

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

CONDOMINIUM PROJECT NAME:	THE TOWN HOMES AT KA MAKANA AT HOAKALEI, INCREMENT 7
PROJECT ADDRESS:	Off Keone`ula Boulevard and Kaiwawalo Street Ewa Beach, Hawaii 96706
REGISTRATION NUMBER:	7182
EFFECTIVE DATE OF REPORT:	May 3, 2013
THIS AMENDMENT:	<input checked="" type="checkbox"/> Must be read together with <input type="checkbox"/> Developer's Public Report dated <u> N/A </u> <input checked="" type="checkbox"/> Amended Report dated <u> April 17, 2012 </u> <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 <u> </u> <input type="checkbox"/> Amended Report dated <u> </u>
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

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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):

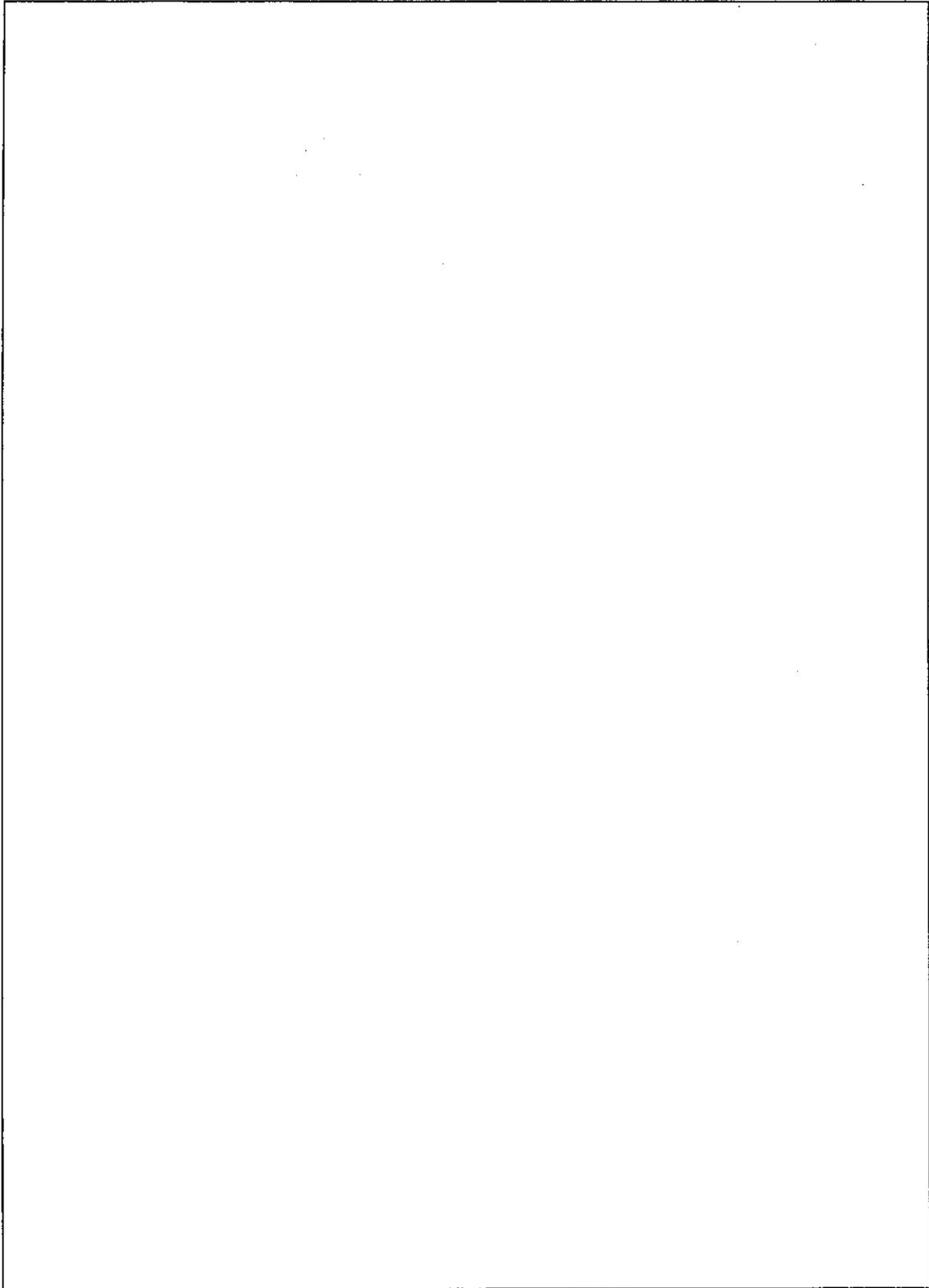
The budgets attached as Exhibit "J" to the Amended Developer's Public Report with an effective date of April 17, 2012, are being replaced by the following:

