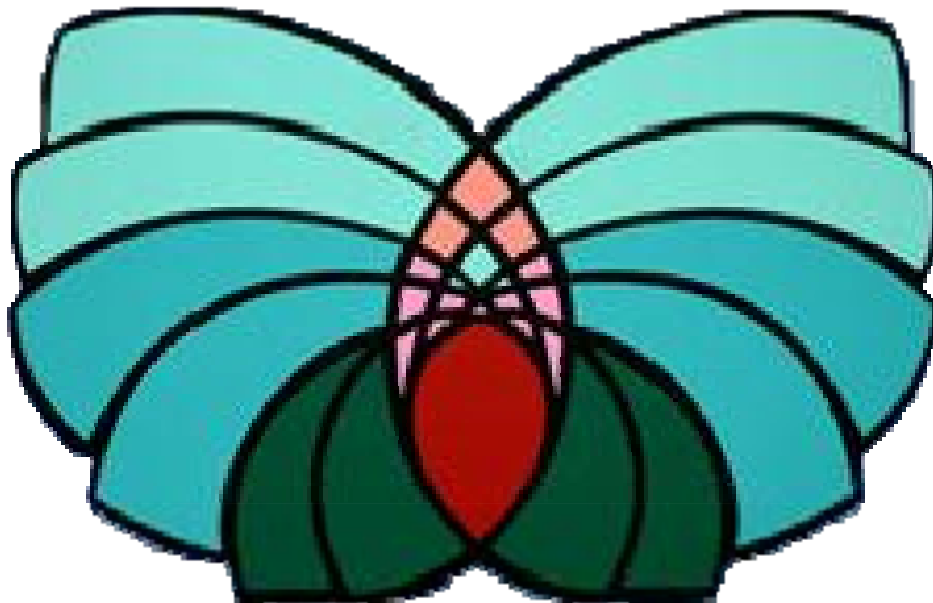


RULES AND REGULATIONS (HOUSE RULES)

**Security Desk 922-2447
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ISLAND COLONY

January 27, 2011

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THE PURPOSE OF RULES AND REGULATIONS

The purpose of these Rules and Regulations is to promote the harmonious occupancy of the condominium apartments and to protect all occupants and also to protect the reputation and desirability hereof by providing maximum enjoyment of the premises. These Rules and Regulations may be amended by the Board of Directors, as provided in the By-Laws. Any suggested changes should be delivered in writing to the Manager for transmission to the Board.

The full authority and responsibility of enforcing said Rules may be delegated to the Manager by the Board of Directors of the Association of Apartment Owners. All occupants, tenants and their guests shall be bound by these House Rules and by standards of conduct whether covered by these House Rules or not; provided however, neither the Board nor the Managing Agent shall be responsible for any noncompliance or violation of said Rules by the occupants, tenants or their guest.

OCCUPANCY

1. An apartment Owner shall be responsible for the conduct of any guests to or occupants of his apartment ensuring that their behavior is neither offensive to any occupant of the building nor damaging to any portion of the common elements. Play is permitted on the recreation floor but not in corridors, stairways or the parking lot.
2. No pets of any kind, no livestock, poultry, birds, dogs, cats, rabbits or other animals whatsoever shall be allowed or kept in any part of the project.
3. Every apartment Owner and occupant shall at all times keep the 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.

4. For sanitary purposes all box springs, mattresses, sleeping futons, pillows, and similar items must be enclosed in plastic when removing from unit. The Association Office can provide bags large enough to accommodate these items.

TEMPORARY OCCUPANCY

1. The By-laws prohibit apartments not participating in the hotel rental pool from renting their apartments for less than 30 days.
2. Owners shall be responsible for designating a local representative to represent their interests, particularly with respect to rental, if their residence is outside the island of Oahu or if they will be absent from the apartment for more than 30 days. Such Owners shall file their address, telephone number and that of their representative's with the Manager.
3. Subject to the terms of the condominium conveyance document and the By-laws of the Association, an apartment Owner, or his designated representative, may lease or rent his apartment or make it available for the use of friends or the public, but the person or persons leasing, renting or living in the apartment shall abide by all Rules and Regulations applicable for Owners, and the Owner or designated representative as applicable shall assume the responsibility of the occupants' conduct.
4. Registration:
 - a. All residents, tenants and guests are required to register with the Association using the registration cards available at the AOA Manager's Office.
 - b. Every Owner is responsible for having an accurate, current, fully completed registration card on file with the AOA office for each and every one of his/her condominiums at all times.
 - c. Guests are non-paying persons staying in a condominium unit for more than 2 days in anyone month period.
5. An apartment Owner or representative as applicable, shall be responsible for the conduct of his lessee(s), renter(s), or guest(s), and shall, upon the request of the Board of Directors or Managing Agent, immediately abate and remove, at his expense, any structure, thing or condition that may exist with regard to the occupancy of his apartment by his lessee(s), renter(s), or guest(s) contrary to the provisions hereof. If the apartment Owner or representative is unable to control the conduct of the lessee(s), renter(s), or guest(s), he/she shall immediately remove such lessee(s), renter(s), or guest(s) from the premises, without compensation from the AOA for rentals or any other damage resulting therefrom.
6. The absentee Owner, at his expense, should have an agent, friend or maid conduct periodic inspections of his closed apartment, assuming responsibility for the contents

thereof.

