

BYLAWS
NANAWALE COMMUNITY
ASSOCIATION, INC.

REVISED AND ADOPTED OCTOBER 3rd, 2015

RECORD OF ADOPTION AND REVISION

The Original Bylaws were adopted on the 23rd day of February, 1961

Amendments to the Original Bylaws were adopted on the 5th day of October, 1974
and on the 2nd day of October, 1976.

Revision of the Bylaws was approved by the General Membership on the 3rd day of
October, 1992.

Revision of the Bylaws was approved by the General Membership on the 6th day of
October 2007

Revision of the Bylaws was approved by the General Membership on the 4th day of
October 2008

Revision of the Bylaws was approved by the General Membership on the 3rd day of
October 2015

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BYLAWS

NANAWALE COMMUNITY ASSOCIATION, INC.

ARTICLE I.OFFICE

SECTION 1. PRINCIPAL OFFICE. The principal office for the transaction of the business of the Corporation is hereby fixed and located in the District of Puna, County of Hawaii, State of Hawaii. The Board of directors is hereby granted full power and authority to change said principal office from one location to another in said C o u n t y .

ARTICLE II. MEMBERSHIP IN THE CORPORATION

SECTION 1. QUALIFICATION OF MEMBERS. There shall be only one class of membership in the Corporation. Each and every person who is the owner of any lot in NANAWALE ESTATES SUBDIVISION shall be entitled to membership therein.

SECTION 2. VOTING RIGHTS. Voting rights shall be limited to one (1) vote per lot. So long as a member is owner of any such lot or lots and is not in default in any assessments thereon, he or she shall be entitled to notice of meetings of members and to vote.

SECTION 3. AGREEMENT OF MEMBERS. Any member of the Corporation consents to the jurisdiction of the Corporation over the lot or lots to which their membership pertains, and agrees with the Corporation and with each and every member thereof that they will be bound by the Bylaws, Regulations and policies of the Corporation as originally enacted or as hereafter amended. They agree that they will not use or occupy any property, subject to the jurisdiction of the Corporation, in any manner or for any purpose in violation of any provision of the Declaration of Protective Restrictions applicable to such property, laws, and regulations of the County and State of Hawaii to such property. He or she agrees to promptly pay all assessments and liens which have been fixed, established and levied by the Corporation upon any property subject to its jurisdiction which he or she owns. Failure to comply deems a member not in good standing with the Corporation and all privileges, voting rights and participation at Board of Director meetings will be revoked until brought to compliance of said agreement.

SECTION 4. PRIVILEGES. Any member, or his or her family, guests and tenants shall be entitled to use and to enjoy all common areas, subject however, to such rules and regulations as may be adopted from time to time by the Board of Directors of the Corporation.

SECTION 5. PROPERTY RIGHTS. No member shall have an interest in the properties of the Corporation. The Board of Directors shall have full discretion to use or dispose of corporate properties consistent with law, the Charter of Incorporation and these Bylaws.

SECTION 6. TERMINATION AND TRANSFER OF MEMBERSHIP. Membership in the

Corporation shall be contingent upon ownership of a lot subject to the jurisdiction of the Corporation and shall run with the recorded ownership of the property.

ARTICLE III. ASSESSMENTS, RIGHT OF LIEN.

SECTION I. PURPOSE OF ASSESSMENTS. All monies received and collected in payment of charges and assessments are properly usable for the following purposes:

- a. To purchase, lease, construct, improve, maintain, operate, hold in trust and own all Common Areas appropriate for the use and benefit of owners and tenants in the subdivision subject to the jurisdiction of the Association.
- b. To improve, light and maintain roads, parks; to plant and maintain trees and plants within the lines of streets immediately adjoining any lot in said property or within Common Areas thereof; when feasible, to provide fire and police protection, and for collection and disposal of rubbish, etc. there from.
- c. To care for any lots in the subdivision and remove and destroy grass, weeds, rubbish and any other unsightly or obnoxious thing there from and to perform any labor necessary to keep said lots clean and in good order. The expense thereof, when warranted, shall be charged to the owner, and if delinquent, may be secured by a lien upon each and every lot so serviced.

