

**ARTICLE V. PAYMENT OF BONDS - FUNDS
AND ACCOUNTS**

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 V
PAYMENT OF BONDS; FUNDS AND ACCOUNTS

Section 5.01. Payment of Bonds; Flow of Funds.

(a) The Bonds are not general obligations of the Issuer but are limited obligations payable solely and only from the Trust Estate, which has been pledged and assigned as security for the equal and ratable payment of the Bonds. The Issuer covenants that it will promptly pay the principal or redemption price of and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bonds, but solely from the Trust Estate, and nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer other than the Trust Estate.

(b) In order to ensure the timely payment of the principal of and interest on the Bonds, the Issuer hereby covenants and agrees that it shall transfer, or cause to be transferred, to the Trustee all amounts received in respect of the Road Maintenance Assessments to the extent necessary to provide for payment of the Debt Service Requirements on all Outstanding Bonds. Unless a different means of effecting such transfers is determined by mutual agreement between the Issuer and the Trustee (with the consent of a Majority of Owners), the Issuer shall cause the Road Maintenance Assessments to be transferred to the Trustee by the Depository Bank in accordance with the Depository Account Agreement and the following further provisions:

(i) Pursuant to the Depository Account Agreement, the Issuer shall establish the Depository Account with the Depository Bank for the purpose of holding deposits of all payments of Road Maintenance Assessments received by the Issuer. The Issuer hereby grants, and shall grant under the Depository Account Agreement, a security interest to the Trustee, on behalf of the Owners, for the security of all Outstanding Bonds, in the Depository Account and all moneys and investments held therein. The Depository Bank shall agree under the Depository Account Agreement to hold the same subject to such security interest in favor of the Trustee, on behalf of the Owners.

(ii) The Issuer shall deposit all payments of Road Maintenance Assessments received in the Depository Account not less often than twice per week between February 15 and April 1 of each year, and not less often than once per week at all other times. The Issuer shall direct all lot owners to make their checks of Road Maintenance Assessments payable to the "HPPOA Road Maintenance Fund."

(iii) On or before the last Business Day of each month, the Depository Bank shall transfer all amounts deposited in the Depository Account to the Trustee for deposit into the Bond Fund and Debt Service Reserve Fund as hereinafter provided, until and unless it has received a Notice of Sufficiency (as hereinafter defined) from the Trustee.

(iv) In each calendar year, upon receipt of the amounts transferred by the Depository Bank, the Trustee shall deposit the same: First, in the Interest Account of the Bond Fund to the extent needed to pay the interest coming due on Outstanding Bonds on or before the next succeeding January 1; Second, in the Principal Account of the Bond Fund to the extent needed to pay the principal (if any) coming due on Outstanding Bonds at maturity or upon mandatory sinking fund redemption on or before the next succeeding January 1; and Third, in the Debt Service Reserve Fund to the extent needed to cure any deficiency in such Fund.

(v) At such time, if any, during any calendar year as all required deposits under subparagraph (iv) above have been made, except as otherwise provided in subparagraph (vi) below, the Trustee shall give written notice (the "Notice of Sufficiency") to the Issuer, the Depository Bank and the Initial Owner that sufficient funds are on hand and that, for the remainder of such calendar year, unless a Transfer Direction (as hereinafter defined) is given, no further transfers from the Depository Account to the Trustee shall be required and moneys remaining in such Account may be expended or transferred at the direction of the Issuer. To the extent that any excess moneys have been transferred to the Trustee, the Trustee shall return the same to the Depository Bank for redeposit into the Depository Account or other disposition at the direction of the Issuer. Each Notice of Sufficiency shall apply only to the calendar year in which it is given, it being understood that deposits into the Depository

Account and transfers from such Account to the Trustee will resume on January 1 of the succeeding calendar year in the manner provided above.