COMMON AREAS, ENTRANCES AND LANAIS

1. The sidewalks, passages, lobbies, pool deck, stairways and corridors must not be obstructed or used for any purposes other than ingress and egress. Playing and loitering, in these areas, are strictly prohibited.
2. Skates, roller blades, skateboards, bicycles, mopeds, jump ropes and similar items may not be used in the common areas.
3. No shoes, go-aheads, laundry, dry cleaning, or other items shall be allowed to remain in view at the front entrance of each unit.
4. Only appropriate furniture and small plants shall be placed on lanais. With the Board of Directors approval, only one storage locker in a neutral color no larger than twenty four (24) cubic feet may be stored in the inside far corner of the lanai. Any items deemed unsightly by the Board of Directors or the Manager shall be removed upon the request of the Manager. Lanais are otherwise not to be used for the purpose of storage of articles of any kind.
5. Textile items including but not limited to towels, bathing apparel, clothing, brooms, mops, cartons, and other objects shall not be placed on lanais or in passages or windows so as to be in view from outside the building or from any other apartment.
6. All plants shall be placed in containers so as to prevent the dripping of water or soil onto other apartments or common elements. Care should be taken in scrubbing lanais so as to prevent water from running down the exterior of the building.
7. Nothing shall be released or thrown from the lanais, windows or entrance balconies. Feeding of birds is prohibited.
8. To abate unnecessary odors, all garbage deposited in the trash containers on the Lobby Level must be wrapped and sealed in a manner that ensures the contents will not fall out and scatter loosely inside the container.
9. Trash Chute.
 - a. The Trash Chute may be used only during the hours of 7:00 a.m. to 10:00 p.m.
 - b. All trash thrown down the chute must be sealed or tied in disposable plastic bags with a capacity of no larger than 10 gallons.
 - c. Heavy, large, bulky, sharp or flammable items, construction materials, furniture and appliances are prohibited in the Trash Chute. For example, glass of any kind, gypsum board, construction materials, pizza boxes, small furniture, cardboard

- boxes, floor tiles, lamps, carpet padding, lumber, garbage disposals, inflammable items, microwaves, toasters, TV's, VCRs, all kitchen appliances and rice cookers are prohibited in the Trash Chute.
- d. Bulky or Large Items (A/C's-Refrigerators-Cabinets-TV's-etc.) must be taken to Nohonani Street for pick-up every Saturday before 6:00 a.m.
 - e. All large boxes are to be flattened and taken to the trash bins on the Lobby Level outside of the Security Office using the service elevator (to use service elevator please contact security at 922-2445 or 927-4053) and should not be put down the chute. There is a bin designated for cardboard recycling.
 - f. All newspapers are to be rolled and tied before depositing them in the chute.
 - g. Recyclable glass, aluminum and plastic items must be taken to the recycle bins located on the:
 - 6th Floor
 - P-5 Level
 - Lobby Level outside of the Security Office in the loading dock
 - h. Trash is not permitted to be left in the hallways.
10. No fires or bar-b-ques will be permitted on any apartment lanais or anywhere else on the property
 11. The throwing of firecrackers from lanais and the explosion of any fireworks anywhere on the building grounds or within the building is expressly prohibited.
 12. No rugs or other objects shall be dusted or shaken from the lanais or windows of the project. No cleaning by beating or sweeping shall be done in any hallway or exterior part of the project.
 13. Nothing shall be allowed, done or kept in any apartment or common element of the project which would overload or impair the floors, electrical system, walls or roofs thereof (specifically waterbeds) or cause any increase in the ordinary insurance rates or the cancellation or invalidation or any insurance thereon maintained by or for the Association.
 14. Water shall not be left running for an unreasonable length of time.
 15. Damages to common elements shall be surveyed by the Manager and the costs of repair or replacement may be assessed by the Board of Directors against the persons responsible.
 16. Each Owner of a residential apartment shall be responsible for the care and maintenance of all lanais, which are included in his apartment. Such Owner may not, however, paint or otherwise decorate the walls and ceiling of the lanais without the prior approval of the

Board of Directors.

