

DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

In the Matter of the Incorporation )  
  ) of )  
HAWAII LOA RIDGE OWNERS ASSOCIATION )

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CHARTER OF INCORPORATION

TO ALL WHOM THESE PRESENTS SHALL COME:

I, MARY BITTERMAN, Director of Regulatory Agencies of the State of Hawaii, send Greetings:

WHEREAS, JAMES P. OHLMAN, DAVID P. MONTGOMERY, and GILBERT D. BUTSON, all of whom are residents of the State of Hawaii, have signed, verified and filed with me as Director of Regulatory Agencies of the State of Hawaii, a petition to grant them a Charter of Incorporation for purposes provided in Section 416-19, Hawaii Revised Statutes, as amended, in the form hereof;

NOW, THEREFORE, know ye that I, MARY BITTERMAN, as Director of Regulatory Agencies of the State of Hawaii, and in execution of every power and authority in any wise enabling me in this behalf, hereby in accordance with the provisions set forth in Section 416-19 and 416-20, Hawaii Revised Statutes, as amended, grant to the said JAMES P. OHLMAN, DAVID P. MONTGOMERY, and GILBERT D. BUTSON, a Charter of Incorporation for the purposes and in the form hereinafter set forth:

FIRST: The name of the corporation shall be "Hawaii Loa Ridge Owners Association".

SECOND: The location of the corporation shall be in Wailupe and Niu, in the City and County of Honolulu, State of Hawaii, and the specific address of its initial office shall be Suite 2102, Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813.

THIRD: The purpose for which the corporation is organized is to provide for the management, maintenance, protection, preservation, architectural control and development of the property in Wailupe and Niu in the City and County of Honolulu, State of Hawaii, within the area known as "Hawaii Loa Ridge" and to promote the health, safety and welfare of its members.

FOURTH: In furtherance of the foregoing objects and purposes and in accordance with the laws of the State of Hawaii applicable to chartered nonprofit corporations, the corporation shall have succession and existence in perpetuity and shall have and exercise any and all powers, rights, privileges and immunities which are now or may hereafter be secured by law to chartered nonprofit corporations organized under the laws of the State of Hawaii. Without limitation as to other powers stated or referred to in this Charter, the corporation shall have the following powers:

(a) It may exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions applicable to the property and filed or to be filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and recorded or to be recorded in the Bureau of Conveyances of Hawaii, and as the same may be amended from time to time as therein provided, hereinafter called the "Declaration".

(b) It may fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration, and pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association. The term "Association" as used herein shall have the meaning given it in the Declaration and shall be synonymous with the term "corporation" as used herein.

(c) It may acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

(d) It may borrow money, and mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the provisions of Article XII herein.

FIFTH: The corporation is not organized for profit, it shall not issue any stock, and no part of its assets, income or earnings shall be distributed to its members, directors or officers, except for services actually rendered to the corporation.

SIXTH: There shall be a Board of Directors of the Corporation to consist of not less than three nor more than nine directors, and the initial Board of Directors shall consist of three directors. No less than one-third of the members of the Board of Directors shall be residents of the State of Hawaii, and in the absence of such one-third

membership the Board of Directors shall not function. Subject to the foregoing, the number of directors shall be fixed each year by the members of the corporation at their annual meeting. The members of the Board of Directors shall be elected or appointed at such times, in such manner and for such terms, subject to the provisions set forth in this Article Sixth, as may be prescribed by the By-Laws, which also may provide for the removal of directors and the filling of vacancies and may provide that the remaining members of the Board of Directors, though less than a majority thereof, may by the affirmative vote of the majority of the remaining members, fill vacancies in the Board of Directors, including temporary vacancies caused by the illness of directors or the temporary absence of directors from the State of Hawaii. The directors need not be members of the corporation. The Board of Directors shall have full power to control and direct the business and affairs of the corporation and to manage its properties, subject, however, to instructions by the members of the corporation and to any limitations which may be set forth in statutory provisions, in this Charter, in the By-Laws, or in the Declaration.

