

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

STATE OF HAWAII

In the Matter of the Incorporation)
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)
)
 LAUNANI VALLEY COMMUNITY ASSOCIATION)
 _____)

ARTICLES OF INCORPORATIONOFLAUNANI VALLEY COMMUNITY ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS

That the undersigned, desiring to form a nonprofit corporation under and in accordance with the laws of said State of Hawaii and to obtain the benefits conferred by said laws upon nonprofit corporations, hereby executes and adopts the following Articles of Incorporation.

ARTICLE I

CORPORATE NAME

Section 1.1. The name of the corporation shall be LAUNANI VALLEY COMMUNITY ASSOCIATION (hereinafter referred to as the "Corporation").

ARTICLE II

LOCATION OF ADDRESS

Section 2.1. The mailing address of the initial office of the Corporation shall be c/o Certified Management, 3179 Koapaka Street, Honolulu, Hawaii 96819, Attention: Steve Pearmain.

ARTICLE III

CORPORATE PURPOSE

Section 3.1. The primary purpose for which this Corporation is organized is to be and constitute the Launani Valley Community Association (the "Association") to which reference is made in the Declaration of Covenants, Conditions and Restrictions of Launani Valley, recorded or to be recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and/or the Bureau of Conveyances of the State of Hawaii (said Declaration, as amended from time to time hereinafter referred to as the "Declaration"), to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified in the Declaration and the Bylaws of the Launani Valley Community Association (the "Bylaws"), and as provided by law.

Section 3.2. In addition to the primary purposes set forth in Section 3.1 above, the purposes of the Corporation shall also include the transaction of any and all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Hawaii.

ARTICLE IV

GENERAL POWERS

Section 4.1. The Corporation shall have all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set forth in these Articles, the Bylaws, and the Declaration, which powers may be exercised by its Board of Directors, unless otherwise provided in the Declaration or the Bylaws, including, without limitation, the following powers:

(1) to fix and collect assessments or other charges to be levied;

(2) to manage, control, operate, maintain, repair and improve property subjected to the Declaration (such property is hereinafter referred to as the "Development") or any other property for which the Corporation by rule, regulation, declaration or contract has a right or duty to provide such services;

(3) to enforce covenants, conditions or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or Bylaws;

(4) to engage in activities which will actively foster, promote and advance the common interests of all owners of property subjected to the Declaration;

(5) to purchase, take, receive, lease, or otherwise acquire, own, hold, improve, use, and otherwise deal in and with, real or personal property or any interest therein, wherever situated;

(6) to sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of its property and assets;

(7) to incur liabilities, borrow money at such rates of interest as the Corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises, and income, except as may be limited in the Bylaws;

(8) to lend money for its corporate purposes, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested;

(9) to sue and be sued, complain and defend, in its corporate name:

(10) to enter into, make, perform or enforce contracts of every kind and description, and to do all other acts necessary, appropriate or advisable in carrying out any purpose of the Association, with or in conjunction with any other association, corporation or other entity or agency, public or private;

(11) to conduct its affairs, carry on its operations, and have offices and exercise the powers granted by Chapter 415B, Hawaii Revised Statutes, within or without the State of Hawaii;

(12) to cease its corporate activities and surrender its corporate franchise; and

(13) to have and exercise all powers necessary or convenient to effect its purposes.

Section 4.2. As long as the Class B Association Membership set forth in the Declaration exists, the following actions shall require the prior approval of the Veterans Administration ("VA"), so long as the VA is guaranteeing any mortgage in the Development, and the Department of Housing and

Urban Development ("HUD"), so long as HUD is insuring any mortgage in the Development: annexation of additional property to the Development, except for annexation by Declarant in accordance with Article IV of the Declaration pursuant to a plan of annexation previously approved by the VA and/or HUD, as applicable; mergers and consolidations; mortgaging of any portion of the Common Area (as such term is defined in the Declaration); dedication of any portion of the Common Area to a public entity; dissolution; and amendment of these Articles.

ARTICLE V

MEMBERSHIP

Section 5.1. The Corporation shall be a membership corporation without certificates or shares of stock. The Corporation shall not authorize or issue shares of stock. Each Owner of a Lot (as those terms are defined in the Declaration) shall be a member of the Association and shall be entitled to vote as set forth in the Declaration and Bylaws.

ARTICLE VI

DIRECTORS

Section 6.1. The number of directors shall not be less than three (3) and the number of directors constituting the initial Board of Directors is three (3). The name and residence address of the individual or individuals who shall comprise the initial Board of Directors (at least one of whom is a resident of the State of Hawaii), each of whom shall serve as a director of the Corporation subject to and in accordance the provisions of this Article VI, the Bylaws of the Corporation, and the provisions of applicable law henceforth and until the first annual meeting of the Corporation and thereafter until each of their respective successors shall have been duly elected and shall have qualified, is as follows:

<u>Name of Director</u>	<u>Residence Address</u>
Takeshi Matsukata	1717 Mott-Smith Drive, #1611 Honolulu, Hawaii 96822
Christopher L. Lau	908 Uwao Street Honolulu, Hawaii 96825
Joan S. Duell	95-270 Waikalani Drive, #K-304 Mililani, Hawaii 96789

Section 5.2. All the 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 or the Bylaws of the Corporation.

ARTICLE VII

OFFICERS

Section 7.1. (a) The officers of the Corporation shall consist of a President, a Vice President, a Secretary, a Treasurer, each of whom shall be appointed by the Board of Directors at such time and in such manner as may be prescribed by the Bylaws. Such other officers and assistant officers and agents as may be deemed necessary may be appointed by the Board of Directors or chosen in such other manner as may be prescribed by the Bylaws. Except as provided by the Bylaws, any two or more offices may be held by the same individual; provided that the Corporation shall have not less than two individuals as officers.

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

Section 7.2. The name, title and residence address of each of the initial officers of the Corporation, each of whom shall serve in their respective offices subject to and in accordance with the provisions of this Article VII, the Bylaws of this Corporation, and the provisions of applicable law henceforth and until the first annual meeting of the Corporation and thereafter until their successors shall have been duly elected and shall have qualified, is as follows:

<u>Office</u>	<u>Name</u>	<u>Address</u>
President	Christopher L. Lau	908 Uwao Street Honolulu, Hawaii 96825
Vice President	Takeshi Matsukata	1717 Mott-Smith Drive, #1611 Honolulu, Hawaii 96822
Secretary/ Treasurer	Joan S. Duell	95-270 Waikalani Dr., #K-304 Mililani, Hawaii 96789

ARTICLE VIII

DISSOLUTION

Section 8.1. The Corporation may be dissolved only as may be provided in the Declaration or the Bylaws and by the laws of the State of Hawaii. In the event of dissolution, the assets of the Corporation shall be distributed as may be set forth in the Declaration or the Bylaws and by the laws of the State of Hawaii.

ARTICLE IX

AMENDMENT

Section 9.1. These Articles may be amended upon the affirmative vote of not less than two-thirds (2/3rds) of the total number of Class A Association Members (except as such vote may be otherwise specifically limited or restricted pursuant to any provision of these Articles of Incorporation), and the consent of the Class B Association Member, as long as such membership exists (as such capitalized terms are defined in the Declaration). All of the rights conferred upon all of the members of the Association pursuant to any provision contained in these Articles of Incorporation are granted and conferred subject to such right of amendment, alteration, change, or repeal; provided however that the Articles of Incorporation as amended shall contain only such provisions which may be lawfully contained in these Articles of Incorporation at the time of the making of the amendment, alteration, change or repeal; and provided further that no amendment to these Articles shall be in conflict with the Declaration, and no amendment shall be effective to impair or dilute any rights of members that are governed by such Declaration.

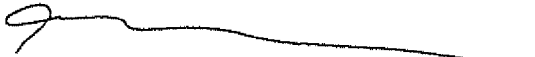
ARTICLE X

DURATION

Section 10.1. The Corporation shall have perpetual existence with all of the powers provided herein.

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

WITNESS MY HAND this 26th day of August,
1993.



Not for resale use

BYLAWS
OF
LAUNANI VALLEY COMMUNITY ASSOCIATION

ARTICLE I

General

Section 1.1. Name. The name of the corporation shall be Launani Valley Community Association (the "Association").

Section 1.2. Principal Office. The principal office of the Association shall be maintained at such place in the State of Hawaii as the Board of Directors shall determine.

Section 1.3. Definitions. The words used in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions of Launani Valley (the "Declaration"), unless inappropriate for the context.

ARTICLE II

Membership and Voting Rights

Section 2.1. Membership. Every person who is the record owner of a fee simple interest in any Lot that is subject to the Declaration shall be deemed to be a member of the Association. The foregoing is not intended to include any person who holds an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership in the Association. No Owner, whether one or more persons, shall have more than one (1) membership per Lot. In the event there are multiple Owners of a Lot, votes and rights of use and enjoyment shall be as provided in the Declaration and these Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by any Owner of a Lot, but in no event shall more than one (1) vote be cast nor office held for each Lot owned.

Section 2.2. Voting. The Association shall have two (2) classes of membership, Class A and Class B, as follows:

(a) Class A. Class A Association Members shall be all Owners, with the exception of the Declarant. Class A Association Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an ownership interest in any Lot, the vote for such Lot shall be exercised as those Owners themselves determine and advise the Secretary prior to any meeting. In the absence of such advice, each Owner of a Lot shall be entitled to vote their pro-rata share of the Lot's vote.

(b) Class B. The Class B Association Member shall be the Declarant. The Class B Association Member shall be entitled to one (1) vote for each Lot owned by such member. The Class B Association Membership shall terminate and become converted to Class A Association Membership upon the happening of the earlier of the following:

- (i) when the Class A votes total 950 in number;
- (ii) December 31, 2012; or
- (iii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earliest, the Class B Association Member shall be deemed to be a Class A Association Member entitled to one (1) vote for each Lot it owns.

ARTICLE III

Association Meetings

Section 3.1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or any such other suitable place convenient to the Owners as may be designated by the Board of Directors, either in the Community Area or as convenient thereto as possible and practical.

Section 3.2. First Meeting and Annual Meetings. An annual or special meeting of the Association shall be held within one (1) year from the date of incorporation of the Association. Annual meetings shall be set by the Board of Directors so as to occur no later than sixty (60) days after the close of the Association's fiscal year. If the day for the annual meeting of the Association is a legal holiday, the meeting will be held on the first day following which is not a legal holiday (excluding Saturday and Sunday).

Section 3.3. Special Meetings. The President may call special meetings of the Association. In addition, the President shall call a special meeting of the Association if so directed by resolution of a majority of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the Class A Association Members. The notice of each special meeting shall state the date, time and place of the meeting and the purpose of the meeting. No business shall be transacted at a special meeting, except as stated in the notice.

Section 3.4. Notice of Meetings. The Secretary shall mail or cause to be delivered to the each Owner a notice of each annual or special meeting of the Association, stating the purpose of any special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than the Owner's Lot, such Owner shall designate such other address by written notice to the Secretary. The mailing or delivery of a notice of meeting in the manner provided in this Section 3.4 shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 3.5. Waiver of Notice. Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the meeting, unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order.

Section 3.6. Adjournment. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Owners present, either in person or by proxy, may adjourn the meeting from time to time without further notice and may convene or reconvene the meeting when a quorum shall be present.

Section 3.7. Voting. The voting rights of the Owners shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein.

Section 3.8. Proxies. At all meetings of the Association, each Owner may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of the Owner's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of an Owner, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 3.9. Quorum. The presence, in person or by proxy, of fifty (50%) of the Owners of Lots to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The Owners present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum.

ARTICLE IV

Board of Directors

A. Composition and Selection.

Section 4.1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the "Board"). Except as provided in Section 4.2 below, the directors must reside in the Property and shall be Owners or spouses of Owners; provided, however, that no Owner and his or her spouse may serve on the Board at the same time. If an Owner is a corporation or partnership, the person designated in writing by the Owner to the Secretary of the Association as the representative of the corporation or partnership shall be eligible to serve as a director.

Section 4.2. Directors Appointed by Declarant. Except as provided in Section 4.6 below, the directors shall be selected by Declarant acting in its sole discretion and shall serve at the pleasure of Declarant, so long as the Class B Association Membership exists, unless Declarant shall earlier surrender this right to select directors. The directors selected by Declarant need not be Owners or residents in the Property. The names of the initial directors selected by Declarant are set forth in the Articles of Incorporation of the Association.

Section 4.3. Veto. From the termination of the Class B Association Membership, Declarant shall have a veto power over all actions of the Board as set forth below. This veto power shall expire when the Class A votes, other than those Owners formerly owning Class B votes, equals 1,028 in number or December 31, 2014, whichever occurs first, unless Declarant surrenders this power earlier. This veto power shall be exercisable only by Declarant, its successors and assigns who specifically take this veto power in a recorded instrument. The veto power shall be as follows:

No action authorized by the Board shall become effective, nor shall any action, policy or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions to be approved at meetings by certified mail, return receipt requested, or by personal delivery, at the address Declarant has registered with the Secretary of the Association, as it may change from time to time, which notice shall comply with the provisions of these Bylaws regarding notice of regular and special meetings of the Board and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at the meeting; and

(b) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program to be implemented by the Board or the Association. Declarant and its representatives or agents shall make its concerns, thoughts, and suggestions known to the Owners and/or the Board. At such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy or program authorized by the Board and to be taken by the Board. The veto may be exercised by Declarant, its representatives or agents at the meeting held pursuant to the terms and provisions of this Section 4.3. The veto power shall not extend to the requiring of any action or counteraction by the Board.

Section 4.4. Number of Directors. The Board shall consist of not less than three (3) members nor more than nine (9) members. The initial Board shall consist of three (3) members selected by Declarant, one (1) of whom shall be selected for a one (1) year term, one (1) of whom shall be selected for a two (2) year term, and one (1) of whom shall be selected for a three (3) year term. Thereafter, directors who are selected by Declarant to replace directors whose terms have expired shall serve for a two (2) year term. Immediately following the selection of directors, the Board shall appoint the officers of the Association for the ensuing year.

Section 4.5. Nomination of Directors. Elected directors shall be nominated from the floor and may also be nominated by a Nominating Committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the Owners and to solicit votes.

Section 4.6. Election and Term of Office. Notwithstanding any other provision of this Article IV:

(a) Not later than thirty (30) days after the Class B Association Membership terminates, the Association shall call a special meeting to be held at which Owners shall elect directors.

(b) Thereafter, directors shall be elected at the annual meetings of the Association. All eligible Owners shall vote on all directors to be elected, and the candidate(s) receiving the most votes shall be elected; provided, however, those directors serving at the time of the first annual meeting after the termination of the Class B Association Membership shall serve the remainder of their terms.

The term(s) of at least one-third (1/3rd) of the directors shall be fixed at one (1) year, the term(s) of at least one-third (1/3rd) of the directors shall be fixed at two (2) years, and the term(s) of at least one-third (1/3rd) of the directors shall be fixed at three (3) years. At the expiration of the initial term of office of each Director, a successor shall be elected to serve for a term of two (2) years. The members of the Board shall hold office until their respective successors shall have been elected by the Association.

Section 4.7. Removal of Directors. At any duly called regular or special meeting of the Association, any one or more directors may be removed, with or without cause, by a majority vote of the Class A Association Members and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose of the meeting and shall be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive unexcused absences from meetings of the Board or who is delinquent in the payment of an assessment for more than twenty (20) days may be removed by a majority vote of the directors at a meeting, a quorum being present. This Section 4.7 shall not apply to directors appointed by Declarant.

Section 4.8. Vacancies. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board. A director elected to fill a vacancy shall be elected for the unexpired term of the Director's predecessor in office. A vacancy or vacancies in the membership of the Board shall not affect the validity of any action of the Board if there is present at the meeting a proper quorum determined by the number of directors then authorized or fixed by the Association.

B. Meetings.

Section 4.9. Annual Meeting. A meeting of the Board following each annual meeting of the Association shall be held within ten (10) days thereafter at such time and place within the State of Hawaii as the Board shall determine.

Section 4.10. Regular Meetings. Regular meetings of the Board may be held at such times and in such places as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule of meetings shall constitute sufficient notice of such meetings.

Section 4.11. Special Meetings. Special meetings of the Board shall be held when requested by the President, Vice President or any two directors. The notice of each special meeting shall specify the time and place of the meeting and the nature of any special business to be considered. Such notice shall be given (a) by personal delivery, (b) written notice by first class mail, postage prepaid, (c) by telephone communication directly to the director(s), or (d) facsimile transmission. All such notices shall be given or sent to the directors' addresses, telephone numbers or facsimile numbers as shown in the records of the Association. Notices sent by mail shall be deposited into the United States Mail at least four (4) business days before the day set for the meeting. Notices given by personal delivery, telephone or facsimile transmission shall be given at least forty-eight (48) hours before the time set for the meeting. The failure of any director to receive actual notice of meeting shall in no way invalidate the meeting or any proceedings thereat, if notice shall have been given as required by this Section 4.11.

Section 4.12. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the absent directors signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to a director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 4.13. Quorum. A majority of the total number of directors at which the Board has been fixed by the Association shall constitute a quorum to transact business, and, in order to be valid, any act or business must receive the approval of a majority of such quorum. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure or withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 4.14. Open Meetings. All meetings of the Board shall be open to all Owners, but Owners other than directors may not participate in any discussions or deliberations unless expressly authorized by the Board.

Section 4.15. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and other business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 4.16. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board or of a committee of directors may be taken without a meeting if all of the directors or all of the members of the committee, as the case may be, sign a written consent setting forth the action taken or to be taken at any time before or after the intended effective date of such action. Such consent shall be filed with the minutes of directors' meetings or committee meetings, as the case may be, and shall have the same effect as a unanimous vote.

Section 4.17. Directors' Telephone Meetings. Provided there is a quorum, directors or any committee of directors may participate in a meeting of the Board or committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

Section 4.18. Adjournment. In the absence of a quorum at the date, time and place of a meeting duly called, and at any meeting duly called and held, the presiding officer or a majority of the directors present may adjourn the meeting from time to time without further notice and may convene or reconvene the meeting when a quorum shall be present.

Section 4.19. Resignation. A director may resign at any time by delivering written notice to the Board or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

Section 4.20. Compensation. Directors shall not be entitled to receive any compensation for their services as directors, other than reimbursement for out-of-pocket costs approved by the Board. Nothing in this section shall be construed to preclude a director from serving the Association in any other capacity and receiving compensation therefor.

C. Powers and Duties

Section 4.21. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, the Articles of Incorporation or these Bylaws directed to be done and exercised exclusively by the Owners. In addition to the duties imposed by these Bylaws or any resolution of the Association that may hereafter be adopted, the Board shall have, without limitation, the following powers:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;
- (c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;
- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) creating and appointing such general or special committees as the business of the Association may require and define the authority and duties of such committees
- (f) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (g) making and amending use restrictions and rules and regulations;
- (h) opening of bank accounts on behalf of the Association and designating the signatories required;
- (i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(m) contracting with any person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 4.22. Management Agent. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party, without cause and without penalty, upon ninety (90) days' written notice.

Section 4.23. Borrowing. The Board shall have the power to borrow money for the purpose of repair or restoration of the Common Area and facilities without the approval of the Owners; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving or adding amenities, and the total amount of such borrowing exceeds or would exceed the sum of TEN THOUSAND AND NO/100 DOLLARS (US \$10,000.00) outstanding debt at any one time.

Section 4.24. Fines. The Board shall have the power to impose fines (a late charge shall not constitute a fine), provided that the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation;

and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. Notwithstanding the foregoing, the Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

(i) the nature of the alleged violation;

(ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;

(iii) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and

(iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

ARTICLE V

Officers

Section 5.1. Officers. The officers of the Association shall be a President, a Vice President, a Treasurer, and a Secretary, to be elected from among the members of the Board. Any two or more offices may be held by the same individual, except the offices of President and Secretary.

Section 5.2. Election; Term. The officers shall be elected by the Board at the annual meeting of the Board following the annual meeting of the Association. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board for the unexpired portion of the term.

Section 5.3. Removal. Any officers may be removed by the Board whenever, in its judgment, the best interests of the Association will be served thereby.

Section 5.4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all the general powers and duties which are incident to the office of the President or elsewhere given to the President by law or in these Bylaws and as may be assigned to the President from time to time by the Board.

Section 5.4. 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 president is vacant. Each Vice President shall have such other powers and duties as may be given to the Vice President by law or in these Bylaws and as may be assigned to the Vice President from time to time by the Board.

Section 5.5. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board and shall have charge and custody of the books and records as the Board may direct and shall, in general, perform all duties incident to the office of secretary or elsewhere given to the Secretary by law or in these Bylaws and as may be assigned to the Secretary from time to time by the Board.

Section 5.6. Treasurer. The Treasurer shall keep or superintend the keeping of all the financial books and accounts of the Association in a thorough and proper manner, and to render statements of the same in such form and as often as required by the Board. He shall, subject to the control of the Board, have the custody of all funds and securities of the Association. He shall perform all other duties usually pertaining to the office of treasurer of a corporation and such duties as may be assigned to the Treasurer by the Board or required to be exercised by the Treasurer under the provisions of these Bylaws.

Section 5.7. Other Officers and Agents. The Board may appoint or employ such other officers, including Assistant Treasurers and Assistant Secretaries, agents and employees as may be deemed proper, who shall hold their positions at the pleasure of the Board and who shall have such powers and duties as may be assigned to them by the Board. The authority to employ agents and employees and fix their powers and duties may be delegated by the Board. Any officer of the Association may also be a subordinate officer, agent or employee.

Section 5.8. Resignation. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the

date of the receipt of such notice or at any later time specified in the notice, and unless specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.9. Removal. Any officer of the Association may be removed, with or without cause, by action of the Board, and any subordinate officer, agent, or employee appointed by the Board or by any person under authority from the Board may be removed or discharged from employment, with or without cause, except insofar as such removal would be contrary to law.

Section 5.10. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board at any regular or special meeting.

Section 5.11. Salaries. The salaries and compensation, if any, of all officers, subordinate officers, agents and employees shall be determined by the Board. The authority to fix the salary and compensation of agents and employees may be delegated.

