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DATE: August 6, 2015

TO: Owners of Villas at Puali

FROM: Richard Roberts
Hawaiiana Management Company, Ltd.

RE: Amended House Rules

Aloha All,

As you may know, over the years, there have been amendments to the house rules of your community. While the amendments were necessary and served the community well, it was time to amend them for sake of efficiency and practicality.

After a thorough review by the Board of Directors, the amended house rules have been adopted by the Board on July 20, 2015 and are enclosed for your review. Please familiarize yourself with the rules. They will go into effect September 7, 2015.

Please feel free to contact me with any questions or comments at (808) 240-3218 ext 519 or via email to richardr@hmcmgt.com.

Sincerely,

Management Executive
Hawaiiana Management Company, Ltd.

HOUSE RULES

(Effective September 7, 2015)

FOR

THE VILLAS AT PUALI

These House Rules supplement but do not change the obligations of the owners of apartments in The Villas at Puali condominium project (the Project), and all occupants, tenants and guests thereof, as set forth in the Declaration of Condominium Property Regime of The Villas at Puali (the Declaration) and the Bylaws of the Association of Apartment Owners of The Villas at Puali (the Bylaws). Collectively the documents referred to in the preceding sentence may be referred to herein as the Documents. In the event of any inconsistency, the Declaration and the Bylaws, as the case may be, will control.

The primary purpose of these House Rules is to protect all apartment owners and other occupants, 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 by providing for the maximum enjoyment, comfort and security thereof or therein.

The Board of Directors (the "Board") of the Association of Apartment Owners of The Villas at Puali (the "Association") shall be responsible for enforcing these House Rules but such responsibility may be delegated to a managing agent (the "Managing Agent") by the Board. All apartment owners and other occupants, tenants and guests shall be bound by these House Rules and by standards of reasonable conduct whether covered by these House Rules or not.

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. USE.

1. USE OF APARTMENTS. The apartments shall be occupied and used by the respective owners thereof, their tenants and such owners' and their tenants' families and guests only for residential purposes and in compliance with the restrictions contained in the Declaration, the Bylaws and the respective apartment deeds. No apartment or limited common element of the Project shall be used for transient or hotel purposes, or in connection with the carrying on of any business, except as expressly permitted in the Declaration. Time sharing is prohibited.

B. TEMPORARY OCCUPANCY.

1. USE BY OWNERS, TENANTS AND GUESTS. Subject to the terms of the Declaration, Bylaws and such owners apartment deed, 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 Bylaws, and these House Rules, and the apartment owner shall assume responsibility for the occupants' conduct.

2. CONDUCT OF TENANTS, GUESTS AND OTHER PERSONS. An apartment owner shall be responsible for the conduct of his tenants and such owners and his tenants' family members and guests. An apartment owner shall, upon request of the Board or the Managing

Agent, immediately abate and remove, at his or its 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, or, 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 owner shall, upon request of the Board or the Managing Agent, immediately remove such person or persons from the premises, without compensation for lost rentals or profits or any other damage resulting therefrom.

3. OBSERVANCE OF LAWS. Every apartment owner and occupant shall at all times observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority, the Association or the Board applicable to the apartment and the Project.

C. PETS.

1. No livestock, poultry, rabbits, dogs, cats, birds or other animals or pets whatsoever shall be allowed or kept in any apartment or any other part of the Project, except that dogs, cats and other household pets (as determined by the Board) in reasonable number and size as determined by the Board.

2. In no case shall any animal prohibited by any applicable law (including Chapter 514A of the Hawaii Revised Statutes, as amended, or any rules and regulations promulgated thereunder) be allowed anywhere on the Project.

3. Except as otherwise provided herein, no pets shall be allowed on the common elements except in transit and when carried or on a short leash. Pets on leashes and at all times under the complete control of a capable person may be exercised or walked on the common elements. No owner or occupant shall permit his pets to produce or cause any waste or unsanitary material or condition anywhere on the common elements, and any such waste or unsanitary material or condition shall be immediately removed and disposed of or remedied by such owner or occupant.

4. Any pet which, in the sole judgment of the Board, causes a nuisance, unreasonable disturbance or threat to the health or safety of any owner, occupant or guest may be ejected from the Project on the demand of the Managing Agent; provided, however, that upon assessment of the severity of the nuisance, disturbance or threat caused by such pet, the Board, in its sole discretion, may give the pets owner an opportunity to remedy the situation short of ejection.