To enforce the covenants and restriction of Nanawale as contained in the deeds of each and every lot. Laws pertaining to the keeping of farm animals, allowing domesticated pets to run at large, violations of the health, building codes, illegal business, and farm operation. Each instance will be assessed according to a schedule to be set up by the Board of Directors. Violators will be warned of the pending actions at least thirty days in advance of the assessment. Any assessments not paid will be secured by a lien on each and every lot found in violation.

The members of Nanawale Community Association will grandfather all single family dwellings which are built to code and have met the County's completion requirements for a single family dwelling, but do not meet the 880 sq. ft. of living area as set forth in the Declaration of Protective Restrictions, Section II C. Construction must be finalized per County codes prior to October 2009 and proof brought to the Nanawale Association office to be recorded.

- d. To pay all tax assessments, if any, which may be levied by any public authority upon streets, parks, now or hereafter opened, laid out, or established within the subdivision or upon any other property or any open spaces or land acquired or controlled or held in trust for the use and benefit of the owners of lots within the subdivision.
- e. To promote the social life, recreation, community relations, spirit of brotherhood among the members, their families and all residents of the Nanawale Community.
- f. To maintain a Community Center Office and hire all necessary personnel to efficiently perform the duties required by any government agency and the day-to-day dispensing of information to the residents and owners of Nanawale Estates.

SECTION 2. CHARGES AND ASSESSMENTS. All property subject to the jurisdiction of the Corporation, except portions thereof which have or shall have been dedicated or set aside for use as

streets, parks, parkways, community buildings, community playgrounds, or otherwise for the general use and benefit of the Corporation and its members of Nanawale Estates, shall be subject to all such assessments as may be necessary for any or all of the purposes of the Corporation. Properties held for commercial purposes or for resale or lease for whatever purpose are not exempt from assessment by the Corporation except as they become the property of the Corporation or of a local, state or federal government agency. The amount of such assessments fixed, established or levied upon any one lot shall be the same as that of all other lots under the jurisdiction of the corporation except those properties consisting of two or more lots having been legally consolidated and so recorded with the appropriate state and county agencies. Such consolidated lots will be assessed at the rate of one lot multiplied by the number of lots under consolidation. Beginning on January 1, 2008, the amount of assessment for each and every lot shall be set at an annual rate of Seventy dollars (\$70.00). Such assessment shall not increase more than five percent (5%) per year in succeeding years.

SECTION 3. WHEN PAYABLE. Such assessments shall become due and payable on the first day of January, and shall become delinquent sixty (60) days thereafter, and if not theretofore paid, shall thereafter bear interest at a rate set by the Board of Directors but not to exceed the current rate permitted by law under Chapter 478, Hawaii Revised Statutes.

SECTION 4. LIEN FOR ASSESSMENTS. The Corporation shall have the right, but shall be under no duty to file for record with the Bureau of Conveyances of the State of Hawaii, at any time within thirty (30) days after delinquency, a claim or lien for the amount of such assessments, together with interest as aforesaid, which shall have become delinquent with respect to any lot. The aggregate amount of all such assessments and interest, together with any delinquent charges resulting from application of the Covenants of Restrictive Protection, shall constitute a lien upon such lots, and all improvements thereon, from the date that a claim of lien is so recorded. Such lien shall be prior to any and all existing liens and encumbrances except real property taxes and those given or made and recorded prior to the date upon which the Declaration of Protective restrictions, applicable to such lot, shall have been executed.

The delinquent owner shall also be responsible for payment of charges related to the preparation of the lien itself, recordation fees, preparation of the release of lien, and attorney's fees connected to the said lien, and interest calculated under Section 3 above.

