

# CANPARTNERS IV ROYAL KUNIA PROPERTY LLC

2000 Avenue of the Stars, 11<sup>th</sup> Floor  
Los Angeles, California 90067

August 11, 2009

Orlando (Dan) Davidson  
Executive Director  
Land Use Commission  
of the State of Hawaii  
P.O. Box 2359  
Honolulu, Hawaii 96804

Re: ROYAL KUNIA PHASE 2 / DOCKET NO. A92-683  
Amended Findings of Fact, Conclusions of Law and Decision and Order dated October 1,  
1996, Docket No. A92-683 of the Land Use Commission of the State of Hawaii

Dear Executive Director:

On April 27, 2007, Halekua-Kunia, LLC ("HK") filed with the Land Use Commission of the State of Hawaii its 2007 status report on the above-referenced Land Use Commission's Decision and Order relating to the Royal Kunia Phase 2 Property. In the 2007 Status Report it was reported that the HDC Property (as defined in the 2007 Status Report) had been taken out of the then pending Bankruptcy Case and conveyed to HK by Limited Warranty Deed filed in the Bureau of Conveyances of the State of Hawaii on March 12, 2007, as Document No. 2007-045275, all in accordance with the Transfer Motion approved by the LUC on March 16, 2007. The 2007 Status Report further identified that the redemption of the HDC Property out of bankruptcy was financed by Canpartners Realty Holding Company IV LLC ("Canpartners IV"), a Delaware limited liability company, and CMR Mortgage Fund LLC, a California limited liability company (collectively, the "*Lending Group*"), which mortgage loan financing was evidenced by a Credit Agreement dated March 12, 2007 (the "*Credit Agreement*") secured in part by a Real Property Mortgage, Security Agreement and Financing Statement dated March 12, 2007, and recorded in the Bureau of Conveyances of the State of Hawaii (the "*Bureau*") as Document No. 2007-045267, as amended (the "*Mortgage*") against the HDC Property.

Subsequently, HK failed to make its payments to the Lending Group under the Credit Agreement, and a notice of default was issued by Canpartners IV on behalf of the Lending Group. HK was unable to cure its default under the Credit Agreement and Canpartners IV instituted a non-judicial foreclosure under the Mortgage and pursuant to and in compliance with Hawaii Revised Statutes, Sections 667-5 through 667-10, as amended. On May 19, 2009, the foreclosure auction was conducted and the HDC Property was sold to Canpartners IV, or its nominee. In compliance with the provisions of Chapter 667 of the Hawaii Revised Statutes, and at the direction of Canpartners IV, the HDC Property was conveyed to the designated nominee of Canpartners IV, being Canpartners IV Royal Kunia Property LLC, a Delaware limited liability company, by means of a Mortgagee's Quitclaim Deed dated June 10, 2009, filed in the Bureau on June 10, 2009, as Document No. 2009-089269. A copy of the recorded Mortgagee's Quitclaim Deed is attached hereto. As a consequence, Canpartners IV Royal Kunia Property LLC is now the fee owner of the HDC Property.

Furthermore in compliance with the requirements of Condition #21 if the above-referenced Decision and Order, Canpartners IV Royal Kunia Property LLC does hereby acknowledge and affirm that it will henceforth comply with all application conditions of the above-referenced Decision and Order.

Orlando (Dan) Davidson  
Executive Director  
August \_\_, 2009  
Page 2

The future contact persons and contact information for Canpartners IV Royal Kunia Property LLC is as follows:

Canpartners IV Royal Kunia Property LLC  
c/o Canyon Capital Realty Advisors  
2000 Avenue of the Stars, 11th Floor  
Los Angeles, CA 90067  
Attention: Michael M. Downes  
Tel No.: (310) 272-1548  
Fax No.: (310) 272-1549  
Email: [mdownes@cjuf.com](mailto:mdownes@cjuf.com)

With a copy to:

Stanford Carr Development  
1100 Alakea St., Suite 2700  
Honolulu, HI, 96813  
Attention: Stanford Carr  
Tel No.: (808) 537-5220  
Fax No.: (808) 537-1801  
Email: [scar@stanfordcarr.com](mailto:scar@stanfordcarr.com)

If you have any questions regarding any of the above, please do not hesitate to contact either Mr. Downes or Mr. Carr.

Sincerely yours,

**CANPARTNERS IV ROYAL KUNIA PROPERTY LLC,  
a Delaware limited liability company**

**By: Canpartners Realty Holding Company IV LLC,  
a Delaware limited liability company,  
its sole member**

By:   
Name: **K. Robert Turner**  
Title: **Managing Partner**

CERTIFIED TO BE A TRUE AND CORRECT COPY  
OF THE ORIGINAL RECORDED ON June 10 2009  
IN THE BUREAU OF CONVEYANCES OF THE  
STATE OF HAWAII AS  
DOC. # 2009-089269

FIRST AMERICAN TITLE COMPANY, INC.

