

ARTICLE IV

PURPOSES

The purposes for which the Corporation is organized are to provide for the management, maintenance, landscaping, protection, preservation, aesthetic and architectural control and development of the Subdivision, Common Areas and Improvements and Facilities, as those terms are defined in that certain "Declaration of Covenants, Conditions and Restrictions (Ku'au Bayview at Paia)" referred to in Article V, paragraph A below, to perform all of the duties and functions of the "Association" referred to in said Declaration, and to promote the health, safety and welfare of its members.

ARTICLE V

POWERS

In furtherance of the foregoing objects and purposes and in accordance with the laws of the State of Hawaii applicable to nonprofit corporations, the Corporation shall have and exercise any and all powers, rights, privileges and immunities which are now or may hereafter be secured by law to nonprofit corporations organized under the laws of the State of Hawaii. Without limitation as to other powers stated or referred to in these Articles, the Corporation shall have the following powers:

A. It may exercise all of the powers and privileges and perform all of the duties and obligations of the Ku'au Bayview at Paia Homeowners' Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions (Ku'au Bayview at Paia) dated May 30, 1996, executed by A & B Properties, Inc., a Hawaii corporation and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 96-077076, as the same may be amended or supplemented from time to time as therein provided (said Declaration and all amendments and supplements thereto being incorporated herein and made a part hereof and being hereinafter referred to as the "Declaration"). The term "Association," as used in the Declaration, shall be synonymous with the term "Corporation" as used herein. All capitalized terms, unless otherwise expressly defined herein, shall have the meanings given to such terms in the Declaration.

B. It may, by any lawful means, fix, levy, collect and enforce payment of all charges or assessments pursuant to the terms of the Declaration, and pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of the Corporation.

C. It may acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation.

D. It may borrow money, and mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

E. It may at any time and from time to time, and without liability to any member or members for trespass, damage or otherwise, enter upon any Lot for the purpose of maintaining and

repairing the same, if for any reason whatsoever the member or members thereof fail to maintain and repair such Lot as required under the terms of the Declaration or for the purpose of removing any improvement, structure or equipment constructed, reconstructed, refinished, altered or maintained upon such area in violation of the terms of the Declaration.

F. It may from time to time in its own name, or on its own behalf, or in the name and on behalf of any member or members who consent thereto, commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the terms of the Declaration or to enforce by mandatory injunction or otherwise all of the provisions of the Declaration.

G. The Corporation shall have the power and authority from time to time to grant and convey to any third parties for reasonable compensation and on such other terms as the Corporation may approve, such easements, rights-of-way, parcels or strips of land in, on, over or under the Lots of the Subdivision, for the purpose of:

(i) installing, operating and maintaining wires, conduits, transformers, switching terminals and other equipment for the transmission of electricity, for lighting, power, telephone, television and other purposes, and any necessary facilities in connection therewith; and

(ii) constructing, operating and maintaining public sewers, storm water drains, land drains and water systems, sprinkler systems, water and gas lines or pipes and any necessary facilities in connection with the foregoing.

H. Insofar as permitted by law, it may do any other things that, in the opinion of the Board of Directors, will promote the benefit and enjoyment of its members.

The forgoing powers shall be liberally construed and shall not be deemed to exclude by inference any powers which the Corporation is or may become empowered to exercise, whether expressly or impliedly through reasonable construction of any applicable laws now or hereafter in effect.

The Corporation shall at all times perform and observe all obligations to be performed or observed by the Corporation under the Declaration.

ARTICLE VI

NONPROFIT CORPORATION

The Corporation is not organized for profit and it will not issue any stock, and no part of its assets, income or earnings shall be distributed to its members, directors or officers, except for services actually rendered to the Corporation or except upon liquidation of its property in the case of corporate dissolution.

ARTICLE VII

MEMBERSHIP

The membership of the Corporation shall consist of such members as are specified in the Bylaws of the Corporation (the "Bylaws") and the Declaration.

ARTICLE VIII

VOTING RIGHTS

The Corporation shall have the one class of voting membership set forth below. All voting rights are subject to any voting restrictions set forth in Chapter 415B of the Hawaii Revised Statutes.

Members shall be all owners of residential lots. Members shall be entitled to one (1) vote for each residential lot owned. When more than one (1) person holds an interest in any lot, all such persons shall be members; but in no event shall more than one (1) vote be cast with respect to any one (1) lot.

ARTICLE IX

DIRECTORS

There shall be a Board of Directors of the Corporation to consist of not less than three (3) nor more than seven (7) directors (but always of an odd number), and until the members of the Corporation shall otherwise determine at any annual or special meeting of the Corporation, or until the Board shall otherwise determine, the Board of Directors shall consist of three (3) directors. Not less than one member of the Board of Directors shall be a resident of the State of Hawaii, and in the absence of one such member, the Board of Directors shall not function. The members of the Board of Directors shall be elected or appointed at such times, in such manner and for such terms, subject to the provisions set forth in this Article IX as may be prescribed by the Bylaws and the Declaration. The Board of Directors shall have full power to control and direct the business and affairs of the Corporation and to manage its properties, subject, however, to any limitations which may be set forth in statutory provisions, in these Articles, in the Bylaws or in the Declaration.