It is intended that the exterior of the building shall present a uniform appearance and, to affect that end, the Board of Directors may require the painting of the walls and ceilings of each lanai and regulate the type and color to be used. The Board is authorized to contract for the painting of all of the walls and ceilings of the lanais and to make payment thereof out of the maintenance fund.

17. Owners must obtain approval from the Board of Directors before installation of floor coverings and any modifications to the lanais. Requests should be submitted in writing to the Renovation Committee along with the construction design and specifications. If approval by the Board is granted, it is with the understanding that the Owner is responsible for the cost of installation. In addition, the Owner is responsible for the cost for the removal of the floor covering so that the Association may have access to the common elements for the operation of the Project. Failure of any Owner to seek the Board's approval for the installation of floor covering shall not exempt the Owner of his or her assigns from this Rule.
 - a. As of January 1, 2010 carpet is no longer being approved for installation.
 - b. Effective January 1, 2012 carpet will no longer be allowed on lanais. ALL carpet must be removed and the lanai floor properly sealed at the Owners expense.
 - c. If there are any problems with lanais, carpet will need to be removed IMMEDIATELY and lanai must be sealed.
 - d. Under the Condominium Property Act, the Owner is responsible for the expense of removing the tile if the Association determines it needs access to the concrete slab for the operation of the Project.
18. Smoking is prohibited in the Common Elements of the property.
19. The consumption of alcoholic beverages in any of the common areas of the property is prohibited.
20. In order to protect the common elements and other apartments, the Association conducts regular pest treatment of the building including the units. Owners must permit access for pest treatment. Anyone who fails to provide access such that pest spraying is skipped for two consecutive treatments may be subject to a fine of \$100.00. If assessed the fine shall be in addition to the cost of a separate visit for treatment by the pest treatment company.
21. Bicycles and Surfboards are not allowed in guest elevators. The service elevator MUST be used if bicycles or surfboards are being taken to the floors. To have the service elevator brought up to the floors please contact Security at 922-2447 or 927-4053. There will be a \$50.00 fine for anyone found using the guest elevators. Bicycle racks are provided in the bus lane free of charge. See Security to register your bicycle and obtain a

permit. Any bicycle that does not have a permit will be removed from the rack. Surfboard lockers are available for a fee. Please see Association Office for a copy of the Agreement and application.

SWIMMING POOL

1. Use of the swimming pool shall be limited to apartment Owners, lessees or renters, members of his/her family and guests. Nonresident guests must be accompanied by the residents of the building at all times.
2. Pool hours are from 7:00 AM to 9:00 PM. There is no lifeguard on duty. Anyone using the pool does so at their own risk. Owners, residents, and tenants are responsible for their guests using the pool.
3. No large mats or floatation devices shall be used in the pool. Water wings and other similar small devices are acceptable.
4. No horseplay or running will be allowed in the pool or surrounding area.
5. Swimmers shall dry themselves completely before leaving the pool deck to return to the building or to ride in the elevators.
6. No person with bandages or open wounds of any type may use the pool.
7. No glass containers, tumblers, drinking glasses, chinaware, or any other such breakable items shall be permitted in the swimming pool or spa area.
8. All swimmers must shower before entering the pool. Any sand must be washed off before entering the pool or pool deck.
9. All persons shall comply with the requests of the Managing Agent and the onsite management staff.
10. No animals are allowed around the sundeck or the pool area. Seeing Eye Dogs and Signal Dogs are exempt from this rule when accompanying a visually or hearing impaired person.
11. Spitting and blowing one's nose in the pool is strictly prohibited.
12. Diapers must be worn with a water-proof cover in the pool, in the spa, and the surrounding area.
13. There will be a limit of two non-occupant guests per apartment. The occupant must accompany and be responsible for the conduct of any guest in the pool area.

PARKING AREAS

The parking garage is a commercial unit and is governed by the commercial operators' rules and regulations. All common area parking, including porte-cochere and bus lane is governed by the Association. The bus lane and loading dock areas are available for a limited two hour time frame. Your vehicle must be registered with Security and a parking pass will be issued and must be displayed on your dashboard. The following is a list of parking violations: 1) any vehicle parked in the bus lane and/or loading dock area with an expired parking pass, and 2) any unattended vehicle in the porte-cochere. Violators of any parking regulations will be subject to having their cars booted and a \$50.00 fine will be imposed. "CASH ONLY" payments can be made to the Association Office Monday through Friday from 8:00 a.m. to 5:00 p.m. After hour violations shall be paid to the Security Officer on duty at the Security Desk. If fine is not paid a tow company will be called.

