STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

December 9, 2016

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Consent to Lease of Lands and Declaration of Easements under Governor’s Executive Order No. 4224 to County of Hawaii, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-4-001:177, 184, 185 & 186.

CONTROLLING AGENCY:

County of Hawaii, a municipal corporation of the State of Hawaii.

APPLICANT:

Hawaii Island Community Development Corporation (HICDC), a Hawaii Non-Profit Corporation.
Mohouli Senior Phase 1 LLLP (Mohouli 1), a Hawaii Limited Liability Limited Partnership.
Mohouli Senior Phase 2 LLLP (Mohouli 2), a Hawaii Limited Liability Limited Partnership.

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes, as amended.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: RM-1.5 (Multiple-Family Residential, 1,500sf min/unit)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO
CURRENT USE STATUS:

Governor’s Executive Order No. 4224 to County of Hawaii for Elderly and/or Affordable Rental Housing and Related Purposes.

LEASE TERMS & CONDITIONS:

CHARACTER OF USE FOR ALL LEASES:

Elderly housing and/or low-income housing and related services purposes

HICDC LEASE:

LOCATION: Portion of Government lands situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-4-001:184 & 185, as shown on the attached map labeled Exhibit A.

AREA: 8.154 acres, more or less.

TERM: 75 years, commencing June 30, 2009 and expiring on June 29, 2084.

RENT AMOUNT: $10.00 per annum.

MOHOULI 1 LEASE:

LOCATION: Portion of Government lands situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-4-001:177, as shown on the attached map labeled Exhibit A.

AREA: 6.376 acres, more or less.

TERM: 72 years, commencing January 1, 2012 and expiring on June 29, 2084.

RENT AMOUNT: $10.00 per annum.

MOHOULI 2 LEASE:

LOCATION: Portion of Government lands situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-4-001:186, as shown on the attached map labeled Exhibit A.

AREA: 1.418 acres, more or less.
TERM: 75 years, commencing October 17, 2016 and expiring on December 31, 2091.

RENT AMOUNT: $10.00 per annum.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The County of Hawaii shall be responsible for ensuring compliance with Chapter 343, HRS.

DCCA VERIFICATION:

Place of business registration, registered business name and good standing confirmed for the following applicants:

Hawaii Island Community Development Corporation: YES
Mohouli Senior Phase 1 LLLP: YES
Mohouli Senior Phase 2 LLLP: YES

REMARKS:

At its meeting of February 22, 2008, agenda item D-4 (attached as Exhibit B), the Board approved the set aside of 15.948 acres to the County of Hawaii (COH) for elderly and/or affordable rental housing and related purposes, which resulted in execution of Governor’s Executive Order No. 4224 (EO4224) on June 24, 2008.

Since then, the COH has entered into a long-term lease with Hawaii Island Community Development Corporation (HICDC) for the entire 15.948 acre parcel and has been working on subdivision and development of the property, now known as, Mohouli Heights Senior Neighborhood. The Board approval included the concept of this lease with the caveat that when the lease was actually drafted, the COH would return to the Board for its consent as required pursuant to Chapter 171-11, HRS. The COH is now requesting after-the-fact consent to the lease which is attached as Exhibit C.

The original 15.948 acre parcel was subdivided into 4 separate parcels identified as parcels 177, 184, 185 & 186. Funding for phase 1 of the project was procured through a long-term lease of the 6.376 acre parcel 177 to Mohouli Senior Phase 1 LLLP (MOHOULI 1). This second lease reduced the area under lease to HICDC. Phase 1 has been completed with development of 60 affordable elderly units that are fully occupied. The COH is now requesting after-the-fact consent to the lease which is attached as Exhibit D.

Phase 2 is now on the horizon with funding deadlines of December 31, 2016. In order to
obtain pending funds, a new lease for the 1.418 acre parcel 186 to Mohouli Senior Phase 2 LLLP (MOHOULI 2) is needed. This will further reduce the area under lease to HICDC to a remainder of 8.154 acres (parcels 184 & 185). The COH is requesting the Board consent to this third lease attached as Exhibit E.

As part of the development process, certain easements for access and utilities to the four parcels were designated by the COH, HICDC, MOHOULI 1 and MOHOULI 2 and are laid out in the attached Declaration of Easements and Confirmation of Easement RU-1 (Exhibit F). These easements are set to run with the land until cancellation of EO4224. Upon cancellation of EO4224, the easements may be granted to the various utilities and entities or extinguished as warranted by the Board at that time. The COH is requesting the Board consent to the above referenced Declaration of Easements.

All three leases and the Declaration of Easements are consistent with the limited purpose of EO4224.

RECOMMENDATION:

That the Board:

1. Consent to the lease between County of Hawaii and Hawaii Island Community Development Corporation, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following:
   a. Review and approval by the Department of the Attorney General; and
   b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

2. Consent to the lease between County of Hawaii and Mohouli Senior Phase 1 LLLP, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following:
   a. Review and approval by the Department of the Attorney General; and
   b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

3. Consent to the lease between County of Hawaii and Mohouli Senior Phase 2 LLLP, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following:
   a. Review and approval by the Department of the Attorney General; and
b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

4. Consent to the Declaration of Easements and Confirmation of Easement RU-1 between County of Hawaii, Hawaii Island Community Development Corporation, Mohouli Senior Phase 1 LLLP and Mohouli Senior Phase 2 LLLP, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following:

a. Review and approval by the Department of the Attorney General; and

b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Candace Martin
Land Agent

APPROVED FOR SUBMITTAL:

Suzanne D. Case, Chairperson
STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

February 22, 2008

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 08HD-007

HAWAII

Set Aside to the County of Hawaii for Elderly, Affordable Rental Housing and Related Purposes and Issuance of a Right-of-Entry Permit to the County of Hawaii, Waiakea, South Hilo, Hawaii, Tax Map Key: 3rd/2-4-001: 168

APPLICANT:

County of Hawaii, a municipal corporation whose mailing address is 25 Aupuni Street, Hilo, Hawaii 96720

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: 3rd/2-4-001: 168, as shown on the attached map labeled Exhibit A.

AREA:

15.948 acres, more or less.

ZONING:

State Land Use District: Agriculture
County of Hawaii CZO: Agriculture (AG-1)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

APPROVED BY THE BOARD OF LAND AND NATURAL RESOURCES AT ITS MEETING HELD ON

February 22, 2008
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:
Vacant and unencumbered.

PURPOSE:
Elderly and/or Affordable Rental Housing and related purposes.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This action before the Board is merely a transfer of management jurisdiction and does not constitute a use of State lands or funds, and therefore, this action is exempt from the provisions of Chapter 343, HRS, relating to environmental impact statements. Inasmuch as the Chapter 343 environmental requirements apply to Applicant's use of the lands, the Applicant shall be responsible for compliance with Chapter 343, HRS, as amended.

APPLICANT REQUIREMENTS:

Applicant shall be required to:

1) Process and obtain the necessary change in Land Use Designation, Zone Change and any other land use approvals or permits appropriate for the proposed purpose;
2) Process and obtain subdivision at Applicant's own cost;
3) Provide survey maps and descriptions according to State DARGS standards and at Applicant's own cost; and
4) Inasmuch as the Chapter 343 environmental requirements apply to Applicant's use of the lands, the Applicant shall be responsible for compliance with Chapter 343, HRS, as amended.

BACKGROUND:

In connection with a previous request by the County of Hawaii, the Board of Land and Natural Resources approved a set aside of approximately 5 acres for a Fire Administration Facility on what is labeled as “Lot 2” on the map attached labeled as “Exhibit B”. The map attached as “Exhibit B” is the subdivision map prepared by the County’s consultant in connection with the previous request in meeting a condition to subdivide Fire Administration parcel. The subdivision action will create two remainder parcels, Lot 1 containing approximately 9.091 acres and Lot 3 containing approximately 15.948 acres.

By letter dated January 10, 2008, Mayor Harry Kim is requesting the Board's approval for a set aside to the County of Hawaii for the parcel identified as “Lot 3” on Exhibit B containing approximately...
15.98 acres. The County of Hawaii would like to develop the subject newly subdivided parcel for an elderly affordable housing project. The County of Hawaii proposes to work with the Hawaii Island Community Development Corporation (HICDC), a Hawaii non-profit corporation, through a long-term lease, in the development of a series of senior residences. The County has successfully worked with HICDC on a number of other elderly and affordable housing projects. Upon agreement on the long-term lease, the proposed agreement will be brought to the Board for its consent as required pursuant to Chapter 171-11, HRS.

The following is a summary of the proposed project and development concept:

**Mohouli Heights Senior Neighborhood**

**Location**

The proposed Mohouli Heights Senior Neighborhood is located in the heart of Hilo town at the intersection of Komohana and Mohouli Streets. This central location provides ready access by short vehicle trips to all financial, medical, retail and personal services available in Hilo. This location is also convenient for Hilo, Puna and Hamakua residents who wish to visit their senior relatives and friends residing in Mohouli Heights.

**The Plan**

The proposed Mohouli Heights Senior Neighborhood is planned to be developed as an integrated series of senior residences focused around a central activity core. This core complex would form the nucleus of the neighborhood and would encourage continuing social interaction by the resident seniors as well as supplying much needed services.

As presently envisioned the complex would contain up to 250 residential units in multi-unit structures. The units will primarily be one bedroom units, while studio and two bedroom units are possible depending on the demand and financing available. All units would be accessible or adaptable to make daily living easier for all tenants.

The units would be arranged in 30-40 unit clusters, a scale that encourages neighbor to neighbor relations. Covered walkways are planned between the clusters and connecting to the central core. This will help the neighborhood remain functional throughout the typical Hilo weather pattern.

The central core will be composed of one or more structures that contain spaces for activities essential for daily living. These functions are planned to include:

- A transit center where residents can be picked up and dropped off
- Beauty/Barber Shop
- Small convenience retail space
• Visiting doctor office
• Office space for visiting agencies.
• Activity Rooms, e.g. an arts and crafts room
• Mini-Theatre
• Central kitchen and eating area
• Exercise Room

The grounds would include parking and areas for outdoor activities. These uses would be set in a landscape that is appropriate for Hilo’s climatic conditions. The planned outdoor uses include:

• Raised garden plots scattered throughout the site
• Potting shed
• Exercise path
• Fenced dog run
• Barbeque areas
• Outdoor eating and lounging areas

Target Market

This neighborhood is planned for seniors 62 years of age and older. The income ranges would include those qualifying for low and moderate income housing and would be matched to the various complexes based on the project financing.

Rents and Financing

At this time all units are planned to be rental units. The rents would be established by the financing programs which are anticipated to include the full range of state and federal programs for low and moderate income residents.

Phasing

The initial phase would include all environmental and planning studies, including the development of a master plan for the entire site. Subsequent phases would include incremental development of the residential complexes and central core.

Services

It is anticipated that a variety of public and private agencies will be providing services in the Mohouli Heights Senior Neighborhood. These services are expected to include transportation, exercise, personal and professional care. Meal services will be sought consistent with the limitations imposed by the various funding programs.
DISCUSSION:

The agency's proposed request for the set aside is appropriate and satisfies a public purpose — to develop an elderly affordable rental housing project in East Hawaii.

Comments were solicited from:

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<td>OHA</td>
<td>Lands are ceded. Only management of the property can be transferred to the County.</td>
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The County of Hawaii is requesting the Land Board's favorable consideration for a right-of-entry permit for management purposes. This will allow the County and their consultants to start the necessary environment studies, surveying, etc..

RECOMMENDATION:

That the Board, subject to Applicant fulfilling the Applicant Requirements above:

1. Approve of and recommend to the Governor the issuance of an executive order setting aside the subject lands to the County of Hawaii under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:

   A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;

   B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;

   C. Review and approval by the Department of the Attorney General; and

   D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

2. Authorize the issuance of a management right-of-entry permit to the County of Hawaii covering the subject area, which are by this reference incorporated herein and further subject to the following:
A. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time to time; and

B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Charlene E. Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:

Laura H. Thelen, Chairperson
BLNR - Set Aside to County of Hawaii for Elderly Affordable Housing

Exhibit A
DEPARTMENT OF PUBLIC WORKS
COUNTY OF HAWA’I
HILO HAWA’I

Memorandum

Date : January 18, 2008

To : CHARLENE UNOKI, District Land Agent

From : BRUCE C. McCLURE, Director DPW

SUBJECT: REQUEST FOR SET ASIDE
ELDERLY AFFORDABLE RENTAL HOUSING AND RELATED PURPOSES
Waiakea, South Hilo, Hawai‘i
Tmk 3rd Div.: 2-4-001: portion 168

We have reviewed the subject request and have the following comments:

1. A flood study to determine the Base Flood Elevations for the FEMA Flood Zone A on the subject property will be required before any work is initiated.

2. DPW, Engineering Division is in the process of contracting a flood study with a consultant. Consequently, project development activities should coordinated with the Engineering Division.

3. All improvements within FEMA flood zones shall comply with Chapter 27 of the Hawai‘i County Code.

EXHIBIT “C”

County of Hawai‘i is an Equal Opportunity Provider and Employer.
REQUEST FOR SET ASIDE FOR ELDERLY, AFFORDABLE RENTAL HOUSING AND RELATED PURPOSES
TAX MAP KEY 2-4-001:168 (PORITION)

We have reviewed your memorandum regarding the subject request and have the following comments.

Water can be made available from an existing 12-inch waterline within Komohana Street and an existing 12-inch waterline within Mohouli Street, both fronting the subject parcel.

Prior to issuing a water commitment for the proposed project, the Department would request estimated maximum daily water usage calculations prepared by a professional engineer licensed in the State of Hawai‘i for review and approval, showing the estimated water demand for the proposed non-residential uses of the subject parcel. Unless otherwise approved by the Manager, the estimated average daily usage for each residential unit shall be 400 gallons per day (GPD) or a maximum daily usage of 600 GPD.

After review of the calculations, the Department will determine the water commitment deposit amount, facilities charges due, and any water system improvements required for final approval. Pursuant to Rule 5 of the Department’s Rules and Regulations, if the water requirements for the project exceed 120,000 GPD, the developer may be required to enter into a Water Development Agreement with the Water Board.

Please be informed that any meter(s) serving the proposed project will require the installation of a reduced pressure type backflow prevention assembly within five feet of the meter on private property. The Department must inspect and approve the installation before water service can be activated.

Should there be any questions, please contact Mr. Fum McCaI1 of our Water Resources and Planning Branch at 961-8070, extension 255.

Sincerely yours,

Milton D. Pavao, P.E.
Manager

FM:dfg

... Water brings progress...
LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail ( ) Pickup ( ) To:

Nakamoto, Okamoto & Yamamoto (AMO)
187 Kapiolani Street
Hilo, HI 96720

TITLE OF DOCUMENT:
LEASE

PARTIES TO DOCUMENT:

Lessor: COUNTY OF HAWAI'I, a municipal corporation of the State of Hawaii;

Lessee: HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii 96720

Affects: TMK: (3rd) 2-4-01: 177

This document contains 33 pages.
SUMMARY OF LEASE
MOHOULI SENIOR RESIDENCES
HAWAI'I ISLAND COMMUNITY DEVELOPMENT CORPORATION

TERMS OF THE LEASE

Duration: Seventy-five (75) years starting from the date of execution of this lease.

Rental Charge: $10.00 per year

Utility Services: Must be paid by Lessee

Improvements: Lessee cannot improve property without prior written consent from the County.

Liens: Except as expressly permitted herein, neither the property nor the leasehold interest shall become subject to any attachment, lien, charge or encumbrances without prior written consent of Lessor.

Liability Insurance: Lessee shall, at its own expense, obtain a minimum of $1,000,000 liability insurance.

Fire Insurance: Lessee shall, at its own expense, obtain fire insurance for full replacement cost of improvements.

Maintenance: The Lessee shall, at its own expense, perform all necessary maintenance of the premises.

Condition of Premises: The Lessee has examined and knows the condition of the premises and the Lessor is not responsible for the present or future condition of the premises.

Notice: Where Lessor’s approvals are needed, the Lessee shall contact the Housing Administrator.

Use: Lessee shall use the premises solely as rental housing for low- and moderate income elderly residents, health care, nutrition programs, or supportive services for elderly residents including residents of rental units on the premises and related uses.

Non-Profit Status: Lessee, Lessee’s general partner or Lessee’s member with management authority shall maintain status as a tax-exempt, non-profit
organization as certified by the IRS.

Note: The proposed lease is attached to provide more information and details. In the event of any conflict between this summary and the attached Lease, the terms of the Lease shall govern.
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C. It is Hereby Understood and Agreed by the Parties:

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LEASE

THIS LEASE, made this 30th day of June, 2009, by and between the COUNTY OF HAWAI‘I, a municipal corporation of the State of Hawai‘i, by WILLIAM KENOI, its Mayor, whose mailing address is 25 Aupuni Street, Hilo, Hawai‘i, hereinafter referred to as Lessor, and the HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION, a Hawaii non-profit corporation, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii 96720, hereinafter referred to as Lessee;

WITNESSETH:

That the Lessor, for and in consideration of the rent to be paid and of the terms, covenants, and conditions herein contained on the part of the Lessee to be kept, observed and performed, does hereby demise and lease unto the Lessee, and the Lessee does hereby lease and hire from the Lessor the premises more particularly described as Mohouli Heights Senior Neighborhood Parcel, State of Hawaii, Tax Map Key (3) 2-4-01:177, and more particularly described in Schedules “A” and “B” attached hereto and made a part hereof.

A. THE LESSOR COVENANTS AND AGREES WITH THE LESSEE:

1. Quiet Enjoyment. That the Lessor hereby covenants and agrees with the Lessee that upon the observance and performance of the covenants, terms and conditions hereof on the part of the Lessee to be observed and performed, the Lessee shall and may have, hold, possess and enjoy the demised premises for the term hereby demised, without hindrance or interruption by the Lessor or any other person or persons lawfully claiming by, through and under it, except for the Lessor’s right of entry to make repairs, improvement and inspections as set forth herein.
2. Term. The term of said lease shall be for a period of Seventy-five (75) years from the date of execution of this lease, or unless sooner terminated by either the Lessor or Lessee giving to the other at least sixty (60) days previous notice in writing of intention to terminate this lease.

3. Rent. The Lessee hereby covenants and agrees to pay the sum of Ten Dollars ($10.00) per year for the term of this lease.

B. THE LESSEE COVENANTS AND AGREES WITH THE LESSOR:

1. Utility Services. That the Lessee shall pay when due all utility charges, duties and rates of every description, including water, sewer, gas, electricity, refuse collection or any other charges, as to which said premises, or any part thereof, or any improvements thereon, or the Lessor or Lessee in respect thereof may, during said term, become liable, whether assessed to or payable by the Lessor or Lessee.

2. Covenant Against Discrimination. That, except as may be provided in this lease or by law, the use and enjoyment of the premises shall not be in support of any policy which discriminates against anyone based upon race, color, religion, sex, disability, natural origin, or familial status.

3. Sanitation, etc. That the Lessee shall keep the demised premises in a strictly safe, clean, sanitary and orderly condition, in compliance with all applicable standards of the county, state and federal governments.

4. Waste and Unlawful, Improper or Offensive Use of Premises. That the Lessee shall not commit, suffer or permit to be committed any waste, nuisance, strip, or unlawful, improper or offensive use of the demised premises, or any part thereof, nor, without the prior written consent of the Lessor, cut down, remove or destroy, or suffer to be cut down,
removed or destroyed, any trees now growing on said premises, except with prior written approval of the Lessor and upon such conditions as the Lessor may impose, unless otherwise provided herein.

5. Compliance With Laws, etc. That the Lessee shall comply with all of the requirements of all county, state and federal authorities and observe all county ordinances and state and federal statutes, pertaining to the said premises, and pertaining to the Lessee's activities, now in force or which may hereinafter be in force, and comply with all applicable licensing requirements of the state and federal governments, and with all applicable accreditation and other standards of quality generally acceptable in the field of Lessee's activities.

