

**Association of Unit Owners**  
**THE VILLAS AT KEHALANI**

c/o JS PROPERTY MANAGEMENT, INC.  
1962 B WELLS STREET, WAILUKU, HI 96793  
(808) 243-8600 / (808) 249-0894 FAX

June 3, 2020

SUBJECT: Passage of Recent Ballot Measures

Aloha Owners:

At the February 19, 2020 meeting, the AOUO Board of Directors passed Resolution 2020-01 and Resolution 2020-02 to set into motion the process to seek a 51% (fifty one percent) majority approval of each of the ballot proposals as required by the statutes governing our association, Hawaii Revised Statutes (“HRS”) Chapter 514B and the association’s governing documents. The results of these ballot measures are detailed below.

**Resolution 2020-1 – A Resolution Seeking Owner Approval to Update the Collection Policy:**

The Board sought approval to add Item 10 which allows for the denying access to the amenities provided by the Association from any owner who is delinquent in the payment of Maintenance Fees. Full details of this addition were included with the mailed ballot. The balloting results reached the required 51% majority on April 20, 2020 with 51% in favor and 9% opposed. As of May 22, the results were: 54.5% in favor and 9.6% opposed. Based on these results the Board approved the updated Collection Policy and adopted Resolution 2020-05 which finalizes the adoption process and provides for notification of all current unit owner.

**Resolution 2020-2 – A Resolution Seeking Owner Approval to Require the Purchase of HO-6 Insurance:**

The Board sought approval to require the unit owners to purchase an HO-6 policy which protects the Association and individual unit owners from loss or damage to the common elements and/or to units that are caused by other owners or their tenants or a condition originating in their unit. The HO-6 policy is important to provide coverage for personal property, unit improvements, betterments, additions and alterations, additional living expenses, and personal liability of each individual owner. Details of this requirement were also included with the ballot for this proposal. As of April 20, the results were: 56% in favor and 5% opposed. As of May 22, the results were 59.7% in favor with 5.7% opposed. The Board adopted the HO-6 Policy and Resolution 2020-07 which finalized the adoption process and provides for notification of all current unit owners.

**Attachments:**

Attached are copies of the above referenced enabling resolutions which include the newly adopted policies. Please review them and retain them with your copy of the Association’s governing documents. Also, please contact your insurance agent to assure that you are covered by an HO-6 Policy. Exact insurance requirements are included in the enabling resolution.

Thank you for participating in the balloting process to bring these policies into existence which provide for the protection and wellbeing of our individual owners and the association.

The Board of Directors  
The Villas at Kehalani Association of Unit Owners.

*Enclosures:* Resolution 2020-05 and Resolution 2020-07

ASSOCIATION OF UNIT OWNERS OF THE VILLAS AT KEHALANI

Resolution Number 2020-05

**FINALIZING ADOPTION OF THE COLLECTION POLICY**

May 27, 2020

The Board of Directors (the "Board") for the Association of Apartment Unit of the Villas at Kehalani (the "Association") does hereby consent to the taking of the follow action and adopts the resolutions set forth below:

**BACKGROUND:**

To properly maintain the Association's common areas, it is imperative that all assessments be paid in full and on time.

The governing documents of the Association and Chapter 514-B, Hawaii Revised Statutes ("HRS"), provide that the duties of the Association shall include levying and collecting assessments from owners. The Board owes a duty to all owners to ensure payment of assessment to the extend allowable by law.

**NOW, THEREFORE, IT IS RESOLVED THAT:**

1. The Collection Policy ("Policy") as revised and as attached as "Exhibit A" hereto and by this reference incorporated herein is approved and adopted;
2. The Policy shall be mailed to all owners and effective thirty (30) calendar days after the mailing date.
3. The Policy shall be binding upon and inure to the benefit of all present and future owners and all other persons who shall at any time use The Villas at Kehalani.
4. A copy of this Resolution and Policy shall be filed with the records of the Association.

C E R T I F I C A T E

I, Secretary of the Board of Directors of the Association of Unit Owners of The Villas at Kehalani, hereby certify that the foregoing is a true and correct copy of the Policy duly adopted by a majority of the Board of Directors at its duly noticed meeting held May 27, 2020, and adopted by a majority of the owners by written consent on or before April 22, 2020.

