

Club Rules

SANDS OF KAHANA VACATION CLUB

The following rules and regulations ("Club Rules") have been established for the benefit of all Vacation Plan Owners and others who may use the Vacation Plan Units. All of the Club Rules here have been adopted pursuant to, and are governed by and subject to the provisions of the Vacation Plan Declaration. If there is a conflict between the Vacation Plan Declaration and these Club Rules, the Vacation Plan Declaration will control.

Part 1 — Definitions

- 1.1 "Club" means the Sands of Kahana Vacation Club, a Hawaii nonprofit corporation. The principal office of the Club is at 2255 Kuhio Ave., Suite 1550, Waikiki, Honolulu, Hawaii 96815. The Project includes certain Vacation Plan Units in the Sands of Kahana Leasehold Condominium at Kahana, Kaanapali, Lahaina, Island of Maui, State of Hawaii.
- 1.2 "Vacation Plan Declaration" means the Declaration of Covenants, Conditions, and Restrictions for Vacation Plan Ownership in the Sands of Kahana Vacation Club including attached By-laws, as recorded in the Bureau.
- 1.3 "Visitors(s)" means anyone a Vacation Plan Owner permits (such as a guest or a renter) to use a Vacation Plan Unit during such Vacation Plan Owner's Use Period, as well as anyone who uses a Vacation Plan Unit through an exchange program.
- 1.4 All of the defined terms (generally having the first letter capitalized) used in these Club Rules have the same meanings as defined in the Vacation Plan Declaration. A reference to "you" means a Vacation Plan Owner or visitor, as well as anyone using a Vacation Plan Unit through any exchange program, as the context requires.

Part 2 — How These Club Rules May Be Changed

The Board of Directors of the Club may revise these Club Rules from time to time, in its discretion to try to make things as manageable and fair as reasonably possible. However, the Board must first give all Vacation Plan Owners notice of the proposed change and, a chance to send in written comments on it. The notice must be given the same way notice of a meeting of the Club must be given under the By-laws.

Part 3 — Violations

Your failure, or the failure of your visitors, to abide by these Club Rules or the Vacation Plan Declaration may result in (i) your being fined or having other money penalties imposed and/or (ii) a suspension of your rights and privileges as a Vacation Plan Owner, including refusal of your future reservations requests.

Part 4 — Check-in Time and Check-out Time; Service Period

Check-in Time will be 5:00 p.m. and Check-out Time will be 11:00 a.m. The time between Use Periods is reserved exclusively as a Service Period for the cleaning, repair and maintenance of the Vacation Plan Units.

Part 5 — What Happens if Someone Fails to Leave

If you or your visitors fail to leave a Vacation Plan Unit at the end of your Use Period, this may result in the severe consequences described in Part 3 above and in the Vacation Plan Declaration. These include the following: (a) be subject to immediate removal, eviction, or ejection from the Unit wrongfully occupied; (b) be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction, or ejection (to the extent that such notices may be waived under Hawaii law); (c) reimburse the Vacation Plan Owner otherwise entitled to use the Unit for all costs and expenses incurred by him as a result of such conduct, including but not limited to costs of alternative accommodations, travel costs, court costs, and reasonable attorneys' fees incurred in connection with removing, evicting, or ejecting the Detaining Owner from such Unit; and (d) pay to the Vacation Plan Owner entitled to use the Unit during such wrongful occupancy, as liquidated damages, a sum equal to two hundred percent (200%) of the fair rental value per day of the Unit for each day or portion thereof, including the day of surrender, during which the Detaining Owner prevents occupancy of the Unit. If you are using a Vacation Plan Unit pursuant to an exchange through an exchange program, you will be treated as if you were the owner of the Assigned Unit and such severe consequences will also apply to you.

Part 6 — Inventory and Care of Interior Furnishings and Equipment

During the Service Period between each Use Week, the Managing Agent will conduct a complete inventory of the furnishings and equipment in each Vacation Plan Unit. When you or your visitors use a Vacation Plan Unit, you are responsible for any damage done to the Vacation Plan Unit and its Common Furnishings during your Use Period, other than normal wear and tear. Missing or damaged items will be charged to the Vacation Plan Owner who just left that Vacation Plan Unit, or whose visitor just left that Vacation Plan Unit. You should report any missing or damaged items of Common Furnishings and any damages to the Vacation Plan Unit to the Managing Agent as soon as possible after checking in; otherwise you may be charged for the missing items and/or damage. An accounting of the missing or damaged items and a bill will be either given at check-out or sent by the Club to the appropriate party. If you do not pay the charges, your reservation and use privileges may be suspended until the charge has been paid and you may also be fined. All Vacation Plan Owners and their visitors must remove all their personal property from their Assigned Unit at Check-out Time. Anything left in the Vacation Plan Units after Check-out Time will be treated as if it were abandoned.

Part 7 — No Building Modifications

You may not make any structural changes, reorganization or removal of furniture, wall hangings, or floor coverings or redecorating of any type within your Assigned Unit or other areas of the Project.

