

KA MALANAI AT KAILUA COMMUNITY RULES

A. PURPOSE OF THESE RULES

The purpose of these Community Rules (these "Rules") is to protect all owners and occupants of the Ka Malanai at Kailua community (the "Community") from annoyance and nuisance caused by improper use of the Units and also to protect the reputation and desirability of the Community and to provide for the maximum enjoyment of the Community. These Rules supplement, but do not change, the obligations of Unit owners and other persons using the Community as set forth in the Declaration and the Bylaws. In the event of any inconsistency between these Rules and the Declaration and the Bylaws, the Declaration and the Bylaws, in that order, will prevail. The Board has the authority to make such other rules or to amend these Rules from time to time as the Board deems advisable for the safety, care and cleanliness of the Community and for securing the comfort and convenience of all the owners and occupants of the Community, as provided in the Bylaws. The full authority and responsibility for enforcing these Rules may be delegated to a managing agent or resident manager by the Board. All owners, occupants and their Guests shall be bound by these Rules and by standards of reasonable conduct whether covered by these Rules or not; provided, however, that neither the Board nor the managing agent shall be responsible for any noncompliance with or violation of these Rules by owners, occupants or their Guests.

B. TERMINOLOGY

1. Agent. Any real estate broker, corporation, firm or individual empowered to act on behalf of any Unit owner.
2. Association. The Association of Unit Owners of Ka Malanai at Kailua.
3. Board. The board of directors of the Association.
4. Building. Structures identified as buildings on the Condominium Map, if constructed.
5. Bylaws. The Bylaws of the Association, as amended from time to time.
6. Community. Ka Malanai at Kailua Community.
7. Community Rules. Community Rules for Ka Malanai at Kailua.
8. Condominium Map. Map illustrating site plan for Ka Malanai at Kailua.
9. Declaration or Ka Malanai Declaration. The Declaration of Condominium Property Regime of Ka Malanai at Kailua, as amended from time to time.
10. Design Guidelines and/or Architectural Standards. These terms, together or individually, refer to the standards set forth at Section F.6.2 of these Rules.

11. DRC. This term refers to the Community Design Review Committee, if any.
12. Guest. A person who resides other than at the Community and visits the Community for a period of time at the invitation of an occupant.
13. Managing Agent. The agent engaged by the Board for management and operation of the Community, pursuant to the Declaration and the Bylaws.
14. Occupant. A person who occupies a Unit.
15. Owner. The owner or owners of record of a Unit.
16. Unit. A unit in the Community.
17. Vehicle or Vehicles. This term refers to automobiles, trucks, golf carts, motorcycles, motor scooters and mopeds.
18. All terms defined in the Declaration and in the Community Rules with initial capitalization shall have the same meaning as set forth in the Declaration.

C. OCCUPANCY OF UNITS

1. Record of Occupants. Each Owner and Occupant shall file his or her name, address and phone number with the Board or the Managing Agent upon purchasing or taking occupancy of a Unit.
2. Number of Occupants. Occupancy shall be in accordance with any limitations imposed by State or municipal law or ordinances and the Declaration and Bylaws.
3. Absent Owner. An Owner shall be responsible for designating a local Agent to represent his or her interest if he or she will be absent from the Unit for more than thirty (30) days. The Owner shall file with the Managing Agent his or her address and telephone number and the address and telephone number of the Agent. At his or her expense, the Owner shall have his or her Agent or some other designated person conduct periodic inspections of the closed Unit, assuming responsibility for the contents of the Unit.
4. Children. An Occupant of the Community shall be responsible for the conduct of his or her children at all times and shall ensure that their behavior is neither offensive to any Owner or Occupant nor damaging to any portion of the Community. Children are not permitted to play in the parking areas.
5. Guests. Owners and Occupants are responsible at all times for the reasonable conduct of their Guests.
6. Nameplates. Nameplates and names, including those affixed to mailboxes, shall be placed only in places and in the form approved by the Board and are subject to the size restrictions of the Design Guidelines herein at Section F.6.2.

7. Security. Owners, Occupants or Guests who entrust the key to a Unit, vehicle or other item of personal property to an employee of the Board or of the Managing Agent, do so at the sole risk of such Owner or Occupant or Guest and neither the Board nor the Managing Agent shall be liable for any resulting injury, loss or damage of any nature whatsoever.

8. Emergencies. If the immediate services of the police department, the fire department, an ambulance or doctor are required, the desired agency or person should be called directly. Any emergency, particularly such emergencies as flooding, fire, theft, etc., should also be brought to the attention of the Managing Agent or the resident manager, if any.

9. Electrical Equipment. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit 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 in such Owner's Unit.

10. Water Facilities. Toilets, sinks, and other water or sewer facilities in the Community shall not be used for any purpose other than those for which they were designed. Sweepings, rubbish, rags or other articles shall not be thrown into such facilities. Any damage resulting from misuse of any toilet, sink or other water or sewer facilities in a Unit shall be repaired by the Owner of such Unit at his or her sole expense.

11. Prohibited Activities. No activity shall be engaged in and no substance introduced into or manufactured within a Unit or the Community which might result in a criminal or civil violation of the law or which may overload or impair the structural integrity of a building or result in the cancellation of the insurance or increase in the insurance rate for the Community.

D. RENTALS/TEMPORARY OCCUPANCY

1. Use By Lessees, Tenants and Guests. Time shares and transient vacation use of Units is not permitted under the Declaration. Owners who permit occupancy of their Units by others shall convey a copy of these Rules to the Occupant. Each Owner shall be responsible for the actions or omissions of all Occupants of his or her Unit and their Guests.