(vi) The following provisions shall apply if an Event of Default occurs and is continuing under Section 10.01(a), (b), (c) or (d) hereof (each, a “Restricted Transfer Event”):

(A) If a Restricted Transfer Event has occurred and is continuing as of the time when the Trustee would otherwise have given the Notice of Sufficiency to the Issuer and the Depository Bank pursuant to subparagraph (v) above, the Trustee shall not give such Notice of Sufficiency until such time as the related Restricted Transfer Event has been cured, and all amounts thereafter transferred by the Depository Bank to the Trustee during the continuation of such Restricted Transfer Event shall be deposited: First, into the Operating Expense Account of the Operating Fund in an amount equal to the Issuer’s budgeted annual operating expenses (net of withdrawals from the Account permitted under Section 5.07 hereof) shown in the Issuer’s then-current Operating Budget; and Second, into the Reserve Account of the Operating Fund, all transferred amounts not required to be deposited into the Operating Expense Account; provided that, if the related Restricted Transfer Event is cured, the Trustee shall deliver the Notice of Sufficiency to the Issuer and the Depository Bank pursuant to subparagraph (v) above and release all moneys then on deposit in the Operating Fund to or at the direction of the Issuer as provided in Section 5.07 hereof.

(B) If a Restricted Transfer Event occurs after the Trustee has given the Notice of Sufficiency to the Issuer, the Depository Bank and the Initial Owner, the Trustee shall immediately give written direction (the “Transfer Direction”) to the Depository Bank pursuant to the Depository Account Agreement to transfer to the Trustee all moneys then on deposit in the Depository Account and, until otherwise directed in writing by the Trustee, all subsequent deposits into the Depository Account immediately upon receipt. The Transfer Direction shall be accompanied by a written request for all bank statements pertaining to the Depository Account for the period beginning with the month in which the Notice of Sufficiency was given and ending with the month in which the Transfer Direction is given. All amounts thereafter transferred by the Depository Bank to the Trustee during the continuation of the Restricted Transfer Event shall be deposited: First, into the Operating Expense Account of the Operating Fund in an amount equal to the “unfunded portion” (determined as hereinafter provided) of the Issuer’s budgeted annual operating expenses (net of withdrawals from the Account permitted under Section 5.07 hereof) shown in the Issuer’s then-current Operating Budget; and Second, into the Reserve Account of the Operating Fund, all transferred amounts not required to be deposited into the Operating Expense Account; provided, however, that if such Restricted Transfer Event is cured, the Trustee shall (1) give written notice to the Depository Bank that the Transfer Direction has been rescinded and that, for the remainder of the calendar year, unless a further Transfer Direction is given, no further transfers from the Depository Account to the Trustee shall be required and moneys in such Account may be expended or transferred at the direction of the Issuer, and (2) release all moneys in the Operating Fund to or at the direction of the Issuer as provided in Section 5.07 hereof. For purposes of the foregoing, the “unfunded portion” of the Issuer’s budgeted annual operating expenses shall be deemed equal to the total

amount of such expenses shown on the then-current Operating Budget, less the amount of all withdrawals by the Issuer from the Depository Account between the giving of the Notice of Sufficiency and the giving of the Transfer Direction, which shall be determined by the Trustee initially on the basis of the bank statements received from the Depository Bank through the end of the month preceding the giving of the Transfer Direction, subject to reconciliation on the basis of the bank statement subsequently received from the Depository Bank for the month in which the Transfer Direction is given.

(vii) Notwithstanding the foregoing, on the fifth Business Day preceding each Interest Payment Date and Principal Payment Date, if the respective amounts on deposit in the Interest Account and Principal Account are insufficient to pay the interest and principal next coming due, the Trustee shall notify the Issuer of such deficiency, and the Issuer shall immediately pay over or cause the Depository Bank to pay over to the Trustee, from Gross Revenues then on hand, such amount as may be necessary to cure the deficiency.

In addition, promptly upon receipt thereof from the Depository Bank, the Issuer shall provide monthly bank statements for the Depository Account to the Initial Purchaser.

Section 5.02. Creation of Funds and Accounts. In addition to the Construction Fund established pursuant to Article IV hereof, the Issuer hereby establishes with the Trustee: (a) the Bond Fund and, within such Fund, an Interest Account, a Principal Account and a Redemption Account; (b) the Debt Service Reserve Fund; (c) the Cost of Issuance Fund; (d) the Insurance and Condemnation Proceeds Fund; and (e) the Operating Fund and, within such Fund, an Operating Expense Account and a Reserve Account.

Section 5.03. Bond Fund. Deposits into and payments from the Bond Fund shall be made in accordance with the following:

(a) **Interest Account.** The Trustee shall deposit into the Interest Account of the Bond Fund the amounts specified in Sections 3.01, 5.01 and 6.01 and, if applicable, any accrued or prepaid (capitalized interest) received in respect of any issue of Additional Bonds pursuant to Article III hereof. Such amounts shall be applied (i) on each Interest Payment Date, to the payment of interest coming due on Outstanding Bonds on such date, and (ii) on any other date on which any Outstanding Bonds are called for redemption, to the payment of interest coming due on the Bonds to be redeemed on such date.