ASSOCIATION OF UNIT OWNERS OF THE VILLAS  
AT KEHALANI, a Hawaii nonprofit corporation

Patricia Naylor  
Printed Name

P. Naylor  
Signature

5/27/2020  
Date

*EXHIBIT A*

TERMS OF THE  
COLLECTION POLICY

1. **Common Expenses.** Assessments shall be made for common expenses based on a budget adopted at least annually by the Board. The term "common expense" means expenditures made by, or financial liabilities of, the Association for operation of the property, and shall include the charges and expenses identified in the Declaration. No Owner shall withhold any common expense assessment claimed by the Association for any reason.
2. **Obligation to Pay Assessments.** All sums assessed by the Association but unpaid for the share of the common expenses chargeable to any property shall constitute a lien on the property. Each monthly assessment and each special assessment shall be separate, distinct and personal debts and obligations of the Owner against whom the same are assessed.
3. **Due Date.** Regular monthly assessments shall be due and payable monthly in advance on or before the first day of each and every month and without notice of demand. Special assessments shall be due and payable when directed by the Board.
4. **Late Assessment and Interest.** If an Owner shall fail to pay any assessment when due, then such Owner shall pay an additional assessment of Fifty and No/100 Dollars (\$50.00) for each such failure and all delinquent assessments shall bear interest at the rate of one percent (1%) per month from the assessment due date, provided that this \$50.00 limit and applied interest rate may be adjusted from time to time by the Board at its discretion.
5. **Returned Check Charges.** Due to the administrative time and costs incurred, up to a \$35.00 fee may be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. Such returned check charge shall be due and payable immediately upon demand. If two or more of an Owner's checks are returned unpaid by the bank within any calendar year, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check or money order.
6. **Application of Payments; Full and Partial Payment.** All delinquent accounts remain delinquent until paid in full. No partial payments will waive the Association's right to pursue full payment and/or to enforce the provisions of this Policy. All payments shall be applied in accordance with HRS § 514B-105, as may be amended from time to time.
7. **Attorney's Fees and Costs on Delinquent Accounts.** The Association shall be entitled to recover all of its reasonable attorneys' fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner. The reasonable attorneys' fees incurred by the Association shall be due and payable immediately when incurred, upon demand.
8. **Notices.** Notices and letters will be mailed to the Owner's mailing address as shown in the Association's books and records. Owners have an obligation to provide their most current mailing managing agent of the association.
9. **Attorney Action.** Generally, the managing agent will first provide notice of the delinquency to the Owner prior to referring to Association's attorneys; however, the Association may, at any time after the Owner becomes delinquent, direct its attorneys to proceed with collection action, as certain circumstances may require. Once referred to the attorneys' office, the Owner shall communicate directly with the attorneys' office and will be responsible for all attorneys' fees incurred for such communication, unless informed otherwise. Upon referral of the delinquent account to the Association's attorneys' office, the Board authorizes the attorneys' office to take all actions allowable by the governing documents, this Policy, HRS Chapters 514-B and 667, including but not limited to the following actions:
  - (1) Send a demand letter;
  - (2) Record a lien against the property;
  - (3) Foreclose, by judicial action or nonjudicial/power of sale procedures, as set forth in HRS Chapter 667 and Article VI, Section 4(b) of the Bylaws;
  - (4) File an action to recover a monetary judgment;
  - (5) Rent intercept pursuant to Article VI, Section 5 of the Bylaws and HRS § 514B-145;

