

By-Laws

of the

SANDS OF KAHANA VACATION CLUB

a Hawaii Nonprofit Corporation

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EXHIBIT A

By-Laws

of the

SANDS OF KAHANA VACATION CLUB
a Hawaii Nonprofit Corporation

Part 1 — General Provisions

1.1 Name and Address of the Club. The name of the corporation is the "Sands of Kahana Vacation Club" (the "Club"). The principal office of the Club is at 2255 Kuhio Ave., Suite 1550, Waikiki, Honolulu, Hawaii 96815, or any other place in the State of Hawaii selected by the Board from time to time.

1.2 Definitions. Unless expressly stated to the contrary, the terms used in these By-laws have the following meanings:

(a) "Vacation Plan Declaration" means the Declaration of Covenants, Conditions, and Restrictions for Vacation Plan Ownership in the Sands of Kahana Vacation Club recorded at the same time as these By-laws and to which these By-laws are attached, and all revisions to the Vacation Plan Declaration.

(b) "Vacation Plan Documents" means the Vacation Plan Declaration, these By-laws, the club Rules, the Purchase Agreement (if applicable) and the Vacation Plan Conveyance Documents.

(c) Other Terms. All of the terms defined in the Vacation Plan Declaration have the same meaning when used in these By-laws.

1.3 Purpose of the Club. The purpose of the Club is to exercise the powers and perform the duties of the Club set forth in these By-laws, the Articles of Incorporation of the Club (the "Articles"), and the Vacation Plan Declaration.

1.4 Conflicts Between Documents. In case any of the By-laws conflict with the provisions of the Vacation Plan Declaration or the Articles, the provisions of the Vacation Plan Declaration or Articles, as the case may be, control.

1.5 Persons Subject to These By-laws and Other Directions. All present and future Vacation Plan Owners, lenders, visitors and exchange users of Vacation Plan Units and their employees, and any other persons who may use any Vacation Plan Unit in any manner are subject to these By-laws, the Vacation Plan Declaration and the Club Rules. By accepting ownership of a Vacation Plan or by occupying a Vacation Plan Unit, a person agrees that he accepts, approves and will obey these By-laws, the Club Rules, and the provisions of the Vacation Plan Declaration, as they may be revised from time to time.

Part 2 — Membership and Voting Rights

2.1 Qualifications for Membership in the Club. Each Vacation Plan Owner (including the Developer as to any Vacation Plan owned by the Developer), upon becoming a Vacation Plan Owner, automatically becomes a Member of the club and continues to be a Member of the Club until he ceases to be a Vacation Plan Owner for any reason, at which time his membership in the Club automatically ends. If a Vacation Plan is owned by more than one person, all of them are Members of the Club. However, for the purpose of representing that Vacation Plan with regard to the affairs of the Club and for voting as Members of the Club, that Vacation Plan is entitled to only one (1) vote which will be exercised and cast in accordance with the provisions of these By-laws. Ownership of a Vacation Plan in a Vacation Plan Unit is the sole qualification for membership in the Club.

2.2 Your Membership Goes With Your Vacation Plan. The Club membership of each Vacation Plan Owner is appurtenant to (goes with) his Vacation Plan. The membership may not be transferred or encumbered in any way except by transferring the Vacation Plan and then only to the new Vacation Plan Owner of that Vacation Plan. Any attempt to make a prohibited transfer is void and not effective. Any transfer of title to a Vacation Plan automatically transfers the membership in the Club which goes with that Vacation Plan to its new Vacation Plan Owner.

2.3 Your Voting Rights as a Vacation Plan Owner. Except as provided in Section 4.3 each Member is entitled to one (1) vote for each Vacation Plan. When a Vacation Plan is owned by more than one person, the vote for that Vacation Plan will be exercised as they decide among themselves, but in no event may more than one (1) vote be cast for any Vacation Plan.

Whenever these By-laws or the Vacation Plan Declaration require the vote, assent or presence of a particular number of Vacation Plan Owner or Members entitled to vote on a matter or at a meeting with regard to the taking of any action or any other matter whatsoever, the provisions of the Part 2 and Section 4.3 govern as to the total number of available votes, the number of votes a Vacation Plan Owner is entitled to cast at the meeting, and the manner in which the vote of a Vacation Plan having more than one Vacation Plan Owner will be cast.

2.4 Co-owner Disputes Over How to Cast Their One (1) Vote. The vote for each Vacation Plan or Every Other Year Vacation Plan, may be cast only as a unit, and fractional (split) votes are not allowed. If co-owners of a Vacation Plan are unable to agree among themselves as to how their vote or votes will be cast, they lose their right to vote on the matter in question. If any Vacation Plan Owner or Vacation Plan Owners cast a vote representing a certain Vacation Plan, it is conclusively presumed for all purposes that he, she, or they were acting with authority and consent of all other Vacation Plan Owners of that Vacation Plan.

2.5 Members' Right and Duties. Each Member has the rights, duties and obligations contained in these By-laws, the Articles and the Vacation Plan Declaration, as those documents may be revised from time to time.

