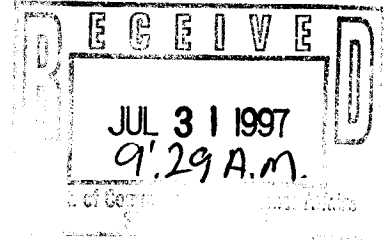


EXPEDITED
REVIEW

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

STATE OF HAWAII

In the Matter of the Incorporation)
)
 of)
)
 KONA PARADISE PROPERTY OWNERS)
 ASSOCIATION.)
 _____)



ARTICLES OF INCORPORATION

OF

KONA PARADISE PROPERTY OWNERS ASSOCIATION

LAW OFFICES OF ALAN H. TUHY
ALAN H. TUHY 4864
75-5722 Kuakini Highway
Suite 204 Kuakini Tower
Kailua-Kona, Hawaii 96740
Telephone: 329-5678

ARTICLES OF INCORPORATION
OF
KONA PARADISE PROPERTY OWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, desiring to form a non profit corporation under the laws of the State of Hawaii, hereby execute the following Articles of Incorporation:

I

The name of the corporation shall be KONA PARADISE PROPERTY OWNERS ASSOCIATION.

II

The place of the principal office of the corporation shall be in Captain Cook, State of Hawaii. Upon its incorporation, the address of the corporation will be 87-369 Kaohe Road, Captain Cook, Hawaii 96704.

III

The period of its duration is perpetual.

IV

Section 1. The primary purposes for which this corporation is organized are the following:

(a) To protect and promote the best interests of the property owners in the subdivision known as KONA PARADISE and situated at Kaohe 4th, District of South Kona, Hawaii and being a portion of Mahele Award No. 25, R.P. 7739 to Nahua, which property comprising said subdivision is more particularly shown on that

subdivision map approved on January 19, 1959, under file Number 1313, and revised on January 20, 1971; to promote and strive for the improvement, maintenance and management of roadways, utilities and all common and community facilities within Kona Paradise; to promote and encourage a better community and civic spirit among, and to foster goodwill and friendship between, all property owners of Kona Paradise; and to cooperate with civic and public organizations for the general welfare of the people of the Island of Hawaii and of the State of Hawaii;

(b) To receive and administer funds in furtherance of the objectives and purposes mentioned above, and to that end, in addition to and not in limitation of, the general powers conferred by the laws of the State of Hawaii, to take and hold by bequest, devise gift, grant, purchase, lease, or otherwise, either absolutely, in trust, or jointly with any other person, persons, or corporation, any property, real, personal, tangible, or intangible, or any undivided interest therein, without limitation as to amount or value, required for its purposes; to sell, convey, or otherwise dispose of any such property and to invest, reinvest or deal with the principal or the income thereof in such manner as in the judgment of the Board of Directors will best promote its purposes, without limitation, except such limitation, if any, as may be contained in the instrument under which such property is received, these Articles of Incorporation, the by-laws or any laws applicable thereto;

(c) To enter into, make, perform and carry out contracts of every kind for any corporate purpose, without limit as to amount, with any person, firm, association or corporation or other group or organization, including particularly contracts for the borrowing of money and for the employment of administrators and investment or other counsel as the Board of Directors may deem necessary; to draw, make, accept, endorse, discount, execute and issue promissory notes, warrants and other negotiable or transferable instruments; to issue bonds, debentures or other obligations for any of the objects or purposes of the corporation; and to secure the same by mortgages, pledges, deeds of trust or otherwise;

(d) In accordance with the laws of the State of Hawaii, made applicable to corporations formed thereunder, the corporation shall be entitled to and shall have power; (i) to have succession by its corporate name in perpetuity; (ii) to sue and be sued in any court; (iii) to make and use a common seal, and alter the same at its pleasure; (iv) to hold, purchase and convey such property as the purposes of the corporation shall require, without limit as to amount, and to mortgage, pledge and hypothecate the same to secure any debt of the corporation; (v) to appoint such subordinate officers and agents as the business of the corporation shall require; and (vi) to make by-laws not in conflict with law or these Articles of Incorporation; and

(e) To exercise and possess any and all of the rights, privileges, powers and immunities which now or hereafter may be secured by law to chartered benevolent and charitable corporations and which are reasonably incidental to the fulfillment of the objects and purposes above set forth or to the exercise of any powers possess by or granted to the corporation.

(f) The transaction of any or all lawful activities for which a nonprofit corporation may be incorporated under Chapter 415B, Hawaii Revised Statutes.

Section 2. And in furtherance of said purposes, the corporation shall have all powers, rights, privileges and immunities, and shall be subject to all of the liabilities conferred or imposed by law upon corporations of this nature, and shall be subject to and have all the benefits of all general laws with respect to corporations.

