

EXHIBIT E

BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF WAIKIKI BANYAN

The following By-Laws shall apply to the above-named condominium project (herein called the "project"), as described in and created by Declaration of Horizontal Property Regime (herein called the "Declaration") to be recorded or filed of record in the State of Hawaii contemporaneously herewith, and to all present and future owners, tenants and occupants of any apartments of the project and all other persons who shall at any time use the project. The mere acquisition or rental of any apartment or the mere act of occupancy of any apartment will signify that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE I

MEMBERSHIP

Section 1. Qualification. All owners of apartments of the project shall constitute the Association of Apartment Owners (herein called the "Association"). The owner of any apartment upon acquiring title thereto shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such apartment ceases for any reason, at which time his membership in the Association shall automatically cease; provided, however, that to such extent and for such purposes, including voting, as shall be provided by lease of any apartment filed with the Board of Directors of the Association, the lessee of such apartment shall be deemed to be the owner thereof. The successor under any apartment sublease or condominium conveyance document shall be deemed to be an apartment owner under these By-Laws.

Section 2. Place of Meetings. Meetings of the Association shall be held at the project or such other suitable place convenient to the apartment owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the Association shall be held as soon as practicable after recording of the Declaration and these By-Laws upon the call of at least ten percent (10%) of the apartment owners; provided, however, that said first annual meeting shall in no event be held more than one hundred eighty (180) days after the date on which the certificate of occupancy for the project was issued by the appropriate county agency. Thereafter the annual meetings of the Association shall be held within three months after the end of each accounting year.

Section 4. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President or a petition signed by at least twenty-five percent (25%) of the apartment owners and presented to the Secretary.

Section 5. Notice of Meetings. The Secretary shall give written or printed notice of each annual and special meeting to every apartment owner according to the Association's record of ownership, and to every institutional holder of a first mortgage on an apartment

or of an apartment lease demising the same, as shown in the Association's record of ownership or who have given the Board notice of their interest through the Secretary or the Managing Agent, at least fourteen (14) days but not more than twenty (20) days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting, the items on the agenda for such meeting and a standard proxy form authorized by the Association, if any, in any of the following ways: (a) by delivering it to him personally, or (b) by leaving it at his apartment in the project or at his usual residence or place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the Association's record of ownership. If notice is given pursuant to the provisions of this section, the failure of any apartment owner or mortgagee to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any apartment owner or mortgagee in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

Section 6. Quorum. The presence at any meeting in person or by proxy of a majority of apartment owners shall constitute a quorum, and the acts of a majority of the apartment owners at any meeting at which a quorum is present shall be the acts of the Association except as otherwise provided herein. The term "majority of apartment owners" herein means the owners of apartments to which are appurtenant more than fifty percent (50%) of the common interests as established by the Declaration, any other specified percentage of the apartment owners means the owners of apartments to which are appurtenant such percentage of the common interests.

Section 7. Voting. Voting shall be on a percentage basis, and the percentage of the total vote to which each apartment is entitled shall be the percentage of the common interests assigned to such apartment in the Declaration. Votes may be cast in person or by proxy by the respective apartment owners as shown in the record of ownership of the Association. An executor, administrator, guardian, personal representative, or trustee may vote in person or by proxy at any meeting of the Association the percentage of vote for any apartment owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the Association's record of ownership, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such apartment in such capacity. The vote for any apartment owned of record by two or more persons may be exercised by any one of them present at any meeting in the absence of protest by the other or others, and in case of protest each co-tenant shall be entitled to only a share of such vote in proportion to his share of ownership in such Apartment. The purchaser of an apartment pursuant to an agreement of sale recorded in the Bureau of Conveyances of the State of Hawaii or filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii shall have all of the rights of a unit owner, including the right to vote, except as to those matters expressly retained by the seller under such agreement of sale, pursuant to Section 514A-83, Hawaii Revised Statutes, as amended.