6. Improvements. That the Lessee shall not, at any time during said term, construct, place or install on said premises, any building, structure or improvement of any kind and description whatsoever, except with prior written approval of the Lessor and upon such conditions as the Lessor may impose, unless otherwise provided herein. Lessor and Lessee recognize that Lessee will be constructing buildings and related improvements for a multi-phased apartment complex on the premises and that Lessee will be submitting the construction plans and specifications for review by Lessor as the owner of the land. Lessee shall obtain separately any regulatory approvals or permits required for compliance with applicable federal, state or county laws or regulations, including those from County of Hawaii agencies. Lessee shall cooperate in timely review of such plans and specifications. Lessee shall supply all information and documents as Lessor may require to perform its review. Lessor's consent shall not be unreasonably withheld.

7. Liens.

a. That the Lessee will keep and maintain the subleased premises free and clear of all mechanic's and materialmen's liens and, in the event any lien is filed against the said
premises or any improvements thereon, will indemnify and save harmless Lessor from all loss, cost and expense with respect thereto and will, prior to the construction of any improvements on the said premises, deposit with Lessor a certificate or other evidence satisfactory to Lessor that the contractor constructing such improvements has obtained a bond with a surety approved by Lessor, guaranteeing the construction of the improvements free and clear of all mechanic's and materialmen's liens.

b. That the Lessee will not commit or suffer any act or neglect whereby the demised premises or any improvements thereon or the estate of the Lessee in the same shall become subject to any attachment, lien, charge, or encumbrance whatsoever, except as hereinafter provided, and shall indemnify and hold harmless the Lessor from and against all attachments, liens, charges and encumbrances and all expenses resulting therefrom.

8. Assignments, etc. That the Lessee shall not transfer, assign or sublease the said premises or any portion thereof, nor permit any other person to occupy or use the said premises or any portion thereof except in furtherance of the uses expressly permitted in paragraph B. 20 herein and shall not transfer or assign or sublease this lease or any interest therein, either voluntarily or by operation of law without Lessor's prior written consent, and any transfer or assignment so made shall be null and void without such consent. Lessor declares that it enters into this lease on reliance on the specific identity of the Lessee. Lessee may request consent of Lessor to an assignment of this lease to a partnership in which Lessee is the general partner with management control of said entity. Provided, that this Paragraph 8 shall not apply to Lessee's issuance of space leases covering portions of the leased premises in the ordinary course of business and in furtherance of the permitted use under this Lease.

9. Mortgage. That, except as provided herein, the Lessee shall not mortgage, hypothecate or pledge the said premises or any portion thereof or this lease or any interest
therein without the prior written approval of the Lessor (which shall not be unreasonably withheld) and any such mortgage, hypothecation or pledge without such approval shall be null and void.

a. Notwithstanding the foregoing, Lessor hereby consents to the assignment of lease or mortgage of Lessee's interest in this lease to secure the Hawaii Housing Finance and Development Corporation, a public body and a body corporate and politic of the State of Hawaii, for its construction loan to Lessee under the Rental Housing Trust Fund and to the assignment of lease or mortgage in favor of the County of Hawaii, Hawaii Island Community Development Corporation, or Rural Community Assistance Corporation to secure the repayment of funds borrowed for the construction of any building or improvements now or hereafter located on the premises and the permanent financing thereof. With respect to any such assignment of lease or mortgage, the Lessee will notify the Lessor in writing and furnish the Lessor a true copy of such mortgage within thirty (30) days after the same is executed, and the mortgagee and the mortgagee's assignees may cause this lease and such mortgage, or either of them, to be recorded in the Bureau of Conveyances of the State of Hawaii (if the demised land is regular system property) or the State of Hawaii Land Court (if the demised land is Land Court property), and may enforce such mortgage and acquire title to the leasehold and any removable improvements in any lawful way, and rent the property pending foreclosure and acquisition and disposal of title; and the mortgagee and the mortgagee's assignees or designee or anyone taking by, through or under any permitted mortgage may sell and assign the leasehold and the improvements thereon, or may sublet the premises in whole or in part, and any assignee of the mortgagee may mortgage this lease to the mortgagee, or any other established lending institution as mortgagee, to finance the purchase of this lease. Any person acquiring the leasehold estate in consideration of the extinguishment of the debt or through foreclosure sale, judicial or otherwise, or any party claiming by, through or
under any such person, and any subsequent holder of the leasehold estate shall be liable to perform the obligations imposed upon the Lessee by this lease, but only during the period such person or party has possession or ownership of the leasehold estate. When giving notice to the Lessee with respect to any default hereunder, the Lessor shall also deliver a copy of such notice to any permitted mortgagee who shall have given the Lessor a written notice specifying its name and address. During the existence of any permitted mortgage, the Lessor will not exercise the Lessor's right to terminate this lease by reason of the occurrence of any of the events of default set forth in this lease, if the mortgagee, within one hundred twenty (120) days after the Lessor has mailed to the mortgagee at its last known address a written notice of intention to terminate this lease for such cause, shall either remedy such default, if the default can be cured by the payment of money, or if such is not the case, shall undertake in writing to perform all covenants of this lease capable of performance by the mortgagee until such time as this lease shall be assigned upon foreclosure pursuant to such mortgage. If such default shall be the failure of the Lessee promptly to discharge or cause to be discharged any lien, charge or encumbrance which may be filed against the demised premises or any improvements thereon, junior in priority to such mortgage, the mortgagee may cure such default by accomplishing the foreclosure of such mortgage, the mortgagee may cure such default by accomplishing the foreclosure of such mortgage, and such default shall be deemed to be cured within such period of one hundred twenty (120) days, if such foreclosure shall be accomplished through proceedings or action instituted within said period and thereafter prosecuted in a diligent and timely manner.

b. In the event of the commencement of a bankruptcy proceeding by or against Lessee, the mortgagee shall have the option, and Lessor shall recognize the mortgagee's right, within the statutory time period or any extension thereof provided under Section 365 of the Bankruptcy Code for the rejection or assumption of this lease, to obtain or cause the Lessee and/or
trustee in bankruptcy to obtain:

(i) An extension of the period during which the lease may be assumed or rejected; or

(ii) An abandonment of the leasehold estate by Lessee and/or trustee in bankruptcy court pursuant to Section 554 of the Bankruptcy Code, as amended; or

(iii) An assumption of lease pursuant to Section 365 of the Bankruptcy code, as amended.

In the event of the commencement of a bankruptcy proceeding by or against Lessee, Lessor agrees and acknowledges for the exclusive benefit of the mortgagee and any person or entity acquiring an interest in this lease in or in lieu of the foreclosure of the mortgage, that the actual or deemed rejection of this lease under Section 365 of the Bankruptcy Code (11 United States Code section 365) or any other law having similar effect, shall not effect a termination of this lease or affect or impair the mortgagee’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 Lessee or Lessee’s bankruptcy trustee, and upon the written request of the mortgagee delivered to Lessor within thirty (30) days following the mortgagee’s receipt of written notice of such actual or deemed rejection of this lease, Lessor will, at the option of the mortgagee, execute and deliver to the mortgagee or its designee (1) an instrument recognizing, confirming and giving legal effect to the continued existence of this lease, with its original validity and priority, or (2) a new lease of the demised premises in favor of the mortgagee or its designee (in either event, hereinafter called the “Mortgagee’s Lease”), subject to the lien of the mortgage and any lien or encumbrance prior to the lien of the mortgage, upon and subject to the following terms and conditions:

(a) The mortgagee shall pay or cause to be paid to Lessor at the time of the execution and delivery of the Mortgagee’s Lease, any and all sums which are at the time of execution and
delivery thereof due under this lease and, in addition thereto, all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of the actual or deemed rejection of this lease and execution and delivery of the Mortgagee's Lease;

(b) The Mortgagee's Lease shall be effective as of the date of the actual or deemed rejection of this lease, and shall terminate on the last day of the term of this lease, at the same rent, and upon the terms, covenants and conditions of this lease and of any amendment or modification thereof;

(c) The lessee under the Mortgagee's Lease shall undertake, by accepting the Mortgagee's Lease, to perform all covenants and conditions of this lease. The lessee under the Mortgagee's Lease may assign the Mortgagee's Lease and the lessee under the Mortgagee's Lease, if such lessee is a mortgagee, or a wholly-owned subsidiary of a mortgagee shall thereupon be released from all liability for the performance or observance of the covenants and conditions in the Mortgagee's Lease contained and on Lessee's part thereunder to be performed and observed from and after the date of such assignment, provided that a certified copy of such assignment be provided to Lessor; and

(d) The lessee under such Mortgagee's Lease shall be entitled to and shall have the same right, title and interest in and to the demised premises and the buildings and improvements thereon as lessee had under this lease prior to their rejection and Lessor shall use its best efforts to obtain the cooperation of all parties in interest such that any Mortgagee's Lease made pursuant to this lease shall be prior to any mortgage or other lien, charge or encumbrance on the fee of the demised premises, which mortgage, lien, charge or encumbrance was junior to this lease.

(e) The lessee under such Mortgagee's Lease may mortgage its interest in the Mortgagee's Lease to the mortgagee under one or more new mortgages, and all of the lessee's agreements under this lease with respect to the permitted mortgage shall apply equally to the new
mortgagee, provided that a certified copy of such assignment be provided to the Lessor.

c. No provision contained in this lease shall be construed as authorizing Lessee to encumber in any way Lessor’s fee simple interest in the premises.

10. Indemnity. That the Lessee will indemnify, defend and hold the Lessor harmless (a) from and against any claim or demand by third persons for loss, liability or damage, including claims for property damage, personal injury or wrongful death, arising out of any accident on the demised premises or occasioned by any negligence or willful misconduct of Lessee, any act or nuisance made or suffered on the premises, or by any fire thereon or growing out of or caused by any failure on the part of the Lessee to maintain the premises in a safe condition, and will reimburse the Lessor for all costs and expenses in connection with the defense of such claims; (b) from and against all actions, suits, damages and claims by whomsoever brought or made by reason of the non-observance or non-performance of any of the terms, covenants and conditions herein or the rules, regulations, ordinances and laws of the federal, state, municipal or county governments, including actions against the Lessor brought by the federal government for noncompliance with federal grant requirements caused by the Lessee’s failure to comply with the terms of this lease.

11. Liability Insurance. That the Lessee shall procure, at its own cost and expense, and maintain during the entire period of this lease, with an insurance company or companies acceptable to the Lessor, a policy of comprehensive liability insurance, with minimum amounts of $1,000,000.00 per occurrence for bodily injury and property damage, insuring against all claims for bodily injury, death and property damage; that said policy or policies shall cover the entire premises, including all buildings, improvements and grounds. The Lessee shall furnish the Lessor with a certificate showing such policy to be initially in force and shall furnish a like certificate upon each renewal of such policy, each such certificate to contain or be accompanied by an assurance of the insurer to notify the Lessor of any intention to cancel any such policy prior to actual
cancellation. The procuring of this policy shall not release or relieve the Lessee of its responsibility under this lease as set forth herein or limit the amount of its liability under this lease. The Lessee shall cause the Lessor to be named as an "additional insured" on the above comprehensive liability insurance policy. The policy shall have a deductible of not more than $2,500.00 per claim.

12. **Fire Insurance.**

12.1. Lessee shall be responsible for and insure all improvements and contents within the leased premises. Lessor shall not be responsible for the protection or safekeeping of any of Lessee's improvements or contents.

12.2. Lessee shall name Lessor as additional insured on the leased premises and shall insure the structure and common areas against loss or damage by fire, including extended coverage, in an amount equal to full replacement cost without deduction or depreciation. Lessee shall provide Lessor with certificates of insurance from time to time to show that said insurance remains in full force and effect. Lessee shall obtain commitments from its insurer that said insurance will not be cancelled or reduced unless Lessor has been given 30 days notice, sent to Lessor by certified or registered mail, postage prepaid.

12.3. **Payment of Insurance Proceeds.** Every policy of such insurance shall be issued to cover and insure all of the several interests in such buildings, fixtures and improvements of the Lessor and the Lessee and any mortgagee under any permitted mortgage of this lease, as their respective interests shall appear, and shall be made payable in case of loss or damage to the Lessee, as trustee of all proceeds of such insurance to be used as described below.

12.4. **Use of Insurance Proceeds.** In case such buildings, fixtures or other improvements, or any part thereof, shall be destroyed or damaged by fire or other casualty herein required to be insured against, then, and as often as the same shall happen, all proceeds of such insurance, including the interest therein of the Lessor shall be available for and used with all reasonable
dispatch by the Lessee in rebuilding, repairing or otherwise reinstating such buildings, fixtures and
other improvements in a good and substantial manner according to the original plans and elevations
thereof, or according to such modified plan conforming to laws and regulations then in effect as
shall be approved in writing by the parties hereto and any permitted mortgagee, and in case such
proceeds shall be insufficient in amount to so rebuild, repair or reinstate such buildings, fixtures
and other improvements, the Lessee shall make up the deficiency for such purpose out of the
Lessee's own funds; PROVIDED, HOWEVER, that if (A) the restoration of such buildings,
fixtures and other improvements to substantially their same size and function as immediately prior
to such casualty shall be prevented by any laws or regulations then in effect, or (B) such loss shall
occur in the last fifteen (15) years of the term of this lease, then the Lessee, in lieu of making up the
deficiency, shall have the right, at its option, to surrender this lease if the Lessee complies with all
of the following conditions:

(1) gives written notice of its intention to surrender the lease to the Lessor within thirty
(30) days after determining the insufficiency of such insurance proceeds;

(2) is not in material default under any provision or condition of this lease on the date of
surrender;

(3) promptly removes, at its own expense, from the demised land all remains of such
buildings, fixtures and other improvement and all debris resulting from such casualty and restores
the land to good and orderly condition and even grade;

(4) pays the real property taxes for the whole fiscal year in which the lease is
surrendered and all rent and other charges hereunder for the whole calendar year in which the lease
is surrendered, and performs all other obligations of the Lessee hereunder up to the date of
surrender;

(5) pays in full the indebtedness secured by any permitted mortgage on this lease, using
such portion of the insurance proceeds as shall be necessary to pay and discharge the indebtedness and in case such proceeds are insufficient in amount to satisfy the indebtedness, the Lessee shall make up the deficiency out of Lessee's own funds;

(6) causes to be discharged all liens and encumbrances resulting from any act or omission of Lessee; and

(7) causes to be surrendered and terminated all subsisting subleases on any part of the demised premises or improvements thereon.

Upon Lessee's satisfaction of conditions (1) to (7) above, Lessee shall be relieved of all further obligations under this lease and any remaining insurance proceeds (that is, the balance remaining after deducting the amounts used in satisfying condition (5) above) shall be divided between and payable to Lessor and Lessee as follows: (aa) the interest of the Lessor in such insurance proceeds shall be a proportionate amount thereof in the ratio which the expired portion of the term of this lease from the date of original completion of such buildings, fixtures and improvements to the date of such loss or damage bears to the portion of such term from the date of original completion of such buildings, fixtures and improvements to the date of expiration of the term of this lease; and (bb) the interest of the Lessee therein shall be the balance of such proceeds. The interest of any permitted mortgagee whose loan exceeds or is not covered by the Approved Mortgage Limit (as hereinafter defined) shall be limited to only the interest of the Lessee under clause (bb) above, and in no event shall such permitted mortgagee be entitled to claim any portion of the Lessor's interest under clause (aa) above after the Approved Mortgage Limit has been fully exhausted to pay the loan indebtedness of any permitted mortgagee.

As used in this subparagraph, the term "Approved Mortgage Limit" shall mean the total number of loan indebtedness secured by permitted leasehold mortgages, the proceeds of which have been used to pay for the costs of acquiring and developing the demised premises (including
"soft costs" such as architect’s, engineer’s and consultant’s fees, “hard costs” of constructing or renovating any improvements on the demised premises, and construction loan interest), and any refinancing of such loan indebtedness shall also be counted towards the Approved Mortgage Limit. The “costs of acquiring and developing the demised premises” shall be liberally construed, but the Approved Mortgage Limit shall not include the amount of working capital loans or that portion of any refinancing loans which represents appreciation equity over and above the Lessee’s costs of acquiring and developing the demised premises. At the request of the Lessee or the Lessee’s mortgage, the Lessor shall provide a written statement confirming the Approved Mortgage Limit with respect to such mortgagee’s mortgage on the demised premises.

12.5. Lessee shall not store or place any material, or conduct any business on the premises which will cause Lessor’s insurance policy to be canceled, or the rates to be increased from the normal rate for the business.

13. Costs of Litigation. That in case the Lessor shall be made a party to any litigation commenced by or against the Lessee (other than condemnation proceedings), the Lessee shall and will pay all costs and expenses incurred by or imposed on the Lessor; furthermore, the Lessee shall and will pay all costs and expenses which may be incurred by or paid by the Lessor in enforcing the covenants and agreements of this lease, in recovering possession of the demised premises or in the collection of delinquent rental, taxes and any and all other charges.

14. Entry by Lessor. That the Lessee shall permit the Lessor, its agents and invitees, or independent contractors hired by the Lessor, to enter on the premises or any part thereof, at all reasonable hours, for the purpose of inspecting same, including inspections related to the services provided at the premises, or making repairs, improvements or alterations necessary or desirable for the safety or the preservation of the premises, upon the Lessor or its agent giving 24 hours notice of entry, except that in case of emergency, no notice need be given for entry. That the
Lessee shall cooperate with the Lessor to the fullest practical extent in permitting the Lessor to make such inspections, alterations, repairs and improvements. That any temporary diminution in or interference with the use of the premises to the Lessee occasioned by such inspections, alterations, repairs and improvements shall not be a breach of this lease, and shall not result in any liability on the Lessor. Nothing in this paragraph shall be construed as requiring the Lessor to make any inspections, repairs, improvements or alterations to the premises.

15. **Contracts for Construction.** That the Lessee shall not make any contract for construction, repair, renovation or improvement on, in, of, or to the premises, or any part thereof, or for any work to be done or materials to be furnished on or to the premises, without first obtaining the written approval of the Lessor. The Lessor's approval may be conditioned on the Lessee providing adequate assurance that it has the financial ability to pay for the cost of any such contract, or to otherwise provide sufficient assurances that no mechanic's or materialman's lien may be levied against the premises.

16. **Condition of Premises.** That the Lessee has examined and knows the condition of the premises, that the premises are leased as they now are, that the Lessor expressly disclaims any warranty of fitness for any particular purpose, and that the Lessor shall not be responsible for the present or future condition thereof. The Lessor shall not be required to perform any repairs, alterations or improvements whatsoever during the term of this lease.

17. **Notice.** That in the event of any material change in the condition of the premises, whether through the acts or omissions of the Lessee or otherwise, or any defect discovered in the premises, the Lessee shall immediately notify the Housing Administrator, County of Hawaii, of the change in condition of the premises or the defect. "Material change" includes, but is not limited to, any change which may create a risk of harm to users or occupants of the premises, or any change which exposes the premises to rapid deterioration in excess of normal weathering.
Nothing in this paragraph shall be construed to imply a duty by the Lessor to remedy or repair any such changes.

The Housing Administrator, County of Hawai‘i, shall be the agent of the Lessor for all provisions of this lease where the Lessee is required to give notice or obtain approvals from the Lessor.

18. Maintenance. That the Lessee shall keep the premises in as good repair as the premises shall be at the commencement of the term (wear and tear resulting from the reasonable use of the same excepted). The Lessee shall, at its own expense, perform all necessary maintenance of the premises. The Lessee shall promptly repair and correct, at its own expense, any condition or defect in the premises which creates a risk of harm to persons or property, or which exposes the premises to rapid deterioration in excess of normal weathering.

19. Consent Required for Repairs and Renovations. That prior to commencing any repairs or renovations, the Lessee shall notify the Lessor and secure the Lessor's written consent, which shall not be unreasonably withheld. The Lessor may require the Lessee to produce plans showing the work to be done. The Lessor may inspect any repairs and renovations and require that it be done in conformance with good and accepted construction practice and in compliance with applicable laws, codes and regulations.

20. Use.

20.1 That the Lessee shall use the premises solely as a rental housing facility for low and moderate income and related uses, elderly housing in accordance with federal, state or county laws or such other elderly housing which is a “qualified low-income housing project”, health care, nutrition programs, or supportive services for elderly residents including residents of rental units on the premises.

