

ARTICLE I. DEFINITIONS

HAWAIIAN PARADISE PARK OWNERS ASSOCIATION

and

**UNION BANK OF CALIFORNIA, N.A.,
as Trustee**

TRUST INDENTURE

**\$12,085,000
Hawaiian Paradise Park Owners Association
Homeowners Assessment Revenue Bonds, Series 2007**

Dated as of June 1, 2007

**ARTICLE I
DEFINITIONS**

Section 1.01. Definitions.

(a) Unless the context clearly requires otherwise, the following terms shall have the meanings set forth in the foregoing Introductory Paragraph, Recitals and Granting Clauses:

Indenture	Subdivision Roadways
Issuer	Trust Estate
Series 2007 Bonds	Trustee
State	2007 Project
Subdivision	

(b) In addition, unless the context clearly otherwise requires, the following terms shall have the meanings set forth below:

“Accredited Investor” shall have the meaning set forth in Rule 501 of Regulation D of the Securities Act of 1933.

“Additional Bonds” means any additional Homeowners Assessment Revenue Bonds, other than the Series 2007 Bonds, issued pursuant to Article III hereof.

“Authorized Officer” means, with respect to the Issuer, the President, Vice President, Treasurer or Secretary of the Issuer, and each other Person at any time designated to act on behalf of the Issuer by written certificate furnished to the Trustee containing the specimen signature of such Person and duly signed by an Authorized Officer of the Issuer.

“Average Annual Debt Service Requirements” shall mean the amount, calculated as of the date of issuance of each series of Bonds, representing (a) the total Debt Service Requirements payable over the term of all Outstanding Bonds (including the Bonds then being issued), divided by (b) the number of Fiscal Years (rounded to the nearest full Fiscal Year) over such term.

“Bond Counsel” means any firm of nationally recognized bond counsel retained by the Issuer and not unsatisfactory to the Trustee or the Initial Owner.

“Bond Fund” means the Fund by that name created pursuant to Section 5.02 hereof.

“Bonds” means the Series 2007 Bonds and any Additional Bonds hereafter issued under this Indenture.

“Business Day” means a day other than a Saturday, a Sunday, or a legal holiday on which banks located in the State or in any city or cities where the Trustee maintains its Designated Office for performance of its obligations under the Indenture are not open for general banking business.

“Construction Fund” means the Fund by that name created pursuant to Section 4.02 hereof.

“*Cost*” or “*Costs*” shall mean: (a) when used with respect to a Project all costs which are allocable thereto and properly capitalized under generally accepted accounting principles and all other costs (whether or not properly capitalized) which are incidental thereto and reasonably necessary or desirable in connection therewith (or incidental to and reasonably necessary or desirable in connection with the financing thereof); and (b) when used with respect to the refunding of any Outstanding Bonds, all costs which are allocable to the retirement of the Bonds to be refunded (whether at or prior to maturity) and all costs incidental to and reasonably necessary or desirable in connection with the refunding.

“*Costs of Issuance*” means all fees and costs and expenses incurred in connection with the issuance of Bonds.

“*Cost of Issuance Fund*” means the Fund by that name created pursuant to Section 5.02 of this Indenture.

“*Debt Service Requirements*” shall mean, for any specified period, the sum of all scheduled payments of the principal (whether at maturity or upon scheduled mandatory sinking fund redemption) and interest coming due on all Outstanding Bonds during such period; provided that interest funded from Bond proceeds shall be excluded from calculations of Debt Service Requirements.

“*Depository Account*” means the Hawaiian Paradise Park Homeowners Association Road Maintenance Fund established under the Depository Account Agreement for deposits of Road Maintenance Assessments.

“*Depository Account Agreement*” means the agreement entered into by the Issuer, the Depository Bank and the Trustee in accordance with the provisions of Section 5.01 hereof.

“*Depository Bank*” means First Hawaiian Bank, or any successor thereto, as depository bank under the Depository Account Agreement.

“*Designated Office*” means, with respect to the Trustee, the corporate trust office of the Trustee designated by the Trustee for the performance of its obligations under this Indenture and for delivery of notices and other documents hereunder. Initially, such Designated Office shall be the office specified in Section 13.08 of this Indenture; provided, however, that for purposes of payment, redemption, exchange, transfer, surrender and cancellation of Bonds, such term shall mean the corporate trust office of the Trustee located at 120 S. San Pedro Street, 4th Floor, Los Angeles, California 90012.

“*Event of Default*” shall have the meaning set forth in Section 10.01 of this Indenture.

