

BYLAWS OF THE
ASSOCIATION OF APARTMENT OWNERS

“WAIKIKI LANAIS”

The following bylaws shall apply to the condominium project known as “Waikiki Lanais” (herein called the “project”); [which is situated at Waikiki, City and County of Honolulu, State of Hawaii and is described in and created by that Declaration of Horizontal Property Regime dated August 9, 1977, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 833597 and duly noted on Transfer Certificate of Title Nos. 193280, 207863 and 209270, issued to Edward Tai Kim Au, husband of Olivia Sing Pang Au; Francis Tai Chung Au and Cora Mae Lee Au, husband and wife; Margaret Leong Lau and Olivia Sing Pang Au, as Successor Trustees for Leslie Au, Alissa Au, Vincent Au and Maylene Au, under Trust Indenture dated December 29, 1967, filed in the Land Court as Document No.. 434719, Frank Kuei Cheng Au, unmarried, Ronald Kuei Jung Au, unmarried, and Lee Kuei Wen Au, unmarried, as owners in fee simple] and to all present and future owners, tenants and occupants of any apartments of the project and all other persons who shall at any time use the project:

ARTICLE I

MEMBERSHIP

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

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

Section 3. Annual Meetings. The first annual meeting of the Association shall be held not later than one hundred eighty (180) days after recordation of the first apartment conveyance, provided forty percent (40%) or more of the project has been sold and recorded. If forty percent (40%) of the project is not sold and recorded at the end of one year, an annual meeting shall be called; provided ten percent of the apartment owners so request. Thereafter, the annual meeting of the Association shall be held within three (3) months after the end of the each accounting year.

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

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Section 5. Notice of Meetings. The Secretary shall send written or printed notice of each annual and special meeting to every apartment owner according to the Association's record of ownership, at least fourteen (14) days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting, the purpose therefore, the items on the agenda for such meeting and a standard proxy form authorized by the Association, if any, which form shall be valid only for the meeting to which the notice pertains and its adjournment, in the following way:

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

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

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

An executor, administrator, guardian or trustee may vote in person or by proxy at the meeting of the Association the percentage of vote for any apartment owned or controlled by that person in such capacity, whether or not the same shall have been transferred to this name in the Association's record of ownership, provided that this person shall first present evidence satisfactory to the Secretary of ownership or control of 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 there or others, and in case of protest each co-tenant shall be entitled to only a share of such vote in proportion to this share of ownership in such apartment. Votes allocated to any area which constitutes a common element shall not be cast at any Association meeting.

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 or the Managing Agent, and unless limited by its terms shall continue until revoked by writing filed with the Secretary or Managing Agent or may be revoked by the death or incapacity of such owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any apartment or interest therein, a true copy of which is filed with

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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) A proxy, to be valid, must be delivered to the Secretary or the Managing Agent no later than 4:30 p.m. on the second business day prior to the date of the meeting to which it pertains, and must contain at least: the name of the Association, the date of the meeting, the printed name and signature of the person or persons giving the proxy, the apartment(s) for which the proxy is given, and the date that the proxy is given.
- (b) A proxy shall only be valid for the meeting to which the proxy pertains and its adjournments, may designate any person as proxy, and may be limited as the apartment owner desires and indicates; provided that no proxy shall be irrevocable unless coupled with a financial interest in the unit.
- (c) Proxies may be given to the board of directors; provided that the proxy form shall contain a box wherein the owner may indicate that the owner wishes the vote to be share with each board member receiving an equal percentage. Proxy forms which are not marked shall be considered a choice by the owner that the vote be made on the basis of the preference of the majority of the board.
- (d) No resident manager, or managing agent shall solicit, for use by the manager or Managing Agent, any proxies from any apartment owner of the Association which 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.
- (e) 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 under Article I, Section 8, Subsection (f).
- (f) 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 directors and the Board of Directors 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 of Directors 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: (i) mail to all owners a proxy form containing either the names of all owners who have requested the use of Association funds for soliciting proxies accompanied by their statements; or (ii) mail to all owners a proxy form containing no names, but accompanied by a list of names of all owners who have requested the use of Association funds for soliciting proxies and their statements. The statements referred to in this paragraph shall not exceed one hundred words, indicating the owner's qualifications to serve on the Board of Directors and reasons for wanting to receive proxies.

