

**State of Hawaii
Department of Land and Natural Resources
Land Division**

**REQUEST FOR CONSENT TO MORTGAGE AND/OR LEASE EXTENSION
APPLICATION FORM**

This Application Form is for current tenants requesting:

- Consent to mortgage
- Consent to mortgage with lease extension
- Lessee financed improvements with lease extension

Please note the following important points:

- 1) We will not process your request unless you are in full compliance with your lease terms and conditions, including but not limited to, the rent, insurance, performance bond, and Conservation Plan requirements.
- 2) Lease extensions may be granted only in certain circumstances, including the type of lease. Furthermore, the Board can extend a lease to the extent necessary to qualify the lease for mortgage lending or guaranty purposes or to qualify the lessee for a loan or to amortize the cost of improvements that are paid for by the Lessee. There are more specific requirements in Section 171-36(b), Hawaii Revised Statutes.
- 3) If your lease is extended, we will conduct an immediate rent reopening and you may be responsible for paying for such independent appraisal.
- 4) You will be responsible for paying processing fees.

All applications must be complete to be considered for processing. Please submit two copies of the completed application form to the District Branch office in your county:

Oahu District Branch
1151 Punchbowl Street, Room 220
Honolulu, Hawaii 96813
Phone: (808) 587-0433; Fax: (808) 587-0455

Maui District Branch
54 High Street, Room 101
Wailuku, Hawaii 96793
Phone: (808) 984-8103; Fax: (808) 984-8111

Hawaii District Branch
75 Aupuni Street, Room 204
Hilo, Hawaii 96720
Phone: (808) 961-9590; Fax: (808) 961-9599

Kauai District Branch
3060 Eiwa Street, Room 205A
Lihue, Hawaii 96766
Phone: (808) 274-3491; Fax: (808) 241-3537

STATE OF HAWAII
DEPARTMENT OF LAND & NATURAL RESOURCES
REQUEST FOR CONSENT TO MORTGAGE

For DLNR use only:
Date of request: _____
Date request recvd: _____
Type of Request: _____
Assigned Land Agent: _____

I. GENERAL INFORMATION

General Lease No. S-5844 (the "Lease")

Type of Request:

- Consent to mortgage
 Consent to mortgage with lease extension
 Improvements financed by Lessee with lease extension

II. MORTGAGOR/MORTGAGEE

Should the consent be approved, the following information will be used in the preparation of the legal documents. Therefore, please include all applicable parties and legal names.

Mortgagor(s): WHR LLC, a Hawaii limited liability company
(aka "Borrower") (This is the current lessee under the Lease)

Last name First Name

Last name First Name

Mortgagee: HILO HOTEL FUNDING LLC, a Delaware limited liability company
(aka "New Lender") (This is a wholly-owned subsidiary of Sculptor Capital Management, a global real estate lender and asset manager. The Mortgagee entity will be Hilo Hotel Funding LLC.)

Name of Lender

Mailing address: c/o Sculptor Real Estate, 9 West 57th Street, 40th Floor,
Attn: Real Estate Asset Management

No. and Street

New York NY 10019
City State Zip Code

Phone number: 1-212-790-0000

III. AGENT

If you have an attorney, consultant or other person processing this request for you, please include the following information.

Agent name: Chipchase Cal
Last name First Name

Agent address: 1000 Bishop Street, Suite 1200
No. and Street

Honolulu HI 96813
City State Zip Code

Phone numbers: (808) 521-9220 () ()
Work Home Cellular
() () cchipchase@cades.com
Pager Fax E-mail address

IV. ESCROW COMPANY

If you are obtaining a lease extension, you are required to utilize the services of an escrow company. (We will only release the documents to the escrow company.) If you are only obtaining a consent to mortgage (with no lease extension), then using an escrow company is optional.

Escrow co. name: (Only consent to mortgage requested – Notify agent above for pickup)

Contact name: _____

Escrow co. address: _____
No. and Street

_____ City State Zip Code

Phone numbers: () () ()
Work Fax Other:

V. MORTGAGE INFORMATION

The following information is required to process your request.

