

KEALAKEKUA BAY ESTATES OWNERS ASSOCIATION

BY-LAWS

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BY-LAWS

ARTICLE I

MEMBERSHIP

Section 1.01. Qualifications. Each person, corporation or other legal entity who is, or such persons, corporations or other legal entities who are collectively an "Owner", as defined in the Declaration of Covenants, Conditions, and Restrictions for Kealakekua Bay Estates (herein the "Declaration"), of any lot within the subdivision known as "Kealakekua Bay Estates" shall be a member of the corporation and no person other than such an Owner may be a member of the corporation.

Section 1.02. Proof of Ownership Status. No person shall exercise the rights of membership in the corporation until satisfactory proof has been furnished to the secretary of the corporation that the person is an Owner. Such proof may consist of a copy of a duly executed, acknowledged and recorded deed, agreement of sale, or other instrument of conveyance, or title insurance policy showing said person to be the Owner of a lot, as defined in the Declaration. Any such deed, instrument or policy shall be deemed conclusive in the absence of a conflicting claim based upon a later deed, instrument or policy.

Section 1.03. Certificates. The Board of Directors may provide for the issuance of certificates evidencing membership in the corporation which shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered; provided, however, only one certificate in the names of all owners shall be issued in case of multiple ownership of a lot. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the corporation maintained by the secretary. If

any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board may direct. Upon transfer of membership, the certificate of the former member, properly endorsed, shall be presented to the secretary for cancellation and a new certificate shall be issued in its place to the new member. In the event of failure to comply with these requirements, the secretary, upon proper proof of change of ownership of the lot may cancel the former certificate of membership by cancelling the same in the corporation's records, and reissue a new certificate in its place.

Section 1.04. Annual Meeting. The annual meeting of the members, upon notice as hereinafter provided, shall be held in June of each year, at which meeting the members shall elect by plurality vote a Board of Directors, consider reports of the affairs of the corporation, and transact such other business as may properly be brought before the meeting.

Section 1.05. Special Meetings. Special meetings of the members, for any purpose or purposes whatsoever, may be called at any time by the President, or by any two or more members of the Board of Directors, or upon the written request of ten percent (10%) of the members and shall be called by any officer directed to do so by the Board of Directors.

Section 1.06. Place of Meetings. Meetings of the members shall be held at the principal office of the corporation in the State of Hawaii, or elsewhere as may be designated for members' meetings from time to time by the Board of Directors, in which case such meetings may be held, upon notice thereof as hereinafter provided, at such other place or places as the Board of Directors shall have determined, and as shall be stated in such notice.

Section 1.07. Notice of Meetings. Written notice of each meeting of the members, whether annual or special, shall be given in writing to members by or under direction of the secretary or, if there be no such officer, or in the case of the secretary's neglect or refusal, by any

director or officer. Such notices shall be delivered not less than ten (10) days nor more than fifty (50) days before such meeting, either personally or by mail. Any notice of a members' meeting sent by mail shall be deemed to be delivered when deposited in the United States mail, first class, with postage thereon prepaid, addressed to the member at the member's address as it appears on the books of the corporation. Notice of members' meetings shall specify the place, the day and the hour of meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called. When a meeting is adjourned for any reason, notice of the adjourned meeting shall be given as in case of an original meeting. Any member of the corporation may waive notice of any meeting by signing a written waiver thereof either prior to or after the meeting, and such written waiver shall be equivalent to the giving of such notice to the member. Attendance of a member at a meeting, without protest, shall constitute waiver of notice of the meeting.

Section 1.08. Consent to Meetings and Actions. The transaction of any meeting of members, however called and noticed and wherever held, shall be valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the intended effective date of the action, two-thirds of the members entitled to vote at the meeting sign by themselves or their proxies or other authorized representatives a written consent or approval on the record of the meeting. All such consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Any action which may be taken at a meeting of the members may be taken without a meeting authorized by a writing signed by all of the members who would be entitled to vote at a meeting for such purpose, and filed with the secretary of the corporation.

