

Asset Property Management, Inc.

Administrative, Fiscal and Physical Services

November 2001

To: Ka Ono Ulu Estates Owners

From: J. Steve Morgan, CPM, PB
President, Asset Property Management, Inc.

Aloha!

We wanted to take this opportunity to notify and welcome you to Asset Property Management, Inc. (APMI). The Ka Ono Ulu Estates Board of Directors has instated APMI as the Managing Agent.

We realize this probably comes as a surprise to you, however, APMI is dedicated to the vocation of community/association and property management. APMI has the systems in place to increase the service to Ka Ono Ulu Estates including: Electronic Lockbox System, In House Accounting and Standard Operating Procedures, etc.

The enclosed payment coupon for December maintenance fees has been specifically designed to be read by an optical character recognition (OCR) computer at Bank of Hawaii in Honolulu. Please use the enclosed return label on your envelope for the individual payment of fee(s). ***It is imperative to include the monthly maintenance fee coupon with each payment.***

We will be contacting you in December regarding the upcoming year (2002) budget, fees and coupons.

On behalf of APMI, I encourage any written inquiry or comments to your APMI Account Executive Lonny McNeil, CMCA. We look forward to servicing the Ka Ono Ulu Estates.

Sincerely,

J. Stephen Morgan, CPM, PB

Dear Homeowners:

On October 6, 2001, we had a first official Homeowner's Meeting of the Ka Ono Ulu Homeowner's Association. As you know the Association was controlled for many years by the developer and this year, the homeowners, were given the opportunity to control the own Association.

For those unable to attend, we wanted to give you a brief update of what took place at the meeting and the plans we have for the future. First we elected a new Board of Directors.

President:	Sherri Dodson
Vice President:	Dean Ishihara
Secretary:	Janet Royer
Treasurer:	Ernestine Hedrich
Director:	Michael Souza

In addition, three committees were formed. The Landscape Committee; the Covenant Enforcement Committee; and the Design Review Committee. The committees consist of homeowners and set their own meetings. They consult with the Board on any decisions made and the Board then directs our property manager to implement their decision.

What does this means for you? First, the Landscape Committee will begin talking about ideas to beautify Kaonolu Road and Kenolio Road. If you have some ideas, we will welcome any suggestions. They will also be planning some community workdays around the subdivision. They will post a banner indicating the days that they will be working, so feel free to join them. (Remember the more we do ourselves, the less we have to pay some else to do it.)

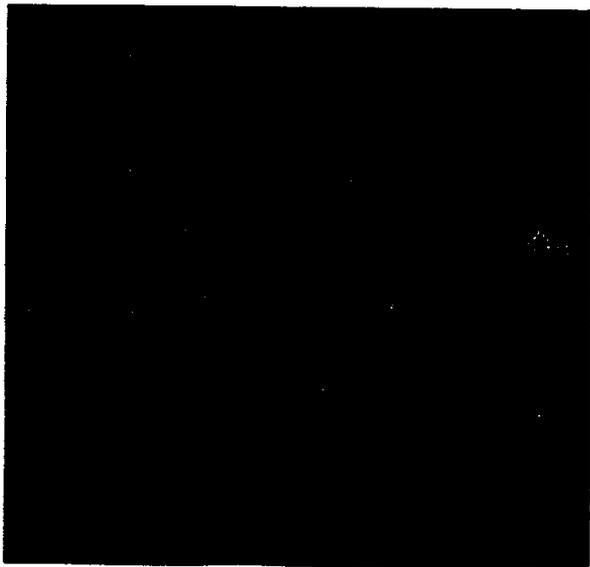
The Design Review committee will be available to review any renovations, additions or improvements to existing homes and all final construction plans on any new homes. Please remember that this includes, but is not limited to, rain gutters, playhouses, sheds, storage bins, dog kennels or other animal enclosures, change in house paint color, canvas or plastic awnings, roof design and walls facing the street.

The Covenant Enforcement Committee will begin canvassing the neighborhood for violations of the Association rules. We would like our community to be the best it can be. With that comes responsibility as homeowners.

If you are unsure whether you should consult the Design Review Committee or you are in violation of a house rule, please review your covenants. If you need a copy or still have questions, call our new property management company.

Covenant Enforcement Committee

	Name	Address	Phone Number
Chair Person	① Kimberly Ayau	142 Hoopili Akau St	875 0813
	2. Estrella Arguero	563 Kaiola St.	874-9077
maybe	3. CINDY ROEHNE	610 Kua Home Pl	874-1144
maybe OK to Sherri FIRST	4. GARY A. LEE	550 PAPAU	879-4445
	5. Brandy Cajudoy	620 Kua Home Pl.	875-7802 283-2762
o	6. Gavin Hardley	103 Makalauna	879-9234
maybe	7. CAROL BOYLEN	597 KAIOLA ST	874-5453
	8.		
	9.		
	10.		
	11.		
	12.		
	13.		
	14.		
	15.		