2. Conduct of Tenants and Guests. An Owner shall, upon the request of the Board, immediately abate and remove, at the Owner's expense, any structure, thing or condition that may exist with regard to the occupancy of a Unit by the Owner's tenants and/or Guests contrary to the intent and spirit of these Rules. If the Owner is unable to control the conduct of the tenants or Guests, the Owner shall, upon request of the Board, immediately remove such tenants or Guests from the Community, without compensation for lost rentals or any other damage resulting from such removal.

3. Appointment of Local Agent. Owners shall be responsible for designating a local Agent to represent the Owners' interests if their residence is outside the State of Hawaii. Such Owners shall file with the Board the name, address and telephone number of the Agent.

4. Notice. The Board shall be notified by the Owner or his Agent of the name and duration of stay of any tenant or Guest.

E. COMMON ELEMENTS, LANAIS, RECREATION AREAS

1. **Aesthetics.** No Owner or Occupant shall permit an unsightly condition to be maintained in open view from such Owner's Unit or the limited common elements appurtenant thereto or any adjoining common elements of the Community, and in particular, nothing shall be hung from windows and lanais. For the purpose of this provision, "unsightly condition" includes, but is not limited to, the following: litter; trash containers, except as specifically provided; broken or excessively scarred furniture; inoperative or broken vehicles, machinery or equipment or parts thereof; non-decorative gear, equipment, cans, bottles, ladders, crates or barrels, uncovered barbeque facilities (including damaged or tattered or discolored covers); unshaded or improperly shaded lights that create objectionable glare; and weeds, untrimmed grass and other uncultivated plant life. No shades, awnings, blinds, shutters, drop blinds, or window guards shall be used without the prior approval of the Board.

2. **Lanais.** Lanais may be furnished appropriately with chairs, lounges and small tables and shall be kept in an orderly manner. Potted plants are permitted and limited types of recreational equipment, to the extent provided below, may be kept on the lanais. Barbeque grills are prohibited on all lanais. Garments, rugs, mops or other objects shall not be dusted or shaken from windows and lanais or cleaned by beating or sweeping on the lanais or any exterior part of the buildings. No Improvement shall be nailed, bolted, or otherwise attached to the floor, walls, or any other portion of the lanais. Except as specifically provided in these Community Rules, no hanging screens, banners, or wind chimes and no other such accoutrement, which may be visible from any other Unit, the common elements, or the Community are permitted on any portion of the lanais. A limited number of surfboards and bicycles may be stored on a lanai, provided that the Board may establish a uniform limit for the number of bicycles and/or surfboards that may be kept on a lanai or lanais of a Unit. Bicycles and surfboards kept on lanais must be organized in a neat and orderly manner and the Board may establish uniform rules regarding such standards. Except as specifically provided in these Community Rules, lanais may not be used for storage of any type, including, without limitation, boxes, tools, exercise and sports equipment, cleaning utensils and supplies, or other household items. Any plants placed on lanais must have sufficiently large receptacles to contain all drainage from such plants, and must not be allowed to collect condensation or moisture between the receptacles and the floor of the lanais.

3. **Public Ways.** The sidewalks, driveways, paths, and passageways of the Community must not be obstructed or used for purposes other than ingress and egress. Items of personal property shall not be left, parked or allowed to stand in any part of the common elements so as to interfere with ingress and egress. Items left in violation of this section will be removed at the Owner's risk and expense at the direction of the Board. Surfboards and bicycles and related items shall not be left or allowed to stand on any part of the Community, other than within the confines of a Unit or any storage area set aside or assigned for such purposes. Bicycles, skateboards and related vehicles shall not be operated on walkways or sidewalks or within the parking areas.

4. **Bicycles and Recreational Equipment.** Skateboards, windsurfers, paddleboards, kayaks, and recreational equipment of any and all kinds, excepting only a limited number of bikes and surfboards, may not be kept or stored on the Unit's lanai. No recreational equipment of any kind may be stored in any portion of a parking stall serving a Unit, or in the common elements, except in areas specifically identified for such purpose and as approved by the Board, provided, currently, there is no public storage area within the Community for recreational

equipment of any kind. Rules for access and use of such storage area may be established by the Board, and except as specifically permitted in this section, all recreational equipment described in this Part E must be stored within the Owner's Unit, out of public sight.

5. Barbeques. Barbecues and their use are not permitted on the lanais of any Unit. Barbequing shall include, but shall not be limited to, the broiling of any food items over a charcoal fire, gas grill, or electrical grill. Barbecue facilities may be available in the courtyard areas of the Community on a first-come, first-served basis, unless and until the Board establishes a reservation system for the use of one or more (but not all) of the courtyard barbeque areas.

6. Lost Property. Neither the Board nor the Managing Agent or resident manager, if any, shall be responsible for packages or other deliveries or personal property left at doors of Units or any other undesignated place in the Community, or left with any employee of the Association.

7. Soliciting. No soliciting of goods and services, or religious or political activities shall be permitted on or at the Community unless approved by the Board or authorized by the Declaration.

8. Signs. No Owner or Occupant may erect, affix or place any signs or other advertising materials in front of or on the common elements visible from any point outside of his or her Unit, without the prior approval of the Board and except as provided in the Architectural Standards herein at Section F.6.2.

9. Clothes Lines. No clothes lines or other outside clothes drying or airing facilities shall be permitted on any part of the common elements or lanais so as to be visible from other Units or the common elements of the Community.

10. Removal of Items. Any item creating a nuisance or hazard within any Unit or the common elements shall be removed promptly upon the request of the Board or the Managing Agent.

11. Protection of Common Elements. Furniture, furnishings and equipment, if any, within the common elements have been provided for the safety, comfort and convenience of all residents and Guests and shall not be altered, extended or removed or transferred to other areas without permission from the Board or the Managing Agent.

