



R-884

STATE OF HAWAII  
BUREAU OF CONVEYANCES  
RECORDED

JUN 14, 2011 11:00 AM

Doc No(s) 2011-093773



/s/ NICKI ANN THOMPSON  
REGISTRAR

20 2/2 Z1

Land Court System

Regular System

After Recordation, Return by Mail ( X ) Pickup ( ) To:

Jason Hester  
PO Box 758  
Pahoa, HI 96778

20995

TAX MAP KEY: Hawaii (3) 1-3-001:043 & 043

MORTGAGE

WORDS USED OFTEN IN THIS DOCUMENT AND PARTIES AND THEIR ADDRESSES:

(A) "Mortgage." This document, which is dated June 9<sup>th</sup>, 2011, will be called the "Mortgage."

(B) "Borrower." Jason Hester, an individual, whose address is P. O. Box 758, Pahoa, Hawaii 96778, County of Hawaii will sometimes be called "Borrower" and sometimes simply "I" or "me."

(C) "Lender." PAUL J. SULLA JR. AAL, A LAW CORPORATION, a Hawaii corporation, whose address is PO BOX 5258, Hilo, Hawaii 96720, will sometimes be called "Lender" or sometimes simply "you" or "your."

(D) "Note." The Mortgage Loan Note, signed by Borrower and dated June 9, 2011 will be called the "Note." The

Exhibit "A"

Note shows that I owe Lender **FIFTY THOUSAND DOLLARS (\$50,000.00)** plus interest, which I have promised to repay according to the terms set out in the Note.

(E) "Property." The property that is described below in the section titled "Description of the Property," will be called the "Property."

**BORROWER'S MORTGAGE AND TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY**

I mortgage, grant a security interest in and convey the Property to you subject to the terms of this Mortgage. This means that, by signing this Mortgage, I am giving you those rights that are stated in this Mortgage and also those rights that the law gives to lenders who hold mortgages on real property and security interests in personal property. I am giving you these rights to protect you from possible losses that might result if I fail to:

(A) Pay all the amounts that I owe you as stated in the Note;

(B) Pay, with interest, any amounts that you spend under this Mortgage, to protect the value of the Property and your rights in the Property;

(C) Keep all of my other promises and agreements under the Note or this Mortgage.

**DESCRIPTION OF THE PROPERTY**

Lender's rights apply to the following Property:

(A) The property is located at 13-3775 Pahoa-Kalapana Road, Kalapana, Hawaii TMK (3) 1-3-001-049 & (3) 1-3-001-043. The full legal description of this property is contained in Exhibit "A" which is attached at the end of this Mortgage;

(B) All buildings and other improvements that are located on the property described in Paragraph (A) of this section;

(C) All rights in other property that I have as owner of the property described in Paragraph (A) of this section. These

rights are known as "easements, rights and appurtenances attached to the property;"

(D) All rents or royalties from the property described in Paragraph (A) of this section;

(J) All of the amounts that I pay to Lender under Paragraph 2 below; and

(K) Any voting rights I have as owner of the Property.

**BORROWER'S RIGHT TO MORTGAGE THE PROPERTY AND BORROWER'S OBLIGATION TO DEFEND OWNERSHIP OF THE PROPERTY**

I promise that:

- (A) I lawfully own the Property;
- (B) I have the right to mortgage, grant and convey the Property to Lender;
- (C) there are no outstanding claims or charges against the Property except for the claims and charges against the Property listed in Exhibit "A" attached to the end of this Mortgage.

I give a general warranty of title to Lender. This means that I will be fully responsible for any losses which you suffer because someone other than myself has some of the rights in the Property which I promise that I have. I promise that I will defend my ownership of the Property against any claims of those rights.

**BORROWER'S PROMISES AND AGREEMENT**

I promise and I agree with you as follows:

**1. BORROWER'S PROMISE TO PAY PRINCIPAL AND INTEREST UNDER THE NOTE AND TO FULFILL OTHER PAYMENT OBLIGATION.**

I will promptly pay you or anyone you name principal, interest and any late charges as stated in the Note.