Speaking of which, we are pleased to announce that we have hired Asset Property Management Company as our new property manager. They are located here in Kihei and manage several other properties in Kihei. They can be reached at:

Asset Property Management
369 Huku Li'i Place, Suite 202
Kihei, Hawaii 96753
Phone: 879-0080
Fax: 875-8003

They will contact you on where to send your monthly association dues. Until you hear from them, you should continue to send your payments as you have done in the past.

Which brings us to a very important issue. There are many homeowners who have not been paying their association dues. We understand that each homeowner has different reasons for not paying and we will be addressing each on a case-by-case basis. If you have a reason why you have not paid in the past, please contact us immediately so that we make accurately assess your situation. If we don't hear from you we can only assume that you are not interested in working out whatever problems you have had in the past and we will have no choice but to refer your account to collections. Please call Asset Management or drop them a brief letter explaining your delinquency. It is not fair that some homeowners are paying and others are not.

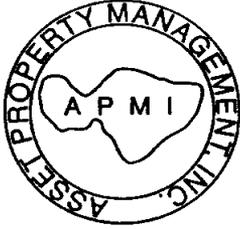
We do have some good news. We will be reviewing the budget for 2002. Hopefully we can reduce your monthly dues. I think you will be pleasantly surprised by what you will see in 2002 as well. If we use the dues to improve our community, we hope the homeowners will feel better about paying monthly dues.

Your Board of Directors is very excited about making Ka Ono Ulu Estates a beautiful and fun place to live. We have ideas about a Christmas Decorating Contest, Block parties, 4th of July Barbeques. Assisting with the community by spear heading food drives for the Food Bank or participating in the Community Work Day. We are open to any and all ideas.

We know that communication was a real problem in the past. We want everyone to feel they have a voice in this Association. We also want to ideas followed through with. You can help by sharing your ideas with us and pitching in to help implement your ideas. Let's put the past aside and work on the future.

Sincerely,

Your New Board of Directors



Asset Property Management, Inc.

Administrative, Fiscal and Physical Services

December 20, 2001

To: Ka Ono Ulu Estates Homeowners

From: Lonny J. McNeil
Asset Property Management, Inc.

Dear Homeowner,

The enclosed approved 2002 operating budget for Ka Ono Ulu Estates reflects the effort your Board of Directors is making to protect, preserve and enhance your investment at Ka Ono Ulu while lowering maintenance fees to serve the current needs of the home owners.

Please note the following regarding the 2002 Operating Budget and Reserves:

1. The operating budget was prepared on an accrual basis.
2. At this time there are no capital replacement items to be funded by reserves.

Please note that maintenance fees are due on the first of every month. The enclosed payment coupons have been specifically designed to be read by an optical character recognition (OCR) computer at Bank of Hawaii in Honolulu. Please use the return labels on your envelope for the individual payment of maintenance fee(s). ***It is imperative to include the maintenance fee coupon with each payment for that month.***

Those who wish to pay for the entire year 2002, please include with your \$180 payment, coupons for all 12 months.

Monthly statements will be sent to those owners that have a delinquency and will reflect any late fees incurred.

If at anytime you have any questions concerning your account or other matters please write to us at 369 Huku Li'i Place Suite 202, Kihei, Maui, Hawaii 96753.

Mahalo,
Asset Property Management, Inc.

Lonny J. McNeil CMCA, RB
Account Executive

<i>Revenue</i>	Approved 2001 Budget	9 Month Average	Approved 2002 Budget	Yearly Budget	% change
Maintenance Fees	\$3,247	\$3,249	\$2,580	\$30,960	-20.54%
Interest Income	1	2	0	\$0	
Violation	50	0	0	\$0	
Late Fee	0	891		\$0	
Total Revenue	\$3,298	\$4,142	\$2,580	\$30,960	-21.77%

<i>Expenses</i>					
Maintenance					
Grounds	832	832	0	\$0	
Grounds Enhancement	200	135	0	\$0	
			0		
Total Maintenance	\$1,032	\$967	\$0	\$0	-100.00%
Utilities					
Water	200	224	0	\$0	
Telephone	1	0	0	\$0	
Total Utilities	\$201	\$224	\$0	\$0	-100.00%

<i>Administrative</i>					
Office & Administration	275	282	275	\$3,300	
Taxes and license	1	0	0	\$0	
Management Services	735	734	910	\$10,920	
Association Meeting Expense	100	24	100	\$1,200	
Legal Fees	175	6	250	\$3,000	
Audit/Public Accounting	15	20	150	\$1,800	
Real Property Tax	5	0	0	\$0	
Dues & Subscription	5	43	50	\$600	
Insurance General Liability	400	424	381	\$4,572	
Insurance Directors & Officers	0	63	82	\$984	
Fidelity Bond	0	59	37	\$444	
Bad Debt Expense	151	0	0	\$0	
General Excise Tax	0	36	0	\$0	
Contingency	110	0	345	\$4,140	
Total Administration	\$1,972	\$1,691	\$2,580	\$30,960	30.83%

