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STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

APR 12, 2006 02:00 PM

Doc No(s) 2006-068804

/s/ CARL T. WATANABE
REGISTRAR OF CONVEYANCES

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Return by Mail () Pickup (XX)

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No. of Pages: _____

Tax Map Key No.: (2) 4-5-35:1 to -111

INTERIM LENDER'S AGREEMENT

THIS INTERIM LENDER'S AGREEMENT ("Agreement") is made on April 12, 2006, by and between the **STATE OF HAWAII**, by its **DEPARTMENT OF HAWAIIAN HOME LANDS**, with business address at 1099 Alakea Street, Suite 2000, Honolulu, Hawaii 96813 ("DHHL"), and [REDACTED] a Hawaii limited liability company, with mailing address at [REDACTED] ("Borrower"), in favor of [REDACTED], a national banking association, with mailing address at [REDACTED] ("Lender"). Unless defined in this Agreement, capitalized terms shall have the meanings set forth in the Development Agreement defined below.

A. **BACKGROUND.** DHHL and Borrower have executed that certain Development Agreement [REDACTED] Project, dated [REDACTED] (the "Development Agreement"). The Borrower has requested, and the Lender has issued, a commitment letter in connection with a proposed \$ [REDACTED] revolving line of credit loan (the "Loan") to the Borrower in accordance with the terms and conditions of the loan documents to be executed by the Borrower and the Lender ("Loan Documents"), including, but not limited to, that certain Security Agreement and UCC-1 Financing Statement and that certain Assignment of Contracts, Plans and Specifications assigning the Borrower's interests in the Development Agreement (collectively, the "Assignment") to be executed by the Borrower in favor of the Lender, intended to be recorded in the Bureau of Conveyances of the State of Hawaii. DHHL and the Borrower desire to set forth certain agreements relating to the Development Agreement and the Loan Documents, and to clarify the rights and remedies of the Lender thereunder.

1. Enforcement of Development Agreement.

(a) In the event of any default and failure to cure within the applicable grace period, if any, by the Borrower under the Development Agreement or under the Loan Documents, the Lender shall have the right to enforce the Development Agreement and acquire the interest of the Borrower to the Development Agreement in any lawful way. Upon written notice given to DHHL and to Borrower, the Lender, in its sole discretion, with respect to homes then under construction and uncompleted (as more particularly described in the Loan Documents) [the "Uncompleted Homes"], may elect to enforce rights with respect to security interests held by the Lender and/or to cause its designee to perform the obligations of the Borrower, in whole or in part, under and in accordance with, the Development Agreement, without further consent or action of the Borrower, and with the consent of DHHL, which consent shall not be unreasonably withheld or delayed and shall not be conditioned upon the payment of any compensation. If no written objection is received by the Lender or its designee within ten (10) days after the request for consent is delivered to DHHL, then such consent shall be deemed to have been given. The Lender, in its sole discretion, upon written notice given to DHHL and to the Borrower, may also elect to terminate the Development Agreement in whole or in part as to any obligations or liabilities of the Borrower as to homes for which construction has not commenced (as more particularly described in the Loan Documents) [the "Remaining Unstarted Homes"].

(b) In the event of any default and failure to cure within the applicable grace period, if any, by the Borrower under the Development Agreement or under the Loan Documents, DHHL hereby grants to Lender a license to enter the Project Land to complete the Uncompleted Homes in accordance with the Project Plans. Such license shall not be revoked by DHHL except by good cause and written notice to the Lender, giving the Lender and its designee ninety (90) days (i) to remedy such cause, if such cause can be remedied by the payment of money, or (ii) if such is not the case, given the Lender and its designee the opportunity to undertake in writing to perform all covenants and conditions requisite to curing such cause. DHHL shall not revoke such license if (i) or (ii) of this subparagraph are undertaken by the Lender or its designee within such ninety (90) day period. DHHL also agrees that the Lender may enforce its rights with respect to security interests held by the Lender, and DHHL hereby assigns to Lender and releases all right, title and interest or claims DHHL may have or may obtain in the future, in any improvements for the Uncompleted Homes. If necessary, at the request of the Lender, DHHL hereby agrees to enter into a new development agreement ("New Development Agreement") with the Lender or its designee upon substantially the same terms and conditions as the Development Agreement, covering completion by the Lender's designee of the Uncompleted Homes and further providing that the Lender and its designee shall have no obligation or liability as to the Remaining Unstarted Homes. Notwithstanding the foregoing, the Lender or its designee shall be under no obligation to complete the Uncompleted Homes or the Remaining Unstarted Homes, unless the Lender has undertaken such obligation by delivering written notice to DHHL and to Borrower as provided above. The Lender may, within thirty (30) days after such written notice and after reasonable determination that such completion may not be economically feasible, elect in its sole discretion, without liability or obligation, to

terminate the Development Agreement, the license and the New Development Agreement, in whole or in part. Under no circumstances shall Lender or its designee be responsible for any of the unperformed obligations or outstanding liabilities of the Borrower accruing under the Development Agreement, unless so agreed by the Lender or its designee in writing.