## 2. LENDER'S APPLICATION OF BORROWER'S PAYMENTS

Unless the law requires otherwise, Lender will apply each of my payments under the Note in the following order and for the following purposes:

- (A) First, to pay interest then due under the Note;
- (B) Next, to pay principal then due under the Note; and
- (C) Next, to pay interest and amounts paid by Lender under paragraph 6 below.

## 3. BORROWER'S OBLIGATION TO PAY CHARGES AND ASSESSMENTS AND TO SATISFY CLAIMS AGAINST THE PROPERTY.

I will pay when they are due all taxes, assessments, and any other charges and fines that may be imposed on the Property. I will also make payments due under my lease if I am a tenant on the Property and I will pay lease rents (if any) due on the Property. I will do this either by making the payments to Lender that are described in Paragraph 2 above or, if I am not required to make payments under Paragraph 2, by making payments, when they are due, directly to the persons entitled to them. (In this Mortgage, the word "person" means any person, organization, governmental authority, or other party.) If I make direct payments, then promptly after making any of those payments I will give Lender a receipt which shows that I have done so.

Any claim, demand or charge that is made against property because an obligation has not been fulfilled is known as a "lien." I will promptly pay or satisfy all liens against the Property.

### *Condominium and PUD Assessments.*

If the Property includes an apartment unit in a Condominium Project or in a PUD, I will promptly pay, when they are due, all assessments imposed by the owners' association or other organization that governs the Condominium Project or PUD. The association or organization will be called the "Owners' Association."

4. BORROWER'S OBLIGATION TO OBTAIN AND TO KEEP HAZARD INSURANCE ON THE PROPERTY.

(A) Generally.

I will obtain hazard insurance, if possible, to cover all buildings and other improvements that now are or in the future will be located on the Property. If possible, the insurance must cover loss or damage caused by fire, hazards normally covered by "extended coverage" hazard insurance policies, and other hazards for which Lender requires coverage. The insurance must be in the amounts and for the periods of time required by Lender. It is possible that the insurance policy will have provisions that may limit the insurance company's obligation to pay claims if the amount of coverage is too low. Those provisions are known as "co-insurance requirements." Lender may not require me to obtain an amount of coverage, if possible that is more than the larger of the following two amounts: either (i) the amount that I owe to Lender under the Note and under this Mortgage; or (ii) the amount necessary to satisfy the co-insurance requirements.

If I can get a policy, I will pay the premiums on the insurance policies by paying the insurance company directly when the premium payments are due.

If I get a policy, I will pay the premiums on the insurance policies either by making payments to Lender, as described in Paragraph 2 above, or by paying the insurance company directly when the premium payments are due. If Lender requires, I will promptly give Lender all receipts of paid premiums and all renewal notices that I receive.

If there is a loss or damage to the Property, I will promptly notify the insurance company and Lender. If I do not promptly prove to the insurance company that the loss or damage occurred, then Lender may do so.

The amount paid by the insurance company is called "proceeds." If the Property is used as a "residence" (for example, it is my home), then I have the right to decide whether the proceeds will be used to repair, restore or rebuild a residence on the Property or whether the proceeds will be used to reduce the amount that I owe you under the Note. In all other cases, Lender

will have the right to determine whether the proceeds are to be used to repair, restore or rebuild the Property or to reduce the amount I owe under the Note.

If any of the proceeds remain after the amount that I owe to Lender has been paid in full, the remaining proceeds will be paid to me.

If I abandon the Property, or if I do not answer, within 30 days, a notice from Lender stating that the insurance company has offered to settle a claim for insurance benefits, then Lender has the authority to collect the proceeds. Lender may then use the proceeds to repair or restore the Property or to reduce the amount that I owe to Lender under the Note and under this Mortgage. The 30-day period will begin on the date the notice is mailed or, if it is not mailed, on the date the notice is delivered.

If any proceeds are used to reduce the amount which I owe to Lender under the Note, that use will not delay the due date but shall change the amount of any of my monthly payments under the Note and under Paragraphs 1 and 2 above.

If Lender acquires the Property under Paragraph 17 below, all of my rights in the insurance policies will belong to Lender. Also, all of my rights in any proceeds which are paid because of damage that occurred before the Property is acquired by Lender or sold will belong to Lender. However, Lender's rights in those proceeds will not be greater than the amount that I owe to Lender under the Note and under this Mortgage immediately before the Property is acquired by Lender or sold.

