

MINUTES OF THE CONTINUED ANNUAL MEETING
OF MAKAKILO GARDENS II
JUNE 9, 2022 @ 6:30 P.M.
MAKAKILO COMMUNITY PARK

CALL TO ORDER

The 2022 continued annual meeting was called to order at 6:32 p.m. by President Adam Pagatpatan. A final quorum was established at 56.911%. Terry Lorenzana was recording secretary.

PROOF OF NOTICE OF MEETING

A notice of this meeting was sent to all owners of record on May 16, 2022.

APPROVAL OF MINUTES

The 2021 annual meeting minutes were approved by the Board of Directors. The reading of the minutes were waived by unanimous consent. The Board is authorized to approve the minutes of the March 31, 2022 annual meeting and this continued annual meeting by unanimous consent.

REPORTS

Auditor's Report: T. Wong, CPA is auditing the books for the accounting year ending December 31, 2021. Copies will be provided upon completion to owners who requested a copy.

INSPECTOR OF ELECTION

Helga Wilhelm volunteered to be Inspector of Election for certifying any counted votes for this meeting.

ELECTION OF DIRECTORS

The following owners were nominated and elected:

Kerri McClusky	52.992%	3 years
Adam Pagatpatan	46.452%	3 years
Barbara Bishop	46.452%	2 years
Leslie Moody	46.452%	2 years
Billy Schultze	46.452%	2 years

*There being no objection, Adam Pagatpatan volunteered for the 3 year term.

NEW BUSINESS

A. Resolutions on Assessments: Both resolutions were read and adopted by unanimous consent:

”RESOLVED, that any excess of membership income over membership expenses for the year ending December 31, 2021 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue ruling 70-604.”

”RESOLVED, that any excess of membership income over membership expenses for the year ending December 31, 2022 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue ruling 70-604.”

ADJOURNMENT

There being no further new business requiring a motion, the meeting adjourned at 6:42 p.m.

Submitted by,

Terry Lorenzana
Recording Secretary

#1472 Cont. Ann 2022

Approved by the Board of Directors on _____ (Date) _____

**MINUTES OF THE BOARD OF DIRECTOR'S MEETING
MAKAKILO GARDENS II**

July 7, 2022

I. CALL TO ORDER.

President Pagatpatan called the regular Board of Directors' meeting of Makakilo Gardens II to order at 6:37 p.m. on Zoom.

BOARD MEMBER ATTENDANCE:

The following Board members were present:

President Adam Pagatpatan

Secretary Kenneth Des Laurier

Vice President Kerri McCluskey

Treasurer Barbara Bishop

Present by Invitation:

Resident Manager Helga Wilhelm

Management Executive Leila Kaneshiro

II. MINUTES.

A. Board Meeting Minutes of June 16, 2021 and August 5, 2021. Treasurer Bishop moved to approve the minutes. The motion was unanimously adopted.

III. REPORTS.

A. TREASURER'S REPORTS.

Financial Reports. Treasurer Bishop gave a verbal report through May 2022. The financial reports were filed subject to audit.

B. RESIDENT MANAGER'S REPORT.

Resident Manager Wilhelm reviewed her report. Motions related to the report will be listed under Unfinished and New Business.

IV. UNFINISHED BUSINESS.

A. Playground Fencing. President Pagatpatan moved to ratify the playground fence repair completed by Alpha Industries. The motion was unanimously adopted.

V. NEW BUSINESS.

- A. Sewer Line Repair. It was the consensus of the Board to obtain additional proposals for the sewer line repair in the pool men's bathroom and in the common area behind Unit 12.
- B. Covid-19 Pool Policy. President Pagatpatan moved to approve the removal of current Covid-19 pool restrictions. The motion was unanimously adopted.
- C. Tree Trimming. President Pagatpatan moved to obtain a tree trimming schedule for the property from an arborist and to use this schedule to collect proposals for a routine tree trimming service. This item was deferred pending a review of the finances.

- D. Design Modification Request, Unit #6. It was the consensus of the Board to approve the window and sliding door modification provided that the new installation fits within the existing window and door frames (the walls cannot be cut or widened).
- E. Board Vacancy. Newly elected member Leslie Moody declined the position on the Board, therefore one Director's position is currently vacant.
- F. Organizational Meeting. It was the consensus of the Board to adopt the following slate of officers: President Pagatpatan, Vice President McCluskey, Secretary Des Laurier, Secretary Bishop and Director Robello.

VI. EXECUTIVE SESSION.

The Board adjourned into the executive session from 8:00 p.m. to 8:44 p.m. to discuss delinquencies, legal matters and personnel. The following actions were taken:

A. Delinquencies.

- 1. Write Offs. President Pagatpatan moved to write off the following past due balances from Prior/Inactive Owners:

\$76,059.06	#1472-00900-001
\$359.33	#1472-05700-002
\$953.62	#1472-05800-001
\$12,655.43	#1472-06100-002
\$19,805.52	#1472-07400-001

The motion was unanimously adopted.

- 2. Foreclosures. President Pagatpatan moved to foreclose of the following past due units:

\$22,708.91	#1472-01000-000
\$9,148.81	#1472-01900-000
\$4,164.26	#1472-06500-000
\$4,151.29	#1472-07100-000

The motion was unanimously adopted.

VII. NEXT MEETING.

The next regular Board meeting will be on October 6, 2022 at 6:30pm via Zoom.

VIII. ADJOURNMENT.

The meeting was adjourned at 8:44 p.m.

Submitted by,
Leila Kaneshiro,
Recording Secretary

**MINUTES OF THE BOARD OF DIRECTORS' MEETING OF
MAKAKILO GARDENS II**

September 23, 2021

I. CALL TO ORDER.

President Pagatpatan called the regular meeting of the Board of Directors of Makakilo Gardens II to order at 6: 35 p.m. via Zoom Conference. Management Executive Aitaro was the recording secretary.

Board Members Present: President Adam Pagatpatan, Secretary Kenneth Des Laurier and Director Crystal Robello.

Board Members Absent: Vice President Walter Tolentino, Treasurer Barbara Bishop, Director Billy Schultze and Director Francis Abellera.

By Invitation: Resident Manager Helga Wilhelm and Management Executive Kai Aitaro

II. MINUTES. Director Yee moved to approve the July 20, 2021 and August 17, 2021 Regular Board of Directors Meeting Minutes as distributed. The Motion was approved unanimously.

III. TREASURER'S REPORT. President Troup moved to approve the June 2021 and July 2021 Financial Reports, subject to audit. Motion approved unanimously.

IV. COMMITTEE REPORT.

House Rules: It was the consensus of the Board to start looking into updating the current House Rules due new State and City & County laws and requirements.

V. UNFINISHED BUSINESS.

A. Replacement Palms.

- i. It was the consensus of the Board to plant three 15' McArthur Palms as replacement palms in the front area of the property.
- ii. It was a consensus of the Board to request a six-month extension making the new replacement deadline February 1, 2022 with the City & County of Hawaii. This extension will allow the arborist to provide the Board with an updated cost estimate, securing three 15' McArthur palms and to lockdown a front of property location approval with the City & County of Hawaii Department of Permit and Planning.

B. Correspondence/ Violations.

- i. Unit 101-B - Nuisance: It was the consensus of the Board to send the next appropriate violation notice to the owner for allowing their emotional support animals to be unattended in the common area and utilizing the planter areas as a litter box on regular basis. Reference House Rules section I.C.
- ii. Unit 304-B - Plants in Walkway: It was the consensus of the Board to send the next appropriate violation notice to the owner for personal items left in the common area. Reference House Rules section II.D.

Makakilo Gardens II

Board of Directors' Meeting Minutes

Date: September 23, 2021

Page 2 of 2

iii. Unit 304-A - Window Repair: It was the consensus of the Board to send the next appropriate violation notice to the owner due to broken louvers. Reference House Rules section VII.C

VI. **NEW BUSINESS.**

A. Dead Palm Removal. It was the consensus of the Board to have Robert Homan with Kehau's Custom Cleaning to reroute the carport gutter that faces A105 to flow against the retaining wall on the east side of the parking lot.

VII. **NEXT MEETINGS. Meetings are on the 1st Thursday, Bi-Monthly**

The next Board Meetings are November 4, 2021 and February 3, 2022 (Annual Meeting).

VIII. **EXECUTIVE SESSION.**

The Board adjourned into executive session for legal and financial matters at 7:16 p.m. No actions were taken during the session.

IX. **ADJOURNMENT.** The meeting adjourned at 6:40 p.m. due to lack of a quorum.

Respectfully Submitted,
Kai Aitaro
Recording Secretary

Minutes Approved on:

**MINUTES OF THE BOARD OF DIRECTOR'S MEETING
MAKAKILO GARDENS II**

October 6, 2022

I. CALL TO ORDER.

President Pagatpatan called the regular Board of Directors' meeting of Makakilo Gardens II to order at 6:45 p.m. on Zoom.

BOARD MEMBER ATTENDANCE:

The following Board members were present:

President Adam Pagatpatan

Treasurer Barbara Bishop

Vice President Kerri McCluskey

Director Kenneth Des Laurier

Board Members Absent:

Director Crystal Robello

Present by Invitation:

Resident Manager Helga Wilhelm

Management Executive Leila Kaneshiro

II. MINUTES.

A. Board Meeting Minutes of July 7, 2022. It was the consensus of the Board to approve the minutes of July 7, 2022.

III. REPORTS.

A. **TREASURER'S REPORTS.**

Financial Reports. Treasurer Bishop gave a verbal report through August 2022. The financial reports were filed subject to audit.

B. **RESIDENT MANAGER'S REPORT.**

Resident Manager Wilhelm reviewed her report. Motions related to the report will be listed under Unfinished and New Business.

IV. UNFINISHED BUSINESS.

A. Sewer Line Repair. President Pagatpatan moved to approve the proposal from Allen's Plumbing dated 7/12/2022 for \$885.00 for hydro jetting and root treatment in main sewer line behind Unit 12. The motion was unanimously adopted.

B. Annual Meeting Date. It was the consensus of the Board to schedule the Annual Meeting on March 9, 2023.

V. NEW BUSINESS.

- A. 2023 Budget. It was the consensus of the Board to approve the 2023 budget for a 8% maintenance fee increase.
- B. Exterior Wall Repair. President Pagatpatan moved to approve Ohana Restoration proposal dated 8/9/2022 for \$4,190.68 to repair the exterior wall of Unit 20. The motion was unanimously adopted.
- C. Tree Trimming. It was the consensus of the Board to collect proposals for the Association's annual tree trimming.
- D. Board Position Vacancy. It was the consensus of the Board to elect Melinda Samad to be on the Board of Directors until the next Annual Meeting.

VI. EXECUTIVE SESSION.

The Board adjourned into the executive session from 8:00 p.m. to 8:16 p.m. to discuss delinquencies, legal matters and personnel.

VII. NEXT MEETING.

The next regular Board meeting will be on January 19, 2023 at 6:30pm via Zoom.

VIII. ADJOURNMENT.

The meeting was adjourned at 8:16 p.m.

Submitted by,
Leila Kaneshiro,
Recording Secretary

11/06/2014 10:39 AM

www.BusinessRegistrations.com
Nonrefundable Filing Fee \$25.00

FORM DNP-1
7/2010

STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Business Registration Division
335 Merchant Street
Mailing Address: P.O. Box 40, Honolulu, Hawaii 96810
Phone No. (808) 586-2727



11/06/2014 10:39 AM

FILED 11/06/2014 10:39 AM
Business Registration Division
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
State of Hawaii

ARTICLES OF INCORPORATION
(Section 414D-32, Hawaii Revised Statutes)

PLEASE TYPE OR PRINT LEGIBLY IN BLACK INK

The undersigned, desiring to form a nonprofit corporation under the laws of the State of Hawaii, certify as follows:

I

The name of the corporation shall be:

MAKAKILO GARDENS, INCREMENT NO. 2, INC.

II

The mailing address of the corporation's initial principal office is:

c/o Hawaiiana Management Company, Ltd., 711 Kapiolani Blvd., Ste. 700, Honolulu, Hawaii 96813

III

The corporation shall have and continuously maintain in the State of Hawaii a registered agent who shall have a business address in this State. The agent may be an individual who resides in this State, a domestic entity or a foreign entity authorized to transact business in this State.

a. The name (and state or country of incorporation, formation or organization, if applicable) of the corporation's registered agent in the State of Hawaii is:

21648 D1

Hawaiiana Management Company, Ltd.

Hawaii

(Name of Registered Agent)

(State or Country)

b. The street address of the place of business of the person in State of Hawaii to which service of process and other notice and documents being served on or sent to the entity represented by it may be delivered to is:

Attn: April Padello, 711 Kapiolani Blvd., Ste. 700, Honolulu, Hawaii 96813

IV

The name and address of each incorporator is:

Name

Address

Steve Upham

92-751 Makakilo Drive #41, Kapolei, Hawaii 96707

Jeffrey Inofinada

92-751 Makakilo Drive #43, Kapolei, Hawaii 96707

Barbara Bishop

92-751 Makakilo Drive #42, Kapolei, Hawaii 96707

11/06/2014 20:17

V

Please check one:

- The corporation has members.
- The corporation has no members.

VI

The corporation is nonprofit in nature and shall not authorize or issue shares of stock. No dividends shall be paid and no part of the income or profit of the corporation shall be distributed to its members, directors, or officers, except for services actually rendered to the corporation, and except upon liquidation of its property in case of corporate dissolution.

The undersigned certifies under the penalties of Section 414D-12, Hawaii Revised Statutes, that the undersigned has read the above statements, that I/we are authorized to sign this Articles of Incorporation, and that the above statements are true and correct.

Signed this 4th day of November, 2014

Steve Upham

(Type/Print Name of Incorporator)
(Signature of Incorporator)

Barbara Bishop

(Type/Print Name of Incorporator)
(Signature of Incorporator)

SEE INSTRUCTIONS PAGE. The articles must be signed by at least one individual (incorporator).

HAWAIIAN CERTIFIED PROPERTY MANAGEMENT
Jim Turner, 524-0722

1002075

W

STATE OF HAWAII
LAND COURT
FILED

80 MAR 21 PM 2: 26

ASSISTANT REGISTRAR
NOTED ON CERTIFICATE
BOOK _____ PAGE _____
1587

RECORDATION REQUESTED BY:

HAWAIIAN CERTIFIED PROPERTY MANAGEMENT

AFTER RECORDATION, RETURN TO:

HAWAIIAN CERTIFIED PROPERTY MANAGEMENT
900 FORT STREET MALL
SUITE 1250
HONOLULU, HAWAII 96813

RETURN BY: MAIL () PICKUP (X) PH: 524-0722

AMENDMENT TO DECLARATION OF HORIZONTAL PROPERTY REGIME
OF MAKAKILO GARDENS II
AND TO THE BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS
OF MAKAKILO GARDENS II

WHEREAS, by Declaration of Horizontal Property Regime and attached Bylaws recorded in the Office of the Assistant Registrar, Land Court of the State of Hawaii as Document No. 633876 and duly recorded on Certificate of Title #151,857 certain premises listed in said Declaration were submitted to the Horizontal Property Regime under the laws of the State of Hawaii, said Regime being known as Makakilo Gardens II; *See Map.*

WHEREAS, Section 1 of Article VI of said Bylaws provide that said Bylaws may be amended in any respect not inconsistent with provisions of law or the Declaration of affirmative vote of seventy-five percent (75%) of the apartment owners at any meeting of the Association duly called for such purpose;

WHEREAS, Declarants, pursuant to said provisions, at a meeting duly called for that purpose, said purpose being inclusive and a part of an Annual Meeting of the Association of Apartment Owners of Makakilo Gardens II, on March 4, 1979 elected by 75% of owners total percentage interest affirmative vote to amend the Bylaws by changing the specified time for giving Notice of Meetings, Section 5, ARTICLE I, to read "at least fourteen days but not more than thirty days before the date set for such meeting"; by adding conditions to Use of Project, paragraph (f), Section 3, ARTICLE V, permitting and regulating the using of certain signs on the project.

NOW, THEREFORE, said Declaration and attached Bylaws of Makakilo Gardens II are hereby amended to read in defined portions, Sections and additions in their entirety as follows:

ARTICLE I
MEMBERSHIP

"Section 5. Notice of Meetings. The Secretary shall give written or printed notice of each annual and special meeting to every apartment owner according to the Association's record of ownership, and to the Director of the local insuring office of the Federal Housing Administration, at least fourteen days but not

more than thirty days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting and the purpose therefor, in any of the following ways: (a) by delivering it to him personally, or (b) by leaving it at his apartment in the project or at his usual residence or place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the Association's record of ownership. If notice is given pursuant to the provisions of this section, the failure of any apartment owner to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any apartment owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

ARTICLE V

OBLIGATIONS OF APARTMENT OWNERS

"Section 3. Use of Project. Paragraph (f), No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications, including detailed plot plan, prepared by a licensed architect if so required by the Board and also approved by a majority of apartment owners of apartments thereby directly affected. Notwithstanding any of the foregoing to the contrary, the following signs may be erected and maintained on the project: (1) such signs as may be required by legal proceedings; (2) during the time of construction of any residence or other improvement, job identification signs having a maximum face area of six square feet per sign and of the type usually employed by contractor, sub-contractors, and tradesmen; and (3) not more than two (2) "FOR SALE" or "FOR RENT" signs having a maximum face area of four (4) square feet, such signs to refer only to the premises on which they are situated. Said signs to be placed directly in front and/or back of the apartment to which they apply and at a point not greater than four (4) feet from the apartment they refer to. During "OPEN HOUSE", a maximum of three (3) additional signs indicating such "OPEN HOUSE" may be placed on the increment.

IN WITNESS WHEREOF, this instrument has been executed
this 19th day of March, 19 80.

ASSOCIATION OF APARTMENT OWNERS
OF MAKAKILO GARDENS II

By: [Signature]
Its President

By: Joyce B. Zeller
Its Secretary

'91 AUG 2 PM 1 52

[Signature]
ASSISTANT REGISTRAR
ON CERTIFICATE 151,857

LAND COURT SYSTEM

REGULAR SYSTEM

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

DINMAN, MAKAMURA, ELISHA & NAKATANI
707 Richards Street, Suite PH-1
Honolulu, Hawaii 96813
Telephone: (808) 523-7021

(DO NOT WRITE IN THIS SPACE)

**AMENDMENT OF THE DECLARATION AND BY-LAWS OF THE ASSOCIATION OF
APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2**

WHEREAS, by Declaration of Horizontal Property Regime, dated March 7, 1973, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii on June 14, 1973 as Document No. 633876 and noted on Transfer Certificate of Title No. 151,857, as amended, the TRUSTEES UNDER THE WILL AND OF THE ESTATE OF JAMES CAMPBELL (hereinafter referred to as the "Trustees") and FINANCE REALTY COMPANY, LIMITED, a Hawaii corporation (hereinafter referred to as the "Developer"), did submit the property described in said Declaration (hereinafter referred to as the "Declaration"), to the provisions of the Horizontal Property Regime, Chapter 514, Hawaii Revised Statutes, as amended (now known as the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes); and

WHEREAS, said Declaration provided for the organization of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2 (hereinafter referred to as the "ASSOCIATION"), and established By-Laws therefor, which said By-Laws were recorded as Exhibit "A" to the Declaration as aforesaid and incorporated therein by reference; and

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

WHEREAS, at a special meeting of the ASSOCIATION which was duly called and held on March 8, 1991, it was voted by more than sixty-five (65%) of the apartment owners to amend the By-Laws as hereinafter set forth.

NOW, THEREFORE, Article II of the By-Laws is amended by adding a new Section 12 to read as follows:

Section 12. Fee Conversion. Notwithstanding any other provision contained in the Declaration or these Bylaws 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 owner of the leased fee interest in the land, apartments, and other improvements of the property (herein called the "Lessor") to sell that interest (herein called the "Leased Fee Interest") to the Association and its members, and to facilitate the completion of that sale, and on behalf of and in the name of the Association, shall have the power to purchase all or any portion of the Leased Fee Interest, to arrange for and obtain any needed financing in connection with such acquisition, and to sign any documents and do any and all other acts or things incidental to the consummation of that transaction, including but not limited to the creation of a corporation and/or land trust in which to hold title to the interest so acquired (or the incorporation of the Association for that purpose).

In the event that the Association acquires all or any portion of the Leased Fee Interest, the Board of Directors shall be empowered to take all such action as it deems necessary or appropriate to administer the interest so acquired, including but not limited to conveying such interest into a land trust, setting, arbitrating, and collecting lease rents, and selling and/or conveying all or any portion of such interest upon such terms and conditions, including but not limited to price, as the Board of Directors deems appropriate under the circumstances. All costs incurred by the Board of Directors in connection with the acquisition or administration of all or any portion of the Leased Fee Interest (or any efforts toward that end), including but not limited to all costs associated with obtaining any needed financing in connection with such acquisition and all payments that become owing to the lender under the terms of any note or mortgage entered into in connection with such financing, shall constitute a common expense of the Association.

Upon the acquisition of the Leased Fee Interest by the Association and/or the Association members as aforesaid, all approval and other requirements pertaining to the Lessor, as contained herein or in the Declaration or these Bylaws, shall thereupon become null and void and of no effect. The term "Lessor", as used herein, includes any assignee or other holder of the Leased Fee Interest or any portion thereof.

In all other respects, the By-Laws, as amended, are hereby ratified and confirmed and shall be binding upon and inure

to the benefit of the parties hereto and their respective successors and permitted assigns.

The undersigned officers of the ASSOCIATION hereby certify that the foregoing amendment was adopted at a special meeting of the ASSOCIATION duly held on March 8, 1991, by the vote of more than sixty-five percent (65%) of the Makakilo Gardens, Increment No. 2 apartment owners.

IN WITNESS WHEREOF, the undersigned have executed this instrument on this 17th day of June, 1991.

ASSOCIATION OF APARTMENT
OWNERS OF MAKAKILO GARDENS,
INCREMENT NO. 2

By: [Signature]
Print: Helga M. Wilhelm
Name: Helga M. Wilhelm
Its: Treasurer

By: [Signature]
Print: RANDY L. BRUNETTE
Name: RANDY L. BRUNETTE
Its: Treasurer

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

On this 17th day of June, 1991, before me appeared Helga M. Wilhelm, to me personally known, who being by me duly sworn, did say that She is the vice president of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2; 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.

16

Debra Kraun
Notary Public, State of Hawaii
My commission expires: 5-5-95

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

On this 17th day of June, 1991, before me appeared Randy L. Brunette, to me personally known, who being by me duly sworn, did say that He is the Treasurer of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2; 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.

15

Debra Kraun
Notary Public, State of Hawaii
My commission expires: 5-5-95

JUL 29. 1994 09 00 AM

Doc No(s) 2168323

on Cert(s) AS LISTED HEREIN

/s/ S. FURUKAWA
ASSISTANT REGISTRAR

<u>LAND COURT SYSTEM</u>	<u>REGULAR SYSTEM</u>
Return by: Mail [<input type="checkbox"/>]	Pickup [X] To:
PHILIP L. LAHNE, ESQ. NEELEY & ANDERSON 733 Bishop Street, Suite 2301 Honolulu, Hawaii 96813 Telephone: (808) 536-8177	RCI
(DO NOT WRITE IN THIS SPACE)	

AMENDMENT OF THE DECLARATION AND BY-LAWS OF THE ASSOCIATION
OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2

WHEREAS, by Declaration of Horizontal Property Regime, dated March 7, 1973, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii on June 14, 1973 as Document No. 633876 and noted on Transfer Certificates of Title set forth in Exhibit "A" attached hereto and incorporated herein by reference, as amended, the TRUSTEES UNDER THE WILL AND OF THE ESTATE OF JAMES CAMPBELL (hereinafter referred to as the "Trustees") and FINANCE REALTY COMPANY, LIMITED, a Hawaii corporation (hereinafter referred to as the "Developer"), did submit the property described in said Declaration (hereinafter referred to as the "Declaration"), to the provisions of the Horizontal Property Regime, Chapter 514, Hawaii Revised Statutes, as amended (now known as the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes); and

WHEREAS, said Declaration provided for the organization of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2 (hereinafter referred to as the "ASSOCIATION"), and established By-Laws therefor, which said By-Laws were recorded as Exhibit "A" to the Declaration as aforesaid and incorporated therein by reference; and

WHEREAS, at the annual meeting of the ASSOCIATION which was duly called and held on May 21, 1985, it was voted by more than seventy-five percent (75%) of the apartment owners to amend the By-Laws as hereinafter set forth.

NOW, THEREFORE, Article I, Section 5 of the By-Laws is amended to read as follows:

Section 5. Notice of Meetings. The Secretary shall give written or printed notice of each annual and special meeting to every apartment owner according to the Association's record of ownership, and to the Director of the local insuring office of the Federal Housing Administration, at least ten (10) days but not more than fourteen (14) days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting and the purpose therefor, in any of the following ways: (a) by delivering it to him personally, or (b) by leaving it at his apartment in the project or at his usual residence or place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the Association's record of ownership. If notice is given pursuant to the provisions of this section, the failure of any apartment owner to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any apartment owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

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

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons, each of whom shall be the sole owner or co-owner of record of an apartment. If a corporation is an apartment owner, any officer of such corporation shall be eligible to serve as director so long as he remains an officer of such corporation. The directors shall serve without compensation.

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

The undersigned officers of the ASSOCIATION hereby certify that the foregoing amendment was adopted at the annual meeting of the ASSOCIATION duly held on May 21, 1985, by the vote of more than seventy-five percent (75%) of the Makakilo Gardens, Increment No. 2 apartment owners.

IN WITNESS WHEREOF, the undersigned have executed this instrument on this 21st day of June, 1994.

ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2

By: Raymond M Reed II
Type: _____
Name: RAYMOND M REED II
Its: SECRETARY

By: Eva Villegas
Type: _____
Name: EVA V. Villegas
Its: _____

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

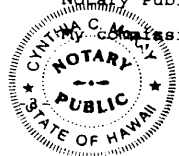
On this 21st day of June, 1994, before me appeared Raymond M Reed to me personally known, who being by me duly sworn, did say that he is the Secretary of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2; that the foregoing instrument was signed on behalf 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.



Cynthia C. McKay
Notary Public, State of Hawaii
My commission expires: July 5, 1997

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

On this 21st day of June, 1994, before me appeared Eva Villegas to me personally known, who being by me duly sworn, did say that she is the President of the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2; 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.



Cynthia C. McKay
Notary Public, State of Hawaii
My commission expires: July 5, 1997

EXHIBIT "A"

<u>APT. NO.</u>	<u>TCT NO.</u>
1	378,184
2	376,840
3	432,064
5	376,841
6	376,842
7	376,878
8	376,843
10	376,844
11	378,417
12	376,845
13	400,320
16	381,975
17	391,701
18	404,335
19	376,882
20	378,489
21	376,846
23	376,847
24	377,818
25	376,848
26	376,849
27	377,458
28	376,880
29	376,881
30	407,925
31	376,850
32	383,021
33	398,177
34	376,853
35	413,783
36	376,854
37	378,570
38	433,877
39	376,856
40	404,150
41	376,857
43	376,858
44	376,859
45	376,860
46	399,373
47	414,984
48	420,572
49	376,862
50	376,863
51	376,864
52	393,739
53	376,866
54	376,867
55	391,049
56	376,868
57	376,869
59	377,245
60	376,879
61	377,295
62	388,023
63	410,212
65	376,870
66	376,871
67	376,872
68	378,490
69	376,873
70	416,089
72	376,875
73	420,338
74	377,457
75	376,877

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Badd 10/1



L-842 STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
RECORDED
JUN 26, 2003 12:00 PM
Doc No(s) 2949131
on Cert(s) AS LISTED HEREIN



/s/ CARL T. WATANABE
ASSISTANT REGISTRAR

20 1/1 Z1

LAND COURT SYSTEM

REGULAR SYSTEM

Return By Mail (X) Pickup () To:

LAW OFFICES OF PHILIP S. NERNEY
Philip S. Nerney
201 Merchant Street, Suite 1500
Honolulu, Hawaii 96813
Telephone: 537-1777

Total Pages: 6

AMENDMENT OF THE DECLARATION AND BYLAWS OF THE ASSOCIATION
OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2

WHEREAS the Declaration of Horizontal Property Regime of Makakilo Gardens, Increment No. 2 ("Declaration") dated March 7, 1973 was filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 633876, and noted on the Transfer Certificates of Title listed in Exhibit A, attached hereto and incorporated herein by reference; and

WHEREAS the Bylaws of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2 ("Bylaws") were filed therewith, as Exhibit A to the Declaration; and

WHEREAS owners holding more than 75% of the common interest of the Association have given written consent to amend the Declaration and the Bylaws as indicated below;

OM 170

NOW, THEREFORE, in accordance with the consent of the membership, Declaration Paragraph A.1(e) and A.2(e), and Bylaws Article V, section 2, are hereby amended to read as follows:

DECLARATION PARAGRAPH A.1(e)

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment, which are utilized for or serve any other apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, all doors and door frames, all windows and window frames, and all fixtures originally installed therein.