Total Operating Expenditures	\$3,205	\$2,882	\$2,580	\$30,960	-19.50%
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Reserves	93	92	0	0	0
TOTAL OPERATING AND RESERVES	\$3,298	\$2,974	\$2,580	\$30,960	-21.77%

Maintenance Fees	%Common Interest	2001	2002	% Change	\$ Change
Each Lot	0.5814	\$20.00	\$15.00	-25.00%	\$5.00

STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Business Registration Division
1010 Richards Street
Mailing Address: P. O. Box 40, Honolulu, Hawaii 96810

ARTICLES OF AMENDMENT
(Section 415B-38, Hawaii Revised Statutes)

The undersigned, duly authorized officers of the corporation submitting these Articles of Amendment, certify as follows:

1. The name of the corporation is:

KA ONO ULU ESTATES COMMUNITY ASSOCIATION

2. The amendment adopted is attached.

3. If adoption of the amendment was by the members, complete the following:

~~A. A meeting of the members was held on _____
(Month Day Year)
A quorum was present at the meeting, and at least two-thirds of the members present at the meeting voted to adopt the amendment.~~

OR

B. The amendment was adopted by the written consent of all of the members of the corporation entitled to vote.

~~4. If adoption of the amendment was by the board of directors, complete the following:~~

~~A. A meeting of the directors was held on _____
(Month Day Year)
A quorum was present at the meeting, and a majority of the directors in office voted to adopt the amendment.~~

OR

~~B. The amendment was adopted by the written consent of all of the board of directors.~~

~~5. If the amendment was adopted by the board of directors, check only one of the following:~~

~~[] The corporation has no members. OR [] There are no members entitled to vote.~~

We certify under the penalties of 415B-158, Hawaii Revised Statutes, that we have read the above statements, and that the same are true and correct.

Witness our hands this _____ day of February, 19 92.

Howard Muzai--President

Kelley Nakano--Secretary

(Type/Print Name & Title)

(Type/Print Name & Title)

[Signature]
(Signature of Officer)

[Signature]
(Signature of Officer)

(See Reverse Side For Instructions)

ATTACHMENT TO ARTICLES OF AMENDMENT

1. The Articles of Incorporation of the Corporation are hereby deleted and removed in its entirety.

2. The Amended and Restated Articles of Incorporation, as stated below, shall replace the Articles which have been deleted pursuant to Paragraph 1 above.

AMENDED AND RESTATED ARTICLES OF INCORPORATION

The undersigned, desiring to form a non-profit corporation under the laws of the State of Hawaii, hereby certify as follows:

ARTICLE I

NAME

The name of the corporation shall be KA ONO ULU ESTATES COMMUNITY ASSOCIATION.

ARTICLE II

PRINCIPAL OFFICE

The location of the corporation shall be in the County of Maui, State of Hawaii, and post office address of its initial office shall be 2145 Wells Street, Suite 102B, Wailuku, Maui, Hawaii 96793.

ARTICLE III

GENERAL OBJECTIVE OF ASSOCIATION

This corporation does not contemplate pecuniary gain or profit to the members thereof, and the specific and exclusive purposes for which it is formed are to provide for the management, maintenance, protection, preservation, design and landscape control, planned development and mutually compatible use of the property upon which KA ONO ULU ESTATES is proposed to be developed, and to promote the health, safety and welfare of its members, all in a manner consistent with these Articles, and the By-Laws of the KA ONO ULU ESTATES COMMUNITY ASSOCIATION and the Declaration of Protective Covenants for KA ONO ULU ESTATES (hereinafter referred to as "Declaration").

ARTICLE IV

DURATION AND SPECIFIC PURPOSES AND POWERS OF THE ASSOCIATION

In furtherance of the foregoing objects and purposes, and in accordance with the laws of the State of Hawaii applicable to non-profit corporations, the corporation shall have a perpetual duration and succession by its corporate name in perpetuity, and shall have the following specific and primary purposes:

(a) The specific and primary purpose of the corporation is to act as the principal agency in the form of a community association composed of owners of parcels and/or units in KA ONO ULU ESTATES with powers charged, delegated and assigned by the membership to conduct and carry on the duties, functions and responsibilities including but not limited to maintain, preserve, manage and administer the properties placed within its jurisdiction and control and such other facilities, and also to levy, collect and disburse the assessments and charges, all as herein set forth.

(b) The corporation shall endeavor to preserve, maintain and protect the natural beauty, distinctive terrain features, and the natural vegetative growth of the KA ONO ULU ESTATES.

(c) The corporation shall promote the recreation, health, safety and the pride of ownership of the members of the corporation.

