

SHEARWATER INTERVAL OWNERS ASSOCIATION RULES AND REGULATIONS

The Shearwater condominium apartment units are located within The Shearwater condominium project ("Project"). These Rules and Regulations cover only those Apartments in the Pahio at The Shearwater time interval ownership plan, (the "Plan") and are in addition to the Condominium Declaration, Bylaws, Condominium House Rules, the Time Interval Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and Bylaws of The Shearwater Time Interval Owners Association and governs the Owners', and guests', invitees' and licensees' (collectively referred to as "Owner") use of the Apartments and the Project. Capitalized terms shall have the same meaning as defined in the Declaration of Covenants, Conditions and Restrictions for the Pahio at The Shearwater Time Interval Ownership Plan which shall hereinafter be referred to as "Time Interval Declaration".

I. RESERVATION AND USE

1. The Week.

The "week" as used herein includes seven consecutive nights commencing at 4:00 p.m. and ending at 10:00 a.m. the following week. Check in days will be either Thursday, Friday, Saturday or Sunday. Splitting the week in increments of not less than three consecutive nights may not be permitted.

2. Time Period.

The "Time Period" as used herein means a specific "week" reserved, desired, or purchased by an Owner.

3. Type of Apartment.

The Apartments are a Type 2/2 furnished apartments. The apartment types are "Garden" units which are located on the ground level, "Lanai" units which are on the middle level (if any), and "Penthouse" units which are on the top level of any building of the Project. Apartments may be added or deleted from time to time as described in the Time Interval Declaration. The policy of the Plan Manager will be to upgrade Owners whenever possible, subject to availability at check in time.

4. Reservation Procedures.

a. Use of Fixed Intervals: Owners of fixed time Intervals do not have to confirm their reservations. However, the Plan Manager may send out written confirmation to the Owners in order to confirm that the Owners will in fact be occupying their Time Period and Interval.

b. Floating Intervals and Other Reservations: Owners of floating Intervals (including every other year Intervals) shall have the right to reserve a designated Time Period in a specific Apartment within their unit type in accordance with the following procedures:

1. Reservation requests can be mailed, faxed, transmitted electronically, made in person, or by telephone to the Plan Manager at the address of the Plan Manager or such other address that may be provided to the Owner, from time to time.
2. Reservations will be handled on a first-come, first-served basis. The date of the postmark, fax, electronic transmission, in person, or telephone reservation request will be used to determine which reservations came in first.
3. Reservations will be confirmed from fourteen (14) months, but not later than sixteen (16) months, before the desired Time Period, will be determined to have been postmarked on the date fourteen (14) months and one (1) day prior to the desired Time Period. Written reservations requests shall be made on the form provided for such use.
4. Reservations post marked prior to fourteen (14) months, but not later than sixteen (16) months, before the desired Time Period, will be deemed to have been post marked on the date fourteen (14) months prior to the desired Time Period.
5. All written reservation requests shall list at least three (3) choices of Time Periods Check-In Days, and specific Apartments within unit types. Last minute reservations will be allowed by the Plan Manager on a space available basis. These reservations may be subject to any prior commitments made by the Plan Manager who is permitted to reserve uncommitted Time Periods ninety (90) days prior to commencement of such Time Periods.
6. Reservations requests will be confirmed by the Plan Manager within ten (10) business days. Owners desiring to exchange or rent their Time Periods shall first wait to receive written confirmation prior to seeking any exchange or rental.
7. If there are multiple reservations received with the same receipt date for the same Time Period in an Apartment, the Plan Manager may develop an arbitrary lottery system to establish a priority of the competing reservation requests.
8. Any reservations requests received from an Owner who has outstanding or delinquent maintenance fees, special assessments, and/or personal charges will not be honored until such time as the delinquency is remedied. When the delinquency is remedied, the Plan Manager may

then accept a reservation for a Time Period and in an Apartment in accordance with the provisions of subparagraph 6 above. If an Owner has previously made a reservation, the use of the Interval will be suspended until the delinquency is remedied.

9. The developer of the time interval ownership plan, and its successors and assigns, may make reservation requests on its unsold Intervals ("Inventory") which will all be treated as a floating Interval but be subject to the use of Owners of fixed Intervals and confirmed reservations made by Owners of floating Intervals. In connection with the foregoing, the Plan Manager shall treat the developer like any other Owner of a floating Interval, except that the developer cannot make a reservation more than forty-five (45) days in advance of the Check-In date.

5. Cancellation.

A cancellation notice post marked fewer than 90 days prior to the first day of a reserved and confirmed Time Period shall result in a \$25.00 cancellation fee payable by the Owner making the reservation to the Plan Manager or the Time Interval Owners Association. In the event the Plan Manager is not able to reassign a Time Period, the Owner shall be deemed to have used his Time Period for the year originally reserved.