DECLARATION PARAGRAPH A.2(e)

All foundations, floor supports, retaining walls, fences, columns, supporters, unfinished perimeter walls and loadbearing walls, and roofs of the residential buildings, but not the doors and door frames and not the windows and window frames;

BYLAWS ARTICLE V, SECTION 2

Every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment, including without limitation all internal installations therein such as water, electricity, gas, telephone, sewer, sanitation, air-conditioning, lights and all other fixtures and accessories belonging to such apartment, and the interior decorated or finished surfaces of all walls, floors and ceilings of such apartment, and all doors and door frames, and all windows and window frames, and all limited common elements appurtenant and adjacent thereto, with all necessary reparations and amendments whatsoever in good order and condition except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred

by it in performing any such work authorized by the Board of Directors or the Managing Agent. Every apartment owner and occupant shall reimburse the Association promptly on demand all expenses incurred by it in repairing or replacing any uninsured loss or damage to the common elements or any furniture, furnishings and equipment thereof caused by such owner or occupant or any person under either of them and shall give prompt notice to the Managing Agent of any such loss or damage or other defect in the project when discovered.

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

The undersigned officers of the Association hereby certify that the foregoing amendments of the Declaration and the Bylaws were adopted by the requisite percentage of owners required by Chapter 514A, and by the Declaration and the Bylaws respectively.

IN WITNESS WHEREOF this instrument has been executed this 21ST day of MAY, 2003.

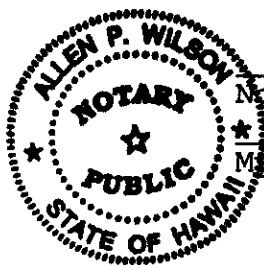
ASSOCIATION OF APARTMENT
OWNERS OF MAKAKILO GARDENS,
INCREMENT NO. 2

By: [Signature]
PRINT NAME: BARBARA BISHOP
Its: President

By: [Signature]
PRINT NAME: Bradley Griesemer
Its: Secretary

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

On this 21ST day of MAY, 2003, before me personally appeared BARBARA Bishop, to me personally known, who being by me personally sworn, did say that she is the PRESIDENT of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2, and that said instrument was signed in behalf of said Association by authority of its Board of Directors, and that said officer acknowledged said instrument to be the free act and deed of said Association.



Allen P. Wilson

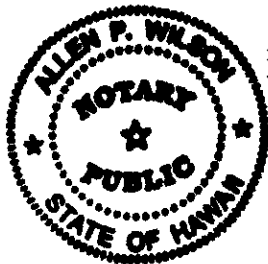
Notary Public, State of Hawaii

ALLEN P. WILSON

My Commission expires: 6 July 2006

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

On this 21ST day of MAY, 2003, before me personally appeared BRADLEY GRIESEMER, to me personally known, who being by me personally sworn, did say that HE is the SECRETARY of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2, and that said instrument was signed in behalf of said Association by authority of its Board of Directors, and that said officer acknowledged said instrument to be the free act and deed of said Association.



Allen P. Wilson

Notary Public, State of Hawaii

ALLEN P. WILSON

My Commission expires: 6 July 2006

CM No	Apt#	TCT#	Land Court Appl/Cons#	Lot#	Map#	Area (acres)	Area (sqft)
170	1	624892	1069	2436	219	6.8300	.00
170	10	643778	1069	2436	219	6.8300	.00
170	11	519387	1069	2436	219	6.8300	.00
170	12	559786	1069	2436	219	6.8300	.00
170	13	532289	1069	2436	219	6.8300	.00
170	14	438558	1069	2436	219	6.8300	.00
170	16	587045	1069	2436	219	6.8300	.00
170	17	645665	1069	2436	219	6.8300	.00
170	18	404335	1069	2436	219	6.8300	.00
170	19	413104	1069	2436	219	6.8300	.00
170	2	631137	1069	2436	219	6.8300	.00
170	20	604823	1069	2436	219	6.8300	.00
170	21	647266			0	.0000	.00
170	22	512206	1069	2436	219	6.8300	.00
170	23	376847	1069	2436	219	6.8300	.00
170	24	515386	1069	2436	219	6.8300	.00
170	25	504449	1069	2436	219	6.8300	.00
170	26	439492	1069	2436	219	6.8300	.00
170	27	529311	1069	2436	219	6.8300	.00
170	28	442928	1069	2436	219	6.8300	.00
170	29	376881	1069	2436	219	6.8300	.00
170	3	569164	1069	2436	219	6.8300	.00
170	30	407925	1069	2436	219	6.8300	.00
170	31	376850	1069	2436	219	6.8300	.00
170	32	563779	1069	2436	219	6.8300	.00
170	33	558549	1069	2436	219	6.8300	.00
170	34	542072	1069	2436	219	6.8300	.00
170	35	539203	1069	2436	219	6.8300	.00
170	36	376854	1069	2436	219	6.8300	.00
170	37	514119	1069	2436	219	6.8300	.00
170	38	499683	1069	2436	219	6.8300	.00
170	39	607820	1069	2436	219	6.8300	.00
170	4	546551	1069	2436	219	6.8300	.00
170	40	638120	1069	2436	219	6.8300	.00
170	41	376857	1069	2436	219	6.8300	.00
170	42	476847	1069	2436	219	6.8300	.00
170	43	557764	1069	2436	219	6.8300	.00

EXHIBIT A

CM No	Apt#	TCT#	Land Court Appl/Cons#	Lot#	Map#	Area (acres)	Area (sqft)
170	44	608627	1069	2436	219	6.8300	.00
170	45	376860	1069	2436	219	6.8300	.00
170	46	578271	1069	2436	219	6.8300	.00
170	47	584875	1069	2436	219	6.8300	.00
170	48	557444	1069	2436	219	6.8300	.00
170	49	376862	1069	2436	219	6.8300	.00
170	5	376841	1069	2436	219	6.8300	.00
170	50	376863	1069	2436	219	6.8300	.00
170	51	580958	1069	2436	219	6.8300	.00
170	52	596426	1069	2436	219	6.8300	.00
170	53	558825	1069	2436	219	6.8300	.00
170	54	618032	1069	2436	219	6.8300	.00
170	55	391049	1069	2436	219	6.8300	.00
170	56	558996	1069	2436	219	6.8300	.00
170	57	462500	1069	2436	219	6.8300	.00
170	58	528418	1069	2436	219	6.8300	.00
170	59	436262	1069	2436	219	6.8300	.00
170	6	376842	1069	2436	219	6.8300	.00
170	60	476136	1069	2436	219	6.8300	.00
170	61	377295	1069	2436	219	6.8300	.00
170	62	564737	1069	2436	219	6.8300	.00
170	63	410212	1069	2436	219	6.8300	.00
170	65	376870	1069	2436	219	6.8300	.00
170	66	444350	1069	2436	219	6.8300	.00
170	67	376872	1069	2436	219	6.8300	.00
170	68	527994	1069	2436	219	6.8300	.00
170	69	588108	1069	2436	219	6.8300	.00
170	7	376878	1069	2436	219	6.8300	.00
170	70	486388	1069	2436	219	6.8300	.00
170	72	376875	1069	2436	219	6.8300	.00
170	73	420338	1069	2436	219	6.8300	.00
170	74	377457	1069	2436	219	6.8300	.00
170	75	507359	1069	2436	219	6.8300	.00
170	8	376843	1069	2436	219	6.8300	.00
170	9	518248	1069	2436	219	6.8300	.00

EXHIBIT A

DOC NO 633870

250

OFFICE OF THE ASSISTANT REGISTRAR
LAND COURT

73 JUN 19 51 11 23

William D. Morgan
ASSISTANT REGISTRAR

NOTED ON CERTIFICATE NO. 157857
IN REGISTRATION BOOK PAGE
TRANSFER OF CERTIFICATE OF TITLE ISSUED
AND TRANSFERRED INTO
REGISTRATION BOOK PAGE
BEING CERTIFICATE NO. IN
OFFICE OF THE ASSISTANT REGISTRAR
LAND COURT

DECLARATION OF HORIZONTAL PROPERTY REGIME
OF
MAKAKILO GARDENS, INCREMENT NO. 2

WHEREAS, THE TRUSTEES UNDER THE WILL AND OF THE ESTATE OF JAMES CAMPBELL, deceased, herein called the "TRUSTEES", own in fee simple certain real property described as follows:

All of that certain parcel of land situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii, containing an area of 6.830 acres, designated as Lot 2436, as shown on Map 219 filed in the Office of the Assistant Registrar of the Land Court of Hawaii with Land Court Application No. 1069, being covered by Transfer Certificate of Title No. 151,857.

WHEREAS, FINANCE REALTY COMPANY, LIMITED, a Hawaii corporation, whose post office and business address is 195 South King Street, Honolulu, Hawaii, herein called "Developer", is the holder of that certain unrecorded Development Agreement covering said property and other property in the District of Ewa, dated October 26, 1960, as amended and as disclosed by instrument dated May 5, 1966, filed as aforesaid as Document No. 391241 and pursuant to the terms of said Development Agreement Developer has undertaken to improve said land by constructing thereon eleven (11) two-story multifamily residential buildings and other improvements (being FHA Project No. 140-34074) in accordance with plans incorporated herein by reference and filed with said Land Court Registrar as Condominium Map No. _____;

WHEREAS, Developer is desirous of selling 74 of the 75 apartments to be constructed in said residential buildings as condominiums under long-term leases to be issued by the Trustees.

NOW, THEREFORE, in order to create a condominium

project consisting of said land and improvements therein called the "project") and to be known as MAKAKILO GARDENS, INCREMENT NO. 2, the Trustees and Developer hereby submit said property to the Horizontal Property Regime established by the Horizontal Property Act, Chapter 514, Hawaii Revised Statutes as amended, and in furtherance thereof make the following declarations as to divisions, limitations, restrictions, covenants and conditions and hereby declare and agree that said property is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to said declarations, which declarations shall constitute covenants running with the land and shall be binding on and for the benefit of the parties hereto, their respective successors and assigns, and all subsequent owners and lessees of all or any part of the project and their respective successors, heirs, executors, administrators and assigns:

A. DIVISION OF PROPERTY. The project is hereby divided into the following separate leasehold estates:

1. Apartments. Seventy-four (74) leasehold estates are hereby designated in the spaces within the perimeter walls, floors and ceilings of each of the 74 out of a total of 75 apartment units of the project contained in 11 two-story multifamily residential buildings, which spaces are herein called the "apartments" and designated on said plans and described and numbered as follows:

(a) <u>Building No.</u>	<u>Apartment No.</u>	<u>Apartment Type</u>
A	1 and 5	A (R)
A	2 and 6	A
A	3 and 7	B (R)
A	4 and 8	B

<u>Building No.</u>	<u>Apartment No.</u>	<u>Apartment Type</u>
B	9, 11 and 15	C (R)
B	10, 12 and 16	C
B	13	B (R)
B	14	B
C	17, 19, 21 & 23	B-1 (R)
C	18, 20, 22 & 24	B-1
D	25, 27 and 29	B-1 (R)
D	26, 28 and 30	B-1
D	31	C-1 (R)
D	32	C-1
E	33	B (R)
E	34	B
E	35 and 37	C (R)
E	36 and 38	C
F	39, 41, 43 & 45	B (R)
F	40, 42, 44 & 46	B
G	47 and 49	C-1 (R)
G	48 and 50	C-1
G	51 and 53	B-1 (R)
G	52 and 54	B-1
H	55 and 57	B
H	56 and 58	B (R)
J	59, 61 and 63	B-1 (R)
J	60, 62, 64 & 65	B-1
K	66 and 68	B-1 (R)
K	67 and 69	B-1
L	70	A (R)
L	71	A

<u>Building No.</u>	<u>Apartment No.</u>	<u>Apartment Type</u>
L	72 and 74	C (R)
L	73 and 75	C

Note: Apartment spaces designated with "(R)" after the apartment type on the above schedule are reverse type of such model.

(b) The apartments are designated as Type A, Type B and B-1, Type C and C-1, described as follows:

Type A - apartment contains an entry hall, coat closet, storage, living room-dining area and kitchen on the first floor, and two-bedrooms, a full bath and laundry area on the second floor, with an interior stairway connecting both floors for a gross floor area of approximately 873 square feet.

Type B - apartment is the same as the Type A except that it also has a half bath on the first floor, three bedrooms on the second floor and a gross floor area of approximately 1113 square feet.

Type B-1 - apartment is the same as the Type B except for the location of the kitchen on the first floor and has a gross floor area of approximately 1125 square feet.

Type C - apartment is the same as Type B except that it has four bedrooms upstairs with the laundry area and a full bath on the first floor with a different layout for the interior stairway and a gross floor area of approximately 1316 square feet.

Type C-1 - Apartment is the same as type C except for the location of the kitchen on the first floor and has a gross floor area of approximately 1,329 square feet.

(c) The apartments are constructed principally of wood except for the division walls between the apartments which are of concrete block masonry and the ground floor which is a concrete slab on grade.

(d) Each apartment has immediate access to front and rear entries appurtenant to such apartment and walkways connecting the buildings to the street entrances and parking areas of the project;

(e) The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment, which are utilized for or serve any other apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

2. Common Elements. One leasehold estate is hereby designated in all remaining portions of the project, herein called the "common elements" including specifically but not limited to:

(a) Said land;

(b) Apartment No. 71, located in Building

K for the use of the resident manager;

(c) Parking stalls Nos. 21, 60, 61, 65, 76, 129 and 130 as shown on said Condominium Map shall be used by such persons for such purposes and in such manner as determined by the Association of Apartment Owners and parking stall No. 125 shall be used by the resident manager.

(d) The recreation center as shown on said Condominium Map;

(e) All foundations, floor supports, retaining walls, fences, columns, supportors, unfinished perimeter walls and loadbearing walls, roofs of the residential buildings;

(f) All yards, grounds and landscaping, roads, walkways, loading areas, parking areas and driveways, the swimming pool and other recreational facilities, and all refuse facilities;

(g) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, water, sewer, telephone and radio and television signal distribution;

(h) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

3. Limited Common Elements. Certain parts of the

common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

(a) The front entry of each apartment shall be appurtenant to and for the exclusive use of such apartment;

(b) The fenced area adjoining the rear of an apartment as shown on said Condominium Map shall be appurtenant to and for the exclusive use of such apartment;

(c) One or more of the one-hundred thirty (130) remaining parking spaces (exclusive of the eight parking spaces listed as common elements as aforesaid) shall be assigned to and be appurtenant to the respective apartments with which the same are conveyed upon the initial conveyance by lease, the assignment of the parking spaces for each apartment and for the guests of the Association of apartment owners being shown on said Condominium Map.

(d) All other common elements of the project which are rationally related to less than all of said apartments or buildings shall be limited to the use of such apartments or buildings.

B. COMMON INTEREST. Each apartment shall have appurtenant thereto the following undivided per cent interest

in all common elements of the project (herein called the "common interest") and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting, according to its particular type, as listed in Exhibit 1 attached hereto.

C. EASEMENTS. In addition to any easements herein designated in the limited common elements, the apartments and common elements shall have and be subject to the following easements:

1. Each apartment shall have appurtenant thereto nonexclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for and support of such apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive or limited use of the limited common elements as herein provided and in all other apartments of its building for support; together with a nonexclusive easement in the sewer lateral located in the adjoining Makakilo Gardens condominium project, Increment No. 1 shown on Condominium Map 153 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

2. The common elements and apartments shall also be subject to such easements for utility services for the development of additional increments to this project as may be created by the Trustees.

3. If any part of the common elements encroaches upon any apartment or limited common element, a valid easement

for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. In the event any buildings of the project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements due to construction shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist.

4. The Association of Apartment Owners of the project shall have the right, to be exercised by its Board of Directors or Managing Agent, to enter any apartments and limited common elements from time to time during reasonable hours as may be necessary for the operation of the project or for making emergency repairs therein required to prevent damage to any apartments or common elements or for the installation, repair or replacement of any common elements.

D. ALTERATION AND TRANSFER OF INTERESTS. The common interest and easements appurtenant to each apartment shall have a permanent character, shall not be altered without the consent of all owners of apartments affected thereby as expressed in an amendment to this Declaration duly recorded, shall not be separated from such apartment and shall be deemed to be conveyed or encumbered with such apartment even though 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 part thereof except as provided by said Horizontal Property Act.

E. USE. The apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests,

and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service. Except for such transient or hotel purposes the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of this Declaration.

F. SPECIAL INCIDENTS OF APARTMENT LEASES.

1. Apartment leases. Each apartment shall be subject to a lease which shall be similar in form to Exhibit C attached hereto except that appropriate terms may be inserted in the blanks, and the terms may be amended as the parties to each such lease may determine.

2. Incidents of apartment ownership. The lessee under each apartment lease, unless otherwise expressly provided in it, shall at all times during the demised term be treated as the owner of the apartment for all purposes of the Horizontal Property Act, this Declaration, except as provided herein, and the Bylaws of the Association, and shall have all the rights, privileges, duties, and obligations of an owner including, without limitation, membership and vote in the Association.

Anything to the contrary herein notwithstanding, neither the Trustees nor their interest under each apartment lease or in the property hereby submitted to the Horizontal Property Act shall be subject to or charged with any of the

obligations, liabilities or expenses of the Association or any apartment owner, or any liens resulting from any act or failure to act on the part of the Association or any apartment owner, arising out of this Declaration or the submission of the property to the Horizontal Property Act. As long as the property remains subject to the Horizontal Property Regime and to the Horizontal Property Act, the interest of each apartment owner in his apartment shall be subject to the apartment lease covering such apartment, and no interest in any apartment shall be held, used, enjoyed, or transferred, by operation of law or otherwise, except in accordance with the provisions of such apartment lease. The leasehold established by each apartment lease shall not be altered or terminated, by operation of law or otherwise, except in accordance with the apartment lease and this Declaration. The Association shall indemnify the Trustees for any loss, damage, expense, claim, or suits arising out of such an event.

3. Nonmerger. The termination of an apartment owner's interest in his apartment lease shall be deemed not to terminate by merger or otherwise the leasehold thereby established. The leasehold shall not terminate except upon the expiration of the term, or upon the written consent, duly recorded, of all persons having a recorded interest in an apartment or in the property submitted to the Horizontal Property Regime established hereby, including any mortgagees of an apartment. No estate or interest in such property or any part of it shall be extinguished by a merger made possible by the ownership of several estates or interests by or for the same person unless every person having an interest in the property

shall duly record his written assent. If the Trustees as lessor of an apartment lease, exercise their power of termination of an apartment lease, the apartment leasehold shall be deemed to continue and the Trustees shall be the holder of it apart from their interest in it as lessor. As such holder, the Trustees shall be an apartment owner and a member of the Association for all purposes under this Declaration and the Horizontal Property Act, having the same rights and duties as all other apartment owners, including the power to transfer the apartment lease and thereby terminate their apartment ownership without terminating their interest as the lessor of it or as owner of any property hereby submitted to the Horizontal Property Regime other than their interest as lessee in such apartment lease.

4. Protection of apartment lessor. Covenants or promises of an apartment owner contained in his apartment lease which are to be performed by the Association or at the lessee's proportionate expense shall be performed by the Association strictly in accordance with their provisions. The amount of any loss or damage caused by nonobservance or nonperformance of such covenants or promises shall be a liability of the Association directly to the lessor under the apartment lease. The amount of the loss or damage shall be a common expense directly payable to such lessor, allocable, pro rata, to the apartment owner or owners concerned.

5. Protection of Apartment Lessee. The failure of the Association to observe or perform any obligation of an apartment lease to be performed by it is hereby deemed, without limiting the availability of other remedies, not to be a ground for defeasance or termination of such lease or

the interest of the apartment owner in it provided the apartment owner shall not otherwise be in default. The default of any one apartment lessee shall not constitute a default under the apartment lease of any other apartment lessee.

6. Consent of Trustees to amendment. No amendment shall be made to this Declaration without the prior written consent of the Trustees so long as any apartment remains subject to an apartment lease.

7. Extension of term of apartment lease. So long as any apartment remains subject to an apartment lease, the term of each apartment leasehold shall be deemed to be automatically extended until the natural expiration of all apartment leases, including any extension, or until the termination of the leasehold by the written consent of all persons having a recorded interest in any apartment or in the property of the Horizontal Property Regime established hereby, including any mortgagees of any apartment, duly recorded; provided, however, that the interest of the lessee under each lease shall expire according to the terms of each such lease, and thereupon, the leasehold established thereby shall revert to the Trustees who shall hold such leasehold as previously set forth.

G. ADMINISTRATION OF PROJECT. Administration of the project shall be vested in its Association of Apartment Owners, herein called the "Association", consisting of all apartment owners of the project in accordance with the Bylaws of the Association attached hereto as Exhibit A and made a part hereof, and shall be subject to the terms of the Regulatory Agreement, the form of which is attached hereto as Exhibit B and made a part hereof. Immediately after this

Declaration is recorded in the Bureau of Conveyances of Hawaii and/or filed with the Assistant Registrar of the Land Court of Hawaii, the Association and the Federal Housing Commissioner shall execute and the Association shall record and/or file the Regulatory Agreement in said place or places. Operation of the project and maintenance, repair, replacement and restoration of the common elements, and any additions and alterations thereto, shall be in accordance with the provisions of said Horizontal Property Act, this Declaration, the Bylaws and the Regulatory Agreement, and specifically but without limitation the Association shall:

1. Make, build, maintain and repair all fences, sewers, drains, roads, curbs, sidewalks and parking areas 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 project or any part thereof.

2. Keep all common elements of the project 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 for the time being applicable to the project or the use thereof.

3. Well and substantially repair, maintain, amend and keep all common elements of the project, including without limitation the buildings thereof, with all necessary reparations and amendments whatsoever in good order and condition except as otherwise provided herein, and maintain and keep said land and all adjacent land between any street boundary of the project and the established curb or street line in a neat and attractive condition and all trees, shrubs and grass

thereon in good cultivation and replant the same as may be necessary, and repair and make good all defects in the common elements of the project herein required to be repaired by the Association, of which notice shall be given by any owner or his agent, within 30 days after the giving of such notice.

4. Before commencing or permitting construction of any improvement on the project, obtain and deposit with the Trustees a bond or certificate thereof naming as obligees the Trustees and collectively all other apartment owners as their interests may appear, in a penal sum not less than one-half of the cost of such construction and with a corporate surety authorized to do business in Hawaii, guaranteeing the completion of such construction free and clear of all mechanics' and materialmen's liens.

5. Observe any setback lines affecting the project as shown on the map herein mentioned in the description thereof, and not erect, place or maintain any building or structure whatsoever except approved fences or walls between any street boundary of the project and the setback line along such boundary.

6. Not erect or place on the project any building or structure including fences and walls, nor make additions or structural alterations to or exterior changes of any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including detailed plot plan prepared by a licensed architect if so required by the Trustees, first approved in writing by the Trustees and also approved by a majority of apartment owners (or such larger percentage as

required by law or this Declaration) including all owners of apartments thereby directly affected, and complete any such improvements diligently after the commencement thereof.

7. Not make or suffer any strip or waste or unlawful, improper or offensive use of the project.

8. Not erect, place or maintain any television or other antennas on the project visible from any point outside of the project.

G. MANAGING AGENT. Operation of the project shall be conducted for the Association by a responsible corporate Managing Agent who shall be appointed by the Association in accordance with the Bylaws. The Managing Agent is hereby authorized to receive service of legal process in all cases provided in said Horizontal Property Act. The initial Managing Agent shall be Finance Investment Company, Limited, a Hawaii corporation, whose place of business and post office address in Hawaii is 195 South King Street, Honolulu, Hawaii.

H. COMMON EXPENSES. All charges, costs and expenses whatsoever incurred by the Association for or in connection with the administration of the project, including without limitation the operation thereof, any maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto, any labor, services, materials, supplies and equipment therefor, any liability whatsoever for loss or damage arising out of or in connection with the common elements or any accident, fire or nuisance thereon, and any premiums for hazard and liability insurance herein required with respect to the project shall constitute common expenses of the project for which all apartment owners shall be severally liable in proportion to their respective

common interests. Rent and real property taxes and special assessments referred to in Section 514-23, Hawaii Revised Statutes as amended, shall not be common expenses of the horizontal property regime hereby created and no payments thereof shall be payments of such common expenses. The Board of Directors of the Association (herein called the "Board") shall from time to time assess the common expenses against all the apartments in their respective proportionate shares, and the unpaid amount of such assessments against any apartment shall constitute a lien against such apartment which may be foreclosed by the Board or Managing Agent as provided by said Horizontal Property Act, provided that 30 days prior written notice of intention to foreclose shall be mailed, postage prepaid, to the Trustees and all other persons having any interest in such apartment as shown in the Association's record of ownership.

I. COMPLIANCE WITH DECLARATION, BYLAWS AND REGULATORY AGREEMENT. All apartment owners, their tenants, families, servants and guests, and any other persons who may in any manner use the project, shall be bound by and comply strictly with the provisions of this Declaration, the Bylaws of the Association, the House Rules, (a copy thereof being Exhibit D attached hereto and made a part hereof, the Regulatory Agreement and all agreements, decisions and determinations of the Association as lawfully made or amended from time to time, and failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the Board or Managing Agent on behalf of the Association or, in a proper case, by any

aggrieved apartment owners.

J. INSURANCE. The Board on behalf of the Association at its common expense shall at all times keep all buildings of the project insured against loss or damage by fire with extended coverage in an insurance company authorized to do business in Hawaii in an amount as near as practicable to the full replacement cost thereof without deduction for depreciation, in the name of the Board as trustee for all apartment owners and mortgagees according to the loss or damage to their respective apartments and appurtenant common interests and payable in case of loss to such bank or trust company authorized to do business in Hawaii as the Board shall designate for the custody and disposition as herein provided of all proceeds of such insurance, and from time to time cause to be deposited promptly with the Trustees true copies of such insurance policies or current certificates thereof, without prejudice to the right of each apartment owner to insure his apartment for his own benefit. In every case of such loss or damage all insurance proceeds shall be used as soon as reasonably possible by the Association for rebuilding, repairing or otherwise reinstating the same buildings in a good and substantial manner according to the original plan and elevation thereof or such modified plans conforming to laws and ordinances then in effect as shall be first approved as herein provided, and the Association at its common expense shall make up any deficiency in such insurance proceeds. Every such policy of insurance shall:

(1) Provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not

claim any right of set-off, counterclaim, apportionment, pro-
ration or contribution by reason of any other insurance ob-
tained by or for any apartment owner;

(2) Contain no provision relieving the insurer from
liability for loss occurring while the hazard to such buildings
is increased, whether or not within the knowledge or control of
the Board, or because of any breach of warranty or condition or
any other act or neglect by the Board or any apartment owner or
any other persons under either of them;

(3) Provide that such policy may not be cancelled
(whether or not requested by the Board) except by the insurer
giving at least 30 days prior written notice thereof to the
Board, Trustees and every other person in interest who shall
have requested such notice of the insurer;

(4) Contain a waiver by the insurer of any right
of subrogation to any right of the Board, Trustees or apart-
ment owners against any of them or any other persons under
them; and

(5) Contain a standard mortgagee clause which
shall:

(a) Provide that any reference to a mortgagee
in such policy shall mean and include all holders
of mortgages of any apartment or apartment lease
of the project, in their respective order and pre-
ference, whether or not named therein;

(b) Provide that such insurance as to the
interest of any mortgagee shall not be invalidated
by any act or neglect of the Board, Trustees or
apartment owners or any persons under any of them;

(c) Waive any provision invalidating such mortgagee clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause; and

(d) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to said bank or trust company designated by the Board.