Section 5.12. Bonds. The Board may require any officer of the Association to give a bond to the Association conditional upon the faithful performance of the officer's duties with one or more sureties and in such amount as may be satisfactory to the Board.

Section 5.13. Auditor. The Owners may at any annual meeting or at any special meeting called for that purpose appoint a person, firm or corporation engaged in the business of auditing to act as the auditor of the Association. No director or officer shall be eligible to serve as auditor of the Association. The auditor shall, at least once in each fiscal year and more often if required by the Owner, examine the books and papers of the Association and compare the statements of the Treasurer with the books and vouchers of the Association, and otherwise make a complete audit of the books of the Association and thereafter make appropriate reports to the Owners.

ARTICLE VI

Execution of Instruments

Section 6.1. Authorized Signatures. All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts, and all other instruments shall be signed by such person or persons as shall be provided by general or special resolution of the Board, and in the absence of any general or special

resolution applicable to any such instrument, then the instrument shall be signed by the President or Vice President and Secretary or Treasurer.

ARTICLE VII

Liability of Officers and Directors

Section 7.1. Exculpation. No director or officer of the Association shall be liable for acts, defaults, or neglects of any other director or officer, or for any loss sustained by the Association, unless the same has resulted from his own willful misconduct or gross negligence.

Section 7.2. Indemnification.

(a) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Association) if that person is or was an agent of the Association, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Association, or that the person had reasonable cause to believe that the person's conduct was unlawful.

(b) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Association to procure a judgment in its favor because that person is or was an agent of the Association, against expenses actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association; except that no indemnification shall be made in respect of any claim, issue, or matter as to which the person shall have been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Association unless and only to the extent that the court in which the action or suit was brought shall determine upon

application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

(c) To the extent that an agent has been successful on the merits or otherwise in defending any claim, issue, or matter therein, the agent shall be indemnified by the Association against expenses actually and reasonably incurred by the agent in connection therewith.

(d) Any indemnification under Sections 7.1 or 7.2 shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 7.1 or 7.2. The determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (2) if a quorum is not obtainable, by independent legal counsel in a written opinion, or (3) by the Owners, or (4) by the court in which the proceeding is or was pending upon application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application by the agent, attorney, or other person is opposed by the Association.

(e) Expenses incurred in defending any proceeding may be paid by the Association in advance of the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall ultimately be determined that the agent is entitled to be indemnified by the Association as authorized in this section.

(f) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Owners or disinterested directors, or otherwise, both as to action in a person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be an agent and shall inure to the benefit of the heirs and personal representatives of such a person.

(g) The Association shall have the power to purchase and maintain insurance on behalf of any agent of the Association, against any liability asserted against or incurred by the agent in any such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against such liability under this section.

Section 7.3. Director Conflicts of Interest. No contract or other transaction between this Association and one or more of its directors or officers or any other corporation, firm, association, or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because this relationship or interest or because the director or directors are present at the meeting of the Board or a committee thereof which authorizes, approves, or ratifies the contract or transaction or because the votes of the interested director or directors are counted for that purpose, if:

(a) The fact of the relationship or interest is disclosed or known to the Board or committee which authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of the interested director or directors; or

(b) The fact of the relationship or interest is disclosed or known to the Owners entitled to vote and they authorize, approve, or ratify the contract or transaction by vote or written consent; or

(c) The contract or transaction is fair and reasonable to the Association.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves, or ratifies the contract or transaction.

Section 7.4. Refund of Payments. Any payments made by the Association to or for the benefit of any Owner or officer of the Association, including, without limitation as to the generality of the foregoing, any salary, commission, bonus, interest, rental, or entertainment expense, which shall be disallowed in whole or in part as a deductible expense of the Association by the Internal Revenue Service and or the Department of Taxation of the State of Hawaii, shall be reimbursed to the Association by such officer or Owner to the full extent of the disallowance.

ARTICLE VIII

Miscellaneous

Section 8.1. Fiscal Year. The fiscal year of the Association shall be the calendar year or such other fiscal year as may be established by the Board from time to time.

Section 8.2. Reserve Fund.

(a) The Board may set aside such sum or sums as they shall deem proper, as a reserve fund, from which to meet contingencies or for extending or maintaining the Common Area or the property of the Association, or any part thereof, or for meeting any bonded indebtedness or other debt of the Association.

(b) The Board may invest the sum or sums to set apart as a reserve fund in such securities or other investments as it shall deem proper, and it may add the income from such investments to the reserve fund.

Section 8.3. Roberts Rules of Order. The most recent edition of Roberts Rules of Order shall govern the conduct of all Association and Board proceedings, when not in conflict with applicable law, the Declaration, the Articles of Incorporation or these Bylaws.

Section 8.5. Amendments.

(a) So long as the Class B Association Membership exists, the Declarant may unilaterally amend these Bylaws for any purpose.


(b) As long as the Class B Association Membership exists, any amendments of the Bylaws may be vetoed by the Veterans Administration ("VA"), so long as the VA is guaranteeing any mortgage of a Lot subject to the Declaration, or by the Department of Housing and Urban Development ("HUD"), so long as HUD is insuring any mortgage of a Lot subject to the Declaration.

(c) Except as otherwise specifically provided above, these Bylaws may be amended only by the affirmative vote of seventy-five percent (75%) of the Class A Association Members and the consent of the Class B Association Member, so long as such membership exists. However, no amendment of these Bylaws may remove, revoke, modify, limit, abridge, or terminate any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

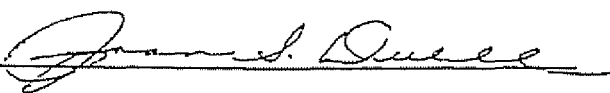
ADOPTION OF BYLAWS

The undersigned, on this 26th day of August, 1993, being all of the duly elected, qualified and serving members of the Board of Directors of Launani Valley Community Association, in accordance with the laws of the State of

Hawaii, do hereby, pursuant to said laws, adopt the foregoing provisions as the Bylaws of Launani Valley Community Association.







Not for resale use

L-394 STATE OF HAWAII
OFFICE OF ASSISTANT REGISTRAR
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DEC 10, 1992 03:26 PM

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on Cert(s) 357,768

/s/ S. FURUKAWA
ASSISTANT REGISTRAR

CONVEYANCE TAX: \$0.00

AFTER RECORDATION, RETURN BY MAIL () PICK UP (XX)

Rush Moore Craven Sutton Morry & Beh
745 Fort Street, Suite 2000
Honolulu, Hawaii 96813

Attention: Irene A. Anzai

TITLE OF DOCUMENT:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF LAUNANI VALLEY

PARTIES TO DOCUMENT:

DECLARANT: WAIHUNA JOINT VENTURE

PROPERTY DESCRIPTION:	:	LIBER/PAGE/DOCUMENT NO.:
	:	
	:	DOCUMENT NO.:
SEE EXHIBIT "A"	:	
	:	TRANSFER CERTIFICATE OF
	:	TITLE NO(S) .:

0082q

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF LAUNANI VALLEY

TABLE OF CONTENTS

ARTICLE I. RECITALS	1
1.01 The Property	1
1.02 The Community Area	1
1.03 Covenants, Conditions and Restrictions	1
ARTICLE II. DECLARATION	1
2.01 Declaration	1
ARTICLE III. DEFINITIONS	2
3.01 Defined Terms	2
ARTICLE IV. PROPERTY SUBJECT TO RESTRICTIONS	7
4.01 Launani Valley: Initial Development	7
4.02 Annexation of Property to the Community Area	7
4.03 Additional Restrictions Affecting Added Real Property	8
4.04 Withdrawal of Property from Community Area	9
4.05 Property Subject to Community Area Restrictions	9
4.06 Annexation of Subsequent Developments	10
ARTICLE V. PROPERTY CLASSIFICATIONS AND RESTRICTIVE COVENANTS	11
5.01 Property Classifications	11
5.02 Private Area: Uses and Restrictions	11
5.03 Private Area: Construction and Alteration of Improvements; Excavations	17
5.04 Common Area: Uses and Restrictions	21
5.05 Common Area: Construction and Alteration of Improvements	22
5.06 Cotenancy Area: Uses and Restrictions; Construction and Alteration of Improvements	24
5.07 Lots Owned by Exempt Organizations	25
5.08 Exempt Areas	25
5.09 Presumption of Compliance	25
5.10 Agricultural Operations	26
ARTICLE VI. DESIGN COMMITTEE	27
6.01 Design Committee: Organization and Powers	27
6.02 Design Committee Meetings, Action, Compensation	28
6.03 Design Committee Guidelines	29
6.04 Estoppel Certificate	29
6.05 Liability	29
6.06 Non-existence of Design Committee	30

ARTICLE VII. LAUNANI VALLEY ASSOCIATION	30
7.01 Organization	30
7.02 Association Membership	30
7.03 Voting Rights	32
7.04 Duties and Obligations of the Association	32
7.05 Powers of Association	35
7.06 Rules	38
7.07 Limited Liability of Members of the Board; Indemnification	39
7.08 Exclusive Powers of the Association	40
ARTICLE VIII. FUNDS AND ASSESSMENTS	40
8.01 Operating Fund	40
8.02 Initiation Assessment	40
8.03 Maintenance Assessment	41
8.04 Individual Special Assessments	43
8.05 Association, Declarant and Other Exemptions	43
8.06 Default in Payment of Assessments	43
8.07 Collection of Assessments by Sub-Associations	44
ARTICLE IX. MISCELLANEOUS PROVISIONS	45
9.01 Amendment or Repeal	45
9.02 Enforcement; Non-Waiver	46
9.03 Construction, Compliance with Laws, Severability, Singular and Plural, Titles	46
9.04 Subdivision and Consolidation	47
9.05 Conveyance of Common Area; Reservation of Easements and Rights-of-Way and Classification of Land Area	48
9.06 Assignment of Powers	49
9.07 Condemnation of Common Area	49
9.08 HUD Approval of Actions	49
9.09 Obligations of Owners, Avoidance, Termination	50
9.10 Notices, Documents, Delivery	50
9.11 Governing Law	50

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF LAUNANI VALLEY

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF LAUNANI VALLEY is made by WAIHUNA JOINT VENTURE, a Hawaii limited partnership (hereinafter called "Declarant"), whose address is 220 South King Street, Suite 680, Honolulu, Hawaii 96813.

ARTICLE I. RECITALS

1.01 The Property. Declarant owns in fee simple certain real property located at Waipio and Waikakalaua, District of Ewa, City and County of Honolulu, State of Hawaii, more particularly described in Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Property").

1.02 The Community Area. Declarant intends to develop the Property with condominium apartments, single family residences, community facilities, parks, open space areas and such other related and complimentary uses pursuant to a plan for a community development to be collectively named "Launani Valley." The initial portion of the Property to be developed by Declarant as part of this community development is described in Exhibit "B" attached hereto and made a part hereof (hereinafter referred to as the "Community Area"). Other real property may be annexed to the initial Community Area in the future pursuant to Article IV of this Declaration. The initial plan for Launani Valley is described in Exhibit "C" attached hereto and made a part hereof.

1.03 Covenants, Conditions and Restrictions. In order to enhance the orderly and proper development and use of the Community Area pursuant to the plan for Launani Valley, to protect the value, desirability and attractiveness of the Community Area and to promote the quality of improvement and use of the Community Area as a whole, Declarant wishes to subject all of the Community Area to certain mutual covenants, conditions, and restrictions which will inure to the benefit of all present and future owners of the Community Area.

ARTICLE II. DECLARATION

2.01 Declaration. Declarant hereby declares that the Community Area shall be held, sold, conveyed, encumbered, leased, occupied and improved subject to the covenants, conditions and restrictions set forth in this Declaration, all of which are established and declared and agreed to be for the

purpose of enhancing and protecting the value, desirability and attractiveness of the Community Area. These covenants, conditions and restrictions shall create mutual equitable servitudes upon each Lot within the Community Area in favor of every other Lot within the Community Area and shall create reciprocal rights and obligations in, between and among all persons and/or entities having any right, title or interest in and to any Lot within the Community Area or any part thereof. In addition, said covenants, conditions and restrictions shall run with the Community Area and any Lot therein and shall be binding upon all parties having or acquiring any right, title or interest in and to the Community Area or any Lot therein, and shall inure to the benefit of Declarant, the Association, each Owner and each successor in interest of such Owner.

ARTICLE III. DEFINITIONS

3.01 Defined Terms. The terms defined in this Article III shall have the following meanings for the purposes of this Declaration, unless otherwise specified or indicated by the context in which they are used:

"Annexing Declaration" shall mean this Declaration and any Supplemental Declaration of Covenants, Conditions and Restrictions to this Declaration formally annexing additional property to the Community Area.

"Apartment" shall mean an apartment, as defined in Chapter 514A, Hawaii Revised Statutes, as amended.

"Apartment Owner" shall mean the Owner of an Apartment.

"Architect" shall mean a person registered to practice architecture, professional engineering or landscape architecture in the State of Hawaii pursuant to Chapter 464, Hawaii Revised Statutes, as amended, or pursuant to the laws of the state of his principal place of business.

"Articles of Incorporation" shall mean the Articles of Incorporation of the Association duly filed with the Department of Commerce and Consumer Affairs of the State of Hawaii, as the same may be amended from time to time.

"Association" shall mean the Launani Valley Community Association, a Hawaii nonprofit corporation to be organized pursuant to Article VII, and its successors and assigns.

"Association Member" shall have that meaning as defined in Section 7.02 herein.

"Board" shall mean the Board of Directors of the Association.

"Bureau of Conveyances" shall mean the Bureau of Conveyances of the State of Hawaii and the Office of the Assistant Registrar of the Land Court of the State of Hawaii, as appropriate.

"By-Laws" shall mean the By-Laws of the Association, as the same may be amended from time to time.

"Common Area" shall mean the portions of the Community Area (including easements, drainage and flowage areas and open space areas) owned in fee or leasehold by the Association for the common use and for the benefit of the Owners, together with all of the Improvements constructed thereon from time to time, which Common Area shall not be considered a Lot.

"Community Area" shall mean the portion of the Property described in Exhibit "B" together with such other property or properties which are annexed to the Community Area from time to time in the future pursuant to Article IV (less any property withdrawn therefrom), consisting of Private Areas, Common Areas and any other special use areas described in Exhibit "C" or in an Annexing Declaration.

"Condominium" shall mean a condominium project or condominium property regime as defined in Chapter 514A, Hawaii Revised Statutes, as amended.

"Cotenancy Area" shall mean any portion of a Private Area owned by more than one Owner or a Sub-Association to be used and maintained for multiple Owners, and any common area or limited common area as defined in a declaration by such Owners or the members of the Sub-Association, including, without limitation, roads, driveways, parks, open spaces and any common area or limited common area as defined in such declaration. A Cotenancy Area shall not be deemed a Lot. The interest of an Owner in a Cotenancy Area shall be deemed appurtenant to the Lot or Apartment owned by such Owner.

"Declarant" shall mean Waihuna Joint Venture, a Hawaii limited partnership, its successors and assigns.

"Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions of Launani Valley.

"Dedicated Roadway" shall mean any street or roadway within the Community Area dedicated by the Declarant or the Association to any governmental body.

"Design Committee" shall mean the Design Committee created pursuant to Article VI of this Declaration.

"Design Guidelines" shall mean the design and development guidelines and applications and review procedures applicable to all construction activities within the Community Area that are adopted by the Design Committee pursuant to Section 6.03 of this Declaration.

"Excavation" shall mean any disturbance of the surface of land (except temporarily for planting) which results in the removal of earth or rock to a depth of more than eighteen inches.

"Exempt Organization" shall mean any private nonprofit religious, educational, community or civic organization.

"Family" shall mean one or more persons, all related by blood, marriage or legal adoption, living and cooking within a Residence as a single, non-profit housekeeping unit, or unrelated persons living and cooking within a Residence as a single, non-profit housekeeping unit; provided, however, that the number of persons living within a Residence shall not exceed the standards and requirements set forth by the State of Hawaii Department of Health.

"Fill" shall mean any addition of rock or earth materials to the surface of the land which increases the previous elevation of such surface by more than eighteen inches.

"Fiscal Year" shall mean the fiscal year of the Association.

"Garage" shall mean a garage for a motor vehicle, including a carport or similar outbuilding appurtenant to a Residence, whether or not connected to the Residence.

"Governmental Agency" shall mean any department, division or agency of any federal, state or municipal government, and any public or private utility.

"HUD" shall mean the Federal Housing Administration of the U.S. Department of Housing and Urban Development, and any successor agency authorized by the federal government to insure loans secured by mortgages of residential real property.

"Improvement" shall mean all buildings, outbuildings, grading, roads, drainage facilities, driveways, parking areas, loading areas, screening walls and barriers, fences, retaining walls, poles, signs, water lines, sewer facilities and pump

stations, electrical and gas transmission and distribution facilities, irrigation facilities, hedges, windbreaks, plantings, planted trees and shrubs, ponds, exterior illumination, and all other structures, installations and landscaping of any type or kind, whether on, above or below the surface of the land.

"Individual Special Assessment" shall mean any assessment levied by the Association pursuant to Section 8.04.

"Initiation Assessment" shall mean the fee assessed to each new Association Member upon such Owner taking title to a Lot from Declarant pursuant to Section 8.02.

"Insured Mortgage" shall mean a mortgage of a Lot securing a loan insured by HUD.

"Launani Valley" shall mean the planned community to be developed on the Property as described in Section 1.02.

"Lot" shall mean any residential lot within the Private Area designated by Declarant for a single-family dwelling or any Apartment in a Condominium within the Private Area.

"Main Collector Street" shall mean Wikao Street and any other street identified as a Main Collector Street in an Annexing Declaration.

"Maintenance Assessment" shall mean any monthly or periodic fee assessed to an Association Member pursuant to Section 8.03.

"Manager" shall mean the person or corporation appointed to manage the Community Area, pursuant to Section 7.05(d).

"Member" shall mean a Member of the Design Committee appointed pursuant to Section 6.01.

"Notice" shall mean a notice delivered pursuant to Section 9.10.

"Operating Fund" shall mean the fund created pursuant to Section 8.01.

"Owner" shall mean a person, corporation, partnership or other legal entity who is the beneficial owner of the fee simple or leasehold interest in any Lot, including the purchaser of a Lot under an agreement of sale; provided, however, that:

(a) for the purposes of limitations and restrictions set forth in Article V, Owner shall not include Declarant with respect to any Lot owned by the Declarant;

(b) Owner shall include for the purposes of Article V, unless the context requires otherwise, the Family and lessees of any Owner.

"Private Area" shall mean the portions of the Community Area which are planned for single-family and multi-family residential use and related community facilities, or have been developed into Residences and related community facilities and which are or may be classified as such in an Annexing Declaration.

"Property" shall mean the real property, more particularly described in Exhibit "A".

The term "record" with respect to any document or subdivision map shall mean to record or file such document or subdivision map in the Bureau of Conveyances of the State of Hawaii and/or in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

"Recreational Facility" shall mean any improvement used for or in connection with any recreational purpose or activity, including without limitation, park and playground facilities.

"Residence" shall mean an Apartment or a single-family dwelling building on a Lot within the Private Area used for residential purposes, together with a Garage, if any.

"Restrictions" shall mean the covenants, conditions and restrictions contained in this Declaration, as amended from time to time.

"Road" shall mean any paved vehicular way constructed within or upon any portion of the Common Area or the Cotenancy Area, excluding any apron or other paved area constructed for the purpose of providing paved access from such way to any Private Area or Commercial Area, or within any Cotenancy Area.

"Rules" shall mean the rules to be adopted pursuant to Section 7.06, as amended from time to time.

"Sub-Association" shall mean an association of Apartment Owners or Property Owners of portions of the

Community Area.

"Subdivision" shall mean the division of any parcel of land into two or more parcels of land.

"Subdivision Map" shall mean any map showing a Subdivision recorded in the Bureau of Conveyances.

"Visible from a Neighboring Lot" shall mean with respect to any given object or activity, that such object or activity is or would be in any line of sight originating from any point six feet above any adjoining Lot upon which a single family residence is located or parcel of land upon which a Condominium is located, excluding contiguous Lots or parcels of land owned by the Owner or Owner(s) involved, or above any parcel of land constituting Common Area, Cotenancy Area or Road, assuming that such adjoining Lot or parcel of land has the same elevation as the Lot or parcel of land upon which such object or activity is located.

ARTICLE IV. PROPERTY SUBJECT TO RESTRICTIONS

4.01 Launani Valley: Initial Development.

(a) The real property initially subject to the Restrictions shall be the portion of the Property described in Exhibit "B" comprising the Community Area, as the same shall be held, sold, conveyed, encumbered, leased, occupied and improved. The initial Community Area together with such other real property as may be annexed to comprise the Community Area shall be subject to the Restrictions. Other real property may from time to time be annexed to the Community Area pursuant to Sections 4.02 and 4.06. A general plan of Launani Valley which shows the proposed size and location of various developments that may be developed on the Property is attached hereto as Exhibit "C". Declarant currently plans to incrementally develop separate condominium projects in the areas designated on the general plan as villages I through V. In other areas shown on the general plan, the Declarant may develop single family residences. The general plan also shows the proposed size and location of a proposed Common Area which is currently planned as a park.

(b) All of the initial Community Area described in Exhibit "B" shall be classified as Private Area.

4.02 Annexation of Property to the Community Area.

Declarant hereby reserves and shall have the right, but shall not be obligated, to annex other real property to the

Community Area, including without limitation any real property that may be withdrawn pursuant to Section 4.04, without being required to obtain the approval, joinder or consent of any person or group of persons, including without limitation the Association, any Sub-Association, any Owner or any mortgagee, lien holder or any other person who may have an interest in the Community Area or any Lot, upon satisfaction of the following requirements:

(a) Declarant is the owner in fee simple of the real property to be annexed;

(b) Declarant shall record an Annexing Declaration, which may consist of one or more documents, which, among other things:

(1) describes the real property which is to be annexed to the Community Area;

(2) sets forth or refers to the Restrictions and to such other and further limitations, restrictions, covenants and conditions which are to be applicable to such real property;

(3) declares that such real property is to be held, sold, conveyed, encumbered, leased, occupied and improved subject to the Restrictions; and

(4) classifies such real property as Private Area, Common Area or other special use areas pursuant to Section 5.01;

(c) Following annexation of such property to the Community Area, Declarant may further subdivide such real property pursuant to a duly recorded Subdivision Map; and

(d) Declarant may exercise the rights reserved in this Section 4.02 at any time prior to December 31, 2012.

