, 4118, 4218, 4318, 4418	18	313	417
719, 819, 919, 1019, 1119, 1219, 1419, 1519, 1619, 1719, 1819, 1919, 2019, 2119, 2219, 2319, 2419, 2519, 2619, 2719, 2819, 2919, 3019, 3119,	19	297	413

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
3219, 3319, 3419, 3519, 3619, 3719, 3819, 3919, 4019, 4119, 4219, 4319, 4419			
720, 820, 920, 1020, 1120, 1220, 1420, 1520, 1620, 1720, 1820, 1920, 2020, 2120, 2220, 2320, 2420, 2520, 2620, 2720, 2820, 2920, 3020, 3120, 3220, 3320, 3420, 3520, 3620, 3720, 3820, 3920, 4020, 4120, 4220, 4320, 4420	20	570	676
721, 821, 921, 1021, 1121, 1221, 1421, 1521, 1621, 1721, 1821, 1921, 2021, 2121, 2221, 2321, 2421, 2521, 2621, 2721, 2821, 2921, 3021, 3121, 3221, 3321, 3421, 3521, 3621, 3721, 3821, 3921, 4021, 4121, 4221, 4321, 4421	21	570	676

D. Common Elements. In addition to those common elements specified in paragraph 5 of the Declaration, the common elements include: (i) the loading and receiving areas, planters and landscaped areas, lobby, porte cochere, men's and women's rooms, foyer, elevators, elevator machinery, associated electric panels, pump rooms, and machine rooms on the first floor; (ii) the mechanical equipment room and emergency room on the second floor; (iii) the deck area on the sixth floor, including the sauna facilities, men's and women's rooms, swimming pool; (iv) the trash chute on floors one through forty-three of the Project; and (v) the equipment loft on the roof of the Project for the elevator machinery.

E. Limited Common Elements. The following parts of the common elements, herein called "limited common elements", and specifically shown on the Condominium Map, are hereby set aside and reserved for the exclusive use of one or more apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements:

1. Commercial Apartment 1. The limited common elements appurtenant to Commercial Apartment 1 shall include: a landscaped or parking area in the Diamond Head-Makai corner of the first floor of the Project and delineated on the Condominium Map; the office, balcony, administration, telephone equipment and storage rooms located on the second floor of the Project; certain space on the Mauka end of the fifth floor of the Project delineated on the Condominium Map, (which may be used for maintenance and storage, laundry facilities, employee housekeeping and maintenance offices, employee dining room or any other commercial purpose; certain space in the Mauka end of the sixth floor of the Project (which may be used for group meetings or any other commercial purpose) and delineated on the Condominium Map; for the seventh through forty-fourth floors of the Project, each maid's and storage room; and the roof deck of the Project, except for those areas consisting of the elevators and fire exits. Notwithstanding the designation of the telephone equipment room on the second floor as limited common element to Commercial Apartment 1, the Owner of Commercial Apartment 1 shall not obstruct or take any act to impair telephone service to the Residential Apartments whether or not such Apartments are owned by limited partners in the Partnership.

2. Commercial Apartment 2. The single limited common element appurtenant to Commercial Apartment 2 is a large exhaust vent or smoke tower which extends from the second through the sixth floors and is delineated on the Condominium Map.

3. Residential Apartments. There are no limited common elements appurtenant to the Residential Apartments.

COMMON INTERESTS

The undivided interest in the common elements appurtenant to each apartment is set forth below. Common interests have been roughly based on approximate apartment square footages, with the exceptions of Commercial Apartments 1 and 5. Commercial Apartment 1's common interest has been computed based on its approximate floor area together with twenty percent (20%) of the area of the limited common elements appurtenant to it. The common interest for Commercial Apartment 5, the parking apartment, because of its limited use, has been based on its appraised value in relation to the appraised value of the Residential Apartments. The following common interests shall be valid and effective whether or not the Developer's calculations of such interests are accurate or mathematically correct.

<u>Apartment Type</u>	<u>Percentage of Common Interest</u>		<u>Number of Apartments</u>		<u>Percentage Total</u>
Commercial Apartment 1	1.995	x	1	=	1.995
Commercial Apartment 2	1.869	x	1	=	1.869
Commercial Apartment 3	1.231	x	1	=	1.231
Commercial Apartment 4	2.260	x	1	=	2.260
Commercial Apartment 5	1.625	x	1	=	1.625
TOTAL					8.980
Residential Apartment/ Lodging (Residential Apartments 703 to 4403, 704 to 4404, 705 to 4405, 708 to 4408, 709 to 4409, 712 to 4412, 715 to 4415, 716 to 4416, 718 to 4418, 719 to 4419)	.109	x	370	=	40.330
Residential Apartments/ Studio (Residential Apartments 706 to 4406, 707 to 4407, 710 to 4410, 711 to 4411, 714 to 4414, 717 to 4417)	.111	x	222	=	24.642
Residential Apartments/ One Bedroom (Residential Apartments 701 to 4401, 702 to 4402, 720 to 4420, 721 to 4421)	.176	x	148	=	26.048
TOTAL					91.020
					<u>100.000%</u>

EXHIBIT "C"

ENDNOTES

The following Endnotes correspond to provisions in the Declaration as restated to conform to Hawaii Revised Statutes ("HRS") Chapter 514A, to the Federal Fair Housing Act (42 U.S.C. Sections 3601 et seq.) and to integrate all amendments made to the Declaration. This Restatement was made solely for purposes of information and convenience. The Restated Declaration correctly sets forth without change the corresponding provisions of the original Declaration, as amended, and supersedes the original Declaration and all prior amendments thereto. In the event of a conflict, the Restated Declaration shall be subordinate to the cited statute.

1. To conform to HRS §514A-20.
2. The provision that the Bylaws are attached to the Declaration as Exhibit "D" is deleted as it is restated and recorded separately from the Declaration. See HRS §514-81.
3. To integrate the First Amendment to the Declaration recorded with the Bureau of Conveyances of the State of Hawaii on November 26, 1979 in Liber 14221, at Page 632, and in the Office of the Assistant Registrar of the Land Court as Document No. 979903.
4. The original Declaration referred to Paragraph 10(e)(1). There is no Paragraph 10(e)(1), so the paragraph reference has been corrected by this Restatement.
5. To integrate the First Amendment to the Declaration recorded as aforesaid.
6. To conform to HRS §514A-82(b)(6).
7. To correct typographical error.
8. To correct typographical error.
9. To conform to HRS §514A-89.
10. The provision that the Bylaws are attached to the Declaration as Exhibit "D" is deleted as aforesaid.
11. The provision that the Bylaws are attached to the Declaration as Exhibit "D" is deleted as aforesaid.
12. To conform to HRS §514A-11(11).
13. To correct typographical error.
14. To conform to HRS §514A-11(11) and §514A-82(b)(2).
15. To conform to the Federal Fair Housing Act, as amended (42 U.S.C. Sections 3601 et seq.).

DOUBLE SYSTEM



L-705
STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
RECORDED
AUG 17, 2005 01:00 PM
Doc No(s) 3314024
on Cert(s) 503,777



R-837
STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED
AUG 17, 2005 01:00 PM
Doc No(s) 2005-163647



20 1/1 Z1 R837

/s/ CARL T. WATANABE
ASSISTANT REGISTRAR



20 1/1 Z1 L705

/s/ CARL T. WATANABE
REGISTRAR OF CONVEYANCES

LAND COURT SYSTEM

Return by: Mail ☐ Pickup ☐ To:

RICHARD S. EKIMOTO, ESQ.
1132 Bishop Street, Suite 902
Honolulu, HI 96813
Telephone: (808) 523-0702

REGULAR SYSTEM

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ISLAND COLONY AMENDMENT TO THE RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME

WHEREAS, by Declaration of Horizontal Property Regime dated November 28, 1978, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (hereinafter called "Land Court") as Document No. 912095 and duly noted on Transfer Certificate of Title No. 503,777 and recorded in the Bureau of Conveyances of the State of Hawaii ("hereinafter called the "Bureau") in Liber 13332, Page 585, and as shown on the Condominium Map No. 350, as amended, filed in Land Court, and Condominium Map No. 583, as amended, filed in the Bureau, HASEKO HAWAII, INC., a Hawaii corporation, formerly known as Hawaii Takenaka International, Ltd., (the "Developer"), did submit the property described in said Declaration to the provisions of the Horizontal Property Act (now known as the "Condominium Property Act"), Chapter 514A, Hawaii Revised Statutes, as amended;

WHEREAS, said Declaration has been amended from time to time; and

WHEREAS, said Declaration was restated by Island Colony Restated Declaration of Condominium Property Regime dated March 29, 1996 and filed in Land Court as Document No. 2304255 and in the Bureau as Document No. 96-057032 (collectively the "Declaration"); and

WHEREAS, Hawaii Revised Statutes § 514A-11(11) provides that the declaration of condominium associations may be amended by the affirmative vote or written consent of 75% of the apartment owners; and

WHEREAS, Hawaii Revised Statutes § 514C-22(a) provides that the Lessor's Lessee interest shall be disregarded if the Lessor is the Lessee of a condominium unit; and

WHEREAS, more than 75% of the non-lessor apartment owners approved the amendments to the Declaration by written consent hereinafter set forth;

NOW, THEREAFTER, the Declaration is hereby amended as follows:

AMENDMENT NO. ONE:

The Declaration is hereby amended to add a new Paragraph 15 to read as follows:

15. FEE CONVERSION/RENT RENEGOTIATION.

a. General Authority; Common Expenses.

(1) Notwithstanding any other provision contained in the Declaration or the By-Laws to the contrary, the Board of Directors shall have the power to do all such things as it deems necessary or appropriate to arrange for the purchase by the Association and/or its Members of the Leased Fee Interest and to facilitate the completion of any such purchase.

(2) In connection with the powers granted in this subparagraph 15.a., the Board may:

- (a) purchase all or any portion of the Leased Fee Interest;
- (b) arrange for and pay whatever compensation shall be agreed to, whether monetary or otherwise;
- (c) arrange for and obtain any needed financing in connection with any such acquisition;
- (d) retain attorneys, appraisers, accountants, real estate agents, architects, engineers, and such other persons as it deems necessary or appropriate;
- (e) sign any documents;
- (f) incorporate the Association to facilitate the holding of title to the Leased Fee Interest; and
- (g) do any and all other acts or things incidental to the consummation of any such transaction(s).

(3) Except as set forth below, all costs incurred by the Board or the Association pursuant to this Paragraph 15 shall constitute a common expense of the Association.

b. Administration of Interests Acquired by Association.

(1) In the event that the Association acquires all or any portion of the Leased Fee Interest, the Board shall be empowered to take all such action as it deems necessary or appropriate to administer the Leased Fee Interest.

(2) In connection with the powers granted in this subparagraph 15.b., the Board may:

- (a) set, arbitrate, and collect lease rents;
- (b) sell and/or convey all or any portion of the Leased Fee Interest upon such terms and conditions as the Board deems appropriate under the circumstances;
- (c) negotiate and set the sales price for the Leased Fee Interest;

- (d) sell the Leased Fee Interest on an agreement of sale;
- (e) retain attorneys, appraisers, accountants, real estate agents, architects, engineers, and such other persons as it deems necessary or appropriate;
- (f) sign any documents; and
- (g) do any and all other acts or things incidental to the consummation of any such transaction(s).

(3) To the extent permitted by the Condominium Property Act, and notwithstanding any provision in the condominium conveyance documents or any other conveyance document demising an interest in the apartments in the project, the Board shall have the authority to refuse to act as the agent of the apartment lessees for the purpose of negotiating and arbitrating the lease rent.

c. Termination of Rights of Lessor. Upon the acquisition by the Members of all of the Lessor's and/or Sublessor's interest in the land submitted to the Condominium Property Regime and all of the Lessor's and/or Sublessor's interest in any condominium conveyance documents, all approval and other requirements pertaining to the Lessor as contained in the Declaration or the By-Laws shall thereupon become null and void and of no effect. The Board may delete all approvals and other requirements pertaining to the Lessor by the restatement of the Declaration and the By-Laws.

d. Conditions for Purchase. The Board may, but shall not be required to, condition any purchase in accordance with this Paragraph 15 upon such terms and conditions as the Board deems appropriate under the circumstances in its sole and absolute discretion.

e. Authority to Assist and/or Advise in Sale Directly To Members. If the Lessor offers to sell the Leased Fee Interest directly to the Members, the Board shall have the power to: (1) waive the right of first refusal as set forth in Hawaii Revised Statutes Chapter 514C; (2) negotiate with the Lessor; (3) take all other actions incidental to the consummation of the sale as it shall, in its sole judgment, deem appropriate to assist and/or advise the Members about the proposal from the Lessor. This authority shall also be deemed to be the written authorization to represent the Members as described in said Chapter 514C. All costs incurred by the Board in representing such Members as set forth herein shall constitute a common expense of the Association and these allocations constitute an allocation in a fair and equitable manner as provided in Hawaii Revised Statutes Chapter 514C, as amended.

f. Authority to Assist and/or Advise in Mandatory Conversion. The Board shall have the power, but not the obligation, to assist and advise the Members in the mandatory sale of the Leased Fee Interest to some or all of the Members. Such power shall include the power to represent Members in the conversion and to take all other actions incidental to the consummation of such conversion as it shall, in its sole judgment, deem necessary to assist and/or advise the Members. All costs incurred by the Board in representing such Members as set forth herein shall constitute a common expense of the Association; provided that the Board may but is not required to charge each owner participating in the conversion a fee to cover its costs in representing such Members.

g. Limitation of Liabilities. No officer, director, or employee, of the Association shall be liable for any damage, injury, or loss to the Association, any Member, or any other person caused by or resulting from the exercise of the authority and powers granted by this Paragraph 15 unless such damage, injury, or loss was caused by the gross negligence or willful misconduct of such officer, director, or employee in the discharge of such person's duty to the Association.

h. Partial Conversion; Lease Rent Negotiation.

(1) In the event that some, but not all Members purchase their share of the Leased Fee Interest, then, pursuant to the authority granted in the condominium conveyance documents and other conveyance documents demising interests in the apartments in the project, the Association, acting by its Board, is authorized to act as the sole agent of the remaining apartment lessees for the negotiation and determination of lease rent. The Board is also authorized to refuse to act as the agent of the remaining lessees. If the Board decides to act as the agent of the remaining lessees, the Board shall have the power to do all acts and things which it deems appropriate in connection with such negotiation and determination.

(2) In connection with the powers granted in this subparagraph 15.h., the Board may:

- (1) retain any attorneys, appraisers, accountants, real estate agents, architects, engineers, and such other persons as it deems necessary to represent the Association or the apartment lessees;
- (2) appoint any arbitrators on behalf of the Association or the apartment lessees;
- (3) elect not to represent one or more apartment lessees in the discretion of the Board;
- (4) accept or reject offers of new lease rent amounts on behalf of the apartment lessees;
- (5) make offers of new lease rent amounts on behalf of the apartment lessees;
- (6) prosecute the arbitration for determination of the new lease rent on behalf of the apartment lessees; and
- (7) sign any documents and do any and all other acts or things incidental to the negotiation or arbitration of the lease rent.

(3) All costs and expenses incurred by the Board in connection with any of the actions authorized by subparagraph 15.h. shall be assessed to the remaining lessees in the same proportion that the common interest appurtenant to each lessee's apartment bears to the common interest appurtenant to all of the remaining lessees' apartments.

i. Partial Conversion; Right to Represent Remaining Lessees. (1)

In the event that some but not all Members purchase their share of the Leased Fee Interest, the Association, through its Board, is authorized but not required to exercise all the powers contained in this Paragraph 15 with respect to the interests of the remaining lessees.

(2) All costs and expenses incurred by the Board in connection with any of the actions authorized herein shall constitute a common expense

of the Association; provided that the Board may charge each apartment lessee a fee to cover its costs in representing such Members.

j. Definition of Terms Used in This Paragraph 15.

(1) "Lessor" means any or all of the persons having legal or equitable ownership interests in the Leased Fee Interest and/or ground leases including, but not limited to, any sublessor(s).

(2) "Assist and/or Advise" means the Board may take whatever action it deems appropriate or necessary, including without limitation, the authority to retain experts including attorneys, appraisers, accountants, architects, engineers, and to obtain studies and reports.

(3) "Member" means any person and/or entity who is a member of the Association pursuant to the Declaration and/or Bylaws.

(4) "Leased Fee Interest" means all or part of the Lessor's and/or Sublessor's interest in the land submitted to the Condominium Property Regime and any of the Lessor's and/or Sublessor's interest in any condominium conveyance documents.

The current Paragraphs 15, 16 and 17 will be redesignated as Paragraph 16, 17 and 18, respectively.

IN ALL OTHER RESPECTS, the Declaration, as amended, is hereby ratified and confirmed and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

AND, the undersigned officers of the Association hereby certify that the foregoing Declaration amendments were adopted by the written consent of the owners of more than 75% of the Island Colony apartment owners with the Lessee interest of the Lessor being disregarded pursuant to Hawaii Revised Statutes § 514C-22(a).

12th **IN WITNESS WHEREOF**, the undersigned have executed these presents as of the day of August, 2005.

**ASSOCIATION OF APARTMENT OWNERS OF
ISLAND COLONY**

By: _____

H. James Stahl

Type Name

Its: President

By: _____

Clifford L. Lyons

Type Name

Its: Secretary

STATE OF HAWAII

)

: SS.

CITY & COUNTY OF HONOLULU

)

On this 12TH day of August, 2005, before me appeared H. James Stahl, to me personally known, who being by me duly sworn, did say that he or she is the President of the Board of Directors of the Association of Apartment Owners of Island Colony; that the foregoing instrument was signed on behalf of said Association by authority of its Board of Directors; and acknowledged that he or she executed the same as the free act and deed of said Association. Said Association has no seal.



Bobbie A. Favelo

Type/Print Name

Notary Public, State of Hawaii

My Commission Expires: 6/17/07

LS

STATE OF HAWAII

)

: SS.

CITY & COUNTY OF HONOLULU

)

On this 12TH day of August, 2005, before me appeared Clifford L. Lyons, to me personally known, who being by me duly sworn, did say that he or she is the Secretary of the Board of Directors of the Association of Apartment Owners of Island Colony; that the foregoing instrument was signed on behalf of said Association by authority of its Board of Directors; and acknowledged that he or she executed the same as the free act and deed of said Association. Said Association has no seal.



Bobbie A. Favelo

Type/Print Name

Notary Public, State of Hawaii

My Commission Expires: 6/17/07

LS

Ref. to Title Guaranty #3999

Service

(TG) 179087

DOC NO 973903

STATE OF HAWAII
LAND COURT
FILED

79 NOV 26 A 8: 01

RECEIVED
NOTED ON CERTIFICATE
165912
BOOK

179087, etc.
8
TG
RECORDATION REQUESTED BY:

Title Guaranty Erection Service, Inc. (79-139946)

AFTER RECORDATION, RETURN TO:

Title Guaranty Erection Service, Inc.

When completed: Mail ()
Phone () Pickup ()

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECEIVED FOR RECORD

LIBER 14221 PG 632
1979 NOV 26 AM 8:01

Charles Neumann III
REGISTRAR

ISLAND COLONY

FIRST AMENDMENT TO DECLARATION OF HORIZONTAL
PROPERTY REGIME AND BYLAWS

WHEREAS, HASEKO HAWAII, INC., a Hawaii corporation (the "Developer"), has submitted certain real property to a Horizontal Property Regime under that certain Declaration of Horizontal Property Regime with Bylaws attached (the "Declaration of Horizontal Property Regime"), dated November 28, 1978, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 912095 noted on Transfer Certificate of Title No. 165912, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13332, Page 585; and

WHEREAS, construction of the improvements described in the Declaration of Horizontal Property Regime having been completed, the Developer wishes to amend the Declaration of Horizontal Property Regime in certain respects including the addition of a verified statement of the architect as required by Section 514A-12, Hawaii Revised Statutes, as amended;

NOW, THEREFORE, the Developer, pursuant to the power reserved in Section 16 of the Declaration of Horizontal Property Regime to amend the Declaration of Horizontal Property Regime for this purpose without the consent or joinder of any

apartment owner and acting in its capacity as owner of all of the apartments in the Island Colony condominium project as of the date hereof, hereby amends the Declaration of Horizontal Property Regime as follows:

1. As-Built Certificate. The verified statement of the architect attached hereto as Exhibit "A" is hereby incorporated hereby by reference.

2. Access to Common Elements. Paragraph 5 of the Declaration is amended to add the following sentence:

"Each apartment in the Project has immediate access to an adjacent corridor which is a common element."

3. Condemnation. Proceeds payable to the Condemnation Trustee under Article IX of the Bylaws do not include any compensation or damages for or on account of the Land. Such compensation or damages or both for or on account of the Land are payable to and the sole property of the Developer as fee owner of the Land in accordance with the terms of each Condominium Conveyance Document.

IN WITNESS WHEREOF, HASEKO HAWAII, INC., has executed this First Amendment the 23rd day of November, 1979.

HASEKO HAWAII, INC.

By


Its *Semin Vice President*

STATE OF HAWAII)
) ss:
CITY AND COUNTY OF HONOLULU)

On this 23rd day of November, 1979, before me appeared OSAMU KANEKO, to me personally known, who, being by me duly sworn, did say that he is SR. VICE PRES. of HASEKO HAWAII, INC., a Hawaii corporation; that the seal affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such corporation by authority of its Board of Directors; and said OSAMU KANEKO acknowledged such instrument to be the free act and deed of such corporation.

Felda Williams
Notary Public, First Judicial
Circuit, State of Hawaii.

My Commission expires: 7-24-82

EXHIBIT "A"

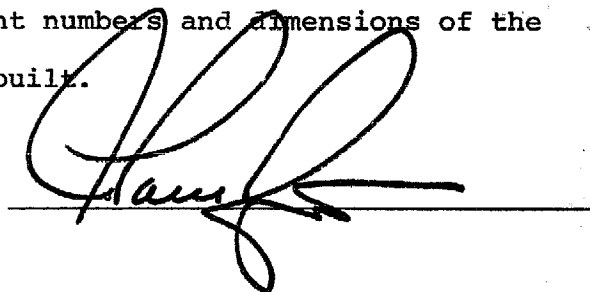
PROFESSIONAL ARCHITECT'S CERTIFICATE

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) ss:

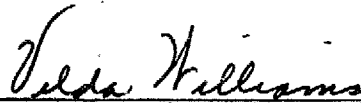
Jo Paul Rognstad, being first duly sworn on oath
states as follows:

That he is a professional architect registered by
the State of Hawaii, registration no. 1645A;

That the set of Plans previously filed in the Bureau
of Conveyances of the State of Hawaii as Condominium File Plan
No. 583 and filed in the Office of the Assistant Registrar of
the Land Court of the State of Hawaii as Condominium Map No.
350 for the Island Colony Condominium Project accurately depict
the layout, location, apartment numbers and dimensions of the
apartments in the project as built.



Subscribed and sworn to
before me this 20th day
of November, 1979.


Velda Williams
Notary Public, First Judicial
Circuit, State of Hawaii.
My commission expires: 7-24-82.

TG 179087

When Recorded Return to
~~2402 S. SOUTHERN PLYMOUTH & ALBERT~~
~~1000 B. S. ST.~~
Title Guaranty Escrow Services, Inc.
ESCROW NO. _____

129590 - 581/185
627 - 400
616 - 616

DOB NO. 912095

STATE OF HAWAII
LAND COURT
FILED

78 DEC 8 AIO: 54

Wm. H. H. H.
ASSISTANT ATTORNEY GENERAL
NOTED ON 2nd FILE 165412
ECG

250
2/5

D/S
TG 179057

RECORDATION REQUESTED BY:
CADES SCHUTTE FLEMING & WRIGHT

124-
LIBER 13332 PG 585
78-127629/78 DEC 8 AIO: 58

AFTER RECORDATION, RETURN TO:

CADES SCHUTTE FLEMING & WRIGHT
1000 BISHOP ST.

ATTN: MARK A. HAZLETT 521-9200

When Completed: Mail ()

Pick Up () Phone:

ISLAND COLONY

DECLARATION OF HORIZONTAL PROPERTY REGIME

WHEREAS, HASEKO HAWAII, INC., a Hawaii corporation, formerly known as Hawaii Takenaka International, Ltd., (the "Developer"), whose principal place of business and post office address is Suite 1814, 745 Fort Street, Honolulu, Hawaii, 96813, is the owner in fee simple of the land described in Exhibit "A" attached hereto and made a part hereof (the "Property"); and

WHEREAS, the Developer intends to develop the Property as a condominium project (the "Project") as more specifically described herein in accordance with plans incorporated herein by reference, filed in the Bureau of Conveyances of the State of Hawaii as Condominium File Plan No. 583 and filed in the Office of the Assistant Registrar of the Land Court as Condominium Map No. 350 (the Condominium File Plan and the Condominium Map being hereinafter collectively called the "Condominium Map").

NOW, THEREFORE, the Developer hereby expresses its desire that the Property described herein be submitted to a Horizontal Property Regime as established by Chapter 514A, Hawaii Revised Statutes, as amended (the "Act"), and hereby

submits its interest therein to a Horizontal Property Regime, and in furtherance thereof makes the following declarations as to divisions, limitations, restrictions, covenants and conditions, and hereby declares that the Property is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, and improved subject to the declaration, restrictions and conditions set forth herein and in the Bylaws (the "Bylaws") of the Association of Apartment Owners (the "Association") attached hereto and hereby made a part hereof, as the same may from time to time be amended, which declarations, restrictions and conditions shall constitute covenants running with the land, and shall be binding on and inure to the benefit of the Developer, all apartment owners and their respective heirs, successors, personal representatives and assigns, and all subsequent owners and lessees of all or any part of the Project and their respective heirs, successors, assigns and personal representatives.

1. Name. The Horizontal Property Regime established hereby shall be known as the ISLAND COLONY.

2. Land Description. The land submitted to the Horizontal Property Regime is described in Exhibit "A".

3. Description of the Project. The Project consists of a forty-three (43) story building consisting of a lobby with adjacent commercial apartments and certain limited common elements, three floors of parking, a recreation and sun deck and thirty-seven floors, each containing twenty residential apartments. The Project is divided into 740 residential apartments (the "Residential Apartments") and 5 commercial apartments (the "Commercial Apartments"), including a parking

apartment containing approximately 291 parking stalls (regular, compact and tandem), all as more fully described in Exhibit "B" attached hereto and made a part hereof and as shown on the Condominium Map; provided, however, should the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control; and provided, further, that the Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments and elevations and is not intended and shall not be deemed to contain or make any other representation or warranty.

4. Limits of Apartments. Each apartment's dimensions shall include all the walls and partitions which are not load bearing within its perimeter walls, the interior halves of the perimeter party walls measured from the centerlines of such walls to the interior of each apartment, non-party perimeter walls measured from the unfinished exteriors of such walls, all doors, windows and perimeter glass, the inner decorated or finished surfaces of all walls, floors and ceilings. Notwithstanding the foregoing, the respective apartments shall not be deemed to include the floors and ceilings surrounding each apartment, loadbearing and exterior walls or any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each Residential Apartment shall include its adjacent lanai. The dimensions of those Commercial Apartments without perimeter walls are shown on and defined by the Condominium Map. Notwithstanding the foregoing, apartment owners may not remove,

alter or otherwise modify the perimeter walls (excluding the inner decorated or finished surfaces of such walls), except as permitted in Paragraph 10(e)(1) of this Declaration.

5. Common Elements. The common elements will include the limited common elements described below, and all other portions of the Project, other than the apartments, including, specifically, but not limited to, the common elements mentioned in the Act which are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, and which are not included as part of an apartment, including but not limited to those common elements described in Exhibit "B" attached hereto and made a part hereof.

6. Limited Common Elements. Certain designated parts of the common elements are reserved for the exclusive use of certain apartments as described in Exhibit "B" attached hereto and made a part hereof.

7. Percentage of Undivided Common Interest. The undivided percentage common interest in the common elements appurtenant to each apartment is described in Exhibit "C" attached hereto and made a part hereof, and each apartment shall have such percentage in all common profits and expenses of the Project, except as otherwise expressly provided herein and in said Exhibit "C" with respect to any limited common element, and for all other purposes including voting.

