

## EXHIBIT "C"

### Initial Use Restrictions and Rules

The following restrictions shall apply to all of the Properties until such time as they are amended, modified, repealed or limited by rules of the Association adopted pursuant to Article X of the Declaration.

1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by the Declarant to assist in the sale of property described on Exhibits "A" or "B", offices for any property manager retained by the Association, or business offices for the Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Parking of any vehicles on private streets or thoroughfares (including, without limitation, any common driveways serving Units), or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles or inoperable vehicles in places other than enclosed garages; provided, construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area,

(b) Raising, breeding or keeping of animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit; however, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed and inoculated as required by law;

(c) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity which violates local, state or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(g) Outside burning of trash, leaves, debris or other materials, except during the normal course of constructing a dwelling on a Unit,

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Dumping of grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Properties, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and the Declarant and Builders may dump and bury rocks and trees removed from a building site on such building site;

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick-ups, and then only in approved containers;

(l) Obstruction or rechanneling of drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that the Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(m) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and filed in the Public Records, except that the Declarant shall be permitted to subdivide or replat Units which it owns;

(n) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams or other bodies of water within the Properties, except that fishing from the shore shall be permitted with appropriate licenses and the Declarant, its successors and assigns, shall be permitted and shall have the exclusive right and easement to draw water from lakes, ponds and streams within the Properties for purposes of irrigation and such other purposes as the Declarant shall deem desirable. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to the Properties;

(o) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that the Declarant and its assigns may operate such a program with respect to Units which it owns;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(q) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank approved by the NCC;

(r) Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Properties; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (iv) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

The leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties, including the operation of a timeshare or similar program.

(s) Capturing, trapping or killing of wildlife within the Properties, except in circumstances posing an imminent threat to the safety of persons using the Properties;

(t) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(u) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without the prior approval of the appropriate committee pursuant to Article IX of the Declaration;

(v) Operation of motorized vehicles on pathways or trails maintained by the Association;  
and

(w) Any construction, erection, or placement of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IX of the Declaration. This shall include, without limitation, signs, basketball hoops, swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools; docks, piers and similar structures; antennas, satellite dishes, or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind; and hedges, walls, dog runs, animal pens, or fences of any kind.

3. Prohibited Structures and Conditions. The following shall be prohibited within the Properties:

(a) Plants, animals, devices or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties;

(b) Structures, equipment or other items on the exterior portions of a Unit which have become rusty, dilapidated or otherwise fallen into disrepair;

(c) Sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Properties, except that the Declarant and the Association shall have the right to draw water from such sources; and

(d) "Ohana" units of any kind or size unless an area for such a unit on a Unit is shown on a plat including such Unit recorded in the Public Records or unless such a unit is approved in accordance with the provisions of Article IX of the Declaration.

4. Leasing of Units. "Leasing," for purposes of this paragraph, is defined as regular, exclusive occupancy of a Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term, which requirements may vary from Neighborhood to Neighborhood. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the Use Restrictions and Rules.

5. Party Walls/Fences. The following shall apply to party walls and party fences built as a part of the original construction on the Units and which serves and/or separates any two or more adjoining Units:

(a) Any fence or wall located along or about any boundary line of Units shall be maintained in good condition and repair by the Owners whose adjoining Units are physically separated by such fence or wall and shall not be moved, removed, replaced, destroyed or materially altered except upon mutual agreement of the Owners of such Units and in strict compliance with the Declaration and the

Modifications Committee Rules and Guidelines, if any, and the cost and expense of maintaining any such fence or wall shall be shared equally by the Owners of such adjoining Units.

(b) Any fence or wall located on or about any boundary line of an Easement for use purposes shall be jointly maintained in good condition and repair by the Owners whose adjoining Units are subject to such easement and benefitted by such easement, respectively, and shall not be moved, removed, replaced, destroyed or materially altered except upon mutual agreement of the Owners of such Units and in strict compliance with the Declaration and the Modifications Committee Rules and Guidelines, if any; and the cost and expense of maintaining any such fence or wall shall be shared equally by the Owners of such adjoining Units.

(c) All fences or walls located within the boundary line of Units shall be maintained in good condition and repair by the Owner of such Units, and shall not be moved, removed, replaced, destroyed or materially altered except in strict compliance with the Declaration and the Modifications Committee Rules and Guidelines, if any, and the cost and expense of maintaining any such fence or wall shall be borne by the Owner of such Unit.