5. Notwithstanding the foregoing restrictions on pets or anything contained herein to the contrary, guide dogs, signal dogs, or other animals upon which disabled owners, occupants or guests depend for assistance shall be permitted to be kept by such owners, occupants and guests in their apartments and shall be allowed to walk throughout the common elements while on a leash, provided that such animals shall at all times be accompanied by their owners while present upon the common elements. If such a guide dog, signal dog or other animal causes a nuisance or unreasonable disturbance or poses a threat to the health or safety of any owner, occupant or guest, the owner thereof will be given an opportunity to rectify the problem by measures which fail short of ejection of the animal from the Project. Ejection will be required only if the Board reasonably determines that less drastic alternatives have been unsuccessful. If such an

animal is ejected, it will nonetheless be allowed to remain at the Project for a reasonable period of time while the owner thereof attempts to find a suitable replacement animal, provided that the problem is controlled to a sufficient degree that the continued presence of the animal during that time does not constitute an unreasonable imposition upon, or threat to, the safety or health of other owners, occupants or guests.

6. In no event shall the Board, the Association or the Managing Agent be or be deemed to be liable for any loss, damage or injury to persons or property caused by or arising in connection with any owners, occupants or guests pet, guide dog, signal dog or other animal. By acquiring an interest in an apartment in the Project each owner agrees to indemnify, defend and hold harmless the Board, the Association, the Managing Agent against any claim or action at law or in equity arising out of or in any way relating to such owners or occupants or guests pet, guide dog, signal dog or other animal.

7. Pets and other animals kept anywhere on the Project must be registered immediately with the Managing Agent.

D. COMMON AREAS.

1. OBSTRUCTIONS, USES. All sidewalks, walkways, recreational areas, if any, and roadways must not be obstructed or used for any purpose other than ingress and egress.

2. THROWING OBJECTS FROM BUILDING. Nothing shall be thrown or permitted to be thrown from windows, including specifically, but without limitation, cigarettes, matches, and fireworks of any kind.

3. TRASH DISPOSAL. Garbage, rubbish and other trash shall be disposed of only in receptacles and trash enclosures provided therefor. Trash containing food shall be securely wrapped before being placed in a receptacle.

4. AESTHETICS. No unsightliness within the public view is permitted within the Project. For this purpose, "unsightliness" includes but is not limited to the following: nondecorative gear, equipment, cans, bottles, ladders, trash, boxes, barrels, etc., stored or stowed in or on walks, etc.; or unshaded or improperly shaded lights that create objectionable glare.

5. GARBAGE/RECYCLE CANS SUPPLIES OR OTHER GOODS. No garbage or recycle cans, household or commercial supplies or other waste materials shall be placed outside any apartment area. Suggested placements of these items are in the garage, within a rear privacy fenced lanai or on the rear unfenced lanai within an approved enclosure provided by owner at his expense (Owner will submit a Design Request Application for suitable enclosure approval) - (Effective 08/15/16)

6. PERSONAL PROPERTY. No items of personal property, including baby carriages, bicycles, surfboards, packages, boxes or crates shall be left or allowed to stand on any of the common areas or outside any apartment area. Articles of any kind left in any of the common areas or common elements, will be removed at the owners risk and expense at the direction of the Board.

7. TERMITE INSPECTIONS. No less frequently than once each month, a) the Association, through the Managing Agent, shall cause the exterior of all buildings to be inspected

for evidence of termite infestation, and (b) the owner of each apartment shall inspect the interior of his apartment for such evidence. At least once each year, the Association, through the Managing Agent, shall cause the exterior and interior of each building (including the interiors of the apartments) to be inspected for termite damage. Each owner shall cooperate with the Association in providing access to his apartment for the purpose of such inspections. Any evidence of termite infestation or damage shall be reported immediately to the Managing Agent.

E. YARDS AND LANDSCAPING.

1. LANDSCAPING. No owner, tenant or guest shall disturb, cut, trim, damage or remove any of the trees located in the areas landscaped and maintained by the Association, nor harm, remove, disturb or damage in any way any other plants, shrubs, groundcover or other elements of landscaping in such areas, including such areas located in the limited common element yard areas in the Project, except as allowed in Section E.2 below.