(d) The corporation shall possess and exercise all of the powers, rights, privileges and immunities to perform all acts necessary or incidental to the administration of the affairs and for carrying out the purposes of the corporation. In furtherance of its purposes, the corporation shall have the following powers, which, unless indicated otherwise by the Declaration or By-Laws, may be exercised by the Board of Directors, including any or all of the following acts or things:

(1) Insofar as permitted by law, and in accordance with the Declaration, to do any and all other things, that will promote the common benefit, health, welfare, safety and enjoyment of its membership.

(2) To levy regular membership assessments upon its members in accordance with the Declaration which

assessments shall constitute liens upon the lands assessed subject to the enforcement provisions provided thereunder.

(3) In order to defray extraordinary expenses incurred by the corporation as a result of the failure or refusal of any members to abide by or otherwise comply with the Declaration, the Design Committee Rules or the Association Rules, to levy special assessments against such members, which assessments shall constitute liens upon the lands assessed, subject to the enforcement provisions provided in said Declaration, and the rights to which such liens may be pledged, hypothecated or transferred as may be required.

(4) To levy, collect and enforce payment by any lawful means of all charges and assessments provided for herein or in the Declaration or the By-Laws, including the right to sell such properties subject to any assessment lien at public or private sale on such reasonable terms and conditions as the directors of this corporation shall determine, the proceeds of any such sale to be applied first to the payment of the corporation's cost of the sale proceedings, including legal expenses, next to the payment of the delinquent amount secured by the lien and the balance, if any, to the owners of the land as their interest may appear.

(5) To sue and be sued in any court.

(6) To make and use a common seal and to alter the same at its pleasure.

(7) To acquire (by gift, purchase, lease or otherwise), own, hold, improve, build upon, operate, maintain, rent, lease, assign, mortgage or otherwise encumber, sell, transfer, convey, donate, dedicate for public use or dispose of such property, real, personal and mixed, as the purposes of the corporation shall require or appear to be served, without limit as to amount, and to borrow money, to mortgage, pledge and hypothecate the same to secure any debt of the corporation, subject to the provisions of Article V of the Declaration.

(8) To draw, make, accept, endorse assign, discount, execute and issue promissory notes, bills of exchange, bills of lading, drafts, obligations, certificates, dock and other warrants, and other instruments to be assignable, negotiable or transferable by delivery or to order, or otherwise, as the purposes of the corporation shall require.

(9) To enter into and perform contracts, undertakings and obligations of every kind and character consonant with the purposes of the corporation and subject to the limitations hereinabove set forth.

(10) To appoint such subordinate officers and agents as the activities of the corporation may require.

(11) To adopt, alter and amend such By-Laws as may be necessary or desirable for the proper management of the affairs of the Corporation not inconsistent or in conflict with the law, the Declaration or these Articles.

(12) To adopt rules and regulations called "Association Rules" not inconsistent with and subject to the Declaration, governing and regulating certain activities within KA ONO ULU ESTATES, all for the mutual benefit and welfare of the members of the corporation.

(13) To enforce covenants, conditions or restrictions affecting the Properties to the extent the Corporation may be authorized to do so under any Declaration or By-Laws.

(14) And generally to possess and exercise any and all rights, privileges, powers and immunities which are accorded to the corporation under the Declaration or which are now or may hereafter be secured by law to non-profit corporations and which are reasonably incidental to the fulfillment of the objects and purposes hereinabove set forth and to the exercise of any powers possessed by or granted to this corporation.

ARTICLE V

MEMBERSHIP

(a) Each and every person, corporation, partnership or other legal entity being the Owner of any Lot or any residential or commercial unit within a Lot (including any condominium association) within KA ONO ULU ESTATES (herein referred to as an "Owner") shall be a member of the Association;

(b) For the purposes of determining membership status in the Association, the term "Owner" of a Lot within KA ONO ULU ESTATES shall be deemed to include:

(1) an Owner of any Lot within a residential area as the term "residential area" is defined in the Declaration (Class A Member);

(2) with regard to any Condominium Apartment Area, an "apartment owner" as that term is defined in the Horizontal Property Regime Act, Chapter 514A, Hawaii Revised Statutes, and any condominium association (Class B Member);

(3) an Owner of any Lot within an Apartment Area (except for Condominium Apartment Areas) [Class C Member];

(4) an Owner of any Lot within KA ONO ULU ESTATES which is a private eleemosynary, religious or educational institution or community or civic organization as set forth in Section 3.05, if any (Class D Member);

(5) an Owner of any Commercial and Industrial Site (Class F Member); and

(6) the Declarant of the Declaration of Protective Covenants for KA ONO ULU ESTATES, so long as the Declarant is the Owner of any Lot within KA ONO ULU ESTATES (Class F Member);

