

HAWAIIAN PARADISE PARK
OWNERS ASSOCIATION

BYLAWS

AMENDED JUNE 12, 2004

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**AMENDED AND RESTATED BYLAWS OF
HAWAIIAN PARADISE PARK OWNERS ASSOCIATION**

(A Hawaii Non-Profit Corporation)

WHEREAS, Ernest A. Reeder, Albert O'Neil, Frank Wellington, and Pamela Tingcang incorporated Hawaiian Paradise Park ("subdivision") by that certain Charter of Incorporation, dated December 22, 1972, ("Charter"), as amended, which declarations, restrictions, and conditions constitute covenants running with the subdivision, and are binding and inure to the benefit of all lot owners and their respective heirs, personal representatives, successors, and assigns; and

WHEREAS, for the purpose of administrative efficiency and the operation, maintenance, and governance of the subdivision and to foster unity and harmony amongst lot owners of the subdivision, a two-thirds (2/3) majority of the full members using mail in ballots, have voted to further amend their Bylaws of Hawaiian Paradise Park dated June 12, 2004; such amended and restated Bylaws superseding all prior Bylaws, and amendments thereto;

NOW, THEREFORE, the Bylaws are hereby further amended as follows:

**ARTICLE I
BYLAWS DEFINITIONS**

Section 1. Road Maintenance Activity. An activity engaged in for the purpose of managing, maintaining, improving, preserving or protecting any road or road easement in Hawaiian Paradise Park, including collecting, accounting for, administering, and protecting road maintenance funds, and managing, operating, maintaining, and protecting road maintenance property.

Section 2. Road Maintenance Funds. Any money collected for road maintenance activities including, but not limited to, any late penalties, interest paid on road maintenance assessments, lien fees, transfer fees, and all interest and dividends paid by banks or other financial institutions on road maintenance funds.

Section 3. Road Maintenance Costs. A cost incurred in the performance of, or as a consequence of road maintenance activity.

Section 4. Road Maintenance Property. Hawaiian Paradise Park Owners Association property that has been acquired to support road maintenance activity.

Section 5. Majority Vote. The vote of greater than half of the valid votes cast.

Section 6. Two/Thirds Vote. The vote of two-thirds or greater of the valid votes cast.

Section 7. Member. Any owner of one or more lots in Hawaiian Paradise Park.

Section 8. Member in Good Standing. A member whose road maintenance assessments are not in arrears.

Section 9. Quorum of the Board of Directors. A majority of the Board of Directors (hereinafter referred to as "Board").

Section 10. Quorum of the Membership. A majority of the members in good standing or 30 members in good standing, whichever is less.

Section 11. Quorum of a Committee. The majority of the members of the Committee.

Section 12. Conflict of Interest. Any issue, the outcome of which would have a direct bearing, not shared by all members, on one's personal financial interest or any other issue that the Board decides by majority vote would constitute a conflict of interest.

Section 13. Residence. A dwelling including but not limited to a house and all associated legally permitted water storage tanks, driveways, garages, fences, gardens, gardening facilities, landscaping, and other structures.

Section 14. Non-Residential Activities. Activities that are not ordinarily associated with living in, constructing, or maintaining a residence. This definition is intended to include, but is not limited to, all business activities not related to the construction or maintenance of a residence.

ARTICLE II NAME

The name of the Corporation shall be "Hawaiian Paradise Park Owners Association" (hereinafter referred to as "Association").

ARTICLE III OBJECTS AND PURPOSES

The objects and purposes of the Association are defined in the Charter and state as follows:

- (a) To ascertain the needs and desires of all lot owners of the Hawaiian Paradise Park subdivision and represent those needs and desires as appropriate.
- (b) To manage, protect, maintain, and improve the improved and unimproved real properties and other assets of the Association and to provide all usual administrative and executive functions necessary to the operation and management of the Association.
- (c) To maintain, manage, preserve, and protect the commonly owned roadway easements in Increments I and II, which shall be used in common with others for roadways and utility purposes.
- (d) To serve as a representative of all of the lot owners of Hawaiian Paradise Park to government agencies, officials, and community organizations on all issues affecting and/or arising from Hawaiian Paradise Park.