8. Easements. In addition to the easements designated in paragraph 6 as limited common elements, the apartments and common elements shall also have and be subject to the

following easements:

a. Each apartment shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes for ingress to, egress from, and support, maintenance and repair of such apartment; in the other common elements (except limited common elements) for use according to their respective purposes; and in all other apartments and limited common elements for support;

b. If any part of the common elements now or hereafter encroaches upon any apartment or limited common element, or if any apartment now or hereafter encroaches upon any other apartment or upon any portion of the common elements, or limited common elements, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall exist. If the Project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements or limited common elements due to construction, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist;

c. The Association shall have the right, to be exercised by its Board of Directors or the Managing Agent, to enter each apartment from time to time during reasonable hours as may be necessary for the operation of the Project, for purposes of cleaning the windows of the Project, painting the Project and other maintenance and repair, or for making emergency repairs in an apartment necessary to prevent damage to any apartments or common elements;

d. Each apartment owner shall have an easement in common with the owners of all other apartments to use all

pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other apartments or limited common elements and serving such owner's apartment. Each apartment and its appurtenant limited common elements shall be subject to an easement for access to any common elements located in such apartment or its appurtenant limited common elements in favor of the owners of all other apartments served by such common elements.

e. Each apartment owner shall have an access easement across the parking apartment on the third, fourth and fifth floors to the fire exits to be used only during emergencies.

f. The owner and employees and agents of the owner or lessee of Commercial Apartment 4 shall have a non-exclusive easement for pedestrian access along the Diamond Head side of Commercial Apartment 1 to the service elevator which is adjacent to Commercial Apartment 1.

9. Alteration and Transfer of Interests. The undivided interest in the common elements and the limited common elements and other easements appurtenant to each apartment shall have a permanent character, and shall not be altered without the consent of all of the apartment owners affected, expressed in an amendment to this Declaration duly recorded, and shall not be separated from the apartment to which they appertain, and shall be deemed to be conveyed, leased or encumbered with such apartment even though such interest or easements are not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or

divide any portion thereof except as provided in the Act and as otherwise expressly provided herein.

10. Hotel Operation and Delegations to Partnership.

The Project has been developed by the Developer as a condominium hotel with the intention that the maximum number of Residential Apartments be owned by persons joining and becoming limited partners in the Island Colony Partners, a Hawaii limited partnership, or any successor thereto (the "Partnership"). A Hotel Management Contract (the "Hotel Management Contract") has been executed between the Partnership and the Hotel Corporation of the Pacific, Inc. (the "Hotel Operator") to provide for the operation of Commercial Apartment 1 (and its limited common elements) and those Residential Apartments owned by limited partners in the Partnership as a commercial hotel operation. The Developer contemplates that a significant number of the Residential Apartments will be used in the hotel operation. The Hotel Operator shall also serve as managing agent for the Project. The common elements of the Project shall be subject at all times to use by the Hotel Operator and the hotel operation, including all customary hotel activities such as maid, bellman, laundry, linen and room service, the daily arrival, registration, accommodation and departure of hotel guests at all hours and all activities incidental thereto. Notwithstanding anything herein to the contrary, for so long as any Residential Apartment is used in the hotel operation contemplated in this paragraph, the Partnership shall assume all duties and obligations of the owner imposed by Article V, Section 1 of the Bylaws regarding the maintenance of the Residential Apartments other than the obligation to pay

the cost of such maintenance. No use restriction or other provision in this Declaration or the Bylaws shall be interpreted to restrict the reasonable use of the Project by the Hotel Operator and the Partnership for hotel purposes.

11. Purposes and Uses. The Project and each of the apartments are intended for and shall be restricted to the following purposes and uses:

a. Each Residential Apartment shall at all times be used as permanent or temporary residence and for any other purpose permitted by all applicable laws and this Declaration; provided, however, that any Residential Apartment which is not committed to the hotel operation described in Paragraph 10 and not used by the Hotel Operator shall not be rented for a period of less than thirty (30) days. All such minimum rentals shall be evidenced by a written lease, a copy of which shall be filed with the Hotel Operator. The intent of this restriction is to assure that the Project and the Partnership shall enjoy the economies of scale and orderliness arising from use of a single hotel operation administered by the Partnership. Any lease or rental agreement of an apartment shall provide that it shall be subject in all respects to the provisions of the Declaration, the Bylaws and the House Rules for the Project, and that any failure of the lessee or renter to comply with the terms of these documents shall be a default under the lease or rental agreement.

b. Commercial Apartment 5 (the parking apartment) shall at all times be used to park motor vehicles and for any other purpose permitted by the applicable zoning laws, and the owner of the parking apartment shall have the right to establish a system of control by gate, guard, parking cards,

stickers, validations, rules and regulations, or otherwise for vehicular access to, from and through the parking apartment, to redesignate, eliminate or create parking stalls, and to charge such rates for the parking of vehicles as the owner of the parking apartment shall determine in its sole discretion.

c. The Commercial Apartments and the limited common elements respectively appurtenant thereto may be used for any purpose which may from time to time be permitted by law. Without limiting the generality of the foregoing, the owners of the Commercial Apartments may alter the layout of the spaces within the Commercial Apartments and may add additional commercial operations by further partitioning the Commercial Apartments or otherwise so long as such changes to the interior of the Commercial Apartments do not affect the structural integrity of the Project.

d. No owner will suffer anything to be done or kept in an apartment or elsewhere which would jeopardize the soundness of the Project, or which will interfere or unreasonably disturb the rights of other apartment owners, or which will obstruct the limited common elements, or which will increase the rate of fire insurance on the Project or the contents thereof, or which will reduce the value of the Project; provided, however, that the owners of the Commercial Apartments to which limited common elements are appurtenant may alter the floor plans of the limited common elements and may utilize the limited common elements for business purposes so long as such uses do not unreasonably interfere with the access of the owners of the Residential Apartments to their respective apartments.

e. No apartment owner will, without the prior

written consent of the Board of Directors, make any structural alterations within an apartment or any common element or limited common element or make any alterations in or additions to the exterior of the Project (including awnings, jalousies, screens or air conditioners). The Board of Directors shall not unreasonably withhold or delay its consent, and shall have the obligation to answer any written request by an apartment owner for its consent to any structural alterations of his apartment within thirty days after its receipt of such request describing the proposed alteration in reasonable detail, and the Board's failure to do so shall constitute its consent to the proposed alteration. Notwithstanding the foregoing, without any such consent:

(1) The owner of any two or more apartments separated by a party wall may alter or remove all or portions of the intervening wall if the structural integrity and soundness of the Project is not thereby affected and if the finish of the wall then remaining is restored to a condition substantially compatible to that of the wall prior to such alteration. Prior to the termination of the common ownership of such adjacent apartments, if the intervening wall shall have been altered or removed pursuant to the foregoing provisions, the owner of such apartments shall be obligated to restore such intervening wall to substantially the condition in which the wall existed prior to such alteration or removal;

(2) The Owner of any Commercial Apartment may from time to time install, maintain and rearrange partitions and other improvements within his apartment and the commercial elements as appropriate for their commercial utilization so

long as the structural integrity or soundness of the Project is not impaired.

f. The owner of any Residential Apartment will not, without the prior written consent of either the Board of Directors or the managing agent, display any sign or place any other thing in or upon any doors, windows, walls or other portions of the apartment or the common elements so as to be visible from the exterior; provided, however, that this restriction shall not apply to signs displayed by (i) the Developer for sales purposes prior to the completion of sales of all Residential Apartments in the Project, or (ii) to the Hotel Operator in connection with the reasonable hotel use of the Residential Apartments and common elements as part of the hotel operation. The owner of any Commercial Apartment and the Hotel Operator may, without prior consent of the Board of Directors or the managing agent, so display any sign on the exterior of any Commercial Apartment or limited common element appurtenant thereto.

g. The interior decoration of the common elements is designed to facilitate a hotel operation and shall not be modified or altered without the consent of the Partnership.

12. Service of Process. Developer at its place of business at Suite 1814, 745 Fort Street, Honolulu, Hawaii, is hereby designated as the agent to receive service of process until such time as the Board of Directors and officers of the Association are elected, at which time and thereafter process may be served upon any officer of the Association.

13. Percentage of Votes Required for Rebuilding. In the event of damage or destruction of all or any part of the

Project, and where an election is otherwise permissible under the other provisions of this Declaration and Bylaws, the Project shall be rebuilt, repaired or restored unless the owners of at least 75% of the interest in the common elements vote not to rebuild, repair or restore. There shall be an affirmative obligation to rebuild in the absence of such a vote not to rebuild. Notice of any event authorizing a vote under this section shall be given pursuant to Section 7 of Article VII of the Bylaws attached hereto as Exhibit "D."

14. Administration of Project. The administration of the Project shall be governed by this Declaration, the Bylaws attached hereto as Exhibit "D", and the Condominium Conveyance Document conveying to each owner his interest in his apartment. Each apartment owner shall comply strictly with the Declaration, Bylaws and Condominium Conveyance Document. Apartment owners acting for any purpose in connection with the common elements for the government, operation or administration of the Project and in accordance with the Declaration and with said Bylaws, shall be deemed to be acting as the Association, and specifically but without limitation the Association shall:

a. Make, build, maintain and repair all fences, sewers, drains, roads, curbs and sidewalks which may be required by law to be made, built, maintained and repaired upon or adjoining or in connection with or for the use of the common elements or any part thereof;

b. Keep all common elements in a strictly clean, orderly and sanitary condition, and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority for the time being applicable to

the common elements or the use thereof;

c. Well and substantially repair, maintain, amend, and keep all common elements with all necessary reparations and amendments whatsoever in good order and condition except as otherwise provided herein;

d. Before commencing or permitting construction of any improvement in the Project in excess of Fifty Thousand Dollars (\$50,000), obtain and deposit with the Developer a performance bond in a penal sum equal to one-half the cost of such construction and in form with surety satisfactory to the Developer, securing the completion of such construction in accordance with the contract for the same, free and clear of all mechanics' and materialmen's liens;

e. Not at any time make or suffer any strip or waste or unlawful or improper or offensive use of the common elements.

f. Not change the configuration of the entrances, lobby, elevator lobby or ground floor restrooms without the prior written consent of the owner of Commercial Apartment 1.

15. Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such provision had never been included herein.

16. Amendment. Except as otherwise expressly provided herein or in the Act, this Declaration may be amended by the vote of the apartment owners by at least seventy-five

percent (75%) of the interest in the common elements, evidenced by an instrument in writing, signed and acknowledged by any two (2) officers of the Association, which amendment shall be effective upon the later of filing in the Office of the Assistant Registrar of the Land Court and recording in the Bureau of Conveyances of the State of Hawaii provided, however, no amendments of this Declaration or the Bylaws or any regulations or rules whatsoever shall materially limit or affect the right or interest of (a) the owners of the Commercial Apartments without first securing the affirmative vote of owners of not less than seventy-five percent (75%) of the interest in the common elements appurtenant to Commercial Apartment 1, (b) the owners of the Residential Apartments without first securing the affirmative vote of the owners of not less than seventy-five percent (75%) of the interest in the common elements appurtenant to the Residential Apartments or (c) the Partnership or Commercial Apartment 1 without first securing the written approval of the general partner of the Partnership; provided, further, however, that at any time prior to the first recording of a conveyance of an apartment and its appurtenances to a party not a signatory hereto, the Developer may amend this Declaration (including all exhibits) and the Bylaws in any manner, without the consent of any apartment purchaser. Notwithstanding the lease, sale or conveyance of any of the apartments, the Developer may amend this Declaration (and when applicable, the Condominium Map) to file the "as-built" verified statement required by Section 514A-12 of the Act (1) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying

that the final plans thereto filed fully and accurately depict layout, location, apartment numbers, and the dimensions of the apartments as-built, or (2) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the apartments as-built or any change in any apartment number. In case of a modification or amendment to the Bylaws, this Declaration shall be amended to set forth such modification or amendment pursuant to such percentage vote as required by the Bylaws which rendered the modification or amendment thereof effective.

IN WITNESS WHEREOF, the Developer has executed this instrument and adopted by Bylaws attached hereto this 28th day of November, 1978.

HASEKO HAWAII, INC.

By 
Its President

FIRST:-

ALL of that certain parcel of land situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 3-A-5, area 3,381.0 square feet, as shown on Map 4, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 634 of Guardian Trust Company, Limited;

TOGETHER WITH a perpetual right of way for any and all purposes to be used and exercised in common with others legally entitled thereto and as an appurtenance to said Lot 3-A-5, over, across, along, upon and under Lot 3-A-4-A, area 3,325.0 square feet, as shown on Map 6 of said Land Court Application No. 634;

TOGETHER ALSO WITH the perpetual right or easement to install and maintain public utilities of all kinds, to be used and enjoyed in common with others legally entitled thereto and as an appurtenance to said Lot 3-A-5, over, across, upon, along and under Lot 3-A-4-D, area 226.0 square feet, and Lot 3-A-3-B, area 627.0 square feet, as shown on Map 6, and Lot 3-A-2, area 686.0 square feet, as shown on Map 4 of said Land Court Application No. 634.

Being the premises described in Transfer Certificate of Title No. 165,912 issued to Takenaka Construction (Hawaii) Ltd. (now known as Haseko Hawaii, Inc.)

SECOND:-

ALL of that certain parcel of land (being portions of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa and L. P. Grant 7847 to Trustees of B. P. Bishop Estate), being LOT A, the same being all of Parcels 1, 2, 3, 8 and 9, being also all of Lot A-1, situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, and more particularly described as follows:

Beginning at the west corner of this piece of land, on the north corner of Lot 108-A of Land Court Application 551 and on the southeasterly side of Seaside Avenue, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 11,344.58 feet South and 7,812.47 feet East, thence running by azimuths measured clockwise from True South:

1.	222°	45'	216.32	feet along the southeasterly side of Seaside Avenue;
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Thence along the southeasterly side of Seaside Avenue on a curve to the right with a radius of 20.00 feet, the azimuth and distance of the chord being:

2.	267°	45'	28.28	feet;
3.	312°	45'	142.00	feet along the southwesterly side of Ala Wai Boulevard;

- | | | | |
|----|----------|--------|---|
| 4. | 42° 45' | 100.00 | feet along Parcel 4, along the remainders of L. P. Grant 7847 to Trustees of B. P. Bishop Estate and R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |
| 5. | 312° 45' | 98.08 | feet along Parcels 4 and 5, along the remainder of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |
| 6. | 42° 45' | 88.75 | feet along the northwesterly side of Nohonani Street; |
| 7. | 114° 04' | 55.73 | feet along Lot 3-A-5 of Land Court Application 634; |
| 8. | 124° 35' | 209.33 | feet along Lot 108-A of Land Court Application 551 to the point of beginning and containing an area of 46,442 square feet, as per survey of James Y. Hamasaki, Registered Professional Land Surveyor, Certificate No. 3683, dated May 18, 1978. |

BEING the same land and premises conveyed to Takenaka Construction (Hawaii) Ltd. (now known as Haseko Hawaii, Inc.) by Deed dated May 2, 1974, recorded in the Bureau of Conveyances at Honolulu in Book 9874, Page 363, and by Deed dated December 14, 1973, recorded in said Bureau in Book 9646, Page 497.

SUBJECT, HOWEVER, to EASEMENT A (10 feet wide) for utility purposes, being a portion of Lot A, being also a portion of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa, situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, being more particularly described as follows:

Beginning at the southeast corner of this piece of land, being also the Southeast corner of Lot A and on the northwesterly side of Nohonani Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 11,421.02 feet South and 8,095.98 feet East, thence running by azimuths measured clockwise from True South:

- | | | | |
|----|----------|-------|---|
| 1. | 42° 45' | 10.00 | feet along the northwesterly side of Nohonani Street; |
| 2. | 132° 45' | 98.08 | feet along the remainder of Lot A, along the remainder of R. P. 4493. L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |
| 3. | 222° 45' | 10.00 | feet along the remainder of Lot A, along the remainder of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa; |

4. 312° 45' 98.08 feet along Parcels 4 and 5, along the remainder of R. P. 4493, L. C. Aw. 104 F. L., Ap. 4 to M. Kekuanaoa to the point of beginning and containing an area of 981 square feet, as per survey of James Y. Hamasaki, Registered Professional Land Surveyor, Certificate No. 3683, dated May 18, 1978.

SUBJECT, ALSO, to the reservation in favor of the State of Hawaii of all mineral and metallic mines.

SUBJECT, FURTHER, to the covenants and agreements contained in that certain instrument dated September 15, 1976, recorded in the Bureau of Conveyances at Honolulu in Book 11682, Page 302.

Description of the Project

A. Physical Description. The Project consists of a single forty-three story building of concrete, reinforced steel, glass and allied building materials and is without basement. The Project contains 745 apartments, consisting of five Commercial Apartments and 740 Residential Apartments. The Commercial Apartments are located on the first through the sixth floors of the Project. The residential Apartments are located on the upper thirty-seven floors of the Project, beginning with the seventh floor.

B. Commercial Apartments. The five Commercial Apartments are each of a different floor plan and model type and are described as follows:

1. Commercial Apartment 1. This apartment is on the first floor and consists of approximately 2009 square feet. The apartment consists of a hotel front desk, offices, and employees' restrooms. Commercial Apartment 1 at all times shall include a clerk's desk or counter with 24-hour clerk service and facilities for registration and keeping of records relating to hotel guests. The apartment is located in the Northern or Mauka-Ewa corner of the Project.

2. Commercial Apartment 2. This apartment is on the first floor and consists of approximately 7,112 square feet. It is intended to serve as a kitchen and restaurant or other commercial facility. The apartment is located near the center of the Project.

3. Commercial Apartment 3. This apartment is on the first floor and consists of approximately 4,685 square feet. It is intended to serve as a commercial retail facility, mini-mart, gift shop, delicatessen or other commercial facility. The apartment is located in the Diamond Head corner of the Project adjacent to Commercial Apartment 2.

4. Commercial Apartment 4. This apartment is on the sixth floor and consists of approximately 8,604 square feet. This apartment is located in the approximate center of the sixth floor. It is intended for use as a cocktail bar and coffee shop or other commercial facility or facilities.

5. Commercial Apartment 5. This apartment is on the third, fourth and fifth floors of the Project and consists of approximately 93,227 square feet. The apartment contains approximately 291 parking stalls (regular, tandem or compact) and includes a ramp area on the second floor of the Project as shown on the Condominium Map.

The foregoing descriptions of the intended uses for the Commercial Apartments should not be deemed to limit use of the apartments. They may be used for any use permitted by law.

C. Residential Apartments. All 740 Residential Apartments are located on the seventh through the forty-fourth

floors of the Project. There is no floor numbered thirteen (13) in the Project. Each of these thirty-seven floors has an identical floor plan with twenty Residential Apartments, each of a different model type. The model types are numbered 01 through 21; there is no model type thirteen (13). The last two digits of each apartment number indicates the apartment's model type. As an example, apartments 4101 and 901 are both model type 01 apartments. Of the twenty model types, there are three categories of apartments. These are one-bedroom apartments, of which there are 148 apartments (four per floor), studio apartments of which there are 222 apartments (six per floor), and lodging apartments of which there are 370 units (ten per floor). Model types 01, 02, 20 and 21 are one-bedroom apartments. Model types 06, 07, 10, 11, 14, and 17 are studio apartments. Model types 03, 04, 05, 08, 09, 12, 15, 16, 18, and 19, are lodging apartments.

Each one-bedroom apartment consists of a bathroom, bedroom and lanai, and contains a living/dining room with kitchen facilities. Each one-bedroom apartment will be furnished with a disposal, unit air-conditioner, refrigerator, range and carpeting. Each studio apartment consists of a living/dining room with kitchen facilities, bathroom and lanai. Each studio apartment will be furnished with a disposal, unit air-conditioner, refrigerator, built-in cook top and carpeting. Each lodging apartment consists of a living/dining room with limited kitchen facilities, bathroom and lanai. Each lodging apartment will be furnished with a disposal, unit air-conditioner, refrigerator, and carpeting. Lodging apartments differ from studio apartments in that the lodging apartments are not furnished with the cooking facilities (a two-burner cook top) with which the studio apartments are furnished.

The Residential Apartment locations may be determined by reference to the apartment numbers. The first two digits for each four digit apartment number designates the floor upon which the apartment is located. For each Residential Apartment with a three-digit number, the first digit indicates the floor on which the apartment is located. As an example, Residential Apartment 701 is located on the seventh floor and Residential Apartment 1501 is located on the fifteenth floor. Odd numbered apartments begin with model type 01, which is at the Diamond Head-Mauka Corner of the Project, and progress along the Diamond Head side of the Project to model type 21, which is located in the Diamond Head-Makai corner of the Project. Model type 02 is located in the Mauka-Ewa corner of the Project, and the even-numbered model types proceed by even numbers to model type 20, which is located in the Makai-Ewa corner of the Project. As an example, Residential Apartment 2105 would be a lodging apartment located on the 21st floor of the Project on the Diamond Head side near the Mauka corner.

The square footage for each Residential Apartment has been determined in accordance with the definition in paragraph 4 of the Declaration of the limits of each apartment. Square footages for each Residential Apartment are as follows:

RESIDENTIAL APARTMENTS

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
701, 801, 901, 1001, 1101, 1201, 1401, 1501, 1601, 1701, 1801, 1901, 2001, 2101, 2201, 2301, 2401, 2501, 2601, 2701, 2801, 2901, 3001, 3101, 3201, 3301, 3401, 3501, 3601, 3701, 3801, 3901, 4001, 4101, 4201, 4301, 4401	01	563	669
702, 802, 902, 1002, 1102, 1202, 1402, 1502, 1602, 1702, 1802, 1902, 2002, 2102, 2202, 2302, 2402, 2502, 2602, 2702, 2802, 2902, 3002, 3102, 3202, 3302, 3402, 3502, 3602, 3702, 3802, 3902, 4002, 4102, 4202, 4302, 4402	02	563	669
703, 803, 903, 1003, 1103, 1203, 1403, 1503, 1603, 1703, 1803, 1903, 2003, 2103, 2203, 2303, 2403, 2503, 2603, 2703, 2803, 2903, 3003, 3103, 3203, 3303, 3403, 3503, 3603, 3703, 3803, 3903, 4003, 4103, 4203, 4303, 4403	03	280	396
704, 804, 904, 1004, 1104, 1204, 1404, 1504, 1604, 1704, 1804, 1904, 2004, 2104, 2204, 2304, 2404, 2504, 2604, 2704, 2804, 2904, 3004, 3104, 3204, 3304, 3404, 3504, 3604, 3704, 3804, 3904, 4004, 4104, 4204, 4304, 4404	04	292	396
705, 805, 905, 1005, 1105, 1205, 1405, 1505, 1605, 1705, 1805, 1905,	05	302	418

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
2005, 2105, 2205, 2305, 2405, 2505, 2605, 2705, 2805, 2905, 3005, 3105, 3205, 3305, 3405, 3505, 3605, 3705, 3805, 3905, 4005, 4105, 4205, 4305, 4405			
706, 806, 906, 1006, 1106, 1206, 1406, 1506, 1606, 1706, 1806, 1906, 2006, 2106, 2206, 2306, 2406, 2506, 2606, 2706, 2806, 2906, 3006, 3106, 3206, 3306, 3406, 3506, 3606, 3706, 3806, 3906, 4006, 4106, 4206, 4306, 4406	06	309	413
707, 807, 907, 1007, 1107, 1207, 1407, 1507, 1607, 1707, 1807, 1907, 2007, 2107, 2207, 2307, 2407, 2507, 2607, 2707, 2807, 2907, 3007, 3107, 3207, 3307, 3407, 3507, 3607, 3707, 3807, 3907, 4007, 4107, 4207, 4307, 4407	07	308	424
708, 808, 908, 1008 1108, 1208, 1408, 1508, 1608, 1708, 1808, 1908, 2008, 2108, 2208, 2308, 2408, 2508, 2608, 2708, 2808, 2908, 3008, 3108, 3208, 3308, 3408, 3508, 3608, 3708, 3808, 3908, 4008, 4108, 4208, 4308, 4408	08	316	420
709, 809, 909, 1009, 1109, 1209, 1409, 1509, 1609, 1709, 1809, 1909, 2009, 2109, 2209, 2309, 2409, 2509, 2609, 2709, 2809, 2909, 3009, 3109, 3209, 3309, 3409, 3509, 3609, 3709, 3809, 3909,	09	308	424

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
4009, 4109, 4209, 4309, 4409			
710, 810, 910, 1010, 1110, 1210, 1410, 1510, 1610, 1710, 1810, 1910, 2010, 2110, 2210, 2310, 2410, 2510, 2610, 2710, 2810, 2910, 3010, 3110, 3210, 3310, 3410, 3510, 3610, 3710, 3810, 3910, 4010, 4110, 4210, 4310, 4410	10	316	420
711, 811, 911, 1011, 1111, 1211, 1411, 1511, 1611, 1711, 1811, 1911, 2011, 2111, 2211, 2311, 2411, 2511, 2611, 2711, 2811, 2911, 3011, 3111, 3211, 3311, 3411, 3511, 3611, 3711, 3811, 3911, 4011, 4111, 4211, 4311, 4411	11	308	424
712, 812, 912, 1012, 1112, 1212, 1412, 1512, 1612, 1712, 1812, 1912, 2012, 2112, 2212, 2312, 2412, 2512, 2612, 2712, 2812, 2912, 3012, 3112, 3212, 3312, 3412, 3512, 3612, 3712, 3812, 3912, 4012, 4112, 4212, 4312, 4412	12	316	420
714, 814, 914, 1014, 1114, 1214, 1414, 1514, 1614, 1714, 1814, 1914, 2014, 2114, 2214, 2314, 2414, 2514, 2614, 2714, 2814, 2914, 3014, 3114, 3214, 3314, 3414, 3514, 3614, 3714, 3814, 3914, 4014, 4114, 4214, 4314, 4414	14	316	420
715, 815, 915, 1015, 1115, 1215, 1415, 1515,	15	308	424

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
1615, 1715, 1815, 1915, 2015, 2115, 2215, 2315, 2415, 2515, 2615, 2715, 2815, 2915, 3015, 3115, 3215, 3315, 3415, 3515, 3615, 3715, 3815, 3915, 4015, 4115, 4215, 4315, 4415			
716, 816, 916, 1016, 1116, 1216, 1416, 1516, 1616, 1716, 1816, 1916, 2016, 2116, 2216, 2316, 2416, 2516, 2616, 2716, 2816, 2916, 3016, 3116, 3216, 3316, 3416, 3516, 3616, 3716, 3816, 3916, 4016, 4116, 4216, 4316, 4416	16	315	419
717, 817, 917, 1017, 1117, 1217, 1417, 1517, 1617, 1717, 1817, 1917, 2017, 2117, 2217, 2317, 2417, 2517, 2617, 2717, 2817, 2917, 3017, 3117, 3217, 3317, 3417, 3517, 3617, 3717, 3817, 3917, 4017, 4117, 4217, 4317, 4417	17	305	421
718, 818, 918, 1018, 1118, 1218, 1418, 1518, 1618, 1718, 1818, 1918, 2018, 2118, 2218, 2318, 2418, 2518, 2618, 2718, 2818, 2918, 3018, 3118, 3218, 3318, 3418, 3518, 3618, 3718, 3818, 3918, 4018, 4118, 4218, 4318, 4418	18	313	417
719, 819, 919, 1019, 1119, 1219, 1419, 1519, 1619, 1719, 1819, 1919, 2019, 2119, 2219, 2319, 2419, 2519, 2619, 2719, 2819, 2919, 3019, 3119,	19	297	413

EXHIBIT "B"

RESIDENTIAL APARTMENT NUMBERS (no 13th floor)	MODEL TYPE	APPROXIMATE FLOOR AREA W/O LANAI	APPROXIMATE TOTAL FLOOR AREA (floor area w/lanai)
3219, 3319, 3419, 3519, 3619, 3719, 3819, 3919, 4019, 4119, 4219, 4319, 4419			
720, 820, 920, 1020, 1120, 1220, 1420, 1520 1620, 1720, 1820, 1920, 2020, 2120, 2220, 2320, 2420, 2520, 2620, 2720, 2820, 2920, 3020, 3120, 3220, 3320, 3420, 3520, 3620, 3720, 3820, 3920, 4020, 4120, 4220, 4320, 4420	20	570	676
721, 821, 921, 1021, 1121, 1221, 1421, 1521, 1621, 1721, 1821, 1921, 2021, 2121, 2221, 2321, 2421, 2521, 2621, 2721, 2821, 2921, 3021, 3121, 3221, 3321, 3421, 3521, 3621, 3721, 3821, 3921, 4021, 4121, 4221, 4321, 4421	21	570	676

D. Common Elements. In addition to those common elements specified in paragraph 5 of the Declaration, the common elements include: (i) the loading and receiving areas, planters and landscaped areas, lobby, porte cochere, men's and women's rooms, foyer, elevators, elevator machinery, associated electric panels, pump rooms, and machine rooms on the first floor; (ii) the mechanical equipment room and emergency room on the second floor; (iii) the deck area on the sixth floor, including the sauna facilities, men's and women's rooms, swimming pool; (iv) the trash chute on floors one through forty-three of the Project; and (v) the equipment loft on the roof of the Project for the elevator machinery.