2.6 Cumulative Voting. In any election of Directors, every Vacation Plan Owner entitled to vote at that election has the right to cumulate his votes. This means each Vacation Plan Owner has the right to give to one candidate, or divide among any number of candidates, a number of votes equal to the number of Directors to be elected multiplied by the number of votes which the Vacation Plan Owner is otherwise entitled to cast according to the Vacation Plan Declaration and

these By-laws. Subject to the provisions of Section 6.1 of these By-laws, the candidates receiving the highest number of votes, up to the number of Directors to be elected, are elected.

Part 3 — Membership Assessments, Personal Charges and Lien Rights

3.1 Membership Assessments and Personal Charges. All Assessments and Personal Charges provided for in the Vacation Plan Declaration, must be paid by the Members as set forth in the Vacation Plan Declaration. The Board will fix, levy, collect and enforce those Assessments and Personal Charges as set forth in the Vacation Plan Declaration.

3.2 Enforcement, Lien Rights. For the purpose of enforcing and collecting Assessments and Personal Charges, the Club has the lien rights described in the Vacation Plan Declaration, and those lien rights may be enforced by the Board in the manner described in the Vacation Plan Declaration. The Board also has and is entitled to exercise all other rights and remedies set forth in the Vacation Plan Declaration or otherwise provided for at law or in equity.

Part 4 — Membership Rights and Privileges

4.1 Your Rights and Privileges as a Member. No Member has the right, without the approval of the Board, to exercise any of the powers or to perform any of the acts delegated to the Club or the Board by these By-laws, or the Vacation Plan Declaration. Each member has all of the rights and privileges during his Use Period granted to the Members by these By-laws and the Vacation Plan Declaration subject to any limitations imposed in accordance with these By-laws and the Vacation Plan Declaration.

4.2 The Board May Adopt Club Rules. After giving notice to the Vacation Plan Owners and holding a hearing, the Board may establish any fair and reasonable rules, regulations and conditions to the use or enjoyment of the Vacation Plan Units and/or the Project as the Board, in its sole determination, deems appropriate, so long only as those rules, regulations and conditions do not materially decrease the rights of Members set forth in the Vacation Plan Declaration. All such rules, regulations and conditions adopted under this Section 4.2 and under the Vacation Plan Declaration, together with any rules, regulations and conditions provided by the Developer prior to the organizational meeting of members, are referred to in these By-laws as the "Club Rules."

4.3 The Board May Take Away Your Voting Rights and Fine You For Violations. If any Member or his visitors violate the Master Declaration or Vacation Plan Documents (including but not limited to the failure of the Member to pay any Assessment or Personal Charge on time), the Club may charge him a money penalty and/or suspend (take away) his rights under the Vacation Plan Documents. Rights which may be suspended include, among others, a Member's (and his visitor's) right to occupy the Vacation Plan Unit during his Use Period and his rights to participate in any vote or other decision provided for in the Vacation Plan Declaration.

(a) You Are Entitled to an Opportunity to Present Your Case Unless You Don't Pay Your Assessments or Personal Charges. The Board must hold a meeting and permit the Member to present his case before it fines him or suspends his privileges and services unless the suspension is because of a Vacation Plan Owner's failure to pay any Assessments or Personal Charges on time.

Written notice of the meeting must be given at least ten (10) days in advance to Members whose voting rights may be suspended or against whom money penalties may be imposed. The notice must state the purpose of the meeting, including the reasons for seeking the suspensions or fines. The notice must be given in the manner provided in the Vacation Plan Declaration for giving notice to Vacation Plan Owners. The Member is entitled to appear at the meeting and explain why the penalty should not be imposed. The Board will decide whether the Member's defense will be oral or written. The decision whether to suspend privileges or to fine Members will be made by a majority of the Members of the Board present at the meeting and is binding upon all Members. No action taken at such meeting is effective unless a quorum of the Board is present and the meeting is held as provided in these By-laws.

(b) The Fine or Suspension Will Be Effective When You Are Given Written Notice.

Written notice of the disciplinary action taken and the reasons for it must be given to the suspended Vacation Plan Owner. The disciplinary action will become effective on the date that the notice is given.

(c) A Suspension Will Take Away Your Right To Exchange Unless an Exchange User Has Confirmed Reservations. If a Member participating in an exchange program is suspended, the suspension also applies to any exchange rights the Member may have. The Board must notify that exchange program of the suspension. Existing confirmed reservations made by an exchange user through the Member's exchange program will not, however, be affected by any suspension.

(d) When Your Privileges will be Restored. If the disciplinary action is based on the failure of a Member to pay Assessments or any other amounts when due, the suspended privileges and services will be restored automatically thirty (30) days after the Vacation Plan Owner pays to the Club, in cash or by cashier's or certified check, all amounts past due and any late charges, interest, attorneys' fees and other costs imposed by the Club Rules. If the suspension is for any other reason, the suspended privileges and services will be automatically restored at the end of the period stated in the suspension notice and after payment of any fine imposed.

(e) The Board May Give the Managing Agent the Power to Carry Out the Fines or Suspension It Imposes. The Board may give the Managing Agent the power and authority to carry out any disciplinary actions imposed by the Board, including the right to suspend, without a hearing, a Vacation Plan Owner's rights and privileges during the period of time that the Vacation Plan Owner is behind in paying Assessments or Personal Charges.