1) Amount of mortgage: Not to exceed \$62,000,000

2) Itemized breakdown of how loan funds will be used:

Existing Loan payoff: Approximately \$60,760,000

New Loan origination fee and closing costs: Approximately \$1,240,000

Other information for the new loan:

- **Purpose and Emergency Consent Approval Request: Mortgagor requests DLNR's expedited consent to the new mortgage to be granted by Mortgagor to New Lender by or before May 27, 2022. Mortgagor requires the proceeds of the new mortgage loan ("New Loan") from New Lender to pay off the existing mortgage loan ("Existing Loan"), currently held by Wilmington Trust National Association as Trustee for the Benefit of the Holders of Bank 2018-BNK14, Commercial Mortgage Series 2018-BNK14 (assigned from Wells Fargo Bank), on the Property (defined below) by May 31, 2022 to avoid foreclosure of the Property and bankruptcy proceedings. The Existing Loan has gone into default due to losses the Property experienced from the many COVID-19-induced shutdowns and travel industry reductions. Thus, Mortgagor respectfully requests that the attached Consent to Mortgage of General Lease No. S-5844 and Estoppel Certificate ("New Consent") be approved as soon as possible by or before May 27, 2022 to allow closing of the New Loan by May 31, 2022.**

The Chair of the Board of Land and Natural Resources (“Board”) has authority to approve the New Consent, pursuant to HRS § 171-22 and Section 20 of the Lease, without going to the Board. We would greatly appreciate your accommodation in that regard. But if not, we request that the New Consent be added to the May 27, 2022 Board agenda for approval. To reiterate, closing the New Loan by May 31, 2022, will prevent foreclosure proceedings on the Property and keep a crucial piece of Hilo’s tourism scene operating smoothly. Thank you for your understanding and consideration. We look forward to facilitating your expedited review and approval of the New Consent.

- **Property:** The real property defined in the Lease commonly known as the Grand Naniloa Hotel Hilo, a 388-key hotel located at 93 Banyan Dr, Hilo, HI 96720 (the “Property”).
- **Term:** The initial term of the loan shall be 24 months. Borrower shall have the option to extend the term for two, 12-month periods subject to certain conditions.
- **Rate:** The interest rate shall be comprised of (a) **current interest of Index + 725 basis points** and (b) paid-in-kind interest of **4.5%**, both calculated on an actual/360 convention, with interest payments due and payable (or compounding) on a monthly basis. The “**Index**” is equal to the greater of (a) one-month Term SOFR (as recommended by the Federal Reserve Bank of New York) and (b) 25 basis points.
- **Collateral:** Borrower shall secure its obligations to New Lender with, among other things, (i) a recorded and insured leasehold mortgage on the Property, (ii) a pledge from Borrower’s members of all of the membership interests in the Borrower.
- **Closing Date:** **The loan must close on or before May 31, 2022 (see Loan Purpose and Emergency Consent Approval Request above).**

3) Number of additional years required for loan/mortgage: N/A

VI. ATTACHMENTS

- 1) Copy of title report, recorded Order Granting WHR's Motion to Set Aside the Judgment and Release of Garnishee.
- 2) Mortgage document.
- 3) Consent to Mortgage of General Lease No. S-5844 and Estoppel Certificate (“New Consent”) requested for approval*
- 4) Redline showing changes between New Consent and Existing Consent

* The New Consent was prepared based on the Consent to Mortgage for Wells Fargo Bank, National Association granted by the DLNR in 2018 (the “Existing Consent”).

VII. IMPROVEMENTS FINANCED BY LESSEE (Act 180 SLH 2002) ***[N/A - no lease extension sought.]***

The following information is required to process your request.

- 1) Attach receipts of expenditures.
- 2) Attach a copy of improvement specs.
- 3) Attach 3-years Federal and State tax returns.
- 4) Attach a credit report.
- 5) Attach a copy of bank or savings account.

- 6) Attach independent appraisal report determining economic life of the improvements.
- 7) Number of additional years required: N/A.

<u>For DLNR Use Only:</u>	TO CLOSE REQUEST:
Reason for closing: _____	

Approved by DLA: _____	
Date request closed: _____	