

AMENDMENT TO
NANEA KAI COMMUNITY RULES

This AMENDMENT ("Amendment") to Nanea Kai Community Rules (the "Rules"), reference dated June 18, 2002, is made by D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba SCHULER HOMES (the "Developer").

RECITALS

A. Section H.1 of the Rules addresses pets in the Community and Developer wishes to clarify the rights of homeowners with respect to pets in the Community.

B. Pursuant to Section M of the Rules, Developer wishes to amend certain provisions of the Rules, as more particularly set forth below.

AMENDMENT.

Now, therefore, the Rules are hereby amended as follows:

Section H.1 entitled "Pets" is deleted from the Rules and amended and restated in its entirety as follows:


"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, in reasonable number, may be kept by Owners and Occupants in their respective Homes. Pets shall not be allowed on any common elements of the Community except on a leash or 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."

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The Developer has executed this Amendment on this 20th day of March, 2003.

D.R. HORTON – SCHULER HOMES, LLC,
a Delaware limited liability company,
dba Schuler Homes

By VERTICAL CONSTRUCTION
CORPORATION, a Delaware corporation
Its Manager

By 

Michael T. Jones
Its Executive Vice President

NANEA KAI COMMUNITY RULES

A. PURPOSE OF THESE RULES

The purpose of these Community Rules (these "rules") is to protect all owners and occupants of Nanea Kai residence community (the "Community") from annoyance and nuisance caused by improper use of the residences 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 residence 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 latter 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 residence owner.
2. Association. The Association of Home Owners of Nanea Kai.
3. Board. The board of directors of the Association.
4. Bylaws. The Bylaws of the Association, as amended from time to time.
5. Community. Nanea Kai residence community.
6. Declaration. The Declaration of Condominium Property Regime of Nanea Kai, as amended from time to time.
7. 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.
8. Home. A residence in the Community.
9. Managing Agent. The agent engaged by the Board for management and operation of the Community, pursuant to the Declaration and the Bylaws.
10. Occupant. A person who occupies a residence.

11. Owner. The owner or owners of record of a residence.
12. Other. All terms defined in the Declaration and in these rules with initial capitalization shall have the same meaning as set forth in the Declaration.

C. OCCUPANCY OF HOMES

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 Home.
2. Number of Occupants. Occupancy is limited to no more than two (2) persons per bedroom in each Home, not including children under the age of five (5) years, but in no event shall the number of Occupants per bedroom exceed three (3), including children under the age of five (5) years.
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 Home 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 Home, assuming responsibility for the contents of the Home.
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 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.
7. Security. Owners, Occupants or Guests who entrust the key to a Home, 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 Home 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 Home.

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 toilets, sinks or other water facilities in a Home shall be repaired by the Owner of such Home at his or her sole expense.

11. Prohibited Activities. No activity shall be engaged in and no substance introduced into or manufactured within a Home 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 on the Community.

D. RENTALS/TEMPORARY OCCUPANCY

1. Use By Lessees, Tenants and Guests. Owners who permit occupancy of their Homes 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 Home 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 Home by the Owner's tenants 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 AREAS, LANAIS, PRIVATE YARD AREAS

1. Aesthetics. No Owner or Occupant shall permit an unsightly condition to be maintained in open view from such Owner's Home or the limited common elements appurtenant thereto or any adjoining common area 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; unshaded or improperly shaded lights that create objectionable glare; and weeds, untrimmed grass and other uncultivated plant life. No shades, awnings 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. 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.

3. Public Ways. The sidewalks, driveways 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 or Common Driveways 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 Home 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. 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 Homes or any other undesignated place on the Community, or left with any employee of the Association.
5. 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.
6. 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 Home, without the prior approval of the Board.
7. Recreation Areas. Owner and Occupants may use any recreational facilities of the Community if developed in the future, provided that each Owner and Occupant shall assume all risk of personal injury or property damage that may result from the use of the recreational facilities by themselves or their family members and Guests. A Guest of any Owner or Occupant may use such facilities only when accompanied by such Owner or Occupant.
8. 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 Homes or the common elements of the Community.
9. Removal of Items. Any item creating a nuisance or hazard within any Home or the common elements shall be removed upon the request of the Board or the Managing Agent.
10. Protection of Common Areas. Furniture, furnishings and equipment, if any, of 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.
11. Fireworks. There shall be no shooting of fireworks of any type at anytime in, from or around the Community.
12. 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.
13. Private Yard Area Landscaping. Owners or Occupants of Homes shall not plant or place any potted tree(s) or other vegetation on any part of the Private Yard Area with root systems or foliage growth patterns which can impair any portion of the common elements or

utility services of the Community, and shall keep vegetation trimmed at all times so as not to interfere with the views of other Homes. Home owners should consult with the Managing Agent of the Board prior to landscaping or related activities in the Private Yard Area.