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

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Section 10. Order or Business. Meetings of the Association shall be held in accordance with the most current edition of Roberts Rules of Order and 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 minutes of preceding meeting.
- (d) Report of officers.
- (e) Report of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

Section 11. Meeting Minutes. Minutes of meetings of the Association shall include the recorded vote on all motions and shall be available for examination by apartment owners at convenient hours at a place designated by the Board of Directors. Copies of meeting minutes shall be provided to any owner upon the owner's request provided that the owner shall pay a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number, Qualifications and Compensation. The affairs of the Association shall be governed by a Board of Directors composed of nine (9) persons, each of whom shall be the sole owner or co-owner of record of any apartment, or a vendee under an agreement of sale, or a partner in a general partnership if such partnership is an owner of record or a general partner of a limited partnership if such partnership is an owner of record. If a corporation is an apartment owner, any officer of such corporation shall be eligible to serve as a director so long as that person remains an officer of such corporation. No resident manager of the condominium shall serve on the Board of Directors. There shall not be more than one representative on the board of directors from any one apartment. The directors shall serve without compensation.

Section 2. Powers and Duties. 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 therefore as are allowed by law, the Declaration or these bylaws direct to be exercised or done only by the apartment owners.

Section 3. Election and Term. Election of directors shall be by a cumulative voting by secret ballot at each annual meeting and any special meeting called for that purpose. Directors shall hold office for a period of three (3) years and until their respective successors have been elected, subject to removal as herein provided. The terms of the Board of Directors shall be staggered with one-third of the Board of Directors shall be elected each year.

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Section 4. Vacancies. Vacancies on 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 the director's continuous absence from the State of Hawaii for more than six• (6) months, or ceasing to be the sole owner or co-owner of an apartment, shall cause the 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 the apartment owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the apartment owners shall be given an opportunity to be heard at such meeting. 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 the petition, then the petitioners shall have the authority to set the time, date and place for the special meeting and to send out notices for the special meeting in accordance with the requirements of the bylaws. Except as otherwise provided herein, such meeting for the removal and replacement of a Director shall be scheduled, noticed and conducted in accordance with the bylaws of the Association.

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

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one (1) such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone, telegraph or facsimile transmission, at least one (1) day prior to the date of such meeting. Whenever practicable, notice of all board meetings shall be posted by the resident manager or a member of the Board of Directors in prominent locations within the project seventy-two (72) hours prior to the meeting or simultaneously with notice to the board of directors.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least eight (6) hours' notice to each director, given personally or by telephone, telegraph or facsimile transmission, 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. In the case of special meetings, notice of the special meeting shall be posted by the resident manager or a member of the Board of Directors in prominent locations within the project simultaneously with notice to the Board of Directors.

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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 any meeting of the Board shall be a waiver of notice to him of such meeting. If all of the directors are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at the meeting.

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

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

Section 12. Conflict of Interest. A director shall not vote in any board meeting on any issue in which the director has a conflict of interest. A director who has a conflict of interest on any issue before the board shall disclose the nature of the conflict of interest prior to a vote on that issue at the board meeting and the minutes of the meeting shall record the fact that a disclosure was made.

Section 13. Proxy Vote Not Allowed at Board Meetings. No director shall cast any proxy vote at any board meeting,

Section 14. Rules at Board Meetings. All Board of Directors meetings shall be conducted in accordance with the most current edition of the Robert's Rules of Order.

Section 15. Minutes at Board Meetings. Minutes of meetings of the Board of Directors shall include the recorded vote of each board member on all motions except motions voted on in executive session. Minutes of the meeting of the Board of Directors for the current and prior year shall be available for examination by apartment owners at no cost at convenient hours at a convenient location designated by the Board of Directors. Said minutes may be loaned to any owner for his or review at no cost provided that said loan is for a period not to exceed twenty-four (24) hours. Copies of meeting minutes shall be provided to any owner upon the owner's request provided that the owner shall pay a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request.