The names and residence addresses of the persons who are to act as the initial directors of the corporation until the first annual meeting of the members of the corporation are as follows:

<u>Name</u>	<u>Residence Address</u>
JAMES P. OHLMAN	107 Kailuana Loop Kailua, Hawaii 96734
DAVID P. MONTGOMERY	46-127 Yacht Club Place Kaneohe, Hawaii 96744
GILBERT D. BUTSON	1324 Kaeleku Street Honolulu, Hawaii 96825

SEVENTH: The officers of the corporation shall consist of a President, one or more Vice Presidents as may be prescribed by the By-Laws, a Secretary, a Treasurer, and such other officers and assistant officers and agents as may be prescribed by the By-Laws. The officers shall be elected or appointed, hold office and may be removed as may be prescribed by the By-Laws. No officer need be a director or a member of the corporation, except that the President shall be elected from among the directors. Any two or more offices may be held by the same person.

All officers and agents of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided in the By-Laws, or as may be determined by resolution of the Board of Directors not inconsistent with the By-Laws.

The names and residence addresses of the persons who are to act as the initial officers of the corporation are as

as:

Name	Residence Address
JAMES P. OHLMAN, President	107 Kailuana Loop Kailua, Hawaii 96734
DAVID P. MONTGOMERY Vice-President/Secretary	46-127 Yacht Club Place Kaneohe, Hawaii 96744
GILBERT D. BUTSON Treasurer	1324 Kaeleku Street Honolulu, Hawaii 96825

EIGHTH: Each person, corporation or other legal entity who is, or such persons, corporations or other legal entities who are, the "Owner" of any lot (within the Hawaii Loa Ridge Subdivision) as defined in the Declaration shall be a member of the corporation. The term "lot" as used herein shall have the meaning given it in said Declaration. Proof of status as an "Owner" of any such lot for purposes of establishing membership in the corporation shall be furnished in accordance with the provisions pertaining thereto set forth in the By-Laws. Membership shall be appurtenant to and such ownership shall be the sole qualification for membership in the corporation.

NINTH: The corporation shall have two classes of voting membership.

Class A. Class A members shall be the owners, as defined in Article Eighth hereof, of lots, excepting the Class B member as hereinafter defined. The beneficial owner, or owners in the aggregate, of any lots, whether individuals, corporations or other legal entities, shall be entitled to one vote per lot. If more than one person or entity owns one given lot, any one of said persons or entities may exercise said one vote on behalf of all the owners of said lot, but no such vote shall be exercised without the unanimous consent of all such persons or entities.

Class B. The Class B member shall be the Declarant as defined in the Declaration. The Class B member shall be entitled to three votes per lot beneficially owned by it. The Class B membership shall cease and be converted to Class A membership in accordance with the Declaration but in no event later than December 31, 1999.

TENTH: Additional property may be annexed to the area specified in Article Third hereof, and so add to the membership of the corporation under the provisions of Article Eighth hereof, pursuant to the terms and conditions of Article III of the Declaration, as the same now exists or as the same may from time to time be amended.

ELEVENTH: The property of the corporation shall alone be liable in law for the payment of its debts and the discharge of its obligations. Neither the members of the corporation, nor the members of the Board of Directors, nor the members of the Architectural Committee provided in the Declaration, nor any of the officers shall have any personal liability for the payment of such debts or the discharge of such obligations, except that the members of the corporation shall be subject to assessment for and on account of debts, expenses and obligations of the corporation as in the Declaration provided.

TWELFTH: Any exchange, sale or other disposition of any real property of the corporation in fee and any borrowing of money or mortgaging of the common areas as defined in the Declaration shall require the affirmative vote of members as set forth in Article VI of the Declaration.

THIRTEENTH: No voluntary dissolution of the corporation or liquidation of its assets shall take place without the assent of three-fourths of the entire membership of each class of the corporation, obtained by vote at a meeting of the members of the corporation duly called and held for the purpose of authorizing such dissolution or liquidation. Written notice, setting forth the purpose of the meeting shall be given to all members not less than 30 days in advance of the meeting.

