

## **ARTICLE IX. DEFEASANCE**

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**HAWAIIAN PARADISE PARK OWNERS ASSOCIATION**

and

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

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**TRUST INDENTURE**

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

Dated as of June 1, 2007

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## **ARTICLE IX DEFEASANCE**

### **Section 9.01. Defeasance.**

(a) If the Issuer shall pay or cause to be paid to the Owner of any Bond secured hereby the principal or redemption price of and interest due and payable, and thereafter to become due and payable, upon such Bond, or any portion of such Bond, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under this Indenture. If the Issuer shall pay or cause to be paid the principal or redemption price of and interest due and payable on all Outstanding Bonds, and thereafter to become due and payable thereon, and shall pay or cause to be paid all other sums payable hereunder by the Issuer, then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate shall thereupon cease, terminate and become void. In such event, the Trustee shall assign, transfer and turn over the Trust Estate, including, without limitation, any surplus in the Bond Fund and any balance remaining in any other fund created under this Indenture to the Issuer free and clear of any claim, lien or pledge hereunder.

(b) Any Bond shall be deemed to be paid within the meaning of this Article IX and for all purposes of this Indenture when payment of the principal or redemption price of such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (A) moneys sufficient to make such payment and/or (B) Government Obligations, maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

(c) Notwithstanding the foregoing, no deposit under subsection (b)(ii) above shall be deemed a payment of such Bonds as aforesaid until either: (i) proper notice of redemption of such Bonds shall have been previously given, or in the event said Bonds are not to be redeemed within the next succeeding 60 days, until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds, that

the deposit required by subsection (b)(ii)(A) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article IX and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price of said Bonds, plus interest thereon to the due date thereof; or (ii) the maturity of such Bonds.