Part 5 — Meetings of Members

5.1 Meeting Place. All meetings of the Members must be held at a place selected by the Board.

5.2 Annual Meeting of Members. The annual meetings of Members will be held in the months of March of each year beginning with the year immediately following the year during which the organization meeting of the Club is held. An organization meeting will be held not later than one year after the recordation of the First Vacation Plan conveyance. At the organization meeting, and at all later annual meetings, there will be elected, by secret written ballot of the Members, a

Board in accordance with the requirements of these By-laws. The Members may also transact any other business of the Club which properly comes before them at the organization or annual meeting. A list of the orders of business to be considered at the annual meeting must be distributed not less than 30 days prior to the meeting date. This list shall include the name, address and a brief biographical sketch, if available, of each Member of the Club who has announced his or her intention to stand for election as a Director.

5.3 Special Meetings of Members. Special meetings of Members, for any purpose or purposes at all, may be called at any time by a majority of the Board or by Members representing five percent (5%), or more of the total voting power of all Members other than the Developer; provided that no special meeting may be held or called before the organization meeting. Upon receipt of a request or petition for a special meeting, the Secretary will send written notice of the meeting to all Vacation Plan Owners. The meeting will be held at the time stated in the request or petition. If no meeting date is stated in the request or petition, the meeting will be held on a date selected by the Secretary with the approval of the Board. If notice is not given within twenty (20) days after receipt of the request or petition, the persons requesting the meeting may give the notice.

5.4 How to Give Notice of Meeting and Other Notices. The written notice of all meetings of the Members (whether an organization, annual, or special meeting) must state the place, date and hour of the meeting and whether it is an annual or special meeting and must also list the items on the agenda for that meeting and contain a brief statement of the business proposed to be transacted at it (including all matters that the Board expects to present or expects others to present). The notice may contain a standard proxy form authorized by the Club, in any. The notice and any other notices permitted or required to be delivered by these By-laws must be given by personally delivering or by mailing the notice, by first-class mail, postage prepaid, at least thirty-five (35) days but not more than ninety (90) days before the date of the meeting, to all Vacation Plan Owners in the manner provided in the Vacation Plan Declaration for giving notice to Vacation Plan Owners. Upon delivering to the Board a written request for copies of all notices, any lender having recorded mortgage on a Vacation Plan may obtain a copy of any and all notices permitted or required to be given to the Vacation Plan Owner whose interest is covered by that mortgage. If notice is given in accordance with the provision of this Section, the failure of any Vacation Plan Owner or lender to receive actual notice of the meeting will not in any way make the meeting or proceedings at the meeting invalid. The presence of any Vacation Plan Owner or lender in person or by proxy at any meeting is deemed a release of the right to receive any required notice by that Vacation Plan Owner unless at the beginning of the meeting that Vacation Plan Owner objects to holding that meeting because of the failure to give proper notice. Each member must keep the Board informed of any change in the Member's address.

5.5 Adjourned Meetings and Notices For Them.

(a) Any meeting of the Members whether or not a quorum is present, may be "adjourned" (temporarily ended and then continued later) from time to time by the vote of a majority of the Vacation Plan Owners entitled to vote and who are present at that meeting in person or by proxy. If there is not a quorum, no other business may be handled at that meeting unless these By-laws or the Vacation Plan Declaration provide otherwise.

(b) When any meeting of the Members is adjourned for thirty (30) days or more, notice that the meeting is starting up again must be given in the same way as it was given for the original meeting. In all other cases, it is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an

announcement at the meeting which is being adjourned to a later date.

5.6 Quorum. At any meeting of the Members, the presence either in person or by proxy of Members other than the Developer entitled to cast at least fifteen percent (15%) of that number of votes which is equal to the difference between (i) the total number of votes in the Club held by Members other than the Developer and (ii) the number of votes held by Members other than the Developer as to which voting rights are suspended at the time of the meeting in accordance with these By-laws, will be a quorum for any action by the Members, unless a different requirement is imposed by law, the Articles, these By-laws or the Vacation Plan Declaration. A majority of the votes held by all Members entitled to vote present at a meeting at which a quorum is present prevails (is the deciding vote) at those meetings unless a different percentage is required by law, the Articles, these By-laws or the Vacation Plan Declaration. If less than one-third of the votes held by members entitled to vote is in attendance, however, only those matters of business, the general nature of which was described in the notice of meeting, may be voted on. Subject to the provisions of Section 5.4 and unless otherwise expressly authorized by these By-laws or the Vacation Plan Declaration, all action required or permitted to be taken by the Members may be taken only at a legally called organization, annual or special meeting at which a quorum is present and for which proper notice was given. If any meeting cannot be held because a quorum is not present, a majority of the Members present either in person or by proxy and entitled to vote, may, without further notice, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, by announcing that adjournment at the meeting.

5.7 Consent of Vacation Plan Owners Who Are Absent. The actions of any meeting of Members however called and no matter what notice was given, will be as valid as though had at a meeting properly held, if

(a) a quorum is present either in person or by proxy; and

(b) either before or after the meeting, each of the Members entitled to vote and not present in person or by proxy, signs a written release of his right to receive notice, or a consent to the holding of that meeting, or an approval of the minutes of it.