6. Late Arrival and No-Show.

Any Owner who has a reserved and confirmed reservation for a floating time Interval and fails to arrive before 8:00 p.m. on the first day of the confirmed Time Period must notify the reservation office within the 24 hour period preceding the check-in time of the scheduled arrival day that he may be delayed. Owners of fixed time Intervals do not have to provide any notice during the same 24 hour period. Failure by the floating Interval Owner to notify the reservation office during the 24-hour period will result in the Owner's loss of use for that Time Period for that year. The Owner must pay his common expense for the entire Time Period regardless of whether he uses the Time Period.

7. Additional Time Within the Project.

Each Owner on a space available basis will be allowed to extend his stay by payment of such charges as set by the Plan Manager and will be handled on the basis of a last minute reservation.

8. Common Expenses.

The common expenses are to be paid on such periodic installments and amounts as are specified by the Plan Manager and/or the Board of Directors of the Interval Owners Association.

9. Collection Fee.

A collection fee of \$25.00 and interest charge shall be levied on any Owner who fails to make the payment within 14 days after written notice is given. The Interval Owners Association does not waive any of its rights to collect other charges, costs, expenses and damages.

10. Damage.

Any loss, breakage or damage beyond normal wear and tear of the Apartment, its furniture, equipment and furnishings and to the common or limited common elements of the Project, will be charged to the Owner. If the damage or charges cannot be determined as of the check out time of an Owner, the penalties and charges will be charged to the Owner in whose name the reservation was made which shall be payable upon billing of the charges.

11. Suspension of Privileges.

Any Owner who breaches the Condominium Declaration, Bylaws, House Rules, Time Interval Declaration, Articles and Bylaws of the Time Interval Owners Association and these Rules and Regulations shall be suspended immediately from occupying his Time Period. (See Article V, Sec. 4 of the Time Interval Declaration for further enforcement provisions).

12. Vacating the Unit.

If an Owner fails to vacate at the end of his Time Period, he or she shall be evicted summarily. If an Owner prevents another person from occupying the succeeding Time Period, he or she agrees to pay an amount equivalent to 300% of the daily rental per day (of a comparable apartment in the same area where the Project is situated) to obtain temporary accommodations for the persons entitled to use the Apartment as determined by the Plan Manager.

II. BUILDING AND APARTMENT RULES

The Owners agree to be bound by the Condominium Declaration, Bylaws, House Rules, Time Interval Declaration, and the Articles and Bylaws of the Time Interval Owners Association and the Rules and Regulations, the most stringent of which shall control and be enforced. Owner's shall adhere to the following rules:

1. Reporting Damages

Any violations of these Rules and Regulations or damages to the Apartment or Project common area shall be reported promptly to the Plan Manager.

2. Nuisance

The occupants of Apartments shall not make any noise in the buildings which will annoy neighbors. Particular effort must be exercised to insure a minimum of noise between 10:00 p.m. and 8:00 a.m., Sunday through Thursday, and between midnight and 8:00 a.m. Fridays and Saturdays. This applies to among other things social gatherings, television sets, radios, stereos and musical instruments.

3. Cooking

No outdoor cooking shall be conducted on lanais. Outdoor cooking shall be permitted only in the common areas designated by the Plan Manager or as permitted by the Condominium Association. Fires other than outdoor cooking in grills designed for such purposes are not permitted.

4. Parking Area

Owners are to park only in designated areas as directed by the Plan Manager.

5. Pets

Owners are not allowed to keep pets in an Apartment.

6. Storage

Owners are not allowed to store any items of personal property including vehicles and sports equipment in an Apartment. Only personal belongings are allowed when the Owners are using the Apartment during a confirmed Time Period. The Plan Manager and Association will not be responsible for any personal effects left by an Owner within an Apartment.

7. Removal of Furniture and Furnishings

Owners are not allowed to remove fixtures, furniture, towels, glasses, utensils or any other items of personal property placed in the Apartment for the use and enjoyment of other Owners.

8. Hazards

The parking areas or other common areas shall not be used for recreational activities of any kind unless designated for the specific use employed. Parents or legal guardians are responsible for the appropriate supervision of minors at all times.

9. Illuminations

or a small number of candles, or use or permit to be brought into any Apartment or the buildings any flammable oils or fluids.

10. Appearance

No items of personal property will be allowed to be stored or displayed where such items are visible from outside of the Apartments. Clothes, towels or any other items shall not be hung on Apartment lanais or lanai railings.

11. Building Maintenance

Every Owner is expected to do his or her part towards keeping the Apartments and the common areas clean and neat to the fullest practicable extent.

12. Swimming Pool

The swimming pool hours shall be as posted from time to time at the pool area. Owners will be liable and responsible for the conduct and safety of their guests, any non-swimmers, and any member of their family at all times. All non-swimmers shall be accompanied by persons who are able to swim at all times. No drinking glasses, bottles or jars are permitted at poolside and no food is permitted within ten feet of the pool. There is no lifeguard on duty at any time. There shall be no diving or jumping in the pool nor shall any running around the pool be permitted. Use of the swimming pool shall be further restricted by any rules posted at the pool area.

Adopted this 30th day of September, 2008, effective August 1, 2008.

SHEARWATER INTERVAL
OWNERS ASSOCIATION



Donald Armitstead, President