AMENDMENT #2 TO
DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME:	THE TOWN HOMES AT KA MAKANA AT HOAKALEI, INCREMENT 3
PROJECT ADDRESS:	91-1371 and 91-1379 Keone'ula Boulevard Ewa Beach, Hawaii 96706
REGISTRATION NUMBER:	6872
EFFECTIVE DATE OF REPORT:	October 15, 2010
THIS AMENDMENT:	☒ Must be read together with ☒ Developer's Public Report dated September 18, 2009 ☒ Amended Report dated February 4, 2010 ☐ 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):

1. The following changes are effective as of October 1, 2010:

(a) Section 2.1, Page 9 of Developer's Public Report:

The new manager for the Developer, Hoakalei Residential, LLC, is HASEKO Development, Inc. It's officers and directors are as follows:

Toru Nagayama, President
Tsutomu Sagawa, Executive Vice President
Richard S. Dunn, Executive Vice President
Raymond S. Kanna, Executive Vice President
Nancy Maeda, Executive Vice President
Lawrence K. Y. Chang, Secretary and Treasurer

(b) Section 2.2, Page 9 of the Developer's Public Report:

The new Real Estate Broker for the Project is:

HASEKO Realty (Hawaii), Inc.
91-1001 Kaimalie Street, Suite 205
Ewa Beach, Hawaii 96706
Phone: (808) 689-7772
Email: dinafuku@hoakalei.com

(c) Section 2.4, Page 9 of the Developer's Public Report:

The new General Contractor for the Project is:

HASEKO Construction KaMakana, LLC
91-1001 Kaimalie Street, Suite 205
Ewa Beach, Hawaii 96706
Phone: (808) 689-7772

Notices are being sent to prospective buyers to inform them of these changes.

2. Page 5 of the 2010 budgets attached as Exhibit "J" to the Developer's Public Report (as amended), has been replaced to include, for informational purposes only, an additional column (Column (B)) that shows the estimated budget costs once the proposed swim club is operational in mid-2011 or later. The new Page 5 is attached as part of this filing.

The Developer represents that there have been no material changes to Exhibit H, encumbrances against title, since issuance of the Public Report dated September 18, 2009.

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 Manager, Haseko Development, Inc.
Printed Name of Developer

Duly Authorized Signatory* — 10/1/2010 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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2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Hoakalei Residential, LLC Business Address: 91-1001 Kaimalie Street, Suite 205, Ewa Beach, Hawaii 96706 Business Phone Number: (808) 689-7772 E-mail Address: tsagawa@haseko.com
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	HASEKO Development, Inc. – Manager HASEKO Realty, Inc. – Member* HASEKO Development, Inc. Toru Nagayama, President Tsutomu Sagawa, Executive Vice President Richard S. Dunn, Executive Vice President Raymond S. Kanna, Executive Vice President Nancy Maeda, Executive Vice President Lawrence K. Y. Chang, Secretary and Treasurer HASEKO Realty, Inc. Toru Nagayama, President and Director Richard S. Dunn, Executive Vice President Tsutomu Sagawa, Secretary and Treasurer
2.2 Real Estate Broker	Name: HASEKO Realty (Hawaii), Inc. Business Address: 91-1001 Kaimalie Street, Suite 205 Ewa Beach, Hawaii 96706 Business Phone Number: (808) 689-7772 E-mail Address: dinafuku@hoakalei.com
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, First Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: HASEKO Construction KaMakana, LLC Business Address: 91-1001 Kaimalie Street, Suite 205 Ewa Beach, Hawaii 96706 Business Phone Number: (808) 689-7772
2.5 Condominium Managing Agent	Name: Certified Management, Inc. Business Address: 3179 Koapaka Street, 2nd Floor Honolulu, Hawaii 96819 Business Phone Number: (808) 836-0911
2.6 Attorney for Developer	Name: John K. Lucey Morihara Lau & Fong LLP Business Address: 841 Bishop Street, Suite 400 Honolulu, Hawaii 96813 Business Phone Number: (808) 526-2888

Ka Makana at Hoakalei Community Association
Estimated Annual Budget

Estimated Annual Expenses	(A) At Full Build-Out (not including Swim Club)[1]	(B) At Full Build-Out (including Swim Club)[2]	(C) 2010[3]
Utilities & Services			
Water	19,200.00	25,200.00	2,503.00
Sewer	0.00	10,800.00	0.00
Electric	19,200.00	25,200.00	1,525.00
Landscaping Maintenance & Supplies	205,200.00	205,200.00	20,691.00
Other Repair, Maintenance & Supplies	4,800.00	4,800.00	3,550.00
Amenities, Maintenance & Supplies	0.00	47,400.00	0.00
Custodial	7,800.00	12,600.00	0.00
Management & Administration	0.00	0.00	0.00
Management Services	33,700.51	33,700.51	6,412.00
Wages, Salaries & Benefits	78,564.00	78,564.00	0.00.00
Admin, Supplies & Services	22,800.00	25,500.00	4,215.00
Insurance	5,160.00	7,764.00	5,160.00
Taxes & Government Assessments	3,780.00	3,780.00	4,070.00
Legal & Audit	3,000.00	3,000.00	2,070.00
Reserves[4]	59,340.00	59,340.00	37,812.00
TOTAL ANNUAL EXPENSES	462,544.51	542,848.51	88,008.00
Estimated Annual Income			
Maintenance Fees (2010)			88,008.00
Total Annual Ka Makana at Hoakalei Assessments per Unit (894 Units)[5]	517.39	607.21	
Total Ka Makana at Hoakalei Assessments Per Unit/Mo.	43.12	50.60	
Oceanic Cable Bundle Service Per Unit/Mo. (2010)	97.22[6]	97.22	
Hoakalei Resort Community Association Assessments Per Unit/Mo.	36.00[7]	36.00	
Total Assessments Per Unit/Mo.	**$176.34[8]**	**$183.82[9]**	

1 This column sets forth the pro forma estimated budget for the Ka Makana project at full build out (i.e., 894 units)(expressed in 2008 dollars), except that maintenance expenses do not include maintenance of the 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 sets forth the pro forma estimated budget based on a full build out of the Ka Makana project (i.e., 894 units)(expressed in 2008 dollars) including the maintenance of the Ka Makana Swim Club.

3 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.

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

5 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.

6 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.

7 Per month assessments based upon the Full Build-out budget for the Hoakalei Resort Community Association (see pg. 6 of this Exhibit J).

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

9 This amount is provided for informational purposes only.