All such waivers, consents, or approvals must be filed with the Club records or made a part of the minutes of the meeting.

5.8 Taking Action Without Having a Meeting. Any action (except the election of Directors) which may be taken at a meeting of the Members, may be taken without a meeting and without advance notice if

(a) the written ballot of every Member entitled to vote is solicited;

(b) the written ballot provides an opportunity for the Member to specify a choice between approval and disapproval of each matter of business proposed to be acted upon by the Club and further provides that the vote of the Members will be cast according to the choice they selected;

(c) the required number of signed approvals in writing, setting forth the action taken, is received;

(d) the number of ballots cast within the time period specified equals or exceeds the

quorum required to be present at a meeting authorizing the action;

(e) the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of ballots cast; and

(f) all the solicitations indicate (i) the number of responses needed to meet the quorum requirement, and (ii) the percentage of approvals necessary to pass the measure being voted on.

The solicitation must state the deadline by which the ballot must be received in order to be counted and must provide a reasonable time for the Member to return the ballot to the Club.

Any Member casting a ballot, or the proxy representatives of a Member or a new Vacation Plan Owner or a personal representative of the Member or their respective proxy holders, may cancel the ballot or substitute another, by a written letter or other document received by the Club before but not after the deadline to return ballots specified in the solicitation. the cancellation will be effective when it is received by the Secretary of the Club.

5.9 Record Date for Determining Who May Receive Notice and Vote. For each meeting of the Members, the Board may pick a date in the future as the "record date" for the purpose of determining which Members are entitled to notice of and to vote at the meeting. The record date may not be more than ninety (90) days before the meeting date. When a record date is picked, only Members who are shown as Vacation Plan Owners on the Club's Roster as of that date will be entitled to notice of and to vote at the meeting, despite any changes on the books of the Club after the record date.

If no record date is set the record date for determining those Members entitled to receive notice of, or to vote at, a meeting of Members will be the last business day before the day on which notice is given, or, if notice is waived, the last business day before the day on which the meeting is held. The record date for deciding which Members are entitled to vote by ballot on corporate action without a meeting, when no previous action by the Board has been taken, will be the day on which the first written consent is given. When previous action of the Board has been taken, it will be the date on which the Board adopts a resolution relating to that action.

5.10 Proxies and Pledges. The authority given by any Member to another person to represent him at meetings of the Club is called a "proxy". To be effective, the proxy must be in writing, signed by that Member and filed with the Secretary. Unless limited by its terms, the proxy will continue to be effective until it is revoked (cancelled) by a written document filed with the Secretary or by the death or incapacity of that Member. Any proxy distributed to Members by the Club must

(a) state the name of the person picked as the proxy representative, and

(b) provide an opportunity for the Member to select a choice between approval and disapproval of each matter of business proposed to be acted upon by the Club, and

(c) provide that the vote of the Member will be cast according to the choice selected.

Voting rights transferred by a mortgage or agreement of sale covering any Vacation Plan, a true

copy of which is filed with the Secretary of the Club or the Managing Agent, may be exercised only by the person designated in the mortgage or agreement of sale until the written release or other termination of the mortgage or agreement of sale is filed with the Secretary of the Club or the Managing Agent. A proxy form which accompanies a notice of meeting of the Club is valid only for the meeting covered by the notice (and any adjournment of the meeting) and may select any person as the proxy representative and may be limited as the Member desires and indicates.

5.11 Rules for Conducting the Meetings and the Order of Business. All meetings of the Club must be conducted in accordance with the latest available revision of Roberts Rules of Order, or other generally accepted rules for conducting meetings. Business will be discussed at all meetings of the Club in the following order:

- (a) Roll call;
- (b) Proof of notice of the meeting;
- (c) Reading of the minutes of the previous meeting;
- (d) Reports of the Officers;
- (e) Report of the Board;
- (f) Reports of any committees;
- (g) Election of inspectors of election to conduct the election (when necessary);
- (h) Election of Directors (when necessary);
- (i) Unfinished business; and
- (j) New business.

5.12 Roster of Members. The Managing Agent or the Board will keep an accurate and current Roster of Members of the Club and their current addresses. The Roster will be kept at a place selected by the Board. A Member must pay to the club or the Managing Agent on demand a reasonable service charge, in an amount fixed from time to time by the Board, for registering on the records of the Club any change of ownership of that Member's Vacation Plan.

