



# Houseboat Lake Powell

*Shared Ownership*

## Wailea Houseboat Rules and Regulations

**The undersigned, being an owner of an interest in Wailea, hereby agrees to, and acknowledges, the following Rules and Regulations:**

1. That the Annual Maintenance Fee for the year 2004 will be approximately \$1000, for each Owner, and payment shall be made to the Boat Manager, Aquatic Craft Management Services, no later than January 10th of each year, or if Ownership Interest is acquired after January 10th for a given year, any Maintenance Fee must be paid at the time of purchase. Any Assessment must be paid at the time of billing. The Manager reserves the right to file a lien against the Owners Interest and/ or revoke the use of the vessel for any non-paid assessment or Maintenance Fee. The Annual Maintenance Fee shall be determined annually, and may be increased or decreased, as determined by all actual costs and expenses as may be determined by prior years costs and expenses. Failure to pay any Maintenance Fee or Assessment by due date of January 10th of each year shall subject the owner to consequences including forfeiture of the ownership interest, as more fully set forth in the wailea, l.l.c. operating agreement (the "Operating Agreement").

2. That I will review the prepared Checklist when boarding, and review this checklist with the Authorized Maintenance Person ON-SITE as to the condition of the boat. Furthermore, I agree to identify all necessary repairs on my checklist and review said repairs with the Authorized Maintenance Person before departing. I also agree to review the second CHECKLIST at the time of disembarking, and to have this checklist signed off and accepted by the Authorized Maintenance Person as to the condition of the boat, as well as any routine maintenance or repairs that may be needed. I will inform maintenance personnel of all deficiencies encountered during my use of Wailea at my first opportunity as to afford repair to Wailea's next use.

3. That an Authorized Pilot/ Service will be used in pulling the Houseboat in and out of the water, Pumping the holding tanks, Filling water and Fueling the Gas and Propane. A Cleaning and maintenance service has been set up for the boat. This service is included in the launch and retrieve fee and must be used with NO EXCEPTIONS.

4. That the weekly usage will commence on Wednesday at 10:30 am or earlier if arranged with prior notice with Lake Powell marine, and that the boat is to be returned at 11:00 am the following Tuesday and READY FOR THE MANAGEMENT TEAM. (See item 6.)

5. That I may not personally clean or any one in my party clean or pay for a Cleaning Service, other than the authorized cleaning service included in the launch and retrieve fee.

6. That I will complete the following PRIOR to 11:00 am \* or such time that has been arranged with Lake Powell Marine. (BEFORE turning the boat over to the Authorized Maintenance Person on the last day of my scheduled week of vacation) A) REMOVAL of all personal items and food. B) A Complete check off has been completed with the Authorized Service, and that he be told of any problems on the boat. If the boat is returned late, the Owner can or will be assessed a \$100 late fee per hour.

\*The average user meets Lake Powell Marine in the bay no later than 12:00 noon. The boat is then retrieved and taken to dry storage at which time the check-off process is completed.

7. That I will pay the Full Cost of Repairs (including any insurance deductible), including transportation, not covered by the boat's insurance, if there is any damage or loss to the boat while I, my Agents, or guests have control of or are using said boat. Furthermore, that the regular or scheduled maintenance requirements of the boat will be paid from the Annual Maintenance Fees, and the Managers determination on such matter will be final.
8. That there will be an annual meeting or conference call each year to discuss and vote on all agenda items relating to the boat. notice of the meeting will be sent to all owners. Decisions shall be made by majority vote of the members, consistent with the Operating Agreement.
9. That a designated operator will be on the boat AT ALL TIMES when the boat is not anchored or moored.
10. That I will NOT ALLOW PETS inside the cabin OR SMOKING inside the cabin, near the fuel tanks or on the rear deck.
11. That I will not attempt to make any repairs to the boat that must be made by the Authorized Repair Person, ONLY. Should an Authorized Maintenance Person not be available, I will not have any repairs performed prior to having said repairs approved by the Management via telephone or marine radio.
12. That UNDER NO CIRCUMSTANCES will I allow the boat to be RENTED, or otherwise utilized to any person who is not a designated operator, and should I determine that the boat is being rented or otherwise utilized by any person that is not an Owner, I will notify the Manager immediately.
13. That if I am unable to use my determined week on the boat, I will use my best efforts to inform the Manager at least 30 days prior to my scheduled week so that the boat may be made available to the other Owners.
14. That if I desire, I may use unused weeks for the sum of \$0.00. The weeks shall be issued on a "first come, first serve" basis.
15. That I will give FULL COOPERATION to all National Park Service Personnel at all times.
16. That I will ensure the SAFETY OF ALL MEMBERS OF MY GROUP and not sue or hold responsible Houseboat Lake Powell L.L.C., Aquatic Craft Management Services L.L.C., and all other Owners, for any accident, damage, injury or other circumstance that may occur during my time on the Houseboat, with such injuries caused by my negligence, recklessness or the intentional conduct of my guests, employees, agents, successors or assigns.
17. That the Marine Radio will be on the boat, and functional at all times during my vacation, and that this radio will be properly used and monitored.
18. That I will inform all members of my group, agents and guests of these RULES AND REGULATIONS.
19. The houseboat's mooring is at Page, Az. at a dry dock. The only way the houseboat may be moved to another mooring is by vote of the shareholders.
20. In the future, if the group, (LLC), decides to sell or dispose of the boat for any reason, the proceeds will be distributed according to the Operating Agreement.
21. There will be a late fee levied on any shareholder who returns the boat later than the return time established by the group, which time currently is 11:00 am. The fee will be \$100 per hour late. The management group at the lake will be responsible for assigning and reporting the fee.
22. The manager can and will issue written warnings for neglect or other negative actions that occur on the houseboat by its members. The manager may, after three such warnings, elect to buy the ownership share from the offending member as prescribed in the Wailea, L.L.C. Operating Agreement.

