

BY-LAWS
OF
THE MALUHIA COUNTRY RANCHES
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Name

This corporation shall be known as THE MALUHIA COUNTRY RANCHES HOMEOWNERS ASSOCIATION, INC.

ARTICLE II

Definitions

The terms used herein shall have the meanings given to them in Chapter 415B, Hawaii Revised Statutes, as amended (hereinafter called the "Act"), except as otherwise expressly provided herein. Unless clearly inconsistent with the context, the following terms, whenever used herein, shall be given the following meanings:

1. The term "MEMBER" means member of the Association;
2. "ASSOCIATION" or "CORPORATION" means The Maluhia Country Ranches Homeowners Association, Inc.;
3. "BOARD" means the Board of Directors of The Maluhia Country Ranches Homeowners Association, Inc.; and
4. "OWNER" or "LOT OWNER" means a person or other legal entity owning all or any interest in a residential lot or lots in The Maluhia Country Ranches Subdivision, (hereinafter referred to as "The Maluhia Country Ranches") as confirmed by deed or other conveyance recorded in the Bureau of Conveyances of the State of Hawaii, a recorded copy of which has been delivered to the secretary of the corporation. Where there is more than one owner of a lot, all such owners, together, shall constitute one owner hereunder, and except to the extent that they notify the Association to the contrary, any one of said owners may act on behalf of all of them. In the case of a trust, corporation or partnership which owns a lot, any trustee, officer, or general partner thereof may act on behalf of said owner/entity, except to the extent that such owner/entity notifies the Association to the contrary.

5. "SUBDIVISION" means The Maluhia Country Ranches Subdivision, which consists of 48 agricultural/residential lots and other lots used for roadway, utility and other purposes.

6. "DECLARATION OF COVENANTS" means the Declaration of Covenants, Conditions, and Restrictions, dated December 3, 1998 and recorded in the Bureau of Conveyances of the State of Hawaii, pertaining to all lots within the subdivision, as the same may be amended from time to time according to its terms.

ARTICLE III

Purpose

The purposes and objectives of the Association shall be those stated in the Articles of Incorporation.

ARTICLE IV

Membership

1. Membership. Each owner (as that term is defined herein) of a lot in The Maluhia Country Ranches subdivision is automatically a member of the Association by virtue of said lot ownership. At such time as said owner ceases to be the owner of a lot, his, her or its membership in the Association shall also automatically terminate.

To the extent provided for in any recorded agreement of sale, an owner may assign such owner's membership rights (including voting rights) to the vendee under an agreement of sale, but in no event shall such assignment serve to (i) release the owner of such owner's obligations and liabilities under these By-Laws (including the owner's personal liability for the payment of all assessments levied by the Association); (ii) diminish or impair any liens legally created by the Association upon the owner's fee simple title to the owner's lot or the priority of such liens; or (iii) diminish or impair any of the Association's rights under these By-Laws. Any such assignment shall not become effective unless and until a true and correct copy of the recorded agreement of sale has been delivered to the secretary of the Association.

2. Classes of Membership. There shall be one class of membership in this Association.

3. Application fees. No application fee shall be required for any application for membership in the Association. However, the Association may impose an administrative charge for processing any change in membership, for providing information and/or documents requested by a member or others acting for

or through a member, or where the Association otherwise incurs additional expense because of or at the request of a member.

4. Annual Assessment. An annual membership assessment shall be charged to and paid by all members, which shall represent each member's pro rata share of the costs of the Association in fulfilling its purposes, as set forth in the Association's annual budget as approved by the members at least annually.

The annual membership assessment shall be paid on or before January 31 of each year (the "due date") unless otherwise determined by the Board of Directors at the time of billing, and shall be paid to the Association in care of the treasurer. All membership assessments not paid within sixty (60) days after the due date thereof shall be delinquent, and such nonpayment shall result in a late payment fee of 10 % of the assessment and shall entitle the Association to place a lien on the owner's lot, in accordance with the Declaration of Covenants, Conditions and Restrictions, for the amount of such delinquent payment and fee and the Association may enforce and foreclose the same in the same manner as permitted for mortgages under Hawaii law.