Upon payment in full of the amount of all such assessments, together with interest, lien fees, and other charges as aforesaid, the Corporation shall file for record a proper release of any claims of lien theretofore recorded, and such release so recorded shall fully protect any title company or other person issuing the title to such lot, and any purchaser of encumbrancer for value, relying thereon.

The recordation of a lien against the property or owner shall not be used as a basis or a claim against the Corporation or any of its officers, directors or employees so long as the said lien was based upon a valid existing delinquency at the time filed.

SECTION 5. ENFORCEMENT OF LIEN. The lien hereinbefore provided may be enforced by the Corporation in the manner provided by law with respect to the mortgage or other lien on any real property; and in the event of foreclosure, the property owner shall pay all costs and expenses of foreclosure, including among other things, court costs and reasonable attorney's fees, all of which costs, expenses and fees shall be secured by such lien; provided however, that no action to enforce such lien be commenced later than five (5) years after the claim of lien shall have been recorded.

ARTICLE IV. MEETINGS OF MEMBERS

SECTION 1. PLACE OF MEETINGS. All meetings of members shall be held at the principal office of the Corporation, or at such other place as may be fixed from time to time by resolution of the Board of Directors.

SECTION 2. ANNUAL MEETINGS. The annual meetings of members shall be held on the first Saturday of October of each year at 1:00 p.m. of said day; provided that should that day fall upon a legal holiday, then any such annual meeting of members shall be held at the same time and place on the day thereafter ensuing which is not a legal holiday. Written notice of each annual meeting shall be given to each member entitled to vote, either personally or by sending a copy of the notice through the mail to his or her address appearing on the books of the Corporation or supplied by him or her to the Corporation for the purpose of notice. If a member supplies no address, notice shall be deemed to have been given him or her if mailed to the place where the principal office of the Corporation is situated, or published at least once in some newspaper of general circulation in the County of said principal office. All such notices shall be sent to each member entitled thereto not less than thirty (30) days before each annual meeting, and shall specify the place, the day and the hour of such meeting.

SECTION 3. SPECIAL MEETINGS. Special meetings of members for any purpose or purposes whatsoever, may be called at any time by the President or by the Board of Directors. Members not in good standing with the Corporation and renters are not allowed to participate. Pursuant to 421J-5 Meeting of the Board of Directors; committee or subcommittee: (a) All meetings of the board of directors, other than executive sessions, shall be open to all members to provide input on the matters being discussed. Members who are not on the board of directors may participate in any deliberation or discussion, other than during executive sessions, unless a majority of a quorum of the board of directors votes otherwise.

SECTION 4. ADJOURNED MEETINGS AND NOTICE THEREOF. Any members' meeting, annual and special, whether or not a quorum is present, may be adjourned from time to time by the vote of members present or represented at such meeting and entitled to cast a majority of votes presented at such meeting, but in the absence of a quorum no other business may be transacted at any such meeting. When any members' meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

SECTION 5. ENTRY OF NOTICE. Whenever any member who is entitled to vote has been absent from any meeting of members, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of meeting was given to such member, as required by law and by the Bylaws of the Corporation.

SECTION 6. QUORUM. The presence in person or by proxy of members entitled to exercise ten percent (10%) of the voting power of the Corporation shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjourned, notwithstanding the withdrawal of enough members to leave less than a quorum.

SECTION 7. PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Corporation; provided that no such proxy shall be valid after the annual meeting for which it was rendered.

SECTION 8. RULES. All annual or special meetings of members of the Association shall be conducted in accordance with the current edition of *Robert's Rules of Order*, except that in cases of conflict with the Bylaws of this Corporation, the Bylaws shall take precedence, and provided that by a simple majority vote of the membership at any such meeting, rules may be suspended.

