AMENDMENT #1 TO
DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME:	THE TOWN HOMES AT KA MAKANA AT HOAKALEI, INCREMENT 2
PROJECT ADDRESS:	91-1355 and 91-1363 Keone'ula Boulevard Ewa Beach, Hawaii 96706
REGISTRATION NUMBER:	6821
EFFECTIVE DATE OF REPORT:	February 4, 2010
THIS AMENDMENT:	☒ Must be read together with ☒ Developer's Public Report dated May 20, 2009 ☐ Amended Report dated _____ ☐ Supersedes all prior amendments: Includes all prior amendment(s) and must be read together with ☐ Developer's Public Report dated _____ ☐ Amended Report dated _____
DEVELOPER(S):	Hoakalei Residential, LLC

Preparation of this Amendment

The Developer prepared this amendment pursuant to the Condominium Property Act, Section 514B-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 514B-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desires to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

The law defines "material change" as used in parts IV and V of Chapter 514B, HRS means any change that directly, substantially, and adversely affects the use or value of (1) A purchaser's unit or appurtenant limited common elements; or (2) Those amenities of the project available for the purchaser's use.

The law defines "pertinent change" to mean, as determined by the commission, a change not previously disclosed in the most recent public report that renders the information contained in the public report or in any disclosure statement inaccurate, including, but not limited to (1) The size, construction materials, location, or permitted use of a unit or its appurtenant limited common element; (2) The size, use, location, or construction materials of the common elements of the project; or (3) The common interest appurtenant to the unit. A pertinent change does not necessarily constitute a material change.

The filing of an amendment to the Developer's Public Report or an amended Developer's Public Report, in and of itself, shall not be grounds for a purchaser to cancel or rescind a sales contract. A purchaser's right to cancel or rescind a sales contract shall be governed by sections 514B-86 and 514B-87, HRS, the terms and conditions of the purchaser's contract for sale, and applicable common law.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at (808) 586-2643 to submit your request.

This Amendment has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this amendment to the Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts, material changes, or pertinent changes about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

The law defines "material facts" to mean any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale.

This amendment may be used by the Developer for promotional purposes only if it is used with the last Developer's Public Report in its entirety.

Prospective purchasers and purchasers are encouraged to read this amendment carefully and to seek professional advice.

Summary of Changes from Earlier Developer's Public Report are Described Beginning on the Next Page

Summary of Changes from Earlier Developer's Public Report:

This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public Report with the effective date as noted on the top of page 1 if they wish to know the specific changes that have been made.

Changes made are as follows (include a description of what the change is and page number and or exhibit alphabet or number; additional pages may be used):

The budgets attached as Exhibit "J" to the Developer's Public Report with an effective date of April 15, 2009, have been replaced by the following:

(a) The Annual Budget for 2010 for The Town Homes at Ka Makana at Hoakalei, Increment 2, effective January 1, 2010, which shows the maintenance fees per unit for 2010;

(b) The Annual Budget for 2010 for the Ka Makana at Hoakalei Community Association, effective January 1, 2010, which shows a monthly fee of $140.34 per month per unit, representing an increase of $3.22 per month per unit; and

(c) The Annual Budget for 2010 for the Hoakalei Resort Community Association, effective January 1, 2010, which shows the maintenance fees at $36.00 per unit for 2010, representing no increase.

Purchasers are advised to review the revised Exhibit "J" attached to this report.

Changes continued:

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The Developer declares subject to the penalties set forth in Section 514B-69, HRS that this project continues to conform to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a) (13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report as amended, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report as amended, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report as amended and the exhibits attached to this report (if any) as amended and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report as amended to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report as amended at least 30 days prior to the anniversary date of the effective date of this report.

Hoakalei Residential, LLC, by its Member, Haseko Homes, Inc.

Printed Name of Developer

Duly Authorized Signatory* 1/8/10 Date

Tsutomu Sagawa, Executive Vice President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

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EXHIBIT J

The Town Homes at Ka Makana at Hoakalei, Increment 2

ESTIMATED ANNUAL BUDGET

Hoakalei Residential, LLC does hereby certify that the estimated budget and maintenance fees describing the units for Increment 2, as set forth in the following sheets, were prepared in accordance with generally accepted accounting principles. The budget and maintenance fees are estimates only and are subject to change at any time, including changes resulting from the merger of the Project with other increments of The Town Homes at Ka Makana at Hoakalei.