Section 8. Proxies and Pledges. The authority given by any apartment owner to another person to represent him at meetings of the Association shall be in writing, signed by such owner and filed with the Secretary, and unless limited by its terms shall continue

until revoked by a writing filed with the Secretary or by the death or incapacity of such owner; provided, however, that the standard proxy form, if any, which accompanies a notice of meeting shall be valid only for the meeting to which such notice pertains and its adjournments, if any. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any apartment or interest therein, a true copy of which is filed with the Board through the Secretary or Managing Agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

Section 9. Adjournment. Any meeting of the Association may be adjourned from time to time not less than forty-eight (48) hours from the time the original meeting was called as may be determined by majority vote of the apartment owners present whether or not a quorum is present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 10. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Report of committees.
- (f) Election of inspectors of election
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

Section 11. Conduct of Meeting. Unless some other generally accepted rules for the conduct of meetings of the Association are designated or adopted by majority vote of the apartment owners, all meetings of the Association and the Board of Directors shall be conducted in accordance with Roberts Rules of Order.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of nine (9) persons. All members of the Board of Directors shall be owners, co-Owners, vendees under an agreement of sale, or an officer of any corporate owner of an apartment. The partners in a general partnership and the general partner(s) of a limited partnership shall be deemed to be the owners of an apartment for this purpose. The directors shall serve without compensation, unless such compensation is specifically authorized by the Association at a regular or special meeting. The resident manager of the project, if any, may not serve on the Board.

Section 2. Powers. The Board of Directors shall have all powers necessary for the administration of the affairs of the Association and may do all such acts and things therefor as are not by law, the Declaration or by these By-Laws directed to be exercised or done only by the apartment owners.

Section 3. Election and Terms. Election of directors shall be by cumulative voting by secret ballot at each annual meeting and any special meeting called for the purpose. Directors shall hold office for a period of three (3) years and until their respective successors have been elected, subject to removal as herein provided, except that at the first annual meeting one-third of the directors shall be elected for one year, one-third for two years and one-third for three years.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a director by the Association shall be filled by a vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until his successor is elected at the next annual meeting of the Association. Death, incapacity, or resignation of any Director, or his ceasing to be the sole owner or co-owner of an apartment, shall cause his office to become vacant.

Section 5. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a vote of a majority of apartment owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the apartment owners shall be given an opportunity to be heard at such meeting.

Section 6. Annual Meetings. An organizational meeting of the Board of Directors shall be held at the place of and immediately following each annual meeting of the Association, and no notice shall be necessary to any directors in order validly to constitute such meeting, provided that a majority of the whole Board shall be present. At such meeting the Board shall elect the officers of the Association for the ensuing year.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least one such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone, or messenger service, at least three (3) days prior to the date of such meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least eight hours' notice to each director, given personally or by telephone or messenger service, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and with like notice on the written request of at least two directors.

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors any director may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the

Board shall be a waiver of notice to him of such meeting. If all the directors are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at such meeting.

Section 10. Quorum of Board. At all meetings of the Board of Directors a majority of the total number of directors established by these By-Laws shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. Fidelity Bonds. The Board of Directors shall require that all directors, officers, employees and agents of the Association handling or responsible for funds belonging to or administered by the Association furnish adequate fidelity bonds in favor of the Association. The premiums on such bonds shall be paid by the Association. Such bonds shall in no event be in an amount less than one and one-half times the Association's estimated annual operating expenses and reserves and every such bond shall:

(a) Provide that the bond(s) may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least thirty (30) days prior written notice to the Board, the first mortgagees and every other person in interest who shall have requested such notice; and

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

Section 12. Conflict of Interest. No member of the Board of Directors shall vote an any board meeting on any issue in which such member has a conflict of interest.

Section 13. Attendance by Telephone. Members of the Board of Directors or of any committee may participate in a meeting by means of a conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

ARTICLE III

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, Vice President, a Secretary and a Treasurer, all of whom shall be elected by, and in the case of the President from, the Board of Directors. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary.

