

ASSOCIATION OF APARTMENT OWNERS OF HAWAII TOWER, INC.
RESOLUTION REGARDING COLLECTION OF DELINQUENT ASSESSMENTS

WHEREAS:

The By-Laws of the Association of Apartment Owners of Hawaiiki Tower ("By-Laws"), Article III, Section 2 and Article V, Section 1, authorize the Board of Directors to control the operation and management of the Association; and

Section K of the Declaration of Condominium Property Regime of Hawaiiki Tower ("Declaration") and Article VI, Section 1 of the By-Laws require the Board to assess each owner a maintenance assessment and establish remedies for the nonpayment of maintenance assessments; and

Owners sometimes become delinquent in the payment of their assessments and fail to respond to the demands from the Board to bring their accounts current; and

The Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, to minimize the Association's loss of revenue; and

The Board has decided that the Association's Managing Agent, with the assistance of the Association's Attorney, shall pursue all collection matters for the Board in accordance with the terms of this resolution.

RESOLVED:

- I. The following policies shall apply to all delinquent accounts controlled by the Managing Agent:
 1. The Managing Agent shall charge a delinquent owner a late fee of fifty dollars (\$50.00) for any assessment which is not paid in full as of the fifteenth (15th) day of the month in which the assessment is due;
 2. The Managing Agent shall send an owner who is more than fifteen (15) days delinquent in the payment of an assessment a written notice of the late fee and shall request immediate payment;
 3. If an owner is more than thirty (30) days delinquent in the payment of assessments, the Managing Agent shall send the owner a written notice that if the account is not paid in full within ten (10) days, it will be turned over to the Association's attorneys for collection and the owner will have to pay any attorney's fees and costs charged to the Association;

4. The Managing Agent shall transfer to the Association's attorneys any account which remains delinquent after the fifteenth (15th) day of the mailing of the second notice; and
 5. The Managing Agent shall also consult with the Association's attorneys and, if appropriate, transfer any account in which: (i) the owner files bankruptcy; or (ii) anyone else commences foreclosure against the owner's property.
- II. The following timetable shall apply to all delinquent accounts turned over to the Association's attorney for collection:
1. When an account is transferred to the attorney, the attorney shall send the delinquent owner a written notice that if the account is not paid in full within thirty (30) days, a lien will be recorded against the owner's property; and
 2. The Association's attorney shall sign any lien prepared by the Association's attorney against the delinquent unit, and the attorney shall record it; and
 3. The attorney's second notice shall inform the delinquent owner that if the delinquent account is not brought current within ten (10) days of the date of the second notice, foreclosure proceedings may be commenced.
 4. The Association's attorney shall consult with the Managing Agent and the Board when necessary to review unusual situations or circumstances encountered during the collection process.
 5. The Association's attorneys, in their discretion and to the extent they consider it to be appropriate, may enter into an installment payment plan with delinquent owners.
 6. If: (i) an owner fails to respond to the Association's attorneys' initial demand letter; (ii) an owner remains delinquent and fails to submit a written payment plan or defaults on the terms of such a plan; and (iii) if a lien has been recorded against the owner's property and, after notice to the owner of the lien, there has been no response or payment within the prescribed time period, the Association's attorneys are authorized to take such further action as they believe to be in the best interests of the Association, including, but not limited to:
 - a. Filing suit against the delinquent owner for money due; or
 - b. Instituting a foreclosure of the Association's lien, provided that thirty (30) days' prior written notice of intention to foreclose shall be

mailed, postage prepaid, to all persons having any interest in the delinquent owner's apartment as shown in the Association's record of ownership (Section K of the Declaration); or

- c. Filing a proof of claim in bankruptcy.
 7. The Association's attorney shall provide a monthly report to the Managing Agent regarding the status of delinquent accounts.
- III. The following policies shall apply to all delinquent accounts turned over to the Association's attorneys for collection:
1. All contacts with a delinquent owner shall be handled through the Association's attorneys. Neither the Managing Agent, employees of the Association, nor any Association officer or director shall discuss the collection of the account directly with an owner after it has been turned over to the Association's attorneys unless one of the attorneys is present or has consented to the contact.
 2. A delinquent owner shall send all payments to the Association's attorneys until the account has been brought current.
 3. When any account is turned over to the Association's attorneys for collection, the account shall be so marked by the Managing Agent and no quotations on the account shall be released to any party including the owner or an escrow, nor shall any payments be accepted, except with the consent of the Association's attorney. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent unit owner and shall be collectable as an assessment as provided in the By-Laws of the Association.
- IV. In accordance with the Board's "Priority of Payment Resolution" -- attached -- any outstanding and unpaid legal and late fees, fines, and special assessments will be handled in the manner stated in the resolution:
- V. The Association may collect rent from the tenant of a delinquent owner in accordance with Section K of the Declaration and the "Resolution Regarding Collection of Rent from Tenants of Delinquent Apartment Owners" adopted by the Board on January 24, 2000 and approved by the owners.
- VI. The Association may terminate the utilities of a delinquent owner and deny the owner common services and privileges in accordance with the "Resolution Regarding Terminating Common Utilities and Services to Delinquent Apartment Owners and Prohibiting Their Use of the Common Elements", adopted by the Board on January 24, 2000 and approved by the owners.

BE IT FURTHER RESOLVED THAT a copy of this resolution shall be made available to all owners.

I hereby certify that the above resolution was adopted pursuant to the BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF HAWAIIKI TOWER, by the Board of Directors of the Association, at a Board meeting on November 28, 2011.

DATED: Honolulu, Hawai'i, November 30, 2011.



[Secretary's Signature here]

ALIES MOHAN, Secretary
[Print Name here]