

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE ASSOCIATION OF APARTMENT OWNERS OF
HARBOR LIGHTS**

Whereas the ARTICLE III, SECTION 2(e) of the Bylaws empowers the Board of Directors with the “adoption and amendment of the Rules and Regulations covering the details of the operation and use of the property.”

Whereas the owners of Harbor Lights by the required majority affirmative vote in November, 2006 adopted Chapter 514B, Hawai'i Revised Statutes, and recorded at the Bureau of Conveyance, March 31, 2011 at Doc. No. 2011-052921;

Whereas Section 514B-104(a)(1), Hawai'i Revised Statutes, empowers the association, through its Board of Directors, to “adopt and amend the declaration, bylaws and rules and regulations”;

Whereas Section 514B-104(a)((11), Hawai'i Revised Statutes, empowers the association, through its Board of Directors, to “impose charges and penalties, including late fees and interest, for late payment of assessments, and levy reasonable fines for violations of the declaration, bylaws, rules and regulations of the association, either in accordance with the bylaws or, if the bylaws are silent, pursuant to a resolution adopted by the board that establishes a fining procedure that states the basis for the fine and allows an appeal to the board of the fine with notice and opportunity to be heard and providing that if the fine is paid, the unit owner shall have the right to initiate a dispute resolution process as provided by section 514B-161, 514B-162, or by filing a request for an administrative hearing under a pilot program administered by the department of commerce and consumer affairs.”

Whereas Section 514B-104(b), Hawai'i Revised Statutes, empower the association, through its Board of Directors, to exercise its powers “directly against the tenant the powers described in subsection (a)(11)”;

Whereas Section 514B-104(a)(18), Hawai'i Revised Statutes, empower the association, through its Board of Directors, to “exercise any other powers necessary and proper for the governance and operations of the association”;

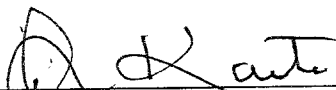
Whereas the Board of Directors adopted as a policy, pursuant to Section 514B-105(c), at its meeting of November, 2008 a policy that permitted the association to deduct and apply portions of common expense payments received from a unit owner to unpaid late fees, legal fees, fines and interest (other than amounts remitted by a unit in payment of late fees, legal fees, fines and interest); and

Whereas the Board of Directors distributed said policy to all owners subsequent to the November, 2008 meeting;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION OF APARTMENT OWNERS OF HARBOR LIGHTS THAT:

1. The adoption of Section 514B-105(c), Hawai'i Revised Statutes, is hereby ratified;
2. Failure to pay late fees, legal fees, fines and interest may result in the deduction of such late fees, legal fees, fines and interest from future common expense payments, so long as a delinquency continues to exist; and
3. Late fees may be imposed against any future common expense payment that is less than the full amount owed due to the deduction of unpaid late fees, legal fees, fines and interest from the payment.

The undersigned, QKI KAITA, Secretary of the Board of Directors hereby certifies that the foregoing resolution was duly adopted by the Board of Directors on the fifth day of April, 2011.



SECRETARY