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY: MAIL [ ] PICK-UP [x]

McCorriston Miller et al. (DKOW)

500 Ala Moana Boulevard, #5-400

Honolulu, Hawaii 96813

Phone Number: 529-7300

This Document  
Contains 10 Pages

TMK No. (1) 9-4-002-071

Property: Lot 2, Area 161.360 acres, more or less, being  
a portion of Lot 3 of the Royal Kunia Phase II,  
Increment 1 Subdivision (File Plan 2171) and located at  
Hoeaie and Waikela, District of Ewa, City and County  
of Honolulu, State of Hawaii

**MORTGAGEE'S QUITCLAIM DEED**

THIS INDENTURE executed on June 10, 2009, by Canpartners  
Realty Holding Company IV LLC, a Delaware limited liability company,  
hereinafter called the "Grantor", in favor of Canpartners IV Royal Kunia Property  
LLC, a Delaware limited liability company, whose address is 2000 Avenue of the  
Stars, 11<sup>th</sup> Floor, Los Angeles, California 90067, hereinafter called the "Grantee".

WITNESSETH:

THAT WHEREAS, under and pursuant to Grantor's foreclosure rights under power of sale as provided in Hawaii Revised Statutes Sections 667-5 through 667-10, and that certain Real Property Mortgage, Security Agreement and Financing Statement dated March 12, 2007, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-045267, as amended by (a) Assignment and Assumption of, and First Amendment to Real Property Mortgage, Security Agreement and Financing Statement dated March 12, 2007, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-045277, and (b) Second Amendment of Real Property Mortgage, Security Agreement and Financing Statement dated April 24, 2009, but effective as of and from March 12, 2007, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2009-063083 (the Real Property Mortgage, Security Agreement and Financing Statement, as amended, shall be hereinafter collectively referred to as the "Mortgage"), Grantor held a public auction on May 19, 2009, wherein the property hereinafter described was offered for sale and wherein Grantee is the designee of Grantor which was the purchaser of said property, all as more particularly set forth in that certain Mortgagee's Affidavit of Foreclosure Sale Under Power of Sale, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2009- 089268 ; and

THAT WHEREAS, Grantor as the agent for itself and CMR Mortgage Fund, LLC, a California limited liability company ("CMR") under and pursuant to the terms of said Mortgage is duly authorized and empowered to execute and deliver this deed on behalf of itself and CMR in satisfaction of said foreclosure rights under power of sale as provided in Hawaii Revised Statutes Sections 667-5 through 667-10, and said Mortgage.

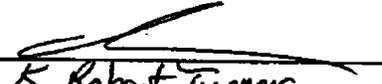
NOW, THEREFORE, Grantor, in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration to Grantor paid by Grantee, receipt whereof is hereby acknowledged, does hereby RELEASE, REMISE and FOREVER QUITCLAIM all of Grantor's right, title and interest in and to all of the property described in Exhibit A hereto attached and expressly made a part hereof, unto Grantee;

The terms "Grantor" and "Grantee," as and when used herein or any pronouns used in place thereof, shall mean and include the masculine, feminine or neuter, the singular or plural number, individuals or corporations, and their and each of their respective successors, successors in trust, heirs, personal representatives and assigns, according to the context thereof.

IN WITNESS WHEREOF, Grantor has executed this indenture the day and  
year first above written.

**Canpartners Realty Holding Company IV LLC, a  
Delaware limited liability company**

**By: Canyon Capital Realty Advisors LLC, a  
Delaware limited liability company,  
Its Member**

By:   
Name: K. Robert Turner  
Title: Managing Partner

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Los Angeles }

On 5/29/09 before me, Kristin Connor Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared K. Robert Turner  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature Kristin Connor  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

EXHIBIT A

ALL OF THAT CERTAIN PARCEL OF LAND (BEING PORTION(S) OF THE LAND(S) DESCRIBED IN AND COVERED BY ROYAL PATENT NUMBER 4490, LAND COMMISSION AWARD 10474, APANA 9 TO N. NAMAUU AND ROYAL PATENT NUMBER 4486, APANA 1, MAHELE AWARD TO LULUHIWALAND), SITUATE, LYING AND BEING AT HOAEAE AND WAIKELE; DISTRICT OF EWA, CITY AND COUNTY OF HONOLULU, STATE OF HAWAII, BEING LOT 2, SAME BEING A PORTION OF LOT 3 OF "ROYAL KUNIA PHASE II, INCREMENT 1 SUBDIVISION" (FILE PLAN 2171), AND THUS BOUNDED AND DESCRIBED AS PER SURVEY DATED APRIL 24, 2002, TO-WIT:

