

IMPORTANT - - Read This Developer Prepared Report Before Buying

This Report Is Not a Commission Approval or Disapproval of This Condominium Project

AMENDMENT 1 TO DEVELOPER'S PUBLIC REPORT FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME:	THE CLUB BUNGALOWS AT KUKUI'ULA PHASE II
PROJECT ADDRESS:	Ke Alaula Street Koloa, Island and County of Kauai, 96756
REGISTRATION NUMBER:	7823
EFFECTIVE DATE OF REPORT:	May 15, 2017
THIS AMENDMENT:	<input checked="" type="checkbox"/> Must be read together with <input checked="" type="checkbox"/> Developer's Public Report dated <u>June 2, 2016</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):	

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:

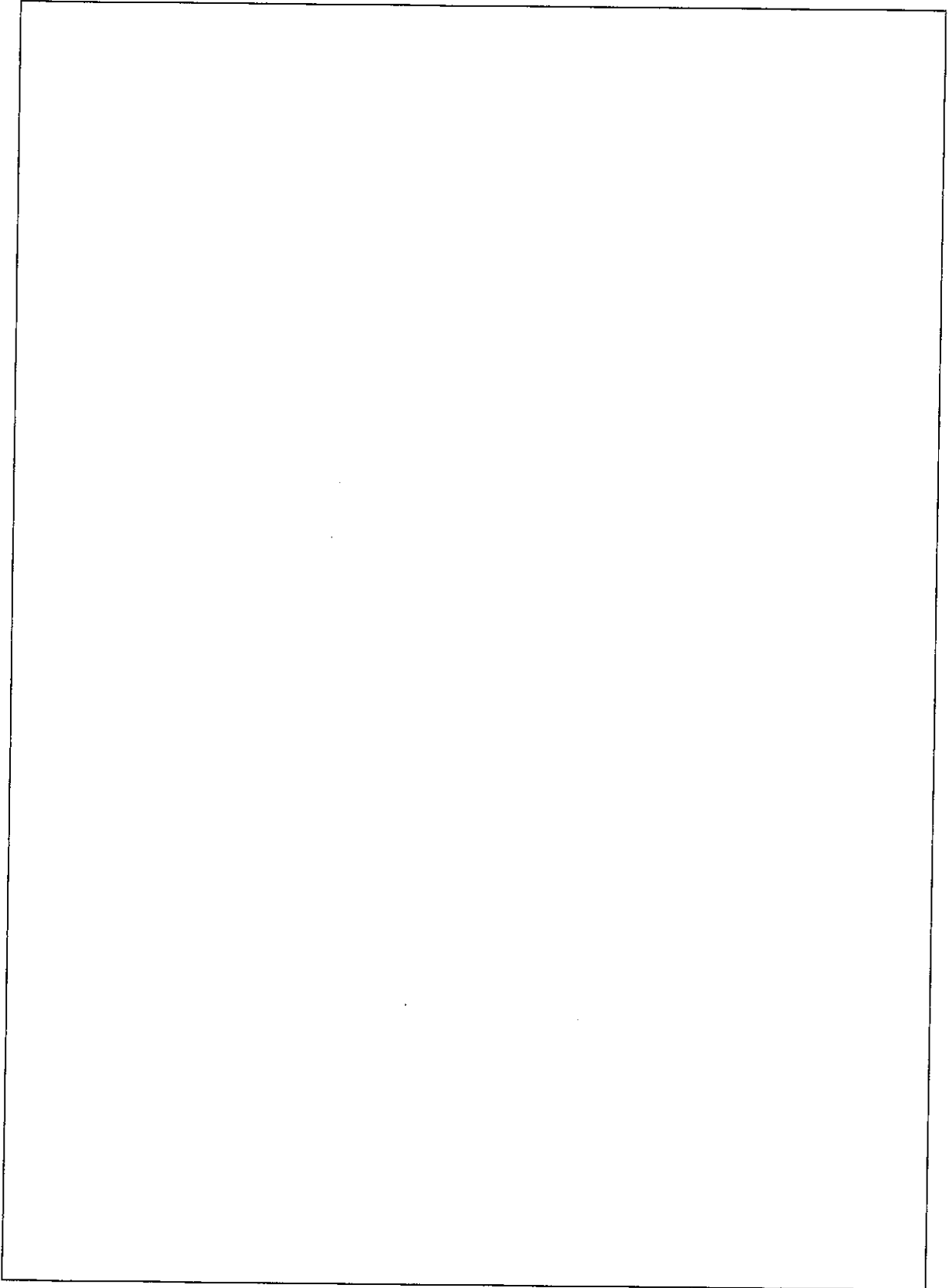
This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public 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):