- (e) To foster an atmosphere of cooperation and harmony that encourages the participation of all lot owners in the management and operation of the Association.
- (f) To administer the financial affairs of the Association in a responsible manner.
- (g) To promote social and recreational activities within the Hawaiian Paradise Park subdivision.
- (h) To assist the Hawaii County Department of Civil Defense and/or other recognized relief organizations at the discretion of the Board.

ARTICLE IV LOCATION

The location of the principal office of the Association shall be at Hawaiian Paradise Park, District of Puna, County of Hawaii, State of Hawaii.

ARTICLE V CORPORATE SEAL

The corporate seal will include the following: On the center, upper margin, the name "Hawaiian Paradise Park Owners Association"; in the center, the words "Incorporated in 1972"; on the lower margin, the words "Hawaiian Paradise Park, Puna, Hawaii".

ARTICLE VI MEMBERSHIP AND VOTING

Section 1. Types of Membership. There shall be two types of membership:

(a) Members. All lot owners of record of the Hawaiian Paradise Park, Increments I and II (hereinafter referred to as "member" or "membership"), shall constitute the Association. The owner of any lot upon acquiring title thereto shall automatically become a member of the Association and shall remain a member thereof until such time as ownership ceases for any reason, at which time membership in the Association shall automatically terminate. Lot owners shall include all individuals and entities (partnerships, corporations, limited liability companies, limited liability partnerships, and trusts) holding legal title as tenants-in-severalty, tenants-in-common, joint tenants, or tenants by the entirety. Lot owners are assumed to be members of the Association unless the Association receives from them a written statement to the contrary. Owners may join or decline membership at any time. The Association will notify owners of record of their ability to decline membership in the Association.

(b) Associate Members. An annual associate membership will be available to those people who are not otherwise qualified to be members. Associate members will not have the right to vote or hold office. The annual associate membership fee will be established by a majority vote of the Board.

Section 2. Voluntary Association Donations. An annual donation may be solicited by the Association to be paid by the members on a voluntary basis. Suggested annual Association donations may be established by a majority vote of the Board. Any amendment to these bylaws requiring mandatory membership dues shall require prior court approval.

Section 3. Road Maintenance Assessments. Road maintenance assessments shall be paid to the Association by all owners not otherwise exempted. Annual road maintenance assessments shall be established by a majority vote of the Board at a meeting of the Board to be held not more than ninety (90) days or fewer than thirty (30) days prior to the close of the calendar year. The Board is authorized to establish policies and formulas for the imposition of additional road maintenance assessments on members who generate increased burdens on traffic within the subdivision.

Section 4. Voting Rights of Members. Each lot shall be entitled to one vote in all matters voted upon by the Association, subject to Article XI. In the case of multiple ownership, only one vote shall be cast per lot. Votes may be cast in person or, in the case of mail-in votes, by mail-in ballot by the respective lot owner as shown in the record of ownership of the Association. There is no cumulative voting.

Section 5. Proxy Votes. Proxy votes will not be permitted.

ARTICLE VII MEETING OF MEMBERS

Section 1. Membership Meetings. Membership meetings shall be held within the first sixty (60) days of the calendar year (presently January or February) and the last forty-five (45) days of the fiscal year (presently May 15 through June 30), for the purpose of transacting such business as may come before the meetings. Each member will be mailed a notice of the time and place at least thirty (30) days prior to the date of the membership meeting. Information regarding the proposed agenda and proposals will be included with the meeting notice.

Section 2. Special Meetings. A special membership meeting may be called by a two-thirds (2/3) vote of the Board, or by the written request of not less than 100 members in good standing, and shall be called by the Secretary or an agent directed to do so by the Board. Special meetings must be held within forty-five (45) days of being legally called, and notices must be mailed to all members thirty (30) days in advance of the meeting date. The Administrative budget shall contain funds for a special meeting.

Section 3. Acts of the Association. The acts of a majority of the membership present at any membership meeting at which a quorum is present shall be the acts of the Association except as otherwise provided herein.