A purchaser shall commence payment of the monthly estimated maintenance fee effective on the date of conveyance of the unit to the buyer.

HOAKALEI RESIDENTIAL, LLC
By HASEKO HOMES, INC.
a Hawaii corporation
Its Manager

Name: Tsutomu Sagawa
Title: Executive Vice President

1/8/10
Date

THE TOWN HOMES AT KA MAKANA AT HOAKALEI, INCREMENT 2

(10 UNITS)

2010 ESTIMATED MAINTENANCE FEES PER UNIT

UNIT NO.	NET LIVING AREA (sq. ft.) **(a)**	COMMON INTEREST (%)	MONTHLY MAINT. FEE ($) (Per Budget p. 2) **(b)**	MONTHLY KA MAKANA AT HOAKALEI ASSN. FEE ($) (per Budget p. 3) **(c)**	MONTHLY MASTER ASSN. FEE ($) (Per Budget p. 4) **(d)**	**TOTAL MONTHLY FEES ($)**	TOTAL ANNUAL FEES ($)
701	1,122	10.00	208.00	140.34	36.00	384.34	4,573.44
702	1,244	10.00	208.00	140.34	36.00	384.34	4,573.44
703	1,247	10.00	208.00	140.34	36.00	384.34	4,573.44
704	1,247	10.00	208.00	140.34	36.00	384.34	4,573.44
705	1,244	10.00	208.00	140.34	36.00	384.34	4,573.44
706	1,101	10.00	208.00	140.34	36.00	384.34	4,573.44
901	1,101	10.00	208.00	140.34	36.00	384.34	4,573.44
902	1,244	10.00	208.00	140.34	36.00	384.34	4,573.44
903	1,244	10.00	208.00	140.34	36.00	384.34	4,573.44
904	1,122	10.00	208.00	140.34	36.00	384.34	4,573.44

(a) The net living area of the Unit, excluding the garage, the lanai, the rear yard, and the entry area.

(b) Monthly maintenance fees for each townhome unit for the 2010 calendar year have been calculated based upon the proposed Increment 2 budget at full build out (see Budget, pg. 2, Column (A)).

(c) Monthly maintenance fees for each unit for the 2010 calendar year have been calculated based upon the proposed Community Association budget at full build out (see Budget, pg. 3, Column (A)).

(d) Monthly maintenance fees for each unit for the 2010 calendar year have been calculated based upon the proposed Master Association budget at full build out (see Budget, pg. 4, Column (A)).

Note: The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

The Town Homes at Ka Makana at Hoakalei, Increment 2
Estimated Annual Budget
(10 Units)

ESTIMATE OF ANNUAL DISBURSEMENTS	(A) Increment 2 (Full Build-Out)[1]	(B) All Increments (2010)[2]
Utilities		
Common Electricity	$ 164.04	240.00
Water	$ 4,101.60	3,200.00
Sewer	$ 4,921.92	3,200.00
Building and Grounds Maintenance		
Building	$ 117.24	365.00
Grounds (Landscaping)	$ 4,218.72	24,758.00
Pest Control	$ 521.76	0.00
Rubbish Removal	$ 3,281.28	14,280.00
Management		
Management Fees	$ 1,256.28	6,074.00
Administrative Expenses	$ 314.04	2,145.00
Education Expenses	$ 32.76	285.00
Insurance	$ 5,445.96	12,660.00
Legal & Professional	$ 93.72	240.00
Taxes/Government Assessments	$ 28.08	40.00
Audit Fees	$ 93.72	955.00
Reserves[3]	$ 368.88	35,879.00
Totals[4]	$ 24,960.00	$ 104,321.00
ESTIMATED ANNUAL INCOME		
Maintenance Fees		$ 104,321.00

1 Monthly maintenance fees for the townhome units in Increment 2 for calendar year 2010 have been determined on the basis of the annual budget set forth in this column. **The annual budget for Increment 2 was calculated by multiplying the proforma consolidated budget for all Ka Makana Townhome Increments at full build-out (i.e. 128 units) by a fraction, the numerator of which is 10 (the total number of units in Increment 2) and denominator of which is 128.** In the event of a deficit in the actual expenses and the amount actually collected, such deficit shall be subsidized by the Developer until all units within The Town Homes at Ka Makana at Hoakalei, Increment 2 project have been sold.