12. Fireworks. There shall be no shooting of fireworks of any type at any time in, from or around the Community.

13. Trash Disposal. Garbage, rubbish and other trash shall be disposed of only in receptacles or plastic bags, and must be placed only in areas provided therefor. Trash containing food shall be securely wrapped before being placed in a receptacle. Under no circumstances should any trash items be left in any Unit's entry area, any hallway, lanai, or the stair areas, or within any trash chute room.

F. MAINTENANCE, REPAIRS AND MODIFICATIONS

1. Maintenance of Units.

(a) Every Owner shall at all times promptly perform all repair and maintenance work within his or her Unit, the appurtenant limited common elements, if any, for which the Owner is responsible pursuant to the Declaration and the Bylaws, and shall be responsible for all loss and damage, including loss or damage to any common element or any other Unit, caused by his or her failure to do so.

(b) All repairs and maintenance of internal installations within each Unit such as water, electric power, sewage, telephone, air conditioning, sanitation, doors, windows, lamps, and all other fixtures and accessories belonging to such Unit, including interior walls and partitions and the inner decorated or finished surfaces of the perimeter walls, floors and ceilings of such Unit, shall be at the Owner's expense.

2. Painting. It is intended that the structures of the Community shall present a uniform appearance and to that end, the Board may require the painting of exterior walls, doors and trim of all or part of any structure or Unit or fence and regulate the type and color of paint used. The Board is authorized to contract for said painting and to make payment therefor out of the maintenance fund, in the case of common elements or limited common elements.

3. Reserved.

4. Structural Changes. No structural changes of any type shall be permitted to a Unit except as permitted under the Declaration and the Bylaws. No additions or alterations to the original design of a Unit, which are visible from the exterior of any Unit, shall be permitted except as authorized pursuant to the Declaration and the Bylaws.

5. Antennas And Satellite Dishes

(a) Antennas

Antennas such as AM radio, FM radio, amateur ("HAM") radio, Citizen's Band (CB) radio, and digital audio radio service ("DARS") signals are prohibited.

(b) Satellite Dishes

Satellite Dishes in excess of one (1) meter (39.37") are prohibited. Satellite dishes smaller than one (1) meter (39.37") may only be installed in areas under the exclusive use or control of the Owner. Satellite dishes are prohibited in the common elements of the Community, such as on lanai railings or exterior walls, and such units may not be attached to a lanai floor. Owners are responsible for determining whether the proposed location is a common element of the Community, and if in doubt, the Owner should consult the management company (generally, common elements include everything in the Community other than the air space in an Owner's Unit). In the event an Owner installs a satellite dish or a component of the satellite dish, including without limitation the wiring, on, under, through or over a common element, such as a lanai railing, wall, exterior window frame or exterior door frame, the Association may remove such satellite dish or component at the Owner's expense. The costs of such removal

shall be an assessment against the Owner's Unit, and may be enforced pursuant to the terms of the Declaration.

Where possible, all components of the satellite system should be concealed from public view (for example, below the railing on the lanai). In instances where the Owner can demonstrate that installation in an area not visible to the public would cause an unreasonable increase in the expense of installation, maintenance or use of the system, or would prevent reception of acceptable signal quality, installation in a location in an area visible to the public may be appropriate with Board approval. For example, placement of the satellite dish in the airspace above the lanai railing in a Unit could be an appropriate location, provided, however that in no instance may an Owner place the satellite dish in such a manner that the satellite dish extends over the lanai railings or onto other common elements. Submission of documents supporting the Owner's position that installation in a location visible to the public is appropriate shall be made at least thirty (30) days prior to installation of a system. In this circumstance, the DRC may retain its own expert to confirm that installation in the proposed location will cause an unreasonable increase in the expense of installation, maintenance or use of the system, or would prevent reception of acceptable signal quality.

(c) Severability

In the event that any of these Rules regarding antennas and satellite dishes is declared to be invalid or of no effect, the remaining sections, paragraphs, sentences, clauses, phrases or parts thereof shall be in no manner affected thereby but shall remain in full force and effect.

6. Ka Malanai Architectural Standards.

Subject to the limitations contained in the Declaration, the Board has the responsibility for preserving and maintaining architectural and landscaping standards with respect to improvements to Units within the Community. The primary objective of the Board in meeting this responsibility is to insure harmonious aesthetic relationships between individual buildings and their sites and to insure compatibility of each Unit and its improvements with the architectural and landscaping standards which prevail within the Community as a whole.

The Board will attempt to accommodate the desires of individual Unit Owners; but given its primary responsibility of maintaining and preserving the architectural and landscaping standards developed under the protection of the Declaration and these Architectural Standards, the Board cannot - and will not - approve designs and materials that, in its opinion, will have an adverse effect upon the architectural and landscaping standards of the Community. If determined appropriate by the Board, the Board may establish a Community design review committee (the "DRC") to enforce the Architectural Standards set out in these Rules. The DRC shall consist of no fewer than three (3) but no more than five (5) members and shall have exclusive jurisdiction (concurrent with the Board) over all construction on any portion of the Community and over all modifications, additions or alterations made to improvements on the Community that are subject to these Community Rules.

6.1. Compliance and Approval. All improvements and modifications to Units and their appurtenant limited common elements must be approved by the Association and must comply with all applicable statutes, ordinances, codes, rules and regulations. The listing of items in the

Architectural Standards below does not indicate the likelihood of the Board's approval as all improvements shall be controlled by the specifications in the Declaration.

