

MAUI LANI VILLAGE CENTER RULES AND REGULATIONS

These Maui Lani Village Center Rules and Regulations (these "Rules") contain rules and regulations that should make ownership, use and occupancy at Maui Lani Village Center (the "Project") more enjoyable and desirable. It must be realized that living and working in a planned community requires each person using the Project to have appropriate respect for the needs and rights of others using and working in the Project. The primary purposes of these Rules are to protect all Owners and Occupants (as those terms are defined below) of the Project from annoyance and nuisance caused by improper use of the Project, to promote harmonious use and occupancy and maximum enjoyment, comfort, security, and satisfaction of and from the Project, and to protect the reputation and desirability of the Project.

The Board (as defined below) shall have the authority and responsibility to enforce these Rules, but may delegate that authority and responsibility to the Managing Agent (as defined below). All Owners, Occupants, and Guests (as defined below) shall be bound by these Rules and by standards of reasonable conduct, whether covered by these Rules or not; provided, however, that, unless Developer (as defined below) specifically subjects itself in writing to one or more of these Rules, these Rules shall NOT apply to Developer and Developer shall not be obligated to observe or perform any of these Rules, whether as an Owner or otherwise. Neither the Board nor the Managing Agent shall be responsible or liable for any noncompliance with or violation of these Rules by Owners, Occupants, or Guests.

These Rules supplement, but do not change, the obligations of Owners, Occupants, Guests, and other persons using the Project, as set forth in the Maui Lani Village Center Declaration of Covenants, Conditions, Restrictions and Easements, as amended from time to time (the "Declaration") and the Bylaws of the Maui Lani Village Center Owners Association, as amended from time to time (the "Bylaws"). Subject to the ability of the definitions contained in these Rules to differ from the definitions contained in the Declaration and the Bylaws, in the event of any conflict or inconsistency between these Rules and the Declaration and the Bylaws, the Declaration and Bylaws will govern and the Board shall make such changes to these Rules from time to time to comply with the Declaration and the Bylaws.

Subject to limitations set forth herein or in the Declaration or the Bylaws, the Board and the Association have the authority to make such other rules and regulations or to amend these Rules from time to time as the Board and the Association deem necessary or desirable.

A. DEFINITIONS

The terms defined in this Section A, when written with initial capital letters in these Rules, shall have the meaning given such terms in this Section A.

1. "Association" means the Maui Lani Village Center Owners Association.
2. "Board" or "Board of Directors" means the board of directors of the Association.
3. "Commercial Use Unit" shall have the meaning given to it in the Declaration.
4. "Common Areas" shall have the meaning given to it in the Declaration.

5. "Common Assessments" means the mandatory maintenance fees to be assessed by the Association against the Owners for the payment of the Common Expenses allocable to the Owners' Lots in such manner as set forth in the Declaration.

6. "Common Expenses" shall have the meaning given to it in the Declaration.

7. "Design Guidelines" shall have the meaning given to it in the Declaration.

8. "Developer" means MAUI LANI VILLAGE CENTER, INC., a Hawaii corporation, its successors and assigns.

9. "Guest" means a person who visits the Project for a period of time at the invitation or request of an Owner or Occupant, whether as a visitor, guest, customer, contractor, vendor, agent, business invitee or otherwise.

10. "Lot" shall have the meaning given to it in the Declaration.

11. "Managing Agent" means and includes the responsible professional corporate managing agent appointed by the Board of Directors (or Developer on behalf of the Board), which shall manage and operate the Project.

12. "Occupant" means and includes an Owner, occupant, employee, tenant, lessee, and any other person who occupies or otherwise uses a Lot or any other part of the Project on more than an occasional or temporary basis.

13. "Owner" means the owner or owners of record, as defined in the Declaration, of a Lot.

14. "Person" means and includes an individual and not a legal or governmental entity.

15. "Project" means and includes the Maui Lani Village Center project (including improvements), and shall include all of the Lots and Common Areas located within the Project.

Capitalized terms used in these Rules that are not defined in these Rules shall have the meanings given to them in the Declaration.