Part 6 — Directors

6.1 Number, Qualifications, Term of Office. The affairs of the Club will be managed by a Board of Directors (referred to in these By-laws as the "Board," and with a member of the Board being referred to in these By-laws as a "Director") composed of three (3) persons until the organization meeting of the Club and five (5) persons thereafter. At least one Director must be a resident of the State of Hawaii, and all of them must be Vacation Plan Owners, co-owners, and officer of any corporate Vacation Plan Owner or named by the Developer. The partners in a general partnership and the general partners of a limited partnership are considered to be the Vacation Plan Owners of a Vacation Plan owned by their partnership for the purposes of this Section. The Managing Agent and its employees may not serve on the Board. The first Board of

the Club will be any persons appointed by the Developer, and they will serve as Directors until their replacements are elected at the organization meeting and qualified. At the organization meeting, the Members (including the Developer) will elect five (5) Directors. Three (3) of them will hold office for two (2) years and until their replacements are elected and qualified. The other two (2) will hold office for one (1) year and until their replacements are elected and qualified. At each annual meeting of the Members after the organization meeting, the Members will elect a new Director to fill each vacancy. The new Directors will serve a term of two (2) years or until the later election and qualification of their replacements. The number of Directors may be increased or decreased from time to time by an amendment to these By-laws, but in no event may the number of Directors be set at less than three (3). At the first election of the Board by the Members and for so long as the Developer holds a majority of the voting power of the Club, at least one of the Directors will be elected solely by the votes of the Members other than the Developer, and the election of Directors will be handled according to the following special election procedures:

(a) The notice of the meeting at which the Directors are to be elected must state that one of the Directors will be elected by Members' other than the Developer and must ask for nominations. Any Member entitled to vote at the meeting under the provisions of these By-laws is eligible as a candidate for the position of Director.

(b) Members other than the Developer will then elect that Director by secret ballot before the regular election of remaining Directors by all Members. The rest of the Directors will then be elected according to the regular election procedures set forth in these By-laws.

6.2 Nominating Committee. For every election of Directors starting with and after the organization meeting of the Club, the President of the Club will appoint a committee, at least ninety (90) days before the date of the election, to select qualified candidates for election to the Board. The Secretary will send to each Member, with the notice of meeting required by Section 5.4, a list of the persons nominated.

Members representing five percent (5%) of the membership may also nominate candidates at any time before the twenty-fifth (25th) day preceding the election. On timely receipt of a petition signed by the required number of Members, the Secretary will cause the names of the candidates named on it to be placed on the ballot along with those candidates named by the nominating committee. In addition, at the meeting to elect Directors, any Member present at the meeting, in person or by proxy, may place names in nomination.

6.3 Removal of Directors and How to Fill Vacancies. The entire Board or any individual Director may be removed from office, with or without cause, at any properly called meeting of the members, at which a quorum is present. A decision to remove a Director will be made by Vacation Plan Owners having a majority of the total votes present at that meeting either in person or by proxy, and entitled to vote; provided, however that unless the entire Board is removed from office by the vote of the Members of the Club, no individual Director may be removed before the end of the term of office if the votes cast against removal or not consenting in writing to his removal would be sufficient to elect a Director if voted cumulatively (see Section 2.6) at an election at which the same number of votes were cast and the entire number of Directors authorized to be elected at the time of the most recent election of the Directors were then being elected. A Director who was elected solely by the votes of members other than the Developer according to the special election procedure set forth in Section 6.1, may be removed from office before the end of this term of office only by the vote of Vacation Plan Owners other than the Developer. Vacancies in the Board may

be filled by the vote of a majority of the remaining Directors, or may be elected by the Members at a properly called meeting, and each Director elected in either of those ways will hold his office as Director for the reset of the term of the person he replaced. A vacancy is deemed to exist:

(a) when a Director dies, resigns, or is removed, or

(b) if the Members increase the authorized number of Directors but fail at the meeting at which that increase is authorized or any continuation of that meeting to elect the additional Director so provided for, or

(c) in case the Members fail at any time to elect the full number of authorized Directors.

If the authorized number of Directors is increased, no more than one Director may be appointed, rather than elected, to fill a vacancy created by increasing the number of Directors. If the Board accepts the resignation of a Director which will take effect at a future time, the Board has the power to elect a replacement to take office when the resignation takes effect.

If any Director misses three (3) consecutive regular meetings of the Board, the Board may, at the third or any later meeting, remove from office such absent Director and declare the office of the absent Director to be vacant.

6.4 Meeting Place for Director's Meetings. All meetings of the Board will be held at or near the Project if reasonably possible; provided, however, that if the Board decides that meeting at another place would significantly reduce the costs to the Club and/or the inconvenience of Directors, the meetings may be held elsewhere as designated at any time by resolution of the Board or by the unanimous written consent of the Board.

6.5 Organization Meeting of the Board. Immediately after the organization meeting of the Club and each annual meeting of the Members, the Board must hold a regular meeting at the same place to organize the Board, elect officers and transact any other business. Notice of that meeting is not necessary.

6.6 Other Regular Meetings of the Board. Other regular meetings of the Board will be held at the times picked by the Board. Regular meetings of the Board will be held at least once each year. Written notice of the time and place of regular meetings of the Board and the nature of any business to be considered must be given to each of the Board and the nature of any business to be considered must be given to each Director in person or by mail, telephone, or telegraph, charges prepaid, addressed to him at this address as it is shown on the records of the Club, at least thirty (30) business days before the day named for the meeting. If the notice is mailed or telegraphed, it will be deemed given and received ninety-six (96) hours after being put in the United States mail or twenty-four (24) hours after being delivered to the telegraph company.