Exhibit I is deleted in its entirety and replaced with the attached Exhibit I to reflect a change in the Project Budget and owners' maintenance fees.

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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.

LODGE HALE DEVELOPMENT, LLC, a Hawaii limited liability company
Printed Name of Developer

LODGE HALE DEVELOPMENT, LLC, a Hawaii limited liability company

By CSE HAWAII DEVELOPMENT, LLC, a Delaware limited liability company
Its Administrative Member

By CSE & ASSOCIATES, INC., an Arizona corporation
Its Manager

By


Duly Authorized Signatory*

4-24-2017
Date

C. Scott Edmunds, 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 I

ESTIMATE OF INITIAL MAINTENANCE FEES

The Maintenance Fee Analysis for The Club Bungalows at Kukui`ula has been compiled by Associa Hawaii Management Company, a licensed property manager. Although the Managing Agent makes every effort to estimate the actual cost of operation, many factors will affect the ultimate cost of operation and certain budget items may change. Such estimates are not intended to be and do not constitute any representation or warranty by Developer, including, but not limited to, any representation or warranty as to the accuracy of such estimates. Developer advises that costs and expenses of maintenance and operation of a condominium community are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by unit owners and may increase significantly depending on the level of services eventually selected by the Association's Board of Directors.

Purchasers should also be aware that the estimates provided are as of the date reflected in the Managing Agent's certification. Inasmuch as the estimates are the Managing Agent's best estimate as of the date reflected in the Managing Agent's certification, there may be an increase in the cost of operation for reasons not in the control of Developer.

The estimate of the initial schedule of annual maintenance fees and monthly estimated maintenance fees for each Unit is attached hereto. **Unit Owners are obligated to start paying Unit Owner's share of the common expenses on the date of closing on the purchase of their Unit.**

It should be noted that the estimates are based on the development of Phase IA, Phase IB and Phase II only and thus the percentage share of the Common Expenses is allocated only among the Units in Phase IA, Phase IB and Phase II. The percentage allocated to each Unit in Phase IA, Phase IB and Phase II is based on the ratio that the Unit's Net Living Area bears to the Net Living Area of all Units in Phase IA, Phase IB and Phase II. As any additional Phases are developed, the percentage allocation will change to reflect the additional units.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. I am the Vice President for Associa Hawaii, a Hawaii corporation, designated by the Developer of The Club Bungalows at Kukui'ula condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 2017, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 19 day of April, 2017

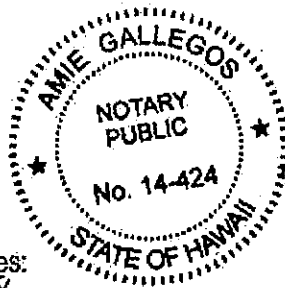
Colleen N.A. Iseri

Colleen NA Iseri
Its Vice President

Subscribed and sworn to before me
this 19th day of April, 2017

[Signature]

Printed Name: Amie Gallegos
Notary Public, State of Hawaii



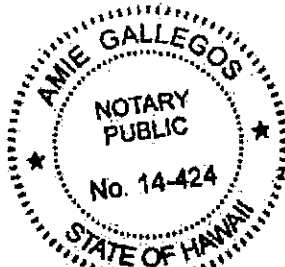
My commission expires: December 14, 2018