The Board on behalf of the Association at its common expense shall also effect and maintain at all times comprehensive general liability insurance, covering all apartment owners with respect to the project and naming the Trustees as additional assured, in an insurance company authorized to do business in Hawaii with minimum limits of not less than \$500,000 for injury to one person and \$1,000,000 for injury to more than one person in any one accident or occurrence and \$500,000 for property damage, and from time to time deposit promptly with the Trustees current certificates of such insurance, without prejudice to the right of any apartment owners to maintain additional liability insurance for their respective apartments. All premiums for insurance herein required to be obtained by the Board on behalf of the Association shall be a common expense to be paid by monthly assessments thereof, and such payments shall be held in a separate escrow account of the Association and used solely for the payment of such premiums as the same become due.

K. CONDEMNATION. In case at any time or times the

project or any part thereof shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of any land shall be payable to and be the sole property of the Trustees, and all compensation and damages for or on account of any improvements of the project shall be payable to such bank or trust company authorized to do business in Hawaii as the Board shall designate as trustee for all apartment owners and mortgagees according to the loss or damage to their respective apartments and appurtenant common interests and shall be used promptly by the Association to the extent necessary for restoring or replacing such improvements on the remaining land according to plans therefor first approved as herein provided unless such restoration or replacement is impractical in the circumstances. Unless such restoration or replacement is undertaken within a reasonable time after such condemnation the Association at its common expense shall remove all remains of such improvements so taken or condemned and restore the site thereof to good orderly condition and even grade.

L. UNINSURED CASUALTY. In case at any time or times any improvements of the project shall be substantially damaged or destroyed by any casualty not herein required to be insured against, such improvements shall be rebuilt, repaired or restored if a majority of the apartment owners affirmatively vote for such rebuilding, repairing or restoration. Any such approved restoration of the common elements shall be completed diligently by the Association at its common expense and the apartment owners shall be solely responsible for any restoration of their respective apartments so damaged or destroyed, according to the original plans and elevation thereof, or such other plan first approved as provided herein. Unless

such restoration is undertaken within a reasonable time after such casualty, the Association at its common expense shall remove all remains of improvements so damaged or destroyed and restore the site thereof to good orderly condition and even grade.

M. ALTERATION OF PROJECT. Restoration or replacement of the project or any building or other structure thereof or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from said condominium file plan or map of the project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of all the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Trustees and Board, and promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file of record such amendment together with a complete set of floor plans of the project as so altered, certified as built by a registered architect or professional engineer.

N. MAINTENANCE RESERVE FUND. The Board shall establish and maintain a Maintenance Reserve Fund (or two separate funds as hereinafter set forth) by the assessment of and payment by all the apartment owners in equal monthly installments of their respective proportionate shares of such reasonable annual amount as the Board may estimate as adequate to cover each apartment owner's obligations to provide for

utilities, insurance, maintenance and repair of the common elements, and other expenses of administration of the project, which shall be deemed conclusively to be a common expense of the project. The Board may include reserves for contingencies in such assessment, and such assessment may from time to time be increased or reduced in the discretion of the Board. Whenever a Contract or Mortgage Insurance for a mortgage covering an apartment of the project or leasehold interest therein is in effect, or during any period of time as the Federal Housing Commissioner shall be the owner, holder or reinsurer of any mortgage covering an apartment of the project or leasehold interest therein, or during any time said Commissioner is the owner of an apartment of the project or leasehold interest therein or is obligated to insure a mortgage covering any apartment of the project or leasehold interest therein, said Maintenance Reserve Fund shall and at all other times may be separated into (1) a Reserve Fund for Replacements, and (2) a General Operating Reserve Fund, which separate Funds shall be established, maintained and managed in strict accordance with all of the provisions of paragraphs 1 and 2 of the Regulatory Agreement. The proportionate interest of each apartment owner in said Funds cannot be withdrawn or separately assigned but shall be deemed to be transferred with such apartment even though not expressly mentioned or described in the conveyance thereof. In case the horizontal property regime hereby created shall be terminated or waived, said Funds remaining after full payment of all common expenses of the Association shall be distributed to all apartment owners in their respective proportionate shares except for the owners of any apartments then reconstituted as a new horizontal

property regime.

O. AMENDMENT OF DECLARATION. Except as otherwise provided herein or in said Horizontal property Act this Declaration may be amended by vote of seventy-five per cent (75%) of the apartment owners effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such owners or by the proper officers of the Association; provided, however, that the Trustees and Developer reserve the right to amend this Declaration without the consent or joinder of persons then owning or leasing the apartments by filing an amendment to this Declaration pursuant to the provisions of Section 514-13, Hawaii Revised Statutes, after completion of the buildings described herein by attaching to such amendment a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built.

P. REMOVAL. All of the apartment owners may remove the property or part of the property subject to the Horizontal Property Regime from the regime by an instrument to that effect, duly recorded, provided that the holders of all liens or interests affecting any of the property consent to removal by instrument duly recorded.

Q. DEFINITIONS. The terms "majority" or "majority of apartment owners" herein means the owners of apartments to which are appurtenant more than fifty per cent (50%) of the common interests, and any specified percentage of the apartment owners means the owners of apartments to which are

appurtenant such percentage of the common interests.

R. LATENT DEFECTS. The Trustees and Developer hereby agree to take no action which would adversely affect the rights of the Association or apartment owners with respect to assurances against latent defects in the property or other right assigned to the Association by reason of the establishment of this horizontal property regime.

IN WITNESS WHEREOF, Trustees and Developer have executed these presents this 7th day of March, 1973.

Alan Spaine

M. P. Pender

Fred E. Vetter

H. Clonnes

Trustees Under the Will and
of the Estate of James Campbell,
Deceased.

FINANCE REALTY COMPANY, LIMITED

By T. Lee DeCham
Its PRESIDENT

By Joseph J. K. Brown
Its ASST. TREASURER

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

On this 7th day of March, 1973, before me personally appeared ALAN S. DAVIS, M. I. RANDOLPH, FRED E. TROTTER and H. C. CORNUELLE, Trustees under the Will and of the Estate of James Campbell, Deceased, to me known to be the persons described in and who executed the foregoing instrument, and severally acknowledged that they executed the same as their free act and deed as said Trustees.

R. A. Mark
Notary Public, First Circuit
State of Hawaii

My commission expires: 7-7-74

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

On this 9th day of February, 1973, before me appeared MUN ON CHUN and Jerold Y. K. Chun, to me personally known, who being by me duly sworn did say that they are the PRESIDENT and ASST. TREASURER, respectively of FINANCE REALTY COMPANY, LIMITED, a Hawaii corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that the instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors and said MUN ON CHUN and Jerold Y. K. Chun acknowledged the instrument to be the free act and deed of said corporation.

W. K. Pang
Notary Public, First Circuit
State of Hawaii

My commission expires: 11-12-76

EXHIBIT 1

<u>APARTMENT</u>	<u>TYPE</u>	<u>PER CENT INTEREST</u>
2,5,6	A	1.027
1,70	A	1.028
3,4,7,13,14,34,40,41,42,43,44,45, 56,57	B	1.307
8,33,39,46,55,58	B	1.308
18,19,20,21,22,23,26,27,28,29,30, 51,52,53,60,61,62,63,64,67,68	B-1	1.307
17,24,25,54,59,65,66,69	B-1	1.308
10,11,12,15,35,36,37,72,73,74	C	1.540
9,16,38,75	C	1.541
31,48,49,50	C-1	1.540
32,47	C-1	1.541

BYLAWS
OF
THE ASSOCIATION OF APARTMENT OWNERS OF
MAKAKILO GARDENS, INCREMENT NO. 2

The following Bylaws shall apply to the abovenamed condominium project (herein called the "project"), as described in and created by Declaration of Horizontal Property Regime (herein called the "Declaration") to be recorded or filed of record in the State of Hawaii contemporaneously herewith, and to all present and future owners, tenants and occupants of any apartments of the project and all other persons who shall at any time use the project. The mere acquisition or rental of any apartment or the mere act of occupancy of any apartment will signify that these Bylaws and the provisions of the Regulatory Agreement, the form of which is attached as Exhibit "B" to the Declaration, are accepted, ratified, and will be complied with.

ARTICLE I

MEMBERSHIP

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

apartment shall be deemed to be the owner thereof.

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

Section 3. Annual Meetings. The first annual meeting of the Association shall be held on the first _____ of the second month following the closing for Eighty per cent (80%) of the apartment owners. Thereafter the annual meetings of the Association shall be held on the _____ of _____ of each succeeding accounting year.

Section 4. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President, or by resolution of the Board of Directors, or upon a petition signed by at least twenty-five per cent (25%) of the apartment owners and presented to the Secretary, or at the request of the Federal Housing Commissioner or his duly authorized representative. No business shall be conducted except as stated in the notice thereof unless by consent of at least eighty per cent (80%) of the owners present, either in person or by proxy.

Section 5. Notice of Meetings. The Secretary shall give written or printed notice of each annual and special meeting to every apartment owner according to the Association's record of ownership, and to the Director of the local insuring office of the Federal Housing Administration, at least five days but not more than ten days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting and the purpose therefor, in any of the following ways: (a) by delivering it to him personally, or

(b) by leaving it at his apartment in the project or at his usual residence or place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the Association's record of ownership. If notice is given pursuant to the provisions of this section, the failure of any apartment owner to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any apartment owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

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

Section 7. Voting. Voting shall be on a percentage basis, and the percentage of the total vote to which each apartment is entitled shall be the percentage of the common interests assigned to such apartment in the Declaration. Votes may be cast in person or by proxy by the respective apartment owners as shown in the record of ownership of the Association.

An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association the percentage of vote for any apartment owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the Association's record of ownership, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such apartment in such capacity. The vote for any apartment owned of record by two or more persons may be exercised by any one of them present at any meeting in the absence of protest by the other or others, and in case of protest each co-tenant shall be entitled to only a share of such vote in proportion to his share of ownership in such apartment.

Section 8. Proxies and Pledges. The authority given by any apartment owner to another person to represent him at meetings of the Association shall be in writing, signed by such owner and filed with the Secretary, and unless limited by its terms shall continue until revoked by writing filed with the Secretary or by the death or incapacity of such owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any apartment or interest therein, a true copy of which is filed with the Board through the Secretary or Managing Agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

Section 9. Adjournment. Any meeting of the Association may be adjourned from time to time to a 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 apartment

owners present, whether or not a quorum be present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

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

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Report of Federal Housing Administration representative, if any.
- (f) Report of committees.
- (g) Election of inspectors of election.
- (h) Election of directors.
- (i) Unfinished business.
- (j) New business.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of nine (9) persons, each of whom shall be the sole owner or co owner of record of an apartment. If a corporation is an apartment owner, any officer of such corporation shall be eligible to serve as director so long as he remains an officer of such corporation. The directors shall serve without compensation.

Section 2. Powers. The Board of Directors shall

have all powers necessary for the administration of the affairs of the Association and may do all such acts and things therefor as are not by law, the Declaration or these Bylaws directed to be exercised or done only by the apartment owners.

Section 3. Election and Term. Election of directors shall be by cumulative voting by secret ballot at each annual meeting and any special meeting called for the purpose.

Directors shall hold office for a period of three years and until their respective successors have been elected, subject to removal as herein provided, except that at the first annual meeting one-third of the directors shall be elected for one year, one-third for two years and one-third for three years.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a director by the Association shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until his successor is elected at the next annual meeting of the Association. Death, incapacity or resignation of any director, or his continuous absence from the State of Hawaii for more than six months, or his ceasing to be the sole owner or co-owner of an apartment, shall cause his office to become vacant.

Section 5. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by vote of a majority of apartment owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the apartment owners shall be given an opportunity to be heard at such meeting.

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

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least one such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or messenger service, at least three (3) days prior to the date of such meeting.

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

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors any director may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice to him of such meeting. If all the directors are present

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

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

Section 11. Fidelity Bonds. The Board of Directors shall require that all officers, employees and agents of the Association handling or responsible for its funds, shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE III

OFFICERS

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

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

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

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

Section 5. Vice-President. The Vice-President shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. He shall also have such other powers and duties as may be assigned to him from time to time by the Board.

Section 6. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Association and of the Board of Directors, give all notices thereof as provided by these Bylaws, maintain and keep a continuous and accurate

record of ownership of all apartments, have charge of such books, documents and records of the Association as the Board may direct, and in general perform all the duties incident to the office of Secretary.

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

Section 8. 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.

ARTICLE IV

ADMINISTRATION

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

(a) Supervision of its immediate management and operation;

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

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

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

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

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

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

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

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

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

(k) Establishment of such penalties and fines as it deems appropriate with respect to enforcement of the provisions of the Declaration, these Bylaws and the House

Rules adopted pursuant to Article V, Section 4, of these Bylaws; provided such penalties and fines are not inconsistent with the law or the provisions herein, and the unpaid amount of such penalties and fines against any apartment owner shall constitute a lien against his interest in his apartment which may be foreclosed by the Board of Directors or Managing Agent in the same manner as provided in the Horizontal Property Act for common expenses.

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

Section 3. Representation. The President or Managing Agent, subject to the direction of the Board of Directors, shall represent the Association or any two or more apartment owners similarly situated as a class in any action, suit, hearing or other proceeding concerning the Association, the common elements, or more than one apartment, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings without prejudice to the rights of any apartment owners individually to appear, sue or be sued. Service of process on two or more apartment owners in any such action, suit or proceeding may be made on the President or

Managing Agent. Every first mortgagee to whom the lessee is required by the terms of the mortgage to pay the same or, whenever there is no such mortgagee, every Managing Agent shall also be the agent of the respective lessees under any apartment leases filed with the Board for the collection, custody and payment of all rent, taxes, assessments and other charges thereunder payable to their lessors.

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

ARTICLE V

OBLIGATIONS OF APARTMENT OWNERS

Section 1. Assessments. All apartment owners shall pay to the Managing Agent in advance on the first day of each and every month the monthly installments of assessments against their respective apartments for common expenses and replacement and operating reserves of the project in accordance with the Declaration and said Regulatory Agreement and also, with respect to any lease of any apartment filed with the Board of Directors, a monthly sum determined by the Managing Agent to be sufficient to accumulate and pay when due all rent, taxes, assessments and other charges thereunder payable by the lessee of such apartment unless such sums are required to be paid to and accumulated by the mortgagee under any subsisting mortgage of such apartment lease filed with the Board.

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

Section 3. Use of Project.

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

whatsoever.

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

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

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

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

(f) No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alterations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications, including detailed plot plan, prepared by a licensed architect if so required by the Board and also approved by a majority of apartment owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected.

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

(h) All occupants shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions and amplifiers that may disturb other occupants.

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

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

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

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board

of Directors or Managing Agent.

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

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

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

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

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

lien therefor or enforcing any provisions of the Declaration or these Bylaws against such owner or any occupant of such apartment.

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

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

ARTICLE VI

MISCELLANEOUS

Section 1. Amendment. These Bylaws may be amended in any respect not inconsistent with provisions of law, the Declaration or the Regulatory Agreement by vote of seventy-five per cent (75%) of the apartment owners at any meeting of the Association duly called for such purpose, effective only upon the recording of an amendment to the Declaration setting

forth such amendment of these Bylaws.

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

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

Section 4. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Association or Board of Directors

to conduct or engage in any active business for profit on behalf of any or all of the apartment owners.

CERTIFICATE OF ADOPTION

The undersigned Trustees and Developer of all apartments of the project hereby adopt the foregoing as the Bylaws of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2, this 7th day of March, 1973.

Alan Stain

FINANCE REALTY COMPANY, LIMITED

M. J. Anderson

By M. J. Anderson
Its PRESIDENT

Fred E. Trotter

H. C. Connors

By David J. H. Brown
Its ASS'T TREASURER

Trustees under the Will and of the Estate of James Campbell, Deceased.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

REGULATORY AGREEMENT FOR
CONDOMINIUM LEASEHOLD-HAWAII

AGREEMENT dated this _____ day of _____, 19____,
by and between THE ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO
GARDENS, INCREMENT NO. 2, (hereinafter called the Association)
whose address is _____,
party of the first part, and _____,
as Federal Housing Commissioner (hereinafter called the Commis-
sioner) acting pursuant to authority granted him by the National
Housing Act, as amended, (hereinafter referred to as the Act)
party of the second part, and

WHEREAS, the Association has the responsibility for ad-
ministering Makakilo Gardens Condominium project and desires to
aid members in obtaining financing for the purchase of family
units in the project; and

WHEREAS, mortgagees may be unwilling to lend sums to the
members of the Association without FHA mortgage insurance; and

WHEREAS, the Commissioner is unwilling to endorse notes
for mortgage insurance pursuant to Section 234 of Title II of
the Act unless and until the Association shall enter into the
covenants and agreements set forth below and consent to be re-
gulated and restricted by the Commissioner as provided in the
Act:

NOW, THEREFORE, in consideration of One Dollar (\$1.00)
in hand paid, and other good and valuable considerations by
each party to the other, the receipt of which is hereby ack-
nowledged, and in order to induce the Commissioner to endorse
for mortgage insurance the notes secured by mortgages covering

family units in the project, and in order that the Association may be regulated and restricted by the Commissioner as provided for in the Act and the applicable Regulations, the parties hereto agree as follows: that whenever a Contract of Mortgage Insurance for a mortgage covering a family unit in the project is in effect, or during any period of time as the Commissioner shall be the owner, holder, or reinsurer of any mortgage covering a family unit in the project, or during any time the Commissioner is the owner of a family unit in the project or is obligated to insure a mortgage covering any family unit in the project:

1. The Association shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund an amount to be designated from time to time by the Commissioner. Such fund shall be deposited in a special account with a safe and responsible depository approved by the Commissioner and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve fund is for the purpose of effecting replacements of structural elements and mechanical equipment of the project and for such other purposes as may be agreed to in writing by the Commissioner. Disbursements from such fund may be made only after receiving the consent in writing of the Commissioner.
2. The Association shall establish and maintain a general operating reserve by allocation and payment thereto monthly of a sum equivalent to not less than 3 per cent of the monthly assessments chargeable to the owners of

family units in the project pursuant to the Bylaws. Upon accrual in said General Operating Reserve Account of an amount equal to 15 per cent of the current annual amount of assessments chargeable to the owners of family units in the project pursuant to the Bylaws, the rate of such monthly allocations may, by appropriate action of the Association, be reduced from 3 per cent to 2 per cent, provided, however, that in the event withdrawals from such account reduce it below said 15 per cent accrual, the rate of such monthly deposits shall immediately be restored to 3 per cent; at any time thereafter upon accrual in said General Operating Reserve Account of an amount equal to 25 per cent of the current annual amount of assessments chargeable to the owners of family units in the project pursuant to the Bylaws, such monthly deposits may, by appropriate action of the Association, be discontinued and no further deposit need be made into such General Operating Reserve so long as said 25 per cent level is maintained, and provided, further, that upon reduction of such reserve below said 25 per cent level, monthly deposits shall forthwith be made at the 3 per cent rate until the 25 per cent level is restored. This reserve shall remain in a special account and may be in the form of cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America, and shall at all time be under the control of the Association. This cumulative reserve is intended to provide a measure of financial stability during periods of special stress and may be used to meet

deficiencies from time to time as a result of delinquent payments of assessments by owners of family units in the project and other contingencies. Disbursements totalling in excess of 20 per cent of the total balance in the reserve as of the close of the preceding annual period may not be made during any annual period without the consent of the Commissioner. Reimbursements shall be made to the account upon payment of delinquencies for which funds were withdrawn from the reserve.

3. The Association will not employ a Managing Agent for the buildings nor enter into a management contract nor undertake "self-management" unless the Commissioner has approved in writing the proposed Management Agent, form of management contract or other management arrangement.
4. The Association shall not without prior approval of the Commissioner, given in writing, remodel, reconstruct, demolish or subtract from the premises constituting the project.
5. The Association shall not without prior approval of the Commissioner given in writing:
 - (a) amend or change the Plan of Apartment Ownership or the Bylaws of the Association;
 - (b) fail to establish and maintain the Fund for Replacements and general operating reserve as set forth herein;
 - (c) fail to provide for the management of the project in a manner approved by the Commissioner;
6. The Association shall maintain the common elements, and each owner of a family unit shall maintain the family

- unit, in good repair and in such condition as will preserve the health and safety of the members.
7. The books, contracts, records, documents and papers of the Association and all of the property of the project shall be subject to inspection and examination by the Commissioner or his duly authorized Agent at all reasonable times. The Association shall file with the Commissioner of the Association as may be designated and in such form as may be prescribed by the Commissioner.
 - (a) monthly operating reports, when required by the Commissioner;
 - (b) annual financial reports prepared by a certified public accountant or other person acceptable to the Commissioner, within sixty days after the end of each fiscal year;
 - (c) specific answers to questions upon which information is desired from time to time relative to the operation and condition of the project;
 - (d) Copies of minutes of all meetings of the Association certified to by the Secretary of the Association within thirty days after such meetings, and when required by the Commissioner, copies of minutes of directors' meetings.
 8. The Association shall establish and collect from owners of family units monthly assessments pursuant to the conditions set forth herein. Monthly assessments charged to owners during the initial occupancy period shall be made by the Association in accordance with a schedule of charges filed with and approved in writing by the Commissioner prior to the opening of the project for occu-

pancy. Such assessment shall be in an amount sufficient to meet the Commissioner's estimate of management expense, operating expense, and maintenance expense, reserves, and all other expenses of the Association. Subsequent to the initial occupancy period, assessments made by the Association shall be in accordance with a schedule filed with and approved in writing by the Commissioner and shall be in amounts sufficient to meet the Association's estimate of expenses set forth in an operating budget which shall be prepared and submitted to the Commissioner sixty days prior to the beginning of each fiscal year. The operating budget shall be prepared and submitted to the Commissioner sixty days prior to the beginning of each fiscal year. The operating budget shall set forth the anticipated income of the Association and a sufficiently detailed estimate of expenses which will include separate estimates for administration expense, operating expense, maintenance expense, utilities, hazard insurance, replacement reserve and operating reserve. Such assessments shall not be changed except with the written approval of the Commissioner. The Association agrees that if at any time the owner of a family unit fails to pay his monthly assessment as provided in the Bylaws, the Association will, upon direction of the Commissioner, initiate necessary legal action to collect the assessment.

9. Upon a violation of any of the above provisions of this Agreement by the Association, or by any owner of a family unit, or upon the failure of the Association to abide by and carry out the provisions of the plan of Apartment Ownership and the Bylaws, the Commissioner may give

written notice thereof to the Association or to the owner of a family unit, by registered or certified mail. If such violation is not corrected to the satisfaction of the Commissioner within 15 days after the date such notice is mailed, or within such additional period of time as is set forth in the notice, without further notice the Commissioner may declare a default under this Agreement and upon such default the Commissioner may:

- (a) In the case of a default by the owner of a family unit:
 - (i) If the Commissioner holds the note of the defaulting owner - declare the whole of said indebtedness due and payable and then proceed with the foreclosure of the mortgage;
 - (ii) If said note is held by an FHA insured mortgagee - notify the mortgagee of such default, and the mortgagor, with the prior written consent of the Commissioner, may declare the whole indebtedness due, and thereupon proceed with the foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations.
- (b) In the case of a default by the Association or by the owner of a family unit:

Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be

irrecoverable and the amount of damage would be difficult to ascertain.

10. The covenants and agreements herein contained shall be deemed to run with the land and other property described in the Plan of Apartment Ownership, and to bind all owners of family units, present and future.
11. As used in this Agreement the term:
 - (a) "Mortgage" shall include "Deed of Trust";
 - (b) "Note" shall include "Bond";
 - (c) "Mortgagee" shall include the "Beneficiary" under Mortgage or Deed of Trust however designated;
 - (d) "Default" means a default declared by the Commissioner when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice;
 - (e) "Plan of Apartment Ownership" shall include all legal documents, deeds, Bylaws, plans and specifications, required by the laws of the jurisdiction to establish condominium ownership.
 - (f) "Family Units" shall include the apartments and appurtenant common interests in the project as established by the Declaration.
 - (g) "Owner" shall include the lessee thereof. (The use of the plural shall include the singular; the singular the plural; the use of any gender shall be deemed to include all genders.)

12. This Agreement shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns.
13. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.
14. It is specifically agreed between the parties hereto that the breach of any of the terms of this Agreement by the Association or by an owner of a family unit will substantially damage and injure the Commissioner in the proper performance of his duties under the provisions of the Act, and will impede and injure the proper operations intended under such Act; that such damage will be irrespective of and in addition to any damage to the security of the mortgaged premises or to any financial damage the Commissioner may suffer as insurer; that, except for the agreements herein contained, the Commissioner would not issue and would not be authorized to issue a Contract of Mortgage Insurance, and that mortgagees may not be willing to lend sums of money to owners of the family units on the security of mortgages covering such units, unless the same were insured by the Commissioner.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement the day and year first above written.

FEDERAL HOUSING COMMISSIONER

THE ASSOCIATION OF APARTMENT
OWNERS OF MAKAKILO GARDENS,
INCREMENT NO. 2

(Authorized Agent)

MAKAKILO GARDENS
CONDOMINIUM APARTMENT LEASE

LEASE NO. _____

THIS INDENTURE, made this _____ day of _____,
197____, by and between THE TRUSTEES UNDER THE WILL, AND OF THE
ESTATE OF JAMES CAMPBELL, deceased, whose place of business and
post office address is 828 Fort Street Mall, Honolulu, City and
County of Honolulu, State of Hawaii, hereinafter called "LESSOR",
and _____

whose residence and post office address is _____

hereinafter called the "Lessee",

W I T N E S S E T H :

That Lessor, in consideration of the rent hereinafter
reserved and of the covenants herein contained and on the part
of Lessee to be observed and performed, does hereby demise and
lease unto Lessee, and Lessee does hereby accept and rent:

All the premises comprising a portion of
MAKAKILO GARDENS, INCREMENT NO. 2, condominium
project (herein called the "Project") consisting
of all that certain parcel of land containing
6.830 acres, designated as Lot 2436,
as shown on Map 219 filed in the Office of
the Assistant Registrar of the Land Court of the
State of Hawaii with Land Court Application No. 1069,
covered by Certificate of Title No. 151,857, and
the improvements and appurtenances thereof,
situate at Honouliuli, District of Ewa, City and
County of Honolulu, State of Hawaii, as described
in and established by Declaration of Horizontal

Property Regime filed as aforesaid as Document
No. _____ (herein called the "Declaration"),
described as follows:

FIRST: Apartment No. _____ of the project as shown on
the plans thereof filed in said Bureau as Condominium Map No.
_____.

TOGETHER WITH appurtenant easements as follows:

(a) An exclusive easement to use parking space(s)
_____ shown on said Condominium Map;

(b) Nonexclusive easements in the common elements de-
signed for such purposes for ingress to, egress from, utility
services for and support of said apartment; in the other common
elements for use according to their respective purposes, sub-
ject always to the exclusive or limited use of the limited
common elements as provided in the Declaration; and in all
other apartments of the building for support; Together with a
nonexclusive easement in the sewer lateral located in the ad-
joining Makakilo Gardens condominium project, Increment No. 1
shown on Condominium Map _____ filed in the Office of the
Assistant Registrar of the Land Court of the State of Hawaii.

(c) Exclusive easements to use the front and rear entries
of said apartment and any other limited common elements appurte-
nant thereto designated for its exclusive use by the Declaration.

SUBJECT to easements for the encroachment by any part of
the common elements of the project now or hereinafter existing
thereon and for entry as may be necessary for the operation of
the project or for making repairs therein or the installation,
repair or replacement of any common elements as provided in
the Declaration and to easements for support of the common
elements and all other apartments in the building.