- (6) Negotiate and execute payment plans; and
  - (7) Mediate and/or arbitrate any dispute concerning the delinquency.
10. **Suspend privileges and access to amenities.** With the requisite approval of the Owners as may be necessary, if a property is Owner-occupied, the Association may, after sixty (60) days' notice to the Owner and to the property's first mortgagee of the nonpayment of the delinquency, terminate the delinquent Owner's access to the common elements and cease supplying the delinquent property with any and all services and utilities normally supplied or paid for by the Association. Any terminated services and privileges shall be restored upon payment of all delinquent assessments but need not be restored until payment in full is received.
11. **Collection of Past Due Assessments from Tenants/Rental Agents.** If an Owner shall at any time rent or lease the property and shall default for a period of thirty (30) days or more in the payment of the Owner's share of the common expenses, the Board may, at its option, so long as such default shall continue, may demand in writing and receive each month from any tenant occupying the property, or from any such Owner's rental agent who collects rentals from lessees on behalf of the Owner, an amount sufficient to pay all sums due from the property Owner to the Association.
- (1) The tenant's payment shall not exceed the tenant's rent due each month.
  - (2) The tenant or rental agent's payment shall discharge the amount of payment from the tenant's rent obligation.
  - (3) The Owner shall not take any retaliatory action against the tenant for payments made to the Association.
  - (4) Before demanding any rent from the tenant, the Board shall give the Owner written notice that the Board intends to collect the rent from the tenant. The notice shall be sent to the Owner by first-class and certified mail at the Owner's address shown on the records of the Association.
  - (5) Demanding rent from a tenant shall not be deemed to prevent the Board from proceeding with foreclosure or any other means of collecting the Owner's delinquent common expenses.
12. **Foreclosure special assessment.** The Association may impose a special assessment for the amount of unpaid regular common assessments against a person or mortgagee who, in a judicial or nonjudicial power of sale foreclosure, purchases a delinquent property upon giving proper notice. This special assessment shall not exceed the total amount of unpaid regular monthly common assessments that were assessed during the six months immediately preceding the completion of the judicial or nonjudicial power of sale foreclosure, or other special assessment as provided by HRS § 514-B-146.
13. **Dispute of assessments.** Owners may dispute assessments in accordance with the governing documents and HRS § 514B-146, as may be amended from time to time.
14. **Notification to Owners.** After execution of this Collection Policy, the Association shall cause all Owners to be notified of this Collection Policy. This Collection Policy shall supersede and replace any previously adopted collection policies.

ASSOCIATION OF UNIT OWNERS OF THE VILLAS AT KEHALANI

Resolution Number 2020-07

**FINALIZING THE ADOPTION OF  
THE POLICY REQUIRING UNIT OWNERS TO PURCHASE  
HO-6 INSURANCE COVERAGE FOR THEIR UNITS**

May 27, 2020

**BACKGROUND:**

The Association of Unit Owners of The Villas at Kehalani ("Association") may, under Hawai'i Revised Statutes ("HRS") § 514B-143(g), require owners to obtain their own insurance for all improvement in the Unit.

Pursuant to HRS § 514B-143(g), the Board of Directors of the Association ("Board") obtained with the written consent of a majority of the unit owners on or before April 22, 2020 to enable the Board to adopt a policy to require unit owners to obtain reasonable and types and levels of insurance.

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The Policy attached here to as Exhibit A and by this reference incorporated is approved and adopted.
2. The Policy shall be mailed to all owners and effective thirty (30) calendar days after the mailing date.
3. The Policy shall be binding upon and inure to the benefit of all present and future owners and all other persons who shall at anytime use The Villas at Kehalani.
4. A copy of this Resolution and Policy shall be filed with the records of the Association.

**CERTIFICATE**

I, Secretary of the Board of Directors of the Association of Unit Owners of The Villas at Kehalani, hereby certify that the foregoing is a true and correct copy of the Policy duly adopted by a majority of the Board of Directors at its duly noticed meeting held May 27, 2020, and adopted by a majority of the owners by written consent on or before April 22, 2020.

ASSOCIATION OF UNIT OWNERS OF THE  
VILLAS AT KEHALANI, a Hawaii nonprofit corporation

Patricia Naylor  
Printed Name

P. C. Naylor  
Signature

5/27/2020  
Date

*EXHIBIT A*

TERMS OF THE

**Policy Requiring Unit Owners to  
Purchase HO-6 Insurance Coverage for Their Units**

1. Unit Owners are required to purchase insurance for their units known as an HO-6 Policy or an equivalent with the following minimum limits:
  - **Dwelling:** \$10,000. plus coverage necessary to include the value of owner improvements above and beyond the “as built” specifications.
  - **Contents:** This limit will be determined by the owner(s) based on the value of the personal property kept within the confines of the individual’s unit.
  - **Loss Assessment:** \$10,000.
  - **Liability:** \$300,000.
2. The liability of a Unit Owner shall include the deductible of the Owner whose unit was damaged, including any damage not covered by insurance, and the decorating, painting, wall and floor coverings, trim, appliance, equipment and other furnishings.
3. If the Unit Owner does not purchase or produce evidence of insurance requested by the Board, the Directors may, in good faith, purchase the insurance coverage and charge the reasonable premium cost back to the Unit Owner as a special assessment with an administrative fee not to exceed \$50.00
4. In no event is the Association or Board liable to any person either with regard to the failure of a Unit Owner to purchase insurance or a decision by the Board not to purchase the insurance for the Owner, or with regard to the timing of its purchase of the insurance or the amounts or type of coverages obtained.