

LABORERS AND MATERIALMEN BOND FORM

Whereas, the Board of Supervisors of the County of El Dorado, State of California, and Serrano Associates, LLC (hereinafter designated as "principal") have entered into an agreement whereby principal agrees to install and complete certain designated public improvements, which said agreement, dated May 13, 2004, and identified as project **SERRANO VILLAGE J3B - UNIT 1** is hereby referred to and made a part hereof; and

Whereas, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the County of El Dorado to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

Now, therefore, said principal and undersigned as corporate surety, are held and firmly bound unto the County of El Dorado for all contractors, subcontractors, laborers, materialmen and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Code of Civil Procedure in the sum of **EIGHT HUNDRED THIRTY THOUSAND SIX HUNDRED SIXTY NINE AND 48/100 DOLLARS (\$830,669.48)** for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by El Dorado County in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall insure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of said agreement of the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Serrano Associates, LLC, Principal, shall be responsible for the completion of the public improvements as required in the described Subdivision Improvement Agreements.
2. Any claim or demand made by the Obligee shall be made against Serrano Associates, LLC and its surety.
3. Provided, further, that regardless of the period of time that this bond is in force and regardless of the number of demands made against this bond and the bonds listed on Attachment B, the Surety's obligations shall be limited in the cumulative aggregate amount of \$830,669.48 plus the costs, expenses and reasonable attorneys' fees to be paid by the Subdivider should the County of El Dorado be required to commence an action to enforce the provisions of the Agreement.
4. The cumulative obligation of the Principal under all of the agreements listed on Attachment B, shall be limited to the public improvements plans, specifications and cost

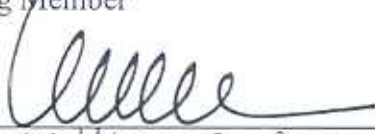
estimates entitled Serrano – Greenview Drive in Attachment A, pages 1 through 9 less the amount certified as partial completion of subdivision improvements certified on May 12, 2004 and accepted by the County of El Dorado.

In witness whereof, this instrument has been duly executed by the principal and surety above named on May 18, 2004.

PRINCIPAL

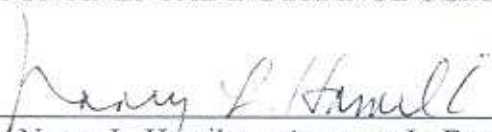
SERRANO ASSOCIATES, LLC
a Delaware limited liability company

By: Parker Development Company,
a California Corporation
Managing Member

By: 
Name: William R. Parker
Its: President

SURETY

THE CONTINENTAL INSURANCE COMPANY

By: 
Nancy L. Hamilton, Attorney-In-Fact