Section 4. Place of Meetings. Meetings of the Association shall be held at the Hawaiian Paradise Park Activities Center or other such suitable place on the island of Hawaii, in the District of either Puna or South Hilo, as may be designated by the Board.

Section 5. Order of Business. The order of business at all meetings of the Association shall be in accordance with Robert's Rules of Order, version to be determined by the sitting Board annually and shall include a period for public commentary from members. Commentaries may be limited to three (3) minutes per member.

Section 6. Conduct of Meeting. All meetings of the Association and the Board shall be conducted in accordance with Robert's Rules of Order, except as otherwise noted in these bylaws, unless some other generally accepted rules for the conduct of such meetings are designated or adopted by a majority vote of the membership.

ARTICLE VIII BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board composed of nine (9) persons, all of whom must be members in good standing. The directors shall serve without compensation.

Section 2. Terms.

(a) The initial terms of the nine (9) directors shall be determined by agreement among such directors so that one-third of the directors shall serve for a three (3) year term, one-third of the directors shall serve for a two (2) year term, and one-third of the directors shall serve for a one (1) year term. Thereafter, election of directors shall occur as provided in Article VIII, Section 5 of these Bylaws.

(b) Terms of the Board commence immediately following adjournment of the membership meeting at which the election results are announced.

Section 3. Districts. The subdivision will be divided into nine (9) districts as set forth in Appendix A and more particularly defined in the map attached as Appendix B. The Association shall maintain an accurate list of which lot owners are members of each of the nine (9) districts. Directors will be nominated from each district and will be voted on by members in that district only.

Section 4. Nomination.

(a) Any member in good standing whose property is within the boundaries of a district may be nominated to be a representative of that district.

(b) Nominations will be submitted to the Association Administration Office for preparation of the ballots. All members will be notified of the deadline for receipt of nominations at least thirty (30) days prior to the deadline date by way of the newsletter.

(c) A minimum of two (2) nominees must be sought from each district. If two (2) nominees from each district are not received, the Nominating Committee, (as defined in Article X, Section 8 of these Bylaws), shall exercise its best efforts in nominating any remaining qualified and willing candidates to stand for election to the Board in that district.

Section 5. Election.

(a) The Board shall advise the membership in applicable districts, in writing, that nominations are being taken for willing and qualified candidates to stand for election from those districts to the Board.

(b) The Board shall set a deadline for the filing of candidate nomination papers.

(c) The Board shall pass all nominations received to the Nominating Committee for preparation of the election ballot.

(d) If only one (1) willing and qualified nominee comes forward within a district, and the Nominating Committee is unable despite its best efforts to identify a second candidate, then that Nominee will be permitted to run unopposed. If no willing and qualified nominee comes forward from within a district and the Nominating Committee is unable, despite its best efforts, to identify a candidate then the Board seat for that district shall be deemed vacant. In that case, it will be filled in accordance with the normal procedures for filling seats on the Board which become vacant (see Article VIII, Section 6).

(e) Mail-in ballots will be prepared by the Association General Manager and the Nominating Committee listing the names of all qualified nominees and will be mailed to the membership by the Secretary or Association General Manager at least thirty (30) days prior to the date of the election.

(f) The Board or its designee shall receive from the Nominating Committee and mail to all lot owners of the applicable districts a ballot listing the names of those individuals who have been nominated as well as unedited statements by the nominees in two hundred (200) words or less indicating their qualifications to serve on the Board and their reasons for wanting to be elected.

(g) The date of the election will be determined by the Board and stated on the ballot. Prior to the ballot mail-out, the Board shall select a reputable neutral entity to receive, count, and report on ballot results. Ballots are to be received by the close of business on the day of the election. The election results shall be reported to the Board within fourteen (14) days after the election.

(h) Each year, subsequent to the initial election, the members in each voting district whose board representative's term expires shall elect a new director by secret mail-in ballot. Directors elected after the initial election shall hold office for a period of three (3) years and until their respective successors have been elected, subject to removal as herein provided.

(i) The results of the election shall be reported to the membership at the Annual Membership Meeting and in addition, a list of current board members shall be included in each edition of the newsletter.