Document Date: APR 19 2017 Pages: 1

Notary Name: Amie Gallegos First Circuit

Doc. Description: Certificate

[Signature] APR 19 2017
Notary Signature Date





PROJECT NUMBER: 96

MONTHLY BUDGET ANALYSIS FOR: Club Bungalows at Kukuiula

Approved budget to be effective on: January 1, 2017

Prepared By: Alina Kuznetsova Board Approved Date: December 7, 2016

	Monthly 2016 Budget	Monthly 2017 Phase 1A & 1B Average	Monthly 2017 Full Build Budget
CASH FLOW TO COVER LOAN PAYMENTS			
2800 TOTAL LOAN PAYMENTS	0	0	0
TOTAL LOAN PAYMENTS	<u>0</u>	<u>0</u>	<u>0</u>

REVENUE:	CHANGE-Fees, Dues, & Receipts = -35.9%		
REVENUE:	CHANGE-Fees, Dues, & Receipts = 3.0%		
4000 ASSESSMENT INCOME	20,465	13,111	21,079
4120 START UP FEES	0	0	0
4400 RENTAL INCOME	0	0	0
4500 FOOD & BEVERAGE INCOME	0	0	0
4700 COLLECTIONS INCOME	0	0	0
4800 OTHER INCOME	0	0	0
4900 INVESTMENT INCOME	15	1	8
TOTAL REVENUES	<u>20,480</u>	<u>13,111</u>	<u>21,087</u>

EXPENSES:			
OPERATING EXPENSES:			
5000 ADMINISTRATIVE	244	325	152
5200 COMMUNICATIONS	45	35	45
5300 PAYROLL & BENEFITS	0	0	0
5400 INSURANCE	1,749	1,588	2,000
6000 UTILITIES	4,400	3,030	5,660
6100 LANDSCAPING	6,400	5,260	8,804
6200 IRRIGATION	400	0	15
6300 OPERATIONS	0	0	0
6400 CONTRACTED SERVICES	600	1,901	1,909
6500 REPAIR & MAINTENANCE	500	0	250
7000 PROFESSIONAL SERVICES	643	470	962
8100 SHARED EXPENSES	0	0	0
8900 ASSOCIATION OWNED UNIT EXPENSES	0	0	0
9000 TAXES	0	2	2
9100 OTHER EXPENSES	3,000	500	1,200
TOTAL OPERATING EXPENSES:	<u>17981</u>	<u>13111</u>	<u>21080</u>

NET INCOME/LOSS	<u>2499</u>	<u>0</u>	<u>0</u>
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RESERVES:			
4910 RESERVES INTEREST INCOME	0	0	0
9800 RESERVE EXPENSES	0	0	0
RESERVE DEPT - NET INCOME/LOSS	<u>3000</u>	<u>500</u>	<u>6000</u>

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



PROJECT NUMBER: 96

MAINTENANCE FEE ANALYSIS FOR: Club Bungalows at Kukui'ula

APPROVED BUDGET FOR: January 1, 2017

PREPARED BY: Alina Kuznelsova Board Approved Date: December 7, 2016

Unit Type	PerCent Common Interest 11 Units	PerCent Common Interest 20 Units	Number Of Units Phase IA & IB 11 Units	Number Of Units Full Build 20 Units	Prior Year Maint Fees	Maint Fee Per Unit Phase IA & IB Increase of 3%	Maint Fee Per Unit Full Build Increase of 3%
A/R	3.924100	3.924100	6	12	803.07	827.17	827.16
B	5.701800	5.701800	3	6	1,168.87	1,201.89	1,201.88
C	9.206000	9.206000	1	1	1,884.01	1,940.55	1,940.53
D	8.494000	8.494000	1	1	1,738.30	1,790.47	1,790.45
Spatial	1.000000	1.000000	1	1	204.65	210.79	210.79
Totals:	58.3500%	100.0000%					