NOISE

1. Each occupant is to avoid making excessive noise of any type at any time and is to consider the welfare and comfort of other residents at all times.
2. Unit front doors and service doors are to be held (or restrained) so as to avoid slamming due to the wind.
3. No workmen are to be allowed to work in the building before 8:00 a.m. or after 6:00 p.m. or on Sundays and Holidays (except in an emergency).
4. All radios, TVs, stereos, or musical instruments must be played at reduced volume between 10:00 p.m. and 8:00 a.m.
5. It is required that noise due to departing guests, particularly at night, and particularly in the hallways, be kept at a minimum.
6. Excessive noise being made at any time should be reported to Security (922-2447 or 927-4053) who will take appropriate action.

HOUSE RULE VIOLATION FINES

1. The Board of Directors or Managing Agent may impose fines and/or penalties for violations of the House Rules and/or the Project Documents. The person fined or penalized shall be advised of the basis for any fine or penalty at or prior to the time it is imposed.
2. Any fine or penalty shall be in addition to any other right or remedy available to the Association. The imposition of a fine or penalty shall not constitute an election of remedies, and the Association may also exercise additional rights and/or remedies.
3. The citation and fines shall be as follows:
 - a. First Offense: A written citation given and sent to the agent and Owner.

- b. Second Offense: A written citation given and sent to the agent and Owner and a \$50 fine assessed against the Owner requesting immediate payment.
- c. Third Offense: A written citation given and sent to the agent and Owner and a \$100 fine assessed against the Owner requesting immediate payment.
- d. Fourth and Subsequent Offenses: A written citation given and sent to the agent and Owner and fine between \$200 and \$450 assessed against the Owner for each offense and requesting immediate payments.

The issue of the citation for the First Offense activates a 90 day accumulation period for further fines for subsequent violations. Second, third, fourth and subsequent offenses need NOT be for a violation of the same provision before a fine is imposed. For example, if a tenant violates a 'Noise' rule for his first violation, and then violates a 'Smoking in Common Areas' for his second violation, the fine will be imposed on the Owner when the second violation occurs. It is not necessary for a tenant to violate a specific rule such as 'Noise' rule twice, before a \$50 fine is levied. Similarly, a \$ 100 fine will be assessed for a third violation of the House Rules, and a \$200 fine will be assessed for a fourth and subsequent violations of the Project Documents, even if the violations are not the same. The ONLY exception regarding the amount of the initial fine will be the SEVERITY of the violation in regards to property damage *and/or* the endangerment of other Owner's, guests, tenants, or employees.

- 4. Penalties may include the loss of any privilege.
- 5. The reasonable costs and expenses of enforcing the Project Documents, including attorney's fees and costs, shall be charged to the account of the Owner whose unit is involved in the violation of the Project Documents and/or to any other responsible person. Payments for fines received will be applied according to the procedures provided in the Bylaws for collection of delinquent assessments.
- 6. Any person aggrieved by the imposition of any fine may appeal to the Board of Directors, as follows in this section. If the fine is paid, the person fined may exercise such remedies as allowed by law, including those specified in HRS Section 514b 104 (a) (11):
 - a. Right to Appeal a Fine: An Owner shall have the right to appeal any citation specifying a fine to the Board of Directors within fifteen (15) days of the assessment date by doing the following:
 - i. Mailing a letter, constituting a Notice of Appeal, to the Board of Directors in care of the General Manager.
 - ii. The Notice shall be mailed postage prepaid, certified, return receipt requested.
 - iii. The date of mailing as certified by the post office shall constitute the date of appeal.

- iv. The Notice must contain a copy of the applicable citation, a statement of the facts of the violation, including the reasons for appeal, the names and addresses of any witnesses, and copies of any proposed exhibits must also be included.
 - v. The Owner may also attend the next Board meeting at which time, they may present their case to the Board provided notice of appeal is received ten (10) days prior to the meeting.
- b. The written decision will be mailed 30 days from the date of the Board meeting at which the Owner appears or at the next Board meeting following the notice of appeal if the Owner does not appear.
 - c. Unless appealed, a fine must be paid to the Association within thirty (30) days of the citation and assessment of the fine.
 - d. The Board shall provide a written statement of the alleged violations to any Owner or other person against whom such charges are made, and the written statement will include the date and time of the occurrence, the name of the employee issuing the citation, and a brief description of the violation.

BUILDING MODIFICATION

1. No canvas awnings, shades, windbreaks, or canopies of any type shall be installed on lanais or the outside of the building other than the type approved by the Board of Directors.
2. No signs, signals, or lettering of any type shall be inscribed or exposed on any part of the building exterior or in the interior entries without the Board of Director approval.
3. No projections shall extend through any doors or window openings into any entry or beyond any exterior face of the building.
4. No radio or TV antenna shall be erected or maintained outside the physical confines of an apartment.
5. No under-drapes will be permitted which differ in color from the neutral casement draperies.
6. No additions or alterations to the original design of the apartment will be permitted when they are visible from the exterior of the building other than those originally offered by the developer or approved by the Board of Directors.