4.03 Additional Restrictions Affecting Added Real Property.

Any provision in this Declaration to the contrary notwithstanding, Declarant hereby reserves and shall have the right, but shall not be obligated, to subject the real property added to the Community Area to such other covenants, conditions and restrictions as Declarant may deem appropriate, by recording a declaration as provided in Section 4.02, without being required to obtain the approval, joinder or consent of any person or group of persons, including without limitation the Association, any Sub-Association, any Owner or any mortgagee, lien holder or any other person who may have an

interest in the Community Area or any Lot. Such other covenants, conditions and restrictions may include but are not limited to:

(a) The designation of land classifications not provided for in Section 5.01 and such covenants, conditions and restrictions with respect to the use of real property in such land classifications as Declarant may deem appropriate; and

(b) Such additional covenants, conditions and restrictions with respect to the land classifications provided for in Section 5.01 and to such real property added to the Community Area as Declarant may deem appropriate, provided that additional covenants, conditions and restrictions shall be subject to the Restrictions and shall be exclusively applicable to such real property annexed to the Community Area.

4.04 Withdrawal of Property from Community Area.

Declarant hereby reserves and shall have the right, at any time, so long as Declarant holds the unexpired right to annex real property to the Community Area, to amend this Declaration unilaterally for the purpose of withdrawing portions of the real property from the Community Area, thereby releasing such property from the Restrictions, without prior notice and without being required to obtain the approval, joinder or consent of any person or group of persons, including without limitation the Association, any Sub-Association, any Owner or any mortgagee, lien holder or any other person who may have an interest in the Community Area or any Lot, provided that (a) Declarant is the sole owner of the real property to be withdrawn, and (b) withdrawal is not unequivocally contrary to the development of Launani Valley. Upon such withdrawal, the real property withdrawn shall no longer comprise a portion of the Community Area. A withdrawal of any real property from the Community Area shall be effective upon the execution and recordation of a document which describes such real property and declares such property to be withdrawn from the provisions of this Declaration.

4.05 Property Subject to Community Area Restrictions.

(a) No real property, except that described in Exhibit "B" and except that specifically annexed as hereinbefore provided, shall be deemed subject to the Restrictions, whether shown on any Subdivision Map or other map filed by Declarant or described or referred to in any document executed or recorded by Declarant. Nothing contained in this Declaration or in any Annexing Declaration shall be deemed to be a representation or warranty that Declarant will commit or subject to the Restrictions, any real property Declarant now owns or may hereafter acquire; and

(b) the designation of any Lot or other area as a Private Area, Common Area, Cotenancy Area, Road, school or park or for any other type of use on any map filed by Declarant, shall not be deemed a dedication or representation or warranty that such Lot or area is or will be used, or restricted to such use, nor shall any Owner, the public, any public agency or any other person acquire any interest in or rights to such Lot or other area by reason of such designation.

4.06 Annexation of Subsequent Developments.

The Association may, with the consent of the person(s) holding title to the real property to be annexed, pursuant to the provisions of this section, from time to time and in its sole discretion, annex to the Community Area all or any part of any real property situate in Waipio and Waikakalaua, District of Ewa (not then constituting a part of the Community Area) upon approval by an affirmative vote of not less than seventy-five percent (75%) of all Class A Association Members and the Class B Association Member, if any, as defined in Section 7.02, and Declarant (if such real property is not owned by Declarant), at a meeting duly called for this purpose, written notice of which meeting shall have been sent to all Association Members not less than 30 days in advance of the meeting, setting forth the purpose of the meeting.

(a) The annexation of such real property shall become effective and such real property shall become a part of the Community Area when Declarant or Association and the Owner(s) of the real property to be annexed shall have recorded:

(1) An Annexing Declaration which:

(i) describes the real property to be annexed to the Community Area;

(ii) sets forth or refers to such additional or other covenants, conditions and restrictions applicable to such real property;

(iii) declares that such real property is held and shall be held, sold, conveyed, encumbered, leased, occupied and improved subject to the Restrictions;

(iv) classifies such real property as Private Area, Common Area or such other classification(s) as the Association may deem to be appropriate for the development and use of such real property; and

(v) describes any conditions under which such real property shall become annexed to the Community Area.

(2) A Subdivision Map, with respect to the real property described in such Annexing Declaration, if such a map covering said real property has not previously been recorded.

(b) The Annexing Declaration may, with respect to all or any part of the real property described in such Annexing Declaration, provide such new land classifications not then provided for in Section 5.01 and such covenants, conditions and restrictions as the Association may deem to be appropriate for the development and use of such real property; and

(c) The Association may impose an annexation fee to be paid in addition to the Initial Assessment.

ARTICLE V. PROPERTY CLASSIFICATIONS AND RESTRICTIVE COVENANTS

5.01 Property Classifications.

All the real property within the Community Area shall be classified into one of the following areas: (a) Private Area; (b) Common Area; and (c) other special use areas designated in Exhibit "C" or in an Annexing Declaration. Declarant may amend any of the foregoing classifications from time to time pursuant to Sections 9.01 and 9.05.

5.02 Private Area: Uses and Restrictions.

Each Lot in the Private Area shall be for the exclusive use and benefit of its Owner, subject, however, to the following covenants, conditions and restrictions:

(a) Only one Family (including domestic servants and transient guests) shall occupy each Lot in the Private Area, and each Owner shall construct only one single-family Residence (which may include a guest room without a kitchen connected to the main dwelling) on any Lot in a Private Area designated for single-family residential purposes.

(b) No Owner other than Declarant shall make any improvement or perform other work which alters any Lot in any way from its unimproved or improved state existing on the date such Lot was first conveyed or leased by Declarant to the Owner of such Lot, except in compliance with the provisions of Section 5.03. No Owner of a Lot bordering on a Main Collector Street shall alter any landscaping or fencing visible from such Main Collector Street without first obtaining the approval of the Design Committee in accordance with Section 5.03.

(c) Each Owner shall use his Lot exclusively for residential purposes, and shall not use any building or structure on a Lot as a tenement house, rooming house or

apartment house, and shall not use any Lot or structure on a Lot for or in connection with the conduct of any trade or business; provided, however, that, subject to applicable law, nothing in this paragraph (c) shall be deemed to prevent:

(1) any artist, artisan or craftsman from pursuing his artistic calling upon a Lot, if such artist, artisan or craftsman also uses such Lot for residential purposes, is self-employed and has no employees working on such Lot, and does not sell or offer any work of art for sale to the public on the Lot;

(2) Declarant or any Owner from renting the Residence on any Lot from time to time, subject, however, to the Restrictions;

(3) Declarant from operating a temporary sales office from any Lot; or

(4) The use of a Lot for the purpose of providing child care services in a family child care home which is either licensed by the Department of Human Services of the State of Hawaii or legally exempt from such license requirements (under rules or regulations promulgated by the Department of Human Services).

(d) Each Owner shall maintain all Improvements erected on his Lot and all landscaping and vegetation planted on such Lot from time to time in good and clean condition and repair and in such manner as not to create a fire, safety, or health hazard to the Community Area or any part thereof, at such Owner's sole cost and expense. The Owner of any Lot shall maintain in a neat and attractive condition any planting strip or portion thereof lying between the sidewalk and the street bordering such Lot. Each Owner of a Lot bordering on a Main Collector Street shall maintain or cause to be maintained in a neat, clean and healthy condition all landscaping visible from such Main Collector Street.

(e) Each Owner of a Lot will maintain (or cause his Sub-Association, if applicable with respect to areas to be maintained by such Sub-Association, to maintain) in good repair any fence or wall along any street boundary of his Lot or within the Cotenancy Area, respectively, which had been erected by Declarant, and will also maintain any fence or wall erected by Declarant on his Lot or within two feet of any common boundary between his Lot and his neighbor's Lot. Each Owner with a fence or wall along such a common boundary shall be liable to the Owner of the adjoining Lot for half the cost of maintenance or repair of such fence or wall incurred by such Owner of the adjoining Lot, unless such fence or wall is maintained by a Sub-Association.

(f) No Owner shall subdivide or consolidate and resubdivide a Lot or Lots to create additional residential Lots, except pursuant to the provisions of Section 9.04.

(g) No Owner shall place or use exterior speakers, horns, whistles, bells or other sound devices on any Lot, except security devices used exclusively to protect the security of the Lot and Improvements thereon.

(h) No Owner shall keep or maintain any animals on any Lot other than a reasonable number of dogs, cats and other generally recognized household pets, but such animals shall not be bred or offered for sale or other commercial purposes. No Owner shall keep or maintain fowl or birds, other than canaries, parakeets or other songbirds of a reasonable size and in reasonable number on any Lot. No Owner shall keep or maintain animals or birds which are a nuisance to neighbors.

(i) No Owner shall erect any sign upon any Lot, including without limitation, commercial, political or similar signs which are Visible from a Neighboring Lot except:

(1) such signs as may be required by legal proceedings;

(2) one or more residential identification signs having a maximum combined area of one square foot per Lot;

(3) during the construction of any Residence or other improvement, a job identification sign having a maximum area of six (6) square feet and of the type usually displayed by contractors, subcontractors, financial institutions and tradesmen;

(4) no more than one "For Sale" or "For Rent" sign having a maximum area of three square feet, such sign to refer only to the Lot on which it has been placed; and

(5) banners, signs or displays of a reasonable size and in reasonable number which commemorate commonly recognized holidays and festivals, except that such commemorative banners, signs or displays shall be removed promptly after the date on which the holiday or festival is observed.

(j) No Owner shall keep, place or maintain any house trailer, mobile home, permanent tent or similar facility or structure upon any Lot at any time; provided, however, that this paragraph shall not prevent an Owner from maintaining temporary construction shelters for a period not to exceed one year to be used exclusively in connection with the construction

of any work or improvement permitted in Section 5.03.

(k) No Owner shall keep, place or maintain any truck of more than one ton capacity upon any Lot in such a manner that such truck is Visible from a Neighboring Lot; provided, however, that this paragraph shall not prevent an Owner from maintaining construction equipment for a period not to exceed one year to be used exclusively in connection with the construction of any work or improvement permitted by Section 5.03.

(l) No Owner shall construct, place or maintain any accessory structures or buildings upon any Lot prior to the construction of the main structure of the Residence; provided, however, that this paragraph shall not prevent an Owner from maintaining a temporary construction shelter for a period not to exceed one year to be used exclusively in connection with the construction of any work or improvement permitted in Section 5.03.

(m) No Owner shall construct, reconstruct or repair any trailer, vehicle or boat upon any Lot in such a manner that such construction, reconstruction or repair is Visible from a Neighboring Lot, nor shall an Owner maintain any vehicle not in good operating condition upon any Lot so as to be Visible from a Neighboring Lot; provided that this paragraph shall not prevent an Owner from performing maintenance work and minor repairs on his own trailer, vehicle or boat in his Garage. Without limiting any other remedy set forth in this Declaration, the Association shall have the right to enter any Lot to remove any trailer, vehicle or boat being constructed, reconstructed or repaired in violation of this Section to a public dump, a repair shop, or a storage yard. The Owner of the Lot shall be responsible for all costs involved (whether or not he is the owner of the removed trailer, vehicle or boat) and shall pay to the Association all costs incurred. Neither the Association nor its agents shall be liable for trespass, for invasion of privacy, or for conversion or any damages for the removal of such trailer, vehicle or boat.

(n) No Owner shall keep garbage or trash on any Lot so as to be Visible from a Neighboring Lot, except in closed receptacles screened from view from any adjoining street, and no accumulated waste plant materials will be permitted on any Lot, except as part of an established compost pile maintained in such a manner as not to be Visible from a Neighboring Lot.

(o) No Owner shall openly store furniture, fixtures, appliances and other goods and chattels not in active use so as to be Visible from a Neighboring Lot, and no Owner shall keep outside clothes lines or other outside clothes drying or airing

facilities except within a fenced yard and not Visible from a Neighboring Lot.

(p) No Owner shall permit any exterior fires, except reasonably sized barbecue fires, or shall permit any condition on his Lot which creates a fire hazard.

(q) No vehicular access is permitted from any Lot to a Road over a boundary which is indicated on the subdivision map covering the Lot to have restricted access, nor over any strip of Common Area lying between the boundary of a Lot and a Road (except where such access over such Common Area is the only access from the Lot to any Road and an easement has been obtained from the Association). No Owner shall cut any curb along any Road adjacent to any boundary which is shown on the subdivision map as having restricted access.

(r) No Owner shall park a motor vehicle on any sidewalk area or on any Common Area or on any portion of a Lot, except in designated parking stalls, a Garage or on a paved driveway area. No Owner shall keep any motor vehicle on any Lot unless such motor vehicle is in operating condition, is currently registered with the Department of Motor Vehicles of the City and County of Honolulu and bears a current safety inspection sticker. No Owner shall keep any boat, trailer or truck camper on any Lot except in a Garage.

(s) No Owner shall use a Garage for other than the parking of motor vehicles and boats, unless the Garage is enclosed so as not to be Visible from a Neighboring Lot and normally kept closed. No Owner shall use a Garage as a laundry or for storage purposes unless the Garage is enclosed.

(t) No Owner shall violate or permit the violation on his Lot of any applicable law or ordinance pertaining to zoning, buildings, fires, signs or other matter relating to the use and development of his Lot.

(u) No Owner shall undertake an activity upon any Lot or in or about any Lot which would unreasonably disrupt or impair the privacy and quiet enjoyment of any other Lot or Owner thereof. No Owner shall undertake nor permit any unlawful activity on any Lot.

(v) No Owner shall construct any building or structure between the street boundary of the Lot and any applicable building setback line along such boundary; provided, however, that an Owner may construct walks, fences, walls, driveways and garbage receptacle enclosures if not otherwise in violation of any other restriction contained in this Declaration or in the Design Guidelines.

(w) No Owner may install liquid petroleum gas tanks on any Lot without obtaining prior written approval of the Design Committee.

(x) No Owner shall install or maintain any antenna or satellite dish which is Visible from a Neighboring Lot except that an Owner may install an antenna or satellite dish not exceeding ten (10) feet in height above normal grade area if such antenna or satellite dish is not visible from the adjacent streets.

(y) All telephone and electric power lines, water pipe lines and all other conduits for utilities shall be installed underground when outside the walls of a Residence.

(z) No Owner other than Declarant shall remove any tree within 25 feet of the property line of any Lot without the prior approval of the Design Committee.

(aa) No Owner other than Declarant may plant trees within any setback area established in the Design Guidelines without the prior written approval of the Design Committee.

(bb) No Owner may use second hand or used lumber or other material in any construction on any Lot.

(cc) If due to the peculiar location, size or topography of a particular Lot, an Owner cannot reasonably build a Residence without violating a specific provision of this Section 5.02, the Board shall have the authority, with the prior written approval of the Design Committee, to grant a variance from such specific restriction permitting such Owner to proceed to build and occupy a Residence without regard to the specific restriction.

(dd) The Association shall have the rights set forth in Section 7.05 with respect to each Lot.

(ee) Any covenant, condition and restriction set forth hereinabove in this Section 5.02 that pertains to an area in whole or in part constituting common elements of a Condominium over which the Sub-Association of such Condominium has control and authority shall obligate or restrict, as appropriate, the Sub-Association of such Condominium in addition to each Owner who is a member of the Sub-Association.

(ff) During the course of development and construction on any Lot, the terms of this Section 5.02 will be waived for Declarant to the extent necessary to permit construction of a Residence.

5.03 Private Area: Construction and Alteration of Improvements: Excavations.

No Owner or Sub-Association may construct, reconstruct, refinish, alter or maintain any improvement upon, under or above any Lot or a Private Area, or make or create any Excavation or Fill thereon, or make any change in the natural or existing surface drainage thereof, or install any utility line (wire or conduit) thereon, except in compliance with the Design Guidelines and all provisions of this section:

(a) Except to the extent reasonably necessary for the construction, reconstruction or alteration of any such improvement for which the Owner or Sub-Association has obtained approval from the Design Committee pursuant to this Section 5.03:

(1) No Owner or Sub-Association shall conduct any Excavation or Fill which would be Visible from a Neighboring Lot; and

(2) No Owner or Sub-Association shall install a power, telephone or other utility line (wire or conduit) on or under any Lot in a Private Area which would be Visible from a Neighboring Lot. The Association shall, in the event of any violation of the provisions of this subsection, restore such Private Area to its state existing immediately prior to such violation, including the removal of any unauthorized power, telephone or other utility line. The Owner of the Lot or Sub-Association shall reimburse the Association for all expenses incurred by the Association in performing any curative action under this subsection.

(b) Any Owner or Sub-Association proposing to construct, reconstruct, refinish or alter any part of the exterior of any improvement Visible from a Neighboring Lot, or to perform any other work which requires prior written approval of the Design Committee, shall apply to the Design Committee for approval in the following manner:

(1) In the case of Improvements having a cost exceeding \$25,000.00 (as this sum may be modified from time to time by the Design Committee, with the approval of the Board):

(i) The Owner or Sub-Association shall submit to the Design Committee prior to construction, preliminary plans for the proposed Improvements, prepared by an Architect showing the Improvements in detail with dimensions. The Design Committee shall review and shall either approve or disapprove such preliminary plans in writing within thirty (30) days after submission, and in the event of disapproval, shall state in writing the reasons for disapproval. The Design Committee's failure to approve or disapprove the preliminary

plans within said thirty (30) day period shall be deemed an approval of said preliminary plans.

(ii) Following approval of the preliminary plans, the Owner or Sub-Association shall submit the final plans and specifications ("final plans") for the proposed Improvements to the Design Committee in duplicate, including where appropriate, a plot plan showing easements, setback and contour lines, the location of all existing and proposed improvements, the proposed drainage plan, the proposed sewage disposal facilities, the location of all existing trees having a height in excess of six feet or a trunk measuring six inches or more in any diameter at ground level and indicating which trees (if any) the Owner or Sub-Association plans to remove, and the location of all proposed utility installations. The final plans shall indicate all exterior materials, finishes and colors to be used. The Owner or Sub-Association shall also indicate its proposed construction schedule, and shall pay a reasonable fee as established by the Design Committee for plan review and inspection. The Design Committee shall review and shall either approve or disapprove the final plans in writing within thirty (30) days after submission, and in the event of disapproval shall state in writing the reasons for disapproval. The Design Committee's failure to approve or disapprove the final plans within said thirty (30) day period shall be deemed an approval of the final plans. The Design Committee shall not disapprove any final plans on account of any matter previously presented and approved in the preliminary plans.

(2) In the case of exterior Improvements having a cost of \$25,000.00 or less (as this sum may be modified from time to time by the Design Committee, with the approval of the Board), the Owner or Sub-Association shall submit to the Design Committee for approval prior to construction final plans for the proposed Improvements, including where appropriate a plot plan showing easements, set back and contour lines, the location of all existing and proposed Improvements, the proposed drainage plan, the proposed sewage disposal facilities, the location of all existing trees having a height in excess of six feet or a trunk measuring six inches or more in any diameter at ground level and indicating which (if any) the Owner or Sub-Association plans to remove, and the location of all proposed utility installations. The final plans shall indicate all exterior materials, finishes and colors to be used. The Owner or Sub-Association shall also indicate its proposed construction schedule, and shall pay a reasonable fee as established by the Design Committee for plan review and inspection. The Design Committee shall review and shall either approve or disapprove the final plans in writing within thirty (30) days after submission, and in the event of disapproval shall state in writing the reasons for disapproval. The Design Committee's failure to approve or disapprove the final plans

within said thirty (30) day period shall be deemed an approval of said final plans.

(c) No approval of the Design Committee shall be required for any interior Improvements or alterations that are not visible from outside a Lot. However, modifications or alterations to the interior of screened porches, balconies, decks, patios, or any other portions of the Lot visible from outside the Lot shall be subject to approval. No approval of the Design Committee shall be required for reconstruction, refinishing, or repainting in accordance with the plans for Improvements or color scheme previously established by Declarant or previously approved by the Design Committee.

(d) The Design Committee's approval shall be valid for a period of one (1) year after the date such approval is given and shall be deemed revoked if the Owner shall not have commenced the approved construction, reconstruction, refinishing or alteration within the one (1) year period or shall not thereafter have completed the same with reasonable diligence. If the Owner or Sub-Association has not so commenced the approved construction, reconstruction, refinishing or alteration within the one (1) year period, then the Design Committee's approval shall lapse and the Owner or Sub-Association shall be required to resubmit final plans and specifications to the Design Committee for approval. The Design Committee shall either approve or disapprove the resubmitted final plans and specifications in writing within thirty (30) days after resubmission and in the event of disapproval shall state in writing the reasons for disapproval. The Design Committee's failure to approve or disapprove the resubmitted final plans within said thirty (30) day period shall be deemed an approval of said final plans. The Design Committee may require another plan review and inspection fee.

(e) The Owner or Sub-Association shall give written notice to the Design Committee within fourteen (14) days after the completion of construction of any Improvements or other work for which plans and specification were approved by the Design Committee pursuant to this section. The Design Committee shall inspect such Improvements or other work within thirty (30) days after the Owner or Sub-Association gives such written notice to the Design Committee. If the Design Committee finds that such Improvements or other work were not constructed in substantial compliance with the approved plans and specifications, the Design Committee shall notify the Owner or Sub-Association of such noncompliance and require the Owner or Sub-Association to remedy such noncompliance within sixty (60) days from the date of such notice. If the Owner or Sub-Association shall fail to remedy such noncompliance within said sixty (60) day period, or if a longer time is reasonably required, and the Owner or Sub-Association has failed in good

faith to commence a remedy within said sixty (60) day period and is not diligently pursuing a remedy, the Design Committee shall notify the Association of such failure, and the Association may take any reasonable steps to remedy the noncompliance or to restore the Lot to its pre-existing condition and may assess the Owner or Sub-Association for all expenses incurred by the Design Committee. The Design Committee's failure to notify the Owner or Sub-Association of any such noncompliance within thirty (30) days after receipt of such notice of completion shall be deemed approval of completion in accordance with said approved plans.

