

Bond # 929347744-01  
Premium Included in Premium  
For Perf. Bond 929347744

**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 5-16-06 and identified as project **SERRANO VILLAGE K5 - UNIT 2** 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 **ONE MILLION SIX HUNDRED TWENTY SEVEN THOUSAND SIX HUNDRED FORTY AND 00/100 DOLLARS (\$1,627,640.00)** 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

Laborers and Materialmen Bond (Continued)

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 \$1,627,640.00 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.

Laborers and Materialmen Bond (Continued)

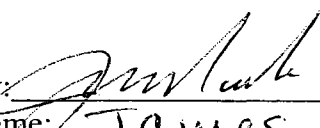
4. The cumulative obligation of the Principal under all of the agreements listed on Attachment B, shall be limited to the public improvements plans, specifications and cost estimates entitled Serrano Village J3B in Attachment A, pages 1 through 9 less the amount certified as partial completion of subdivision improvements certified on October 24, 2005 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 November 14, 2005.

**PRINCIPAL**

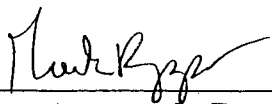
SERRANO ASSOCIATES, LLC  
a Delaware limited liability company

By: Parker Development Company,  
a California Corporation  
Managing Member

By:   
Name: James E. Parker  
Its: Vice President

**SURETY**

THE CONTINENTAL INSURANCE COMPANY

By:   
Mark Roppo, Attorney-In-Fact

**Attachment B**

It is hereby understood and agreed that this addendum is affixed to and a part of bond number 929347744-01 which is issued on behalf of the County of El Dorado, a political subdivision of the State of California.

The cumulative liability of the following Laborers and Materialmen Bonds shall not exceed \$1,627,640.00 and shall incorporate the following Subdivisions Improvement Agreements, tracts of land and bond security as required by Section 16.16.050 of the El Dorado County Ordinance Code as listed below:

	<u>Owner/Subdivider</u>	<u>Date of Agreement</u>	<u>Tract Description</u>	<u>Bond No.</u>
1	Serrano Associates, LLC and GHC Company 5, LLC	July 21, 2005	Serrano Village J3B – Unit 2	929347744
2	Serrano Associates, LLC and GHC Company 5, LLC	November 9, 2005	Serrano Village K5 – Unit 2	929347744-01