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REGULAR SYSTEM

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BYLAWS OF THE ASSOCIATION

OF UNIT OWNERS OF

1100 ALA MOANA

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BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF

1100 ALA MOANA

WHEREAS, VICTORIA PLACE, LLC, a Delaware limited liability company ("**Developer**"), is the developer of the "1100 Ala Moana" condominium project (the "**Project**");

WHEREAS, that certain Declaration of Condominium Property Regime of 1100 Ala Moana and Condominium Map of even date herewith (the "**Declaration**"), and by way of such Declaration, Condominium Map No. 6022 (the "**Condominium Map**"), are recorded in the Bureau of Conveyances State of Hawaii concurrently therewith;

WHEREAS, Developer has undertaken to develop the Land and Improvements to be constructed thereon as a condominium project, as described in the Declaration and in accordance with plans referred to in the Declaration as the Condominium Map;

WHEREAS, pursuant to those certain Community Covenant for Ward Village dated September 13, 2013 and recorded in said Bureau as Document No. A-50040794, as amended (the "**Master Declaration**"), the Land is part of an urban, mixed-use master planned community called "Ward Village" in the City and County of Honolulu in the State of Hawaii; and

WHEREAS, pursuant to those certain By-Laws of Ward Village Owners Association dated September 13, 2013 and attached as Exhibit "E" to the Master Declaration, as may be amended and supplemented from time to time (the "**Master Bylaws**"), the Association of Unit Owners of 1100 Ala Moana (the "**Association**") is a member of the Ward Village Owners Association ("**Master Association**");

NOW, THEREFORE, each Owner shall be a member of the Association, and Developer declares that all of the property described above is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the following Bylaws, all of which are declared to be in furtherance of the plan set forth in the Declaration, and are established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of such property. These Bylaws shall constitute covenants running with the Land and the Units established thereon, and equitable servitudes and liens, and shall be binding upon all parties having or acquiring any right, title, or interest therein.

ARTICLE I

INTRODUCTORY PROVISIONS

Section 1. **AUTHORITY FOR BYLAWS.** Developer, acting as the present Association, hereby approves and adopts these Bylaws pursuant to the Act. These Bylaws are subject to the laws of the State of Hawaii, including but not limited to, the Act and the Hawaii Administrative Rules, Title 16, Chapter 107 (the "**HAR**"), as amended from time to time.

Section 2. **PURPOSE OF BYLAWS; COVENANTS TO RUN WITH THE LAND.** The Land and the Improvements are held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following Bylaws, all of which are declared and agreed to be in furtherance of the plan set forth in the Declaration, to constitute a condominium property regime under the Act and for the purposes of enhancing and perfecting the value, desirability, and attractiveness of the Project. These Bylaws shall run with the Land and the Units established thereon, shall constitute equitable servitudes and liens, and shall be binding upon all parties having or acquiring any right, title or interest therein.

Section 3. **DEFINITIONS.** The terms used herein with initial capital letters shall have the meanings given to them in Article I, Section B of the Declaration, except as otherwise expressly provided herein.

Section 4. **CONFLICTS.** These Bylaws are set forth to comply with the requirements of the Act and the HAR. In any case where any of these Bylaws conflict with the provisions of the Act, the HAR, or the Declaration, the provisions of the Act, the HAR, or the Declaration, as the case may be, shall control. If there is a conflict between

these Bylaws and the Master Bylaws and/or Master Declaration, the Master Bylaws and/or Master Declaration shall control.

Section 5. **BINDING EFFECT OF BYLAWS ON OWNERS, MORTGAGEES AND LESSEES.**

All present and future Owners, mortgagees, vendors and vendees under Agreements of Sale, tenants and Occupants of Units and their employees, business invitees, and any other Persons who may use any part of the Project in any manner are subject to these Bylaws, the Declaration, and the House Rules. The acceptance of a Unit Deed, conveyance, mortgage, Agreement of Sale, or the entering into of a lease or the act of occupancy of a Unit shall constitute an acceptance, ratification, and agreement to comply with the provisions of these Bylaws, the Declaration, and the House Rules, as the same may be amended from time to time.