Section 2. Election and Term. The officers of the Association shall be elected annually by the Board of Directors at its annual meeting and shall hold office at the pleasure of the Board.

Section 3. Removal. Any officer may be removed either with or without cause by vote of a majority of the members of the Board of Directors, and his successor elected, at any regular meeting of the Board or any special meeting called for such purpose.

Section 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 of Directors. Subject to the control of the Board, he shall exercise general supervision and direction over the management and conduct of the business and affairs of the Association. He shall also have such other powers and duties as may be provided by these By-Laws or assigned to him from time to time by the Board.

Section 5. Vice President. The Vice President shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of the President is vacant. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. He shall also have such other powers and duties as may be assigned to him from time to time by the Board.

Section 6. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Association and of the Board of Directors, give all notices thereof as provided by these By-Laws, maintain and keep a continuous and accurate record of ownership of all apartments, have charge of such books, documents and records of the Association as the Board may direct, and in general perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall maintain and keep the financial records and books of account of the Association, prepare regular reports thereof and be responsible for the proper deposit and custody in the name of the Association of all its funds and securities.

Section 8. Auditor. The Association shall appoint annually a public accountant or accounting firm as auditor, who shall not be an officer of the Association nor own any interest in any apartment, to audit the books and financial records of the Association as required by law or directed additionally by the Board of Directors. The members of the Association may by majority vote at any annual meeting require that the yearly audit be conducted by a certified public accountant or a firm of certified public accountants. Any institutional holder of a first mortgage on an apartment or of an apartment lease demising the same may request and the Association shall provide said mortgagee with a copy of said annual audited financial statement within ninety (90) days following the end of any fiscal year of the Association.

ARTICLE IV

ADMINISTRATION

Section 1. Management. The Board of Directors shall at all times manage and operate the project and have such powers and duties as may be necessary or proper therefor including without limitation the following:

- (a) Supervision of its immediate management and operation;
- (b) Maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto;
- (c) Purchase, maintenance and replacement of any equipment and provision of all water and utility services required for the common elements;
- (d) Provision at each apartment of all water, sewer, electricity and such other utility services and utilities as the Board shall deem necessary either at the expense of such apartment or as a common expense as determined by the Board;
- (e) Employment, supervision and dismissal of such personnel as may be necessary for the maintenance and operation of the project;
- (f) Preparation at least 60 days before each fiscal year of a proposed budget and schedule of assessments for such year;
- (g) Collection of all installments of assessments levied and payment of all common expenses authorized by the Board.
- (h) Purchase and maintenance in effect of all policies of hazard and liability insurance for the project required by the Declaration and such other insurance and bonds as may be required or authorized by the Declaration or the Board;
- (i) Custody and control of all funds of the Association, maintenance of full and accurate books of account and records of such funds and preparation of regular financial reports thereof;
- (j) Notification of all persons having any interest in any apartment according to the Association's record of ownership of delinquency exceeding 30 days in the payment of any assessment against such apartment.
- (k) Notification in writing of all institutional holders of first mortgages on apartments or apartment subleases or condominium conveyance documents demising or conveying the same, as shown in the Association's record of ownership or of which the Secretary of the Association has been given written notice, of any loss to, or taking of, the common elements of the project if such loss or taking exceeds TEN THOUSAND DOLLARS (\$10,000.00);

(l) Notification in writing to the institutional holder of the first mortgage on any apartment or apartment sublease or condominium conveyance document demising or conveying the same, as shown in the Association's record of ownership or of which the Secretary of the Association has been given written notice, of any loss to such apartment which exceeds ONE THOUSAND DOLLARS (\$1,000.00); and

(m) Establishment of such penalties and fines as it deems appropriate with respect to enforcement of the provisions of the Declaration, these By-Laws and the house rules adopted pursuant to Article V, Section 4, of these By-Laws; provided such penalties and fines are not inconsistent with the law or the provisions herein, and the unpaid amount of such penalties and fines against any apartment owner shall constitute a lien against his interest in his apartment which may be foreclosed by the Board of Directors or Managing Agent in the same manner as provided in the Horizontal Property Act for common expenses; provided, however, that the said lien for such penalties and fines shall be subordinate to liens for taxes and assessments lawfully imposed by governmental authority against the apartment and to all sums unpaid on mortgages of record.