(j) If during the year a vacancy on the Board is filled by appointment, that position will be filled at the next annual election to fulfill the remainder of the term.

(k) Elected directors must be able to attend meetings in person. Cost incurred by a director as a result of his attendance at meetings will not be reimbursed by the Association.

(l) A director may hold office for more than one (1) term, but not for more than two (2) consecutive terms including partial consecutive terms.

(m) The directors' terms shall begin at a meeting of the Board called immediately following the membership meeting at which the election results are announced and following an oath of office. The primary function of this Board meeting is to elect officers for the following year. Terms of office commence immediately following adjournment of the Board meeting at which the election results are announced.

(n) All Board members, elected or appointed, must receive the oath of office before assuming their positions. The oath of office shall state the Directors will promise to uphold the Bylaws and policies of The Association.

Section 6. Vacancy. Vacancies in the Board shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until his successor is elected at the next election by the membership. Death, incapacity or resignation of any director, or his ceasing to be a lot owner shall cause his office to become vacant.

Section 7. Removal. Any officer, director, or agent elected or appointed may be removed by the persons authorized to elect or appoint the officer, director, or agent with or without cause. The removal of a director shall be without prejudice to the contract rights, if any, of the director so removed. Election or appointment of a director shall not of itself create contract rights.

(a) A recall election for a director may be called by two-thirds (2/3) majority of the Board, or by a petition of not less than two hundred (200) signatures of members from the director's District.

(b) The recall ballot may contain two statements of one hundred (100) words or less, one stating the case for removal of the director and the other to be submitted by the director.

(c) The director shall be removed on a two thirds (2/3) majority of the ballot returned.

Section 8. Powers and Authority. Except for the limitations set by the Articles of Incorporation and by these Bylaws as to actions to be authorized or approved by the membership and subject to the duties of the directors as prescribed by the Bylaws, all corporate powers and affairs of the Association shall be exercised or controlled by or with authority of the Board. The directors shall have such power and duties as may be necessary or proper including, but not limited to the following:

(a) Conduct, manage, and control affairs and business of the Association, and make policies and procedures not inconsistent with law, the Articles of Incorporation, or the Bylaws.

(b) Maintain, repair, replace, restore, improve, and protect the common property, including, but not limited to all subdivision roadways, real property, buildings, equipment, and any additional improvements and alterations thereto. The Board shall act as a committee as a whole with respect to

maintenance of said subdivision roadways and shall be responsible for road maintenance activities and shall ensure that road maintenance funds are used for road maintenance activities exclusively.

- (c) Supervise the immediate management and operation of the Association.
- (d) Maintain Policies and Procedures for the Association including a detailed written job description for the Association General Manager.
- (e) Employ, supervise, and dismiss such personnel or independent contractors as may be necessary for the maintenance and operation of the Association and its committees, and prescribe such duties for them as are consistent with law, with the Articles of Incorporation and these Bylaws and to delegate authority to or limit the authority of the President or other officers except where such actions would conflict with provisions of these Bylaws.
- (f) Keep accurate records of all Board meetings, maintain records and make reports as required by law and ensure that all organizational documents are protected.
- (g) Ensure that adequate insurance protection is provided, including but not limited to liability, hazard, fidelity, and Directors & Officers' liability coverage. Insurance, except for Fidelity Insurance, may be waived for good cause by a two-thirds (2/3) vote of the Board.
- (h) Ensure that all finances are protected and managed in the best interests of the Association. To accomplish this purpose, the Board shall establish reasonable formulas, policies, and procedures by which administrative costs are to be divided between restricted funds (such as road maintenance funds) and the general fund. Such policies may include but are not limited to issuing checks drawn on separate bank accounts and/or the creation of one or more administrative operating accounts. Funds may be transferred into such operating accounts as budgeted by the Board for the purchase of office supplies, payment of salaries, and other expenses for which the issuance of separate checks is impracticable or cost ineffective. Nothing in this section shall be interpreted in such a way as to relieve the Board of the responsibility of account for all road funds separately in accordance with generally accepted accounting practices nor to empower the Board to expend road maintenance funds for any purpose other than road maintenance activities.
- (i) Designate or appoint committees, which shall report and make recommendations to the Board.
- (j) Develop, prepare, and approve an annual budget for operating expenses for the succeeding fiscal year and a Capital Improvement Plan with a minimum (3) year horizon, for future capital improvements. Both documents will be included with the mailing of the notice of the annual membership meeting. The budget must reflect a separate accounting for all road maintenance funds and expenses.
- (k) Approve the annual mandatory road maintenance assessment. Any increase in excess of 10% over the prior year's assessment must be approved by a majority of the membership.