(c) No membership shall be terminated or forfeited and no member shall be expelled, except upon transfer of said Owner's interest in property in KA ONO ULU ESTATES which entitles said Owner to membership; provided, however, that upon execution, delivery and recordation or filing of a valid agreement of sale or a lease for periods more than 5 years, of such interest therein, the vendor's and/or lessor's membership, including voting rights incident thereto, shall be considered as having been temporarily transferred to the vendee and/or lessee, such transfer in the case of agreement of sale becoming permanent upon subsequent delivery of a deed in compliance with said agreement of sale, or revesting in the vendor in the event of termination of said agreement of sale and/or termination of the lease. No member may withdraw, nor shall any member transfer or otherwise dispose of his membership, except upon lawful conveyance, assignment or transfer (by agreement of sale or otherwise) of said member's rights and duties as such Owner and of such Owner's interest in KA ONO ULU ESTATES, and upon payment of all his or her indebtedness to the Association on account of unpaid assessments or otherwise, and a transfer charge of a reasonable fee established by the Board of Directors of the Association, except, however, that Declarant shall be exempted from this transfer charge;

(d) The membership status, rights, duties, privileges and obligations of an Owner as a member of the Association shall be exclusively as set forth in the Declaration, these Articles of Incorporation and By-Laws of the Association.

(e) The membership rights of any person may be suspended by action of the Board of Directors during the period when the member shall be in default in the payment of any assessment or charge levied by the corporation; but upon payment of such assessments, his rights and privileges shall be automatically restored. If the directors have adopted and published rules and regulations governing the use of the common areas, improvements and facilities, and the personal conduct of any person thereon, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE VI

VOTING RIGHTS

Members of the Association shall be entitled to vote as follows:

(a) Each Class A Member shall be entitled to one (1) vote for each Lot owned; provided that if more than one person or entity owns a particular Lot, all such persons or entities shall have jointly a total of one (1) vote to be exercised by one or more persons or entities designated in writing (and addressed and sent to the Association);

(b) Each Class B Member shall be entitled to a total of one (1) "Condominium Unit Vote" for each condominium apartment (as the term "apartment" is defined in Chapter 514A, Hawaii Revised Statutes, as amended from time to time) owned; provided that if more than one person or entity owns a particular condominium apartment, all such persons or entities shall have jointly only one (1) Condominium Unit Vote to be exercised by one or more persons or entities designated in writing (and addressed and sent to the Association) by all such persons and entities. The association of apartment owners (as defined in Chapter 514A) shall be a member of the Association but shall not have the right to any Condominium Unit Votes unless it is also the Owner of a condominium apartment;

(c) Each Class C Member shall be entitled to one (1) vote for each completed apartment unit owned or for each one

thousand (1,000) square feet of land owned rounded to the nearest thousand whichever is applicable on the day a vote is required;

(d) The Class D Members shall not be entitled to vote;

(e) Each Class E Member shall be entitled to a total of one (1) vote for each Commercial or Industrial Unit owned or for each one thousand (1,000) square feet of land owned rounded to the nearest thousand whichever is applicable on the day a vote is required;

(f) The Class F Members (Declarant) shall be entitled to three (3) votes for each Lot owned by it (whether or not containing a residential unit) in the Residential Area and one vote for each one thousand (1,000) square feet, rounded to the nearest thousand, of every other parcel land owned by Declarant in KA ONO ULU ESTATES and which has not yet been subdivided into residential, condominium, apartment, commercial or industrial Lots;

In addition, if a Class F Member qualifies as a Class B, C or E Member, then it shall have three (3) votes per unit owned.

The Class F Membership shall cease and be converted to Class A, B or C Membership, as the case may be on December 31, 2004.

ARTICLE VII

OFFICERS; BOARD OF DIRECTORS

(a) The officers of the corporation shall be a President, one or more Vice Presidents as may be determined in accordance with the By-Laws, a Secretary and a Treasurer. The corporation may have such additional officers as may be determined in accordance with the Bylaws. The officers shall have the powers, perform the duties and be appointed in the manner set forth in the By-Laws. Any person may hold two or more offices of said corporation unless such practice is prohibited by the By-Laws.

(b) The Board of Directors of the corporation shall consist of not less than three (3) persons. The directors (and alternate directors and/or substitute directors, if any) shall be elected or appointed or may be removed from office in the manner provided in the By-Laws and all vacancies in the office

of director or of any officer shall be filled in the manner provided in the By-Laws; provided, however, that the By-Laws shall specify that the regular election of directors and officers and the filling of vacancies in the office of directors or of any officer shall be accomplished during the annual meeting of the corporation to be held on such day and at such time and place specified pursuant to the By-Laws.

The names and addresses of the initial officers and directors of the corporation are as follows (no less than one-third of the directors are residents of the State of Hawaii):

<u>Name and Office Held</u>	<u>Residence Address</u>
Howard Murai President & Director	2158 Main Street, #707 Wailuku, Maui, HI 96793
Grant Chun Vice-Pres. & Director	572 Pohai Street Kahului, Maui, HI 96732
Kelley Nakano Secretary/Treasurer & Director	201 Keolalani Street Pukalani, Maui, HI 96768

(c) The affairs of the corporation shall be conducted by the Board of Directors and all powers and authority of the corporation shall be vested in and may be exercised by the Board of Directors except as otherwise provided by law, these Articles of Incorporation, the By-Laws of the corporation, or the Declaration, to and including full power to adopt, alter and amend the By-Laws of the corporation, to determine from time to time the number of directors within the limitations hereinabove stated, and to make and adopt proper rules and regulations for the conduct of the affairs of the corporation.