20.2 Hazardous Materials. Lessee shall not store or bring to the premises "hazardous
materials".

a. "Hazardous materials" means any substances defined as or included in the definitions for "hazardous substances", "hazardous wastes", "extremely hazardous wastes", "hazardous materials", or "toxic substances" under the federal and state laws and regulations ("Hazardous Materials Laws") including the: Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, the Safe Drinking Water Act, any similar Hawaii laws and regulations applicable to the leased premises or any portion thereof.

20.3 Lessee shall promptly remove any and all hazardous materials from the leased premises whether or not placed on the premises by Lessee. Lessee shall promptly report in writing to Lessor any hazardous materials found on the leased premises and details relating thereto and information on notification of governmental authorities, testing, and remediation plans.

20.4 If, at any time, Lessee places "hazardous materials" on the leased premises, Lessee shall remove the same in accordance with all hazardous materials laws and shall provide Lessor with an environmental analysis report by a competent consultant showing that Lessee has removed or taken remedial measures to adequately contain, encapsulate or treat, hazardous materials that cannot be removed. If Lessee disputes that it placed such hazardous materials on the leased premises, Lessor may have an investigation conducted and an environmental analysis report prepared to determine if Lessee was responsible and what remedial measures are necessary to contain, encapsulate or treat, such hazardous materials. If Lessee caused such hazardous materials to be placed on the leased premises, Lessor shall be entitled to be reimbursed for the cost of such investigation and report and Lessee shall indemnify and hold harmless Lessor from any and all costs, expenses, damages of any kind whatsoever by reason of placing such hazardous materials on
the leased premises, including the cost of removal, encapsulation or other remediation and reasonable attorneys fees incurred.

21. **Low-Moderate Benefit.** That the Lessee shall ensure that 100 percent of the primary shelter services be provided to persons or families of low and moderate income as defined by incomes up to 140% of the Area Median Income as determined by the U.S. Department of Housing and Urban Development. To comply with this requirement, Lessee shall ensure that 100 percent of the total number of bed-days provided at the premises are provided to persons or families of low and moderate income.

22. **Records.** For all occupants of residential units, the Lessee shall establish and maintain records of intake, discharge, services and other documentation necessary to show compliance with this section, including but not limited to the financial status of occupants served, and shall maintain and preserve all required documents related to each and every residential occupant for a period not less than 5 years following the end of that occupant's term. All records referred to in this paragraph shall be available for inspection by the Lessor and its agents on reasonable notice, provided that the Lessee and Lessor shall agree on measures necessary to protect the privacy and individual identity of residential occupants receiving services from Lessee.

23. **Non-Profit Status.** That the Lessee or the general partner or member of Lessee with management control of Lessee ("Managing Non-Profit Entity") has and shall maintain status as a tax-exempt, non-profit organization as certified by the Internal Revenue Service. The Lessor may require the Lessee to provide evidence of such certification.

That the Managing Non-Profit Entity has, and shall continue to have during the lease term, a governing board whose members serve without compensation.

That the Lessee has, and shall continue to have during the lease term, partnership agreement, operating agreement, bylaws or policies which describe the manner in which
business is conducted, including management, audit and fiscal policies and procedures, and policies on nepotism.

24. **Personal Property.** That the Lessee shall, at its own expense, provide all equipment, tools, kitchen appliances, furniture, bedding, utensils and all other personal property of any nature necessary for the uses described in paragraph B. 20 above.

25. **Personnel.** That the Lessee shall, at its own expense, provide all necessary staff for the provision of the services described in paragraph B. 20 above.

26. **Surrender.** That the Lessee shall, and will, at the expiration or sooner termination of this lease, peaceably and quietly surrender and deliver possession of the demised premises to the Lessor, together with all buildings and improvements of whatever name or nature, now on or hereafter erected or placed upon the same, in good order and condition, reasonable wear and tear excepted, and that Lessee shall remove, at no expense to the Lessor, all of the Lessee's personal property at the termination of this lease.

27. **Non-Waiver.** That the failure of the Lessor to insist on the strict performance of the terms, agreements, covenants and conditions herein contained, or any of them, shall not constitute or be construed as a waiver or relinquishment of the Lessor's right thereafter to enforce any such term, agreement or condition, but the same shall continue in full force and effect.

28. **Holdover.** That if Lessee shall hold over, after expiration of the term hereby created, with consent of the Lessor, it shall be deemed a renewal of this lease and of all terms, covenants, conditions and agreements herein contained, for the period of thirty days.

29. **Abandonment.** That if the Lessee abandons the premises, its right to possession shall cease and this Lease shall terminate, without prejudice to any other rights of the Lessor. "Abandonment" shall include, but not be limited to, Lessee's failure to use the premises for the purposes and uses listed in Paragraph B. 20 herein.
30. **Subdivision of Demised Premises.** Lessee shall obtain the prior consent of Lessor before applying for subdivision of the demised premises. Such subdivision shall be in order to further the purposes of this Lease. Lessor shall not be responsible for any of the costs of processing the subdivision or for complying with conditions thereto.

C. **IT IS HEREBY UNDERSTOOD AND AGREED BY THE PARTIES:**

1. **Destruction, etc.** That if, during the term of this Lease, the premises shall be substantially destroyed or become untenable by reason of fire, the elements or any other cause, then Paragraph B. 12.4 shall apply.

2. **Condemnation.** That in the event that all or part of the premises be taken for public use, under the right of eminent domain, all of the award received for such taking, with respect to the value of the premises less the value of Lessee's interest in this Lease, shall belong to the Lessor, and no part of such award shall belong to the Lessee. If the entire premises are taken, or if so much of the premises are taken that the premises become unsuitable for the uses specified in paragraph B. 20, this Lease shall terminate, and the Lessor shall be released from further obligation hereunder.

3. **Breach.** That if the Lessee shall become bankrupt or shall abandon the said premises, or if this lease and said premises shall be attached or otherwise taken by operation of law, or if any assignment shall be made of the Lessee's property for the benefit of creditors, or if the Lessee shall fail to observe and perform any of the covenants, terms and conditions herein contained and on its part to be observed and performed, the Lessor may at once re-enter such premises or any part thereof, and upon or without such entry, terminate this lease without prejudice to any other remedy or right of action.

4. **Headings.** That the marginal headings throughout this lease are for the convenience of the Lessor and Lessee and are not intended to construe the intent or meaning of
any of the provisions thereof.

5. Complete Agreement. This lease contains the full and complete agreement of the parties and supersedes any prior agreement between the parties, and there are no covenants, terms, agreements or conditions or understandings, either oral or written, between the parties other than herein set forth.

6. Lessee Not an Agent of Lessor. Nothing herein contained is intended or should be construed in any way establishing the relationship of co-partners between Lessee and Lessor, or as constituting the Lessee as the agent, employee or representative of the Lessor for any purpose whatsoever.

IN WITNESS WHEREOF, the parties hereto have executed these presents the day and year first above written.

COUNTY OF HAWAII

By: WILLIAM T. TAKABA Managing Director

RECOMMEND APPROVAL:

STEPHEN ARNETT
Housing Administrator
Date: 6-26-09

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel
County of Hawaii
Date: 6-29-09
STATE OF HAWAI'I  )
COUNTY OF HAWAI'I  )

On June 30, 2009, before me personally appeared William T. Takaba, to me personally known, who, being by me duly sworn, did say that William T. Takaba is the Managing Director of the County of Hawaii, a municipal corporation of the State of Hawaii; that the seal affixed to the foregoing instrument is the corporate seal of the said County of Hawaii; that the foregoing instrument was signed and sealed in behalf of the County of Hawaii by authority given to said Mayor of the County of Hawaii by Section 5-1.3(g) of the County Charter, County of Hawaii (2000), as amended; and assigned by the Mayor to Managing Director pursuant to Section 6-1.3(h) of the County Charter; and said William T. Takaba acknowledged said instrument to be the free act and deed of said County of Hawaii.

GUILLERMA G. SUMERA
Notary Public, State of Hawaii

My commission expires: 9/22/09

Doc. Date: June 30, 2009  No. of Pages: 32
Notary Name: Guillerma G. Sumera  Third Judicial Circuit
Doc. Description: Lease – TMK (3) 2-4-01:177

Guillerma G. Sumera  6/30/09
Notary Signature  Date
December 10, 2008

Mr. William Takaba
Managing Director
Mayor’s Office
County of Hawai‘i
25 Aupuni Street
Hilo, HI 96720

Dear Mr. Takaba:

SUBJECT: AUTHORIZATION TO SIGN COUNTY DOCUMENTS

As authorized by section 6-1.3(h) of the Charter of the County of Hawai‘i, I hereby assign you the authorization to sign instruments requiring execution by the County on my behalf, whether I am in the County or not. This authorization shall be in effect until the end of my term in office on December 1, 2012.

Sincerely,

[Signature]

WILLIAM P. KENOI
MAYOR

WTT:pak
Wpwm00Pat/akaba -- Authorization to Sign County Documents

cc: Lincoln Ashida, Esq. – Corporation Counsel
    Ms. Nancy Crawford, Director of Finance
STATE OF HAWAII  
COUNTY OF HAWAII  

On this 23rd day of June, 2009, before me personally appeared Gilbert Dumatta, Director of HAWAI‘I ISLAND COMMUNITY DEVELOPMENT CORPORATION, a Hawaii nonprofit corporation, to me personally known who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

[Signature]
Terrilyn Ferreira
Notary Public
State of Hawaii
My commission expires: 1/5/2012

Name of Notary: Terrilyn Ferreira
Document Description: Lease

NOTARY CERTIFICATION

[Signature] 06/23/09
Notary Signature  Date

aicdciaolci/\countyl consc061609 21
MOHOULI HEIGHTS SENIOR NEIGHBORHOOD

Waiakea, South Hilo, Island of Hawaii, Hawaii


Beginning at the southeast corner of this parcel of land and on the west corner of the intersection of Mohouli Street and Komohana Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI" being 4189.79 feet South and 1317.93 feet East, thence running by azimuths measured clockwise from True South:-

1. Along the west corner of the intersection of Mohouli Street and Komohana Street on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being:
   - 13° 10' 42.43 feet;

2. 58° 10' 664.14 feet along the northwest side of Mohouli Street;

3. 328° 10' 5.00 feet along a jog on the northwest side of Mohouli Street;

PRELIM APPR'D
Department of the Attorney General
4. Thence along the northwest side of Mohouli Street on a curve to the right with a radius of 1930.00 feet, the chord azimuth and distance being:
   64° 39' 30" 436.41 feet;
5. 341° 09' 20.00 feet along a jog on the northwest side of Mohouli Street;
6. Thence along the northwest side of Mohouli Street on a curve to the right with a radius of 1950.00 feet, the chord azimuth and distance being:
   71° 40' 15.5" 35.46 feet;
7. Thence along Road Lot on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being:
   118° 00' 45.5" 43.03 feet;
8. 163° 50' 269.21 feet along Road Lot;
9. 73° 50' 50.00 feet along the north end of Road Lot;
10. 163° 50' 373.97 feet along Public Safety and Related Purposes Site;
11. 238° 14' 242.66 feet along the Lots 347 and 346 as shown on Map 75 of Land Court Application 1205;
12. 238° 14' 669.24 feet along Lots 383 and 393 as shown on Map 81 and lots 86, 85, 84, 83, 82 and 81 as shown on Map 37 of Land Court Application 1205;
13. 328° 10' 206.61 feet along the southwest side of Komohana Street;
14. 58° 10' 15.00 feet along a jog on the southwest side of Komohana Street;
15. 328° 10' 349.89 feet along the southwest side of Komohana Street to the point of beginning and containing an AREA OF 15.948 ACRES.
SUBJECT, however, to Easement A for Road and Utility Purposes affecting the above-described Mohouli Heights Senior Neighborhood as shown on plan attached hereto and made a part hereof and more particularly described as follows:

Beginning at the northwest corner of this easement, being the end of Course 10 of the above-described Mohouli Heights Senior Neighborhood, thence running by azimuths measured clockwise from True South:

1. 253° 59' 52" 424.66 feet along Lots 347 and 346 as shown on Map 75 of Land Court Application 1205;
2. 238° 14' 204.92 feet along Lots 383 and 393 as shown on Map 81 of Land Court Application 1205;
3. 308° 28' 30" 26.56 feet;
4. 58° 14' 217.36 feet;
5. 73° 59' 52" 428.05 feet;
C.S.F. No. 24,597

April 11, 2008

6. 163° 50' 25.00 feet along Public Safety and Related Purposes Site to the point of beginning and containing an AREA OF 15,937 SQUARE FEET.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By:

Glenn J. Kodani
Land Surveyor

Compiled from map furn. by Inaba Engineering, Inc. Said map have been examined and checked as to form and mathematical correctness but not on the ground by the Survey Division.
LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail (x) Pickup ( ) To:

Nakamoto, Okamoto & Yamamoto (AMO)
187 Kapiolani Street
Hilo, HI 96720

TITLE OF DOCUMENT:

LEASE

PARTIES TO DOCUMENT:

Lessor: COUNTY OF HAWAI'I, a municipal corporation of the State of Hawaii;

Lessee: MOHOULI SENIOR PHASE 1 LLLP, a Hawaii limited liability limited partnership, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii 96720

Affects: TMK: (3rd) 2-4-001: 177 (portion)
Lot 3-A

This document contains 5 pages.
**SUMMARY OF LEASE**  
**MOHOU'I HEIGHTS SENIOR NEIGHBORHOOD PHASE 1**  
**HAWA'I ISLAND COMMUNITY DEVELOPMENT CORPORATION**

**TERMS OF THE LEASE**

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<th><strong>Duration:</strong></th>
<th>Until June 29, 2084.</th>
</tr>
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<td><strong>Rental Charge:</strong></td>
<td>$10.00 per year</td>
</tr>
<tr>
<td><strong>Utility Services:</strong></td>
<td>Must be paid by Lessee</td>
</tr>
<tr>
<td><strong>Improvements:</strong></td>
<td>Lessee cannot improve property without prior written consent from the County.</td>
</tr>
<tr>
<td><strong>Liens:</strong></td>
<td>Except as expressly permitted herein, neither the property nor the leasehold interest shall become subject to any attachment, lien, charge or encumbrances without prior written consent of Lessor.</td>
</tr>
<tr>
<td><strong>Liability Insurance:</strong></td>
<td>Lessee shall, at its own expense, obtain a minimum of $1,000,000 liability insurance.</td>
</tr>
<tr>
<td><strong>Fire Insurance:</strong></td>
<td>Lessee shall, at its own expense, obtain fire insurance for full replacement cost of improvements.</td>
</tr>
<tr>
<td><strong>Maintenance:</strong></td>
<td>The Lessee shall, at its own expense, perform all necessary maintenance of the premises.</td>
</tr>
<tr>
<td><strong>Condition of Premises:</strong></td>
<td>The Lessee has examined and knows the condition of the premises and the Lessor is not responsible for the present or future condition of the premises.</td>
</tr>
<tr>
<td><strong>Notice:</strong></td>
<td>Where Lessor’s approvals are needed, the Lessee shall contact the Housing Administrator.</td>
</tr>
<tr>
<td><strong>Use:</strong></td>
<td>Lessee shall use the premises solely as rental housing for low- and moderate income elderly residents, health care, nutrition programs, or supportive services for elderly residents including residents of rental units on the premises and related uses.</td>
</tr>
<tr>
<td><strong>Non-Profit Status:</strong></td>
<td>Lessee’s general partner or Lessee’s member with management authority shall maintain status as a tax-exempt, non-profit organization as certified by the IRS.</td>
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Note: The lease with detailed terms of the lease is attached. If there is any conflict between this summary and the attached Lease, the terms of the Lease shall govern.
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LEASE

THIS LEASE, made this 24th day of December, 2011,
by and between the COUNTY OF HAWAI'I, a municipal corporation of the State of Hawai'i, by WILLIAM P. KENOL, its MAYOR, whose mailing address is 25 Aupuni Street, Hilo, Hawai'i, hereinafter referred to as Lessor, and the MOHOULI SENIOR PHASE 1 LLLP, a Hawaii limited liability limited partnership, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii 96720, hereinafter referred to as Lessee;

WITNESSETH:

That the Lessor, for and in consideration of the rent to be paid and of the terms, covenants, and conditions herein contained on the part of the Lessee to be kept, observed and performed, does hereby demise and lease unto the Lessee, and the Lessee does hereby lease and hire from the Lessor the premises more particularly described as Mohouli Heights Senior Neighborhood Phase 1, State of Hawaii, Lot 3-A Tax Map Key (3) 2-4-001: 177 (portion), and more particularly described in Exhibits “A-1” and “A-2” attached hereto and made a part hereof.

A. THE LESSOR COVENANTS AND AGREES WITH THE LESSEE:

1. Quiet Enjoyment. That the Lessor hereby covenants and agrees with the Lessee that upon the observance and performance of the covenants, terms and conditions hereof on the part of the Lessee to be observed and performed, the Lessee shall and may have, hold, possess and enjoy the demised premises for the term hereby demised, without hindrance or interruption by the Lessor or any other person or persons lawfully claiming by, through and under it, except for the Lessor's right of entry to make repairs, improvement and inspections as set forth herein.
2. Term. The term of said lease shall be from January 1, 2012 until June 29, 2084.

3. Rent. The Lessee hereby covenants and agrees to pay the sum of Ten Dollars ($10,00) per year for the term of this lease.

B. THE LESSEE COVENANTS AND AGREES WITH THE LESSOR:

1. Utility Services. That the Lessee shall pay when due all utility charges, duties and rates of every description, including water, sewer, gas, electricity, refuse collection or any other charges, as to which said premises, or any part thereof, or any improvements thereon, or the Lessor or Lessee in respect thereof may, during said term, become liable, whether assessed to or payable by the Lessor or Lessee.

2. Covenant Against Discrimination. That, except as may be provided in this lease or by law, the use and enjoyment of the premises shall not be in support of any policy which discriminates against anyone based upon race, color, religion, sex, disability, natural origin, or familial status.

3. Sanitation, etc. That the Lessee shall keep the demised premises in a strictly safe, clean, sanitary and orderly condition, in compliance with all applicable standards of the county, state and federal governments.

4. Waste and Unlawful, Improper or Offensive Use of Premises. That the Lessee shall not commit, suffer or permit to be committed any waste, nuisance, strip, or unlawful, improper or offensive use of the demised premises, or any part thereof, nor, without the prior written consent of the Lessor, cut down, remove or destroy, or suffer to be cut down, removed or destroyed, any trees now growing on said premises, except with prior written approval of the Lessor and upon such conditions as the Lessor may impose, unless otherwise provided herein.
5. **Compliance With Laws, etc.** That the Lessee shall comply with all of the requirements of all county, state and federal authorities and observe all county ordinances and state and federal statutes, pertaining to the said premises, and pertaining to the Lessee's activities, now in force or which may hereinafter be in force, and comply with all applicable licensing requirements of the state and federal governments, and with all applicable accreditation and other standards of quality generally acceptable in the field of Lessee's activities.

6. **Improvements.** That the Lessee shall not, at any time during said term, construct, place or install on said premises, any building, structure or improvement of any kind and description whatsoever, except with prior written approval of the Lessor and upon such conditions as the Lessor may impose, unless otherwise provided herein. Lessor and Lessee recognize that Lessee will be constructing buildings and related improvements for a multi-phased apartment complex on the premises and that Lessee will be submitting the construction plans and specifications for review by Lessor as the owner of the land. Lessee shall obtain separately any regulatory approvals or permits required for compliance with applicable federal, state or county laws or regulations, including those from County of Hawaii agencies. Lessee shall cooperate in timely review of such plans and specifications. Lessee shall supply all information and documents as Lessor may require to perform its review. Lessor's consent shall not be unreasonably withheld.