(f) The provisions of this Section 5.03 to the contrary notwithstanding, no approval by the Design Committee shall be required for any construction done by or for Declarant, including without limitation any construction of Residences by Declarant and any work done by Declarant, its representatives, agents, employees or contractors in connection with the construction of subdivision Improvements required by the State of Hawaii or the City and County of Honolulu or in connection with the construction of any roadways, signage or landscaping or any electrical, cable television, communication, water, sewer or other utilities.

(g) The Design Committee shall have no power to vary any of the standards and restrictions set forth in the Restrictions, except as may be permitted herein or authorized by the Board. The Association shall have the right to commence and pursue any remedy provided in the Restrictions for any violation by an Owner or Sub-Association of the Restrictions, whether or not the Design Committee shall have approved plans and specifications.

(h) In reviewing plans and specifications, the Design Committee shall consider whether the proposed improvement complies with the restrictions stated in Section 5.02 and whether the proposed improvement:

(1) Is compatible as to the quality, type of materials, workmanship and external design with reference to existing structures and other Improvements in the area, and the location of the proposed improvement is compatible with respect to topography and ground elevation;

(2) Conforms to the Design Guidelines and general plan of Launani Valley;

(3) Constitutes a suitable and adequate development of the Lot;

(4) Is, in the case of a Residence, comparable to other Residences in the area in value and design; and

(5) Will not, because of its design unreasonably interfere with free access of light and air to or view from adjoining Lots.

5.04 Common Area: Uses and Restrictions.

Non-exclusive use of the Common Area shall be reserved equally to all Owners, except as specifically provided herein, and every Owner shall have a right and easement in and to the Common Area, which easement shall be appurtenant to every Lot, subject, however, to the following restrictions:

(a) Use of the Common Area shall be subject to the Rules.

(b) Use of the Common Area shall be subject to such easements and rights-of-way then existing or reserved by Declarant at the time of conveyance to the Association; to such Road and public utility easements and rights-of-way as may from time to time be taken under the power of eminent domain; and to such other Road and public utility easements as may from time to time be granted or conveyed by Declarant, the right to make such grants of easement being expressly reserved to Declarant or to the Association pursuant to the provisions of paragraph (c) of Section 7.05.

(c) No Improvements, excavation or other work which in any way alters any Common Area from its unimproved or existing state on the date when such Common Area was conveyed to the Association, shall be done except in strict compliance with provisions of Section 5.05.

(d) Except to the extent otherwise permitted pursuant to the provisions of Sections 5.04(b) and 5.05, the Common Area shall be exclusively devoted to recreational uses which do not damage the Common Area or the vegetation therein, increase the cost of maintenance thereof, or cause unreasonable embarrassment, disturbance or annoyance to Owners in their enjoyment of their Private Areas, or in their enjoyment of the Common Area. The following restrictions shall apply:

(1) There shall be no camping in the Common Area, except as permitted by the Board by written license.

(2) No fires shall be started in the Common Area, except fires started and controlled by the Association incidental to maintenance of the Common Area, and fires in enclosed cooking facilities and campfires in picnic areas within Recreational Facilities developed by the Association.

(3) No animals shall be permitted on the Common Area except generally recognized housepets under the control of their Owners.

(e) The right to use and enjoy the Common Area shall extend to Owners, their families and invitees.

(f) Declarant may reserve a portion of the Common Area for the development and operation of private Recreational Facilities, the use of which require payment of assessments or other fees. Any such private Recreational Facility may be owned, operated or managed by the Association or a private party, including, without limitation, a Sub-Association or other association of apartment owners.

5.05 Common Area: Construction and Alteration of Improvements.

No Improvements, Excavation or other work which alters any Common Area from its unimproved or improved state on the date when such Common Area was conveyed to the Association shall be done, except in compliance with the following provisions:

(a) No person other than Declarant, the Association or a Governmental Agency, and their respective contractors and employees shall improve, excavate, construct, reconstruct, refinish, alter or maintain any Excavation or Fill upon or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub or other vegetation from or plant any tree, shrub or vegetation upon any Common Area.

(b) The Association shall first submit the final plans for any proposed construction, reconstruction, refinishing or alteration of the exterior of any Improvement located or to be located upon any Common Area, or for any proposed Excavation or Fill or change to the natural or existing drainage or for removal of any existing trees having a height in excess of six feet or a trunk measuring six inches or more in diameter at ground level from any Common Area to the Design Committee for approval in such form and containing such information as the Design Committee may from time to time require. The Design Committee shall approve the final plans upon satisfaction of the following conditions:

(1) Any plans to construct any new Improvements or to alter the exterior appearance of any existing Improvement upon any Common Area shall comply with the standards set forth in Sections 5.03(h)(1) through (5) inclusive, which standards will also apply to the Common Area. The design of such Improvements shall be in harmony with other Improvements and the overall appearance of Launani Valley.

(2) The Design Committee shall review and shall either approve or disapprove such plans in writing within thirty (30) days after submission, and in the event of disapproval of the final plans shall state in writing the

to which the undivided interest in the Cotenancy Area is appurtenant without also conveying the undivided interest in the Cotenancy Area; provided, however, that all of the Owners of the Cotenancy Area may jointly grant an easement in favor of a Sub-Association over a Cotenancy Area or dedicate their respective undivided interest in the Cotenancy Area to a Sub-Association, the State of Hawaii or City and County of Honolulu for public purposes, or to the Association to be held as Common Area if the Association is willing to accept the dedication. Upon acceptance of such conveyance by the Association, the Cotenancy Area so dedicated shall become Common Area.

5.07 Lots Owned by Exempt Organizations. The restrictions on the use and occupancy of the Improvements set forth in this Article V shall apply to any Lot even if such Lot is owned by or leased to an Exempt Organization. An Exempt Organization, however, shall have no right to vote as a member of the Association, and shall not be liable for any assessments under the provisions of Article III, but shall be liable for all costs and expenses incurred by the Association enforcing the provisions of the Restrictions.

5.08 Exempt Areas.

The provisions of Article V to the contrary notwithstanding, the restrictions on Improvements, use and occupancy set forth in Article V shall not apply to any Lot so long as such Lot is owned by or leased to any Governmental Agency, and used for public, governmental or public utility purposes, to the extent that such restrictions shall prevent reasonable use of such Lot for said purposes. All restrictions not preventing reasonable use for public, governmental or public utility purposes shall continue to apply as if the Lot is used by a private Owner, including without limitation, all requirements of Design Committee approval regarding Improvements to be made by the Governmental Agency. On cessation of such governmental use, the restrictions of this Article V shall become applicable to the Lot. Declarant and the Association shall have the power to release any Lot or other real property, temporarily or forever, from any restrictions in this Article V if such waiver shall be necessary or advisable to obtain acceptance of such real property by the Governmental Agency. A Governmental Agency shall have no right to vote as a member of the Association, and shall not be liable for any assessments under the provisions of Article VIII, but shall be liable for all costs and expenses incurred by the Association in enforcing the provisions of the Restrictions.

5.09 Presumption of Compliance.

The following Improvements, Excavation, Fill and other

reasons for such disapproval of such final plans. The Design Committee's failure to approve or disapprove the final plans within said thirty (30) days period shall be deemed an approval of the final plans.

(3) The Association is not required to obtain the approval of Declarant with regard to any proposed plans.

(c) The provisions of this Section 5.05 to the contrary notwithstanding, no approval by the Design Committee shall be required for any construction done by or for Declarant, including without limitation any construction of Recreational Facilities by Declarant and any work done by Declarant, its representatives, agents, employees or contractors in connection with the construction of subdivision Improvements required by the State of Hawaii or the City and County of Honolulu or in connection with the construction of any roadways, signage or landscaping or any electrical, cable, television, communication, water, sewer or other utilities.

(d) The Association may, without the approval of the Design Committee, at any time:

(1) Reconstruct, replace, refinish any Improvement upon a Common Area in accordance with plans previously approved by the Design Committee, or if such Improvement existed upon the Common Area when such Common Area was conveyed to the Association, then in accordance with the original design, and the original or a higher standard of construction of such improvement.

(2) Construct, reconstruct, replace or refinish any roadway improvement upon any portion of the Common Area designated on a subdivision map as a Road.

(3) Replace any destroyed trees or any other vegetation in a Common Area, or plant trees, shrubs and ground cover, and install appropriate irrigation systems.

(4) Place and maintain upon any Common Area such signs as the Association may deem necessary for the identification of Launani Valley and Roads; for the regulation of traffic, parking and use of the Common Area; and for the health, safety and general welfare of Owners and the public, provided that the design of any such signs first shall be approved by the Design Committee.

(e) Any Owner who has previously obtained an easement from the Association may, with the prior written approval of the Design Committee, install and maintain a subsurface utility system within any Common Area.

5.06 Cotenancy Area: Uses and Restrictions:
Construction and Alteration of Improvements.

Each Cotenancy Area shall be for the exclusive use and benefit of its Owners, subject, however, to the following covenants, conditions and restrictions:

(a) The Association, or its duly authorized agents, shall have the rights set forth in Section 7.05 with respect to each Cotenancy Area:

(b) The construction of any Improvement or other work which alters any Cotenancy Area from its unimproved or improved state existing on the date the first undivided interest in such Cotenancy Area is conveyed by Declarant to an Owner or Sub-Association shall not be done, except in compliance with the following provisions:

(1) No Owner will undertake the construction of any such Improvement or perform work without the written consent of the Sub-Association which maintains the Cotenancy Area, if applicable.

(2) The construction of any Improvement or other work to be done on a Cotenancy Area other than construction by Declarant shall require approval of the Design Committee. The standard for approval for such work shall be the same standard required for any Improvement or other work on a property to which an undivided interest in a Cotenancy Area is appurtenant.

(3) A Sub-Association shall not be required to obtain consent of the Sub-Association members prior to making any Improvements in a Cotenancy Area.

(c) A Cotenancy Area may be used for any purpose for which such Cotenancy Area was expressly created, as described in any declaration or conveyance document. The use of any Cotenancy Area is also subject to all applicable Restrictions set forth in this Declaration.

(d) All Owners of undivided interests and, if so provided in an appropriate declaration, a Sub-Association shall be responsible for maintaining their Cotenancy Area and all landscaping planted on such Cotenancy Area in good and clean condition and repair and in such manner as not to create a fire, safety or health hazard to any part of Launani Valley. The Sub-Association may assess each Owner of an interest in a Cotenancy Area his proportionate share of any expenses incurred by such Sub-Association in so maintaining the Cotenancy Area.

(e) No Owner shall convey an undivided interest in a Cotenancy Area separately from the Lot to which the undivided interest in the Cotenancy Area is appurtenant or convey the Lot

work shall for purposes of the Restrictions be conclusively presumed to be in compliance with the provisions of this Article V:

(a) All Improvements, Excavation, Fill and other work existing or maintained on any Lot within the Community Area at the time such Lot became a part of the Community Area.

(b) All Improvements, Excavation, Fill and other work existing or maintained on any Private Area at the time such Private Area was first conveyed by Declarant to an Owner or a Sub-Association.

(c) All Improvements, Excavation, Fill and other work from time to time constructed or maintained by Declarant upon any Lot or Cotenancy Area in any Private Area, or upon any Common Area.

5.10 Agricultural Operations. The Owner of each Lot, by acceptance of a deed or lease for such Lot, shall be deemed to acknowledge that the Community Area is located near or adjacent to land and easements currently or formerly used for and in connection with the cultivation of sugar cane, pineapple and diversified agricultural operations, including, but not limited to, open burning; percolating; evaporating; milling; generating power; trucking; plowing; hauling; fertilizing; grading; storing; herbicide, ripener, and pesticide spraying; crop dusting; water diversion; irrigating; and all other activities incidental to the planning, cultivating, harvesting and processing of crops, which may from time to time cause surface water runoff, noise, soot, smoke, dust, light, heat, vapors, odors, chemicals, vibrations, and other substances and phenomena of every description (collectively the "Agricultural Effects") to be discharged, emitted, or transmitted over and upon the Community Area which may bother or be a nuisance to the Owner and any person occupying or using any Lot in the Community Area. Each Owner shall also be deemed to acknowledge that the Hawaii Right to Farm Act (Chapter 165, Hawaii Revised Statutes, as amended) and Hawaii law limit the circumstances under which farming operations may be deemed to be a nuisance. Each Owner, for himself, his heirs, personal representatives, successors, assigns, and any person using or occupying any Lot in the Property and the Community Area shall be deemed by acceptance of such deed or lease to waive, release and agree to indemnify and hold harmless the State of Hawaii and Declarant and their respective officers, directors, employees, agents, successors and assigns from any and all actions, claims for damages and costs (whether brought in nuisance, trespass, or any other area of law or equity, but excluding negligence), including reasonable attorneys' fees, arising directly or indirectly out of or from the Agricultural Effects, and these provisions shall be included in any subsequent conveyance of any Lot in the Community Area.

ARTICLE VI. DESIGN COMMITTEE

6.01 Design Committee: Organization and Powers.

(a) The Board of Directors shall appoint and maintain a Design Committee to review and control the design and development of the Community Area and to adopt the Design Guidelines for Launani Valley.

(b) The Design Committee shall consist of at least three, but not more than five, members (the "Members"), at least one of whom shall be an Architect (the "Architect Member"). Other than the Architect Member, the Members initially appointed shall not be required to meet any qualification for membership on the Design Committee. The Members of the Design Committee appointed by the Declarant need not be Owners or representatives of Owners. Until one hundred percent of the Community Area has been developed and conveyed to purchasers in the normal course of development and sale, the Declarant retains the right to appoint all Members of the Design Committee who shall serve at the discretion of the Declarant. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board may by majority vote appoint Owners as replacement Members for the Members appointed by Declarant who are not Architect Members, and an Architect as a replacement Architect Member for the Architect Member appointed by Declarant.

(c) The Board of Directors shall also designate two alternate Architect Members (the "Alternate Architect Members") to the Design Committee, who need not be Owners, to act in the absence or disability of the Architect Member. At any time after the expiration of the Declarant's right to appoint all Members of the Design Committee, the Board may by majority vote appoint Architects as replacement Alternate Architect Members for the original Architect Members appointed by the Declarant.

(d) The following persons are hereby designated as the initial Members of the Design Committee:

- (1) Takeshi Matsukata, Member,
- (2) Christopher L. Lau, Member,
- (3) Joan Duell, Member, and
- (4) Joe Wuchterl, Architect Member.

The initial Members and Architect Members shall hold office until such time as they resign, are removed or until a

successor has been appointed, as herein set forth.

(e) All Members and Alternate Architect Members of the Design Committee shall be appointed as follows:

(1) Until one hundred percent of the Community Area has been developed and conveyed to purchasers in the normal course of development and sale, the Declarant retains the right to appoint and remove Members of the Design Committee.

(2) At any meeting of the Board after the expiration of Declarant's aforesaid right, the Board may by majority vote appoint replacements for the Members of the Design Committee.

(3) The replacements for the Members appointed by the Declarant, and all successors thereafter, shall be appointed to serve as Members or Architect Members of the Design Committee for a period of two (2) years; provided, however that if the Board appoints two Members simultaneously, one Member shall be appointed for an initial term of two (2) years and one Member shall be appointed for an initial term of one (1) year in order that Members serve staggered terms.

(f) Any Member of the Design Committee may resign at any time upon written notice delivered to Declarant or to the Board, whichever then has the right to appoint and remove Members.

6.02 Design Committee Meetings, Action, Compensation.

The Design Committee shall meet from time to time as necessary to perform its duties. The vote or written consent of a majority of the Members of the Design Committee shall constitute the act of the Design Committee, unless the unanimous action of its Members is otherwise required by the Restrictions; provided, however, that the Architect Member shall have unilateral power to disapprove plans, drawings and specifications submitted to the Design Committee for approval pursuant to any section of Article V without the concurrence of any other Member, except with respect to matters for which approval is required under Section 5.05. The Design Committee shall keep and maintain a record of all actions taken from time to time. The Architect Member and the Alternate Architect Members shall receive reasonable fees for professional services rendered. The Design Committee may charge a reasonable fee for reviewing applications pursuant to the Design Guidelines, except that no fees shall be charged to the Association. Unless otherwise authorized by the Association, the non-Architect Members of the Design Committee shall not receive any compensation for services rendered. All Members shall be

entitled to reimbursement for reasonable expenses incurred by them in performing their duties as Members of the Design Committee.

6.03 Design Guidelines.

The Declarant shall prepare the initial design and development guidelines and applications and review procedures (the "Design Guidelines") which shall be applicable to all construction activities within the Community Area. The Design Guidelines may contain general provisions applicable to all of the Community Area, as well as specific provisions which vary from one portion of the Community Area to another depending upon the location, unique characteristics and intended use thereof. The Design Committee, acting on behalf of the Board of Directors, shall adopt such Design Guidelines at its initial organizational meeting and, thereafter, shall have sole and full authority to amend the provisions thereof.

The Association shall keep a current copy of the Design Guidelines available at all times at the office of the Association for inspection by any Owner or Owner's architect. The Design Guidelines shall establish the standards for the construction of any Residence to be constructed or developed in the Community Area.

6.04 Estoppel Certificate.

Any Owner may, upon payment to the Association of a reasonable fee as determined from time to time by the Association, request that the Design Committee deliver to such Owner within thirty (30) days of the request an estoppel certificate executed by any two of its Members in form determined by the Design Committee and suitable for recording, certifying with respect to such Owner's property that, as of the date of its execution, either (a) all Improvements and other work done upon such property complies with the Restrictions, or (b) such Improvements and work does not so comply, in which event the certificate shall (1) identify the noncomplying Improvements and/or work, and (2) set forth the reason for such noncompliance. Any purchaser or mortgagee of such Owner shall be entitled to rely on the matters therein set forth in such certificate, such matters being conclusive as between the Association, the Owner and such purchaser or mortgagee.

6.05 Liability.

Neither the Design Committee nor any Member of the Design Committee shall be liable to the Association or to any Owner or to any other person for any damage or loss on account

of (a) the approval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans and specifications, (c) the development of any Lot or of the Community Area, or (d) the execution and filing of an estoppel certificate pursuant to Section 6.04 or the accuracy of any facts stated therein; provided, however, that such Member has acted in good faith. The Design Committee, or any Member may, but is not required to, confer with the Association or any Owner or his architect with respect to any plans, drawings or specifications or any other proposals submitted to the Design Committee.

6.06 Non-existence of Design Committee.

In the event that at any time through death, absence from the State, resignation, or for any other reason, there shall not be sufficient Members of the Design Committee necessary to act on a particular matter for a period of at least twenty (20) days, then, until there shall again be sufficient Members of the Design Committee, the President or any Vice President of the Association, shall act for the Design Committee, and such officer's certificate that there had been no Design Committee, or that the required Members were not present, and that he was acting pursuant to the authority of this section shall be conclusive between the Association, the Owners, any purchaser, or, mortgagee. The President or a Vice President acting under this Section shall be entitled to employ an Architect (who shall be compensated pursuant to Section 6.02) to render technical advice.

ARTICLE VII. LAUNANI VALLEY ASSOCIATION

7.01 Organization.

The Association shall be organized as a nonprofit corporation under Chapter 415B, Hawaii Revised Statutes, as amended. The Association shall have the duties, obligations and powers set forth in this Declaration and in the Association's Articles of Incorporation and By-Laws.

7.02 Association Membership.

(a) Each Owner of a Lot within the Community Area shall be a member of the Association (hereinafter referred to as an "Association Member", the membership of such Association Member hereinafter referred to as the "Association Membership").

(b) For the purposes of determining Association Membership status, an "Association Member" shall include:

(1) the Owner of any Lot within the Private Area, excluding any Governmental Agency, Declarant, and any Exempt Organization; and

(2) Declarant, so long as Declarant is the Owner of any Lot within the Community Area.

(c) No Association Member shall be terminated, or his Association Membership forfeited, except upon transfer of his interest in the Lot in the Community Area which entitles him to Association Membership; provided, however, that upon execution, delivery and recordation of a valid agreement of sale of interest in a Lot and delivery of a copy of such agreement of sale to the Secretary of the Association, the vendor's Association Membership and all voting rights and obligations incident thereto, shall be considered temporarily transferred to the vendee, such transfer becoming permanent upon subsequent execution, delivery and recordation of a deed or assignment of lease in satisfaction of said agreement of sale or revesting equitable title in the vendor in the event of termination of said agreement of sale. No Association Member may withdraw, transfer or otherwise dispose of his Association Membership, except upon the conveyance, assignment or transfer (or transfer by agreement of sale) of a Lot to which the Association Membership is appurtenant.

(d) There shall be two (2) classes of Association Membership as follows:

(1) Class A Association Members shall include all Owners described in subsection (b)(1) above; and

(2) Class B Association Member shall include Declarant described in subsection (b)(2) above.

Declarant's Class B Association Membership shall terminate and become converted to Class A Membership upon the happening of the earlier of the following:

- (i) When the Class A votes total 950 in number;
- (ii) December 31, 2012; or
- (iii) When, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earliest, the Class B Association Member shall be deemed to be a Class A Association Member.

(e) An Association Member shall have all rights, duties, privileges and obligations of an Owner as set forth in this Declaration, and in the Articles of Incorporation and the By-Laws of the Association.

7.03 Voting Rights.

Association Members shall be entitled to vote as follows:

(a) Each Class A Association Member shall be entitled to one (1) vote for each Lot owned in the Private Area.

(b) Each Class B Association Member shall be entitled to one (1) vote for each Lot owned in the Community Area.

(c) If an Association Member is an Owner comprised of more than one person or entity, any one person or entity shall exercise the votes attributable to such Association Member in the absence of protest by the other co-Owners. In case of protest, each co-Owner shall be entitled to vote its respective fraction of the one vote in proportion to the co-Owner's share of ownership in the Lot.