(b) **Principal Account.** The Trustee shall deposit into the Principal Account of the Bond Fund the amounts specified in Sections 5.01 and 6.01. Such amounts shall be applied to the payment of the principal of Outstanding Bonds on each Principal Payment Date.

(c) **Redemption Account.** The Trustee shall deposit into the Redemption Account of the Bond Fund (i) moneys deposited by the Issuer with the Trustee for payment of the redemption price of Outstanding Bonds upon call for optional redemption under the applicable redemption provisions for such Bonds, and (ii) moneys transferred from the Insurance and Condemnation Proceeds Fund for payment of the redemption price of Outstanding Bonds upon call for extraordinary redemption under the applicable redemption provisions for such Bonds. The amounts so deposited shall be applied to the payment of the redemption price of Outstanding Bonds upon call for optional or extraordinary redemption on the date fixed for such redemption.

Section 5.04. Debt Service Reserve Fund.

(a) The Trustee shall maintain the Debt Service Reserve Fund at all times in an amount equal to the Reserve Fund Requirement. Subject to the further provisions of Subsection (e) below, upon the issuance of the Series 2007 Bonds and any series of Additional Bonds, the Trustee shall deposit into the Debt Service Reserve Fund, from the proceeds of such Bonds or other moneys available for such purpose, the amount necessary to cause the amount in the Debt Service Reserve Fund to be equal to the Reserve Fund Requirement upon such issuance.

(b) On each Interest Payment Date and Principal Payment Date, if the respective amounts in the Interest Account and Principal Account are insufficient to pay the interest and principal then coming due on the Bonds, the Trustee shall transfer from the Debt Service Reserve Fund to the Interest Account and the Principal Account such amounts as may be necessary to permit the payment of such interest and principal in full from the Interest Account and Principal Account.

(c) If the amount on deposit in the Debt Service Reserve Fund falls below the Reserve Fund Requirement for all Outstanding Bonds, whether by reason of a transfer pursuant to Subsection (b) above or a decline in the value of investments held in such Fund, the amount of deficiency shall be restored from amounts transferred to the Trustee on account of the Road Maintenance Assessments pursuant to Section 5.01 hereof.

(d) In each month during the twelve-month period preceding the final maturity date of any series of Bonds, moneys held in the Debt Service Reserve Fund shall be credited against the payment of the interest and principal coming due on such series of Bonds and shall be transferred to the Interest Account and Principal Account for payment of such interest and principal; provided, however, that if any other series of Bonds will remain Outstanding after such twelve-month period, no credit and transfer shall be made which would cause the amount on deposit in the Debt Service Reserve Fund to be less than the Reserve Fund Requirement for such other series of Bonds.

(e) Notwithstanding the foregoing, the Reserve Fund Requirement may be satisfied by crediting to the Debt Service Reserve Fund moneys or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in the Debt Service Reserve Fund in an amount equal to the Reserve Fund Requirement. Upon deposit of a Qualified Reserve Fund Credit Instrument, the Trustee shall transfer any excess amounts then on deposit in the Debt Service Reserve Fund in excess of the Reserve Fund Requirement to or at the direction of the Issuer. If the Debt Service Reserve Fund is funded with a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances before drawing on the Qualified Reserve Fund Credit Instrument. With regard to replenishment, any available moneys provided by the Issuer shall be used first to reinstate the Qualified Reserve Fund Credit Instrument and second, to replenish the cash in the Debt Service Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn upon, the Issuer shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this Section.

Section 5.05. Cost of Issuance Fund. Upon delivery of the Series 2007 Bonds and any series of Additional Bonds pursuant to Article III hereof, the Issuer shall deliver or cause to be delivered to the Trustee, for deposit into the Cost of Issuance Fund, Bond proceeds or other funds of the Issuer in an amount sufficient to pay all Costs of Issuance not otherwise paid. Moneys in the Cost of Issuance Fund shall be used to pay all Costs of Issuance pertaining to the Bonds not

otherwise paid, including, but not limited to, all printing expenses in connection with the Indenture and the Bonds, all legal fees and expenses, and all fees and expenses of the placement agent or underwriter, financial advisor and Trustee, upon the submission of Requisitions, signed by an Authorized Officer of the Issuer, in substantially the form set forth in Exhibit C-2 hereto. Any funds remaining in the Cost of Issuance Fund ninety (90) days after the delivery of the Bonds and not otherwise committed to the payment of Costs identified in the Costs of Issuance schedule delivered to the Trustee in connection with the issuance and delivery of the Bonds shall be transferred to the Construction Fund (or to the Interest Account if so directed by the Issuer).