ARTICLE II

ASSOCIATION OF OWNERS

Section 1. **MEMBERSHIP.** All Owners of the Project together shall constitute the Association. The Owner of any Unit, upon acquiring title thereto, shall automatically become a member of the Association and shall remain a member until such time as his or her ownership of such Unit ceases for any reason. In the event that the Project is terminated, the Association shall consist of all former Owners who owned Units at the time of termination and who are entitled to distributions of proceeds under Section 514B-47 of the Act, or such Owners' heirs, successors or assigns. Notwithstanding anything to the contrary provided herein, during the Developer Control Period, Developer shall operate the Project in accordance with the Declaration and these Bylaws and, where necessary, take all actions on behalf of the Association upon such terms and conditions as they shall agree upon which are consistent with the terms of the Declaration and these Bylaws. For the duration of the Developer Control Period, Developer shall have the right to appoint and remove the Officers and the Directors of the Association's Board. Following termination of the Developer Control Period and the first election of a replacement Board in accordance with Section III.3 below, Developer shall be entitled to vote the interest of each Unit that it owns.

Section 2. **PURPOSE.** The Association shall be organized and operated for the purposes of physical, administrative and fiscal management of the Project and for managing, maintaining, acquiring, constructing, and caring for the Association property, which includes the Common Elements, any real property which is not part of the Common Elements but which the Association either owns or leases, any personal or moveable property owned or leased by the Association, and any fixtures owned or leased by the Association; provided, however, that unless otherwise provided in the Declaration or these Bylaws, Limited Common Elements shall be managed and maintained by the Owner of the Unit to which such Limited Common Elements are appurtenant.

Section 3. **VOTING.** Each Owner shall be entitled to that percentage of the total vote of all of the Owners which equals the percentage of the Common Interest appurtenant to such Unit as set forth in the Declaration. The Owners may cast votes in person or by proxy; provided voting by acclamation is permitted for items where formal voting is not necessary. The vendee of a Unit pursuant to an Agreement of Sale shall have the right to vote unless the vote is retained by the vendor as may be provided in said Agreement of Sale pursuant to Section 514B-124 of the Act. An executor, administrator, personal representative, guardian, or trustee may vote in person or by proxy at any meeting of the Association the percentage of vote for any Unit owned or controlled by him or her in such capacity, provided that he or she shall first present evidence satisfactory to the Secretary that he or she owns or controls such Unit in such capacity not later than the commencement of the meeting. The vote for any Unit owned of record by two (2) 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. If more than one (1) Owner of a Unit is present, the votes allocated to that Unit may be cast only in accordance with the agreement of the majority in interest of that Unit's Owners. There is a majority agreement if any one (1) of the Owners casts the votes allocated to that Unit without protest being made by any of the other Owners of the Unit to the person presiding over the meeting before the polls are closed. If co-Owners do not agree in their vote, then the entire vote allocated to that Unit will not be counted. Corporations, general partnerships, limited partnerships, limited liability partnerships, and limited liability companies which are Owners shall designate a general partner, officer, member, or manager, as appropriate, for the purpose of exercising the vote; and such representative of an Owner which is a corporation, general partnership, limited partnership, limited liability partnership or limited liability company shall present satisfactory written evidence to the Secretary of his or her designation as representative not later than the commencement of the meeting.

Section 4. **QUORUM.** The term “*quorum*” refers to the number or percentage of Owners who must be present at a meeting to conduct business for all Owners. For all meetings of the Association with respect to all matters which may be voted on by all Owners, thirty-three percent (33%) of the Owners must be present to have a quorum unless a different number is required by law, the Declaration, or another part of these Bylaws. Members are “present” at a meeting if: (i) they attend it in person, or (ii) each of their proxy holder attends it for them, or (iii) someone else permitted by these Bylaws attends it for them.

Section 5. **MAJORITY VOTE.** The vote of a majority of the Common Interest present or represented at a meeting at which a quorum is present shall be binding upon all Owners for all purposes, except where a higher percentage vote is required in the Declaration, these Bylaws, or by law. Notwithstanding the preceding sentence: (i) where a vote requires a Majority of Unit Owners, the term “*Majority of Unit Owners*” shall mean the Owners to which are appurtenant more than fifty percent (50%) of the total Common Interest; and (ii) where a vote requires a specific percentage of Owners, the specified percentage of the Owners means Owners to which are appurtenant such percentage of the total Common Interest.