Upon any such dissolution or liquidation the assets of the corporation, whether real, personal or mixed, shall be dedicated to one or more appropriate public agencies to be devoted to purposes as nearly as practicable as the same as those to which they were required to be devoted by the corporation. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to charitable purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the corporation. To the extent permitted by law, the corporation may participate in mergers and consolidations with other nonprofit corporations organized for similar purposes, provided that any such merger or consolidation shall have the assent of two-thirds in voting interest of the members of each class of the corporation, obtained as herein provided in the case of dissolution.

FOURTEENTH: No contract or other transaction between the corporation and any other person, firm, corporation, association or other organization, and no act of the corporation, shall in any way be affected or invalidated by the fact that any of the directors or officers of the corporation are parties to such contract, transaction or act or are pecuniarily or otherwise interested in the same or are directors or officers or members of any such other firm, corporation, association or other organization, provided that the interest of such director or officer shall be disclosed or shall have been known to the Board of Directors authorizing or approving the same, or to a majority thereof. Any



majority thereof. Any director of the corporation who is a party to such transaction, contract, or act or who is pecuniarily or otherwise interested in the same or is a director or officer or member of such other firm, corporation, association or other organization, may be counted in determining a quorum of any meeting of the Board of Directors which shall authorize or approve any such contract, transaction or act and may vote thereon with like force and effect as if he were in no way interested therein. Neither any director nor any officer of the corporation, being so interested in any such contract, transaction or act of the corporation which shall be approved by the Board of Directors of the corporation, nor any such other person, firm, corporation, association or other organization in which such director or officer may be interested or of which such officer or director may be a director, officer or member, shall be liable or accountable to the corporation, or to any member thereof, for any loss incurred by the corporation pursuant to or by reason of such contract, transaction or act, or for any gain received by any such other party pursuant thereto or by reason thereof.

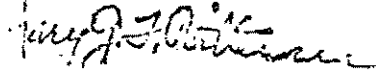
FIFTEENTH: The corporation shall indemnify each present and future officer and director of the corporation and each person who serves at the request of the corporation as an officer or director of any other corporation whether or not such person is also an officer or director of the corporation, against all costs, expenses and liabilities, including the amounts of judgments, amounts paid in compromise settlements and amounts paid for services of counsel and other related expenses, which may be incurred by or imposed on him in connection with any claim, action, suit, proceeding, investigation or inquiry hereafter made, instituted

or threatened in which, he may be involved as a party or otherwise by reason of his being or having been such officer or director, or by reason of any past or future action taken or authorized or approved by him or any omission to act as such officer or director, whether or not he continues to be such officer or director at the time of the incurring or imposition of such costs, expenses or liabilities, except such costs, expenses or liabilities as shall relate to matters as to which he shall in such action, suit or proceeding be finally adjudged to be, or shall be, liable by reason of his negligence or willful misconduct toward the corporation in the performance of his duties as such officer or director. As to whether or not a director or officer was liable by reason of negligence or willful misconduct toward the corporation in the performance of his duties as such officer or director, in the absence of such final adjudication of the existence of such liability, the Board of Directors and each officer and director may conclusively rely upon an opinion of legal counsel selected by or in the manner designated by the Board of Directors. The foregoing right of indemnification shall not be exclusive of other rights to which any such officer or director may be entitled as a matter of law or otherwise, and shall inure to the benefit of the heirs, executors, administrators and assigns of each such officer or director.

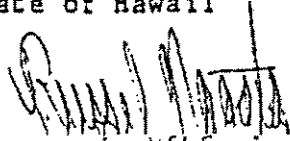
SIXTEENTH: This Charter may be amended by the vote of two-thirds of the entire membership of each class of the corporation.

Granted under my hand and the seal of the Office

of the Director of Regulatory Agencies of the State of Hawaii,  
this 19<sup>th</sup> day of February, 1981.



Director of Regulatory Agencies  
State of Hawaii



Corporation & Securities  
Administrator