

THE ORIGINAL OF THE DOCUMENT  
RECORDED AS FOLLOWS  
STATE OF HAWAII

**BUREAU OF CONVEYANCES**

DATE Doc 2007-127461  
JUL 17, 2007 08:02 AM

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL ( ) PICK-UP (x )

WHITE & TOM  
820 MILILANI STREET  
SUITE 711  
HONOLULU, HAWAII 96813

TELEPHONE: 547-5151

TOTAL PAGES: 2

**AMENDMENT TO SECOND RESTATEMENT OF  
DECLARATION OF CONDOMINIUM PROPERTY REGIME  
OF LIKA LANI, DATED JULY 28, 2004**

KNOW ALL MEN BY THESE PRESENTS:

This Amendment to Second Restatement of Declaration of Condominium Property Regime of Lika Lani, dated July 28, 2004, and as shown on Condominium Map No. 790, is made this 1st day of JUNE, 2007, by the ASSOCIATION OF APARTMENT OWNERS OF LIKA LANI, whose business and Post Office address is 4961 Lawai Road, Koloa, Kauai, Hawaii 96756, hereinafter referred to as "Master Association";

**WITNESSETH:**

**WHEREAS**, by that certain Second Restatement of Declaration of Condominium Property Regime of Lika Lani, dated July 28, 2004, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-162500 (the "Restated Declaration"), the Master Association restated that certain Amendment to and Restatement of Declaration of Condominium Property Regime of Lika Lani, dated August 2, 1994, and recorded in said Bureau of Conveyances as Document No. 94-134658; and

**WHEREAS**, the Master Association determined by the vote of the owners at a special meeting held on January 31, 2007, as verified by appointed inspector, to amend, as stated in this document, the By-Laws of the Association, attached to the Restated Declaration as Exhibit "B" (the "By-Laws");

**NOW, THEREFORE**, the Master Association hereby amends the Restated Declaration at Exhibit "B"(the By-Laws) as follows:

Article I ("Membership"), at Section 5 ("Notice of Meetings") of the By-Laws is hereby amended to delete the words "but not more than thirty (30) days" in reference to the period of time before a Master Association meeting in which notice is to be sent to owners. The result is that notice must be sent at least fourteen (14) days before a meeting, but that there is no outside limit to the notice period.

Except as amended herein, the Restated Declaration and the By-Laws are confirmed and ratified.

IN WITNESS WHEREOF, the Association, by its duly authorized officers, has executed these presents on the day and year first written above.

ASSOCIATION OF APARTMENT OWNERS  
OF LIKA LANI

By Robert A. Hipke  
ROBERT HIPKE  
Its President

STATE OF

Arizona

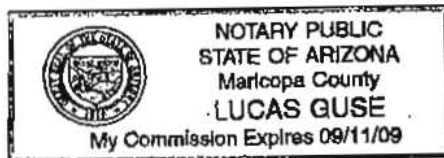
)

SS:

COUNTY OF

Maricopa

)



On this 3rd day of May, 2007, before me personally appeared ROBERT HIPKE, to me personally known, who, being by me duly sworn, did say that he is the President of the ASSOCIATION OF APARTMENT OWNERS OF LIKA LANI, an unincorporated association, and that the instrument was signed in behalf of the association by authority of its Board of Directors, and said officer acknowledged the instrument to be the free act and deed of the association.

[Signature]  
Notary Public, State of

Arizona

My commission expires:

09-11-09

**COPY**

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

BUREAU OF CONVEYANCES  
AUG 09 2004 TIME 802  
DATE 2004-162500  
DOCUMENT NO.

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL ( ) PICK-UP (XX)

WHITE & TOM  
820 Mililani Street, Suite 711  
Honolulu, Hawaii 96813

This document consists  
of 37 pages.

TELEPHONE: 547-5151

**SECOND RESTATEMENT OF DECLARATION OF  
CONDOMINIUM PROPERTY REGIME OF LIKA LANI**

WHEREAS, the Developer of the Lika Lani condominium project undertook to improve the real property described in Exhibit "A" attached hereto by constructing thereon certain improvements in accordance with plans filed in the Bureau of Conveyances of the State of Hawaii as Condominium Map No. 790, and submitted all of his interest in said property to a condominium property regime established pursuant to Chapter 514A, Hawaii Revised Statutes, as amended, and in furtherance thereof made certain declarations, as evidenced by that certain Declaration of Horizontal Property Regime of Lika Lani, dated March 2, 1981, and filed in said Bureau of Conveyances in Liber 15395, at Page 75; and

WHEREAS, said Declaration of Condominium Property Regime, as well as the By-laws attached thereto, as both had been amended, were again amended and restated in their entirety

by that certain Amendment to and Restatement of Declaration of Condominium Property Regime of Lika Lani, dated August 2, 1994, and recorded in said Bureau of Conveyances as Document No. 94-134658 (hereinafter called the "First Restatement"); and

WHEREAS, said First Restatement was amended by Amendment to Restatement of Declaration of Condominium Property Regime of Lika Lani dated August 2, 1994, dated April 13, 2004, and recorded in said Bureau of Conveyances as Document No. 2004-080590.

WHEREAS, pursuant to resolution of the Board of Directors of the Association of Apartment Owners of Lika Lani, at its meeting held on July 29, 2003, Declarant determined to restate said First Restatement as amended, and hereinafter restates said First Restated Declaration of Lika Lani, and the By-laws attached thereto, as amended, in their entirety, for the purposes of information and convenience; and declares that the following Second Restated Declaration of Condominium Property Regime of Lika Lani correctly sets forth the Declaration and By-laws, as amended, of the Lika Lani condominium project; and does hereby approve, confirm and ratify the Second Restated Declaration of Condominium Property Regime of Lika Lani (including the By-Laws attached thereto) as the Declaration and the By-laws governing the Lika Lani condominium project, superseding entirely the First Restated Declaration and By-laws attached thereto, so that if there should be any conflict between the First Restated Declaration (including the By-laws attached thereto) and the Second Restated Declaration of Condominium Property Regime of Lika Lani and By-Laws, said Second Restated Declaration (including the By-laws attached thereto), as either may be amended from time to time, shall control.

IN FURTHERANCE THEREOF, Declarant states that the project is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the following 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, personal representatives and assigns:

**SECOND RESTATEMENT OF DECLARATION OF  
CONDOMINIUM PROPERTY REGIME OF  
LIKA LANI**

KNOW ALL MEN BY THESE PRESENTS:

1.0 CONDOMINIUM PROPERTY REGIME. The land and improvements known as the "LIKA LANI" were submitted to Condominium Property Regime, by Declaration of Horizontal Property Regime, dated March 2, 1981, and recorded in the Bureau of Conveyances of the State of Hawaii on March 9, 1981, in Liber 15395, at Page 75. Said Declaration was amended and completely restated with all amendments by Amendment to and Restatement of Declaration of Condominium Property Regime of Lika Lani, dated August 2, 1994, and recorded in said Bureau of Conveyances as Document No. 94-134658 (the "First Restated Declaration"). Said First Restated Declaration, as well as the By-Laws of the Association of Apartment Owners of Lika Lani, which is attached to said Declaration as Exhibit "B", were further amended by Amendment to Restatement of Declaration of Condominium Property Regime of Lika Lani dated April 13, 2004 and recorded in the Bureau of Conveyances as Document No. 2004-080590. This Second Restatement of Declaration of Condominium Property Regime of Lika Lani (hereinafter simply referred to as the "Declaration") supersedes the First Restated Declaration (including the By-laws attached thereto) as amended.