SECOND: An undivided _____ percentage
interest in all common elements of the project as established
for said apartment by the Declaration, or such other percentage

interest as hereinafter established for said apartment by any amendment of the Declaration, as tenant in common with the other owners and tenants thereof, subject to all easements appurtenant to any apartments of the project.

Subject, also, to all easements shown on said Condominium Map _____ or as hereafter required by Lessor to serve the project, and any additional increments thereto, and excepting and reserving from this demise all rights-of-way now or hereafter granted or required by Lessor to construct, install, operate, maintain, repair and replace lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, radio and television signal distribution and other services and utilities over, across and under said easements according to the respective designations thereof, the right to enter for such purposes, and to trim any trees in the way of such lines and the right to grant to any public utility or governmental authority such easements, rights and rights-of-way.

TO HAVE AND TO HOLD the same, together with the rights, easements, privileges and appurtenances thereunto belonging or appertaining, unto Lessee for the term of fifty-five (55) years commencing on the ____ day of _____, 19____, subject to extension as herein provided, Lessee yielding and paying therefor unto Lessor in equal semi-annual payments each in advance on the first day of _____ and _____ in each and every year during said term, provided that the first payment thereof shall be prorated to the next rental due date and paid upon the execution hereof, rent of \$ _____ per annum for and during the first thirty (30) years of said term, and such annual rent for and during the remaining period

of said term as shall be determined by mutual agreement of Lessor and Lessee or, if they fail to reach such agreement at least 90 days before the commencement of said period, by appraisal as hereinafter provided.

AND LESSOR hereby covenants with Lessee that upon payment of the rent as aforesaid and upon observance and performance of the covenants by Lessee hereinafter contained, Lessee shall peaceably hold and enjoy said premises for the term hereby demised without hindrance or interruption by Lessor or any other person or persons lawfully claiming by, through or under it except as herein expressly provided.

AND LESSEE hereby covenants with Lessor as follows:

1. PAYMENT OF RENT. Lessee will pay or cause to be paid said rent in lawful money of the United States of America at the times and in the manner aforesaid, without any deduction and without any notice or demand, at the office of Lessor or its duly designated agent.

2. PAYMENT OF TAXES AND ASSESSMENTS. Lessee will pay or cause to be paid at least ten (10) days before the same become delinquent all real property taxes and assessments of every description to which said premises, or Lessor or Lessee in respect thereof are now or may during said term be assessed or become liable, whether assessed to or payable by Lessor or Lessee, except that such taxes shall be prorated between Lessor and Lessee as of the dates of commencement and expiration respectively of said term; provided, however, that with respect to any assessment made under any betterment or improvement law which may be payable in installments, Lessee shall be required to pay only such installments together with interest as shall become due and payable during said term.

3. PAYMENT OF RATES AND OTHER CHARGES. Lessee will pay before the same become delinquent all assessments for his proportionate share of the common expenses of the project and all charges, duties, rates, and other outgoings of every description to which said apartment, or Lessor or Lessee in respect thereof, may during said term be assessed or become liable for electricity, gas, refuse collection, telephone, sewage disposal, water or any other utilities or services, whether made by governmental authority or public or community service company or by the Association of Apartment Owners (herein called the "Association") of the project pursuant to the Declaration and whether assessed to or payable by Lessor or Lessee.

4. IMPROVEMENTS REQUIRED BY LAW. Lessee will during the whole of said term at his proportionate share of the expense cause the Association to make, build, maintain and repair all fences, sewers, drains, roads, curbs, sidewalks and parking areas 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 project.

5. OBSERVANCE OF LAWS. Lessee will at all times during said term keep said apartment and all limited common elements appurtenant thereto, and cause the Association to keep all other common elements of the project 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 and all bylaws, rules, regulations, agreements, decisions and determinations duly made by the Association for the time being applicable to the project or the use thereof, and all recorded protective covenants and restrictions affect-

ing the project, and all restrictions, covenants, conditions and provisions of the Declaration and any amendments thereof duly made affecting the project, and will indemnify Lessor against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance thereof by Lessee or any person under him.

6. REPAIR AND MAINTENANCE. Lessee will from time to time and at all times during said term at his own expense well and substantially repair, maintain, amend and keep said apartment and all limited common elements appurtenant and adjacent thereto, and at his proportionate share of the expense cause the Association well and substantially to repair, maintain, amend and keep all common elements of the project including without limitation the buildings thereof, with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided herein, and at his proportionate share of the expense cause the Association to maintain and keep said land and all adjacent land between any street boundary of the project and the established curb or street line in a neat and attractive condition.

7. INSPECTION. Lessee will permit Lessor and its agents at all reasonable times during said term to enter said premises and examine the state of repair and condition thereof, and will at his own expense repair and make good all defects in said apartment and any limited common elements appurtenant and adjacent thereto, and at his proportionate share of the expense cause the Association to repair and make good all defects in the common elements of the project required by the provisions of this lease to be repaired, of which notice shall be given by Lessor or its agents, within 30 days after the giving of

such notice.

8. RESIDENTIAL USE. Lessee will use and allow the use of said apartment only for residential purposes, and will not at any time during said term keep or allow to be kept within said apartment or the project any livestock, poultry or rabbits, nor use or allow the use of said apartment as a tenement house, rooming house or for or in connection with the carrying on of any business or trade whatsoever.

9. BOND. Lessee will before commencing construction of any improvement on the project individually or by the Association deposit with Lessor a bond or certificate thereof naming Lessor as an obligee, in a penal sum not less than one-half of the cost of such construction and with a corporate surety authorized to do business in Hawaii, guaranteeing the completion of such construction free and clear of all mechanics' and materialmen's liens.

10. FIRE INSURANCE. Lessee will at his proportionate share of the expense cause the Association at all times during said term to keep all buildings of the project insured against loss or damage by fire with extended coverage in an insurance company authorized to do business in Hawaii, in an amount as near as practicable to the full replacement cost thereof without deduction for depreciation, by blanket policy or policies written in accordance with the Declaration in the name of the Board of Directors of the Association as trustee for all apartment owners and mortgagees according to the loss or damage to their respective apartments and appurtenant common interest and payable in case of loss to such bank or trust company authorized to do business in Hawaii as said Board of Directors shall designate for the custody and disposition as herein

provided or all proceeds of such insurance, and from time to time cause to be deposited promptly with Lessor true copies of such insurance policies or current certificates thereof, without prejudice to the right of Lessee to insure said apartment for his own benefit. In every case of such loss or damage all insurance proceeds shall be used as soon as reasonably possible by the Association for rebuilding, repairing or otherwise reinstating said buildings in a good and substantial manner according to the original plan and elevation thereof or such modified plans conforming to laws and ordinances then in effect as shall be first approved as provided in this lease and the Declaration, and Lessee will at his proportionate share of the expense cause the Association to make up any deficiency in such insurance proceeds.

11. LESSOR'S COSTS AND EXPENSES. Lessee will pay to Lessor on demand all costs and expenses including reasonable attorney's fees incurred by Lessor in enforcing any of the covenants herein contained, in remedying any breach by Lessee of said covenants, in recovering possession of said apartment, in collecting any delinquent rent, taxes or other charges hereunder payable by Lessee, or in connection with any litigation (other than condemnation proceedings) commenced by or against Lessee in which Lessee is found to be at fault and to which Lessor without any fault on its part shall be made a party.

12. INDEMNITY. Lessee will indemnify and hold Lessor harmless against all claims and demands for loss or damage, including property damage, personal injury and wrongful death, arising out of or in connection with the use or occupancy of

12 apartment or the project by Lessee or any other person claiming by, through or under Lessee, or any accident or fire in said apartment or any nuisance made or suffered therein, or any failure by Lessee to keep said apartment in a safe condition, or any other liability whatsoever on account of said apartment or appurtenant common interest for such loss or damage arising out of or in connection with any common elements of the project, and will reimburse Lessor for all its costs and expenses including reasonable attorney's fees incurred in connection with the defense of any such claims, and will hold all goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever within said apartment or the project at the sole risk of Lessee and hold Lessor harmless for any loss or damage thereto by any cause whatsoever.

13. CONSTRUCTION OF IMPROVEMENTS. Lessee will not individually or by the Association erect or place on the project any building or structure, including fences and walls, nor make any additions or structural alterations to or exterior changes of any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications, including a detailed plot plan which shall be prepared by a licensed architect if so required by Lessor, first approved in writing by Lessor and the Board of Directors of the Association and also approved by a majority of apartment owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected. Lessee will not individually erect, place or maintain in said apartment or project any television or other antennas visible from any point outside the project.

14. WASTE AND UNLAWFUL USE. Lessee will not make or suffer individually or by the Association any strip or waste or unlawful, improper or offensive use of said apartment or project, or use the same for or in connection with the manufacture, sale, storage or keeping for sale or barter of any narcotics or alcoholic beverages or liquors.

15. LIENS. Lessee will indemnify and hold Lessor harmless against all liens, charges and encumbrances and all expenses in connection therewith including attorney's fees with respect to said premises which may result from any act or neglect of Lessee.

16. MANAGING AGENT. Lessee will at his proportionate share of the expense cause the Association to appoint and at all times maintain a responsible corporation authorized to do business in Hawaii which shall (a) be authorized by law to perform corporate trust powers in the State of Hawaii, or (b) shall have been engaged in the property management business for at least two (2) years and employ at all times during its appointment a person certified as a property manager by the Institute of Real Estate Management of the National Association of Real Estate Boards or if such organization shall cease to exist, by such successor or like organization requiring similar qualifications, or (c) if neither of the above, as shall be first approved in writing by Lessor, as Managing Agent of the project for the direct management and operation thereof and maintenance, repair, rebuilding and restoration of the common elements and for the collection of assessments for common expenses payable by Lessee in accordance with the Declaration and Bylaws of the Association and, whenever there is no mortgagee to whom Lessee is required by the terms of the mort-

gage to pay the same, for the collection, custody and payment of all rents, taxes, and other charges payable by Lessee in accordance with this lease; provided, however, that notwithstanding such agency Lessee at all times shall remain liable directly to Lessor for the performance of all obligations of Lessee contained herein.

17. LIABILITY INSURANCE. Lessee will at his proportionate share of the expense cause the Association to effect and maintain during the whole of said term comprehensive general liability insurance written in accordance with the Declaration, covering all the apartment owners with respect to the project, in an insurance company authorized to do business in Hawaii with minimum limits of not less than \$500,000 for injury to one person and \$1,000,000 for injury to more than one person in any one accident or occurrence and \$500,000 for property damage, and from time to time upon receipt thereof cause to be deposited promptly with Lessor current certificates of such insurance, without prejudice to the right of Lessee to maintain additional liability insurance for said apartment.

18. SURRENDER. At the end of said term or other sooner determination of this lease Lessee will peaceably deliver up to Lessor possession of the said premises, together with all erections and improvements upon or belonging to the same, by whomsoever made, in good repair, order and condition except for reasonable wear and tear and as otherwise expressly provided herein.

AND IT IS HEREBY MUTUALLY AGREED by and between the parties hereto as follows:

A. EXTENSION. From time to time during the first

twenty (20) years of the term hereby demised Lessee shall have the right to extend said term to an extended term of fifty-five (55) years commencing on the first day of the calendar month in which Lessee gives written notice thereof to Lessor, subject to the following conditions:

- (i) The unexpired term of this lease at the time of exercising said option shall be less than fifty (50) years;
- (ii) The extension must be for the purpose of mortgaging the leasehold interest;
- (iii) Lessee shall not then be in default in any respect hereunder, and
- (iv) The notice shall be accompanied by payment of a service charge not to exceed \$50.00.

In every case of extension the annual rent hereunder payable for and during the first thirty (30) years of said extended term shall be determined as follows:

- (a) Compute to the nearest whole year 75% of the unexpired period of fixed rent at the commencement of said extended term;
- (b) Multiply the number of years computed in (a) by the fixed annual rent in effect immediately prior to such extension;
- (c) Deduct from 30 years the number of years computed in (a) and multiply that difference by the annual rent determined by mutual agreement of Lessor and Lessee within 30 days after such extension or by appraisal as hereinafter provided; and

- (d) Add the amounts computed in (b) and (c) and divide that sum by 30, and this result rounded to the nearest dollar shall be the annual rent for the first 30 years of said extended term, provided that such rent shall not without the consent of Lessor be less than the annual rent in effect immediately prior to such extension.

The annual rent hereunder payable for and during the remaining period of said extended term shall be determined by mutual agreement of Lessor and Lessee, or if they fail to reach such agreement at least 90 days before the commencement of said period, by appraisal as hereinafter provided.

B. APPRAISAL. Whenever this lease provides that the annual rent payable by Lessee for any period of the term hereof shall be determined by appraisal, the appraisers, selected as provided herein, shall determine said annual rent in the following manner:

- (1) They shall determine the current market value of said land comprising the whole site of the project, exclusive of all improvements thereon and assuming the same use and density to which said land is then put;
- (2) The then prevailing rate of return for similar lands under the assumptions listed above shall be applied to said market value to determine the total annual rent of said land;
- (3) Said total ground rent shall be prorated to the apartment by applying to it the percentage of undivided interest in all common elements of the project as established for the apartment hereby demised by the Declaration;

(4) Said rate of return shall be applied to the then un-amortized cost to Lessee of \$ _____ as the pro-rata share attributable to said premises for off-site subdivision improvements in the tract of which the site of the project comprises part, amortized on a straight-line basis over 75 years from the commencement date of this lease;

(5) Deduct the amount computed in (4) of this paragraph from the prorated rent computed in (3) of this paragraph, and the remainder so computed rounded to the nearest dollar shall be the annual rent payable hereunder for the period in question,

and said market value, said rate of return, total annual rent, prorated rent and deduction for development cost shall be determined by three (3) recognized appraisers, one to be appointed by each of the parties hereto, and Lessor and Lessee shall each promptly name one such appraiser and give written notice thereof to the other party, and in case of failure of either party so to do within ten days after such notice by the other, the party naming the first appraiser may apply to any person then sitting as judge of the Circuit Court of the judicial circuit in which the project is located for appointment of a second appraiser, and the two appraisers thus appointed in either manner shall appoint a third appraiser, and in case of their failure so to do within ten days after appointment of the second appraiser either party may have the third appraiser appointed by such judge, and the three appraisers so appointed shall proceed to determine the matters in question, and the decision of said appraisers or a majority of them shall be final, conclusive and binding on both parties hereto, and

Lessor and lessee shall each pay one-half of all proper costs and expenses of such appraisal other than attorneys' fees.

C. CONDEMNATION. In case at any time or times during the term hereof said apartment or project or any part thereof shall be taken or condemned by any authority having the power of eminent domain, then and in every such case the estate and interest of Lessee in all land and improvements so taken or condemned shall at once cease and determine and Lessee shall not by reason of such taking or condemnation be entitled to any claim against Lessor for compensation or indemnity for leasehold interest, and all compensation and damages for or on account of any land shall be payable to and be the sole property of Lessor, and all compensation and damages for or on account of any improvements of the project shall be payable to such bank or trust company authorized to do business in Hawaii as the Board of Directors of the Association shall designate as trustee for all apartment owners and mortgagees according to the loss or damage to their respective apartments and appurtenant common interests and shall be used promptly by the Association to the extent necessary for restoring or replacing such improvements on the remaining land according to plans therefor first approved as provided in this lease and the Declaration unless such restoration or replacement is impractical in the circumstances; provided, however, that in case (i) only part of the project shall be so taken or condemned thereby rendering the remaining land and improvements unsuitable for the multifamily residential purposes of the project, and the Association shall remove all remains of buildings and restore said land to good orderly condition and even grade and cause all subsisting leases of

other apartments of the project to be surrendered to Lessor, or (ii) all or only part of said apartment shall be so taken or condemned thereby rendering any remaining part thereof unsuitable for residential purposes, and the Association shall remove all remains of such apartment and restore the remaining common elements to good orderly condition and by amendment of the Declaration cause the remaining part of the project to be reconstituted as a new horizontal property regime without said apartment, Lessee in either case may surrender this lease and thereby be relieved of any further obligations hereunder subject to the payment to Lessor of all rent then accrued and taxes hereunder payable for the full current tax year, and upon such surrender Lessee and any mortgagee of this lease shall be entitled to all remaining compensation and damages payable for or on account of said apartment and appurtenant common interest in any improvements of the project together with any other funds payable on account of said apartment pursuant to the Declaration; provided, further, that in case only part of said land comprising the site of the project shall be so taken or condemned and Lessee shall not surrender this lease as hereinbefore provided, the rent thereafter payable for the remainder of said term for which it is fixed shall be reduced in an amount determined by mutual agreement of Lessor and Lessee not later than 30 days thereafter or otherwise in the following manner:

- (1) Total rent payable under all leases in the project prior to condemnation shall be determined,
- (2) The current market value of the remainder of the land comprising the whole site of the project immediately

after condemnation and the current market value of the land comprising the whole site of the project, immediately before condemnation, both being exclusive of improvements thereon and assuming the same use and density to which said land is then put, shall be determined by three (3) recognized appraisers appointed in the same manner set forth in Paragraph B of this lease,

(3) Said total rent determined in (1) above shall be reduced to the proportion that said value after condemnation shall bear to said value before condemnation, and

(4) The total reduced rent determined in (3) above shall be apportioned to said apartment in its proportionate share as established by the Declaration or any amendment thereof;

provided, further, that in case all of the land comprising the whole site of the project shall be taken or condemned or Lessee shall surrender this lease as hereinbefore provided, Lessor shall pay to Lessee from and to the extent of the net proceeds payable for said land the then unamortized cost to Lessee of off-site subdivision improvements computed as hereinbefore provided in Paragraph B.

D. ASSIGNMENTS. Lessee may assign or mortgage this lease without approval or consent of Lessor, and the assignee shall have the same rights and obligations hereunder as the original Lessee; provided, however, that no such assignment shall be effective to transfer any interest in this lease unless Lessor shall have received either a true executed copy of such assignment or written notice thereof, and also, in any case other than assignment by way of mortgage or assignment to or by the Department of Housing and Urban Development or Veterans Administration or upon foreclosure of mortgage or

assignment in lieu of foreclosure, payment of a reasonable service charge not to exceed \$25.00 and the written undertaking of the assignee to perform all obligations of Lessee hereunder, which undertaking may be incorporated in such assignment. No such assignment shall release the assignor from further liability hereunder unless Lessor shall consent in writing to such assignment, and Lessor will not require payment of any money except said service charge for such consent nor withhold such consent unreasonably or because of the assignee's national origin, race, color or creed; provided, however, that any person acquiring the leasehold estate in consideration of the extinguishment of a debt secured by mortgage of this lease or through foreclosure sale, judicial or otherwise, shall be liable to perform the obligations imposed on Lessee by this lease only during the period such person has possession or ownership of the leasehold estate.

E. DEFEASANCE. This demise is upon this condition, that if Lessee shall fail to pay said rent or any part thereof within thirty (30) days after the same becomes due, whether the same shall or shall not have been legally demanded, or shall fail to observe or perform faithfully any of the other covenants or agreements herein contained or contained in the Declaration (and other documents incorporated by reference therein) or any obligations imposed upon Lessee by the Association and such default shall continue for thirty (30) days after written notice thereof given to Lessee or mailed to his last known address, or if Lessee then owning this lease shall become bankrupt and fail to perform any of the aforesaid covenants, agreements or obligations or shall abandon said premises, Lessor may at once re-enter said premises or any

part thereof in the name of the whole and, upon or without such entry, at its option terminate this lease, without service of notice or legal process and without prejudice to any other remedy or right of action for arrears of rent or for any preceding or other breach of contract, and in case of such termination Lessee's interest in said apartment and project shall become and remain the property of Lessor; provided, however, that no failure of the Association to perform any covenant of Lessee herein provided to be performed by the Association shall constitute a default by Lessee hereunder so long as Lessee shall use his best efforts to cause such covenant to be performed by the Association and shall pay his proportionate share of all expense thereof within 30 days after the charge assessed by the Association in respect of said premises become due and payable by Lessee. If this lease is filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, such termination may but need not necessarily be made effective by filing in such place an affidavit thereof by Lessor or a judgment thereof by a court of competent jurisdiction.

F. PROTECTION OF MORTGAGEE: During the existence of any mortgage of this lease Lessor will not terminate this lease because of any default by Lessee hereunder or other cause whatsoever if, within a period of 120 days after Lessor has mailed written notice of intention to terminate this lease for such cause to the mortgagee at its last known address and also, if such mortgage is insured by the Department of Housing and Urban Development or guaranteed by the Veterans Administration, to such Department or Administration, the mortgagee or such

Department or Administration shall either cure such default or other cause or, if the same cannot be cured by the payment of money, shall undertake in writing to perform all the covenants of this lease capable of performance by it until such time as this lease shall be sold upon foreclosure pursuant to such mortgage, and in case of such undertaking Lessor will not terminate this lease within such further time as may be required by the mortgagee or such Department or Administration to complete foreclosure of such mortgage or other remedy thereunder, provided (a) that such remedy is pursued promptly and completed with due diligence, and (b) that Lessor is paid all rent and other charges accruing hereunder as the same become due, and upon foreclosure sale of this lease the time for performance of any obligation of Lessee then in default hereunder other than payment of money shall be extended by the time reasonably necessary to complete such performance with due diligence. Ownership by or for the same person of both the fee and leasehold estates in said premises shall not effect the merger thereof without the prior written consent of any mortgagee to such merger.

G. MISCELLANEOUS: Acceptance of rent by Lessor or its agent shall not be deemed to be a waiver by it of any breach by Lessee of any covenant herein contained or of Lessor's right of re-entry for breach of condition. Lessor's waiver of any breach by Lessee shall not operate to extinguish the term, covenant or condition the breach whereof has been waived nor be deemed a waiver of Lessor's right to declare a forfeiture for any other breach thereof. Any approval or consent by Lessor required by any provision hereof shall not be capriciously or unreasonably withheld. Any notice or demand to Lessee

hereunder may be given sufficiently for all purposes to any person holding this lease as Lessee whether solely or with others, and any notice or demand to or acts by one such person with respect to this lease shall constitute notice or demand to or acts by all such persons as Lessee.

H. INCIDENTS OF APARTMENT OWNERSHIP. Except as otherwise provided herein Lessee shall at all times during said term be deemed to be the owner of said apartment for all purposes of the Declaration and Bylaws of the Association and shall have all rights, privileges, duties and obligations of such owner including without limitation membership and vote in the Association; provided, however, that any vote or other action of Lessee with respect to construction plans, partition of the project, amendment of the Declaration or Bylaws, or any other matter as to which this lease requires the approval or consent of Lessor, shall be effective only upon such approval or consent in writing.

I. UNINSURED CASUALTY. In case at any time during said term the residential buildings of the project shall be substantially damaged or destroyed by any casualty not herein required to be insured against, and the Association shall remove all remains of buildings and restore said land to good orderly condition and even grade and cause all subsisting leases of other apartments of the project to be surrendered to Lessor, Lessee may surrender this lease and thereby be relieved of any further obligations hereunder subject to the payment to Lessor of all rent then accrued and taxes hereunder payable for the full current tax year.

J. DEFINITIONS. The term "premises" herein shall mean

the apartment and all limited common elements appurtenant thereto, and its percentage of undivided interest in all other common elements hereinabove described. The terms "Lessor" and "Lessee" herein, or any pronouns used in place thereof, shall mean and include the masculine or feminine, the singular or plural number, and jointly and severally individuals, firms or corporations, and their and each of their respective successors, executors, administrators and assigns, according to the context hereof. The term "project" herein shall mean the land and improvements described in and subject to that certain Declaration dated _____ and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. _____.

IN WITNESS WHEREOF, the parties hereto have executed these presents the day and year first above written.

Lessee

Trustees under the Will and of the Estate of James Campbell, Deceased.

Approved as to form, contents and authorization.

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

On this ____ day of _____, 19____, before me personally appeared ALAN S. DAVIS, M. L. RANDOLPH; FRED E. TROTTER and H. C. CORNUELLE, Trustees under the Will and of the Estate of James Campbell, Deceased, to me known to be the persons described in and who executed the foregoing instrument, and severally acknowledged that they executed the same as their free act and deed as said Trustees.

Notary Public, First Circuit
State of Hawaii

My commission expires:

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

On this ____ day of _____, 19____, before me personally appeared _____ and _____, to me known to be the person described in and who executed the foregoing instrument and acknowledged that _____ executed the same as _____ free act and deed.

Notary Public, First Circuit
State of Hawaii

My commission expires:

HOUSE RULES FOR MAKAKILO GARDENS, INCREMENT NO. 2

The following House Rules are established in order to provide for the continuing pleasure, comfort and security of all members ("Members") of MAKAKILO GARDENS, INCREMENT NO. 2 (the "Association") and their guests.

1. NOTICES:

All complaints and requests shall be made only to the Resident Manager who will in turn notify the appropriate parties. Members shall also give immediate notice to the Resident Manager of any damage, accident or injury to the exterior or roof of the buildings.

2. ALCOHOLIC BEVERAGES:

Under no circumstances whatsoever shall alcoholic beverages be dispensed for sale anywhere within the project.

3. ALTERATIONS:

Members shall not make any alterations to or change in the external structure of any unit without first obtaining written permission from the Association.

4. NOISES:

No Member shall make or permit to be made any disturbing noises in his or her unit or the recreation area by himself, his family or his guests; nor do or permit anything to be done by any such person that will interfere with the rights, comforts and conveniences of other Members.

5. RUGS, ETC.:

Nothing shall be hung from the window or placed upon the windowsill of any unit; nor shall any tablecloth, clothing, curtains or rugs be shaken or hung from any of the windows or doors, of any unit.

6. COMMON AREAS:

The common areas shall not be obstructed or used for any purpose other than ingress and egress from the units, or for the appropriate recreational use designated, and in that connection, there will be no riding of two-wheel bicycles, three-wheel tricycles or skateboards on common area sidewalks, parking areas, nor in and near swimming pool areas.

7. SWEEPINGS:

No Member shall sweep or throw or permit to be swept or thrown from any unit, including any windows and doorways, any dirt or other substances into any part of the common areas or on or upon the unit of any other Member.

8. PETS:

All dogs shall be leashed; all dogs will be walked on perimeter sidewalks; dogs will not be allowed in the swimming pools or swimming pool areas. All pets should be controlled so that they will not interfere with the Members' use and enjoyment of the common areas. Owners shall be responsible for the immediate and proper disposal of all fecal matter of their pets.

9. WINDOWS:

Cleaning and maintenance of windows and glass doors in each unit is the Member's obligation.

10. AUCTION:

No auction sales of any nature are permitted anywhere in the project.

11. USE OF POOL AND RECREATION AREAS:

It is understood that any Member may use the swimming pool on the premises and any recreational facilities so provided, individually or together with other Members. However, each

Member shall assume all risk of personal injury or property damage that may result from the use of said pool or recreational areas by the Member or the Member's family, guests or invitees.

In connection with the use of the pool:

(a) Each Member shall not have more than four guests at any time in or about the pool and recreation areas without prior written permission and consent of the Association or its Managing Agent.

(b) Use of the swimming pool after 10:00 P.M. is not permitted except by prior written permission of the Association or its Managing Agent.

(c) Children under twelve (12) years old will not be permitted to use any swimming pool without a parent in attendance and supervising their activity; and

(d) Bottles and cans are not permitted in the pool areas; all beverages will be consumed out of cardboard, plastic or paper cups or containers.

12. WASHING AND/OR REPAIR OF CARS:

Cars may not be washed in the parking lots with running water; nor may they be repaired in the parking lots or anywhere within the project.

13. AMENDMENTS:

These Rules and Regulations may be changed or modified by the Board of Directors of the Association as provided for in the Bylaws of the Association.

CERTIFICATE OF ADOPTION

The undersigned Trustees and Developer of all
apartments of the project hereby adopt the foregoing as the
House Rules of the Association of Apartment Owners of
Makakilo Gardens, Increment No. 2, this 7th day of
March, 1973.