ARTICLE V. DIRECTORS

SECTION 1. POWERS. Subject to limitations of the Charter of Incorporation and of the Bylaws as to action to be authorized or approved by the members, and subject to the duties of Directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under authority of, and the business and affairs of the Corporation shall be controlled by the Board of Directors. Without the prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers, to wit:

FIRST: To select and remove a Chairman of the Board, officers, agents, and employees of the Corporation, to prescribe such duties as may not be inconsistent with law, with the Charter of Incorporation or the Bylaws, to delegate authority to or limit the authority of the Chairman of the Board, the President or any other officers. Other provisions of these Bylaws notwithstanding, to require security for faithful service, including execution of an oath of office or written acceptance of responsibility, and to fix compensation for employees.

SECOND: To conduct, manage and control the affairs and business of the Corporation, and to make such rules and regulations therefore not inconsistent with law, with the Charter of Incorporation or the Bylaws, as they may deem best.

THIRD: To adopt, make and use a corporate seal, and to alter the form of such seal, as in their judgment they may deem best, provided such seal shall at all times comply with the provisions of law.

FOURTH: To borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefore, in the Corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefore.

FIFTH: To establish the following standing committees, prescribe the duties of each, and elect from the Board the chairperson of each: Executive Committee, Policy Committee, Environmental Committee, Architectural Committee and Nominating Committee; also to

establish an Audit Committee, prescribe the duties thereof: and to elect a non-Board member as chairperson.

SIXTH: Inasmuch as these Bylaws preclude the payment of salary to the President or other officers, and directs the Board of Directors to hire all necessary personnel to perform the duties required, (Article III Section 1 Subsection f), it is incumbent upon the Board of Directors to establish and monitor payroll expenses, establish rates of pay, job descriptions and performance standards; and limit the authority of hired personnel as to the signing of checks. Payroll expenses are not to exceed a maximum of (61%) sixty-one percent of the approved budget for

that year. The payroll budget shall not increase, as a percentage of the previous years approved payroll budget, more than (3%) three percent per year in any succeeding year. An additional (2%) two percent budget may be approved for additional personnel and/or performance bonuses, if expenses do not exceed the above payroll expense maximum.

SEVENTH: Subject to the provisions of Article III of these Bylaws, to fix, establish and levy assessments upon members of the Corporation, and on lots in property subject to its jurisdiction, and in any year or years to make any or all delinquent assessment liens upon the lot or lots in respect to which they shall have been fixed, established and levied.

SECTION 2. NUMBER AND QUALIFICATION OF DIRECTORS. The Board of Directors shall consist of nine persons, all of whom must be members in good standing of the Nanawale Community Association, and shall have expressed a willingness to serve as a committee chairperson. If, during the course of his or her tenure, a director shall cease to be qualified for membership in the Association, his or her tenure will be terminated automatically as of the date his eligibility terminated. Directors who sell or otherwise dispose of all their personally owned lots subject to the jurisdiction of the Corporation shall, except in the case of demise provide written notice to the Board in advance of their loss of eligibility.

SECTION 3. ELECTION AND TERM OF OFFICE. Three directors shall be elected at each annual meeting, but should any such annual meeting of members not be held, or the directors not elected thereat, directors may be elected at any special meeting of members held for that

purpose. Except when elected to complete an unexpired term, all directors shall serve for three

(3) years from the date of their election, unless otherwise terminated by resignation, or action of the Board, or the membership at an annual or special meeting. Directors may serve successive terms if reelected. Should it become necessary to reestablish the entire Board, three directors shall be elected for a one year term, three for a two year term, and three for a three year term.

SECTION 4. VACANCIES. Vacancies in the Board shall be filled at the meeting at which the vacancy or vacancies occur, or not later than the next regular meeting, by a majority vote of the remaining directors; though less than a quorum, and each director so elected shall serve for the remainder of the term to which he or she has succeeded. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the members shall increase the authorized number of directors, but shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional directors provided

for, or in the case the members fail at any time to elect the full number of authorized directors.

If any director tenders his or her resignation to the Board of Directors, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his or her term of office.