E. Limited Common Elements. The following parts of the common elements, herein called "limited common elements", and specifically shown on the Condominium Map, are hereby set aside and reserved for the exclusive use of one or more apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements:

EXHIBIT "B"

1. Commercial Apartment 1. The limited common elements appurtenant to Commercial Apartment 1 shall include: a landscaped or parking area in the Diamond Head-Makai corner of the first floor of the Project and delineated on the Condominium Map; the office, balcony, administration, telephone equipment and storage rooms located on the second floor of the Project; certain space on the Mauka end of the fifth floor of the Project delineated on the Condominium Map, (which may be used for maintenance and storage, laundry facilities, employee housekeeping and maintenance offices, employee dining room or any other commercial purpose; certain space in the Mauka end of the sixth floor of the Project (which may be used for group meetings or any other commercial purpose) and delineated on the Condominium Map; for the seventh through forty-fourth floors of the Project, each maid's and storage room; and the roof deck of the Project, except for those areas consisting of the elevators and fire exits. Notwithstanding the designation of the telephone equipment room on the second floor as limited common element to Commercial Apartment 1, the Owner of Commercial Apartment 1 shall not obstruct or take any act to impair telephone service to the Residential Apartments whether or not such Apartments are owned by limited partners in the Partnership.

2. Commercial Apartment 2. The single limited common element appurtenant to Commercial Apartment 2 is a large exhaust vent or smoke tower which extends from the second through the sixth floors and is delineated on the Condominium Map.

3. Residential Apartments. There are no limited common elements appurtenant to the Residential Apartments. /

COMMON INTERESTS

The undivided interest in the common elements appurtenant to each apartment is set forth below. Common interests have been roughly based on approximate apartment square footages, with the exceptions of Commercial Apartments 1 and 5. Commercial Apartment 1's common interest has been computed based on its approximate floor area together with twenty percent (20%) of the area of the limited common elements appurtenant to it. The common interest for Commercial Apartment 5, the parking apartment, because of its limited use, has been based on its appraised value in relation to the appraised value of the Residential Apartments. The following common interests shall be valid and effective whether or not the Developer's calculations of such interests are accurate or mathematically correct.

<u>Apartment Type</u>	<u>Percentage of Common Interest</u>		<u>Number of Apartments</u>		<u>Percentage Total</u>
Commercial Apartment 1	1.995	x	1	=	1.995
Commercial Apartment 2	1.869	x	1	=	1.869
Commercial Apartment 3	1.231	x	1	=	1.231
Commercial Apartment 4	2.260	x	1	=	2.260
Commercial Apartment 5	1.625	x	1	=	1.625
TOTAL					<u>8.980</u>
Residential Apartment/ Lodging (Residential Apartments 703 to 4403, 704 to 4404, 705 to 4405, 708 to 4408, 709 to 4409, 712 to 4412, 715 to 4415, 716 to 4416, 718 to 4418, 719 to 4419)	.109	x	370	=	40.330
Residential Apartments/ Studio (Residential Apartments 706 to 4406, 707 to 4407, 710 to 4410, 711 to 4411, 714 to 4414, 717 to 4417)	.111	x	222	=	24.642
Residential Apartments/ One Bedroom (Residential Apartments 701 to 4401, 702 to 4402, 720 to 4420, 721 to 4421)	.176	x	148	=	<u>26.048</u>
TOTAL					91.020
					<u>100.000%</u>

EXHIBIT "C"

BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS
OF ISLAND COLONY

WHEREAS, HASEKO HAWAII, INC. (the "Developer"), is the owner in fee of the land (the "Land") described in the Declaration of Horizontal Property Regime (the "Declaration") to which these Bylaws of the Association of Apartment Owners of Island Colony (the "Bylaws") are annexed; and

WHEREAS, the Developer is desirous of submitting the Land and the building to be constructed thereon to a horizontal property regime by filing and recording a Declaration of Horizontal Property Regime and adopting these Bylaws, all as provided for by the Horizontal Property Act, Chapter 514A, Hawaii Revised Statutes, as amended (the "Act");

NOW, THEREFORE, the Developer hereby declares that all of the property described above is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the following Bylaws, all of which are declared to be in furtherance of the plan set forth in the Declaration and are established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of such property. The Bylaws shall constitute covenants running with the land and apartments established thereon and shall be binding upon all parties having or acquiring any right, title or interest therein. The Developer, acting as the initial Association of Apartment Owners of the property, hereby approves and adopts these Bylaws pursuant to the Act.

ARTICLE I

INTRODUCTORY PROVISIONS

SECTION 1. Definitions. The terms used in these Bylaws shall have the meanings given to them in the Act, except as expressly provided otherwise. The term "common elements" means those elements designated in the Declaration as common elements and limited common elements. The term "Property" shall include the Land, the building and all other improvements thereon (including the Apartments and the common elements) and all easements, rights and appurtenances belonging thereto, and all other property affixed thereto and intended for use in connection therewith. The term "Rules and Regulations" refers to the Rules and Regulations for the conduct of occupants of the building adopted by the Board of Directors as hereinafter provided. "Owner" means any person, including the Developer, owning severally or as a co-tenant an Apartment and the common interest appertaining thereto. The "Apartment Owner" under any Condominium Conveyance Document from the Developer shall be deemed to be an Owner during the period of his ownership. The terms "Apartment Owners", "Association of Owners", "Association" and similar terms mean and refer to (except where such

meaning would be clearly repugnant to the context) the Association of Apartment Owners of Island Colony. The terms "Board" and "Board of Directors" mean and refer to the Board of Directors of the Association of Apartment Owners of Island Colony. "Project" means the property comprising the Island Colony condominium project. The terms "mortgagee of an Apartment", "Apartment mortgagee" and similar terms mean and refer to the mortgagees of the fee title or any recorded leasehold interest in an Apartment, including without limitation, the leasehold estate and interest created under any Condominium Conveyance Document from the Developer. "Residential Apartments" and "Commercial Apartments" shall have the meanings set forth in paragraph 3 of the Declaration. "Partnership", "Hotel Operator" and "Hotel Management Contract" shall have the meanings set forth in paragraph 10 of the Declaration.

SECTION 2. Conflicts. These Bylaws are set forth to comply with the requirements of the Act. In case any of these Bylaws conflict with the Act or the Declaration, the provisions of the Act or the Declaration, as the case may be, shall control.

SECTION 3. Application. All present and future owners, mortgagees, tenants and occupants of Apartments and their guests and employees, and any other persons who may use the Property in any manner are subject to these Bylaws, the Declaration and the Rules and Regulations. The acceptance of a Condominium Conveyance Document, assignment of lease, conveyance or similar instrument or the entry into a lease or the act of occupancy of an Apartment shall constitute an agreement that these Bylaws, the Rules and Regulations, and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II

ASSOCIATION OF OWNERS

SECTION 1. Annual Meetings. The Developer or the Managing Agent shall call the first annual meeting of the Apartment Owners, within one hundred eighty (180) days after recordation of the first apartment conveyance; provided that prior to such first annual meeting forty percent (40%) or more of the Project has been sold and recorded. If within one (1) year after recordation of the first apartment conveyance forty percent (40%) of the Project has not been sold and recorded, then the first annual meeting shall be held as soon as practicable thereafter upon the call of at least ten percent (10%) of the Owners. The term "sold and recorded" shall mean and refer to the sale of Apartments in the Project, and the recordation and filing of Condominium Conveyance Documents transferring interests in an Apartment from the Developer to the Owner. At such meeting the Apartment Owners shall elect a Board of Directors. Thereafter, the annual meetings of the Apartment Owners shall be held on the first Monday of March of each succeeding year or at such other time as the Board of Directors may designate. At such meetings the Board of Directors shall be elected by ballot of the Apartment Owners in accordance with

the requirements of Section 4 of Article III of these Bylaws. The Apartment Owners may transact such other business at such meetings as may properly come before them.

SECTION 2. Place of Meetings. Meetings of the Apartment Owners shall be held at the address of the Project, or elsewhere within the State of Hawaii as determined by the Board of Directors.

SECTION 3. Special Meetings. Special meetings of the Apartment Owners may be held at any time upon the call of the President or any three (3) Directors or upon the written request of not less than forty percent (40%) of the Owners.

SECTION 4. Notice of Meetings and Other Notices. Written notice of all meetings, annual or special, stating the place, day and hour of the meeting and whether it is annual or special and stating the items on the agenda for such meeting and containing a standard proxy form authorized by the Association, if any, and any other notices permitted or required to be delivered by these Bylaws shall be given by mailing such notice, postage prepaid, at least fourteen (14) days before the date assigned for the meeting to the Owners at their addresses at the Property or at the addresses given to the Board for the purpose of service of such notices. Upon written request for notices delivered to the Board, the holder of any duly recorded mortgage from an Owner may obtain a copy of any and all notices permitted or required to be given to the Owner whose interest is subject to such mortgage. Upon notice being given in accordance with the provisions hereof, the failure of any Owner to receive actual notice of any meeting shall not in any way invalidate the meeting or proceedings thereat. Each Owner shall keep the Board informed of any changes in address.

SECTION 5. Adjournment of Meetings. Any meeting of the Association may be adjourned from time to time not less than forty-eight (48) hours from the time the original meeting was called as may be determined by majority vote of the Owners present, whether or not a quorum is present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

SECTION 6. Voting. The total vote to which each Apartment is entitled shall be the vote assigned to such Apartment pursuant to the Declaration. Votes may be cast in person or by proxy by the respective Apartment Owners. A personal representative, guardian or trustee may vote in person or by proxy at any meeting of the Association the vote for any Apartment owned or controlled by him in such capacity, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such Apartment in such capacity. The vote for any Apartment owned of record by two or more persons may be exercised by any one of them present at any

meeting in the absence of protest by the other or others, and, in case of protest, each cotenant shall be entitled to only a share of such vote in proportion to his share of ownership in such Apartment. The purchaser of an Apartment pursuant to an Agreement of Sale recorded in the Bureau of Conveyances of the State of Hawaii and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii shall have all the rights of an Owner, including the right to vote, except as to those matters retained by the Seller under the Agreement of Sale pursuant to Section 514A-83 of Hawaii Revised Statutes, as amended ("HRS").

SECTION 7. 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, and unless limited by its terms shall continue until revoked by a written instrument filed with the Secretary or by the death or incapacity of such Owner; PROVIDED, that a proxy given on a proxy form which accompanies a notice of meeting shall be valid for the meeting to which the notice pertains and its adjournment only and may designate any person as proxy and may be limited as the Owner desires and indicates. 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. Any one of two or more persons owning any Apartment may give or revoke a proxy for the entire vote of such Apartment or if so specified in the proxy, for a share of such vote in proportion to the share of ownership of the person or persons giving such proxy. Any proxy given by a cotenant or cotenants for only a share of an Apartment's vote in proportion to the share of ownership of such cotenant or cotenants shall be revocable only by such cotenant or cotenants. Any proxy given by a cotenant or cotenants for only a share of an Apartment's vote may be exercised to cast the entire vote for such Apartment in the absence of protest by another cotenant or the holder of a proxy from another cotenant, and, in case of such protest, each cotenant or holder of a proxy from a cotenant, as the case may be, shall be entitled to only a share of such Apartment's vote in proportion to the respective shares of ownership in such Apartment.

SECTION 8. Order of Business. The order of business at all meetings of the Apartment Owners shall be generally as follows:

- (a) Roll call;
- (b) Statement of Secretary attesting that proper notice of meeting was given;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;

- (e) Report of Board of Directors;
- (f) Reports of committees;
- (g) Election of members of the Board of Directors (when so required);
- (h) Unfinished business; and
- (i) New business.

All meetings of the Association shall be conducted in accordance with Roberts Rules of Order, unless some other generally accepted rules for the conduct of meetings are adopted by a majority vote of the Owners.

SECTION 9. Cumulative Voting. Election of Directors shall be by cumulative voting, and each Owner may cast for any one or more nominees to the Board of Directors a vote equivalent to the vote which such Owner is entitled to multiplied by the number of Directors to be elected. Each Owner shall be entitled to cumulate his vote and give all thereof to one nominee or to distribute his vote in such manner as he shall determine among any or all of the nominees; and the nominees receiving the highest number of votes on the foregoing basis, up to the total number of Directors to be elected, shall be deemed elected.

SECTION 10. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners having at least fifty percent (50%) of the total authorized votes of all Apartment Owners shall constitute a quorum at all meetings of the Apartment Owners.

SECTION 11. Majority Vote. The vote of a majority of Apartment Owners at a meeting at which a quorum shall be present shall be binding upon all Apartment Owners for all purposes unless the Declaration or these Bylaws or Hawaii law requires a higher percentage.

SECTION 12. Majority of Apartment Owners. As used in these Bylaws, the term "majority of Apartment Owners" shall mean those Apartment Owners having more than fifty percent (50%) of the authorized votes present at any meeting of the Apartment Owners; and any specified percentage of the Owners means Owners having the specified percentage of the total votes in the Association.

SECTION 13. List of Members. The resident manager, if any, or Managing Agent, as referred to in Section 3 of Article III hereof, or Board of Directors shall keep an accurate and current list of members of the Association and their current addresses and the names and addresses of the vendees under agreements of sale, if any, covering any Apartment. The list shall be maintained at a place designated by the Board of Directors. In connection therewith each Owner shall promptly cause to be duly recorded or filed of record the

Condominium Conveyance Document or other conveyance to him of such Apartment and shall file a copy of such document with the Board of Directors through the Managing Agent.

SECTION 14. Minutes of Meetings. The minutes of the meetings of the Apartment Owners and the Board of Directors shall be available for examination by Owners and their Mortgagees at convenient hours at a place designated by the Board of Directors.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall be composed of five (5) persons, all of whom shall be Owners, co-owners, vendees 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. No resident manager of the Project shall serve on the Board of Directors.

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 acts and things except such as by law, the Declaration or these Bylaws may not be delegated to the Board of Directors by the Apartment Owners. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep and maintenance of the common elements;

(b) Preparation annually of a budget of the common expenses required for the affairs of the Association (including, without limitation, the operation and maintenance of the Property) and determination of the amounts of monthly and special assessments;

(c) Levy and collection of monthly and special assessments of the common expenses and other charges payable by the Apartment Owners;

(d) Employment and dismissal of the personnel necessary for the maintenance, operation, repair and replacement of the common elements;

(e) Adoption and amendment of the Rules and Regulations covering the details of the operation and use of the property;

(f) Opening bank accounts on behalf of the Association of Apartment Owners and designating the signatories required therefor;

(g) Obtaining insurance for the Property, including the Apartments, pursuant to the provisions of Article VII hereof;

(h) Making additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

(i) Procuring legal and accounting services necessary or proper for the operation of the Project or the interpretation, enforcement or implementation of these Bylaws and any other material documents affecting the Project;

(j) Purchasing any other materials, supplies, furniture, labor and services, making repairs and structural alterations, and payment of all insurance premiums, taxes and assessments and other common expenses which the Board is required to secure, make or pay pursuant to these Bylaws or by law or which in its opinion shall be necessary or proper for the operation of the building or the enforcement of these Bylaws, provided that if any such materials, supplies, furniture, labor, services, repairs, structural alterations, insurance, taxes or assessments are required because of the particular actions or negligence of the Owners of particular Apartments, the cost thereof shall be specially assessed to the Owners of such Apartments;

(k) Payment of any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which may in the opinion of the Board constitute a lien against the Property or against the common elements or limited common elements rather than merely against the interest therein of particular Owners. If one or more Owners are responsible for the existence of any such lien, they shall be jointly and severally liable for the cost of discharging it and the costs incurred by the Board by reason of such lien;

(l) Maintenance and repair of any Apartment if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements and limited common elements or any other portion of the buildings and the Owner or Owners of said Apartment shall have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board to said Owner or Owners, provided that the Board shall levy a special assessment against such Apartment for the cost of such maintenance or repair and any attorneys' fees and other expenses incurred in levying and collecting such special assessment;

(m) Purchasing or leasing or otherwise acquiring in the name of the Board of Directors or its nominee, corporate or otherwise, on behalf of all Apartment owners, any apartments;

(n) Purchasing Apartments at foreclosure or other judicial sales in the name of the Board of Directors or its nominee, corporate or otherwise, on behalf of all Apartment Owners;

(o) Collecting and disbursing to the Developer as fee owner of the land the rent payable by each Owner pursuant to each Condominium Conveyance Document. This provision is mandatory and may not be amended without the written consent of the Developer;

(p) Notification in writing of all institutional holders of first mortgages on Apartments in the Project, as shown in the Association's record of ownership or of which the Secretary of the Association has been given written notice, of any loss to, or taking of, the common elements of the Project if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00); and

(q) Notification in writing to the institutional holder of the first mortgage on any Apartment in the Project, as shown in the Association's record of ownership or of which the Secretary of the Association has been given written notice, of any loss to such apartment which exceeds One Thousand Dollars (\$1,000.00).

SECTION 3. Employment of Managing Agent. Except as herein otherwise provided with respect to the initial Managing Agent, the Board of Directors shall at all times employ a responsible Managing Agent to manage and control the Property, subject at all times to direction by the Board, with such administrative functions and powers as shall be delegated by the Board. The compensation of the Managing Agent shall be specified by the Board. The Hotel Operator shall serve as the initial Managing Agent for the term of the Hotel Management Contract.

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

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

Upon written request of any Apartment owner, the Managing Agent shall deliver a written statement of the status of the account of such Apartment owner.

SECTION 4. Election and Term of Office. Election of Directors shall be by cumulative voting at each annual meeting of the Apartment Owners and any special meeting called for that purpose. At the first annual meeting of the Apartment Owners, the term of office of three members of the Board of Directors shall be fixed at two (2) years and the term of office of two members of the Board of Directors shall be fixed at one (1) year. After the expiration of the term of office of each of the initial members, each successor member of the Board of Directors shall be elected to serve for a term of two (2) years. Each member of the Board of Directors shall continue to exercise the powers and duties of the office until his successor shall have been elected by the Apartment Owners.

SECTION 5. Removal of Directors. At any regular or special meeting of Apartment Owners, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the Apartment Owners and a successor may then or thereafter be elected for the remainder of the term to fill the vacancy thus created; provided that an individual Director shall not be removed (unless the entire Board is removed) if Owners having sufficient votes to elect one Director by cumulative voting present at such meeting shall vote against his removal. Any member of the Board of Directors whose removal is proposed by the Apartment Owners shall be given an opportunity to be heard at the meeting. In addition, if any Director shall fail to attend four (4) consecutive regular meetings of the Board for any reason, the Board by a vote of a majority of the other members may remove him and select a replacement to serve his unexpired term.

SECTION 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the Apartment Owners, shall be filled by a vote of a majority of the remaining members at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member whose vacancy he fills and until a successor shall be elected at the next annual meeting of the Apartment Owners.

SECTION 7. Annual Meetings. The first meeting of the Board of Directors following the annual meeting of the Apartment Owners shall be held at the place of and immediately following each annual meeting of the Association, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present thereat. At such meeting the Board shall elect the officers of the Association for the ensuing year. Notice of the annual

Board of Directors meeting shall be given in a reasonable manner at least fourteen days, if practicable, prior to such meeting and may be included with any notice of the annual meeting of the Association.

SECTION 8. 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 members of the Board of Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors in writing at least three (3) business days prior to the day named for such meeting.

SECTION 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' written notice to each member of the Board of Directors, which notice shall state the time, place 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 by the written request of at least three (3) members of the Board of Directors.

SECTION 10. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the timely receipt of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

SECTION 11. Rules of Order. All meetings of the Board of Directors shall be conducted in accordance with Roberts Rules of Order or other accepted rules for the conduct of meetings adopted by the Association.

SECTION 12. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business; and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

SECTION 13. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting as such, but may be reimbursed for actual expenses incurred in the course of acting as such Director.

SECTION 14. Conflict of Interest. A member of the Board of Directors shall not vote or cast proxy at any meeting of the Board of Directors on any issue in which he has a conflict of interest.

SECTION 15. Indemnification. The Association shall indemnify every director and officer and his personal representatives against all expenses reasonably incurred by or imposed on him in connection with any action, suit or proceedings to which he may be made a party by reason of being or having been a director or officer of the Association, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct; and in the absence of such final adjudication, indemnification shall be provided only in connection with such matters as to which the Association is advised by its legal counsel that the person to be indemnified committed no such breach of duty. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

SECTION 16. Fidelity Bonds. The Board of Directors shall require that all directors, officers, employees and agents of the Association handling or responsible for funds belonging to or administered by the Association furnish adequate fidelity bonds in favor of the Association. The premiums on such bonds shall be paid by the Association. Such bonds shall in no event be in an amount less than one and one-half times the Association's estimated annual operating expenses and reserves and every such bond shall:

(a) Provide that the bond(s) may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least thirty (30) days' prior written notice to the Board, the first mortgagees and every other person in interest who shall have requested such notice; and

(b) Contain a waiver of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

ARTICLE IV

OFFICERS

SECTION 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. All officers shall be members of the Board of Directors.

SECTION 2. Election of Officers. The officers of the Association shall be elected annually by the Board of

Directors and shall hold office at the pleasure of the Board of Directors.

SECTION 3. Removal of Officers. Upon the 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 may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors 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 Apartment Owners and the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the laws of the State of Hawaii, including, but not limited to, the power to appoint committees from among the Apartment Owners from time to time as he may in his discretion decide to be 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 of Directors to act temporarily in the place of the President. The Vice President shall also perform such other duties as shall be imposed upon him by the Board of Directors or by the President.

SECTION 6. Secretary. The Secretary shall keep the minutes of all meetings of the Apartment Owners and the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the laws of the State of Hawaii. The duties of the Secretary may be delegated to the Managing Agent.

SECTION 7. Treasurer. The Treasurer shall be responsible for the keeping of full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects of the Association in such depositories as may be designated by the Board of Directors; and he shall, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the laws of the State of Hawaii. The duties of the Treasurer may be delegated to the Managing Agent.

SECTION 8. Agreements, Contracts, Deeds, Checks and Other Instruments. All agreements, contracts, deeds, leases, checks and other instruments of the Association, including any amendments to the Bylaws as hereafter provided, shall be executed by any two of the President, Vice President,

Secretary or Treasurer, or by such other person or persons (including the Managing Agent) as may be designated by the Board of Directors.

SECTION 9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such, but may be reimbursed for actual expenses incurred in the course of acting as such officer.

SECTION 10. Auditor. The Association 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 audit the books and financial records of the Association as required by law or directed additionally by the Board of Directors. The members of the Association may by majority vote at any annual meeting require that the yearly audit be conducted by a certified public accountant or a firm of certified public accountants. Any institutional holder of a first mortgage on an apartment may request, and the Association shall provide it with, a copy of any annual audited financial statement within ninety (90) days following the end of any fiscal year of the Association.

ARTICLE V

MAINTENANCE AND ALTERATION OF PREMISES

SECTION 1. Maintenance and Repair of Apartments. Each Owner of an Apartment shall, at the Owner's expense, keep the Apartment and all fixtures and equipment therein in good order, condition and repair and do such repainting and redecorating as may be necessary to maintain the good appearance and condition of his Apartment. Each Owner shall be responsible for the maintenance, repair and replacement of any plumbing fixtures, water heater, heating or cooling equipment, lighting fixtures, refrigerator, garbage disposal, range and similar equipment installed in his Apartment and not part of the common elements.

SECTION 2. Maintenance and Repair of Common Elements. All maintenance, repairs and replacements of the common elements, whether located inside or outside of the Apartments, shall be made only by or at the direction of the Board of Directors and be charged to all the Owners as a common expense; provided, that (1) the costs of maintenance, repairs and replacements necessitated by the negligence, misuse or neglect of an identified Apartment Owner shall be charged to such Apartment Owner as a special assessment constituting a lien on such Owner's Apartment in accordance with Section 4 of Article VI hereof and (2) all costs of maintenance, repair, replacement, additions and improvements to any limited common elements shall be charged to the Owner of the Apartment to which such limited common elements are appurtenant as a special assessment constituting a lien on such Owner's Apartment in accordance with Section 4 of Article VI hereof.

SECTION 3. Alteration of the Project. (a) Additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board of Directors, except as provided for in the Declaration. No owner of a Residential Apartment may, except with the written permission of the Board of Directors, make any alteration, addition, repair or improvement to any of the common elements including, without limitation, common or limited common elements within, encompassing or adjacent to his Apartment, except that such approval shall not be required for additions, alterations, repairs or improvements required by law.

(b) Whenever in the judgment of the Board of Directors the common or limited common elements shall require additions, alterations, repairs or improvements with a total cost of less than Ten Thousand Dollars (\$10,000.00), the Board of Directors may proceed with such additions, alterations, repairs or improvements and shall assess the cost thereof as a common expense. Any additions, alterations, repairs or improvements costing in excess of Ten Thousand Dollars (\$10,000.00) may be made by the Board of Directors only after obtaining approval by a majority of the Owners.

SECTION 4. Alterations over \$50,000. Neither any Apartment Owner nor the Association will make or suffer any additions, alterations, repairs or improvements of the Project, change the grading or drainage of the Project, where the same involves an expenditure in excess of \$50,000 in any one instance, except in accordance with complete plans and specifications and detailed plot plans therefor first approved (as to the attractiveness of the exterior design and structural integrity) in writing by Developer. The Association will deposit with Developer, before commencing construction of any improvements or before remodeling, repairing, or altering the Project, where the same involves an expenditure in excess of more than Fifty Thousand Dollars (\$50,000.00), a bond or certificate thereof naming Developer as obligee, in a penal sum not less than one-half (1/2) of the cost of such construction, remodeling, repairing, or altering and in form and with surety satisfactory to Developer, securing the completion of such construction, remodeling, repairing, or altering free and clear of all mechanics' and materialmen's liens.

ARTICLE VI

COMMON EXPENSES, APARTMENT EXPENSES, TAXES AND ACCOUNTING

SECTION 1. Common Expenses. (a) Expenses Included. Accounting for common expenses shall commence with respect to each Apartment as of the date of issuance by the appropriate County authority of a Certificate of Occupancy comprehending the Apartment. Common expenses shall be assessed and paid as provided in subsection (b) below and shall include all charges for taxes (except real property taxes and other such taxes which are or may hereafter be assessed separately on each

Apartment and the common interest in the common elements appertaining thereto or the personal property or any other interest of the Owner), assessments, insurance (including fire and other casualty and liability insurance), costs of repair, reinstatement, rebuilding and replacement of the premises, costs of yard, janitorial and other similar services, wages, accounting and legal fees, management fees and other necessary expenses of upkeep, maintenance, management and operation actually incurred on or for the common elements, excluding limited common elements. The cost of all utility services (including water, electricity and gas, garbage disposal and any other similar services for both Residential and Commercial Apartments) shall be a common expense for collection purposes, but shall be allocated as set forth in Section 1(c) below. The cost of insurance premiums shall be a common expense, but shall be allocated as set forth in Section 8 of Article VII. The common expenses may also include such amounts as the Board of Directors may deem proper to make up any deficit in the common expense assessments for any prior year and a reserve fund for the operation and maintenance of the property, including, without limitation, anticipated needs for working capital of the Project, and for replacements, repairs and contingencies.

(b) Method of Determining and Paying Assessments. The Owner of each Apartment shall be liable for and pay a share of the common expenses in the proportion to his interest in the common elements, provided, herein, that special provisions have been made for utility expense and insurance premium allocation as set forth in Section 1(c) of this Article VI and Section 8 of Article VII, respectively, and as contemplated by Section 514A-15.5, H.R.S. Assessments of common expenses shall be payable in monthly installments on the first day of each month, commencing with respect to each Apartment on the first day of the first month following issuance of a Certificate of Occupancy by the appropriate County agency comprehending such Apartment. The Developer shall fix the rate of the monthly installments of common expenses until such rate shall be redetermined by the Board of Directors. The Board of Directors shall annually determine the rate of common expense assessments and shall send written notice to each Apartment Owner of the amount of the monthly installments applicable to such Owner's Apartment not less than fifteen (15) days in advance of the beginning of such annual assessment period. The Board of Directors may from time to time during any year increase the assessment rate or impose a special assessment to make up any existing deficiency whenever for any reason the rate then in effect shall prove inadequate, provided that the Board of Directors shall send to all Apartment Owners written notice of any such increase or special assessment not less than fifteen (15) days before the effective date of such increase or assessment. Any portion of an Owner's assessments used or to be used by the Association for capital improvements or any other capital expenditure shall not be treated as income to the Association but shall be treated as a capital contribution by the Owners to the Association and shall be credited by the Association upon its books as paid-in-surplus. Payments of common expenses shall be made to the Board as agent of the Owners of the Apartments, and the Board shall transmit such payments on behalf of each such Owner to the third person

entitled to such payments from each Owner.