B. OCCUPANCY

1. Use of Lots. The Lots shall be occupied and used only for those purposes authorized by law, subject to such further restrictions as are set forth in the Declaration, the Design Guidelines, and the respective Lot deeds.

2. Closing Premises. After normal working hours, each Owner of a Commercial Use Unit shall see that the Commercial Use Unit is securely locked and will exercise caution to insure that all water faucets, lights and powered equipment are shut off before the Owner or other Occupant leaves the Commercial Use Unit so as to prevent waste or damage.

3. Unused Lot. When a Lot is going to be unused for a period of 15 consecutive days, the Lot's Owner, at its expense, shall have an agent or other representative conduct

periodic inspections of such Lot. Such agent or representative (and not the Board, the Association or the Managing Agent) shall be responsible for the contents of the Lot.

4. Animals. Except as otherwise permitted under the Declaration, no livestock, poultry, dogs, cats, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project premises, except for tropical fish. Any unpermitted animal found on the Project premises shall be permanently removed therefrom promptly upon notice given by the Board of Directors or the Managing Agent; provided that this provision shall not apply to deny access to the Project by working guide or signal dogs.

5. Electrical Equipment. All radio, television or other electrical equipment of any kind or nature installed or used in each Lot shall fully comply with all rules, regulations, requirements or recommendations of the public authorities having jurisdiction and the Owner shall be liable for any damage or injury caused by any radio, television or other electrical equipment on such Lot.

6. Use of Commercial Use Unit.

(a) Notification of Use of Commercial Use Unit. At least 10 days before taking occupancy of a Commercial Use Unit, the Owner or an Occupant of the Unit must notify the Managing Agent in writing of the type of business that the Owner or the Occupant intends to operate in the Commercial Use Unit.

(b) Change in Use of Commercial Use Unit. At least 30 days before a change takes place in the type of business that will be operated in a Commercial Use Unit, the Owner or an Occupant of the Unit must notify the Managing Agent in writing of the change and inform the Managing Agent of the type of business that the Owner or the Occupant intends to operate in the Commercial Use Unit.

(c) No Obligations or Waivers. Notification to, and awareness by, the Managing Agent of the type of business operated in the Commercial Use Unit shall not result in any obligations to or waivers by the Managing Agent, the Board, the Association or Developer.

C. TEMPORARY OCCUPANCY

1. Conduct of Occupants, Guests and Other Persons. A Lot Owner shall be liable and responsible for the conduct within the Project of all persons using his Lot and all persons on the Project in connection with use or occupancy of, or visitation to, his Lot. A Lot Owner shall, upon request by the Board or the 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 Lot by any such person contrary to the intent and meaning of these Rules, the Declaration or the Design Guidelines. If a Lot Owner is unable to control the conduct of any such person to conform with the intent and meaning of these Rules, the Declaration and the Design Guidelines, then such Owner shall, upon request by the Board or the Managing Agent, immediately remove such person from the Project, without compensation for lost rentals or profits or any other damage resulting therefrom.

2. Appointment of Local Agent. Each Owner shall be responsible for designating a resident of the State of Hawaii as his local agent to represent his interest if such Owner resides outside of the State of Hawaii or if said Owner will be absent from the State of Hawaii

for more than 30 consecutive days. Such Owner shall file with the Managing Agent the Owner's out-of-town address and telephone number and the address and telephone number of the Owners' resident agent.

D. COMMON AREAS

1. Obstructions; Uses. The passages, sidewalks and walkways of the Project shall not be obstructed or used for any purpose other than ingress and egress, except as otherwise set forth in these Rules or as approved by the Board.

2. Personal Property. No items of personal property shall be left or allowed in any of the Common Areas, except in areas designated for such items. Articles of any kind left in any of the Common Areas will be removed at the Occupant's risk and expense at the direction of the Board.

3. Loitering In Common Areas. No Owner, Occupant or Guest shall permit its Occupants, Guests or any other person visiting such Owner, Occupant or Guest to loiter or play in any Common Areas of the Project.

4. Throwing Objects from Buildings. Nothing shall be thrown or permitted to be thrown from windows or entrances, including, but not limited to, cigarettes, matches or fireworks of any kind.