6.2. Specific Architectural Standards.

(a) Landscaping & Trees. Owner shall comply with all rules adopted by the Board applying to all streets within the Community. With respect to Planting Strips as defined in the Declaration:

- (A) It shall be unlawful for any person to prune, or remove trees growing in the Planting Strip Area.
- (B) It shall be unlawful for any person to plant trees in the Planting Strip Area.
- (C) It shall be unlawful for any person to injure or destroy trees in the Planting Strip Area in any manner or by any means, including but not limited to:
 - (1) Constructing a concrete, asphalt, brick or gravel sidewalk or otherwise filling in the ground area around any tree so as to shut off the air or water from the roots.
 - (2) Piling building materials, equipment or other substance around any tree so as to cause injury.
 - (3) Pouring any deleterious or poisonous matter on or around any tree, or on the ground, sidewalk or lawn.
 - (4) Posting any sign, advertisement, or notice on any tree, tree stakes or guard or fastening any guy wire, cable, or rope to any tree, tree stake, or guard; provided, however, that under supervision of the City and County of Honolulu Director of Planning and Permitting, warning, traffic and official notices may be temporarily installed or placed on tree trunks.
 - (5) Damaging any tree stake, or guard with a vehicle or animal, or in any other manner causing injury to any tree.

(b) Screen Doors.

Until such time as the Board or DRC has adopted a uniform standard for screen doors, Board or DRC approval is required prior to installation. Once a uniform standard has been approved, Owners must file a design review request prior to installation, but no fee will be charged.

(c) House Decorations.

Temporary holiday or special event decorations shall not be installed more than 30 days preceding a holiday or event and shall be removed no later than 15 days after the holiday or event.

(d) Blinds.

No shades, awnings, blinds, shutters, drop blinds, or window guards shall be used on lanais without the prior approval of the Board. At minimum, if approved (and the Board may in its sole discretion withhold approval), any approval of lanai and/or balcony blinds, etc. (as aforescribed) shall be conditioned as follows:

- i. No garish or "loud" colors shall be used.
- ii. Blinds shall be maintained at all times.
- iii. Blinds shall be rolled and/or adequately tied down during periods of high winds to avoid slapping and banging, causing annoyance to adjacent residents.

(e) Disposal of Construction Waste and Debris.

Each Owner shall be responsible for promptly disposing of construction waste and debris and for keeping the public, private and common elements free of waste and debris at all times. There is no dump site available within the Community.

(f) Signs.

Unless approved by the Board, as appropriate, no signs whatsoever, including without limitation, commercial, political or similar signs, visible from the street shall be erected or maintained upon on any Unit except:

- i. Such signs as may be required by legal proceedings;
- ii. Not more than one "For Sale" or "For Rent" sign having a maximum face area of six (6) square feet, such sign to refer only to the premises on which it is situated; and
- iii. Signs erected by the Board or by the Declarant.

(g) Reflective Finishes and Window Tinting.

All window tinting installations are subject to review. While Owners are generally concerned with the levels of light and heat transmission, the Board's review focuses on light and heat reflectance. Applications for window tinting shall be accompanied by a manufacturer's specification sheet and a minimum 3" x 5" sample. Metallic finishes are discouraged. Highly reflective window tinting which creates glare on adjacent properties or streets is specifically prohibited.

(h) Air Conditioning Systems.

Window unit air conditioner systems are prohibited and may not be installed. No variance from this prohibition may be granted as such installation may negatively impact the common element Building walls and result in building code violations.

(i) Refrigerators/Freezers/Washers/Dryers.

Refrigerators, freezers, washers, and dryers and storage boxes may not be located in parking stalls. Refrigerators, freezers, washers, and dryers and storage boxes may not be located in lanais so as to be visible from the street or neighboring properties.

(j) Window Coverings.

All window coverings shall be a shade of color that are harmonious with and not conflicting with the color scheme of the exterior wall surface of a Unit. Permitted color schemes for window coverings may be established by the Board and/or the DRC. Window coverings that differ from that described above shall be subject to the approval of the Board and/or DRC, as appropriate. Window coverings that conflict with the color scheme of the exterior wall surface as reasonably determined by the Board must be replaced with compliant window coverings if directed by the Board or DRC, as appropriate.

(k) Flooring and Submission of Design Approach and Laboratory Impact Isolation Tests for Initial and Replacement Hard Surface Floors.

(1) The floor system for the upper floors at Ka Malanai has been designed solely for floor covering with reduced sound transmitting qualities. The installation of ceramic tile, wood flooring, vinyl, and/or any other type of flooring (herein sometimes "hard flooring" or "hard surface floor(ing)") other than floor covering with reduced sound transmitting qualities (e.g. carpet, cork flooring, rubber flooring and similar items approved by the Ka Malanai DRC) is prohibited in all Units located above the first floor of residential units, except at wet areas (i.e. bathrooms and kitchens) and the entry areas unless permitted by the DRC in accordance with these Community Rules. The Owner of any Unit wishing to install a hard surface floor in locations other than the entry and wet areas must submit to the DRC such plans and specifications regarding the flooring and the noise mitigation measures and other information as are required by these Architectural Standards, together with a test report from a qualified acoustical testing laboratory clearly showing that the Impact Isolation Class of the flooring, underlayment and method of construction selected has a minimum rating of (Impact Isolation Class-58) IIC-58.

(2) No hard flooring installation or construction other than in the entry and wet areas shall be permitted until the information required in by this Section is submitted to and approved by the DRC, unless the DRC determines in their prudent judgment that the requirement should be waived. Submission of the required materials to the DRC shall be for the purpose of documenting the location and design of any hard surface flooring within the Community and to ensure that such flooring is designed and installed in a manner to mitigate the transmission of noise and is installed in a professional manner and with reference to appropriate standards. Installation of any hard surface flooring without compliance with each of the requirements set

forth in the Architectural Standards shall constitute a violation of these Rules, and subject the violating Owner to all remedies provided herein or by applicable law for such violation, including, without limitation, the levy of fines by the Association until such violation is removed from the Unit. Approval of the DRC is not an assurance or guarantee that noise will not be transmitted to other Units. In addition, and notwithstanding any Owner's compliance with the requirements of Section, if, following installation of any such hard surface floor in locations other than an entry or wet areas, the Owner of the Unit located beneath such installation lodges a reasonable and verifiable complaint with the Board concerning the sound impact of such flooring on the complaining Owner's Unit, the Owner installing such hard surface flooring shall, upon notice from the Board, given in the Board's sole discretion, cover at least sixty percent (60%) of the hard surface flooring within such Owner's Unit with rugs or carpeting in order to mitigate the impact to the complaining Owner, and the failure of the Owner notified by the Board to comply with the Board's requirement within sixty (60) days after receipt of that notice shall constitute a violation of this Declaration and subject the violating Owner to all remedies provided by this Declaration or applicable law.