2. PRIVATE YARDS. Each owner may have as a private yard area (“Private Yard”), that area adjacent to each Apartment as designated in the Declaration and further described in the Revised Design Guidelines. The purpose of a Private Yard is to give each owner the opportunity to plant landscaping of his/her own choice, or to grow vegetables, to expand the lanai area or to make other use of the area as the Design Committee may approve

Private Yards shall not be used for storage or in any manner in violation of the Documents, the House Rules or the Revised Design Guidelines. In the event an owner should allow a Private Yard to become unkempt or unsightly, in the opinion of the Board or the Design Committee, the Board shall direct the owner to remedy the situation to the satisfaction of the Design Committee. Should the owner fail to do so within a reasonable period, as determined by the Board, the Association shall have the right to remedy the situation and to maintain the Private Yard and any extra expense incurred thereby shall be a special assessment against the appurtenant owner.

F. PARKING.

1. PARKING. Parking is only allowed on driveways and the street. No owner may park or allow a guest to park in another owner’s driveway or in any part of a shared driveway.

Temporary or permanent parking of any boat, camper, trailer or recreational vehicle in any area of the Project shall be strictly prohibited.

Parking on any grass area in the community is strictly prohibited. Illegally parked vehicles may be towed at the homeowner’s expense.

All vehicles parked in the driveway for more than 10 business days must be in roadworthy (i.e. drivable) condition. Vehicles that do not meet this requirement must be stored in the garage.

2. GARAGES. Any owner, tenant or other occupant of an apartment may make any use of his or her garage, provided that such use does not violate the Declaration, the Bylaws, State or County law, regulation or code; nor may a garage be used as a bedroom.

3. REPAIRS. Owners and other occupants of the apartments washing, cleaning or polishing cars within the Project shall thoroughly clean the area immediately after such use. Extensive repairs of a motor vehicle or other equipment, or any repairs of a motor vehicle or other equipment which could cause damage, defacement or soiling of the area, shall not be permitted in any driveway or the common areas of the Project.

4. SPEEDING. Vehicles shall not be driven in excess of the posted speed limit on any driveway or roadway of the Project. Drivers are expected to observe traffic and directional signals for the safety of all and to exercise extreme caution in the operation of any type of vehicle within the Project.

5. RESPONSIBILITY FOR DAMAGE. Damage to cars and other objects or to the common elements shall be the responsibility of the person causing the damage.

6. VIOLATIONS. Any invitee of tenant of an owner who violates the parking regulations set forth hereunder shall have their cars towed away at their own risk, and the owner shall be responsible for payment of the towing charge.

G. NOISE AND NUISANCES.

1. No nuisance shall be allowed in the apartments or the common elements, nor shall any use or practice be allowed which is improper or offensive in the reasonable opinion of the Board or in violation of the Bylaws or these House Rules, or which unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the apartments and or the common elements by other owners or occupants.

2. Owners and other 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.

3. Radios, televisions, stereos, musical instruments, etc., in the apartments must be played at a reduced volume (not exceeding a decibel level established by the Board) after 10:00 p.m. and before 8:00 a.m.

4. Excessive noise at any time should be reported to the Managing Agent who will take appropriate action.

5. Noise due to departing guests, particularly at night, shall be kept at a minimum.

6. Wind chimes are prohibited.

H. BUILDING MODIFICATIONS.

1. Except as permitted by the Declaration or the Bylaws, nothing shall be allowed, done or kept in any apartment or the common elements of the Project which would overload or impair

the floors, walls or ceilings of the apartments or cause any increase in the ordinary - the cancellation or invalidation of any insurance maintained by or for the Association.

2. Except as set forth in the Declaration, no structural changes of any type shall be permitted either within or without an Apartment without prior consent and written approval of the Board and such other approvals as may be required by applicable law.

3. Except as otherwise provided herein or in the Documents, no sign, advertisement, bill or poster shall be inscribed, posted or exposed on the exterior of any apartment (other than the apartment number).

4. Except as otherwise provided herein, no projections shall extend through any window beyond the exterior face of the building.