MAINTENANCE

1. Common Elements. Under the supervision of the Board, the maintenance of common elements is a responsibility of the Manager: defects and deficiencies should be reported

when and as observed.

2. Apartments. Maintenance of individually-owned apartments, including lanais and all windows, doors (including hinges, locksets and door closures, if any) is the responsibility of the respective Owners and/or occupants.
3. Back to Back Plumbing Policy. Any unit with a back to back plumbing problem is to contact the security desk at 922-2447 or 927-4053. Security will notify the AOA maintenance staff of said problem. The AOA maintenance staff will attempt to clear the problem and a \$25.00 fee will be charged to each Owner. If for some reason, the AOA maintenance staff can not clear the lines, YOU must call a plumber and the cost will be borne by the two affected units. If a plumber isn't called to resolve the problem within three hours of being notified by the AOA staff; the AOA will call the plumber and you will be billed accordingly. This is considered an emergency and health and safety issue.
4. If an Owner chooses to participate in the Duplicate Key Program for a particular unit, then:
 - a. The Owner must read the Duplicate Key Program Policy available in the Association Office.
 - b. The Owner must sign the Duplicate Key Program Agreement (Owner).
 - c. All tenants for the unit must sign the Duplicate Key Program Agreement (Tenant).
 - d. This key will be used for emergency purposes only.

GENERAL PROVISIONS

1. Furniture placed in the common areas is for use in those specific areas and must not be removed therefrom.
2. Each apartment Owner shall observe and comply with these House Rules and ensure that his licensees and invitees also observe and comply with these House Rules. Apartment Owners shall be responsible for their guests' observance of all House Rules as set forth herein. In the event expenses are incurred due to a violation of these House Rules by guests or licensees, the Owner shall be responsible for payment of same.
3. No open solicitation or canvassing will be allowed in the building at any time.
4. All Owners will carry a Home Owners Insurance policy as specified by Hawaii Revised Statutes Chapter 514B (copy available at the AOA office).
5. Should any unit get infested with BED BUGS, the Owner of that unit shall ensure that the Bed Bug Policy is fully enforced. It is mandatory that the AOA office be notified immediately.

A COPY OF THE BED BUG POLICY IS AVAILABLE IN THE ASSOCIATION OFFICE. **THERE IS NO CHARGE** TO THE OWNER OR THE RESIDENT FOR THIS SERVICE. IT IS IMPARATIVE THAT YOU REPORT BED BUGS IMMEDIATELY TO PREVENT THE SPREAD OF THESE PESTS.

6. Extensions. The Board of Directors from time to time may post special safety or other rules governing the use of roadways, swimming pool, etc. The Board's posted rules shall be considered extensions of these House Rules.

ENFORCEMENT

THE VIOLATION OF ANY HOUSE RULE ADOPTED BY THE ASSOCIATION OF APARTMENT OWNERS SHALL GIVE THE BOARD OF DIRECTORS OR ITS AGENT THE FOLLOWING RIGHTS IN ADDITION TO ANY OTHER RIGHTS PERMITTED UNDER LAW:

1. Enter the apartment in which or as to which, such violations or breach exists or are believed to exist and to summarily abate and remove, at the expense of the defaulting apartment Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof and the Board of Directors or the Management firm shall not thereby be deemed guilty in any manner of trespass.
2. To enjoin, abate, or remedy by the appropriate legal proceedings either at law or in equity, the continuance of any such breach, and all costs thereof, including attorney's fees and costs, shall be borne by the defaulting apartment Owner.

CERTIFICATION OF ADOPTION

The undersigned hereby adopts the foregoing as the House Rules of the Island Colony this 27th day of January, 2011.

DATED: Honolulu, Hawaii 96815

By: _____
It's President: Michael Josefowski

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION OF APARTMENT OWNERS OF THE ISLAND COLONY
ADOPTING A SCHEDULE OF FINES FOR VIOLATIONS OF
THE DECLARATION, BY-LAWS, AND HOUSE RULES**

WHEREAS, Hawaii Revised Statutes Section 514B-104(a)(11) gives the Association the power to impose monetary fines upon apartment owners, their tenants, and anyone else using apartments at the project for violations of the Declaration, By-Laws and House Rules of the Association pursuant to a resolution adopted by the Board of Directors; and

WHEREAS, the Board of Directors of the Association of Apartment Owners of the Island Colony wishes to adopt a resolution imposing monetary fines pursuant to Hawaii Revised Statutes Section 514B-104(a)(11);

NOW, THEREFORE, BE IT RESOLVED THAT, the Board adopts the following rules for fines and appeals for any violation of the Association's Declaration, By-Laws, or House Rules (the "project documents") by apartment owners, their tenants, family members, guests, agents, employees, or anyone else using the project:

A. FINE SYSTEM

A written citation will be delivered to both the apartment owner and violator notifying them of the violation. If the Resident Manager, Managing Agent, or Security Staff determines that a violation may warrant a fine, the citation or a subsequent notice shall be issued informing them of the amount of the proposed fine in an amount not to exceed \$450.00 which may be assessed for each violation after an opportunity to be heard as provided below. If the violation is not corrected, at the end of each ten (10) day period, it becomes a new offense and a new fine may be assessed.