(B) Agreements that Apply to Condominiums and PUD's.

(i) If the Property includes an apartment unit in a Condominium Project, the Owners' Association may maintain a hazard insurance policy which covers the entire Condominium Project. That policy will be called the "master policy." If the master policy insures my apartment unit as well as the common elements of the Condominium Project, so long as the master policy remains in effect and meets the requirements stated in this Paragraph 4: (a) my obligation to obtain and to keep hazard insurance on the Property is satisfied; (b) I will not be required to include an amount for hazard insurance premiums in my monthly payment of Funds to Lender

under Paragraph 2 above; and (c) if there is a conflict, concerning the use of proceeds, between (1) the terms of this Paragraph 4, and (2) the law or the terms of the declaration, bylaws, regulations or other documents creating or governing the Condominium Project, then that law or the terms of those documents will govern the use of proceeds. I will promptly give Lender notice if the master policy is interrupted or terminated. During any time that the master policy is not in effect the terms of (a), (b) and (c) of this subparagraph 4(B)(i) will not apply.

(ii) If the Property includes a unit in a Condominium Project, it is possible that proceeds will be paid to me instead of being used to repair or to restore the Property. I give Lender my rights to those proceeds. If the Property includes a unit in a PUD, it is possible that proceeds will be paid to me instead of being used to repair or to restore the common areas or facilities of the PUD. I give Lender my rights to those proceeds. All of the proceeds described in this subparagraph 4(B)(ii) will be paid to Lender and will be used to reduce the amount that I owe to Lender under the Note and under this Mortgage. If any of those proceeds remain after the amount that I owe to Lender has been paid in full, the remaining proceeds will be paid to me.

**5. BORROWER'S OBLIGATION TO MAINTAIN THE PROPERTY AND TO FULFILL OBLIGATIONS IN LEASES AND MORTGAGES AND AGREEMENTS ABOUT LEASES, CONDOMINIUMS AND PUD'S.**

(A) Agreements about Maintaining the Property.

I will keep the Property in good repair. I will not destroy damage or change the Property, and I will not allow the Property to deteriorate.

(B) Agreements About Keeping Promises in Leases and Mortgages.

I will fulfill my obligations under any lease which is part of the Property. I will not change or agree to any change in any Lease which is a part of the Property. I will fulfill my obligations in any Mortgage on the Property listed on Exhibit "A" at the end of this Mortgage. I will not change or agree to any change in any such Mortgage.

(C) Agreements that Apply to Leases and Preventing Rejection or Termination of Leases in Bankruptcy Cases.

If (i) the Property includes, or is under, covered, or affected by and leases (the "Property Leases"), (ii) I, or anyone else with rights to and/or obligations under any Property Leases, including, but not limited to, lessors, lessees, sublessors, and sublessees, become a debtor in a voluntary or involuntary bankruptcy case, and (iii) an order for relief is issued pursuant to the bankruptcy laws, then I will take the actions necessary to prevent the Property Leases (a) from being rejected by me, any bankruptcy trustee or any other person pursuant to the bankruptcy laws, or (b) from being terminated in any manner. I will take such actions within five (5) days from the date of filing of the order for relief. The bankruptcy laws include, but are not limited to, Section 365 of Title 11 of the provisions of the United States Code, which is often referred to as Bankruptcy Code Section 365, as it may be amended from time to time.

I now appoint you as my attorney-in-fact to do whatever you, as Lender, believe is necessary to protect your interests in the Property and to prevent the rejection or termination of the Property Leases under the bankruptcy laws. This means that I now give you the right, in my place and name, or in your own name, to do whatever you believe is necessary to protect your interests in the Property. You have no obligation or responsibility to look out for or take care of my interests. You may, but you do not have to, take any actions to prevent the Property Leases from being rejected or terminated pursuant to the bankruptcy laws. Those actions include, but are not limited to, the following:

(I) The filing of any instruments, documents and pleadings with the court to assume and/or assign the Property Leases; and

(II) The filing of a notice of election to remain in possession of leased real property if my lessor becomes a debtor in a bankruptcy case and rejects my lease.

