

CONDOMINIUM ASSOCIATION
HOUSE RULES
THE SHEARWATER

These House Rules contain background information that should make your daily living at The Shearwater (the "Project") more meaningful and enjoyable. It must be realized that condominium living requires each resident to have appropriate respect for the needs and rights of others living in the complex. The primary purpose of these House Rules is to protect all apartment owners and other occupants of the Project, including tenants and guests, from annoyance and nuisance caused by improper use of the Project and also to protect the reputation and desirability of the Project and the enjoyment, comfort and security of all residents.

The Board of Directors of the Association of Apartment Owners (the "Board") shall be responsible for enforcing these House Rules, but such responsibility may be delegated to the Managing Agent by the Board of Directors of the Project (the "Directors") or may be enforced directly by the Directors. All apartment owners and other occupants, tenants and their guests shall be bound by these House Rules.

These House Rules supplement but do not change the obligations of the apartment owners and all occupants, tenants and their guests as set forth in the Declaration of Condominium Property Regime ("Declaration") and By-Laws of the Association of Apartment Owners ("Laws") pertaining to the Project. In the event of any inconsistency between these House Rules and the Declaration or the By-Laws, the Declaration and By-Laws will prevail.

The Board shall make such other rules and regulations from time to time or amend the following House Rules as it deems necessary or desirable.

A. OCCUPANCY

1. Use of Apartments. All residential apartments shall be used for residential or resort purposes only. Unit 401 may have commercial or recreational uses.
2. Number of Occupants. The two-bedroom apartments will have no more than six (6) persons residing therein.
3. Children. A resident or guest of any apartment shall be responsible for the conduct of his children at all times, ensuring

that their behavior is neither offensive to any occupant of the building nor damaging to any portion of the common elements.

4. Pets. No pets allowed except for Seeing eye dogs or their pets necessary for a disabled person.

a. Responsibility of Pet Owners. Pet owners are responsible for undue noise made by their pets. Any pet causing a nuisance or any unreasonable disturbance to any other occupant of the Project shall be permanently and promptly removed upon notice given by the Board or the Managing Agent. All pets must be registered with the Managing Agent immediately upon being kept in an apartment.

B. TEMPORARY OCCUPANCY

1. Use by Owners, Tenants and Guests. Subject to the terms of each apartment owner's Conveyance Document, the Declaration and the By-Laws of the Association, an apartment owner may lease or rent his apartment or make it available to friends, but the person or persons leasing, renting or living in the apartment shall abide by the Declaration, the By-Laws, and these House Rules.

2. Conduct of Tenants, Guests and Other Persons. An apartment owner shall be responsible for the conduct of his tenants and such apartment owner's (or his tenants') guests. An apartment owner shall, upon request of the Board or Managing Agent, immediately abate and remove, at his expense, any structure, thing or condition that may exist with regard to the occupancy or use of his apartment by any such person or persons contrary to the intent and meaning of the provisions hereof. If an apartment owner is unable to control the conduct of any such person or persons to conform with the intent and meaning of the provisions hereof, such apartment owner shall, upon request of the Board or Managing Agent, immediately remove such person or persons from the premises, without compensation for lost rentals or profits or any other damage resulting therefrom.

C. USE OF COMMON AND LIMITED COMMON AREAS

1. Use of Roadways and Recreation Areas. The Roadways and Recreation areas for the Project are administered by the Association and are for the use by the apartment owners and their tenants and guests. The walkways, passages, and roadways must not be obstructed or used for any purposes other than ingress and egress.

2. Parking and Automobiles. Parking in unmarked areas is prohibited. Assigned parking stalls may be used to park any type

of trailer or sea craft, provided such trailer or sea craft does not protrude from the stall. Except for bicycles, no children's wheeled toys or vehicles shall be permitted in the parking areas. All other vehicles, including bicycles and motorcycles, when not being used, must be kept in the area(s) designated for such purpose or within the confines of an assigned parking stall.

a. Violations. Violators of any parking regulations promulgated by the Board shall have their vehicles towed away at their own expense. If the violator is a tenant, invitee, employee or guest of any owner, the owner shall be held responsible for the payment of the towing charge.

b. Bicycles, etc. No vehicles, including bicycles, are to be ridden on walkways, planted areas, or in the park area. Unlicensed motorized vehicles will not be permitted to be operated in the Project. Skateboards are not to be ridden anywhere within the Project.

c. Responsibility for Damage. Damage to cars and other objects or to the common elements shall be the responsibility of the person causing the damage.