(n) Undertaking any and all action required to negotiate the acquisition of the leased fee interest or any or all undivided interests in the leased fee interest, including any sandwich interest, from the Fee Owners or any Sublessors of Waikiki Banyan by the Association or by the individual apartment owners, including but not limited to retaining any professionals to represent the Association or the individual apartment owners in the negotiations. The Board's right to negotiate the acquisition of the leased fee interest or any or all undivided interests in the leased fee interest, including any sandwich interest, includes, but is not limited to, the right to reject any terms or conditions it deems unacceptable.

(o) Purchasing, on behalf of the Association, the leased fee interest or any or all undivided interests in the leased fee interest, including any sandwich interest, of all apartments whose owners are unwilling or unable to purchase the leased fee interest or any or all undivided interests in the leased fee interest, including any sandwich interest, appurtenant to their apartments from the Fee Owners or Sublessors; provided that not less than seventy-five percent (75%) of the leased fee interest or the undivided interest in the leased fee interest, including any sandwich interest, offered by the Fee Owners or Sublessors of the apartments has been purchased by the apartment owners. The intent of this provision is that the Board is not authorized to purchase more than twenty-five percent (25%) of the leased fee interest offered by the Fee Owners or Sublessors of the apartments [e.g. If someone owning twenty percent (20%) of the leased fee interest to the apartments offers to sell that percentage to the Association, the Board is not authorized to purchase more than one-fourth (1/4th) of the twenty percent (20%) i.e. not more than five percent (5%) of the leased fee interest actually being offered.]

(p) If the Board, in compliance with the preceding paragraph, will be purchasing the leased fee interest or any undivided interest in the leased fee interest, including any sandwich interest, offered by the Fee Owners or Sublessors to

any of the apartments in the project on behalf of the Association, the Board shall have the right to do the following in connection with the purchase:

- (1) To own, improve, use, and otherwise deal in and with the leased fee interest or any or all undivided interests in the leased fee interest, including any sandwich interest;
- (2) To finance the purchase of all or any portion of the leased fee interest, including any sandwich interest, by way of a loan, special assessment, use of the Association funds, or any combination thereof;
- (3) To enter into a loan transaction with any individual, entity, or lending institution to obtain such financing;
- (4) To secure any loan by mortgage or pledge of all or any portion of the Association's assets, property, assessments, and funds;
- (5) To execute and deliver a promissory note and all other necessary documents and undertake all other actions necessary for the Association to borrow money;
- (6) To assess the apartment owners in a fair and equitable manner for the expenses incurred in acquiring the leased fee interest, including any sandwich interest, appurtenant to the apartments, or to service any debt associated with that acquisition;
- (7) To purchase the leased fee interest, including any sandwich interest, on behalf of the Association and to enter into appropriate purchase and sale contracts with Fee Owners or Sublessors;
- (8) To sell the leased fee interest, including any sandwich interest, appurtenant to an apartment to the owner of the apartment to which that leased fee interest is appurtenant or to any other person or entity;
- (9) To incorporate the Association or to create a land trust in which to hold title to any leased fee interest, including any sandwich interest, to be acquired by the Association;
- (10) To undertake any and all action as the Board deems necessary or appropriate to administer the leased fee interest, including any sandwich interest, acquired, including, but not limited to, establishing lease rents under the apartment leases or subleases, negotiating lease rent increases under the apartment leases or subleases, retaining professionals to assist in establishing and/or negotiating the lease rents at the renegotiation dates under the apartment leases or subleases and collecting lease rents.
- (q) To waive the Association's right of first refusal to purchase the leased fee interest or the undivided interest in the leased fee interest, including any sandwich