Section 1.09. Quorum. The presence in person or through representation by proxy of members entitled to exercise a majority of the voting power of the corporation shall be required

and shall constitute a quorum at all meetings of the members for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these By-Laws. Every decision of a majority of such quorum shall be valid as a corporate act, except in those specific instances in which a larger vote is required by law, by the Articles of Incorporation or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, until such requisite percentage of voting members shall be present. At such adjourned meeting at which the requisite percentage of voting members shall be represented, any business may be transacted which might have been transacted at the original meeting.

Section 1.10. Voting Rights. At any meeting of the members of the corporation, each member shall be entitled to cast one of vote. It being expressly provided that if more than one person or entity owns one given lot, any one of said persons or entities may exercise said one vote on behalf of all of the owners of said lot, but no such vote shall be exercised without the unanimous consent of all such owners, which consent shall be conclusively implied unless the secretary is otherwise notified in writing.

Section 1.11. Proxies. Any member may attend and vote at meetings in person, or by a proxy holder duly appointed by a written proxy signed by the member and filed with the secretary of the corporation. Only a member of the corporation may be a proxy holder. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. It shall be deemed revoked when the secretary shall receive actual notice of the death or judicially declared incompetence of such member, or upon termination of such member's

status as an Owner. Where two or more persons constitute a member, any proxy with respect to the vote of such member shall be signed by all such persons.

ARTICLE II

BOARD OF DIRECTORS

Section 2.01. Number of Directors. The authorized number of corporate directors shall be the number fixed by the Articles of Incorporation, as increased or decreased at each annual members' meeting or meeting called for the purpose of electing directors. The directors shall be members of the corporation. At least one director shall be a resident of the State of Hawaii.

Section 2.02. Powers of Directors. Subject to the limitation of law, or the Articles of Incorporation and of the By-Laws as to action to be authorized or approved by the members, all corporate powers shall be exercised by or under authority of, and the business and affairs of this corporation shall be controlled by, a Board of Directors.

Section 2.03. Election and Tenure of Office. The initial Board of Directors shall be as stated in the Articles of Incorporation and such directors shall hold office until the first annual meeting of the members and until their successors are elected and qualified. Thereafter, the directors shall be elected by ballot at the annual meeting of the members. At the first annual meeting of the members for election of directors, one third of the directors elected shall serve a term of one year; one third of the directors elected shall serve a term of two years; and one third of the directors elected shall serve a term of three years. Thereafter, each director shall serve a term of three years. Any director may be re-elected.

Section 2.04. Vacancies. Vacancies in the Board of Directors may be filed by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at a regular meeting of members or at a special meeting called for that purpose. Upon tender of a resignation by a director, the Board shall have power to elect a successor to take office at such time as the resignation becomes effective.

Section 2.05 Removal of Directors. The entire Board of Directors or any individual director may be removed from office by the members with or without cause.

Section 2.06. Annual Board of Directors' Meetings. The annual meeting of the Board of Directors shall be held on the same day as the annual membership meeting, immediately following the membership meeting.

Section 2.07. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the president or if the president is absent or unable or refuses to act, by any vice-president, or by any director.

Section 2.08. Place of Meetings. Meetings of the Board of Directors shall be held at the principal office of the corporation in the State of Hawaii, or such other place as designated for meetings of the Board of Directors from time to time by resolution of the Board or written consent of all of the members of the Board.