5. Trash Disposal. Each Owner shall be responsible for assuring that all trash and refuse generated from their Lot or by a business operated on their Lot are properly disposed of in appropriate refuse receptacles.

6. Aesthetics. No unsightliness (as determined by the Board) that is visible from outside a Lot shall be permitted within the Project. Any unsightly or disturbing items shall be immediately removed from the Project upon the request of the Board or the Managing Agent. For this purpose, "unsightly" or "unsightliness" includes, but is not limited to, the following: litter or trash containers, except as specifically provided or allowed by the Board; and nondecorative gear, equipment, cans, bottles, ladders, trash, boxes, barrels, etc., stored or stowed in or on the driveways, passages or walkways. Every Owner, Occupant and Guest is to do his part towards abating unsightliness within the Project.

7. Material, Equipment, Inventory, Supplies or Other Goods. No material, equipment, inventory, supplies, excess items, or similar articles shall be stored or placed outside any building on a Lot, except as the Board shall authorize.

8. Street Trees and Other Landscaping. Except as specifically authorized by the Board, no one shall disturb, cut, trim, damage or remove any of the trees located in the landscaped areas, if any, adjacent to roadways or parking areas. No one shall harm, remove, disturb or damage in any way any other plants, shrubs, groundcover or other elements of landscaping on any of the Common Areas of the Project. Landscaping shall be in accordance with plans that must be reviewed and approved by the Design Review Committee.

9. Lighting. Except as permitted by or pursuant to the Design Guidelines, no temporary or permanent exterior lights shall be installed anywhere on the Project without the prior written approval of the Board, and all lighting emanating from a Lot shall be shielded

and/or directed away from the exterior Common Areas, other Lots and property outside of the Project.

E. PARKING AREAS; DRIVEWAYS

1. Parking in Proper Place. No parking is allowed on any part of the Project, except entirely within designated parking areas (e.g., parking stalls, permitted loading and unloading zones and authorized on-street areas). Unauthorized parking in reserved parking stalls is a violation of these Rules.

2. Repairs; Condition of Vehicles. No stripped down, wrecked or junk vehicle shall be kept, parked, stored or maintained within a Lot so as to be visible from outside of that Lot. Repairs or adjustments of automobiles, motorcycles, boats or other motor vehicles shall not be permitted outside the confines of a Lot or within the Common Areas of the Project; provided, however, that minor repairs or adjustments necessary to start an automobile so that it can be removed and repaired elsewhere shall be permitted. Changing, restoring or filling car oil, brake or transmission fluid, antifreeze, gasoline or any other item that is a hazardous substance, poison, flammable material or threat to the environment is specifically prohibited within the Common Areas. No racing of motors shall be permitted and all motor vehicles shall be equipped with quiet mufflers. All vehicles parked in the Project shall be in operating condition with a current vehicle license, safety sticker and insurance required by law.

3. Towing of Vehicles. The Board and the Managing Agent are authorized to have towed away or removed at the vehicle owner's expense any vehicle or equipment parked, located or used in violation of these Rules. Neither the Board nor the Managing Agent shall be subject to any claim for liability or damage in the exercise of such authority. If the violating vehicle belongs to a Guest or invitee of an Occupant, then the Owner of the Occupant's Lot shall be held responsible for costs incurred by the Association in connection with such towing.

4. Obstructions; Uses. Common Area driveways and roadways must not be obstructed or used for any purpose other than ingress and egress; except as otherwise set forth in these Rules or the Declaration or as approved by the Board. Obstructions, pallets or other loading gear or machinery shall not be left in any parking area or other Common Area so as to interfere with the normal flow of traffic or so as to create a nuisance to other Occupants.

5. Violations. Violators of parking regulations shall have their vehicles or gear towed away or removed at their own risk and expense. If the violator is a tenant, employee, agent, visitor, customer, invitee or Guest of a Lot Owner, then the Owner of the applicable Lot shall be responsible for payment of the towing or removal charge.

6. Speeding. Vehicles shall be driven at safe speeds within the Project not to exceed the applicable posted signs. Drivers are expected to observe traffic and directional signals for the safety of all.

7. Other Use Prohibited. The parking areas shall not be used for recreational or storage purposes. For safety reasons, skateboards, rollerblades, scooters, and other such vehicles shall not be ridden within the Project.