Your having the right to take such actions will not prevent me, on my own, from taking any actions to protect my interests and the Property Leases.



(D) Agreements that Apply to Condominiums and PUD's.

If the Property is a unit in a Condominium Project or in a PUD, I will fulfill all of my obligations under the declaration, bylaws, regulations and other documents that create or govern the Condominium Project or PUD. Also, I will not divide the Property into smaller parts that may be owned separately (known as "partition or subdivision"). I will not consent to certain actions unless I have first given Lender notice and obtained Lender's consent in writing. Those actions are:

(1) The abandonment or termination of the Condominium Project or PUD, unless, in the case of a condominium, the abandonment or termination is required by law;

(2) Any change to the declaration, bylaws or regulations of the Owners' Association, trust agreement, articles of incorporation, or other documents that create or govern the Condominium Project or PUD, including, for example, a change in the percentage of ownership rights, held by unit owners, in the Condominium Project or in the common areas or facilities of the PUD;

(3) A decision by the Owners' Association to terminate professional management and to begin self-management of the Condominium Project or PUD; and

(4) The transfer, release, creation of liens, partition or subdivision of all or part of the common areas and facilities of the PUD. (However, this provision does not apply to the transfer by the Owners' Association of rights to use those common areas and facilities for utilities and other similar or related purposes.)

**6. LENDER'S RIGHT TO TAKE ACTION TO PROTECT THE PROPERTY.**

If: (A) I do not keep my promises and agreements made in this Mortgage, or (B) someone, including me, begins a legal proceeding that may affect Lender's rights in the Property (such as, for example, a legal proceeding in bankruptcy, in probate, for condemnation, or to enforce laws or regulations), then Lender may do and pay for whatever Lender believes is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions under this Paragraph 6 may include, for example,

appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Lender need not give me notice before taking any of these actions.

I will pay to Lender any amounts which Lender spends under this Paragraph 6. This Mortgage will protect Lender in case I do not keep this promise to pay those amounts with interest.

I will pay those amounts to Lender when Lender sends me a notice requesting that I do so. I will also pay interest on those amounts at the same rate stated in the Note. However, if payment of interest at that rate would violate the law, I will pay interest on the amounts spent by Lender under this Paragraph 6 at the highest rate that the law allows. Interest on each amount will begin on the date that the amount is spent by Lender. However, Lender and I may agree in writing to terms of payment that are different from those in this paragraph.

Although Lender may take action under this Paragraph 6, Lender does not have to do so.

**7. LENDER'S RIGHT TO INSPECT THE PROPERTY.**

Lender, and others authorized by Lender may, upon reasonable notice, enter on and inspect the Property. They must do so in a reasonable manner and at reasonable times.

**8. AGREEMENTS ABOUT CONDEMNATION OF THE PROPERTY.**

A taking of property by any governmental authority by eminent domain is known as "condemnation." I give to Lender my right: (a) to proceeds of all awards or claims for damages resulting from condemnation or other governmental taking of the Property; and (b) to proceeds from a sale of the Property that is made to avoid condemnation. All of those proceeds will be paid to Lender and will be used to reduce the amount that I owe to Lender under the Note and under this Mortgage. If any of the proceeds remain after the amount that I owe to Lender has been paid in full, the remaining proceeds will be paid to me.

If I abandon the Property, or if I do not answer, within 30 days, a notice from Lender stating that a governmental authority has offered to make a payment or to settle a claim for damages,

then Lender has the authority to collect the proceeds. Lender may then use the proceeds to repair or restore the Property or to reduce the amount that I owe to Lender under the Note and under this Mortgage. The 30-day period will begin on the date the notice is mailed or, if it is not mailed, on the date the notice is delivered.

If any proceeds are used to reduce the amount of principal which I owe to Lender under the Note, that use will not delay the due date or change the amount of any of my monthly payments under the Note and under Paragraphs 1 and 2 above. However, Lender and I may agree in writing to those delays or changes.

***Condemnation of Common Areas of PUD.***

If the Property includes a unit in a PUD, the promises and agreements in this Paragraph 8 will apply to a condemnation, or sale to avoid condemnation, of the PUD's common areas and facilities as well as of the Property.