(c) Apportionment of utility expenses. The cost of utility services to any Commercial Apartment which is separately metered or check metered shall be payable by the Owner of such Commercial Apartment. For certain utilities, the Residential Apartments will have a single set of separate meters or check meters serving all 740 Residential Apartments. The Owners of the Residential Apartments shall share in the costs of any such utility services based upon the ratio of their respective interests in the common elements of the Project to the total common interests for all of the Residential Apartments in the Project. The apportionment of all remaining utility expenses for the Project shall be determined by the Board as follows: Upon completion of construction of the Project as evidenced by a certificate of substantial completion issued by the Architect of the Project, and thereafter from time to time during each calendar year, at least once in each calendar year, the Board shall estimate for the following twelve-month period the consumption and cost of water, electricity, gas, fuel, oil, sewage, drainage, and other utilities not separately metered or check metered and to be furnished (1) to each Commercial Apartment and its appurtenant limited common elements, (2) the Residential Apartments, and (3) the common elements. Based upon these consumption and cost estimates for each utility service, the Board shall determine for each user category percentages of anticipated use for each utility service. These percentages of anticipated use shall be adjusted from time to time in light of operating experience and shall be used by the Board to fairly and equitably allocate on a monthly basis expenses among (1) each Commercial Apartment and its appurtenant limited common elements, (2) the Residential Apartments, and (3) the common elements. In making consumption and cost estimates, the Board may seek advice from engineers, accountants or such other experts as it deems appropriate. The Board shall also have the right (as a common expense) to install additional check meters or separate meters to gauge utility use. If the Owners of more than fifty percent (50%) of the common interests appurtenant to the Residential Apartments or the Owners of more than fifty percent (50%) of the common interests appurtenant to the Commercial Apartments object in writing to any percentage of anticipated use determination made by the Board, the matter shall be submitted to an independent certified public accountant selected by the Board for review and final determination, which shall be final and binding on all of the Owners, and, if no objection is made within four (4) months after any percentage of anticipated use is established by the Board, the Board's percentage of anticipated use shall be final and binding. If an objection is filed by any Owner or group of Owners, all Owners shall continue to pay expenses according to the allocations determined by the Board until such time as any adjustment may be made by the certified public accountant, after which adjustment the payment of the expenses will be made to take into account the certified public accountant's determination.

SECTION 2. Payment as Agent. The Board will pay or cause to be paid, on behalf of the Owners, all common

expenses. Each Owner, as principal, shall be liable for and pay his share, determined as provided in the Declaration, of all common expenses; and the Board shall be responsible, as agent for each Owner, only to transmit the payments made by the Owner to third persons to whom such payments must be made by the Owner. The Board collecting the common expenses shall not be liable for payment of such common expenses as principal but only as the agent of all Owners to transmit said payments to third persons to whom such payments must be made by the Owners.

SECTION 3. Taxes and Assessments. Each Owner of an Apartment shall be obligated to have the real property taxes for such Apartment and its appurtenant interest in the common elements assessed separately by the proper governmental authority and to pay the amount of all such real property taxes so determined. The foregoing sentence shall apply to all types of taxes which now are or may hereafter be assessed separately by law on each Apartment and the common interest in the common elements appertaining thereto or the personal property or any other interest of the Owner. Each Owner shall execute such documents and take such action as may be reasonably specified by the Board to facilitate dealing with the proper governmental authority regarding such taxes and assessments. Each Owner shall be obligated to pay to the Board his proportionate share of any assessment by the Board for any portion of taxes or assessments, if any, assessed against the entire premises or any part of the common elements as a whole and not separately, such payment to be made as directed by the Board. If, in the opinion of the Board, any taxes or assessments may be a lien on the entire premises or any part of the common elements, the Board may pay such taxes or assessments as part of the common expenses. Such assessments by the Board shall be secured by the lien created by Section 4 of this Article VI.

SECTION 4. Default in Payment of Assessments. Each monthly assessment and each special assessment shall be the separate, distinct and personal debt and obligation, as of the date of assessment, of the Owner against whom the same are assessed and, in the case of an Apartment owned by more than one person, shall be the joint and several obligation of such co-owners. Any assessment not paid within ten (10) days after the due date thereof shall accrue interest at the rate of twelve percent (12%) per annum from such due date until paid. In the event of a default or defaults in payment of any such assessment or assessments and in addition to any other remedies the Board of Directors may have, the Board of Directors may enforce each such obligation as follows:

(a) By suit or suits to enforce such assessment obligations. Each such action must be authorized by a majority of the Board at a regular or special meeting thereof, and any such suit may be instituted by any one member of the Board or by the Manager if the latter is so authorized in writing. Each such action shall be brought in the name of the Board, and the Board shall be deemed to be acting on behalf of all the Owners. Any judgment rendered in any such action shall include, where

permissible under any law, a sum for attorneys' fees in such amount as the court may adjudge against such defaulting Owner. Upon full satisfaction of any such judgment, it shall be the duty of the Board to authorize any two members thereof, acting in the name of the Board, to execute and deliver to the judgment debtor an appropriate satisfaction thereof.

(b) At any time within ninety (90) days after the occurrence of any such default, the Board (acting upon the authorization of the majority thereof at any regular or special meeting) may give a notice to the defaulting Owner (with a copy to the mortgagee of such Owner if such mortgagee has furnished its name and address to the Board) stating the date of the delinquency, the amount of the delinquency and making demand for payment thereof. If such delinquency is not paid within ten (10) days after delivery of such notice, the Board may file a claim of lien against the Apartment of such delinquent Owner. Such claim of lien shall state (i) the name of the delinquent Owner, (ii) a designation of the Apartment against which the claim of lien is made, (iii) the amount claimed to be due and owing (after the allowance of any proper offset), (iv) that the claim of lien is made by the Board pursuant to the terms of these Bylaws and the Act, and (v) that a lien is claimed against such Apartment in an amount equal to the net amount of the stated delinquency plus any accrued interest and costs of enforcement, including attorneys' fees, if any. Such claims of lien shall be signed and acknowledged by any two or more members of the Board or by the attorney for the Board and shall be dated as of the date of the execution by such attorney or the last such Board member to execute such claim of lien. Upon recordation of a duly executed original or copy of such claim of lien with the Bureau of Conveyances of the State of Hawaii and filing in the Office of the Assistant Registrar of the Land Court, the Board shall have all remedies provided in Section 514A-90, HRS. Each default shall constitute a separate basis for a claim of lien, but a single claim of lien may be filed with respect to more than one default.

(c) For the purposes of this Section 4, a certificate executed and acknowledged or made under penalty of perjury by any two members of the Board shall be conclusive upon the Board and the Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained, and any Owner shall be entitled to such a certificate setting forth the amount of any due and unpaid assessments with respect to his Apartment (or the fact that all assessments due are paid if such is the case) within fifteen (15) days after demand therefor and upon payment of a reasonable fee not to exceed Ten Dollars (\$10.00). If any claim of liens is recorded and thereafter the Board receives payment in full of the amount claimed to be due and owing, (including accrued interest and any costs of enforcement), then upon demand of the Owner and payment of a reasonable fee, not to exceed Ten Dollars (\$10.00), the Board, acting by any two members, shall execute, acknowledge and deliver to the Owner a release of lien, stating the date of the original claim of lien, the amount claimed, the book and page where such lien is recorded

in the Bureau of Conveyances and that the lien is fully satisfied, released and discharged.

SECTION 5. Waiver. The failure of the Board to insist in any one or more instances upon a strict performance of or compliance with any of the covenants of the Owner hereunder or to exercise any right or option herein contained or to serve any notice or to institute any action or summary proceeding shall not be construed as a waiver or a relinquishment for the future, of such covenant, option or right, but such covenant, option or right shall continue and remain in full force and effect. The receipt by the Board of any sum paid by the Owner hereunder, with or without knowledge by the Board of the breach of any covenant hereof, shall not be deemed a waiver of such breach; and no waiver, express or implied, by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the President pursuant to authority contained in a resolution of the Board of Directors.

SECTION 6. Collection from Tenant. If the Owner at any time rents or leases his Apartment and defaults for a period of thirty (30) days or more in the payment of the Owner's share of the common expenses, the Board may, so long as such default continues, demand and receive from any renter or lessee (hereinafter in this paragraph referred to as "lessee") of the Owner occupying the Apartment the rent due or becoming due from such lessee to the Owner up to an amount sufficient to pay all sums due from the Owner, including interest and costs of enforcement if any; and any such payment of such rent to the Board by the lessee shall be a full and sufficient discharge of such lessee as between such lessee and the Owner to the extent of the amount so paid; but no such demand or acceptance of rent from any lessee shall 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 remaining unpaid or unperformed or an acknowledgment of surrender of any rights or duties hereunder. If the Board makes any such demand upon the lessee, the lessee shall not have the right to question the right of the Board to make such demand, but shall be obligated to make such payments to the Board as demanded by the Board with the effect as aforesaid; provided, 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 7. Books of Account; Audit. The Board, on behalf of all Owners, will maintain or cause to be maintained books of account of the common expenses in accordance with recognized accounting practices and will have such books of account available for inspection by any Owner or his authorized representative at reasonable business hours at the address of the Project or elsewhere in the State as determined by the Board of Directors. Within thirty (30) days after the end of each fiscal year of the Association, the Board will render or cause to be rendered to each Owner a statement (determined on a cash basis) of all receipts and disbursements

during the preceding year. Any Owner may, at his expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLE VII

INSURANCE AND RESTORATION

SECTION 1. Fire and Extended Coverage Insurance.
The Board shall procure and at all times maintain from a company or companies qualified to do business in Hawaii having a financial rating by Best's Insurance Reports of Class VI or better (and, if necessary to procure the required coverage, from other companies) a policy or policies (hereinafter in this Section 1 called the "Policy") of fire insurance, with extended coverage endorsement or such broader forms of protection as the Board shall determine (including flood insurance under the provisions of the Federal Flood Disaster Protection Act of 1973, if the Project is located in an identified flood hazard area as designated by the Department of Housing and Urban Development), for an amount as nearly as practicable equal to the full replacement cost without deduction for depreciation, with an Inflation Guard Endorsement, covering the Apartments and fixtures therein and the buildings, fixtures and building service equipment and the common elements and, whether or not part of the common elements, all exterior and interior walls, floors and ceilings, in accordance with the as-built condominium plans and specifications, but excluding any improvements made by an Owner, which the Owner himself may insure, and excluding property of every kind and description while underground (meaning thereby, below the level of contiguous ground and covered by earth, except underground conduit or wiring therein when beneath the buildings), in the name of the Association of Apartment Owners. The Policy:

(a) Shall contain no provision limiting or prohibiting other insurance by the Owner of any Apartment, 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) Shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the buildings, whether or not within the control or knowledge of the Board, and, if obtainable, shall not relieve the insurer from liability by reason of any breach of warranty or condition caused by the Board or the Owner or tenant of any Apartment or by reason of any act or neglect of the Board or the Owner or tenant of any Apartment;

(c) Shall provide that the Policy may not be cancelled or substantially modified by the insurer except by giving to the Board and the Owner and any mortgagee of each Apartment who shall have requested such notice from the insurer thirty (30) days' written notice of such cancellation;

(d) Shall contain a provision waiving any right of the insurer to repair, rebuild or replace if a decision is made pursuant to Section 5 of this Article VII not to repair, reinstate, rebuild or restore the damage or destruction;

(e) Shall provide that any loss shall be adjusted with the insured and the Owner and mortgagee of any Apartment directly affected by the loss;

(f) Shall contain a standard mortgage clause which:

(i) Shall name the holder of any mortgage affecting any Apartment whose name shall have been furnished to the Board and to the insurer;

(ii) Shall provide that the insurance as to the interest of the mortgagee shall not be invalidated by any act or neglect of the Board or the Owner or tenant of any Apartment;

(iii) Shall waive (A) any provision invalidating such mortgage 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 (provided, that if the Board 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 the Owner or lessee of any Apartment or the Board 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 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 mortgage clause, any proceeds payable under such clause, if in excess of Ten Thousand Dollars (\$10,000.00), shall be payable to a corporate trustee selected by the Board who shall be a bank or trust company or real estate management company doing business in Honolulu having net assets of not less than Five Million Dollars (\$5,000,000.00), herein referred to as the "Insurance Trustee" or "Trustee"; and

(v) Shall provide that any reference to a mortgagee in the Policy shall include all mortgagees of any Apartment, in their order of priority;

(g) Shall provide for payment of the proceeds to the Insurance Trustee if the total proceeds payable on account of any one casualty exceed Ten Thousand Dollars (\$10,000.00); and

(h) Shall require the insurer, at the inception of the Policy and on each anniversary date thereof, to provide the Board of Directors with a written summary, in layman's terms, of the Policy, which summary shall include the type of policy, a description of the coverage and the limits thereof, amount of annual premium and renewal dates, which information the Board of Directors shall provide to each Owner.

SECTION 2. Comprehensive Liability Insurance. The Board shall procure and maintain from a company or companies qualified to do business in Hawaii (and, if necessary to procure the required coverage, from other companies) a policy or policies (hereinafter in this Section 2 called the "Policy") of public liability insurance to insure the Board, the Developer, each Apartment Owner, and the Managing Agent and other employees of the Association of Apartment Owners against claims for personal injury, death and property damage arising out of the condition of the Property or activities thereon or construction work under a Comprehensive General Liability form, with minimum limits of not less than \$100,000 for damage to property, not less than \$300,000 for injury to one person and not less than \$1,000,000 for personal injury and property damage arising out of a single occurrence. The Policy:

(a) Shall, if obtainable, not relieve the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board, or because of any breach of warranty or condition caused by the Owner of any Apartment or any act or neglect of the Owner or tenant of any Apartment;

(b) Shall provide that the Policy may not be cancelled by the insurer except by giving to the Board and to the Owner of each Apartment and any mortgagee who shall have requested such notice of the insurer in writing thirty (30) days' written notice of such cancellation;

(c) Shall contain a waiver by the insurer of any right of subrogation to any right of the Board, the Developer or the Owners against any of them or any other persons under them; and

(d) Shall contain a "severability of interest" endorsement, precluding the insurer from denying the claim of an apartment owner because of negligent acts of the Association or other Owners.

SECTION 3. Insurance Against Damage to Exterior Glass and Additional Risks. The Board may procure insurance against damage to exterior glass and such additional risks as the Board may deem advisable for the protection of the Apartment Owners of a character normally carried with respect to properties of comparable character and use.

SECTION 4. Miscellaneous Insurance Provisions. The Board shall review at appropriate intervals in time the

adequacy of its insurance program. At the request of any mortgagee of any Apartment, the Board shall furnish to such mortgagee a copy of the Policy described in Section 1 of this Article and of any other policy to which a mortgagee endorsement shall have been attached. Copies of every policy of insurance procured by the Board shall be available for inspection by an Apartment Owner (or purchaser holding a contract to purchase an interest in an Apartment) at the office of the Managing Agent. Any coverage procured by the Board shall be without prejudice to the right of the Owners of Apartments to insure such Apartments and the contents thereof for their own benefit at their own expense.

SECTION 5. Damage and Destruction. If a building is damaged by fire or other casualty which is insured against and said damage is limited to a single Apartment, the insurance proceeds shall be used by the Board or the Trustee for payment of the contractor retained by the Board to rebuild or repair such Apartment, including paint, floor covering and fixtures, in accordance with the original plans and specifications therefor. If the insurance proceeds are insufficient to pay all costs of repair, the remaining deficiency shall be paid from the maintenance fund. If the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on all the Owners of Apartments in the proportions prescribed pursuant to the Declaration for the allocation of common expenses.

If such damage extends to two or more Apartments or extends to any part of the limited common elements or to the common elements:

(a) If the Owners of the Apartments do not within sixty (60) days after such casualty or, if by such date the insurance loss has not been finally adjusted, within thirty (30) days after such final adjustment, agree in writing in accordance with the provisions of the Declaration and this Section 5 that the building or any portion thereof need not be rebuilt or repaired, or if the Owners at an earlier date agree to rebuild immediately, then the Board shall contract to repair or rebuild the damaged portions of the building or buildings, including all Apartments so damaged, as well as common elements:

(i) In accordance with plans and specifications therefor which will restore the same in conformity with the design immediately prior to the destruction, or

(ii) If reconstruction in accordance with such design is not permissible under applicable laws and regulations then in force, in accordance with such modified plan as shall be approved by the Board, provided that, if such modified plan eliminates any Apartment and such Apartment is not reconstructed, the Insurance Trustee shall pay to the Owner of such Apartment the portion of the insurance proceeds allocable to such Apartment (less

the proportionate share of such Apartment in the cost of debris removal) and shall disburse the balance of the insurance proceeds as hereinafter provided for the disbursement of insurance proceeds.

The insurance proceeds shall be paid by the Trustee to the contractor employed for such work in accordance with the terms of the contract for such construction and in accordance with the terms of this Section 5. If the insurance proceeds are insufficient to pay all the costs of repairing and rebuilding all damaged Apartments as well as the common elements, the Board is expressly authorized to pay such costs in excess of the insurance proceeds from the maintenance fund, and if the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on the Owners of Apartments in the proportions prescribed pursuant to the Declaration for the allocation of common expenses. The special assessment shall be secured by the lien created under Section 4 of Article VI hereof.

If a decision is made in accordance with the Declaration, this section and the Act, not to repair or rebuild all or any lesser number of damaged or destroyed Apartments, the insurance proceeds allocable to any Apartment which is not to be rebuilt (hereinafter called an "eliminated Apartment"), less the proportionate share of such Apartment in the cost of debris removal, shall be paid to the Owner and any mortgagee of the eliminated Apartment as their interests may appear. The remaining insurance proceeds shall be paid to the Insurance Trustee, who shall apply such moneys to repair and rebuild any portion of the building that is to be reconstructed in accordance with this section. If a decision is made to eliminate an Apartment, the common interests and other rights of the remaining Apartment Owners in the Project shall be adjusted by amendment of the Declaration pursuant to Section 514A-13(b), HRS, and Section 16 of the Declaration; provided, that the common interest of any Owner shall not be altered without his consent. The owner of any eliminated Apartment shall be discharged from all obligations to the Project after proper amendment of the Declaration. Alternatively, if the Declaration is not amended so as to discharge the Owners of eliminated Apartments of all obligations to the Project and so as to adjust equitably the common interests appurtenant to those Apartments not eliminated, the Owner of any eliminated Apartment may, pursuant to Section 514A-92, HRS, convey his interest to the Board of Directors on behalf of all other Apartment Owners and thereby be discharged of all obligations to the Project. The Owner of any eliminated Apartment may, in addition to his allocable share of insurance proceeds, receive such reimbursement as the Board deems appropriate.

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

(i) An architect or engineer (who may be an employee of the Board) shall be in charge of the work;

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

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

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

(v) The fees and expenses of the Trustee as determined by the Board and the Trustee shall be paid by the Association as common expenses, and such fees and expenses may be deducted from any proceeds at any time in the hands of the Trustee;

(vi) The Trustee may impose other reasonable conditions consistent with the foregoing.

(c) Upon completion of the work and payment in full therefor, any remaining insurance proceeds then or thereafter in the hands of the Board or the Trustee shall be paid or credited to the Owners and mortgagees of the Apartments in proportion to the respective common interests appurtenant to the Apartments.

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

any Apartment Owner or lessee. To the extent that any loss, damage or destruction to the property of any Apartment Owner or lessee is covered by insurance procured by such Owner or lessee, such Owner or lessee shall have no claim or cause of action for such loss, damage or destruction against the Board, the Managing Agent, any other Apartment Owner, or the Association. All policies of insurance referred to in this paragraph (d) shall contain appropriate waivers of subrogation by the insurers.

SECTION 6. Disposition of Buildings. If the common elements of the Project suffer substantial damage within the meaning of Section 514A-21(a)(2), HRS, and if Apartment Owners holding seventy-five percent (75%) or more of the common interests of the Project shall agree in writing that the Project need not be rebuilt, any insurance proceeds shall be used to remove any remaining improvements on the land included in the Project, and the balance of such insurance proceeds, if any, shall be allocated among the Apartment Owners and their mortgagees, in accordance with the interest in the common elements appurtenant to each Apartment.

SECTION 7. Notice of Right to Vote Against Rebuilding. Within ten (10) days after the occurrence of any damage or destruction with respect to which some or all of the Apartment Owners will have the right, pursuant to Section 12 of the Declaration, to vote against any proposed rebuilding or restoration, the Board of Directors shall send notice to all such Owners so entitled to vote. Such notice shall recite the nature and extent of damage, the right of specified Owners to vote against rebuilding or restoration, the percentage of votes necessary to prevent rebuilding or restoration, the time when or within which any such vote must be cast, the place and manner in which any such vote must be cast, and any other information deemed relevant by the Board of Directors.

SECTION 8. Apportionment of Insurance Premiums. The Owners of the Commercial Apartments shall bear all premiums on the fire and extended coverage policy (the "Fire Policy") required under Section 1 of this Article VII fairly allocable to that portion of the Fire Policy which pertains to insuring those common elements, limited common elements, exterior and interior walls, floors, ceilings and exterior glass (if covered by the Fire Policy) primarily designed or intended for, exclusively reserved to, or included within the Commercial Apartments. The Owners of Residential Apartments shall bear all premiums on the Fire Policy fairly allocable to that portion of the Fire Policy which pertains to insuring those common elements, limited common elements, exterior and interior walls, floors, ceilings and exterior glass (if covered by the Fire Policy) primarily designed or intended for, exclusively reserved to, or included within the Residential Apartments. To the extent that the premiums on the Fire Policy shall be greater or less by reason of the application of a special rate instead of the rate which would be applicable to an otherwise similar project without the Commercial Apartments, such difference shall be borne by or credited to the owners of

apartments responsible for such difference. The remainder of all premiums on the policy shall be borne by all apartment owners in proportion to their respective common interests. The Board of Directors shall be responsible for the allocation of the insurance premiums among the five Commercial Apartments and the Residential Apartments on an equitable basis after consultation with the insurance carrier or other person qualified by education and experience to render advice on such matters. The premiums for the liability insurance required under Section 2 of this Article VII shall be equitably allocated by the Board of Directors upon advice of the insurer among the Owners of the Commercial Apartments and the Residential Apartments according to the risks insured against and the benefits derived by the Owners or the respective classes of Owners. The Board shall assess such Owners their portion of such premiums in the same manner as provided in Section 1 of Article VI relating to the apportionment of utility expenses. In the event that the Board and one or more of the Owners of the Commercial Apartments are unable to reach agreement on material matters involving such insurance, such Owners may at their option either obtain separate liability insurance covering the condition of the common elements or limited common elements intended for use by or appurtenant to their respective Commercial Apartments or activities thereon, subject to the terms of this paragraph, and such coverage shall not be included in the insurance contracts obtained by the Board relating to the common elements or limited common elements intended for the use of or appurtenant to the Residential Apartments. Notwithstanding the foregoing, with respect to any insurance required under this Article VII, if the Owners of more than fifty percent (50%) of the common interests appurtenant to the Commercial or Residential Apartments object in writing to the premium allocation made by the Board of Directors, the matter shall be submitted to an independent insurance broker or agent selected by the Board of Directors for determination, which shall be final and binding on all of the Owners, and, if no objection is made within four (4) months after any allocation made by the Board of Directors, the Board of Directors' allocation shall be final and binding. If an objection is filed by any Owner or group of Owners, all Owners shall continue to pay expenses according to the allocations determined by the Board of Directors until such time as any adjustment may be made by the independent insurance broker or agent; after which adjustment the payment of the expenses will be made to take into account the insurance broker's or agent's determination.

ARTICLE VIII

MORTGAGES

SECTION 1. Notice of Unpaid Common Expenses. The Board of Directors, whenever so requested in writing by a purchaser or mortgagee of an interest in an Apartment, shall promptly report any then unpaid assessments for common expenses due from the Owner of the Apartment involved.

SECTION 2. Notice of Default. When giving notice to an Apartment Owner of a default in paying common expenses or other default, the Board of Directors, shall send a copy of such notice to each holder of a mortgage covering such Apartment or interest therein whose name and address has theretofore been furnished to the Board of Directors.

SECTION 3. Examination of Books. Each mortgagee of an Apartment shall be permitted to examine the books of account of the Association at reasonable times on business days, and each mortgagee shall have the right to require the submission of annual reports and other financial data.

SECTION 4 Mortgage Protection. Notwithstanding all other provisions hereof:

(a) The liens created hereunder upon any Apartment and its appurtenant interests in the common elements shall be subject and subordinate to, and shall not affect the rights of the holder of any indebtedness secured by any recorded mortgage of such interests made for value, provided that after the foreclosure of any such mortgage there shall be a lien upon the interests of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such Apartment if falling due after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided in Section 4 of Article VI hereof.

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

(c) The Declaration and By-Laws shall not give an apartment owner or any other party priority over any rights of first mortgagees of Apartments pursuant to their mortgages in the case of a distribution to apartment owners of insurance proceeds or condemnation awards for losses to or a taking of apartment units, common elements or both.

(d) No amendment to this Section 4 shall affect the rights of the holder of any such mortgage recorded in the Bureau of Conveyances of the State of Hawaii and filed with the Assistant Registrar of the Land Court of the State of Hawaii prior to the recording and filing of such amendment who does not join in the execution thereof.

SECTION 5. Notice to Board of Directors. An Owner who mortgages his interest in an Apartment shall notify the Board of Directors of the name and address of his mortgagee and within ten (10) days after the execution of the same shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "Mortgages of Apartments".

ARTICLE IX

CONDEMNATION

In the event of a taking in condemnation or by eminent domain of part or all of the Project, the proceeds of any award of compensation shall be payable to a condemnation trustee (the "Condemnation Trustee") which shall be a bank, trust company or real estate management company designated by the Board doing business in Hawaii and having net assets of not less than Five Million Dollars (\$5,000,000.00).

In the event all or any of the Apartments are taken and there is no final judicial determination of the amount of condemnation proceeds allocable to each Apartment so taken, the amount of the condemnation proceeds allocable to each Apartment (including the Apartment's appurtenant interest in the common elements and any limited common elements) shall be determined by a real estate appraiser ("Appraiser") who shall be a member of the American Institute of Real Estate Appraisers, or any successor organization and who shall have acted on behalf of the Apartment Owners in the condemnation proceedings; or, if no such Appraiser shall have acted on behalf of the Apartment Owners or if more than one Appraiser shall have acted on behalf of the Apartment Owners, then an Appraiser with such qualifications shall be selected by the Board of Directors to determine the amount of condemnation proceeds allocable to each Apartment, subject to the right of the affected Apartment Owners, by majority vote within fifteen (15) days after all such affected Apartment Owners receive notice of the appointment of such Appraiser and their right to vote thereon, to require that the Appraiser consist of a panel of three (3) appraisers, in which event the Board of Directors shall select three (3) qualified appraisers to act as Appraiser, and the decision of any two (2) of them shall be the decision of the Appraiser.

If the entire Project is taken, the Condemnation Trustee shall pay to each Apartment Owner and mortgagee, as their interests may appear, the portion of the condemnation proceeds determined by the Appraiser to be allocable to the Owner's Apartment.

In the event of a partial taking of the Project in which (i) any Apartment is physically eliminated, or (ii) a portion thereof is eliminated and the remaining portion cannot be repaired or rebuilt in a manner satisfactory to the Owner of the Apartment and to the Board of Directors, then such apartment shall be removed from the Project and the Condemnation Trustee shall disburse to the Owner and any mortgagee of such Apartment, as their interests may appear, in full satisfaction of their interests in the Apartment, the portion of the proceeds of such award allocable to such eliminated or removed Apartment after deducting the proportionate share of such Apartment in the cost of the debris removal.