2.0 DESCRIPTION OF LAND. The land is located at Koloa, Kauai, Hawaii, as is more particularly described in Exhibit "A" attached hereto and incorporated hereby by reference.

3.0 DESCRIPTION OF PROJECT. The project is a four unit condominium in one two-story building, with 8 parking stalls constructed in accordance with plans certified to by Avery Youn, Registered Professional Architect, the floor plans and elevations thereof being recorded with said Bureau of Conveyances as Condominium Map No. 790, hereinafter referred to as "Condominium Map".

3.1 Description of Buildings. The building is made of wood frame construction and shake roof with no basement.

4.0 DIVISION OF PROJECT.

4.1 Designation, Location and Description of Apartments. The designation of each unit and its approximate location in the Project is as shown on the Condominium Map, and the description of each of the Apartments is as follows:

a. Apartments 1 and 2 on the first floor each contain a gross floor area of 1,535 square feet and a lanai of 96 square feet. The units consist of a living-dining room, kitchen, two bedrooms, two bathrooms and a dressing room.

b. Apartments 3 and 4 on the second floor each contain a gross floor area of 1,535 square feet and a balcony of 96 square feet. The units consist of a living-dining room, kitchen, two bedrooms, two bathrooms and a dressing room.

Each apartment on the first floor shall have immediate access to the land adjacent thereto, and each apartment on the second floor through a stairway shall have immediate access to the land and to the walkways, sidewalks and driveways connecting it to the street entrances of the Project.

4.2 Limits of Apartments. 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 of them or any pipes, wires, conduits or other utility lines running through them which are utilized for or serve more than one apartment. Each apartment shall be deemed to include all the walls and partitions, floors and ceilings which are not load bearing within its perimeter walls, including paint, wallpaper, or the like, carpeting, floor covering and built-in fixtures. Additionally, the boundary lines of each apartment shall include its respective lanai or balcony, as the case may be.

4.3 Common Elements. The common elements include:

- a. The land in fee simple.
- b. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs and stairways in the buildings.
- c. The yards, grounds, landscaping, refuse facilities, walkways, parking area and drive.
- d. The parking stalls.
- e. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities.
- f. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

4.4 Limited Common Elements. There are no limited common elements.



5.0 COMMON INTEREST. Each of apartments one, two, three and four shall have appurtenant thereto an undivided 25 percent interest in all of the common elements of the Project (also called the "common interest"), and the same proportionate share in all the common profits and expenses of the Project, and the same proportionate interest for all other purposes, including voting on all matters requiring action by the owners.

6.0 EASEMENTS. Each apartment shall have and be subject to and have appurtenant thereto the following:

a. Non-exclusive easements in the common elements designated for such purposes as ingress to, egress from utility services for, and support and maintenance and repair of each unit and in the other common elements for use according to their respective purposes. If any part of the common elements encroaches upon any apartment or parking stall a valid easement for such encroachment and the maintenance thereof so long as it continues shall and does exist. In the event any portion of any building shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements due to such construction and maintenance thereof shall exist. The Association shall have the right to be exercised by the Board of Directors (the "Board") or the managing agent to enter into each apartment from time to time during reasonable hours as may be necessary for the operation of the Project or for making emergency repairs therein necessary to prevent damage to any apartment or common element.

b. Nonexclusive rights, in the nature of licenses, granted for use of the Lawai Beach Resort sewage treatment facilities and recreational facilities.

c. Nonexclusive easement granted for use of the Lawai Beach Resort recreational facilities.

7.0 ALTERATION AND TRANSFER OF INTERESTS. Except as herein specified, the common interest and easements appurtenant to each apartment shall have a permanent character and shall not be altered without the consent of all of the apartment owners affected, expressed in an amendment to this Declaration duly filed. The common interest and easements shall not be separated from the apartment to which they appertain and shall be deemed to be conveyed, leased or encumbered with such apartment even though such interest or easements are not expressly mentioned or described in the conveyance or other instrument.

8.0 USE. Subject to applicable ordinances of the County of Kauai, the apartments shall be occupied and used only for residential, resort or time sharing purposes by the owners, their tenants, families, domestic servants and social guests. The apartments may be sold, leased, rented or used for any time period or periods, including any annually recurring period on a fixed or floating basis. The owners of the respective apartments shall have the absolute right to lease such apartments from time

to time on a daily, weekly, monthly or other basis, subject to all provisions of this Declaration and the attached hereto.

9.0 ASSOCIATION OF APARTMENT OWNERS. Administration of the Project shall be vested in its Association consisting of all owners of apartments in the Project in accordance with the By-Laws of the Association attached hereto and made a part hereof as Exhibit "B". 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 ceases for any reason, at which time his membership in the Association shall automatically cease. Operation of the Project and maintenance, repair, replacements and restoration of the common elements and any additions and alterations thereto shall be in accordance with the provisions of the Condominium Property Act (the "Act"), this Declaration and the By-Laws.

10.0 MANAGEMENT AGENT AND SERVICE OF PROCESS. Operation of the Project shall be conducted for the Association by a managing agent which shall be appointed by the Association in accordance with the By-Laws. The managing agent or any member of the Board of Directors is hereby authorized to receive service of legal process in all cases provided in the Hawaii Condominium Property Act, §514A, Hawaii Revised Statutes.

11.0 COMMON EXPENSES. All charges, costs and expenses whatsoever incurred 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 apartments shall be severally liable in the same proportion as their percentage share in the common interests. The Board shall from time to time assess the common expenses against all the apartments according to their respective obligations therefor, and the unpaid amount of such assessments against any apartment shall constitute a lien against such apartment which may be foreclosed by lawsuit or under power of sale by the Board or managing agent as provided by said Act, provided that 30 days' prior written notice of intention to foreclose shall be mailed, postage prepaid, to the apartment owner and all other persons having any interest in such apartment as shown in the Association's record of ownership. Said lien shall constitute a lien prior to all other liens except only (1) liens for taxes and assessments lawfully imposed by governmental authority against such apartment, and (2) all sums unpaid on mortgages of record, and costs and expenses including attorney's fees provided in such mortgages. The Board or the managing agent acting on behalf of the apartment owners shall have the power to bid for such apartment at a foreclosure sale and to acquire, hold, lease, mortgage and convey such apartment. A suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.



12.0 COMPLIANCE WITH DECLARATION AND BY-LAWS. All apartment owners, their tenants, families, employees, 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 By-laws of the Association and all agreements, decisions and determinations of the Association duly and 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 owner.