3. Open Recreation Areas. Open park areas are for the use of the owners, tenants, and their guests during posted hours.

a. Alcoholic Beverages. Except as to those times and places determined by the Board, the consumption of alcoholic beverages is prohibited in the common elements of the Project.

b. Camping. No camping or use of tents on the common elements of the Project is allowed at any time.

c. Fireworks. Use of fireworks of any kind anywhere in the Project is strictly prohibited at all times.

d. Barbecuing. Excepting only amenities designated by the Board, outdoor cooking shall not be permitted. Open fires, including charcoal briquette fires are not permitted in the Project.

D. NOISE AND NUISANCES

1. Noise and Nuisances Prohibited. No nuisance shall be allowed in the Project nor shall any use or practice be allowed which is improper or offensive in the reasonable opinion of the Board or which is in violation of the By-Laws or these House Rules or which unreasonably interferes with or is an unreasonable

annoyance to the peaceful possession or proper use of the Project by other apartment owners or occupants.

2. Specific Rules.

a. Excessive Noise and Objectionable Odors Prohibited. Residents and other occupants of the apartments shall avoid unreasonably excessive noise of any kind at any time and shall not cause or permit any unreasonably disturbing noise or objectionable odors to emanate from their apartments.

b. Hours for Workmen. No workmen will be allowed in any buildings before 7:00 a.m. or after 7:00 p.m. except in an emergency.

c. Hours for Reduced Volume for Radio and Stereos. Radios, televisions, stereos, etc. in the apartments must be played at reduced volume after 10:00 p.m. and before 8:00 a.m. so as not to disturb other tenants or residents of the Project.

d. Departure of Guests; Minimizing Noise. When guests of any apartment are leaving at night noise must be kept at a minimum.

e. Reporting of Excessive Noise. Excessive noise at any time should be reported to the Board or Managing Agent (through the resident manager, if any).

E. SAFETY CONSIDERATIONS

1. No Objects to be Placed or Left in Common Areas. Apartment owners, tenants, and guests, shall not place or maintain in or upon the common area of the Project any furniture, children's vehicles or objects of any kind.

2. Supervision of Children. Children play at their own risk in the Project and must be accompanied by an adult at all times. Such risks may include ingesting poisonous foliage or sharp spines that may grow within the common areas. Parents are responsible for the actions of and will exercise control over their children. Children shall be allowed to play only in those areas designated as play areas for children by the Board.

3. Flammable or Dangerous Liquids. Inflammable fluids such as gasoline, kerosene or explosive materials or articles deemed hazardous to life, limb or property will not be stored in storage lockers or brought into buildings.

4. Overloading of Floors and Activities Which Would Invalidate Insurance. Nothing shall be allowed, done or kept in any apartment or on the common elements which would overload or impair the floors, walls or roofs or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance maintained by or for the Association.

5. Water Beds Prohibited. No water beds shall be permitted in any apartment in the Project.

6. Rules of Governmental Authority. Each apartment owner, tenant, or guest shall at all times observe and maintain all laws, ordinances, rules and regulations now and hereafter made by any governmental authority or the Association applicable to the use of the Project.

7. Right of Entry in Favor of Association. Every apartment owner, tenant, or guest hereby grants right of entry to the Managing Agent, and other persons authorized by the Board, in any event of an emergency originating in or threatening such apartment, whether or not such owner or occupant is present at the time. Keys must be furnished to the Managing Agent if requested by either the Board or the Managing Agent.