“*Fiscal Year*” means each period of twelve (12) months ending on June 30 of each year or such other twelve-month period as may be designated by the Issuer as its fiscal year upon written notice to the Trustee.

“*Government Obligations*” means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“*Gross Revenues*” shall mean all receipts, revenues, income and other moneys received by or on behalf of the Issuer, including, without limitation, all Road Maintenance Assessments and other

operating and non-operating revenues of the Issuer, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments or other rights, and the proceeds thereof, and any and all insurance proceeds or condemnation awards (or proceeds of conveyances in lieu of condemnation) received or receivable by the Issuer with respect to any of its assets and properties, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Issuer; provided, however, that there shall be excluded from Gross Revenues any restricted gifts, grants, bequests, donations or contributions and any income from the foregoing only to the extent that such sums may not be pledged or applied to the payment of Debt Service Requirements or of operating expenses generally as a result of restrictions or designations imposed by the donor or maker of the gift, grant, bequest, donation, or contribution in question at the time of the making thereof.

"Independent Project Consultant" means a Person who is licensed as an architect or engineer in the State and is independent of the Issuer.

"Initial Owner" means Dexia Credit Local, acting through its New York Branch.

"Insurance and Condemnation Proceeds Fund" means the Fund by that name created pursuant to Section 5.02 of this Indenture.

"Interest Account" means the Account by that name created within the Bond Fund pursuant to Section 5.02 of this Indenture.

"Interest Payment Dates" means, with respect to any series of Bonds, the dates specified for scheduled payments of interest on the Bonds of such series.

"Investor Letter" means an Investor Letter executed by any Qualified Institutional Buyer or Accredited Investor substantially in the form attached to this Indenture as Exhibit D.

"Mail" means mail by first-class postage prepaid to the Owners of the Bonds at their addresses appearing on the registration books of the Issuer maintained by the Trustee.

"Majority of Owners" means the Owners of a majority of the Outstanding principal amount of the Bonds, as shown on the registration books kept by the Trustee.

"Maximum Annual Debt Service Requirements" shall mean, as of the date of calculation, the highest annual Debt Service Requirements payable during the then current or any succeeding Fiscal Year over the remaining term of all Bonds issued and Outstanding hereunder.

"Members" means the owners of lots in the Subdivision, who are members of the Issuer by virtue of such ownership pursuant to the By-Laws of the Issuer.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, *"Moody's"* shall be deemed to refer to any other nationally recognized rating agency designated by the Issuer.

"Operating Budget" means the annual operating budget of the Issuer, as filed with the Trustee and the Initial Owner pursuant to Section 8.07 hereof.

“Outstanding” or *“Bonds Outstanding”* or *“Outstanding Bonds”* means, as at any given date, all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

- (a) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee on or prior to such date for cancellation;
- (b) Bonds deemed to be paid in accordance with Article VIII of this Indenture; and
- (c) Bonds in lieu of which other Bonds have been authenticated under Article II hereof.

“Owner” or *“Owners”* means the Person or Persons in whose name any Bond is registered on the books maintained by the Trustee.

“Permitted Investments” means any of the following investments:

- (i) Marketable securities issued by the U.S. Government and supported by the full faith and credit of the U.S. Treasury, either by statute or an opinion of the Attorney General of the United States;
- (ii) Marketable debt securities, rated Aaa by Moody’s and/ or AAA by S&P, issued by U. S. Government-sponsored enterprises, U. S. Federal agencies, U. S. Federal financing banks, and international institutions whose capital stock has been subscribed for by the United States;
- (iii) Certificates of Deposit, Time Deposits, and Bankers Acceptances of any bank or trust company incorporated under the laws of the United States or any state, provided that, at the date of acquisition, such investment, and/or the commercial paper or other short term debt obligation of such bank or trust company has a short-term credit rating or ratings from Moody’s and/or S&P, each at least P-1 or A-1;
- (iv) Commercial paper of any corporation incorporated under the laws of the United States or any state thereof which on the date of acquisition is rated by Moody’s and/or S&P, provided each such credit rating is least P-1 and/or A-1;
- (v) Money market mutual funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended, and operated in accordance with Rule 2a-7 and that at the time of such investment are rated Aaa by Moody’s and/or AAAM by S&P, including such funds for which the Trustee or an affiliate provides investment advice or other services;
- (vi) Tax-exempt variable rate commercial paper, tax-exempt adjustable rate option tender bonds, and other tax-exempt bonds or notes issued by municipalities in the United States, having a short-term rating of “MIG-1” or “VMIG-1” or a long term rating of “AA” (Moody’s), or a short-term rating of “A-1” or a long term rating of “AA” (S&P);

- (vii) Repurchase obligations with a term of not more than thirty days, 102 percent collateralized, for underlying securities of the types described in clauses (i) and (ii) above, entered into with any bank or trust company meeting the requirements specified in clause (iii) above; and
- (viii) Investment agreements, including guaranteed investment contracts, with an entity whose claims-paying ability or senior long-term unsecured debt obligations are rated "AA-" or higher by S&P or are guaranteed by an entity whose claims-paying ability or senior long-term unsecured debt obligations are rated "AA-" or higher by S&P.

For purposes of this Indenture, all rating requirements shall be based on the time of purchase.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity.

"Principal Account" means the Account by that name created within the Bond Fund pursuant to Section 5.02 of this Indenture.

"Principal Payment Dates" means, with respect to any series of Bonds, the dates specified for scheduled payments of the principal of the Bonds of such series at maturity or upon mandatory sinking fund redemption prior to maturity.

"Project" shall mean and include the 2007 Project and any other additions, improvements or repairs to, or replacements of, all or any part of the Road Maintenance Properties, the costs of which are properly capitalized under generally accepted accounting principles and are to be paid from Bond proceeds, insurance proceeds, condemnation awards (or proceeds of conveyances in lieu of condemnation) or other sums deposited into the Construction Fund in accordance with this Indenture.

"Qualified Institutional Buyer" shall have the meaning set forth in Rule 144A of the Securities Act of 1933.

"Qualified Reserve Fund Credit Instrument" shall mean an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to this Indenture, provided that all of the following requirements are met: (i) at all times during the term of such letter of credit or surety bond, the long-term credit rating of such bank is within the highest rating category of Moody's and S&P, or the claims paying ability of such insurance company is rated within the highest rating category of A.M. Best & Company and S&P; (ii) such letter of credit or surety bond has a term which ends no earlier than the last Interest Payment Date of the series of Bonds to which the Reserve Fund Requirement applies; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Fund Requirement with respect to which funds are proposed to be released pursuant to the Indenture; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in this Indenture, including the replenishment of the Bond Fund.

"Redemption Account" means the Account by that name created within the Bond Fund pursuant to Section 5.02 of this Indenture.

"Requisition" means a requisition in the form attached hereto as Exhibit C-1 or C-2, as applicable.

"Reserve Fund Requirement" shall mean an amount equal to the lowest of: (a) the Maximum Annual Debt Service Requirements on all Outstanding Bonds; (b) 125% of the Average Annual Debt Service Requirements on all Outstanding Bonds; and (c) 10% of the aggregate principal amount (net of original issue discount, if any) of all Outstanding Bonds, calculated as of the date of issuance of each series of Bonds.

"Revenues Available for Debt Service" means, for any period, (a) the excess of the Issuer's total revenues over its total expenses, plus (b) the Issuer's interest expense for Outstanding Bonds (other than interest funded from Bond proceeds), and depreciation, amortization and other non-cash charges, all as determined in accordance with generally accepted accounting principles. Calculations of the Issuer's Revenues Available for Debt Service shall be based on its audited financial statements for the period in question, if then available, and shall otherwise be based on the Issuer's internal financial statements prepared on a basis consistent with its audited financial statements.

"Road Maintenance Activities" means all activities of the Issuer undertaken in accordance with its Articles of Incorporation and By-Laws for the purpose of managing, maintaining, improving, preserving or protecting Subdivision Roadways or related road easement, including collecting, accounting for, administering, and protecting road maintenance funds, and managing, operating, maintaining and protecting other Road Maintenance Properties.

"Road Maintenance Assessments" means all regular or special assessments charged by the Issuer to the owners of lots within the Subdivision in respect of such lot owners proportionate shares of the costs incurred by the Issuer for Road Maintenance Activities. Initially, the Road Maintenance Assessment payable by each owner of a lot within the Subdivision who is required to pay the Road Maintenance Assessment shall equal \$163 and such amount may not be reduced without the prior written consent of a Majority of Owners.

"Road Maintenance Properties" means the Subdivision Roadways and any other property acquired by the Issuer to support its Road Maintenance Activities.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

"Supplemental Indenture" means an instrument entered into in accordance with the provisions of this Indenture for the purpose of amending or supplementing this Indenture, including an instrument that restates this Indenture, as amended or supplemented, in its entirety.

Section 1.02. Construction. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of execution of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing the redemption of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(e) References in this Indenture to particular sections of any legislation shall be deemed to refer also to any successor sections thereto or other redesignations for codification purposes.