13.0 INSURANCE. The Association at its common expense shall at all times keep the building and improvements including any exterior glass which may be insured at the option of the Association insured against loss or damage by fire and flood with extended coverage including demolition and debris removal and war risk insurance when available with an insurance company authorized to do business in Hawaii having a financial rating in Best's Insurance Reports of Class VI or better, in an amount as near as practicable to the full replacement cost therefor without deduction for depreciation, in the name of the Association as trustee for all apartment owners and apartment mortgagees in proportion to the loss or damage to their respective apartments and appurtenant common interests and easement interests and payable in case of loss to such bank or trust company authorized to do business in Hawaii as the Association shall designate for the custody and disposition as herein provided of all proceeds of such insurance, hereinafter referred to as "Trustee", 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 with all reasonable speed by the Association for rebuilding, repairing or otherwise reinstating the building 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:

(a) 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, proration of contribution by reason of any other insurance obtained by or for any apartment owner;

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

(c) Provide that such policy may not be cancelled or substantially modified (whether or not requested by the Association) except by the insurer giving at least 60

days' prior written notice thereof to the Association, every first mortgagee and every other person in interest who shall have requested such notice of the insurer;

(d) Contain a waiver by the insurer of any right of subrogation to any right of the Association or any apartment owners against any of them or any other persons under them; and

(e) Contain a waiver by the insurer of any right of the insurer to repair, rebuild or restore the improvements of the project, if the apartment owners decide, pursuant to this paragraph, not to repair, rebuild or restore the damaged or destroyed improvements;

(f) Contain a standard mortgagee clause which shall:

(1) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages on any apartment or apartment lease or sublease in the project, in their respective order and preference, whether or not amended therein;

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

(3) 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

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

The Association at its common expense shall also effect and maintain at all times comprehensive general liability insurance, covering all apartment owners, the Association, the Board, its officers and its employees with respect to the project, in an insurance company authorized to do business in Hawaii having a financial rating in Best's Insurance Reports of Class VI or better, with minimum limits of not less than \$500,000 for injury to one person and \$1,000,000.00 for injury to more than one person in any one accident or occurrence and \$50,000 for property damage, without prejudice to

the right of any apartment owners to maintain additional liability insurance for their respective apartments.

Not less frequently than every three (3) years, and whenever requested by more than twenty percent (20%) of the owners of apartments in the project, the Association shall review the adequacy of its casualty and liability insurance program and shall prepare in writing the conclusions of the Association and the action it has taken or proposes to take with respect thereto, to the owner of each apartment, and to the holder of any mortgage on any apartment who shall have requested a copy of such report. If it shall appear at any time that the replacement value of the building is above or below the replacement coverage of the policy or that the liability is above or below that customarily carried for similar projects, then the Board shall promptly cause such limits to be adjusted accordingly.

If the building is damaged by fire or other casualty which is insured against, and said damage is limited to a single apartment, the insurance proceeds shall be used by the Association or the trustee for payment of the contractor retained by the Association to rebuild or repair such apartment, including paint, floor covering and fixtures, in accordance with the original plans and specifications therefor. If the insurance proceeds are insufficient to pay all costs of repair, the deficiency shall be paid from the maintenance fund. If the maintenance fund is insufficient for this purpose, the Association shall levy a special assessment on all the owners of apartments in proportion to their respective common interests. If such damage extends to two or more apartments or extends to any part of the limited common elements, if any, or to the common elements:

(a) If the Association does not within ninety (90) days after such casualty decide in accordance with the provisions of this Declaration that the building need not be rebuilt, the Association shall thereupon contract to repair or rebuild the damaged portions of the building, including all apartments so damaged; as well as the common elements, in accordance with plans and specifications therefor, which will restore the same to the design immediately prior to destruction, or if reconstruction in accordance with said design is not permissible under the laws then in force, in accordance with such modified plan as shall be previously approved by the Association and the mortgagee of record of any interest in an apartment directly affected thereby, provided that in the event said modified plan eliminates any apartment and such apartment is not reconstructed, the Trustee shall pay to the owner of said apartment the portion of said insurance proceeds allocable to said apartment (less the proportionate share of said apartment in the cost of debris removal) and shall disburse the balance of insurance proceeds as hereinafter provided for the disbursement of insurance proceeds. The insurance proceeds shall be paid by the Trustee to the contractor employed for such work, in accordance with the terms of the contract for such construction in accordance with the terms herein set forth. If the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding all damaged

apartments and common elements, the Association is expressly authorized to pay such costs in excess of the insurance proceeds from the maintenance fund, and if the maintenance fund is insufficient for this purpose, the Association shall levy a special assessment on all the owners of apartments in proportion to their respective common interests.

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

(1) The work shall be in charge of an architect or engineer;

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

(3) Each request shall be accompanied by waivers of liens satisfactory to the Trustee, covering that part of the work for which payment or reimbursement is being requested and by a bond or a search prepared by a title company or licensed abstractor or by other evidence satisfactory to the Trustee, that there has not been filed with respect to the premises any mechanics' or other lien or instrument for the retention of title in respect of any part of the work not discharged of record;

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

(5) The fees and expenses of the Trustee as determined by the Association and the Trustee shall be paid by the Association as common expenses;

(6) Such other conditions not inconsistent with the foregoing as the Trustee may reasonably request.

(c) Upon completion of the work and payment in full therefor, any remaining proceeds of insurance then or thereafter in the hands of the Association or the Trustee shall be paid or credited to the owners of the apartments (or to the mortgagee of an apartment if there be a mortgage) in proportion to their respective common interests.

(d) To the extent that any loss, damage or destruction to the buildings or other real property is covered by insurance procured by the Association, the Association shall have no claim or cause of action for such loss, damage or destruction against any apartment owner or lessee. All policies of insurance referred to in this Paragraph (d) shall contain appropriate waivers of subrogation.

In the event all apartment owners in the project shall agree in writing consented to by all mortgagees of their respective interests, if required, that the building need not be rebuilt, the insurance proceeds shall be used to remove any remaining improvements on the land included in the project, and the balance, if any, shall be allocated to the apartment owners and their mortgagees in accordance with the interest in the common elements appurtenant to each apartment.

Any insurance policy providing the coverage required hereby shall contain a provision requiring the insurance carrier at the inception of the policy and on each anniversary date thereof to provide the Association with a written summary in layman's terms of the policy. The summary shall include the type of policy, description of the coverage and the limits thereof, amount of annual premium and renewal dates. The Association shall provide this information to an apartment owner and any mortgagee of an apartment, or an apartment lease demising the same upon request.