- (a) The Annual Budget for 2013 for the **Town Homes at Ka Makana at Hoakalei, Increment 7**, effective January 1, 2013, which shows the maintenance fees per unit for 2013 at \$290;
- (b) The Annual Budget for the **Ka Makana at Hoakalei Community Association**, effective January 1, 2013, which shows a monthly fee of \$167.00 per month per unit (including cable), representing an increase of \$20 per month per unit; and
- (c) The Annual Budget for the **Hoakalei Resort Community Association**, effective January 1, 2013, which shows the maintenance fees per unit for 2013 at \$36.

Purchasers are advised to review the revised Exhibit "J" attached to this First Amendment to the Amended Developer's Public Report.

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Changes continued:



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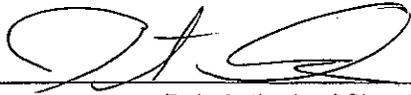
The Developer declares subject to the penalties set forth in Section 514B-69, HRS that this project continues to conform to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project 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

Printed Name of Developer



Duly Authorized Signatory*

3/27/13

Date

Tsutomu Sagawa, President of Haseko Development Inc., as Manager of Developer

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 7

ESTIMATED ANNUAL BUDGET

2013

Included in this Exhibit J are the 2013 operating budgets for the Association of Unit Owners of the Town Homes at Ka Makana at Hoakalei ("Town Homes"), the Ka Makana at Hoakalei Community Association ("Community Association"), and the Hoakalei Resort Community Association ("Master Association") (collectively, the "Budgets"). The Budgets were prepared by Certified Management, Inc. dba Associa Hawaii ("Certified Management") acting in its capacity as the Managing Agent for each of the Associations, and were adopted by the boards of directors of each of the respective Associations.

The chart of Estimated Maintenance Fees per Unit (see Exhibit J, page 3) was prepared by the Developer, and summarizes the estimated monthly maintenance fees for each of the (18) eighteen Units in the Project based on information contained in the Budgets as described below. A certification by Certified Management concerning the preparation of the Budgets is also included (see Exhibit J, page 4).

PURCHASERS ARE ADVISED THAT WHILE THE BUDGETS SET FORTH THE PROJECTED ACTUAL EXPENSES AND INCOME OF THE ASSOCIATIONS FOR THE CALENDAR YEAR 2013, THE BUDGETS ARE ESTIMATES ONLY, AND THE ACTUAL EXPENSES INCURRED AND INCOME REALIZED BY THE RESPECTIVE ASSOCIATIONS MAY BE MORE OR LESS THAN THE AMOUNTS SHOWN AND MAY INCLUDE EXPENSE CATEGORIES NOT REFLECTED IN THE BUDGETS. PURCHASERS ARE FURTHER ADVISED THAT THE DEVELOPER HAS NOT INDEPENDENTLY CONFIRMED THE ACCURACY OF ANY OF THE BUDGETS AND THAT THE INCLUSION OF SUCH BUDGETS IN THIS EXHIBIT IS NOT INTENDED TO BE AND DOES NOT CONSTITUTE ANY WARRANTY OR REPRESENTATION BY THE DEVELOPER THAT THE BUDGETS ARE ACCURATE OR THAT THE ACTUAL EXPENSES INCURRED WILL NOT EXCEED THE BUDGETED EXPENSES.