B. LEGAL ACTION

In addition to fining, the Board may also take legal action to enforce the governing documents, at the owner's expense.

C. CITATIONS

Each citation issued shall briefly describe the nature of the violation; date of the violation, apartment number; and name of parties involved, if known.

The original citation shall be delivered to the apartment owner who shall be jointly and severally responsible for payment of any applicable fine along with the violator.

If the owner of the apartment is not an occupant, then a copy of the citation shall also be delivered to the occupant; however, this shall not be deemed a waiver of the owner's responsibility for payment of any applicable fine.

D. PAYMENT OF FINES AND LIABILITY

Apartment owners shall be liable for their own fines and for fines assessed against their tenants, guests, family members, agents, employees, contractors, etc. A fine must be paid to the Association within thirty (30) days of the assessment of the fine. A fine shall be deemed a common expense chargeable against the owner's apartment. The Association may file a lien against the owner's apartment for the unpaid fines and may collect the unpaid fines under the procedures provided in the Bylaws for collection of delinquent assessments.

E. HEARINGS

1. Hearings may be before the Board of Directors or a Committee of the Board. The President (or the Vice-President if the President is unavailable) is authorized by the Board to appoint two or more Board Members to serve on a Committee to hear any violation or fine.
2. Within thirty (30) days of the date of a citation, an owner, occupant, or other offenders may request a hearing on the violation and the fine by delivering a written notice of appeal to the Board President or Secretary or the Managing Agent.
3. The request for hearing must contain a copy of the citation and a statement of the facts. The Board or Committee may limit the amount of time the owner or violator may have to present information. For that reason, owners and violators are strongly encouraged to also include in their request for hearing: (1) an explanation of the position of the person requesting the hearing; (2) the names and addresses of witnesses; (3) written statements from the witnesses; and (4) copies of proposed exhibits.
4. Upon receipt of a timely request for hearing, the Board or Committee shall inform the owner or violator of the date, time and location of the hearing. The Board or Committee may continue the hearing in its sole discretion. The owner and/or violator may, but is not required to present information in person or in writing.

5. The Board or Committee may reduce, suspend, or cancel any citation or fine after consideration of the appeal. The Board shall deliver a written decision to the person making the appeal within sixty (60) days of the receipt of the notice of appeal.
6. Failure to timely request a hearing shall result in the automatic issuance of the fine in the amount proposed on the citation and shall constitute a waiver of the right to a hearing and a loss of the right to contest the decision of the Board or Committee except as provided in the Condominium Property Act.
7. The pendency of a hearing shall not halt the accrual of any ongoing late fees or prior fines imposed for other offenses, or the obligation of the owner and/or violator to correct the violation.

F. FURTHER PROCEEDINGS

If the fine is paid, the unit owner or violator shall have the right to initiate a dispute resolution process as provided by Hawaii Revised Statutes §514B-161 or §514B-162 or by filing a request for an administrative hearing under a pilot program administered by the department of commerce and consumer affairs.

I, Randi Thomas, Secretary of the Board of Directors of the Association of Apartment Owners of the Island Colony, do hereby certify that the foregoing is a true copy of the resolution duly adopted at a meeting of the Board of Directors, duly held on 9-20-06 and duly entered in the book of minutes of the Association, and that this resolution is in full force and effect.

Randi Thomas
Secretary, ASSOCIATION OF
APARTMENT OWNERS OF THE ISLAND
COLONY

THE ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY
RESOLUTION REGARDING HIGH-RISK COMPONENTS

WHEREAS:

Hawaii Revised Statutes ("HRS") §514B-138(a) authorizes the Board, after notice to all unit owners and an opportunity for owner comment, to determine that certain portions of the units, or certain objects or appliances within the units pose a particular risk of damage to other units or the common elements if they are not properly inspected, maintained, repaired, or replaced by owners.

Article III, Section 2 of the Restated Bylaws of the Association of Apartment Owners of Island Colony ("Bylaws") gives the Board broad powers to operate and manage the Island Colony condominium project ("Project") for the benefit of the Association and its members.