Section 16. Expenditures for Travel, Director's Fees and Per Diem. Directors shall not expend Association funds for their travel, directors' fees or per diem, unless the apartment owners are informed and a majority approve of these expenses at an Association meeting.

Section 17. Board Members to Receive Association Information at No Cost. The Association at their own expense shall provide all board members with a current copy of the Association's

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declaration, bylaws, house rules, and a cop of Chapter 514A of the Hawaii Revised Statues, with amendments.

ARTICLE III

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by and in the case of the President from, the Board of Directors. The Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. An owner shall not act as an officer of the Association and an employee of the Managing Agent employed by the Association.

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

Section 3. Removal. Any officer may be removed either with or without cause by vote of 4 majority of the members of the Board of Directors, and the successor elected, at any regular meeting of the Board of 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 the President shall exercise the general supervision and direction over the management and conduct of the business and affairs of the Association. The President shall also have such other powers and duties as may be provided by these bylaws or assigned to the President 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 the President is vacant. 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, and on behalf of the Board of Directors give all notices thereof as provided by these bylaws, and maintain and keep a continuous and accurate record of ownership of all apartments, including without limitation an accurate record of ownership of all apartments, including without limitation an accurate and current list of the members of the Association and their current addresses and the names and addresses of the Vendees under agreements of sale, if any, have charge of such books, including the minutes book, documents and records of the Association as the Board may direct in such place as the Board may direct, and in general perform all the duties incident to the office of Secretary.

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

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ARTICLE IV

ADMINISTRATION

Section 1. Management. The Board of Directors shall at all times manage and operate the project and have such powers and duties as may be necessary or proper therefore 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 provisions of all water, sewer and other utility services required for the common elements;
- (d) Provision at each apartment of all water, sewer, electricity and such other utility services and utilities as the Board shall deem necessary either at the expense of such apartment or as a common expense as determined by the Board;
- (e) Employment supervision and dismissal of such personnel, including without limitation, a manager, as may be necessary for the maintenance and operation of the project;
- (f) Preparation of a budget in accordance with ARTICLE IV, Section 3 herein; which assessment shall be apportioned among the apartment owners in proportion to their respective common interests;
- (g) Collection of all installments and payment of assessments, fines, common expenses, expenses, costs, fees, and penalties and late charges that may be levied or authorized by the Board of Directors;
- (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 and maintenance of full and accurate books of accounts and records of such funds and preparation of regular financial reports thereof; and
- (j) Notification of all persons having any interest in any apartment according to the Association's record of ownership of delinquency exceeding sixty (60) days in the payment of any assessments, fines, common expenses, expenses, costs, fees, and penalties and late charges levied against such apartment.
- (k) Notwithstanding anything to the contrary contained in these bylaws:
 - (i) The Board of Directors is authorized to purchase an apartment on behalf of all apartment owners, for use by the resident manager, if any, or for such other use as may be deemed appropriate by the Board of Directors, and to thereafter sell, lease, mortgage, vote the common interest appurtenant thereto, and otherwise deal with such apartment;
 - (ii) If the Board of Directors purchases an apartment, the Association shall be responsible for the payment of that portion of the project's common expenses which is assessed against such apartment, and the common interest appurtenant to each owner's apartment shall not be altered on account of such purchase;
 - (iii) The Board of Directors shall have the authority, on behalf of the Association, to borrow such funds from one or more financial institutions as it deems

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appropriate or necessary to purchase an apartment at the project, and shall be further empowered to do all things and sign all documents incidental to such purchase and/or the procurement of such loan.

