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May 28, 2008

RE: ONE ARCHER LANE- RESOLUTIONS

Dear Homeowner,

The Board of Directors at the Board meeting held May 27, 2008 adopted two resolutions to assist the Board in collecting monthly maintenance fee assessments from delinquent owners. An apartment owner's failure to pay maintenance fees and other common expenses undermines the financial stability of the association and imposes an unfair burden on the owners who are paying their common expenses. The first resolution outlines the Application of Payments. All payments received from owners will be applied as follows: 1) Legal fees and costs. 2) NSF charges. 3) Interest. 4) Late fees. 5) Any other outstanding fees or fines. 6) Maintenance fees. The second resolution authorizes the Board of Directors to collect rent from tenants and rental agents of delinquent apartment owners. Copies of the resolutions are attached. Thank you.

Sincerely,

FOR THE BOARD OF DIRECTORS
ONE ARCHER LANE

Jeff Dickinson
Management Executive

Enclosures

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION OF APARTMENT OWNERS OF ONE ARCHER LANE
REGARDING COLLECTION OF RENT FROM TENANTS
AND RENTAL AGENTS OF DELINQUENT APARTMENT OWNERS**

WHEREAS:

An apartment owner's failure to pay maintenance fees and other assessments ("common expenses") undermines the financial stability of the association and imposes an unfair burden on the owners who are paying their common expenses;

Article VI, Section 1 of the Bylaws of the Association of Apartment Owners of ONE ARCHER LANE ("Association") requires the board of directors to collect common expenses from a delinquent owner using every reasonable means;

The board has determined that collection of rent from tenants at the project is a reasonable means of collecting delinquent common expenses because the common expenses pay for the services which the tenants receive; and

Article VI, Section 11 of the Bylaws already authorizes the Board to demand rent from renters or lessees (collectively referred to below as "tenants") of a delinquent apartment owner;

Section 514B-145 authorizes the board, with the approval of the apartment owners, to collect rent from the tenant or lessee of a delinquent apartment owner, to reimburse the association for the owner's unpaid share of the common expenses;

The apartment owners have already approved the collection of rent from tenants of a delinquent apartment owner, pursuant to Article VI, Section 11 of the Bylaws; and

NOW THEREFORE, the Board of Directors adopts the following resolution to comply with Article VI, Section 11 of the Bylaws and Section 514B-145 of the law:

RESOLVED:

1. If an apartment owner is renting the apartment to a tenant and fails to pay the apartment's share of the common expenses within thirty days after the payment is due, the board of directors may send a written demand to the tenant or the owner's rental agent to pay the tenant's rent directly to the association. Each month, the board may demand an amount sufficient to pay the amount the owner owes to the association, provided the board will not demand more in any one month than the tenant actually owes in rent for that month.
2. Before demanding any rent from the tenant, the board shall give the owner written notice that the board intends to collect the rent from the tenant or the owner's rental agent. The notice shall be sent to the owner by first-class and


certified mail at the owner's address shown on the records of the association and shall:

- * State the exact amount the association claims is owed by the apartment owner; and
 - * Indicate that the board intends to collect that amount from the tenant's rent, together with any other amounts that become due and remain unpaid.
3. An owner may ask the board to agree to a payment plan with the owner instead of collecting rent from the tenant, but the board shall not be required to accept a payment plan.
 4. Demanding rent from an owner's tenant or his/her rental agent shall NOT be deemed to prevent the board from proceeding with foreclosure or any other means of collecting the owner's delinquent common expenses.
 5. The collection of rent from an owner's tenant or his/her rental agent shall be subject to the restrictions stated in Subsections 514B-145 of the law.

CERTIFICATE

I hereby certify that the above resolution was adopted pursuant to the BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF ONE ARCHER LANE ("Bylaws"), by the Board of Directors of the Association, at a Board meeting on May 27, 2008 to confirm the procedures already approved by more than 65 percent of the apartment owners in Article VI, Section 11 of the Bylaws and to conform those procedures to the requirements of section 514B-145 of the law.

DATED: Honolulu, Hawaii, May 27, 2008.



Jim Bryaa, Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION OF APARTMENT OWNERS OF ONE ARCHER LANE**

WHEREAS, Article VI, Section 9 of the Association's Bylaws provides that all owners must pay, in advance on the first day of each month, monthly assessments against their respective apartments for common expenses of the Project; and

WHEREAS, Article VI, Section 10 of the Association's Bylaws provides that every apartment owner must pay, on demand, all costs and expenses, including reasonable attorney's fees incurred by or on behalf of the Association in collecting any delinquent assessments against the apartment; and

WHEREAS, Hawaii Revised Statutes §514B-146 provides for the payment by apartment owners delinquent in the payment of common assessments of costs and expenses incurred by the Association; and Article VI, Section 9 of the Association's Bylaws establishes the priority in which payments made by an owner shall be applied to amounts owed by the owner;

WHEREAS, Hawaii Revised Statutes §514B-105(c) requires that before a condominium association deducts and applies portions of common expense payments received from a unit owner to unpaid late fees, legal fees, fines, and interest (other than amounts sent by a unit owner in payment of late fees, legal fees, fines, and interest) the Board must adopt and distribute a policy on the priority of payments;

THEREFORE, BE IT RESOLVED THAT the Board hereby adopts the following Policy which will be effective on June 1, 2008.

A. **APPLICATION OF PAYMENTS**

All payments received from owners will be applied in the following priority, if applicable:

1. Legal fees and costs.
2. NSF charges.
3. Interest.
4. Late fees.
5. Any other outstanding fees or fines.
6. Maintenance fees.

B. **EFFECT OF APPLICATION OF PAYMENTS**

1. Failure to pay late fees, legal fees, fines, and interest *in full* may result in the deduction of those late fees, legal fees, fines, and interest from an owner's future common expense (maintenance fee) payments for as long as the delinquency continues to exist. Those

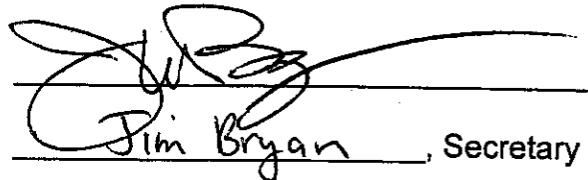
deductions will continue until the owner pays all amounts owed to the association in full.

2. Late fees may be imposed against any future common expense payment that is less than the full amount owed because of the deduction of unpaid late fees, legal fees, fines, and interest from the payment.

BE IT FURTHER RESOLVED THAT copies of the policy will be sent to every member of the Association.

I, Jim Bryan, Secretary of the Board of Directors of the Association of Apartment Owners of One Archer Lane, hereby certify that the above is a true copy of the Resolution duly adopted at a meeting of the Board of Directors, duly held on the 27th day of MAY, 2008 and duly entered in the book of minutes of the Association, and that this Resolution is in full force and effect.

DATED: Honolulu, Hawaii, May 27, 2008.


Jim Bryan, Secretary