ARTICLE VIII

IMMUNITY FROM LIABILITY

No individual as director, officer, executive director, employee or other agent of the corporation and no person who has served the corporation as a director, officer, executive director, employee or other agent shall be liable to the corporation for any loss or damage suffered by it on account of any action or omission by the individual in his respective capacity unless said individual shall, with respect to such action or omission, be or have been adjudged guilty of

willful misconduct in the performance of said individual's duties in his respective capacity.

Each person who is now or hereafter shall be a director or officer of the corporation, and his personal representatives, shall be indemnified by the corporation against all costs and expenses reasonably incurred by or imposed upon him in connection with any action, suit, proceeding, investigation or inquiry to which he may be made a party by reason of his being or having been a director or officer of the corporation (whether or not he continues to be a director or officer at the time of the incurring or imposition of such costs and expenses) except in relation to matters as to which he shall be finally adjudged in any action, suit or proceeding to be liable for willful misconduct in the performance of his duties as such director or officer, if in any such action, suit or proceeding there is a final adjudication that such director or officer was, or that such director or officer was not guilty of such willful misconduct, the Board of Directors and each director and officer of the corporation may conclusively rely thereon.

ARTICLE IX

NON-PROFIT ORGANIZATION

The corporation is organized for charitable and civil purposes only and is not organized for profit, 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. Any provision of these Articles to the contrary notwithstanding, the corporation shall not engage in any activities or any powers that are not in furtherance of the purposes of this corporation as set forth in these Articles.

This corporation is organized exclusively for purposes within the meaning of Section 501(c) of the Internal Revenue Code of 1986. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office.

Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation, exempt from Federal income tax under Section 501(c) of the Internal Revenue

Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

Declarant shall have the right to make such amendments required by the Internal Revenue Service to recognize the tax exempt status of the corporation.

ARTICLE X

VOLUNTARY DISSOLUTION

No voluntary dissolution of the corporation or liquidation of its assets shall take place without the assent of not less than three-fourths (3/4) of the votes in each class of membership of the corporation, obtained by vote of the members present at a meeting of the members of the corporation duly called and held for the purpose of authorizing such dissolution and/or liquidation. Written notice of the meeting setting forth such purpose shall be given to all members not less than thirty (30) days prior to said meeting. Upon dissolution or liquidation, the assets of the corporation, after payment of the corporation's just debts, shall be dedicated to one or more appropriate public agencies or instrumentalities to be devoted to purposes as nearly as practicable the same as those to which the assets were required to be devoted by the corporation. If such dedication is refused acceptance, such assets shall be granted, conveyed or assigned to any one or more non-profit corporations, associations, trust or other organizations then qualifying as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 to be devoted to charitable purposes and uses to which the assets were required to be devoted by the corporation.

ARTICLE XI

MERGERS AND CONSOLIDATION

To the extent permitted by law, the corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of the members present who are entitled to two-thirds (2/3) of the votes in each class of the membership.

ARTICLE XII

LIABILITY

The property of the corporation shall alone be liable in law 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 shall have any personal liability for the payment of such debts or the discharge of such obligations, except that every member of the corporation shall be subject to assessments for and on account of debts, expenses and obligations of the corporation as herein provided.

ARTICLE XIII

AMENDMENTS

These Articles of Incorporation may be amended from time to time by vote of not less than two-thirds (2/3) of the members entitled to vote in each class of the membership present at a meeting duly called and held for the purpose in conformity with the provision of Section 4153-37, Hawaii Revised Statutes, or as amended.

ARTICLE XIV

SUBJECT TO GENERAL LAWS

The corporation shall be subject to all general laws now in force and hereafter enacted with regard to non-profit corporations."

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KA ONO ULU ESTATES
DESIGN COMMITTEE RULES
REMODELING, IMPROVEMENTS OR ADDITIONS
Page 2 of 5

Applicants/owners must submit three (3) copies of all documentation required by these Rules. Applicants are encouraged to submit concise plans, drawings and specifications in order to ensure timely review.

Documentation must be submitted for approval by the Design Committee and shall contain, but is not limited to the following information:-

1. Plot plans - an aerial view (with a reference to true North) of the entire Lot and the existing house and other improvements must be provided. The proposed addition/improvement shall be overlaid over the existing house and improvements to reveal the overall affect of the proposed work on the existing house and improvements.
2. Floor Plans - Aerial views (with a reference to true North) of the existing and proposed floor plans indicating the overall affect of the proposed work.
3. Exterior View and Elevations of all sides of the addition or exterior improvements including a cross-section of the grading if the improvements include alteration of the lot grading.
4. Color Schedule - indicating the proposed exterior or interior color scheme. Submittal of color samples is required.
5. Material Schedule - identifying all materials to be used.
6. Lot Drainage/Grading - plans and drawings indicating the new lot drainage and grading is required. Applicants/owners are solely liable for any damage caused by their regrading and/or modification of the lot grading.