ARTICLE X

OFFICERS

The officers of the Corporation shall consist of a President, one or more Vice Presidents as determined by the Board of Directors in accordance with these Articles, a Secretary, a Treasurer and such other officers and assistant officers and agents as may be determined by the Board of Directors in accordance with these Articles. The officers shall be elected or appointed at such times, in such manner and for such terms, subject to the provisions of this Article X, as may be prescribed by the Bylaws.

All officers of the Corporation shall have such authority and perform such duties in the management of the Corporation as may be provided in the Bylaws, or as may be determined by resolution of the Board of Directors not inconsistent with the Bylaws.

ARTICLE XI

INITIAL DIRECTORS AND OFFICERS

The names and residence addresses (or post office box addresses where specific street addresses are not available) of the persons who are to act as the initial directors and officers of the Corporation until their successors are duly elected pursuant to the Bylaws are as follows:

<u>NAME (OFFICE)</u>		<u>RESIDENCE ADDRESS</u>
<u>Jeff D. Faulkner</u>	(Director, President)	<u>PO Box 3001</u> <u>Kahului, Hawaii 96732</u>
<u>Christine H.H. Camp</u>	(Director, Vice President)	<u>55 S Judd St #1503</u> <u>Honolulu, Hawaii 96817</u>
<u>Hideo Kawahara</u>	(Director, Secretary/ Treasurer)	<u>PO Box 249</u> <u>Pukalani, Hawaii 96788</u>

ARTICLE XII

LIMITATION OF LIABILITY

The property of the Corporation shall alone be liable for the payment of its debts and discharge of its obligations. Neither the members of the Corporation, nor the members of the Board of Directors, nor any of the officers, employees, contractors or agents of the Corporation, shall have any personal liability for the payment of such obligations, except that the members of the Corporation shall be subject to assessment for and on account of debts, expenses and obligations of the Corporation as provided in the Declaration.

ARTICLE XIII

DISSOLUTION

No voluntary dissolution of the Corporation or liquidation of its assets shall take place without the assent of the owners of three-fourths (3/4) of the total Lots (as that term is defined in the Declaration), obtained by vote at a meeting of the members of the Corporation duly called and held for the purpose of authorizing such dissolution or liquidation. Written notice, setting forth the purpose of the meeting, shall be given to all members not less than thirty (30) days in advance of the meeting. Upon any such dissolution or liquidation, the assets of the Corporation, whether real, personal or mixed, after payment of all debts of the Corporation, shall be conveyed to a successor organization, which shall succeed to all the rights and obligations of the Corporation with respect to such assets.

ARTICLE XIV

RELATED TRANSACTIONS

No contract or other transaction between the Corporation and any other person, firm, corporation, partnership, association or other organization (the "Other Party"), and no act of the Corporation, shall in any way be affected or invalidated by the fact that any of the directors, officers, employees or agents of the Corporation are parties to such contract, transaction or act or are pecuniarily or otherwise interested in the same or are directors, officers, employees, agents or members of any such Other Party (all such directors, officers, employees and agents who are parties to such contract, transaction or act, or who are so interested in the same, or who are directors, officers, employees, agents or members of such Other Party, are herein called the "Interested Persons"); provided that the interest of such Interested Person shall be disclosed or shall have been known to the Board of Directors authorizing or approving the same, or to a majority thereof, prior to such authorization or approval. Any director of the Corporation who is a party to such transaction, contract or act or who is pecuniarily or otherwise interested in the same or is a director, officer, employee, agent or member of such Other Party, may be counted in determining a quorum of any meeting of the Board of Directors which shall authorize or approve any such contract, transaction or act and may vote thereon with like force and effect as if he or she were in no way interested therein. No Interested Person possessing any interest in any such contract, transaction or act of the Corporation which shall be approved by the Board of Directors, nor any Other Party to such contract, transaction or act, shall be liable or accountable to the Corporation, or to any member thereof, for any loss incurred by the Corporation pursuant to or by reason of such contract, transaction or act, or for any gain received by any such Interested Person or Other Party pursuant thereto or by reason thereof.

ARTICLE XV

BYLAWS

The Bylaws shall be adopted by the initial Board of Directors of the Corporation.

ARTICLE XVI

CONFLICTS

In the event of any conflict between the provisions of these Articles and the Declaration, or between the Bylaws and the Declaration, the provisions of the Declaration shall control in each instance; provided, however, that in the event of any conflict between the provisions of the Declaration and the provisions of Chapter 415B, Hawaii Revised Statutes, as amended, the provisions of Chapter 415B shall control.

ARTICLE XVII

AMENDMENT

These Articles may be amended only by the vote of the owners of at least two-thirds (2/3) of the total Lots (as that term is defined in the Declaration) at a meeting at which a quorum is present.

The undersigned hereby certifies under penalties of Section 415B-158, Hawaii Revised Statutes, as amended, that he has read the above statements and that the same are true and correct to the best of his knowledge.

Witness my hand this 30th day of May, 1996.

Incorporator