

Bond No. SI5007984  
Premium \$28,513.00

PERFORMANCE BOND AGREEMENT 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, Said principal is required under the terms of said agreement to furnish a bond for the faithful performance of said agreement.

Now, therefore, we, the principal and Arch Insurance Company, (hereinafter designated as "Surety"), are held and firmly bound unto the County of El Dorado, as Obligee, in the penal sum of **Three Million Eight Hundred One Thousand Seven Hundred Fifty-Three Dollars (\$3,801,753.00)** lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The conditions of this obligation is such that if the above bound principal his or its heirs, executors and administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the County of El Dorado, its

officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the County of El Dorado in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

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

In witness whereof, this instrument has been duly executed by the principal and surety above named on June 30, 20 04.

“Surety”

“Principal”

ARCH INSURANCE COMPANY

K. HOVNANIAN FORECAST HOMES, INC.  
a California Corporation

By Victoria M. Campbell

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

Victoria M Campbell, Attorney-in-Fact  
Print Name

NOTARIES ATTACHED