Section 6. **PROXIES.** An Owner may appoint in writing a proxy to represent the Owner at meetings of the Association. An Owner may vote by mail or electronic transmission through a duly executed proxy.

A. A proxy, to be valid, must: (i) 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; (ii) contain at least the name of the Association, the date of the meeting of the Association, the printed name(s) and signature(s) of the Person(s) giving the proxy, the Unit number for which the proxy is given, the name of the person to whom the proxy is given, and the date that the proxy is given; and (iii) if it is a standard proxy form authorized by the Association, then contain boxes wherein the Owner has indicated that the proxy is given: (a) for quorum purposes only; (b) to the individual whose name is printed on a line next to a box; (c) to the Board as a whole and that the vote be made on the basis of the preference of the majority of the Directors present at the meeting; or (d) to those Directors present at the meeting with the vote to be shared with each Director receiving an equal percentage. The proxy form shall also contain a box wherein the Owner may indicate that the Owner wishes to obtain a copy of the annual audit report.

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 Owner indicates; provided that no proxy shall be irrevocable unless coupled with a financial interest in the Unit.

C. A copy, facsimile telecommunication, or other reliable reproduction of a proxy may be used in lieu of the original proxy for any and all purposes for which the original proxy could be used; provided that any copy, facsimile telecommunication, or other reproduction shall be a complete reproduction of the entire original proxy.

D. Nothing in this Section shall affect the holder of any proxy under a first Mortgage of record or under an Agreement of Sale.

E. With respect to the use of Association funds to distribute proxies:

(i) If the Board intends to use Association funds to distribute proxies, including the standard proxy form referred to in this Section II.6, the Board shall first post notice of its intent to distribute proxies in prominent locations within the Project at least twenty-one (21) calendar days before its distribution of proxies. If the Board receives within seven (7) calendar 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 mail to all Owners either: (a) a proxy form containing the names of all Owners who have requested the use of Association funds for soliciting proxies accompanied by their statements; or (b) 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, which shall be limited to black text on white paper, shall not exceed one single-sided 8-1/2" x 11" page and indicate the Owner’s qualifications to serve on the Board or reasons for wanting to receive proxies.

(ii) The Board or member of the Board may use Association funds to solicit proxies as part of the distribution of proxies. If a member of the Board, as an individual, seeks to solicit proxies using Association funds, the Board member shall proceed as an Owner under subpart (i) of this Subsection.

F. No Managing Agent or Site Manager, if any, or their employees, shall solicit, for use by the Managing Agent or the Site Manager, if any, any proxies from any Owner of the Association that retains the Managing Agent or Site Manager, nor shall the Managing Agent or the Site Manager, if any, cast any proxy vote at any Association meeting except for the purpose of establishing a quorum.

G. The Board shall not adopt any rule prohibiting the solicitation of proxies or distribution of materials relating to Association matters on the Common Elements by Owners; provided that, subject to any applicable approval rights of Developer, the Board may adopt rules regulating reasonable time, place, and manner of the solicitations or distributions, or both.

Section 7. **PLACE OF MEETINGS.** All meetings of the Association shall be held at such place within the Project, or elsewhere within the State of Hawaii, as may be designated by the Board; provided that in the event of a natural disaster, such as a hurricane, an Association meeting may be held outside the State of Hawaii.

Section 8. **ANNUAL MEETINGS.** The first annual meeting of the Association shall be held no later than one hundred eighty (180) days after recordation of the first Unit conveyance; provided, that 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 (1) year after recordation of the first Unit conveyance, an annual meeting shall be called if ten percent (10%) of the Owners so request. The terms "recorded" and "recordation" shall mean and refer to the recordation in said Bureau of a Unit Deed transferring a Unit to an Owner. Subject to the rights of Developer to designate Directors contained in the Declaration and these Bylaws, at such meeting, the Owners shall elect a Board. Thereafter, the annual meetings of the Association shall be held on a date that is selected by the Board. If the Board does not choose a meeting date by the 15th of February of each year, then the meeting will be held at the Project at 6:30 p.m. on the third (3rd) Wednesday in March of each year, or at such other time the Board may determine from time to time. Developer may set the date and time for the first annual meeting. Owners may transact other business at such meeting as may properly come before the Association.