(l) Collect all assessments and fees levied by the Association, including the road maintenance assessments. The Association shall be charged with the duty of retaining custody and control of all funds, maintaining full and accurate account records of said funds, and preparing regular financial reports thereof. All funds generated by the collection of road maintenance assessments must be deposited into a separate bank account, and shall not be commingled with any other Association funds. Said road maintenance funds shall be expended solely and exclusively for expenses arising from the actual operation and administration of road maintenance activities and compensation to the Association for the use of its non-road maintenance assets, if any, as set forth in Article XI, Section 2 of these Bylaws.

(m) Designate an Association General Manager who will be authorized to issue and sign all checks and drafts to cover the day-to-day operating expenses of the Association in accordance with the corporate policies on purchases and contracts.

(n) Choose annually from among the directors, signatories for notes, acceptances, conveyances, contracts, liens and releases of liens, and any other documents.

(o) Cause an independent certified public accountant, which may be an individual, firm, partnership, or corporation, to conduct a mandatory annual audit of the financial records of the Association. Copies of the audit will be available to members upon request.

(p) The Board shall further have any additional powers as necessary for the administration of the affairs of the Association and may do all such acts and things therefor as are not prohibited by law, the Articles or these Bylaws.

Section 9. Regular Meetings. The Board shall provide by resolution the time in which its regular meetings shall be held without any additional notice other than said resolution. Any change in the meeting time shall be published in the newsletter, and the new meeting time will become effective after such notification is made. All meetings of the Board shall be held at the Hawaiian Paradise Park Activities Center or other such suitable place on the island of Hawaii, in the District of either Puna or South Hilo, as may be designated by the Board. All meetings of the Board, except executive sessions, are open to the membership.

Section 10. Special Meetings. Special meetings of the Board may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board shall designate the Hawaiian Paradise Park Activities Center or other such suitable place on the island of Hawaii, in the District of either Puna or South Hilo, as may be designated by the Board. All meetings of the Board, except executive sessions, are open to the membership.

Section 11. Notice. Notice of regular meetings of the Board is provided by resolution as described in Section 9 above. Notice of special meetings of the Board shall be delivered either personally, by mail, or by telecommunication to each member entitled to vote at such meetings, not less than seven (7) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. In case of a special meeting, the purpose(s) of the noticed meeting shall also be stated. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association, with postage

thereon prepaid. In addition, the Board shall notify the Association General Manager who will be charged with the responsibility of notifying interested parties of special meetings.

(a) Exceptions to the seven (7) day notification for special meetings of the Board are permitted when action is urgently required to serve the community interest. In such case however, no such meeting shall be held until every reasonable effort has been made to inform and secure the participation of all Board members.

(b) Prior to any special meeting, notice shall be provided by the Association General Manager to members who have requested to be notified of special Board meetings. Maintaining a list of such interested members shall be a part of the job description of the Association General Manager.

Section 12. Fidelity Bonds. The Board shall require that all directors, officers, employees, and agents of the Association handling or responsible for funds belonging to or administered by the Association be covered by a fidelity bond of not less than One Million And No/100 Dollars (\$1,000,000.00) in favor of the Association. The premiums on such bonds shall be paid by the Association. In the interest of facilitating the above and minimizing costs, no agent, Director or employee of the Association will have been convicted of a felony.

Section 13. Conflict of Interest. No member of the Board shall vote at any Board meeting on any issue in which such member has a conflict of interest. The director shall disclose the nature of the conflict of interest prior to a vote at the Board meeting, and the minutes of the meeting shall record the fact that a disclosure was made.