14.0 CONDEMNATION. In the event of a taking in condemnation or by eminent domain of part or all of the common elements, all compensation shall be payable to a condemnation trustee, who shall be a bank or trust company designated by the Board doing business in Hawaii having net assets of not less than Five Million Dollars (\$5,000,000.00). The board shall arrange for the repair and restoration of the building and improvements in accordance with the design thereof immediately prior to such condemnation or, if such repair and restoration in accordance with said design are not permissible under the laws then in force, in accordance with such modified plan as shall be previously approved by the Board and the mortgagee of record of any interest in an apartment directly affected thereby. In the event of a partial taking in which an apartment is eliminated or not restored, the condemnation trustee shall disburse the portion of the proceeds of such award allocable to said apartment, less the proportionate share of said apartment in the cost of debris removal, to the owner of said apartment in satisfaction of his interest in said apartment. The condemnation trustee shall



disburse the remainder of the proceeds of such award to the contractor engaged in such repair and restoration in appropriate progress payments, and in the event such proceeds are insufficient to pay the costs thereof, the Board is expressly authorized to pay such excess costs from the maintenance fund, and if the maintenance fund is insufficient for this purpose, the Board shall levy a special assessment on the owners of apartments in proportion to their common interests. In the event sums are received in excess of the cost of repairing and restoring the remaining building and improvements, or in the event all of the building and improvements are so taken or condemned, such excess proceeds of said proceeds, as the case may be, shall be divided between the owners of apartments in accordance with their interests in the common elements.

15.0 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, whether to rebuild, repair or restore such improvements shall be determined by vote of apartment owners representing seventy-five percent (75%) of the common interests; that is, the building shall be rebuilt, repaired or restored unless the apartment owners representing at least seventy-five percent (75%) of the common interests vote not to rebuild, repair or restore and such vote is reflected by an instrument expressing such decision.

16.0 ALTERATION OF PROJECT. Restoration or replacement of the project or any portion thereof or construction of any additional building or structural alteration or addition to any building, different in any material respect from said Condominium Map of the project, shall be undertaken by the Association or any apartment owner, only pursuant to an amendment of this Declaration, duly executed pursuant to the provisions hereof accompanied by the written consent of the holders of all liens affecting any of the apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and, promptly upon completion of such restoration, replacement or construction, the Association shall duly file such amendment together with a complete set of floor plans of the project as so altered and certified, as built, by a registered architect or professional engineer; provided, however, that additions to or alterations of an apartment made entirely within such apartment, including an increase in or reduction of the number of rooms in such apartment as described in this Declaration, shall be permitted by an apartment owner, either before or after initial construction of the building, provided that upon completion of such addition or alteration, such owner shall file an amendment to this Declaration with his signature and that of his mortgagee and without the necessity of the 75% approval of the apartment owners and without the signatures of the proper officers of the Association, and provided, further, that no work shall be done which would jeopardize the soundness or safety of the project, reduce the value of such apartment, change the percentage of undivided interest in the common elements appurtenant to such apartment, or violate the uniform external appearance of such apartment.



17.0 MAINTENANCE RESERVE FUND. The Board shall establish and maintain a Maintenance Reserve Fund 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 the Association. 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. The amount of the common expenses allocated, used or to be used for capital improvements, or any other capital expenditures, shall not be deemed income to the Association but shall be credited upon the books of the Association to the paid-in surplus account as a capital contribution by the apartment owner. The interest of each apartment owner in said Fund 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 the case the Condominium Property Regime hereby created shall be terminated, said Fund remaining after full payment of all common expenses of the Association shall be distributed to all apartment owners as their interests may appear, except for the interests of owners of any apartments then reconstituted as a Condominium Property Regime.

18.0 AMENDMENT OF DECLARATION. Except as otherwise provided herein or in the Act, this Declaration may be amended by vote of seventy-five percent (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 owners of any apartment may amend this Declaration with respect to an addition to or alteration of such apartment, as provided in Paragraph 16.0 hereof, together with a map showing such alteration or addition. In the case of a modification or amendment to the By-Laws, this Declaration may be amended to set forth such modification or amendment pursuant to such percentage vote as is required by the By-Laws to render the modifications or amendment thereof effective.

19.0 DEFINITIONS. The terms "majority" or "majority of apartment owners" herein means the owners of the apartments to which are appurtenant more than fifty percent (50%) of the common interests, and any other specified percentage of the apartment owners means the owners of apartments to which is appurtenant such percentage of the common interest.

20.0 SUBORDINATION AND INTERPRETATION. This Declaration and any amendments hereto are subordinate and subject to the Act, 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 said Act. In case any provision of this Declaration shall be held invalid, such invalidity shall not render invalid any other provisions hereof which can be given effect.

IN WITNESS WHEREOF, Declarant has executed these presents this 28 day  
of July, 2004.

ASSOCIATION OF APARTMENT OWNERS  
OF LIKA LANI

By Robert A Hipke  
Its President

By [Signature]  
Its Vice President

"Declarant"

STATE OF HAWAII )  
COUNTY OF Kauai ) SS.

On this 28 day of July, 2004, before me personally appeared Robert Hipke to me personally known, who, being by me duly sworn, did say that he is the President of the ASSOCIATION OF APARTMENT OWNERS OF LIKA LANI and that the instrument was signed in behalf of the Association by authority of its Board of Directors and said Officer acknowledged the instrument to be the free act and deed of the Association.



[Signature]  
Notary Public, in and for said State and County  
My commission expires: 5.30.2008  
Zenaida S. Valencia

STATE OF HAWAII

COUNTY OF

Kauai

)  
: SS.  
)

On this 28 day of July, 2004, before me personally appeared George Rice to me personally known, who, being by me duly sworn, did say that he is the Vice President of the ASSOCIATION OF APARTMENT OWNERS OF LIKA LANI and that the instrument was signed in behalf of the Association by authority of its Board of Directors and said Officer acknowledged the instrument to be the free act and deed of the Association.



Zenaida S. Valencia  
Notary Public, in and for said State and County  
My commission expires: 5.30.2008

Zenaida S. Valencia

### EXHIBIT "A"

All of that certain parcel of land (portion of the land described in and covered by Land Commission Award 3227) situate, lying and being on the North side of Lawai Road, at Lawai (Makai-Lawai Beach), Koloa, (Kona), Island and County of Kauai, State of Hawaii, being Lot D-2, and thus bounded and described:

Beginning at the Southeast corner of this parcel of land being also the Southwest corner of Lot 8 (being portion of the Consolidation of Parcel 20, Lots 12-A-1, 2-A, 1, A, B, C and D-1), and on the North of Lawai Road, the coordinates of which referred to Government Survey Triangulation Station "Wahiawa" being 10,554.82 feet South and 17,324.32 feet East, thence running by azimuths measured clockwise from true South:

1. 125° 12' 30" 149.12 feet along Lawai Road;
2. 217° 08' 109.99 feet along L. C. Aw. 7714:3;
3. 299° 41' 115.50 feet along Lot 8 (portion of the consolidation of Parcel 20, Lots 12-A-1, 2-A, 1, A, B, C and D-1 as shown on TMK: 2-6- 05);
4. 21° 05' 124.82 feet along same to the point of beginning and containing an area of 15,323 square feet, more or less.

Being the premises described in Deed dated November 1, 1980, by and between John H. Hoopii, Sr., husband of Elsie Hoopii, Emily M. Palama, wife of Daniel Palama, and Anna H. Coleman, wife of B. Weston Coleman, as Grantor, and Wayne Richard Daniel, husband of Dixie Arleen Daniel, as Grantee, recorded in the Bureau of Conveyances, State of Hawaii, in Liber 15237, Page 363.