7.04 Duties and Obligations of the Association.

The Association shall have the following duties and obligations, subject to the Restrictions, to be performed and for the maintenance and improvement of Launani Valley for the benefit of the Owners:

(a) The Association shall consider as part of Launani Valley all real property annexed to the Community Area pursuant to Sections 4.02 and 4.06 and shall accept all Owners as Association Members.

(b) The Association shall acquire, accept and hold title to all Common Areas and other real property from time to time conveyed to the Association pursuant to Section 9.05. The Association may also acquire, accept and hold title to any other real, personal or mixed property; provided that the Association shall not carry on any business or trade for profit. The Association may charge reasonable fees to Owners for use of the Recreational Facilities on the Common Areas to defray the costs of construction, maintenance, repair or operation of Recreational Facilities, or of other facilities owned by the Association, where permitted under the Internal Revenue Code of 1986, as amended from time to time.

(c) The Association shall maintain the Common Area and other property owned by the Association, including without

limitation Recreational Facilities, drainage facilities, equipment, landscaping, Lots and easements designated or reserved for dedication to Governmental Agencies but held by the Association pending such dedication and all Improvements located on the Common Area and other property in good order and repair. The Association shall have no obligation to maintain in good order and repair any improvement constructed upon the Common Area by any Owner, but may compel such Owner to maintain such improvement.

(d) The Association shall accept and undertake to fulfill any delegation, responsibility or liability for the upkeep, repair and maintenance in good order of any property and Improvements, including drainage facilities and equipment and landscaping, within or adjoining the Community Area, which obligation, responsibility or liability is imposed by or exists by virtue of law or which is imposed by or exists by virtue of a private agreement entered into by Declarant or commitment made by Declarant to a Governmental Agency in the course of the development of the Community Area, whether or not the Association was or is made a party to such agreement or commitment;

(e) The Association shall accept and undertake the responsibility and obligation to upkeep, repair and maintain any area within the Community Area for which such responsibility and obligation has been delegated to the Association by Declarant, provided that (1) the area is intended to be conveyed to the Association as a Common Area, (2) the area is fully and completely developed for its intended use, (3) the area is available for use by all Owners within the Community Area or is of general benefit to the Community Area, and (4) Declarant gives the Association thirty (30) days prior written notice that responsibility for upkeep, maintenance and repair is being transferred to the Association.

(f) The Association shall pay all real property taxes and assessments levied upon any portion of the Common Area to the extent not assessed to or paid by the Owners.

(g) The Association may contract for, employ or otherwise provide security and refuse disposal services if such services are not provided by the City and County of Honolulu or other Governmental Agency, and if the cost for such services is assessed directly or indirectly against the Owners.

(h) The Association shall obtain, maintain and enforce the following policies of insurance:

(1) all Improvements located upon any Common Area shall be covered by (i) property insurance in ISO special form, including coverage for outdoor property, in an agreed

amount for the full replacement value of said Improvements, (ii) flood insurance, under the provisions of the Federal Flood Disaster Protection Act of 1973 if the property is located in an identified flood hazard area as designated by the Department of Housing and Urban Development or the Federal Emergency Management Administration, with minimum limits equal to 100% of the insurable value of all improvements owned by the Association and located upon any Common Area or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less, and (iii) such other insurance covering hazards (including boiler and machinery comprehensive perils) or risks which a prudent businessman would insure against by an insurance company authorized to do business in the State of Hawaii and in time of war against war damage to the extent such governmental insurance is obtainable at reasonable cost, in an amount as near as practicable to the full replacement costs thereof without deduction for depreciation through a replacement cost endorsement, and if applicable, an inflation guard endorsement to ensure policy limits are maintained at full replacement value, by blanket policy or policies in the name of the Association, and

(2) commercial general liability insurance with respect to the Common Area and Improvements thereon, under policies, in an amount not less than a combined single limit for bodily injury and property damage with endorsements for products and completed operations liability for THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00) per occurrence or such higher limits as the Association may from time to time establish with due regard to prevailing prudent business practices in Hawaii.

The policy or policies of commercial general liability insurance shall name as insureds (i) the Association and its officers, the Board and its members, the Design Committee and its Members and the employees of the Association, Board and Design Committee; and (ii) the Owners with respect to any liability arising out of the maintenance and use of the Common Area. Such policy or policies shall protect each of the insureds as if each were separately insured under separate policies, provided, however, that such policy or policies shall not require the insurer or insurers to pay any amounts in excess of the maximum limits stated therein. Each policy of insurance obtained by the Association shall expressly waive all rights of subrogation against Declarant and any Owner.

The Association shall also obtain and maintain in force any policies of insurance covering such other risks as may be determined to be necessary or advisable by the Board.

(i) The Association shall maintain a fidelity bond covering all directors, officers, employees and agents of the

Association, including without limitation the Manager, handling or responsible for funds belonging to or administered by the Association. The premiums on such fidelity bond shall be paid by the Association. Such fidelity bond shall cover the maximum funds that will be in the custody of the Association or the Manager at any time while the bond is in force. Every such fidelity bond shall:

(1) provide that the bond may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least thirty (30) days' prior written notice to the Association and every other person in interest who shall have requested such notice; and

(2) contain a waiver of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

7.05 Powers of Association.

The Association shall have all the powers set forth in the Articles of Incorporation, the By-Laws, and the Restrictions, and all powers conferred upon the Association by the Hawaii Nonprofit Corporation Act, Chapter 415B, Hawaii Revised Statutes, as amended, subject, however, to limitations upon the exercise of such powers as are expressly set forth in the Articles of Incorporation, the By-Laws and the Restrictions; to do all lawful things which may be authorized, required or permitted to be done by the Association under the Restrictions; and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the purposes of the Association or for the health, safety and general welfare of the Owners of Launani Valley. Without limiting the generality of the foregoing, the Association shall have the following express powers:

(a) The Association shall have all the powers set forth in the Restrictions, including, without limitation, the power to levy assessments on Association Members pursuant to Article VIII, to defray the cost of satisfying the duties and obligations and take any such action, whether or not expressly authorized by the Restrictions, the Rules or the Design Guidelines;

(b) In fulfilling any of its duties and obligations under the Restrictions, including without limitation, its duties and obligations for the maintenance, repair, operation and administration of the Common Area or in exercising any of its rights to construct Improvements or other work upon any Common Area and any Recreational Facility, the Association shall have the following power:

(1) to contract and pay for and provide for the construction of Improvements or other work upon any Common Area, and to contract and pay for and provide for the maintenance, restoration and repair of all Improvements of whatever kind located on any Common Area, and to contract and pay for and provide for such other services as may be necessary or otherwise in carrying out its functions as set forth in the Restrictions on such terms and conditions as the Association shall deem appropriate. and to pay and discharge all liens arising out of any work;

(2) to obtain, maintain and pay for such insurance policies or bonds as the Association may deem appropriate for the protection or benefit of Launani Valley, the Association, the members of the Board, the Design Committee or the Owners;

(3) to contract and pay for or provide for such utility services including, without limitation, water, sewer, garbage disposal, refuse collection and recycling, electrical, telephone, community antenna television and gas service; provided such services are made available to all Owners on a commercially reasonable basis;

(4) to contract and pay for, or provide for the services of architects, engineers, attorneys and certified public accountants and such other services as the Association may deem necessary;

(5) to contract and pay for, or provide for, fire, police and such other public safety and security as the Association may deem necessary for the benefit of Launani Valley and the Owners, and

(6) to contract and pay for or provide for such materials, supplies, furniture, equipment and labor as the Association deems necessary, and to pay and discharge any and all liens from time to time placed or imposed upon any Common Area on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties of maintenance, repair, operation or administration.

(c) The Association shall have the power and authority from time to time to convey to any Governmental Agency, public utility, private utility or third party for reasonable compensation or on such other terms as the Board may approve such easements, rights-of-way, parcels or strips of land in, on, over or under any Common Area, for the purpose of:

(1) constructing, directing, operating and maintaining roads, public streets, walks, driveways, parkways and park areas;

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

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

(d) the Association may from time to time employ the services of a Manager to manage the affairs of the Association, and to the extent not inconsistent with the laws of the State of Hawaii Nonprofit Corporation Act, the Association may delegate to the Manager any of its powers under the Restrictions, provided, however, that the Manager may execute any contract on behalf of the Association for a sum not to exceed Ten Thousand and No/100 Dollars (\$10,000.00) or for the performance of any work or services, which work or services will be completed within sixty (60) days, but shall not have the power to sell, convey, mortgage or encumber any real or personal property of the Association other than unserviceable maintenance or recreation equipment.

(e) The Association may from time to time pay, compromise or contest any or all taxes and assessment levied against all or any part of the Common Area, or upon any personal property belonging to the Association, provided, however, that prior to the sale or disposition of any property to satisfy the payment of any such tax assessments, the Association shall pay and discharge the lien imposed with respect to such property.

(f) The Association may exchange, sell, convey, or otherwise dispose of, for cash or on such terms as the Association shall approve, any portion of the Common Area, with Improvements thereon, or other property of the Association, the retention of which property the Association has determined is no longer necessary, advantageous or beneficial for the Association or for the Owners, and to borrow money, without limit as to the amount, for any purpose and to secure the same by a mortgage of any portion of the Common Area then owned by the Association, or any other property of the Association, provided, however, that no such exchange, sale or other disposition of any real property in fee and no such borrowing and mortgaging shall be made unless the same shall have been approved by an affirmative vote of not less than a two-thirds (2/3) interest of all Association Members (excluding Declarant) who may vote in person or by proxy at a meeting of the Association duly called for such purchase, the notice for which

meeting shall have described the real property to be sold and the terms of sale or the amount of the borrowing and the property to be mortgaged, and shall have given the reasons therefor. Any such mortgage, conveyance or encumbrance of any Common Area shall be subject to an easement for ingress and egress in favor of any Lot which requires access through such Common Area. All proceeds of any disposition of any sale or borrowing, less the expenses thereof, shall be invested by the Association in additional property acquired for the benefit of the Association and the Owners, or in improving the properties of the Association.

(g) The Association shall have the power and authority, at any time and from time to time and without liability to any Owner for trespass, damage or otherwise, to enter upon any Lot for the purposes of (i) maintaining and repairing any such Lot, if for any reason whatsoever the Owner of such Lot fails to maintain and repair such Lot in good condition and repair, (ii) removing any Improvement constructed, reconstructed, refinished, altered or maintained upon any Lot in violation of the provisions of these Restrictions or the Design Guidelines and (iii) inspecting such Lot to determine compliance with these Restrictions or the Design Guidelines.

(h) The Association shall have the power and authority (but shall not be required) from time to time, in its own name or behalf or in the name and behalf of any Owner who consents thereto, to commence and maintain actions or suits to restrain and enjoin any breach or threatened breach of these Restrictions or the Design Guidelines, or to enforce by mandatory injunction or otherwise any of the provisions of these Restrictions or the Design Guidelines.

(i) All reasonable expenses incurred by the Association in exercising its rights under subsections (g) and (h) above, including court costs and attorneys' fees, shall be an Individual Special Assessment levied pursuant to Section 8.04 against the Owner of the Lot whose violation of these Restrictions or the Design Guidelines resulted in the Association incurring expenses.

7.06 Rules.

(a) The Board may from time to time adopt, amend and repeal rules and regulations to be known as the Rules to govern the following:

(1) the use of Common Area, including any Recreational Facility by any Owner or by the Family, invitees, licensees, or lessees of any Owner;

(2) the use of Roads;

- (3) the collection and disposal of refuse;
- (4) the burning of open fires;
- (5) the maintenance of animals within Launani Valley; and
- (6) the amount of the Initiation Assessment to be paid by each new Association Member.

(b) With respect to subsection (a)(2) above, the Rules may provide for:

- (1) Parking restrictions;
- (2) maximum speeds for vehicular traffic on Roads owned by the Association;
- (3) the time or times when commercial vehicles may be permitted to use Roads owned by the Association; and
- (4) the types of vehicles other than passenger automobiles which may be permitted to use Roads owned by the Association.

(c) The Association shall maintain a copy of the Rules as adopted, amended or repealed from time to time, certified by the secretary of the Association, and shall deliver a duplicate copy to each Owner on his acquisition of a Lot, and shall deliver a copy of each new rule or amendment of an existing rule and notice of repeal of any rule to each Owner. The Rules shall be incorporated in and have the same force and effect as if they were a part of the Restrictions. Failure of any Owner to receive a copy of any rule, amendment of a rule, or notice of repeal of a rule shall not render such rule, amendment or repeal invalid.

7.07 Limited Liability of Members of the Board; Indemnification.

No member of the Board shall be personally liable to any Owner, guest, invitee or to any other person, including the Declarant, for any error or omission of such member, the Association, its employees, the Design Committee or the Manager of the Association, so long as such member has acted in good faith.

The Association shall indemnify, hold harmless and defend every director, officer, and committee member of the Association against any and all costs and expenses, including without limitation attorneys' fees, reasonably incurred by or

imposed on the director, officer, or committee member in connection with any action, suit or proceedings to which the director, officer, or committee member may be made a party by reason of being or having been a director, officer, or committee member of the Association, whether or not such person is a director, officer, or committee member at the time such expenses are incurred. The directors, officers, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by such directors, officers, and committee members in the performance of their duties, except in relation to matters as to which they shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. The foregoing rights shall not be exclusive of any other rights to which any such person may be entitled. In this regard, unless the only allegations against a director, officer, or committee member are for gross negligence or willful misconduct, the foregoing rights to be indemnified, held harmless and defended shall apply from the outset of any action, suit or proceeding. The Association shall, as a common expense, maintain liability insurance and directors' and officers' liability insurance, as required by Section 10 of the Declaration, to fund the foregoing obligation.

7.08 Exclusive Powers of the Association.

The Association, through the Board, shall have the exclusive authority to exercise the powers described in Section 7.05.

ARTICLE VIII. FUNDS AND ASSESSMENTS

8.01 Operating Fund.

The Association shall maintain an Operating Fund and one or more reserve funds into which the Association shall deposit all monies received by the Association, whether from Initiation Assessments, Maintenance Assessments, Individual Special Assessments, income attributable to the Operating Fund or any other rents, charges or fees levied by the Association. The Operating Fund shall comprise the working capital of the Association from which the Association shall make all disbursements and discharge all liabilities in the exercise and performance of its duties and obligations under this Declaration, the Articles of Incorporation and the By-Laws.

8.02 Initiation Assessment.

The Association shall charge to each Owner, except Owners exempt under Section 8.05, an Initiation Assessment upon such Owner taking title to a Lot from Declarant thereby

becoming an Association Member. The Initiation Assessment shall be in addition to any other Assessments provided for in this Article VIII. The amount of the initial Initiation Assessment shall be determined by the Board. The Initiation Assessment may be increased or decreased from time to time pursuant to the Rules.

8.03 Maintenance Assessment.

(a) The initial Maintenance Assessment per month for each Association Member shall be determined by the Board.

(b) No later than thirty (30) days prior to the commencement of each Fiscal Year beginning with the first Fiscal Year in which the first annual meeting of the Association shall be held, the Board shall estimate the costs and expenses to be incurred by the Association during the Fiscal Year in performing its duties and obligations including without limitation the cost of utilities for the Common Area, janitorial services, trash disposal, repairs and maintenance, security, management, the cost of management contracts, supplies, wages and salaries of employees used in maintenance and general operations, payroll taxes (and similar governmental charges) with respect thereto, depreciation or rental of equipment used in operation and maintenance, accounting and bookkeeping expenses, the Association's legal fees and expenses and financing expenses relating to operation and management, and insurance premiums. In addition, the Board shall make a reasonable provision for contingencies, reconstruction and replacements and for alterations, modifications and improvements to existing Common Area and facilities, and for development of any substantial new Recreational Facility, and for all fees and expenses of the Design Committee and its operations. The Board shall subtract from the above imposed expenditures the following sources of income:

(1) an amount equal to the anticipated balance (exclusive of any accrued reserves for contingencies and replacements) in the operating fund at the start of the Fiscal Year; and

(2) the estimated receipts for all user fees, if any, to be collected from users of the Recreational Facility or other facilities during the Fiscal Year.

The sum thus derived shall constitute the basis for determining the Maintenance Assessment for each Fiscal Year.

(c) In each Fiscal Year, the Board shall determine the per unit Maintenance Assessment by dividing the sum determined pursuant to subsection 8.03(b) by the total number

of Lots in the Private Area owned by Class A Association Members.

(d) The following real property in the Community Area shall not be subject to assessment: (1) any property which has not yet been subdivided into individual residential Lots or parcels of land on which a Condominium will be constructed; (2) Lots and parcels of land upon which the construction of a proposed Residence or Condominium has not been completed and such Residence or Condominium is not fit for occupancy; (3) any property owned by a Governmental Agency or Exempt Organization; (4) Common Areas; and (5) Cotenancy Areas.

(e) In each Fiscal Year, the Board shall, by a majority vote at a meeting duly called for such purpose, determine the individual Maintenance Assessment to be paid by each Class A Association Member by multiplying the per unit Maintenance Assessment by the number of Lots owned by such Class A Association Member.

The Board shall prepare and send to all Association Members the budget determined and Maintenance Assessment so determined.

(f) In the event the Board does not determine the Maintenance Assessment by the commencement of a Fiscal Year, the Owners shall continue to pay a Maintenance Assessment in the amount determined for the preceding Fiscal Year.

(g) If at any time during any Fiscal Year, the estimated Maintenance Assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof, the Board may upon notice to all non-exempt Association Members levy a special Maintenance Assessment in the amount of such actual or estimated inadequacy which shall be assessed to the Owners in the manner set forth in subsection (e) above.

(h) An Owner's obligation to pay the Maintenance Assessment shall commence upon the later of annexation or at such time as such Owner's Lot is fit for occupancy pursuant to subsection 8.03(d). Owners shall pay the Maintenance Assessment to the Association in equal quarterly installments on or before the first day of each January, April, July and October, or in such other installments as the Board may designate.

(i) Any assessment charged pursuant to this Article to any Owner of an Apartment within a Condominium will be in addition to any assessment or maintenance fees levied by any Sub-Association or association of Apartment Owners.

8.04 Individual Special Assessments.

The Board shall levy an Individual Special Assessment against any Owner whose acts or failure to comply with the Restrictions, the Rules or the Design Guidelines or decisions result in the Association expending monies from the operating fund to enforce the Restrictions, the Rules or the Design Guidelines or decisions. Such assessments shall be in the amount so expended and shall be due and payable to the Association when levied. Monies so expended shall include, without limitation, interest, all costs of enforcement, and engineers', architects', attorneys' and accountants' fees incurred by the Association.

8.05 Association, Declarant and Other Exemptions.

Owners of the following Lots shall be wholly exempt from assessments under this Article VIII as follows: (a) the Association; (b) the Declarant; (c) any Sub-Association; (d) any Governmental Agency; and (e) any Exempt Organization.

8.06 Default in Payment of Assessments.

(a) Each assessment under this Article VIII shall be a separate, distinct and personal debt and obligation of the Owner of the Lot against which the assessment is made; provided, however, that no Owner of a Lot shall have any personal liability for the payment of the debts and liabilities of the Association or for damage to any Common Area or any Lot not caused by such Owner. Each Owner of a Lot by acceptance of a deed therefor, whether or not so expressed in any such deed, is deemed to covenant and agree to pay such assessments to the Association. If the Owner does not pay any installment of an assessment when due, the Owner shall be deemed in default and the amount of the unpaid assessment, together with the amount of any subsequent unpaid assessments, interest at twelve percent (12%) per annum plus, and costs, including reasonable attorneys' fees, shall be and become a lien upon the Lot or Lots of such Owner upon recordation by the Association of a notice of default. Such lien shall be subordinate to the lien of any mortgage upon the Lot; provided, however, that no mortgagee shall be required to collect any assessment on a Lot. The Owner's failure to pay an assessment shall not be deemed or constitute a default under any Insured Mortgage.

(b) The sale or transfer of any Lot in foreclosure of any such mortgage, whether by judicial proceedings or pursuant to a power of sale contained in such mortgage, or the transfer or conveyance to the mortgagee in lieu of foreclosure, shall extinguish the lien as to payments of assessments which became due prior to such sale or transfer, but no such sale or

transfer shall relieve such Lot or the purchaser or transferee from the obligation to pay prospective assessments. The Association may record such notice of default within ninety (90) days following occurrence of such default and shall commence proceedings to enforce such lien within six (6) months following such recordation. The Association may foreclose such lien by suit in like manner as a mortgage of real property, and the Association shall have power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage or convey the same. The Association may also maintain a suit to recover a money judgment for unpaid assessments without foreclosing or waiving the lien on the Lot. The foregoing remedies shall be in addition to any other remedies provided by law for the enforcement of such assessment obligation.

(c) Upon the request of an Owner, the Association shall execute a certificate stating the amount of the unpaid assessments secured by the lien upon any Lot or Lots. Such certificate shall be conclusive upon the Association and the Owner as to the amount of such unpaid assessment as of the date of the certificate. The Association may charge a reasonable fee for furnishing such certificate.

8.07 Collection of Assessments by Sub-Associations.

The Association may, at its option, delegate the Association's power to collect any and all assessments described in Article VIII to the Sub-Associations, including Initiation Assessments, Maintenance Assessments, Individual Special Assessments, or any other rents, charges or fees (hereinafter collectively referred to as the "Association Assessments"). If this power is delegated to a Sub-Association by the Association, the Sub-Association shall collect all the Association Assessments simultaneously with the collection from the Sub-Association's members of the assessments due such Sub-Association pursuant to its declaration and by-laws (hereinafter referred to as the "Sub-Association Assessments").

(a) The Sub-Association shall keep all of the sums collected from the Association Assessments segregated from any sums collected from the Sub-Association Assessments, and shall pay over the Association Assessments to the Association promptly after collecting the same from the Sub-Association's members.

(b) The Sub-Association shall keep records of all Association Assessments collected from the Sub-Association's members, and shall make such records available for examination by the Board or any Owner at mutually convenient times and locations.