F. MAINTENANCE, REPAIRS AND MODIFICATIONS

1. Maintenance of Homes.

(a) Every Owner shall at all times promptly perform all repair and maintenance work within his or her Home, the appurtenant Private Yard Area and related Private Yard Area fences and Party Walls, if applicable, 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 Home, caused by his or her failure to do so.

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

(c) No Owner shall interfere with any other Owners' use of the Maintenance Easement that may affect the Owner's Private Yard Area. Such Maintenance Easement exists for the benefit of the adjacent Home and the maintenance of that Home.

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 of all or part of any structure or Home or fence or Party Wall 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 and in the case of individual Homes, the Board shall individually charge such sums to the respective Owners.

3. Private Yard Area Maintenance. It is intended that the Homes and the Private Yard Areas present an attractive appearance and to that end, the Board may require the maintenance repair and/or replacement of Private Yard Area landscaping and Private Yard Area fences where an Owner fails to comply with the Board's requirements. The Board is authorized to contract for such maintenance repair and/or replacement of Private Yard Area landscaping and to make payment therefor out of the maintenance fund in the case of common elements and in the case of individual Homes, the Board shall individually charge such sums to the respective Owners.

4. Structural Changes. No structural changes of any type shall be permitted to a Home except as permitted under the Declaration and the Bylaws. No additions or alterations to the original design of a Home, which are visible from the exterior of any Home, shall be permitted except as authorized pursuant to the Declaration and the Bylaws. The addition of air conditioner units is considered an alteration for the purposes of these rules.

5. Antenna. No private radio, satellite dish, television or other outdoor antenna will be erected or installed on or anywhere within, or attached to or protruding from, the Homes or the common elements.

G. PARKING AREAS, ROADWAYS, GARAGES

1. Maintenance of Spaces/Driveways. Owners and Occupants shall be responsible for the cleanliness of their respective garages, parking stalls and, if applicable, the appurtenant limited common element driveways, including the removal of any grease build-up. No personal items, such as lumber, crates, potted plants, furniture 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 on the Community, whether by the appropriate authorities of the City and County of Honolulu 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. No parking is allowed on any roadway or common 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 is restricted to guests with disabilities using vehicles with the appropriate county handicap placard. Boats, non-vehicular and personal items must be stored either within an enclosed garage or 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 visitor 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 visitor parking, unless prior arrangements have been made for such use. Use of visitor 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.

5. Condition of Vehicles. No major repairs to automobiles, motorcycles or other motor vehicles shall be permitted within the Community. No racing of motors shall be permitted and all motor vehicles 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.

7. Garage Doors. Garage doors should remain closed except when entering and exiting and during the loading and unloading of personal property.

H. PETS

1. Permitted 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, in reasonable number, may be kept by Owners and Occupants in their respective Homes. Pets shall not be allowed on any common elements of the Community except in transit to and from any automobile or off the premises or back to the Home when carried (or on leash).

2. Registration. The Owner or Occupant of any Home 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 Home 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 Homes.

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 Home in which it is kept promptly upon the request of the Board.

I. NOISE, NUISANCES AND HAZARDS

1. Hazards. No Owner or Occupant shall use or permit to be brought into the buildings or common areas 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 areas of the Community at any time.

3. Access to Homes. The Managing Agent is not required to give access to a Home 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 Home 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. DESIGN GUIDELINES

1. Compliance and Approval. All improvements and modifications to Residences must be approved by the Nanea Kai Community Association and must comply with all applicable statutes, ordinances, codes, rules and regulations.

L. 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 in behalf of the Association, the right to:

(a) Only in such instances where the violation or breach threatens an immediate, substantial and undeniable threat to the life, limb or property of any Owner, Occupant or Guest enter the Home (or secure an order permitting entry into a Home) 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).

M. 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.

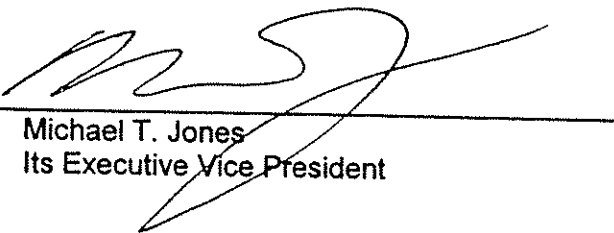
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The Developer, acting as the initial Association, hereby adopts the foregoing Community Rules as the Community Rules for Nanea Kai on behalf of the Association this day of June 18, 2002.

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

By VERTICAL CONSTRUCTION CORPORATION,
a Delaware corporation
Its Manager

By



Michael T. Jones
Its Executive Vice President