

**ARTICLES OF INCORPORATION
HAWAIIAN RANCHOS ROAD MAINTENANCE CORPORATION**

The undersigned, desiring to form a non-profit corporation under the laws of the State of Hawaii, does hereby execute and adopt the following Articles of Incorporation:

ARTICLE I. CORPORATION NAME

This non-profit corporation is named Hawaiian Ranchos Road Maintenance Corporation and in this document is called "the Corporation".

ARTICLE II. DURATION

The duration of the Corporation shall be perpetual.

ARTICLE III. OFFICE LOCATION

The principal office of the Corporation shall be located at 92-1270 Kahili Blvd, Captain Cook, Hawaii 96704, or at such other place on the Island of Hawaii, as determined by the Board of Directors.

ARTICLE IV. GENERAL PURPOSES AND POWERS

The Corporation is composed of all owners who own lots within the Hawaiian Ranchos Subdivision, Increment 1, 2 and 3. The purpose of the Corporation is to manage and oversee the maintenance, repair, restoration, and improvement of the Hawaiian Ranchos road system and any water system hereinafter constructed.

a) The Corporation shall have the following powers:

1. To receive, hold, manage, control, invest, re-invest, and disburse money and other property from time to time paid or transferred to the Corporation for purposes hereinafter set forth, including without limitation those funds held under that certain Agreement for Establishment of a Road Maintenance Escrow Fund for Non-Dedicable Roadways in the County of Hawaii dated 26 November 1969 by and between KBSF Land Company, Inc, a Delaware corporation, the County of Hawaii by the Planning Director of the County of Hawaii, and Grayco Land Escrow, Ltd, a corporation, and that certain Agreement for Establishment of a Road Maintenance Escrow Fund for Non-Dedicable Roadways in the County of Hawaii dated the 10th day of February 1971 by and between Hawaiian Ranchos, Inc, a Delaware corporation, and the County of Hawaii by the Planning Director of the County of Hawaii and Hawaii National Bank (hereinafter "Escrow Funds"), and any other funds held pursuant to any agreement between the subdivider and the County concerning maintenance of the roads in the Hawaiian Ranchos Subdivision, Increments 1, 2 or 3.

2. To maintain, repair and restore or cause to be maintained, repaired and restored, to the extent and in the manner determined by the Board of Directors, the private roads within the community known as Hawaiian Ranchos Subdivision, Increment 1, 2 and 3, including improvements which by their nature tend to reduce expenses of maintenance or promote safety.

3. Protect, preserve and manage the Corporation and the assets of the Corporation.

4. Pay reasonable costs and fees in connection with the management, investment and distribution of the Corporation's principle and income.

5. Maintain road equipment and machinery and hire and employ maintenance workers and award contracts for maintenance and repairs to the roadways.

6. To use principle of the Escrow Funds to the extent necessary to purchase road equipment and machinery and make emergency repairs or restoration or resurfacing of roads within and appurtenant to the

Subdivision when such repairs are made necessary by extraordinary circumstances, provided, however, that the amount of principle used in any one year shall not exceed five percent (5%) of the principle value of the Corporation's assets as of the first day of each calendar year.

7. To use principle and income to pay any taxes, penalties or interest as may now or hereafter be determined to be due on account of the operation of the Corporation.

8. To amend, from time to time, the Road Maintenance Escrow Agreements, including provisions changing the depository or responsibility for investment management of funds held by the Depository, provided, however, that any amendment which shall purport to alter the uses for which the funds held by the Depository are used, to invade principle, or to divert funds for any purposes not presently authorized under the Road Maintenance Escrow Agreement shall not be valid without approval of a court having jurisdiction is an action to which all owners are parties or duly represented.

9. To implement and enforce assessments as provided in the By-laws and to generate income to satisfy the purposes and obligations of the Corporation under these Articles of Incorporation and the By-laws.

10. To make improvements to promote the safety of the Hawaiian Ranchos Subdivision road system, including the installation of traffic signs and other necessary road markings.

11. To control through tariff, charges, or other means the use of heavy and/or commercial vehicles on the Hawaiian Ranchos Subdivision road system.

12. To levy fines and other sanctions against those who abuse and damage the road system.

13. To the extent necessary, to establish the right of the Corporation to assess owners of lots in the Hawaiian Ranchos Subdivision for and to collect funds for the purposes of the Corporation related to maintenance, repair and restoration of road lots in the subdivision or the construction and/or maintenance of a water system.