7. **Liens.**

   a. That the Lessee will keep and maintain the subleased premises free and clear of all mechanic's and materialmen's liens and, in the event any lien is filed against the said premises or any improvements thereon, will indemnify and save harmless Lessor from all loss, cost and expense with respect thereto and will, prior to the construction of any improvements on the said premises, deposit with Lessor a certificate or other evidence satisfactory to Lessor
that the contractor constructing such improvements has obtained a bond with a surety approved by Lessor, guaranteeing the construction of the improvements free and clear of all mechanic's and materialmen's liens.

b. That the Lessee will not commit or suffer any act or neglect whereby the demised premises or any improvements thereon or the estate of the Lessee in the same shall become subject to any attachment, lien, charge, or encumbrance whatsoever, except as hereinafter provided, and shall indemnify and hold harmless the Lessor from and against all attachments, liens, charges and encumbrances and all expenses resulting therefrom.

8. Assignments, etc. That the Lessee shall not transfer, assign or sublease the said premises or any portion thereof, nor permit any other person to occupy or use the said premises or any portion thereof except in furtherance of the uses expressly permitted in paragraph B. 20 herein and shall not transfer or assign or sublease this lease or any interest therein, either voluntarily or by operation of law without Lessor's prior written consent, and any transfer or assignment so made shall be null and void without such consent. Lessor declares that it enters into this lease on reliance on the specific identity of the Lessee. Lessee may request consent of Lessor to an assignment of this lease to a partnership in which Lessee is the general partner with management control of said entity. Provided, that this Paragraph 8 shall not apply to Lessee's issuance of space leases covering portions of the leased premises in the ordinary course of business and in furtherance of the permitted use under this Lease.

9. Mortgage. That, except as provided herein, the Lessee shall not mortgage, hypothecate or pledge the said premises or any portion thereof or this lease or any interest therein without the prior written approval of the Lessor (which shall not be unreasonably withheld) and any such mortgage, hypothecation or pledge without such approval shall be null and void.
a. Notwithstanding the foregoing, Lessor hereby consents to the assignment of lease or mortgage of Lessee's interest in this lease to secure the U.S. Department of Housing and Urban Development ("HUD") under its Section 202 Supportive Housing for the Elderly, and to the assignment of lease or mortgage in favor of the County of Hawaii, Hawaii Island Community Development Corporation, or Rural Community Assistance Corporation to secure the repayment of funds borrowed for the construction of any building or improvements now or hereafter located on the premises and the permanent financing thereof. With respect to any such assignment of lease or mortgage, the Lessee will notify the Lessor in writing and furnish the Lessor a true copy of such mortgage within thirty (30) days after the same is executed, and the mortgagee and the mortgagee's assignees may cause this lease and such mortgage, or either of them, to be recorded in the Bureau of Conveyances of the State of Hawaii (if the demised land is regular system property) or the State of Hawaii Land Court (if the demised land is Land Court property), and may enforce such mortgage and acquire title to the leasehold and any removable improvements in any lawful way, and rent the property pending foreclosure and acquisition and disposal of title; and the mortgagee and the mortgagee's assignees or designee or anyone taking by, through or under any permitted mortgage may sell and assign the leasehold and the improvements thereon, or may sublet the premises in whole or in part, and any assignee of the mortgagee may mortgage this lease to the mortgagee, or any other established lending institution as mortgagee, to finance the purchase of this lease. Any person acquiring the leasehold estate in consideration of the extinguishment of the debt or through foreclosure sale, judicial or otherwise, or any party claiming by, through or under any such person, and any subsequent holder of the leasehold estate shall be liable to perform the obligations imposed upon the Lessee by this lease, but only during the period such person or party has possession or ownership of the leasehold estate. When giving notice to the Lessee with respect to any default hereunder, the Lessor shall also deliver a copy of such notice to any
permitted mortgagee who shall have given the Lessor a written notice specifying its name and address. During the existence of any permitted mortgage, the Lessor will not exercise the Lessor's right to terminate this lease by reason of the occurrence of any of the events of default set forth in this lease, if the mortgagee, within one hundred twenty (120) days after the Lessor has mailed to the mortgagee at its last known address a written notice of intention to terminate this lease for such cause, shall either remedy such default, if the default can be cured by the payment of money, or if such is not the case, shall undertake in writing to perform all covenants of this lease capable of performance by the mortgagee until such time as this lease shall be assigned upon foreclosure pursuant to such mortgage. If such default shall be the failure of the Lessee promptly to discharge or cause to be discharged any lien, charge or encumbrance which may be filed against the demised premises or any improvements thereon, junior in priority to such mortgage, the mortgagee may cure such default by accomplishing the foreclosure of such mortgage, the mortgagee may cure such default by accomplishing the foreclosure of such mortgage, and such default shall be deemed to be cured within such period of one hundred twenty (120) days, if such foreclosure shall be accomplished through proceedings or action instituted within said period and thereafter prosecuted in a diligent and timely manner.

b. In the event of the commencement of a bankruptcy proceeding by or against Lessee, the mortgagee shall have the option, and Lessor shall recognize the mortgagee's right, within the statutory time period or any extension thereof provided under Section 365 of the Bankruptcy Code for the rejection or assumption of this lease, to obtain or cause the Lessee and/or trustee in bankruptcy to obtain:

(i) An extension of the period during which the lease may be assumed or rejected; or

(ii) An abandonment of the leasehold estate by Lessee and/or trustee in
bankruptcy court pursuant to Section 554 of the Bankruptcy Code, as amended; or

(iii) An assumption of lease pursuant to Section 365 of the Bankruptcy code, as amended.

In the event of the commencement of a bankruptcy proceeding by or against Lessee, Lessor agrees and acknowledges for the exclusive benefit of the mortgagee and any person or entity acquiring an interest in this lease in or in lieu of the foreclosure of the mortgage, that the actual or deemed rejection of this lease under Section 365 of the Bankruptcy Code (11 United States Code section 365) or any other law having similar effect, shall not effect a termination of this lease or affect or impair the mortgagee’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 Lessee or Lessee’s bankruptcy trustee, and upon the written request of the mortgagee delivered to Lessor within thirty (30) days following the mortgagee’s receipt of written notice of such actual or deemed rejection of this lease, Lessor will, at the option of the mortgagee, execute and deliver to the mortgagee or its designee (1) an instrument recognizing, confirming and giving legal effect to the continued existence of this lease, with its original validity and priority, or (2) a new lease of the demised premises in favor of the mortgagee or its designee (in either event, hereinafter called the “Mortgagee’s Lease”), subject to the lien of the mortgage and any lien or encumbrance prior to the lien of the mortgage, upon and subject to the following terms and conditions:

(a) The mortgagee shall pay or cause to be paid to Lessor at the time of the execution and delivery of the Mortgagee’s Lease, any and all sums which are at the time of execution and delivery thereof due under this lease and, in addition thereto, all reasonable expenses, including reasonable attorneys’ fees, which Lessor shall have incurred by reason of the actual or deemed rejection of this lease and execution and delivery of the Mortgagee’s Lease;

(b) The Mortgagee’s Lease shall be effective as of the date of the actual or deemed
rejection of this lease, and shall terminate on the last day of the term of this lease, at the same rent,
and upon the terms, covenants and conditions of this lease and of any amendment or modification
thereof;

(c) The lessee under the Mortgagor's Lease shall undertake, by accepting the
Mortgagor's Lease, to perform all covenants and conditions of this lease. The lessee under the
Mortgagor's Lease may assign the Mortgagor's Lease and the lessee under the Mortgagor's Lease,
if such lessee is a mortgagor, or a wholly-owned subsidiary of a mortgagor shall thereupon be
released from all liability for the performance or observance of the covenants and conditions in the
Mortgagor's Lease contained and on Lessee's part theretofore to be performed and observed from
and after the date of such assignment, provided that a certified copy of such assignment be
provided to Lessor; and

(d) The lessee under such Mortgagor's Lease shall be entitled to and shall have the
same right, title and interest in and to the demised premises and the buildings and improvements
thereon as lessee had under this lease prior to their rejection and Lessor shall use its best efforts to
obtain the cooperation of all parties in interest such that any Mortgagor's Lease made pursuant to
this lease shall be prior to any mortgage or other lien, charge or encumbrance on the fee of the
demised premises, which mortgage, lien, charge or encumbrance was junior to this lease.

(e) The lessee under such Mortgagor's Lease may mortgage its interest in the
Mortgagor's Lease to the mortgagor under one or more new mortgages, and all of the lessee's
agreements under this lease with respect to the permitted mortgage shall apply equally to the new
mortgagor, provided that a certified copy of such assignment be provided to the Lessor.

c. No provision contained in this lease shall be construed as authorizing Lessee to
encumber in any way Lessor's fee simple interest in the premises.

10. Indemnity. That the Lessee will indemnify, defend and hold the Lessor harmless
(a) from and against any claim or demand by third persons for loss, liability or damage, including claims for property damage, personal injury or wrongful death, arising out of any accident on the demised premises or occasioned by any negligence or willful misconduct of Lessee, any act or nuisance made or suffered on the premises, or by any fire thereon or growing out of or caused by any failure on the part of the Lessee to maintain the premises in a safe condition, and will reimburse the Lessor for all costs and expenses in connection with the defense of such claims; (b) from and against all actions, suits, damages and claims by whomsoever brought or made by reason of the non-observance or non-performance of any of the terms, covenants and conditions herein or the rules, regulations, ordinances and laws of the federal, state, municipal or county governments, including actions against the Lessor brought by the federal government for noncompliance with federal grant requirements caused by the Lessee's failure to comply with the terms of this lease.

11. Liability Insurance. That the Lessee shall procure, at its own cost and expense, and maintain during the entire period of this lease, with an insurance company or companies acceptable to the Lessor, a policy of comprehensive liability insurance, with minimum amounts of $1,000,000.00 per occurrence for bodily injury and property damage, insuring against all claims for bodily injury, death and property damage; that said policy or policies shall cover the entire premises, including all buildings, improvements and grounds. The Lessee shall furnish the Lessor with a certificate showing such policy to be initially in force and shall furnish a like certificate upon each renewal of such policy, each such certificate to contain or be accompanied by an assurance of the insurer to notify the Lessor of any intention to cancel any such policy prior to actual cancellation. The procuring of this policy shall not release or relieve the Lessee of its responsibility under this lease as set forth herein or limit the amount of its liability under this lease. The Lessee shall cause the Lessor to be named as an "additional insured" on the above comprehensive liability insurance policy. The policy shall have a deductible of not more than $2,500.00 per claim.
12. **Fire Insurance.**

12.1. Lessee shall be responsible for and insure all improvements and contents within the leased premises. Lessor shall not be responsible for the protection or safekeeping of any of Lessee's improvements or contents.

12.2. Lessee shall name Lessor as additional insured on the leased premises and shall insure the structure and common areas against loss or damage by fire, including extended coverage, in an amount equal to full replacement cost without deduction or depreciation. Lessee shall provide Lessor with certificates of insurance from time to time to show that said insurance remains in full force and effect. Lessee shall obtain commitments from its insurer that said insurance will not be cancelled or reduced unless Lessor has been given 30 days notice, sent to Lessor by certified or registered mail, postage prepaid.

12.3. **Payment of Insurance Proceeds.** Every policy of such insurance shall be issued to cover and insure all of the several interests in such buildings, fixtures and improvements of the Lessor and the Lessee and any mortgagee under any permitted mortgage of this lease, as their respective interests shall appear, and shall be made payable in case of loss or damage to the Lessee, as trustee of all proceeds of such insurance to be used as described below.

12.4. **Use of Insurance Proceeds.** In case such buildings, fixtures or other improvements, or any part thereof, shall be destroyed or damaged by fire or other casualty herein required to be insured against, then, and as often as the same shall happen, all proceeds of such insurance, including the interest therein of the Lessor shall be available for and used with all reasonable dispatch by the Lessee in rebuilding, repairing or otherwise reinstating such buildings, fixtures and other improvements in a good and substantial manner according to the original plans and elevations thereof, or according to such modified plan conforming to laws and regulations then in effect as shall be approved in writing by the parties hereto and any permitted mortgagee, and in case such
proceeds shall be insufficient in amount to so rebuild, repair or reinstate such buildings, fixtures
and other improvements, the Lessee shall make up the deficiency for such purpose out of the
Lessee's own funds; PROVIDED, HOWEVER, that if (A) the restoration of such buildings,
fixtures and other improvements to substantially their same size and function as immediately prior
to such casualty shall be prevented by any laws or regulations then in effect, or (B) such loss shall
occur in the last fifteen (15) years of the term of this lease, then the Lessee, in lieu of making up the
deficiency, shall have the right, at its option, to surrender this lease if the Lessee complies with all
of the following conditions:

(1) gives written notice of its intention to surrender the lease to the Lessor within thirty
(30) days after determining the insufficiency of such insurance proceeds;

(2) is not in material default under any provision or condition of this lease on the date of
surrender;

(3) promptly removes, at its own expense, from the demised land all remains of such
buildings, fixtures and other improvement and all debris resulting from such casualty and restores
the land to good and orderly condition and even grade;

(4) pays the real property taxes for the whole fiscal year in which the lease is
surrendered and all rent and other charges hereunder for the whole calendar year in which the lease
is surrendered, and performs all other obligations of the Lessee hereunder up to the date of
surrender;

(5) pays in full the indebtedness secured by any permitted mortgage on this lease, using
such portion of the insurance proceeds as shall be necessary to pay and discharge the indebtedness
and in case such proceeds are insufficient in amount to satisfy the indebtedness, the Lessee shall
make up the deficiency out of Lessee's own funds;

(6) causes to be discharged all liens and encumbrances resulting from any act or
omission of Lessee; and

(7) causes to be surrendered and terminated all subsisting subleases on any part of the
demised premises or improvements thereon.

Upon Lessee's satisfaction of conditions (1) to (7) above, Lessee shall be relieved of all
further obligations under this lease and any remaining insurance proceeds (that is, the balance
remaining after deducting the amounts used in satisfying condition (5) above) shall be divided
between and payable to Lessor and Lessee as follows: (aa) the interest of the Lessor in such
insurance proceeds shall be a proportionate amount thereof in the ratio which the expired portion of
the term of this lease from the date of original completion of such buildings, fixtures and
improvements to the date of such loss or damage bears to the portion of such term from the date of
original completion of such buildings, fixtures and improvements to the date of expiration of the
term of this lease; and (bb) the interest of the Lessee therein shall be the balance of such proceeds.
The interest of any permitted mortgagee whose loan exceeds or is not covered by the Approved
Mortgage Limit (as hereinafter defined) shall be limited to only the interest of the Lessee under
clause (bb) above, and in no event shall such permitted mortgagee be entitled to claim any portion
of the Lessor's interest under clause (aa) above after the Approved Mortgage Limit has been fully
exhausted to pay the loan indebtedness of any permitted mortgagee.

As used in this subparagraph, the term "Approved Mortgage Limit" shall mean the total
number of loan indebtedness secured by permitted leasehold mortgages, the proceeds of which
have been used to pay for the costs of acquiring and developing the demised premises (including
"soft costs" such as architect's, engineer's and consultant's fees, "hard costs" of constructing or
renovating any improvements on the demised premises, and construction loan interest), and any
refinancing of such loan indebtedness shall also be counted towards the Approved Mortgage Limit.
The "costs of acquiring and developing the demised premises" shall be liberally construed, but the
Approved Mortgage Limit shall not include the amount of working capital loans or that portion of any refinancing loans which represents appreciation equity over and above the Lessee's costs of acquiring and developing the demised premises. At the request of the Lessee or the Lessee's mortgage, the Lessor shall provide a written statement confirming the Approved Mortgage Limit with respect to such mortgagee's mortgage on the demised premises.

12.5. Lessee shall not store or place any material, or conduct any business on the premises which will cause Lessor's insurance policy to be canceled, or the rates to be increased from the normal rate for the business.

13. Costs of Litigation. That in case the Lessor shall be made a party to any litigation commenced by or against the Lessee (other than condemnation proceedings), the Lessee shall and will pay all costs and expenses incurred by or imposed on the Lessor; furthermore, the Lessee shall and will pay all costs and expenses which may be incurred by or paid by the Lessor in enforcing the covenants and agreements of this lease, in recovering possession of the demised premises or in the collection of delinquent rental, taxes and any and all other charges.

14. Entry by Lessor. That the Lessee shall permit the Lessor, its agents and invitees, or independent contractors hired by the Lessor, to enter on the premises or any part thereof, at all reasonable hours, for the purpose of inspecting same, including inspections related to the services provided at the premises, or making repairs, improvements or alterations necessary or desirable for the safety or the preservation of the premises, upon the Lessor or its agent giving 24 hours notice of entry, except that in case of emergency, no notice need be given for entry. That the Lessee shall cooperate with the Lessor to the fullest practical extent in permitting the Lessor to make such inspections, alterations, repairs and improvements. That any temporary diminution in or interference with the use of the premises to the Lessee occasioned by such inspections, alterations, repairs and improvements shall not be a breach of this lease, and shall not result in
any liability on the Lessor. Nothing in this paragraph shall be construed as requiring the Lessor
to make any inspections, repairs, improvements or alterations to the premises.

15. **Contracts for Construction.** That the Lessee shall not make any contract for
construction, repair, renovation or improvement on, in, of, or to the premises, or any part thereof,
or for any work to be done or materials to be furnished on or to the premises, without first
obtaining the written approval of the Lessor. The Lessor's approval may be conditioned on the
Lessee providing adequate assurance that it has the financial ability to pay for the cost of any
such contract, or to otherwise provide sufficient assurances that no mechanic's or materialman's
lien may be levied against the premises.

16. **Condition of Premises.** That the Lessee has examined and knows the condition
of the premises, that the premises are leased as they now are, that the Lessor expressly disclaims
any warranty of fitness for any particular purpose, and that the Lessor shall not be responsible
for the present or future condition thereof. The Lessor shall not be required to perform any
repairs, alterations or improvements whatsoever during the term of this lease.

17. **Notice.** That in the event of any material change in the condition of the premises,
whether through the acts or omissions of the Lessee or otherwise, or any defect discovered in the
premises, the Lessee shall immediately notify the Housing Administrator, County of Hawaii, of
the change in condition of the premises or the defect. "Material change" includes, but is
not limited to, any change which may create a risk of harm to users or occupants of the premises,
or any change which exposes the premises to rapid deterioration in excess of normal weathering.
Nothing in this paragraph shall be construed to imply a duty by the Lessor to remedy or repair
any such changes.

The Housing Administrator, County of Hawaii, shall be the agent of the Lessor for all
provisions of this lease where the Lessee is required to give notice or obtain approvals from the
18. Maintenance. That the Lessee shall keep the premises in as good repair as the premises shall be at the commencement of the term (wear and tear resulting from the reasonable use of the same excepted). The Lessee shall, at its own expense, perform all necessary maintenance of the premises. The Lessee shall promptly repair and correct, at its own expense, any condition or defect in the premises which creates a risk of harm to persons or property, or which exposes the premises to rapid deterioration in excess of normal weathering.

19. Consent Required for Repairs and Renovations. That prior to commencing any repairs or renovations, the Lessee shall notify the Lessor and secure the Lessor's written consent, which shall not be unreasonably withheld. The Lessor may require the Lessee to produce plans showing the work to be done. The Lessor may inspect any repairs and renovations and require that it be done in conformance with good and accepted construction practice and in compliance with applicable laws, codes and regulations.

20. Use.

20.1 That the Lessee shall use the premises solely as a rental housing facility for low and moderate income and related uses, elderly housing in accordance with federal, state or county laws or such other elderly housing which is a "qualified low-income housing project", health care, nutrition programs, or supportive services for elderly residents including residents of rental units on the premises.

20.2 Hazardous Materials. Lessee shall not store or bring to the premises "hazardous materials".

a. "Hazardous materials" means any substances defined as or included in the definitions for "hazardous substances", "hazardous wastes", "extremely hazardous wastes", "hazardous materials", or "toxic substances" under the federal and state laws and regulations.
("Hazardous Materials Laws") including the: Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, the Safe Drinking Water Act, any similar Hawaii laws and regulations applicable to the leased premises or any portion thereof.

20.3 Lessee shall promptly remove any and all hazardous materials from the leased premises whether or not placed on the premises by Lessee. Lessee shall promptly report in writing to Lessor any hazardous materials found on the leased premises and details relating thereto and information on notification of governmental authorities, testing, and remediation plans.