Section 5.06. Insurance and Condemnation Proceeds Fund.

(a) Upon receipt thereof, the Issuer shall deposit, or cause to be deposited, all insurance proceeds or condemnation awards (or proceeds of conveyances in lieu of condemnation), net of collection costs, received in respect of any damage to or destruction or condemnation (or conveyance in lieu thereof) of any or all Road Maintenance Properties other than the Subdivision Roadways. As soon as practicable thereafter, the Issuer shall make a good faith determination as to whether it is feasible to undertake the repair, reconstruction or replacement of the affected property and, if feasible, whether it is reasonably necessary or desirable to undertake the same, taking into account such relevant factors as the utility of the affected property and its significance to the Subdivision Roadways. Promptly upon making such determination, the Issuer shall notify the Trustee and the Initial Owner in writing of the same. If the Issuer has determined that it is feasible and reasonably necessary or desirable to repair, reconstruct or replace the affected property, the Trustee shall transfer the amount deposited in the Insurance and Condemnation Proceeds Fund to the Construction Fund for application in accordance with the provisions of Article IV hereof. Otherwise, the Trustee shall transfer the amount so deposited to the Redemption Account for payment of the redemption price of Outstanding Bonds upon call for extraordinary redemption under the applicable redemption provisions for such Bonds.

(b) Upon receipt thereof, the Issuer shall also deposit, or cause to be deposited, all condemnation awards (or proceeds of conveyances in lieu of condemnation), net of collection costs, received in respect of any condemnation (or conveyance in lieu thereof) of all or any part of the Subdivision Roadways. As soon as practicable thereafter, the Issuer shall determine and give written notice to the Trustee as to whether the condemnation (or conveyance) in question will result in a reduction in the number of lots within the Subdivision that remain subject to Roadway Maintenance Assessments. If such a reduction will occur, the Trustee will transfer the amount deposited in the Insurance and Condemnation Proceeds Fund to the Redemption Account for payment of the redemption price of Outstanding Bonds upon call for extraordinary redemption under the applicable redemption provisions of such Bonds. Otherwise, the Trustee shall transfer such amount to the Issuer free and clear of this Indenture.

Section 5.07. Operating Fund. Deposits into and payments from the Operating Fund shall be made in accordance with the following:

(a) Operating Expense Account. Deposits into the Operating Expense Account shall be made in accordance with the provisions of Section 5.01(b)(vi) hereof. The Issuer shall be permitted to withdraw the amounts so deposited in the Operating Expense Account at any time or from time to time for payment of operating expenses without limitation or restriction. Withdrawals shall be permitted before all required deposits have been made, and any such

withdrawals shall be netted out from determinations of the Issuer's budgeted annual operating expenses or the unfunded portion thereof, as applicable, pursuant to Section 5.01(b)(vi) hereof. Any amounts not so withdrawn will be retained in the Operating Expense Account until such time as they are permitted to be released pursuant to Section 5.01(b)(vi) hereof.

(b) Reserve Account. Deposits into the Reserve Account shall be made in accordance with the provisions of Section 5.01(b)(vi) hereof. The amounts so deposited shall be retained in the Reserve Account and used solely for the purpose of curing deficiencies in the Debt Service Reserve Fund until such time as they are permitted to be released to or at the direction of the Issuer pursuant to Section 5.01(b)(vi) hereof.

Section 5.08. Moneys to Be Held for All Bondholders, With Certain Exceptions. Until applied as herein provided, moneys and investments held in all Funds and Accounts established hereunder shall be held in trust for the benefit of the holders of all Outstanding Bonds, except that: (a) on and after the date on which the interest on or principal or redemption price of any particular Bond or Bonds is due and payable from the Bond Fund, the unexpended balance of the amount deposited or reserved in such Fund for the making of such payments shall, to the extent necessary therefor, be held for the sole benefit of the Owner or Owners entitled thereto; and (b) the rights of any Owners with respect to principal or interest payments extended beyond their due dates pursuant to Section 8.07 hereof shall be subordinate to the rights of Owners with respect to payments not so extended.