**9. CONTINUATION OF BORROWER'S OBLIGATIONS**

Lender may allow a person who takes over my rights and obligations to delay or to change the amount of the payments of principal and interest due under this Note or under this Mortgage.

Even if Lender does this, however, that person and I will both still be fully obligated under the Note and under this Mortgage unless the conditions stated in paragraph 16 below have been met.

Lender may allow those delays or changes for a person who takes over my rights and obligations, even if Lender is requested not to do so. Lender will not be required to bring a lawsuit against such a person for not fulfilling obligation under the Note or under this Mortgage, even if Lender is requested to do so.

**10. CONTINUATION OF LENDER'S RIGHTS.**

Even if Lender does not exercise or enforce any right of Lender under this Mortgage or under the law, Lender will still have all of those rights and may exercise and enforce them in the future.

**11. LENDER'S ABILITY TO ENFORCE MORE THAN ONE OF LENDER'S RIGHTS.**

Each of Lender's rights under this Mortgage is separate. Lender may exercise and enforce one or more of those rights, as well as any of Lender's other rights under the law, one at a time or all at once.

**12. OBLIGATIONS OF BORROWERS AND OF PERSONS TAKING OVER BORROWER'S RIGHTS OR OBLIGATIONS.**

Subject to the terms of paragraph 16 below, any person who takes over my rights or obligations under this Mortgage will have all of my rights and will be obligated to keep all of my promises and agreements made in this Mortgage. Similarly, any person who takes over Lender's rights or obligations under this Mortgage will have all of Lender's rights and will be obligated to keep all of Lender's agreements in this Mortgage.

If more than one person signs this Mortgage as Borrower, each of us is fully obligated to keep all of Borrower's promises and obligations contained in this Mortgage. Lender may enforce Lender's rights under this Mortgage against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under the Note and under this Mortgage. However, if one of us does not sign the Note, then:

(a) that person is signing this Mortgage only to give that person's rights in the Property to Lender under the terms of this Mortgage; and (b) that person is not personally obligated to make payments or to act under the Note.

**13. CAPTIONS.**

The captions and titles of this Mortgage are for convenience only. They may not be used to interpret or to define the terms of this Mortgage.

**14. AGREEMENTS ABOUT GIVING NOTICES REQUIRED UNDER THIS MORTGAGE.**

Unless the law requires otherwise, any notice that must be given to me under this Mortgage will be given by delivering it or by mailing it addressed to me at the address stated in Paragraph

(B) of the section above titled "Words Used Often In This Document and Parties and their Addresses." A notice will be delivered or mailed to me at a different address if I give Lender a notice of my different address. Any notice that must be given to Lender under this Mortgage will be given by mailing it to Lender's address stated in Paragraph (C) of the section above titled "words Used Often In This Document and Parties and Their Addresses." A notice will be mailed to Lender at a different address if Lender gives me a notice of the different address. A notice required by this Mortgage is given when it is mailed or when it is delivered according to the requirements of this Paragraph 14.

**15. LAW THAT GOVERNS THIS MORTGAGE.**

The law of the State of Hawaii will govern this Mortgage. If any term of this Mortgage or of the Note conflicts with that law, all other terms of this Mortgage and of the Note will still remain in effect if they can be given effect without the conflicting term.

This means that any terms of this Mortgage and of the Note which conflict with the law can be separated from the remaining terms, and the remaining terms will still be enforced.

**16. AGREEMENTS ABOUT ASSUMPTION OF THIS MORTGAGE AND ABOUT LENDER'S RIGHTS IF BORROWER TRANSFERS THE PROPERTY WITHOUT MEETING CERTAIN CONDITIONS.**

If I sell or transfer all or part of the Property or any rights in the Property, any person to whom I sell or transfer the Property may take over all of my rights and obligations under this mortgage (known as an "assumption of the Mortgage") if:

- (A) I give Lender notice of the sale or transfer;
- (B) Lender agrees that the person's credit is satisfactory and consents to the assumption, which consent shall not unreasonably be withheld;
- (C) the person agrees to pay interest on the amount owed to Lender under the Note and under this Mortgage at the rate set forth in the Note; and
- (D) the person signs an assumption agreement that is acceptable to Lender and that obligates the person to

keep all of the promises and agreements made in the Note and in this Mortgage.