(c) A Sub-Association which is given the power to collect Association Assessments shall not, by virtue of this power, be presumed to have any of the other powers granted to the Association in the Restrictions.

(d) A Sub-Association which is given the power to collect Association Assessments shall not, by virtue of this power, be obligated to perform any other of the Association's duties and obligations as described in the Restrictions, including but not limited to enforcement of any default in payment of any Association Assessment by an Owner, unless such obligation is imposed on such Sub-Association by the Association.

ARTICLE IX. MISCELLANEOUS PROVISIONS

9.01 Amendment or Repeal.

(a) Declarant may by written amendment at any time prior to the date set forth in Section 4.02(d) unilaterally amend or supplement:

(1) these Restrictions for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Declaration, to comply with the requirements of HUD, or to supplement the provisions of this Declaration with respect to special use areas described in an Annexing Declaration; or

(2) the general plan of Launani Valley as described in Exhibit "C".

(b) These Restrictions may also be amended or repealed by affirmative vote of not less than seventy-five percent (75%) of the total number of Class A of Association Members and the consent of the Class B Association Member, as long as such membership exists, at a meeting duly called and held for such purpose. The notice of such meeting shall state as a purpose the consideration of such amendment or repeal and shall state the substance of the amendment or the provisions to be repealed.

(c) The provisions of subsection 9.01(b) to the contrary notwithstanding, no provision of this Declaration may be amended or repealed, the effect of which amendment or repeal would be to limit, abridge, modify or terminate any rights, easements, privileges and immunities of Declarant or any authority and power reserved to Declarant, unless Declarant consents in writing to such amendment or repeal prior to the consideration of such amendment or repeal.

9.02 Enforcement; Non-Waiver.

(a) The Association or any Owner shall have the right to enforce any of the covenants, conditions, restrictions, obligations, liens and charges now or hereafter imposed by the Restrictions upon other Owners or upon any property within the Community Area, and the costs of enforcement, including court costs and attorneys' fees, shall be paid by any Owner who violated any such restriction, covenant, condition, or restriction or failed to pay and satisfy when due any such lien or charge.

(b) No Owner or the Association shall have any right to enter upon the Lot of any other Owner or to abate any nuisance or enforce any provision hereof against another Owner or the Association until reasonable notice and demand has been given to the Owner of the Lot to cure or rectify the violation involved, provided that no notice need be given if the violation involved poses an immediate threat of personal injury or damage to property.

(c) The Association or any Owner shall have the right to enjoin or abate every act or omission constituting a violation of any condition, covenant or restriction of the Restrictions, which violation is hereby declared to constitute a nuisance to be abated, by the Association or by an Owner pursuant to subsections (a) and (b) above. Insofar as any breach of these Restrictions may not adequately be compensated by the recovery of damages, the Association in addition to all other remedies available at law or in equity, may require and shall be entitled to the remedy of injunction to restrain or abate any such violation or breach or any threatened violation or breach by any Owner.

(d) Each remedy provided for in the Restrictions is cumulative and non-exclusive.

(e) The failure in any case to enforce the provisions of any covenant, condition, restriction, obligation, lien or charge of the Restrictions shall not constitute a waiver of any right to enforce any such provision of the Restrictions in any other case with respect to any Owner or Lot. No right of action shall accrue in favor of any Owner against the Association or Declarant for or on account of any failure by the Association or Declarant to bring any action on account of any violation or breach by any Owner of the provisions of these Restrictions or the Design Guidelines.

9.03 Construction, Compliance with Laws, Severability, Singular and Plural, Titles.

(a) All of the covenants, conditions and restrictions of the Restrictions shall be liberally construed to promote and effectuate the purposes of the Community Area as set forth in the recitals to this Declaration.

(b) No provision of the Restrictions shall excuse any person from observing any law or regulation of any Governmental Agency having jurisdiction over such person or over the Community Area. If all uses to which a Lot may be devoted under the provisions of the Restrictions are illegal under the applicable zoning ordinances or statutes, an Owner may use his Lot for any purpose which is lawful under such ordinance or statute, subject, however, to all other provisions of the Restrictions which lawfully apply to the Lot.

(c) If any provision of the Restrictions is held to be invalid or unenforceable, the validity and enforceability of the other provisions will remain unaffected.

(d) The singular shall include the plural and the plural shall include the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter as the context requires.

(e) The titles of sections and paragraphs herein are inserted only for convenience and reference and shall in no way define, limit or described the scope or intent of any provision of the Restrictions.

9.04 Subdivision and Consolidation.

No Lot within the Community Area shall be subdivided or consolidated and resubdivided by any Owner, other than Declarant, other than in connection with the dedication or granting of easements by the Association or any Owner, without the prior written approval of the Design Committee. The Design Committee shall review any proposed subdivision or consolidation and resubdivision for compliance with the Restrictions. The Design Committee shall either approve or disapprove in writing the subdivision or consolidation and resubdivision within thirty (30) days after submission, and in the event of disapproval shall state in writing the reasons. Failure to approve or disapprove within thirty (30) days of submission shall be deemed approval of said subdivision or consolidation and resubdivision. The Design Committee may charge a reasonable fee for review as determined by the Design Committee. The Design Committee shall certify its approval on a copy of the map showing the subdivision or consolidation and resubdivision.

9.05 Conveyance of Common Area; Reservation of Easements and Rights-of-Way and Classification of Land Area.

(a) The Association shall acquire, accept and hold all real property and interests in real property conveyed as Common Area by Declarant, provided that the Association shall acquire, accept and hold title to real property in fee subject to the following exception, liens and encumbrances:

(1) the lien of any non-delinquent real property taxes and assessments;

(2) easements and rights-of-way on, over or under all or any part of such real property as may be reserved to Declarant or granted to any Owner or Sub-Association in accordance with the Restrictions;

(3) easements and rights-of-way on, over or under all or any part of such real property as may be reserved to Declarant or to an Owner for access to real property contiguous to the Common Area, or to be granted to or for the benefit of a Governmental Agency, the State of Hawaii, the City and County of Honolulu, or any public utility, Sub-Association, or to any Lot for the purpose of constructing, erecting, operating and maintaining Roads, poles, wires, pipelines or ditches for lighting, electricity, telephone, gas, community antenna television, water, sewer, irrigation and storm water transmission, and any other utility systems;

(4) easements for Roads, poles, wires, pipelines or ditches for lighting, electricity, telephone, gas, community antenna television, water, sewer, irrigation and storm water transmission, and any other utility systems in favor of public utilities, Governmental Agencies, Sub-Associations or individuals; and

(5) any other lien, encumbrance or defect in title (other than a lien to secure an obligation to pay money) which would not materially prejudice the Owners in their use and enjoyment of such real property.

(b) Declarant may change the land classification of any real property not previously designated as Common Area of which Declarant is the Owner, and may convey such real property to the Association pursuant to the provisions of Section 7.04(b) and this Section 9.05. The Association shall accept the same, and upon acceptance such real property shall become Common Area.

(c) The Association may accept dedication of a Common Area, if any, within an incremental phase of the development of

Launani Valley prior to the recordation of the first Insured Mortgage of a Lot within such incremental phase.

(d) All Owners of any real property within the Community Area which is not a Common Area may petition the Association to accept a dedication of such real property as a Common Area. The Association may accept the same if the Board finds the use of such real property to be of benefit to all Association Members or to the members of a Sub-Association. Such real property shall become Common Area upon acceptance.

(e) Following the conveyance of Common Area by Declarant to the Association, Declarant may, without the approval of the Design Committee, construct, reconstruct, refinish or alter any Improvement upon or make or create any excavation on or fill upon or change the natural or existing drainage of or remove or plant any trees, shrubs or ground cover upon such Common Area if Declarant shall determine that any such work (1) is reasonably necessary for any utility installation serving any property within Launani Valley, (2) is reasonably necessary for the construction of any facility for use by the Owners, (3) is desirable in order to provide access to or to enhance the use and enjoyment of the Common Area, or (4) is desirable to preserve the Community Area.

9.06 Assignment of Powers.

Declarant may delegate, transfer, assign or release to the Association any rights and powers vested in Declarant pursuant to the Restrictions and the Association shall accept the same upon the recording by Declarant of a notice of such delegation, transfer, or assignment or release.

9.07 Condemnation of Common Area.

If any portion of the Common Area or any interest therein shall be taken by eminent domain or by purchase in lieu of eminent domain, the entire award and compensation shall be paid to the Association. No Owner shall be entitled to any portion of such award and no Owner shall be entitled to participate as a party or otherwise in any proceedings relating to such condemnation.

9.08 HUD Approval of Actions.

Any provision contained in this Declaration to the contrary notwithstanding, so long as:

(a) any Lot in the Community Area is subject to the lien of an Insured Mortgage, and

(b) any Lot in the Community Area is owned by a Class B Association Member,

HUD must approve any of the following actions:

(x) any annexation of portions of the Property or other real property not within Launani Valley to the Community Area,

(y) any dedication of a Common Area to Governmental Agencies, and

(z) any amendment to these Restrictions.

9.09 Obligations of Owners, Avoidance, Termination.

No Owner through his non-use of any Common Area, including any recreational facility, or by abandonment of his Lot, may avoid the burdens or obligations of ownership imposed on him by the Restrictions.

9.10 Notices, Documents, Delivery.

Whenever notice is required, reasonable notice shall be deemed to be five (5) days. All notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and sent by registered or certified mail, postage prepaid, by hand delivery, or by facsimile telecopier with a copy sent by first class mail, addressed as follows:

To Declarant at:	WAIHUNA JOINT VENTURE 220 S. King Street, Suite 680 Honolulu, Hawaii 96813
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To an officer of the Association or Design Committee at:	220 S. King Street, Suite 680 Honolulu, Hawaii 96813
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To an Owner:	The Street Address of such Owner in Launani Valley
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Any such address may be changed from time to time by serving notice to all other parties as above provided. Service of such notice or demand shall be deemed complete on the date of actual delivery or at the expiration of the second day after the date of mailing, whichever is earlier.

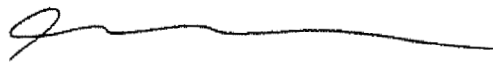
9.11 Governing Law.

These Restrictions shall be governed by and construed in accordance with the laws of the State of Hawaii.

IN WITNESS WHEREOF, Declarant has executed these presents this 10th day of December, 1992.

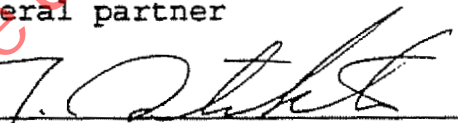
WAIHUNA JOINT VENTURE

By Waikalani Developers, Inc., a
Hawaii corporation, a joint
venturer

By 
Its Vice President

By WRD Limited Partnership, a
Hawaii limited partnership, a
joint venturer

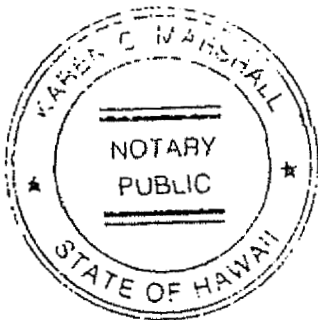
By CHD, Inc., a Hawaii corporation,
Its general partner

By 
Its Vice President

Not for resale use

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On this _____ day of NOV 13 1992, 19____, before me personally appeared Christopher L. Lau, to me known, who, being by me duly sworn, did say that he is the Vice President of WAIKALANI DEVELOPERS, INC., a Hawaii corporation, one of the general partners of WAIHUNA JOINT VENTURE, a Hawaii general partnership, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said corporation as said general partner of WAIHUNA JOINT VENTURE.

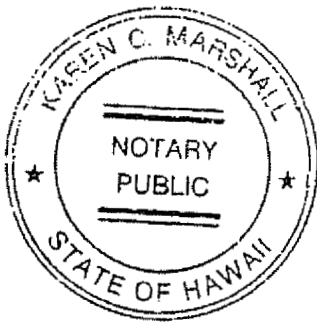


Kanene Marshall
Notary Public, State of Hawaii

My commission expires: MAR 13 1994

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On this _____ day of NOV 13 1992, 19____, before me personally appeared T. Matsukata, to me known, who, being by me duly sworn, did say that he is the Vice President of CHD, INC., a Hawaii corporation, a general partner of WRD LIMITED PARTNERSHIP, a Hawaii limited partnership, which limited partnership is one of the general partners of WAIHUNA JOINT VENTURE, a Hawaii general partnership, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said corporation as general partner of WRD LIMITED PARTNERSHIP, as general partner of WAIHUNA JOINT VENTURE.



Kimberly Marshall
Notary Public, State of Hawaii
My commission expires: MAR 13 1994

EXHIBIT "A"

All of those certain parcels of land situate at Waipio and Waikakalaua, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

36.370 LOTS: 1278, area 36.32 acres, as shown on Map 100, and 1276-A, area 182.953 acres, as shown on Map 435, filed in said Office of the Assistant Registrar of the Land Court with Land Court Application No. 1000;

Together with the benefit in common with others entitled thereto in the following rights and easements appurtenant to and benefiting Lots 1276-A and 1278:

(A) The nonexclusive right and easement over, under and across Lot 4195 (Roadway Lot) as shown on Map 340 filed with Transfer Certificate of Title No. 148,771 issued to Melemanu Woodland Association for utility purposes, in perpetuity unless and until title to said Lot 4195 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 4195 is conveyed to, and accepted by, governmental authority authorized to accept title thereto; and

(B) The nonexclusive right and easement over, under and across Lot 5816, Roadway, as shown on Map 429 filed with Transfer Certificate of Title No. 138,518 issued to Headrick Development, Inc. for all purposes for which street and roadway lots are commonly used in the City and County of Honolulu, including the installation of utilities, in perpetuity until title to said Lot 5816 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 5816 is conveyed to, and accepted by, governmental authority authorized to accept title thereto; and

(C) A right of access (under the H-2 Freeway) approximately 56 feet in width, designated as Easement 1879, over, under and across Lot 6196, Roadway, as shown on Map 445 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application of John Ii Estate, Limited, filed with Transfer Certificate of Title No. 178,370 issued to Headrick Development, Inc. for roadway and utility purposes, in perpetuity until title to said

Lot 6196 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement until fee title to Lot 6196 is conveyed to, and accepted by, governmental authority authorized to accept title thereto.

(D) The nonexclusive right and easement over, under and across Lot 1276-8, Roadway, as shown on Map 435, Land Court Application 1000, filed with Transfer Certificate of Title No. 155,547 issued to Headrick Development, Inc. for all purposes for which street and roadways are commonly used in the City and County of Honolulu, including the installation of utilities, in perpetuity until title to said Lot 1276-B is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 1276-B is conveyed to, and accepted by, governmental authority authorized to accept title thereto.

(E) The nonexclusive right and easement over, under and across for roadway purposes, Easement 228 within Lot 1276-A and Lot 1276-B, for vehicular use not exceeding two and one-half (2-1/2) tons in weight, as set forth by Land Court Order No. 17866, filed February 19, 1960, and Land Court Order No. 42633, filed August 13, 1975.

As to Lot 1276-A: Together with access over Lots 12213 and 12214, as set forth by Land Court Order No. 67995, filed November 28, 1983, Land Court Order No. 78074, filed April 28, 1986, and Land Court Order No. 87670, filed December 23, 1987.

Together with the benefit in common with others entitled thereto in the following rights and easements appurtenant to and benefiting Lot 1278:

An easement over, under and across Lot 4196, Lot 5816 (Roadway Lots) and Easement "1879" running through Lot 6196, from Kamehameha Highway to the South boundary of said Lots 1276-A, 1276-B and 1276-C, as shown on Maps 340, 429 and 445, respectively, of said Land Court Application No. 1000, for roadway and utility purposes, to be used in common with all others entitled thereto; subject however, to the right reserved by Harold Thornton Stearns and Claudia Davis Stearns, husband and wife, to grant and convey easements over, under and across said Lots for roadway and utility purposes to other owners; subject, also, to the condition that this easement shall terminate upon conveyance of title to said lots to the governmental authority authorized to accept title thereto, and subject, further, to the condition that Headrick Development, Inc. shall repair and maintain said easement together with all owners of said easement until such acceptance of title to the roadways by said governmental authority.

Being a portion of the land(s) described in Transfer Certificate of Title No. 357,768 issued to WAIHUNA JOINT VENTURE, a Hawaii general partnership.

SUBJECT, HOWEVER, to the following:

1. AS TO LOT 1278

a. Easement "30" (5 feet wide); Easement "31" (40 feet wide); Easement "38" (6 feet wide); and Easement "38-A" (5 feet wide), as shown on Maps 30 and 100 as set forth by Land Court Order No. 10596, filed August 31, 1951.

b. Easement "227" (25 feet wide), as shown on Map 100, as set forth by Land Court Order No. 17866, filed February 19, 1960.

c. Grant in favor of the United States of America dated September 7, 1951, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 131907; granting an easement to erect, etc., radio antennae, etc., together with such poles, etc.

d. Reservation(s) set forth in Deed dated April 1, 1960, filed as aforesaid as Document No. 254783, to-wit:

"And subject further, however, as to all easements herein and hereby granted or reserved, to all rights of other parties existing as of the date hereof."

2. AS TO LOT 1276-A

a. Easement "215" (16 feet wide) Easement "216" (16 feet wide), Easement "217" (16 feet wide), Easement "218" (16 feet wide), Easement "219" (5 feet wide), Easement "225", Easement "226" (25 feet wide), Easement "227" (25 feet wide), and Easement "228" (44 feet wide), situate over said lot: as shown on Maps 100 and 435 as set forth by Land Court Order No. 17866, filed February 19, 1960.

b. Grant in favor of the United States of America dated January 5, 1961, filed as aforesaid as Document No. 268343; granting Easement "225" for a nonexclusive easement for the construction, etc., of an underground communication cable, etc.

c. Easement "4150" (3 feet wide) and Easement "4151" (5 feet wide), as shown on Map 638, as set forth by Land Court Order No. 70496, filed July 18, 1984.

d. Grant in favor of the United States of America dated May 9, 1984, filed as aforesaid as Document No. 1248290, granting a non-exclusive right-of-way in the nature of an easement for the construction, maintenance, repair, of an overhead communication cable, etc., over said Easements "4150" and "4151."

e. Reservation(s) as set forth in Deed dated April 1, 1960, filed as aforesaid as Document No. 254783, to-wit:

"Reserving and excepting further, however, unto the Grantor, its successors and assigns, a perpetual easement to lay, construct, maintain, renew, repair and remove water pipelines along and under Easement 219 (within said Lot 1276-A), said Easement to be appurtenant to other lands of the Grantor described in said Certificate of Title No. 51,587.

"Reserving and excepting, however, unto the Grantor, its successors and assigns, a perpetual nonexclusive easement for road purposes over, along, across and upon Easement 228 (within said Lots 1276-A & 1276-B), as shown on said Map 435, provided, however, that this Easement shall automatically cease as to any portion or portions of said road or roads if and when the same are dedicated to public use by conveyance thereof to the State of Hawaii or the City and County of Honolulu for road purposes, and also over, along, across and upon the present road running the length of said Lots 1276-A & 1276-B to the extent that said present road does not presently lie within the boundaries of said Easement 228 so long as said present road shall be maintained in its present location, said Easement over said present road outside of the boundaries of said Easement 228 to cease and terminate in the event that said present road shall be relocated within said Easement 228, or any other alignment that shall be dedicated to public use, said Easement affecting Easement 228 and said present road to be appurtenant to Lots 1287, 1286, 1285, 1284, 1283, 1288, 1289, 1277, 1278 and 1279, being also portions of the lands described in Certificate of Title No. 51,587 and being the Easements for access to a public highway in favor of said Lots referred to in Land Court Order No. 17,866, dated February 16, 1960 and filed February 19, 1960, and being also appurtenant to other lands of the Grantor mauka of said Easement 228. Said Easement as to road purposes shall be limited as to vehicular use to vehicles not exceeding two and one-half (2-1/2) tons in weight.

"Subject, further, however, as to all easements herein and hereby granted or reserved, to all rights of other parties existing as of the date hereof."

f. The following as set forth in Deed dated January 12, 1973, filed as aforesaid as Document No. 614694, by and between Harold Thornton Stearns and Claudia Davis Stearns,

husband and wife, as Grantors, and Headrick Development Inc., a Hawaii corporation, as Grantee, to-wit:

"Subject also to reservation by Grantors of Easements 216, 217 and that portion of Easement 228, which extends from said Easement 216 to the South boundary of Lots 1276-A & 1276-B, as shown on Map 100, Land Court Application 1000, for road, utility, sewer and waterline purposes. These Easements shall cease as to any portion or portions of same if and when dedicated to and accepted by the State of Hawaii and/or the City and County of Honolulu for public purposes."

g. Restriction of access rights over and across the boundary of Lot 1276-A bordering Interstate Highway (FAP No. I-H2-1(4)) as shown on Map 435, as set forth by Land Court Order No. 42633, filed August 13, 1975.

h. Grant in favor of GTE Hawaiian Telephone Company Incorporated, dated September 10, 1992, filed as Document No. 1958740; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain, and operate above-ground remote telephone circuit facilities, etc., for the transmission and distribution of communications and control circuits, etc.

i. Easement over and under and across Easement "228" for roadway purposes, in favor of Lot 1278, as set forth by Land Court Order No. 42633, filed August 13, 1975.

3. AS TO LOTS 1278 AND 1276-A

a. Covenants as set forth in Deed dated April 1, 1960, filed as aforesaid as Document No. 254783, to-wit:

"And the Grantees, in consideration of the premises, for themselves and their respective heirs and assigns, as owner or owners from time to time of said Lot 1276, hereby covenant and agree to and with the Grantor, its successors and assigns, as owner or owners from time to time of Lots 1287, 1288, 1289, 1277 and other Lots North and East of said Lot 1288, that in the event that the Grantees shall build and construct a road from said Easement 228 to said Lot 1288, they will grant to the Grantor, its successors and assigns, as aforesaid, a perpetual nonexclusive easement not less than 44 feet in width for road purposes."

