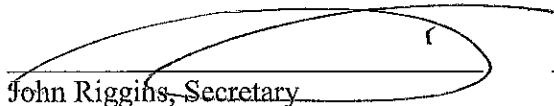


Application of Payment Policy

Unless otherwise determined by the Board, payments made by or on behalf of an Owner will be applied toward the indebtedness of such Owner to the Association in the following order: (i) toward the payment of expenses, costs, and attorneys' fees incurred by the Association in connection with the collection of amounts due and owing by the Owner; (ii) toward the payment of late fees and interest; (iii) toward the payment of fines; (iv) toward the payment of maintenance assessments and special maintenance assessments; and (v) the balance remaining, if any, toward the payment of individual special assessments. Such acceptance and application of payments shall not be construed as a waiver of any rights the Association shall have against any Owner for any and all outstanding amounts due and owing to the Association. The Board of Directors, at its sole discretion, may refuse acceptance of any payment which may be insufficient to satisfy all amounts due and owing to the Association.

All remedies shall be cumulative and not exclusive of any other remedy.

Adopted by the Board of Directors at the regular meeting of July 18, 2007.


John Riggins, Secretary

05/31/2012
Date

VILLAGES OF KAPOLEI ASSOCIATION

RESOLUTION REGARDING SPECIAL ASSESSMENTS UNDER ARTICLE VII, SECTION 7.05(i) AND ARTICLE VIII, SECTION 8.04 OF THE DCC&R

WHEREAS, Article II, Section 2.10 of the Third Restated and Amended By-Laws of Villages of Kapolei Association (“By-Laws”) provides that the business and affairs of the Association shall be managed and controlled by the Board of Directors, which shall have and may exercise all of the powers of the Association, including, without limitation, all of the powers of the Association as set forth in the Declaration, except such as are expressly reserved to or may from time to time be conferred upon the members by law, the Articles of Incorporation, the DCC&R, or the By-laws.

WHEREAS, Article VII, Section 7.05(g) of the Third Restated Declaration of Covenants Conditions & Restrictions of Villages of Kapolei (“DCC&R”) recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2620834 provides:

(g) The Association shall have the power and authority, at any time and from time to time and without liability to any Owner for trespass, damage or otherwise, to enter upon any Lot or Commercial Lot for the purposes of (i) maintaining and repairing any such Lot or Commercial Lot, if for any reason whatsoever the Owner of such Lot fails to maintain and repair such Lot or Commercial Lot in good condition and repair, (ii) removing any Improvement constructed, reconstructed, refinished, altered or maintained upon any Lot or Commercial Lot in violation of the provisions of these Restrictions, the Design Review Committee Rules or Design Guidelines and (iii) inspecting such Lot or Commercial Lot to determine compliance with these Restrictions, the Design Review Committee Rules or the Design Guidelines.

WHEREAS, Article VII, Section 7.05(h) of the DCC&R provides:

(h) The Association shall have the power and authority (but shall not be required) from time to time, in its own name or behalf or in the name and behalf of any Owner who consents thereto, to commence and maintain actions or suits to restrain and enjoin any breach or threatened breach of these Restrictions, the Design Review Committee Rules or the Design Guidelines, or to enforce by mandatory injunction or otherwise any of the provisions of these Restrictions, the Design Review Committee Rules or the Design Guidelines.

WHEREAS, Article VII, Section 7.05(i) of the DCC&R provides:

(i) All reasonable expenses incurred by the Association in exercising its rights under subsections (g) and (h) above, including court costs and attorneys' fees, shall be a special assessment levied pursuant to Section 8.04 against the Owner of the Lot or Commercial Lot whose violation of these Restrictions, the

Design Review Committee Rules or the Design Guidelines resulted in the Association incurring expenses and the collection of sums due.