(3) Without limitation of the foregoing, no hard surface flooring shall be installed in any Unit or any Limited Common Element without the approval of the DRC. Any Owner seeking the approval of the DRC for the installation of hard surface flooring shall submit such information and materials as the DRC shall require, including, without limitation, the following:

(i) A construction drawing clearly indicating the type of flooring to be installed and the underlayment to be provided to militate against impact noises such as footfalls. The drawing must clearly identify all materials, their composition and thickness.

(ii) A plan view drawing of the hard surface flooring area indicating the location of all adjacent partitions, cabinets, etc., with referenced details indicating the method of isolating the hard surface flooring along the entire perimeter.

(iii) A test report from a qualified acoustical testing laboratory clearly showing that the Impact Isolation Class of the construction selected has a minimum rating of IIC-58.

(iv) A copy of the installation instructions from the resilient floor underlayment manufacturer.

(v) The name, qualifications, and experience of the contractor who will install the hard surface flooring and resilient underlayment with a listing of such contractor's experience in the installation of floors utilizing impact insulation materials.

(vi) The proposed individual(s) who will oversee the installation in order to verify that the installation is in accordance with the manufacturer's requirements.

6.3. Solar Units. Solar units, as defined by the term "device" in HRS Section 196-7(f), may not be installed within the Community unless and until permitted by law then subject to the criteria therein established for such installation or as permitted by the Board following approval of any proposal for such installation by at least a majority of the Owners at a meeting held for the purpose of evaluating such action. In connection with affording such approval, the Board or

the DRC may condition its permission on such criteria as the Board or the DRC determines is appropriate to avoid jeopardizing the soundness or safety of the property or reducing the value of the property.

6.4. Architectural Review Procedures. The following procedures must be completed and approval granted by the Board prior to beginning construction of any alterations, or improvements and modifications to any Unit or limited common element subject to the Declaration which alter the structure of any Unit or its exterior appearance, and including the painting of additions or modifications made by the Owner. These procedures and the Board review and approval are only for compliance with the Community planning and design standards. Owners are responsible for obtaining any necessary County building permits and for complying with all applicable codes, ordinance and regulations. No application will be considered by the Board unless Owner is a member in good standing, i.e., has no outstanding violations of the Declaration and these Rules and Design Guidelines and is current in the payment of assessments.

Non-Applicability to Declarant. Except as expressly provided, the provisions of this Section or other provisions administered pursuant to this Section shall not apply to any property or Improvements owned or installed by the Declarant, and neither the Board nor, if appointed, the DRC shall have any rights of review or approval with respect thereto. Without limiting the foregoing, Declarant need not seek or obtain the approval of the DRC, the Board, the Association, or any Owner for any Improvement constructed, reconstructed, modified, or placed on any portion of the Community by Declarant. Further, any alteration, modification, or removal of any limited common element walls or floors shall, for a period of ten (10) years after the date a certificate of occupancy is issued for the last Unit in the Community, require the prior written consent of the Declarant unless Declarant has notified the Association, in writing, that it no longer desires to exercise such right of review and approval. In any case where the Improvements to be constructed within a Unit require the consent of any Mortgagee of the Owner, the Owner shall provide evidence to the DRC that such Mortgagee has consented to the proposed Improvements. Nothing in this section shall impair or diminish the rights reserved to Declarant under these Community Rules.

Step 1: Submit one completed copy of "The Community Association Application for Approval of Improvements Form" to the Board. This form can be obtained at the Community Association office or from the property manager's office.

Step 2: Submit three copies each of the building plan, for any improvements.

Building Plan (Scale 1/4 inch = 1 foot)

Detail drawings which clearly show the Owner's proposed modifications. For instance, for walls or fences, adequately scaled sections and details of walls and proper identification of the location of these details on the site plan are essential. Samples of materials (or alternate description acceptable to the Board) should be provided with the application.

Show plan (top view) in form elevation, all elevations (front, rear and side views), and cross-sections. If the proposed structure is to be connected to an existing structure, drawings must show the relationship to the existing structure and a detailed cross-section of the point of connection must be provided.

Building plans must include the type and finish of the exterior materials, which should usually match an existing structure's materials and colors. If the structure or structures are to be finished in a different color, samples of both existing and proposed colors must be on file or provided with the application.

Step 3: Each application must be accompanied by the appropriate review fee.

(a). Maintenance and Repairs Permit. No fee will be charged if the proposed work replaces existing materials and colors with substantially identical materials and colors.

i. \$50.00 fee will be charged for work that is not described by the above.

Applicable types of work:

Adding screen doors (unless waived by the Board or the DRC pending an adoption of a uniform standard) or other fenestration.

ii. Improvement Permit: \$200.00.

For building and structural work entailing any modifications to the Unit, regardless of construction cost.

iii. Resubmittals.

There is no charge for the initial resubmittal in response to the Board's comments. An additional 50% of the original fee will be charged for any subsequent resubmittals or for any resubmittal involving changes substantial enough to be considered a new design.

iv. Consultants' Fees.