8. Responsibility for Damage. Repairing damage to vehicles and other objects or to the Common Areas shall be the responsibility of the person causing the damage; provided,

however, that if the person causing the damage is a tenant, customer, invitee or Guest of a Lot Owner, then the Owner of the applicable Lot shall be responsible for repairing the damage.

F. NOISE AND NUISANCES

1. Generally. No nuisances shall be allowed within the Project, nor shall any use or practice be allowed that is improper or offensive or in violation of the Declaration, the Bylaws or these Rules or which unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Lots and/or the Common Areas by other Owners or Occupants or their Guests. The Board, in its reasonable discretion, shall determine what constitutes a nuisance, what is improper or offensive, what violates the Declaration, the Bylaws or these Rules or what unreasonably interferes with or annoys others.

2. Noise. Persons using any other part of the Project shall not cause or permit any unreasonably excessive or disturbing noise to emanate from their Lots or any other part of the Project. Excessive noise at the Project should be reported to the Managing Agent.

3. Barbecues. No fires, including barbecues, shall be allowed in any part of the Project, except as the Board may authorize from time to time by resolution. Barbecuing shall include, but shall not be limited to, the grilling of any food items over a charcoal fire, gas grill or electrical grill.

4. Alcoholic Beverages. No open containers of alcohol are allowed, and no drinking of alcoholic beverages shall be allowed, anywhere within the Common Areas of the Project.

G. MAINTENANCE AND REPAIRS

1. Maintenance of Lots. Each Lot Owner or Occupant will at all times keep the Lot in a strictly clean and sanitary condition and will observe, perform and abide by all applicable laws, ordinances, rules and regulations made by any governmental authority and all restrictions, covenants, conditions and provisions of the Declaration, the Bylaws, these Rules, and decisions and determinations made by the Association or the Board.

2. Preventive Repair and Maintenance. Every Owner shall promptly perform (or have performed) all repair and maintenance work within his Lot, the omission of which would adversely affect any Common Areas or any other Lot, and such Owner shall be responsible for all loss and damage caused by his failure to do so.

3. Alterations. All alterations and any other modifications to a Lot must comply with the Declaration, the Design Guidelines, the Bylaws, these Rules and all applicable statutes, ordinances, codes, rules and regulations.

H. MANAGING AGENT; EMPLOYEES OF THE ASSOCIATION

1. Managing Agent. The Board shall have the authority to hire and dismiss the Managing Agent; provided, however, that Developer shall hire the first Managing Agent for the Project.

2. Employees of the Association.

(a) The Association's maintenance employees, if any, will use every effort to effectively care for the grounds within the Common Areas of the Project. Every Occupant is to do his or her part and to use his or her influence on all other Occupants or Guests of his or her Lot to do their part towards abating unsightliness on the Project.

(b) Employees of the Association are under the sole direction of the Board and the Managing Agent. During prescribed hours of work, they shall not be diverted to the private business or employment of any individual Occupant. No employee of the Association shall be asked by an Owner or Occupant to leave the Project or to perform any personal tasks for the Owner or Occupant.

(c) No Owner or Occupant shall reprimand any employee of the Association at any time. Owners and Occupants should direct any complaints and/or suggestions to the Managing Agent or the Board.

I. HAZARDS

1. Spillage. Spillage of any hazardous substance shall be cleaned immediately so as to prevent encroachment upon the Common Areas or any Lot or harm to property or persons.

2. Waste Materials; Sewage. Waste fluids or materials shall be properly discarded in suitable containers or by recycling services or as recommended by the manufacturer. Dumping of such fluids or materials in plumbing or storm drain lines or in the surrounding landscaping is prohibited. If any discharge is made into the Project's sewage system and costs and/or fines are incurred by the Association as a result thereof, then the Lot Owner or Occupant responsible for such discharge shall pay such costs and/or fines upon demand made by the Board. If any discharge is made onto any part of the Project and such discharge causes any damage to any portion of the Project (including the storm drain lines or the sewage system), then the Lot Owner or Occupant responsible for such discharge shall pay all costs necessary to repair and/or replace the damage.