Alan Davis

FINANCE REALTY COMPANY, LIMITED

M. J. Pender

By

Its

Measur D. Kuan
PRESIDENT

Fred E. Trotter

By

Its

Arnell J. Chum
ASST. TREASURER

H. E. Connelley

Trustees Under the Will and
of the Estate of James
Campbell, Deceased.

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 1

MAKAKILO GARDENS II
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2022

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 12/14/2022

BLD ACCT: 1472 DESCRIPTION	CURRENT MONTH				YEAR TO DATE			
	---ACTUAL---	---BUDGET---	---VAR.---	-BUD%--	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--
CASH RECEIPTS:								
5100 MAINTENANCE FEES-AOAO	42177.96	43770.34	-1592.38		474760.89	481473.74	-6712.85	
5190 LEGAL FEE REIMBURSEMENT	0.00	400.00	-400.00		661.43	4400.00	-3738.57	
5218 INSURANCE SETTLEMENT	0.00	0.00	0.00		117369.18	0.00	117369.18	
5270 INTEREST FROM INVESTMENTS	253.11	20.00	233.11		1335.04	220.00	1115.04	
5290 INTEREST FROM CHECKING	4.79	10.00	-5.21		46.84	110.00	-63.16	
5360 LATE CHARGES	25.00	0.00	25.00		786.99	0.00	786.99	
5375 OTH TAX RCPTS-KEYS	0.00	0.00	0.00		250.00	0.00	250.00	
5378 FINES	0.00	0.00	0.00		115.88	0.00	115.88	
5400 RENTAL INCOME - #71	0.00	1600.00	-1600.00		13640.00	17600.00	-3960.00	
5401 RENTAL INCOME - #13	0.00	1600.00	-1600.00		14840.00	17600.00	-2760.00	
5753 UNIT SVCS & REPAIRS	0.00	80.00	-80.00		0.00	880.00	-880.00	
TOTAL CASH RECEIPTS	42460.86	47480.34	-5019.48	89.4	623806.25	522283.74	101522.51	119.4
UTILITIES:								
6010 ELECTRICITY	1192.94	855.00	337.94		11273.01	9405.00	1868.01	
6020 RM - CABLE	100.00	100.00	0.00		1200.00	1100.00	100.00	
6030 WATER	3467.68	5360.00	-1892.32		41034.37	58960.00	-17925.63	
6040 SEWER SERVICE	6230.66	6900.00	-669.34		70148.50	75900.00	-5751.50	
6060 TELEPHONE	100.00	100.00	0.00		1200.00	1100.00	100.00	
TOTAL UTILITIES	11091.28	13315.00	-2223.72	83.3	124855.88	146465.00	-21609.12	85.2
CONTRACTS:								
6240 CONTRACT-GROUNDS	6364.79	6300.00	64.79		76409.76	69300.00	7109.76	
6280 CONTRACT-PEST CONTROL	0.00	0.00	0.00		1306.84	1320.00	-13.16	
6300 REFUSE	2685.13	2466.00	219.13		31541.63	27126.00	4415.63	
6310 CONTRACT-SECURITY EQPMT	188.48	200.00	-11.52		2261.76	2200.00	61.76	
TOTAL CONTRACTS	9238.40	8966.00	272.40	103.0	111519.99	99946.00	11573.99	111.6
BUILDING MAINTENANCE:								
6530 CLEANING SUPPLIES	0.00	90.00	-90.00		282.24	990.00	-707.76	
6550 GROUNDS	0.00	175.00	-175.00		4305.78	1925.00	2380.78	
6552 GROUNDS-TREE TRIMMING	0.00	350.00	-350.00		5759.16	3850.00	1909.16	

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 2

MAKAKILO GARDENS II
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2022

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 12/14/2022

BLD ACCT 1472	DESCRIPTION	CURRENT MONTH				YEAR TO DATE		FISCAL BEG: 1	
		---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--
6560	ELECTRICAL	0.00	700.00	-700.00		858.51	7700.00	-6841.49	
6570	PLUMBING	276.44	1800.00	-1523.56		9128.90	19800.00	-10671.10	
6580	POOL	0.00	500.00	-500.00		2317.79	5500.00	-3182.21	
6620	REFUSE	314.14	500.00	-185.86		638.75	5500.00	-4861.25	
6660	FIRE SYSTEMS	0.00	0.00	0.00		695.60	1080.00	-384.40	
6690	MISCL REPAIRS & PURCHASES	101.63	500.00	-398.37		7373.67	5500.00	1873.67	
6702	BLDG MAINT-RAILINGS/FENCE	0.00	250.00	-250.00		997.51	2750.00	-1752.49	
6722	BUILDING-IMPROVEMENTS	0.00	250.00	-250.00		0.00	2750.00	-2750.00	
	TOTAL BUILDING MAINTENANCE	692.21	5115.00	-4422.79	13.5	32357.91	57345.00	-24987.09	56.4
	PROFESSIONAL SERVICES:								
6810	ADMIN SUPPLIES & SERVICES	653.40	800.00	-146.60		7152.44	8800.00	-1647.56	
6812	ASSOCIATION ADMIN EXPENSE	0.00	37.00	-37.00		822.49	407.00	415.49	
6850	MANAGEMENT SERVICES	1978.36	1978.36	0.00		21761.96	21761.96	0.00	
6870	AUDIT/PUBLIC ACCOUNTING	0.00	215.00	-215.00		2722.51	2365.00	357.51	
6880	LEGAL FEES	1742.15	0.00	1742.15		24963.69	6228.00	18735.69	
6882	LEGAL FEES-COLLECTIONS	4568.13	1800.00	2768.13		15320.23	19800.00	-4479.77	
	TOTAL PROFESSIONAL SERVICES	8942.04	4830.36	4111.68	185.1	72743.32	59361.96	13381.36	122.5
	PAYROLL AND BENEFITS:								
7010	PAYROLL MANAGER	3169.24	3264.30	-95.06		43286.26	37539.46	5746.80	
7070	WORKERS COMPENSATION	0.00	350.00	-350.00		2750.00	3850.00	-1100.00	
7080	TDI	0.00	15.00	-15.00		213.07	165.00	48.07	
7090	HEALTH CARE	537.38	510.00	27.38		5911.18	5610.00	301.18	
7100	PAYROLL TAXES	261.80	256.90	4.90		3617.55	2954.36	663.19	
7140	PAYROLL PREPARATION	164.29	170.00	-5.71		1807.19	1870.00	-62.81	
7190	RENT-APARTMENT	674.06	675.00	-0.94		7414.66	7425.00	-10.34	
7290	PAYROLL-FUNDING IN ADVANCE	1715.52	0.00	1715.52		1715.52	0.00	1715.52	
	TOTAL PAYROLL AND BENEFITS	6522.29	5241.20	1281.09	124.4	66715.43	59413.82	7301.61	112.3
	OTHER EXPENSES:								
7300	INSURANCE	4986.33	2900.00	2086.33		32363.12	31900.00	463.12	
7310	INSURANCE	-2363.00	0.00	-2363.00		0.00	0.00	0.00	
7357	INSURANCE CLAIMS	98394.01	0.00	98394.01		117369.18	0.00	117369.18	

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 3

MAKAKILO GARDENS II
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 11/30/2022

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 12/14/2022

BLD ACCT: 1472 DESCRIPTION	CURRENT MONTH				YEAR TO DATE				FISCAL BEG: 1
	---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--	
7510 LOANS	3821.00	0.00	3821.00		42031.00	46200.00	-4169.00		
7550 MISCELLANEOUS EXPENSE	0.00	20.00	-20.00		-31.50	220.00	-251.50		
7564 MISC-CONDO REGISTRATION	0.00	0.00	0.00		0.00	552.00	-552.00		
7567 UNIT #71 APT EXP	0.00	0.00	0.00		44.59	0.00	44.59		
7568 UNIT #71 RENTAL EXPENSES	0.00	100.00	-100.00		1064.00	1100.00	-36.00		
7569 UNIT #13 RENTAL EXPENSES	0.00	160.00	-160.00		2470.52	1760.00	710.52		
7720 STATE GENERAL EXCISE TAX	0.00	0.00	0.00		1864.67	2160.00	-295.33		
TOTAL OTHER EXPENSES	104838.34	3180.00	101658.34	3296.8	197175.58	83892.00	113283.58	235.0	
TOTAL OPERATING EXPENSES	141324.56	40647.56	100677.00	347.7	605368.11	506423.78	98944.33	119.5	
OPERATING SURPLUS/DEFICIT	-98863.70	6832.78	-105696.48	-1446.9	18438.14	15859.96	2578.18	116.3	
TOTAL CASH DISBURSEMENTS	141324.56	40647.56	100677.00	347.7	605368.11	506423.78	98944.33	119.5	
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	-98863.70	6832.78	-105696.48		18438.14	15859.96	2578.18		

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 1

**MAKAKILO GARDENS II
 CASH REPORT
 AS OF 11/30/2022**

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA
 DATE PRINTED: 12/14/2022

BLD NUM: 1472

FISCAL BEG: 01 PAGE: 1

	TERM	MATURES	RATE	BEGINNING BALANCE	TRANSFERS TO/(FROM)	ENDING BALANCE
OPERATIONS						
1000	CHECKING ACCOUNT *			198,211.54	-99,116.81	99,094.73
1005	PETTY CASH			500.00	0.00	500.00
TOTAL OPERATIONS				<u>198,711.54</u>	<u>-99,116.81</u>	<u>99,594.73</u>
RESERVES						
1776	FHB LQ #*****4642		1.5000	201,588.68	233.76	201,822.44
1842	HSB LQ #*****9174		0.3500	67,471.37	19.35	67,490.72
TOTAL RESERVES				<u>269,060.05</u>	<u>253.11</u>	<u>269,313.16</u>
TOTAL ASSOCIATION CASH				<u>467,771.59</u>	<u>-98,863.70</u>	<u>368,907.89</u>
LESS: RESTRICTED CASH (HELD FOR OTHERS)						
4300	SECURITY DEPOSIT			3,506.44	0.00	3,506.44
TOTAL RESTRICTED CASH (HELD FOR OTHERS)				<u>3,506.44</u>	<u>0.00</u>	<u>3,506.44</u>
UNCONTROLLED DEPOSITS (HELD BY OTHERS)						
2950	SECURITY DEPOSIT-RENT #71			1,800.00	0.00	1,800.00
2951	SECURITY DEPOSIT-RENT #13			2,480.00	0.00	2,480.00
TOTAL UNCONTROLLED DEPOSITS				<u>4,280.00</u>	<u>0.00</u>	<u>4,280.00</u>
NET ASSOCIATION AVAILABLE CASH AND DEPOSITS				<u>468,545.15</u>	<u>-98,863.70</u>	<u>369,681.45</u>

* CHECKING ACCOUNT MAY INCLUDE PENDING CAPITAL EXPENSES

BEGINNING CASH BAL.-B.O.Y. 354,749.75

----- PREPARED FOR -----

92-731 THRU 92-771 MAKAKILO DR
KAPOLEI HI 96707

ACCT. NO: 1472

PAGE: 1

**MAKAKILO GARDENS II
CASH BY INSTITUTION
AS OF 11/30/2022**

----- PREPARED BY -----

HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 12/14/2022

BLD NUM: 1472

FISCAL BEG: 01 PAGE: 1

CASH BY INSTITUTION:

	BEGINNING BALANCE	TRANSFERS TO/(FROM)	ENDING BALANCE
CENTRAL PACIFIC BANK	198,211.54	-99,116.81	99,094.73
FIRST HAWAIIAN BANK	201,588.68	233.76	201,822.44
HOMESTREET BANK	67,471.37	19.35	67,490.72
PETTY CASH	500.00	0.00	500.00
TOTAL CASH	<u>467,771.59</u>	<u>-98,863.70</u>	<u>368,907.89</u>



MEMORANDUM

TO: Board of Directors – MAKAKILO GARDENS II
FROM: LEILA KANESHIRO – Management Executive
DATE: January 23, 2023
RE: Financial Report for December, 2022

CREATE DATE: 1/23/2023 4:31:55PM

Significant variances \$1000 over the budgeted amounts are as follows:

Table with columns: ACCT. DESCRIPTION, ACTUAL, BUDGET, VARIANCE, YTD ACTUAL, YTD BUDGET, YTD VAR. Rows include EXPENSE, 6620 REFUSE, 6880 LEGAL FEES, 7300 INSURANCE, 7357 INSURANCE CLAIMS, 7569 UNIT #13 RENTAL EXPENSES, and Total Cash And Reserve: \$369,417.20

Should you have any questions, please contact the Association Treasurer or me:

Management Executive: LEILA KANESHIRO
Phone: (808) 792-0509

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 1

MAKAKILO GARDENS II
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 12/31/2022

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 01/23/2023

BLD ACCT: 1472 DESCRIPTION	CURRENT MONTH				YEAR TO DATE			
	---ACTUAL---	---BUDGET---	---VAR.---	-BUD%--	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--
CASH RECEIPTS:								
5100 MAINTENANCE FEES-AOAO	38748.03	43770.34	-5022.31		513508.92	525244.08	-11735.16	
5190 LEGAL FEE REIMBURSEMENT	45.80	400.00	-354.20		707.23	4800.00	-4092.77	
5218 INSURANCE SETTLEMENT	11437.73	0.00	11437.73		128806.91	0.00	128806.91	
5270 INTEREST FROM INVESTMENTS	289.01	20.00	269.01		1624.05	240.00	1384.05	
5290 INTEREST FROM CHECKING	5.06	10.00	-4.94		51.90	120.00	-68.10	
5360 LATE CHARGES	25.00	0.00	25.00		811.99	0.00	811.99	
5375 OTH TAX RCPTS-KEYS	0.00	0.00	0.00		250.00	0.00	250.00	
5378 FINES	0.00	0.00	0.00		115.88	0.00	115.88	
5400 RENTAL INCOME - #71	7240.00	1600.00	5640.00		20880.00	19200.00	1680.00	
5401 RENTAL INCOME - #13	5940.00	1600.00	4340.00		20780.00	19200.00	1580.00	
5753 UNIT SVCS & REPAIRS	0.00	80.00	-80.00		0.00	960.00	-960.00	
TOTAL CASH RECEIPTS	63730.63	47480.34	16250.29	134.2	687536.88	569764.08	117772.80	120.7
UTILITIES:								
6010 ELECTRICITY	1568.87	855.00	713.87		12841.88	10260.00	2581.88	
6020 RM - CABLE	100.00	100.00	0.00		1300.00	1200.00	100.00	
6030 WATER	3480.59	5360.00	-1879.41		44514.96	64320.00	-19805.04	
6040 SEWER SERVICE	6290.85	6900.00	-609.15		76439.35	82800.00	-6360.65	
6060 TELEPHONE	100.00	100.00	0.00		1300.00	1200.00	100.00	
TOTAL UTILITIES	11540.31	13315.00	-1774.69	86.7	136396.19	159780.00	-23383.81	85.4
CONTRACTS:								
6240 CONTRACT-GROUNDS	6364.79	6300.00	64.79		82774.55	75600.00	7174.55	
6280 CONTRACT-PEST CONTROL	0.00	0.00	0.00		1306.84	1320.00	-13.16	
6300 REFUSE	2737.49	2466.00	271.49		34279.12	29592.00	4687.12	
6310 CONTRACT-SECURITY EQPMT	0.00	200.00	-200.00		2261.76	2400.00	-138.24	
TOTAL CONTRACTS	9102.28	8966.00	136.28	101.5	120622.27	108912.00	11710.27	110.8
BUILDING MAINTENANCE:								
6530 CLEANING SUPPLIES	0.00	90.00	-90.00		282.24	1080.00	-797.76	
6550 GROUNDS	-628.28	175.00	-803.28		3677.50	2100.00	1577.50	
6552 GROUNDS-TREE TRIMMING	0.00	350.00	-350.00		5759.16	4200.00	1559.16	

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 2

MAKAKILO GARDENS II
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 12/31/2022

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 01/23/2023

BLD ACCT: 1472		CURRENT MONTH				YEAR TO DATE		FISCAL BEG: 1	
DESCRIPTION	---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--	
6560 ELECTRICAL	0.00	700.00	-700.00		858.51	8400.00	-7541.49		
6570 PLUMBING	0.00	1800.00	-1800.00		9128.90	21600.00	-12471.10		
6580 POOL	0.00	500.00	-500.00		2317.79	6000.00	-3682.21		
6620 REFUSE	3759.17	500.00	3259.17		4397.92	6000.00	-1602.08		
6660 FIRE SYSTEMS	0.00	0.00	0.00		695.60	1080.00	-384.40		
6690 MISCL REPAIRS & PURCHASES	0.00	500.00	-500.00		7373.67	6000.00	1373.67		
6702 BLDG MAINT-RAILINGS/FENCE	0.00	250.00	-250.00		997.51	3000.00	-2002.49		
6722 BUILDING-IMPROVEMENTS	0.00	250.00	-250.00		0.00	3000.00	-3000.00		
TOTAL BUILDING MAINTENANCE	3130.89	5115.00	-1984.11	61.2	35488.80	62460.00	-26971.20	56.8	
PROFESSIONAL SERVICES:									
6810 ADMIN SUPPLIES & SERVICES	514.44	800.00	-285.56		7666.88	9600.00	-1933.12		
6812 ASSOCIATION ADMIN EXPENSE	60.00	37.00	23.00		882.49	444.00	438.49		
6850 MANAGEMENT SERVICES	1978.36	1978.36	0.00		23740.32	23740.32	0.00		
6870 AUDIT/PUBLIC ACCOUNTING	0.00	215.00	-215.00		2722.51	2580.00	142.51		
6880 LEGAL FEES	6028.69	0.00	6028.69		30992.38	6228.00	24764.38		
6882 LEGAL FEES-COLLECTIONS	-2920.75	1800.00	-4720.75		12399.48	21600.00	-9200.52		
TOTAL PROFESSIONAL SERVICES	5660.74	4830.36	830.38	117.2	78404.06	64192.32	14211.74	122.1	
PAYROLL AND BENEFITS:									
7010 PAYROLL MANAGER	4753.86	4896.46	-142.60		48040.12	42435.92	5604.20		
7070 WORKERS COMPENSATION	0.00	350.00	-350.00		2750.00	4200.00	-1450.00		
7080 TDI	0.00	15.00	-15.00		213.07	180.00	33.07		
7090 HEALTH CARE	537.38	510.00	27.38		6448.56	6120.00	328.56		
7100 PAYROLL TAXES	392.70	385.36	7.34		4010.25	3339.72	670.53		
7140 PAYROLL PREPARATION	164.29	170.00	-5.71		1971.48	2040.00	-68.52		
7190 RENT-APARTMENT	674.06	675.00	-0.94		8088.72	8100.00	-11.28		
7290 PAYROLL-FUNDING IN ADVANCE	-1715.52	0.00	-1715.52		0.00	0.00	0.00		
TOTAL PAYROLL AND BENEFITS	4806.77	7001.82	-2195.05	68.7	71522.20	66415.64	5106.56	107.7	
OTHER EXPENSES:									
7300 INSURANCE	5507.33	2900.00	2607.33		37870.45	34800.00	3070.45		
7357 INSURANCE CLAIMS	11437.73	0.00	11437.73		128806.91	0.00	128806.91		
7510 LOANS	3821.00	0.00	3821.00		45852.00	46200.00	-348.00		

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 3

MAKAKILO GARDENS II
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED 12/31/2022

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 01/23/2023

BLD ACCT: 1472 DESCRIPTION	CURRENT MONTH				YEAR TO DATE				FISCAL BEG: 1
	---ACTUAL---	---BUDGET---	---VAR.---	-BUD%-	---ACTUAL---	---BUDGET---	---VAR.---	--BUD%--	
7550 MISCELLANEOUS EXPENSE	70.00	20.00	50.00		38.50	240.00	-201.50		
7564 MISC-CONDO REGISTRATION	0.00	0.00	0.00		0.00	552.00	-552.00		
7567 UNIT #71 APT EXP	0.00	0.00	0.00		44.59	0.00	44.59		
7568 UNIT #71 RENTAL EXPENSES	664.00	100.00	564.00		1728.00	1200.00	528.00		
7569 UNIT #13 RENTAL EXPENSES	7480.27	160.00	7320.27		9950.79	1920.00	8030.79		
7720 STATE GENERAL EXCISE TAX	0.00	0.00	0.00		1864.67	2160.00	-295.33		
TOTAL OTHER EXPENSES	28980.33	3180.00	25800.33	911.3	226155.91	87072.00	139083.91	259.7	
TOTAL OPERATING EXPENSES	63221.32	42408.18	20813.14	149.1	668589.43	548831.96	119757.47	121.8	
OPERATING SURPLUS/DEFICIT	509.31	5072.16	-4562.85	10.0	18947.45	20932.12	-1984.67	90.5	
TOTAL CASH DISBURSEMENTS	63221.32	42408.18	20813.14	149.1	668589.43	548831.96	119757.47	121.8	
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	509.31	5072.16	-4562.85		18947.45	20932.12	-1984.67		

----- PREPARED FOR -----
 92-731 THRU 92-771 MAKAKILO DR
 KAPOLEI HI 96707

ACCT. NO: 1472
 PAGE: 1

**MAKAKILO GARDENS II
 CASH REPORT
 AS OF 12/31/2022**

----- PREPARED BY -----
 HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA
 DATE PRINTED: 1/23/2023

BLD NUM: 1472

FISCAL BEG: 01 PAGE: 1

	TERM	MATURES	RATE	BEGINNING BALANCE	TRANSFERS TO/(FROM)	ENDING BALANCE
OPERATIONS						
1000	CHECKING ACCOUNT *			99,094.73	220.30	99,315.03
1005	PETTY CASH			500.00	0.00	500.00
TOTAL OPERATIONS				<u>99,594.73</u>	<u>220.30</u>	<u>99,815.03</u>
RESERVES						
1776	FHB LQ #*****4642		1.7500	201,822.44	269.01	202,091.45
1842	HSB LQ #*****9174		0.3500	67,490.72	20.00	67,510.72
TOTAL RESERVES				<u>269,313.16</u>	<u>289.01</u>	<u>269,602.17</u>
TOTAL ASSOCIATION CASH				<u>368,907.89</u>	<u>509.31</u>	<u>369,417.20</u>
LESS: RESTRICTED CASH (HELD FOR OTHERS)						
4300	SECURITY DEPOSIT			3,506.44	0.00	3,506.44
TOTAL RESTRICTED CASH (HELD FOR OTHERS)				<u>3,506.44</u>	<u>0.00</u>	<u>3,506.44</u>
UNCONTROLLED DEPOSITS (HELD BY OTHERS)						
2950	SECURITY DEPOSIT-RENT #71			1,800.00	0.00	1,800.00
2951	SECURITY DEPOSIT-RENT #13			2,480.00	0.00	2,480.00
TOTAL UNCONTROLLED DEPOSITS				<u>4,280.00</u>	<u>0.00</u>	<u>4,280.00</u>
NET ASSOCIATION AVAILABLE CASH AND DEPOSITS				<u>369,681.45</u>	<u>509.31</u>	<u>370,190.76</u>

* CHECKING ACCOUNT MAY INCLUDE PENDING CAPITAL EXPENSES

BEGINNING CASH BAL.-B.O.Y. 354,749.75

----- PREPARED FOR -----

92-731 THRU 92-771 MAKAKILO DR
KAPOLEI HI 96707

ACCT. NO: 1472

PAGE: 1

**MAKAKILO GARDENS II
CASH BY INSTITUTION
AS OF 12/31/2022**

----- PREPARED BY -----

HAWAIIANA MANAGEMENT COMPANY, LTD.

ACCOUNTANT: PRINCESS VENTURA

DATE PRINTED: 1/23/2023

BLD NUM: 1472

FISCAL BEG: 01 PAGE: 1

CASH BY INSTITUTION:

	BEGINNING BALANCE	TRANSFERS TO/(FROM)	ENDING BALANCE
CENTRAL PACIFIC BANK	99,094.73	220.30	99,315.03
FIRST HAWAIIAN BANK	201,822.44	269.01	202,091.45
HOMESTREET BANK	67,490.72	20.00	67,510.72
PETTY CASH	500.00	0.00	500.00
TOTAL CASH	<u>368,907.89</u>	<u>509.31</u>	<u>369,417.20</u>

MAKAKILO
GARDENS II

HOUSE RULES

Effective March 27, 2020

ASSOCIATION OF APARTMENT OWNERS MAKAKILO GARDENS II
REVISED HOUSE RULES

The following **REVISED** Rules and Regulations ("House Rules") effective **MARCH 27, 2020**, have been revised as follows and **have been adopted** by the Board of Directors of the Association of Apartment Owners of Makakilo Gardens II ("Association") **at the Board of Directors Meeting on January 9, 2020**, pursuant to authority of Article V, Section 4, of the By-Laws of the Association of Apartment Owners of Makakilo Gardens II ("By-Laws") and shall apply to the Makakilo Gardens II condominium project ("Project") and all persons who shall at any time use the Project. All prior House Rules of the Association are superseded as of the effective date specified above.

ENFORCEMENT

Authority: Compliance with the House Rules is required by Section 514B-112, Hawaii Revised Statutes, and Paragraph I of the Declaration of Condominium Property Regime of Makakilo Gardens II ("Declaration").

COSTS OF ENFORCEMENT

In accordance with Article V, Section 5, of the By-Laws, the cost of enforcement is the obligation of the Apartment Owner, who is responsible for the conduct of the person violating the House Rules.

Receipt for House Rules. Prior to moving in, each Owner and Resident shall register and be provided a copy of the House Rules by the Resident Manager and shall sign a receipt for same. The terms of any written lease between an Owner and a Lessee shall incorporate the House Rules by reference and require compliance by the Lessee. Upon vacating premises, occupant shall notify the Resident Manager's office.

TERMINOLOGY

Apartment Owner - The owner of record of any apartment.

Resident - All persons living at Makakilo Gardens II, including (without limitation) Apartment Owners and Legal Renters.

Non-Resident Owner - Absentee Apartment Owners living away from Makakilo Gardens II.

Agent - Any real estate broker, corporation, firm or individual empowered to act on behalf of any Apartment Owner.

Guest - Any person who visits the premises for a period of time at the invitation of a Legal Resident. Any guest of a Legal Renter who remains a guest for more than 3 weeks must have the written approval of the Apartment Owner.

Managing Agent - The management firm appointed by the Board of Directors, whose responsibilities and duties are outlined in the By-Laws.

Resident Manager - Person or persons residing in the condominium and authorized by the Board of Directors to exercise all on-site functions of the Managing Agent, including enforcement of the House Rules.

Common Area - All parts of the grounds not defined as limited common area or personal apartments.

Limited Common Area – Certain parts of the common area that are designated and set aside for the exclusive use of certain apartments.

Amenities - The swimming pool, the recreational area/playground, driveway, dumpsters and connection to the City water and sewage system. Access to the amenities may be revoked by the Board of Director for failure to pay the monthly maintenance fees. Use of the Amenities is limited to Residents and their guests.

GENERAL

1. **OWNER'S RESPONSIBILITY TO REMEDY:** If the Board requests, every apartment owner shall do whatever is necessary to remove or remedy anything relating to his apartment that violates these Rules or the Project Documents. Owner must bear full financial responsibility for remedying the problem.
2. **USE OF APARTMENTS:** The apartments shall be occupied and used only as private dwellings by the respective owners, their families, tenants, domestic employees and personal guests. The apartments may not be used for any other purpose without the prior written consent of the Board of Directors.
3. **COMMON AREAS:** Common areas will not be obstructed or used for any purpose other than ingress and egress from the units, or for the appropriate recreational use designated, there will be no riding of two wheeled bicycles, three wheeled tricycles, scooters, skateboards, roller skates or in-line skates or any vehicle within the common area. In addition, motorcycles will not be ridden between the parking areas and units. Each homeowner and tenant assumes all risk of personal injury or property damage which may result from the failure to comply.
4. Residents may not paint, alter, decorate, make additions or change the appearance of any building exterior without written approval of the Board of Directors.
5. Articles determined by the Board of Directors and the Resident Manager as unsightly or hazardous shall be removed by the owner or resident from the property.