SECTION 5. PLACE OF MEETING. All meetings of the Board of Directors shall be held at the principal office of the Corporation, or any other place or places within the State of Hawaii, designated at any time by resolution of the Board or by written consent of all members of the Board.

SECTION 6. ORGANIZATION MEETING. Immediately following each annual meeting of members, the Board of Directors shall hold a special meeting for the purposes of organization, election of a chairperson and officers, formation of the Executive Committee, and the transaction of other business. Notice of such meeting is hereby dispensed with.

SECTION 7. OTHER REGULAR MEETINGS. Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board of Directors; provided, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board of Directors is hereby dispensed with.

SECTION 8. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President, or if he is absent, or unable, or refuses to act, by the Vice President, or by any two directors. All directors must be notified at least forty-eight (48) hours prior to the time of the meeting. An entry in the minutes shall be evidence that any absent member has been notified as required by law.

SECTION 9. QUORUM. A majority of the number of directors as fixed by the Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly noticed and held at which a quorum is present shall be regarded as the act of the Board of Directors.

SECTION 10. ADJOURNMENT. A quorum of the directors may adjourn any Directors' meeting to meet again at a stated day and hour; provided however, that in the absence of a quorum, a majority of the directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

SECTION 11. FEES AND COMPENSATION. No director or officer shall receive any salary for his services as such officer or director. However, reimbursement may be made for reasonable substantiated expenses incurred in the performance of official duties of the Association, subject to the approval of the Executive Committee.

Whereas directors and officers are precluded from receiving compensation for their services

as such director or officer, nothing shall preclude any director's serving the Corporation and receiving remuneration as agent, counsel, or in such professional capacity for which he or she is qualified, provided that the services are specifically requested by the Board, and the duration of such services and compensation therefore are specifically authorized in advance by the Board, and further provided that such services are performed on a contract basis and not as an employee of the Corporation.

SECTION 12. REMOVAL. The Board of Directors may, by vote of the majority of members present at a regular meeting at which a quorum is present, remove any director, whether he is present or not, provided grounds exist for such removal; except that if malfeasance is the grounds, thirty (30) days notice must be given to the director involved, and a committee of six (6) members, not to include directors or officers, appointed by the President or Chairman of the Board of Directors and confirmed by the Board, having duly considered all pertinent facts, makes such a recommendation to the Board. The following shall constitute grounds for removal:

- A. Failure of a director to attend three successive regular meetings.
- B. Conviction of any director, by a legally constituted court, or a felony involving moral turpitude.
- C. Malfeasance in office of a director who is or who has been an officer of the Corporation, except that a two-thirds (2/3) vote of the directors present at any regular or properly noticed special meeting at which a quorum is present shall be required to effect such removal.
- D. Loss of good standing in the Community Association by delinquency in assessments or by sale of all his or her property subject to the jurisdiction of the Corporation. The general membership of the Association shall have the same powers of removal as set forth elsewhere in this section provided such power is exercised at an annual meeting or a special meeting called for that purpose at which a quorum is present, and further provided that only a majority vote is required to effect such removal.

SECTION 13. RULES. All regular or special meetings of the Board of Directors, and meetings of any committees appointed by the Board of Directors, or the President, shall be conducted in accordance with the current edition of *Robert's Rules of Order*, except that in cases of conflict with the Bylaws of this Corporation, the Bylaws shall take precedence.

ARTICLE VI. OFFICERS.

SECTION 1. NUMBER AND QUALIFICATION. The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as may be elected in accordance with the provisions of Section 3 of this Article. Only members in good standing in the Corporation who have been duly elected as directors shall be elected to office.

One person may temporarily serve in two or more offices, except those of President and Secretary.

SECTION 2. ELECTION. The officers of the Corporation, except such officers as may be elected in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold office until he or she shall

resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected.