Section 14. Acts of the Board. The acts of a majority of the directors present at any meeting at which a quorum is present shall be the acts of the Board. Any action taken by any Board member(s) purporting to act on behalf of the Board independently without the prior consent of the Board shall not be considered an act of the Board, and shall be strictly prohibited in accordance with HRS chapter 414D.

ARTICLE IX OFFICERS

Section 1. Officers. The officers of this Association, who shall also serve as officers of the Board, shall be a President, Vice President, Secretary, Treasurer, and such other officers as in the judgment of the members may be necessary or advisable. The officers shall be elected by the directors at the first regular meeting after the election for terms of one (1) year and shall serve until their successors are installed. No officer shall hold the same office for more than three (3) consecutive one (1) year terms. All records shall pass to the incoming officers.

Section 2. President. The President shall:

(a) Call and preside at all meetings of the Board and preside at all meetings of the membership.

(b) Appoint the chairs of all committees with the approval of the Board. Said appointments shall be reported to the general membership. Persons so appointed may be removed from their positions on the recommendation of the President and the affirmative vote of the majority of the Board.

(c) Serve as member ex-officio of all committees.

(d) Prepare a periodic report to be sent to the membership not less than twice a year. One of the reports shall include an annual report reflecting the financial status of the Association.

(e) Not used.

(f) Serve as Chief Executive Officer of the Association in compliance with the directives and policies established by the Board. Perform such other duties as are incident to this office, as the Board may properly require or as may be specified in these Bylaws.

(g) Ensure that all motions or resolutions to be voted on by the membership are properly presented at the membership meetings, as required by these Bylaws.

(h) Be a signatory for notes, acceptances, conveyances, contracts, liens and releases of liens, and any other documents if so authorized by the Board.

Section 3. Vice President. The Vice President shall:

(a) Perform all the duties of the President in the absence or disability of the President.

(b) Assist the President in the performance of the President's duties and perform such other duties as are incident to this office, as the Board may properly require or as may be specified in these Bylaws.

(c) Be a signatory for notes, acceptances, conveyances, contracts, liens and releases of liens, and any other documents if so authorized by the Board.

Section 4. Secretary. The Secretary shall:

(a) Give notice of all meetings of the Board and membership and maintain and store original minutes of such meetings in a safe and secure place. Minutes of every Board and membership meeting shall be taken by a recording secretary from an independent professional secretarial service having no other connection with the Association and the meeting shall be audio recorded. The minutes shall record the names of Directors voting yes, no and abstaining for each motion. The Secretary shall review and countersign the minutes taken by the independent recording secretary prior to distributing the minutes to the other directors and shall make those minutes available to the membership.

- (b) Present to the Board under "unfinished business" all resolutions and motions not acted upon. Provide a copy to all directors of all motions made or passed at the previous Board meeting. A book of resolutions and motions of the Board and general membership shall be kept in a safe and secure environment.
- (c) Keep the membership roll and the corporate seal.
- (d) Make available at all general membership meetings a copy of a record of motions (passed or failed) from the previous general membership meeting.
- (e) Be a signatory for notes, acceptances, conveyances, contracts, liens and releases of liens, and any other documents if so authorized by the Board.
- (f) Perform such other duties as are incident to this office, as the Board may properly require or as may be specified in these Bylaws.

Section 5. Treasurer. The Treasurer shall:

- (a) Be charged with the safekeeping of all monies, notes, bonds or other evidence of indebtedness or property belonging to the Association; keep an account of the financial transactions of the Association in accordance with generally accepted accounting practices; make disbursements in accordance with the approved budget and instructions of the Board; coordinate with the Association General Manager to assure that standard and acceptable practices achieve the above tasks, and report to the Board any recommended changes in financial practices and procedures.
- (b) Assure that the Association General Manager is listed as a signatory on the Association's operating accounts, and is fully bonded, and that other directors are selected annually by the Board as signatories for notes, acceptances, conveyances, contracts, liens and releases of liens, and any other documents.
- (c) Ensure that all directors, Association General Manager and employees connected with financial operations are bonded.
- (d) Ensure that any required budget preparation is scheduled, prepared and appropriately presented.
- (e) Obtain from the Association General Manager a monthly income and expense statement which will be made available to all directors and which will be available to the members.
- (f) Perform such other duties as are incident to this office, as the Board may properly require or as may be specified in these Bylaws.