3. Flammable Material. Unless the Board gives advance written consent in each and every instance, Occupants shall not use any illumination other than electric lights, or use or permit to be brought into the buildings any flammable oils or fluids such as gasoline, kerosene, naphtha or benzene, or other explosives or other articles deemed extra hazardous to life, limb or property; provided that this rule shall not prohibit the maintenance of gasoline in gas tanks of vehicles upon the Project premises or the temporary storage of not more than 10 gallons of fluids in suitable containers that are needed for the normal conduct of business.

4. Violation of Law; Cancellation of Insurance. No activity shall be engaged in and no substance introduced into or manufactured within the Project that might result in violation of the law or building codes or in the cancellation of property or liability insurance or an increase in the property or liability insurance premiums covering the buildings and the Project (unless, in case of such increase, the Lot Owner or Occupant responsible for the increase pays for the increase).

5. Explosives/Combustible Materials. No explosives or fireworks of any kind shall be stored, ignited or used anywhere in the Project at any time. Storage of combustible materials in the Project is specifically prohibited.

J. GENERAL RULES AND REGULATIONS

1. Payment of Common Assessments. Each Owner must pay his or her Common Assessments, special assessments and other charges when due. The Association will have available for inspection by Owners a schedule of the then-current Common Expenses and assessments for Common Assessments. Unless Developer provides otherwise, an Owner's obligation to pay Common Assessments for his or her Lot commences on the day the Owner becomes the owner of the Lot. Common Assessments are payable by the Owner in advance on the first day of each and every month.

2. Signs. Except as otherwise provided in the Declaration, the use, placement and design of signs, advertisements, signals and lettering must be in compliance with applicable provisions of the Declaration and the Design Guidelines

3. Solicitation and Canvassing. Except for solicitation of proxies related to the Association, no solicitation or canvassing of any kind (including the distribution of handbills or other promotional material upon vehicles parked on the premises) will be allowed in or about the Common Areas of the Project at any time.

4. Licenses and Permits. If any governmental license or permit shall be required for the proper and lawful conduct of business in a Lot, and if failure to secure such license or permit would in any way affect any other Lot, the Owner or Occupants thereof or the Board or the Association, then the Owner of such Lot, at its expense, shall procure and maintain such license or permit, submit the same to the Managing Agent for inspection by the Board and comply with all the terms and conditions thereof.

5. Information to Managing Agent. Owners and Occupants shall file their name, address, telephone number and signature with the Managing Agent or the Board upon purchasing and/or taking possession of a Lot, and shall furnish the Board and/or the Managing Agent with such other reasonable information as shall be requested from time to time.

6. Protection from Loss. Each Owner and Occupant shall assume full responsibility for protecting their Lot, vehicles, and the contents thereof from theft, robbery, pilferage, vandalism and other loss.

7. Observance and Performance of Rules. Each Owner and Occupant shall observe, perform and abide by these Rules and ensure that his invitees also observe and comply with the Declaration, the Bylaws, the Design Guidelines and these Rules. Owners and Occupants will be responsible for their employees, agents, customers, lessees, tenants, licensees, and Guests observance of all these Rules. If expenses are incurred by the Board, the Association or another Owner due to violations of these Rules by any such person or persons for whom an Owner is responsible, then the Owner shall pay for such expenses, including reasonable attorneys' fees. Unless Developer specifically subjects itself in writing to one or more of these Rules, these Rules shall NOT apply to Developer and Developer shall not be obligated to observe or perform any of these Rules, whether as a Lot Owner or otherwise.

8. **Emergencies.** If the immediate service of the police department, the fire department, paramedics, an ambulance or a doctor is required, then the desired agency or person 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.

K. VIOLATIONS OF THESE RULES

1. **Reporting Violations and Damages.**

(a) Whenever possible, violations of these Rules and general suggestions relating to management of the Project should be reported in writing to the Managing Agent. The Managing Agent will endeavor to keep the identity of the complainant confidential.

(b) The Board and the Managing Agent shall each have the right and authority to enforce all corrective actions regarding violations of these Rules and damage to the Common Areas. All such damage should be reported promptly to the Board or the Managing Agent.