Supplemental and special assessments may be made, in addition to the amount of the annual assessment, as provided in the Declaration of Covenants, Conditions and Restrictions, provided that the Board may not, on its own authority, expend in excess of one thousand dollars more than the approved budget in any year. Any expenditure in excess of that excess amount, or for a purpose other than contemplated by the Declaration of Covenants, Conditions and Restrictions, must be approved by the membership.

5. Transfer of Membership. No member may transfer for value a membership, or any right arising from it.

ARTICLE V

Meetings of the membership

1. Regular Meetings. An annual membership meeting shall be held within the County of Maui on the third Wednesday in February of each year, or such other date during the first quarter of the year as shall be set each year by the Board of Directors. At such annual meeting, the members shall elect directors to the Board and shall transact such other business as shall properly come before the meeting. The Board of Directors may provide by resolution the time and place, within the County of Maui, for the holding of additional regular meetings of the members.

2. Special Meeting. Special meetings of the membership may be called by or at the request of the president, two or more of the directors, or forty percent

(40 %) of all the members. The person or persons authorized to call special meetings of the membership may fix any place, within the County of Maui, as the place for holding such special meeting, and shall fix the time of such meeting.

3. Notice. Notice of any meeting of the membership shall be given at least ten (10) days but not more than fifty (50) days prior thereto by written notice addressed to each member and deposited in the United States Mail with postage prepaid, or by notice delivered personally to the member. It shall be the responsibility of each member to maintain a current address in the Association's records. Any member may waive notice of any meeting. The attendance of a member at any meeting shall constitute a waiver of notice thereof (by that member and by any other person who claims membership status through the same membership) unless such member shall attend such meeting solely for the purpose of objecting to the transaction of business due to the meeting not having been properly called.

4. Quorum. Members holding fifty percent (50 %) or more of the vote, represented in person or by proxy, shall constitute a quorum for the conduct of business at any meeting duly called, and, except as otherwise provided by these By-Laws, any decision of a majority of such quorum present at the meeting shall be valid and binding upon the Association.

5. Voting.

a. Eligibility to Vote. Each member shall be entitled to cast one vote per lot owned on all matters submitted to a vote of the members; provided, however, that where a lot is owned of record by two or more persons, the sum total of their vote shall be limited to one vote per lot owned, which vote may be exercised by any one of the co-owners present at any meeting, in the absence of protest by the other co-owner(s). In the event of such protest, the right to vote may not be exercised unless all co-owners agree, but in no event will the time allotted for such vote be extended due to such protest.

b. An executor, administrator, guardian or trustee shall have all of the rights of an owner to vote, provided that he shall first present evidence satisfactory to the secretary that he owns or controls such lot in such capacity. The purchaser of a lot under an agreement of sale recorded in the Bureau of Conveyances of the State of Hawaii and delivered to the Association shall have the rights of an owner, including the right to vote, unless the seller under such agreement of sale retains the right to vote.

c. Manner of Casting Votes. Voting may be by voice or ballot, providing that any election of members of the Board of Directors must be by ballot if demanded by any member before the voting begins.

d. Proxies. The authority given by a lot owner to another person to represent him at a meeting of the Association shall be in writing, shall name the owner, the owner's lot number and the name of the person to whom the proxy is granted, shall be signed by the owner and shall be delivered to the secretary of the Association not later than 4:30 p.m. HST on the second business day prior to the date of the meeting to which it pertains, and shall be valid only for the meeting to which the proxy pertains and any continuation thereof.

6. Rules. All meetings of the membership shall be conducted in accordance with the most current edition of Robert's Rules of Order, except in such cases as are covered by the Articles of Incorporation, these By-Laws or any special rules adopted by the Association.

ARTICLE VI

Board of Directors

1. Powers. The affairs of the Association shall be managed by the Board of Directors, one of which must be a resident of the State of Hawaii, in accordance with the purposes of the Association as set out in the Articles of Incorporation. The corporation shall have all powers necessary and proper to carry out its purposes. Subject to the limitations of the Articles of Incorporation, of the By-laws and of the Laws of the State of Hawaii, all corporate powers shall be exercised by or under authority of the Board. The Board may delegate any of its powers to an Executive Committee or to such other committee or officer(s) as it shall deem appropriate. The Board shall be authorized and empowered to employ such agents and staff as it may deem necessary.