20.4 If, at any time, Lessee places "hazardous materials" on the leased premises, Lessee shall remove the same in accordance with all hazardous materials laws and shall provide Lessor with an environmental analysis report by a competent consultant showing that Lessee has removed or taken remedial measures to adequately contain, encapsulate or treat, hazardous materials that cannot be removed. If Lessee disputes that it placed such hazardous materials on the leased premises, Lessor may have an investigation conducted and an environmental analysis report prepared to determine if Lessee was responsible and what remedial measures are necessary to contain, encapsulate or treat, such hazardous materials. If Lessee caused such hazardous materials to be placed on the leased premises, Lessor shall be entitled to be reimbursed for the cost of such investigation and report and Lessee shall indemnify and hold harmless Lessor from any and all costs, expenses, damages of any kind whatsoever by reason of placing such hazardous materials on the leased premises, including the cost of removal, encapsulation or other remediation and reasonable attorneys fees incurred.

21. **Low-Moderate Benefit.** That the Lessee shall ensure that 100 percent of the primary shelter services be provided to persons or families of low and moderate income as
defined by incomes up to 140% of the Area Median Income as determined by the U.S. Department of Housing and Urban Development. To comply with this requirement, Lessee shall ensure that 100 percent of the total number of bed-days provided at the premises are provided to persons or families of low and moderate income.

22. Records. For all occupants of residential units, the Lessee shall establish and maintain records of intake, discharge, services and other documentation necessary to show compliance with this section, including but not limited to the financial status of occupants served, and shall maintain and preserve all required documents related to each and every residential occupant for a period not less than 5 years following the end of that occupant’s term. All records referred to in this paragraph shall be available for inspection by the Lessor and its agents on reasonable notice, provided that the Lessee and Lessor shall agree on measures necessary to protect the privacy and individual identity of residential occupants receiving services from Lessee.

23. Non-Profit Status. That the general partner of Lessee with management control of Lessee (“Managing Non-Profit Entity”) has and shall maintain its status as a tax-exempt, non-profit corporation as determined by the Internal Revenue Service. The Lessor may require the Lessee to provide evidence of such determination.

That the Managing Non-Profit Entity has, and shall continue to have during the lease term, a governing board whose members serve without compensation.

That the Lessee has, and shall continue to have during the lease term, partnership agreement, operating agreement, bylaws or policies which describe the manner in which business is conducted, including management, audit and fiscal policies and procedures, and policies on nepotism.

24. Personal Property. That the Lessee shall, at its own expense, provide all equipment, tools, kitchen appliances, furniture, bedding, utensils and all other personal property
of any nature necessary for the uses described in paragraph B. 20 above.

25. **Personnel.** That the Lessee shall, at its own expense, provide all necessary staff for the provision of the services described in paragraph B. 20 above.

26. **Surrender.** That the Lessee shall, and will, at the expiration or sooner termination of this lease, peaceably and quietly surrender and deliver possession of the demised premises to the Lessor, together with all buildings and improvements of whatever name or nature, now on or hereafter erected or placed upon the same, in good order and condition, reasonable wear and tear excepted, and that Lessee shall remove, at no expense to the Lessor, all of the Lessee's personal property at the termination of this lease.

27. **Non-Waiver.** That the failure of the Lessor to insist on the strict performance of the terms, agreements, covenants and conditions herein contained, or any of them, shall not constitute or be construed as a waiver or relinquishment of the Lessor's right thereafter to enforce any such term, agreement or condition, but the same shall continue in full force and effect.

28. **Holdover.** That if Lessee shall hold over, after expiration of the term hereby created, with consent of the Lessor, it shall be deemed a renewal of this lease and of all terms, covenants, conditions and agreements herein contained, for the period of thirty days.

29. **Abandonment.** That if the Lessee abandons the premises, its right to possession shall cease and this Lease shall terminate, without prejudice to any other rights of the Lessor. "Abandonment" shall include, but not be limited to, Lessee's failure to use the premises for the purposes and uses listed in Paragraph B. 20 herein.

30. **Subdivision of Demised Premises.** Lessee shall obtain the prior consent of Lessor before applying for subdivision of the demised premises. Such subdivision shall be in order to further the purposes of this Lease. Lessor shall not be responsible for any of the costs of processing the subdivision or for complying with conditions thereto.
C. IT IS HEREBY UNDERSTOOD AND AGREED BY THE PARTIES:

1. **Destruction, etc.** That if, during the term of this Lease, the premises shall be substantially destroyed or become untenantable by reason of fire, the elements or any other cause, then Paragraph B. 12.4 shall apply.

2. **Condemnation.** That in the event that all or part of the premises be taken for public use, under the right of eminent domain, all of the award received for such taking, with respect to the value of the premises less the value of Lessee's interest in this Lease, shall belong to the Lessor, and no part of such award shall belong to the Lessee. If the entire premises are taken, or if so much of the premises are taken that the premises become unsuitable for the uses specified in paragraph B. 20, this Lease shall terminate, and the Lessor shall be released from further obligation hereunder.

3. **Breach.** That if the Lessee shall become bankrupt or shall abandon the said premises, or if this lease and said premises shall be attached or otherwise taken by operation of law, or if any assignment shall be made of the Lessee's property for the benefit of creditors, or if the Lessee shall fail to observe and perform any of the covenants, terms and conditions herein contained and on its part to be observed and performed, the Lessor may at once re-enter such premises or any part thereof, and upon or without such entry, terminate this lease without prejudice to any other remedy or right of action.

4. **Headings.** That the marginal headings throughout this lease are for the convenience of the Lessor and Lessee and are not intended to construe the intent or meaning of any of the provisions thereof.

5. **Complete Agreement.** This lease contains the full and complete agreement of the parties and supersedes any prior agreement between the parties, and there are no covenants, terms, agreements or conditions or understandings, either oral or written, between the parties
other than herein set forth.

6. **Lessee Not an Agent of Lessor.** Nothing herein contained is intended or should be construed in any way establishing the relationship of co-partners between Lessee and Lessor, or as constituting the Lessee as the agent, employee or representative of the Lessor for any purpose whatsoever.

7. The provisions of the HUD Lease Addendum attached hereto as Exhibit “E” are hereby incorporated into the Lease. The HUD Lease Addendum provisions may not be amended or rescinded while HUD has any loan outstanding under the HUD Section 202 Program to Lessee without HUD’s prior written consent to do so. Any amendment or recession without HUD consent is void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed these presents the day and year first above written.

COUNTY OF HAWAII

By: [Signature]  
WILLIAM P. KENOI  
MAYOR

RECOMMEND APPROVAL:

[Signature]  
STEPHEN ARNETT
Housing Administrator
Date: DEC 27 2011

APPROVED AS TO FORM AND LEGALITY:

[Signature]  
Deputy Corporation Counsel
County of Hawaii
Date: DEC 27 2011

MOHOULI SENIOR PHASE I LLLP

By:  
HOME CORPORATION  
Its General Partner

By:  
[Signature]  
Its:  
DIRECTOR
On this 6th day of December, 2011, before me personally appeared Alice Kawaha, personally known to me, who being by me duly sworn did say that she is the Director of HOME CORPORATION, a Hawaii corporation, in its own capacity, and as General Partner of MOHOULI SENIOR PHASE 1 LLLP, a Hawaii limited liability partnership, as the free act and deed of such person and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Terrilyn Ferreira
Notary Public, State of Hawaii
My Commission Expires: March 5, 2012
STATE OF HAWAI'I

COUNTY OF HAWAI'I

On December 28, 2011, before me personally appeared WILLIAM P. KENOI, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the County of Hawai'i, a municipal corporation of the State of Hawai'i, that the seal affixed to the foregoing instrument is the corporate seal of said County of Hawai'i, the foregoing instrument was signed and sealed on behalf of the County of Hawai'i by authority given to said Mayor of the County of Hawai'i by Sections 5-1.3 and 13-13 of the County Charter, County of Hawai'i (2010), as amended, and said WILLIAM P. KENOI acknowledged said instrument to be the free act and deed of said County of Hawai'i.

Guillerma G. Sumera

Notary Public, State of Hawai'i

Printed Name: Guillerma G. Sumera
My commission expires: 9/22/13

NOTARY CERTIFICATION STATEMENT

Document Identification or Description: Lease = Hawai'i Island Community Development Corporation (Mohouli Senior Phase 1 LLLP)

Doc. Date: December 28, 2011 □ Undated at time of notarization.
No. of Pages: 23 + Exhibits □ Jurisdiction: Third Circuit

Guillerma G. Sumera 12/28/11

Signature of Notary Date of Notarization and Certification Statement

Guillerma G. Sumera

Printed Name of Notary
County of Hawai‘i Lease to Mohouli Senior Phase I LLLP

Exhibit List

Exhibit A-1 - Metes and bounds description
Exhibit A-2 - Map
Exhibit E - Lease Addendum Section 202
EXHIBIT A-1

DESCRIPTION

LOT 3-A

All of that certain parcel of land being a portion of Lot 3, Waikea Cane Lots, Waikea, South Hilo, Island of Hawaii, Hawaii

Beginning at the northeast corner of this parcel of land, being also the northwest corner of Lot 3-B, the coordinates of said point of beginning referred to Government Survey Triangulation Station “HALAI” being 4,046.34 feet South and 492.50 feet East and running by azimuths measured clockwise from True South:

1. 343° 50' 551.54 feet along Lot 3-B, Waikea Cane Lots;

2. 239° 54' 08" 23.78 feet along the same;

3. 329° 54' 08" 59.62 feet along the same;

Thence, along the north side of Mohouli Street, on a curve to the right, with a radius of 1,930.00 feet, the chord azimuth and distance being:

4. 65° 31' 35" 378.27 feet;

5. 341° 09' 20.00 feet along the same;

Thence, along the same, on a curve to the right with a radius of 1,950.00 feet, the chord azimuth and distance being:

6. 71° 40' 16" 35.46 feet;

Thence, along Road Lot (Parcel 178), on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being:

7. 118° 00' 46" 43.03 feet;

8. 163° 50' 269.21 feet along the same;

9. 73° 50' 50.00 feet along the same;

10. 163° 50' 373.97 feet along Lot 2, Waikea Cane Lots;
11. 253° 59' 52" 424.66 feet along the Lot 347 and Lot 346 as shown on Land Court Application 1205, Map 75;

12. 238° 14' 28.63 feet to the point of beginning and containing an area of 6.376 acres, more or less.

SUBJECT TO THE FOLLOWING EASEMENTS,


2. Easement RU-1 for Road and Utility Purposes, being described as follows:

**EASEMENT RU-1**
**(FOR ROAD AND UTILITY PURPOSES)**

All of that certain easement parcel of land being a portion of Lot 3-A, Waiakea Cane Lots,
Waiakea, South Hilo, Island of Hawaii, Hawaii

Beginning at the northwest corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI" being 4,678.38 feet South and 256.93 feet East and running by azimuths measured clockwise from True South:

1. 298° 50' 33.94 feet; 253° 50' 298.28 feet; 246° 52' 04" 67.91 feet; 239° 54' 08" 37.32 feet; 329° 54' 08" 40.00 feet along the east side of Lot 3-A, being also the west side of Lot 3-B;
6. 59° 54' 08" 37.32

feet;

Thence, on a curve to the right with a radius of 320.00 feet, the chord azimuth and distance being;

7. 66° 52' 04" 77.61

feet;

8. 73° 50' 298.28

feet;

Thence, on a curve to the left with a radius of 24.00 feet, the chord azimuth and distance being;

9. 28° 50' 33.94

feet;

feet along the west side Lot 3-A, Waiakea Cane Lots to the point of beginning and containing an area of 0.400 acres, more or less.

10. 163° 50' 88.00

Description Prepared By:
Engineering Partners Inc.

Hilo, Hawaii, October, 2011
Tax Map Key: 3rd Div. 2-4-001: portion 177
Exhibit "E"

LEASE ADDENDUM SECTION 202
(Lessor-Lessee)

Notwithstanding any other provisions of this lease, if and so long as this leasehold is subject to a Section 202 Mortgage held by the Secretary of Housing and Urban Development (HUD), or given to the Secretary of HUD in connection with a resale, or the demised premises are acquired and held by him because of a default under said mortgage:

(1) The Lessee is authorized to obtain a Section 202 Capital Advance from the Secretary of HUD, secured by a mortgage on this leasehold estate. Lessee is further authorized to execute a mortgage on the leasehold and otherwise to comply with the requirements of HUD for obtaining a mortgage.

(2) The Secretary of HUD, or his successors in office, shall have the option in the event that he or his successor in office shall acquire title to the leasehold estate, to purchase good and marketable fee title to the demised premises, free of all liens and encumbrances except such as may be waived or accepted by him or his successor in office within twelve (12) months after so acquiring the leasehold estate, for the sum of $_____________ payable in cash or by certified or U.S. Treasury check, provided all rents are paid to date of transfer of title, upon first giving sixty (60) days written notice to the Lessor or other person or corporation who may then be the owner of fee, and the owner of the fee shall thereupon execute and deliver to the Secretary, or his successor in office, a deed of conveyance to the demised premises, containing a covenant against the grantor's acts, but excepting therefrom such acts of the Lessee and those claiming by through or under the holder of the leasehold estate. Nothing in this option shall require the Lessor to pay any taxes or assessments which were due and payable by the Lessee.

(3) If approved by the Secretary of HUD, Lessee may assign, transfer or sell its interest in the demised premises.

(4) (a) Insurance policies shall be in an amount, and by such companies, and in such form, and against such risks and hazards, as shall be required by the mortgagee and/or the Secretary of HUD.

(b) The Lessor shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the Lessee to HUD. The Lessor may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the lessee.
(5) (a) If all or any part of the demised premises shall be taken by condemnation, that portion of any award attributable to the improvements, or damage to the improvements, shall be paid to the mortgagee or otherwise disposed of as may be provided in the mortgage. Any portion of the award attributable solely to the taking of the land shall be paid to the Lessor. After the date of taking, the annual ground rent shall be reduced ratably by the proportion which the award paid to the Lessor bears to the total value of the land as established by the amount the Secretary of Housing and Urban Development would be required to pay upon acquisition of the fee.

(b) In the event of a negotiated sale of all of any portion of the demised premises in lieu of condemnation, the proceeds shall be distributed and ground rents reduced as provided in cases of condemnation, but the approval of the Secretary of HUD shall be required as to the amount and division of the payment to be received.

(6) The Lessor agrees that, within ten (10) days after receipt of written request from the Lessee, it will join in any authorizations required by any governmental or other body claiming jurisdiction in connection with any work which the Lessee may do hereunder, and will also join in any grants for easements for electric, telephone, gas, water, sewer and such other public utilities and facilities as may be reasonable necessary in the operating of the demised premises or of any improvements that may be erected thereon, and if at the expiration of such ten (10) day's period, the Lessor shall not have joined in any such application, or grants for easements, the Lessee shall have the right to execute such application and grants in the name of the Lessor, and, for that purpose, the Lessor hereby irrevocably appoints the Lessee as its Attorney-in-fact to execute such papers on behalf of the Lessor.

(7) Nothing in the lease contained shall require the Lessee to pay any franchise, estate, inheritance, succession, capital levy or transfer tax, or any other tax, assessment, change or levy upon the rent payable by the Lessee under this lease.

(8) Upon any default under this lease which authorized the cancellation thereof by the Lessor, Lessor shall give notice to the Secretary of HUD, and the Secretary of HUD, his successors and assigns, shall have the right and time within six (6) months from the date of such notice to correct the default and reinstate the lease unless Lessor has first terminated the lease as provided herein.

At any time after two (2) months from the date a notice of default is given to the Secretary of HUD, the Lessor may elect to terminate the lease and acquire possession of the demised premises. Upon acquiring possession of the demised premises, Lessor shall notify the Secretary. The Secretary shall have six (6) months from the date of such notice of acquisition to elect to take a new lease on the demised premises. Such new lease shall have a term equal to the unexpired portion of the term of this lease and shall be on the same terms and conditions as contained in this lease, except that the Secretary's liability for ground rent shall not extend beyond his occupancy under such
lease. The Lessor shall tender such new lease to the Secretary within thirty (30) days after a request for such lease and shall deliver possession of the demised premises immediately upon execution of the new lease. Upon executing a new lease, the Secretary shall pay to Lessor any unpaid ground rentals due or that would have become due under this lease to the date of execution of the new lease, including any taxes which were liens on demised premises and which were paid by Lessor, less any net rentals or other income which the Lessor may have received on account of this property since the date of default under the lease.

(9) All notices, demands and requests which are required to be given by the Lessor, the Lessee or the Secretary shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to:

U.S. Department of Housing and Urban Development
[Office Address]

unless a request for a change in this address has been sent the party giving the notice by registered or certified mail prior to the time when such notice is given.

(10) This lease shall not be modified without the consent of the Secretary of Housing and Urban Development.

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LAND COURT SYSTEM

Return by Mail ( ) Pickup ( ) To:

Nakamoto, Okamoto & Yamamoto (AMO)
187 Kapiolani Street
Hilo, HI 96720

TITLE OF DOCUMENT:

LEASE

PARTIES TO DOCUMENT:

Lessor: COUNTY OF HAWAI'I, a municipal corporation of the State of Hawai'i;

Lessee: MOHOULI SENIOR PHASE 2 LLP, a Hawaii limited liability limited partnership, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii 96720.

Affects: TMK: (3rd) 2-4-001: 186
Lot 3-B1-A

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<th>TERMS OF THE LEASE</th>
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<td><strong>Duration:</strong></td>
<td>Until December 31, 2091.</td>
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<tr>
<td><strong>Rental Charge:</strong></td>
<td>$10.00 per year</td>
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<td><strong>Utility Services:</strong></td>
<td>Must be paid by Lessee</td>
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<td><strong>Improvements:</strong></td>
<td>Lessee cannot improve property without prior written consent from the County.</td>
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<td><strong>Liens:</strong></td>
<td>Except as expressly permitted herein, neither the property nor the leasehold interest shall become subject to any attachment, lien, charge or encumbrances without prior written consent of Lessor.</td>
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<td><strong>Liability Insurance:</strong></td>
<td>Lessee shall, at its own expense, obtain a minimum of $1,000,000 liability insurance.</td>
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<td><strong>Fire Insurance:</strong></td>
<td>Lessee shall, at its own expense, obtain fire insurance for full replacement cost of improvements.</td>
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<td>The Lessee shall, at its own expense, perform all necessary maintenance of the premises.</td>
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<td>The Lessee has examined and knows the condition of the premises and the Lessor is not responsible for the present or future condition of the premises.</td>
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<td><strong>Notice:</strong></td>
<td>Where Lessor’s approvals are needed, the Lessee shall contact the Housing Administrator.</td>
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<td><strong>Use:</strong></td>
<td>Lessee shall use the premises solely as rental housing for low- and moderate income elderly residents, health care, nutrition programs, or supportive services for elderly residents including residents of rental units on the premises and related uses.</td>
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<tr>
<td><strong>Non-Profit Status:</strong></td>
<td>Lessee’s general partner or general partner’s parent company member with management authority shall maintain status as a tax-exempt, non-profit organization as certified by the IRS.</td>
</tr>
</tbody>
</table>
Limited Partner: Lessee’s limited partner, which is NEF Assignment Corporation, an Illinois not-for-profit corporation, as nominee, and its successors and/or assign.

Partnership Agreement: Lessee’s amended and restated limited partnership agreement, entered into by and between General Partner and Limited Partner, dated ____________, 2016, as amended.

General Partner: Lessee’s general partner, which is Hawaii Island Community Development Corporation, a Hawaii not-for-profit corporation.

Compliance Period: The 15 taxable years as defined in IRS Code Section 42.

