

TRUST INDENTURE AND GRANTING CLAUSES

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

TRUST INDENTURE

THIS TRUST INDENTURE (as amended, restated and/or supplemented from time to time, the "Indenture") is made and entered into as of June 1, 2007, by and between **HAWAIIAN PARADISE PARK OWNERS ASSOCIATION**, a nonprofit corporation duly organized and existing under the laws of the State of Hawaii (the "Issuer"), and **UNION BANK OF CALIFORNIA, N.A.**, a national banking association, as trustee (together with its permitted successors and assigns, the "Trustee").

WITNESSETH:

WHEREAS, the Issuer is a nonprofit corporation duly organized and existing under the laws of the State of Hawaii (the "State"), with full power and authority to enter into this Indenture and to undertake its duties and obligations hereunder; and

WHEREAS, under its Articles of Incorporation and By-Laws, the Issuer is responsible for, among other things, the maintenance of the system of roads (the "Subdivision Roadways") within the subdivision known as Hawaiian Paradise Park (the "Subdivision"); and

WHEREAS, the costs of maintaining the Subdivision Roadways are charged by the Issuer to the owners of lots within the Subdivision in the form of Road Maintenance Assessments (as hereinafter defined); and

WHEREAS, the Issuer has determined (a) to undertake as a project (the "2007 Project") the construction of major improvements to the Subdivision Roadways, and (b) to issue \$12,085,000 aggregate principal amount of its Homeowners Assessment Revenue Bonds, Series 2007 (the "Series 2007 Bonds") for the purpose of funding the costs of the 2007 Project; and

WHEREAS, the Issuer has further determined to secure the Series 2007 Bonds by pledging and assigning to the Trustee, on behalf of the Owners (as hereinafter defined) all of the Issuer's right, title and interest in and to the Road Maintenance Assessments and certain other funds and revenues herein described; and

WHEREAS, the Issuer and the Trustee are entering into this Indenture to provide for the issuance of the Series 2007 Bonds; and

WHEREAS, the execution and delivery of the Series 2007 Bonds and this Indenture have in all respects been duly authorized by the Issuer and all things necessary to make such Series 2007 Bonds, when executed by the Issuer and authenticated by the Trustee, the valid and binding legal obligations of the Issuer, and to make this Indenture a valid and binding agreement, have been done;

GRANTING CLAUSES

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds (as hereinafter defined, including the Series 2007 Bonds) by the Owners, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal or redemption price of and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants expressed or implied herein

and in the Bonds, the Issuer does hereby bargain, sell, convey, assign, pledge and grant to the Trustee, on behalf of the Owners, without recourse, a security interest in the following (the "Trust Estate"), subject only to the provisions of this Indenture permitting the application thereof to the purposes and on the terms and conditions set forth herein, for the securing of the performance of the obligations of the Issuer hereinafter set forth:

FIRST

All right, title and interest of the Issuer in and to the Gross Revenues (as hereinafter defined), including but not limited to all rights to receive payments of the Road Maintenance Assessments and all proceeds of insurance or condemnation awards received or receivable in respect of the Subdivision Roadways and other Road Maintenance Properties (as hereinafter defined);

SECOND

All right, title and interest of the Issuer in and to the funds and accounts under this Indenture except as otherwise provided herein, including all moneys and securities from time to time held by the Trustee in such funds and accounts and all investment income therefrom; and

THIRD

All other rights of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee, on behalf of the Owners, by the Issuer or by anyone on its behalf, or with its written consent and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Trustee, on behalf of the Owners, and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Issuer shall well and truly pay, or cause to be paid, the principal or redemption price of and interest on the Bonds due or to become due thereon, at the times and in the manner provided in the Bonds and in this Indenture according to the true intent and meaning thereof or shall provide for the payment thereof in accordance with Article VIII hereof, and shall pay or cause to be paid to the Trustee and any Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in Article VIII hereof, this Indenture and the rights hereby granted shall cease, terminate and be void and the Trustee shall thereupon cancel and discharge this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to evidence the discharge hereof.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the Trust Estate is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and

covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds as follows: