

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

May 10, 2013

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

Ref: GL 4007

OAHU

Affirm Prior Board Action of February 11, 2011, Item D-14 Regarding Forfeiture of General Lease No. S-4007; Rescind Prior Action of October 28, 2011, Item D-29, God's Love Mission, Inc., Lessee, Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-027:023 and 024.

BACKGROUND:

On February 11, 2011, (item D-14), the Board approved as amended the staff's recommendation of the forfeiture of the subject lease due to defaults in posting performance bond and keeping rent current. The Board allowed the Lessee to cure the defaults within 90 days of the Board action. Otherwise, staff would proceed with termination of the lease. Following the Board approval, staff was planning to repossess the property around mid July 2011.

Subsequently, the Lessee, managed by Mr. Julius Ah Sam, retained an attorney and requested the Board re-consider its prior action authorizing the forfeiture. Such request was deferred by the Board on September 9, 2011, (item D-8) to allow further discussion between the Lessee and the Department.

Finally, on October 28, 2011 (D-29), the Board approved the rescission of the forfeiture action authorized in February 2011, subject to the execution of a real property lien for \$55,200 which would be replaced by performance bond or cash equivalent within 12 months. Further, Mr. Ah Sam would clear or have a payment plan as agreed by the County or regarding the real property tax on the subject State parcels. A copy of the October 28, 2011 submittal is attached as **Exhibit 1**.

Subsequent to the October 28, 2011 Board meeting, the Department of the Attorney General ("AG") and Mr. Ah Sam's attorney worked on the real property lien described above. AG noted that the properties offered for lien purposes were actually owned by another entity managed by Mr. Ah Sam. Requests were made to Mr. Ah Sam for a proper corporate resolution for the transfer of the properties to the Lessee before the real property lien could be executed.

Around August 2012, local news media reported that Mr. Ah Sam had been arrested on criminal charges. At the time of writing this submittal, staff understands Mr. Ah Sam is in detention.

Around the end of March 2013, Mr. Ah Sam's attorney indicated that Mr. Ah Sam was planning to transfer the subject lease. Staff was agreeable to recommend the consent to assign provided all the defaults would be cleared by the incoming assignee. A few days later, the attorney advised the staff that he was no longer representing Mr. Ah Sam, and the prospective sale was cancelled.

Staff has reviewed the latest situation and believes reactivating the forfeiture action is proper. Since the Board agreed to rescind the forfeiture in October 2011, the Land Division Administrator and AG worked patiently and professionally with Mr. Ah Sam's counsel to achieve a resolution with the Lessee. In the meantime, a couple of individuals on the property identified themselves as tenants of Mr. Ah Sam and inquired about their legal status. Staff advised them there was no record of any consent to sublease given by the Board. In short, the subleasing was unauthorized. The Lessee presently owes \$39,850 in rent and late fees and the next quarterly rent of \$6,900 will become due on April 28, 2013. Further, the last liability insurance policy expired in June 2012. Staff notes that the additional 90-day granted by the Board at its February 11, 2011 meeting has expired, and staff does not support any additional period to be granted by the Board.

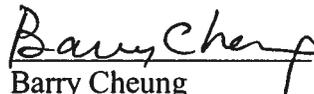
Due to the situation mentioned above and the fact that the Lessee has not fulfilled the conditions required by the Board in its October 28, 2011 action by posting the real property lien and clearing the real property tax lien on the subject property, staff recommends the Board rescind its action of October 28, 2011 (item D-29), which will reinstate the approval of forfeiture authorized in February 11, 2011 (item D-14).

Upon approval of today's request, staff will repossess the subject parcels, which will be followed by clean-up activities with the aim of utilizing the parcels as soon as possible.

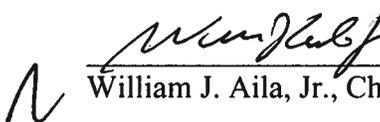
RECOMMENDATION: That the Board:

- A. Rescind its prior action of October 28, 2011, item D-29; and
- B. Affirm its prior action of February 11, 2011, item D-14, as amended, pertaining to the forfeiture of General Lease No. 4007, subject to same terms and conditions as described in the approved submittal.

Respectfully Submitted,

  
Barry Cheung  
District Land Agent

APPROVED FOR SUBMITTAL:

  
William J. Aila, Jr., Chairperson

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

October 28, 2011

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

Ref: GL 4007

OAHU

Re-Submittal - Request to Reconsider Forfeiture/Termination of General Lease No. S-4007; God's Love Mission, Inc., Lessee, Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-027:023 and 024.

Deferral from Prior Board Meeting

The item was deferred from September 9, 2011 Board meeting for thirty (30) days (**Exhibit 1**). The deferral allowed the Lessee, Land Division, and the Department of the Attorney General to discuss if the Board can rescind the prior termination of the subject lease, and to reinstate the lease. At the same meeting, the Board also authorized staff to accept and deposit a \$12,650 check provided by the Lessee. At the time of writing this Board submittal, the Lessee is current on rent.

Lessee and his attorney, Land Division, and the Department of the Attorney General (AG) had a meeting on October 3, 2011 to discuss the issue. No agreement was reached as to whether the Land Board has the authority to reconsider a prior discretionary decision to terminate a lease. At the time of writing this submittal, Land Division did not receive any written opinion from the AG. In view of the 30-day period as stipulated by the Board, staff returns to the Board for disposition.

Prior to the October 3, 2011 meeting, staff also received email from the Lessee providing particulars of three apartment units on the North Shore. The properties are further identified as tax map key (1) 5-3-008:001-0102, (1) 5-3-008:002-0001, and (1) 5-3-008-002:0072. According to the Lessee, these properties have sufficient equity to cover the amount required for the performance bond purpose. Upon further review of the situation, staff recommends the Board authorize execution of a real property lien in the amount of \$55,200 encumbering on the apartment(s), the document of which as agreed upon by the Chairperson. Lessee has committed that he would be able to replace the real property lien in about 12 months with a performance bond or cash equivalent.

APPROVED BY THE BOARD OF  
LAND AND NATURAL RESOURCES *DR*  
AT ITS MEETING HELD ON  
October 28, 2011

**EXHIBIT " 1 "**

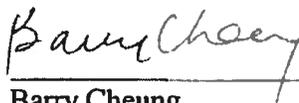
RECOMMENDATION: That the Board approve either of the following recommendation:

- A. Rescind the prior Board action of February 11, 2011, item D-14 pertaining to the forfeiture/termination of General Lease No. 4007 based on the terms and conditions noted above specifically:
- i. Execution of a real property lien for \$55,200 on the apartments, the document of which as agreed upon by the Chairperson; and the Lessee has committed that he would be able to replace the real property lien in about 12 months with a performance bond or cash equivalent.
  - ii. Real property tax lien clearance or indication from the County that the Lessee has an agreed upon payment plan.

OR

- B. Deny the request by the Lessee to reconsider the forfeiture/termination of General Lease No. 4007.

Respectfully Submitted,



Barry Cheung  
District Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

Land Board Meeting: October 28, 2011; D-29:  
The Board adopted Recommendation A.

DEFERRED

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

September 9, 2011

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

Ref: GL 4007

OAHU

Request to Reconsider Forfeiture/Termination of General Lease No. S-4007;  
God's Love Mission, Inc., Lessee, Waimanalo, Koolauapoko, Oahu, Tax Map Key:  
(1) 4-1-027:023 and 024.

BACKGROUND:

On February 11, 2011, under agenda item D-14, the Board amended the staff's recommendation by deferring the effective date of the termination of the subject lease for 90 days to allow the Lessee cure all defaults. Accordingly, the Board decided to allow staff to proceed to terminate the lease if any default was not cured upon the expiration of the 90-day period. The 90-day period expired on May 12, 2011. May 12, 2011 came and went and the Lease was terminated administratively based on the Board's decision that due to the Lessee's failure to keep the lease rent payment current and meeting the performance bond requirement. A copy of the February 2011 submittal is attached as **Exhibit 1**.

REMARKS:

Since the February 2011 meeting, the Department received two rental payments, on May 9 and 17, 2011 respectively, for a total amount of \$14,000. During the same period, the attorney hired by the Lessee wrote to the Department arguing his client had taken care of the defaults. The Department responded to the Lessee's attorney. See **Exhibit 2a and 2b**.

The Lessee's new lawyer, Kali Watson, Esq., he indicated that his client has "... a loan to pay off the various bills..." and was willing to "...immediately pay whatever delinquency that is outstanding...". In addition, a bond company is willing to process the performance bond for the Lessee. See **Exhibit 3a and 3b**. Meanwhile, the attorney indicated that his client had entered into a tax payment agreement with the City and County of Honolulu, Real Property Tax Collection Division. During a recent site inspection, the Lessee (Mr. Ah Sam) advised the staff that he would fix the dilapidated structures on the premises and he sold the fruits harvested from the subject parcels to the markets. Staff did not notice any non-compliance issues on the

*Deferred*  
~~APPROVED~~ BY THE BOARD OF  
LAND AND NATURAL RESOURCES  
AT ITS MEETING HELD ON *28*  
*September 9, 2011*

D-8

EXHIBIT " 1 "

premises during the inspection. Lessee requests the subject lease be reinstated.

The current outstanding amount is \$12,650, covering the rents and late fees until the date of the Board meeting, and the performance bond required amount is \$55,200.

RECOMMENDATION: That the Board approve either of the following recommendation:

- A. Rescind the prior Board action of February 11, 2011, item D-14 pertaining to the forfeiture/termination of General Lease No. 4007 based on the terms and conditions noted above specifically:
  - i. \$12,650 in rent and fees;
  - ii. \$55,200 performance bond; and
  - iii. Real property tax lien clearance.

All of the above no later than the close of business following any Board approval of this request.

OR

- B. Deny the request by the Lessee to reconsider the forfeiture/termination of General Lease No. 4007.

Respectfully Submitted,

  
 \_\_\_\_\_  
 Barry Cheung  
 District Land Agent

APPROVED FOR SUBMITTAL:

  
 \_\_\_\_\_  
 William J. Aila, Jr., Chairperson

Land Board Meeting: 09/09/2011: D-8: Deferred:

Deferred for thirty (30) days. Lessee, Land Division, and the AG to discuss if the Board can rescind the prior termination of the subject lease, and to reinstate the lease.

AMF 11/11

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

February 11, 2011

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

Oahu

Forfeiture of General Lease No. S-4007, Deny Request Regarding Waiving or Reducing the Performance Bond and Deny Request Regarding Encumbering a Real Estate Security for the Performance Bond for God's Love Mission, Inc., Lessee, Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-027:023 and 024.

**PURPOSE:**

Forfeiture of General Lease No. S-4007, God's Love Mission, Inc., Lessee.

**LEGAL REFERENCE:**

Section 171-39, Hawaii Revised Statutes, as amended.

**LOCATION:**

Portion of Government lands situated at Waimanalo, Koolaupoko, Oahu, identified by Tax Map Key:(1) 4-1-027:023 and 024, as shown on the attached map labeled Exhibit A.

**AREA:**

34.538 acres, more or less.

**TRUST LAND STATUS:**

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES  NO

**CHARACTER OF USE:**

General agriculture purposes.

**TERM OF LEASE:**

55 years, commencing on September 12, 1966 and expiring on September 11, 2021

*As Amended*  
APPROVED BY THE BOARD OF LAND AND NATURAL RESOURCES AT ITS MEETING HELD ON February 11, 2011

D-14

**EXHIBIT " 1 "**

ANNUAL RENTAL:

\$27,600 (due quarterly for \$6,900).

REMARKS:

Pursuant to the authority granted the Chairperson by the Board of Land and Natural Resources at its meeting of January 13, 1980 and the breach provision contained in General Lease S-4007, God's Love Mission, Inc., Lessee, was served a Notice of Default (NOD) by certified mail dated October 4, 2010 and November 9, 2010 respectively for: \_

- X Failure to provide current performance bond policy  
(Certificate of Deposit expired on August 6, 2010)
  
- X Failure to keep lease rental payments current  
(\$20,375 covering the period April 28, 2010 to January 27, 2011 including late fees)

Said NOD for the performance bond was accepted by the Lessee on October 13, 2010, offered the Lessee a sixty (60) day cure period to correct the default. A separate NOD for delinquent rent was accepted by the Lessee on November 12, 2010, offered the Lessee a thirty (30) day cure period to correct the default. Both NOD expired on December 12, 2010. At the time of writing this submittal, both of these breaches have not been cured, and the current status of all lease compliance items are as follows:

RENT:

Since the Lessee received the NOD, he paid a total of \$15,000 towards the defaulted amount. Therefore at the time of writing this submittal, there is an outstanding balance of \$5,375 under the said NOD.

For the Board's information, the following quarterly payment (due on January 28, 2011) and associated late fees (\$100) have been charged to the subject account, which raises the total outstanding amount to \$12,375.

INSURANCE:

The Lessee has posted the required liability insurance policy.

PERFORMANCE BOND:

Pursuant to the requirement for posting a performance bond, the Lessee has set up a certificate of deposit account with American Savings Bank in its name and the State of Hawaii around August 2008 and the maturity date was on August 6, 2010. After the issuance of the NOD for bond, staff checked with the bank, and was told that the above certificate of deposit was no longer an active account and the account only requires the Lessee's signature to manage the account.

The Lessee acknowledged that he had closed this account with the bank:

**CONSERVATION PLAN:**

The Lessee has not submitted a conservation plan. Upon checking with NRCS, the Lessee has not made any effort to contact NRCS regarding a conservation plan.

In the past, the Lessee has been served notice of defaults for the following:

NOD issued on	Nature of Default	Outcome
February 20, 2007	Rent	Cured
December 4, 2007	Rent	Cured
April 25, 2008	Rent and Performance Bond	Cured*
October 22, 2008	Violation of Lease Conditions	Cured
November 21, 2008	Rent	Cured
September 30, 2009	Rent	Cured*
February 26, 2010	Performance Bond	Cured
March 29, 2010	Violation of Lease Conditions	Cured

\*The NODs resulted in two Board agenda item scheduled for the meetings held on August 8, 2008 and February 11, 2010. However, the Lessee rectified the default on the morning of the Board dates and the items were withdrawn.

**Lessee's request to waive or reduce the bond**

Lessee submitted a letter attached as Exhibit B, in which the Lessee requests the Board waive or reduce the bond amount. Condition 29 of the second extension of the subject lease stipulates, "Upon substantial compliance by the Lessee of the terms, covenants, and conditions contained in this lease on its part to be observed or performed, the Lessor at its discretion may in writing, waive or suspend the performance bond and/or improvement bond requirements or may, in writing, modify the particular bond(s) or liability insurance requirements by reducing its amount; provided, however, that the Lessor reserves the right to reactivate the bonds or reimpose the bond(s) and/or liability insurance in and to their original tenor and form at any time throughout the terms to his lease."

As mentioned above, multiple NODs had been issued in the past and most of them related to rent or performance bond. As of today, the Lessee still owes the State rent, which is another ground that the staff is asking for forfeiture of the lease under today request. In short, staff cannot agree that the Lessee is in "substantial compliance" of the terms and conditions of the lease and staff does not recommend the Board waive or reduce the performance bond.

In addition, the Lessee requests the Board allow the bond in the form of "real estate security" as mentioned on Exhibit B. Staff understands from the Lessee that it intends to

use an apartment unit in Punaluu as a form of security to meet the requirement of performance bond. Staff does not believe taking the apartment as a security for the performance bond is in the best interest of the State. In the event that Lessee default the lease, the State has to recoup the loss, including rental or clean-up cost, from the sale of the apartment. Upon such sale, the State's interest may be subordinate to other charges, e.g. mortgage, real property taxes, association dues. Therefore, the State's interest is not as secure as getting a surety bond from a bonding company or a certificate of deposit account from a bank. Staff recommends the Board deny the Lessee's request of encumbering an apartment for the purpose of performance bond.

#### Lessee's other issues

##### Building a home for the Lessee

The lease allows one single-family dwelling for lessee's use and one employee dwelling if the need is clearly demonstrated, to be permitted by the Chairperson. The Lessee should work with the staff by providing relevant material, e.g. employee payroll to justify the need before any recommendation to the Chairperson can be made.

##### Reduction in rent

The current rent became effective from April 2009 after the normal rental reopening process. The Lessee could ask for arbitration of the new rent if he did not agree with the rental amount. However, the time frame for entering arbitration process expired, and the lease does not allow any re-visit of the rental amount after the conclusion of the reopening process.

##### Harassing by DLNR staff and "illegal, heavy handed inspection"

Staff would conduct inspection to ensure the Lessee's compliance with the terms and conditions of the lease. Condition 8 of the second extension of the lease stipulates "the Lessee shall permit the Lessor and its agents at all reasonable times, to enter the premises and examine the state of its repair and conditions." Staff had inspected the subject property during daytime after we received complaint regarding alleged subletting. Staff was accompanied by the sublessee on that occasion. Further, staff visited the property after we received complaint regarding illegal dumping on our property. Together with the staff from the Department of Health (DOH) at the site, we noted there were construction debris dumped on the property. DOH finally was satisfied with the mitigation work done by the Lessee.

Staff cannot agree with Mr. AhSam statement about being harassed or unnecessary demands by DLNR staff. Staff has the duty to ensure the substantial compliance of the terms and conditions of the lease by the Lessee.

Staff understands the above issues are not really associated with the action requested today. However, staff believes clarification on the allegation by the Lessee is necessary.

Staff is recommending the forfeiture of General Lease No. S-4007 to God's Love Mission, Inc. for failure to keep the lease rental payment current and for failure to meet the performance bond requirement under the lease.

**RECOMMENDATION:** That the Board:

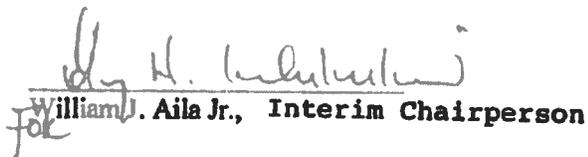
1. Deny the request by the Lessee regarding waiving or reducing the performance bond;
2. Deny the request by the Lessee regarding encumbering a real estate security for the purpose of performance bond;
3. Authorize the cancellation of General Lease No. S-4007 in the manner specified by law;
4. Authorize the retention of all sums heretofore paid or pledged under General Lease No. S-4007 to be applied to any past due amounts;
5. Terminate the lease and all rights of Lessee and all obligations of the Lessor effective as of February 11, 2011, provided that any and all obligations of the Lessee which have accrued up to said effective date or which are stated in the lease to survive termination shall endure past such termination date until duly fulfilled, and further provided that Lessor reserves all other rights and claims allowed by law; and
6. Authorize the Department of the Attorney General, the Department of Land and Natural Resources, or their agents to collect all monies due the State of Hawaii under General Lease No. S-4007 and to pursue all other rights and remedies as appropriate.

Respectfully Submitted,



Steve Lau  
Land Agent

APPROVED FOR SUBMITTAL:

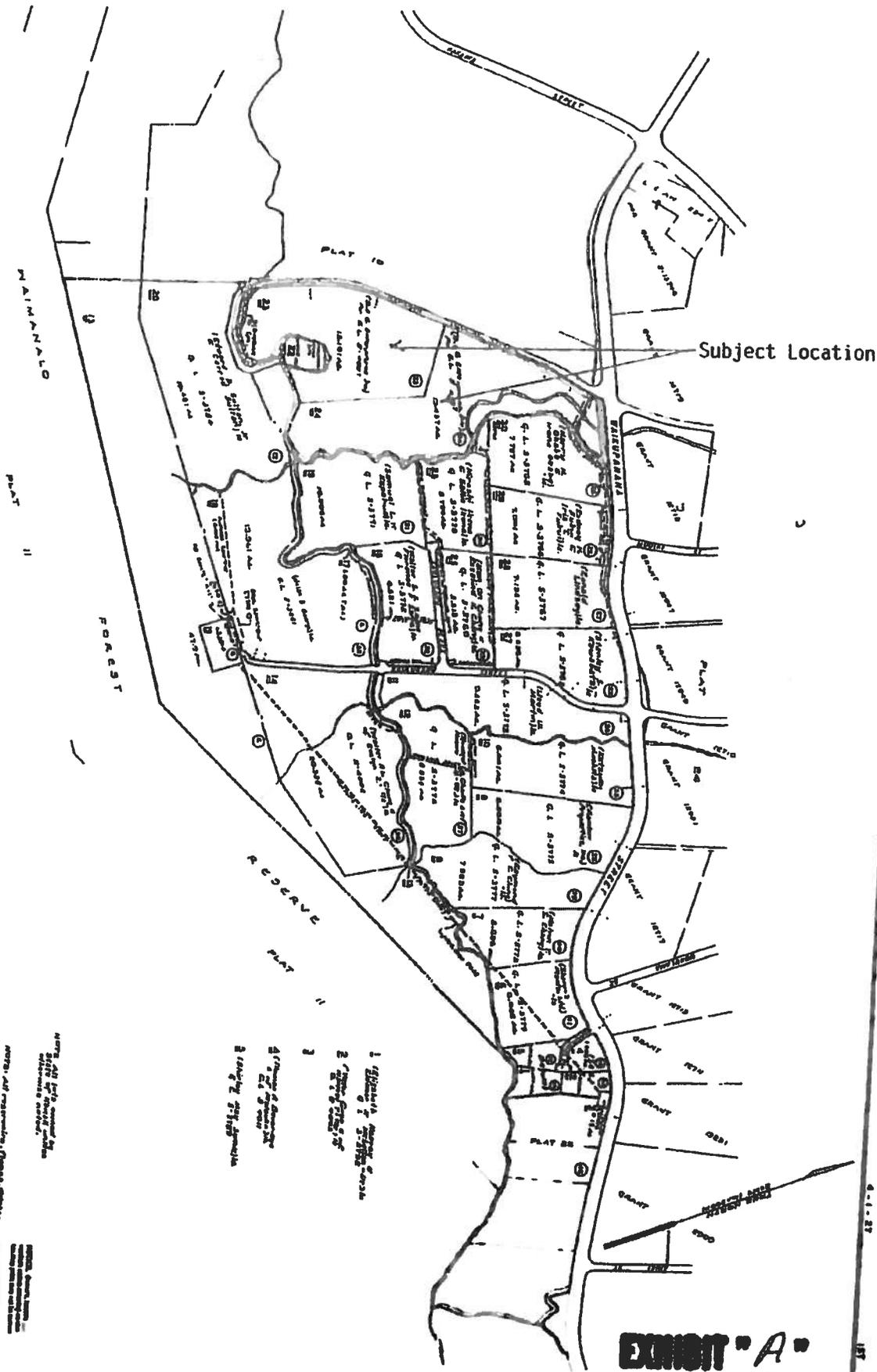


William J. Aila Jr., Interim Chairperson

Land Board Meeting: 2/11/2011; D-14

Approved As Amended: Board deferred effective termination of the lease for ninety (90) days to allow to cure all of the defaults; if it not cured, staff may proceed with termination of the lease without having to come back to the Board.

PALMFIELD AGRICULTURAL SUBD., PALMFIELD, POLK COUNTY, FLORIDA (Pursuant to 4-1-08)



Subject Location

3

9-1-08

1ST DIV

**EXHIBIT "A"**

1. 100% of the area of the subject location
2. 100% of the area of the subject location
3. 100% of the area of the subject location
4. 100% of the area of the subject location

NOTE: All lots are subject to the same restrictions and conditions as set forth in the subdivision plat. The owner of any lot in this subdivision shall be deemed to have accepted the restrictions and conditions set forth in the subdivision plat. The owner of any lot in this subdivision shall be deemed to have accepted the restrictions and conditions set forth in the subdivision plat.

4	27
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January 11, 2011

DLNR  
P.O. Box 621  
Honolulu, HI 96809

SUBMISSIONS FOR DLNR BOARD MEETING  
February 2011

The Chaiperson,

The following are our requests for your favorable consideration:

1. Permission to build a home for myself on the property.
  2. Bond to be waived, due to hard economic times
  3. Bond to be reduced to 6 months rent if Submission 1 is rejected.
  4. Bond to be in the form of Real Estate Security if submission 1 is rejected
  5. A reduction in rent to under \$10,000 for the following reasons.
    - a. Only about 16 acres (about half of the 34.5 acres is usable)  
Real Estate rents and values are based on usable land.
    - b. Neighboring properties are paying a lot less than us.  
Eg . 16 acres right across from us is only paying about \$8,000 a year  
We are paying over 3 times that.  
This is excessive and unfair. It has placed us in a heavy financial burden  
and hardship.
  6. Stop harassment by DLNR employees or agents and unnecessary demands.  
We just want to be left alone to enjoy the property.
  7. Stop the illegal , heavy handed inspections. Like the one on February 10,2011  
To be given proper notices for inspections (48 hours notice as required by law)  
To respect our rights. as tenants.
- We hope that the DLNR board would accept our requests.

Blessings



Julius AhSam  
President

EXHIBIT "B"

DEELEY KING PANG & VAN ETTEN

A LIMITED LIABILITY LAW PARTNERSHIP  
810 RICHARDS STREET, STE. 700  
HONOLULU, HAWAII 96813 4732  
TELEPHONE (808) 533-1751  
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CALIFORNIA AND HAWAII

2011 JUN 27 11:01  
PAUL HERRAN, Esq.  
ph@dkplaw.com

U.S. DEPT. OF THE INTERIOR  
LAND & NATURAL RESOURCES

June 27, 2011

Department of Land and Natural Resources  
Land Division  
P.O. Box 621  
Honolulu, HI 96809  
Attn: Russell Y. Tsuji  
Administrator

VIA U.S. REGULAR MAIL  
and E-MAIL

barry.w.cheung@hawaii.gov  
stephen.t.lau@hawaii.gov  
r.tsuji@hawaii.gov

Re: General Lease No. S-4007

Dear Mr. Tsuji:

We are responding to your letter to our office, dated June 15, 2011. We disagree with your position as to the Notices of Default sent to our client, dated October 4, 2010, regarding the performance bond, and November 9, 2010, regarding lease rent. Our client cured the defects by paying all lease rent amounts within 30-day deadline as prescribed by law and by the November 9, 2010 letter, and by offering to satisfy the performance bond requirement with his unencumbered North Shore property as security, within 60 days as prescribed by law and by the October 4, 2010 letter.

With regard to lease rent payments, our client was sent an invoice by the Department of Land and Natural Resources (DLNR), dated November 7, 2010, for an amount of \$20,425.00. This amount, however, prematurely included \$6,900.00 for rent that was going to be due, according to the lease, on January 28, 2011 (see Lease, paragraph 2, stating that rent is to be paid in installments "on April 28th, July 28th, October 28th, and January 28th"). There also appears to be a \$50 late fee prematurely assessed on November 1, 2010, for the nonpayment of rent that was going to be due on January 28, 2010. Subtracting the prematurely assessed lease rent and late fee amounts, the invoice should properly have been for \$13,475.00. On December 1, 2010, our client paid \$15,000.00, which not only made his account current before the 30 day deadline of December 9, 2010, but gave him a credit of \$1,525.00 in his account. On February 2, 2011, to pay the rent that became due on January 28, our client paid DLNR \$5,600.00, and applying the previous credit of \$1,525.00, not only made our client current with the rent, but gave him a credit, of \$225.00 in his account.

EXHIBIT "2a"

Department of Land and Natural Resources  
Land Division  
Attn: Russell Y. Tsuji, Administrator  
June 27, 2011  
Page 2

Our client was subsequently sent an invoice by DLNR dated April 17, 2011, for an amount of \$13,875.00. Again, this amount prematurely included \$6,900.00 for rent that was going to be due, according to the lease, on July 28, 2011. Also, there are \$100 in late fees improperly assessed against him for the months of March and April. Subtracting this rent amount and the late fees, the invoice should properly have been for \$6,875.00. On May 9, 2011, our client paid \$7,000.00, which, together with the previous \$225.00 credit, not only made his account current, but also created a \$350.00 credit in his account. Thus, our client cured all defects with respect to unpaid rents and remained current since December 1, 2010 through to July 28, 2011.

With regard to the performance bond, our client was prepared to cure the defect referred to in the October 4 letter by offering to satisfy the performance bond requirement with his unencumbered North Shore property as security, within 60 days as prescribed by law and by the letter. Such communications regarding our client's offer to cure is detailed in the minutes of the DLNR Board's meeting on February 11, 2011. Our client's offer was made long before the October 4 letter and has remained open up to the present time. The offer is consistent with the lease provisions (see Lease paragraphs 28 and 29). Further, because our client has been in substantial compliance since December 1, 2010, the provisions regarding waiver and modification as to the bond are applicable to our client.

Therefore, with our client having cured by December 1, 2010 with regard to the rent, and being in a position to cure with regard to the performance bond, DLNR's letter dated February 2, 2011, was invalid and improper as to the alleged forfeiture of the lease.

Paragraph 27 of the Lease and Hawaii Revised Statutes § 171-21 allow for curing or remedying any breach or default by the payment of money, or by performing or undertaking in writing to perform the requirements under the lease within the time period provided by law or within such additional period as the Board may allow for good cause. Our client has been faced with numerous expenses relating to compliance ordered by the State. All within a relatively short period of time, our client experienced rent increases, orders by the State to demolish various structures on the property, and land cleanup orders from the State Department of Health, totaling approximately \$130,000 in additional expenses, which our client was not responsible for due to the fact that the matters of concern were pre-existing before our client became the lessee. We believe these factors serve as a basis for good cause in the Board's consideration in determining compliance. Despite these sudden expenses and obligations, with which our client has complied even in this extremely difficult, down economy, our client has nevertheless been in a position to cure the performance bond issue. He has also managed to become current with lease rent payments and has remained current since December 1, 2010 through to July 28, 2011. Therefore, to the extent that the dates

Department of Land and Natural Resources  
Land Division  
Attn: Russell Y. Tsuji, Administrator  
June 27, 2011  
Page 3

certain lease rent payments were made remain a concern, our client not only understands the gravity of the present situation and represents that going forward rent will be paid at the time and in the manner required under the lease. As for the performance bond, our client hereby renews the offer of a security interest in our client's unencumbered North Shore property.

Thank you for your consideration of these very important points. Please let us know if you have any further questions about the points addressed in this letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul H.", with a horizontal flourish extending to the right.

F. Steven Pang  
Paul Herrán

cc: client  
Bureau of Conveyances

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



GL-4007  
WILLIAM J. AILA, JR.  
CHAIRMAN  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCES MANAGEMENT



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
LAND DIVISION

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

July 8, 2011

Ref: GL 4007  
By U.S. first class mail and email

Mr. Paul Herran, Esq.  
Deeley King Pang & Van Etten  
810 Richards Street, Suite 700  
Honolulu, Hawaii 96813-4712

Dear Mr. Herran:

Subject: Forfeiture of General Lease No. 4007, God's Love Mission, Inc., Lessee;  
Waimanalo, Koolaupoko, Oahu; TMK (1) 4-4-027:023 and 024

Thank you for your letter dated June 27, 2011 regarding the subject matter.

Since the Notice of Default (NOD) dated November 9, 2010 was issued to your client for an outstanding rent of \$20,425, the Board, at its meeting on February 11, 2011, authorized an additional 90-day period for your client to cure all the defaults. The 90-day deadline expired on May 12, 2011. We have received payments of \$15,000 paid on December 1, 2010 and \$7,100 on May 9, 2011, which have cured the above mentioned NOD.

We cannot agree with your position that your client's offering to satisfy the performance bond requirement with his property as security will cure the default. At the Board meeting of February 11, 2011, the Board rejected your client's offer of a lien on a real property in lieu of posting a bond. The Board did allow your client the same additional 90-day period to cure all the defaults, but your client did not meet the deadline imposed by the Board by providing us with the required performance bond.

As mentioned in our previous letter, we will commence action to recover the physical possession of the subject property shortly. We encourage your client to cooperate with us regarding the surrender of the property. If you have any further question, please contact me at 587-0422.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Y. Tsuji".

Russell Y. Tsuji  
Administrator

EXHIBIT "2b"



Kali Watson

07/29/2011 05:24 PM

To "Russell Y. Tsuji" <Russell.Y.Tsuji@hawaii.gov>

cc godslovetv@aol.com

bcc

Subject Fwd: Security Bond

History: This message has been forwarded.

Russell,

Per our conversation, attached is the email verification of the lending company that my client has obtained approval for a \$100,000 loan. His intention is to use the proceeds to pay the \$12,600 due for any outstanding rent, which also includes this quarter's \$6,900 rent that is due. Additionally, he will use \$55,200 for the two year rental security deposit required under the lease. This funds will be available shortly as my client will be paying a premium to the lending company to obtain a waiver of the appraisal requirement and expedite the loan. Please advise of the timing of the payment. It's my understanding that you would prefer to wait for the DLNR Board to take action before accepting any payment, which is understandable.

In my discussion with my client, he corrected my understanding of the real property tax lien. There is about \$20,000 or \$21,000 due. He's already made two payments of \$2,000 under a payment plan arranged with the City's Real Property Tax Collection Division. While he does have a payment plan in place, he's intent is to use the loan proceeds to payoff the entire \$16,000 to \$17,000 remaining balance on the tax lien. We will send confirmation documentation, or you are free to confirm with them per the prior contact info sent to you.

He has also made arrangement for a site inspection on either Monday or Wednesday of the week of August 8, whichever day Barry Chung prefers. Please call Julius at to verify or confirm the date and time. If you should have any questions or wish to discuss the matter further, please feel free to contact me. With warm regards,

Kali Watson, Esquire

Honolulu, Hawaii 96813

----- Forwarded message -----

From: <[godslovetv@aol.com](mailto:godslovetv@aol.com)>

Date: Fri, Jul 29, 2011 at 8:45 AM

Subject: Security Bond

To:

Aloha Kali

Update on the bond.  
I have verbal approval for a loan of \$100,000 from:

IFC (Investors Funding Corporation)  
Executive Center

**EXHIBIT "3a"**

Honolulu,HI

They will be sending me details in writing and I will pass it to you when received.

Blessing

Julius

Russell Y  
Tsuji/DLNR/StateHIUS  
08/19/2011 06:53 PM

To "Barry Cheung" <Barry.W.Cheung@hawaii.gov>  
cc  
bcc  
Subject Fw: bond form

History  This message has been replied to

When can you get the Submittal ready?

**From:** "Kali Watson"  
**Sent:** 08/19/2011 05:22 PM HST  
**To:** Russell Tsuji  
**Cc:** "Godslove" <godslovetv@aol.com>  
**Subject:** FW: bond form

Russell,

*Just an update. Jimus has the loan to pay off the various bills. Is just waiting for the release of funds. What Board Meeting were you thinking of doing the action item. Seems a little tight for this month. How about the 1st board mtg in Sept. Your call.*

*Ad litronally, per the attached email, he does have a bonding company that is willing to do the rental payment bond. The company needs a sample or form that DLNR is ok with. Can you send one to me, or provide some guidance on what is acceptable? Let me know. Best regards*

**From:** godslovetv@aol.com [mailto:godslovetv@aol.com]  
**Sent:** Friday, August 19, 2011 5:15 PM  
**To:**  
**Subject:** Fwd: bond form

Aloha Kali

This is the email from John Williams of JW Surety Bonds. He informed me that they could do the bond and are ready to do so. I applied to them about 2 weeks ago and have supplied them with all the information they needed. Now they are ready to issue the bond and need a bond form from DLNR to do

so. Could you please find out from DLNR and forward this form to them. They could have the bond ready in a few days.

Blessing  
Julius

-----Original Message-----

**From:** John Williams >  
**To:** godslovetv <godslovetv@aol.com>  
**Sent:** Fri, Aug 19, 2011 12:47 pm  
**Subject:** bond form

Julius,

I am in need of the blank bond form that is given to you from whomever is requiring you to have this bond. if you have any questions please feel free to call me. Thanks

EXHIBIT 

Sincerely,

John

.....

**John Williams**  
Agent Assistant  
Commercial Bond Department

Pipersville, PA 18947

Toll free: +  
Local: +  
Fax: +

Russell Y  
Tsuji/DLNR/StateHiUS  
09/13/2011 04:58 PM

To Barry W Cheung/DLNR/StateHiUS@StateHiUS, Donna H  
Kalama/AG/StateHiUS@StateHiUS, Linda L  
Chow/AG/StateHiUS@StateHiUS  
cc Gavin G Chun/DLNR/StateHiUS@StateHiUS, Barbara J  
Lee/DLNR/StateHiUS@StateHiUS  
bcc  
Subject Fw: Condo Northshore

If we take a lien akin to a mortgage and record the same, I don't think EPA or DOH can come after us for any environmental issues, as long as we don't acquire such as through a foreclosure of the mortgage. Comments? And if we take it temporarily via agreement until he sells and gets a CD, then it would be even less of a risk. Agree?