Section 2.09. Notice of Meetings. Notice of each meeting of the Board of Directors whether annual or special, specifying the date, time, and place of the meeting shall be given by or under direction of the secretary or by the person calling the meeting to each member of the Board of Directors, by advising the member in writing, or by word of mouth of the meeting, or by leaving written or oral notice of the meeting at the member's residence or usual place of

business, or by mailing written notice of the meeting postage prepaid addressed to the member at the member's residence or usual place of business five (5) days prior to the time set for the meeting. Nonreceipt of notice of any meeting by any member of the Board of Directors shall not invalidate the meeting or any proceedings taken or any business done at the meeting. No notice of any meeting need be given to any member of the Board of Directors who at the time of the meeting is absent from the State of Hawaii. Any member of the Board of Directors may waive notice of any meeting either prior to or at or after the meeting, with the same effect as though notice of the meeting has been given to the member. The presence of any member of the Board of Directors at a meeting shall be the equivalent of a waiver by the member of notice of the meeting, unless the member attends the meeting for the express purpose of objecting to the meeting.

Section 2.10. Consent to Directors' Meetings or Directors' Actions. The transactions of any meeting of the directors, however called and noticed and wherever held, shall be valid as though had at a meeting duly held after regular call and notice if a quorum be present and if either before or after the intended effective date of the action, two-thirds of the directors entitled to vote at any meeting sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Any action which may be taken at a meeting of the directors may be taken without a meeting if authorized by a writing signed by all of the directors and filed with the secretary of the corporation.

Section 2.11. Meeting by Conference Telephone. Members of the Board of Directors of the corporation, or any committee designated by such Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications

equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in such manner shall constitute presence in person at such meeting.

Section 2.12. Quorum and Vote. A majority of the directors (present either in person or by means of a conference telephone) shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

Section 2.13. Compensation of Directors. No director shall receive compensation for any service he may render to the corporation. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 2.14. Powers. The property, business and affairs of the corporation shall be managed and controlled by the Board of Directors, which shall have and may exercise all of the powers of the corporation, including, without limitation, all of the powers of the corporation as set forth in the Declaration, except such as are expressly reserved to or may from time to time be conferred upon the members by law, by the Articles of Incorporation, by the Declaration or by these By-Laws. The powers of the Board of Directors include, but are not limited to the adoption, amendment and enforcement of rules and regulations governing the use of the common areas and the use of streams or waterways, roads or paths through the Kealakekua Bay Estates; the levying of assessments pursuant to the terms of the Declaration and the enforcement of payment thereof; the procurement and maintenance of adequate liability and hazard insurance on property owned by the corporation; the procurement and maintenance of adequate officer's and director's liability insurance; the appointment of a management agent or such other employees or maintenance

personnel or contractors for the care, custody, and control of the corporation, the corporation's funds and the administration of the affairs of the corporation and Kealakekua Bay Estates; and the maintenance of the common areas within the Kealakekua Bay Estates. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, create and appoint one or more committees, each committee to consist of two or more of the directors of the corporation which, to the extent provided in said resolution or resolutions or in other provisions of these By-Laws, shall have and may exercise such powers as authorized by the Board of Directors; provided, however, that any action or recommendation of any committee shall be subject to approval by the Board of Directors. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may appoint individuals to serve on any committee who are not directors, provided that at least two directors serve on the committee.

ARTICLE III

OFFICERS

Section 3.01. Appointment; Term. The officers of the corporation shall be a president, a vice-president, a secretary and a treasurer, who shall be elected by the Board of Directors and who shall remain in office for a period of one (1) year or until their successors are appointed and qualified. So far as is permitted by law, any two offices may be held by the same person. In addition to the duties and powers herein set forth, each officer shall have such duties and powers as are commonly incident to the office and such duties and powers as the Board of Directors shall from time to time designate. In all cases where the duties of any officer, agent or

employee are not specifically prescribed by the By-Laws or by the Board of Directors, such officer, agent or employee shall obey the orders and instructions of the president.

Section 3.02. President. Subject to the control of the Board of Directors, the president shall be the chief executive officer of the corporation and shall exercise general supervision and direction over the management and conduct of the affairs and business of the corporation. Unless the Board of Directors otherwise directs, the president shall preside at all meetings of the members and of the Board of Directors. The president shall be ex-officio a member of all the standing committees, including the executive committee, if any.