Part 8 — Maid Service

Maid service is provided without additional charge, to assure that your Assigned Unit will be clean and neat when you arrive. Additional maid service may be available to you for an extra charge. A charge will also be made to you for additional maid service caused by your (or your visitors') careless use and occupancy of a Vacation Plan Unit (see also Part 6 above). Charges for additional maid service are due and must be paid before you check out.

Part 9 — Pass Key

The Managing Agent has a pass key to all Vacation Plan Units. In case of an emergency, the Managing Agent or its employees may enter your Assigned Unit. If that happens, the Managing Agent will tell you, as soon as reasonably possible, why he entered your Assigned Unit.

Part 10 — Safety, Health and Other Rules

- 10.1 The Club reserves the right to require that potentially loud or disturbing activities (such as the use of musical instruments, hi-fi or stereo equipment, or late-evening entertaining) be stopped upon request.
- 10.2 No animals may be brought into the Project (including its Common Elements or any Vacation Plan Unit).

Part 11 — No Storage

The Club and Managing Agent are not responsible for any belongings left by you or your visitor at the end of your Use Period. Neither you nor your visitors may keep personal property on the premises (except in your Assigned Unit during your Use Period) unless specific areas (storage lockers, for example) are designated for such purposes by the Club.

Part 12 — Control of Children

Parents are responsible for the conduct of their children. Children are not permitted to play in corridors, elevators, parking areas, the lobby or any other part of the Common Elements designated as "off limits" for child play by the Club. "Children" means anyone under eighteen (18) years of age.

Part 13 — Maximum Occupancy

The maximum allowable occupancy for any Vacation Plan Unit is four (4) persons for a IRIS type unit, six (6) persons for a ORCHID type unit and eight (8) persons for a PLUMERIA type unit. The number is a lesser number in the governing Declaration if the occupants are not members of your immediate family. The maximum overnight occupancy limits may be lower for exchange purposes. You should consult your exchange materials for the precise exchange occupancies.

Part 14 — Guests and Renters

You may lend or rent your Use Period to others and may invite guests to share occupancy of your Assigned Unit during your Use Period(s), but you can't have more people than permitted by the maximum occupancy limits. The Managing Agent will not let anyone into any Vacation Plan Unit without written permission from the Vacation Plan Owner who has the right to use it at that time. If you intend to have a guest or renter use your Use Period, you must inform the Club in writing before the first day of the Use Week. Please state the name(s) and address(es) of the guest(s) or renter(s). When they check in, your guest(s) or renter(s) will be required to show proof of identification and sign a registration card.

Part 15 — Reservations

Subject to the terms and conditions in the Vacation Plan Declaration, for each Vacation Plan you own, you may reserve and then use a Vacation Plan Unit for one Use Week each Owner's Use Year. The Use Week reserved must be for the same Unit Type as owned and be in the Vacation Plan Owner's season (i.e., either Holiday Season or Regular Season). The following rules apply to any request for a reservation:

- 15.1 **All past due Assessments** (which include Basic Assessments, Special Assessments and Personal Charges, as well as all late charges, interest on past due amounts, attorneys' fees for collection and related costs) **must be paid and brought current before any reservation request will be considered and you and your visitors will be permitted to occupy a Vacation Plan Unit.**
- 15.2 With respect to a reservation relating to a Use Week in an Owner's Use Year other than the current Owner's Use Year, before the reservation can be confirmed by the Club an additional amount equal to the estimated Basic Assessment for such future Owner's Use Year, as reasonably determined by the Club from time to time, must have been paid by the Vacation Plan Owner requesting the reservation.
- 15.3 You must complete the form for requesting reservations and return it to the Club by the deadline for reservations. Forms will be supplied by the Club upon request. A request for a reservation shall be considered made when it is actually received by the Club.
- 15.4 Reservations will be for a minimum period of one Use Week, beginning at Check-in Time and ending at Check-out Time.

- 15.5 Requests for a reservation may not be made (and will not be considered if received) more than three hundred sixty-five (365) days before the first day of the Use Week desired.
- 15.6 Your reservation request must give two (2) alternative Use Weeks and you must state your order of preference. Your request must also say whether you intend to use or exchange the Use Week reserved.
- 15.7 Requests for reservations for Use Weeks will not be accepted later than forty-five (45) days before the first day of the Use Week sought to be reserved.
- 15.8 Reservations will not be valid until confirmed by the Club. Reservations will be confirmed in writing or by telegram.
- 15.9 Reservation requests will be confirmed on a first-come, first-served basis. If the Club receives reservation requests at about the same time and they cannot all be confirmed for a particular Use Week, the Club will confirm reservations to Vacation Plan Owners in a way which the Club considers fair, comparing the Assigned Units given in the past to those Vacation Plan Owners. It will also assign specific Vacation Plan Units on the same basis to try to give everyone an equal opportunity to use the most desirable Vacation Plan Units.
- 15.10 There must be a written reconfirmation of any reservation made more than ninety (90) days before the check-in date. If the Vacation Plan Owner fails to reconfirm at least forty-five (45) days before the check-in date, the reservation will be automatically cancelled.
- 15.11 You may make only one reservation per Owner's Use Year for each Vacation Plan you own.
- 15.12 You may cancel your reservation for a Use Week, without penalty, by giving notice at least thirty (30) days before the check-in date. If you cancel, however, you can't be sure that you will get another reservation in your Owner's Use Year. If you cancel your reservation less than thirty (30) days before the check-in date, you will be treated as if you had used the Use Week for which the reservation was made. Thus, you won't be able to reserve another Use Week during that Owner's Use Year.
- 15.13 Your right to reserve a Use Period, if not used during your Owner's Use Year, does not accrue or carry-over to the next Owner's Use Year.
- 15.14 You may not make a reservation if there is another reservation outstanding in your name. Of course, if you own more than one Vacation Plan, you may reserve one Use Week for each Vacation Plan you own.
- 15.15 Exchange of Use Week Through External Exchange Program. If you are a member of an exchange program and you want to exchange your Use Period through such exchange program, you should consult your exchange program directory and exchange membership material for the trading rules which govern exchange