SECTION 3. SUBORDINATE OFFICERS. The Board of Directors may elect such other officers as the business of the Corporation may require, provided they are in good standing. Each shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

SECTION 4. REMOVAL AND RESIGNATION. Any officer may be removed with cause, by a two-thirds (2/3) vote of the Board at the time in office, at a special meeting of the Board called for such purpose.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice, or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed elsewhere in these Bylaws for the regular election to such office.

SECTION 6. PRESIDENT. The President shall be the Chief Executive Officer of the corporation, and subject to the control of the Board of Directors, shall have general supervision, direction and control of the business and officers of the Corporation. He shall be chairman of the Executive Committee, ex officio member of all standing committees, and shall have the power to appoint such special committees as he deems necessary for the administration of the Corporation, provided they are not duplicative of committees appointed by the Board. He shall preside at all annual or special meetings of the membership, and at all meetings of the Board in the absence of the Chairman, and have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws, and subject to advance approval of the Board of Directors, once annually order an audit by a Certified Public Accountant, not a member of the Corporation, and/or a reputable Public Accountant, not a member of the Corporation, and the audit performed shall be adequate to assure compliance with public law and the requirements of the membership of the Corporation. The President shall serve no more than two (2) consecutive terms.

SECTION 7. VICE PRESIDENT. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the Bylaws.

SECTION 8. SECRETARY. The Secretary shall keep or cause to be kept, a complete set of minutes at the principal office, of all meetings of directors and members, with the time and place of holding, whether regular or special. If special, how authorized, the notice thereof given, the names of those present at Directors' Meetings, the number of memberships present or represented at member's meetings and proceedings thereof. The Secretary shall keep or cause to be kept, at the principal office, a membership register,

and shall, subject to the approval of the Board of Directors, once annually duplicate the membership register, showing the names of the members and their addresses, and the property to which each membership shall relate, the number of memberships held by each, and the number of votes represented by each membership.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by the Bylaws or by the law to be given, and shall keep the seal of the Corporation in safe custody, and shall have such other duties as may be prescribed by the Board of Directors or the Bylaws.

SECTION 9. TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transaction of the Corporation. The books of accounts shall at all times be open for inspection by any director. The Treasurer shall deposit, or cause to be deposited in accordance with the policy of the Board of Directors, all moneys and other valuables in the name of and to the credit of the Corporation with such depositories as may be designated by the Board of Directors; shall render to the President and the Directors, whenever requested an account of all his or her transactions as Treasurer, and of the financial condition of the Corporation; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE VII. LIABILITY OF OFFICERS AND DIRECTORS.

SECTION 1. EXCULPATION. Each director or officer shall be free from all personal liability for any acts done on behalf of the Corporation or for any losses incurred or sustained by the Corporation unless the same have occurred through his or her gross negligence in the performance of, or failure to perform such duties.

SECTION 2. INDEMNIFICATION. Every director or officer shall be indemnified by the Corporation against all reasonable costs, expenses and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him or her in connection with or resulting from any claim, action, suit, proceeding, investigation or inquiry of whatever nature in which he or she may be involved as a party, or otherwise by reason of being or having been a director or officer of the Corporation at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he or she shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for gross negligence in the performance of his or her duties as such director or officer. As to whether or not a director or officer was liable by reason of gross negligence in the performance of 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 manner designated by the Board of Directors. The foregoing right to indemnification shall be in addition to and not in limitation of all other rights to which said person may be entitled as a matter of law, and shall inure to the benefit of the legal representation of such person.

ARTICLE VIII. COMMITTEES

SECTION I. STANDING COMMITTEES. Standing Committees shall consist of at least three (3) members, but no more than five (5), including the chairperson. Such committee

members are to be chosen by the chairperson of said committee, who, unless otherwise specified, shall be elected by and from the Board. Non-member resident tenants may serve on subcommittees or in an advisory capacity on standing committees, subject to approval of the Board.

SECTION 2. ACCOUNTABILITY. All Committees shall be accountable to the electing or appointing authority, and shall report directly thereto.