Fire Prevention and Safety

The United States Fire Administration ("USFA") has stated that electrical fires in U.S. homes claim the lives of 485 Americans each year, injure 2,305 more, and cause \$868 million in property losses. The USFA has also stated that:

- * Most of these electrical fires are caused by the misuse and poor maintenance of electrical appliances, incorrectly installed wiring, and overloaded circuits and extension cords.
- * In urban areas, faulty wiring accounts for 33% of residential electrical fires.
- * Many avoidable electrical fires can be traced to misuse of electric cords, such as overloading circuits, poor maintenance and running the cords under rugs or in high traffic areas.
- * The home appliances most often involved in electrical fires are electric stoves and ovens, dryers, central heating units, televisions, radios and record players.

The USFA recommends that the following safety precautions be taken:

- * Routinely check electrical appliances and wiring.
- * Since frayed wires can cause fires, replace all worn, old or damaged appliance cords immediately.
- * Wall sockets and extension cords should never be overloaded, and light switches that are hot to the touch and lights that flicker should be immediately shut off and professionally replaced.

In addition, the USFA notes that having a working smoke alarm dramatically increases ones chances of surviving a fire. (Smoke detectors in units at the Project are hooked into the

Project's common element alarm system. The Project also has a fire sprinkler system that must be properly maintained.)

Finally, the Board believes that some residents of the Project have replaced their solid core front doors (with fire-resistant fill) and replaced them with hollow core doors in violation of applicable building code and fire code requirements.

Clearly, faulty electrical wiring, faulty smoke detectors, and/or non-code compliant front doors can lead to the death of residents as well as cause hundreds of thousands of dollars of damage to adjoining units. If electrical wiring, connections, outlets, and related components and fixtures (specifically including, but not limited to, wiring and connections for air conditioning units), as well as smoke detectors and front doors are not properly inspected, maintained, repaired, or replaced by owners, the risk of damage to other units and the common elements is greatly increased.

Water Leak/Water Intrusion Prevention

Leaking plumbing fixtures (including, but not limited to, fire sprinkler piping and heads, faucets, washing machines, washing machine hoses, water heaters, toilets, and toilet O-rings), pipes, and drains can cause severe water damage to the Project. Leaking exterior windows and sliding doors, as well as improperly sealed bathtubs, sinks, and showers and improperly surfaced lanai floors and ceilings, can also cause severe water intrusion damage to the Project (including, but not limited to, spalling problems), requiring expensive remedial action. (It should also be noted that improperly maintained exterior windows and sliding doors can also create a danger of falling glass.)

Furthermore, any delay in taking action to: (i) eliminate water leaks and water intrusion in units; (ii) water leaks and water intrusion into walls, floors, and ceilings; and/or (iii) repair and replace any damage caused by water leaks, may lead to mold problems and expensive remedial action.

Infestation Prevention

In addition, the Vector Control Branch of the State of Hawaii's Department of Health has noted that bed bugs are making a notable resurgence at this time because: (i) a broad spectrum of pesticides that were once used to control the pests are no longer used; and (ii) the increase and speed at which humans can travel assists the spread of these insects. Indeed, the National Pest Management Association ("NPMA") has stated that bed bug infestations nationally have increased 63 percent (63%) in the past four years, and Hawaii hotels have reported several cases of bed bug infestation to the NPMA. Depending on how bad a bed bug infestation is, people can get up to one hundred (100) bites in one night. Bed bugs inhabit more than beds. Since bed bugs are nocturnal, they hide during the day in cracks, crevices, wall cavities, bed frames, under pictures hanging on walls, under dresser drawers, and other places out of the light. Bed bugs are excellent travelers (hitchhiking into units on people's luggage and clothes, and traveling upward from infested units in pipe chases and wall cavities), and if they infest one unit they will quickly infest neighboring units as well.

Any delay in taking action to: (i) repair or replace components listed above (including but not limited to, faulty electrical wiring and related components, smoke detectors, fire sprinklers, front doors, plumbing and related components, bathtubs, sinks, and showers, and lanai floor and ceiling coverings), whether located within the common elements or individual units; or (ii) identify, treat, and control bed bug infestations, may lead to death or injury of residents and damage to the Project (in the case of faulty components listed above), physical discomfort and substantial economic losses (if bed bug infestations become established, particularly if they become established in Hawaii as a whole and affect tourism), and expensive remedial action in all cases.

Section 14.b of the Island Colony Restated Declaration of Condominium Property Regime ("Declaration") states, in pertinent part, that the Association shall "[k]eep all common elements in a strictly clean, orderly and sanitary condition." Furthermore, Article III, Section 2(l) of the Bylaws authorizes the Board to maintain and repair (at the owner's cost and expense) "any Apartment if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements and limited common elements or any other portion of the buildings" and the apartment owner(s) "have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board to said Owner or Owners."

HRS §514B-137(a) requires each unit owner to afford to the Association and its employees, independent contractors, and agents access – during reasonable hours – through the owner's unit reasonably necessary for the operation of the property.

Furthermore, HRS §514B-137(b) give the Association the irrevocable right, to be exercised by the Board, to have access to each unit at any time as may be necessary for making emergency repairs to prevent damage to the common elements or to another unit or units.