F. AESTHETIC CONSIDERATIONS

1. Cleanliness; Attractive Appearance of Apartments and Lanais. All owners and tenants are responsible for the cleanliness and maintenance of their apartments and lanai areas. Said areas shall be maintained in a neat, attractive and sanitary condition. No objects, other than appropriate lanai furniture and potted plants, shall be permitted on lanais. The storage of surfboards, bicycles, packing crates, furniture (other than appropriate lanai furniture) and similar objects is strictly prohibited.

2. Window Cleaning. All owners shall be responsible at such owner's expense for cleaning all windows which are accessible from the inside of the apartment or the lanai. All other windows shall be cleaned by the Association as a common expense.

3. No Objects to be Hung from Windows or Railings. No clothes, bedding, carpeting or anything else shall be hung on or from windows or lanais for any purpose. Nor shall clothing or laundry be hung in walkways or windows in such a manner as to be visible from roadways, walkways, and common areas.

4. Trash Disposal. Food waste shall be disposed of through the garbage disposer, whenever possible. All other household trash

shall be secured in plastic trash bags (except for dry paper, which need not be bagged) and placed in a trash chute or other designated receptacles. If recycling bins are provided by the Association, the trash shall be sorted by the respective owners/tenants as indicated on the bins. Refuse, garbage or trash of any kind shall not be placed or thrown in or placed upon any common area of the Project.

5. No Household Objects to be Placed Outside Apartments. No garbage cans, household or commercial supplies, excess items, or similar articles shall be placed outside any apartment or on any lanai in a place where they can be seen from outside any apartment, except as the Board shall prescribe.

6. No Objects to be Placed In the Common Areas. No items of personal property, including shoes or slippers at corridor unit entries, baby carriages, bicycles, surfboards, packages, boxes or crates shall be left or allowed to stand on any of the common elements of the Project, except as may be specifically permitted by the Declaration, the Bylaws or these House Rules. Articles of any kind left in any common area may be removed by the Board without notice and at the owner's risk and expense.

7. Sewer Lines. Owners and tenants will not flush sanitary napkins, tampax, paper towels, dental floss, or any other materials down toilets which may clog sewer lines. The cost of cleaning lines will be charged to owners if such items are found in the lines.

8. Curtains and Drapes. Windows, if curtained or draped, are to be done so in curtain liners of a light neutral shade as approved by the Board, in conformance with the aesthetics of the Project.

G. BUILDING REPAIRS, MAINTENANCE, AND MODIFICATIONS

1. Repairs and Maintenance.

a. Apartment Owner's Duty to Repair and Maintain. Every apartment owner from time to time and at all times shall perform promptly all repair and maintenance work within his apartment, the omission of which would adversely affect any common element or any other apartment, and shall be responsible for all loss and damage caused by his failure to do so, unless included in the maintenance fees of the Association.

b. Repairs Inside of Apartments to be at Owner's Expense. All repairs of internal installations within each apartment, such

as plumbing and electrical fixtures, appliances, telephones, doors, lamps, and other fixtures and accessories belonging to such apartment, including the walls and floor coverings of such apartment shall be at the apartment owner's expense, unless included in the maintenance fees of the Association.

c. Repairs Affecting Common Elements. Any repairs or maintenance which may affect the common elements shall be performed by a licensed contractor approved in writing by the Board or Managing Agent.

2. Modifications and Additions. All modifications or additions must receive the prior written permission of the Board.

a. Signs. Except as permitted by the Board, owners or tenants shall not place any signs in or on buildings or in or upon other common elements.

b. Board May Require Plans and Specifications. The Board may require the presentation of plans and specifications prepared by a registered architect or engineer for the alteration prior to approval.

c. Work Must be Performed by Licensed Contractors Where Common Elements May be Affected. Any alteration work which may affect the common elements shall be performed by a licensed contractor approved in writing by the Board or Managing Agent.

d. No Attachment of Objects to the Exterior Without Continuing Board Approval. No owner or tenant, except with the continuing written consent of the Board, shall permit the attachment, hanging, projection or protrusion of any object, including garments, wiring or other device for electrical or telephone installations, television, machines, or other equipment or appurtenances on the exterior of the building or protruding through the walls, windows or roof thereof.

e. Enclosure of Lanais Prohibited. No lanais may be enclosed.

f. Board May Require Removal of Unauthorized Work. The Board may inspect any work and may order the removal of any work which has not been approved or which may adversely affect the common elements or the exterior appearance of the Project.

g. No Roof Access. No person whatsoever (other than authorized tradesmen and technicians, or other individuals

authorized by the Board or Managing Agent) shall be allowed on the roof of the Project for any purpose.

