

**FIRST AMENDMENT TO
REIMBURSEMENT AGREEMENT FOR WHITE ROCK ROAD
WIDENING PROJECT STA. 63+25 TO STA. 115 + 25
BETWEEN THE COUNTY AND THE DEVELOPER**

This First Amendment ("Amendment") to the Reimbursement Agreement for White Rock Road Widening Project Sta. 63 + 25 to Sta. 115 + 25 between the County and the Developer ("Agreement") dated August 26, 2008 is made by and between the County of El Dorado (hereinafter "County") a political subdivision of the State of California, and K. Hovnanian Forecast Homes, Inc., A corporation duly qualified to conduct business in the State of California, whose principal place of business is 3536 Concours Street, Suite 320, Ontario, California 91764, and whose local office address is 1375 Exposition Boulevard, Suite 300, Sacramento, California 95815 (hereinafter "Developer"):

Recitals

WHEREAS, the parties entered into the Agreement on August 26, 2008 for reimbursement to Developer for Developer's construction of certain improvements as provided for within the Agreement under which the Developer is currently being reimbursed from the Local Road Component of Fee Zone Number 8 of the 2004 General Plan TIM Fee Program excluding the 30% portion reserved for the Silva Valley Parkway Interchange set-aside;

WHEREAS, County is currently considering modifications to its 2004 General Plan TIM Fee Program to address a decrease in the overall costs of construction of traffic improvements resulting from the significant downturn in the state and national economy which downturn has continued for several years, and to add an Age-Restricted Single Family and Multi-Family Housing category to the 2004 General Plan TIM Fee program;

WHEREAS, an overall decrease in the amount of 2004 General Plan TIM Fees collected in the near term may have an effect on the cash flow of the Local Road Component of Fee Zone Number 8 potentially resulting in a delay in the reimbursement payments to Developer;

WHEREAS, Developer supports the decrease in the 2004 General Plan TIM Fee amounts and the addition of an Age-Restricted Single Family and Multi-Family Housing category to the 2004 General Plan TIM Fee Program; and

WHEREAS, the parties mutually desire to amend their Agreement to provide for Developer's waiver of objection and consent to a resulting delay in reimbursement if the County's action to add an Age-Restricted Single Family and Multi-Family Housing category to the 2004 General Plan TIM Fee program, and to decrease the Zone 8 TIM fees by the balance in savings in Zone 8 after addition of that Age-Restricted category,

results in insufficient cash flow to meet the annual reimbursement payments to holders of existing County reimbursement obligations in Zone 8.

NOW, THEREFORE, the parties agree to amend their Agreement a first time to add Section G to Article II entitled REIMBURSEMENT, Section G to read as follows:

Article II: REIMBURSEMENT

- G.** Notwithstanding any provision in this Agreement to the contrary, County shall not be precluded from modifying its 2004 General Plan TIM Fee Program by adding categories for Age-Restricted Single and Multi-Family categories, and/or to decrease the amount of the TIM fee to reflect the decrease in costs for construction of traffic and traffic related improvements under the 2004 General Plan as necessary or desirable to reflect the continuing downturn in the economy. The foregoing shall not be construed as obligating the County to modify, decrease, or adjust the amounts of its fee programs.

In the event that the cash reimbursements generated from the EDH TIM fund are insufficient to fully fund the Eligible Reimbursement Costs as a result of the aforesaid modifications, inclusive of cash insufficiencies resulting from developers taking credits against EDH TIM fees in lieu of repayment triggered by cash insufficiency caused by said modifications, such insufficiencies shall not be deemed an event of default by the County hereunder and shall not entitle Developer to accelerate any payment or payments or to pursue any other remedies under this Agreement or as allowed by law.

Except has herein amended, all other parts and sections of the Agreement shall remain unchanged and in full force and effect.

REQUESTING DEPARTMENT CONCURRENCE:

By _____ Dated _____
James Ware
Director of the Department of Transportation



IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first below written.

-- COUNTY OF EL DORADO --

Dated: _____


By: _____

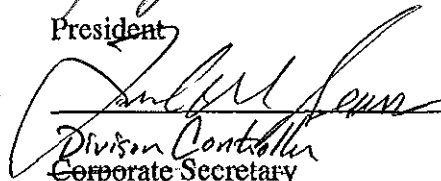
Chairman
Board of Supervisors
"County"

ATTEST: Suzanne Allen de Sanchez, Clerk
of the Board of Supervisors

By: _____ Dated: _____

K. HOVNANIAN FORECAST HOMES, INC.
A Corporation

By:  _____ Dated: 2/9/12
President

By:  _____ Dated: 2/9/12
Division Controller
Corporate Secretary