Section 9. **SPECIAL MEETINGS.** A special meeting of the Association may be called at any time for any one (1) or more purposes. It may be called by (a) the President, (b) a majority of the Directors, or (c) a petition signed by not less than twenty-five percent (25%) of the Owners and presented to the Secretary or to the Managing Agent. The Owners may transact only that business the general nature of which is stated in the notice of the special meeting. Upon receipt of such call or petition, the Secretary or the Managing Agent shall send written notice of the meeting to all Owners in the manner provided in Article II, Section 10, below. In the event that the Secretary or the Managing Agent shall fail to send out notices within fourteen (14) calendar days of receipt of any petition to have such meeting, or such other period as may be required by Section 514B-121 of the Act, the petitioners calling for the meeting may send the notice in accordance with the provisions for such notice contained in these Bylaws. The meeting shall be held at the time and place specified in the call, or if unspecified, at any reasonable time within forty-five (45) calendar days from the date the call was received.

Section 10. **NOTICE OF MEETINGS AND OTHER NOTICES.** The Secretary or Managing Agent shall cause written notice of all meetings, annual or special, stating the respective date, time, and place of each meeting and whether it is annual or special, together with a standard proxy form authorized by the Association, if any, and any other notices permitted or required to be delivered by these Bylaws, to be given by hand delivering such notice(s) and form, by mailing, postage prepaid to the mailing address of each Unit or any other address designated in writing by the Owner, or, at the option of the Owner, expressed in writing, by facsimile or electronic mail to the electronic mailing address designated in writing by the Owner, at least fourteen (14) calendar days before the date assigned for the meeting. The notice must state the authority for holding the meeting, the items on the agenda, including the general nature and rationale of any proposed amendment to the Declaration or these Bylaws, and any proposal to remove a Director; provided that nothing herein shall preclude an Owner from proposing an amendment to the Declaration or these Bylaws or to remove a Director at any annual meeting. Upon written request for notices delivered to the Board, the holder of any duly recorded Mortgage or deed of trust from any Owner may obtain a copy of any and all notices permitted or required to be given to the Owner, whose interest is subject to said Mortgage or deed of trust. Notice can be considered waived as follows:

A. Anyone who attends a meeting, in person or by proxy, waives any right to claim that notice was not given properly unless, when the meeting begins, he or she objects to holding it because notice was not given properly.

B. An Owner may waive notice of any Association meeting by signing a document that (i) waives notice, or (ii) consents to or approves the action taken at the meeting, or (iii) approves the minutes of the meeting. All such documents must be filed with the Association records and made a part of the minutes of the meeting.

C. An Owner automatically waives notice of any Association meeting if he or she does not file a written objection with the Secretary or the Managing Agent within fifteen (15) calendar days after he or she receives written notice of any action taken at an Association meeting. A copy of the minutes, among other things, will be treated as written notice.

Upon notice being given in accordance with the provisions hereof, the failure of any Owner to receive actual notice of any meeting shall not in any way invalidate the meeting or proceedings thereat. Each Owner shall keep the Association informed of any changes in address.

Section 11. **RECORD DATE FOR NOTICES AND VOTING.**

A. **PURPOSE OF THE RECORD DATE.** The "*Record Date*" is the date used to determine who is entitled to receive notice and to vote at Association meetings or on any action to be taken without a meeting. The Record Date is also used to determine who may object to and waive failure to receive notice and exercise other such rights for or as an Owner.

B. **SETTING THE RECORD DATE.** The Board may choose the Record Date. The Record Date for a meeting may not be more than ninety (90) calendar days before the meeting date. The Record Date for action without a meeting may not be more than thirty (30) calendar days before the ballot or request for consent or approval is sent. Unless the Board chooses another date, the Record Date will be the date and time when the mailing list is prepared, or, if notice is waived, then two (2) business days before the day of the meeting. If a meeting is adjourned and a new notice must be given, then a new Record Date must be set.