In the event of any partial taking of the Project, the Board shall, subject to the provisions of the preceding

sentence concerning removal of an Apartment, arrange for any necessary repair and restoration of the buildings and improvements remaining after the taking in accordance with the design thereof immediately prior to such condemnation or, if repair and restoration in accordance with such design are not permissible under applicable laws and regulations then in force, in accordance with such modified plan as shall be approved by the Board and the mortgagee of record of each Apartment in the Project remaining after such taking. Such work shall be undertaken, and disbursements therefor shall be made, in the manner prescribed in Section 5(b) of Article VII hereof. If the sums held by the Condemnation Trustee are insufficient to pay the cost for such repair and restoration, the Board shall pay such excess costs from the maintenance fund; and, if the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on the Owners of the remaining Apartments in the proportions prescribed for their sharing of common expenses. Such special assessment shall be secured by the lien created under Section 4 of Article VI hereof.

If the sums received as a result of a partial condemnation exceed the total of any amounts payable to the Owner and any mortgagee of a removed Apartment and the amount of costs for debris removal and for repair and restoration of the remaining buildings and improvements, such excess shall be divided among the Apartment Owners in accordance with their interest in the common elements prior to the condemnation.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. Rules and Regulations. The Developer shall initially establish and the Board may thereafter establish and amend such Rules and Regulations as the Developer or the Board, as the case may be, may deem necessary for the operation and use of the common elements and limited common elements, including, without limitation, such aspects of the operation and use of the Apartments as may affect the operation and use of the common elements and limited common elements. The Rules and Regulations may govern Residential Apartment Owners only or provide differing rules for the Commercial Apartments, subject to the requirements of paragraph 16 of the Declaration. The Owner's rights under this instrument shall in all respects be subject to the Rules and Regulations, which shall be deemed to be a part hereof; and each Owner shall abide by all such Rules and Regulations, as the same may from time to time be amended and shall see that the same are faithfully observed by the invitees, guests, employees, and tenants of the Owner; and the Rules and Regulations shall uniformly apply to and be binding upon all occupants of the Residential Apartments.

SECTION 2. Abatement and Enjoinment of Violations by Apartment Owners. The violation of any of the Rules and Regulations, the breach of any of these Bylaws or the breach

of any provision of the Declaration shall give the Board of Directors the rights in addition to any other rights set forth in these Bylaws:

(a) To enter the Apartment during reasonable hours in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Apartment Owner, any structure, thing or condition that may exist therein in violation of the Rules and Regulations, these Bylaws or the Declaration; and the Board of Directors shall not thereby be guilty of any trespass; or

(b) To enjoin, abate or remedy by appropriate legal proceedings, the continuance of any such breach, and all costs thereof, including attorneys' fees, shall be paid by the defaulting Apartment Owner on demand.

SECTION 3. Expenses of Enforcement. Every Owner shall pay to the Association promptly on demand all costs and expenses (including attorneys' fees) incurred by or on behalf of the Association in collecting any delinquent assessments against such Owner's Apartment, foreclosing the lien therefor or enforcing any provision of the Rules and Regulations, these Bylaws or the Declaration against such Owner or any occupant of such Owner's Apartment.

SECTION 4. Right of Access. The Managing Agent and any other person authorized by the Board of Directors or the Managing Agent shall have a right of access to any Owner's Apartment for the purposes of making inspections or correcting any condition existing in an Apartment and threatening another Apartment or a common element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other common elements in an Apartment or elsewhere in the building, provided that requests for entry shall be made in advance and any such entry shall be at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be granted and effective immediately, whether the Owner is present at the time or not.

SECTION 5. Owners May Incorporate. All of the rights, powers, obligations and duties of the Owners imposed hereunder may be exercised and enforced by a nonprofit membership corporation formed by the Owners under the laws of the State of Hawaii for the purposes herein set forth. Such corporation shall be formed upon the written approval of seventy-five percent (75%) in interest of the voting Owners. The formation of such corporation shall in no way alter the terms, covenants and conditions set forth herein, and the Articles and Bylaws of such corporation shall be subordinated hereto and controlled hereby. Any action taken by such corporation in violation of any or all of the terms, covenants or conditions contained herein shall be void and of no effect.

SECTION 6. Notices. All notices to the Association shall be mailed or delivered to the Board of Directors, in care

of the Managing Agent, or, if there is no Managing Agent, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate by notice in writing to all Owners and all mortgagees of Apartments. All notices to any Owner shall be mailed or delivered to the building or to such other address designated by him in writing given to the Board of Directors. Any notices to mortgagees of Apartments shall be sent by mail to their respective addresses, as designated by them in writing given to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address, which shall be deemed to have been given when received.

SECTION 7. Captions. The captions herein are inserted only as a matter of convenience and for reference and shall in no way define, limit or prescribe the scope of these Bylaws or the intent of any provision hereof.

SECTION 8. Gender. The use of any gender in these Bylaws shall be deemed to include either or both of the other genders and the use of the singular shall be deemed to include the plural whenever the context requires.

SECTION 9. Waiver. No restriction, condition, obligation or provision in these Bylaws shall be deemed abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

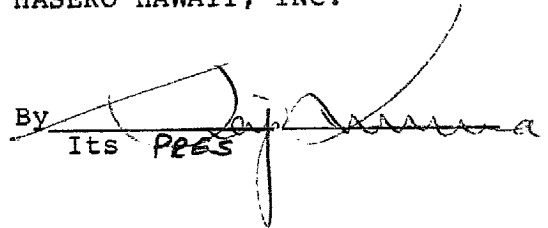
SECTION 10. Interpretation. The provisions of these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform hotel condominium complex whereby the Owners of Apartments shall carry out and pay for the operation and maintenance of the Project as a mutually beneficial and efficient establishment.

SECTION 11. Amendment. Except as otherwise provided herein, the provisions of these Bylaws, other than this section, may be amended pursuant to Section 514A-82, HRS, by the vote of Apartment Owners owning at least seventy-five percent (75%) of the common interest in the common elements, and evidenced by an instrument in writing, signed and acknowledged by any two officers of the Association of Apartment Owners, which amendment shall be effective upon recordation in the Bureau of Conveyances of the State of Hawaii and filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii; provided, however, that the legal effect of any such amendment shall be further subject to the requirements of paragraph 16 of the Declaration; and further provided, that the prior written consent by the mortgagees, if any, of the apartments to which are appurtenant the aforesaid seventy-five percent (75%) interest in the common elements shall be required to any amendments of this section and Sections 4 and 6 of Article II, Section 2 of Article III, Sections 1, 2, 7 and 8 of Article V and Articles VI, VII, VIII and IX.

SECTION 12. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

The Developer hereby adopts the foregoing Bylaws as the Bylaws of the Association of Apartment Owners of Island Colony condominium project on behalf of the Association this 20th day of Nov., 1978.

HASEKO HAWAII, INC.

By  Its PEES

STATE OF HAWAII)
) ss:
CITY AND COUNTY OF HONOLULU)

On this 28th day of November, 1978,
before me appeared SEIJI KURASAWA, to me personally
known, who, being by me duly sworn, did say that he is _____
President of HASEKO HAWAII, INC., a Hawaii corporation,
that the seal affixed to the foregoing instrument is the corpor-
ate seal of such corporation, and that such instrument was signed
and sealed on behalf of such corporation by authority of its
Board of Directors; and said SEIJI KURASAWA acknowledged
that he executed such instrument as the free act and deed of such
corporation.

Telda Williams
Notary Public, First Judicial
Circuit, State of Hawaii

My commission expires: 7-24-82

----- PREPARED FOR -----
 445 SEASIDE AVENUE
 HONOLULU HI 96815

ACCT. NO: 2946
 PAGE: 1

ISLAND COLONY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2020

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: TYLER TAWARA

DATE PRINTED: 12/10/2020

BLD ACCT: 2946	CURRENT MONTH				YEAR TO DATE				FISCAL BEG: 1
DESCRIPTION	---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--	
CASH RECEIPTS:									
5100 MAINTENANCE FEE	287848.31	294036.95	-6188.64	97.9	3234337.13	3234406.45	-69.32	100.0	
5103 RESERVE CONTRIBUTION	65500.15	66262.63	-762.48		726717.46	728888.93	-2171.47		
5107 MAINT FEES-COMMERCIAL	23199.25	28325.00	-5125.75		306447.75	311575.00	-5127.25		
5180 ELECTRICITY UNIT	33574.83	35000.00	-1425.17		339753.32	385000.00	-45246.68		
5181 ELECTRICITY COMMON	17671.50	30000.00	-12328.50		275713.16	330000.00	-54286.84		
5190 LEGAL FEE REIMBURSEMENT	0.00	0.00	0.00		941.97	0.00	941.97		
5218 INSURANCE SETTLEMENT	0.00	0.00	0.00		211156.50	0.00	211156.50		
5221 INTEREST REIMB	0.00	0.00	0.00		31882.69	0.00	31882.69		
5230 FEE PURCHASE - PROCEEDS	0.00	0.00	0.00		60832.34	0.00	60832.34		
5232 AOA PASSDOWN COSTS	0.00	0.00	0.00		2562.09	0.00	2562.09		
5270 INTEREST FROM INVESTMENTS	3176.16	3000.00	176.16		30151.20	33000.00	-2848.80		
5290 INTEREST FROM CHECKING	194.15	150.00	44.15		2308.06	1650.00	658.06		
5305 INTEREST	52.83	0.00	52.83		324.62	0.00	324.62		
5310 VENDING MACHINE INCOME	681.00	1600.00	-919.00		11442.67	17600.00	-6157.33		
5330 LAUNDRY COMMISSIONS	6748.31	6500.00	248.31		62186.74	71500.00	-9313.26		
5350 PARKING FEES	0.00	750.00	-750.00		1750.00	8250.00	-6500.00		
5360 LATE CHARGES	499.66	0.00	499.66		2715.32	0.00	2715.32		
5375 KEY INCOME	150.00	25.00	125.00		2536.84	275.00	2261.84		
5378 FINES	400.00	0.00	400.00		1700.00	0.00	1700.00		
5384 SURF BOARD STORAGE INCOME	200.00	800.00	-600.00		4180.00	8800.00	-4620.00		
5402 AOA LEASE RENT	9856.32	11969.00	-2112.68		112080.79	131659.00	-19578.21		
5411 RENTAL INCOME	0.00	0.00	0.00		8304.00	0.00	8304.00		
5451 INCOME-OTHER	250.00	1200.00	-950.00		6747.84	13200.00	-6452.16		
5750 OTHER NON-TAX RCPTS	100.00	100.00	0.00		761.23	1100.00	-338.77		
5753 UNIT SVCS & REPAIRS	654.72	300.00	354.72		21567.79	3300.00	18267.79		
5757 WATER REIMBURSEMENT	320.23	14500.00	-14179.77		7833.10	159500.00	-151666.90		
5758 SEWER REIMBURSEMENT	528.60	41750.00	-41221.40		12816.12	459250.00	-446433.88		
5763 GAS REIMBURSEMENT	1000.72	8750.00	-7749.28		31356.52	96250.00	-64893.48		
TOTAL CASH RECEIPTS	452606.74	545018.58	-92411.84	83.0	5511107.25	5995204.38	-484097.13	91.9	
UTILITIES:									
6010 ELECTRICITY	57794.71	65000.00	-7205.29		596724.98	715000.00	-118275.02		
6011 SC PV-LEASE PAYMENTS	4228.03	2650.00	1578.03		30643.31	29150.00	1493.31		
6020 TV CABLE	25882.66	25873.80	8.86		242257.54	284611.80	-42354.26		

ACCT. NO: 2946
PAGE: 2

ISLAND COLONY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2020

DATE PRINTED: 12/10/2020

BLD ACCT 2946		CURRENT MONTH				YEAR TO DATE		FISCAL BEG: 1	
DESCRIPTION		---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%-
6030	WATER	13386.99	14500.00	-1113.01		128385.02	159500.00	-31114.98	
6040	SEWER	45749.63	41750.00	3999.63		524372.24	459250.00	65122.24	
6050	GAS	2126.24	8750.00	-6623.76		43466.40	96250.00	-52783.60	
6060	TELEPHONE	305.34	365.00	-59.66		2962.05	4015.00	-1052.95	
TOTAL UTILITIES		149473.60	158888.80	-9415.20	94.1	1568811.54	1747776.80	-178965.26	89.8
CONTRACTS:									
6223	CONTRACT-CLNG SVCS-WINDOWS	0.00	0.00	0.00		7476.44	12396.00	-4919.56	
6230	CONTRACT-ELEVATOR	15674.28	8000.00	7674.28		94045.86	88000.00	6045.86	
6242	CONTRACT-TREES	0.00	375.00	-375.00		0.00	4125.00	-4125.00	
6271	POOL-GENERAL	628.27	2600.00	-1971.73		14750.81	28600.00	-13849.19	
6280	CONTRACT-PEST CONTROL	3640.82	3625.00	15.82		37644.37	39875.00	-2230.63	
6300	CONTRACT-REFUSE	4248.20	4714.00	-465.80		46730.20	51854.00	-5123.80	
6321	FIRE SYSTEM-GENERAL	6525.32	1175.00	5350.32		29838.47	12925.00	16913.47	
6340	SUBMETERING	7952.24	2500.00	5452.24		46883.30	27500.00	19383.30	
6370	CONTRACT-GENERATOR	0.00	0.00	0.00		0.00	7800.00	-7800.00	
6371	TRASH COMPACTOR & TRASH CHUTE	4607.32	1425.00	3182.32		27380.26	15675.00	11705.26	
6376	CONTRACT-PURCHASING HUI	285.76	375.00	-89.24		3014.78	4125.00	-1110.22	
6378	CONTRACT-HEAT PUMP	0.00	750.00	-750.00		5970.29	8250.00	-2279.71	
TOTAL CONTRACTS		43562.21	25539.00	18023.21	170.6	313734.78	301125.00	12609.78	104.2
BUILDING MAINTENANCE:									
6530	CLEANING SUPPLIES	5919.49	3600.00	2319.49		44082.32	39600.00	4482.32	
6540	ELEVATOR	2414.65	1700.00	714.65		12392.56	18700.00	-6307.44	
6550	GROUNDS	196.74	600.00	-403.26		3473.33	6600.00	-3126.67	
6560	ELECTRICAL	395.83	500.00	-104.17		18768.96	5500.00	13268.96	
6570	PLUMBING	1997.86	2000.00	-2.14		29826.24	22000.00	7826.24	
6630	SECURITY EQUIPMENT	921.42	1000.00	-78.58		12973.38	11000.00	1973.38	
6670	BUILDING REPAIRS	5236.68	3000.00	2236.68		24063.53	33000.00	-8936.47	
6690	MISCL REPAIRS & PURCHASES	6456.09	3000.00	3456.09		33830.56	33000.00	830.56	
6721	BUILDING-VANDALISM	0.00	0.00	0.00		550.13	0.00	550.13	
TOTAL BUILDING MAINTENANCE		23538.76	15400.00	8138.76	152.8	179961.01	169400.00	10561.01	106.2
PROFESSIONAL SERVICES:									

----- PREPARED FOR -----
 445 SEASIDE AVENUE
 HONOLULU HI 96815

ACCT. NO: 2946
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ISLAND COLONY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2020

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: TYLER TAWARA

DATE PRINTED: 12/10/2020

BLD ACCT 2946		CURRENT MONTH				YEAR TO DATE		FISCAL BEG: 1	
DESCRIPTION	---ACTUAL---	---BUDGET---	---VAR.---	-BUD%--	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--	
6810 ADMIN SUPPLIES & SVCS	5154.94	9000.00	-3845.06		68231.90	99000.00	-30768.10		
6812 ASSOCIATION ADMIN EXPENSE	1591.51	1700.00	-108.49		11000.68	18700.00	-7699.32		
6813 OFFICE SUPPLIES-POSTAGE	0.00	0.00	0.00		390.00	0.00	390.00		
6820 OFFICE EQUIPMENT-RENT/LSE	623.99	625.00	-1.01		6284.23	6875.00	-590.77		
6830 VEHICLE EXPENSE	0.00	0.00	0.00		570.41	1200.00	-629.59		
6840 EDUCATION EXPENSE	0.00	0.00	0.00		699.50	300.00	399.50		
6845 PROF & ADMIN SVS-EDUCATION	0.00	0.00	0.00		0.00	3600.00	-3600.00		
6850 MANAGEMENT SERVICES	6806.28	6806.28	0.00		74869.08	74869.08	0.00		
6870 AUDIT/PUBLIC ACCOUNTING	0.00	0.00	0.00		0.00	9999.96	-9999.96		
6880 LEGAL FEES	24169.56	3800.00	20369.56		238878.21	41800.00	197078.21		
6882 LEGAL FEES-COLLECTIONS	0.00	25.00	-25.00		0.00	275.00	-275.00		
6911 PROF & ADMIN SVS-OTHER-GENERA	495.34	350.00	145.34		8334.29	3850.00	4484.29		
6953 COMPUTER EXPENSE	1030.62	350.00	680.62		3030.65	3850.00	-819.35		
6990 COST OF SALE	0.00	0.00	0.00		156.95	0.00	156.95		
TOTAL PROFESSIONAL SERVICES	39872.24	22656.28	17215.96	176.0	412445.90	264319.04	148126.86	156.0	
PAYROLL AND BENEFITS:									
7020 PAYROLL-MAINTENANCE	33419.97	32673.36	746.61		395874.91	392080.32	3794.59		
7030 PAYROLL-JANITORIAL	14243.08	19346.38	-5103.30		175300.37	232156.56	-56856.19		
7050 PAYROLL-SECURITY	33840.42	37778.80	-3938.38		382494.75	453345.60	-70850.85		
7060 PAYROLL-OFFICE	22027.33	19801.80	2225.53		231685.43	237621.60	-5936.17		
7070 WORKERS COMPENSATION	0.00	0.00	0.00		24636.00	30000.00	-5364.00		
7080 TDI	0.00	0.00	0.00		4289.99	5400.00	-1110.01		
7090 HEALTH CARE	12768.85	13706.00	-937.15		135823.55	150766.00	-14942.45		
7100 PAYROLL TAXES	5473.38	12729.33	-7255.95		93632.60	140022.63	-46390.03		
7140 PAYROLL PREPARATION	322.45	385.00	-62.55		3919.87	4235.00	-315.13		
7170 UNIFORMS	257.59	100.00	157.59		2948.95	1100.00	1848.95		
7202 APARTMENT LEASE RENT 1-PARKIN	0.00	0.00	0.00		2392.67	0.00	2392.67		
7240 ADMIN PARKING EXPENSE	6058.32	3000.00	3058.32		33061.24	33000.00	61.24		
7256 PAYROLL-LIFE INSURANCE	36.55	70.00	-33.45		387.37	770.00	-382.63		
TOTAL PAYROLL AND BENEFITS	128447.94	139590.67	-11142.73	92.0	1486447.70	1680497.71	-194050.01	88.5	
OTHER EXPENSES:									
7310 INSURANCE-PROPERTY	0.00	7700.00	-7700.00		493.60	84700.00	-84206.40		
7316 INSURANCE-LIABILITY	0.00	0.00	0.00		0.00	23880.00	-23880.00		

----- PREPARED FOR -----
 445 SEASIDE AVENUE
 HONOLULU HI 96815

ACCT. NO: 2946
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ISLAND COLONY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2020

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: TYLER TAWARA

DATE PRINTED: 12/10/2020

BLD ACCT 2946		CURRENT MONTH				YEAR TO DATE		FISCAL BEG: 1	
DESCRIPTION		---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%-
7321	INSURANCE-FLOOD-GENERAL	0.00	0.00	0.00		0.00	96000.00	-96000.00	
7325	INSURANCE-D&O	0.00	0.00	0.00		0.00	18000.00	-18000.00	
7330	INSURANCE-FIDELITY	0.00	0.00	0.00		0.00	600.00	-600.00	
7335	INSURANCE-B&M	0.00	0.00	0.00		0.00	3000.00	-3000.00	
7340	INSURANCE-UMBRELLA	0.00	0.00	0.00		0.00	11400.00	-11400.00	
7351	INSURANCE-AUTO	0.00	0.00	0.00		493.60	1260.00	-766.40	
7357	INSURANCE CLAIMS	13022.53	0.00	13022.53		212347.66	0.00	212347.66	
7370	UNINSURED EXPENSES	0.00	0.00	0.00		4712.04	9999.96	-5287.92	
7534	LEASE RENT-OFFICE SPACE	10555.83	10750.00	-194.17		126460.54	118250.00	8210.54	
7542	MEETING EXPENSE-MONTHLY	34.56	100.00	-65.44		2168.73	1100.00	1068.73	
7543	ASSOC MEETING EXP	0.00	0.00	0.00		7991.02	4000.00	3991.02	
7544	MEETING EXP-RECORDING SECTY	0.00	100.00	-100.00		0.00	1100.00	-1100.00	
7550	MISCELLANEOUS EXPENSE	0.00	10.00	-10.00		152.00	110.00	42.00	
7552	MISCL EXP-BANK CHARGES	523.73	350.00	173.73		5937.89	3850.00	2087.89	
7553	MISC SUPRT EXP-LAUNDRY	20.71	0.00	20.71		1545.12	0.00	1545.12	
7554	VENDING MACHINE EXPENSES	606.99	350.00	256.99		15762.71	3850.00	11912.71	
7564	MISC-CONDO REGISTRATION	0.00	0.00	0.00		0.00	7650.00	-7650.00	
7569	UNRECONCILED CARD PURCHASES	0.00	0.00	0.00		669.02	0.00	669.02	
7720	STATE GENERAL EXCISE TAX	787.68	1200.00	-412.32		13208.26	13200.00	8.26	
7740	FEDERAL INCOME TAXES	0.00	0.00	0.00		0.00	5004.00	-5004.00	
7900	LEASE FOR FIRE SYSTEM	0.00	0.00	0.00		168.78	0.00	168.78	
TOTAL OTHER EXPENSES		25552.03	20560.00	4992.03	124.3	392110.97	406953.96	-14842.99	96.4
TOTAL OPERATING EXPENSES		410446.78	382634.75	27812.03	107.3	4353511.90	4570072.51	-216560.61	95.3
OPERATING SURPLUS/DEFICIT		42159.96	162383.83	-120223.87	26.0	1157595.35	1425131.87	-267536.52	81.2
CAPITAL IMPR AND MAJOR REP & REPL:									
8513	CONCRETE REPAIRS	0.00	0.00	0.00		32323.52	30600.00	1723.52	
8518	HEAT PUMP-STORAGE TANKS	0.00	0.00	0.00		2207.67	0.00	2207.67	
8530	POOL JACUZZI REPAIR	0.00	0.00	0.00		1927.41	0.00	1927.41	
8532	POOL DECK FURNITURE	0.00	0.00	0.00		31196.24	0.00	31196.24	
8570	PLUMBING REPAIR COMMON	0.00	0.00	0.00		0.00	25500.00	-25500.00	
8621	COMMON HALLWAY DOORS	0.00	0.00	0.00		0.00	80000.00	-80000.00	
8622	HOT WATER STORAGE TANKS	0.00	0.00	0.00		0.00	61200.00	-61200.00	
8623	FLOORING-BUS LANE	0.00	0.00	0.00		0.00	42448.00	-42448.00	

----- PREPARED FOR -----
445 SEASIDE AVENUE
HONOLULU HI 96815

ACCT. NO: 2946
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ISLAND COLONY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2020

----- PREPARED BY -----
HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: TYLER TAWARA

DATE PRINTED: 12/10/2020

BLD ACCT: 2946		CURRENT MONTH				YEAR TO DATE		FISCAL BEG: 1	
DESCRIPTION		---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	---BUD%-
8626	POOL & SPA FILTER SYSTEM	0.00	0.00	0.00		5045.13	7242.00	-2196.87	
	TOTAL CAPITAL IMPR AND MAJOR	0.00	0.00	0.00	0.0	72699.97	246990.00	-174290.03	29.4
	TOTAL CASH DISBURSEMENTS	410446.78	382634.75	27812.03	107.3	4426211.87	4817062.51	-390850.64	91.9
	CHANGE IN SECURITY DEPOSITS	0.00	0.00	0.00	0.0	0.00	0.00	0.00	0.0
	CHANGE TO TOTAL CASH & RESERVE	42159.96	162383.83	-120223.87		1084895.38	1178141.87	-93246.49	

----- PREPARED FOR -----

445 SEASIDE AVENUE
HONOLULU HI 96815

ACCT. NO: 2946

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**ISLAND COLONY
CASH REPORT
AS OF 11/30/2020**

----- PREPARED BY -----

HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: TYLER TAWARA

DATE PRINTED: 12/10/2020

BLD NUM: 2946

FISCAL BEG: 01 PAGE: 1

OPERATIONS

	TERM	MATURES	RATE	BEGINNING BALANCE	TRANSFERS TO/(FROM)	ENDING BALANCE
1000 CHECKING ACCOUNT *				2,267,597.37	39,539.38	2,307,136.75
1090 BOR LQ #*****1542			0.6802	254,269.64	146.89	254,416.53
1231 HFFCU LQ #*****5132			0.5000	121,385.15	0.00	121,385.15
1365 TERR LQ #*****5923			0.1900	252,069.62	0.00	252,069.62

TOTAL OPERATIONS

2,895,321.78	39,686.27	2,935,008.05
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RESERVES

1671 BOH LQ #*****3685			0.0300	251,359.61	6.19	251,365.80
1737 CIT LQ #*****0391			0.2000	243,895.81	40.09	243,935.90
1765 FFAC LQ #*****1211			0.1500	250,021.57	0.00	250,021.57
1775 FHB #*****3635			0.3500	102,668.58	0.00	102,668.58
1776 FHB LQ #*****9193			0.0460	149,552.46	5.64	149,558.10
1830 HFFCU LQ #*****7832			0.5000	127,692.11	0.00	127,692.11
1840 HSB LQ #*****5198			0.1500	249,990.44	30.82	250,021.26
1870 MORG #*****3575				1,274,335.23	2,358.23	1,276,693.46
1881 OPB LQ #*****1877			0.0200	14,533.51	0.24	14,533.75
1900 FFB LQ #*****0977			0.1500	246,151.40	30.35	246,181.75
2105 AMF MM #*****1133				258,674.96	2.13	258,677.09
2125 HSFCU LQ #*****7650			0.0790	100.51	0.00	100.51
2126 HSFCU LQ #*****7660			0.4840	253,284.92	0.00	253,284.92

TOTAL RESERVES

3,422,261.11	2,473.69	3,424,734.80
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NET ASSOCIATION AVAILABLE CASH AND DEPOSITS

6,317,582.89	42,159.96	6,359,742.85
--------------	-----------	--------------

* CHECKING ACCOUNT MAY INCLUDE PENDING CAPITAL EXPENSES

BEGINNING CASH BAL.-B.O.Y. 5,274,847.47

----- PREPARED FOR -----

445 SEASIDE AVENUE
HONOLULU HI 96815

ACCT. NO: 2946

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**ISLAND COLONY
CASH BY INSTITUTION
AS OF 11/30/2020**

----- PREPARED BY -----
HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: TYLER TAWARA

DATE PRINTED: 12/10/2020

BLD NUM: 2946

FISCAL BEG: 01 PAGE: 1

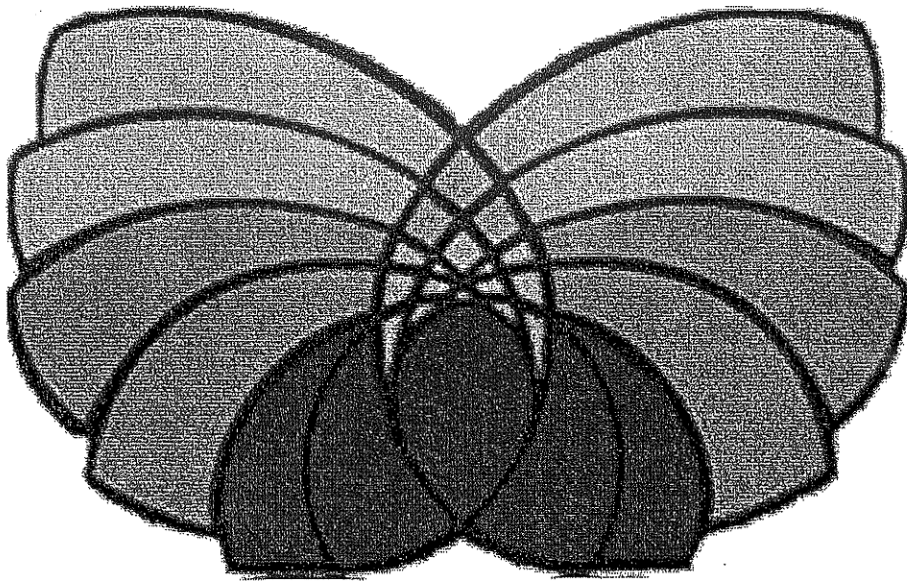
CASH BY INSTITUTION:

	BEGINNING BALANCE	TRANSFERS TO/(FROM)	ENDING BALANCE
AMERIPRISE FINANCIAL	258,674.96	2.13	258,677.09
BANK OF HAWAII	251,359.61	6.19	251,365.80
BANK OF THE ORIENT	254,269.64	146.89	254,416.53
CIT BANK, N.A.	243,895.81	40.09	243,935.90
FINANCE FACTORS	250,021.57	0.00	250,021.57
FIRST FOUNDATION BANK	246,151.40	30.35	246,181.75
FIRST HAWAIIAN BANK	252,221.04	5.64	252,226.68
HAWAII STATE FEDERAL CU	253,385.43	0.00	253,385.43
HAWAIIAN FINANCIAL FCU	249,077.26	0.00	249,077.26
HOMESTREET BANK	249,990.44	30.82	250,021.26
MORGAN STANLEY	1,274,335.23	2,358.23	1,276,693.46
OHANA PACIFIC BANK	14,533.51	0.24	14,533.75
OPERATING CHECKING ACCOUNT	2,267,597.37	39,539.38	2,307,136.75
TERRITORIAL SAVINGS BANK	252,069.62	0.00	252,069.62
TOTAL CASH	6,317,582.89	42,159.96	6,359,742.85

RULES AND REGULATIONS (HOUSE RULES)

Security Desk 922-2447

Security Cell 927-4053



ISLAND COLONY

December 6th, 2012

*445 Seaside Avenue, Suite 101, Honolulu, HI 96815
Ph: 808-922-2442 Fax: 808-922-2445*

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THE PURPOSE OF RULES AND REGULATIONS

The purpose of these Rules and Regulations is to promote the harmonious occupancy of the condominium apartments and to protect all occupants and also to protect the reputation and desirability hereof by providing maximum enjoyment of the premises. These Rules and Regulations may be amended by the Board of Directors, as provided in the By-Laws. Any suggested changes should be delivered in writing to the Manager for transmission to the Board.