I understand that even if I sell or transfer the Property and each of the conditions in (A), (B), (C) and (D) of this paragraph 16 are satisfied, Lender will still hold me to all of my obligations under the Note and under this Mortgage if the person assuming does not perform.

However, if I sell or transfer the Property and the conditions in (A), (B), (C) and (D) of this paragraph 16 are not satisfied, I will still be fully obligated under the Note and under this Mortgage and Lender may require Immediate Payment In Full, as that phrase is defined in paragraph 17 below. However, Lender will not have the right to require Immediate Payment In Full as a result of any of the following:

- (i) the creation of liens or other claims against the Property that are inferior to this Mortgage and the Lender consents in writing to their creation (Lender will not withhold its consent unreasonably);
- (ii) a transfer of rights in household appliances, to a person who provides me with the money to buy those appliances, in order to protect that person against possible losses;
- (iii) a transfer of the Property to surviving co-owners, following the death of a co-owner, when the transfer is automatic according to law; or
- (iv) leasing the Property for a term of one year or less, as long as the lease does not include an option to buy.

If Lender requires Immediate Payment In Full under this paragraph 16, Lender will send me a notice, in the manner described in paragraph 14 above, which states this requirement. The notice will give me at least 30 days to make the required payment. The 30-day period will begin on the date the notice is mailed or, if it is not mailed, on the date the notice is delivered. If I do not make the required payment during that period, Lender may bring a lawsuit for "foreclosure and sale" under paragraph 17 below without giving me any further notice or demand for payment. (See paragraph 17 for a definition of "foreclosure and sale.")

17. **LENDER'S RIGHTS IF BORROWER FAILS TO KEEP PROMISES AND AGREEMENTS.**

If the conditions in subparagraph (D) or all of the conditions stated in subparagraphs (A), (B), and (C) of this paragraph 17 are satisfied, Lender may require that I pay immediately the entire amount then remaining unpaid under the Note and under this Mortgage. Lender may do this without making any further demand for payment. This requirement will be called "Immediate Payment In Full."

If Lender requires Immediate Payment In Full, Lender may, at your sole option, either: (a) exercise a Power of Sale pursuant to HRS §667-5 or Part II HRS §667-21 et. seq. and/or (b) bring a lawsuit to take away all of my remaining rights in the Property and to have the Property sold. This is known as "foreclosure and sale." The Lender may be a buyer of the property at any foreclosure sale. The monies received from the foreclosure sale will be applied, first to pay the costs and expenses of the sale and the court costs and attorney's fees paid by the Lender because of my default; second, to the reimbursement of the Lender for all payments made by the Lender because of the property or because of my failure to keep any promise or agreement contained in this Mortgage; and lastly, to the payment of the balance of the principal and required interest then remaining unpaid. Any monies left over after these payments will be paid to me. If the money received from the foreclosure sale is not enough to make all of these payments, then the Lender will be entitled to recover the deficiency directly from me out of my own money.

Lender may require Immediate Payment In Full under this paragraph 17 only if all of the following conditions are satisfied:

(A) I fail to keep any promise or agreement made in this Mortgage, including the promise to pay when due the amounts that I owe to Lender under the Note and under this Mortgage; and

(B) Subject to subparagraph (D) below, Lender sends to me, in the manner described in paragraph 14 above, a notice that states:

(i) The promise or agreement that I failed to keep;

(ii) The action that I must take to correct that failure;

(iii) A date by which I must correct the failure. That date must be at least 30 days from the date on which the notice is mailed to me, or, if it is not mailed, from the date on which it is delivered to me;

(iv) That if I do not correct the failure by the date stated in the notice, I will be in default and Lender may require Immediate Payment In Full, and Lender or another person may acquire the Property by means of foreclosure and sale;

(C) Subject to subparagraph (D) below, if I do not correct the failure stated in the notice from Lender by the dated stated in that notice.

(D) The conditions in subparagraphs (B) and (C) above are subject to the condition that if I have been more than fifteen (15) days late in my installment payments and have received notices as set forth in B above more than three (3) times, then upon the fourth (4th) time I am late, the Lender may foreclose without further notice.