----- Forwarded by Russell Y Tsuji/DLNR/StateHiUS on 09/13/2011 03:34 PM -----



"Kali Watson"

>

09/13/2011 02:16 PM

To <Russell.Y.Tsuji@hawaii.gov>  
cc  
Subject FW: Condo Northshore

*Russell,*

*Here's the info on the condo's. Hope we can somehow make this work. Let me know if you need any additional info. Best regards, Kali*

**From:** godslovetv@aol.com [mailto:godslovetv@aol.com]

**Sent:** Tuesday, September 13, 2011 10:27 AM

**To:** "

**Subject:** Condo Northshore

Aloha Kali

I am happy to know that Russel is really working with us for a solution, and of course this only came from your amazing work.

The condo information is as follow:

It is in a building called Hanohano Hale, it is right on the ocean. They are currently spending millions of dollars renovating the building, and removing any asbestos they find.

The address is

Hauula, HI 96717. It is a condo with excellent ocean and mountain views. It has concrete floors and walls and was painted with new floor ceramic tiles about 2 years ago. This is leasehold and the fee is available for about \$42,000. The condo is worth about \$150,000, could be more or could be less depending on the market.

It is rented for \$800 (could get \$1,100 or more in good time). The maintenance fees are about \$381/month. I have had it for about 14 years.

When first offered last year to DLNR in lieu of the Bond, it had no encumbrances. Recently there is money owing to the association for the assessments for the current extensive repairs going on right now. As I was putting all my money towards the Farm in Waimanalo to pay for the rents and all the other requirements by DLNR, . But I could pay these off and offer a clear title as it is not a lot.

TMK: RP 1-5-3-008-001-0102-003

Alternatively,

DLNR could put a 2nd mortgage on one of the two properties I am selling right now, and when sold, the proceeds could be put into a CD to replace the mortgages.

These two condos are at \_\_\_\_\_ at \_\_\_\_\_ These are also oceanfront condos with beautiful Ocean and Mountain Views. The condos are currently rented for \$950 ( ) and \$1000 ( ). I have an equity of about \$300,000 on these. The building had been completely renovated, like new a few years ago. The maintenance fees are \$461 month. These are fee simple.

TMK: RP 1-5-3-008-002-0001 ( )  
TMK: RP 1-5-3-008-002-0072 ( )

Kali, a mortgage will be great so I do not have to fire sale my properties or raise expensive mortgages and can be done very quickly within the 30 days. If you Google the above addresses, you could see the beautiful buildings and locations. If there are any questions please contact me. Looking forward to a Bond solution soon, it had been an exhaustive, stressful long drawn affair. It is keeping from concentrating and putting my time into productive farming.

Thank you very much once again Kali for the excellent job you had done for us. Russel is a very nice guy too.  
God Bless  
Julius

God Bless

Julius:  ..JPG  Beach.JPG  /iew 1.JPG  : mountainview.JPG  3.JPG  
 ..JPG  JPG



Home [Property Search](#)  
[Address](#) [Parcel ID](#) [Advanced](#)

- ▶ Parcel Data
- Permits
- Land Details
- Assessed Values
- Sales History
- Residential
- Commercial
- Other Improvements
- Sketch
- Tax Bill
- Tax Details 2011
- Tax Details 2010
- Tax Details 2009
- Tax Details 2008
- Tax Details 2007
- Tax Details 2006
- Tax Details 2005
- Tax Details 2004
- Tax Details 2003
- Tax Details 2002
- Tax Details 2001
- Parcel Map

**530080010102**  
**ALOFA CORP**

**Parcel Data**

TMK **530080010102**  
 Site Address  
 Apartment No.  
 Property Class **Residential**  
 Total Parcel Area **Acres**  
 Zoning **U/12/12**

**Ownership**

**AOAO OF HANOHANO HALE**  
 Owner  
**ALOFA CORP**

Owner Type  
**Fee Owner**  
**Lessee**  
**Lessee**  
**Lessee**

CURRENT RECORD  
 2 of 4  
[Return to Search Results](#)

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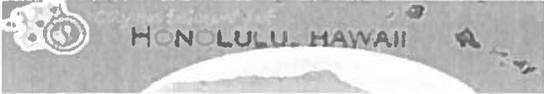
**Data Last Updated : 02 Oct 2011**

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Home Property Search

Address Parcel ID Advanced

- ▶ Parcel Data
- Permits
- Land Details
- Assessed Values
- Sales History
- Residential
- Commercial
- Other Improvements
- Sketch
- Tax Bill
- Tax Details 2011
- Tax Details 2010
- Tax Details 2009
- Tax Details 2008
- Tax Details 2007
- Tax Details 2006
- Tax Details 2005
- Tax Details 2004
- Tax Details 2003
- Tax Details 2002
- Tax Details 2001
- Parcel Map

530080020072

**Parcel Data**

TMK 530080020072  
 Site Address  
 Apartment No. MAIN/508  
 Property Class Residential  
 Total Parcel Area Acres  
 Zoning U/12/12

**Ownership**

Owner	Owner Type
	<b>Fee Owner</b>

CURRENT RECORD

1 of 1

[Return to Search Results](#)

Printable Summary

Printable Version

Data Last Updated : 02 Oct 2011

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