interest, offered by the Fee Owners or Sublessors of any of the apartments, provided that the proposed sale of said leased fee interest or the undivided interest in the leased fee interest offered by the Fee Owners or Sublessors is to the apartment lessee of the apartment to which the leased fee interest is appurtenant or to a buyer under an agreement of sale of said apartment.

Section 2. Managing Agent. The Board of Directors shall annually employ a responsible Hawaii corporate Managing Agent to manage and control the project subject at all times to direction by the Board, with all of the administrative functions specifically set forth in the preceding Section 1 and with such other powers and duties and at such compensation as the Board may establish from time to time, subject to prior approval of every such employment contract by a majority of the apartment owners. Any decision by the Association to terminate professional corporate management of the project and to assume self-management of the project may not be effected without the prior written consent of at least seventy-five percent (75%) of the institutional holders of a first mortgage on an apartment or an apartment lease demising the same (based upon one vote for each first mortgage owned). Every such employment contract shall provide that it may be terminated by the Board of Directors for cause on no more than thirty (30) days' written notice and without cause on no more than ninety (90) days' written notice, and in no event may such employment contract be for a term exceeding one (1) year, and in no event shall a termination fee be due and owing the Managing Agent.

Section 3. Representation. The President or Managing Agent, subject to the direction of the Board of Directors, shall represent the Association or any two or more apartment owners similarly situated as a class in any action, suit, hearing or other proceeding concerning the Association, the common elements or more than one apartment, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings, without prejudice to the rights of any apartment owner individually to appear, sue or be sued. Service of process on two or more apartment owners in any such action, suit or proceeding may be made on the President or Managing Agent. Every first mortgagee to whom the sublessee under an Apartment Lease is required by the terms of the mortgage to pay the same or, whenever there is no such mortgagee, every Managing Agent shall also be the agent of the respective lessees under any apartment leases filed with the Board for the collection, custody and payment of all rent, taxes, assessments and other charges thereunder payable to their lessors.

Section 4. Execution of Instruments. All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Association by such person or persons as shall be provided by general or special resolution of the Board of Directors or, in the absence of any such resolution applicable to such instrument, by the President or Vice President and by the Treasurer or Secretary.

ARTICLE V

OBLIGATIONS OF APARTMENT OWNERS

Section 1. Assessments. All apartment owners shall pay to the Managing Agent in advance on the first day of each and every month the monthly installments of assessments against their respective apartments for common expenses of the project in accordance with the Declaration and also, a monthly sum determined by the Managing Agent to be sufficient to accumulate and pay when due all rent, taxes, assessments and other charges thereunder payable by the lessee or sublessee of such apartment. Provided, however, that any apartment owners who are required under the terms of a first mortgage in favor of an institutional mortgagee encumbering an apartment sublease or a condominium conveyance document demising an apartment in the project to make lease rent payments to such mortgagee for transmittal to the Lessee, shall be permitted to do so.

Section 2. Maintenance of Apartments. Every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment and the limited common elements appurtenant thereto, including without limitation all internal installations therein such as water ' electricity, gas, telephone, sewer, sanitation, air conditioning, lights and all other fixtures and accessories belonging to such apartment and the interior decorated or finished surfaces of all walls, floors and ceilings of such apartment, with all necessary reparations and amendments whatsoever in good order and condition except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent. Every apartment owner and occupant shall reimburse the Association promptly on demand all expenses incurred by it in repairing or replacing any uninsured loss or damage to the common elements or any furniture, furnishing and equipment thereof caused by such owner or occupant or any person under either of them and shall give prompt notice to the Managing Agent of any such loss or damage or other defect in the project when discovered.