If the Board determines that an application requires the review of a professional consultant, including architects, engineers and other professionals, the Board may charge the consultant's fees to the Owner (in addition to the Board's basic review fee); provided that before any consultant review is commenced, an estimate of the consultant's fee shall be determined and approved by the Owner in writing. The consultant may be a member of the Board.

v. Board Expenses.

The Board may charge any costs incurred by the Board or its members in connection with the Board's review of an application for Design Review. Such costs or expenses shall be in addition to the Board's basic review fee and any consultant's fee.

Note: The Board shall, in its sole discretion, determine the appropriate fee for each application. The above permit processing fees may be revised by the Board

as deemed necessary. The current fee schedule at any point in time is available in the property manager's office.

Depending upon the complexity and the adequacy of the plans, the review process by the Board may take from one (1) to six (6) weeks after receipt of a complete application package. The Board process will begin when the application and all required drawings and documents are received by the Board. Applications may be disapproved, approved, or approved with changes. If the plans are disapproved, the plans must then be revised to conform with the Board's design requirements and resubmitted for reconsideration and approval within 120 days in order to avoid additional application permit processing fees. Oral requests for approval or preliminary approval of proposed work that is subject to these Rules and regulations will not be accepted, either in person or over the telephone.

- Step 4: If the Board approves the application, with or without changes or subject to conditions, a permit will be issued, and the applicant shall then apply for any necessary permits or approvals as required by the County building department within 30 days after the Board permit is issued. Board permits are good for 120 days after issue. If start of construction is delayed beyond this date, a new permit must be obtained and the Owner will be required to pay any applicable permit processing fees. If, however, the building department fails to issue the necessary permits or approval within a reasonable time after the Board approves the application, the Board may authorize an extension to the 120-day period for a reasonable length of time. If the application is not approved, it must be revised to conform with the Board's requirements and resubmitted for reconsideration and approval within 120 days in order to avoid additional application permit processing fees. Oral requests for approval or preliminary approval of proposed work that is subject to these Rules and Architectural Standards and regulations will not be accepted, either in person or over the telephone.

The fact that an Owner has scheduled work, arranged financing, entered into a contract for materials or labor, received approval from County agencies having jurisdiction over related permit approvals, or will suffer any alleged hardships shall not be a basis for any modifications to the approval process required by the Board under the provisions of the Declaration and these Rules and Architectural Standards.

Contractors and suppliers may not submit plans, materials, or products for review to the Board. The Owner has the sole obligation to submit plans for work to be performed.

The application to and the review and approval by the DRC of any proposals, plans, or other submittals shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the respective Owner.

6.5 Penalties.

The Board will notify and/or fine Owners who violate these Architectural Standards as provided in this section. Owner shall be deemed to have received notice provided in this section three (3) business days following the deposit of the notice in the U.S. mail ("Owner's Receipt"):

- 1st Violation Letter - Board will notify Owner that the Owner must correct the violation within 30 days of Owner's Receipt of the foregoing notice.
- 2nd Violation Letter - Board will notify Owner via regular and certified mail that the violation must be corrected within 30 days of Owner's Receipt of the notice. The Owner will also be warned that there is a fine in the amount of \$100.00 if violation is not corrected by the deadline.
- 3rd Violation Letter - Board will notify Owner via regular and certified mail that the Owner is fined \$100.00 and that if the violation is not corrected within 30 days of Owner's Receipt of the foregoing notice, Owner will be fined an additional amount up to \$250.00.
- 4th Violation Letter - Board will notify Owner via regular and certified mail that the Owner has been fined \$250.00 and that if the violation is not corrected within 30 days of Owner's Receipt of the foregoing notice, the matter may be turned over to an attorney for enforcement. The legal fees for this effort will be charged to Owner.
- 5th and Subsequent Violation Letters - Following the 4th violation letter, the attorney retained by the Association will notify the Owner to remedy the violation and advise the Owner that the Owner will be assessed all legal fees and costs until the violation is corrected.

G. PARKING AREAS, ROADWAYS, GARAGES

1. Maintenance of Spaces/Driveways. Owners and Occupants shall be responsible for the cleanliness of their respective parking stalls, including the removal of any grease build-up. Stalls left unclean may be cleaned by the Association and a cleaning fee may be charged to the owner of the parking stall. No personal items, such as lumber, crates, potted plants, furniture, storage containers, or recreational equipment, shall be permitted in the parking stalls or driveways.

2. Observance of Signs. Drivers within the Community shall observe all traffic signs posted in the Community, whether by the appropriate authorities of the County or by the Association. Vehicles shall travel at no greater than five (5) miles per hour while within the Community.

3. No Impeding of Access. No vehicles belonging to an Owner or Occupant or to a family member, tenant, Guest, or employee of an Owner or Occupant shall be stopped or parked so as to extend into any portions of the roadways or sidewalks, or impede or prevent ready access to any entrance or any exit from the Community by another vehicle.

4. Parking in Proper Place. Only one vehicle is allowed to be parked in any parking stall and vehicles shall be centered in the parking stalls. No parking is allowed on any roadway or driveway except in designated areas (e.g., designated assigned Guest parking stalls and parking permitted zones on public streets). The use of "handicap" guest stalls, if any, is restricted to guests with disabilities using vehicles with the appropriate County handicap placard. Boats must be stored outside the Community. Vehicles parked in unauthorized stalls (which include vehicles not parked entirely within an assigned space) may be towed away at the expense of the Owner or operator thereof. Vehicles belonging to Guests shall be parked only in the spaces designated for guest parking. It is the responsibility of each Owner and Occupant to inform his or her Guests not to park in vacant stalls, other than those designated for guest parking, unless prior arrangements have been made for such use. Use of guest parking stalls by an Owner or Occupant shall be permitted only with special permission from the Board or the Managing Agent. No overnight parking shall be allowed in the Guest parking stalls, except by special arrangement with the Board or the Managing Agent. In the event of a conflict between this section and the Bylaws or Declaration, the Declaration and/or the Bylaws shall prevail. All "Loading" areas, if shown on the Condominium Map, are to be used for active loading, and shall not be used as parking stalls.