SECTION 3. REMOVAL. The chairperson and members of all committees shall serve at the pleasure of the electing or appointing authority, and may be removed thereby without cause.

SECTION 4. DUTIES AND AUTHORITIES OF STANDING COMMITTEES.

1. **EXECUTIVE COMMITTEE:** The President, Secretary and Treasurer of the Association shall comprise the first three members of the Executive Committee, with additional members to be selected by the chairperson from the general membership and confirmed by the Board. Subject to the control of the Board of Directors, the Executive Committee may be delegated any powers and authority of said Board, except the power to adopt, amend or repeal the Bylaws and Restrictive Covenants, approve the annual budgets, or the power to fix, establish or levy assessments, or to approve expenditure of five hundred dollars (\$500.00) or more. The Committee shall document meetings by informal minutes or a log showing as a minimum the date, members present and action taken, and cause a copy of such minutes or log to be made available at the next subsequent meeting of the Board; shall recommend changes in the Mission Statement defining their duties and authorities. Action not specifically delegated to the Executive Committee in such statement or elsewhere in the Bylaws will require specific approval of the Board on a case by case basis.
2. **AUDIT COMMITTEE:** Within one month following the annual meeting, the President shall appoint an Audit Committee, subject to confirmation by the Board of Directors, to perform a continuing audit of the corporate financial records. Reports shall be made by the Audit Committee semi-annually to the Board of Directors; such reports to be made at the next regular meeting following submission of the financial report for each six month period. The report of the committee shall as a minimum, include verification of cash on hand by justification of receipts and expenditures, payroll amounts by name, inventory of assets and supplies, verification of the authorization for individual expenditures totaling fifty (\$50.00) dollars or more per month. The Audit Committee shall consist of three persons none of whom shall be an officer of the Corporation. Each audit will be conducted by two (2) members of the Audit Committee. The report of the Audit Committee shall be confidential until reported to the Board of Directors, but may be reported to the Chairman of the Board in advance of a Board meeting.

Alternative to the internal audit the Board of Directors may elect to contract with a professional qualified auditing agency to perform external audits of the Association's financial status. The auditing agency shall perform its duties and submit a final annual report in a manner that is completely independent of the Association, its members, or the Board of Directors.

3. **POLICY COMMITTEE:** The Policy Committee shall review and interpret all Bylaws, Covenants of Protective Restrictions, policy statements, and *Robert's Rules of Order* as may be requested by the chairperson of the Board of Directors, the officers, committee chairpersons or membership, and subject to the approval of the Board of Directors shall initiate and recommend to the membership at an annual or special meeting called for such purpose, any changes to the Bylaws and Covenants which they deem necessary.
4. **ENVIRONMENTAL COMMITTEE:** The Board of Directors may, at its discretion, establish an Environmental Committee and authorize such committee to implement the provisions of the existing Covenants and Protective Restrictions.
5. **ARCHITECTURAL COMMITTEE:** The President of the Board shall designate one person to head the Architectural Committee, who shall name at least two assistants. The Committee will check with the County Building Department on a timely basis and note all applications for building permits in Nanawale Estates Subdivision, and will assist in determining that all construction fulfills the Covenants and Restrictions of Nanawale Community Association that are contained in the deed of ownership. Should any construction be found to be in non-compliance, the Committee will notify the proper offices as required in each instance. The Committee shall also keep the records and maps updated as to the number and location of all building activity.
6. **NOMINATING COMMITTEE:** Not less than one hundred twenty (120) days in advance of the annual meeting, the Board shall establish a Nominating Committee by electing one director as chairperson, who in turn will select two (2) additional committee members, neither of whom shall be directors, but shall be subject to the confirmation of the Board. The Nominating Committee shall submit to the Board of Directors the name of at least one member for each of the director positions to be filled by election at the next annual meeting, subject to membership qualifications for directorship as specified elsewhere in the Bylaws, and an expression by the nominee of willingness to serve and to accept committee chairmanship if offered. The names of nominees submitted by the Nominating Committee shall be approved by the Board of Directors. Additional nominations of qualified members shall be accepted by the Nominating Committee, provided a petition signed by a minimum of three (3) members in good standing is submitted to the Committee not later than forty-five (45) days in advance of the regular meeting.

