

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

CONDOMINIUM PROJECT NAME:	THE TOWN HOMES AT KA MAKANA AT HOAKALEI, INCREMENT 5
PROJECT ADDRESS:	91-1403 and 91-1411 Keone'ula Boulevard Ewa Beach, Hawaii 96706
REGISTRATION NUMBER:	6908
EFFECTIVE DATE OF REPORT:	<b>October 15, 2010</b>
THIS AMENDMENT:	<input checked="" type="checkbox"/> Must be read together with <input checked="" type="checkbox"/> Developer's Public Report dated <u>December 21, 2009</u> <input type="checkbox"/> Amended Report dated _____ <input type="checkbox"/> Supersedes all prior amendments: Includes all prior amendment(s) and <u>must</u> be read together with <input type="checkbox"/> Developer's Public Report dated _____ <input type="checkbox"/> 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.

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*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

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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](mailto: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.

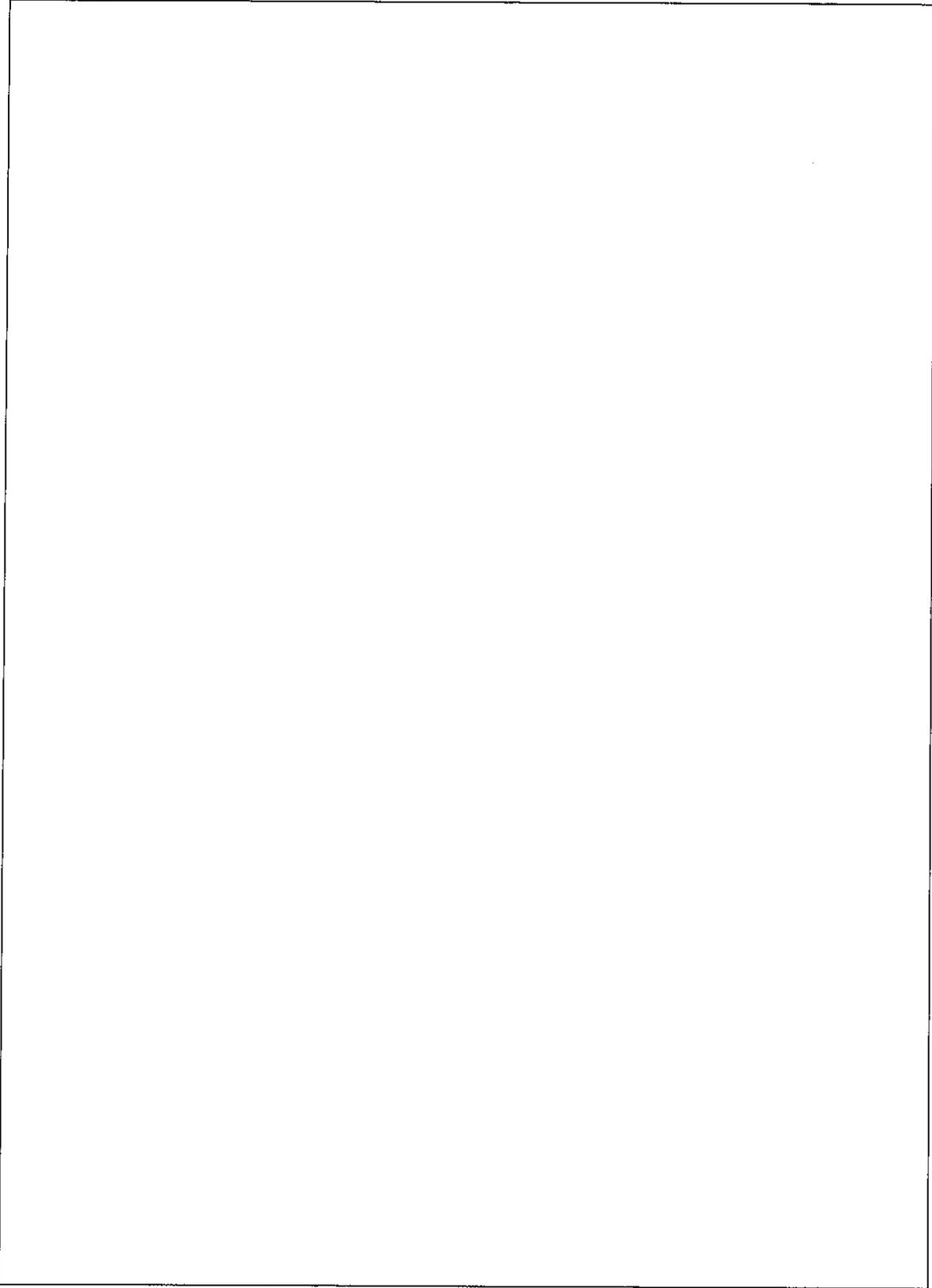
2. Page 5 of the budgets attached as Exhibit "J" to the Developer's Public Report with an effective date of December 21, 2009, has been replaced to include, for informational purposes only, an additional column (Column (B)) that shows the estimated budget costs once the proposed swim club is operational 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 December 21, 2009.