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

And deleting from the above parcel of land the following subdivided lot:

Being all of Lot D-2-B, which being a subdivision of Lot D-2, a portion of R. P. 5268, L. C. Aw. 3227 to Oneonekuahiwi is situated at Koloa, Kauai, Hawaii, and is more fully and particularly described by notes of survey as follows:

Beginning at a R. R. spike at the southeast corner of this lot, and along the north side of the Lawai Beach Road, the coordinates of said point of beginning referred to McBryde Survey Triangulation Station "WAHIAWA", is 10,554.82 feet South and 17,324.32 feet East, thence running by azimuths measured clockwise from true South:

1. 125° 12' 30" 149.12 feet along the north side of Lawai Beach Road to an iron bar in concrete;

2.      217°   08'      10.00 feet      along R. P. 6714, L. C. Aw. 7714-B, Apana 2 to  
Kekuaiwa No M. Kekuanaoa to an iron bolt in  
concrete;
3.      305°   12' 30"      97.50 feet      along Lot D-2-A, a subdivision of Lot D-2,  
a portion of R. P. 5268, L. C. Aw. 3227 to  
Oneoneikuahiwi to a pipe;
4.      Thence along a curve of radius 207.45 feet to the left along same, the direct azimuth and  
distance being:  
         298° 36' 24"      47.70 feet      to a pipe;
5.      21°      05'      15.97 feet      along Lot D-1, a portion of R. P. 5268, L. C.  
Aw. 3227 to Oneoneikuahiwi to the point of  
beginning and containing an area of 1,605  
square feet.

Being the premises conveyed by Dedication Deed dated May 4, 1981 by Wayne Richard Daniel, husband of Dixie Arleen Daniel, to the County of Kauai, a political subdivision of the State of Hawaii, recorded in the Bureau of Conveyances, State of Hawaii in Book 15737, Page 721.

**END OF  
EXHIBIT "A"**

**BY-LAWS OF THE  
ASSOCIATION OF APARTMENT OWNERS OF  
LIKA LANI**

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The following By-laws shall apply to the above-named condominium Project (herein called the "Project"), as described in and created by the amended and restated Declaration of Condominium Property Regime 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 By-laws are accepted, ratified, and will be complied with.

**ARTICLE I  
MEMBERSHIP**

Section 1. Qualification. All owners of the apartments of the Project (herein called the "apartment owners" or "owners") 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 in the State of Hawaii convenient to the apartment owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The annual meetings of the Association shall be held within four months after the end of each accounting year, as called by the president.

Section 4. Special Meetings. Special meetings of the Association may be held at any time upon the call of the president or a petition signed by at least twenty-five percent (25%) of the apartment owners and presented to the secretary. Upon the receipt of such call or petition, the secretary shall send written notice of the meeting to all owners, and the meeting shall be held on the date and at the time specified in the petition or call or if unspecified then within thirty (30) days of the receipt of such call or petition at any reasonable time at the Project, unless some other suitable place within the State of Hawaii is designated by the Board.

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 all holders of a first mortgage of an apartment or of an apartment lease demising the same, as shown in the Association's record of ownership, or who have given the Board notice of their interest through the secretary or the managing agent, 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, the items on the agenda for such meeting and a standard proxy form authorized by the Association, if any, in any of the following ways: (a) by delivering it to him personally, or (b) leaving it 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 or mortgagee to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any apartment owner or mortgagee in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner or mortgagee 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 percent (50%) of the common interests as established by the Declaration; 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. The purchaser of an apartment pursuant to an agreement of sale recorded in the Bureau of Conveyances of the State of Hawaii shall have all of the rights of an apartment owner, including the right to vote, except as to those matters expressly retained by the seller under such agreement of sale, and as permitted by law.

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 a writing filed with the secretary or by the death or incapacity of such owner; provided, however, that a proxy form which accompanies a notice of meeting shall be valid for the meeting to which such notice pertains and its adjournment only, and may designate any person as proxy and may be limited as the apartment owner desires and indicates; provided that no proxy shall be irrevocable unless coupled

with a financial interest in the unit. 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.

A proxy, to be valid, must be delivered to the secretary of the Association or the managing agent, if any, no later than 4:30 p.m. on the second business day prior to the date of the meeting to which it pertains, and must contain at least: the name of the Association, the date of the meeting of the Association, the printed name and signature of the person or persons giving the proxy, the apartment or apartments for which the proxy is given, and the printed name of the person or entity to whom the proxy is given.

Proxies may be given to the Board of Directors, provided that the proxy form shall contain a box wherein the owner may indicate that the owner wishes the vote be shared with each Board member receiving an equal percentage. Proxy forms which are not marked shall be considered a choice by the owner that the vote be made on the basis of the preference of the majority of the Board.

Section 9. Solicitation of Proxies. No resident manager or managing agent shall solicit, for use by the manager or managing agent, any proxies from any apartment owner of the Association if the Association employs the resident manager or managing agent, nor shall the resident manager or managing agent cast any proxy vote at any Association meeting except for the purpose of establishing a quorum. No member of the Board of Directors who uses Association funds to solicit proxies shall cast any of these proxy votes for the election or re-election of Board members at any Association meeting unless the proxy form specifically authorizes the Board member to vote for the election or re-election of Board directors and the Board first posts notice of its intent to solicit proxies in prominent locations within the Project at least thirty (30) days prior to its solicitation of proxies; provided that if the Board receives within seven (7) days of the posted notice a request by any owner for use of Association funds to solicit proxies accompanied by a statement, the Board shall:

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

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

The statement shall not exceed one hundred (100) words, indicating the owner's qualifications to serve on the Board and reasons for wanting to receive proxies.

No officer of the Board of Directors shall use Association funds to solicit proxies; provided that this shall not prevent an officer from exercising his right as an apartment owner.

Nothing in this section shall affect the holder of any proxy under a first mortgage of record encumbering an apartment or under an agreement of sale affecting an apartment.

Section 10. Adjournment. Any meeting of the Association may be adjourned from time to time not less than forty-eight (48) hours from the time the original meeting was called as may be determined by majority vote of the apartment owners present, whether or not a quorum is present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 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 committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

Section 11. Conduct of Meeting. All meetings of the Association and the Board of Directors shall be conducted in accordance with the most recent edition of Roberts Rule of Order, or other generally accepted rules for the conduct of such meetings.

## **ARTICLE II**

### **BOARD OF DIRECTORS**

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons. All members of the Board of Directors shall be owners, co-owners, vendees under an agreement of sale or an officer of any corporate owner of an apartment. The partners in a general partnership and the general partners of a limited partnership shall be deemed to be the owners of an apartment for this purpose. The directors shall serve without compensation, unless such compensation is specifically authorized by the Association at a regular or special meeting. No resident manager shall serve on the Board of Directors.

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

Each director shall owe the Association a fiduciary duty in the performance of his or her duties.