The Committee shall submit the names of all nominees, however determined, in alphabetical order in ballot form, not later than thirty (30) days in advance of the annual meeting and shall include a short, self descriptive paragraph composed by each nominee, stating his or her qualifications, experience and stand on current Association issues. The committee shall also include specific instructions for designation of proxy; shall plan, complete arrangements for, and assist in the conduct of the annual election of directors; and shall also perform such other duties as may be prescribed for them by the President of the Board of Directors from time to time.

ARTICLE IX. MISCELLANEOUS

SECTION 1. RECORD DATE AND CLOSING MEMBERSHIP REGISTER. The Board

of Directors may fix a time, in the future, not exceeding forty-five (45) days preceding the date of any meeting of members, as a record date for the determination of the members entitled to notice of and to vote at any such meeting, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any membership on the books of the Corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the Corporation against transfers of memberships during the whole, or any part, of any such period. Exception shall be made upon personal application the Secretary, prior to such meeting, by submission of documentation to support such application. When so done, voting rights shall be recognized.

SECTION 2. INSPECTION OF CORPORATE RECORDS. The membership register or duplicate membership register, the books of account, and minutes of proceedings of members and directors shall be open to inspection by any director, and upon the written request of any member, at any reasonable time, and for a purpose reasonably related to his interests as a member, and shall be produced at any time when required by the request of members entitled to cast at least ten percent (10%) of the votes represented at any members' meeting. All Association documents will be provided as directed by HRS 4211. Such inspection may be made at the Corporation premises, in person or by an agent or attorney and shall include the right to make extracts, but shall not include the right of removal of original documents from the Corporation premises.

SECTION 3. CHECKS, DRAFTS, ETC. All checks, drafts or other orders of payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation shall be signed or endorsed by such person or persons and in such manner, as from time to time, shall be determined by resolution of the Board of Directors.

SECTION 4. CONTRACTS, ETC., HOW EXECUTED. The Board of Directors, except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

SECTION 5. REPRESENTATION OF MEMBERSHIPS HELD BY OTHER CORPORATIONS. Memberships in the Corporation standing in the name of another corporation may be voted or represented, and all rights incident thereto may be exercised on behalf of such other corporations by any officer thereof authorized to do so by resolution of its board of directors, or by its executive committee, or by the bylaws, or by any person authorized to do so by proxy or power of attorney duly executed by the president or vice president and secretary or assistant secretary of such other corporation, or by authority of the board of directors thereof. However, the exercise of such rights is limited to a single designated representative.

SECTION 6. INSPECTION OF BYLAWS. The Corporation shall keep in its principal office for the transaction of business, the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the

members at all reasonable times during office hours.

SECTION 7. RULES. Any member or members acting in their own behalf shall not represent themselves as officials of the Nanawale Community Association, Inc., or use the name of the Corporation on stationery or in representations to other members or to the general public.

ARTICLE X. AMENDMENTS.

SECTION 1. POWER OF MEMBERS. Except as hereinafter provided in Section 2 of this Article X of these Bylaws of this Corporation may be adopted, amended or repealed by the vote of a majority of the members present at a meeting duly called and held, the notice of which shall have stated that a purpose of the meeting is to consider the adoption, amendment or repeal of the Bylaws.

SECTION 2. RESTRICTIONS ON POWERS OF MEMBERS. Neither Section 2 of Article II, nor Section 2 of Article III, of these Bylaws may be amended except by a vote constituting two-thirds (2/3) of the voting power of the Corporation members present and represented at a meeting duly called and held, the notice of which shall have stated that a purpose of the meeting is to consider the adoption, amendment or repeal of said sections of these Bylaws.

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