Note: The lease with detailed terms of the lease is attached. If there is any conflict between this summary and the attached Lease, the terms of the Lease shall govern.
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Lease for the Mohouli Heights Senior Neighborhood Phase 2

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LEASE

THIS LEASE, made this _____ day of ______________________, 2016,

by and between the COUNTY OF HAWAI'I, a municipal corporation of the State of
Hawai'i, by its Mayor, whose mailing address is 25 Aupuni Street, Hilo, Hawai'i, hereinafter
referred to as Lessor, and the MOHOULI SENIOR PHASE 2 LLLP, a Hawaii limited liability
limited partnership, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii
96720, hereinafter referred to as Lessee;

WITNESSETH:

That the Lessor, for and in consideration of the rent to be paid and of the terms,
covenants, and conditions herein contained on the part of the Lessee to be kept, observed and
performed, does hereby demise and lease unto the Lessee, and the Lessee does hereby lease and
hire from the Lessor the premises more particularly described as Mohouli Heights Senior
Neighborhood Phase 2, State of Hawaii, Lot 3-B1-A Tax Map Key (3) 2-4-001: 186, and more
particularly described in Exhibits “A-1” and “A-2” attached hereto and made a part hereof.

A. THE LESSOR COVENANTS AND AGREES WITH THE LESSEE:

1. Definition. As used in this Lease, the following terms shall have the following
meanings except as the context requires.

a. Compliance Period means the 15 year period escribed in Section 42, Internal
Revenue Code.

b. General Partner means Hawaii Island Community Development Corporation, a
Hawaii non-profit corporation, its successors or assigns.
c. Limited Partner means NEF Assignment Corporation, an Illinois non-profit corporation as nominee, its successor and assigns.

d. Partnership Agreement means Lessee’s Amended and Restated Partnership Agreement entered into by General Partner and Limited Partner dated 2016 as it may be amended.

2. **Quiet Enjoyment.** That the Lessor hereby covenants and agrees with the Lessee that upon the observance and performance of the covenants, terms and conditions hereof on the part of the Lessee to be observed and performed, the Lessee shall and may have, hold, possess and enjoy the demised premises for the term hereby demised, without hindrance or interruption by the Lessor or any other person or persons lawfully claiming by, through and under it, except for the Lessor's right of entry to make repairs, improvement and inspections as set forth herein.

3. **Term.** The term of said lease shall be from 2016 until December 31, 2091.

4. **Rent.** On the date hereof, the Lessee hereby covenants and agrees to pay the sum of Ten Dollars ($10.00) per year for the term of this lease.

B. **THE LESSEE COVENANTS AND AGREES WITH THE LESSOR:**

1. **Utility Services.** That the Lessee shall pay when due all utility charges, duties and rates of every description, including water, sewer, gas, electricity, refuse collection or any other charges, as to which said premises, or any part thereof, or any improvements thereon, or the Lessor or Lessee in respect thereof may, during said term, become liable, whether assessed to or payable by the Lessor or Lessee.

2. **Covenant Against Discrimination.** That, except as may be provided in this lease or by law, the use and enjoyment of the premises shall not be in support of any policy
which discriminates against anyone based upon race, color, religion, sex, disability, natural
origin, or familial status.

3. Sanitation, etc. That the Lessee shall keep the demised premises in a strictly
safe, clean, sanitary and orderly condition, in compliance with all applicable standards of the
county, state and federal governments.

4. Waste and Unlawful, Improper or Offensive Use of Premises. That the
Lessee shall not commit, suffer or permit to be committed any waste, nuisance, strip, or
unlawful, improper or offensive use of the demised premises, or any part thereof, nor, without
the prior written consent of the Lessor, cut down, remove or destroy, or suffer to be cut down,
removed or destroyed, any trees now growing on said premises, except with prior written
approval of the Lessor and upon such conditions as the Lessor may impose, unless otherwise
provided herein.

5. Compliance With Laws, etc. That the Lessee shall comply with all of the
requirements of all county, state and federal authorities and observe all county ordinances and
state and federal statutes, pertaining to the said premises, and pertaining to the Lessee's activities,
now in force or which may hereinafter be in force, and comply with all applicable licensing
requirements of the state and federal governments, and with all applicable accreditation and
other standards of quality generally acceptable in the field of Lessee's activities.

6. Improvements. That the Lessee shall not, at any time during said term,
construct, place or install on said premises, any building, structure or improvement of any kind
and description whatsoever, except with prior written approval of the Lessor and upon such
conditions as the Lessor may impose, unless otherwise provided herein. Lessor and Lessee
recognize that Lessee will be constructing buildings and related improvements for an
apartment complex on the premises and that Lessee will be submitting the construction plans
and specifications for review by Lessor as the owner of the land. Lessee shall obtain separately any regulatory approvals or permits required for compliance with applicable federal, state or county laws or regulations, including those from County of Hawaii agencies. Lessee shall cooperate in timely review of such plans and specifications. Lessee shall supply all information and documents as Lessor may require to perform its review. Lessor's consent shall not be unreasonably withheld.

7. Liens.

a. That the Lessee will keep and maintain the leased premises free and clear of all mechanic's and materialmen's liens and, in the event any lien is filed against the said premises or any improvements thereon, will indemnify and save harmless Lessor from all loss, cost and expense with respect thereto and will, prior to the construction of any improvements on the said premises, deposit with Lessor a certificate or other evidence satisfactory to Lessor that the contractor constructing such improvements has obtained a bond with a surety approved by Lessor, guaranteeing the construction of the improvements free and clear of all mechanic's and materialmen's liens.

b. That the Lessee will not commit or suffer any act or neglect whereby the demised premises or any improvements thereon or the estate of the Lessee in the same shall become subject to any attachment, lien, charge, or encumbrance whatsoever, except as hereinafter provided, and shall indemnify and hold harmless the Lessor from and against all attachments, liens, charges and encumbrances and all expenses resulting therefrom.

8. Assignments, etc. That the Lessee shall not transfer, assign or sublease the said premises or any portion thereof, nor permit any other person to occupy or use the said premises or any portion thereof except in furtherance of the uses expressly permitted in paragraph B. 20 herein and shall not transfer or assign or sublease this lease or any interest therein, either voluntarily or by
operation of law without Lessor's prior written consent, and any transfer or assignment so made
shall be null and void without such consent. Lessor declares that it enters into this lease on reliance
on the specific identity of the Lessee. Lessee may request consent of Lessor to an assignment of
this lease to a partnership in which Lessee or its wholly owned subsidiary is the General Partner
with management control of said entity. Provided, that this Paragraph 8 shall not apply to
Lessee's issuance of space leases covering portions of the leased premises in the ordinary course of
business and in furtherance of the permitted use under this Lease.

9. **Mortgage.** That, except as provided herein, the Lessee shall not mortgage,
hypothecate or pledge the said premises or any portion thereof or this lease or any interest
therein without the prior written approval of the Lessor (which shall not be unreasonably
withheld) and any such mortgage, hypothecation or pledge without such approval shall be null
and void.

10. **Indemnity.** That the Lessee will indemnify, defend and hold the Lessor harmless
(a) from and against any claim or demand by third persons for loss, liability or damage, including
claims for property damage, personal injury or wrongful death, arising out of any accident on the
demised premises or occasioned by any negligence or willful misconduct of Lessee, any act or
nuisance made or suffered on the premises, or by any fire thereon or growing out of or caused by
any failure on the part of the Lessee to maintain the premises in a safe condition, and will
reimburse the Lessor for all reasonable costs and expenses in connection with the defense of such
claims; (b) from and against all actions, suits, damages and claims by whomsoever brought or
made by reason of the non-observance or non-performance of any of the terms, covenants and
conditions herein or the rules, regulations, ordinances and laws of the federal, state, municipal or
county governments, including actions against the Lessor brought by the federal government for
noncompliance with federal grant requirements caused by the Lessee's failure to comply with the
11. Liability Insurance. That the Lessee shall procure, at its own cost and expense, and maintain during the entire period of this lease, with an insurance company or companies acceptable to the Lessor, a policy of comprehensive liability insurance, with minimum amounts of $1,000,000.00 per occurrence for bodily injury and property damage, insuring against all claims for bodily injury, death and property damage; that said policy or policies shall cover the entire premises, including all buildings, improvements and grounds. The Lessee shall furnish the Lessor with a certificate showing such policy to be initially in force and shall furnish a like certificate upon each renewal of such policy, each such certificate to contain or be accompanied by an assurance of the insurer to notify the Lessor of any intention to cancel any such policy prior to actual cancellation. The procuring of this policy shall not release or relieve the Lessee of its responsibility under this lease as set forth herein or limit the amount of its liability under this lease. The Lessee shall cause the Lessor to be named as an "additional insured" on the above comprehensive liability insurance policy. The policy shall have a deductible of not more than $2,500.00 per claim.


12.1. Lessee shall be responsible for and insure all improvements and contents within the leased premises. Lessor shall not be responsible for the protection or safekeeping of any of Lessee's improvements or contents.

12.2. Lessee shall name Lessor as additional insured on the leased premises and shall insure the structure and common areas against loss or damage by fire, including extended coverage, in an amount equal to full replacement cost without deduction or depreciation. Lessee shall provide Lessor with certificates of insurance from time to time to show that said insurance remains in full force and effect. Lessee shall obtain commitments from its insurer that said insurance will not be cancelled or reduced unless Lessor has been given 30 days notice, sent to Lessor by certified
or registered mail, postage prepaid.

12.3. **Payment of Insurance Proceeds.** Every policy of such insurance shall be issued to cover and insure all of the several interests in such buildings, fixtures and improvements of the Lessor and the Lessee and any mortgagee under any permitted mortgage of this lease, as their respective interests shall appear, and shall be made payable in case of loss or damage to the Lessee, as trustee of all proceeds of such insurance to be used as described below.

12.4. **Use of Insurance Proceeds.** In case such buildings, fixtures or other improvements, or any part thereof, shall be destroyed or damaged by fire or other casualty herein required to be insured against, then, and as often as the same shall happen, all proceeds of such insurance, including the interest therein of the Lessor shall be available for and used with all reasonable dispatch by the Lessee in rebuilding, repairing or otherwise reinstating such buildings, fixtures and other improvements in a good and substantial manner according to the original plans and elevations thereof, or according to such modified plan conforming to laws and regulations then in effect as shall be approved in writing by the parties hereto and any permitted mortgagee, and in case such proceeds shall be insufficient in amount to so rebuild, repair or reinstate such buildings, fixtures and other improvements, the Lessee shall make up the deficiency for such purpose out of the Lessee's own funds; PROVIDED, HOWEVER, that if (A) the restoration of such buildings, fixtures and other improvements to substantially their same size and function as immediately prior to such casualty shall be prevented by any laws or regulations then in effect, or (B) such loss shall occur in the last fifteen (15) years of the term of this lease, then the Lessee, in lieu of making up the deficiency, shall have the right, at its option, to surrender this lease if the Lessee complies with all of the following conditions:

(1) gives written notice of its intention to surrender the lease to the Lessor within thirty (30) days after determining the insufficiency of such insurance proceeds;
(2) is not in material default under any provision or condition of this lease on the date of surrender;

(3) promptly removes, at its own expense, from the demised land all remains of such buildings, fixtures and other improvement and all debris resulting from such casualty and restores the land to good and orderly condition and even grade;

(4) pays the real property taxes for the whole fiscal year in which the lease is surrendered and all rent and other charges hereunder for the whole calendar year in which the lease is surrendered, and performs all other obligations of the Lessee hereunder up to the date of surrender;

(5) pays in full the indebtedness secured by any permitted mortgage on this lease, using such portion of the insurance proceeds as shall be necessary to pay and discharge the indebtedness and in case such proceeds are insufficient in amount to satisfy the indebtedness, the Lessee shall make up the deficiency out of Lessee's own funds;

(6) causes to be discharged all liens and encumbrances resulting from any act or omission of Lessee; and

(7) causes to be surrendered and terminated all subsisting subleases on any part of the demised premises or improvements thereon.

Upon Lessee's satisfaction of conditions (1) to (7) above, Lessee shall be relieved of all further obligations under this lease and any remaining insurance proceeds (that is, the balance remaining after deducting the amounts used in satisfying condition (5) above) shall be divided between and payable to Lessor and Lessee as follows: (aa) the interest of the Lessor in such insurance proceeds shall be a proportionate amount thereof in the ratio which the expired portion of the term of this lease from the date of original completion of such buildings, fixtures and improvements to the date of such loss or damage bears to the portion of such term from the date of
original completion of such buildings, fixtures and improvements to the date of expiration of the
term of this lease; and (bb) the interest of the Lessee therein shall be the balance of such proceeds.
The interest of any permitted mortgagee whose loan exceeds or is not covered by the Approved
Mortgage Limit (as hereinafter defined) shall be limited to only the interest of the Lessee under
clause (bb) above, and in no event shall such permitted mortgagee be entitled to claim any portion
of the Lessor's interest under clause (aa) above after the Approved Mortgage Limit has been fully
exhausted to pay the loan indebtedness of any permitted mortgagee.

As used in this subparagraph, the term "Approved Mortgage Limit" shall mean the total
number of loan indebtedness secured by permitted leasehold mortgages, the proceeds of which
have been used to pay for the costs of acquiring and developing the demised premises (including
"soft costs" such as architect's, engineer's and consultant's fees, "hard costs" of constructing or
renovating any improvements on the demised premises, and construction loan interest), and any
refinancing of such loan indebtedness shall also be counted towards the Approved Mortgage Limit.
The "costs of acquiring and developing the demised premises" shall be liberally construed, but the
Approved Mortgage Limit shall not include the amount of working capital loans or that portion of
any refinancing loans which represents appreciation equity over and above the Lessee's costs of
acquiring and developing the demised premises. At the request of the Lessee or the Lessee's
mortgage, the Lessor shall provide a written statement confirming the Approved Mortgage Limit
with respect to such mortgagee's mortgage on the demised premises.

12.5. Lessee shall not store or place any material, or conduct any business on the premises
which will cause Lessor's insurance policy to be canceled, or the rates to be increased from the
normal rate for the business.

13. Costs of Litigation. That in case the Lessor shall be made a party to any litigation
commenced against the Lessee by a third party (other than condemnation proceedings), the Lessee
shall and will pay all reasonable costs and expenses incurred by or imposed on the Lessor; furthermore, the Lessee shall and will pay all reasonable costs and expenses which may be incurred by or paid by the Lessor in enforcing the covenants and agreements of this lease, in recovering possession of the demised premises or in the collection of delinquent rental, taxes and any and all other charges.

14. **Entry by Lessor.** That the Lessee shall permit the Lessor, its agents and invitees, or independent contractors hired by the Lessor, to enter on the premises or any part thereof, at all reasonable hours, for the purpose of inspecting same, including inspections related to the services provided at the premises, or making repairs, improvements or alterations necessary or desirable for the safety or the preservation of the premises, upon the Lessor or its agent giving 24 hours notice of entry, except that in case of emergency, no notice need be given for entry. That the Lessee shall cooperate with the Lessor to the fullest practical extent in permitting the Lessor to make such inspections, alterations, repairs and improvements. That any temporary diminution in or interference with the use of the premises to the Lessee occasioned by such inspections, alterations, repairs and improvements shall not be a breach of this lease, and shall not result in any liability on the Lessor. Nothing in this paragraph shall be construed as requiring the Lessor to make any inspections, repairs, improvements or alterations to the premises.

15. **Contracts for Construction.** That the Lessee shall not make any contract for construction, repair, renovation or improvement on, in, of, or to the premises, or any part thereof, or for any work to be done or materials to be furnished on or to the premises, without first obtaining the written approval of the Lessor which shall not be unreasonably withheld, denied or deferred. The Lessor’s approval may be conditioned on the Lessee providing adequate assurance that it has the financial ability to pay for the cost of any such contract, or to otherwise provide sufficient assurances that no mechanic’s or materialman’s lien may be levied against the premises.
16. **Condition of Premises.** That the Lessee has examined and knows the condition of the premises, that the premises are leased as they now are, that the Lessor expressly disclaims any warranty of fitness for any particular purpose, and that the Lessor shall not be responsible for the present or future condition thereof. The Lessor shall not be required to perform any repairs, alterations or improvements whatsoever during the term of this lease.

17. **Notice.** That in the event of any material change in the condition of the premises, whether through the acts or omissions of the Lessee or otherwise, or any defect discovered in the premises, the Lessee shall immediately notify the Housing Administrator, County of Hawaii, of the change in condition of the premises or the defect. "Material change" includes, but is not limited to, any change which may create a risk of harm to users or occupants of the premises, or any change which exposes the premises to rapid deterioration in excess of normal weathering. Nothing in this paragraph shall be construed to imply a duty by the Lessor to remedy or repair any such changes.

The Housing Administrator, County of Hawaii, shall be the agent of the Lessor for all provisions of this lease where the Lessee is required to give notice or obtain approvals from the Lessor.

18. **Maintenance.** That the Lessee shall keep the premises in as good repair as the premises shall be at the commencement of the term (wear and tear resulting from the reasonable use of the same excepted). The Lessee shall, at its own expense, perform all necessary maintenance of the premises. The Lessee shall promptly repair and correct, at its own expense, any condition or defect in the premises which creates a risk of harm to persons or property, or which exposes the premises to rapid deterioration in excess of normal weathering.

19. **Consent Required for Repairs and Renovations.** That prior to commencing any repairs or renovations, the Lessee shall notify the Lessor and secure the Lessor's written consent,
which shall not be unreasonably withheld. The Lessor may require the Lessee to produce plans showing the work to be done. The Lessor may inspect any repairs and renovations and require that it be done in conformance with good and accepted construction practice and in compliance with applicable laws, codes and regulations.

20. Use.

20.1 That the Lessee shall use the premises solely as a rental housing facility for low and moderate income elderly housing and related uses in accordance with federal, state or county laws or such other elderly housing which is a "qualified low-income housing project", health care, nutrition programs, or supportive services for elderly residents including residents of rental units on the premises.

20.2 Hazardous Materials. Lessee shall not store or bring to the premises "hazardous materials".

a. "Hazardous materials" means any substances defined as or included in the definitions for "hazardous substances", "hazardous wastes", "extremely hazardous wastes", "hazardous materials", or "toxic substances" under the federal and state laws and regulations ("Hazardous Materials Laws") including the: Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, the Safe Drinking Water Act, any similar Hawaii laws and regulations applicable to the leased premises or any portion thereof. For these purposes, hazardous materials shall not include cleaning materials, in acceptable quantities, which are suitable for residential use and which are brought to the leased premises for cleaning the improvements thereon.

20.3 Lessee shall promptly remove any and all hazardous materials from the leased premises whether or not placed on the premises by Lessee. Lessee shall promptly report in writing
to Lessor any hazardous materials found on the leased premises and details relating thereto and information on notification of governmental authorities, testing, and remediation plans.

20.4 If, at any time, Lessee places "hazardous materials" on the leased premises, Lessee shall remove the same in accordance with all hazardous materials laws and shall provide Lessor with an environmental analysis report by a competent consultant showing that Lessee has removed or taken remedial measures to adequately contain, encapsulate or treat, hazardous materials that cannot be removed. If Lessee disputes that it placed such hazardous materials on the leased premises, Lessor may have an investigation conducted and an environmental analysis report prepared to determine if Lessee was responsible and what remedial measures are necessary to contain, encapsulate or treat, such hazardous materials. If Lessee caused such hazardous materials to be placed on the leased premises, Lessor shall be entitled to be reimbursed for the cost of such investigation and report and Lessee shall indemnify and hold harmless Lessor from any and all costs, expenses, damages of any kind whatsoever by reason of placing such hazardous materials on the leased premises, including the cost of removal, encapsulation or other remediation and reasonable attorneys fees incurred.

21. **Low-Moderate Benefit.** That the Lessee shall ensure that 100 percent of the primary shelter services be provided to persons or families of low and moderate income as defined by incomes up to 140% of the Area Median Income as determined by the U.S. Department of Housing and Urban Development. To comply with this requirement, Lessee shall ensure that 100 percent of the total number of bed-days provided at the premises are provided to persons or families of low and moderate income.

22. **Records.** For all occupants of residential units, the Lessee shall establish and maintain records of intake, discharge, services and other documentation necessary to show compliance with this section, including but not limited to the financial status of occupants served,
and shall maintain and preserve all required documents related to each and every residential occupant for a period not less than 5 years following the end of that occupant’s term. All records referred to in this paragraph shall be available for inspection by the Lessor and its agents on reasonable notice, provided that the Lessee and Lessor shall agree on measures necessary to protect the privacy and individual identity of residential occupants receiving services from Lessee.