The Association shall, at its own expense, provide all Board members with a current copy of the Declaration of Condominium Property Regime of Lika Lani including these By-laws, a copy of the House Rules, and, annually, a copy of Chapter 514A of the Hawaii Revised Statutes, with amendments.

Directors shall not expend Association funds for their travel, directors' fees, and per diem, unless owners are informed and a majority approve of these expenditures.

Section 3. Election and Terms. Election of directors shall be by cumulative voting by secret ballot at each annual meeting and any special meeting called for that purpose, provided that for the election of directors of this Condominium Association, there shall be a joint meeting of the Condominium Association and the Time Share Owner's Association. Directors who are elected to the Condominium Association by and from the Time Share Owners Association shall hold office until their respective successors have been elected, subject to removal as herein provided.

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 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 successor(s) may then and there be elected for the remainder of the term to fill the vacancy(ies) thus created. Such removal and replacement shall be in accordance with all applicable requirements and procedures in these By-laws for the removal and replacement of directors, including, but not limited to, any provisions relating to cumulative voting. If such removal and replacement is to occur at a special Association meeting, the call for such meeting shall be by the president or by a petition to the secretary or managing agent signed by not less than twenty-five percent (25%) of the apartment owners as shown in the Association's record of ownership; and provided further that if the secretary or managing agent shall fail to send out the notices for the special meeting within fourteen (14) days of receipt of the petition, then the petitioners shall have the authority to set the time, date and place for the special meeting and to send out the notices for the special meeting in accordance with the requirements of these By-laws. Except as otherwise provided herein, such meeting for the removal and replacement from the office of directors shall be scheduled, noticed, and conducted in accordance with these By-laws. 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 Meetings. 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. Notice of the annual Board meeting shall be given in a reasonable manner at least fourteen (14) days, if practicable, prior to such meeting.

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 each calendar 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 (8) 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 (2) directors.

Posted Notice. Whenever practicable, notice of all Board meetings shall be posted by the resident manager or a member of the Board in prominent locations within the Project seventy-two (72) hours prior to the meeting or simultaneously with notice to the Board of Directors. All Board meetings, except executive sessions, shall be open to all members of the Association. By vote of a majority of its quorum, the Board may adjourn a board meeting and reconvene in executive sessions to discuss and vote on personnel matters or litigation. However, the nature of all business to be considered in executive sessions shall be first announced in open session.

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

Section 10. Quorum of Board. At all meetings of the Board of Directors a majority of the total number of directors established by these By-laws shall constitute a quorum for the transaction of business, and 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. Conflict of Interest. A director shall not cast any proxy vote at any meeting of the Board, nor shall a director vote at any meeting of the Board on any issue in which such director has a conflict of interest. The determination of whether a conflict of interest exists as to a particular director or directors shall be made by a majority of the non interested directors, which determination shall be conclusive and binding on all parties.

A director who has a conflict of interest on any issue before the Board shall disclose the nature of the conflict of interest prior to the Board's vote on that issue, and the members of the meeting shall record the fact that a disclosure was made.

Section 12. The minutes of the Board and the Association meetings shall include the recorded vote of each Board member on motions, except motions voted on in executive session.

Section 13. Resident Manager. The resident manager of the Project, if any, may not serve on the Board of Directors.

### **ARTICLE III**

#### **OFFICERS**

Section 1. Designation. The principal officers of the Association shall be a president, 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. An owner shall not, at the same time, act as an officer of the Association and as an employee of the managing agent.

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 a 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 By-laws or assigned to him from time to time by the Board.

Section 5. Vice President. The vice president shall assume and perform the duties of the president in the absence or disability of the president or whenever the office of president is vacant. 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 do so on an interim basis. The vice president shall also have such other powers and duties as may be assigned from time to time by the Board.

Section 6. Secretary. The secretary shall attend and keep the minutes of all meetings of the Association and of the Board of Directors, give all notices thereof as provided by these By-laws, 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, keep the minute book wherein resolutions shall be recorded, and in general perform all the duties incident to the office of secretary.

Section 7. Treasurer. The treasurer shall keep the financial records and books of account of the Association, and shall supervise the managing agent's custody of all funds of the Association, maintenance of accounts and financial records and preparation of financial reports.

Section 8. Association Funds; Handling and Disbursement.

(a) The funds in the general operating account of the Association shall not be commingled with funds of other activities such as lease rent collections and rental operations, if any, nor shall the managing agent commingle any Association funds with the managing agent's own funds.

(b) For purposes of subsection (a), lease rent collections and rental operations shall not include the rental or leasing of common elements that is conducted on behalf of the Association; provided that the collection is allowed by the provisions of the Declaration or these By-laws.

(c) All funds collected by the Association or by the managing agent for the Association, shall be:

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

(2) Held by a corporation authorized to do business under Chapter 412 of the Hawaii Revised Statutes, as amended; or

(3) Invested in the obligations of the United States government.

All funds collected by the Association shall only be disbursed by employees of the Association under the supervision of the Board. All funds collected by the managing agent from the Association shall be held in a client trust fund account and shall be disbursed only by the managing agent or the managing agent's employees under the supervision of the Board. Neither the Board nor the managing agent may transfer Association funds by telephone between accounts, including the operating account and the reserve fund general account.

Section 9. Audit. The Association shall require an annual audit of the Association's financial accounts and one annual unannounced verification of the Association's cash balance by a certified public accountant; provided, however, that the unannounced cash balance verification may be waived by a majority vote of all apartment owners taken at a meeting of the Association. The Association shall, by majority vote at any annual or special meeting, appoint a certified public accountant or accounting firm as auditor, who shall not be an officer of the Association or own any interest in any apartment, to conduct the yearly audit of the Association's financial accounts and the unannounced verification of the Association's cash balance (unless waived) or any additional audit of the Association's financial accounts as may be additionally required by the Board. If an auditor is not so appointed, the Board may appoint the auditor.

The Board shall make available a copy of the annual audit to each apartment owner at least thirty (30) days prior to the annual meeting which follows the end of the fiscal year, by providing upon all official proxy forms a box wherein the owner may indicate that the owner wishes to obtain, at his or her expense, either a summary of the annual audit report or an unabridged copy of the audit report. The Board shall not be required to submit a summary of the annual audit report or a copy of the annual audit report to the owner if the proxy form is not marked. If the annual audit report has not been completed by that date, the Board shall make available:

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

#### **ARTICLE IV** **ADMINISTRATION**

Section 1. Management. The Board of Directors shall at all times manage and operate the Project and have all 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 operating budget and schedule of assessments for such year. The budget shall include the following items and shall be prepared in accordance with the Condominium Act:

- (1) The estimated revenues and operating expenses of the Association;
- (2) Designation of cash or accrual basis;
- (3) The total cash reserves of the Association as of the date of budget preparation;
- (4) The estimated replacement reserves required to maintain the project, based on a reserve study performed by the Association;
- (5) A general explanation as to how the estimated replacement reserves are computed;
- (6) The amount the Association must collect for the fiscal year to fund the estimated replacement reserves.

The Association shall assess the apartment owners to fund the estimated replacement reserves. For each fiscal year, the Association shall collect the full amount required to fund the estimated replacement reserves for that fiscal year, except as may otherwise be permitted under the rules of the Real Estate Commission.