WHEREAS, Article IX, Section 9.02(a) of the DCC&R provides:

9.02 Enforcement, Non-Waiver.

(a) The Association or any Owner shall have the right to enforce any of the covenants, conditions, restrictions, obligations, liens and charges now or hereafter imposed by the Restrictions upon other Owners or upon any property within the Community Area, and the costs of enforcement, including court costs and attorneys' fees, shall be paid by any Owner who violated any such restriction, covenant, condition, or restriction or failed to pay and satisfy when due any such lien or charge.

WHEREAS, Article VIII, Section 8.04 of the DCC&R provides:

8.04 Individual Special Assessments.

The Board shall levy a special assessment against any Owner whose acts or failure to comply with the Restrictions, the Rules or the Design Review Committee Rules or decisions resulted in the Association expending monies from the operating fund to enforce the Restrictions, the Rules or the Design Review Committee Rules or decisions. Such assessments shall be in the amount so expended and shall be due and payable to the Association when levied. Monies so expended shall include, without limitation, interest, all costs of enforcement, and engineers', Architects', attorneys' and accounts' [sic] fees incurred by the Association.

WHEREAS, Article VIII, Section 8.06(a) of the DCC&R provides, in relevant part:

8.06 Default in Payment of Assessments.

(a) Each assessment under this Article VIII shall be a separate distinct and personal debt and obligation of the Owner of the Lot against which the assessment is made; . . . If the Owner does not pay any installment of such assessment when due, the Owner shall be deemed in default and the amount of the unpaid assessment, together with the amount of any subsequent unpaid assessments, plus any late fee imposed by the Board as set forth below, interest at the maximum rate allowed by law, and costs, including reasonable attorneys' fees, shall be and become a lien upon the Lot or Lots of such Owner upon recordation by the Association of a notice of default or notice of lien. . . .

WHEREAS, owners from time to time fail to comply with the DCC&R, the Rules, the Design Guidelines, and the Design Review Committee Rules and Design Review Committee decisions (collectively, said documents and decisions are referred to as the "Governing Documents")

requiring the Association to incur attorneys' fees and costs in the enforcement of said Governing Documents.

WHEREAS, the Board of Directors wishes to reaffirm that all reasonable expenses incurred by the Association in exercising its rights under Article VII, Section 7.05(g) and (h) of the DCC&R and all monies expended from the operating fund to enforce the Governing Documents including, without limitation, interest, all costs of enforcement, and all engineers', architects', attorneys', and accountants' fees shall be levied as a special assessment against the owner or owners against whom the Association's rights have been exercised and/or the Governing Documents have been enforced.

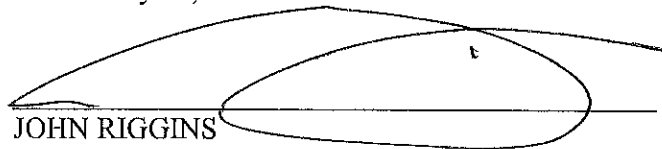
NOW THEREFORE BE IT RESOLVED THAT:

1. Pursuant to Article VII, Section 7.05(i) and Article VIII, Section 8.04 of the DCC&R, all reasonable expenses incurred by the Association in exercising its rights under Article VII, Sections 7.05(g) and 7.05(h) of the DCC&R, including, without limitation, court costs and attorneys' fees, and all monies expended from the operating fund to enforce the Governing Documents including, without limitation, interest, all costs of enforcement, and all engineers', architects', attorneys', and accountants' fees shall be automatically levied as a special assessment against the owner or owners against whom the Association's rights have been exercised and/or the Governing Documents have been enforced without further action by the Board of Directors.

2. The foregoing shall be in addition to all other rights and remedies of the Association, including, without limitation, all rights and remedies of the Association under the DCC&R, the Hawaii Revised Statutes, and the Hawaii Rules of Civil Procedure.

IN WITNESS WHEREOF, the undersigned, being the Secretary of the Villages of Kapolei Association certifies that the foregoing resolution was adopted by said Association's Board of Directors at its meeting held on May 16, 2012.

Dated: May 16, 2012.


JOHN RIGGINS
Secretary