Section 3.03. 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 have such other powers and duties as may be given to the vice president by law or in these By-Laws and as may be assigned from time to time by the Board of Directors or by the president.

Section 3.04. Secretary. The secretary shall have charge of the membership ledger, all documents pertaining to the title to all real property owned or held by the corporation, and all rules, regulations, and other documents required to be filed with the corporation or in the office of the corporation by the Declaration, an original or duplicate of each of which shall at all times during the usual hours of business be open to the examination of every member at the principal office or place of business of the corporation. The secretary shall record all proceedings of the meetings of the members and directors in a book which shall be the property of the corporation, to be kept for that purpose at the principal office of the corporation and perform such other duties as shall be assigned to the secretary. In the absence of the secretary from any such meeting, a temporary secretary shall be chosen who shall record the proceedings of such meeting in the

aforesaid book. The secretary shall give notice in conformity with these By-Laws, of meetings of members and where required of the Board of Directors.

Section 3.05. Treasurer. Subject to the direction and under the supervision of the Board of Directors, and the provisions of the By-Laws, the treasurer shall have the care and custody of the funds and valuable papers of the corporation, shall have power to endorse for deposit or collection all notes, checks, drafts and other obligations for the payment of money to the corporation or its order, and shall keep or cause to be kept accurate financial books and accounts of the corporation and to render statements of the same in such form and as often as required by the Board of Directors.

Section 3.06. Executive and Other Committees. The Board of Directors may appoint an executive committee, and such other committees as may be necessary from time to time, consisting of such number of its members and with such powers as it may designate, consistent with the Articles of Incorporation and By-Laws and the laws of the State of Hawaii. Such committees shall hold office at the pleasure of the Board.

Section 3.07. Removal; Resignation; Vacancies. The Board of Directors may at any meeting called for the purpose, by vote of a majority of their entire number, remove from office any officer of the corporation, for or without cause. The Board of Directors may at any meeting, by vote of a majority of the directors present at such meeting, accept the resignation of any officer or director of the corporation, or remove or accept the resignation of any agent or any member of any committee appointed by the Board of Directors, or by any officer, agent or factor of the corporation. Any vacancy occurring in the office of president, vice president, secretary, treasurer or any other office shall be filled by the Board of Directors, and the officers so chosen shall hold

office for the unexpired term in respect of which the vacancy occurred and until their successors shall be duly appointed and qualified.

ARTICLE IV

CORPORATE RECORDS AND REPORTS

Section 4.01. Records. The corporation shall maintain adequate and correct accounts, books and records of its business and properties, minutes of the proceedings of its members and Board of Directors and any committee having any authority of the Board of Directors, and a record of the names and addresses of its members entitled to vote. All of such books, records, accounts and minutes shall be kept at its principal place of business in the State of Hawaii, as fixed by the Board of Directors from time to time.

Section 4.02. Inspection of Books and Records. As provided by law, all books and records of the corporation may be inspected by any member, for any proper purpose at any reasonable time.

Section 4.03. Signing of Checks. All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 4.04. Execution of Contracts. The Board of Directors, except as otherwise provided in the By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the corporation

by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount.

Section 4.05. Annual Reports. The Board of Directors shall cause an annual report to be delivered to the Director of the Department of Commerce and Consumer Affairs for filing as provided by Hawaii Revised Statutes, Sections 415B-11 and 415B-12.

ARTICLE V

AMENDMENTS TO BY-LAWS

The By-laws of the corporation may from time to time be repealed, amended or altered or new By-laws may be adopted, subject to repeal or change by action of the members, by a majority vote of the Board of Directors.

ADOPTION OF BYLAWS

We, the undersigned Directors of the corporation, on this 22nd day of March, 1991, do hereby adopt the foregoing provisions as the Bylaws of said corporation.