- (l) The Board of Directors shall have the power to authorize the borrowing of money to be used by the Association for the repair, replacement, maintenance, operation, or administration of the common elements of the project, or the making of any additions, alterations, and improvements thereto. The cost of such borrowing, including, without limitation, all principal, interest, commitment fees, and other expenses payable with respect to such borrowing, shall be a common expense of the project; provided that owners representing fifty percent (50%) of the common interest and apartments give written consent to such borrowing, having been first notified of the purpose and use of the funds.
- (m) The Board of Directors shall have the power to assess fines to apartment owners for violation of the any of the provisions of these bylaws, the Declaration, or the House Rules. Such fines will be assessed by majority vote of the Board, shall not exceed a monetary fine of \$2,000.00 for each violation, and shall be directly assessed to the violating apartment owner with collection of the fine to be consistent with these bylaws.

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

Section 3. Budget Prepared by Board of Directors.

- (a) The Board of Directors of the Association shall prepare and adopt an annual operating budget and distribute it to the apartment owners. At a minimum the budget shall include the following:
 - (i) The estimated revenues and operating expenses of the Association;
 - (ii) Information as to whether the budget has been prepared on a cash or accrual basis;
 - (iii) The total replacement reserves of the Association as of the date of the budget;
 - (iv) The estimated replacement reserves the Association will require to maintain the property based on a reserve study performed by the Association;
 - (v) A general explanation of how the estimated replacement reserves are computed; and
 - (vi) The amount the Association must collect for the fiscal year to fund the estimated replacement reserves.
- (b) The Association shall assess the apartment owners to fund a minimum of fifty percent (50%) of the estimated replacement reserves. For each fiscal year the Association shall collect a minimum of fifty percent (50%) of the full amount required to fund the estimated replacement for that fiscal year reserves except that the Association may, in accordance with Sec. 514A-83.6 and those rules adopted by the Real Estate Commission

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fund the replacement reserves in increments. The replacement reserves shall be computed as per the formula stated in Sec. 514A-83.6, H.R.S.

- (c) The Board of Directors may not exceed its total adopted annual operating budget by more than twenty percent (20%) during the fiscal year to which the budget relates, except in emergency situations. Prior to the imposition or collection of an assessment under this paragraph because of such an emergency situation, the Board of Directors shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment.
- (d) Except for the fiscal year beginning in 1993, the preparation of the budget must be made at least sixty (60) days before each fiscal year. The schedule of assessments shall likewise be prepared, which assessments shall be apportioned among the apartment owners in proportion to their respective common interests.

Section 4. Examination of Documents.

- (a) The Association's most current financial statement shall be available to any apartment owner at no cost or on twenty-four hour loan, at a convenient location designated by the Board of Directors.
- (b) Financial statements, general ledgers, the accounts receivable ledger, accounts payable ledger, check ledgers, insurance policies, contracts, and invoices of the Association for the current and prior year and delinquencies of ninety (90) days or more shall be available for examination by apartment owners at convenient hours at a place designated by the board; provided:
 - (i) That the apartment owner must 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 or both; and
 - (ii) That the apartment owner requesting the information pay for any administrative costs incurred by the Association or Board of Directors, including but not limited to any fee charged by the Managing Agent, in excess of eight house per year.
 - (iii) That if copies of the items are requested by the apartment owner that the apartment owner pay a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling that request.
- (c) Apartment owners may file a written request with the Board of Directors to examine any other documents. The Board of Directors shall give written authorization or written refusal with an explanation of the refusal within thirty (30) calendar days of receipt of the request.

Section 5. Representation. The President or Managing Agent, subject to the direction of the Board of Directors, shall represent the Association or any two or more apartment owners similarly situated as a class in any action, suit, hearing or other proceeding concerning the Association, the common elements or more than one apartment, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings, without prejudice to the rights of any apartment owners individually to appear, sue or be sued. Service of process on two or more apartment owners in any such action, suit or proceeding may

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be made on the President or Managing Agent. Every Managing Agent shall also be the agent of the respective lessees under any apartment leases filed with the Board for the collection, custody and payment of all rent, taxes, assessments and other charges thereunder payable to their lessor.