Town Homes Budget. A summary and explanation of the Town Homes Budget prepared by Certified Management is attached hereto (see Exhibit J, page 5). The Budget represents the budget for the merged increments of the Town Homes at Ka Makana at Hoakalei and is the basis upon which maintenance fees will be assessed against the Units in the Project. PURCHASERS SHALL COMMENCE PAYMENT OF THE MONTHLY ESTIMATED MAINTENANCE FEES EFFECTIVE ON THE DATE OF CONVEYANCE OF THE UNIT TO THE PURCHASER.

Purchasers are advised that 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 such continued use will be at the election and the cost of the Town Home Association or individual unit owners as the case may be.

Community Association and Master Association Budgets. A cover letter sent to homeowners prepared by Certified Management and explaining the Community Association and Master Association Budgets for calendar year 2013 is attached hereto (see Exhibit J, pages 6 and 7). The budget summaries for the Community Association and the Master Association are also attached (see Exhibit J, pages 8 and 9, respectively).

Purchasers are reminded that the Community Association monthly maintenance fee includes the sum of \$102 which is payable to Oceanic Time Warner Cable for Bundled Services (see Exhibit J, page 6) and will be assessed to each homeowner regardless of whether or not they subscribe to the services proved by Oceanic. Purchasers are further advised that the "Developer Contributions" referenced in the Master Association budget summary (see Exhibit J, page 9) represent reimbursements to the Master Association by the Developer for water and landscaping maintenance charges to be incurred by the Master Association for portions of the common area that have not yet been turned over to the Master Association.

Master Association Full Build-Out Budget (Conceptual). The Developer has prepared a conceptual budget for the Master Association at full build-out (see Exhibit J, page 10), that sets forth the estimated costs to operate the Master Association when the Hoakalei Resort is fully constructed at an indeterminate future time. The Conceptual Budget was prepared based on Haseko's current plan to operate the Hoakalei Resort featuring a recreational lagoon. Each expense line item in the Conceptual Budget is expressed in 2013 dollars. This budget is included for general informational purposes only since it is presently too early in the Hoakalei Resort's development process to definitively identify the specific amenities that will be developed and the timing of their construction. Accordingly, projected costs to operate the Master Association at full build-out are expected to periodically change as the development of the Hoakalei Resort progresses.

The Town Homes at Ka Makana at Hoakalei, Increment 7

2013 ESTIMATED MAINTENANCE FEES PER UNIT

UNIT NO.	NET LIVING AREA (sq. ft.) (a)	COMMON INTEREST (%)	TOWN HOME MONTHLY MAINT. FEE (\$)	COMMUNITY ASSN MONTHLY FEE (\$)	MONTHLY MASTER ASSN. FEE (\$)	TOTAL MONTHLY FEES (\$)	TOTAL ANNUAL FEES (\$)
2001	1,101	5.5555	290.00	167.00	36.00	493.00	5,916.00
2002	1,243	5.5556	290.00	167.00	36.00	493.00	5,916.00
2003	1,248	5.5556	290.00	167.00	36.00	493.00	5,916.00
2004	1,248	5.5556	290.00	167.00	36.00	493.00	5,916.00
2005	1,243	5.5556	290.00	167.00	36.00	493.00	5,916.00
2006	1,122	5.5555	290.00	167.00	36.00	493.00	5,916.00
2201	1,122	5.5555	290.00	167.00	36.00	493.00	5,916.00
2202	1,243	5.5556	290.00	167.00	36.00	493.00	5,916.00
2203	1,248	5.5556	290.00	167.00	36.00	493.00	5,916.00
2204	1,248	5.5556	290.00	167.00	36.00	493.00	5,916.00
2205	1,243	5.5556	290.00	167.00	36.00	493.00	5,916.00
2206	1,101	5.5555	290.00	167.00	36.00	493.00	5,916.00
2401	1,122	5.5555	290.00	167.00	36.00	493.00	5,916.00
2402	1,243	5.5555	290.00	167.00	36.00	493.00	5,916.00
2403	1,248	5.5556	290.00	167.00	36.00	493.00	5,916.00
2404	1,248	5.5556	290.00	167.00	36.00	493.00	5,916.00
2405	1,243	5.5555	290.00	167.00	36.00	493.00	5,916.00
2406	1,101	5.5555	290.00	167.00	36.00	493.00	5,916.00