Section 3. Use of Project. (a) The apartments of the project shall be used only for their respective purposes as set forth in the Declaration and for no other purpose.

(b) All common elements of the project shall be used only for their respective purposes as designed.

(c) No apartment owner or occupant shall place, store or maintain on walkways, roadways, grounds or other common elements any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.

(d) Every apartment owner and occupant shall at all times keep his apartment in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the project.

(e) No apartment owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his apartment or the project nor alter or remove any furniture, furnishings or equipment of the common elements.

(f) No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alterations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including detailed plot plan, prepared by a licensed architect if so required by the Board and approved by the Board and a majority of apartment owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected.

(g) No apartment owner shall decorate or landscape any entrance of his apartment or any other portion of the project except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board.

(h) All occupants shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions and amplifiers that may disturb other occupants.

(i) No garments, rugs, or other objects shall be hung from the windows or facades of the project.

(j) No rugs, or other objects shall be dusted or shaken from the windows of the project or cleaned by beating or sweeping on any hallway or exterior part of the project.

(k) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the project outside of the disposal facilities provided for such purpose.

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash; provided, however, that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent.

(m) No apartment owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, television antenna, machines or air-conditioning units, or other equipment or appurtenances whatsoever on the exterior of the project or protruding through the walls, windows or roof thereof.

(n) No apartment owner or occupant shall erect, place or maintain any television or other antennas on said project visible from any point outside of the project.

(o) Nothing shall be allowed, done or kept in any apartments or common elements of the project which would overload or impair the floor, walls or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

(p) If the project shall have separate elevators devoted (i) to the transportation of the apartment owners and their guests and (ii) for freight service or auxiliary purposes, the apartment owners and tradesmen are expressly required to utilize the freight or service elevators for transporting packages, merchandise or any other object that may affect the comfort or well-being of the passengers of the elevators dedicated to the transportation of the apartment owners, residents and guests.

Section 4. House Rules. The Board of Directors, upon giving notice to all apartment owners in the same manner as herein provided for notice of meetings of the Association and opportunity to be heard thereon, may adopt, amend or repeal any supplemental rules and regulations governing details of the operation and use of the common elements not inconsistent with any provision of law, the Declaration or these By-Laws.

Section 5. Expenses of Enforcement. Every apartment owner shall pay to the Association promptly on demand all costs and expenses including reasonable attorneys' fees incurred by or on behalf of the Association in collecting any delinquent assessments against such apartment, foreclosing its lien therefor or enforcing any provisions of the Horizontal Property Act, the Declaration or these By-Laws against such owner or any occupant of such apartment.

Section 6. Record of Ownership. The Secretary of the Association or the Managing Agent shall keep an accurate and current list of the names and addresses of all members of the Association, including all vendees under any agreement of sale on an apartment in the project, if any. In connection therewith every apartment owner shall promptly cause to be duly recorded or filed of record the deed, lease, agreement of sale, assignment or other conveyance to him of such apartment or other evidence of his title thereto and shall file a copy of such documents with the Board of Directors through the Secretary or the Managing Agent.

Section 7. Mortgages. (a) Notice to Board of Directors. An apartment owner who mortgages his interest shall notify the Association of the name and address of his mortgagee and within ten (10) days after the execution of the same shall file a conformed copy of such mortgage with the Association; the Association shall maintain such information in a book entitled "Mortgages of Apartments".

(b) Notice of Unpaid Common Expenses. The Association whenever so requested in writing by an owner or mortgagee of an interest in an apartment shall promptly report any then unpaid assessments or common expenses due from the apartment owner involved.

(c) Notice of Default. The Board, when giving notice to an apartment owner of a default in paying common expenses or other default, shall send a copy of such notice to each holder of a mortgage covering such apartment or interest therein whose name and address has theretofore been furnished to the Association. In each and every case where the mortgagee has made a request, the Association shall notify the mortgagee of any unpaid assessment that is thirty (30) days delinquent or more.