C. **EFFECT OF SETTING RECORD DATE.** When a Record Date is set, only the Owners of Record (as hereinafter defined), as of that date, or someone authorized to act for them, have the right to notice and to vote at a meeting or on a ballot or other request for consent or approval. This rule applies despite any issuance or transfer of a Unit in the records of the Association after the Record Date. A Person who is the Owner of a Unit as of the Record Date is considered to be the "*Owner of Record*". A Person who becomes an Owner after the Record Date may act for the Owner of Record by obtaining a proxy from the Owner of Record. When these Bylaws refer to the "Owner" with respect to notice (including waivers of notice) and voting, it means the Owner of Record or someone authorized to act for the Owner of Record.

Section 12. **ADJOURNMENT OF MEETINGS.** If any meeting of the Association cannot be held because a quorum is not present, a majority of the Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than thirty (30) calendar days from the time the original meeting was called, as may be determined by majority vote of the Owners present, without notice other than the announcement at such meeting. If the meeting is adjourned for thirty (30) calendar days or more, or if the law requires a new notice, then a new notice must be given pursuant to Article II, Section 10 herein. 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 13. **CONDUCT OF MEETINGS AND ORDER OF BUSINESS.** All meetings of the Association shall be conducted in accordance with the most current edition of Robert's Rules of Order, Newly Revised.

Section 14. **INSPECTORS FOR VOTING AND PROXIES.**

A. **APPOINTMENT.** At least ten (10) business days before any meeting of the Association or before any ballot is sent to the Owners, the Board may appoint inspectors of the voting at the meeting,

including voting for the election of Directors. The Board may appoint either one (1) or three (3) inspectors of voting. If the Board fails or chooses not to do so, then the Managing Agent will be the inspector of the voting.

B. **DUTIES.** The voting inspectors will: (i) determine the authenticity, validity, and effect of proxies, pledges, and other documents purporting to give any person the right to represent, act, and vote for an Owner; (ii) receive votes, ballots, and consents; (iii) hear and determine all challenges, questions, and conflicts relating in any way to the right to cast votes; (iv) count and tabulate all votes and consents; (v) decide when the polls will close; (vi) determine the results of all votes and elections; and (vii) do anything else appropriate to conduct the vote or election fairly as to all Owners. The decision, act, or certificate of a majority of inspectors, if there are three (3), or of a single inspector, if there is only one (1), will be effective. Any facts stated in any effective report or certificate is presumed to be accurate.

Section 15. **MINUTES OF ASSOCIATION MEETINGS.** Minutes of meetings of the Association shall be approved at the next succeeding regular meeting or by the Board, within sixty (60) calendar days after the meeting, if authorized by the Owners at an annual meeting. Minutes of all meetings of the Association shall be available within seven (7) calendar days after approval and unapproved final drafts of minutes shall be available within sixty (60) calendar days after the meeting. If approved by the Board, Owners shall be given a copy of the approved minutes or notified of the availability of the minutes within thirty (30) calendar days after approval. An Owner shall be allowed to offer corrections to the minutes at an Association meeting.

Section 16. **ASSOCIATION POWERS.** Except as otherwise provided herein, and subject to the provisions of the Declaration and these Bylaws, the Association, even if unincorporated, shall have those powers set forth in Section 514B-104 of the Act, as limited by Section 514B-105 of the Act. The Association delegates its powers to the Board, unless such delegation is prohibited by the Act.

ARTICLE III

BOARD OF DIRECTORS

Section 1. **NUMBER AND QUALIFICATION.** The affairs of the Association shall be governed by the Board. During the Developer Control Period, the Developer may appoint three (3) Directors from time to time. Upon the termination of the Developer Control Period, the Board shall be comprised of nine (9) Directors, who shall be elected as set forth in Article III, Section 3 below. Each Director shall be an Owner, co-Owner, a vendee under Agreement of Sale, a trustee or beneficiary of a trust that owns a Unit, or an officer of any corporate owner or a representative of any entity which owns a Unit. The partners of a general partnership and the general partners of a limited partnership or limited liability partnership shall be deemed to be Owners for purposes of serving on the Board. There shall not be more than one (1) Director from any one (1) Unit. No Site Manager or employee of the Association shall serve on the Board. Any Director who is an employee of a Managing Agent shall not participate in any discussions regarding the Condominium Management Agreement with such Managing Agent and shall be excluded from any executive session where such Managing Agent or Condominium Management Agreement will be discussed.