23. As more specifically set forth in the Wailea, L.L.C. Operating Agreement, any and all shares that are to be sold to a houseboat non-member are first to be offered to the group and its members. The houseboat group must be given 15 days to decide if they, or any of its members, want the ownership share being sold. If the group, or any of its members elect to not purchase the share, the share then may be sold to a non-member.

24. Insurance will be obtained and provided in accordance with the Operating Agreement.

25. Yearly fees shall be composed of three components: Annual operating expenses; Modernization, and improvement (M&I) costs; and usage costs. Seller shall pay all 2003 Wailea operating expenses and any 2003 Wailea maintenance expenses. This excludes major damage caused by the negligence or reckless operation of the Buyer resulting in damage substantial for an insurance claim, at which time the Buyer will pay up to and including the full amount of the insurance deductible to return Wailea to perfect operational status. For the year 2004 and every year thereafter, subscriber shall pay not more than 1/13th of the annual operating expenses or 1/14th so long as there is a floating member as prescribed in the Wailea L.L.C. Operating Agreement. (reference operating agreement, floating 14th member)

26. Annual operating expenses shall include but not be necessarily limited to such things as storage costs, annual servicing of the houseboat, motors, out drives, generator, appliances, systems, equipment, and furnishings, cosmetic and structural repairs, deep cleaning, winterization, insurance costs, boat registration, national parks pass when applicable. Any Company filings fees, tax returns future slip or mooring fees would also be considered part of the annual operating expenses. Management of Wailea is not included as or in part of the annual operating expenses and is expected to be provided free of cost in rotation by volunteer members. Initially, the manager will be Aquatic Craft Management services L.L.C. (James Carrigan, and Darren Mansell, managers). Seller represents that initial projections for operating expenses due Jan 10th 2004 or if ownership interest is acquired after Jan 10th 2004 any maintenance fee must be paid at the time of purchase, to be \$1000.00 per year per 1/13 interest or 1/14th so long as there is a floating member as prescribed in the Wailea L.L.C. Operating Agreement. (reference operating agreement, floating 14th member) In the event that annual operating fees are insufficient to pay the reasonable and necessary expenses for any given year, each owner on a prorated basis, 1/13 or 1/14th interest, will pay an additional assessment.

27. Modernization, and Improvement costs (M&I) shall extend to such things as repair and replacement of worn out or damaged components, appliances, and furnishings; replacement of obsolete equipment with technologically current and appropriate equipment; addition of improvements such as shade screens, solar battery charger, or any other upgrade deemed appropriate by a majority of the members of the company in interest. However, should there be unsold shares of Wailea, the Seller, or future owners of shares not yet sold will not be included in any Modernization, and improvement cost (M&I) of Wailea. It will be the responsibility of the Owners of record, otherwise referred to as Designated Operators to equally distribute these expenditures. Until such time as all 14 shares offered by Seller are sold, the Seller holds veto power of any M&I to protect the integrity, reputation, and sale ability of the Sellers product. Additional recreational items such as water tramps, inflatable tubes, PWC's, speed boats and other such additions shall be known as and referred to hereafter as shared toys, may or may not be offered to both existing and new owners of record under separate cover, and language, and agreement to be determined at a later date. Purchase and shared ownership of shared toys is not mandatory or enforced with a majority vote of owners, but entered into by each owner of record on a voluntary basis only.

28. Usage costs are \$1500.00 per use to be paid by Buyer each time the boat is used. Usage costs for each use by Buyer of Wailea will commence upon first use of Wailea in 2003, and every use thereafter. This usage cost has been contracted with Lake Powell Marine until December 31st. 2005.

29. Operating Requirements. No Member shall operate the Company's Asset unless they comply with the following operating requirements:

(1) Member must be at least 30 years of age (2) Member must have at least three years (3 weeks) of operating experience; or at Member's expense, complete a 2-4 hour training course according to the standard of Company.

I have read and agree to all of the RULES AND REGULATIONS for the operation and maintenance of the Wailea Houseboat and further agree that any violation of these Rules and Regulations may result in an additional assessment to cover any damages and/or could result in forfeiture of my use of the houseboat. These Rules and Regulations are designed to protect the Owners. Any violation of these Rules and Regulations may subject the Owner to revocation of use of the boat and /or possible termination of interest and loss of funds for said interest. In any conflict or apparent conflict between the Operating Agreement and these Rules and Regulations, the terms of the Operating Agreement shall control.

Signed and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_

Buyer/Owners Signature\_\_\_\_\_

Buyer/Owners Signature\_\_\_\_\_