6. The watering of plants and the cleaning of patios and adjacent areas shall be accomplished in a manner which will not create a nuisance to persons residing in adjacent apartments or to persons on the grounds of the premises.
7. No apartment owner or occupant shall hang laundry visible above the fence line.
8. **NOISE:** All residents shall avoid excessive or disturbing noise of any kind at any time. Stereos, radios and televisions should be played at reduced volume before 7:00 am and after 10:00 pm. Any noise from parties or people leaving the Project at night must be kept to a minimum. Excessive noise at any time should be reported to the Resident Manager who will take appropriate action.
9. No radio or TV antenna or satellite dish shall be erected without written consent of the Board of Directors, except in accordance with the rules and regulations promulgated by the Federal Communications Commission. They must be properly installed and must not be directly attached to any common areas.
10. Maintenance personnel and the Resident Manager shall not be asked to do work within any apartment except in an emergency.
11. The Association is not responsible for personal property or deliveries left in the parking lot, at doors of apartments, or any other place on the premises; or for any article left with any employee.
12. Littering is strictly prohibited. Trash is to be placed in trash bins only. No garbage bags are permitted to be left on the floor of the dumpster bays. Items that are too large for the dumpsters will be collected by the City Refuse Department on the designated bulk refuse pick-up day which is the first Monday of each month.
13. Residents shall not store on the premises any hazardous fluids, such as gasoline, kerosene, naphtha, benzene, or other explosives or articles deemed especially hazardous to person or property. No fireworks, including aerials, are permitted on the premises. Liquid gases such as propane for use with barbecue grills are permitted.
14. **SOLICITATION:** No solicitation or canvassing will be allowed at any building or on the common areas at any time, except for the solicitation of proxies or distribution of materials relating to Association matters on the common elements by owners; provided that the Board may adopt rules regulating reasonable time, place and manner of the solicitations or distributions, or both.
15. **USE OF WATER FACILITIES:** Toilets, sinks and other water apparatus in the buildings shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or other articles be thrown into them. Any damage anywhere resulting from misuse of any toilets, sinks or other water apparatus in an apartment shall be repaired and paid for by the owner of such apartment.

16. **LOITERING:** Loitering or causing disturbances in the common area is not permitted.
17. Residents are responsible for the cleanliness of their respective parking stalls, including the removal of any grease buildup. Should this be ignored, the Board of Directors may have the stall cleaned at the owner's expense.
18. No structural alterations of any type are to be made without prior written approval from the Board of Directors, with the exception of indoor remodeling projects which have no effect on load bearing walls.
19. Every apartment owner and occupant shall reimburse the Association promptly on demand all expenses incurred by the Association in repairing or replacing any uninsured loss or damage to the common elements or any furniture, furnishings and equipment thereof caused by such owner or occupant or any person under them and shall give prompt notice to the Resident Manager or Managing Agent of any such loss or damage or other defect in the Project when discovered.
20. **INSPECTIONS:** The Board of Directors may institute regular inspections of the common elements and limited common elements to ensure compliance with these Rules.
21. Residents are responsible for the conduct and safety of their family members, tenants, and guests at all times while in the Project.
22. No person shall use, operate, launch or land any drone on or over the common elements of the Project, including the limited common elements, except with the prior written approval of the Board. As used in these House Rules, "drone" is defined to include, without limitation, any: unmanned aircraft system (UAS), which means an aircraft that is operated without direct human intervention from within or on the aircraft, and associated elements including communication links and components that control the unmanned aircraft; unmanned aerial vehicle (UAV); remotely piloted aerial vehicle; unpiloted aerial vehicle; and model aircraft (remote controlled model airplanes, helicopters, etc.).

COURTYARDS

1. **GENERAL APPEARANCE:** All apartment owners shall make every effort to prevent their courtyards from becoming "unsightly." "Unsightliness" shall include, but shall not be limited to, trash containers or litter, broken, scarred or ugly furniture kept in the courtyards; unkempt grass and plants; equipment, boxes, and ladders placed in courtyards. The Board shall use reasonable discretion in determining what is "unsightly."
2. **MAINTENANCE AND REPAIR:** Owners are responsible for maintaining their courtyards in a clean and neat manner. The Association shall be responsible for repairing and painting the structure of the fences surrounding the courtyards.

3. SIGNS: Apartment owners shall not place any kind of sign on the fence or inside their courtyards that are visible from other apartments or from the common areas except signs that have been previously approved by the Board according to the Declaration and Bylaws.

PRIVACY/COURT YARD/LANAI AREAS

1. Anything installed and/or set-up inside and/or within the unit's limited common area that is visible from the outside REQUIRES written approval from the Board of Directors prior to installation, with the exception of standard patio furniture such as patio table and chairs, with or without an umbrella.

Owners (not renters) need to send a written request via Hawaiiana Management Company to the Board of Directors to be considered and approved at the Board meeting. It is HIGHLY recommended that a picture, drawing, and/or specification be included with your written request. The Resident Manager is not authorized to approve these items.

2. Gazebos/Storage Sheds should be of the commercial type that are intended for residential use (i.e., no "beach tarps") and should blend in with the current colors of Makakilo Gardens II (browns, beige, neutral, white/natural color).

**FOUNTAINS - Water fountains and fish ponds requiring an active water supply line ARE NOT ALLOWED. Self-contained table-top fountains are acceptable, subject to review by the Board.

3. Anything installed inside and/or within the limited common area needs to be kept in excellent condition. (No faded or ripped coverings, etc).

4. Owners/Residents will be allowed to set up a temporary canopy (tent/tarp) for a social gathering (birthday, graduation, etc.), subject to informing the Resident Manager prior to the set up. Said canopy must be taken down no later than 5 days after set-up. Failure to notify the Resident Manager at least one day in advance of set-up will constitute a violation of this policy and will be subject to a fine per instance.

5. Holiday decorations may be put up, but must be removed no later than 7 days past the Holiday. No nails or screws in the fences or exterior walls are allowed.

RENTALS

1. Owners shall be responsible for designating a local agent to represent their interest if their residence is outside of Oahu. Owners shall file their address, telephone number, and that of their agent's, with the Resident Manager.

2. Each owner or his designated agent may lease or rent his apartment or make it available for the use of friends or public, but such person(s) shall abide by all applicable House Rules. Each owner, or designated agent, shall assume all responsibility for the

occupant(s) conduct. If an apartment owner or agent is unable to control the conduct of the renter, he will, upon request of the Board of Directors or Managing Agent, immediately remove such person(s) without compensation for lost rentals.

3. Owners or the designated agent must notify the Resident Manager of the names and length of anticipated occupancy of renters prior to date of occupancy.

4. No Legal Renter may sub-lease his unit to another person without written approval from the Apartment Owner, a copy of which must be given to the Managing Agent and the Resident Manager.

PARKING AREAS

1. Each apartment has an assigned parking stall(s) and residents must not use other than their own stall(s) at any time without permission from the owner. Parking on the premises is at your own risk and Makakilo Gardens II assumes no responsibility for damages.

2. It is the responsibility of the apartment owners or their tenants to inform their guest(s) not to park in vacant spaces except the spaces designated as guest parking.

3. Guest parking shall be under the supervision of the Resident Manager. It is not to be used by Residents for their own vehicles. Guests shall park only in the guest parking areas. Guest parking is not allowed from 10:30 p.m. to 5:00 a.m. without the prior permission of the Resident Manager.

4. All vehicles shall be parked within the confines of the parking stalls. The vehicle must not extend beyond the boundaries of the stall. Also, the vehicle shall not hang over the sidewalk or grassy areas. Double parking is not allowed. All vehicles **MUST BE OPERABLE AND HAVE A CURRENT LICENSE, NO EXPIRED TAGS ARE ALLOWED.**

5. When workmen are coming to your apartment, be sure to advise them to use your parking space, guest parking spaces, or street parking.

6. Residents washing, cleaning, or polishing vehicles on the premises, shall perform such activities only in the designated area and shall clean the area thoroughly before leaving. The water hose used shall be properly, replaced, and water turned off completely. Hours for use of the car washing area are from dawn to 6:00 pm. Any later than this poses a safety risk as the designated area is on a hill with a blind spot.

7. Only minor repairs of vehicles are permitted. A "minor" repair is defined as one which can be completed in less than 3 hours, and includes tire and oil changes. Exceptions to this policy may be granted by the Resident Manager on a case-by-case basis. Oil and grease shall not be disposed of on the premises. Any oil or grease stain caused by resident's vehicle shall be cleaned with an appropriate product. Damages to the parking area shall be the responsibility of the apartment owner to whom the stall was assigned.

8. NO VEHICLE IS TO BE LEFT UNATTENDED AT ANY TIME WHILE UP ON JACKS!
9. Parking is not permitted in areas marked "No Parking." No Parking areas are also designated with red painted curbs.
10. The roadways, parking areas and common elements not intended for recreational use, shall not be used for recreational activities of any kind.
11. Violators of parking regulations shall have their cars towed away without notification, at the owner's expense.
12. Only vehicles are allowed to use the entrance driveway. No one is permitted to walk in this area as a safety precaution. If you are walking out of Makakilo Gardens II, please use the sidewalk.

PARK

1. Use of the park is limited to Residents and their guests, its hours are dawn to dusk.
2. *Bicycles, skateboards, skates or scooters are not allowed in the park.*
3. Residents are responsible for cleaning up any litter they've created before leaving the park.
4. Loud music or other noises that may disturb other residents are not allowed in the park at any time.
5. For large planned parties the park may be reserved with a refundable deposit of \$50.00 payable to Makakilo Gardens II. The deposit is returned after an inspection to ensure that the debris has been removed.
6. No alcoholic beverages are allowed in the park.

PETS

1. No livestock, pigeons, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project except that dogs, cats and other household pets, in reasonable number, may be kept by the apartment owners and occupants in their respective apartments; but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on a leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the Project, shall be permanently removed therefrom, promptly upon notice given by the Board of Directors, Managing Agent, or Resident Manager.
2. Dogs shall be walked only ON A LEASH and solid waste shall be collected and

disposed of immediately. The controlling regulation is contained in the Revised Ordinances of Honolulu, Section 29-4.4(a)(9). No person shall permit "an animal owned by such person or while in the person's custody to excrete any solid waste in any public place or on any private premises not the property of such owner; provided, however, that nothing herein shall affect the duty of the property owner or occupier to keep the premises free of litter and provided further that no violations shall occur if the owner of the offending animal promptly and voluntarily removes the animal waste.

3. Any pet, which is a nuisance or causes unreasonable disturbance to any Resident or causes damage to the building and grounds, is considered to be in violation of the Rules on Pets. Any animal considered to be vicious by the Resident Manager shall be confined by the owner whenever the Resident Manager or the grounds crew needs to enter the owner's lanai area.
4. The owner of a pet is financially responsible for any damage caused by a pet.
5. Financial and all other responsibility for any personal injury or personal property damage caused to any owner, occupant, guest, employee of the building, or to any member of the public, shall be that of the pet owner.
6. Animal waste on the unit's lanai must be cleaned up every day, in a manner that does not cause the waste to enter a neighbor's area.

SWIMMING POOL

1. Swimming is permitted only from dawn to dusk. The Resident Manager may close the pool at any time for cleaning and maintenance. All persons using the pool do so at their own risk. There is no lifeguard on duty. There is always a risk of personal injury when using the pool or the pool deck area. **THE ASSOCIATION IS NOT RESPONSIBLE FOR ANY ACCIDENTS, INJURIES, OR LOSS.**
2. No one shall be allowed in the pool unless they are a competent swimmer or are accompanied by a competent swimmer who shall be responsible for their safety.
3. Guests are limited to three (3) per apartment. Permission for additional guest or unaccompanied guests must be obtained from Resident Manager.
4. The pool cannot be reserved for parties.
5. No person may enter the water without first having showered.
6. Running, pushing, shoving of anyone around the pool area is not allowed.
7. Shouting, yelling, playing radios, record players or similar noisemakers is NOT allowed.
8. Pets are not allowed in the pool or pool areas.

9. Eating and drinking at the pool is not allowed except for water in an unbreakable plastic see-through container. No alcoholic beverages are allowed at the pool.
10. Towels, mats, caps and other personal belongings shall be removed from the pool area when the owner leaves.
11. No pool furniture is to be removed from the immediate area.
12. No one shall interfere in any manner with any portion of the swimming pool, or lighting apparatus, or electrical and plumbing devices in or about the pool areas.
13. Large toys, surfboards, or other foreign objects or anything that may cause damages to the pool or physical harm to others are not permitted in the pool or pool area. Floatation devices necessary for a person's safety and/or to aid in the training of new swimmers are permitted.
14. No one is allowed in the pool in other than proper swimming apparel. No disposable diapers are allowed at all. All persons who may be incontinent must wear leak proof protective clothing to prevent water contamination.
15. Department of Health requirements will be strictly observed:
 - "Any person having an infectious or communicable disease shall be excluded from the swimming pool. Persons having any open blisters, cuts, etc., shall be warned that these are likely to become infected and advised not to use the pool."
 - "Spitting, spouting of water, blowing of nose in the swimming pool are strictly prohibited." These rules are posted at the pool and must be adhered to. Noncompliance will result in suspension of pool privileges.
16. The pool gate **MUST REMAIN CLOSED** at all times to avoid any mishaps, such as non-residents using our facility.
17. The Resident Manager has the authority to close the pool any time a dangerous condition exists according to the judgment of the Resident Manager.
18. Persons using the pool and the pool area are requested to remember that the premises of Makakilo Gardens II are for the use of ALL owners and tenants. Pool users should be considerate of others and not engage in activities that are offensive, irritating or unsafe.

SOLAR ENERGY DEVICES

A "Solar Energy Device," as defined in this section below, may be installed so long as all of the following conditions are complied with:

1. DEFINITIONS:

a. "Solar Energy Device" (hereinafter "Device") is defined as any equipment, apparatus, or machine 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. If the equipment sold cannot be used as a solar device without its incorporation with other equipment, it shall be installed in place and ready to be made operational to qualify as a "solar energy device." The phrase "solar energy device" shall not include skylights or windows.

b. "Installing Owner" refers to such owner who initially installs and/or places the Device ("Original Owner") *and each successive owner*, including but not limited to the Original Owner's heirs, assigns, and successors in interest.

2. NO UNREASONABLE RESTRICTIONS: So long as the installation of the Device does not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament or violate applicable law, such placement shall not render the Device more than twenty-five percent (25%) less efficient or increase the cost of the Device by more than fifteen percent (15%) if such restriction did not exist. The Board shall not consent to any installation, which would jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament or violate applicable law.

3. NO FEES OR ENCUMBRANCES: The Board shall *not* assess or charge the Installing Owner any fees or require an encumbrance on title for the placement of a Solar Energy Device.

4. DESIGN SPECIFICATION FOR INSTALLATION: The plans and specifications for the installation of the Device, including any plans and specification for modifications or changes to the device after installation, must be prepared and approved by a licensed contractor.

5. BOARD'S CONSENT: *Before the device is installed*, the Owner shall first obtain the Board's written consent ("Consent"). The Board's Consent shall be given if the Owner agrees in writing that such owner shall:

a. Comply with the Association's solar energy device rules, including but not limited to the Association's design specification for the installation of the Device;

b. Engage a duly licensed contractor to install the Device; and

c. Provide a Certificate of Insurance, *which names the Association as an additional insured* on the Owner's insurance policy, to the Association within fourteen (14) days of the Board's Consent for inspection and copying.

6. **CONFIRMATION THAT INSTALLATION WILL NOT VOID ANY MATERIAL OR ROOF WARRANTY:** If a material or roof warranty exists before the installation of any Device, the Installing Owner shall obtain written confirmation from the company that issued the warranty that the proposed installation will not void such material and/or roof warranty, and deliver a copy of such written confirmation to the Association before installing the Device.
7. **INSURANCE:** The Installing Owner shall at all times have and maintain a policy of insurance covering the obligations of the owner arising from the installation, maintenance, repair, removal, or replacement of the Device, until the Device has been removed from the common elements or limited common element(s). *The Association shall be named as an additional insured under such insurance policy.*
8. **REGISTRATION WITH THE ASSOCIATION:** All Devices must be registered with the Association within thirty (30) days of such installation, pursuant to HRS § 196-7 or as such statute may be amended. Also, any plans and specifications for modifications or changes to the Device after installation must be delivered to the Association within thirty (30) days of such modification.
9. **OWNER'S FINANCIAL RESPONSIBILITY:** The Installing Owner shall be financially responsible for any costs, expenses, and fees, including but not limited to attorneys' fees and costs, for damages to the Device, the common elements, limited common elements, and any adjacent units, which arise or result from the installation, maintenance, repair, removal, or replacement of the Device, until the Device has been removed from the common elements or limited common element(s). The Installing Owner shall reimburse the Association for any and all of the Association's costs related to damage to the common elements, limited common elements, and any adjacent units, which arise or result from the installation, maintenance, repair, removal, or replacement of the Device.
10. **OWNER'S DUTY TO REMOVE THE DEVICE:** The Installing Owner shall be financially responsible for removing the Device if reasonably necessary or convenient for the repair, maintenance, or replacement of the common elements or limited common element(s).
11. **VIOLATION OF THE SOLAR ENERGY DEVICE RULES:** After reasonable notice, the Association may at the Installing Owner's expense remove any Device, which violates any of these Solar Energy Device Rules. If the Association removes a Device, the Installing Owner shall promptly reimburse any and all expenses incurred from the removal of the Device, including the Association's reasonable attorneys' fees and costs for enforcement of these Rules.

Request for Board Approval of Solar Energy Device Installation

Apartment Owner Name: _____ (“Owner”)

Apartment to be Affected: _____

Apartment Owner’s current residential address: _____

I, the above-named, Owner, hereby request the Board to approve the installation of a Solar Energy Device (the “Device”), which shall be installed at Apartment No. _____. The plans and specifications for the Device are attached to this Request, which were prepared and will be installed by a duly licensed contractor, and I understand and agree as follows:

1. I hereby agree to follow and comply with all of the solar energy device rules adopted by the Association, as such rules may from time to time be amended.
2. If a material or roof warranty exists before the installation of the Device, I have or soon will obtain written confirmation from the company that issued the material and/or roof warranty, which confirms that the proposed installation will not void such material and/or roof warranty. I will deliver a copy of such written confirmation to the Association *before* installing the Device.
3. I acknowledge that I must maintain an insurance policy to cover any obligation I may have arising from the installation and maintenance of the Device, and that I must name Makakilo Gardens II as an additional insured. Also, I will provide the Certificate of Insurance to the Association for inspection and copying within fourteen (14) days of receiving the Board’s consent to install the Device.
4. If this Request is approved by the Board, then I shall register the Device with the Association within thirty (30) days of such installation.
5. I, the Owner, am financially responsible for all expenses concerning the Device, including but not limited to the costs of any damages caused by the installation and/or removal of the Device. I shall promptly reimburse the Association for any of the Association’s expenses arising out of the installation, maintenance, repair, removal, or replacement of the Device.
6. I, the Owner, am financially responsible for removing the Device, if the Board deems that the Device’s removal is reasonably necessary or convenient for the repair, maintenance, or replacement of the common elements or limited common elements.
7. All successive owners of the unit, which I am currently the owner of, shall be financially responsible for the Device until its removal.

Enclosures:

1. Plans and specifications for installation of the Device;
2. Written confirmation that any roof warranty will not be voided (Yes /No)

Owner (print name/s): _____

Owner's signature: _____

Apartment Number: _____

Date: _____

Board/Management Company's Use

Received on: _____

Sent to Board: _____

Approved by Board: _____

Documents:

- a) Plans and Specifications: _____
- b) Confirmation that materials/roof warranty will not be voided: _____
- c) Proof of Insurance (within 14 days of Board approval): _____
- d) Registration of Device (within 30 days of installation): _____

FINES

The Board of Directors delegates primary enforcement to the Managing Agent and/or the Resident Manager. If it is determined that a violation of the Declaration, Bylaws or House Rules has occurred, the Board, Managing Agent or Resident Manager shall first give a verbal or written warning.

If a second violation of the same provision occurs within a 12 month period, a written citation shall be delivered, by U.S. mail, postage prepaid or by hand delivery, to the unit owner and/or violator to the address on file with the Managing Agent. The citation shall state the basis for the citation and the imposition of a \$50 fine.

If a third violation of the same provision occurs within the 12 month period (starting from the initial violation), the matter shall be turned over to the Association's attorney to handle, and the owner/violator shall be responsible for all related attorneys' fees and costs.

An immediate fine may be imposed if it is a serious violation, which affects the value or safety of the Project or the use, enjoyment, safety or health of any resident, and/or the matter may be immediately turned over to the Association's attorney to handle, and the owner/violator shall be responsible for all related attorneys' fees and costs.

POLICY STATEMENT

The Board of Directors of the Association of Apartment Owners of Makakilo Gardens II is charged with the responsibility of dutiful performance in accordance with laws of the State of Hawaii, and the City and County of Honolulu.

The Board desires to render fair and impartial decisions in all matters brought before it for action and consideration.

**ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2
BOARD OF DIRECTORS' RESOLUTION ALLOCATING RESPONSIBILITY FOR
MAINTENANCE, REPAIR AND REPLACEMENT RELATING TO PRIVACY AREA FENCES**

WHEREAS, the Association of Apartment Owners of Makakilo Gardens, Increment No. 2 condominium project (the "Project") is governed by the Declaration of Horizontal Property Regime of Makakilo Gardens, Increment No. 2 ("Declaration"), as amended, the Bylaws of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2 ("Bylaws"), as amended, the Condominium Property Act (Hawaii Revised Statutes Chapter 514B), as amended, and, among other documents, Hawaii Administrative Rules ("HAR"), Title 16, Chapter 107 relating to Condominium Property Regimes;

WHEREAS, Article II, Section 2 of the Bylaws provides, in relevant part, that the "Board of Directors shall have all powers necessary for the administration of the affairs of the Association....";

WHEREAS, HAR § 16-107-65(b) requires an association's board of directors to compile a list of association assets in connection with the calculation of an association's estimated replacement reserves;

WHEREAS, HAR § 16-107-65(b) provides that "[i]f the project's declaration and association's bylaws fail to clearly state whether a particular part of a condominium project is association property, the board may adopt a resolution allocating responsibility for that part to the association, an individual owner, or individual owners";

WHEREAS, pursuant to HAR § 16-107-65(b), said resolution shall indicate whether the part in question is: (1) an asset of the association; (2) is the responsibility of an individual owner or individual owners, but fewer than all owners; or (3) partly an asset of the Association and partly the responsibility of fewer than all owners;

WHEREAS, pursuant to HAR § 16-107-65(b), said resolution shall also "state the basis of the board's decision and shall be effective to determine responsibility for replacement reserves for the part in question upon adoption and until changed by the board or by an amendment to the declaration or bylaws";

WHEREAS, Section A.1 of the Declaration indicates that there are 74 estates designated in the spaces within the perimeter walls, floors and ceilings of each apartment in the Project;

WHEREAS, Section A.2 of the Declaration provides that all remaining portions of the Project (other than the apartments) are deemed common elements, including all fences;

WHEREAS, Section A.3 of the Declaration provides that certain parts of the common elements are designated as limited common elements and set aside for the exclusive use of certain apartments;

WHEREAS, Section A.3(b) of the Declaration provides that the fenced area adjoining the rear of an apartment as shown on the condominium map ("privacy area") shall be a limited common element appurtenant to and for the exclusive use of such apartment;

WHEREAS, Section A.3(d) of the Declaration further provides that all other common elements of the Project that are rationally related to less than all of the apartments or buildings shall be deemed limited common elements appurtenant to such apartments or buildings;

WHEREAS, Article IV, Section 1(b) of the Bylaws states that the Board's powers and duties include the maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto;

WHEREAS, Article V, Section 2 of the Bylaws provides that each owner is required at their own expense to repair, maintain and keep their apartment and the limited common elements appurtenant and adjacent thereto in good order and condition except as otherwise provided by law or the Declaration;

WHEREAS, the Declaration and the Bylaws are not clear with respect to whether the fences surrounding the privacy areas ("privacy area fences") are the responsibility of the Association or the respective apartment owners;

WHEREAS, Hawaii Revised Statutes §514B-35(4) provides that "any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve a single unit but are located outside the unit's boundaries are limited common elements appurtenant exclusively to that unit";

WHEREAS, Hawaii Revised Statutes §514B-41(a) provides that "all limited common elements costs and expenses, including but not limited to maintenance, repair, replacement, additions, and improvements, shall be charged to the owner or owners of the unit or units to which the limited common element is appurtenant in an equitable manner as set forth in the declaration";

WHEREAS, it has been the Association's historical practice to treat the privacy area fences as the responsibility of the apartment owners and such items have not been included in the Association's reserve studies;

WHEREAS, pursuant to Section A.3 of the Declaration, the Board believes that the privacy area fences should be deemed to be limited common elements appurtenant to each respective apartment, as they are rationally related to each apartment;

WHEREAS, the Board has determined that it is in the best interest of the Association for the Board to maintain, repair and replace the privacy area fences in a consistent manner and assess the expenses to the respective apartment owners in order to help maintain a uniform exterior appearance, to help provide safety from theft and injury, and to help protect the adjacent common elements;

WHEREAS, because the Project's Declaration and Bylaws fail to clearly state whether the privacy area fences are the responsibility of the Association or the respective apartment owners, in order to allocate responsibility for maintenance, repair and/or replacement of the same, under HAR § 16-107-65, the Board may adopt a resolution to allocate such responsibility; and

WHEREAS, the Board has determined that it is in the best interest of the Association to adopt a policy to formally allocate responsibility for the privacy area fences.

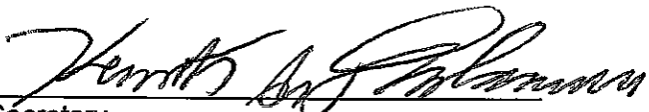
NOW THEREFORE BE IT RESOLVED, that the Board of Directors hereby adopts the following policy allocating responsibility for maintenance, repair, and replacement of the privacy area fences, to be effective MARCH 27, 2020 :

1. The fences surrounding the privacy areas (and all components thereof, including gates) ("privacy area fences") are deemed to be limited common elements appurtenant to the respective apartments, and it is the responsibility of each respective apartment owner to pay for the cost of maintenance, repair and/or replacement of the same.
2. Notwithstanding anything to the contrary herein, the portion of any privacy area fences located between two adjacent privacy areas is deemed to be the responsibility of those two respective apartment owners to pay for the cost of maintenance, repair and/or replacement of the same at their joint expense (i.e., the costs associated with such maintenance, repair, and/or replacement shall be split equally between the respective apartment owners), unless the cause of the problem can be attributed to a particular owner, in which case that owner shall be solely responsible for the associated costs.
3. In order to maintain the uniform appearance of the Project and because the maintenance, repair and/or replacement of the privacy area fences may have an impact on safety and the adjacent common elements, the Association, through its Board of Directors, shall have the exclusive authority to maintain, repair and/or replace all privacy area fences and to assess the costs of such maintenance, repairs and/or replacements to the respective owners.

CERTIFICATE OF SECRETARY

THIS CERTIFIES that the undersigned is the Secretary of the above-named Association and that the foregoing is the full, true and correct resolution passed by the Board of Directors thereof at a meeting of said Board held on January 9, 2020, legally called and held, at which a quorum was present and voting.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of January, 2020.