Note: Lot 1276 was further subdivided into Lots 1276-A, 1276-B, 1276-C, 1276-D and 1276-E. Above covenant affects Lot 1276-A only, as set forth in Land Court Order No. 42633, filed August 13, 1975.

"And, in further consideration of the premises, it is hereby mutually covenanted and agreed, as covenants running with the land, with respect to each and all Easements hereinabove granted to the Grantees, and with respect to each and all Easements hereinabove reserved to the Grantor, appurtenant to the Lot or Lots granted to the Grantees and appurtenant to the premises owned and retained by the Grantor as hereinabove set forth, that the owner or owners from time to time of the land or portion thereof to which said Easements are appurtenant will indemnify and hold harmless the owner or owners from time to time of the fee title to the parcel or parcels of land affected by said Easements, from and against property damage, personal injury and/or death arising out of such exercise by such owner or owners of said land, or portion thereof, to which said easements are appurtenant and by his, her, its or their tenants, servants, agents, invitees and/or licensees."

"And the Grantees, in consideration of the premises, for themselves and their respective heirs and assigns, as owners of said Easement for bridges in Easements 220, 221, 222, 223 and 224, hereby covenant and agree to and with the Grantor, its successors and assigns, as owner or owners from time to time of the servient property, that they will so build, construct, repair and maintain said bridges as not to interfere with the use of said existing ditch and any successor ditch, and as not to prevent the free passage of water through said existing ditch and any successor ditch."

b. Grant in favor of Hawaiian Electric Company, Inc., dated August 21, 1957, filed as aforesaid as Document No. 209937; granting a perpetual right and easement to build, construct, reconstruct, repair, and operate pole and wire lines, etc., for the transmission and distribution of electricity, etc.

c. Declaration of Covenants dated July 19, 1976, filed as aforesaid as Document No. 773994.

d. Unilateral Agreement and Declaration for Conditional Zoning dated May 23, 1986, filed as aforesaid as Document No. 1373964, by Waikalani Developers, Inc., a Hawaii corporation.

END OF EXHIBIT "A"

EXHIBIT "B"

All of that certain parcel of land situate at Waipio and Waikakalaua, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

LOT 1276-A, area 182.953 acres, as shown on Map 435, filed in said Office of the Assistant Registrar of the Land Court with Land Court Application No. 1000;

Together with the benefit in common with others entitled thereto in the following rights and easements appurtenant to and benefiting Lot 1276-A:

(A) The nonexclusive right and easement over, under and across Lot 4195 (Roadway Lot) as shown on Map 340 filed with Transfer Certificate of Title No. 148,771 issued to Melemanu Woodland Association for utility purposes, in perpetuity unless and until title to said Lot 4195 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 4195 is conveyed to, and accepted by, governmental authority authorized to accept title thereto; and

(B) The nonexclusive right and easement over, under and across Lot 5816, Roadway, as shown on Map 429 filed with Transfer Certificate of Title No. 138,518 issued to Headrick Development, Inc. for all purposes for which street and roadway lots are commonly used in the City and County of Honolulu, including the installation of utilities, in perpetuity until title to said Lot 5816 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 5816 is conveyed to, and accepted by, governmental authority authorized to accept title thereto; and

(C) A right of access (under the H-2 Freeway) approximately 56 feet in width, designated as Easement 1879, over, under and across Lot 6196, Roadway, as shown on Map 445 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application of John Ii Estate, Limited, filed with Transfer Certificate of Title No. 178,370 issued to Headrick Development, Inc. for roadway and utility purposes, in perpetuity until title to said

Lot 6196 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement until fee title to Lot 6196 is conveyed to, and accepted by, governmental authority authorized to accept title thereto;

(D) The nonexclusive right and easement over, under and across Lot 1276-8, Roadway, as shown on Map 435, Land Court Application 1000, filed with Transfer Certificate of Title No. 155,547 issued to Headrick Development, Inc. for all purposes for which street and roadways are commonly used in the City and County of Honolulu, including the installation of utilities, in perpetuity until title to said Lot 1276-B is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 1276-B is conveyed to, and accepted by, governmental authority authorized to accept title thereto.

Together with access over Lots 12213 and 12214, as set forth by Land Court Order No. 67995, filed November 28, 1983, Land Court Order No. 78074, filed April 28, 1986, and Land Court Order No. 87670, filed December 23, 1987.

The nonexclusive right and easement over, under and across for roadway purposes, Easement 228 within Lot 1276-A and Lot 1276-B, for vehicular use not exceeding two and one-half (2-1/2) tons in weight, as set forth by Land Court Order No. 17866, filed February 19, 1960, and Land Court Order No. 42633, filed August 13, 1975.

Being a portion of the land(s) described in Transfer Certificate of Title No. 357,768 issued to WAIHUNA JOINT VENTURE, a Hawaii general partnership.

Note: Lot 1276-A will have access over Roadway Lot 1276-B, which connects with Roadway Lot 5816 and Roadway Lot 5408, as set forth by Land Court Order No. 42633, filed August 13, 1975.

SUBJECT, HOWEVER, to the following:

1. Easement "215" (16 feet wide) Easement "216" (16 feet wide), Easement "217" (16 feet wide), Easement "218" (16 feet wide), Easement "219" (5 feet wide), Easement "225", Easement "226" (25 feet wide), Easement "227" (25 feet wide),

and Easement "228" (44 feet wide), situate over said lot: as shown on Maps 100 and 435 as set forth by Land Court Order No. 17866, filed February 19, 1960.

2. Grant in favor of the United States of America dated January 5, 1961, filed as aforesaid as Document No. 268343; granting Easement "225" for a nonexclusive easement for the construction, etc., of an underground communication cable, etc.

3. Easement "4150" (3 feet wide) and Easement "4151" (5 feet wide), as shown on Map 638, as set forth by Land Court Order No. 70496, filed July 18, 1984.

4. Grant in favor of the United States of America dated May 9, 1984, filed as aforesaid as Document No. 1248290, granting a non-exclusive right-of-way in the nature of an easement for the construction, maintenance, repair, of an overhead communication cable, etc., over said Easements "4150" and "4151."

5. Reservation(s) as set forth in Deed dated April 1, 1960, filed as aforesaid as Document No. 254783, to-wit:

"Reserving and excepting further, however, unto the Grantor, its successors and assigns, a perpetual easement to lay, construct, maintain, renew, repair and remove water pipelines along and under Easement 219 (within said Lot 1276-A), said Easement to be appurtenant to other lands of the Grantor described in said Certificate of Title No. 51,587.

"Reserving and excepting, however, unto the Grantor, its successors and assigns, a perpetual nonexclusive easement for road purposes over, along, across and upon Easement 228 (within said Lots 1276-A & 1276-B), as shown on said Map 435, provided, however, that this Easement shall automatically cease as to any portion or portions of said road or roads if and when the same are dedicated to public use by conveyance thereof to the State of Hawaii or the City and County of Honolulu for road purposes, and also over, along, across and upon the present road running the length of said Lots 1276-A & 1276-B to the extent that said present road does not presently lie within the boundaries of said Easement 228 so long as said present road shall be maintained in its present location, said Easement over said present road outside of the boundaries of said Easement 228 to cease and terminate in the event that said present road shall be relocated within said Easement 228, or any other alignment that shall be dedicated to public use, said Easement affecting Easement 228 and said present road to be appurtenant to Lots 1287, 1286, 1285, 1284, 1283, 1288, 1289, 1277, 1278 and 1279, being also portions of the lands described in

Certificate of Title No. 51,587 and being the Easements for access to a public highway in favor of said Lots referred to in Land Court Order No. 17,866, dated February 16, 1960 and filed February 19, 1960, and being also appurtenant to other lands of the Grantor mauka of said Easement 228. Said Easement as to road purposes shall be limited as to vehicular use to vehicles not exceeding two and one-half (2-1/2) tons in weight.

"Subject, further, however, as to all easements herein and hereby granted or reserved, to all rights of other parties existing as of the date hereof."

6. The following as set forth in Deed dated January 12, 1973, filed as aforesaid as Document No. 614694, by and between Harold Thornton Stearns and Claudia Davis Stearns, husband and wife, as Grantors, and Headrick Development Inc., a Hawaii corporation, as Grantee, to-wit:

"Subject also to reservation by Grantors of Easements 216, 217 and that portion of Easement 228, which extends from said Easement 216 to the South boundary of Lots 1276-A & 1276-B, as shown on Map 100, Land Court Application 1000, for road, utility, sewer and waterline purposes. These Easements shall cease as to any portion or portions of same if and when dedicated to and accepted by the State of Hawaii and/or the City and County of Honolulu for public purposes."

7. Restriction of access rights over and across the boundary of Lot 1276-A bordering Interstate Highway (FAP No. I-H2-1(4)), as shown on Map 435, as set forth by Land Court Order No. 42633, filed August 13, 1975.

8. Covenants as set forth in Deed dated April 1, 1960, filed as aforesaid as Document No. 254783, to-wit:

"And the Grantees, in consideration of the premises, for themselves and their respective heirs and assigns, as owner or owners from time to time of said Lot 1276, hereby covenant and agree to and with the Grantor, its successors and assigns, as owner or owners from time to time of Lots 1287, 1288, 1289, 1277 and other Lots North and East of said Lot 1288, that in the event that the Grantees shall build and construct a road from said Easement 228 to said Lot 1288, they will grant to the Grantor, its successors and assigns, as aforesaid, a perpetual nonexclusive easement not less than 44 feet in width for road purposes."

"And, in further consideration of the premises, it is hereby mutually covenanted and agreed, as covenants running with the land, with respect to each and all Easements hereinabove granted to the Grantees, and with respect to each

and all Easements hereinabove reserved to the Grantor, appurtenant to the Lot or Lots granted to the Grantees and appurtenant to the premises owned and retained by the Grantor as hereinabove set forth, that the owner or owners from time to time of the land or portion thereof to which said Easements are appurtenant will indemnify and hold harmless the owner or owners from time to time of the fee title to the parcel or parcels of land affected by said Easements, from and against property damage, personal injury and/or death arising out of such exercise by such owner or owners of said land, or portion thereof, to which said easements are appurtenant and by his, her, its or their tenants, servants, agents, invitees and/or licensees."

"And the Grantees, in consideration of the premises, for themselves and their respective heirs and assigns, as owners of said Easement for bridges in Easements 220, 221, 222, 223 and 224, hereby covenant and agree to and with the Grantor, its successors and assigns, as owner or owners from time to time of the servient property, that they will so build, construct, repair and maintain said bridges as not to interfere with the use of said existing ditch and any successor ditch, and as not to prevent the free passage of water through said existing ditch and any successor ditch."

9. Grant in favor of Hawaiian Electric Company, Inc., dated August 21, 1957, filed as aforesaid as Document No. 209937; granting a perpetual right and easement to build, construct, reconstruct, repair, and operate pole and wire lines, etc., for the transmission and distribution of electricity, etc.

10. Declaration of Covenants dated July 19, 1976, filed as aforesaid as Document No. 773994.

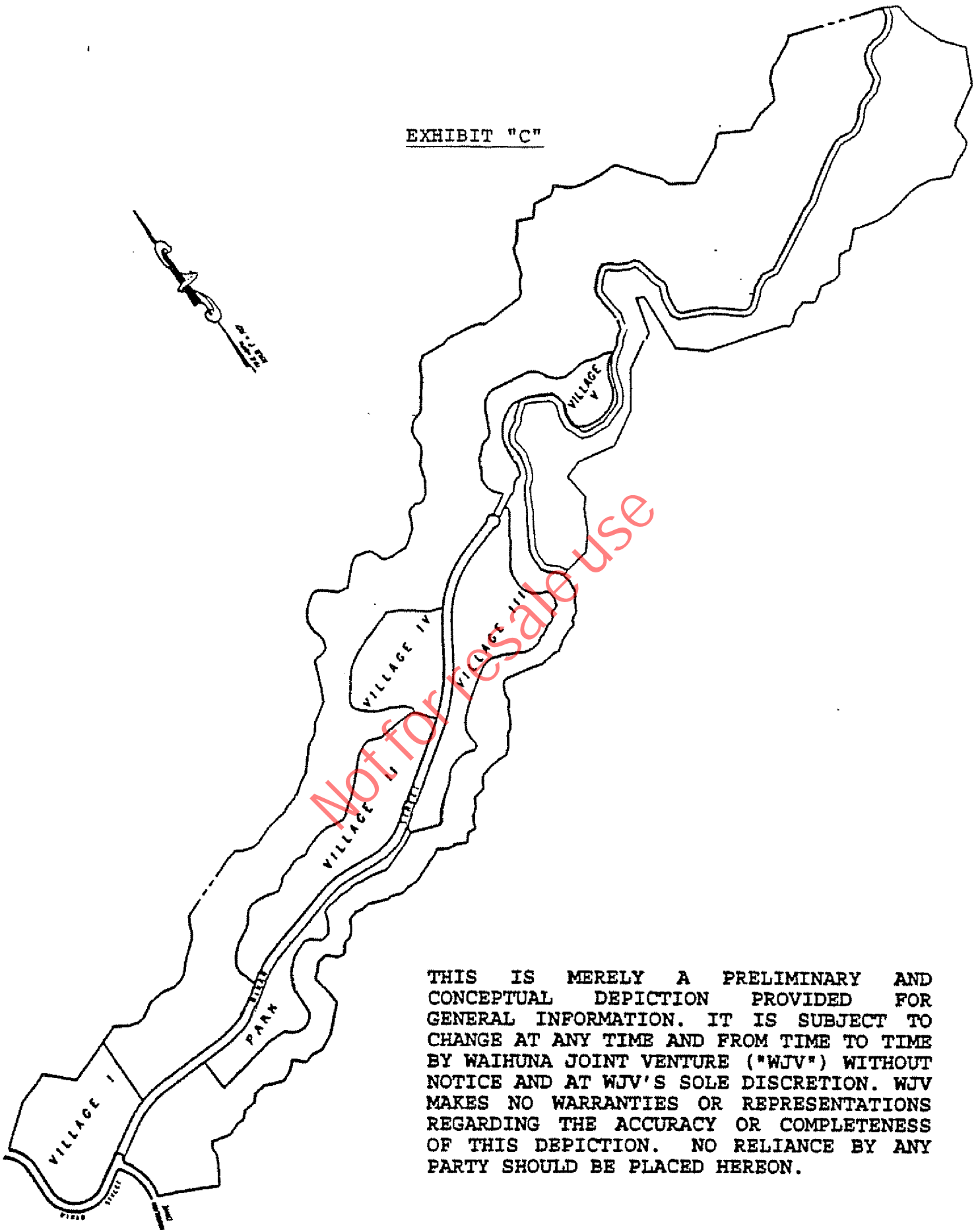
11. Unilateral Agreement and Declaration for Conditional Zoning dated May 23, 1986, filed as aforesaid as Document No. 1373964, by Waikalani Developers, Inc., a Hawaii corporation.

12. Grant in favor of GTE Hawaiian Telephone Company Incorporated, dated September 10, 1992, filed as Document No. 1958740; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain, and operate above-ground remote telephone circuit facilities, etc., for the transmission and distribution of communications and control circuits, etc.

13. Easement over, under and across Easement "228" for roadway purposes, in favor of Lot 1278, as set forth by Land Court Order No. 42633, filed August 13, 1975.

END OF EXHIBIT "A"

EXHIBIT "C"



AFTER RECORDATION, RETURN BY MAIL (X) PICK UP ()

Rush Moore Craven Sutton Morry & Beh
745 Fort Street, Suite 2000
Honolulu, Hawaii 96813

~~2~~ IF ACCOM Whakura

Attention: Irene A. Anzai

TITLE OF DOCUMENT:

ANNEXATION OF ADDITIONAL PROPERTY AND
AMENDMENT OF DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF LAUNANI VALLEY

PARTIES TO DOCUMENT:

DECLARANT: WAIHUNA JOINT VENTURE

PROPERTY DESCRIPTION:	:	LIBER/PAGE/DOCUMENT NO.:
	:	N/A
	:	
SEE EXHIBIT "A"	:	DOCUMENT NO.: 1978661
	:	
	:	TRANSFER CERTIFICATE OF TITLE
	:	NO(S) .: 415,037, 415,038

8304M

RUSH MOORE CRAVEN SUTTON
MORRY & BEH
Attorneys at Law

**ANNEXATION OF ADDITIONAL PROPERTY AND
AMENDMENT OF DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF LAUNANI VALLEY**

WHEREAS, in order to foster the development of its land pursuant to a community development plan known as "LAUNANI VALLEY," WAIHUNA JOINT VENTURE, a Hawaii general partnership (hereinafter called "Declarant") recorded the Declaration Of Covenants, Conditions And Restrictions Of Launani Valley dated December 10, 1992 (the "Declaration") in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1978661; and

WHEREAS, the initial property to be developed by Declarant as part of the community development was described in Exhibit "B" to the Declaration and is referred to in the Declaration as the "Community Area;" and

WHEREAS, in Section 4.02 of the Declaration, the Declarant reserved the right to annex other real property to the Community Area; and

WHEREAS, since the recordation of the Declaration, the land described in Exhibit "B" of the Declaration has been consolidated with other land and resubdivided pursuant to Land Court Order No. 112034 filed on June 4, 1993; and

WHEREAS, all of the land described in Exhibit "B" of the Declaration is now a part of Lot 14235 (which also includes other land) and Lot 14236, both lots as shown on Map 861 of Land Court Application No. 1000; and

WHEREAS, pursuant to its reserved rights in Section 4.02 of the Declaration, Declarant desires to annex said Lot 14235 to the Community Area; and

WHEREAS, Declarant further desires to exercise its right under Section 9.01(a) of the Declaration to amend the Declaration in order to replace the property description contained in Exhibit "B" of the Declaration with a description of the land after the aforesaid consolidation and resubdivision and annexation and in order to clarify certain provisions contained in the Declaration.

NOW, THEREFORE, Declarant hereby annexes said Lot 14235, as more particularly described in Exhibit "A" attached hereto and made a part hereof, to the Community Area, all of which property shall be subject to the covenants, conditions and restrictions contained in the Declaration. All of said Lot 14235 as described in Exhibit "A" is to be held, sold, conveyed, encumbered, leased, occupied and approved subject to the restrictions, covenants, and conditions contained in the

Declaration and shall be classified as Private Area, as such term is defined in the Declaration.

Declarant further hereby amends the Declaration as follows:

1. The property description contained in Exhibit "B" attached to the Declaration is deleted in its entirety and replaced by the property description contained in Exhibit "A" attached hereto and made a part hereof.

2. The first paragraph of the Declaration is amended to delete the reference to Waihuna Joint Venture, as "a Hawaii limited partnership" and to insert in its place the correct identification as "a Hawaii general partnership."

3. The definition of the term "Annexing Declaration" in Section 3.01 of the Declaration is amended to delete the capital letters in the phrase "Supplemental Declaration of Covenants, Conditions and Restrictions" and to insert in lieu thereof the same letters in lower case.

4. Section 5.02(h) of the Declaration is amended to add at the end of the paragraph the following sentence:

Notwithstanding any provision to the contrary contained herein, certified guide, signal, and service dogs (as defined hereinbelow) and other such animals specially trained to assist handicapped individuals (hereinafter collectively referred to as "specially trained animals") shall be permitted on any Lot subject to the following restrictions:

(1) such specially trained animals shall not be kept, bred, or used for any commercial purposes; and

(2) any specially trained animal causing a nuisance to neighbors shall be removed but may be replaced by another specially trained animal.

The term "guide dog" shall mean "any dog individually trained by a licensed guide dog trainer for guiding a blind person by means of a harness attached to the dog and rigid handle grasped by the person," as defined in Section 515-3(8), Hawaii Revised Statutes, as the same may be amended from time to time in the future.

The term "service dog" shall mean "any dog individually trained and certified by a nationally recognized service dog organization to assist a person with a disability in performing essential activities of daily living," as defined in Section 515-3(8),

Hawaii Revised Statutes, as the same may be amended from time to time in the future.

The term "signal dog" shall mean "any dog individually trained and certified by a nationally recognized signal dog organization to alert a deaf person to intruders or sounds," as defined in Section 515-3(8), Hawaii Revised Statutes, as the same may be amended from time to time in the future.

5. Section 5.02 of the Declaration is amended to add a new subsection (gg) to read as follows:

(gg) With respect solely to Condominiums constituting a part of the Community Area, to the extent that any provision contained in this Section 5.02 conflicts with a provision contained in a Condominium's declaration of condominium property regime, by-laws of the association of apartment owners, or house rules, or with a provision contained in the Condominium Property Act, Hawaii Revised Statutes, Chapter 514A, as the same may be amended from time to time (hereinafter referred to as the "Condominium Property Act"), the more restrictive of the provisions shall control, provided, however, that this subsection (gg) shall not be interpreted or construed in any manner that would modify, limit, abridge or terminate any right or privilege of Declarant specified or reserved in Section 5.02 of this Declaration.

6. Section 5.06(b)(3) of the Declaration is amended to read as follows:

(3) Except as otherwise provided for in a Condominium's declaration of condominium property regime or by-laws of the association of apartment owners or in the Condominium Property Act, a Sub-Association shall not be required to obtain consent of the Sub-Association members prior to making any Improvements in a Cotenancy Area.

7. The first sentence of Section 5.06(c) of the Declaration is amended to read as follows:

(c) A Cotenancy Area may be used for any purpose for which such Cotenancy Area was expressly created, as described in any declaration of condominium property regime or other declaration or conveyance document, subject, however, to the right to change such use as may be provided in any such declaration of condominium property regime, other declaration, or conveyance document or in the Condominium Property Act, if applicable.

In all other respects, the Declaration, as amended, is hereby ratified and confirmed and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, the Declarant has executed these presents this 22nd day of June, 1993.

WAIHUNA JOINT VENTURE

By Waikalani Developers, Inc., a
Hawaii corporation, a joint
venturer

By

[Signature]
Its Vice President

By WRD Limited Partnership, a Hawaii
limited partnership, a joint
venturer

By CHD, Inc., a Hawaii corporation,
Its general partner

By

[Signature]
Its Vice President

"Declarant"

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On this 22nd day of June, 1993, before me personally appeared Christopher L. Lau, to me known, who, being by me duly sworn, did say that he is the Vice President of WAIKALANI DEVELOPERS, INC., a Hawaii corporation, one of the general partners of WAIHUNA JOINT VENTURE, a Hawaii general partnership, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said corporation as said general partner of WAIHUNA JOINT VENTURE.