Section 6. Execution of Instruments. All checks, drafts, notes, acceptance, 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 7. Audit. The members of the Association may require, by vote at the annual meeting, that yearly audit of the Association books be performed by a certified public accountant who shall not be an officer or director of the Association or have any interest in the project.

Section 8. Limitation on Association's Employees. An Association's employees shall not engage in selling or renting apartments in the condominium in which they are employed except for Association-owned units, unless the activity of the Association employee is approved by an affirmative vote of sixty-five percent (65%) of the Association membership.

ARTICLE V

OBLIGATIONS OF APARTMENT OWNERS

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

Section 2. Maintenance of Apartments. Every apartment owner shall at that owner's expense at all times well and substantially repair, maintain, amend and keep that apartment, including, without limitation, all internal installations therein such as water, electricity, gas, telephone, sewer, sanitation, air conditioning, lights and all other fixtures and accessories belonging to such apartment and the interior decorated or finished surfaces of all walls, floors and ceilings of such apartment, with all necessary reparations and amendments whatsoever in good order and conditions except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by the apartment owner's 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 for all expenses incurred by the Association in repairing or replacing any uninsured loss or damage to the common elements or any furniture, furnishings and equipment thereof caused by such owner or occupant or any person under 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.

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Section 3. Use of Project.

- (a) The apartments of the project shall be used for any lawful purpose consistent with the zoning of the project;
- (b) All common elements of the project shall be used only for their respective purposes as designed;
- (c) No apartment owner or occupant shall place, store or maintain in the halls, lobbies, stairways, walkways, ground or other common elements of similar nature any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements;
- (d) Every apartment owner and occupant shall at all times keep their 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 an apartment or the project nor shall they alter or remove any furniture, furnishings or equipment of the common elements;
- (f) No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alternations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board and approved by the Board and a majority of apartment owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected;
- (g) No apartment owner shall decorate, install, replace or landscape any entrance, hallways, front door, planting area or lanai appurtenant to that apartment except in accordance with the standard therefore established by the Board of Directors unless such specific plans are approved in writing by the Board;
- (h) All occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers in such a manner as may disturb other occupants;
- (i) No garments, rugs or other objects shall be hung from the windows or facades of the project or otherwise displayed in public view;
- (j) No rugs or other objects shall be dusted or shaken from the windows or doors of any apartment or cleaned by beating or sweeping on any walkways, patios, entries or other exterior parts of the project;
- (k) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the projects 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 a leash, provided that any such pet causing a nuisance, excessive noise or unreasonable disturbance to any other occupant of the project shall be permanently removed there from promptly upon notice given by the Board of Directors or Managing Agent;

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- (m) No apartment owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, machines or air conditioning units, or other equipment or appurtenances whatsoever on the exterior of any building of the project or protruding through the walls, windows or roof thereof;
- (n) No apartment owner or occupant shall erect, place or maintain any television or other antennas on the project visible from any point outside of his apartment;
- (o) Nothing shall be allowed, done or kept in any apartments or common elements of the project which would overload or impair the floors, walls, or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association; and
- (p) Anything to the contrary notwithstanding, the Developer of the project may engage in real estate sales activities in such apartments or on the premises of the project for the purpose of selling such apartments. Such activities may continue only until all such apartments have been initially sold by the Developer.

Section 4. Access to Apartments. The apartment owners shall have the irrevocable right, to be exercised by the Board of Directors, to have access to 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 the common elements or to another apartment or apartments.

Section 5. House Rules. The Board of Directors, upon giving notice to all apartment owners in the same manner as herein provided for notice of meeting of the Association in collecting any delinquent assessments against such apartment, foreclosing its lien therefore or enforcing any provisions of the Declaration or these bylaws against such owner or any occupant of such apartment.

Section 6. Expenses of Enforcement. Every apartment owner shall pay to the Association promptly on demand all costs and expenses including reasonable attorneys' fees incurred by or on behalf of the Association in collecting any delinquent assessments, fines or penalties against such apartment, foreclosing its lien therefor or enforcing any provisions of the Declaration or these bylaws against such owner or any occupant of such apartment.