2 This column reflects the projected actual combined expenses and income for all Ka Makana Townhome Increments existing during the 2010 calendar year. Maintenance expenses are based upon common expenses currently incurred as well as those projected to be incurred as additional common areas are turned over to the homeowners association(s) during the year. Maintenance fee income is based upon a projection of 16 closed townhome units as of January 1, 2010, and 64 closed townhome units as of December 31, 2010. In the event of a deficit in the actual expenses and the amount actually collected, such deficit shall be subsidized by the Developer until all units within The Town Homes at Ka Makana at Hoakalei, Increment 2 project have been sold.

3 A reserve study (per §514B-148(a)(4), HRS and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules) has not yet been conducted specifically for Increment 2. The reserves are estimates only based upon information obtained by Hoakalei Residential, LLC from the managing agent of The Town Homes at Ka Makana at Hoakalei.

4 The Developer, on its own initiative, will be paying for the costs of subterranean termite treatment for each building within the Project which carries a limited warranty of three (3) years from the date of the initial sub-slab treatment for each building. The costs of continued use of a subterranean termite treatment or monitoring system for a particular building within the Project beyond the expiration of such three (3) year limited warranty period has not been included in the Budget, and any use will be at the election and the cost of the Association or individual unit owners as the case may be.

Ka Makana at Hoakalei Community Association
Estimated Annual Budget

Estimated Annual Expenses	Amount (A) At Full Build-Out[1]	Amount (B) 2010[2]
Utilities & Services		
Water	19,200.00	2,503.00
Sewer	0.00	0.00
Electric	19,200.00	1,525.00
Landscaping Maintenance & Supplies	205,200.00	20,691.00
Other Repair, Maintenance & Supplies	4,800.00	3,550.00
Amenities, Maintenance & Supplies	0.00	0.00
Custodial	7,800.00	0.00
Management & Administration	0.00	0.00
Management Services	33,700.51	6,412.00
Wages, Salaries & Benefits	78,564.00	0.00.00
Admin, Supplies & Services	22,800.00	4,215.00
Insurance	5,160.00	5,160.00
Taxes & Government Assessments	3,780.00	4,070.00
Legal & Audit	3,000.00	2,070.00
Reserves[3]	59,340.00	37,812.00
TOTAL ANNUAL EXPENSES	462,544.51	88,008.00
Estimated Annual Income		
Maintenance Fees (2010)		88,008.00
Total Annual Ka Makana at Hoakalei Assessments per Unit (894 Units)[4]	517.39	
Total Ka Makana at Hoakalei Assessments Per Unit/Mo.	43.12	
Oceanic Cable Bundle Service Per Unit/Mo. (2010)	97.22[5]	
Hoakalei Resort Community Association Assessments Per Unit/Mo.	36.00[6]	
Total Assessments Per Unit/Mo.	**$176.34[7]**	

[1] This column sets forth the pro forma budget for the Ka Makana project at full build out (i.e., 894 units), except that maintenance expenses do not include maintenance of the Community Facility (Ka Makana Swim Club) which is not planned to be available for use by residents until mid 2011 or later. **Monthly assessments payable by Owners during calendar year 2010 have been determined based upon the pro forma full build-out budget set forth in this column.**

[2] This column reflects the projected actual expenses and income for the Community Association during the 2010 calendar year. Maintenance expenses are based upon common expenses currently incurred as well as those projected to be incurred as additional common areas are turned over to the Community Association during the year. Maintenance fee income is based upon a projection of 111 closed units as of January 1, 2010, and 218 closed units as of December 31, 2010 paying monthly assessments at the established rate of $43.12/month/unit.

[3] This line item is an estimate only. No reserve study has been conducted.