6.7 Special Meetings of the Board. Special meeting of the Board for any purposes may be called by written notice at any time by the President or by any two Directors. Notice of the time and place of special meetings and of the nature of any special business to be considered must be given to each Director either (a) by written notice given at least fifteen (15) days before the time picked for that meeting, or (b) by telephone notice or written notice delivered personally or by telegraph at least ninety-six (96) hours before the meeting. Any notice by mail or telegraph must be sent to the Director, charges prepaid, addressed to him at his address as it is shown in the records of

the Club. If that notice is telegraphed, it will be deemed given and received twenty-four (24) hours after it is delivered to the telegraph company. If any Director is absent from any meeting of the Board and notice of that meeting was properly given to that Director, an entry will be made in the minutes stating that notice was properly given.

6.8 Meetings by Telephone. In the event of an emergency (a decision which cannot reasonably be postponed until a special or regular meeting is held), a meeting may be held by telephone conference call or similar communications equipment, so long as all Directors participating in the meeting can hear one another at the same time. All Directors participating will be deemed to be present in person at that meeting.

6.9 Quorum Requirement, Waiver of Notice. The transaction of any business at any meeting of the Board will be as valid as though made at a meeting properly held after regular call and notice, if a quorum is present (unless a quorum is expressly not required according to these By-laws) and if, either before or after the meeting, each of the Directors not present signs a written release of his right to receive notice, or a consent to the holding of that meeting, or an approval of the minutes of it. All of those releases, consents and approvals must be filed with the Club records and made a part of the minutes of the meeting. Attendance by a Director at any meeting of the Board releases his right to receive notice of the time and place of the meeting, unless at the outset of the meeting, he objects to the lack of notice and he does not give up that objection later. In that event, the meeting cannot be held until proper notice is given.

6.10 Taking Action Without a Board Meeting. Any action required or permitted to be taken by the Board by law or according to the Articles or these By-laws or the Vacation Plan Declaration may be taken without a meeting, if all Directors separately or together consent in writing to that action. Any written consent or consents must be filed with the minutes of the meetings of the Board, and have the same force and effect as a unanimous vote of the Directors.

6.11 Quorum. A majority of the Board is a Quorum. Every act or decision done or made by a majority of the Directors present at a meeting properly held at which a quorum is present in person or by telephone will be regarded as the act or decision of the Board, unless the provisions of these By-laws, the Articles or the Vacation Plan Declaration require or permit the particular action involved to be taken by the Board under other circumstances.

6.12 Adjournment. A quorum of the Directors may adjourn (temporarily end, to be continued later) any Board 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 Board meeting may adjourn from time to time until the time fixed for the next regular meeting of the Board. At any continuation of a Board meeting at which a quorum is present, any business which could have been transacted at the meeting originally called may be transacted at the continuation of the meeting.

6.13 Notice of Adjournment. Notice of adjournment of any Board meeting need not be given to absent Directors, if the time and place are selected at the meeting which is adjourned until later. If the meeting is adjourned for more than five (5) days, however, notice of the time and place of the continuation of the Board meeting must be given to the Directors who were not present at the time of the adjournment.

6.14 Members May Attend Most Board Meeting.

(a) Regular and special meetings of the Board are open to all Members of the Club,

but Members who are not on the Board may not participate in any discussion unless expressly permitted to do so by the vote of a majority of a quorum of the Board. Any Member may ask to be and will be connected to any meeting being held by telephone conference call. If the number of Members asking to be connected makes the telephone conference call impractical or impossible, that meeting may not be held by a telephone conference.

(b) Upon the approval of a majority of a quorum of its Members, the Board may adjourn a meeting and reconvene in "executive session" (which means that only Directors and persons invited by the Board may attend) to discuss and vote upon personnel matters, lawsuits and other legal proceedings in which the Club is or may become involved and other matters of a similar nature. The nature of any and all business to be considered in executive session must first be announced in open session.

6.15 Payments to Directors and Officers. No one will receive any salary or other compensation for services rendered as a Director or officer of the Club. However, Directors and officers will be reimbursed for transportation expenses incurred and reasonable per diem payments for expenses incurred in connection with their attendance at regular and special meetings of the Board. Nothing in these By-laws prevents any Director from serving the Club in any capacity other than as an officer or a Director and being paid for those services as authorized and approved by the Board. And Director being paid for services in any capacity other than as an officer or Director will be excluded from the discussions and voting by the Board on whether to hire him and how much to pay him for serving in that other capacity.

6.16 Executive and Other Committees. The Board may appoint an Executive Committee and other committees and may delegate to those committees any of the powers and authority of the Board in the management of the business and affairs of the Club except the power to:

- (a) adopt, amend or repeal the Articles or By-laws;
- (b) fill vacancies on the Board or on any committee;
- (c) change or repeal any resolution of the Board which says that it cannot be so changed or repealed;
- (d) appoint any other committees of the Board or the members of these committees;
- (e) approve any transaction (1) to which the Club is a party and in which one or more Directors have a material financial interest or (2) between the Club and one or more of its Directors or (3) between the Club and any company in which one or more of its Directors have a material financial interest.

Each Committee will be composed of two (2) or more Directors (one member of the Executive Committee will be the President) and will keep regular written minutes of its actions and report its activities to the Board.