4.1 The Board may enforce restrictions on parking and adopt a policy of fines for violations. The Board may establish a fee for replacement of garage access passes, if any. The Board may also establish rules for use of the "USPS" parking stall identified in the Declaration and shown on the Condominium Map.

4.2 Vehicles shall not be parked anywhere in the Community except parking areas designated for parking of motorized vehicles. Subject to the terms below, only Authorized Vehicles may be parked in Community parking areas. "Authorized Vehicles" means motorized land vehicles designed and used primarily for non-commercial passenger transport, such as automobiles, passenger vans designed to accommodate ten (10) or fewer people, two-wheel motorcycles, pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less, golf carts and similar vehicles, and any vehicle owned, used, or authorized by Declarant.

4.3 Prohibited Vehicles shall not be parked, stored, or kept in any parking or other areas in the Community. "Prohibited Vehicles" means recreational vehicles (e.g., motor homes, travel trailers, camper vans, boats, 4-wheel all-terrain vehicles, dune buggies, etc.), commercial type vehicles (e.g., any vehicle with a commercial license plate, stake bed trucks, tank trucks, dump trucks, step vans, concrete trucks, trucks with any exterior commercial advertisement, or other similar vehicles, but excluding two axle pick-up trucks), trailers, inoperable vehicles or parts of vehicles, aircraft, other similar vehicles, or any vehicle or vehicular equipment deemed a nuisance by the Board including motorcycles, mopeds and other vehicles that are without quiet mufflers or have modified mufflers that exacerbate engine noise and exhaust to a limit that the Board or Managing Agent deem objectionable. Buses or vans designed to accommodate more than ten (10) people shall be restricted in their travel under such rules pertaining to safety and traffic circulation as the Board may adopt. Vehicles owned or engaged by the Declarant and the Association, or their contractors, vendors or suppliers for use in the construction or maintenance of improvements or common elements shall not be Prohibited Vehicles. Delivery

vehicles shall be restricted in their travel under such rules pertaining to safety and traffic circulation as the Board may adopt.

4.4 All Authorized Vehicles owned or operated by or within the control of an Owner or a resident of an Owner's Unit and kept within the Community shall be parked in that Owner's assigned parking stalls, if any. No vehicle shall be parked in any parking stall if the vehicle does not completely and clearly fit between the painted parking lines designated for a parking stall or otherwise physically fit wholly within the designated space or any other portion of the parking areas in the Community designed for ingress and egress of vehicles. There shall be no parking in the Community that obstructs free traffic flow, vehicular or pedestrian, constitutes a nuisance, violates the Rules or the Declaration, or creates a safety hazard. The parking areas in the Community shall be used for parking only and shall not be used for storage, living, recreational, business or solicitation purposes. No maintenance, repair, restoration, or construction of any vehicle shall be conducted on the Community. The terms of this section does not apply to Declarant or its assigns.

5. Condition of Vehicles. No repairs to automobiles, motorcycles or other motor vehicles shall be permitted within the Community; provided (i) a battery may be changed or replaced, or (ii) a flat tire may be changed. No racing of motors shall be permitted and all motor vehicles, including motorcycles and mopeds, shall be equipped with quiet mufflers. All vehicles parked in the Community shall be in operating condition with a current vehicle license and safety sticker required by law.

6. Towing of Vehicles. The Board and the Managing Agent are authorized to have towed away or removed at the Owner's expense any vehicle or equipment parked, located or used in violation of these Rules and shall not be subject to any claim for liability or damage in the exercise of such authority.

H. PETS

1. Pets. No livestock, poultry, or other animals whatsoever shall be allowed or kept in or on any part of the Community, except that dogs, cats, or other common household pets as described in the Bylaws, but collectively no more than two (2) such pets of whatever combination, may be kept by Owners and Occupants in their respective Units (e.g. one (1) dog and one (1) cat and no other pets, two (2) dogs and no cats and no other pets, two (2) cats and no dogs or other pets). Pets shall not be allowed on any common elements of the Community, including without limitation the grounds, the breezeway accesses (egress balconies) to Units and the elevators, except on a leash or when carried. Owners and Occupants shall be responsible for the immediate and proper removal and disposal of all fecal matter of pets while the pets (whether on a leash or carried) are on any common elements of the Community.

2. Registration. The Owner or Occupant of any Unit in which a pet is to be kept pursuant to these Rules shall register the pet with the Board or the Managing Agent prior to or immediately upon bringing such pet onto the Community.

3. Breeding. Pets shall not be kept, bred or used for any commercial purpose.

4. Damage. Any personal injury or property damage to the structures, grounds, flooring, walls, trim, finish, tile, carpeting, stairs or other portion of the Community caused by a

pet will be the full responsibility of the pet owner and the Owner of the Unit in which the pet is kept. Owners and Occupants shall be responsible for the immediate and proper removal and disposal of all fecal matter of pets kept in their Units.

5. Nuisance; Removal. Any pet which is a nuisance or causes unreasonable disturbance to any Occupant or causes damage to the Community shall be removed by its Owner or by the Occupant of the Unit in which it is kept promptly upon the request of the Board. For the purpose of this section, a consistent failure to immediately and properly remove and disposal of all fecal matter of pets may be considered a nuisance.

I. NOISE, NUISANCES AND HAZARDS

1. Hazards. No Owner or Occupant shall use or permit to be brought into the buildings or common elements of the Community anything deemed hazardous to life, limb or property, such as gasoline, kerosene, naphthalene or other combustibles of like nature, nor any gunpowder, fireworks or other explosives. No activity shall be engaged in and no substance introduced into or manufactured within the Community which might result in a violation of the law or in the cancellation of the insurance or increase the insurance rates on the Community, if any.