5. Every owner from time to time and at all times shall perform promptly all repair, maintenance and alteration work within his apartment, the omission of which would adversely affect any common elements or any other apartment, and shall be responsible for all loss and damage caused by his failure to do so.

6. Maintenance of individually-owned apartments, including all of the items and fixtures included as part of the apartment in the Declaration, is the responsibility of their respective owners and or occupants. Accordingly, all repairs of internal installations within each apartment, such as water, light, gas (if any), power, sewage, telephone, sanitation, windows, lamps, and other fixtures and accessories belonging to such apartment, including the interior walls, floors and ceilings of such apartment (excluding any ceilings which are designated as common elements in the Declaration), shall be the responsibility of the owner of such apartment and made at such owners expense.

7. With respect to the limited common elements of the Project each owner of an Apartment is responsible for cleaning and otherwise maintaining the yard area and driveway appurtenant to his/her Apartment, except as that obligation may be assumed by the Association. Moreover, no one owner may repair or otherwise modify certain Limited Common Elements appurtenant to more than one unit (i.e., Driveway 1, Driveway 2, Driveway 3, etc.) without first obtaining the prior written consent of each other owner of the shared limited common elements; provided, however, that if the repair or modification is immediately necessary to prevent a condition which is likely to cause damage to either apartment to which it is appurtenant, or to remedy an unsafe condition, one owner may proceed with such repair or modification after giving each other owner prior notice thereof, and said other owner(s) shall be responsible for his/her pro rata share of the costs incurred in connection therewith. If each owner agrees to the repair or modification to be made to the shared limited common element, the repair or modification shall be made subject to the applicable restrictions set forth in the Declaration

In the event that one of the owners sharing the use of the shared limited common element driveways fails to meet said owners responsibilities with respect to the cleaning and maintenance of such driveways, any other appurtenant owner may present this dispute to the Board for its review. If the Board finds that the owner against whom the dispute was brought is, in fact, not

meeting his or her responsibilities with respect to cleaning and maintenance as set forth in this Section 7 and in the Declaration, the Board has the authority to charge said owner a reasonable fine for each month that he or she continues to neglect his or her maintenance responsibilities and the Board will remit this fine to the owner who brought the dispute before the Board; provided, however, that in no event shall said fee exceed a total of 50.00 per month.

8. Except as otherwise provided herein, no projections shall be attached to the outside walls of any building or the exterior of any door without the prior consent in writing of the Board.

9. No private radio, television or other outdoor antenna, except satellite dishes (size not to exceed current FCC regulation unless specifically approved otherwise by the board) will be erected or installed on the common elements without prior consent in writing of the Board of Directors and Design Committee. Allowable placement areas are the post, trim or overhang areas. Telecommunications are allowed in private areas with written notification to the Design Committee. Camouflage and preferred location may be required.

10. No additions or alterations to the original design of the apartment will be permitted which are visible from the exterior of the buildings.

11. All modifications or additions affecting in any way the common elements, or visible from the common elements or other apartments within the Project, must have the written permission of the board.

12. No air conditioning unit or system that is visible from the exterior of an apartment may be installed without the owner first obtaining the approval of the Board

I. EMPLOYEES OF THE ASSOCIATION.

Every owner, occupant or guest is to do his part and to use his influence on all members of his household to do their part towards abating unsightliness within the Project to the fullest practicable extent.

2. No maintenance employee shall be asked by an owner, occupant, tenant or guest to leave the common elements or to perform any tasks. Rather, the maintenance employee is under the direction of the Managing Agent and the Board.

3. Cleaning of individually owned apartments, including all windows, is a responsibility of the respective owners, occupants, tenants or guests.

J. HAZARDS

1. The common elements (other than specifically designated recreational areas, if any) shall not be used for recreational activities of any kind. Parents or legal guardians are, responsible for the appropriate supervision of minors at all times.

2. 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 benzine, or other explosives or other articles deemed extra hazardous to life, limb or property.

3. No activity shall be engaged in and no substance introduced into or manufactured within the buildings which might result in violation of the law or in the cancellation of the insurance or increase in the insurance rate on the buildings.

4. Due to an extreme fire hazard, hot metal work (welding or torch cutting/brazing) is strictly prohibited in any location within the Project, which includes the Apartment, garage and driveway.

