

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ASSOCIATION OF APARTMENT OWNERS OF HAWAIKI TOWER, INC.
RE: A PRIORITY PAYMENT POLICY**

WHEREAS, Article VI, Section 1 of the Association's By-Laws provides that all owners must pay, in advance, on the first day of every month, monthly installments of assessments against their respective apartments for common expenses of the Project; and

WHEREAS, Article VI, Section 6 of the Association's By-Laws provides that every apartment owner pay to the Association promptly 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 such apartment, foreclosing its lien therefor; and

WHEREAS, Hawai'i 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

WHEREAS, Hawai'i Revised Statutes §514B-105(c) requires that before the 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 remitted 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 January 1, 2012.

A. APPLICATION OF PAYMENTS

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

1. Late fees.
2. Legal fees and costs.
3. Fines (including NSF charges).
4. Any other outstanding fees or fines.
5. Maintenance fees.

B. EFFECT OF APPLICATION OF PAYMENTS

1. Failure to pay late fees, legal fees, fines, and interest may result in the deduction of such late fees, legal fees, fines, and interest from future common expense payments, so long as a delinquency continues to exist. (In other words, the Association will continue to deduct late fees, legal fees, fines, and interest from the owner's

maintenance fee payments for as long as the owner fails to pay those charges.)

2. Late fees may be imposed against any future common expense payment that is less than the full amount owed due to 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 each and every member of the Association.

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]