6. Easement For Use Purposes. Certain lots in the Properties ("Burdened Lot") are subject to an Easement for use purposes (the "Use Easement") in favor of adjoining lot Owners ("Benefitted Lot"). The following shall apply to Use Easements:

(a) The Use Easement over, upon and across the Burdened Lot shall be for the exclusive use and enjoyment of the Benefitted Lot and neither the whole nor any part thereof nor any right to use and enjoy the whole or any part thereof shall be sold, mortgaged, leased, rented or otherwise granted or conveyed separate or apart therefrom. Subject to the Declaration, Modifications Committee Rules and Guidelines, if any, and governmental laws, codes, rules and regulations, the Use Easement shall be used for visual, aesthetic and recreational purposes, including planting, landscaping, installation and use of general landscape type structures such as benches, ponds, walks, fences and trellises, general recreation, access, and drainage. The Use Easement shall be maintained by the Owner of the Benefitted Lot, as if the area of the Use Easement was owned by the Owner of the Benefitted Lot; provided, however, that the Owner of the Benefitted Lot shall not:

- (i) suffer or permit any waste upon the Use Easement;
- (ii) undertake any use of or affix any object to any wall, fence or other structure on the Burdened Lot which abuts or adjoins the Use Easement;
- (iii) maintain any landscaping or undertake any grading that would tend to prevent proper drainage of the Use Easement, or to promote soil erosion or to undermine support for the foundation of any wall, fence or other structure on the Burdened Lot which abuts or adjoins the Use Easement,

- (iv) place or permit the accumulation of any soil or fill material against any wall, fence or other structure on the Burdened Lot which abuts or adjoins the Use Easement to a height which exceeds original building permit specifications with regard to grade;
- (v) permit any trees, shrubbery or other vegetation to grow on the Use Easement which would cause damage to or interfere with the maintenance and repair of any wall, fence or other structure on the Burdened Lot which abuts or adjoins the Use Easement;
- (vi) cause, suffer or permit any damage to any utility lines located within the Use Easement or interrupt or interfere with the maintenance and repair thereof;
- (vii) cause or permit any offensive contact (including, without limitation thereto, any pounding or bouncing of objects) with any wall, fence or other structure on the Burdened Lot which abuts or adjoins the Use Easement;
- (viii) suffer or permit upon the Use Easement any activity by household pets or other animals which would tend to cause damage to or undermine support for any wall, fence or other structure on the Burdened Lot which abuts or adjoins the Use Easement;
- (ix) cause or permit to exist any open, uncontained fire on the Use Easement;
- (x) deposit, store or keep any trash, waste, rubbish or containers or receptacles therefor on any portion of the Use Easement; or
- (xi) construct, erect or install any structure upon, across, over, under or within the Use Easement or undertake any grading or fill or any other activity upon the Use Easement which is in violation of or which would result in a violation of any applicable governmental statute, ordinance, rule regulation, the Declaration or the Modifications Committee Rules and Guidelines, if any;

and PROVIDED FURTHER, that there shall be reserved to the Owner of the Burdened Lot with respect to the Use Easement the right to:

- (i) enter upon the Use Easement at reasonable times and under reasonable circumstances for the purposes of constructing, reconstructing, maintaining and repairing any fence, wall or other

structure on the Burdened Lot which abuts or adjoins the Use Easement;

- (ii) permit reasonable drainage of water from the Burdened Lot over, upon and across the Use Easement; and
- (iii) cause or permit the foundations of the dwelling constructed upon the Burdened Lot to extend under the Use Easement and to cause or permit the eaves and gutters, if any, of the dwelling constructed upon the Burdened Lot to extend over the Use Easement at heights no less and extension distances no greater than as such eaves and gutters are originally constructed; provided that no such gutters shall be permitted which cause or lead to excess water run-off and drainage upon the Use Easement that results in erosion of the surface thereof (the foregoing proviso, however, shall not apply to water run-off, drainage or erosion which results from storms, hurricanes and other severe and unusual weather conditions);

and PROVIDED FURTHER, that the Owner of the Burdened Lot shall not construct, install or otherwise cause to be made any additional door, window, duct, vent or aperture of any kind in any wall, fence or other structure on the Burdened Lot not originally made to such wall, fence, or other structure which abuts or adjoins the Use Easement.