

## **ARTICLE VI. INVESTMENTS**

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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 VI INVESTMENTS**

### **Section 6.01. Investment of Funds.**

(a) The Trustee shall invest all moneys in the Funds and Accounts hereunder in Permitted Investments. As long as no Event of Default shall have occurred and be continuing, the Issuer shall have the right to direct such investments in writing two Business Days prior to the making of such investment and the Trustee may rely conclusively on such directions. All such investments with respect to any particular Fund or Account shall be made with due regard for the anticipated disbursements from such Fund or Account so as to minimize the likelihood of liquidation of investments at a loss in order to make such disbursements. The Trustee shall have no liability for losses resulting from investments made pursuant to this Section 6.01 or for any failure to invest or to achieve maximum earnings. Absent timely written direction from the Issuer, the Trustee shall invest any funds held by it in Permitted Investments described in clause (v) of the definition thereof.

(b) Income from the investments in any Fund or Account shall be retained therein or transferred therefrom as follows:

First, to the Bond Fund and, within such Fund, credited and deposited (in the following order of priority): (i) in the Interest Account to the extent needed to pay the interest coming due on Outstanding Bonds on or before the next succeeding January 1, and (ii) in the Principal Account 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

Second, to the Debt Service Reserve Fund to the extent needed to cure any deficiency therein; and

Third, to the Redemption Account of the Bond Fund if so directed by the Issuer, or otherwise retained for further application in accordance with the foregoing.

Notwithstanding the foregoing, investment income from the Operating Fund (if any) shall be retained therein for application as provided in Section 5.07 hereof and, during the construction period for any Project hereunder, the investment income from the Construction Fund may be retained therein for payment of Project Costs if so directed by the Issuer.

(c) As and when any amounts so invested may be needed for disbursements from any Fund or Account, the Trustee shall make such disbursements from such combination of maturing principal, redemption or repurchase prices, withdrawals or liquidation proceeds as the Trustee deems appropriate for such purpose, taking into account such factors as the future disbursement requirements for the Fund or Account in question, reinvestment opportunities for maturing principal, the current yield on investments to be redeemed, withdrawn or sold, and any penalties, gains or losses to be realized upon any such redemption, withdrawal or sale. As long as no Event of Default shall have occurred and be continuing, the Issuer shall be entitled to direct the foregoing disposition of investments for the purpose of making disbursements from any Fund or Account and the Trustee may rely conclusively on such directions. The Trustee or an affiliate thereof may act as principal or agent in the acquisition or disposition of any such Permitted Investment and shall be entitled to a customary and reasonable fee therefor. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption.

#### **Section 6.02. Valuation.**

(a) The Trustee shall value the assets in each Fund or Account hereunder as of the last Business Day preceding each Interest Payment Date, taking into account the transfers and disbursements to be made from such Fund or Account on the ensuing Interest Payment Date. The Trustee shall also value the assets in each Fund or Account on such other dates as may be requested by the Issuer. The Trustee shall provide a written report on each valuation to the Issuer.

(b) All Permitted Investments shall be valued at the current market value as of the valuation dates. If the value of the assets in any Fund or Account exceeds the amount then required to be retained therein, the excess shall be retained or transferred and credited in the same manner as investment income pursuant to Section 6.01 hereof.