The full authority and responsibility of enforcing said Rules may be delegated to the Manager by the Board of Directors of the Association of Apartment Owners. All occupants, tenants and their guests shall be bound by these House Rules and by standards of conduct whether covered by these House Rules or not; provided however, neither the Board nor the Managing Agent shall be responsible for any noncompliance or violation of said Rules by the occupants, tenants or their guest.

OCCUPANCY

1. An apartment Owner shall be responsible for the conduct of any guests to or occupants of his apartment ensuring that their behavior is neither offensive to any occupant of the building nor damaging to any portion of the common elements. Play is permitted on the recreation floor but not in corridors, stairways or the parking lot.
2. No pets of any kind, no livestock, poultry, birds, dogs, cats, rabbits or other animals whatsoever shall be allowed or kept in any part of the project, with the exception of service animals.
3. Service animals are required to be registered and to have an insurance policy in place.
4. The AOA Management Office will issue a permit to the Owner of any service animal. The permit will identify the animal, color, sex, and breed. The Owner of the service animal is responsible for the conduct of the service animal, and that the service animal is

in compliance with all rules and regulations. If required by law, any service animal must be registered with the City and County of Honolulu. The Owner must provide the AOA Management Office proof of all required vaccinations.

5. Every apartment Owner and occupant shall at all times keep the apartment 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.
6. For sanitary purposes all box springs, mattresses, sleeping futons, pillows, and similar items must be enclosed in plastic when removing from unit. The Association Office can provide bags large enough to accommodate these items.

TEMPORARY OCCUPANCY

1. The By-laws prohibit apartments not participating in the hotel rental pool from renting their apartments for less than 30 days.
2. Owners shall be responsible for designating a local representative to represent their interests, particularly with respect to rental, if their residence is outside the island of Oahu or if they will be absent from the apartment for more than 30 days. Such Owners shall file their address, telephone number, emergency contact information, and the contact information of their local representative with the AOA Management Office.
3. Subject to the terms of the condominium conveyance document and the By-laws of the Association, an apartment Owner, or his designated representative, may lease or rent his apartment or make it available for the use of friends or the public, but the person or persons leasing, renting or living in the apartment shall abide by all Rules and Regulations applicable for Owners, and the Owner or designated representative as applicable shall assume the responsibility of the occupants' conduct.
4. Registration:
 - a. All residents, tenants and guests are required to register with the Association using the registration forms available at the AOA Manager's Office. Key fobs will only be issued and coded to registered tenants, Owners, or designated property managers. Lost fobs will incur a fine that must be paid before replacement fob is issued.
 - b. Every Owner is responsible for having an accurate, current, fully completed registration card on file with the AOA office for each and every one of his/her condominiums at all times.
 - c. Guests are non-paying persons staying in a condominium unit for more than 2 days in any one month period.

- d. All visitors and/or guests staying for less than two days are required to sign in at the security desk, and must be escorted by the resident to the unit.
5. An apartment Owner or representative as applicable, shall be responsible for the conduct of his lessee(s), renter(s), guest(s), or visitor(s) and shall, upon the request of the Board of Directors or Managing Agent, immediately abate and remove, at his expense, any structure, thing or condition that may exist with regard to the occupancy of his apartment by his lessee(s), renter(s), guest(s), or visitor(s) contrary to the provisions hereof. If the apartment Owner or representative is unable to control the conduct of the lessee(s), renter(s), guest(s) or visitor(s), he/she shall immediately remove such lessee(s), renter(s), guest(s) or visitor(s) from the premises, without compensation from the AOA for rentals or any other damage resulting there from.
6. The absentee Owner, at his expense, should have an agent, friend, or maid conduct periodic inspections of his closed apartment, assuming responsibility for the contents thereof.
7. Guest parking: Guests must obtain a two hour permit at the security desk. Only the bus lane may be used for guest parking. Any guest parking that will be over two hours must use the paid commercial parking lot. Non-permitted or vehicles with expired permits are subject to being booted and/or towed at the Owner's expense and risk. Booted vehicles are subject to a fine before being released.
8. Contractor parking: Contractors must obtain a Contractor parking permit from the security desk.
9. Loading dock is to be used when moving any large items into or from the building.
10. Porte Cochere: Absolutely no parking is allowed in the porte cochere for any period of time. Unoccupied vehicles will be towed.

COMMON AREAS, ENTRANCES AND LANAIS

1. The sidewalks, passages, lobbies, pool deck, stairways and corridors must not be obstructed or used for any purposes other than ingress and egress. Playing and loitering, in these areas, are strictly prohibited.
2. Skates, roller blades, skateboards, bicycles, mopeds, jump ropes and similar items may not be used in the common areas.
3. No shoes, laundry, dry cleaning, or other items shall be allowed to remain in view at the front entrance of each unit.
4. Only appropriate patio furniture, designated for outdoor use, and small plants shall be placed on lanais. Upholstered furniture designed for indoor use is not allowed on lanais. Examples of indoor furniture are upholstered sofas and chairs, futons/day beds, etc. With

the Board of Directors approval, only one storage locker in a neutral color no larger than twenty four (24) cubic feet may be stored in the inside far corner of the lanai. Any items deemed unsightly by the Board of Directors or the Manager shall be removed upon the request of the Manager. Lanais are otherwise not to be used for the purpose of storage of articles of any kind.

5. Textile items including but not limited to towels, bathing apparel, clothing, brooms, mops, cartons, and other objects shall not be placed on lanais or in passages or windows so as to be in view from outside the building or from any other apartment. FOR SAFETY PURPOSES, NO ITEMS MAY BE LEANED AGAINST THE LANAI GLASS.
6. All plants shall be placed in containers so as to prevent the dripping of water or soil onto other apartments or common elements. Care should be taken in scrubbing lanais so as to prevent water from running down the exterior of the building.
7. AIR CONTAINER CONDENSATION IS NOT ALLOWED TO RUN DOWN THE EXTERIOR OF THE BUILDING. THE OWNER IS RESPONSIBLE FOR ANY DAMAGES TO THE EXTERIOR OF THE BUILDING.
8. Nothing shall be released or thrown from the lanais, windows or entrance balconies.
9. Feeding of birds is prohibited anywhere on the premises.
10. To abate unnecessary odors, all garbage deposited in the trash containers on the Lobby Level must be wrapped and sealed in a manner that ensures the contents will not fall out and scatter loosely inside the container.
11. Trash Chute.
 - a. The Trash Chute may be used only during the hours of 7:00 a.m. to 10:00 p.m.
 - b. All trash thrown down the chute must be sealed or tied in disposable plastic bags with a capacity of no larger than 10 gallons.
 - c. Any heavy, large, bulky, sharp or flammable items, including, but not limited to, construction materials, furniture and appliances are prohibited in the Trash Chute. For example, glass of any kind, gypsum board, construction materials, pizza boxes, small furniture, cardboard boxes, floor tiles, lamps, carpet padding, lumber, garbage disposals, inflammable items, microwaves, toasters, TV's, VCRs, all kitchen appliances and rice cookers are prohibited in the Trash Chute.
 - d. Bulky or Large Items (A/C's-Refrigerators-Cabinets-TV's-etc.) must be taken to Nohonani Street for pick-up every Saturday before 6:00 a.m.

- e. All large boxes are to be flattened and taken to the trash bins on the Lobby Level located in the loading dock area using the service elevator. There is a bin designated for cardboard recycling.
 - f. All newspapers are to be rolled and tied before depositing them in the chute.
 - g. Recyclable glass, aluminum and plastic items must be taken to the recycle bins located on the:
 - 6th Floor
 - P-5 Level
 - Lobby Level near the loading dock area.
 - h. Trash is not permitted to be left in the hallways.
12. No fires or barbeques will be permitted on any apartment lanai or anywhere else on the premises. The Association has barbeques available on the recreation deck on a first come, first served basis; no other barbeque equipment is permitted to be used on the premises.
13. The throwing of firecrackers from lanais and the explosion of any fireworks anywhere on the building grounds or within the building is expressly prohibited.
14. No rugs or other objects shall be dusted or shaken from the lanais or windows of the project. No cleaning by beating or sweeping shall be done in any hallway or exterior part of the project.
15. Nothing shall be allowed, done or kept in any apartment or common element of the project which would overload or impair the floors, electrical system, walls or roofs thereof (specifically waterbeds) or cause any increase in the ordinary insurance rates or the cancellation or invalidation or any insurance thereon maintained by or for the Association.
16. Water shall not be left running for an unreasonable length of time.
17. Damages to common elements shall be surveyed by the Manager and the costs of repair or replacement may be assessed by the Board of Directors against the Owner and/or persons responsible.
18. Each Owner of a residential apartment shall be responsible for the care and maintenance of all lanais, which are included in his apartment. Such Owner may not, however, paint or otherwise decorate the walls and ceiling of the lanais without the prior approval of the Board of Directors.

It is intended that the exterior of the building shall present a uniform appearance and, to affect that end, the Board of Directors may require the painting of the walls and ceilings of each lanai and regulate the type and color to be used. The Board is authorized to contract for the painting of all of the walls and ceilings of the lanais and to make payment

thereof out of the maintenance fund.

19. No carpet is allowed on the lanais.
20. Under the Condominium Property Act, the Owner is responsible for the expense of removing and replacing the tile, or any other flooring, if the Association determines it needs access to the concrete slab for the operation of the Project.
21. Smoking is prohibited in the Common Elements of the property. It is respectfully requested that anyone smoking on lanais be mindful and courteous so as to not interfere with the enjoyment and safety of others. Smokeless ashtrays are available from the AOA Management Office.
22. The consumption of alcoholic beverages in any of the common areas of the property is prohibited.
23. In order to protect the common elements and other apartments, the Association conducts regular pest treatment of the building including the units. Owners must permit access for pest treatment. Anyone who fails to provide access such that pest spraying is skipped for two consecutive treatments may be subject to a fine. If assessed the fine shall be in addition to the cost of a separate visit for treatment by the pest treatment company.
24. Bicycles and Surfboards are not allowed in guest elevators. The service elevator MUST be used if bicycles or surfboards are being taken to or from the floors. There will be a fine for anyone found using the guest elevators.
25. Bicycle racks are provided in the bus lane. There is a refundable deposit for the bicycle rack key. See Security to register your bicycle and obtain a permit. Any bicycle that does not have a permit will be removed from the rack. Rules for the bicycle racks are posted in the area, and are extensions to the Rules and Regulations.
26. Surfboard lockers are available for a fee. Please see Association Office for a copy of the Agreement and application. Only one surfboard per rack is authorized. Surfboard rack is only for the use of Residents of the Island Colony.

SWIMMING POOL AND RECREATION DECK

1. Use of the swimming pool and recreation deck shall be limited to apartment Owners, lessees or renters, members of his/her family and guests. Nonresident guests must be accompanied by the residents of the building at all times. No one is permitted in the swimming pool unless they are a competent swimmer or accompanied by a competent swimmer.
2. Pool and recreation deck hours are posted on the 6th floor. There is no lifeguard on duty. Anyone using the pool and recreation deck does so at their own risk. Owners, residents, and tenants are responsible for their guests using the pool and recreation deck.

3. No large mats or floatation devices shall be used in the pool. Water wings and other similar small devices are acceptable.
4. No horseplay or running will be allowed in the pool, on the pool deck, or on the recreation deck.
5. Swimmers shall dry themselves completely before leaving the pool deck to return to the building or to ride in the elevators.
6. No person with bandages or open wounds of any type may use the pool.
7. No glass containers, tumblers, drinking glasses, chinaware, or any other such breakable items shall be permitted in the swimming pool, spa area, or recreation deck.
8. All swimmers must shower before entering the pool. Any sand must be washed off before entering the pool and recreation deck.
9. All persons shall comply with the requests of the Managing Agent and the onsite management staff.
10. No animals are allowed around the pool deck or recreation deck. Service animals are exempt from this rule when accompanied with the Owner only, and are controlled on an appropriate leash.
11. Spitting and blowing one's nose in the pool is strictly prohibited. Spitting is strictly prohibited in all common areas of the premises.
12. When diapers are worn in the pool or the spa, a water-proof cover must be worn over them.
13. There will be a limit of two non-occupant guests per apartment on the pool deck and recreation deck. The occupant must accompany and be responsible for the conduct of any guest.
14. Meeting room: use of the meeting room must be coordinated with the AOA Management Office at least seventy two hours in advance.

NOISE

1. Each occupant is to avoid making excessive noise of any type at any time and is to consider the welfare and comfort of other residents at all times.
2. Unit front doors and service doors are to be held (or restrained) so as to avoid slamming due to the wind.

3. No workmen are to be allowed to work in the building before 8:00 a.m. or after 6:00 p.m. or on Sundays and Holidays (except in an emergency).
4. All radios, TVs, stereos, or musical instruments must be played at reduced volume between 9:00 p.m. and 8:00 a.m.
5. It is required that noise due to departing guests, particularly at night, and particularly in the hallways, be kept at a minimum.
6. Excessive noise being made at any time should be reported to Security (922-2447 or 927-4053) who will take appropriate action.

HOUSE RULE VIOLATION FINES

1. The Board of Directors or Managing Agent may impose fines and/or penalties for violations of the House Rules and/or the Project Documents. The person fined or penalized shall be advised of the basis for any fine or penalty at or prior to the time it is imposed.
2. Any fine or penalty shall be in addition to any other right or remedy available to the Association. The imposition of a fine or penalty shall not constitute an election of remedies, and the Association may also exercise additional rights and/or remedies.
3. The citation and fines shall be as follows:
 - a. First Offense: A written citation given and sent to the agent and Owner.
 - b. Second Offense: A written citation given and sent to the agent and Owner and a \$50 fine assessed against the Owner.
 - c. Third Offense: A written citation given and sent to the agent and Owner and a \$100 fine assessed against the Owner.
 - d. Fourth and Subsequent Offenses: A written citation given and sent to the agent and Owner and a fine between \$200 and \$450 assessed against the Owner for each offense.

The issue of the citation for the First Offense activates a 90 day accumulation period for further fines for subsequent violations. Second, third, fourth and subsequent offenses need NOT be for a violation of the same provision before a fine is imposed. For example, if a tenant violates a 'Noise' rule for his first violation, and then violates a 'Smoking in Common Areas' for his second violation, the fine will be imposed on the Owner when the second violation occurs. It is not necessary for a tenant to violate a specific rule such as 'Noise' rule twice, before a \$50 fine is levied. Similarly, a \$ 100 fine will be assessed for a third violation of the House Rules, and a fine between \$200 & \$450 will be assessed for a fourth and subsequent violations of the Project Documents, even if the violations are not the same. The ONLY exception regarding the amount of the initial fine will be the SEVERITY of the violation in regards to property damage *and/or*

the endangerment of other Owners, guests, tenants, or employees.

4. The reasonable costs and expenses of enforcing the Project Documents, including attorney's fees and costs, shall be charged to the account of the Owner whose unit is involved in the violation of the Project Documents and/or to any other responsible person. Payments for fines received will be applied according to the procedures provided in the Bylaws for collection of delinquent assessments.
5. Any person aggrieved by the imposition of any fine may appeal to the Board of Directors, as follows in this section. If the fine is paid, the person fined may exercise such remedies as allowed by law, including those specified in HRS Section 514b 104 (a) (11):
 - a. Right to Appeal a Fine: An Owner shall have the right to appeal any citation specifying a fine to the Board of Directors within fifteen (15) days of the assessment date by doing the following:
 - i. Mailing a letter, constituting a Notice of Appeal, to the Board of Directors in care of the General Manager.
 - ii. The Notice shall be mailed postage prepaid, certified, return receipt requested.
 - iii. The date of mailing as certified by the post office shall constitute the date of appeal.
 - iv. The Notice must contain a copy of the applicable citation, a statement of the facts of the violation, including the reasons for appeal, the names and addresses of any witnesses, and copies of any proposed exhibits must also be included.
 - v. The Owner may also attend the next Board meeting at which time, they may present their case to the Board provided notice of appeal is received ten (10) days prior to the meeting.
 - b. The written decision will be mailed 30 days from the date of the Board meeting at which the Owner appears or 30 days from the next Board meeting following the notice of appeal if the Owner does not appear.
 - c. Unless appealed, a fine must be paid to the Association within thirty (30) days of the citation and assessment of the fine.
 - d. The Board shall provide a written statement of the alleged violations to any Owner or other person against whom such charges are made, and the written statement will include the date and time of the occurrence, the name of the employee issuing the citation, and a brief description of the violation.

BUILDING MODIFICATION

1. No canvas awnings, shades, windbreaks, or canopies of any type shall be installed on lanais or the outside of the building other than the type approved by the Board of Directors.
2. No signs, signals, or lettering of any type shall be inscribed or exposed on any part of the building exterior or in the interior entries without the Board of Director approval; with the exception of holiday decorations from November 20th through January 7th on the inside of the lanai glass, and/or a wreath 20 inches in diameter or less displayed on the entry door.
3. No projections shall extend through any doors or window openings into any entry or beyond any exterior face of the building.
4. No radio or TV antenna shall be erected or maintained outside the physical confines of an apartment, except as permitted by the Board or in accordance with the Federal Communications Commission.
5. No under-drapes will be permitted which differ in color from the neutral casement draperies.
6. No additions or alterations to the original design of the apartment will be permitted when they are visible from the exterior of the building other than those originally offered by the developer or approved by the Board of Directors.
7. Owners must obtain approval from the Board of Directors before installation of any hard surface floor coverings. A renovation request form (available at the AOA Management office) should be submitted in writing to the Renovation Committee along with the construction design and specifications. If approval by the Board is granted, it is with the understanding that the Owner is responsible for the cost of installation. In addition, the Owner is responsible for the cost for the removal and replacement of the floor covering if necessary for the Association to access the common elements for the operation of the Project. Failure of any Owner to seek the Board's approval for the installation of floor covering shall not exempt the Owner or his or her assigns from this Rule.

MAINTENANCE

1. Common Elements. Under the supervision of the Board, the maintenance of common elements is a responsibility of the Manager: defects and deficiencies should be reported when and as observed.
2. Apartments. Maintenance of individually-owned apartments, including lanais and all windows, doors (including hinges, locksets and door closures, if any) is the responsibility of the respective Owners and/or occupants.

3. Back to Back Plumbing Policy. Any unit with a back to back plumbing problem is to contact the security desk at 922-2447 or 927-4053. Security will notify the AOA maintenance staff of said problem. The AOA maintenance staff will attempt to clear the problem and a \$25.00 fee will be charged to each Owner. If for some reason, the AOA maintenance staff can not clear the lines, YOU must call a plumber and the cost will be borne by the two affected units. If a plumber isn't called to resolve the problem within three hours of being notified by the AOA staff; the AOA will call the plumber and you will be billed accordingly. This is considered an emergency and health and safety issue.
4. If an Owner chooses to participate in the Duplicate Key Program for a particular unit, then:
 - a. The Owner must read the Duplicate Key Program Policy available in the Association Office.
 - b. The Owner must sign the Duplicate Key Program Agreement (Owner).
 - c. All tenants for the unit must sign the Duplicate Key Program Agreement (Tenant).
 - d. This key will be used for emergency and maintenance purposes only.

GENERAL PROVISIONS

1. Furniture placed in the common areas is for use in those specific areas and must not be removed there from.
2. Each apartment Owner shall observe and comply with these House Rules and ensure that his licensees and invitees also observe and comply with these House Rules. Apartment Owners shall be responsible for their guests' observance of all House Rules as set forth herein, and in all extensions. In the event expenses are incurred due to a violation of these House Rules by guests or licensees, the Owner shall be responsible for payment of same.
3. Fuel burning vehicles of any kind are not allowed on the premises except in designated parking areas.
4. The use of battery powered vehicles is not allowed in the common elements, unless being used as a reasonable accommodation for a person with a disability.
5. No open solicitation or canvassing will be allowed in the building at any time without the Board of Directors prior approval.
6. All Owners will carry a Home Owners Insurance policy as specified by Hawaii Revised Statutes Chapter 514B (copy available at the AOA office).
7. Should any unit get infested with BED BUGS, the Owner of that unit shall ensure that the Bed Bug Policy is fully enforced. It is mandatory that the AOA office be notified

immediately.

A COPY OF THE BED BUG POLICY IS AVAILABLE IN THE ASSOCIATION OFFICE. **THERE IS NO CHARGE TO THE OWNER OR THE RESIDENT FOR THIS SERVICE, PROVIDED ALL GUIDELINES AND REQUIREMENTS OF THE POLICY ARE MET.** IT IS IMPERATIVE THAT YOU REPORT BED BUGS IMMEDIATELY TO PREVENT THE SPREAD OF THESE PESTS.

8. Extensions. The Board of Directors from time to time may post special safety or other rules governing the use of roadways, swimming pool, recreation deck, pool deck, fitness center, barbecues, bike storage area, etc. The Board's posted rules shall be considered extensions of these House Rules.

ENFORCEMENT

THE VIOLATION OF ANY HOUSE RULE ADOPTED BY THE ASSOCIATION OF APARTMENT OWNERS SHALL GIVE THE BOARD OF DIRECTORS OR ITS AGENT THE FOLLOWING RIGHTS IN ADDITION TO ANY OTHER RIGHTS PERMITTED UNDER LAW:

1. Enter the apartment in which or as to which, such violations or breach exists or are believed to exist and to summarily abate and remove, at the expense of the defaulting apartment Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof and the Board of Directors or the Management firm shall not thereby be deemed guilty in any manner of trespass.
2. To enjoin, abate, or remedy by the appropriate legal proceedings either at law or in equity, the continuance of any such breach, and all costs thereof, including attorney's fees and costs, shall be borne by the defaulting apartment Owner.

CERTIFICATION OF ADOPTION

The undersigned hereby adopts the foregoing as the House Rules of the Island Colony this 6th day of December, 2012.

DATED: Honolulu, Hawaii 96815

By: _____

It's President: Michael Josefowski

AOAO ISLAND COLONY ("ASSOCIATION")

RESOLUTION REGARDING COLLECTION OF DELINQUENT ASSESSMENTS

WHEREAS:

The Association Bylaws, Article VI, Section 2, requires the Board to assess each owner a maintenance assessment and establishes remedies for the nonpayment of maintenance assessments; and

Owners sometimes become delinquent in the payment of their assessments and fail to respond to the demands from the Board to bring their accounts current; and

The Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, to minimize the Association's loss of revenue; and

The Board has decided that Association's Managing Agent, with the assistance of the Association's Attorney, shall pursue all collection matters for the Board in accordance with the terms of this resolution.

RESOLVED:

I. The following policies shall apply to all delinquent accounts controlled by the Managing Agent:

1. The Managing Agent shall charge a delinquent owner a late fee of fifty dollars (\$50) for any assessment which is not paid in full as of the fifteenth (15th) day of the month in which the assessment is due; and

2. The Managing Agent shall send an owner who is more than ten (10) days delinquent in the payment of an assessment a written notice of the late fee and interest charge, and shall request immediate payment; and

3. The Managing Agent shall charge a delinquent owner interest of 12% per annum on the unpaid balance of an owner's account which is not paid in full as of the 16th day of the month in which the payment is due; and

4. If an owner is more than thirty-five (35) days delinquent in the payment of assessments, the Managing Agent shall send the owner a written notice that if the account is not paid in full within ten (10) days, it will be turned over to the Association's attorneys for collection and the owner will have to pay of any attorney's fees and costs charged to the Association; and

5. The Managing Agent shall transfer to the Association's attorney any account which remains delinquent after the tenth (10th) day of the mailing of the second notice; and

6. If an account is transferred to the attorney, the attorney shall send the delinquent owner a written notice that if the account is not paid in full within thirty (30) days, a lien will be recorded against the owner's property; and

7. The Managing Agent shall sign any lien prepared by the Association's attorney against the delinquent unit and the attorney shall record it; and

8. The Managing Agent shall also consult with the Association's attorneys and, if appropriate, transfer any account in which: (i) the owner files bankruptcy; or (ii) anyone else commences foreclosure against the owner's property.

II. The following policies shall apply to all delinquent accounts turned over to the Association's attorney for collection:

1. All contacts with a delinquent owner shall be handled through the Association's attorneys. Neither the Managing Agent, employees of the Association, nor any Association officer or director shall discuss the collection of the account directly with an owner after it has been turned over to the Association's attorneys unless one of the attorneys is present or has consented to the contact.

2. A delinquent owner shall send all payments to the Association's attorneys until the account has been brought current.

3. When any account is turned over to the Association's attorneys for collection, the account shall be so marked by the Managing Agent and no quotations on the account shall be released to any party including the owner or an escrow, nor shall any payments be accepted,

except with the consent of the Association's attorney. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent unit owner and shall be collectable as an assessment as provided in the Bylaws of the Association.

4. The Association's attorneys shall give the delinquent owner notice that if the delinquent account is not brought current within the time stated, foreclosure proceedings may be commenced.

5. The Association's attorney shall consult with the Managing Agent and the Board when necessary to review unusual situations or circumstances encountered during the collection process.

6. The Association's attorneys, in their discretion and to the extent they consider it to be appropriate, may enter into an installment payment plan with delinquent owners; provided, however, that any payment plan which provides for: (i) an initial payment of less than one-third ($1/3$) of the delinquent balance; or (ii) monthly payments of less than twice the amount of the current monthly assessment amount; or (iii) a duration in excess of six (6) months, shall require the approval of the Board.

7. If: (i) an owner fails to respond to the Association's attorneys' initial demand letter; (ii) an owner remains delinquent and fails to submit a written payment plan or defaults on the terms of such a plan; or (iii) if a lien has been recorded against the owner's property and, after notice to the owner of the lien, there has been no response or payment within the prescribed time period, the Association's attorneys are authorized to take such further action as they believe to be in the best interests of the Association, including, but not limited to:

- a. Filing suit against the delinquent owner for money due; or
- b. Instituting a foreclosure of the Association's lien; or
- c. Filing a proof of claim in bankruptcy; and

8. The Association's attorney shall provide a monthly report to the Managing Agent regarding the status of delinquent accounts.

