

~~AMENDED-BYLAWS~~

for the regulation, except as otherwise provided
by statute or the articles of incorporation
of

KAHANA FALLS INTERVAL OWNERS ASSOCIATION
(Kahana Falls)

ARTICLE I

NAME AND OBJECT OF ASSOCIATION

1.01. Name. This Corporation shall be known as KAHANA FALLS INTERVAL OWNERS ASSOCIATION, hereinafter called the Association.

1.02. Objects. The objects of the Association shall be as stated in the Articles of Incorporation, and as the same may be amended from time to time.

1.03. Definitions. Capitalized terms shall have the same meaning ascribed to them in the Declaration of Covenants, Conditions and Restrictions for Time Interval Ownership at KAHANA FALLS, as amended from time to time.

ARTICLE II

MEMBERSHIP

2.01. Members. The membership of the Association in the Kahana Falls Interval Ownership Plan located in the Kahana Falls condominium project ("Project") shall consist of those persons who are Owners and/or purchasers of Time Intervals in the Kahana Falls Interval Ownership Plan (the "Plan").

2.02. Qualification. Upon acquiring title to an Interval, an Owner shall be qualified to be a member of the Association; provided that the authorized number of members of the Association is not less than fifty-one (51), and to such number as is authorized by the Board of Directors of the Association.

2.03. Death of Member. Upon the death of any member, the certificate of membership and his Interval Interest shall automatically become part of the estate of the member. The rights of members do not terminate upon death and pass under the applicable state law.

2.04. Certificate of Assignability. The Certificate of Membership and the rights and privileges of a member shall be assignable together with the ownership of the Interval except that notice shall be given to the Association. Upon the transfer, the old certificate shall be turned in

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and a new certificate shall be issued at a cost set by the Board for the purpose of noting the change in the Association records.

2.05. Vote. The voting of the members shall be on the basis of one vote for each Interval (every year Interval) and a one-half (1/2) vote for each bi-annual week (every other year Interval) which a member owns. No member will be entitled to cast a vote until such time as the Developer of the Plan owns less than thirty percent (30%) of the intervals in a particular apartment unit. Until the time the Developer owns less than 30%, the Developer shall be entitled to cast all votes for all Interval owners in such apartment unit; provided that the Developer may not exercise any rights hereunder that would serve to encumber, diminish or interfere with the rights of an Owner.

ARTICLE III

GOVERNMENT

3.01. Board of Directors. (a) The general management of the affairs of the Association shall be vested in the Board of Directors, who shall be elected as provided in 5.01 of Article V of these Bylaws. The minimum number of directors shall be no less than three nor more than nine (9) persons, provided that until such time as the members determine otherwise at least ninety (90) days prior to an annual meeting by written consent or at a special meeting called for the purpose, the Board shall be composed of seven (7) directors. Any reduction in the number of directors shall affect only vacant positions and shall not shorten the term of any director. All members of the Board of Directors shall be owners, co-owners, beneficiaries having the power of direction under a land trust, trustees of the trust as to an interval owned in trust (other than a land trust), vendees under an agreement of sale, or an officer, partner, member, or other person authorized to act on behalf of any other legal entity which owns an interval.

(b) No person shall be qualified to seek election to or to serve on the Board who is delinquent for ninety days or more in the payment of assessments, fines, penalties, late fees, interest, or any other amounts owed to the Association of any kind whatsoever as of 4:30 p.m., Hawai'i Standard Time, on the second business day prior to any meeting of the Association at which directors are to be elected or re-elected.

3.02. Officers. The officers of the Association shall consist of a President, a Vice-President, a Secretary and a Treasurer. All officers shall be members or partners or officer of a partnership or corporate member respectively and the President shall be selected from the Board of Directors, as provided in Section 5.02 of Article V of these Bylaws. Except for the President, any person may hold two offices.

3.03. President as Committee Member. The President shall be a member, ex officio, of all committees.

ARTICLE IV

MEETINGS

4.01. Annual Meeting of Members. There will be an annual meeting of the members entitled to vote as set by the Board of Directors in the first ten months following the beginning of the calendar year.

4.02. Special Meetings of Members. Special meetings of members may be called by the President at any time on his own initiative or by the President or Secretary upon request of fifteen percent (15%) of the members entitled to vote at such meeting made in writing. Notice of the meeting shall be mailed to each member at least twenty-one (21) days prior to the meeting, and at such special meeting there shall be considered only such business as is specified in the notice of meeting. All meetings of members shall be held at the principal office of the Association, or at such other place as the Board of Directors may designate within the United States that is specified in the notice calling the meeting.