BEGINNING AT THE MOST NORTHWESTERLY CORNER OF THIS PARCEL OF LAND, BEING THE EASTERLY LINE OF KUNIA ROAD, THE COORDINATES OF POINT OF BEGINNING REFERRED TO GOVERNMENT SURVEY TRIANGULATION STATION "EWA CHURCH" BEING 4,708.80 FEET NORTH AND 20,874.67 FEET WEST AND THENCE RUNNING BY AZIMUTHS MEASURED CLOCKWISE FROM TRUE SOUTH:

1. 246° 16' 30" 22.00 FEET ALONG ROYAL KUNIA PHASE II, INCREMENT 1 SUBDIVISION (FILE PLAN 2171);
2. THENCE ALONG THE SAME ON A CURVE TO THE LEFT HAVING A RADIUS OF 40.00 FEET THE CHORD AZIMUTH AND DISTANCE BEING: 291° 16' 30" 56.57 FEET;
3. 246° 16' 30" 1943.75 FEET ALONG THE SAME;
4. THENCE ALONG THE SAME, ON A CURVE TO THE LEFT HAVING A RADIUS OF 1,360.00 FEET THE CHORD AZIMUTH AND DISTANCE BEING: 239° 59' 15" 297.89 FEET;
5. 233° 42' 888.15 FEET ALONG THE SAME;
6. 142° 16' 1663.48 FEET ALONG THE SAME;
7. 232° 16' 589.74 FEET ALONG LOT 2 OF ROYAL KUNIA PHASE II, INCREMENT 1 (FILE PLAN 2154);
8. 187° 16' 779.25 FEET ALONG THE SAME;
9. 234° 44' 661.78 FEET ALONG THE SAME;
10. THENCE ALONG THE SAME, ON A CURVE TO THE RIGHT HAVING A RADIUS OF 600.00 FEET THE CHORD AZIMUTH AND DISTANCE BEING: 289° 20' 978.15 FEET;
11. 343° 56' 1592.99 FEET ALONG THE SAME;

12. 8° 00' 792.41 FEET ALONG LOT 1 OF ROYAL KUNIA SUBDIVISION LOT C (FILE PLAN 2310);
13. 32° 00' 80.00 FEET ALONG LOT 4 OF ROYAL KUNIA SUBDIVISION INCREMENT E (FILE PLAN 2308);
14. 302° 00' 172.00 FEET ALONG THE SAME;
15. THENCE ALONG THE SAME, ON A CURVE TO THE RIGHT HAVING A RADIUS OF 20.00 FEET THE CHORD AZIMUTH AND DISTANCE BEING: 347° 00' 28.28 FEET;
16. 32° 00' 108.57 FEET ALONG THE SAME AND CONTINUING ALONG THE SAME NORTHWESTERLY LINE OF 'ANOIKI STREET;
17. THENCE ALONG THE NORTHWESTERLY LINE OF 'ANOIKI STREET ON A CURVE TO THE RIGHT HAVING A RADIUS OF 972.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING: 39° 30' 253.74 FEET;
18. 47° 00' 760.02 FEET ALONG THE SAME;
19. THENCE ALONG THE SAME, ON A CURVE TO THE RIGHT HAVING A RADIUS OF 972.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING: 49° 59' 101.18 FEET;
20. 52° 58' 877.02 FEET ALONG THE SAME;
21. THENCE ALONG THE REMAINDER OF LOT 3 OF ROYAL KUNIA PHASE II, INCREMENT 1 SUBDIVISION (FILE PLAN 2171), ON A CURVE TO THE LEFT HAVING A RADIUS OF 30.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING: 187° 58' 42.43 FEET;
22. 142° 58' 142.00 FEET ALONG THE SAME;
23. THENCE ALONG THE SAME, ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1,028.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING: 143° 20' 13.16 FEET;
24. 143° 42' 457.70 FEET ALONG THE SAME;
25. 53° 42' 733.69 FEET ALONG THE SAME;