Terry Anne Seem
Notary Public, State of Hawaii

My commission expires: 4-23-96

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On this 22nd day of June, 1993, before me personally appeared Takeshi Motokubata, to me known, who, being by me duly sworn, did say that he is the Vice President of CHD, INC., a Hawaii corporation, a general partner of WRD LIMITED PARTNERSHIP, a Hawaii limited partnership, which limited partnership is one of the general partners of WAIHUNA JOINT VENTURE, a Hawaii general partnership, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said corporation as general partner of WRD LIMITED PARTNERSHIP, as general partner of WAIHUNA JOINT VENTURE.


Notary Public, State of Hawaii

My commission expires: 4-23-96

TITLE GUARANTY OF HAWAII
INCORPORATED
HONOLULU, HAWAII

TITLE GUARANTY OF HAWAII, INCORPORATED
HEREBY CERTIFIES THAT THIS IS A TRUE COPY
OF THE ORIGINAL DOCUMENT RECORDED AS
LAND COURT DOCUMENT NO. **2038685**
AND NOTED ON TRANSFER CERTIFICATE
OF TITLE NO. **415037**

ON **JUNE 28, 1993** AT **10:35 A.M.**

BY: _____

Not for resale use

EXHIBIT "A"

Parcel First:

All of that certain parcel of land situate at Waipio and Waikakalaua, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

LOT 14235, area 10.406 acres, more or less, as shown on Map 861, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1000 of John Ii Estate, Limited;

Being the land described in Transfer Certificate of Title No. 415,037 issued to WAIHUNA JOINT VENTURE, a Hawaii general partnership.

Parcel Second:

All of that certain parcel of land situate at Waipio and Waikakalaua, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

LOT 14236, area 174.593 acres, more or less, as shown on Map 861, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1000 of John Ii Estate, Limited;

Together with nonexclusive appurtenant rights and easements as follows:

(A) The nonexclusive right and easement over, under and across Lot 4195 (Roadway Lot) as shown on Map 340 filed with Transfer Certificate of Title No. 148,771 issued to Melemanu Woodland Association for utility purposes, in perpetuity unless and until title to said Lot 4195 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 4195 is conveyed to, and accepted by, governmental authority authorized to accept title thereto;

(B) The nonexclusive right and easement over, under and across Lot 5816, Roadway, as shown on Map 429 filed with Transfer Certificate of Title No. 138,518 issued to Headrick Development, Inc. for all purposes for which street and roadway lots are commonly used in the City and County of Honolulu,

including the installation of utilities, in perpetuity until title to said Lot 5816 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 5816 is conveyed to, and accepted by, governmental authority authorized to accept title thereto;

(C) A right of access (under the H-2 Freeway) approximately 56 feet in width, designated as Easement 1879, over, under and across Lot 6196, Roadway, as shown on Map 445 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application of John Ii Estate, Limited, filed with Transfer Certificate of Title No. 178,370 issued to Headrick Development, Inc. for roadway and utility purposes, in perpetuity until title to said Lot 6196 is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement until fee title to Lot 6196 is conveyed to, and accepted by, governmental authority authorized to accept title thereto;

(D) The nonexclusive right and easement over, under and across Lot 1276-B, Roadway, as shown on Map 435, Land Court Application 1000, filed with Transfer Certificate of Title No. 155,547 issued to Headrick Development, Inc. for all purposes for which street and roadways are commonly used in the City and County of Honolulu, including the installation of utilities, in perpetuity until title to said Lot 1276-B is conveyed to the governmental authority authorized to accept title thereto; and subject to the condition that the fee owner benefited by said easement shall repair and maintain said easement together with all other fee owners benefited by said easement until fee title to Lot 1276-B is conveyed to, and accepted by, governmental authority authorized to accept title thereto; and

(E) The nonexclusive right and easement over, under and across for roadway purposes, Easement 228 within Lot 1276-A and Lot 1276-B, for vehicular use not exceeding two and one-half (2-1/2) tons in weight, as set forth by Land Court Order No. 17866, filed February 19, 1960, and Land Court Order No. 42633, filed August 13, 1975.

Being the land described in Transfer Certificate of Title No. 415,038 issued to WAIHUNA JOINT VENTURE, a Hawaii general partnership.

NOTE: Lots 14235 and 14236 will have access to a public road over Lots 12213 and 12214, as shown on Map 702, and Lot 1276-B, as shown on Map 435, as set forth by Land Court Order No. 112034, filed on June 4, 1993.

SUBJECT, HOWEVER, to the following:

1. AS TO PARCEL FIRST - LOT 14235

a. Designation of Easement "3713" for flowage purposes, as shown on Maps 618 and 861, as set forth by Land Court Order No. 67995, filed November 28, 1983.

b. Unilateral Agreement and Declaration for Conditional Zoning dated November 2, 1992, filed as Land Court Document No. 1967152.

c. The terms and provisions, including the failure to comply with the covenants, conditions and reservations contained in Declaration of Condominium Property Regime dated December 10, 1992, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1978662, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 942.) Said Declaration was amended by instrument dated March 2, 1993, filed as Land Court Document No. 2004832.

d. The terms and provisions, including the failure to comply with the covenants, conditions and reservations contained in By-Laws of the Association of Apartment Owners of the Condominium Project known as "THE RIDGE AT LAUNANI VALLEY" dated December 10, 1992, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1978663, as the same may hereafter be amended.

e. Designation of Easement "5344" (area 0.017 acre) as shown on Map 861, as set forth by Land Court Order No. 112034, filed on June 4, 1993.

f. Designation of Easement "5345" (area 0.001 acre) as shown on Map 861, as set forth by Land Court Order No. 112034, filed on June 4, 1993.

g. Designation of Easement "5346" (area 0.004 acre) as shown on Map 861, as set forth by Land Court Order No. 112034, filed on June 4, 1993.

h. Grant in favor of Hawaiian Electric Company, Inc., dated May 13, 1993, filed as Land Court Document No. 2036296, granting a perpetual right and easement to build,

construct, reconstruct, rebuild, repair, maintain and operate above-ground transformer sites, underground lines, etc. for the transmission and distribution of electricity.

i. Grant in favor of GTE Hawaiian Telephone Company, Incorporated, dated May 27, 1993, filed as Land Court Document No. 2036298, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate above-ground transformer sites, underground lines, etc. for the transmission and distribution of electricity.

j. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Declaration of Restrictive Covenants (Private Park) dated June 15, 1993, filed as Land Court Document No. 2036281.

k. Grant in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company, Incorporated, dated June 15, 1993, filed as Land Court Document No. 2036282, 2036283, granting a perpetual right and easement to construct, reconstruct, operate, maintain, repair and remove pull boxes, hand holes, transformer vault sites, underground power lines, etc. for the transmission and distribution of electricity.

2. AS TO PARCEL SECOND - LOT 14236

a. Easement "216" (16 feet wide), Easement "217" (16 feet wide), Easement "219" (5 feet wide), Easement "225", Easement "226" (25 feet wide), Easement "227" (25 feet wide) and Easement "228" (44 feet wide) as shown on Maps 100 and 861, as set forth by Land Court Order No. 17866, filed February 19, 1960.

b. Easement over, under and across Easement "228" for roadway purposes, in favor of Lot 1278, as set forth by Land Court Order No. 42633, filed August 13, 1975.

c. Grant in favor of the United States of America, dated January 5, 1961, granting a nonexclusive easement for the construction, etc. of an underground communication cable, etc., over and across Easement "225", filed as Land Court Document No. 268343.

d. Easement "4150" (3 feet wide) and Easement "4151" (5 feet wide) as shown on Maps 638 and 861 as set forth by Land Court Order No. 70496, filed July 18, 1984.

e. Grant in favor of the United States of America, dated May 9, 1984, granting a nonexclusive right-of-way in the

nature of an easement for the construction, maintenance, and repair of an overhead communication cable, etc., over said Easements "4150" and "4151", filed as Land Court Document No. 1248290.

f. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Deed dated April 1, 1960, filed as Land Court Document No. 254783. The foregoing includes but is not limited to, the following:

"Reserving and excepting further, however, unto the Grantor, its successors and assigns, a perpetual easement to lay, construct, maintain, renew, repair and remove water pipelines along and under Easement 219 (within said Lot 1276-A), said Easement to be appurtenant to other lands of the Grantor described in said Certificate of Title No. 51,587."

"Reserving and excepting, however, unto the Grantor, its successors and assigns, a perpetual nonexclusive easement for road purposes over, along, across and upon Easement 228 (within said Lots 1276-A & 1276-B), as shown on said Map 435, provided, however, that this Easement shall automatically cease as to any portion or portions of said road or roads if and when the same are dedicated to public use by conveyance thereof to the State of Hawaii or the City and County of Honolulu for road purposes, and also over, along, across and upon the present road running the length of said Lots 1276-A & 1276-B to the extent that said present road does not presently lie within the boundaries of said Easement 228 so long as said present road shall be maintained in its present location, said Easement over said present road outside of the boundaries of said Easement 228 to cease and terminate in the event that said present road shall be relocated within said Easement 228, or any other alignment that shall be dedicated to public use, said Easement affecting Easement 228 and said present road to be appurtenant to Lots 1287, 1286, 1285, 1284, 1283, 1288, 1289, 1277, 1278 and 1279, being also portions of the lands described in Certificate of Title No. 51,587 and being the Easements for access to a public highway in favor of said Lots referred to in Land Court Order No. 17,866, dated February 16, 1960 and filed February 19, 1960, and being also appurtenant to other lands of the Grantor mauka of said Easement 228. Said Easement as to road purposes shall be limited as to vehicular use to vehicles not exceeding two and one-half (2-1/2) tons in weight."

"Subject, further, however, as to all easements herein and hereby granted or reserved to all rights of other parties existing as of the date hereof."

g. Grant in favor of Hawaiian Electric Company, Inc., dated August 21, 1957, filed as Land Court Document No. 209937, granting a perpetual right and easement to build, construct, reconstruct, repair, and operate pole and wire lines, etc., for the transmission and distribution of electricity, etc.

h. The following as set forth in Deed dated January 12, 1973, filed as Land Court Document No. 614694, by and between Harold Thornton Stearns and Claudia Davis Stearns, husband and wife, as Grantors, and Headrick Development Inc., a Hawaii corporation, as Grantee, to wit:

"Subject also to reservation by Grantors of Easements 216, 217 and that portion of Easement 228 which extends from said Easement 216 to the South boundary of Lots 1276-A and 1276-B as shown on Map 100, Land Court Application 1000, for road, utility, sewer and waterline purposes. These Easements shall cease as to any portion or portions of same if and when dedicated to and accepted by the State of Hawaii and/or the City and County of Honolulu for public purposes."

i. Restriction of access rights over and across the boundary of Lot 1276-A bordering Interstate Highway (FAP No. I-H2-1(4)), as shown on Maps 435 and 861, as set forth by Land Court Order No. 42633, filed August 13, 1975.

j. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Deed dated April 1, 1960, filed as Land Court Document No. 254783. The foregoing includes but is not limited to, the following:

"And the Grantees, in consideration of the premises, for themselves and their respective heirs and assigns, as owner or owners from time to time of said Lot 1276, hereby covenant and agree to and with the Grantor, its successors and assigns, as owner or owners from time to time of Lots 1287, 1288, 1289, 1277 and other Lots North and East of said Lot 1288, that in the event that the Grantees shall build and construct a road from said Easement 228 to said Lot 1288, they will grant to the Grantor, its successors and assigns, as aforesaid, a perpetual nonexclusive easement not less than 44 feet in width for road purposes."

"And, in further consideration of the premises, it is hereby mutually covenanted and agreed, as covenants running with the land, with respect to each and all Easements hereinabove granted to the Grantees, and with respect to each and all Easements hereinabove reserved to the Grantor, appurtenant to the Lot or Lots granted to the Grantees and

appurtenant to the premises owned and retained by the Grantor as hereinabove set forth, that the owner or owners from time to time of the land or portion thereof to which said Easements are appurtenant will indemnify and hold harmless the owner or owners from time to time of the fee title to the parcel or parcels of land affected by said Easements, from and against property damage, personal injury and/or death arising out of such exercise by such owner or owners of said land, or portion thereof, to which said easements are appurtenant and by his, her, its or their tenants, servants, agents, invitees and/or licensees."

"And the Grantees, in consideration of the premises, for themselves and their respective heirs and assigns, as owners of said Easement for bridges in Easements 220, 221, 222, 223 and 224, hereby covenant and agree to and with the Grantor, its successors and assigns, as owner or owners from time to time of the servient property, that they will so build, construct, repair and maintain said bridges as not to interfere with the use of said existing ditch and any successor ditch, and as not to prevent the free passage of water through said existing ditch and any successor ditch."

k. Easement over Easement "228" for access purposes, in favor of Lot 12307 as set forth by Land Court Order No. 92369, filed January 19, 1989.

1. Unrecorded AGREEMENT dated June 8, 1993, by and between WAIHUNA JOINT VENTURE, a Hawaii general partnership "WAIHUNA", and HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, "HECO", of which a SHORT FORM AGREEMENT is recorded as Document No. 93-092611; re: HECO agrees to provide electrical service. (Not noted on Transfer Certificates of Title referred to herein.)

3. AS TO PARCELS FIRST AND SECOND - LOTS 14235 AND 14236

a. The terms and provisions, including the effect of any failure to comply with the covenants, conditions and reservations contained in Declaration dated July 19, 1976, filed as Land Court Document No. 773994.

b. Unilateral Agreement and Declaration for Conditional Zoning dated May 23, 1986, filed as Land Court Document No. 1373964.

c. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Declaration dated December 10, 1992, filed as Land Court Document No. 1978661.

END OF EXHIBIT "A"

LAUNANI VALLEY HOUSE RULES

Approved by the Board of Directors on June 12, 2002

The following are the House Rules for the Launani Valley Community Association. The primary purpose of these House Rules is to protect all residents from annoyance and nuisance caused by improper use of the property of Launani Valley Community Association and also to protect the reputation and desirability of Launani Valley.

The Board of Directors (the "Board") shall be responsible for enforcing these House Rules, but they may delegate such responsibility to the Managing Agent or the Site Manager. All owners, other occupants, tenants, and guests in Launani Valley must abide by these House Rules, and the Declaration of Covenants, Condition and Restrictions of Launani Valley. Each owner shall be responsible for ensuring that his or her tenant receives a copy of such documents and abides by the terms contained therein. Each owner shall also ensure that his or her family and guests comply with these House Rules.

The Board may make other rules or amend the House Rules time to time as necessary.

The Board may assess fines and/or seek other remedies as necessary to ensure compliance with the House Rules. Owners shall be responsible for payment of any fines as a result of the actions of the owners' tenants, family members, guests, agents, or employees.

ARTICLE I. USE OF COMMON AREAS

1. Obstructions

Sidewalks, walkways or passages of any kind must not be obstructed.

2. Trash Disposal.

Garbage, rubbish and other trash shall be disposed only in receptacles and designated areas. Trash containing food shall be securely wrapped before being placed in a receptacle.

3. Recreation Areas.

Any owner, his or her tenants and guests may use the recreational facilities, including tennis courts, basketball court, restroom facilities, parking lot in the park area and the jogging trail, in Launani Valley provided that each apartment owner, tenant, or other occupant shall be deemed to have assumed all risk of personal injury or property damage that may result from the use of said recreational facilities by themselves or their family members and guests. The guests of any

owner or tenant may use such facilities only when accompanied by such owner or tenant. The recreational facilities are open for use from dawn to dusk.

4. Roadways, Parking Areas, and Driveways.

- (a) Washing of Vehicles. Washing of vehicles is prohibited on the common area.
- (b) Observance of Signs. Drivers shall observe all posted traffic signs.
- (c) No Impeding of Access. No vehicles belonging to an owner or to a family member, tenant, guest, or employee of an owner shall be stopped or parked so as to impede or prevent ready access to any entrance or any exit by another vehicle.
- (d) Parking in Proper Place. All of Wikao Street is posted as a no parking zone. Vehicles shall be parked only in spaces designated for parking.
- (e) No Overnight Parking. No overnight parking is allowed at the parking lot in the park.
- (f) Repair of Vehicles. No repairs to automobiles, motorcycles or other motor vehicles shall be permitted in the common area.
- (g) No Racing. No racing of motors shall be permitted and all motor vehicles shall be equipped with quiet mufflers.
- (h) Condition of Vehicles. All vehicles used and parked in Launani Valley shall be in operating condition with a current vehicle license and safety stickers required by law.
- (i) Towing of Vehicles. The Board, Managing Agent or the Site Manager is authorized to tow away or remove at the owner's expense any vehicle or equipment parked, located or used in violation of these rules.
- (j) Responsibility for Damage. Damage to cars, other objects, and the common elements shall be the responsibility of the person causing the damage.
- (k) Prohibited Recreational Activities. Owners, occupants and guests shall not engage in rollerskating, rollerblading, skateboarding, bicycle riding or similar devices in common, parking, and landscaped areas, on the jogging trail, or on the

Tennis and basketball courts. Unlicensed motorized vehicles will not be permitted to be operated within the Project.

5. Stream, Stream Bank, and Unimproved Areas.

Access to the stream, stream bank, and surrounding unimproved area of the Launani Valley is expressly prohibited for safety reasons. Any violations should be reported to the Board, Managing Agent or the Site Manager immediately.

6. Barbecuing.

Barbecuing is not permitted in the common area.

7. Personal Property.

No windsurfing boards, surfboards, kayaks, boats or other items of personal property, including but not limited to baby carriages or bicycles, shall be left or allowed to stand on any of the common areas. Articles of any kind left in any of the common areas will be removed at the owner's risk and expense at the direction of the Board or Managing Agent.

ARTICLE II. GENERAL RULES

1. Nuisances. No conduct, activity, use or practice which is improper, offensive in the opinion of the Board, in violation of the Declaration of Covenants, Condition and Restrictions of Launani Valley, the Association Bylaws, or these House Rules shall be permitted.

2. Noise. Owners, other occupants, tenants, and guests shall not make or permit to be made any noise in Launani Valley by himself or his family or his invitees or licensees which will annoy or interfere with rights, comforts and convenience of Launani Valley residents. In particular, this applies to social gatherings, TV sets, radios, hi-fi and musical instruments. When guests are leaving at night, noise must be kept to a minimum. Excessive noise at any time may be reported to the Board, Managing Agent or the Site Manager.

3. Animals. All animals in common areas of Launani Valley shall be on a leash, caged, or in the positive control of apartment owners, other occupants, tenants, and guests. Feeding of wild animals is prohibited. The pet owner must pick up and dispose of pet waste in a sanitary manner and ensure that any pet waste is securely wrapped.

4. Workmen. No workmen will be allowed in Launani Valley before 7:00 a.m. or after 9:00 p.m. except in the case of an emergency.

5. Soliciting Prohibited. No soliciting of any kind is allowed in Launani Valley without the express permission of the Board or Managing Agent.
6. Combustible Materials.
 - (a) Smoking materials and matches especially must not be discarded in the common areas of Launani Valley as they are a fire hazard.
 - (b) The use of fireworks anywhere in Launani Valley is expressly prohibited.
 - (c) Flammable fluids such as gasoline, kerosene, or explosive materials or articles deemed hazardous to life, limb or property shall not be used in any common area of Launani Valley.

ARTICLE III. AESTHETIC CONSIDERATIONS

1. All apartment owners, other occupants, tenants, and guests shall act in consideration of others at all times.
2. No apartment owner, other occupant, tenant, or guest shall cause an unsightly condition in Launani Valley.
3. Owners, other occupants, tenants, and guests shall not cause any objectionable odors.

ARTICLE IV. VIOLATIONS

1. Reporting Violations and Damages.
 - (a) Reporting of Violations. All corrective actions regarding violations of the House Rules and damages to the common elements will be enforced by the Board and violations should be reported promptly to the Board or the Managing Agent or the Site Manager. Reports of violations should be made in writing and signed by the person(s) making the report.
 - (b) Damage to Common Areas. Damages to common areas shall be surveyed by the Board or the Managing Agent at the direction of the Board and the cost of repair or replacement and any legal fees incurred may be assessed by the Board against the person or persons responsible. If the responsible person(s) is not an owner, the owner shall be responsible for damages caused directly or indirectly by his or her tenants or such owner's (or his tenant's) family members, domestic servants, or guests.

2. Rights of Board and Managing Agent to Remedy Violations.

The violation of any of these rules and regulations shall give the Board, the Managing Agent or their agents the right to take appropriate legal action, including but not limited to seeking injunctive relief, to remedy any such violation. All costs thereof, including reasonable attorneys' fees, shall be borne by the owner, and if the violator is not an owner, the owner shall be responsible for legal fees and costs incurred for any violation of the Association's DCCRs, Bylaws, or House Rules by the owner's tenants, family members, guests, agents, and employees.

The Board may also adopt a schedule of fines for any violation of the Association's Declaration of Covenants, Condition and Restrictions, Bylaws, or House Rules by owners, their tenants, family members, guests, agents, or employees. The Board may delegate its authority to impose fines and issue notices of violation to the Managing Agent, the Association's Site Manager, or security personnel. Fines shall be imposed in compliance with the following procedures:

- (a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:
- (i) the alleged violation;
 - (ii) the action required to abate the violation;
 - (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. Notwithstanding the foregoing, the Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.
- (b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice of violation shall state:
- (i) the nature of the alleged violation;

- (ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;
- (iii) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and
- (iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

The notice of violation shall be sent to the owner, who shall be responsible for payment of any applicable fine. If the owner is not an occupant, then copies of the notice shall also be sent to any violator who is the guest, family member, agent, or employee of a tenant; however, this shall not be deemed a waiver of the owner's responsibility for payment of any applicable fine.

- (c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

ARTICLE V. AMENDMENTS

These House Rules may be amended only by a majority vote of the Board at a duly called meeting of the Board.