6.17 Powers and Duties of the Board. Subject to the limitations contained in the Articles, these By-laws, the Vacation Plan Declaration and the Hawaii Revised Statutes as to action required to be taken, authorized or approved by the Members of the Club, or a part or percentage of them, all Club powers and duties including those contained in the Vacation Plan Declaration are to be

exercised by or under the authority of the Board, and the business and affairs of the Club are controlled by the Board.

6.18 Minutes of Meetings of the Board. A copy of the written minutes of any meeting of the Board will be sent to all Members within ninety (90) days after the end of that meeting.

6.19 Board Action on any Unfulfilled Obligations of Developer.

(a) If the Developer fails to submit a statement or report to the Board which is required by the Vacation Plan Documents and the statement or report is not received by the Board within 45 days after the end of the quarter in which the statement or report is due, or if the statement or report as received evidences a failure by the Developer to fulfill an obligation to the Club under the Vacation Plan Documents, the Board must hold a special meeting, together or by conference telephone call, to discuss and to vote on the question of initiating action against the Developer and/or the Developer's surety to enforce the unsatisfied obligations.

(b) The Director, if any, elected solely by the votes of the Members of the Club other than the Developer has the power to initiate an action in the name of the Club and at the Club's expense to enforce unsatisfied obligations of the Developer if the Board fails to meet to consider and vote on the question of enforcing the Developer's obligation within 75 days after the end of the quarter in which such obligation was to be satisfied, or if the Board refuses to initiate such action after having met for that purpose. If the Director elected solely by the votes of the members other than the Developer determines that it is in the best interest of the Members of the Club to initiate an action under this Paragraph, he shall do so in the name of the Club within 90 days after the end of the quarter and the Board must then take any steps necessary and appropriate to further the purpose of the action.

Part 7 — Officers

7.1 List of Officers. The officers of the Club are the President, Vice President, Secretary, Treasurer and any other officers the Board deems necessary. Any person may hold more than one office. The President, Vice President and Secretary must be Directors. The Treasurer may, but need not, be a Director. Each officer must be a Member of the Club or a representative of the Developer selected by the Developer.

7.2 The Board May Appoint Other Officers. The Board may appoint, and may authorize the President or another officer to appoint, any other officers needed for the business of the Club. Each of them will have the title, hold office for the period, have the authority, and perform the duties specified in these By-laws or determined from time to time by the Board.

7.3 Election of Officers. The first officers will be picked by a majority vote of the Directors at the first meeting of the Board. After that time, officers may be removed or chosen at any later meeting of the Board by a majority vote of the total number of Directors on the Board.

7.4 Terms of Office. All officers hold office at the pleasure of the Board. This means that they continue as officers only for so long as the Board desires that they do so.

7.5 President. The President is the chief executive officer of the Club. Subject to the control of the Board, he supervises, directs and controls the business and affairs of the Club. He presides at (is the chairperson of) all meetings of the Members and all meetings of the Board. He is a member of all permanent committees, including the Executive Committee, if any, and has the general powers and duties of management usually authorized for the office of president of a corporation organized under the laws of the State of Hawaii. This includes, among other, the power to appoint committees from among the Vacation Plan Owners from time to time as he alone decides are appropriate to assist in conducting the affairs of the Club. He also has any and all other powers and duties given to him by these By-laws or assigned to him from time to time by the Board.

7.6 Vice President. If the President is absent or disabled, the Vice President performs all the duties of the President, and when he is acting as President, the Vice President has all powers of, and is subject to all the restrictions on, the President. The Vice President also has any other powers and performs any other duties given to him from time to time by the President, the Board or by these By-laws.

7.7 Secretary. The Secretary will keep or cause to be kept, at the principal office of the Club or any other place the Board picks, a book containing the minutes of all meetings of the Board and Members. The minutes must state the time and place that the meeting was held, whether it was a regular or special meeting, and how it was authorized if it was a special meeting, the notice of the meeting given, the names of the persons present at the Board meetings, the number of Members present or represented at Members' meetings and a brief description of what happened at the meetings.

The Secretary will give, or cause to be given, notice to all the meetings of the Members and of the Board required by these By-laws or by law, except that notice of the organization meeting may be given by the Developer. The Secretary also has any other powers and performs any other duties given to him by the Board or the By-laws. The duties of the Secretary in this Section may be delegated by the Board to the Managing Agent.

7.8 Treasurer. The Treasurer must supervise the Managing Agent in keeping and maintaining full and accurate books and records of the properties and business transactions of the Club, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account are always open to inspection by any Director. The Managing Agent must deposit all money and other valuables in the name and to the credit of the Club with the depositories (such as a bank) picked by the Board. The Treasurer will instruct the Managing Agent to pay out the funds of the Club as ordered by the Board and to provide to the President and the Board, whenever they ask for it, an accounting by the managing Agent of all his transactions as Treasurer and of the financial condition of the Club. The Treasurer also has any other powers and performs any other duties given to him by the Board or the By-laws. The Board may delegate the performance of the Treasurer's duties, subject to supervision by the Treasurer, to a professional manager hired by the Club, including, but not limited to, the Managing Agent.