The Association shall compute the estimated replacement reserves by a formula which is based on the estimated life and the estimated replacement cost or major maintenance expense of each part of the property. The estimated reserves shall include:

(1) Separate, designated reserves for each part of the property for which "capital expenditures" or "major maintenance" (both as defined in the Condominium Act) will exceed \$10,000.00. Parts of the property for which capital expenditures or major maintenance will not exceed \$10,000.00 may be aggregated in a single designated reserve.

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

Neither the Association nor any apartment owner, director, officer, managing agent or employee of the Association who makes a good faith effort to calculate the estimated replacement reserves for the Association shall be liable if the estimate subsequently proves incorrect.

The Board shall not exceed its adopted annual operating budget by more than 20% in any fiscal year, except in "emergency situations" (as defined in the Condominium Act). Prior to the imposition or collection of an assessment under this paragraph, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and as to why the expense was not reasonably foreseen in the budgeting process. The resolution shall be distributed to the owners with the notice of assessment.

In addition to the budget, the Board shall prepare a schedule of monthly assessments against each apartment owner for his proportionate share of the estimated cost of maintaining and operating the Project for the ensuing fiscal year, in accordance with the provisions of section 1 of Article V of these By-laws.

(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 thirty (30) days in the payment of any assessment against such apartment;

(k) Notification in writing to all persons having an interest in the apartment, as shown in the Association's record of ownership or of which the secretary of the Association has been given written notice, of any loss to, or taking of, the common elements of the Project if such loss or taking exceeds TEN THOUSAND DOLLARS (\$10,000.00);

(l) Notification in writing to all persons having an interest in the apartment, as shown in the Association's record of ownership or of which the secretary of the Association has been given written notice, of any loss to such apartment which exceeds ONE THOUSAND DOLLARS (\$1,000.00); and

(m) Establishment of such penalties and fines as it deems appropriate with respect to enforcement of the provisions of the Declaration, these By-laws and the house rules adopted pursuant to Article V, Section 5 of these By-laws; 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 Condominium Property Act for common expenses; provided, however, that the lien for such penalties and fines shall be subordinate to liens for taxes and assessments lawfully imposed by governmental authority against the apartment and to all sums unpaid on mortgages of record.

(n) To borrow money or otherwise incur indebtedness on behalf of the Association up to and including the sum of \$10,000.00 and as to any sums in excess of the same, to secure the approval of the Association, provided that with respect to loans to be used for the repair, replacement, maintenance, operation or administration of the common elements, or the making of alteration or additions thereto, owners representing fifty percent (50%) of the common interest and apartments give written consent to such borrowing, having been first notified of the purpose of the funds.

(o) To buy, sell, lease, hold or improve real property and personal property for the Association and to encumber the same for any obligations of the Association.

(p) To enforce the provisions of the Declaration, these By-laws, and any House Rules and regulations adopted pursuant to Article V, Section 6.

Section 2. Managing Agent. The Board of Directors shall annually employ a responsible managing agent to manage and control the Project subject at all times to direction by the Board, with all of the administrative functions specifically set forth in the preceding Section 1 and with such other powers and duties and at such compensation as the Board may establish from time to time, subject to prior approval of every such employment contract by a majority of the apartment owners. Any decision by the Association to terminate professional corporate management of the Project and to assume self-management of the Project may not be effected without the prior written consent of the majority of the holders of the first mortgages on the apartments or apartment leases demising the same. Every such employment contract shall provide: (a) that it may be terminated by the Board of Directors for cause on no more than thirty (30) days' written notice, and without cause on no more than ninety (90) days' written notice; (b) that in no event shall a termination fee be due and owing the managing agent in the event of such termination; and (c) in no event shall such employment contract be for a fixed term exceeding one (1) year.

The managing agent shall provide evidence of a fidelity bond in the minimum amount required by Chapter 514A, Hawaii Revised Statutes, as amended, or such higher amount as the Board may require.

Section 3. Representation. The president or managing agent, acting on behalf of and 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 action, suit, hearing or other proceeding, without prejudice to the rights of any apartment owner individually to appear, sue or be sued. Service of process on two or more apartment owners in any such action, suit, hearing or other proceeding may be made on the president or managing agent. Every first mortgagee to whom the apartment owner is required by the terms of the mortgagee to pay the same, or whenever there is no such mortgagee, every managing agent, shall also be the agent of the respective apartment owner under any apartment deed or lease filed with the Board for the collection, custody and payment of all rent, taxes, assessments and other charges payable thereunder.

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.

Section 5. No Sales by Employees. No employee of the Association shall engage in selling or renting apartments in the Project except units owned by the Association, unless such activity is approved by affirmative vote of sixty-five percent (65%) of the membership.

## **ARTICLE V**

### **OBLIGATIONS OF APARTMENT OWNERS**

Section 1. Common Expenses. The owner of each apartment shall be liable for and pay a share of the common expenses in proportion to the percentage interest in the common elements appurtenant to such owner's apartment, as described in Section 11.0 of the Declaration. The common expenses may also include such amounts as the Board may deem proper to make up any deficit in the common expenses for any prior year, and shall include a reserve fund for the operation, maintenance of and capital improvements to the Project, including replacement, repair and contingencies.

Section 2. Assessments. For the purpose of determining the payments of the common expenses, the Board shall, on behalf of all owners, determine in advance for each fiscal year the estimated aggregate amount of the common expenses for such year. The Board shall allocate the common expenses among the owners in accordance with Section 11.0 of the Declaration. The Board may from time to time during each year make reasonable adjustments in said estimated aggregate amount of common expenses on the basis of actual costs incurred in prior months or periods. 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 of the Project in accordance with the Declaration and these By-laws.

The Board may from time to time during any year increase the assessment or impose a special assessment to make up any existing deficiency whenever for any reason the rate then in effect shall prove inadequate, provided that the Board shall send to all apartment owners thereby affected written



notice of any such increase or special assessment not less than thirty (30) days before the effective date of such increase or assessment.

Any portion of an owner's assessment used or to be used by the Association for any capital expenditure shall not be treated as income to the Association but shall be treated as a capital contribution by the owners to the Association and shall be credited by the Association upon its books as paid-in surplus.

Section 3. Responsibilities of Apartment Owners. An apartment owner shall be responsible for the conduct of his lessee(s), renter(s), or guest(s) and shall, upon request of the Board or managing agent, immediately abate and remove, at his expense, any structure, thing or condition that may exist with regard to the occupancy of his apartment by his lessee(s), renter(s) or guest(s) which is a violation hereof, or of the Declaration, or of any rules and regulations adopted by the Board, or, if the apartment owner is unable to control the conduct of his lessee(s), renter(s) or guest(s), the apartment owner shall, upon request of the Board or managing agent, immediately remove such lessee(s), renter(s) or guest(s) from the premises, without compensation for lost rentals or any other loss or damage resulting therefrom.

Section 4. Repair and Maintenance of Apartments.

(a) Every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment and the limited common elements appurtenant thereto, 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, 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.