Secretary
Association of Apartment Owners
of Makakilo Gardens, Increment No. 2

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE ASSOCIATION OF APARTMENT OWNERS
OF MAKAKILO GARDENS II REGARDING
ELECTRIC VEHICLE CHARGING SYSTEMS**

WHEREAS, an Apartment Owner's use of an extension cord from the standard 120V AC electric plugs in his or her apartment through the common areas and/or limited common elements to charge electric vehicles may constitute a safety hazard to the Association of Apartment Owners of Makakilo Gardens II ("Association") and imposes an unfair burden on other Apartment Owners;

WHEREAS, Association owners have a responsibility not to use the common elements or individual apartments for any improper or offensive use;

WHEREAS, pursuant to Hawaii Revised Statutes ("HRS") § 196-7.5(b), the Board of Directors may adopt rules that reasonably restrict the placement and use of electric vehicle charging systems for the purpose of charging electric vehicles in the parking stalls of any multi-family residential dwelling or townhouse, provided that those restrictions shall not prohibit the placement or use of electric vehicle charging systems altogether;

WHEREAS, the Board has determined that the implementation of an Electric Vehicle Charging Systems Policy is in the best interest of the Association and all Apartment Owners, and that the following policy with regard to the placement of Electric Vehicle Charging Systems shall be implemented upon the adoption of this Resolution and the distribution of the Resolution and Policy to all Apartment Owners;

NOW THEREFORE, the Board of Directors of the ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS II adopts the following resolution:

RESOLVED:

1. Notwithstanding any law to the contrary, no person shall be prevented by any covenant, declaration, bylaw, restriction, deed, lease, term, provision, condition, codicil, contract, or similar agreement, however worded, from installing an electric vehicle charging system on or near the parking stall of any multi-family residential dwelling or townhouse that the person owns. Under Hawaii law, any provision in any lease, instrument, or contract contrary to the intent of Hawaii Revised Statutes ("HRS") § 196-7.5 shall be void and unenforceable.

2. Any person may place an electric vehicle charging system on or near the parking stall of any unit owned by that person, provided that:

(a) The system is in compliance with any rules and specifications adopted pursuant to this policy;

(b) The system is registered with the Association within thirty days of installation;

i. The registration shall include a letter from the installer (who must be properly licensed by the State of Hawaii to install an electric vehicle charging system, and who must be insured) addressed to the Association (c/o its Managing Agent) and certifying the date and location of the installation and that it complies with Sections (2) and (3)(a); and

ii. The failure to provide such registration and within such time frame shall be a violation of the Association's administrative rules without further notice by the Association;

(c) If the system is placed on a common element or limited common element as defined by the Association's governing documents, the homeowner shall first obtain the written consent of the Association; provided further that such consent shall be given if the homeowner agrees in writing to:

i. Comply with the Association's design specifications for the installation of the system;

ii. Engage a duly licensed contractor to install the system; and

iii. Within fourteen (14) days of approval of the system by the Association, provide a certificate of insurance naming the Association as an additional insured on the homeowner's insurance policy.

3. If an electric vehicle charging system is placed on a common element or limited common element:

(a) The owner and each successive owner of the parking stall on which or near where the system is placed shall be responsible for any costs for damages to the system, common elements, limited common elements, and any adjacent units, arising or resulting from the installation, maintenance, repair, removal, or replacement of the system. The repair, maintenance, removal, and replacement responsibilities shall be assumed by each successive owner until the electric vehicle charging system has been removed from the common elements or limited common elements. The owner and each successive owner shall at all times have and maintain a policy of insurance covering the obligations of the owner under this paragraph and shall name the Association as an additional insured under the policy; and

(b) The owner and any successive owner of the parking stall on which or near where the system is placed shall be responsible for removing the electric vehicle charging system if reasonably necessary or convenient for the repair, maintenance, or replacement of the common elements or limited common elements.

4. Before an electric vehicle charging system may be installed, the Board must be presented with proposed general plans showing location, wiring, specifications and a detailed description of the work to be undertaken. Changes may be requested by the Board, followed by re-application by the owner. Once the plan is preliminarily approved by the Board, all appropriate stamped electrical, engineering and mechanical plans and surveys must be presented, along with all pertinent approved permits, and any other

additional documentation requested by the Board, after which the Board will issue its final written approval.

5. After receipt of the Board's final written approval, installation of the electric vehicle charging system may then commence. Installation must be coordinated with the resident manager so as not to conflict with any other building, maintenance, or restoration activities.

6. If standard design specifications have not been adopted by the Board at the time of an owner's proposed installation of an electric vehicle charging system, any such installation shall be in accordance with complete plans and specifications funded solely by the owner, prepared by a licensed electrical engineer, and approved in writing by the Board.

7. Regardless of whether the Board has adopted standard design specifications, the means by which the electric vehicle charging system is connected to the Project's electrical lines shall be in accordance with complete plans and specifications funded solely by the owner, prepared by a licensed electrical engineer, and approved in writing by the Board.

8. The Association shall not be required to make any improvements to the electrical wiring or other components of the Project's existing electrical system in order to enable owners to install electric vehicle charging systems.

9. The Association may deny permission to install electric vehicle charging systems if it is advised by a licensed electrical engineer that the Project's wiring or other components of the existing electrical system are inadequate to safely support such systems, or it may limit the number of systems that may be installed or that may be used at any one time to those that the system can safely support on a first-come, first-served basis; provided, however, that an owner may, after receiving written approval from the Board, upgrade the Project's existing electrical system or install a new power line at the owner's sole expense, and any such upgrade or installation shall be in accordance with complete plans and specifications funded solely by the owner, prepared by a licensed electrical engineer, and approved in writing by the Board.

10. Electric vehicle charging systems that are connected to the common element electrical lines shall be sub-metered so that the electricity being used by the system is either directly billed to the owner by the electric company or the owner shall pay the Association for all electricity used by the system at the then-current rate. The failure of an owner to promptly reimburse the Association upon demand for such electricity shall give the Association the right to disconnect the system.

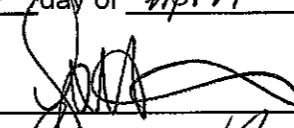
11. For the purpose of this policy:

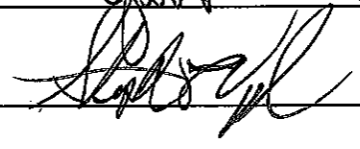
"Electric vehicle charging system" means a system that is designed in compliance with Article 625 of the National Electric Code and delivers electricity from a source outside an electric vehicle into one or more electric vehicles. An electric vehicle charging system may include several charge points simultaneously connecting several electric vehicles to the system.

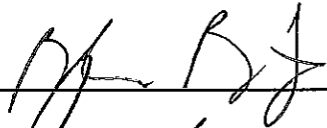
12. This resolution shall take effect upon the adoption of the resolution by the Board, and the distribution of this resolution to all Apartment Owners in a reasonable manner so as to give notice to all Apartment Owners of the implementation of this resolution.

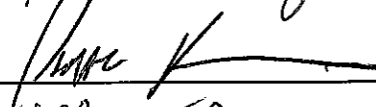
13. The Board hereby adopts the Association's Policy and Addendum to House Rules on Electric Vehicle Charging Systems, attached hereto as **Exhibit "A"**, pursuant to HRS § 196-7.5.

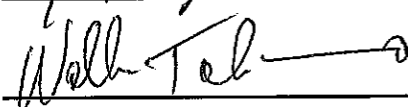
IN WITNESS WHEREOF, the undersigned have executed these Resolutions this 5th day of April, 2016.

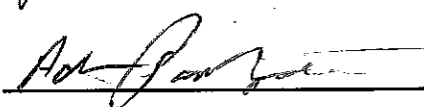












**THE ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS II
POLICY AND ADDENDUM TO HOUSE RULES
ON ELECTRIC VEHICLE CHARGING SYSTEMS
PURSUANT TO HRS § 196-7.5, AS APPLICABLE**

Upon the adoption of the resolution by the Board, the following policy relating to the ELECTRIC VEHICLE CHARGING SYSTEMS shall be implemented.

ELECTRIC VEHICLE CHARGING SYSTEMS

1. Notwithstanding any law to the contrary, no person shall be prevented by any covenant, declaration, bylaw, restriction, deed, lease, term, provision, condition, codicil, contract, or similar agreement, however worded, from installing an electric vehicle charging system on or near the parking stall of any multi-family residential dwelling or townhouse that the person owns. Under Hawaii law, any provision in any lease, instrument, or contract contrary to the intent of Hawaii Revised Statutes ("HRS") § 196-7.5 shall be void and unenforceable.

2. These rules shall facilitate the placement and use of electric vehicle charging systems for the purpose of charging electric vehicles in the parking stalls of Makakilo Gardens II and shall not be unduly or unreasonably restrictive so as to prohibit the placement or use of electric vehicle charging systems altogether. No fees shall be assessed or charged to any homeowner for the placement of any electric vehicle charging system. The Association may require reimbursement for the cost of electricity used by such electric vehicle charging system.

3. Any person may place an electric vehicle charging system on or near the parking stall of any unit owned by that person, provided that:

- (a) The system is in compliance with any rules and specifications adopted pursuant to this policy;
- (b) The system is registered with the Association within thirty days of installation;
 - i. The registration shall include a letter from the installer (who must be properly licensed by the State of Hawaii to install an electric vehicle charging system, and who must be insured) addressed to the Association (c/o its Managing Agent) and certifying the date and location of the installation and that it complies with Sections (2) and (3)(a); and
 - ii. The failure to provide such registration and within such time frame shall be a violation of the Association's administrative rules without further notice by the Association;
- (c) If the system is placed on a common element or limited common element as defined by the Association's governing documents, the homeowner shall first obtain the written consent of the Association; provided further that such consent shall be given if the homeowner agrees in writing to:

- i. Comply with the Association's design specifications for the installation of the system;
- ii. Engage a duly licensed contractor to install the system; and
- iii. Within fourteen (14) days of approval of the system by the Association, provide a certificate of insurance naming the Association as an additional insured on the homeowner's insurance policy.

4. If an electric vehicle charging system is placed on a common element or limited common element:

(a) The owner and each successive owner of the parking stall on which or near where the system is placed shall be responsible for any costs for damages to the system, common elements, limited common elements, and any adjacent units, arising or resulting from the installation, maintenance, repair, removal, or replacement of the system. The repair, maintenance, removal, and replacement responsibilities shall be assumed by each successive owner until the electric vehicle charging system has been removed from the common elements or limited common elements. The owner and each successive owner shall at all times have and maintain a policy of insurance covering the obligations of the owner under this paragraph and shall name the Association as an additional insured under the policy; and

(b) The owner and any successive owner of the parking stall on which or near where the system is placed shall be responsible for removing the electric vehicle charging system if reasonably necessary or convenient for the repair, maintenance, or replacement of the common elements or limited common elements.

5. Before an electric vehicle charging system may be installed, the Board must be presented with proposed general plans showing location, wiring, specifications and a detailed description of the work to be undertaken. Changes may be requested by the Board, followed by re-application by the owner. Once the plan is preliminarily approved by the Board, all appropriate stamped electrical, engineering and mechanical plans and surveys must be presented, along with all pertinent approved permits, and any other additional documentation requested by the Board, after which the Board will issue its final written approval.

6. After receipt of the Board's final written approval, installation of the electric vehicle charging system may then commence. Installation must be coordinated with the resident manager so as not to conflict with any other building, maintenance, or restoration activities.

7. If standard design specifications have not been adopted by the Board at the time of an owner's proposed installation of an electric vehicle charging system, any such installation shall be in accordance with complete plans and specifications funded solely by the owner, prepared by a licensed electrical engineer, and approved in writing by the Board.

8. Regardless of whether the Board has adopted standard design specifications, the means by which the electric vehicle charging system is connected to the Project's electrical

lines shall be in accordance with complete plans and specifications funded solely by the owner, prepared by a licensed electrical engineer, and approved in writing by the Board.

9. The Association shall not be required to make any improvements to the electrical wiring or other components of the Project's existing electrical system in order to enable owners to install electric vehicle charging systems.

10. The Association may deny permission to install electric vehicle charging systems if it is advised by a licensed electrical engineer that the Project's wiring or other components of the existing electrical system are inadequate to safely support such systems, or it may limit the number of systems that may be installed or that may be used at any one time to those that the system can safely support on a first-come, first-served basis; provided, however, that an owner may, after receiving written approval from the Board, upgrade the Project's existing electrical system or install a new power line at the owner's sole expense, and any such upgrade or installation shall be in accordance with complete plans and specifications funded solely by the owner, prepared by a licensed electrical engineer, and approved in writing by the Board.

11. Electric vehicle charging systems that are connected to the common element electrical lines shall be sub-metered so that the electricity being used by the system is either directly billed to the owner by the electric company or the owner shall pay the Association for all electricity used by the system at the then-current rate. The failure of an owner to promptly reimburse the Association upon demand for such electricity shall give the Association the right to disconnect the system.

12. For the purpose of this policy:

"Electric vehicle charging system" means a system that is designed in compliance with Article 625 of the National Electric Code and delivers electricity from a source outside an electric vehicle into one or more electric vehicles. An electric vehicle charging system may include several charge points simultaneously connecting several electric vehicles to the system.

THE FOREGOING POLICIES WILL BE SUBJECT TO AND SHALL ADHERE TO THE REQUIREMENTS OF THE HRS § 196-7.5 AS IT MAY BE AMENDED FROM TIME TO TIME.



Hawaiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Fax: (808) 593-6333
Internet: www.hmcmt.com

April 22, 2016

RE: MAKAKILO GARDENS II – AIR CONDITIONING GUIDELINES

Hawaii Revised Statutes 514B-38 (3)(B) provides that: Minor additions to or alterations of the common elements are permitted if additions or alterations can be accomplished without substantial impact on the interests of other owners in the common elements, as reasonably determined by the Board.

Any owner of an apartment may request permission to install a window air conditioner or non-ducted split air conditioning system for their apartment with the written permission of the Board of Directors of the Association. This request for permission shall be in writing to the Board of Directors with drawings sufficient to show the proposed installation design and location. Non-ducted split air conditioning system installations shall be made by a professional licensed air-conditioning installer and mounted to manufacturer's specifications in a manner causing the least visual and physical impact to the building. All costs and expense for the window air conditioner or split air conditioning system are to the owner.

Owners should consider that the Board will require that the installation of condenser units on the ground level should be sufficiently obscured from view from the street as much as possible. The Board has surveyed the property and will have suggestions to site said condenser units.

Split air conditioning systems may only be installed in the privacy yard. All pipes and wires are required to be within a cover conduit. Piping coming from the apartment installation down the sides of the building shall run along the building in a manner causing the least visible attention from the street view and the cover conduits shall be painted in the color of the building at the time of installation.

Window air conditioning units are required to be dripless units and shall have a drainage line installed on the exterior of the building.

Owners shall maintain their air conditioning equipment in a clean and reasonable condition. Owners are responsible to maintain, repair and/or replace the unit as needed and/or required by the Board. Air conditioning equipment that creates excessive noise in the common elements will be considered a nuisance and is subject to removal.

Owners, for themselves and their successors in interest and assigns shall indemnify the Association of Apartment Owners of Makakilo Gardens II for any and all claims arising from Owners' installation of said window or split air conditioning system. Owners are to incur any and all expense should the said window or split air conditioning system cause damage to the common and/or limited elements. Owners of said installed window or split air conditioning system shall further be responsible, at their sole cost, if the systems need to be temporarily removed for maintenance and repair of the common elements.

FROM THE BOARD OF DIRECTORS OF MAKAKILO GARDENS II ASSOCIATION
(ADOPTED APRIL 5, 2016)



HAWAIIANA

Hawaiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Internet: www.hmcmgt.com

MAILED

~~JUN 1 2020~~

June 1, 2020

RE: MAKAKILO GARDENS II - NEW ADOPTED POLICIES

Dear Owners,

The Board recently adopted the two new policies listed below that will be effective on July 1st, 2020.

1. Collection Procedures/Policy for AOA Accounts
2. Resolution to Adopt a New Priority of Payments Policy

Should you have any questions, please contact me at (808)203-5219.

Sincerely,

FOR THE BOARD OF DIRECTORS
OF MAKAKILO GARDENS II

Kim Hieda
Senior Management Executive

Enclosures

May 12, 2020

Board of Directors
Association of Apartment Owners of
Makakilo Gardens, Increment No. 2, Inc.
c/o Hawaiiana Management Company, Ltd.
Attn: Kimberly Hieda, Property Manager
711 Kapiolani Blvd, Suite 700
Honolulu, Hawaii 96813

**Re: Collection Procedures/Policy for AOA Accounts - Association of
Apartment Owners of Makakilo Gardens, Increment No. 2, Inc.**

The following is the general procedure/policy that our law firm typically follows for the collection of delinquent AOA accounts:

1. **D1 Letter/D2 Letter** - The management company will send out a first and then a second delinquency reminder notice to the owner. The account would be approximately sixty (60) to ninety (90) days past due by the time the account is referred to our law firm for collection.
2. **Attorney Demand Letter** - Assuming that no payment has been made, the account would be turned over to our office for collection. We send out a demand letter requiring that payment be made within thirty (30) days (pursuant to the Fair Debt Collection Practices Act).
3. **Payment Plans** – Assuming that the owner contacts us for a payment plan, the Board authorizes our law firm to accept payment plans that are for no more than twelve (12) months, meaning that the owner must pay off the delinquency in that period of time and stay current on all maintenance fees and other charges; otherwise, we are not authorized to accept any other payment plan.
4. **Filing of a Lien and Notice of Default** - Assuming that no payment has been made or the owner does not submit a payment plan, we prepare a lien to be filed against the unit. Upon recordation of the lien, we send a Post-Lien demand letter to the owner notifying them that a lien has been filed against the unit and requiring that payment be made within ten (10) days. At the expiration of the Post-Lien demand letter and once the debt has reached \$2,000.00, the Board authorizes our law firm to send the owner a Notice of Default and Intention to Foreclose (“Notice of Default letter”) reminding the owner that a lien has been filed and if they do not remit full payment within sixty (60) days or make arrangements to pay the amount due and owing to the Association, we will proceed with a non-judicial foreclosure action. At this point, the account is typically four to five months in arrears.

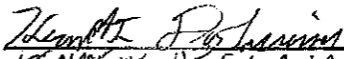
Board of Directors
Association of Apartment Owners of
Makakilo Gardens, Increment No. 2, Inc.
c/o Hawaiiana Management Co., Ltd.
Attn: Kimberly Hieda, Property Manager
May 12, 2020
Page 2


5. Non-Judicial Foreclosure - Assuming that the owner does not respond to our Notice of Default letter, we will order a title report (a report prepared by a title company reflecting the legal owner of and any lien holders against a property) and send notice to the owner and all lien holders that the Association will be initiating a non-judicial foreclosure action. Such an action will place the owner on notice that their property will be sold within the next two to three months. If the owner has requested an open house, we will arrange the showing of the property prior to the auction and in accordance with applicable statutes. If no one bids at the auction, the Board authorizes us to bid up to the amount due and owing to the Association by the owner of the subject unit.

6. Limited Power of Attorney - In order to expedite the above process, the Association, by and through its Board of Directors, will authorize the President and one other officer of the Association to execute a Limited Power of Attorney that will authorize our firm to sign, among other things, Liens, Release of Liens, Quit Claim Deeds and Tax Conveyance Certificates.

This policy will be deemed **effective as of** JULY 1, 2020, and remain in effect until revoked by a Board Resolution.

**ASSOCIATION OF APARTMENT OWNERS OF
MAKAKILO GARDENS, INCREMENT NO. 2, INC.**

By: 
Print: KENNETH DESLAURIER
Its: SECRETARY
Date: 15 MAY 2020

By: 
Print: ADAM PAGANATHAN
Its: PRESIDENT
Date: 15 MAY 2020

**ASSOCIATION OF APARTMENT OWNERS OF MAKAKILO GARDENS, INCREMENT NO. 2
BOARD OF DIRECTORS' RESOLUTION TO ADOPT
A NEW PRIORITY OF PAYMENTS POLICY**

WHEREAS, the Board of Directors (the "Board") of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2 (the "Association") has the powers necessary for the administration of the affairs of the Association pursuant to Article II, Section 2 of the Bylaws of the Association of Apartment Owners of Makakilo Gardens, Increment No. 2, as amended (the "Bylaws");

WHEREAS, pursuant to Article IV, Section 1(g) of the Bylaws, the Association, through its Board, has the authority to collect all assessments levied against the apartment owners;

WHEREAS, Article II, Section 12 of the Bylaws provides in relevant part that:

. . . In the event that the Association acquires all or any portion of the Leased Fee Interest, the Board of Directors shall be empowered to take all such action as it deems necessary or appropriate to administer the interest so acquired, including but not limited to conveying such interest into a land trust, setting, arbitrating, and collecting lease rents

WHEREAS, Article IV, Section 3 of the Bylaws provides in relevant part that:

. . . Every first mortgagee to whom the lessee is required by the terms of the mortgage to pay the same or, whenever there is no such mortgage, every Managing Agent shall also be the agent of the respective lessees under any apartment leases filed with the Board for the collection, custody and payment of all rent, taxes, assessments and other charges thereunder payable to their lessors.

WHEREAS, Article V, Section 1 of the Bylaws sets out the obligation of owners to pay the monthly installments of assessments and also provides that "with respect to any lease of any apartment filed with the Board of Directors, a monthly sum determined by the Managing Agent to be sufficient to accumulate and pay when due all rent, taxes, assessments and other charges thereunder payable by the lessee of such apartment unless such sums are required to be paid to and accumulated by the mortgagee under any subsisting mortgage of such apartment lease filed with the Board.";

WHEREAS, Section 16 of the Makakilo Gardens Condominium Apartment Lease between Lessor and each original apartment lessee owner (the "Original Apartment Leases") provides in relevant part that:

Lessee will at his proportionate share of the expense cause the Association to appoint and at all times maintain [a Managing Agent] . . . for the direct management and operation thereof and maintenance, repair, rebuilding and restoration of the common elements and for the collection of assessments for common expenses payable by Lessee in accordance with the Declaration and Bylaws of the Association and, whenever there is no mortgagee to whom Lessee is required by the terms of the mortgage to pay the same, for the collection, custody and payment of all rents, taxes, and other charges payable by Lessee in accordance with this lease; provided, however, that notwithstanding such agency

Lessee at all times shall remain liable directly to Lessor for the performance of all obligations of Lessee contained herein.

WHEREAS, the Association, through its Board, may have previously adopted a priority of payment policy pursuant to Hawaii Revised Statutes ("HRS") § 514B-105(c), according to which the payment of common expense assessments by owners would be applied to the respective owners' accounts;

WHEREAS, a bill was enacted as Act 192, which took effect on July 1, 2019, thereby amending the language of HRS § 514B-105(c) as follows (deletions shown in [brackets] and ~~strikethrough~~; additions shown in underline):

(c) ~~[No association shall deduct and apply portions of common expense payments received from a unit owner to unpaid late fees, legal fees, fines, and interest (other than amounts remitted by a unit in payment of late fees, legal fees, fines, and interest).]~~ Any payments made by or on behalf of a unit owner shall first be applied to outstanding common expenses that are assessed to all unit owners in proportion to the common interest appurtenant to their respective units. Only after said outstanding common expenses have been paid in full may the payments be applied to other charges owed to the association, including assessed charges to the unit such as ground lease rent, utility sub-metering, storage lockers, parking stalls, boat slips, insurance deductibles, and cable. After these charges are paid, other charges, including unpaid late fees, legal fees, fines, and interest, may be assessed in accordance with an application of payment policy adopted by the board; provided that if a unit owner has designated that any payment is for a specific charge that is not a common expense as described in this subsection, the payment may be applied in accordance with the unit owner's designation even if common expenses remain outstanding.

WHEREAS, by its amendment of HRS § 514B-105(c), Act 192 clarifies and provides guidance on how the Association shall allocate payments that are made in excess of common expenses owed; and

WHEREAS, in order to comply with Act 192 and the provisions of the Bylaws, the Board has determined that it would be in the best interest of the Association to formally cancel any and all previously adopted priority of payments policies, if any, and to adopt a new priority of payments policy in accordance with HRS § 514B-105(c), as amended by Act 192.

NOW, THEREFORE, BE IT RESOLVED, pursuant to HRS § 514B-105(c), as amended by Act 192, the following priority of payments policy is hereby adopted, effective immediately upon adoption of this resolution by the Board, and that all payments received as of July 1, 2019, shall be applied pursuant to this policy.

[Remainder of page intentionally left blank.]

PRIORITY OF PAYMENTS POLICY

I. Common Expenses.

Any payments made by or on behalf of a unit owner shall first be applied to any outstanding common expenses that are assessed to the unit owners in proportion to the common interest appurtenant to their respective units ("Common Expenses"). Common expenses include: maintenance fees; reserve fees; special assessments, and loan assessments charged to all owners based on their PCI.

If a payment is received from a unit owner for less than the full amount of all Common Expenses owed to the Association at that point in time, payments shall be applied to Common Expenses in the following order:

1. Maintenance Fees
2. Other Common Expenses

II. Unit Expenses.

After all outstanding Common Expenses have been paid in full, the balance of any payments shall be applied to other charges owed to the Association, which include assessed charges to the unit such as: lease rent; utility sub-metering charges; flat fees charged to all or some owners; HO6 insurance policy fees; an insurance deductible that is charged back to a particular owner; other fees assessed to an owner for renting a space within the Project; special assessments that are not assessed to all owners; and limited common expense assessments charged to owners based on their PCI ("Unit Expenses").

If the balance of any payment received from a unit owner (after paying all Common Expenses) is for less than the full amount of all Unit Expenses owed to the Association at that point in time, payments shall be applied to Unit Expenses in the following order:

1. Lease Rent and Other Lease Charges, if any (*For Leasehold Units Only*)
2. HO6 Insurance Policy Fees, if any
3. Insurance Deductibles, if any
4. Other Unit Expenses

III. Miscellaneous Expenses.

After all Common Expenses and Unit Expenses have been paid in full, the balance of any payments shall be applied to all other charges which include: legal fees and costs; fines; late charges; and charges related to returned checks for insufficient funds. ("Miscellaneous Expenses").

If the balance of any payment received from a unit owner (after paying all Common Expenses and Unit Expenses) is for less than the full amount of all Miscellaneous Expenses owed to the Association at that point in time, payments shall be applied to Miscellaneous Expenses in the following order:

1. Legal Fees and Costs
2. Charges Related to Returned Checks/Insufficient Funds
3. Late Fees
4. Fines
5. Other Miscellaneous Expenses

IV. **Designated Payments.**

If a unit owner has designated that any payment is for a specific charge that is not a Common Expense, the Board may apply the payment in accordance with the unit owner's designation even if Common Expenses remain outstanding.

V. **Delinquent Accounts.**

Any delinquent accounts shall be handled in accordance with the Association's collection policy.

CERTIFICATE OF SECRETARY

THIS CERTIFIES that the undersigned is the Secretary of the above-named Association and that the foregoing is the full, true and correct resolution passed by the Board of Directors thereof at a meeting of said Board held on MAY 14TH, 2020, legally called and held, at which a quorum was present and voting.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of JULY, 2020.

KENNETH DESLAURIER
Kenneth Des Laurier
Secretary
Association of Apartment Owners of
Makakilo Gardens, Increment No. 2

Proposed House Rule re Drones

Add a new rule 22 under the "General" section to read as follows:

No person shall use, operate, launch or land any drone on or over the common elements of the Project, including the limited common elements, except with the prior written approval of the Board. As used in these House Rules, "drone" is defined to include, without limitation, any: unmanned aircraft system (UAS), which means an aircraft that is operated without direct human intervention from within or on the aircraft, and associated elements including communication links and components that control the unmanned aircraft; unmanned aerial vehicle (UAV); remotely piloted aerial vehicle; unpiloted aerial vehicle; and model aircraft (remote controlled model airplanes, helicopters, etc.).