4.03. Quorum for Members' Meeting. At all meetings of the Association either regular or special, the presence of ten percent (10%) of all members entitled to vote and in good standing as of the date of the notice of the meeting shall constitute a quorum. Quorum may be established by person and/or proxy.

4.04. Lack of Quorum. If a quorum is not present, the presiding officer may adjourn the meeting to a day and hour fixed by him.

4.05. Proxies. (a) A member may appoint a proxy to vote or otherwise act for the member by signing an appointment form either personally or by an attorney-in-fact. A member may authorize another person to act as a proxy for the member by:

(1) Executing a writing, including an official appointment form distributed by the Association authorizing another person or persons to act as a proxy for the member, which may be accomplished by the member or the member's authorized attorney-in-fact, officer, director, employee, or agent signing the writing or causing the member's signature to be affixed to the writing by any reasonable means, including without limitation the use of a facsimile signature; or

(2) Transmitting or authorizing the transmission of a telegram, cablegram, facsimile, or other means of electronic transmission authorizing the person or persons to act as a proxy for the member to the secretary or managing agent. A copy, facsimile telecommunication, or other reliable reproduction of the writing or transmission may be used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided that any such copy, facsimile telecommunication, or other reproduction shall be a complete reproduction of the entire original writing or transmission.

(b) An appointment of a proxy is effective when received by the secretary or managing agent, provided that it is received by the secretary or managing agent no later than

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~~4:30 p.m. on the second business day prior to the date of the meeting to which it pertains. An appointment is valid only be valid for the meeting to which the proxy pertains and its adjournments.~~

(c) An appointment of a proxy is revocable by the member.

(d) The death or incapacity of the member appointing a proxy does not affect the right of the Association to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or managing agent before the proxy exercises authority under the appointment.

(e) An appointment of a proxy is revocable by the member unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

(f) Subject to Section 414D-116, Hawai'i Revised Statutes, and any express limitation on the proxy's authority appearing on the face of the appointment form, a Association is entitled to accept the proxy's vote or other action as that of the member making the appointment.

(g) The appointment of a proxy may include the names of the candidates for election to the Board of Directors nominated as provided in Section 5.01 and allow the member to direct the proxy to vote for the candidate(s) designated by the member, provided that the Association shall have no responsibility for assuring that the proxy votes as directed and no vote by a proxy shall be void or invalid by reason of the proxy not voting as directed.

(h) Any official appointment form distributed by the Association shall be substantially in accordance with the requirements of Section 514B-123(d), Hawai'i Revised Statutes or any successor thereto.

(i) Use of Association funds to distribute official appointment forms shall be substantially in accordance with Section 514B-123(h), Hawai'i Revised Statutes, or any successor thereto.

4.06. Order of Business. At all meetings of the Association, the order of business shall be as follows:

- (a) Call to Order;
- (b) Establish quorum;
- (c) Reading of minutes of prior meetings;
- (d) Reports of officers;
- (e) Reports of committees and Plan Manager;
- (f) New business, as specified in the notice of meeting; and
- (g) Old business.

4.07. Organization Meeting of the Board. Immediately after the first annual meeting of the Association, the Board shall hold a regular meeting at the same place for the purpose of organization, election of officers and the transaction of other business. Written notices of the organizational meeting and regular meetings of the Board shall be given by the Plan Manager at least 21 days prior to the scheduled time of such meeting. Any notices shall be considered given 72 hours after the deposit in the United States mail or telegraphed except for personal delivery and facsimile which are effective when handed or transmitted to the director.

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Written notices of the time and place of special meetings and of the nature of any special business to be considered shall be given to each director at least 5 days prior to the scheduled time of such meeting by the Plan Manager at the direction of the President, Vice President or any two directors and shall be delivered personally or sent by letter or by telegram or by facsimile, charges prepaid, addressed to him either at his address as it is shown upon the records of the Association, in case such notice is mailed or telegraphed, and it shall be deemed given and received seventy-two hours after being so deposited in the United States mail or so delivered to the telegraph company in Hawaii.

4.08. Meetings of Board. Special meetings of the Board of Directors shall be called by the President, Vice President or any two directors upon five (5) days written notice. Such notice shall be personally delivered, sent by letter or telegram, charges prepaid, addressed to the Director as is shown on the records of the Association. Notice shall be deemed given 72 hours after deposited in the U.S. Mail and when the notice is telegraphed except for personal delivery which is given when handed to the director.