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

The Town Homes at Ka Makana at Hoakalei, Increment 7

CERTIFICATE

Certified Management Inc., a Hawaii corporation, dba Associa Hawaii and the Managing Agent for the Town Homes at Ka Makana at Hoakalei, the Ka Makana at Hoakalei Community Association, and the Hoakalei Resort Community Association, does hereby certify that the 2013 annual budget and maintenance fees for said associations as set forth on pages 5, 8 and 9 of this Exhibit J were prepared in accordance with generally accepted accounting principles.

CERTIFIED MANAGEMENT, INC.
a Hawaii corporation, dba Associa Hawaii

By: 
Name: DANNI WONG
Its: AGENT
Date: 3/21/13.

Aloha,

The Kamakana Townhome proposed Budget for 2013 is below. Our Townhome Association should increase from 88 units to 106 units in 2013 with the addition of the new units by the swim club. A substantial savings and boost to our reserves is anticipated when the city and county begins refuse service, which we are very optimistic will occur. A true factual reserve study can not be done until all the construction of Townhomes is complete, then a comprehensive reserve study will be completed and utilized. This budget does not include a possible increase in the Community Association Fee which covers the swim club, security, dog park, playgrounds and linear parks or the Resort fee which covers Keoneula Blvd, Kamakana St and the Lagoon area.

So with the savings achieved between the 2012 & 2013 budgets NO increase in the Townhome Fees are being planned for 2013, BUT expect some increases in the future as costs increase and the final reserve study is completed.

Please don't hesitate to contact your Townhome Board or Pauli, our Certified Account Executive, if you have any questions. Mahalo!

FINANCIAL WORKSHEET TOWNHOMES AT KAMAKANA 2013 BASED ON 106 UNITS				
<u>INCOME</u>	<u>REMARKS</u>	<u>CURRENT 2012 PER UNIT COST</u>	<u>2013 PROPOSED BUDGET P/UNIT</u>	<u>2013 BUDGET</u>
MAINTENANCE FEES	FOR TOWNHOMES ONLY	290	290.00	368880
COMMUNITY ASSOCIATION DUES	SWIM CLUB, DOG PARK, ETC \$45.00 OCEANIC CABLE \$102.00	147	147.00*	186984
MASTER ASSOCIATION DUES	RESORT ASSOCIATION \$36.00	36	36.00	45792
<u>TOTAL INCOME</u>		473	473 *	601,656
<u>EXPENSES</u>				
BOARD MEETING EXPENSES	Meeting at Swim club removes this expense \$380 Savings	0.36	0.00	0
POSTAGE AND EXPENSES	This cost eliminated due to email system \$700 Savings	0.68	0.00	0
ANNUAL MEETING	Request to use OPCRA site for size & no outside noise. \$425 Savings	0.43	0.02	25
OFFICE SUPPLIES	Misc items \$4000 Savings due to email system	4.53	0.39	500
PROPERTY MANAGEMENT	About \$3600 refund from Certified for overcharge in 2011,2012.	12.61	10.50	13356
LEGAL FEES COMMON	A savings of \$830 if no lawyers are used.	0.79	0.00	0
PROFESSIONAL FEES GENERAL	Condo registration fee every odd year	1.20	0.57	724
ACCOUNTING FEES	This is based on contract with Sullivan \$500 savings over 2012	1.27	0.62	785
FEES RESERVE STUDY		0.00	0.00	0
ELECTRICITY	Allows for increase based on 2012 consumption	1.93	2.36	3000
WATER COMMON	Allows for increase based on 2012 consumption + 10%	26.98	30.00	38160
SEWER COMMON	Allows for increase based on 2012 consumption + 10%	73.16	80.00	101760
REFUSE REMOVAL	Current charge but if city and county start pickup \$30,000 Savings	23.86	23.86	30350
GROUND MTCE	Sprinkler Repairs, etc	0.17	1.57	2000
BUILDING MTCE	Misc repairs to buildings.....Elec repairs, bulbs, etc	0.43	1.57	2000
FIRE EQUIPMENT MTCE	Replacement of stolen ext and inspections	1.89	1.57	2000
LANDSCAPING MTCE	Reducing cost per unit but no overall savings with increase in units.	54.56	45.00	57240
TERMITE TREATMENT	Warranty expiring 3 buildings need to be done 2013	0.00	4.72	6000
GET TAXES		0.14	0.15	191
REAL PROPERTY TAXES		0.00	0.00	0
COMMUNITY ASSOCIATION DUES	No word on any increase due to swim club, security, cable, etc	147.00	147.00	186984
MASTER ASSOCIATION DUES	WITH PLANNED LAGOON NOT MARINA WE NEED TO MONITOR THIS	36.00	36.00	45792
FIDELITY BOND		0.00	0.00	0
COMMERCIAL PACKAGE	Insurance premiums dropped by almost \$7000 as no claims have been filed. Increase shown is for 106 units	41.65	36.90	46937
UMBRELLA LIABILITY		1.11	1.02	1297
DIRECTORS AND OFFICERS LIABILITY		0.78	0.86	1094
COMMERCIAL GENERAL LIABILITY		1.44	0.00	0
<u>TOTAL EXPENSES</u>		432.97	424.68	540,194
<u>NET INCOME (LOSS)</u>	With cost savings, reserve increases from \$40 to \$48 per unit.	40	48	61,462