26. 156° 16' 30" 454.93 FEET ALONG LOT 1, AS SAID LOT IS DESCRIBED IN DEED TO HRT, LTD. RECORDED OCTOBER 25, 2001 AS REGULAR SYSTEM DOCUMENT NO. 2001-168369 OF OFFICIAL RECORDS;
27. 66° 16' 30" 697.75 FEET ALONG THE SAME;
28. THENCE ALONG THE SAME, ON A CURVE TO THE LEFT HAVING A RADIUS OF 30.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING: 21° 16' 30" 42.43 FEET;
29. 66° 16' 30" 56.00 FEET ALONG THE SAME;
30. THENCE ALONG LOT 2 OF ROYAL KUNIA PHASE II, INCREMENT 1 SUBDIVISION (FILE PLAN 2171), ON A CURVE TO THE LEFT HAVING A RADIUS OF 30.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING: 111° 16' 30" 42.43 FEET;
31. 66° 16' 30" 810.00 FEET ALONG THE SAME;
32. THENCE ALONG THE SAME, ON A CURVE TO THE LEFT HAVING A RADIUS OF 40.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING: 21° 16' 30" 56.57 FEET;
33. 66° 16' 30" 22.00 FEET ALONG THE SAME;
34. 156° 16' 30" 160.00 FEET ALONG THE SOUTHEASTERLY LINE OF KUNIA ROAD TO THE POINT OF BEGINNING AND CONTAINING AN AREA OF 161.360 ACRES, MORE OR LESS, AS SET FORTH IN AFFIDAVIT OF WAYNE M. TERUYA RECORDED MARCH 12, 2007 AS REGULAR SYSTEM DOCUMENT NO. 2007-045274 OF OFFICIAL RECORDS.

BEING ALL OF THE PREMISES CONVEYED BY LIMITED WARRANTY DEED RECORDED MARCH 12, 2007 AS REGULAR SYSTEM DOCUMENT NO. 2007-045275 OF OFFICIAL RECORDS:

GRANTOR: HALEKUA DEVELOPMENT CORPORATION, A HAWAII CORPORATION  
 GRANTEE: HALEKUA-KUNIA, LLC, A DELAWARE LIMITED LIABILITY COMPANY

TMK(S): (1) 9-4-002-071-0000

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. A 22 foot (22') roadway setback line along Kunia Road, as shown on or disclosed by the survey dated May 22, 1995, prepared by Roy T. Yama, Registered Professional Land Surveyor, Certificate No. 3847, as set forth or disclosed by the Limited Warranty Deed recorded September 12, 1995 as Regular System Document No. 95-117006 of Official Records.
3. Easement 10 (60 feet wide) for road and utility purposes and Easement 14 (60 feet wide) for road and utility purposes in favor of Oahu Sugar Company, Limited under Unrecorded Lease dated January 1, 1956, as amended by unrecorded Amendments dated May 15, 1967, December 31, 1973 and November 30, 1984, as disclosed in Limited Warranty Deed recorded September 12, 1995 as Regular System Document No. 95-117006 of Official Records.
4. Existing Easement 11 (60' wide) for road purposes, as shown on File Plan No. 2171.
5. Existing Easement 13 (10' wide) for powerline purposes, as shown on File Plan No. 2171.
6. A Grant of Easement for powerline and incidental purposes, in favor of Hawaiian Electric Company, Inc., recorded as Book 3381 Page 336 of Official Records.
7. Easement 1 for flowage purposes as shown on File Plan 2154.
8. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Conditions and Consent recorded April 14, 1994 as Regular System Document No. 94-065022 of Official Records.

The foregoing Declaration was amended by instrument recorded April 13, 1999 as Regular System Document No. 99-056493 of Official Records.

The interest of Halekua Development Corporation, a Hawaii corporation, was assigned to Halekua-Kunia, LLC, a Delaware limited liability company, by Assignment of Declarant's Rights recorded March 12, 2007 as Regular System Document No. 2007-045276 of Official Records.

9. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded March 6, 1995 as Regular System Document No. 95-030454 of Official Records.

10. The terms and provisions contained in the Unilateral Agreement and Declaration for Conditional Zoning recorded April 14, 1997 as Regular System Document No. 97-047601 of Official Records.

11. Matters disclosed by Express Map EM 4145 and on that certain ALTA/ACSM Land Title Survey dated February 26, 2007, revised March 6, 2007, prepared by ParEn, Inc., dba Park Engineering under Field Book No. 1982, 2639, 2735 as follows:

a. The fact that a dirt stockpile and associated dust screen bridges subject property for approximately 446 feet.

b. The fact that dirt road bridges subject property for approximately 372 feet.

c. The fact that dust screen extends onto subject property for approximately 222 feet.

d. The fact that dirt roads through subject property are being used for access purposes onto adjacent parcels.

12. The terms and provisions contained in the Memorandum of Agreement (Connection Agreement) recorded March 12, 2007 as Regular System Document No. 2007-045264 of Official Records.

13. The terms and provisions contained in the Agreement RE: Infrastructure recorded March 12, 2007 as Regular System Document No. 2007-045265 of Official Records.

14. The terms and provisions contained in the Memorandum of Agreement (Robinson) recorded March 12, 2007 as Regular System Document No. 2007-045266 of Official Records.

15. Any and all leases, subleases and/or tenancy agreements, the rights thereunder and encumbrances thereto.

16. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.