Section 2. **POWERS AND DUTIES.** The Board shall have all the powers and duties necessary for the administration of the affairs of the Project in compliance with all governmental requirements and the Declaration, and for the maintenance, upkeep, and repair of the Project in good order and condition in accordance with the Project Quality Standard, and the Association may delegate all rights, powers, and duties to the Board, except those rights, powers, and duties that cannot be delegated to the Board by law, the Declaration, or these Bylaws. The Board shall have all rights, powers, and duties to act on behalf of the Association other than those requiring the vote of the Association set forth in the Act and subject to all rights and approval requirements set forth in the Declaration and these Bylaws, including without limitation, Developer's Reserved Rights.

Section 3. **ELECTION AND TERM OF OFFICE.** During the Developer Control Period, the Board shall be appointed as set forth in Section III.1 above, and the Directors so appointed may be removed and replaced at the pleasure of the Developer without a meeting. Upon the termination of the Developer Control Period, election of Directors may be by the Owners by secret ballot at each annual meeting and each special meeting called for that purpose. Other than for the initial term set forth below, Directors shall hold office for a period not to exceed three (3) years and until their respective successors have been elected, subject to removal as permitted by these Bylaws. The

terms of office for the initial Directors shall be as follows: (a) the three (3) Directors with the highest number of votes shall serve for three (3) years; (b) the three (3) Directors with the next highest number of votes shall serve for two (2) years; (c) the two (2) Directors with the next highest number of votes shall serve for one (1) year; and (d) the Developer, so long as Developer still owns a Unit in the Project, shall automatically become a Director on the Board for and during the initial term of three (3) years. The Developer shall have the right to remove itself from the Board during the three (3) year period, or to run again for a Director seat as the Owner of a Unit in the Project. If the Developer removes itself during the initial two (2) year term, thereafter, the Developer shall be replaced on the Board with another Unit Owner in accordance with Article III, Section 5.C below and that Board seat shall have a three (3) year term. Directors shall be elected at each annual meeting to fill the vacancy in the office of Directors occurring as of the time of such meeting. An Owner shall provide notice of the Owner's intent to cumulatively vote before voting commences. The term "*cumulative voting*" as used herein means that each Owner may cast for any one (1) or more nominees to the Board a vote equivalent to the vote which such Owner is entitled to multiplied by the number of Director positions to be elected and for whom the Owner is entitled to vote, and each Owner shall be entitled to cumulate his or her votes and give all thereof to one nominee or to distribute his or her votes in such manner as he or she shall determine among any or all of the nominees for whom such Owner is entitled to vote, and the nominees receiving the highest number of votes on the foregoing basis, up to the total number of Directors to be elected, shall be deemed elected. A vote to fill Director positions may be done through a motion passed by acclamation in situations where a formal vote is not necessary (i.e., where there are four (4) vacant Director seats and there are only four (4) candidates).

Section 4. **REMOVAL OF MEMBERS OF THE BOARD.** At any annual or special meeting of the Association duly called, Directors may be removed, and successors shall then and there be elected for the remainder of the term to fill the vacancies thus created as follows:

A. During the Developer Control Period, Developer may remove and replace the Directors in its sole discretion without a meeting.

B. After the Developer Control Period, the removal and replacement of a Director shall be by a vote of a majority of the Owners and, otherwise, in accordance with all applicable requirements and procedures in these Bylaws for the removal and replacement of Directors. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at such meeting. Any Director who shall miss three (3) consecutive meetings of the Board may be removed by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. The replacement of the Director so removed shall be in accordance with all applicable requirements and procedures in these Bylaws for the replacement of Directors. Any Director removed by the Board shall not be eligible for reelection to the Board for a period of one (1) year after such Director's removal.

Section 5. **VACANCIES.**

A. A Director's office shall become vacant in the event of such Director's death, incapacity, or resignation or if such Director shall cease to be an Owner or co-Owner of record of a Unit, a vendee of a Unit under an Agreement of Sale, a trustee or beneficiary of a trust which owns a Unit, or an officer, partner, member, or other Person authorized to act on behalf of any other legal entity which owns a Unit.