V

In all events and under all circumstances, including but not limited to reorganization, dissolution, or amendment of the Articles of Incorporation,

(a) No substantial part of the activities of the corporation shall consist of carrying on propaganda, or otherwise attempting, to influence legislation; nor shall it participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office; nor shall it engage in any activities which are unlawful under the laws of the United States;

(b) the corporation shall never be operated for the primary purpose of carrying on any trade or business for profit; and neither the whole nor any part or portion of the assets, income or earnings of this corporation shall be used, nor shall the corporation ever be organized or operated, for objects or purposes which are not exclusively educational, charitable, scientific or literary, under the laws both of the United States and of the State of Hawaii.

VI

The corporation shall be a membership corporation. The corporation is not organized for profit and will not issue any stock, and no part of its assets, income or earnings shall be used for dividends, or otherwise withdrawn or distributed to any of its members, trustees or officers, except for services actually rendered to the corporation. The corporation is organized, and shall be conducted exclusively for educational, charitable, scientific, or literary purposes.

VII

There shall be a Board of Directors of the corporation of not less than three (3) directors nor more than such number as may from time to time be fixed by the by-laws. The members of the Board of Directors shall be elected and shall hold office and may be removed as may be prescribed by the by-laws. Members of the Board of Directors need not be members of the corporation. All of the powers and authority of the corporation shall be vested in and be exercised by the Board of Directors except as limited by law, the

Charter or the by-laws, and in furtherance and not in limitation of said general powers, the Board of Directors shall have power to acquire and dispose of property, to appoint officers, agents or employees of the corporation as in its judgment the best interests of the corporation may require and to confer upon and to delegate to them by power of attorney or otherwise such power and authority as it shall determine; to fix the salaries or compensation of any and all of the agents and employees of the corporation, and in its discretion require security of any of them for the faithful performance of any of their duties; to make rules and regulations not inconsistent with law or the Charter or by-laws; to create such committees of the Board of Directors and to designate as members of such committees such persons as it shall determine and to confer upon such committees such powers and authority as may be resolution be set forth for the carrying on or exercising of the powers of the corporation; to remove or suspend any officer and generally to do any and every lawful act necessary or proper to carry into effect the powers, purposes and objects of the corporation.

The names of the initial directors of the corporation, which directors shall hold office until their successors shall be duly elected or appointed, and their respective residence addresses are:

NAME AND OFFICE

RESIDENCE ADDRESS

STANLEY ALLPER
Director

P.O. Box 488
Captain Cook, Hawaii 96704

MATTHEW BRISENO
Director

87-3184 E'A Road
Captain Cook, Hawaii 96704

A.J. DiMAURO
Director

87-3214 Kahoe Road
Captain Cook, Hawaii 96704

SAMUEL G. GIESE
Director

P.O. Box 742
Captain Cook, Hawaii 96704

LARRYANN GIESE
Director

P.O. Box 742
Captain Cook, Hawaii 96704

ROBERT GOARD
Director

87-3211 Carissa Road
Captain Cook, Hawaii 96704

PETER KELLER
Director

C/O Kellers Jewelers
26010 McCall Boulevard
Sun City, California 92586

ALBERT B. MEDEIROS
Director

86-4078 Mamalahoa Highway
Captain Cook, Hawaii 96704

MICHAEL MORAN
Director

P.O. Box 1480
Kailua-Kona, Hawaii 96745

BERNARD ORLOSKY
Director

87-457 Kaohe Road
Captain Cook, Hawaii 96704

AUGUST RIMKUS
Director

87-3182 Road A
Captain Cook, Hawaii 96704

VIII

The Board of Directors annually shall point a President, one or more Vice-Presidents, a Secretary and a Treasurer, and, from time to time, such other officers as the conduct of the affairs of the corporation may require. One person may hold more than one office. Officers need not be members of the corporation.

The names of the initial officers of the corporation, who shall hold office until their successors shall be duly elected or appointed, and their respective addresses are:

<u>NAME AND OFFICE</u>	<u>RESIDENCE ADDRESS</u>
STANLEY ALLPER President	P.O. Box 488 Captain Cook, Hawaii 96704
ROBERT GOARD Vice-President	87-3211 Carissa Road Captain Cook, Hawaii 96704