*Developer's Note: Typographical Error. Correct amounts should be \$167 (instead of \$147) and \$493 (instead of \$473).



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November 2012

IMPORTANT DOCUMENTS

2013 Operating Budget

Effective: January 1, 2013

Dear Owners:

Enclosed are the 2013 Budgets and Maintenance Fee Schedules for the Hoakalei Resort Community Association (HRCA) and Ka Makana at Hoakalei Community Association (CA). Both the HRCA and Ka Makana at Hoakalei CA Board of Directors approved their corresponding Budget, which becomes effective on January 1, 2013. The budget format is designed to provide a summary of the coming year's budget. The two Boards meticulously reviewed each line item and there will be no increase in the monthly HRCA Maintenance Fees, and a \$20 increase for Ka Makana at Hoakalei CA Maintenance Fees for 2013.

Hoakalei Resort Community Association (Master Association) Maintenance Fee:	\$ 36.00
Ka Makana at Hoakalei Community Association Maintenance Fee:	\$ 65.00
Oceanic Cable Contract:	\$102.00
Total: \$203.00/month	

The primary reason your Board of Directors for Ka Makana at Hoakalei CA approved the \$20 increase in Maintenance Fees is to hire security for all of Ka Makana and add an additional staff member at the Swim Club to better service residents.

The additional security for Ka Makana will begin on January 1, 2013. This increase in security includes a guard with a vehicle for random patrolling of the neighborhood, and continued patrolling of the Swim Club. This is a benefit strictly reserved for Ka Makana CA community members. The decision to increase the security services was based on numerous requests by residents to the Board.

The new staff person at the Swim Club is expected to start in November of this year. The Board decided to increase the staffing at the Swim Club ahead of the 2013 budget year in order to better meet the needs of residents and their guests who utilize the Swim Club. Other factors that contributed towards the increase in Maintenance Fees include the rising costs of electricity, water, and sewer services.

Board of Water Supply fees are projected to rise 10% next year. The increase in water and sewer fees directly affects the costs for maintaining landscaping and the Swim Club's pool and hot tub.

Hawaiian Electric Company fees will also rise a projected 10%. The Board is researching Solar Photo-Voltaic systems for the Swim Club to decrease energy costs, while maintaining daily operations and availability to Ka Makana residents.

