



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

June 21, 2022

Ref. No: GL 5844

Mr. Ed Bushor
WHR LLC
1050 Bishop Street, Suite 530
Honolulu, Hawaii 96813

Dear Mr. Bushor:

Subject: General Lease No. S-5844, WHR LLC, Lessee; Waiakea, South Hilo, Hawaii, Tax Map Keys: 3rd/ 2-1-01:12 and 2-1-05:13, 16, 17, 27, 32, 46.

As a follow-up to my questions about the loan in my email and letter to you dated June 2, 2022 (copies of which are enclosed), please answer the following questions about the loan:

1. What is the annual percentage rate (APR)?
We note Borrower's application indicates the rate to be 11.65%¹ plus the 30-day SOFR rate which according to Mr. Pettit's letter was then 1.27865%; so, does that mean the loan APR will be about 12.9%?
2. Regardless of any cap on changes to the minimum monthly payments, how high and how fast can the interest rate change under the loan?
Under the loan does the interest rate change daily like the 30-day SOFR or once every 30 days?
And is there a maximum limit on how high the interest rate can change or adjust?
3. Mr. Pettit's letter (written on your behalf and direction) indicates a cap on interest only payments with unpaid interest continuing to accrue and be due and payable at loan maturity. In other words, less than interest only payments with unpaid interest due at the backend of the loan.

So, is it correct that the mortgage balance at loan maturity could be higher than the starting balance of \$62 million? And there is no limit on how high that balance could rise, correct?

¹ 725 basis points plus 4.5% paid-in-kind interest.

Mr. Ed Bushor
WHR LLC
June 21, 2022
Page 2

In light of the scheduled Board meeting on June 24, 2022, your timely response to these questions is requested.

Very truly yours,

Russell Tsuji

Russell Y. Tsuji
Administrator

Enclosures