SUMMARY OF PRESENT INSURANCE

Date 02/16/2022

Agent's Name Gerald T. Lee Address 3615 Harding Ave, #302, Honolulu, HI 96816 Phone No. 732-2525

Property Name MAKAKILO GARDENS II, AOA Property Address Makakilo Dr, Kapolei, HI 96707 Management Co. Hawaiiana Management

COVERAGE		LIMITS OF INSURANCE	POLICY NUMBER <u>91-BD-0893-2</u>	DEDUCTIBLE <u>\$15,000</u>
SEC. I	Buildings	\$15,412,400	EFFECTIVE DATE <u>04/10/2022</u>	EXPIRATION DATE <u>04/10/2023</u>
	Business Personal Property	\$21,800	CONDOMINIUM ANNUAL PREMIUM <u>\$31,480</u>	
SEC. II	Comprehensive Business Liability Coverage	\$1,000,000	COMMENTS <u>Multiple Locations</u>	

OPTIONAL COVERAGES - Applicable only when indicated below

COVERAGE	LIMITS OF INSURANCE	DEDUCTIBLE	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	ANNUAL PREMIUM	COMMENTS
Hurricane	\$15,412,400	5% Per Bldg	91-BD-0893-2	04/10/2022	04/10/2023	Included	
Directors and Officers Liability	\$2,000,000		91-BD-0893-2	04/10/2022	04/10/2023	Included	
Building Ordinance and Law	\$1,541,240		91-BD-0893-2	04/10/2022	04/10/2023	Included	
Commercial Liability Umbrella	\$4,000,000		91-BD-0891-8	04/10/2022	04/10/2023	\$982	
Fidelity Bond	\$125,000		91-BG-0320-5	04/10/2022	04/10/2023	\$715	
Workers Compensation							
Flood							

LENDER'S DISCLOSURE

ASSOCIATION: MAKAKILO GARDENS II

TMK: (1) 9-2-19-12

Address: Makakilo Drive, Kapolei, Oahu, Hawaii 96707

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?		YES
Is there pending litigation against the Developer?		NO
Number of additional units/phases to be built: Units: Phases:		NONE
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:		1972
Total number of units:		75
Number of units sold and closed:		75
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?		1973
Does any one person or entity own more than 10% of the units?		NO
Approximate owner occupancy		76%
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?		Fee Simple
Are the amenities/recreational facilities owned by the Association?		YES
Do the project legal documents include any restrictions on sale 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
Is the budget prepared on an annual basis?		YES
Are there any pending special assessments? If yes, explain:		NO
Number of foreclosures in last 12 months?		0
How many units are over 30 days delinquent?		9 units (12%)
Total dollar amount of delinquency (over 30 days)		\$47,823.84
Does the project documentation contain a standard Mortgagee Protection clause?		YES
a. If no, what is in place to insure the lenders 1st lien position?		
If a unit is taken over in foreclosure or deed-in-lieu, for how many months is the mortgagee responsible for delinquent association dues?		6 MONTHS
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 – (see City and County Planning Commission)
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?	See insurance agent.

Commercial Space

Percentage of common interest:	0%
Is the project a (indicate applicable) Condotel <u>NO</u> ; a Timeshare <u>NO</u>	
Does the property operate as a resort hotel; renting units on a daily basis? If yes, year operation commenced: NO	
Please indicate available services: Check-in rental desk <u>NO</u> Daily maid service <u>NO</u> Restaurant/food service <u>NO</u> Timeshare <u>NO</u> Mandatory rental pool <u>NO</u> Commercial (boutiques, etc.) <u>NO</u>	

Legal


Is the association involved in any litigation, arbitration, mediation or other dispute resolution process? <i>On June 2, 2022, the Association filed a First Amended Complaint against an owner for, among other things, installing windows and air-conditioner units without proper Board authorization. On July 22, 2022, the defendant owner filed a counterclaim against the Association, its managing agent, and its resident manager. For a copy of the pleadings, please contact the Association's legal counsel at tgray@hawaiiilegal.com or at 808-539-1143. Please note that owners and potential purchasers must make their own independent assessment regarding this information with advice of counsel of their choosing.</i>	YES
Attorney:	Kapono Kiakona, Esq. of Porter McGuire Kiakona & Chow
Telephone:	808-539-1143

*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:	STATE FARM INSURANCE GERALD LEE Phone: (808) 732-2525
Flood Insurance Agent/Phone:	N/A

Preparer

Name:	LEILA KANESHIRO, Management Executive	Telephone: (808) 792-0509
Signature:		Date: 12/13/2022



HAWAIIANA

Hawaiiana Management Company, Ltd.

Pacific Park Plaza, Suite 700

711 Kapiolani Boulevard

Honolulu, Hawaii 96813

Tel: (808) 593-9100

Fax: (808) 593-6333

Internet: www.hmcmgt.com

April 2022

To: Sellers/Buyers/Lenders/Realtors
From: Jon McKenna, President
Date: April 2022
Subject: Fannie Mae – Form 1076

The purpose of this memo is to clarify Hawaiiana's position pertaining to Fannie Mae - Form 1076. First, there is no legal requirement (Federal or State) to complete Form 1076. Second, we do not complete third party disclosure forms. Third, much of the information requested is duplicative of information already provided for within our current Lender and Seller (RR105c) disclosure forms. Fourth, the information requested, particularly under the section titled "building safety, soundness, structural integrity, and habitability," is vague, subjective, ambiguous, overly broad, lacks clear definitions, and asks the respondent to predict the future.

For the above reasons, Hawaiiana will not complete, or assist in completing, Form 1076, in whole or part.

Additionally, Community Associations Institute (CAI) has detailed their position to the Federal Housing Finance Agency at the link below, which is consistent with our position: [CAI FHFA-GSE Condominium and Cooperative Temporary Guidance \(Feb 2022\).pdf](#)

Finally, Fannie Mae has provided FAQs, at the link below, that provides information and options lenders have should an Association's managing agent or Association are not willing to complete the information on the form: [FAQs: Fannie Mae – Form 1076](#).

While we have been closely following and researching the issues surrounding Form 1076 since the beginning of the year, we hope that our clients and industry partners can understand and relate to our concerns this form poses in its current state.

Jon McKenna, President
Hawaiiana Management Company, Ltd.



HAWAIIANA

Hawaiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Fax: (808) 593-6333
Internet: www.hmcmgt.com

October 2022

Dear Makakilo Gardens II Homeowner:

Your Board of Directors has approved the 2023 Operating Budget, which was prepared on a cash basis, and the Reserve Study, which was prepared using the cash flow method. After careful review of the current and long range requirements, **the Board of Directors has decided that there will be 8.0 % INCREASE in the maintenance fees for the year 2023.**

UNIT TYPE	2022 MAINTENANCE FEE	2023 MAINTENANCE FEE
01	\$449.52	\$485.48
02	\$449.96	\$485.96
03	\$572.08	\$617.85
04	\$572.52	\$618.32
05	\$674.06	\$727.99
06	\$674.50	\$728.46

Hawaii Revised Statute requires that owners be provided with certain information on an annual basis with regard to the Operating Budget and Reserve Study. This data is enclosed for your information.

Coupons and return envelopes for each month of 2023 are enclosed (except for those of you on our automatic Surepay Plan - in your case, coupons are not needed). Please return the larger portion of the coupon for the appropriate month with each payment. **If you are not using our Surepay system for automatic payments, you may consider it now.** This system is not only easier for you, but it saves the Association money on printing and postages. The enclosed application must be returned to Hawaiiana Management Company, Ltd., prior to December 15, 2022 to ensure that your January 2023 payment is made on time.

If your maintenance fees are paid by a bank, savings, and loan or bill payment agency other than Hawaiiana's Surepay Plan please make sure that the agency is provided with the correct maintenance fee amount. Please do so at your earliest convenience to ensure that the correct amount is paid and to avoid a late fee penalty.

This is also my annual opportunity to remind you:

1. Each homeowner is responsible to maintain his/her unit in good condition. Please check and correct any deficiencies to avoid additional expenses. It is highly recommended that your electrical and drain lines be inspected periodically and maintained, repaired, and or replaced as needed.
2. Leaks – Check your plumbing for proper operation and condition. There are three types of leaks that we are concerned about:
 - a. Supply line leaks – These can be leaking faucets or toilet float valves that simply waste water down the drain, or ruptured washing machine and dishwasher hoses. Washing machine and dishwasher hoses deteriorate over time, and their failure could cause major damage to your unit and to those of your neighbors. Replace the hoses before they fail.

Please inspect your water heater and drain/water lines periodically, as this too is also the owner's responsibility to make sure they are maintained properly and is repaired and or replaced when needed to ensure proper working condition.

- b. The voids in caulking around sinks, tubs, valves and spouts, and the wax seal beneath toilets can permit water to migrate behind walls and sustain termite colonies and mold.
 - c. Water coming from above – Try to contain the water in buckets, and never hesitate to contact a plumber or roofing contractor to try to determine the source of the water leak and to help with the necessary repair as this will help in preventing further damage. We can always figure out who is responsible for the cost of the repair later.
3. Insurance - The Association maintains insurance to cover the cost of damages caused by common elements to the building and to your home. Currently the insurance deductible is at \$15,000 per loss. You **SHOULD** and your Board of Directors highly recommends you to have homeowner's insurance to cover the \$15,000 deductible, damages or injuries caused by the failure of fixtures and appliances in your unit or by the actions of its residents and guests. Only the Management Executive and Board of Directors are authorized to make a report to the Association's insurance carrier.
 4. Smoke Detector - Have you checked your smoke detector lately? If not, please be sure to do so. If your smoke detector is battery operated, change the battery.

The Annual Meeting is scheduled for March 9, 2023. When you receive your proxy form in January 2023, please be sure to complete and return it immediately. It will avoid additional costs and help the Association save money.

If the legal name or address of the owner of the unit has changed, please notify Hawaiiana Management Company Ltd., in writing. This important information must be kept current especially when we prepare the proxies and ballots.

Should you have any questions, you may contact me at (808) 792-0509.

Sincerely,

FOR THE BOARD OF DIRECTORS
MAKAKILO GARDENS II



Leila Kaneshiro
Management Executive

Enclosures

Makakilo Gardens II

Calendar Year 2023 Operating Budget and Reserve Study

EXECUTIVE SUMMARY

Approved by Board of Directors on October 14, 2022

2023 PROJECTED INCOME

Starting Balance (Estimated)	\$390,000
Maintenance Fees	\$567,264
Other Income	\$36,698

2023 Estimated Income	\$993,962
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BOARD APPROVED

2023 PROJECTED EXPENSES

Operating Expenses	\$517,661
Reserve Expenses	\$0

2023 Estimated Expenses	\$517,661
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PROJECTED RESERVES AT YEAR END

(projected income less expenses)

\$430,449

Reserve Contributions %

7%

Projected Funding Level/Balance at the End of Year 2023

56.93%

2023 Maintenance Fee Change

8.00%

Hawaiiana Management Company, Ltd

2023 Monthly Cash Operating Budget For

Makakilo Gardens II

Approved by Board of Directors on October 14, 2022

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DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL
REVENUE	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	TOTAL
MAINTENANCE FEES	47,272	47,272	47,272	47,272	47,272	47,272	47,272	47,272	47,272	47,272	47,272	47,272	567,264
INVESTMENT INTEREST	13	13	13	13	13	13	13	13	13	13	13	13	156
CHECKING INTEREST	3	3	3	3	3	3	3	3	3	3	3	3	36
AOAO RM RENTAL INCOME - #71	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	22,560
AOAO RENTAL INCOME - #13	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	13,946
TOTAL REVENUE	50,330	50,330	50,330	50,330	50,330	50,330	50,330	50,330	50,330	50,330	50,330	50,330	603,962

UTILITIES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
ELECTRICITY	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	14,220
WATER	4,200	4,200	4,200	4,200	4,200	4,200	4,368	4,368	4,368	4,368	4,368	4,368	51,408
SEWER	6,623	6,623	6,623	6,623	6,623	6,623	6,888	6,888	6,888	6,888	6,888	6,888	81,066
TOTAL UTILITIES	12,008	12,008	12,008	12,008	12,008	12,008	12,441	12,441	12,441	12,441	12,441	12,441	146,694

CONTRACT SERVICES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
CONTRACT-GROUNDS	6,492	6,492	6,492	6,492	6,492	6,492	6,492	6,492	6,492	6,492	6,492	6,492	77,904
CONTRACT-PEST CONTROL (Shima Pest Control)	327			327			327			327			1,308
REFUSE (Honolulu Disposal)	3,253	3,253	3,253	3,253	3,253	3,253	3,253	3,253	3,253	3,253	3,253	3,253	39,036
SECURITY/IT SUPPORT (CAM Security)	188	188	188	188	188	188	188	188	188	188	188	188	2,256
TOTAL CNTRCT SVCS	10,260	9,933	9,933	10,260	9,933	9,933	10,260	9,933	9,933	10,260	9,933	9,933	120,504

MAINTENANCE	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
CLEANING SUPPLIES	10	10	10	10	10	10	10	10	10	10	10	10	120
GROUNDS & IRRIGATION	500	500	500	500	500	500	500	500	500	500	500	500	6,000
GROUNDS-TREE TRIMMING	1,496			1,496			1,496			1,496			5,984
ELECTRICAL	107	107	107	107	107	107	107	107	107	107	107	107	1,284
PLUMBING/ SEWER	765	765	765	765	765	765	765	765	765	765	765	765	9,180
POOL	236	236	236	236	236	236	236	236	236	236	236	236	2,832
FIRE SYSTEMS (Alii Fire Protection)			730										730
MISCL REPAIRS & PURCHASES	506	506	506	506	506	506	506	506	506	506	506	506	6,072
BUILDING - IMPROVEMENTS	250	250	250	250	250	250	250	250	250	250	250	250	3,000
REFUSE & BULK PICK-UP	207	207	207	207	207	207	207	207	207	207	207	207	2,484
TOTAL MAINTENANCE	4,077	2,581	3,311	4,077	2,581	2,581	4,077	2,581	2,581	4,077	2,581	2,581	37,686

Approved by Board of Directors on October 14, 2022

DESCRIPTION	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUNE 2023	JULY 2023	AUG 2023	SEPT 2023	OCT 2023	NOV 2023	DEC 2023	ANNUAL TOTAL
PROFESSIONAL SVCS													
ADMIN SUPPLIES & SERVICES	743	743	743	743	743	743	743	743	743	743	743	743	8,916
ASSOCIATION ADMIN EXPENSE	72	72	72	72	72	72	72	72	72	72	72	72	864
MANAGEMENT SRVCS	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	24,690
AUDIT/PUBLIC ACCOUNTING	2,845												2,845
LEGAL FEES GENERAL	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	34,416
LEGAL FEES-COLLECTIONS	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	16,608
TOTAL PROF. SERVICES	9,969	7,124	7,124	7,124	7,124	7,124	7,124	7,124	7,124	7,124	7,124	7,124	88,339

PAYROLL & BENEFITS	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
PAYROLL RESIDENT MANAGER	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	66,000
WORKERS COMPENSATION	400	400	400	400	400	400	400	400	400	400	400	400	4,800
TDI	63			63			63			63			252
HEALTH CARE	580	580	580	580	580	580	580	580	580	580	580	580	6,960
PAYROLL TAXES	550	550	550	550	550	550	550	550	550	550	550	550	6,600
PAYROLL PREPARATION	164	164	164	164	164	164	164	164	164	164	164	164	1,968
TOTAL P/R & BENEFITS	7,257	7,194	7,194	7,257	7,194	7,194	7,257	7,194	7,194	7,257	7,194	7,194	86,580

OTHER EXPENSES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
INSURANCE				31,480									31,480
UNIT #71 RENTAL EXPENSES	100	100	100	100	100	100	100	100	100	100	100	100	1,200
UNIT #13 RENTAL EXPENSES	178	178	178	178	178	178	178	178	178	178	178	178	2,136
STATE GENERAL EXCISE TAX	582			582			582			582			2,328
CONDO REGISTRATION-ODD						714							714
TOTAL OTHER EXP.	860	278	278	32,340	278	992	860	278	278	860	278	278	37,858

TOTAL OP EXPENSE	44,431	39,118	39,848	73,066	39,118	39,832	42,019	39,551	39,551	42,019	39,551	39,551	517,661
LOAN PAYMENTS	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	45,852
TRANSFER TO RESERVES	2,078	7,391	6,661	-26,557	7,391	6,677	4,490	6,958	6,958	4,490	6,958	6,958	40,449

MAKAKILO GARDENS II YEAR 2023 RESERVE PROJECTS AS OF OCTOBER 14, 2022

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	2023	Reference Year	2022	THE MODEL'S FINDINGS FOR % FUNDING			2022 Deficit	CHANGE	CONTRIB	FEEES	
Final Plan Year	2042			Recommended Reserve Funding	100%	420,793	70%	366,113	892,928		
2022 Maintenance Fees	525,245	2023 Maint Fees	567,264	Target Reserve Funding Level	50%	15,396	-1.97%	(11,943)	514,872		
2022 Other Income	41,849	2023 Othr Inc	36,698	Minimum Reserve Funding Level	50%	15,396	-2%	33,909	514,872		
2022 Operating Expenses	-505,989	2023 Exp	-563,513	EOY 2023 Funding % @ Approved Lev	56.93%		8%	40,449	567,264		
2022 Reserve Contribution	61,105	2023 Contribution	40,449	Condition Codes	Source Codes		Source Codes				
Projected Reserves At Start of 2023	390,000	Target Funding L	50%	EXCELNT	E	Contractor Proposal	1	Cost at Similar Project	5		
Projected Reserve % at Start of 2023	48.1%	Tgt Ann Contrib	31,529	GOOD	G	Contractor Estimate	2	Statistical Guideline	6		
Minimum Inflation	3.0%	Req Contrib-Tgt	46,925	FAIR	F	Engineer/Arch Estimate	3	Inflate First Year?	Yes		
Projected Savings Interest	2.0%	App. % Change	8.0%	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
SEWER PIPE REPAIR 1	1	50	1973			2024	51,500		50,490	50,490	
SEWER PIPE REPAIR 2	1	50	1973			2024	51,500		50,490	50,490	
SEWER PIPE REPAIR 3	1	50	1973			2024	51,500		50,490	50,490	
SEWER PIPE REPAIR 4	1	50	1973			2024	51,500		50,490	50,490	
PARKING SEAL COATING	1	4	2020	37404		2025	41,200		24,720	24,720	
ROOF	-1	30	2000			2029	412,000		326,759	163,319	163,439
PAINTING	2	9	2019	219000		2030	225,570		82,025		82,025
FOB SYSTEM		15	2016	13000		2031	5,150		2,403		2,403
PARKING RESURFACING	5	15	2013	205250		2033	238,703		119,352		119,352
PLAYGROUND EQUIPMENT	1	30	2005			2036	42,436		24,640		24,640
SWIMMING POOL DECK		25	2011	20000		2036	31,827		15,277		15,277
SWIMMING POOL/RETILE		25	2011	25000		2036	26,523		12,731		12,731
SWIMMING POOL BATHROOMS	24	25	2012			2061	4,120		925		925
2022 End Yr Totals							1,233,529		810,793	390,000	420,793

Makakilo Gardens II

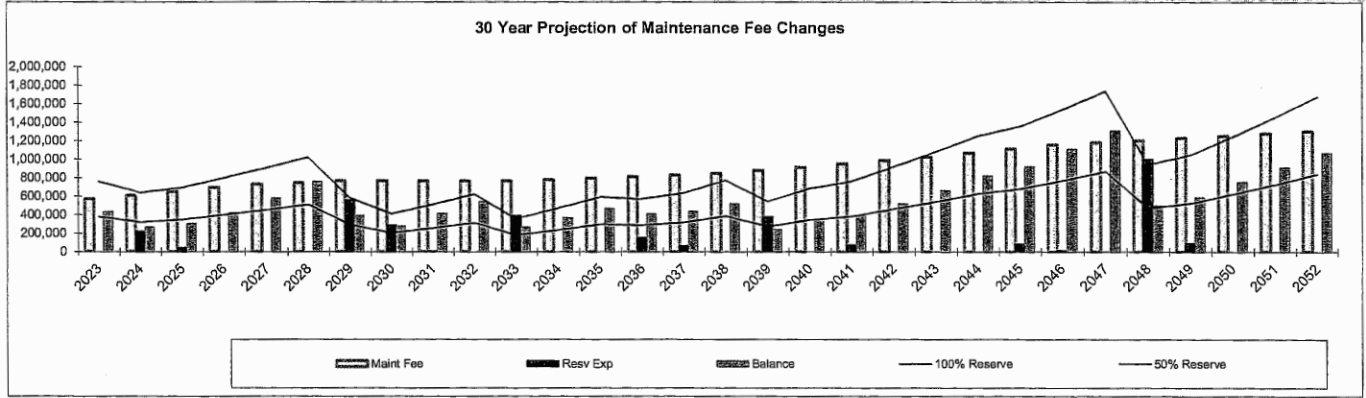
Board Approved 2023 Cash Flow Plan

Prepared By: Leila Kaneshiro and Hawaiiana Management Company, Ltd

Maintenance Fee Plan to Accomplish All Known Improvements and Repairs For Next 30 Years

Assumed Rate of Inflation: 3%

Assumed Savings Interest Rate: 2%



Contingency Reserve Fund

\$0

CY Year	Starting Balance	-Reserve Expense	-Loan Payments	-Operating Expenses	+Maint. Fees	+Other Income	-Interm Bal	+Interest Income	=Ending Balance	% Maint. Fee Change	Net Reserve Contrib.
2023	390,000	0	45,852	517,661	567,264	36,698	430,449	Included	430,449	8.0%	40,449
2024	430,449	218,544	45,852	533,191	606,973	23,274	263,109	6,936	270,045	7.0%	(167,340)
2025	270,045	45,020	45,852	549,186	649,461	23,972	303,419	5,735	309,154	7.0%	33,375
2026	309,154	0	45,852	565,662	694,923	24,691	417,255	7,264	424,519	7.0%	108,100
2027	424,519	0	19,105	582,632	729,669	25,432	577,883	10,024	587,907	5.0%	153,364
2028	587,907	0	0	600,111	744,263	26,195	758,254	13,462	771,716	2.0%	170,347
2029	771,716	557,378	0	618,114	766,591	26,981	389,795	11,615	401,410	3.0%	(381,921)
2030	401,410	285,745	0	636,658	766,591	27,790	273,388	6,748	280,136	0.0%	(128,022)
2031	280,136	6,720	0	655,757	766,591	28,624	412,874	6,930	419,804	0.0%	132,737
2032	419,804	0	0	675,430	766,591	29,483	540,447	9,603	550,049	0.0%	120,643
2033	550,049	387,451	0	695,693	766,591	30,367	263,863	8,139	272,002	0.0%	(286,186)
2034	272,002	0	0	716,564	781,923	31,278	368,639	6,406	375,046	2.0%	96,637
2035	375,046	0	0	738,061	797,561	32,216	466,762	8,418	475,180	2.0%	91,717
2036	475,180	152,447	0	760,203	813,512	33,183	409,226	8,844	418,070	2.0%	(65,954)
2037	418,070	64,188	0	783,009	829,782	34,178	434,834	8,529	443,363	2.0%	16,764
2038	443,363	0	0	806,499	846,378	35,204	518,446	9,618	528,065	2.0%	75,083
2039	528,065	372,832	0	830,694	880,233	36,260	241,032	7,691	248,723	4.0%	(287,033)
2040	248,723	0	0	855,615	915,443	37,348	345,898	5,946	351,845	4.0%	97,176
2041	351,845	72,244	0	881,283	952,060	38,468	388,846	7,407	396,253	4.0%	37,001
2042	396,253	0	0	907,722	990,143	39,622	518,296	9,145	527,442	4.0%	122,043
2043	527,442	0	0	934,953	1,029,748	40,811	663,048	11,905	674,953	4.0%	135,606
2044	674,953	0	0	963,002	1,070,938	42,035	824,924	14,999	839,923	4.0%	149,972
2045	839,923	81,311	0	991,892	1,113,776	43,296	923,792	17,637	941,429	4.0%	83,869
2046	941,429	10,470	0	1,021,649	1,158,327	44,595	1,112,233	20,537	1,132,769	4.0%	170,803
2047	1,132,769	0	0	1,052,298	1,181,493	45,933	1,307,898	24,407	1,332,304	2.0%	175,128
2048	1,332,304	1,001,246	0	1,083,867	1,205,123	47,311	499,626	18,319	517,945	2.0%	(832,679)
2049	517,945	91,516	0	1,116,383	1,229,226	48,730	588,002	11,059	599,061	2.0%	70,057
2050	599,061	0	0	1,149,875	1,253,810	50,192	753,189	13,523	766,712	2.0%	154,128
2051	766,712	0	0	1,184,371	1,278,886	51,698	912,925	16,796	929,722	2.0%	146,214
2052	929,722	0	0	1,219,902	1,304,464	53,249	1,067,533	19,973	1,087,506	2.0%	137,811



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)

Disclaimer: The use of this form is not intended to identify the real estate license as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the National Association of REALTORS® and who subscribe to its Code of Ethics.

Completion Date: 1973
Name of Property: Makakilo Gardens II

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

Property Address: Makakilo Drive, Kapolei, HI 96707
Property Tax Map Key: (1) 9-2-19-12

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
Managed by this Managing Agent since: 1/01/94
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 apartments: 75 Number of guest parking stalls available: 5

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: 76%.
Approximately how many foreclosures have been filed by the Board of Directors during the past twelve (12) months? 0

What approximate percentage of owners is more than one month delinquent in maintenance fees 12% (9 owners).

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

- | Yes | No | NTMK (Not to my knowledge) | | |
|-------------------------------------|-------------------------------------|----------------------------|------|---|
| <input type="checkbox"/> | <input checked="" 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? The property is Fee Simple (EXCEPT FOR ONE UNIT.) |
| <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) | Has 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>Kapono Kiakona, Esq. of Porter McGuire Kiakona & Chow</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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (7) | Is a resident manager's 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 type="checkbox"/> | <input checked="" 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? |
| <input type="checkbox"/> | <input checked="" 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:

- (4) On June 2, 2022, the Association filed a First Amended Complaint against an owner for, among other things, installing windows and air-conditioner units without proper Board authorization. On July 22, 2022, the defendant owner filed a counterclaim against the Association, its managing agent, and its resident manager. For a copy of the pleadings, please contact the Association's legal counsel at tgray@hawaiiilegal.com or at 808-539-1143. Please note that owners and potential purchasers must make their own independent assessment regarding this information with advice of counsel of their choosing.
- (7) Resident Manager's apartment is part of the common elements.

B. INSURANCE

Name of Insurance Company or Agency/Broker: STATE FARM

Name of Insurance Agent: Gerald Lee Phone: (808) 732-2525

***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 type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (11) | Is the Property located in a designated Flood Hazard Zone? |
| <input type="checkbox"/> | <input checked="" 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:

C. FINANCIAL

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

Apartment maintenance fees include:

- Water & Sewer
- Hot Water
- Electricity
- Gas
- Air Conditioning
- Cable TV Signal
- Parking
- Recreation/Community Association Dues
- Lease Rent
- Real Property Tax
- Other:

****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 <u>loan</u> ? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (15) Are any special assessments or <u>loans</u> 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 8% in maintenance fees beginning January 1, 2023.

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.

*Resident Manager's Name: Helga Wilhelm
Phone No.: (808) 864-8618

FOR THE BOARD OF DIRECTORS
MAKAKILO GARDENS II

Date: December 13, 2022



LEILA KANESHIRO
Management Executive
HAWAIIANA MANAGEMENT COMPANY, LTD.



HAWAIIANA

Hawaiiana Management Company, Ltd.

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Internet: www.hmcmgt.com

April 2022

To: Sellers/Buyers/Lenders/Realtors
From: Jon McKenna, President
Date: April 2022
Subject: Fannie Mae – Form 1076

The purpose of this memo is to clarify Hawaiiana's position pertaining to Fannie Mae - Form 1076. First, there is no legal requirement (Federal or State) to complete Form 1076. Second, we do not complete third party disclosure forms. Third, much of the information requested is duplicative of information already provided for within our current Lender and Seller (RR105c) disclosure forms. Fourth, the information requested, particularly under the section titled "building safety, soundness, structural integrity, and habitability," is vague, subjective, ambiguous, overly broad, lacks clear definitions, and asks the respondent to predict the future.

For the above reasons, Hawaiiana will not complete, or assist in completing, Form 1076, in whole or part.

Additionally, Community Associations Institute (CAI) has detailed their position to the Federal Housing Finance Agency at the link below, which is consistent with our position: [CAI FHFA-GSE Condominium and Cooperative Temporary Guidance \(Feb 2022\).pdf](#)

Finally, Fannie Mae has provided FAQs, at the link below, that provides information and options lenders have should an Association's managing agent or Association are not willing to complete the information on the form: [FAQs: Fannie Mae – Form 1076.](#)

While we have been closely following and researching the issues surrounding Form 1076 since the beginning of the year, we hope that our clients and industry partners can understand and relate to our concerns this form poses in its current state.

Jon McKenna, President
Hawaiiana Management Company, Ltd.