reservation requests. You may exchange your Use Week providing the proper reservation procedures are followed with the Club.

- 15.16 Upgrade in Assigned Unit. Within forty-five (45) days of your check-in date, you may request a change in a Vacation Plan Unit with a greater Vacation Plan Unit Type Percentage than the one you own. The advance fee for such reservation shall be equal to the difference between the Basic Assessment of the desired Unit Type and the Unit Type you actually own. The Club will use its best efforts to accommodate such upgrade requests; however, the ability to do so is subject to Vacation Plan Unit availability on a first-come, first-served basis.
- 15.17 Additional Use. Any Vacation Plan Owner may reserve the use of a Vacation Plan Unit of any Unit Type in accordance with the following procedures:
- (a) Reservations will be confirmed as space is available only on a first-come, first-served basis. Additional Use reservations may be made for days in the Holiday Season.
 - (b) No reservation for Additional Use may be made more than thirty-seven (37) days prior to the date which is the first date for which such reservation is sought.
 - (c) No reservation for Additional Use may be made for a period extending beyond forty-four (44) days from the date the reservation is required.
 - (d) Reservations for Additional Use may be made in person, by telephone, telegraph, or mail.
 - (e) No reservation for Additional Use may be made by a person who then has another reservation for Additional Use outstanding **or if there is any unpaid Assessment due from such person**. A reservation for Additional Use must be for a Use Week or for a shorter period ending within the Use Week in which it commences.
 - (f) You will be required to pay, in advance of your use, a reasonable rental for such Additional Use, which rental shall be fixed from time to time by the Club.
 - (g) Reservations for Additional Use may be cancelled, without penalty, at any time prior to fourteen (14) days before the date which is the first date for which such reservation was obtained. If an Additional Use reservation is not used or is cancelled less than fourteen (14) days before the date which is the first date for which such reservation was obtained, you will be required to pay the Club a cancellation fee equal to one (1) day's rental.
- 15.18 If you have not used a Vacation Plan Unit during your current Owner's Use Year and you do not have a reservation otherwise outstanding for your current Owner's Use Year, you may make a reservation in the same manner as provided in Section 15.17 above for reserving Additional Use; provided, however, that no charge shall

be made for the use so reserved unless the Assigned Unit has a Vacation Plan Unit Type Percentage greater than the Vacation Plan Unit Type Percentage of your Unit Type. In such event, you will have to pay a fee, in advance of your using the Assigned Unit, equal to the difference between (i) the Basic Assessment for the Club Fiscal Year in which the Use Period occurs payable by a Vacation Plan Owner of a Unit Type which is the same as the Assigned Unit and (ii) the Basic Assessment for your Club Fiscal Unit Type. In the event your Unit type is larger, there will be no credit.

Part 16 — Late Charges, Interest, Attorneys' Fees and Other Costs

- 16.1 Late Charges. You are obligated to pay a late charge of the greater of Twenty Five dollars (\$25) or five percent (5%) of any amount due and payable to the Club pursuant to the Vacation Plan Declaration or these Club Rules which is paid more than five (5) days after its due date.
- 16.2 Interest on Past Due Amounts. You are obligated to pay interest at ten percent (10%) per annum on any amount due and payable to the Club pursuant to the Vacation Plan Declaration or these Club Rules which is paid more than five (5) days after its due date. Such interest shall be computed from the due date of such payment to the date actually received by the Club (based on the actual number of days between such dated and using a year of 365 days).
- 16.3 Attorneys' Fees and Other Costs. You are obligated to pay all necessary and reasonable attorneys' fees and other costs incurred in the collection of any amount due and payable to the Club pursuant to the Vacation Plan Declaration or these Club Rules which is more than sixty (60) days past due.

Developer hereby accepts the foregoing Club Rules pursuant to Paragraph 5 2(d) of the Vacation Plan Declaration and Section 4.2 of the By-laws on or as of the 15th day of March, 1994.

Consolidated Maui, Inc.

By (S) Michael Kaplan
Its Authorized Agent