4.09. Telephonic Board Meeting or Action Without Meeting. Any action required or permitted to be taken by the Board of Directors, may be taken through a telephonic board meeting, or without a meeting if all members of the Board of Directors shall consent in writing to such action. Such written consent of action without meeting shall be filed with the minutes of the proceedings of the Board of Directors and shall have the same force and effect as a unanimous vote of the Directors. The telephonic Board of Directors meeting shall reflect the actions taken by the Board of Directors in writing.

4.10. Quorum, Waiver of Notice. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regularly called and noticed, if a quorum is present and there is on file a waiver, consent or approval of the holding of such meeting of directors who are not present, which are made a part of the minutes of the meeting.

ARTICLE V

ELECTION OF DIRECTORS AND OFFICERS

5.01. Election of Directors. (a) The Board of Directors of the Association shall be elected at the annual meeting. Directors shall hold office for a period of two (2) years commencing at the adjournment of the meeting at which they have been elected or until their respective successors have been elected, subject to removal as herein provided, provided further ~~that the terms of the five (5) directors to be elected at the 2010 annual meeting shall be divided~~ into classes as follows: two (2) shall be elected for one (1) year terms and three (3) shall be elected for two (2) year terms, with the candidates receiving the most votes being elected to the longer terms. Thereafter three (3) or four (4) directors, as the case may be, shall be elected in each subsequent year. In the event of any increase or decrease in the number of directors, the terms of the directors shall be divided such that as nearly as possible one-half of the directors

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shall be elected each year. Each member entitled to vote as provided in Section 2.05 shall be entitled to the vote as provided in the Interval ownership plan. Notwithstanding anything herein to the contrary, if the number of candidates nominated is equal to or less than the number of vacancies to be filled, the candidates so nominated shall be deemed to have been elected by acclamation

(b) Nominations for election to the Board of Directors shall be made by a Nominating Committee. Self-nominations may also be made by the submission of statements as set forth below. The Nominating Committee shall consist of a Chair, who shall be a member of the Board of Directors, and one (1) or more Members of the Association who may but need not be members of the Board. The Nominating Committee shall be appointed by the Board of Directors not less than ninety (90) days prior to each annual meeting at which directors are to be elected and shall serve until the adjournment of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Members wishing to be nominated shall submit a statement in accordance with Chapter 514B, Hawai'i Revised Statutes, indicating the member's qualifications to serve on the Board and reasons for wishing to serve on the Board to the Nominating Committee by such deadline as the Nominating Committee shall establish from time to time but not less than sixty (60) days before any meeting at which directors are to be elected. The names of all persons submitting statements shall be listed on any proxy appointment form distributed by the Association, with the candidates nominated by the Nominating Committee appropriately identified as such and all candidates' statements shall be distributed together with any such proxy appointment forms.

(c) The seat of any director who becomes delinquent for ninety days or more in the payment of assessments, fines, penalties, late fees, interest, or any other amounts owed to the Association of any kind whatsoever shall automatically become vacant at midnight, Hawai'i Standard Time, on the ninety-first day of such delinquency. No director whose seat becomes vacant by reason of such delinquency shall be eligible for appointment or election to the Board for as long as such delinquency continues and until thirty days after payment in full of all amounts owed to the Association.

5.02. Election of Officers. The Board of Directors shall elect from among their number a President and from the membership, a Vice-President, a Secretary and a Treasurer and any assistants except as to the President. The meeting of the Board of Directors to elect officers shall be held within three months following the annual meeting of members. Officers elected shall hold office until new officers are elected. Any Board member may hold up to two offices if there are only three members elected to the Board of Directors, except that the President may only hold that office.

ARTICLE VI

VACANCIES IN OFFICE

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~~If a vacancy occurs among the officers or in the Board of Directors, the vacancy shall be filled for the unexpired term by a person appointed by the Board of Directors.~~

ARTICLE VII

DUTIES OF OFFICERS

7.01. **President.** The President shall preside at all meetings of the Association and of the Board of Directors and shall appoint such committees as he or the Association shall consider expedient or necessary.

7.02. **Vice-President.** In the absence of the President, the Vice-President shall perform his duties, and, in the absence of both President and Vice-President, the Secretary or Treasurer shall preside and assume the duties of the President.