LARRYANN GIESE
Secretary

P.O. Box 742
Captain Cook, Hawaii 96704

MATTHEW BRISENO
Treasurer

87-3184 E'A Road
Captain Cook, Hawaii 96704

IX

The corporation has members. The membership of the corporation shall consist of such members as shall be admitted to membership in the manner prescribed in the by-laws. Every owner of a lot within said Kona Paradise subdivision shall be a member of the corporation and no such owner shall for any reason be denied membership in the corporation. No membership shall be terminated or forfeited nor member be expelled, except upon sale of any lot in said subdivision; provided, however, that upon execution and delivery of a valid contract of sale of any lot, the vendor's membership, including voting rights adhering thereto, shall be considered as having been temporarily transferred to the vendee, such transfer becoming permanent upon subsequent delivery of a deed in compliance with said contract of sale or revesting in the vendor in the event of termination of said contract of sale. No member may withdraw, nor shall any member transfer or otherwise assign or dispose of his membership, except upon lawful conveyance (including contract of sale as aforesaid) of his lot, and subject to such reasonable conditions as may be prescribed by the by-laws. The term "owner" as used in these Articles of Incorporation shall include a vendee and shall mean the singular or plural number, individuals, trustees or corporations, and each of their respective successors, executors, administrators and permitted assigns. The

owner of a lot within said subdivision, whether one or more individuals, trustees or corporations, shall be entitled to one (1) membership and one (1) vote per each such lot.

X

Additional property may be annexed to the area specified in Article IV hereof, and so add to the membership of the corporation under the provisions of Article X hereof.

XI

The initial by-laws of the corporation may be adopted by a majority of the Board of Directors of the corporation within thirty (30) days after the effective date of these Articles of Incorporation, and thereafter may be amended or repealed by the vote of not less than two-thirds ($2/3$) of the members present, in person or by proxy, at any meeting of the members duly called and held, the notice of which shall have stated that a purpose of the meeting was to consider the amendment or repeal of the by-laws.

XII

The property of the corporation shall alone be liable for the payment of its debts and liabilities and the private property of the members, directors and officers shall not be subject to the payment of corporate debts to any extent whatever.

XIII

No voluntary dissolution of the corporation or liquidation of its assets shall take place without the assent of three-fourths ($3/4$) in voting interest of the members of the corporation present at a meeting of the members of the corporation duly called and held

for the purpose of authorizing such dissolution or liquidation. Written notice, setting forth the purpose of the meeting shall be given to all members not less than thirty (30) days in advance of the meeting. Upon any such dissolution or liquidation, the assets of the corporation, whether real, personal or mixed, shall be dedicated to one or more appropriate public agencies, to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the corporation. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to charitable purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the corporation.

To the extent permitted by law, the corporation may participate in mergers and consolidations with other non-profit corporations organized for similar purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) in voting interest of the members of the corporation, obtained as herein provided in the case of dissolution.

XIV

No contract or other transaction between the corporation and any other person, firm, corporation, association or other organization, and no act of the corporation, shall be affected or invalidated by the fact that any of the directors or officers of the corporation are directors, officers, employees, stockholders,

or members of any such other firm, corporation, association or other organization, provided that the interest of such director or officer shall be disclosed or shall have been known to the Board of Directors authorizing or approving the same, or to a majority thereof. Any director of the corporation who is a director, officer, employee, stockholder or member of such other firm, corporation, association or other organization, may be counted in determining a quorum of any meeting of the Board of Directors which shall authorize or approve any such contract, transaction or act and may vote thereon with like force and effect as if he were in no way interested therein.

XV

The corporation shall indemnify each present and future officer and director of the corporation and each person who serves at the request of the corporation as an officer or director of any other corporation whether or not such person is also an officer or director of the corporation, against all costs, expenses and liabilities, including the amounts of judgments, amounts paid in compromise settlements and amounts paid for services of counsel and other related expenses, which may be incurred by or imposed on him in connection with any claim, action, suit, proceeding, investigation or inquiry hereafter made, instituted or threatened in which he may be involved as a party or otherwise by reason of his being or having been such officer or director, or by reason of any part or future action taken or authorized or approved by him or any omission to act as such officer or director at the time of the

incurring or imposition of such costs, expenses or liabilities, except such costs, expenses or liabilities as shall relate to matters as to which he shall in such action, suit or proceeding be finally adjudged to be, or shall be, liable by reason of his negligence or willful misconduct toward the corporation in the performance of his duties as such officer or director. As to whether or not a director or officer was liable by reason of negligence or willful misconduct toward the corporation in the performance of his duties as such officer or director, in the absence of such final adjudication of the existence of such liability, the Board of Directors and each officer and director may conclusively rely upon an opinion of legal counsel selected by or in the manner designated by the Board of Directors. The foregoing right of indemnification shall not be exclusive of other rights to which any such officer or director may be entitled as a matter of law or otherwise, and shall inure to the benefit of the heirs, executors, administrators and assigns of each such officer or director.

I certify under the penalties of Section 415B-158, Hawaii Revised Statutes, that I have read the above statements and that the same are true and correct.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the 29th day of July, 1997.



MATTHEW BRISENO
Incorporator