(c) In the event of any default and failure to cure within the applicable grace period, if any, by the Borrower under the Development Agreement or under the Loan Documents, in all cases where the Lender or its designee agree to complete the Uncompleted Homes, the Lender and its designee shall have all such time extensions for construction and completion as are reasonable under the circumstances. The parties agree that substantial time delays may occur in reaching any agreement between the Lender or its designee and the existing contractor and subcontractors, or a new contractor or new subcontractors, to start-up and complete the Uncompleted Homes, and that the Lender and its designee shall be given such reasonable extensions of time under the Development Agreement to complete the Uncompleted Homes and to exercise its remedies under the Loan Documents. The Lender may, in addition to agreeing to have its designee complete the Uncompleted Homes, elect to enforce its rights, with respect to security interests held by the Lender, and any other rights under the Loan Documents. DHHL hereby acknowledges and consents to the Borrower's assignment to the Lender of (i) its rights under the Development Agreement, including, but not limited to, the Development Rights and (ii) Developer's Profit, including, but not limited to, sales proceeds under the Sales Documents and the Escrow Agreement; provided, that the Lender's rights to the Developer's Profit and to such sales proceeds shall not exceed the sums due to the Lender under the Loan Documents. Termination of the Development Agreement by the Lender shall terminate any obligation, if any, of the Lender or its designee under the Development Agreement, and shall not affect the validity or enforceability of the Loan Documents and the assignment of Developer's Profit and sales proceeds under existing Sales Documents and the Escrow Agreement.

The Lender or its designee shall be liable to perform the obligations imposed upon the Borrower with respect to the Uncompleted Homes by the Development Agreement or New Development Agreement only after such written notice is given and only during the period the Lender or its designee has possession or ownership of the Borrower's interest in the Development Agreement. Except as provided in the Development Agreement, nothing contained in this Agreement shall release or be deemed to relieve the Borrower from the full and faithful observance and performance of the Borrower's covenants under the Development Agreement or from any liability for the nonobservance or nonperformance thereof, nor be deemed to constitute a waiver of any rights of DHHL under the Development Agreement or constitute a waiver of any rights of the Lender under the Loan Documents.

So long as the Assignment and the Loan Documents remain unreleased and the Loan remains outstanding and unpaid, the Development Agreement, any New Development Agreement, and the interests of DHHL, the Borrower, New Borrower or any third party under the Development Agreement or any New Development Agreement shall all be subject and subordinate to all rights, liens (including any equitable liens) and

agreements in favor of the Lender covering the Project. Any transferee or designee of such interests or properties shall be subject to such rights, liens and agreements in favor of the Lender.

2. Protection of Lender. No agreement between DHHL and the Borrower modifying, canceling or surrendering the Development Agreement shall be effective without the prior written consent of the Lender.

In accordance with Section 1 above, neither DHHL nor the Borrower shall exercise their respective rights to terminate the Development Agreement (including, but not limited to, termination pursuant to Sections 12 and 13 of the Development Agreement), with respect to any Uncompleted Homes, or incur any expenses reimbursable by the Borrower, by reason of the occurrence of any default thereunder, if the Lender or its designee, within ninety (90) days after the receipt of written notice from DHHL or the Borrower of intention to terminate the Development Agreement for any such cause, shall either remedy such default, if the default can be remedied by the payment of money, or, if such is not the case, shall undertake in writing to perform all covenants and conditions of the Development Agreement with respect to any Uncompleted Homes reasonably capable of performance by the Lender or its designee until such time as the default of the Borrower shall have been cured.

In the event of the commencement of a bankruptcy proceeding concerning the Borrower, DHHL agrees and acknowledges that the actual or deemed rejection of the Development Agreement (or any "New Development Agreement" entered into pursuant to the terms of this Agreement) under any provision of the Bankruptcy Code (Title 11, United States Code) or any successor law having similar effect, shall not effect a termination of the Development Agreement or affect or impair the Lender's lien thereon or rights with respect thereto; provided, however, that this provision is not intended and shall not be deemed to confer any rights or benefits upon the Borrower or the Borrower's bankruptcy trustee.

If it appears necessary to the Lender, in order to give legal or practical effect to the preceding sentence, DHHL agrees that promptly upon the written request of the Lender, DHHL will enter into a New Development Agreement with the Lender or its designee (the "New Borrower") covering any Uncompleted Homes on the following terms and conditions:

(a) The New Development Agreement shall be for the remainder of the term of the Development Agreement, effective as of the effective date of the rejection of the Development Agreement, upon the terms, covenants and conditions (including all options to renew but excluding requirements which are not applicable or which have already been fulfilled) of the Development Agreement and shall cover only completion of any Uncompleted Homes; provided, that the Lender and its designee shall have the option (to be exercised in its sole discretion by delivery of written notice to DHHL) to undertake to complete any or all of the Remaining Unstarted Homes, the Lender and its designee having no obligation to do so;

(b) The Lender shall pay or cause to be paid to DHHL at the time of the execution and delivery of such New Development Agreement, any and all sums which are at the time of execution and delivery thereof due under the New Development Agreement and, in addition thereto, all reasonable expenses, including reasonable attorneys' fees, which DHHL shall have incurred by reason of the actual or deemed rejection of the Development Agreement and the execution and delivery of the New Development Agreement, and the New Borrower shall undertake, by executing the New Development Agreement, to perform all covenants and conditions of the New Development Agreement reasonably capable of performance by the New Borrower; and

(c) Any New Development Agreement made pursuant to this Agreement shall be prior to any lien on, or charge or encumbrance of the Borrower's interest in the Development Agreement which was subordinate to the Development Agreement, and the New Borrower shall have the same right, title and interest in and to the New Development Agreement as the Borrower had under the Development Agreement.