2. Nuisances. No nuisances shall be allowed on the Community and no activity or condition shall be allowed which is improper or offensive in the opinion of the Board or which is 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 Community by other Owners and Occupants.

3. Disturbances. Owners and Occupants shall not cause excessive noise of any kind and shall be considerate of other Occupants at all times. Occupants shall not make or cause, or permit their families or their Guests to make or cause, noises which will unreasonably annoy or interfere with the rights, comfort and convenience of other Occupants.

J. GENERAL RULES AND REGULATIONS

1. Employees of the Association.

(a) The Association's maintenance employees, if any, will use every effort to effectively care for the grounds of the Community. To the extent that such employees are unable to do so, every Owner or Occupant is to do his or her part and to use his or her influence on all members of his or her household to do their part towards abating unsightliness on the Community.

(b) Maintenance employees of the Association are under the sole direction of the Board and the Managing Agent, and during prescribed hours of work, they shall not be diverted to the private business or employment of any individual Owner or Occupant.

(c) No Owner or Occupant may require an employee of the Association to leave the common elements of the Community or to perform any personal tasks.

2. No Solicitation. No solicitation or canvassing is permitted in or about the common elements of the Community at any time.

3. Access to Units. The Managing Agent is not required to give access to a Unit without the written permission of the Owner thereof, a registered Agent of the Owner or a registered Occupant.

4. Observance of Law. Each Owner and Occupant will at all times keep his or her Unit in a strictly clean and sanitary condition and will observe, perform and abide by all laws, ordinances, rules and regulations now or hereafter made by any governmental authority and all restrictions, covenants, conditions, and provisions of the Declaration, the Bylaws, these Rules and any agreements, decisions and determinations duly made by the Association.

K. ENFORCEMENT OF RULES

1. Violations and Damages.

(a) All corrective actions with respect to violations of these Rules and damages to the common elements shall be enforced by the Board and should be reported promptly to the Board or the Managing Agent. The cost of such corrective actions, including any legal fees of enforcement, may be assessed by the Board against, and shall be paid by, the person or persons responsible, including, but not limited to, any Owner for costs incurred directly or indirectly related to such Owner's tenants or such Owner's, or his tenant's, family members, or Guests.

(b) Damages to common elements shall be surveyed by the Board or the Managing Agent or resident manager, if any, at the direction of the Board, and the costs of repair or replacement incurred, including any legal fees of enforcement, may be assessed by the Board against, and shall be paid by, the person or persons responsible, including, but not limited to, any Owner for damages caused directly or indirectly by such Owner's tenants or such Owner's, or his tenant's, family members, or Guests.

2. Complaints. Complaints and suggestions regarding the Community shall be made in writing to the Board or the Managing Agent.

3. Observance of Rules. Each Owner shall observe and perform these Rules and ensure that such Owner's tenants and Guests also observe and perform these Rules. The Owner shall be responsible if expenses are incurred due to violations of these Rules by such Owner's tenants, family members or Guests or the family members or Guests of such Owner's tenants.

4. Violation of Rules. The violation of any of these Rules shall give the Board, acting on behalf of the Association, the right to:

(a) In instances where the violation or breach threatens an immediate, substantial and undeniable threat to the life, limb or property of any Owner, Occupant or Guest, enter the Unit (or secure an order permitting entry into a Unit) 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 therein contrary to the intent and meaning of these Rules, and the Board shall not thereby be deemed guilty in any manner of trespass; and/or

(b) Enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation, and all costs and expenses, including attorneys' fees, shall be borne by the defaulting Owner (whether caused by the Owner or by any person for whose conduct the Owner may be responsible).

5. Fines. The Board will notify and/or fine Owners who violate these Rules (Note: Fines for violating architectural standards are established at Section F.6.5 of these rules) as provided as follows:

- 1st Step: Written warning when violation is observed.
- 2nd Step: Written notice plus \$50 fine (per offense) 30 days after 1st Step, if violation is not corrected.
- 3rd Step: Written notice plus \$100 fine (per offense) 30 days after 2nd Step, if violation is not corrected.
- 4th Step: Written notice (sent Certified and Regular Mail) plus an additional \$100 fine (per offense) 30 days after 3rd Step, if violation is not corrected. In taking this action, the Association shall reserve the right to take appropriate legal action to preclude the continuance of the violation(s).
- 5th Step: Violation letters – Attorney retained by the Association will notify the Owner to remedy the violation and advise the Owner that the Owner will be assessed all legal fees and costs until the violation is corrected.

L. AMENDMENTS

These Rules may be amended by the Developer, acting as the Association, at any time prior to the first meeting of the Board of Directors and thereafter, only by the Board at a duly called meeting, as provided in the Bylaws, and shall become effective when notice thereof is delivered to the Owners.

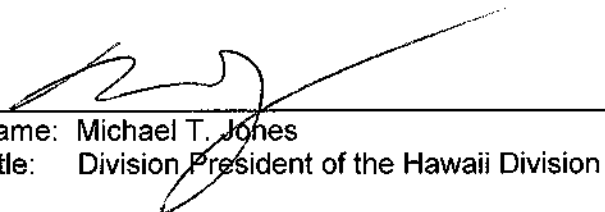
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The Developer, acting as the initial Association, hereby adopts the foregoing Community Rules as the Community Rules for Ka Malanai at Kailua on behalf of the Association this day of May 18, 2012.

D.R. HORTON-SCHULER HOMES, LLC,
a Delaware limited liability company,
dba D.R. HORTON-SCHULER DIVISION

By VERTICAL CONSTRUCTION CORPORATION,
a Delaware corporation
Its Manager

By


Name: Michael T. Jones

Title: Division President of the Hawaii Division