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As the community is still growing, the Ka Makana CA Budget accounts for the anticipated increase in the number of closed homes each month. This method allows the Board of Directors to accurately reflect the costs and expenses of the Association throughout the year (i.e. more closed homes means more residents paying Maintenance Fees to the Association, but also more common areas of responsibility for the CA to maintain as well as more potential users of the Swim Club).

The Board of Directors continues to focus on maintaining the high standards, value and aesthetics of our community as cost-effectively as possible. If you'd like to volunteer to help keep the Association's costs down, please feel free to call me. The Board welcomes and encourages residents to play an active role in upholding our community's well-deserved reputation as a great place to live.

If you should have any questions pertaining to HRCA and Ka Makana at Hoakalei CA Budgets or to Association matters, please feel free to contact me directly at 808-837-5209 or by email at KananiK@CertifiedHawaii.com.

Sincerely,

CERTIFIED HAWAII
Agent for Hoakalei Resort Community Association
and
Ka Makana at Hoakalei Community Association

Kanani Kaopua, CMCA®
Account Executive

Web CertifiedHawaii.com



PROJECT NUMBER: 659

MONTHLY BUDGET ANALYSIS FOR:

Ka Makana at Hoakalei

Approved budget to be effective on: January 1, 2013

Prepared By: Kanani Kaopua, CMCA

Board Approved Date: October 22, 2012

	2012 Budget	Actual Monthly Average	Proposed 2013 Budget	Approved 2013 Budget
REVENUE:				
CHANGE-Fees, Dues, & Receipts =			59.9%	44.0%
40100 FEES, DUES & RECEIPTS	98,546	90,950	145,392	141,897
40100 ASSESSMENTS	0	0	0	0
40100&40200 TAXABLE INCOME	127	857	120	120
TOTAL REVENUES	\$98,673	\$91,807	\$145,512	\$142,017

EXPENSES:				
<u>OPERATING EXPENSES:</u>				
70100 WAGES AND SALARIES	4,085	0	0	0
70200 EMPLOYEE BENEFITS	651	0	0	0
70300 ADMINISTRATIVE COSTS	1,660	2,231	2,032	2,032
70700 MANAGEMENT SERVICES	0	8,822	9,731	9,731
70800 PROPERTY MANAGEMENT	1,692	1,409	2,796	2,796
70900 LEGAL	45	268	250	250
71100 OTHER PROFESSIONAL	138	130	87	287
71200 ELECTRICITY	525	653	3,400	3,400
71300 WATER	1,458	1,751	4,375	4,375
71350 SEWER	525	0	6,000	6,000
71400 TELEPHONE	101	56	10	10
71500 GAS	700	0	1,500	1,500
71600 TELEVISION	54,927	47,069	71,298	71,298
71700 EXTERMINATING	0	0	69	69
71800 RUBBISH REMOVAL	58	0	117	117
71900 SECURITY	0	0	5,000	5,000
72000 CUSTODIAL	389	0	1,487	1,487
72100 MAINTENANCE	8,840	7,726	11,045	11,045
72200 AMENITIES	904	457	3,523	3,523
72500 TAXES	460	782	770	770
72600 FIXED EXPENSE	19,386	18,501	25,164	25,164
72700 INSURANCE	969	391	157	157
TOTAL OPERATING EXPENSES:	\$97,513	\$90,246	\$148,811	\$149,011
TOTAL EXPENSES	\$97,513	\$90,246	\$148,811	\$149,011
NET INCOME	\$1,160	\$1,561	(\$3,299)	(\$6,994)

<u>RESERVE FUND TRANSFERS:</u>				
37290-499 TRANSFER CLEARING-FROM RESERVES	0	0	5,270	7,994
37290-799 TRANSFER CLEARING-TO RESERVES	1,000	1,561	1,971	1,000
NET RESERVE TRANSFERS	(\$1,000)	(\$1,561)	\$3,299	\$6,994
NET INCOME & NET RESERVE TRANSFERS	\$160	\$0	\$0	(\$0)

NOTE: The budgeted revenues and expenses are based on accrual-basis accounting.