B. Any vacancies during the Developer Control Period shall be filled by Developer.

C. Any vacancies of a Director after the end of the Developer Control Period, other than a vacancy caused by the natural expiration of the term of such Director or the removal of such Director, shall be filled by the vote of a majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall serve until his or her successor is elected at the next annual meeting of the Association. The successor elected at such annual meeting serves until the expiration of the term of the Director whose seat is vacated.

Section 6. **ORGANIZATIONAL MEETING.** The first meeting of the Board shall be held immediately after the first annual meeting of the Association and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided that a majority of the Board shall be present thereat. At such meeting, the Board shall elect the Officers for the ensuing year.

Section 7. **REGULAR MEETINGS.** Regular meetings of the Board 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 year.

Section 8. **EXECUTIVE SESSION.** The Board, with the approval of a majority of a quorum of the Directors, may adjourn a meeting and reconvene in private in executive session to discuss and vote upon matters: (a) concerning personnel; (b) concerning litigation in which the Association is or may become involved; (c) necessary to protect the attorney-client privilege of the Association; or (d) necessary to protect the interests of the Association while negotiating contracts, leases, and other commercial transactions. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 9. **SPECIAL MEETINGS.** Special meetings of the Board may be called by the President on three (3) business days' notice to each Director, given personally or by mail, facsimile transmission, or electronic mail transmission (which notice shall state the time, place and purpose of the meeting), and on posting of notice, if practicable, as provided in Article III, Section 10; provided, however, that in the case of emergency situations, as determined by the President, a special meeting of the Board may be called by the President on eight (8) hours' notice to each Director. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice, if practicable, on the written request of at least two (2) Directors.

Section 10. **CONDUCT OF MEETING.** All meetings of the Board, other than executive sessions, shall be open to all members of the Association, and Association members who are not on the Board may participate in any deliberation or discussion, other than executive sessions, unless a majority of a quorum of the Board votes otherwise. All meetings of the Board (whether organizational, regular or special) shall be conducted in accordance with the most current edition of Robert's Rules of Order, Newly Revised.

Section 11. **NOTICES; WAIVER OF NOTICE.** Notice of all Board meetings and other notices to the Directors shall be given to each Director by the Secretary or the person or persons calling the meeting. Notice of regular meetings of the Board shall be given to each Director personally or by first class mail, facsimile, or electronic mail at least seven (7) calendar days, if practicable, prior to the day named for such meeting. Notice of all Board meetings shall also be posted by the Managing Agent or Site Manager, if any, 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. Before or at any meeting of the Board, 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 or her 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 12. **COMPENSATION.** No Director shall receive any compensation from the Association for travel expenses, Directors' fees and *per diem* expenses; provided that, with the approval of the Board, Directors may be reimbursed for actual expenditures incurred on behalf of the Association. The minutes of the meeting shall reflect in detail the items and the amounts of the reimbursements. The Directors may expend Association funds, which shall not be deemed to be compensation to the Directors, to educate and train themselves in subject areas directly related to their duties and responsibilities as Directors; provided that the approved annual operating budget shall include these expenses as separate line items. These expenses include registration fees, books, videos, tapes, other educational materials, and economy travel expenses. Except for travel expenses on the island of Oahu, all reimbursement for other travel expenses shall be subject to pre-approval by the Board and shall be reflected in the minutes as discussed above.

Section 13. **QUORUM OF BOARD.** At all meetings of the Board, a majority of the total number of Directors established by these Bylaws shall constitute a quorum for the transaction of business, and action by a majority of the Directors present at any meeting at which a quorum is present shall constitute action by the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those Directors present may adjourn the meeting and call an additional meeting at which a majority of the total number of Directors can attend.

Section 14. **NO PROXY VOTE; CONFLICT OF INTEREST.** A Director shall not cast any proxy vote at any Board meeting, nor shall a Director vote at any Board meeting on any issue in which the Director has a conflict of interest. In the event of a conflict of interest, the Director shall disclose the nature of such conflict prior to