(b) It is intended that the exterior of the building shall present a uniform appearance, and to attain that result each apartment owner hereby agrees that the Board may require the apartment owner at his sole expense to paint or repair his lanai or deck and the Board may regulate the design and appearance of the repairs and replaced items, the type of surface and the type and color of paint to be used. In the alternative, the Board is authorized to contract for the repairs, painting or surfacing of all such lanais or decks. If the Board contracts for such items, the Board may either seek

reimbursement from the owner thereof (who shall then bear such cost individually) or the Board may make payment therefor out of the maintenance fund.

#### Section 5. Use of Project

(a) The apartments of the Project shall be used only for their respective purposes as set forth in the Declaration and for no other purpose.

(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 on walkways, roadways, grounds or other common elements 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, or 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, or make any additions or alterations to any common elements of the Project, or 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 approved by the Board.

(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 the Project or cleaned by beating or sweeping on any hallway or exterior part of the Project.

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

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project except that 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, however, 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, without the prior approval of the Board of Directors, 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.

(p) No apartment owner may exempt himself from liability for contribution towards the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of the apartment.

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

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

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

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

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

An apartment owner who pays the Association the full amount claimed by the Association may file in small claims court or require the Association to mediate to resolve any disputes concerning the amount or validity of the Association's claim. If the owner and the Association are unable to resolve the dispute through mediation, either party may file for arbitration under the Condominium Act; provided that the owner may file for arbitration only if he has paid the Association the amount of its claim in full.

Section 6. 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 By-laws.

Section 7. Expenses of Enforcement. Every apartment owner shall pay to the Association promptly on demand all costs and expenses including reasonable attorney's fees incurred by or on behalf of the Association in collecting any delinquent assessments against such apartment, foreclosing its lien therefor or enforcing any provisions of the Declaration or these By-laws against such owner or any occupant of such apartment.

Section 8. Record of Ownership. The managing agent shall keep an accurate and current list of the names and addresses of all members of the Association and the vendees under any agreement of sale of an apartment in the Project, if any. In connection therewith, every apartment owner shall promptly cause to be duly recorded or filed of record the deed, lease, assignment, agreement of sale covering such apartment or other conveyance to him of such apartment or other evidence of his title thereto and shall file such documents(s) with the Board of Directors through the managing agent at its office.

Section 9. 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 assessment against such apartment then due and unpaid.

During regular business hours any holder of a mortgage of record of an apartment or of an apartment lease demising the same shall have the right to examine the books and records of the Association.

Section 10. Right of Access. All apartment owners shall grant to the resident manager and/or managing agent the right to correct any condition in the apartment affecting the common elements or any other apartment, and to perform any installation, alterations, repairs or fumigation, provided request for entry is made in advance. In the event of an emergency the right of entry shall be effective immediately whether the occupant is present or not and such entry shall not constitute a trespass.

## **ARTICLE VI MISCELLANEOUS**

Section 1. Amendment. These By-laws may be amended in any respect not inconsistent with provisions of law or the Declaration at any meeting of the Association duly called for such purpose, by vote of sixty-five percent (65%) of the apartment owners, and shall be effective only upon the recording of an amendment to the Declaration setting forth such amendment of these By-laws; provided that any material amendment of these By-laws shall require the prior written consent thereto by all holders of a first mortgage on an apartment or of an apartment lease demising the same; and provided further that any by-laws with the rationale for the proposal may be submitted by the Board or by a volunteer apartment owners' committee. If submitted by that committee, it shall be accompanied by a petition signed by not less than twenty-five per cent of the apartment owners as shown in the Association's record of ownership. The proposed by-laws, rationale, and ballots for voting on any proposed by-law shall be mailed by the Board to the owners at the expense of the Association for vote or written consent without change within thirty days of the receipt of the petition. The vote or written consent required to adopt the proposed by-law shall not be less than sixty-five per cent of all apartment owners; provided that the vote or written consent must be obtained within three hundred sixty five days after mailing. In the event that the by-law is duly adopted, then the Board shall cause the by-law amendment to be recorded in the Bureau of Conveyances. The volunteer apartment owners' committee shall be precluded from submitting a petition for a proposed by-law which is substantially similar to that which has been previously mailed to the owners within one year after the original petition was submitted to the Board. This subsection shall not preclude any apartment owner or voluntary apartment owners committee from proposing any by-law amendment at any annual Association meeting.

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



Section 3. Subordination. The By-laws are subordinate and subject to all provisions of the Declaration and any amendments thereto, the Condominium Property Act (Chapter 514A, Hawaii Revised Statutes, as amended), 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 of said Condominium Property Act.

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

Section 5. Books of Receipts and Expenditures. The managing agent or Board of Directors shall keep detailed, accurate records in chronological order, of the receipts and expenditures affecting the common elements, specifying and itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. All records and the vouchers authorizing the payments shall be kept and maintained at the address of the Project, or elsewhere within the State as determined by the Board of Directors.

Section 6. Documents of the Association. The Association's most current financial statement shall be available to any owner on twenty-four hour loan, at a convenient location designated by the Board of Directors.

The minutes of meetings of the Board of Directors and the Association for the current and prior year shall be available for examination by the apartment owners at convenient hours at a place designated by the Board of Directors. Minutes shall include the recorded vote of each Board member on all motions except those voted on in executive session. Copies of minutes shall be provided to owners upon request and payment of a reasonable administrative fee for handling the request.

Financial statements, general ledgers, accounts receivable ledger, accounts payable ledgers, check ledgers, insurance policies, contracts and invoices of the Association for the current and prior year and delinquencies of ninety days or more shall be available for examination by apartment owners at convenient hours at a place designated by the Board; provided:

(a) That the Board may require owners to furnish to the Association a duly executed and acknowledged affidavit stating that the information is requested in good faith for the protection of the interests of the Association or its members; and

(b) That the owners pay for administrative costs in excess of eight hours per year.

Copies of these items shall be provided to any owner upon the owner's request, provided that the owner pay a reasonable administrative fee for handling the request.



Owners shall also be permitted to view proxies, tally sheets, ballots, and certificates of election for a period of thirty days following any Association meeting; provided:

(a) That the Board may require owners to furnish to the Association a duly executed and acknowledged affidavit stating that the information is requested in good faith for the protection of the interests of the Association or its members; and

(b) That the owners pay for administrative costs in excess of eight hours per year.

Proxies and ballots may be destroyed following the thirty-day period. Copies of any tally sheets and certificates of election from the most recent Association meeting shall be provided to any owner upon the owner's request, provided that the owner pay a reasonable administrative fee for handling the request.

Owners may file a written request with the Board to examine other documents. The Board shall give written authorization or written refusal with an explanation of the refusal within thirty calendar days of receipt of the request.

Section 7. Disposal of Records. The managing agent may dispose of the Association's records which are more than five years old without liability if the managing agent has first provided the Board of Directors with written notice of its intent to dispose the records if not retrieved by the Board within sixty days, which notice shall include an itemized list of the records to be disposed.

END OF EXHIBIT "B"