23. **Non-Profit Status.** That the general partner of Lessee, or the owner of the general partner of Lessee, with management control of Lessee ("Managing Non-Profit Entity") has and shall maintain its status as a tax-exempt, non-profit corporation as determined by the Internal Revenue Service. The Lessor may require the Lessee to provide evidence of such determination.

That the Managing Non-Profit Entity has, and shall continue to have during the lease term, a governing board whose board members serve without compensation.

That the Lessee has, and shall continue to have during the lease term, the Partnership Agreement with suitable amendments, which describes the manner in which business is conducted, including management, audit and fiscal policies and procedures, and policies on nepotism.

24. **Personal Property.** That the Lessee shall, at its own expense, provide all equipment, tools, kitchen appliances, furniture, bedding, utensils and all other personal property of any nature necessary for the uses described in paragraph B. 20 above.

25. **Personnel.** That the Lessee shall, at its own expense, provide all necessary staff for the provision of the services described in paragraph B. 20 above.

26. **Surrender.** That the Lessee shall, and will, at the expiration or sooner termination of this lease, peaceably and quietly surrender and deliver possession of the demised premises to the Lessor, together with all buildings and improvements of whatever name or nature, now on or
hereafter erected or placed upon the same, in good order and condition, reasonable wear and tear excepted, and that Lessee shall remove, at no expense to the Lessor, all of the Lessee's personal property at the termination of this lease.

27. **Non-Waiver.** That the failure of the Lessor to insist on the strict performance of the terms, agreements, covenants and conditions herein contained, or any of them, shall not constitute or be construed as a waiver or relinquishment of the Lessor's right thereafter to enforce any such term, agreement or condition, but the same shall continue in full force and effect.

28. **Holdover.** That if Lessee shall hold over, after expiration of the term hereby created, with consent of the Lessor, it shall be deemed a renewal of this lease and of all terms, covenants, conditions and agreements herein contained, for the period of thirty days.

29. **Abandonment.** That if the Lessee abandons the premises, its right to possession shall cease and this Lease shall terminate, without prejudice to any other rights of the Lessor. “Abandonment” shall include, but not be limited to, Lessee’s failure to use the premises for the purposes and uses listed in Paragraph B. 20 herein.

30. **Subdivision of Demised Premises.** Lessee shall obtain the prior consent of Lessor before applying for subdivision of the demised premises. Such subdivision shall be in order to further the purposes of this Lease. Lessor shall not be responsible for any of the costs of processing the subdivision or for complying with conditions thereto.

C. IT IS HEREBY UNDERSTOOD AND AGREED BY THE PARTIES:

1. **Destruction, etc.** That if, during the term of this Lease, the premises shall be substantially destroyed or become untenantable by reason of fire, the elements or any other cause, then Paragraph B. 12.4 shall apply.

2. **Condemnation.** That in the event that all of the premises is taken for public use, under the right of eminent domain, the Lessee shall be entitled to recover from the condemning
authority the value of its interest in the Lease, this Lease shall terminate, and the Lessee and
Lessor shall be released from further obligation hereunder and Lessor shall be entitled to the
remaining condemnation proceeds. If a portion of the premises is taken for public use, under
the right of eminent domain, and the remaining premises are not suitable for the permitted use
under this Lease, Lessee shall be entitled to recover from the condemning authority the value of
its interest in the Lease which was taken and in that event, the Lease shall be deemed amended
to apply to the portion of the premises that was not taken. If a portion of the premises is taken
for public use, under the right of eminent domain, and the remaining premises are not suitable
for the permitted use under this Lease, Lessee shall be entitled to recover from the condemning
authority the value of its interest in the Lease which was taken and in that event, the Lessee may
terminate the Lease and Lessee and Lessor shall be released from further obligation hereunder.

3. **Breach.** That if the Lessee shall become bankrupt or shall abandon the said
premises, or if this lease and said premises shall be attached or otherwise taken by operation of
law, or if any assignment shall be made of the Lessee's property for the benefit of creditors, or if
the Lessee shall fail to observe and perform any of the covenants, terms and conditions herein
contained and on its part to be observed and performed, the Lessor may at once re-enter such
premises or any part thereof, and upon or without such entry, terminate this lease without
prejudice to any other remedy or right of action.

4. **Headings.** That the marginal headings throughout this lease are for the
convenience of the Lessor and Lessee and are not intended to construe the intent or meaning of
any of the provisions thereof.

5. **Complete Agreement.** This lease contains the full and complete agreement of
the parties and supersedes any prior agreement between the parties, and there are no covenants,
terms, agreements or conditions or understandings, either oral or written, between the parties
other than herein set forth.

6. **Lessees Not an Agent of Lessor.** Nothing herein contained is intended or should be construed in any way establishing the relationship of co-partners between Lessee and Lessor, or as constituting the Lessee as the agent, employee or representative of the Lessor for any purpose whatsoever.

7. **Notice of Breach of Lease.** During the Compliance Period, Lessor shall provide written notice of intent to terminate the Lease to Lessee and to the limited partner of Lessee (being National Equity Funds, Inc., 10 S. Riverside Plaza, Suite 1700, Chicago, Illinois 60606, attention General Counsel) before terminating this Lease.

8. **Cure Right.** During the Compliance Period, Lessor shall allow Lessee or its partners a reasonable opportunity to cure a breach of the Lease before terminating the Lease. Action to cure a breach shall be completed within 15 days of a notice of breach if the breach can be cured within that period. If the nature of the cure does not allow completion within said period, Lessee shall have taken all action that it can within said period to begin the cure, shall notify Lessor of the circumstances, and Lessee shall diligently proceed to complete the cure in an expeditious manner. Provided that, said right to cure does not limit the rights of Lessor to obtain damages or injunctive relief.

9. **Lessees is Owner for Federal Income Tax Purposes.** For all purposes, including federal income tax purposes, Lessee shall own all improvements, trade fixtures, and personal property, including furnishings, furniture, equipment or property used or installed by Lessee and shall be entitled to all tax benefits including but not limited to depreciation and tax credits.

**IN WITNESS WHEREOF,** the parties hereto have executed these presents the day and year first above written.
RECOMMEND APPROVAL:

SUSAN K. AKIYAMA
Housing Administrator
Date: OCT 10 2016

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel
County of Hawaii
Date: 10/14/16

COUNTY OF HAWAII

WILLIAM P. KENOI
Mayor
MOHOULI SENIOR PHASE 2 LLLP

By: HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION
Its General Partner
By: Keith Kato
Its: Executive Director
STATE OF HAWAI’I  
COUNTY OF HAWAI’I  

On this 17th day of October, 2016 before me personally appeared WILLIAM P. KENOI, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the County of Hawai‘i, a municipal corporation of the State of Hawai‘i; that the seal affixed to the foregoing instrument is the corporate seal of said County of Hawai‘i; that the foregoing instrument was signed and sealed in behalf of the County of Hawai‘i by authority given to said Mayor of the County of Hawai‘i by Section 5-1.3 and 13-13 of the County Charter, County of Hawai‘i (2010), as amended; and said WILLIAM P. KENOI acknowledged said instrument to be the free act and deed of said County of Hawai‘i.

Notary Public, State of Hawai‘i, 3rd Jud. Cir.
Printed Name: Paulette E. Wilson
My Commission Expires: 12/16/2017

NOTARY CERTIFICATION

Document Description: Lease
(County of Hawai‘i / Mohouli Senior Phase 2 LLLP) (TMK: 3/2-4-001:186)
Doc. Date: October 17, 2016 □ undated at time of notarization.
No. of Pages: 24  
Circuit: Third
Notary Signature: 
Notary Name: Paulette E. Wilson

October 17, 2016
STATE OF HAWAII

COUNTY OF HAWAII

On this 5th day of October, 2016, before me personally appeared Keith Kato, personally known to me, who being by me duly sworn, did say that he/she is the Executive Director of HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION, a Hawaii non-profit corporation, in its own capacity, and as General Partner of MOHOULI SENIOR PHASE 2 LLLP, a Hawaii limited liability limited partnership, as the free act and deed of such person and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

[Signature]
Notary Public
State of Hawaii
My commission expires: 3/5/2020

Date of Document: 10/5/16
Name of Notary: Terrilyn Ferreira
Document Description: Lease

NOTARY CERTIFICATION
County of Hawai‘i Lease to Mohouli Senior Phase 2 LLLP

Exhibit List

Exhibit A-1 - Metes and bounds description
Exhibit A-2 - Map
EXHIBIT "A-1"

LOT 3-B1-A
MOHOULI SENIOR HOUSING PHASE 2

LAND SITUATED AT WAIKAEKA, SOUTH HILO,
ISLAND OF HAWAII, HAWAII

Being a portion of Government Land of Waiakea

Beginning at the northwest corner of this parcel of land, being also the northeast corner of Lot 3-A and on the southerly boundary of Lot 383, Land Court Application 1205, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI", being 4,046.34 feet South and 492.50 feet East, thence running by azimuths measured clockwise from true South:

1. 238° 14' 224.32 feet along Land Court Application 1205 (Lot 383, Kahikini Street and Lot 86);
2. 343° 50' 299.36 feet along the remainder of Government Land of Waiakea (Lot 3-B1-B);
3. 73° 50' 58.58 feet along the remainder of Government Land of Waiakea (Lot 3-B2);
4. 343° 50' 22.77 feet along same;
5. 73° 50' 157.48 feet along same,
6. 163° 50' 261.81 feet along the remainder of Government Land of Waiakea (Lot 3-A) to the point of beginning and containing an area of 1.418 Acres.

SUBJECT, HOWEVER, to an Easement W-1 for Waterline Purposes and being more fully described as follows:

EASEMENT W-1
FOR WATERLINE PURPOSES

LAND SITUATED AT WAIKAEKA, SOUTH HILO,
ISLAND OF HAWAII, HAWAII

Lot 3-B1-A
Page 1 of 2
Being a portion of Government Land of Waiakea
Being also a portion of Lot 3-B1-A

Beginning at the southeast corner of this parcel of land, the direct azimuth and distance from the southwest corner of Lot 3-B1-A being: 253° 50' 157.48 feet, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI", being 4,253.98 feet South and 716.64 feet East, thence running by azimuths measured clockwise from true South:

1. 73° 50' 22.77 feet along the remainder of Government Land of Waiakea (Lot 3-B2);
2. 163° 50' 22.77 feet along the remainder of Government Land of Waiakea (remainder of Lot 3-B1-A);
3. 253° 50' 22.77 feet along same;
4. 343° 50' 22.77 feet along the remainder of Government Land of Waiakea (Lot 3-B2) to the point of beginning and containing an area of 518 Square Feet.

Wayne A. Stafaka, Jr.
Licensed Professional Land Surveyor
Certificate No. 13717 Exp. April 2018

Tax Map Key: 3rd Div. 2-4-001
EXHIBIT F

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail (X) Pickup () To:
Nakamoto, Okamoto & Yamamoto (AMO)
187 Kapiolani Street
Hilo, HI 96720

TITLE OF DOCUMENT:

DECLARATION OF EASEMENTS AND
CONFIRMATION OF EASEMENT RU-1
(Easeements A-1, RU-1, RU-2, RU-3, RU-4, RU-5, D-1, E-1 & E-2)

PARTIES TO DOCUMENT:

Declarants: COUNTY OF HAWAI’I, a municipal corporation of the State of Hawai’i;

HAWAII ISLAND COMMUNITY DEVELOPMENT
CORPORATION, a Hawaii nonprofit corporation, whose address
is 100 Pauahi Street, Suite 204, Hilo, Hawaii 96720;

MOHOULI SENIOR PHASE 2 LLLP, a Hawaii limited liability limited
partnership, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii
96720;

MOHOULI SENIOR PHASE 1 LLLP, a Hawaii limited liability limited
partnership, whose mailing address is 100 Pauahi Street, Suite 204, Hilo, Hawaii
96720.

Affects: TMKS [3] 2-4-001: 177, 184, 185 & 186

This document contains ______ pages.
DECLARATION OF EASEMENTS AND CONFIRMATION OF EASEMENT RU-1
(Easements A-1, RU-1, RU-2, RU-3, RU-4, RU-5, D-1, E-1 & E-2)

This Declaration of Easements is made and executed on this _____ day of
________________, 2016 (hereinafter the “Declaration”), by the COUNTY OF
HAWAI‘I, a municipal corporation of the State of Hawai‘i, by its Mayor, whose mailing
address is 25 Aupuni Street, Hilo, Hawaii 96720 (hereinafter “Lessor” or “Declarant
COUNTY”), HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION, a
Hawaii nonprofit corporation, whose address is 100 Pauahi Street, Suite 204, Hilo,
Hawaii 96720 (hereinafter “HICDC” or “Declarant HICDC”), MOHOULI SENIOR
PHASE 2 LLLP, a Hawaii limited liability limited partnership, whose mailing address is
100 Pauahi Street, Suite 204, Hilo, Hawaii 96720 (hereinafter “MOHOULI 2” or
“Declarant MOHOULI 2”), and MOHOULI SENIOR PHASE 1 LLLP, a Hawaii limited
liability limited partnership, whose mailing address is 100 Pauahi Street, Suite 204,
Hilo, Hawaii 96720 (hereinafter “MOHOULI 1” or “Declarant MOHOULI 1”),
(collectively hereinafter “Declarants”);

RECITALS

1. By Executive Order 4224 and pursuant to HRS Section 171-11, the
Governor of the State of Hawaii set aside and transferred the control and management of
that certain property situated in Waiakea, South Hilo, Island, County, and State of
Hawaii, referred to as Mohouli Heights Senior Neighborhood Parcel, containing an area
of 15.948 acres, State of Hawaii, Tax Map key (3) 2-4-001: 177 (hereinafter “Project”),
to the Declarant COUNTY.

2. HICDC (hereinafter “Lessee HICDC”), is the current lessee of the land contained in the Project under that certain Lease made on June 30, 2009 with Lessor, said Lease recorded as Document No. 2009-117264 in the Bureau of Conveyances of the State of Hawaii, as amended by that certain First Amendment to Lease dated July 1, 2010 and recorded as Document No. 2010-103928 in said Bureau, as amended by that certain Second Amendment to Lease dated December 28, 2011 and recorded as Document No. A-43930473 in said Bureau, as amended by that certain Third Amendment to Lease dated June 6, 2012 and recorded as Document No. A-45610244 in said Bureau, and further amended by that certain Fourth Amendment to Lease dated October 17, 2016 and recorded as Document No. __________ in said Bureau.

3. That Lessee HICDC, with the consent of the COUNTY, applied for a bulk lot subdivision of Lot 3 to create Lots 3-A and 3-B, as shown on the revised plat map attached hereto as Exhibit A. Said subdivision was approved by the Planning Director of the County of Hawaii in Subdivision No. SUB-11-001115 revised on October 9, 2012.

4. In conjunction with the development of the Project, Declarants created Easement RU-1 for access and utility purposes by that certain Declaration of Easements (RU-1 Roadway and Utility Purposes) dated December 6, 2011 and recorded as Document No. 2011-210813 in said Bureau, for the benefit of the lands in Lot 3-B.

5. That Lessee HICDC, with the consent of the COUNTY, applied for a bulk lot subdivision of Lot 3-B to create Lots 3-B1 and 3-B2, as shown on the plat map attached hereto as Exhibit B. Lots 3-B1 and 3-B2 are described in the metes and bounds description attached hereto as Exhibits C and D, respectively. Said subdivision was
approved by the Planning Director of the County of Hawaii in Subdivision No. SUB-14-001396 on April 21, 2016.

6. That Lessee HICDC, with the consent of the COUNTY, applied for a bulk lot subdivision of Lot 3-B1 to create Lots 3-B1-A and 3-B1-B, as shown on the plat map attached hereto as Exhibit E. Said subdivision was approved by the Planning Director of the County of Hawaii in Subdivision No. SUB-16-001625 on August 8, 2016.

7. MOHOULI 1 is the current lessee of the land covering Lot 3-A under that certain Lease made on December 28, 2011 with Lessor, said Lease recorded as Document No. A-43930474 in said Bureau.

8. MOHOULI 2 (hereinafter "Lessee MOHOULI 2"), is the current lessee of the land covering Lot 3-B1-A under that certain Lease made on ________________, 2016 with Lessor, said Lease recorded as Document No. ________________ in said Bureau.

9. In order to allow orderly development of Lots 3-B1-A, 3-B1-B, and Lot 3-B2, it is desirable to create a permanent easements over the area covered by Easements A-1, RU-2, RU-3, RU-4, RU-5, D-1, E-1 & E-2 for sewer, roadway, utility, drainage, and electrical purposes, as shown on Exhibit E and to confirm Easement RU-1 as described above.

10. Declarant COUNTY, pursuant to Executive Order 4224 and HRS Section 171-11, joins in this Declaration so that said easements will run with the land, until cancellation of said Executive Order, or until amended or otherwise extinguished as provided in this Declaration. Lessee HICDC and Lessee MOHOULI join in and consent to creation and confirmation of said easements.
11. **Definitions.** As used in this Declaration, the following terms shall mean:

a. "Benefited Land" is the land whose Benefitted Lessee has the right to use an Easement over Burdened Land;

b. "Benefitted Lessee" is the lessee of Benefited Land;

c. "Burdened Land" is the land on which an Easement is located;

d. "Burdened Lessee" is the lessee of Burdened Land;

e. "Easement" means the appurtenant easement described in this document as the context below requires.

**NOW THEREFORE,** Declarants hereby declares:

1. **Sewer, Utility and Access Easements.** Declarants hereby creates and grant non-exclusive easements for sewer, utilities and access purposes over, across and under the easements as shown below for the Benefited Land as shown below:

<table>
<thead>
<tr>
<th>EASEMENT</th>
<th>BENEFITED LAND</th>
<th>BURDENED LAND</th>
<th>EXHIBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1</td>
<td>3-B1-B and 3-B2</td>
<td>3-B1-A</td>
<td>shown on E</td>
</tr>
<tr>
<td>RU-4</td>
<td>3-B1-A</td>
<td>3-B-2</td>
<td>described D</td>
</tr>
<tr>
<td>RU-5</td>
<td>3-B-2</td>
<td>3-B1-A</td>
<td>described C</td>
</tr>
</tbody>
</table>

2. **Roadway and Utility Easements.** Declarants hereby create and grant non-exclusive easements for roadway and utility purposes (including electrical and waterline) over, across and under the easements as shown below for the Benefited Land as shown below:

<table>
<thead>
<tr>
<th>EASEMENT</th>
<th>BENEFITED LAND</th>
<th>BURDENED LAND</th>
<th>EXHIBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>RU-2</td>
<td>3-B1-A and 3-B1-B</td>
<td>3-B2</td>
<td>described D</td>
</tr>
<tr>
<td>RU-3</td>
<td>3-B1-A and 3-B-2</td>
<td>3-B1-B</td>
<td>described C</td>
</tr>
<tr>
<td>RU-4</td>
<td>3-B1-A</td>
<td>3-B-2</td>
<td>described D</td>
</tr>
<tr>
<td>RU-5</td>
<td>3-B-2</td>
<td>3-B1-A</td>
<td>described C</td>
</tr>
</tbody>
</table>
Declarants further confirm and regrant Easement RU-1 for Lots 3-B1-A, 3-B1-B, and 3-B-2 (all of which are part of former Lot 3-B).

3. **Drainage Easement.** Declarants hereby create and grant non-exclusive easements for drainage purpose over, across and under the easement as shown below for the Benefited Land as shown below:

<table>
<thead>
<tr>
<th>EASEMENT</th>
<th>BENEFITED LAND</th>
<th>BURDENED LAND</th>
<th>EXHIBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>D-1</td>
<td>3-B2</td>
<td>3-B1-A described C</td>
<td></td>
</tr>
</tbody>
</table>

4. **Electrical Easements.** Declarants hereby create and grant non-exclusive easements for electrical purpose over, across and under the easements as shown below for the Benefited Land as shown below:

<table>
<thead>
<tr>
<th>EASEMENT</th>
<th>BENEFITED LAND</th>
<th>BURDENED LAND</th>
<th>EXHIBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-1</td>
<td>3-B1-A and 3-B1-B</td>
<td>3-B2</td>
<td>described D</td>
</tr>
<tr>
<td>E-2</td>
<td>3-B1-A and 3-B2</td>
<td>3-B1-B described C</td>
<td></td>
</tr>
</tbody>
</table>

5. **Declarants' Reserved Rights.** Declarants hereby reserve the right to grant additional non-exclusive easements for sewer, utilities and access purposes over, across and under Lots 3-B1-A and 3-B1-B to connect to Easement A-1.