HASEKO COVERAGE SUMMARY

PROJECT NUMBER: 660

MONTHLY BUDGET ANALYSIS FOR: Hoakalei Resort Community Association

Approved budget to be effective on: January 1, 2013

Prepared By: Board of Directors Board Approved Date: September 4, 2012

	2013 Monthly Budget	2013 Annual Total
REVENUE:		
40100 FEES, DUES & RECEIPTS	25,214	302,568
40100-00-453 Developer Contributions	1,493	17,916
TOTAL REVENUES	\$26,707	\$320,484
EXPENSES:		
OPERATING EXPENSES:		
70300 ADMINISTRATIVE COSTS	772	9,260
70800 PROPERTY MANAGEMENT	2,097	25,164
70900 LEGAL	50	600
71100 OTHER PROFESSIONAL	87	1,042
71200 ELECTRICITY	25	300
71300 WATER	4,515	54,180
71600 TELEVISION	250	3,000
72100 MAINTENANCE	9,300	111,605
72700 INSURANCE	360	4,325
TOTAL OPERATING EXPENSES:	17,456	\$209,476
NON-OPERATING EXPENSES:		
73000 CAPITAL EXPENSE	350	4,200
TOTAL NON-OPERATING EXPENSES:	\$350	\$4,200
TOTAL EXPENSES	\$17,806	\$213,676
NET INCOME	\$8,901	\$106,808
RESERVE FUND TRANSFERS:		
37290-799 TRANSFER CLEARING-TO RESERVES	8,900	106,808
NET RESERVE TRANSFERS	(\$8,900)	(\$106,808)
NET INCOME & NET RESERVE TRANSFERS	\$0	\$0

Monthly Assessment per Residential Unit \$36.00

NOTE: The budgeted revenues and expenses are based on accrual-basis accounting.

By definition, a budget is an estimate of expenses; however, actual expenses incurred may be more or less than the estimated expenses set forth in the Budget and there may be categories of necessary expenses incurred during the coming fiscal year for which a line item does not exist in the Budget. Neither the Board nor the Association can and do not make any representation or warranty that actual expenses will not exceed the budgeted numbers or increase as a result of inflation, etc. Furthermore, if the estimated expenses in certain categories of the Budget, for example, maintenance or utilities, are greater than the actual expenses for those categories, then the excess will be used to offset any deficit occurring in the categories of the Budget where actual expenses exceed the estimated expenses or for necessary but unbudgeted expenses incurred by the Association.

Hoakalei Resort Community Association

Conceptual Full Build-Out Budget¹
 (For Informational Purposes Only)

<u>Budget Item</u>	<u>Amount at Full Build-Out</u>
Wages and Salaries	445,476.00
Employee Benefits	124,150.00
Administrative Costs	51,882.00
Property Management	106,990.00
Legal	9,935.00
Other Professional	25,021.00
Electricity	117,747.00
Water	274,498.00
Sewer	44,155.00
Telephone	4,416.00
Exterminating	7,359.00
Rubbish Removal	14,718.00
Patrol Services	451,854.00
Custodial	250,213.00
Lagoon/Cove Maintenance	839,805.00
Maintenance	666,375.00
Vehicle Costs	6,623.00
Taxes	8,816.00
Fixed Expense	29,437.00
Insurance	139,563.00
Reserves ²	662,327.00
Capital Expenses	269,842.00
Total Estimated Annual Costs	4,570,336.00
Total Estimated Annual Costs Allocable to all Hoakalei Residential Units³	1,387,531.00
HRCA Assessments Per Residential Unit/Mo.	50.00⁴

¹ This budget sets forth the estimated costs to operate the Hoakalei Resort Community Association at full build-out at an indeterminate future time. Each expense line item in this column is expressed in 2013 dollars and was calculated based on the current resort master plan that features a lagoon. However, project costs are expected to change from time to time as development of Hoakalei progresses.

² This line item is an estimate only. No reserve study has been conducted.

³ Based upon an estimated 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, Commercial, and Lagoon districts.

⁴ 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., an estimated 2,314 units at full build-out) and then rounding to the nearest dollar. This amount is provided for informational purposes only.