#### **18. TRANSFER OF LENDER'S INTEREST**

Lender retains the right to assign Lender's interest in this Mortgage at anytime subject only to preservation of the rights of the Borrower in the Mortgage.

#### **19. LENDER'S RIGHTS TO RENTAL PAYMENTS FROM THE PROPERTY AND TO TAKE POSSESSION OF THE PROPERTY.**

As additional protection for Lender, I give to Lender all of my rights to any rental payments from the Property. However, until I am in default, I have the right to collect and keep those rental payments as they become due. I have not given any of my rights to rental payments from the Property to anyone else, and I will not do so without Lender's consent in writing.

If I am in default, then Lender, persons authorized by Lender, or a receiver appointed by a court at Lender's request may:

(A) collect the rental payments, including over due rental payments, directly from the tenants; (B) enter on and take possession of the Property; (C) manage the Property; and (D) sign, cancel and change leases. I agree that if Lender notifies the



tenants that Lender has the right to collect rental payments directly from them under this Paragraph 18, the tenants may make those rental payments to Lender without having to ask whether I have failed to keep my promises and agreements under this Mortgage.

If there is a judgment for Lender in a lawsuit for foreclosure and sale, I will pay to Lender reasonable rent from the date the judgment is entered for as long as I occupy the Property. However, this does not give me the right to occupy the Property.

All rental payments collected by Lender or by a receiver, other than the rent paid by me under this Paragraph 18, will be used first to pay the costs of collecting rental payments and managing the Property. If any part of the rental payments remains after those costs have been paid in full, the remaining part will be used to reduce the amount that I owe to Lender under the Note and under this Mortgage. The costs of managing the Property may include the receiver's fees and reasonable attorneys' fees. Lender and the receiver will be obligated to account only for those rental payments that they actually receive.

**20. LENDER'S OBLIGATION TO DISCHARGE THIS MORTGAGE WHEN THE NOTE AND THIS MORTGAGE ARE PAID IN FULL.**

When Borrower has paid all amounts due under the Note and this Mortgage, Lender will discharge this Mortgage by delivering a certificate stating that this Mortgage has been satisfied. I will pay all costs of recording the discharge in the proper official records.

**21. CHANGING THIS MORTGAGE.** This Mortgage can be changed only if Lender and I sign a writing agreeing to the change.

**22. BORROWER'S FREEDOM TO CHOOSE INSURANCE COMPANY.**

I understand that I can get any insurance required by this Mortgage from any insurance company licensed to sell that insurance in Hawaii, subject to Lender's right to refuse an insurer for cause or reasonable excuse.

**23. FINANCING STATEMENT.**

This Mortgage also serves as a financing statement to perfect the Lender's security interest in the Property.

24. BORROWER'S COPY OF THE NOTE AND OF THIS MORTGAGE.

I will be given a copy of the Note and of this Mortgage. Those copies must show that the original Note and Mortgage have been signed. I will be given those copies either when I sign the Note and this Mortgage or after this Mortgage has been recorded in the proper official records.

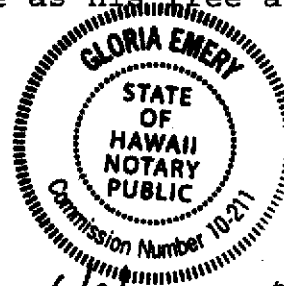
By signing this Mortgage I agree to all of the above.

Jason Hester  
JASON HESTER

STATE OF HAWAII        )  
                                  ) SS.  
COUNTY OF Hawaii    )

On this the 9<sup>th</sup> day of June, 2011, before me personally appeared JASON HESTER to me known to be the person described in and who executed the foregoing instrument and acknowledged to me that he executed the same as his free act and deed.