ARTICLE X COMMITTEES

Section 1. Committees of Directors. The Board, by resolution adopted by a majority of directors, may designate and appoint one or more committees, except the Nomination Committee and the Bylaw Committee, which committees shall have such authority as shall be delegated to them by the Board through said resolution; provided, however, that all actions and decisions of such committees shall be subject to the approval of the Board. In any event of conflict between the Board and its committees, the decision of the Board shall control. The designation and appointment of any such committees and the delegation thereto of any authority shall not relieve the Board, or any individual director, of any responsibility imposed by law.

Section 2. Term of Office. Each committee member shall continue as such until the next election of the Board and until a successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member ceases to qualify as a member thereof.

Section 3. Chairman. The chair of each committee shall be a member in good standing of the Association. The Chair shall be either appointed by the Board or shall be selected by the committee from among its members as the Board delegates that responsibility. The chair of each committee shall serve as spokesperson for each committee and shall represent the committee at all meetings.

Section 4. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 5. Removal. At any meeting of a committee, any one or more of the committee members may be removed with or without cause by vote of a majority of the committee members. Any committee member whose removal has been proposed shall be given an opportunity to be heard at such meeting. A retiring or removed committee member must return all property and records of the Association promptly upon leaving the committee.

Section 6. Acts of the Committee. The acts of a majority of the members present at a meeting at which a quorum is present shall be the actions of the committee. The chairperson of each committee shall seek prior approval by the Association Board for the actions of the committee.

Section 7. Rules. Each committee may adopt rules for its own governance not inconsistent with the Charter of Incorporation, these Bylaws or with rules adopted by the Board.

Section 8. Nominating Committee. The general membership at its regular meeting to be held in January or February of each year shall elect a Nominating Committee comprised of at least five (5) Association members in good standing. It shall be the function of the Nominating Committee to:

(a) Receive nominations from the membership and verify qualifications of nominees. Candidates may present statements of one hundred (100) or fewer words describing the nominee's qualifications for service on the Board and their reasons for wanting to be elected.

(b) Make additional nominations of qualified and willing nominees from within the district.

(1) If there is only one (1) nominee from the district, the Nominating Committee will make every effort to identify a second candidate from within the district. If a second candidate cannot be identified, Article VIII, sec. 5(d) of these Bylaws shall apply.

(2) If there is no nominee from the district, and the Nominating Committee is unable to identify a candidate from within the district, the Article VIII, Sec. 5 of these Bylaws shall apply.

(c) Work with the Association General Manager to prepare the ballot of willing and qualified candidates for all affected districts. Statements of qualification provided by candidates must be reproduced in their entirety and included with the ballot.

(d) Present the ballot to the Board.

ARTICLE XI ASSESSMENTS

Section 1. Responsibility for Maintenance and Operations of Roadways. Each lot shall be liable for a proportionate share of the expenses of the Association for road maintenance activities. The Association may make special assessments for any road maintenance costs only upon the affirmative majority of mail-in vote of not less than six hundred (600) members. If a special assessment is approved, it shall be due and payable no later than sixty (60) days after its effective date.

(a) The task of collecting road maintenance assessments shall be undertaken by the Association General Manager and its employees; similarly, delinquent assessments shall be pursued by the Association General Manager and its employees on behalf of the Association.

(b) Interest collected from delinquent assessments and any interest earned on road maintenance funds deposited into interest bearing account(s) shall be considered a part of road maintenance funds.

Section 2. Compensation for use of Non-Road Maintenance Assets. The road maintenance funds shall be used exclusively for road maintenance activities. A portion of road maintenance funds shall be exclusively used to compensate the Association General Fund for the use of the Association's non-road maintenance assets for road maintenance purposes.

(a) The compensation payable to the Association General Fund for the first year shall be \$24,000.

(b) Thereafter, the amount of compensation shall be determined annually by the Board and shall not exceed five percent (5%) of road maintenance funds collected in any given year.