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Changes continued:



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**2. PERSONS CONNECTED WITH THE PROJECT**

<p><b>2.1 Developer(s)</b></p>	<p>Name: Hoakalei Residential, LLC          Business Address: 91-1001 Kaimalie Street, Suite 205,          Ewa Beach, Hawaii 96706</p> <p>Business Phone Number: (808) 689-7772          E-mail Address: <a href="mailto:tsagawa@haseko.com">tsagawa@haseko.com</a></p>
<p>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).</p>	<p>HASEKO Development, Inc. – Manager          HASEKO Realty, Inc. – Member*</p> <p><u>HASEKO Development, Inc.</u>          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</p> <p><u>HASEKO Realty, Inc.</u>          Toru Nagayama, President and Director          Richard S. Dunn, Executive Vice President          Tsutomu Sagawa, Secretary and Treasurer</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: HASEKO Realty (Hawaii), Inc.          Business Address: 91-1001 Kaimalie Street, Suite 205          Ewa Beach, Hawaii 96706</p> <p>Business Phone Number: (808) 689-7772          E-mail Address: <a href="mailto:dinafuku@hoakalei.com">dinafuku@hoakalei.com</a></p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc.          Business Address: 235 Queen Street, First Floor          Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: HASEKO Construction KaMakana, LLC          Business Address: 91-1001 Kaimalie Street, Suite 205          Ewa Beach, Hawaii 96706</p> <p>Business Phone Number: (808) 689-7772</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Certified Management, Inc.          Business Address: 3179 Koapaka Street, 2<sup>nd</sup> Floor          Honolulu, Hawaii 96819</p> <p>Business Phone Number: (808) 836-0911</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: John K. Lucey          Morihara Lau &amp; Fong LLP          Business Address: 841 Bishop Street, Suite 400          Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 526-2888</p>

**Ka Makana at Hoakalei Community Association  
Estimated Annual Budget**

	(A) At Full Build-Out (not including Swim Club) <sup>1</sup>	(B) At Full Build-Out (including Swim Club) <sup>2</sup>	(C)  2010 <sup>3</sup>
<u>Estimated Annual Expenses</u>			
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 <sup>4</sup>	59,340.00	59,340.00	37,812.00
<b>TOTAL ANNUAL EXPENSES</b>	<b>462,544.51</b>	<b>542,848.51</b>	<b>88,008.00</b>
<u>Estimated Annual Income</u>			
Maintenance Fees (2010)			88,008.00
Total Annual Ka Makana at Hoakalei Assessments per Unit (894 Units) <sup>5</sup>			
	517.39	607.21	
<b>Total Ka Makana at Hoakalei Assessments Per Unit/Mo.</b>			
	43.12	50.60	
Oceanic Cable Bundle Service Per Unit/Mo. (2010)	97.22 <sup>6</sup>	97.22	
Hoakalei Resort Community Association Assessments Per Unit/Mo.	36.00 <sup>7</sup>	36.00	
<b>Total Assessments Per Unit/Mo.</b>	<b><u>\$176.34<sup>8</sup></u></b>	<b><u>\$183.82<sup>9</sup></u></b>	

<sup>1</sup> 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.**

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> This line item is an estimate only. No reserve study has been conducted.

<sup>5</sup> 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.

<sup>6</sup> 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.

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

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

<sup>9</sup> This amount is provided for informational purposes only.