K. GENERAL HOUSE RULES.

1. The Managing Agent is not required to give access to apartments or buildings without the written permission of the responsible owner, tenant or other occupant, or their authorized agent.

2. Owners, tenants and other occupants shall file their name, address and telephone 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.

3. Each owner and tenant shall be responsible for the keys to locked entrances to his apartment. However, to facilitate the right of access provided by the Bylaws to the Managing Agent or the Board, each owner may, but shall not be required to, furnish keys to the Managing Agent. If an owner or tenant desires to furnish keys to the Managing Agent, such owner or tenant shall execute a release and indemnification agreement in a form provided by the Board agreeing that the owner or tenant releases the Managing Agent and the Board of and from any and all liability and indemnifies and holds harmless the Managing Agent and the Board from any claims, damages or liabilities that may be incurred by the Managing Agent or the Board in connection with such keys being furnished to the Managing Agent. The delivery of such keys shall be at the sole risk of such owner or tenant, and the Managing Agent and the Board of the Association shall not be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith. If an owner or tenant elects not to furnish keys to the Managing Agent and an emergency arises requiring a forcible entry into the apartment, the owner or tenant of the apartment shall be solely liable for all costs and expenses arising in connection with such forcible entry, including all costs of replacement or repair to any part of the apartment or common elements damaged by the forcible entry.

4. Each owner and tenant shall assume full responsibility for protecting his apartment, automobile(s), and the contents thereof from theft, robbery, pilferage, vandalism and other loss.

5. Toilets, sinks, and other water apparatus in the apartments or anywhere on the Project shall not be used for any purpose other than those for which they were designed, nor shall any

sweepings, rubbish, rags, sanitary napkins, diapers or other articles be thrown into them. Any damage anywhere resulting from misuse of any toilets, sinks or other water apparatus in an apartment shall be repaired and paid by the owner of such apartment. Any such damage resulting from misuse of any toilets, sinks or other water apparatus on the common elements (if any) shall be repaired at the direction of the Board, and the cost of repair shall be paid by the person(s) responsible for such misuse unless the person(s) responsible cannot be identified, in which event the costs of repair shall be borne by all apartment owners as a common expense.

6. Each owner shall observe and perform these House Rules and ensure that his tenants and such owners and his tenants' family members and guests also observe and comply with the Declaration, the Bylaws, and these House Rules. Owners will be responsible for their tenants' and such owners' and their tenants' family members' and guests' observance of the House Rules as set forth herein. In the event expenses are incurred due to violations of these House Rules by any such person or persons for whom an owner is responsible, the owners shall pay for such expenses, including reasonable attorney's fees.

7. If the immediate service of the Kauai Police Department, the Fire Department, the Paramedics, an Ambulance or Doctor is required, 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.

L. VIOLATIONS OF THESE RULES.

1. REPORTING VIOLATIONS AND DAMAGES.

(a) All corrective actions regarding violations of the House Rules and damages to the common elements may be enforced by the Board and should be reported promptly to the Board or the Managing Agent.

(b) Damages to common elements may 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 damages caused directly or indirectly by his tenants or such owners or his tenants' family members or guests.

(c) All persons shall comply with and cooperate with the requests of the Managing Agent with respect to matters of personal conduct in and about the common elements.

(d) The fine schedule is: first report is a written warning, second report is a \$50 fine, third report is a \$100 fine, fourth report is a \$200 fine which will continue to collect at \$200 increments thereafter until the violation has been corrected and approved by the board. All violations are mailed through the United States Postal Service to the address of the owner on file.

2. THE VIOLATION OF ANY OF THESE HOUSE RULES SHALL GIVE THE BOARD, THE MANAGING AGENT OR THEIR AGENTS THE RIGHT TO:

(a) ENTER THE APARTMENT 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 OR NOT CAUSED BY THE OWNER OR BY ANY PERSON FOR WHOSE CONDUCT THE 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) 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).

(c) MAY LEVY FINES IN ACCORDANCE WITH THE PROCEDURE SET FORTH IN THE BYLAWS.

M. AMENDMENTS.

These House Rules may be amended in the manner set forth in Article X, Section 1 of the Bylaws.

N. INCORPORATED AMENDMENTS

This document incorporates all amendments made to the House Rules prior to April of 2015 and supersedes all previous version of the House Rules.