Finally, Section 8.c of the Declaration echoes the provisions of HRS §514B-137 and gives the Association the right to enter an apartment to make repairs necessary to prevent damage to the apartments or any common elements.

I. RESOLVED:

Based on the law, the Declaration, and the Bylaws, the BOARD OF DIRECTORS OF THE ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY, on behalf of the members of the Association, hereby adopts the following resolutions to designate high-risk components, and establish requirements for care of high-risk components:

A. Designation of high-risk components. The following components are designated high-risk components:

- (1) Electrical wiring, connections, outlets, and related components and fixtures (specifically including, but not limited to, wiring and connections for air conditioning units).

- (2) All smoke detectors in the Project, whether located in common element areas, commercial units, hotel units, or private individually-owned units.
- (3) All fire sprinkler piping and heads in the Project, whether located in common element areas, commercial units, hotel units, or private individually-owned units.
- (4) Non-code compliant front doors, if any.
- (5) All plumbing fixtures (including, but not limited to, faucets, washing machines, washing machine hoses, water heaters, toilets, and toilet O-rings), pipes, and drains, whether located in common element areas, commercial units, hotel units, or private individually-owned units.
- (6) Bathtubs, sinks, and showers.
- (7) Lanai floors and ceilings.
- (8) All exterior windows and sliding doors
- (9) Any unit infested with bed bugs as well as units adjacent to the infested unit (i.e., at a minimum, the three units above the infested unit, the two units on the same floor on either side of the infested unit, and the three units below the infested unit), particularly places in the units that are out of the light such as cracks, crevices, wall cavities, bed frames, under pictures hanging on walls, and under dresser drawers.

B. Inspections. With regard to the above-designated high-risk components, the Board shall require that inspections of all units be conducted regularly. Said inspections shall be conducted no less frequently than once per quarter. In addition, the Association may conduct inspections upon notice to the resident. In the case of bed bug infestations (and any other infestation that may be discovered during inspections of high-risk components, e.g., infestations of cockroaches, ants, or rodents), once an infestation has been identified, inspections may be required as often as recommended by a licensed pest control operator.

C. Repair or replacement; treatment and control. If a faulty high-risk component (as designated above) is identified during an inspection conducted pursuant to this resolution, the high-risk component shall be repaired or replaced as soon as reasonably possible. If the faulty high-risk component is located in a unit, the unit owner shall be responsible for the cost of repairing or replacing the high-risk component. If the faulty high-risk component is located in a common element area, the Association shall be responsible for the cost of repairing or replacing the high-risk component.

If a unit is infested with bed bugs (and/or any other infestation that may be discovered during inspections of high-risk components, e.g., infestations of cockroaches, ants, or rodents), the unit owner shall be responsible for the cost of treating and controlling the infestation. If adjacent units must also be treated for bed bug infestation (and/or any other infestation that may

be discovered during inspections of high-risk components), all such units shall share in the cost of the treatment and control, as reasonably determined by and in the sole discretion of the Board. If common element areas are infested with bed bugs (and/or any other infestation that may be discovered during inspections of high-risk components), the Association shall be responsible for the cost of treating and controlling the infestation. If units adjacent to common element areas must also be treated for bed bug infestation, all such units and the Association shall share in the cost of the treatment and control, as reasonably determined by and in the sole discretion of the Board.

Notwithstanding anything to the contrary stated herein, the Board in its sole discretion may choose to have the cost of repairing or replacing faulty high-risk component(s), or treating and controlling bed bug infestations (and/or any other infestation that may be discovered during inspections of high-risk components), paid for as a common expense.

II. RESOLVED FURTHER THAT:

Unless otherwise determined by the Board, in its sole discretion, if the Association undertakes any remedial work in an owner's apartment pursuant to this resolution, the apartment owner shall be responsible for restoring the decorated surface of any wall, floor, or ceiling of the apartment to its original condition. In addition, if the Association must remove any items or covering, including, but not limited to, paneling, mirrors, or tile, from any wall, floor, or ceiling of the apartment to maintain, repair, or replace any smoke detector or to treat and control any bed bug infestation, the apartment owner shall be responsible for restoring or replacing the item or covering.

III. RESOLVED FURTHER THAT:

The rights, obligations, powers, and authority that this resolution provides shall become effective as of the date of the Board's adoption of this resolution, and shall remain effective until this resolution is revoked in writing by the Board or changed by an amendment to the Declaration or Bylaws.

CERTIFICATE

I hereby certify that the above resolution was adopted pursuant to the law and the DECLARATION and BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF ISLAND COLONY, by the Board of Directors of the Association, at a Board meeting on _____, 2006.

DATED: Honolulu, Hawaii, _____.

_____, Secretary