Section 7. Record of Ownership. Every apartment owner shall promptly cause to be duly recorded or filed of record the deed, lease, assignment or other conveyance to him of such apartment or other evidence of title thereto and shall file such lease with and present such other evidence of title to the Board of Directors through the Managing Agent, and the Secretary shall maintain all such information in the record of ownership of the Association.

Section 8. Mortgages. Any apartment owner who mortgages their apartment or any interest therein shall notify the Board of Directors through the Managing Agent of the name and address of that owner's mortgagee, and also of the release of such mortgage, and the Secretary shall maintain all such information in the record of ownership of the Association. The Board of Directors or Managing Agent at the request of any mortgagee or prospective purchaser of any apartment or interest therein shall report to such person the amount of any assessments against such apartment then due and unpaid.

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ARTICLE VI

MISCELLANEOUS

Section 1. Amendment. These bylaws may be amended in any respect not inconsistent with provisions of law or the Declaration by vote or written consent of sixty-five percent (65%) of all apartment owners; provided that each one of the particulars set forth in this paragraph shall be embodied in the bylaws always; and provided further that any proposed bylaws with the rationale for the proposal may be submitted by the Board of Directors or by a volunteer apartment owners' committee.

- (a) If submitted by volunteer apartment owners' committee, the proposed bylaws shall be accompanied by a petition signed by not less than twenty-five percent (25%) of the apartment owners as shown in the Association's record of ownership. The proposed bylaws, rationale, and ballots for voting on any proposed bylaws shall then be mailed by the Board of Directors to the owners at the expense of the Association for vote or written consent without change within thirty (30) days of the receipt of the petition by the Board of Directors. The volunteer apartment owners' committee shall be precluded from submitting a petition for proposed bylaws which are substantially similar to that which has been previously mailed to the owners within one year after the original petition was submitted to the board.
- (b) If the proposed bylaws are submitted by the Board of Directors, then they may be adopted either at any meeting of the Association duly called for such purpose or by written consent of sixty-five percent (65%) of the apartment owners.
- (c) The vote or written consent required to adopt the proposed bylaw shall not be less than sixty-five percent (65%) of all apartment owners; provided that the vote or written consent must be obtained within one hundred and twenty (120) days after mailing to the apartment owners of the proposed bylaws.
- (d) In the event that the bylaw is duly adopted, then the board shall cause the bylaw amendment to be recorded in the Bureau of Conveyances or filed in the Land Court, as the case may be.
- (e) The terms of this Section 1 of Article VI shall not preclude any apartment owner or voluntary apartment owners' committee from proposing any bylaw amendment at any annual Association meeting.

Section 2. Indemnification. The Association shall indemnify every director and officer and their executors and administrators against all expense reasonably incurred by or imposed on that person in connection with any action, suit or proceeding to which that person 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 that person 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.

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Section 3. Subordination. These bylaws are subordinate and subject to all provisions of the Declaration and any amendment thereto and the law relating to Condominium Property - Regimes (Chapter 514A, H.R.S., 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 or said law relating to Condominium Property Regimes.

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

The undersigned officers of the ASSOCIATION hereby certify that the foregoing amendment to the Bylaws were adopted at a duly held meeting of the ASSOCIATION on March 10, 1993. IN WITNESS WHEREOF, the parties hereto have executed these presents this 14th day of June, 1993.

ASSOCIATION OF APARTMENT OWNERS OF
WAIKIKI LANAIS

BY:
Its President

BY:
Its Treasurer

The undersigned officers of the ASSOCIATION hereby certify that the foregoing amendment to the Bylaws were adopted at a duly held meeting of the ASSOCIATION on March 10, _____, 1993.

IN WITNESS WHEREOF, the parties hereto have executed these presents this 14th day of June _____, 1993.

ASSOCIATION OF APARTMENT OWNERS OF
WAIKIKI LANAIS

BY: *Sue A. Zang*
Its President

BY: *J. F. Cochran*
Its Treasurer

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