

LABORERS AND MATERIALMENS BOND FORM

Whereas, the Board of Supervisors of the County of El Dorado, the State of California, and **K. HOVNANIAN FORECAST HOMES, INC.**, a California corporation (hereinafter designated as "principal") have entered into an agreement whereby principal agrees to install and complete certain designated public improvements, which said agreement, dated _____, 2004, and identified as project **Euer Ranch, Unit 2 TM96-1317** is hereby referred to and made 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, we, the principal and Arch Insurance Company (hereinafter designated "Surety"), are held firmly bound unto the County of El Dorado and 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 **One Million Nine Hundred Thousand Eight Hundred Seventy-Six Dollars and Fifty Cents (\$1,900,876.50)**, 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 the County of El Dorado 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 or the specifications accompanying the same shall in any manner effect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition.

In witness whereof, this instrument has been duly executed by the principal and surety above named, on June 30, 2004.

"Surety"

ARCH INSURANCE COMPANY

By Victoria M Campbell

Victoria M Campbell, Attorney-in-Fact
Print Name

"Principal"

K. HOVNANIAN FORECAST HOMES, INC.
a California Corporation

By 

Richard J. Balsterri, Vice President
1796 Tribute Road, Suite 100
Sacramento, CA 95815

NOTARIES ATTACHED