2. Organization. The initial Board of Directors shall consist of three (3) directors. Thereafter the number of directors may be increased or decreased from time to time as authorized by the members and the Articles of Incorporation, provided that at no time may there be less than three (3) directors. Directors shall be elected for a term of one year, and shall hold office until their successor has been elected or appointed and qualified.

3. Regular Meetings. An annual meeting of the Board of Directors shall be held without notice other than by these By-Laws, within the County of Maui, immediately after the annual meeting of the membership, or on such other date within ten days thereof as shall be set each year by the Board. The Board may provide by resolution the time and place, within the County of Maui, for the holding of additional regular meetings of the Board without notice other than such resolution.

4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or two or more of the directors. The

person or persons authorized to call special meetings of the Board of Directors may fix any place, within the County of Maui, as the place for holding such special meeting, and shall fix the time of such meeting.

5. Notice. Notice of any special meeting of the Board of Directors shall be given at least five (5) days but not more than fifty (50) days prior thereto by written notice addressed to each of the directors and deposited in the United States Mail with postage prepaid, or by notice delivered personally to the director. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice unless such director shall attend such meeting solely for the purpose of objecting to the transaction of business due to the meeting not having been properly called.

6. Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the conduct of business at any meeting, and, except as otherwise provided by these By-Laws, any decision of a majority of such quorum present at the meeting shall be valid and binding upon the Association. Except as otherwise provided by law or in the Articles of Incorporation, any business may be transacted at any meeting of the Board, irrespective of any specification of the business to be conducted at the meeting which may be set forth in the call or notice of the meeting. A meeting of the Board, duly called, may be conducted in person or by telephone conference call, so long as all directors present are able to hear and participate in the meeting and discussions among them, and participation in a meeting in such manner shall constitute presence in person at such meeting.

7. Vacancies. Any vacancy that may occur in the Board of Directors shall be filled by election by a majority of the then remaining members of the Board at the next regular or special meeting of the Board. A director elected to fill a vacancy shall be elected for the unexpired term of the director's predecessor in office.

8. Compensation. Directors shall not receive any compensation for their services as such, but by resolution of the Board may be reimbursed for expenses actually incurred in attending meetings of the Board or in performing official functions of the Association. A director may also serve as an employee of or contractor to the Association. In such case said person shall receive such compensation as is reasonable and customary for the services actually provided, pursuant to a separate employment contract of not more than one year's duration, which contract shall be approved at a membership meeting.

9. Committees. The Board of Directors may create by resolution such committees, as it may from time to time deem necessary.

Individuals may be named as committee members who are not members of the Board of Directors or of the Association.

10. Rules. All meetings of the Board of Directors shall be conducted in accordance with the most current edition of Robert's Rules of Order, except in such cases as are covered by the Articles of Incorporation, these By-Laws or any special rules adopted by the Association.

11. Removal of Directors. At any meeting of the membership of the Association duly called, any one or more of the directors may be removed with or without cause by vote of two-thirds the members present and eligible to vote, and a successor shall then and there be elected for the remainder of the term to fill the vacancy thus created.

ARTICLE VII

Officers

1. Officers. The officers of the Association shall be a president, a vice-president, a secretary and a treasurer, and such other officers as the Board of Directors may from time to time appoint. A person need not be a director to serve as an officer. Each officer shall be the owner of a lot within the subdivision. However, no two officers may be the owner of the same lot within the subdivision. The duties of the officers shall be limited to the fulfillment of the purposes of the Association as set out in the Articles of Incorporation.

2. Election, Qualification and Term of Office. The officers of the Association shall be elected by a majority of the total membership of the Board of Directors at the annual meeting of the Board. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

3. Removal, Resignation and Vacancies. Any officer may be removed, either with or without cause, by a two-thirds majority of the total membership of the Board of Directors at any meeting thereof.

Any officer may resign at any time by giving written notice to the secretary of the Association, and in any circumstance in which the secretary is unavailable, to the president. Any such resignation shall take effect at the date of the receipt of such notice, or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

A vacancy in any office due to death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in Section 2 of this Article for regular appointments to such office at the next regular or special meeting of the Board of Directors after such vacancy arises.