III. In accordance with the Board's "Priority of Payment Resolution," any outstanding and unpaid legal and late fees, fines, and special assessments will be handled in the following manner:

At any time there are unpaid legal or late fees, fines, or special assessments on an owner's account, the next payment received from the owner will be first applied to liquidating those fees, fines, and special assessments in the following order:

1. Fines
2. Legal fees
3. Late fees and interest charges
4. Special assessments

After those amounts are paid in full, the remaining amount, if any, will be credited to the owner's Association assessment account. This means that if the owner fails to pay the charges, in 1, 2, 3, and 4, in addition to the maintenance fees, those charges, will be deducted from the owner's maintenance fee payment until those charges are paid in full. If deducting those charges from the maintenance fee payment results in the maintenance fee payment being less than a full monthly payment, THE OWNER WILL BE CHARGED A LATE FEE FOR THAT MONTH. IN ADDITION, THE OWNER WILL BE CHARGED A LATE FEE FOR ANY FUTURE MAINTENANCE FEE PAYMENTS WHICH ARE LESS THAN THE FULL AMOUNT OWED BECAUSE THE CHARGES LISTED IN 1, 2, 3, AND 4 HAVE BEEN DEDUCTED FROM THEM.

IV. The Association may collect rent from the tenant of a delinquent owner in accordance with the "Resolution Regarding Collection of Rent from Tenants of Delinquent Apartment Owners" adopted by the Board.

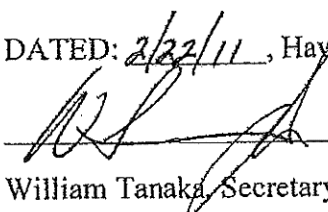
V. The Association may terminate the utilities of a delinquent owner and deny the owner common services and privileges in accordance with the "Resolution Regarding Terminating Common Utilities and Services to Delinquent Apartment Owners and Prohibiting Their Use of the Common Elements", adopted by the Board.

BE IT FURTHER RESOLVED THAT a copy of this resolution shall be made available to all owners.

CERTIFICATION

I hereby certify that the above resolution was adopted pursuant to the BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF THE ISLAND COLONY, by the Board of Directors of the Association, at a Board meeting on February 22, 2011.

DATED: 2/22/11, Hawaii, _____



William Tanaka, Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION OF APARTMENT OWNERS OF THE ISLAND COLONY
ADOPTING A SCHEDULE OF FINES FOR VIOLATIONS OF
THE DECLARATION, BY-LAWS, AND HOUSE RULES**

WHEREAS, Hawaii Revised Statutes Section 514B-104(a)(11) gives the Association the power to impose monetary fines upon apartment owners, their tenants, and anyone else using apartments at the project for violations of the Declaration, By-Laws and House Rules of the Association pursuant to a resolution adopted by the Board of Directors; and

WHEREAS, the Board of Directors of the Association of Apartment Owners of the Island Colony wishes to adopt a resolution imposing monetary fines pursuant to Hawaii Revised Statutes Section 514B-104(a)(11);

NOW, THEREFORE, BE IT RESOLVED THAT, the Board adopts the following rules for fines and appeals for any violation of the Association's Declaration, By-Laws, or House Rules (the "project documents") by apartment owners, their tenants, family members, guests, agents, employees, or anyone else using the project:

A. FINE SYSTEM

A written citation will be delivered to both the apartment owner and violator notifying them of the violation. If the Resident Manager, Managing Agent, or Security Staff determines that a violation may warrant a fine, the citation or a subsequent notice shall be issued informing them of the amount of the proposed fine in an amount not to exceed \$450.00 which may be assessed for each violation after an opportunity to be heard as provided below. If the violation is not corrected, at the end of each ten (10) day period, it becomes a new offense and a new fine may be assessed.

B. LEGAL ACTION

In addition to fining, the Board may also take legal action to enforce the governing documents, at the owner's expense.

C. CITATIONS

Each citation issued shall briefly describe the nature of the violation; date of the violation, apartment number; and name of parties involved, if known.

The original citation shall be delivered to the apartment owner who shall be jointly and severally responsible for payment of any applicable fine along with the violator.

If the owner of the apartment is not an occupant, then a copy of the citation shall also be delivered to the occupant; however, this shall not be deemed a waiver of the owner's responsibility for payment of any applicable fine.

D. PAYMENT OF FINES AND LIABILITY

Apartment owners shall be liable for their own fines and for fines assessed against their tenants, guests, family members, agents, employees, contractors, etc. A fine must be paid to the Association within thirty (30) days of the assessment of the fine. A fine shall be deemed a common expense chargeable against the owner's apartment. The Association may file a lien against the owner's apartment for the unpaid fines and may collect the unpaid fines under the procedures provided in the Bylaws for collection of delinquent assessments.

E. HEARINGS

1. Hearings may be before the Board of Directors or a Committee of the Board. The President (or the Vice-President if the President is unavailable) is authorized by the Board to appoint two or more Board Members to serve on a Committee to hear any violation or fine.
2. Within thirty (30) days of the date of a citation, an owner, occupant, or other offenders may request a hearing on the violation and the fine by delivering a written notice of appeal to the Board President or Secretary or the Managing Agent.
3. The request for hearing must contain a copy of the citation and a statement of the facts. The Board or Committee may limit the amount of time the owner or violator may have to present information. For that reason, owners and violators are strongly encouraged to also include in their request for hearing: (1) an explanation of the position of the person requesting the hearing; (2) the names and addresses of witnesses; (3) written statements from the witnesses; and (4) copies of proposed exhibits.
4. Upon receipt of a timely request for hearing, the Board or Committee shall inform the owner or violator of the date, time and location of the hearing. The Board or Committee may continue the hearing in its sole discretion. The owner and/or violator may, but is not required to present information in person or in writing.

5. The Board or Committee may reduce, suspend, or cancel any citation or fine after consideration of the appeal. The Board shall deliver a written decision to the person making the appeal within sixty (60) days of the receipt of the notice of appeal.
6. Failure to timely request a hearing shall result in the automatic issuance of the fine in the amount proposed on the citation and shall constitute a waiver of the right to a hearing and a loss of the right to contest the decision of the Board or Committee except as provided in the Condominium Property Act.
7. The pendency of a hearing shall not halt the accrual of any ongoing late fees or prior fines imposed for other offenses, or the obligation of the owner and/or violator to correct the violation.

F. FURTHER PROCEEDINGS

If the fine is paid, the unit owner or violator shall have the right to initiate a dispute resolution process as provided by Hawaii Revised Statutes §514B-161 or §514B-162 or by filing a request for an administrative hearing under a pilot program administered by the department of commerce and consumer affairs.

I, Randi Thomas, Secretary of the Board of Directors of the Association of Apartment Owners of the Island Colony, do hereby certify that the foregoing is a true copy of the resolution duly adopted at a meeting of the Board of Directors, duly held on 9-20-06 and duly entered in the book of minutes of the Association, and that this resolution is in full force and effect.

Randi Thomas
Secretary, ASSOCIATION OF
APARTMENT OWNERS OF THE ISLAND
COLONY

THE ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY
RESOLUTION REGARDING HIGH-RISK COMPONENTS

WHEREAS:

Hawaii Revised Statutes ("HRS") §514B-138(a) authorizes the Board, after notice to all unit owners and an opportunity for owner comment, to determine that certain portions of the units, or certain objects or appliances within the units pose a particular risk of damage to other units or the common elements if they are not properly inspected, maintained, repaired, or replaced by owners.

Article III, Section 2 of the Restated Bylaws of the Association of Apartment Owners of Island Colony ("Bylaws") gives the Board broad powers to operate and manage the Island Colony condominium project ("Project") for the benefit of the Association and its members.

Fire Prevention and Safety

The United States Fire Administration ("USFA") has stated that electrical fires in U.S. homes claim the lives of 485 Americans each year, injure 2,305 more, and cause \$868 million in property losses. The USFA has also stated that:

- * Most of these electrical fires are caused by the misuse and poor maintenance of electrical appliances, incorrectly installed wiring, and overloaded circuits and extension cords.
- * In urban areas, faulty wiring accounts for 33% of residential electrical fires.
- * Many avoidable electrical fires can be traced to misuse of electric cords, such as overloading circuits, poor maintenance and running the cords under rugs or in high traffic areas.
- * The home appliances most often involved in electrical fires are electric stoves and ovens, dryers, central heating units, televisions, radios and record players.

The USFA recommends that the following safety precautions be taken:

- * Routinely check electrical appliances and wiring.
- * Since frayed wires can cause fires, replace all worn, old or damaged appliance cords immediately.
- * Wall sockets and extension cords should never be overloaded, and light switches that are hot to the touch and lights that flicker should be immediately shut off and professionally replaced.

In addition, the USFA notes that having a working smoke alarm dramatically increases ones chances of surviving a fire. (Smoke detectors in units at the Project are hooked into the

Project's common element alarm system. The Project also has a fire sprinkler system that must be properly maintained.)

Finally, the Board believes that some residents of the Project have replaced their solid core front doors (with fire-resistant fill) and replaced them with hollow core doors in violation of applicable building code and fire code requirements.

Clearly, faulty electrical wiring, faulty smoke detectors, and/or non-code compliant front doors can lead to the death of residents as well as cause hundreds of thousands of dollars of damage to adjoining units. If electrical wiring, connections, outlets, and related components and fixtures (specifically including, but not limited to, wiring and connections for air conditioning units), as well as smoke detectors and front doors are not properly inspected, maintained, repaired, or replaced by owners, the risk of damage to other units and the common elements is greatly increased.

Water Leak/Water Intrusion Prevention

Leaking plumbing fixtures (including, but not limited to, fire sprinkler piping and heads, faucets, washing machines, washing machine hoses, water heaters, toilets, and toilet O-rings), pipes, and drains can cause severe water damage to the Project. Leaking exterior windows and sliding doors, as well as improperly sealed bathtubs, sinks, and showers and improperly surfaced lanai floors and ceilings, can also cause severe water intrusion damage to the Project (including, but not limited to, spalling problems), requiring expensive remedial action. (It should also be noted that improperly maintained exterior windows and sliding doors can also create a danger of falling glass.)

Furthermore, any delay in taking action to: (i) eliminate water leaks and water intrusion in units; (ii) water leaks and water intrusion into walls, floors, and ceilings; and/or (iii) repair and replace any damage caused by water leaks, may lead to mold problems and expensive remedial action.

Infestation Prevention

In addition, the Vector Control Branch of the State of Hawaii's Department of Health has noted that bed bugs are making a notable resurgence at this time because: (i) a broad spectrum of pesticides that were once used to control the pests are no longer used; and (ii) the increase and speed at which humans can travel assists the spread of these insects. Indeed, the National Pest Management Association ("NPMA") has stated that bed bug infestations nationally have increased 63 percent (63%) in the past four years, and Hawaii hotels have reported several cases of bed bug infestation to the NPMA. Depending on how bad a bed bug infestation is, people can get up to one hundred (100) bites in one night. Bed bugs inhabit more than beds. Since bed bugs are nocturnal, they hide during the day in cracks, crevices, wall cavities, bed frames, under pictures hanging on walls, under dresser drawers, and other places out of the light. Bed bugs are excellent travelers (hitchhiking into units on people's luggage and clothes, and traveling upward from infested units in pipe chases and wall cavities), and if they infest one unit they will quickly infest neighboring units as well.

Any delay in taking action to: (i) repair or replace components listed above (including but not limited to, faulty electrical wiring and related components, smoke detectors, fire sprinklers, front doors, plumbing and related components, bathtubs, sinks, and showers, and lanai floor and ceiling coverings), whether located within the common elements or individual units; or (ii) identify, treat, and control bed bug infestations, may lead to death or injury of residents and damage to the Project (in the case of faulty components listed above), physical discomfort and substantial economic losses (if bed bug infestations become established, particularly if they become established in Hawaii as a whole and affect tourism), and expensive remedial action in all cases.

Section 14.b of the Island Colony Restated Declaration of Condominium Property Regime ("Declaration") states, in pertinent part, that the Association shall "[k]eep all common elements in a strictly clean, orderly and sanitary condition." Furthermore, Article III, Section 2(l) of the Bylaws authorizes the Board to maintain and repair (at the owner's cost and expense) "any Apartment if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements and limited common elements or any other portion of the buildings" and the apartment owner(s) "have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board to said Owner or Owners."

HRS §514B-137(a) requires each unit owner to afford to the Association and its employees, independent contractors, and agents access – during reasonable hours – through the owner's unit reasonably necessary for the operation of the property.

Furthermore, HRS §514B-137(b) give the Association the irrevocable right, to be exercised by the Board, to have access to each unit at any time as may be necessary for making emergency repairs to prevent damage to the common elements or to another unit or units.

Finally, Section 8.c of the Declaration echoes the provisions of HRS §514B-137 and gives the Association the right to enter an apartment to make repairs necessary to prevent damage to the apartments or any common elements.

I. RESOLVED:

Based on the law, the Declaration, and the Bylaws, the BOARD OF DIRECTORS OF THE ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY, on behalf of the members of the Association, hereby adopts the following resolutions to designate high-risk components, and establish requirements for care of high-risk components:

A. Designation of high-risk components. The following components are designated high-risk components:

- (1). Electrical wiring, connections, outlets, and related components and fixtures (specifically including, but not limited to, wiring and connections for air conditioning units).

- (2) All smoke detectors in the Project, whether located in common element areas, commercial units, hotel units, or private individually-owned units.
- (3) All fire sprinkler piping and heads in the Project, whether located in common element areas, commercial units, hotel units, or private individually-owned units.
- (4) Non-code compliant front doors, if any.
- (5) All plumbing fixtures (including, but not limited to, faucets, washing machines, washing machine hoses, water heaters, toilets, and toilet O-rings), pipes, and drains, whether located in common element areas, commercial units, hotel units, or private individually-owned units.
- (6) Bathtubs, sinks, and showers.
- (7) Lanai floors and ceilings.
- (8) All exterior windows and sliding doors
- (9) Any unit infested with bed bugs as well as units adjacent to the infested unit (i.e., at a minimum, the three units above the infested unit, the two units on the same floor on either side of the infested unit, and the three units below the infested unit), particularly places in the units that are out of the light such as cracks, crevices, wall cavities, bed frames, under pictures hanging on walls, and under dresser drawers.

B. Inspections. With regard to the above-designated high-risk components, the Board shall require that inspections of all units be conducted regularly. Said inspections shall be conducted no less frequently than once per quarter. In addition, the Association may conduct inspections upon notice to the resident. In the case of bed bug infestations (and any other infestation that may be discovered during inspections of high-risk components, e.g., infestations of cockroaches, ants, or rodents), once an infestation has been identified, inspections may be required as often as recommended by a licensed pest control operator.

C. Repair or replacement; treatment and control. If a faulty high-risk component (as designated above) is identified during an inspection conducted pursuant to this resolution, the high-risk component shall be repaired or replaced as soon as reasonably possible. If the faulty high-risk component is located in a unit, the unit owner shall be responsible for the cost of repairing or replacing the high-risk component. If the faulty high-risk component is located in a common element area, the Association shall be responsible for the cost of repairing or replacing the high-risk component.

If a unit is infested with bed bugs (and/or any other infestation that may be discovered during inspections of high-risk components, e.g., infestations of cockroaches, ants, or rodents), the unit owner shall be responsible for the cost of treating and controlling the infestation. If adjacent units must also be treated for bed bug infestation (and/or any other infestation that may

be discovered during inspections of high-risk components), all such units shall share in the cost of the treatment and control, as reasonably determined by and in the sole discretion of the Board. If common element areas are infested with bed bugs (and/or any other infestation that may be discovered during inspections of high-risk components), the Association shall be responsible for the cost of treating and controlling the infestation. If units adjacent to common element areas must also be treated for bed bug infestation, all such units and the Association shall share in the cost of the treatment and control, as reasonably determined by and in the sole discretion of the Board.

Notwithstanding anything to the contrary stated herein, the Board in its sole discretion may choose to have the cost of repairing or replacing faulty high-risk component(s), or treating and controlling bed bug infestations (and/or any other infestation that may be discovered during inspections of high-risk components), paid for as a common expense.

II. RESOLVED FURTHER THAT:

Unless otherwise determined by the Board, in its sole discretion, if the Association undertakes any remedial work in an owner's apartment pursuant to this resolution, the apartment owner shall be responsible for restoring the decorated surface of any wall, floor, or ceiling of the apartment to its original condition. In addition, if the Association must remove any items or covering, including, but not limited to, paneling, mirrors, or tile, from any wall, floor, or ceiling of the apartment to maintain, repair, or replace any smoke detector or to treat and control any bed bug infestation, the apartment owner shall be responsible for restoring or replacing the item or covering.

III. RESOLVED FURTHER THAT:

The rights, obligations, powers, and authority that this resolution provides shall become effective as of the date of the Board's adoption of this resolution, and shall remain effective until this resolution is revoked in writing by the Board or changed by an amendment to the Declaration or Bylaws.

CERTIFICATE

I hereby certify that the above resolution was adopted pursuant to the law and the DECLARATION and BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY, by the Board of Directors of the Association, at a Board meeting on September 20, 2006.

DATED: Honolulu, Hawaii, September 29, 2006

Randi Thomas
RANDI THOMAS, Secretary

Island Colony AOA 2020-2021 Summary of Insurance

Type of Policy/Carrier	Limits of Liability/Deductibles	Premium
Commercial Property Fireman's Fund Insurance Company Policy No. USC009739190 Effective: 11/15/20 - 11/15/21	Building Replacement Cost \$108,737,440 Business Personal Property Included Business/Rental Income \$350,000 Building Ordinance or Law A) Coverage for Loss to Undamaged Portion of Building Full Limits B) Coverage for Cost of Demolition \$2,500,000 C) Coverage for Increased Costs of Construction Included w/cov B Deductible (water damage claims) \$25,000 Deductible (all other covered perils excluding hurricane) \$10,000 Hurricane Deductible (1% of the total insurable value) \$1,087,374	\$104,785
Equipment Breakdown (Boiler & Machinery) Travelers Insurance Company Policy No. BAJ-BME1-3F107304-TCT-20 Effective: 11/15/20 - 11/15/21	Total Limit (per breakdown) \$108,737,440 Business Income/Extra Expense \$350,000 Deductible \$10,000	\$2,756
Commercial General Liability Fireman's Fund Insurance Company Policy No. USC009739190 Effective: 11/15/20 - 11/15/21	General Aggregate Limit \$2,000,000 Products/Completed Operations Aggregate Limit \$2,000,000 Personal & Advertising Injury Limit \$1,000,000 Each Occurrence Limit \$1,000,000 Damage to Premises Rented to You (any one premises) \$100,000 Medical Expense Limit (any one person) \$5,000 Hired/Non-Owned Automobile (each accident) \$1,000,000	\$30,116
Commercial Automobile First Insurance Company of Hawaii Policy No. CBA6368496-11 Effective: 11/15/20 - 11/15/21	Bodily Injury (each person) \$1,000,000 Bodily Injury (each accident) \$1,000,000 Property Damage (each accident) \$1,000,000	\$1,234
Commercial Umbrella Fireman's Fund Insurance Company Policy No. To Be Determined Effective: 11/15/20 - 11/15/21	Limit of Liability (each occurrence/annual aggregate) \$25,000,000 Retained Limit \$0	\$23,220
Directors' & Officers' Liability Ironshore Indemnity Inc. Policy No. 004259200 Effective: 11/15/20 - 11/15/21	Limit of Liability (each occurrence/annual aggregate) \$2,000,000 Deductible (each claim) \$75,000	\$28,949
Fidelity Bond Fireman's Fund Insurance Company Policy No. USC009739190 Effective: 11/15/20 - 11/15/21	Commercial Crime/Employee Theft \$600,000 Property Management Company Endorsement Included Deductible (per occurrence) \$1,000	\$575
Flood Insurance First Insurance Company of Hawaii Policy No. 0002034126 Effective: 02/01/20 - 02/01/21	Building \$108,737,400 Contents \$100,000 Deductible (applies separately for building and contents) \$10,000	\$96,727
Workers' Compensation Fireman's Fund Insurance Company Policy No. SCW0130042001 Effective: 01/01/20 - 01/01/21	Bodily Injury by Accident (each accident) \$500,000 Bodily Injury by Disease (each employee/policy limit) \$500,000	\$24,636
Total Annual Premium		\$312,998

This summary has been prepared for the convenience of the insured and is not an exact and binding analysis of the coverages. This summary is for your use as a reference only and is not intended to be inclusive of all policy terms, conditions and exclusions. Even though care has been taken in the preparation of this summary, in the event there is a discrepancy, the original policies will prevail as the sole binding documents.

***** If you need a certificate of insurance for your mortgage company, please fax your request to 808-792-5377 or email to certificates@insuringhawaii.com *****



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LENDER'S DISCLOSURE

ASSOCIATION: ISLAND COLONY

TAX MAP KEY: 1-2-6-021-026

Address: 445 Seaside Avenue, Honolulu, HI 96815

Developer, if construction is incomplete, else Managing Agent

	Subject Phase	Entire Project
Are all common elements, and/or amenities substantially complete?		YES
Are all units, common areas and facilities within the project?		YES
Does the project conform to existing zoning regulations? <u>There is a hotel operation and the building exceeds the density allowed for current zoning in this location.</u>		NO
Is there pending litigation against the Developer?		NO
Number of additional units/phases to be built: Units: Phases:		NO
If this project a conversion of an existing building, year of conversion?		NO
Are there any adverse environmental factors affecting the project as a whole?		NO
Date when first units made available for sale:		1978
Total number of <u>floors</u> and <u>units</u> :		43/745
Number of units sold and closed:		745
Anticipated date to hand over association to owners (Month/Year)		N/A
Number of sales in last 90 days:		unknown

Managing Agent:

Association management firm name and telephone:	Hawaiiana Management Co. Ltd. (808) 593-9100
Date control of the Association transferred from the developer to unit owners?	1980
Does any one person or entity own more than 10% of the units?	NO
Approximate owner occupancy	9%
Is the unit part of a legally established condominium project, in which common areas are owned jointly by unit owners?	YES
Are the units owned in fee simple or leasehold?	Leasehold & Fee Simple
Are the amenities/recreational facilities owned by the Association?	SPLIT: SEE ATTACHMENT
Are any common elements leased to others?	YES: SEE ATTACHMENT
Do the project legal documents include any restrictions on sale or foreclosure which would limit the free transferability of title? (i.e., Age, Restrictions, First Right of Refusal, low moderate income restrictions?)	NO
Do the project legal documents or local zoning limit the amount of time the owner can live in their unit ?	NO
Are there any pending Special Assessments? If yes, explain:	NO
Is the budget prepared on an annual basis?	YES
Number of foreclosures in last 12 months?	1
How many units are over 30 days delinquent in maintenance fees?	1 unit (0.13%)
Total dollar amount of delinquency (over 30 days)	\$ 1,043.78
Does the project documentation contain a standard Mortgagee Protection clause? If no, what is in place to insure the lenders 1st lien position?	YES
If a unit is taken over in foreclosure or deed-in-lieu, for how many months is the mortgagee responsible for delinquent association dues? <u>A purchaser may be responsible for 6 months dues.</u>	6 months

Accounting Controls

HOA maintains separate accounts for operating and reserve funds.	YES
Appropriate access controls are in place for each account.	YES
The bank sends copies of monthly bank statements directly to the HOA.	NO

Two members of the HOA Board of Directors are required to sign any check written on the reserve account.	NO
The Management Company maintains separate records and bank accounts for each HOA that uses its services.	YES
The Management Company does not have the authority to draw checks on, or transfer funds from, the reserve account of the HOA.	YES (only with Board approval)
A copy of the current Budget and Financial statement are available.	
Is the project subject to inclusionary zoning?	Unknown
Does the project contain multi-dwelling units, which an owner may hold a single deed evidencing ownership of more than one dwelling unit?	NO
Does the project contain houseboats or manufactured homes?	NO
Does the master insurance policy cover fixtures, equipment, and other personal property inside individual units?	NO

Commercial

Percentage of common interest:	10%
Is the project a (indicate applicable) Condotel <u>YES</u> ; a Timeshare <u>NO</u>	
Does the property operate as a resort hotel; renting units on a daily basis? <u>YES</u> If yes, year operation commenced. The Island Colony Partners. Operation commenced in 1979.	
<u>Rental Restrictions & Hotel Operator:</u> There is a minimum rental period of 30 days, unless the apartment is managed by the Hotel Operation. The Section 11 (a) of the Declaration reads. "Any Residential Apartment which is not committed to the hotel operation described n Paragraph 10 and is not used by the Hotel Operation shall not be rented for a period of less than thirty (30) days".	
Please indicate available services: Check-in rental desk <u>YES</u> Daily maid service <u>YES</u> Restaurant/food service <u>YES</u> Timeshare <u>NO</u> Mandatory rental pool <u>NO</u> Commercial (boutiques, etc.) <u>YES</u>	

Legal


Is the association involved in any litigation, arbitration, mediation or other dispute resolution process?	Yes, 1 mediation/owner claims discrimination because he was not wearing a face mask and HPD gave him a ticket.
Attorney: Taylor Gray	Telephone: (808) 593-1100

*Any information requested of the Attorney
is at the inquirer's expense and not the Managing Agent's or the Association's.*

Insurance

Company & Agent:	INSURANCE ASSOCIATES SUE SAVIO Telephone: (808) 526-9271
Flood Insurance Agent/Phone:	YES / same as above

Preparer

Name:	LOIS EKIMOTO, Management Executive	Telephone:	(808) 593-6888
Signature:		DATE:	12/21/20

ISLAND COLONY

The Fitness Center, Association Office, Maintenance Office, and Meeting Room are located in Commercial Apartment 4, and are leased by the Association from the Harry & Jeanette Weinberg Foundation. The Bulk Pickup Storage area is located within Commercial Apartment 3, and is leased by the Association from the Harry & Jeanette Weinberg Foundation. All other amenities are located on common elements.

The Association leases the following common elements:

1. Approximately 30 square feet of lobby space to a Travel Agency.
2. Three parking stalls in the bus lane are leased to a taxi company.
3. Two parking stalls in the bus lane are leased to a car rental company for a "car share" program for the property.