B. Estoppel Certificates.

1. DHHL hereby certifies to the Lender that (a) the Development Agreement is in full force and effect and unmodified by any instruments, except as hereinabove provided, and no modification or amendment shall be effective without the Lender's written consent, so long as the Assignment remains in effect; (b) the Borrower is not in default in the payment of any sums due under the Development Agreement or in the performance or observance of any covenant or condition to be performed or observed by the Borrower thereunder; (c) no event has occurred which authorizes, or with the lapse of time will authorize, DHHL to terminate the Development Agreement; (d) the execution and delivery by the Borrower of the Loan Documents will constitute neither a breach of the Borrower's obligations under the Development Agreement, nor an event of default thereunder; (e) DHHL shall deliver to the Lender a copy of any notice sent by DHHL to the Borrower pursuant to the Development Agreement; and (f) upon DHHL's receipt of a true copy of the Assignment, such Assignment and the Lender shall be entitled to all the benefits of the provisions set forth in the Development Agreement.

2. The Borrower hereby certifies to the Lender that: (a) the Development Agreement is in full force and effect and unmodified by any instruments, except as hereinabove provided, and no modification or amendment shall be effective without the Lender's written consent, so long as the Assignment remains in effect; (b) DHHL is not in default in the payment of any sums due under the Development Agreement or in the performance or observance of any covenant or condition to be performed or observed by DHHL thereunder; (c) no event has occurred which authorizes, or with the lapse of time will authorize, the Borrower to terminate the Development Agreement; (d) the execution and delivery by the Borrower of the Loan Documents will constitute neither a breach of the Borrower's obligations under the Development Agreement, nor an event of default thereunder; (e) the Borrower shall deliver to the Lender a copy of any notice sent by the Borrower to DHHL pursuant to the Development Agreement; and (f) upon

DHHL's receipt of a true copy of the Assignment, such Assignment and the Lender shall be entitled to all the benefits of the provisions set forth in the Development Agreement.

As used herein, the terms "DHHL", "Borrower" "New Borrower", and "Lender" shall mean and include DHHL, the Borrower, the New Borrower, and the Lender named above and their respective heirs, personal representatives, successors, successors in trust, designees and assigns. Where there is more than one DHHL, Borrower, New Borrower, or Lender, the use of the singular shall be construed to include the plural wherever the context shall so require. The use of any gender herein shall include all genders.

C. Cooperation; Further Documents and Agreements. The parties hereto agree that this Agreement is intended to benefit the Lender regarding repayment of its Loan, enforcement of its Loan Documents, and preserving and exercising its rights under the Development Agreement or the New Development Agreement. So long as the Loan remains outstanding and unpaid, the parties hereto agree to cooperate with each other to effect the intent and purposes of this Agreement. The parties hereto agree to execute such other documents and agreements as shall be deemed necessary by the Lender to effect such intent and purposes.

D. Remedies of Lender. The parties hereto agree that this Agreement shall constitute one of the Loan Documents and any default or non-compliance hereunder shall constitute a default under the Loan Documents, enabling the Lender to exercise any of its remedies under the Loan Documents and under applicable law.

E. Full Force and Effect. The provisions of the Loan Documents are hereby amended to conform herewith, and in the event of any conflict between the provisions of this Agreement and the provisions of the Loan Documents, the provisions of this Agreement shall control; but in all other respects, the provisions of the Loan Documents shall continue in full force and effect.

F. Rights of Lender; Obligations of Borrower. This Agreement is made on the express condition that nothing contained herein shall in any way be construed as affecting, impairing or waiving (a) any rights of the Lender under the Loan Documents, (b) the validity or priority of the Loan Documents, or (c) any obligations of the Borrower thereunder.

G. Applicable Law; Severability. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Hawaii. If any provision of this Agreement is held to be invalid or unenforceable, the validity or enforceability of the other provisions shall remain unaffected.

H. Paragraph Headings. The heading of paragraphs in this Agreement are inserted only for convenience and shall in no way define, describe or limit the scope or intent of any provision of this Agreement.

I. Incorporation of Agreements. This Agreement incorporates all agreements between the parties relating to the subject matter hereof, and supersedes all other prior

oral or written letters, agreements or understandings relating to the subject matter hereof. This Agreement may not be modified or amended, nor any of the provisions hereof waived, except by an instrument in writing signed by the parties hereto and consented to in writing by Lender, which consent may be withheld in its sole discretion.

J. Counterparts. The parties hereto agree that this Agreement may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. For all purposes, including, without limitation, recordation and delivery of this Agreement, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

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