(c) Damage to 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 Owner for damage caused directly or indirectly by the Guests or Occupants of his Lot.

2. **Rights upon Violation.** In addition to rights and remedies available under applicable laws, the Declaration, the Bylaws and the Design Guidelines, the violation or breach of the Declaration, the Bylaws, the Design Guidelines or any of these Rules shall give the Board, the Managing Agent or their agents the right to:

(a) Only in such instances where the violation or breach threatens an immediate, substantial and undeniable threat to the life, limb or property of any person, enter the Lot (including any building thereon) (or secure an order permitting such entry) in which, or as to which, such violation or breach exists and to summarily abate and remove, at the risk and expense of the defaulting Owner (whether caused by the Owner or by any person for whose conduct the Owner may be responsible), any structure, thing or condition that may exist thereon or therein contrary to the intent and meaning of these Rules, and neither the Board nor the Managing Agent shall thereby be deemed guilty in any manner of trespass; and/or

(b) 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 attorneys' fees, shall be borne by the defaulting Owner (whether or not caused by the Owner or by any person for whose conduct the Owner may be responsible).

3. **Imposition of Fines and Penalties.** If the Board adopts a schedule of fines and penalties for violations of the provisions of these Rules, the Declaration, the Design Guidelines or the Bylaws as authorized under the Declaration, then the Board shall not levy such fines or penalties without first complying with the following procedures, which procedures may be waived by the Owner or other person against whom the Board proposes to impose a penalty:

(a) No proceedings under this section shall be brought against any Owner or other person against whom charges are made unless a written statement from the Board setting

forth the alleged violations was delivered to such Owner or other person at least 15 days prior to the date on which the charges shall be heard, provided that such written statement is delivered to the Owner or other person within 180 days after either the Board or the Managing Agent was informed of the occurrence of the events upon which the charge is based;

(b) The hearing shall take place within 60 days after delivery of the written statement to the Owner or other person, unless such Owner or the other parties involved are unavailable during such 60-day period, in which case the hearing shall take place as soon thereafter as possible; provided, however, that if the Board determines that the Owner's or other person's continued unavailability is unreasonable, then the hearing shall be dispensed with and the Board can proceed as it sees fit;

(c) At the hearing, the Owner or other person so charged shall have the right to present oral and written evidence and to confront and cross-examine witnesses;

(d) The Board shall deliver to the Owner or other person so charged within 30 days after the hearing (or within 30 days after determining that the Owner's or other person's continued unavailability is unreasonable) a written decision that specifies the fines or penalties levied, if any, and the reasons therefor.

4. Late Charges. If an Owner does not pay an assessment within ten (10) days after the due date of the assessment, then the Owner shall be subject to and shall pay to the Association a late charge in such amount as is necessary to defray the costs of the Association of additional record keeping and reporting resulting from such non-payment. The unpaid assessment and the late charge shall accrue interest at the rate of twelve percent (12%) per annum from the due date until paid. Unpaid assessments and late charges shall be dealt with as set forth in the Declaration and/or the Bylaws.

M. AMENDMENTS

1. These Rules (or any of them) may be amended or repealed and new or supplementary rules may be adopted by a majority of the Board at a duly called meeting of the Board (whether controlled by Developer or not); provided, however, that, prior to the first meeting of the Board that is comprised of members who are not affiliated with Developer, Developer shall have the right, from time to time, to amend and repeal these Rules (or any of them) and to adopt new or supplementary rules.

2. After the first meeting of the Board that is comprised of members who are not affiliated with Developer, these Rules (or any of them) may also be amended or repealed and new or supplementary rules may be adopted by a vote of the Owners representing at least seventy-five percent (75%) of the Voting/Assessment Ratio in the Project at a meeting of Owners duly called and held in the manner provided for in the Declaration or Bylaws.

Developer, being the Owner of all of the Lots in the Project and acting as and on behalf of the Association and the Board, hereby adopts the foregoing Rules as the Maui Lani Village Center Rules and Regulations on behalf of the Association this 30th day of June, 2009.

MAUI LANI VILLAGE CENTER, INC.,
a Hawaii corporation

By Stacey Takaba
Name: Stacey Takaba
Title: President

Developer