H. GENERAL RULES AND REGULATIONS

1. Registration of Occupants. Owners, tenants, and other occupants shall file their name, address and phone number and signature with the Managing Agent upon purchasing and/or taking occupancy of an apartment and shall furnish the Board and/or the Managing Agent with such other reasonable information as shall be requested from time to time.

2. Access to Apartments by Managing Agent. The Managing Agent is not required to give access to apartments or buildings without the written permission of a responsible owner, tenant or other occupant.

3. Maintenance Employees of the Association. Maintenance employees of the Association are under the sole direction of the Managing Agent and the Board; during prescribed hours of work they shall in no case be diverted to the private business or employment of any owner, occupant, tenant or guest. No maintenance employee shall be asked by an owner, occupant, tenant or guest to leave the common elements.

4. Fire and Other Emergency. If the immediate service of the Police, Fire, Para-Medics, Ambulance or Doctor is required, that agency should be called directly. Any emergency, particularly such emergencies as flooding, fire and theft, should be brought to the immediate attention of the Managing Agent, resident manager or any security personnel on duty.

I. VIOLATIONS OF THESE RULES

1. Reporting Violations and Damages.

a. Reporting of Violations. All corrective actions regarding violations of the House Rules and damages to the common elements or common areas will be enforced by the Board and should be reported promptly to the Board, the Managing Agent or resident manager.

b. Damage to Common Areas. Damages to common elements or common areas shall be surveyed by the Board or the Managing Agent at the direction of the Board and the cost of repair or replacement and any legal fees incurred may be assessed by the Board against the person or persons responsible, including, but not limited to, any apartment owner for damages caused directly or indirectly by

his tenants or such apartment owner's (or his tenants') family members, domestic servants, or guests.

2. The Violation of Any of These Rules and Regulations Shall Give the Board, the Managing Agent or Their Agents the Right to:

a. Right to Enter Apartments. Enter the apartment and/or limited common elements in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting apartment owner (whether or not caused by the apartment owner or any person for whose conduct the apartment owner may be responsible), any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof and the Board or the Managing Agent shall not thereby be deemed guilty in any manner of trespass; and/or

b. Right to Institute Legal Proceedings. To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach, and all costs thereof, including reasonable attorneys' fees, shall be borne by the defaulting apartment owner (whether caused by the apartment owner or by any person for whose conduct the apartment owner may be responsible).

c. Prior to exercising the rights contained in (a) and (b) above, a minimum of ___ days prior written notice shall be given to the apartment owner unless such violation may cause irreparable damage or harm to an owner, guest, tenant, the common elements, or another apartment unit in which event no notice shall be necessary to enter such apartment or limited common elements. If notice is required to be given under this paragraph, the owner shall have ___ days upon receipt of such notice to cure the violation.

d. The Board or managing agent may impose a reasonable fine for each violation.

J. RECREATIONAL FACILITIES

a. Hours. Facilities shall be used only by owners, tenants, and their invited guests during hours and in accordance with Facility Rules as adopted by the Board. Such hours and Facility Rules shall be prominently posted within the recreational facility areas.

b. Horseplay and Running in Unauthorized Areas Prohibited. To be determined by the Board.

c. Appropriate Attire. Appropriate attire (as determined by the Board) shall be worn in transit between apartments and Recreational Facilities.

K. AMENDMENTS

1. These Rules and Regulations may be amended only by a majority of the Board at a duly called meeting of the Board.

Adopted on _____, Kauai, Hawaii.

BOARD OF DIRECTORS

Paul M. Smith

Ray P. McCarty

Ally L. Linn