Gloria Emery  
Notary Public  
My Commission Expires: July 18, 2014  
**GLORIA EMERY**



Doc. Date: 6/11/11 3rd Circuit  
# Pages: 20  
Doc. Description: MORTGAGE  
EXHIBIT "A"  
x. Gloria Emery 6/9/11  
GLORIA EMERY, Notary Public Date

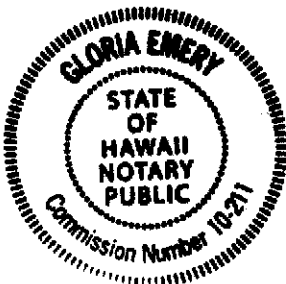


EXHIBIT A

ITEM I:

LOT 15-D  
A Portion of Lot 15  
Grant 5005 to J. E. Elderts  
Kamali Homesteads, Puna, Island and County of Hawaii, State of Hawaii

BEGINNING at a pipe at the West corner of this parcel of land at the North boundary of Lot 2, Grant 4330 to C. L. Wight and on the East side of Pahoa - Kalapana Road (Emergency Relief Project No. ER 4(1)), the coordinates of said point of beginning referred to Government Survey Triangulation Station "HEHEKIAHULU" being 6,281.64 feet North and 16,203.34 feet East and running by azimuths measured clockwise from True South:

1. 197° 55' 15" 958.02 feet along Pahoa-Kalapana Road (Emergency Relief Project No. ER 4(1)) to a pipe;
  2. 239° 28' 30" 326.15 feet along Lot 19, Grant 5651 to Chas. Elderts to a pipe;
  3. 304° 03' 30" 337.89 feet along Lot 19, Grant 5651 to Chas. Elderts, and Grant 5151 to J. E. Elderts to a pipe;
- Thence along a 1016.74 feet radius curve to the right the direct chord azimuth and distance being:
4. 14° 14' 56" 915.04 feet along West side of the old Pahoa-Kalapana Road;
  5. 40° 59' 30" 275.69 feet along same to a pipe;
  6. 114° 43' 30" 494.98 feet along Lot 2, Grant 4330 to C. L. Wight to the point of beginning and containing an area of 16.55 acres, more or less.

Being the land conveyed to The Royal Bloodline of David, a Washington nonprofit corporation, by Warranty Deed dated 2004-01-14, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 2004-0144.

ITEM II:

That certain parcel of land (being portion of the land(s) described in and covered by Land Patent Grant Number 5005 to J. E. Elderts) situate, lying and being at Puna, Island and County of Hawaii, State of Hawaii, being LOT 15-A, portion of Lot 15, of the Kamali Homesteads, being more particularly described as follows:

Beginning at the north corner of this parcel of land at the northwest corner of Lot 15-B and on the easterly side of old (abandoned) Pahoa-Kalapania Road the coordinates of said point of beginning referred to Government Survey Triangulation Station "HEIHEIAHULU" being 6,270.75 feet north and 16,889.17 feet east and running by azimuths measured clockwise from true South:

1. 307° 30' 212.10 feet along Lot 15-B;
2. 37° 30' 235.90 feet along same;
3. 114° 43' 30" 235.14 feet along Grant 4330 to C. L. Wright;
4. 220° 59' 30" 261.10 feet along easterly side of old (abandoned) Pahoa-Kalapania Road;

Thence along a 1066.74 feet radius curve to the left, the chord azimuth and distance being:

5. 220° 15' 30" 27.31 feet along same to the point of beginning and containing an area of 1.32 acres, more or less.

Being the land conveyed to The Royal Bloodline of David, a Washington nonprofit corporation, by Warranty Deed dated 2004-01441, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 2004-01441

SUBJECT, HOWEVER, TO:

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. AS TO ITEM I:-

As to the road remnant within the land herein described:

- a. Reservation in favor of the State of Hawaii of all minerals and metallic mines of every description, including all geothermal rights.
- b. Reservation of the rights of native tenants.
- c. The State of Hawaii's and the public's right of access through government roads, namely the "Pahoa-Kalapania Road", a government road under the jurisdiction of the County of Hawaii, shall be protected and not restricted.
- d. Reservation in favor of the State of Hawaii of all right, title, interest or claim to water having its source upon or flowing over or under the subject property.
- e. Reservation in favor of the State of Hawaii of all easements or rights in the nature of easements for the free flowage of surface water through and across any stream and/or established water course upon the subject property.

3. AS TO ITEM II:-

The property does not appear to have access of record to any public street, road or highway.

END OF EXHIBIT X