

ARTICLE VII. REDEMPTION OF BONDS

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 VII
REDEMPTION OF BONDS**

Section 7.01. Redemption of Bonds. The Bonds of each series shall be subject to redemption prior to maturity upon such terms as shall be determined by the Issuer and expressed in such Bonds and set forth in Exhibit B hereto, as such Exhibit may be supplemented with respect to any series of Additional Bonds. In the event that the Issuer elects to call any Bonds for redemption, the

Issuer shall give written notice of such election to the Trustee not less than 30 days prior to the date by which the Trustee is required to give notice of the redemption to the Owners of the Bonds; provided that no such notice of election shall be required in the case of mandatory sinking fund redemptions.

Section 7.02. Notice of Redemption.

(a) The Trustee shall cause notice of any redemption of Bonds hereunder to be sent by Mail to the Owners of all Bonds to be redeemed at the registered addresses appearing in the registration books kept for such purpose pursuant to Article II hereof. Each such notice shall (i) be mailed at least 30 days but not more than 60 days prior to the redemption date, provided that redemption notices given to the Initial Owner shall be sent via facsimile transmission confirmed by mail, (ii) identify the Bonds to be redeemed (specifying the complete name and original issue date of the series of Bonds to be redeemed, the interest rate and maturity date of such Bonds, the CUSIP numbers, if any, assigned to such Bonds, and the Bond numbers of such Bonds if redemption is in part), (iii) specify the date of mailing of the notice of redemption, the redemption date and the redemption price, and (iv) state that on the redemption date the Bonds called for redemption will be payable at the Designated Office of the Trustee (and shall include the name and address of the Trustee or other redemption agent and a contact person and telephone number), that from that date interest will cease to accrue, that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. No defect affecting any Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

(b) If at the time of mailing of any notice of optional redemption the Issuer shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for optional redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited. If such moneys are not deposited by such date and time, the Trustee shall promptly notify the Owners of all Bonds called for optional redemption of such fact.

Section 7.03. Payment of Redemption Price. If (a) unconditional notice of redemption has been duly given or duly waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so given or waived and the redemption moneys have been duly deposited with the Trustee, then in either such case the Bonds called for redemption shall be payable on the redemption date and at the applicable redemption price specified in Exhibit B hereto. Payment of the redemption price together with accrued interest shall be made by the Trustee, out of funds deposited for the purpose, to or upon the order of the Owners of the Bonds called for redemption upon surrender of such Bonds. If, on the redemption date, moneys for the payment of the redemption price of all the Bonds to be redeemed, together with interest to the redemption date, held by the Trustee shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable.

Section 7.04. Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of such Bonds called for redemption in the notice provided for in Section 7.02 hereof (with due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Owner thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond without service charge, a new Bond or Bonds, of any authorized

denomination as requested by such Owner in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.