6. **Indemnification Against Claims Arising From Use of Easements.** The Benefited Lessee of the easement shall indemnify the Declarants and the Burdened Lessee against all loss and damage to that Burdened Lessee’s property caused by or arising out of that Benefited Lessee’s use of the easement or by or out of the acts or omissions of any person under the supervision, custody or control of said Benefited Lessee’s agents, employees or contractors, or in the company of said Benefited Lessee.
Said Benefited Lessee will indemnify and hold the affected Declarant or Burdened Lessee harmless from and against all claims and demands for loss or damage including, without limitation, property damage, personal injury and wrongful death, and all claims, demands, judgments, liens and causes of action, together with reasonable attorneys’ fees, when such loss or damage arises out of or in connection with the negligence of said Benefited Lessee, Benefited Lessee’s agents, employees or independent contractors, or anyone claiming by, through, under or against Benefited Lessee by reason of this Declaration of Easement.

7. The easements granted herein are appurtenant to the respective Benefited Land and may not be transferred or use except with regard to the Benefited Land. The rights relating to said Easements shall pass to the heirs, successors and assigns of the Benefited Lessee as appurtenant to the Benefited Land until the Benefited Lessee surrenders said Easement or until the Easement is extinguished by cancellation of the Executive Order. In the case of extinguishment, the Benefited Lessee and Declarant COUNTY shall sign an appropriate recordable document confirming said extinguishment of Easement and shall deliver the same promptly to the State of Hawaii.

8. Maintenance of Improvements within Easement Area. For those improvements that benefit only the Benefited Land or the Burdened Land, the maintenance shall be the responsibility of the lessee of that land. For those improvements, such as a shared roadway, which benefit the Burdened Land and Benefited Land, the maintenance responsibility shall be by Declarant HICDC, subject to assignment of said responsibility to a Lessee of the Benefited Land or to an association formed to undertake such responsibility. The share of maintenance costs shall be
proportionate to the benefit conferred by the improvements upon the Benefited Land and Burdened Land and may be allocated under a maintenance agreement between the Lessees of the Benefited Land and Burdened Land.

As long as the Benefited Land is leased to another entity who has the right to use that land, the Declarant COUNTY will have no responsibility to share in any maintenance costs allowable to the Benefited Land. As long as the Burdened Land is leased to another entity who has the right to use that land, the Declarant COUNTY will have no responsibility to share in any maintenance costs allowable to the Burdened Land.

9. If at any time the premises across which the rights and easements are hereby granted, or any part thereof, shall be condemned, taken by, or dedicated to the County of Hawaii, or any governmental entity, and comparable access rights are provided, that easement will terminate without further action and the Benefited Lessee will sign documents recognizing the extinguishing of such easement.

10. If enforcement of this Declaration is necessary, the prevailing party in any action or arbitration undertaken for such enforcement shall be entitled to an award of reasonable attorney’s fees to be paid by the defaulting party. Any dispute which may arise under this Declaration shall first be attempted to be resolved by mediation, and if not successful, by binding arbitration in accordance with then applicable Hawaii law; provided, however, that a party hereto shall be entitled to obtain equitable relief from a court with jurisdiction to protect that party’s rights herein.
IN WITNESS WHEREOF, the Declarants have executed this instrument on the
day and year first above written.

RECOMMEND APPROVAL:

SUSAN K. AKIYAMA
Housing Administrator
Date: ______________________

APPROVED AS TO FORM AND
LEGALITY:

Deputy Corporation Counsel
County of Hawaii

HAWAII ISLAND COMMUNITY
DEVELOPMENT CORPORATION,
a Hawaii non-profit corporation

By: ______________________

Its: ______________________

MOHOULI SENIOR PHASE 2 LLLP,
a Hawaii limited liability limited
partnership

By: HAWAII ISLAND COMMUNITY
DEVELOPMENT CORPORATION
Its General Partner

By: ______________________

Its: ______________________
MOHOULI SENIOR PHASE 1 LLLP,
a Hawaii limited liability limited partnership

By: HOME CORPORATION
   Its General Partner

By: ______________________

Its: ______________________

Declarants
On this ______ day of __________________________, 2016, before me personally appeared __________________________, to me personally known, who, being by me duly sworn, did say that he/she is the __________________________ of HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION, a Hawaii nonprofit corporation; and that the seal affixed to the instrument is the corporate seal of said corporation, and that the instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Officer acknowledged the instrument to be the free act and deed of said corporation.

Notary Public
State of Hawaii
My commission expires: ________________________

Date of Document: __________________________ # of Pages: ___________  
Name of Notary: ____________________________ Third Circuit
Document Description: Declaration of Easements and Confirmation of Easement RU-1 (A-1, RU-1, RU-2, RU-3, RU-4, RU-5, D-1, E-1 & E-2)

Notary Signature __________________________ Date __________________________ (Seal or Stamp)

NOTARY CERTIFICATION
STATE OF HAWAII  )
COUNTY OF HAWAII  ) SS:

On this __________ day of ____________________________, 2016,
before me personally appeared ____________________________, personally known
to me, who being by me duly sworn, did say that he/she is the
__________________________ of HAWAII ISLAND COMMUNITY DEVELOPMENT CORPORATION, a Hawaii
non-profit corporation, in its own capacity, and as General Partner of MOHOULI
SENIOR PHASE 2 LLLP, a Hawaii limited liability limited partnership, as the free act
and deed of such person and if applicable in the capacity shown, having been duly
authorized to execute such instrument in such capacity.

____________________________________
Notary Public
State of Hawaii
My commission expires: __________________
STATE OF HAWAII

COUNTY OF HAWAII

On this ___________ day of __________________________, 2016,
before me personally appeared __________________________, personally known
to me, who being by me duly sworn, did say that he/she is the ____________
of HOME CORPORATION, a Hawaii corporation, in its own capacity, and as General
Partner of MOHOULI SENIOR PHASE 1 LLLP, a Hawaii limited liability limited
partnership, as the free act and deed of such person and if applicable in the capacity
shown, having been duly authorized to execute such instrument in such capacity.

________________________________________
Notary Public
State of Hawaii
My commission expires:____________________

<table>
<thead>
<tr>
<th>Date of Document:</th>
<th># of Pages:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Notary:</td>
<td>Third Circuit</td>
</tr>
</tbody>
</table>

Document Description: Declaration of Easements and
Confirmation of Easement RU-1 (A-1, RU-1, RU-2, RU-3, RU-4, RU-5, D-1, E-1 & E-2)

Notary Signature Date (Seal or Stamp)

NOTARY CERTIFICATION
SUBDIVISION MAP
REVISED SUBDIVISION OF LOT 3
INTO LOTS 3-A AND 3-B
AND DESIGNATION OF EASEMENT B-1,
FOR ROAD AND UTILITY PURPOSES
SITUATE MAKAA, SOUTH END
ISLAND OF HAWAII, HAWAII
TMT EXT. 2-4-001-177
DATE: MAY 2011

REVISED:
DATE: OCT. 2011 R-1
DATE: DEC. 2011 R-2
DATE: SEP. 2012 R-3

Engineering Partners, Inc.
LOT 3-B
A=6.572 ACRES
ZONE A-1a

LOT 3-B1
A=7.387 ACRES

EASEMENT SUMMARY:
1. EASEMENT RU-2 (FOR ROAD AND UTILITY PURPOSES AFFECTING LOT 3-B = 0.185 AC)
2. EASEMENT RU-3 (FOR ROAD AND UTILITY PURPOSES AFFECTING LOT 3-B1 = 0.020 AC)
3. EASEMENT RU-4 (FOR ROAD AND UTILITY PURPOSES AFFECTING LOT 3-B2 = 0.073 AC)
4. EASEMENT RU-5 (FOR ROAD AND UTILITY PURPOSES AFFECTING LOT 3-B3 = 0.073 AC)
5. EASEMENT RU-6 (FOR ROAD AND UTILITY PURPOSES AFFECTING LOT 3-B4 = 0.007 AC)
6. EASEMENT E-1 (FOR ELECTRICAL PURPOSES AFFECTING LOT 3-B1 = 0.094 AC)
7. EASEMENT E-2 (FOR DRAINAGE PURPOSES AFFECTING LOT 3-B1 = 0.016 AC)
8. EASEMENT W-1 (FOR WATER PURPOSES AFFECTING LOT 3-B1 = 0.012 AC)

FINAL SUBDIVISION MAP
SYNOPSIS OF LOT 3-B
PPT LOTS 3-B1 AND 3-B2
AND DESIGNATION OF EASEMENT RU-2 THROUGH RU-5
FOR ROAD AND UTILITY PURPOSES
EASEMENT E-1 AND E-2 FOR ELECTRICAL PURPOSES
EASEMENT D-1 FOR DRAINAGE PURPOSES
BEING A PORTION OF THE GOVERNMENT LAND OF WAANEA
SITUATE AT WAIANEA, KAILUA, HAWAII, TAX MAP KEY (3) 2-6-3011.184

Engineering Partners, Inc.
EXHIBIT C

DESCRIPTION

LOT 3-B1
BEING A PORTION OF THE
GOVERNMENT (CROWN) LAND OF WAIKEA

All of that certain parcel of land situate at Waiakea,
South Hilo, Island of Hawaii, State of Hawaii,
being more particularly described as follows;

Beginning at the northwest corner of this parcel of land, being also at the northeast corner of Lot 3-A, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI" being 4,046.34 feet South and 492.50 feet East and running by azimuths measured clockwise from True South:

1. $238^\circ 14' \ 640.60$ feet along Lot 383 and the end of Kahikini Street as shown on Map 81, Land Court Application 1205 and Lots 86 thru 81 of Sunrise Ridge Subdivision, Unit 1-A, as shown on Map 37, Land Court Application 1205;

2. $328^\circ 10' \ 206.61$ feet along the west side of Komohana Street;

3. $58^\circ 10' \ 15.00$ feet along a jog on the west side of Komohana Street;

4. $328^\circ 10' \ 349.89$ feet along the west side of Komohana Street;

Thence, on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being:

5. $13^\circ 10' \ 42.43$ feet;

6. $58^\circ 10' \ 521.83$ feet along the north side of Mohouli Street;

7. $152^\circ 41' \ 70.12$ feet along east side of Lot 3-B2;

8. $163^\circ 50' \ 237.67$ feet along same;

9. $73^\circ 50' \ 58.58$ feet along north side of Lot 3-B2;

10. $343^\circ 50' \ 22.77$ feet along same;
SUBJECT TO THE FOLLOWING EASEMENTS,

1. Easement RU-3 for Road and Utility purposes being described as follows:

   EASEMENT RU-3
   (FOR ROAD AND UTILITY PURPOSES)

   All of that certain easement parcel of land being a portion of Lot 3-B1, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii

   Beginning at the southwest corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station “HALAI” being 4,494.77 feet South and 858.94 feet East and running by azimuths measured clockwise from True South:

   1. 152° 41' 40.12 feet along the east side of Lot 3-B2;
   2. 238° 10' 9.00 feet;
   3. 328° 10' 40.00 feet;
   4. 58° 10' 12.16 feet to the point of beginning and containing an area of 0.010 acres, more or less.

2. Easement RU-5 for Road and Utility purposes being described as follows:

   EASEMENT RU-5
   (FOR ROAD AND UTILITY PURPOSES)

   All of that certain easement parcel of land being a portion of Lot 3-B1, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii

   Beginning at the southeast corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station “HALAI” being 4,226.35 feet South and 730.07 feet East and running by azimuths measured clockwise from True South:
1. 73° 50'  20.58  feet along the north side of Lot 3-B2
2. 163° 50'  52.00  feet;
3. 253° 50'  5.00  feet;
4. 163° 50'  30.58  feet;
5. 253° 50'  1.00  feet;
6. 163° 50'  136.88  feet;

Thence, on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance being:

7. 131° 01'  21.68  feet;
8.  98° 12'  26.63  feet;
9. 238° 14'  48.37  feet;
10. 343° 50'  177.15  feet;
11. 253° 50'  2.00  feet;
12. 343° 50'  30.58  feet;
13. 253° 50'  2.00  feet;
14. 343° 50'  53.94  feet to the point of beginning and containing 0.089 acres, more or less;

3. Easement E-2 for electrical purposes being described as follows:

**EASEMENT E-2**
**(FOR ELECTRICAL PURPOSES)**

All of that certain easement parcel of land being a portion of Lot 3-B1, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii

Beginning at the southwest corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI"
being 4,294.64 feet South and 776.39 feet East and running by azimuths measured clockwise from True South:

1. 163° 50' 10.00 feet along the east side of Lot 3-B2;
2. 73° 50' 16.00 feet;
3. 163° 50' 10.00 feet;
4. 253° 50' 16.00 feet to the point of beginning and containing an area of 0.004 acres, more or less;

4. Easement D-1 for drainage purposes being described as follows:

**EASEMENT D-1**
**(FOR DRAINAGE PURPOSES)**

All of that certain easement parcel of land being a portion of Lot 3-B1, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii

Beginning at the southwest corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station “HALAI” being 4,297.79 feet South and 565.40 feet East and running by azimuths measured clockwise from True South:

1. 163° 50' 10.00 feet along the east side of Lot 3-A:
2. 253° 50' 134.57 feet;
3. 343° 50' 10.00 feet along a jog on the north side of Lot 3-B2;
4. 73° 50' 157.48 feet along the north side of Lot 3-B2 to the point of beginning and containing an area of 0.031 acres, more or less;

5. Easement W-1 for Water Purposes and being described as follows:

**EASEMENT W-1**
**(FOR WATER PURPOSES)**

All of that certain easement parcel of land being a portion of Lot 3-B1, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii
Beginning at the southeast corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI" being 4,253.95 feet South and 716.65 feet East and running by azimuths measured clockwise from True South:

<table>
<thead>
<tr>
<th>Azimuth</th>
<th>Distance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 73° 50'</td>
<td>22.90</td>
<td>feet along Lot 3-B2;</td>
</tr>
<tr>
<td>2. 163° 50'</td>
<td>22.77</td>
<td>feet;</td>
</tr>
<tr>
<td>3. 253° 50'</td>
<td>22.90</td>
<td>feet;</td>
</tr>
<tr>
<td>4. 343° 50'</td>
<td>22.77</td>
<td>feet along to the point of beginning and containing an area of 0.012 acres, more or less.</td>
</tr>
</tbody>
</table>

Description Prepared By: Engineering Partners Inc.

Ronald B. Aurelio
Licensed Professional Land Surveyor
Certificate Number 7564
Expires April 30, 2016

Hilo, Hawaii, September 2012
Tax Map Key: 3rd Div. 2-4-001: portion 177
EXHIBIT D

DESCRIPTION

LOT 3-B2
BEING A PORTION OF THE
GOVERNMENT (CROWN) LAND OF WAIKEA

All of that certain parcel of land situate at Waiakea,
South Hilo, Island of Hawaii, State of Hawaii,
being more particularly described as follows;

Beginning at the northwest corner of this parcel of land, being also along the east line
of Lot 3-A, the coordinates of said point of beginning referred to Government Survey
Triangulation Station "HALAI" being 4,297.79 feet South and 565.40 feet East and
running by azimuths measured clockwise from True South:

1. 253° 50' 157.48 feet;
2. 163° 50' 22.77 feet;
3. 253° 50' 58.58 feet;
4. 343° 50' 237.67 feet;
5. 332° 41' 70.12 feet;
6. 58° 10' 142.31 feet along the north side of Mohouli Street;
7. 328° 10' 5.00 feet along a jog on the north side of Mohouli Street;

Thence, on a curve to the left with a radius
of 1,930.00 feet, the chord azimuth and
distance being;

8. 59° 02' 08" 58.45 feet along the north side of Mohouli Street;
9. 149° 54' 08" 59.62 feet along the east side of Lot 3-A;
10. 59° 54' 08" 23.78 feet along the same;
11. 163° 50' 289.73 feet along the same to the point of
beginning, containing an area of 1.585 acres,
more or less;
SUBJECT TO THE FOLLOWING EASEMENTS,

1. Easement RU-2 for Road and Utility purposes being described as follows:

   **EASEMENT RU-2**
   *(FOR ROAD AND UTILITY PURPOSES)*

   All of that certain easement parcel of land being a portion of Lot 3-B2, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii

   Beginning at the northwest corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI" being 4,566.29 feet South and 667.88 feet East and running by azimuths measured clockwise from True South:

   1. 238° 10' 203.20 feet;
   2. 332° 41' 40.12 feet;
   3. 58° 10' 201.26 feet;
   4. 149° 54' 08" 40.02 feet along Lot 3-A to the point of beginning and containing an area of 0.185 acres, more or less.

2. Easement RU-4 for Road and Utility purposes being described as follows:

   **EASEMENT RU-4**
   *(FOR ROAD AND UTILITY PURPOSES)*

   All of that certain easement parcel of land being a portion of Lot 3-B2, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii

   Beginning at the southeast corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI" being 4,481.73 feet South and 804.10 feet East and running by azimuths measured clockwise from True South:

   1. 58° 10' 21.37 feet;
   2. 163° 50' 271.67 feet;
   3. 253° 50' 20.58 feet along Lot 3-B1;
4. 343° 50' 265.90 feet to the point of beginning and containing an area of 0.127 acres, more or less;

Easement E-1 for electrical purposes being described as follows:

**EASEMENT E-1**
**(FOR ELECTRICAL PURPOSES)**

All of that certain easement parcel of land being a portion of Lot 3-B2, Waiakea Cane Lots, Waiakea, South Hilo, Island of Hawaii, Hawaii

Beginning at the southeast corner of this easement parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "HALAI" being 4,506.34 feet South and 864.92 feet East and running by azimuths measured clockwise from True South:

1. 58° 10' 10.03 feet along the north side of Mohouli Street;
2. 152° 41' 66.84 feet;
3. 68° 15' 30'' 6.00 feet;
4. 158° 15' 30'' 10.00 feet;
5. 248° 15' 30'' 6.00 feet;
6. 163° 50' 198.37 feet;
7. 73° 50' 148.84 feet;
8. 163° 50' 10.00 feet;
9. 253° 50' 148.84 feet;
10. 163° 50' 16.00 feet;
11. 253° 50' 10.00 feet;
12. 343° 50' 228.40 feet;
13. 332°  41'  70.12 feet along the west side of Lot 3-B1 to the point of beginning and containing 0.104 acres, more or less;

Description Prepared By:
Engineering Partners Inc.

Hilo, Hawaii, September 2012
Tax Map Key: 3rd Div. 2-4-001: portion 177
MOHOUI SENIOR HOUSING PHASE 2

LAND SITUATED AT WAIKEA, SOUTH HILO,
ISLAND OF HAWAII, HAWAII

BEING A PORTION OF GOVERNMENT LAND OF WAIKEA.
BEING ALSO LOT 3-B1

SUBDIVISION OF LOT 3-B1 INTO
LOTS 3-B1-A AND 3-B1-B

Owner: County of Hawaii

Notes:
1) Coordinates and Azimuths
referred to Government Survey
Triangulation Station "HALAI"△

2) Name(s) and/or Owner(s) of adjoining
parcels were taken from county tax records.

3) There are no known natural waterways
observed on the subject property.

Prepared by:
Engineering Partners, Inc.
Progressive Solutions
P.O. Box 4159
Hilo, Hawaii 96720
Job No: 16064-14-01
Tax Map Key: 3rd Div. 2-A-001; 184

Revised August 2, 2016
May 19, 2016

[Signature]

This work was prepared by
me or under my supervision.
SUBDIVISION NUMBER SUB-16-001625
APPROVED FOR RECORDATION with the Bureau of
Conveyances, State of Hawai‘i

Planning Director, County of Hawai‘i

Date: AUG 08 2016