7. Landscaping plans (if applicable) showing landscape material, size and type of plants to be used. Applicants/Owners are encouraged but not required to utilize the services of a landscape architect or landscape contractor to ensure that appropriate plant materials are selected and arranged in an aesthetically pleasing manner.

III. Other Design Requirements

The following specific conditions, limitations and restrictions shall be applicable to any improvement, alteration or repair undertaken upon any lot:

- A. No reflective finishes are allowed on exterior surfaces (other than glass and surfaces of hardware fixtures) and no glass surface shall be treated so as to render it mirror-like if such exterior surface is a nuisance to neighboring properties or hazardous to vehicular traffic.
- B. All roofs, other than flat roofs, shall be covered with asphalt shakes or of material of comparable quality and texture;
- C. Monier tile, mineral roll roofing, elastomeric, pitch and gravel, and any other roofing material which has a finished surface that will produce glare or have a reflective qualities, and sheet metal or corrugated metal roofing of any type are not permitted.
- D. No gas tanks will be permitted.
- E. All utilities servicing any lot shall be installed underground.
- F. No used or second-hand building material shall be used without prior approval of the Design Committee.
- G. Walls facing the street must be permanent. The design and material must be approved by the Design Committee.
- H. Rain gutters shall be of a matching type for the entire dwelling unit being served.

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- I. No accessory structures, such as playhouses, sheds, storage bins, dog kennels or other animal enclosures shall be permitted unless approved by the Design Committee.
- J. No aluminum, plastic or canvas awnings shall be erected except as approved by the Design Committee and only for a temporary period not to exceed seven (7) calendar days.
- K. No part of the exterior of any dwelling unit visible from neighboring property or streets shall be unpainted or refinished except in accordance with the original color or finish or except in colors or finishes approved by the Design Committee.

IV. Other Building Requirements

- A. Dust, Noise and Work Conditions - Applicant/Owner is responsible for insuring that all work performed is performed in such a manner so as not to create a nuisance (either private or public) or interfere with surrounding residents' use and enjoyment of their homes. At a minimum, the lot shall be watered down to prevent dust from blowing. Applicants/owners are solely liable for any damage caused by their construction activity.
- B. Construction in Accordance with approved Plans and specifications - the Applicant/owner shall construct all additions or improvements in strict compliance with the final construction drawings, plans and specifications approved by the Design Committee.
- C. No more than one residential unit shall be constructed on any Lot.
- D. The improvement, alteration or repair shall be compatible and in harmony with existing structures and other improvements in the area with respect to quality and type of materials, workmanship, external design and location of the improvement, alteration or repair on the Lot, taking into account topography and ground elevation.

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- E. The improvement alteration or repair shall conform to the general plan of the entire development of Ka Ono Ulu Estates and shall not, because of its design, unreasonably interfere with the light, air or view of adjoining Lots.
- F. There shall be no grading, excavation or fill undertaken upon any Lot so as to change the natural or existing drainage or flow patterns for surface or other water upon any Lot that would then impact on any adjacent lot.
- V. No warranties or representations. The approval of the Design Committee shall not be construed as expressed or implied warranties or representations of any kind.
- VI. Expense of Enforcement. In the event of non-compliance, an Applicant/Owner shall reimburse the Design committee for all costs and expenses, including, but not limited to, reasonable attorney's fees incurred in connection with enforcing these Rules or the Covenants against said Applicant/Owner.

KA ONO ULU ESTATES

Summary of Architectural and Building Design Requirements

Architectural and building design requirements were developed to ensure the Ka Ono Ulu Estates will always be an attractive and pleasant community in which quality is important and property values are protected. The DECLARATION OF PROTECTIVE COVENANTS FOR KA ONO ULU ESTATES ("Covenants") provides for these design requirements and their enforcement.

1. Final construction plans for each home (and additions or improvements to existing homes) must receive written approval of the Design Committee prior to the start of any construction or submittal of an application for a Building Permit.

Applications and plans submitted for approval by the Design Committee may be given to the Ka Ono Ulu Estates Project Manager or left at the office of Horita Development - Maui.

2. In most cases, the Design Committee will complete review and render a written decision within 14 days. In the event of disapproval, the Design Committee will provide the reasons for disapproval and where possible, suggest modifications necessary to obtain approval.

As a means of saving time and avoiding unnecessary expenses, submittal of preliminary plans for review is encouraged. Preparation of final construction plans will then be based on an approved design concept.