4. Duties of Officers.

(a) President. The president shall preside at all meetings of the Board of Directors. The president shall be the chief executive officer of the Association, and shall, subject to the control of the Board, have general supervision, direction and control of the business of the Association, including the hiring of such staff positions as may be established by the Board. The president shall be an ex-officio, member of all committees, and shall have the general powers and management usually vested in the office of the chief executive officer of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

(b) Vice-President . In the absence or disability of the president; the vice-president shall assume all of the powers and duties of the president, and shall perform such other duties as from time to time may be prescribed by the Board or the president.

(c) Secretary. The secretary shall keep, or cause to be kept, a book of minutes at the principal office, or such other place as the Board of Directors may order, of all meetings of the members and of the Board of Directors, with the time and place of the meeting, whether annual, regular or special, and, if special, how authorized, the notice thereof given, the number of members and/or directors present at the meeting, and the proceedings thereof, which minutes shall be open to the inspection of any member of the Association during reasonable business hours, upon 48 hours prior request.

The secretary shall keep, or cause to be kept, at the principal office of the Association a register showing the members, the directors, and their addresses.

The secretary shall give, or cause to be given, notice of all meetings required by the By-Laws or by law to be given, and shall keep the seal of the corporation, if any, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

(d) Treasurer. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus

The treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board of Directors.

The treasurer shall disburse such funds of the Association as may be ordered by the Board of Directors and shall render to the Board of Directors, whenever they request it, an account of all transactions and of the financial condition of the

Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

The treasurer shall prepare and present an annual budget for approval by the membership and file an annual report with the Board of Directors on or before the 31st day of January of each year.

In the absence of the president and the vice-president, the treasurer shall perform the duties of the president, and, when so acting, shall have the powers of, and be subject to all restrictions upon the officer for whom he is acting.

(e) Additional officers may be appointed by the Board of Directors, and shall have such powers and duties, not inconsistent with these By-Laws, as the Board of Directors may specify by resolution.

5. Bonds of Officers. The Board of Directors may require the treasurer and/or any employee of the Association to be bonded in such amount as may be determined by the Board.

ARTICLE VIII

Contracts, Checks, Deposits and Funds

1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association which authority may be general or may be restricted to any specific instance.

2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

3. Gifts. The Board of Directors may accept, on behalf of the Association, any contribution, gift, bequest or devise for the general purposes or for any special purposes of the Association, consistent always with those purposes and limitations set forth in the Articles of Incorporation and these By-Laws.

4. Investment. The Board of Directors, through any officer authorized by the Board, shall have authority to invest and reinvest any funds of the Association in such manner and in such real or personal property or securities as may be approved by the Board.

ARTICLE IX

Miscellaneous

1. Tax Year. The tax year of the Association shall end on the 31st day of December in each year.
2. Books and Records. The Association shall keep complete books and records of account and shall keep minutes of all proceedings of the Board of Directors and of all committees, which books may be inspected at any reasonable time by any director. There shall also be an annual review (and audit if determined necessary by the directors) of the financial records of the Association.
3. Principal Office. The principal office of the Association shall be 3620 Baldwin Avenue, Suite 107, Makawao, Hawaii 96768 or at such other place in the County of Maui as the Board of Directors shall from time to time determine.
4. Seal. The Association may, but need not, have a corporate seal in such form as the directors may approve.

ARTICLE X

Amendments to By-Laws

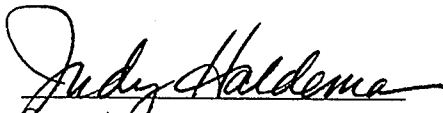
These By-Laws may be altered, amended, or repealed, and new By-Laws may be adopted, by the affirmative vote of a majority of those members present at any meeting of the members duly called at which a quorum is present, provided that at least thirty days' written notice is given to each member and director of the intention to alter, amend or repeal and adopt new By-Laws at such meeting, which notice shall specify that portion of the By-Laws to be amended and the proposed amendment thereof.

CERTIFICATION

BY THE SECRETARY OF THE MALUHIA COUNTRY RANCHES
HOMEOWNERS ASSOCIATION, INC. a Hawaii nonprofit corporation

I HEREBY CERTIFY that I am the duly elected, qualified and acting secretary of the above-named corporation and that the attached By-Laws were duly adopted by the Board of Directors of this corporation and are currently effective.

DATED: 12/21/98


Secretary