7.03. **Secretary.** The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; shall, if requested, read such minutes at the beginning of each meeting for approval; and shall mail out all notices for meetings of the Association or the Board of Directors.

7.04. **Treasurer.** The Treasurer shall have charge of all receipts and moneys of the Association, deposit them in the name of the Association in a bank or banks approved by the Board of Directors, and disburse funds as ordered or authorized by the Board of Directors; provided that the day to day processing of receipts and disbursements may be delegated to the Plan Manager. He shall keep regular accounts of his receipts and give an itemized statement at regular meetings of the Association.

7.05. **Execution of Instruments.** Any two officers shall sign all leases, checks, contracts, or other instruments in writing unless otherwise directed by the Board of Directors.

ARTICLE VIII

DUTIES AND POWERS OF BOARD OF DIRECTORS

8.01. **Management of Association.** The Board of Directors shall have general charge and management of the affairs, funds, and property of the Association. The Board shall have full power, and it shall be the Board's duty, to carry out the purposes of the Association according to its Charter and Bylaws; ~~select one of the officers to represent the Association and if none is available to select a person, appoint the Plan Manager, amend the Bylaws and to delegate certain activities of the Association to committees and/or the Plan Manager.~~

8.02. **Rule making.** The Board of Directors may set up rules to set forth the respective rights and obligations of members from the Kahana Falls Interval Ownership Plan subject to

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such terms as provided therein and work out such exchange and/or coordination necessary between the Kahana Falls Interval Ownership Plan and their members.

8.03. Appointment of Committees. The Board of Directors may appoint such committees as it deems necessary including a Membership Committee and a Rules Committee; it may vote the expenditure of monies as it deems necessary or advisable; and it may instruct the officers of the Association to contract for the lease or purchase in the name of the Association of facilities for the use of the members.

8.04. Authority to Impose Liability on Members. The Board of Directors may impose any liability or levy an assessment upon the members with respect to the Plan.

8.05. Place of Directors' Meetings. The meeting of the directors may be held in Kahana, Maui, Hawaii, or wherever the Board of Directors designate.

8.06. Annual Reports. There will be an annual report or other periodic reports to members in any form that the Board considers appropriate.

8.07. Accountant and Legal Counsel. The Board of Directors may appoint and retain an accountant or accounting firm and/or legal counsel or counsels on retainer at the cost and expense of the Association to assist in the administration and management of the Association.

ARTICLE IX

COMPENSATION OF DIRECTORS AND OFFICERS

Any compensation of the officers and/or Directors shall be as provided in the Kahana Falls Interval Ownership Plan, and the Rules and Regulations. The Board of Directors can designate any officer as the general manager and he can be compensated in accordance with his duties and responsibilities.

ARTICLE X

RULES AND REGULATIONS FOR MEMBERS AND GUESTS

10.01. Right of Guest to Use Facilities. Members of the Association and the families of such members, and/or guests of such members, may use any facilities owned, leased, or contracted for by the Association in accordance with their Time Interval Purchase Agreement or Time Interval Conveyance, as the case may be, and thereafter in accordance with the Association's Rules and Regulations.

10.02. Expulsion. Any member may be expelled or his Interval terminated in accordance with the provisions of the Kahana Falls Interval Ownership Plan.

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10.03. Pets. Owners are not allowed to keep pets in an Apartment; provided, however, that notwithstanding any other provision herein, visually impaired persons may keep certified seeing-eye dogs, hearing impaired persons may keep certified signal dogs, and physically impaired persons may keep certified service dogs in their apartments and may use such dogs as reasonably necessary to enjoyment of the project.

ARTICLE XI

CLASSES, RIGHTS AND DUTIES OF MEMBERS

11.01. Membership Rights and Obligations. The class of membership, the rights and duties of the members shall be as set forth in the Kahana Falls Interval Ownership Plan.

11.02. Membership Suspension and Termination. The suspension and termination of members shall be as set forth in the Kahana Falls Interval Ownership Plan.

ARTICLE XII

AMENDMENTS

These Bylaws may be amended by the Declarant and after the Association is organized by a majority vote of the Board of Directors present at a regular or special meeting of the Board of Directors, or by a majority vote of the members where a quorum is present, provided notice of the purpose and the proposed amendment or amendments have been stated in the notice of the meeting.

ARTICLE XIII

CORPORATE RECORDS

13.01. Minute Book. The Association shall keep at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of its Directors and of its members, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present and the proceedings thereof.