Hawaiiana Management Company, Ltd

2021 Monthly Cash Operating Budget For

Island Colony

Approved by Board of Directors on October 14, 2020

DESCRIPTION REVENUE	JAN 2021	FEB 2021	MAR 2021	APR 2021	MAY 2021	JUNE 2021	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021	ANNUAL TOTAL
MAINTENANCE FEES	302,857	302,857	302,857	302,857	302,857	302,857	302,857	302,857	302,857	302,857	302,857	302,857	3,634,285
RESERVE CONTRIBUTIONS	66,263	66,263	66,263	66,263	66,263	66,263	66,263	66,263	66,263	66,263	66,263	66,263	795,161
MAINTENANCE FEES-COMMERCIAL	29,175	29,175	29,175	29,175	29,175	29,175	29,175	29,175	29,175	29,175	29,175	29,175	350,095
ELECTRICITY REIMBURSEMENT - UNITS	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	396,000
ELECTRICITY REIMBURSEMENT - COMMON AREA	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	384,000
INVESTMENT INTEREST	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
CHECKING INTEREST	240	240	240	240	240	240	240	240	240	240	240	240	2,880
VENDING MACHINE INCOME	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
LAUNDRY COMMISSIONS	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	68,400
PARKING FEES	250	250	250	250	250	250	250	250	250	250	250	250	3,000
LATE CHARGES	150	150	150	150	150	150	150	150	150	150	150	150	1,800
KEY INCOME	300	300	300	300	300	300	300	300	300	300	300	300	3,600
SURFBOARD STORAGE INCOME	800	800	800	800	800	800	800	800	800	800	800	800	9,600
AOAO LEASE RENT	10,192	10,192	10,192	10,192	10,192	10,192	10,192	10,192	10,192	10,192	10,192	10,192	122,302
GYM FUNDS & RECYCLE FUNDS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
OTHER NON-TAX RECEIPTS	50	50	50	50	50	50	50	50	50	50	50	50	600
WATER REIMBURSEMENT - Commercial	300	300	300	300	300	300	300	300	300	300	300	300	3,600
SEWER REIMBURSEMENT - Commercial	800	800	800	800	800	800	800	800	800	800	800	800	9,600
GAS REIMBURSEMENT - Commercial	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600
TOTAL REVENUE	488,077	488,077	488,077	488,077	488,077	488,077	488,077	488,077	488,077	488,077	488,077	488,077	5,856,923

UTILITIES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
ELECTRICITY	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	780,000
SC PV-LEASE PAYMENTS	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	31,800
TV CABLE & INTERNET	25,875	25,875	25,875	25,875	33,458	33,458	33,458	33,458	33,458	33,458	33,458	33,458	371,167
WATER	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	174,000
SEWER	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	500,000
GAS	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	105,000
TELEPHONE & CONFERENCE	365	365	365	365	365	365	365	365	365	365	365	365	4,380
TOTAL UTILITIES	158,807	158,807	158,807	158,807	166,390	166,390	166,390	166,390	166,390	166,390	166,390	166,390	1,966,347

CONTRACT SERVICES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
WINDOWS WASHING	3,132			3,132			3,132			3,132			12,528
ELEVATOR	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	98,400
POOL SERVICE - Service & Parts	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
PEST CONTROL	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	44,400
REFUSE	4,450	4,450	4,450	4,450	4,450	4,450	4,450	4,450	4,450	4,450	4,450	4,450	53,400
FIRE SYSTEMS - Service & Parts	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
SUBMETERING	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	49,200
TRASH COMPACTOR & TRASH CHUTE - Svs & Parts	2,300		2,300		2,300		2,300		2,300		2,300		13,800
MECHANICAL SYSTEMS	2,200			2,200			2,200			2,200			8,800
HEAT PUMPS - Service & Parts	750	750	750	750	750	750	750	750	750	750	750	750	9,000
PURCHASING HUI	340	340	340	340	340	340	340	340	340	340	340	340	4,080
TOTAL CNTRCT SVCS	32,172	24,540	26,840	29,872	26,840	24,540	32,172	24,540	26,840	29,872	26,840	24,540	329,608

MAINTENANCE	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
CLEANING SUPPLIES	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
ELEVATOR- Parts and trouble calls	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
GROUNDS - plants and supplies	400	400	400	400	400	400	400	400	400	400	400	400	4,800
ELECTRICAL/LIGHTING	500	500	500	500	500	500	500	500	500	500	500	500	6,000
PLUMBING	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
SECURITY EQUIPMENT	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
BUILDING REPAIRS - Vendor Services	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
BUILDING MAINT. Materials for in-house projects	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
TOTAL MAINTENANCE	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	154,800

2021 Monthly Operating Budget For Island Colony

Approved by Board of Directors on October 14, 2020

DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL
PROFESSIONAL SVCS	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	TOTAL
ADMIN SUPPLIES & SVCS	6,510	6,510	6,510	6,510	6,510	6,510	6,510	6,510	6,510	6,510	6,510	6,510	78,120
AOAO ADMIN EXPS	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600
OFFICE EQUIPMENT-RENT/LEASE	625	625	625	625	625	625	625	625	625	625	625	625	7,500
VEHICLE EXPENSE	100	100	100	100	100	100	100	100	100	100	100	100	1,200
EDUCATION EXPENSE	150						150						300
MANAGEMENT SRVCS	6,806	6,806	6,806	6,806	6,806	6,806	6,806	6,806	6,806	6,806	6,806	6,806	81,675
AUDIT	10,000												10,000
LEGAL FEES GENERAL	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
PROFESSIONAL & ADMIN SERVICE - OTHER	300	300	300	300	300	300	300	300	300	300	300	300	3,600
COMPUTER & IT SERVICES	300	300	300	300	300	300	300	300	300	300	300	300	3,600
TOTAL PROF. SERVICES	28,591	18,441	18,441	18,441	18,441	18,441	18,591	18,441	18,441	18,441	18,441	18,441	231,595

PAYROLL & BENEFITS	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
P/R - MAINTENANCE	30,161	30,161	30,161	30,161	30,161	30,161	30,161	30,161	30,161	30,161	30,161	30,161	361,933
P/R - UTILITY - JANITORIAL	18,841	18,841	18,841	18,841	18,841	18,841	18,841	18,841	18,841	18,841	18,841	18,841	226,090
P/R - SECURITY	39,585	39,585	39,585	39,585	39,585	39,585	39,585	39,585	39,585	39,585	39,585	39,585	475,024
P/R - OFFICE	23,075	23,075	23,075	23,075	23,075	23,075	23,075	23,075	23,075	23,075	23,075	23,075	276,899
WORKERS COMP	30,000												30,000
TDI	1,275			1,275			1,275			1,275			5,100
HEALTH CARE	17,900	17,900	17,900	17,900	17,900	17,900	17,900	17,900	17,900	17,900	17,900	17,900	214,800
PAYROLL TAXES	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	99,600
PAYROLL PREP	380	380	380	380	380	380	380	380	380	380	380	380	4,560
UNIFORMS	275	275	275	275	275	275	275	275	275	275	275	275	3,300
ADMIN PARKING EXPENSE	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	33,600
PAYROLL-OTHER	35	35	35	35	35	35	35	35	35	35	35	35	420
TOTAL P/R & BENEFITS	172,627	141,352	141,352	142,627	141,352	141,352	142,627	141,352	141,352	142,627	141,352	141,352	1,731,325

OTHER EXPENSES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
INSURANCE MASTER POLICY											92,400		92,400
INSURANCE-COMMERCIAL GENERAL LIABILITY											25,200		25,200
INSURANCE-FLOOD											96,000		96,000
INSURANCE-D & O											28,800		28,800
INSURANCE-FIDELITY BOND											588		588
INSURANCE-EQUIPMENT (Broiler & Machinery)											2,976		2,976
INSURANCE-COMMERCIAL UMBRELLA											17,460		17,460
INSURANCE - COMMERCIAL AUTOMOBILE											1,260		1,260
MEETING EXPENSE-BOARD MEETINGS	100	100	100	100	100	100	100	100	100	100	100	100	1,200
MEETING EXPENSE- OWNER MEETINGS			4,000										4,000
MEETING EXPENSE - STAFF MEETINGS	100	100	100	100	100	100	100	100	100	100	100	100	1,200
MISCELLANEOUS EXPENSE	25	25	25	25	25	25	25	25	25	25	25	25	300
BANK CHARGES	550	550	550	550	550	550	550	550	550	550	550	550	6,600
VENDING MACHINE EXPENSE	800	800	800	800	800	800	800	800	800	800	800	800	9,600
CONDO REGISTRATION-ODD					5,380								5,380
STATE GET TAX	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600
FEDERAL INCOME TAX			6,696										6,696
TOTAL OTHER EXP.	2,875	2,875	13,571	2,875	8,255	2,875	2,875	2,875	2,875	2,875	267,559	2,875	315,260

TOTAL OP EXPENSE	407,972	358,915	371,911	365,522	374,178	366,498	375,555	366,498	368,798	373,105	633,482	366,498	4,728,935
LOAN PAYMENTS	71,132	71,132	71,132	71,132	71,132	71,132	71,132	71,132	71,132	71,132	71,132	71,132	853,580
TRANSFER TO RESERVES	22,867	22,867	22,867	22,867	22,867	22,867	22,867	22,867	22,867	22,867	22,867	22,867	274,408

Island Colony

Calendar Year 2021 Operating Budget and Reserve Study

EXECUTIVE SUMMARY

Approved by Board of Directors on October 14, 2020

2021 PROJECTED INCOME

Starting Balance (Estimated)	\$6,328,223
Maintenance Fees	\$3,634,285
Reserve Contributions	\$795,161
Commercial Maint Fees	\$350,095
Other Income	\$268,582
Loan for Pipe Project	\$ 15,000,000

2021 Estimated Income	\$26,376,346
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BOARD APPROVED

2021 PROJECTED EXPENSES

Operating Expenses	\$4,728,935
Reserve Expenses (includes pipe project)	\$15,480,900

2021 Estimated Expenses	\$20,209,835
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PROJECTED RESERVES AT YEAR END

\$6,166,511

2021 Maintenance Fee Change

3.00%

ISLAND COLONY YEAR 2021 RESERVE PROJECTS AS OF OCTOBER 14, 2020											
COST NOW and NORM LIFE values are best estimates by Hawaiiana Management and vendors who were nice enough to inspect the property or give a best guess.											
It may be advisable to employ an expert to evaluate those projects with high cost.				RESERVE FUND STATUS - PERCENT FUNDED METHOD				M. FEE	RESERVE.	MAINT.	
First Plan Year - Calendar	2021	Reference Year	2020	THE MODEL'S FINDINGS FOR % FUNDING			2020 Deficit	CHANGE	CONTRIB	FEES	
Final Plan Year	2040			Recommended Reserve Funding		100%	17,242,267	531%	3,498,209	22,265,983	
2020 Maintenance Fees	3,528,432	2021 Maint Fees	3,634,285	Target Reserve Funding Level		50%	5,471,134	392.20%	(1,400,896)	17,366,879	
2020 Other Income	2,162,068	2021 Othr Inc	2,222,638	Minimum Reserve Funding Level		50%	5,471,134	392%	(620,319)	17,366,879	
2020 Operating Expenses	-4,551,152	2021 Exp	-5,509,512	EOY 2021 Funding % @ Approved Lev			-90.15%	3%	(15,133,489)	3,634,285	
2020 Reserve Contribution	1,139,349	2021 Contribution	347,411	Condition Codes	Source Codes			Source Codes			
Projected Reserves At Start of 2021	6,300,000	Target Funding L	50%	EXCELNT	E	Contractor Proposal	1	Cost at Similar Project		5	
Projected Reserve % at Start of 2021	26.8%	Tgt Ann Contrib	528,873	GOOD	G	Contractor Estimate	2	Statistical Guideline		6	
Minimum Inflation	3.0%	Req Contrib-Tgt	6,000,006	FAIR	F	Engineer/Arch Estimate	3	Inflate First Year?		Yes	
Projected Savings Interest	1.5%	App. % Change	3.0%	POOR	P	Cost When Last Done	4				
CAPITAL INVENTORY			NORM	DONE	LAST	CO	NEXT	COST	COST	FUNDING	EOY
ITEM	ADJUSTMENT	LIFE	LAST	COST	ND	DUE DATE	NOW	SRC	RQMNT	RES	DEFICIT
PLUMBING SYSTEM-MAJOR RETROFIT	-18	60	1979			2021	15,000,000		14,642,857	6,300,000	8,342,857
CONCRETE REPAIRS-ANNUAL		1	2020			2021	30,000		29,126		29,126
10 HALLWAYS FIRE DOORS (3 of 5)	3	40	1979			2022	82,400		78,567		78,567
FIRE PUMP SYSTEM		30	1992			2022	47,277		44,125		44,125
RAILINGS-RESIDENTIAL UNITS		40	1983			2023	2,773,584		2,565,565		2,565,565
DECKING-COATING TOP FLOOR ROOF DECK		20	2003			2023	275,677		234,325		234,325
TRANSFORMER	2	30	1991			2023	100,000		90,625		90,625
10 HALLWAYS FIRE DOORS (4 of 5)	4	40	1979			2023	82,400		76,782		76,782
LOBBY RENOVATIONS (furniture, layout)	1	5	2017			2023	73,542		36,771		36,771
HOT WATER STORAGE TANKS-MECH R	3	10	2010			2023	63,036		48,489		48,489
COMPACTOR		15	2008			2023	26,265		21,012		21,012
COMMUNITY ROOM-FURNITURE		20	2003			2023	21,012		17,860		17,860
COMMUNITY ROOM-FLOORING		20	2003			2023	10,506		8,930		8,930
ELEVATOR CAB REFURBISHMENT	2	20	2002			2024	147,084		120,341		120,341
10 HALLWAYS FIRE DOORS (5 of 5)	5	40	1979			2024	82,400		75,076		75,076
HEAT PUMP-EVAPORATORS		10	2014			2024	52,530		31,518		31,518
HEAT PUMP- COMPRESSORS		10	2014			2024	34,145		20,487		20,487
LOBBY INTERIOR-RAILINGS	3	5	2017			2025	42,024		15,759		15,759
GYM EQUIPMENT-WEIGHT STATIONS	1	12	2012			2025	25,214		15,516		15,516
SECURITY SYSTEM-CAMERAS		5	2020			2025	12,000				
GYM EQUIPMENT-TREADMILLS	3	8	2014			2025	11,557		6,304		6,304
GYM EQUIPMENT-BIKES	3	8	2014			2025	7,354		4,011		4,011
FLOORING-BUS LANE	2	45	1979			2026	43,721		38,140		38,140
DOMESTIC BACKFLOW PREVENTER	3	15	2008			2026	10,506		7,004		7,004
POOL & SPA FILTER SYSTEM		6	2020			2026	7,500				
PAINTING TOWER		10	2017			2027	598,842		179,653		179,653
CONCRETE REPAIRS-TOWER		20	2007			2027	467,517		303,886		303,886
EMERGENCY GENERATOR		30	1997			2027	210,120		161,092		161,092
CONDENSATE DRAIN LINES AT LANAIS		10	2017			2027	42,024		12,607		12,607
DECKING-6TH FLOOR DECK SURFACE		20	2008			2028	1,483,684		890,210		890,210
CARPET HALLWAYS		15	2013			2028	202,241		94,379		94,379
KEY FOB SYSTEM-UPGRADE		15	2013			2028	105,060		49,028		49,028
EXHAUST FANS-LARGE		35	1993			2028	73,542		56,732		56,732
WINDOWS AT COMMON AREAS CONTINGENCY		45	1983			2028	52,530		43,191		43,191
RE-TILE-PORTE COCHERE AREAS		50	1979			2029	262,650		215,373		215,373
10 HALLWAYS FIRE DOORS (2 of 5)		50	1979			2029	82,400		67,568		67,568
ELECTRIC SUB-METERS		15	2015			2030	310,978		103,659		103,659
LOBBY FLOORING		20	2010			2030	115,566		57,783		57,783
POOL FURNITURE		10	2020			2030	16,000				
CONCRETE REPAIRS-PARKING STRUCTURE		20	2011			2031	611,449		275,152		275,152
STAIRWELL DOORS		35	1996			2031	378,216		259,348		259,348
MAILBOXES		25	2006			2031	85,519		47,891		47,891
BBQ GRILLS (4) AND TRELLIS		30	2001			2031	25,000		15,833		15,833
POOL-ADA LIFT		15	2016			2031	6,304		1,681		1,681
ELEVATORS-UPGRADE SYSTEM-TOWER (traction)		30	2002			2032	2,101,200		1,260,720		1,260,720
ELEVATORS-UPGRADE SYSTEM-GARAGE (hydraulic)		30	2002			2032	315,180		189,108		189,108
HALLWAY LIGHTING		20	2013			2033	31,518		11,031		11,031
TRIPLEX BOOSTER PUMPS SYSTEM AND VFD		20	2014			2034	99,807		29,942		29,942
TRASH CHUTE-RE-LINING		30	2005			2035	312,028		156,014		156,014

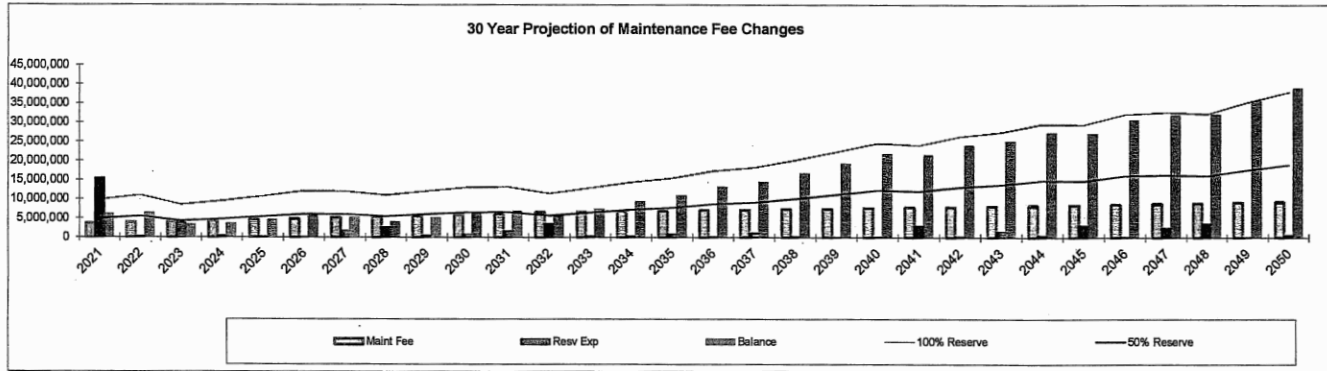
CAPITAL INVENTORY		NORM	DONE	LAST	CO	NEXT	COST	COST	FUNDING	EOY	
ITEM	ADJUSTMENT	LIFE	LAST	COST	ND	DUE DATE	NOW	SRC	RQMNT	RES	DEFICIT
SWIMMING POOL RESURFACE		20	2015			2035	75,643		18,911		18,911
TRASH CHUTE DOORS		30	2005			2035	30,047		15,024		15,024
SPA RESURFACING		20	2015			2035	9,455		2,364		2,364
HOT WATER-STORAGE TANKS 1ST FLOOR		20	2016			2036	42,024		8,405		8,405
COMMUNITY ROOM KITCHEN REFURBISHMENT		20	2016			2036	31,518		6,304		6,304
COMMUNITY ROOM APPLIANCES		20	2016			2036	8,405		1,681		1,681
RESTROOMS REC DECK		20	2017			2037	25,214		3,782		3,782
RESTROOMS GROUND FLOOR		20	2017			2037	25,214		3,782		3,782
SAUNA (wood replace)		20	2019			2039	15,450		773		773
FIRE ALARM SYSTEM		25	2016			2041	1,076,865		172,298		172,298
ROOFING MEMBRANE REPLACE		25	2016			2041	409,209		65,473		65,473
BOILERS-6TH FLOOR		30	2011			2041	119,768		35,930		35,930
BOILERS-ROOF		30	2012			2042	115,566		30,818		30,818
TRELLIS REPLACEMENT-REC DECK		30	2015			2045	808,962		134,827		134,827
MAIN CIRCUIT BREAKER BOX REPLACEMENT		30	2015			2045	294,168		49,028		49,028
HALLWAY MOLDINGS (floor and crown)		30	2016			2046	64,612		8,615		8,615
STAINLESS/WOOD RAILING AT MAIN ENTRY		30	2017			2047	18,911		1,891		1,891
10 HALLWAYS FIRE DOORS (1 of 5)		30	2020			2050	82,400				
RAILINGS-GARAGE		40	2012			2052	1,349,811		269,962		269,962
LOBBY INTERIOR-ADA RAMP		99	2016			2115	32,791		1,325		1,325
2020 End Yr Totals							31,687,142		23,542,267	6,300,000	17,242,267

Island Colony
Board Approved 2021 Cash Flow Plan

Maintenance Fee Plan to Accomplish All Known Improvements and Repairs For Next 30 Years

Assumed Rate of Inflation: 3%

Assumed Savings Interest Rate: 1.5%



Contingency Reserve Fund

\$0

CY	Starting	-Reserve	-Loan	-Operating	+Maint.	+Other	-Interm	+Interest	-Ending	% Maint. Fee	Net Reserve	Percent
Year	Balance	Expense	Payments	Expenses	Fees	Income	Bal	Income	Balance	Change	Contrib.	Funded
2021	21,300,000	15,480,900	780,577	4,728,935	3,634,285	2,222,638	6,166,511	Included	6,166,511	3.0%	(15,133,489)	63%
2022	6,166,511	169,401	853,580	4,870,803	3,852,343	2,258,417	6,383,487	94,125	6,477,612	6.0%	216,975	59%
2023	6,477,612	3,776,488	853,580	5,016,927	4,083,483	2,326,169	3,240,269	72,884	3,313,153	6.0%	(3,237,343)	39%
2024	3,313,153	389,604	853,580	5,167,435	4,328,492	2,395,954	3,626,980	52,051	3,679,031	6.0%	313,827	39%
2025	3,679,031	148,559	853,580	5,322,458	4,588,202	2,467,833	4,410,469	60,671	4,471,140	6.0%	731,438	42%
2026	4,471,140	109,526	853,580	5,482,131	4,863,494	2,541,868	5,431,264	74,268	5,505,532	6.0%	960,124	46%
2027	5,505,532	1,658,488	853,580	5,646,595	5,106,668	2,618,124	5,071,661	79,329	5,150,990	5.0%	(433,871)	43%
2028	5,150,990	2,559,634	853,580	5,815,993	5,362,002	2,696,668	3,980,452	68,486	4,048,938	5.0%	(1,170,538)	37%
2029	4,048,938	489,355	853,580	5,990,473	5,630,102	2,777,568	5,123,199	68,791	5,191,990	5.0%	1,074,261	43%
2030	5,191,990	707,662	853,580	6,170,187	5,911,607	2,860,895	6,233,062	85,688	6,318,750	5.0%	1,041,072	48%
2031	6,318,750	1,573,164	853,580	6,355,293	6,207,187	2,946,722	6,690,622	97,570	6,788,192	5.0%	371,872	51%
2032	6,788,192	3,498,646	853,580	6,545,951	6,517,547	3,035,123	5,442,684	91,732	5,534,416	5.0%	(1,345,508)	48%
2033	5,534,416	318,680	853,580	6,742,330	6,647,898	3,126,177	7,393,900	96,962	7,490,862	2.0%	1,859,484	58%
2034	7,490,862	327,448	853,580	6,944,600	6,780,856	3,219,962	9,366,052	126,427	9,492,479	2.0%	1,875,190	66%
2035	9,492,479	796,427	853,580	7,152,938	6,916,473	3,316,561	10,922,567	153,113	11,075,680	2.0%	1,430,088	71%
2036	11,075,680	131,501	853,580	7,367,526	7,054,802	3,416,058	13,193,933	182,022	13,375,955	2.0%	2,118,253	77%
2037	13,375,955	1,184,278	853,580	7,588,552	7,195,898	3,518,540	14,463,982	208,800	14,672,782	2.0%	1,088,028	80%
2038	14,672,782	182,681	853,580	7,816,208	7,339,816	3,624,096	16,784,224	235,928	17,020,152	2.0%	2,111,442	84%
2039	17,020,152	27,092	853,580	8,050,695	7,486,613	3,732,819	19,308,216	272,463	19,580,679	2.0%	2,288,064	87%
2040	19,580,679	126,471	853,580	8,292,216	7,636,345	3,844,803	21,789,560	310,277	22,099,837	2.0%	2,208,881	90%
2041	22,099,837	3,042,064	853,580	8,540,982	7,789,072	3,960,147	21,412,429	326,342	21,738,771	2.0%	(687,407)	90%
2042	21,738,771	221,436	853,580	8,797,211	7,944,853	4,078,952	23,890,348	342,218	24,232,567	2.0%	2,151,577	92%
2043	24,232,567	1,482,306	853,580	9,061,128	8,103,750	4,201,320	25,140,623	370,299	25,510,922	2.0%	908,056	93%
2044	25,510,922	490,428	853,580	9,332,962	8,265,825	4,327,360	27,427,137	397,035	27,824,173	2.0%	1,916,215	94%
2045	27,824,173	3,073,941	853,580	9,612,950	8,431,142	4,457,181	27,172,023	412,471	27,584,495	2.0%	(652,189)	94%
2046	27,584,495	152,937	71,132	9,901,339	8,599,765	4,590,896	30,649,748	436,757	31,086,504	2.0%	3,065,253	97%
2047	31,086,504	2,504,044	0	10,198,379	8,771,760	4,728,623	31,884,464	472,282	32,356,746	2.0%	797,960	99%
2048	32,356,746	3,562,820	0	10,504,331	8,947,195	4,870,482	32,107,273	483,480	32,590,753	2.0%	(249,474)	101%
2049	32,590,753	103,984	0	10,819,460	9,126,139	5,016,596	35,810,043	513,006	36,323,049	2.0%	3,219,291	103%
2050	36,323,049	668,686	0	11,144,044	9,308,662	5,167,094	38,986,075	564,818	39,550,893	2.0%	2,663,025	104%

Robin Glass

From: Rapoza, Talia <Talia.Rapoza@tghawaii.com>
Sent: Thursday, January 21, 2021 8:28 AM
To: glassr@hawaiihome.cc
Subject: Docutrieve Invoice #303797 - ISLAND COLONY - 445 SEASIDE AVE Apt/Unit #4312, HONOLULU, HI 96815
Attachments: Docutrieve Invoice #303797.pdf; Attachments.html

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Expires July 20, 2021

Approved Annual Minutes (03-09-2020).pdf	307.2 KB
Approved BOD Minutes (02-27-2020).pdf	263.2 KB
Approved BOD Minutes (06-17-2020).pdf	287 KB
Approved BOD Minutes (10-14-2020).pdf	229.1 KB
Bylaws (Restated) 2304256 (04-25-1996).pdf	2.2 MB
CPR-HPR (Restated) 2304255 (04-25-1996).pdf	1.1 MB
CPR-HPR (Restated) 3314024 (08-17-2005).pdf	220.5 KB
CPR-HPR Amendments 979903 (11-23-1979).pdf	152.6 KB
CPR-HPR Declaration 912095 (11-28-1978).pdf	3.7 MB
Financial Statement (11-30-2020).pdf	815.8 KB
House Rules (12-06-2012).pdf	2.7 MB
House Rules Amendment (02-22-2011).pdf	689.8 KB
House Rules Amendment (09-20-2006).pdf	473.8 KB
House Rules Amendment (09-20-2006)2.pdf	1.2 MB
Insurance Summary (11-15-2020).pdf	156.3 KB
Lenders Disclosure (HOA Cert.) (12-21-2020).pdf	630 KB
Operating Budget (01-01-2021).pdf	877.8 KB

Property Information (RR105c) (12-21-2020).pdf

913.9 KB

Reserve Study Summary (01-01-2021).pdf

1.2 MB

[Download Attachments](#)

Talia Rapoza uses Citrix Files to share documents securely.

Talia K. Rapoza

Docutrieve Technician, Docutrieve

Office (808) 533-2292 | Fax (808) 533-2271

235 Queen Street, Honolulu, HI 96813 | www.docutrieve.com



TITLE GUARANTY HAWAII



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Order ID: 303797
Order Date: 01/20/2021

235 Queen Street, Lower Level; Honolulu, HI 96813 Phone: (808) 533-2292 Fax: (808) 533-2271

Ship To: HAWAII HOME + COMMERCIAL LLC

Bill To: HAWAII HOME + COMMERCIAL LLC

Attn: ROBIN GLASS
Phone: 1 (808) 358-1774

Attn: ROBIN GLASS
Phone: 1 (808) 358-1774

Client Reference:

Client Reference Notes:

Special Instructions:

Delivery Options: Email

Condo Package

Full Package: ISLAND COLONY - 445 SEASIDE AVE Apt/Unit #4312

Description		Price
Approved Annual Minutes	03/09/2020	4 Page(s)
Approved BOD Minutes	02/27/2020	2 Page(s)
Approved BOD Minutes	06/17/2020	2 Page(s)
Approved BOD Minutes	10/14/2020	2 Page(s)
Bylaws (Restated)	04/25/1996	47 Page(s)
CPR/HPR (Restated)	04/25/1996	27 Page(s)
CPR/HPR (Restated)	08/17/2005	6 Page(s)
CPR/HPR Amendments	11/23/1979	5 Page(s)
CPR/HPR Declaration	11/28/1978	63 Page(s)
Financial Statement	11/30/2020	7 Page(s)
House Rules	12/06/2012	13 Page(s)
House Rules Amendment	09/20/2006	3 Page(s)

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Statement of Responsibility

Title Guaranty of Hawaii, Inc. (doing business as and herein referred to as "Docutrieve") has provided the information in this disclosure packet for use by seller of property referenced in the attached documents. Docutrieve has used reasonable care in collecting and maintaining the information but it has relied upon other sources to provide such information and it makes no representation about completeness, accuracy, or timeliness of the information that the seller is using. This information complies with the requirements of the Mandatory Seller Disclosures in Real Estate Transactions law (Section 508D-1, Hawaii Revised Statutes). The seller or any other user of this information is responsible for the completeness of information which is required to be provided to the buyer.

Pursuant to C-64 of the Purchase Contract, the seller is responsible for Condominium/Subdivisions/Homeowner Organizations documentation expenses whether or not the transaction is executed.

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Order ID: 303797
Order Date: 01/20/2021

235 Queen Street, Lower Level; Honolulu, HI 96813 Phone: (808) 533-2292 Fax: (808) 533-2271

Description			Price
House Rules Amendment	09/20/2006	5 Page(s)	
House Rules Amendment	02/22/2011	5 Page(s)	
Insurance Summary	11/15/2020	1 Page(s)	
Lenders Disclosure (HOA Cert.)	12/21/2020	3 Page(s)	
Operating Budget	01/01/2021	2 Page(s)	
Property Information (RR105c)	12/21/2020	6 Page(s)	
Reserve Study Summary	01/01/2021	4 Page(s)	
Price			\$375.00
Discount	0.00%		\$0.00
Discounted Price			\$375.00
Tax	4.712%		\$17.67
Condo Package SubTotal			\$392.67
Order Total			\$392.67
			Pay Online

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