Part 8 — Indemnification of Directors, Officers, Employees, and Other Agents

8.1 Definitions. For the purpose of this Part 8,

(a) "agent" means any person who is or was a Director, officer, employee, or other agent of the Club, or is or was serving at the request of the Club as a Director, officer,

employee, or agent of another corporation, trust or other company;

(b) "proceeding" means any threatened, pending, or completed action or proceeding (such as a lawsuit). It could be for example a civil suit, a criminal matter, or an administrative or investigative proceeding;

(c) "expenses" includes, but is not limited to, attorneys' fees, costs, judgments, fines, settlements and other amounts actually and reasonably incurred.

8.2 The Club Will Indemnify (Reimburse) Its Agents. To the extent allowed by law, the Club must indemnify (that means they will pay for) any expenses incurred by any agent in any proceeding. The Hawaii Revised Statutes define how, when, and under what conditions the Club can make those payments. These By-laws authorize and require the Club to reimburse its agents to the full extent allowed by law. If available, the Club must buy insurance to provide those payments and the Club may, but is not required to, buy insurance which provides for reimbursement under circumstances where the Club could not reimburse the expenses directly.

Part 9 — Miscellaneous

9.1 Who Can Sign Checks, Etc. All checks, drafts or other orders for payment of money, notes or similar documents issues in the name of or payable to the Club, must be signed or endorsed by such person or persons and in such manner as, from time to time, decided by resolution of the Board or, in the absence of a resolution, by any two of the President, Vice President, Secretary or Treasurer.

9.2 Contracts, Etc., How Executed. The Board, except as other wise provided in these By-laws, may authorize any officer or officers, agent or agents, to enter into any contract or sign any document in the name and on behalf of the Club. That authority may be general or confined to specific things. Unless authorized by the Board, no officer, agent, or employee has any power or authority to bind the Club or to pledge its credit or to make it liable for any purpose or for any amount.

9.3 Inspection of Vacation Plan Declaration, the Articles, By-laws and Club Rules. The Club will keep in its principal office the original or a copy of the Vacation Plan Declaration, the Articles, these By-laws and the Club Rules with the latest revisions. The documents are open to inspection by the Members at all reasonable times during office hours.

9.4 Club Calendar Year. The calendar year of the Club for all purposes ends on December 31 of each year.

9.5 The Club's Books and Records. The books, records and papers of the Club will be kept at the principal place of business of the Club or any other place or places selected by the Board. Copies of the Vacation Plan Declaration, the Articles, the By-laws and the Club Rules may be bought by Vacation Plan Owners at a reasonable cost. The minutes of meetings of the Members, the Board, and all committees will be kept in written or typed form, and the accounting books and records will be kept either in written or typed form or in any other form (such as in a computer) capable of being changed into written, typed or printed form. The minutes, records, papers and accounting books and records are open to inspection on the written demand of any Member, at Member's interests as a Member. The inspection may be made in person or by an agent or attorney, and includes the right to copy and make extracts. The Board will establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of records by the Member desiring to make the inspection or to obtain copies.
- (b) Hours and days of the week when and inspection may be made.
- (c) Payment of the cost of making copies of documents requested by a Member.

Each Director has the absolute right at any reasonable time to inspect all books, records and documents of the Club and the physical properties owned or controlled by the Club. The right of inspection by a Director or Member includes the right to make extracts and copies of documents. As a condition to permitting a Member or Director to inspect the Roster of Members or to obtain information from the books, papers or records of the Club, the Member or Director must agree in writing not to use, or allow the use of, that information for commercial or other purposes not reasonably related to the regular business of the Club and the Member's or Director's interest in the Club.

9.6 Reports to Members. The Club must provide to each Member the Budget and other financial statements required by the Vacation Plan Declaration, together with such other periodic reports as the Board shall determine from time to time.

Part 10— General Provisions

10.1 Certificate of Membership. The Board may, but is not obligated to, issue to the Members certificates of membership in the Club in any form the Board picks.

10.2 How These By-laws Can Be Changed. These By-laws may be amended only as provided in Section 10.1 of the Vacation Plan Declaration.

10.3 Captions. The captions in these By-laws are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-laws, or the intent of any provisions of these By-laws.

10.4 Gender. The use of any gender in these By-laws includes either or both of the other genders and the use of the singular includes the plural whenever the context so requires.

10.5 Failure to Enforce These By-laws Now Does Not Mean They Cannot Be Enforced Later. No restriction, condition, obligation or provision contained in these By-laws will be deemed to have been waived (given up) because of any failure to enforce it, no matter how many violations or breaches of it take place.

10.6 How These By-laws Should Be Read and Interpreted. The provisions of these By-laws will be liberally interpreted to carry out the purpose of creating a uniform plan of time share interval ownership under which the Club carries out and pays for the operation and maintenance of the property committed to the time share interval ownership plan.

10.7 Even if Part of These By-laws is Invalid, That Will Not Affect the Rest. The provisions of these By-laws are and should be treated as being separate and independent. If any one provision is invalid or partly invalid or unenforceable, that will not affect the validity or enforceability of any other provision of these By-laws.

— End of By-laws —