[4] The Total Annual Ka Makana at Hoakalei Assessments per Unit has been calculated by dividing the Total Annual expenses shown in this column by 894 (the estimated total number of units at full build-out). Through the end of calendar year 2010, the Developer will subsidize the Ka Makana at Hoakalei Community Association in an amount equal to the positive difference between the actual out-of-pocket expenses (not including reserves) incurred by the Association during calendar year 2010 and the total Ka Makana at Hoakalei Assessments assessed against all Ka Makana residents during such period.

[5] This rate is effective January 1, 2010. Each unit in Ka Makana will be assessed this amount on a monthly basis regardless of whether or not the homeowner subscribes to the services provided by Oceanic Time Warner Cable.

[6] Per month assessments based upon the Full Build-out budget for the Hoakalei Resort Community Association (see Exhibit J, pg. 5).

[7] This amount represents the actual monthly amount to be assessed against each Ka Makana unit that has closed through calendar year 2010.

Hoakalei Resort Community Association
Estimated Annual Budget

Budget Item	Amount (A) At Full Build-Out[1]	Amount (B) 2010[2]
Wages and Salaries	298,404.00	0.00
Employee Benefits	73,992.00	0.00
Administrative Costs	175,500.00	3,210.00
Property Management	29,100.00	6,412.00
Legal	18,000.00	6,000.00
Other Professional	20,400.00	1,042.00
Electricity	36,000.00	0.00[3]
Water	121,800.00	8,400.00[3]
Sewer	27,000.00	0.00
Telephone	10,800.00	0.00
Television	24,000.00	3,750.00
Exterminating	24,000.00	0.00
Rubbish Removal	54,000.00	0.00
Security	820,848.00	0.00
Custodial	428,100.00	0.00
Maintenance	705,100.00	56,847.00[3]
Vehicle Costs	19,200.00	0.00
Taxes	4,787.00	0.00
Fixed Expense	120,000.00	0.00
Insurance	63,787.00	3,410.00
Reserve Contribution[4]	612,001.00	557.00
Total Estimated Annual Costs	3,686,819.00	89,628.00
Total Estimated Annual Costs Allocable to all Hoakalei Residential Units[5]	993,246.00	
Estimated Income		
Community Association Assessments		89,028.00
Design Fee Receipts		600.00
Taxable Income		0.00
Total Income		89,628.00
Monthly Assessments per Residential Unit[6]	$36.00	

1 This budget sets forth the estimated costs to operate the Hoakalei Resort Community Association at full build-out at an indeterminate future time. The amounts set forth in this budget are estimates only expressed in 2008 dollars and will be subject to change from time to time as development of Hoakalei progresses.

2 This column reflects the projected actual expenses and income for the Hoakalei Resort Community Association during the 2010 calendar year. Maintenance expenses are based upon common expenses currently incurred as well as those projected to be incurred as additional common areas are turned over to the Community Association during the year. Maintenance fee income is based upon a projection of 111 closed units as of January 1, 2010, and 218 closed units as of December 31, 2010 paying monthly assessments at the established rate of $36.00/month/unit.

3 During calendar year 2010, Developer will subsidize the Association by paying a portion of the electricity, water, and maintenance costs (which includes landscape maintenance and tree trimming costs) which would otherwise be borne by the Association. The budgeted amounts shown for these line items represent approximately 72% of the actual projected sum total costs for these line items (combined) for the 2010 calendar year. In addition, during the 2010 calendar year, the Developer will subsidize the Hoakalei Resort Community Association in an amount equal to the actual shortfall that is realized by the Association by offsetting the total of all Hoakalei Resort Community Association Assessments assessed against all members of Hoakalei during the 2010 calendar year against the total actual costs of the line items set forth in this budget that are incurred by the Association during the 2010 calendar year.

4 This line item is an estimate only. No reserve study has been conducted.

5 Based upon a total of 2,314 residential units at full build-out. Under current plans, the balance of the costs to operate the Hoakalei Resort Community Association will be allocated to the planned districts within Hoakalei including Hotel, Golf, Industrial, Retail, and Marina districts

6 The monthly assessments per Residential Unit has been computed by dividing the Total Estimated Annual Costs Allocable to all Hoakalei Residential Units by the total number of residential units in Hoakalei that are subject to assessment (i.e., 2,314 units at full build-out) and then rounding to the nearest dollar.