(d) Examination of Books. Each apartment owner and each mortgagee shall be permitted to examine the books and records of the Association or the project at reasonable times on business days, and each mortgagee shall have the right to require the submission of annual reports and other financial data.

(e) Mortgage Protection. Notwithstanding any provision to the contrary in these By-Laws:

(1) Any first mortgagee who obtains title to an apartment pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such apartment's unpaid dues or charges which accrue prior to the acquisition of title to such apartment by the mortgagee.

(2) All taxes, assessments and charges which may become liens prior to the first mortgage under the laws of the State of Hawaii shall relate only to the individual apartments and not to the condominium project as a whole.

(3) The Declaration and By-Laws shall not give an apartment owner or any other party priority over any rights of first mortgagees of apartments pursuant to their mortgages in the case of a distribution to apartment owners of insurance proceeds of condemnation awards for losses to or a taking of apartment units, common elements or both.

(4) Notwithstanding any other provision of these By-Laws, no amendment of this Section 7(e) shall affect the rights of the holder of any such mortgage recorded in the Bureau of Conveyances, State of Hawaii, prior to the filing of such amendment who does not join in the execution thereof.

ARTICLE VI

MISCELLANEOUS

Section 1. Amendment. These By-Laws may be amended in any respect not inconsistent with provisions of law or the Declaration at any meeting of the Association

duly called for such purpose, by vote of seventy-five percent (75%) of the apartment owners, and shall be effective only upon the recording of an amendment to the Declaration setting forth such amendment of these By-Laws; and further provided that any material amendment of these By-Laws shall require the prior written consent thereto by at least seventy-five percent (75%) of the institutional holders of a first mortgage on an apartment sublease or condominium conveyance document demising or conveying the same (based upon one vote for each first mortgage owned).

Section 2. Indemnification. The Association shall indemnify every director and officer and his executors and administrators against all expenses reasonably incurred by or imposed on him in connection with any action, suit or proceedings to which he may be made a party by reason of being or having been a director or officer of the Association, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct; and in the absence of such final adjudication, indemnification shall be provided only in connection with such matters as to which the Association is advised by its legal counsel that the person to be indemnified committed no such breach of duty. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

Section 3. Subordination. These By-Laws are subordinate and subject to all provisions of the Declaration and any amendments thereto, the Horizontal Property Act (Chapter 514A, Hawaii Revised Statutes, as amended), which shall control in case of any conflict. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or said Horizontal Property Act.

Section 4. Interpretation. In case any provision of these By-Laws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these By-Laws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in active business for profit on behalf of any or all of the apartment owners.

Section 5. Books of Receipts and Expenditures. The Managing Agent or Board of Directors shall keep detailed, accurate records in chronological order, of the receipts and expenditures affecting the common elements, specifying and itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. All records and the vouchers authorizing the payments shall be kept and maintained at the address of the project, or elsewhere within the State as determined by the Board of Directors, and shall be available for examination by the apartment owners at convenient hours of week days.

Section 6. Minutes of Meetings. The minutes of meetings of the Board of Directors, and Association of Apartment Owners shall be available for examination by apartment owners at convenient hours at a place designated by the Board.

Section 7. Incorporation. The Board at any time may incorporate the Association as a non-profit corporation under the laws of the State of Hawaii. The incorporated Association shall exercise and enforce all the rights, powers, obligations, and duties of both the Association and a non-profit corporation in Hawaii. Except as required by law: (1) the

formation of the corporation shall not alter the provisions of the Declaration or By-Laws; and (2) the Association's Articles of Incorporation shall be subordinate to and controlled by both of those documents. The incorporated Association shall take no action in violation of Chapter 514A, Hawaii Revised Statutes. The Board shall adopt the existing By-Laws of the Association, as amended, as the first By-Laws of the incorporated Association.