~~13.02. Accounts. The Association shall keep and maintain adequate and correct accounts of its properties and transactions, including accounts of its assets, liabilities, disbursements, gains, losses, capital and surplus.~~

13.03. Directors' Rights of Inspection. Every Director shall have the absolute right at any reasonable time to inspect all books, records, documents of every kind, and the physical

properties of the corporation and of any subsidiary corporations. Such inspection may be made in person or by agent or attorney, and the right of inspection includes the right to make extracts, but not to reproduce entire records of the Association. In the event a director or any member desires to obtain copies of the minutes of any Association or Board of Directors meetings, the [sic] such director or member shall submit a written request to the Association together with a reasonable deposit to defray the duplication cost of such records.

13.04. Membership. The Association shall keep a membership book containing the name and address of each member. Termination of any membership shall be recorded in the book, together with the date on which the membership ceased.

ARTICLE IV

CORPORATE SEAL

No corporate seal is required. If a corporate seal is obtained it shall be circular in form and shall have inscribed thereon the name of the corporation, the date of its incorporation, and the "State of Hawaii."

ARTICLE XV

BYLAWS

15.01. General Scope of the Bylaws. The particular powers and provisions enumerated in these Bylaws are not intended to be, or to be construed to be, an exclusion of or a limitation upon the exercise of any right, privilege or power which the corporation may lawfully regulate or delegate in or by its Bylaws, and as to any matter which may hereafter arise and which is not specifically provided for by these Bylaws, the Board of Directors shall have the right to act as the majority of them may determine, provided such action is not contrary to the laws of the State of Hawaii governing non-profit corporations.

15.02. Bylaws to be Kept at Office. A copy of these Bylaws as amended and altered up to date, certified by the Secretary of this corporation, shall be kept at the principal office of the corporation, and shall be open to inspection by the Directors at all reasonable times during office hours.

ARTICLE XVI

EXEMPT ACTIVITIES

Notwithstanding any other provisions of these Bylaws, no member, officer, employee, or representative of the Association shall take any action or carry on any activity by or on behalf of the Association not permitted to be taken or carried on by an organization exempt under Section

501 (c) (3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended, or by an organization contributions to which are deductible under Section 170 (c) (2) of such Code and Regulations as they now exist or as they may hereafter be amended.

ARTICLE XVII

LIENS AND ENCUMBRANCES

The Association may acquire, condominium apartment units, and/or buildings for the use of the members through purchase, lease, land trust and/or stock ownership together with the right to use arrangements attached to the stock ownership. The buildings and units may be mortgaged, encumbered and/or pledged by the Association or any other person and/or entity transferring the same to the Association, provided that there is provision made for the amortization of the debt which affects the property being transferred to the Association or there is provision for a nondisturbance and/or attornment in favor of the Association for the members who continue to make their payments or have paid in full their membership. Notwithstanding the foregoing, the Association shall not exercise any right or undertake any act that would serve to diminish or interfere with the rights of an Owner; and no mortgage, encumbrance or pledge shall be effective to the extent that it diminishes or interferes with the rights of an Owner.

ARTICLE XVIII

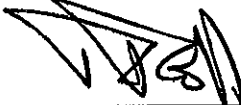
INDEMNIFICATION

Every Director and officer shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with or resulting from any claim, action, suit, proceeding, investigation or injury of whatever nature in which he may be involved as a party or otherwise by reason of his being or having been a Director or officer of the Association, whether or not he continues to be such Director or officer of the Association at the time of incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or gross negligence toward the Association in the performance of his duties as such Director or officer. As to whether or not a Director or officer was liable by reason of willful misconduct or gross negligence toward the Association in the performance of his duties as such Director or officer, in the absence of such final adjudication of the existence of such liability, the Board of Directors and each Director and officer may conclusively rely upon an opinion of legal counsel selected by or in the matter designated by indemnification. The foregoing right of indemnification shall be in addition to and not in limitation of all other rights to which such person may be entitled as a matter of law, and shall inure to the benefit of the legal representatives of such person.

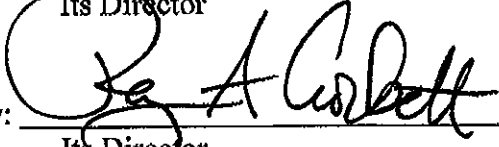
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Adopted as the Bylaws of this Association this 21 day of October,
2009.

KAHANA FALLS INTERVAL
OWNERS ASSOCIATION

By: 

Its Director

By: 

Its Director

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