3. All construction plans must be prepared by or under the supervision of a licensed architect or structural engineer and signed certification provided.
4. Minimum House Size : 1,000 square feet (living area)
Garage - Covered Garage and Garage Door(s) Required
- Single- Story Home : 400 square feet (two-car garage)
- Two-Story Home : 600 square feet (three-car garage)
Garage Storage : 60 square feet
Minimum Valuation of the Dwelling : \$78,000
5. Minimum setbacks are as specified by the Maui County Code required for R-2 zoning shall apply, except that a minimum driveway length of 16 feet is required for two-story homes. Maximum building height is as specified in the Maui County Code.
6. Minimum roof pitch is 4/12; roofing material shall be either composition shingle, shake or wood shingle; other inexpensive, unusual or incompatible types of roofing materials are not permitted.

This summary is intended to be an easily read document covering the more significant requirements pertaining to the construction of a single-family home in the Ka Ono Ulu Estates Community. The full text of the Design Committee Rules and the Covenants be read and understood before preparing any plans for the construction of a new home.

SUMMARY OF
DECLARATION OF PROTECTIVE COVENANTS
FOR KA ONO ULU ESTATES

The following briefly summarizes the terms of the Declaration of Protective Covenants ("Declaration"). It is not comprehensive and is only intended to familiarize yourself with the Declaration. The complete Declaration must be reviewed when particular questions arise.

1. Declaration: The Declaration contains the rules by which the Ka Ono Ulu Estates Subdivision will be maintained. The Declaration is needed to make sure that the value, desirability and attractiveness of the Ka Ono Ulu Estates Subdivision is preserved for its Owners. Each and every resident in Ka Ono Ulu Estates must follow these rules.
2. Ka Ono Ulu Estates Community Association: The Community Association is the organization that enforces all the rules governing Ka Ono Ulu Estates. Every Owner of property in Ka Ono Ulu Estates is a member of this Association. The number of votes an Owner has depends upon the type of property owned (single family, apartment, condominium etc.).
3. As a member of the Community Association, each Owner can make sure that every resident follows the rules by voting with Association to enforce the rules or assess fines against people who disregard the rules.
4. Dues: Each Owner is required to pay dues to the Association. The money received will be used to pay expenses to run the Association including insurance premiums and maintenance fees for the common areas in the Subdivision.
5. Remodeling, Renovations, Additions, Repainting, Etc.: Any remodeling, renovation, additions, repainting or any other type of changes or additions to the original Ka Ono Ulu Estates home must be reviewed and approved by a Design Committee which is appointed by the Community Association. If any Owner makes any changes or additions to his home without the Design Committee's approval that owner will be fined and assessed penalties.

March 24, 1993

KA ONO ULU ESTATES COMMUNITY ASSOCIATION
DESIGN COMMITTEE RULES

ARCHITECTURAL AND BUILDING DESIGN REQUIREMENTS FOR THE
REMODELING, IMPROVEMENT OR ADDITION
TO EXISTING SINGLE-FAMILY HOMES

I. COMPLIANCE WITH BUILDING DESIGN REQUIREMENTS MANDATORY

These Rules are issued pursuant to Section 4.01(f) of the DECLARATION OF PROTECTIVE COVENANTS FOR KA ONO ULU ESTATES ("Covenants") and any Applicant or Owner remodeling, or constructing an addition to or otherwise improving an already existing home in the Ka Ono Ulu Estates Subdivision (the "Subdivision") shall comply with these requirements and those more specifically stated in the Covenants.

These Rules govern remodeling or constructing additions or improving existing single-family homes in the Subdivision in addition to the conditions, limitations and restrictions stated in the Covenants.

These Rules are intended as an easily read guide and may not include all of the requirements which may be applicable. Applicants/Owners should read and understand all of the requirements contained in the Covenants. The language of the Covenants shall prevail if there is any conflict between the language of these Rules and the Covenants.

The decision of the Design Committee shall be binding and final. All decisions of approval or disapproval shall be in writing. Approvals may be conditioned on further action by the Applicant/Owner. Disapprovals will include the reasons for such disapproval.

II. PROCEDURE FOR SUBMITTAL OF CONSTRUCTION PLANS, DRAWINGS AND SPECIFICATIONS

Construction drawings and plans shall be approved by the Design Committee before submittal to the County of Maui for the applicable permits and prior to commencement of any construction activity. The Design Committee reserves the right to request additional information/documentation not specifically identified herein.

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Applicants/owners must submit three (3) copies of all documentation required by these Rules. Applicants are encouraged to submit concise plans, drawings and specifications in order to ensure timely review.

Documentation must be submitted for approval by the Design Committee and shall contain, but is not limited to the following information:-

1. Plot plans - an aerial view (with a reference to true North) of the entire Lot and the existing house and other improvements must be provided. The proposed addition/improvement shall be overlaid over the existing house and improvements to reveal the over all affect of the proposed work on the existing house and improvements.
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- E. All utilities servicing any lot shall be installed underground.
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