14. To fix, levy, collect and enforce payment by any lawful means all dues, charges, or assessments or liens established by the Board of Directors against lots within the Hawaiian Ranchos Subdivision, Increments 1, 2 and 3, and the owners of those lots.

15. To construct, maintain, and repair, a water system within the Subdivision as determined by the lot owners and/or the Directors of the Corporation and to utilize assessments, as determined by the Board of Directors, for the construction and/or maintenance of such water system.

16. To provide for the care, operation, management, maintenance, repair and replacement of its property. Without limiting the generality of the foregoing, said obligations shall include keeping the property, respectively, in good, clean, attractive and sanitary condition, order and repair; repairing wind and other damage caused by the elements.

17. To pay for the services of any person to manage its affairs, or any part thereof, to the extent it deems advisable, as well as the services of such other personnel, including independent contractors, as the Corporation shall determine to be necessary or desirable for the proper operation of its property and performance of its duties, whether such personnel are furnished or employed directly by the Corporation or by any person with whom or which it contracts.

18. To acquire and hold tangible and intangible personal property and to dispose of the same by sale or otherwise.

19. To acquire fee simple title to, or a leasehold or subleasehold interest in, or any easement or right of use in, real property from time to time conveyed to it.

20. To have and exercise solely in furtherance of the purposes set forth herein, all powers granted to non-profit corporations by Hawaii Revised Statutes, Chapter 415B as now or hereafter amended.

(b) Prohibited Activities.

1. No shares of stock shall be issued and no dividends shall be paid and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to any member, director, or officer of the Corporation, or any private individual (except that reasonable compensation may be paid to members, officers or directors for services actually rendered to or for the Corporation affecting one or more of its purposes), and no member, director, officer of the Corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

2. No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

3. The Corporation shall not make any loans to its officers or directors. Any directors who vote for or assent to the making of a loan to a director or officer of the Corporation, and any officers participating in the making of such a loan, shall be jointly and severally liable to the Corporation for the amount of the loan until repayment.

4. No compensation shall be paid to members of the Board of Directors, for serving as directors, but this provision shall not prevent the Corporation from reimbursing directors for actual expenses incurred while attending meetings and performing duties assigned to individual directors.

ARTICLE V. MEMBERS

All owners of lots within the Subdivision shall be entitled to be members upon payment of such reasonable dues, or none, as are set by the Board of Directors from time to time.

ARTICLE VI. OFFICERS

The officers of the Corporation shall consist of a president, vice-president, secretary, and treasurer, and such assistant officers as shall be appointed in conformance with the By-laws.

ARTICLE VII. BOARD OF DIRECTORS

There shall be a Board of Directors consisting of not less than five (5) nor more than eleven (11) members as established in accordance with the By-laws of the Corporation. The following persons shall be the initial officers and directors, and shall hold office for the term specified and until their successors are duly elected pursuant to the By-laws of the Corporation:

<u>Office Held</u>	<u>Name</u>	<u>Residence Address</u>
President:	Donald G Nitsche	92-1270 Kahili Blvd Captain Cook, HI 96704
Vice President:	Anne E Freeman	92-1158 Maikai Blvd Captain Cook, HI 96704
Secretary/ Treasurer:	John J Delaney	92-8339 Lanikai Drive Captain Cook, HI 96704
Board Member:	James W Otterson	92-8307 Poha Street Captain Cook, HI 96704

Board Member: Betty Perreira

P O Box 430
Pahala, HI 96777
(no street address)

ARTICLE VIII. AMENDMENT

These Articles may be amended nby a note of not less than seventy-five percent (75%) of the members, at a meeting duly called and held for that purpose. No amendment shall be effective unless and until Articles of Amendment are filed in the office of the Director of Commerce and Consumer Affairs of the State of Hawaii, if and to the extent such filing is required by law.

ARTICLE IX. DISSOLUTION

Upon the dissolution of the Corporation or the winding up of its affairs, after payment of its just debts, the assets of the Corporation shall be transferred or distributed to an organization or governmental agency which assumes or has assumed responsibility for the maintenance and repair of roads within the Hawaiian Ranchos Subdivision. In the event that such transfer or distribution is refused, the assets shall be transferred or distributed to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Corporation.