

AGREEMENT TO MAKE SUBDIVISION IMPROVEMENTS
FOR CLASS 1 SUBDIVISION
BETWEEN COUNTY AND OWNER

THIS AGREEMENT, made and entered into by and between the **COUNTY OF EL DORADO**, a political subdivision of the State of California, (hereinafter referred to as "County"), and **SERRANO ASSOCIATES, LLC**, a Delaware limited liability company, duly qualified to conduct business in the State of California, whose principal place of business is 4525 Serrano Parkway, El Dorado Hills, California 95762 (hereinafter referred to as "Owner"); concerning **SERRANO VILLAGE K1 & K2, UNIT 6** (hereinafter referred to as "Subdivision"); the Final Map of which was filed with the El Dorado County Board of Supervisors on the 11th day of Dec., 2007.

RECITALS

Owner is vested with fee title to Subdivision; a tract of land located in the County of El Dorado, State of California, and described as **SERRANO VILLAGE K1 & K2, UNIT 6, TM 01-1377R**. Owner desires to construct on said property certain public improvements as hereinafter described, in connection with the Subdivision.

In consideration for the complete construction and dedication of all the public improvements specified in this Agreement, the approval and acceptance by County's Board of Supervisors of the Conditions of Approval, and the Final Map to be filed and recorded, the parties agree as follows:

AGREEMENT

OWNER WILL:

1. Make or cause to be made all those public improvements in Subdivision required by Section 16.16.010 of the El Dorado County Ordinance Code (hereinafter referred to as "Code") and shown or described in the improvement plans, specifications and cost estimates entitled **EL DORADO HILLS SPECIFIC PLAN VILLAGE K1/K2, UNIT 6** which were approved by the County Engineer, Department of Transportation, on April 4, 2007. Attached hereto are Exhibit A, marked "Schedule of General Sitework Improvements;" Exhibit B, marked "Schedule of Surface Improvements;" Exhibit C, marked "Schedule of Storm Drainage Improvements;" Exhibit D, marked "Schedule of Sanitary Sewer Improvements;" Exhibit E, marked "Schedule of Water Improvements;" Exhibit F, marked "Schedule of Reclaimed Water Improvements;" Exhibit G, marked "Schedule of Utility Improvements;" Exhibit H, marked "Schedule of Erosion Control Improvements;" and Exhibit I, marked "Schedule of Consultant Fees & Services;" all of which Exhibits are incorporated herein and made by reference a part hereof. The Exhibits describe quantities, units and costs associated with the improvements to be made.

2. Complete the Subdivision improvements contemplated under this Agreement within two (2) years from the date that the Subdivision Final Map is filed with the El Dorado County Board of Supervisors.

3. Install or cause to be installed, modify or cause to be modified, any and all erosion and sediment control features, whether temporary or permanent, deemed necessary by the County Engineer to ensure compliance with the Clean Water Act, the Statewide General Permit, and County's, Grading, Erosion and Sediment Control Ordinances. Failure to comply with this provision shall constitute a material breach of this Agreement.

4. Post security acceptable to County as provided in Section 16.16.050 of the Code. In the event that the Sureties issuing the posted securities are subsequently downgraded to a rating unacceptable to County in its sole discretion, Owner shall, upon twenty (20) days written notice by County, post replacement securities that are acceptable to County.

5. Provide for and pay the costs of related civil engineering services, including the costs of inspection and utility relocation when required, and attorneys' fees, costs, and expenses of legal services.

6. Provide deposit for and pay to County all costs of construction oversight, inspection, administration and acceptance of the work by County in accordance with the County Engineer Fee Schedule adopted by Resolution of the Board of Supervisors of El Dorado County.

7. Have as-built plans prepared by a civil engineer and filed with the Department of Transportation as provided in Section 16.16.060 of the Code.

8. Repair at Owner's sole cost and expense, any defects, in workmanship or materials, which appear in the work within one (1) year following acceptance of the work by County.

9. To the fullest extent allowed by law, defend, indemnify and hold County harmless against and from any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorneys fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, County employees, and the public, or damage to property, or any other economic or consequential losses, which are claimed to or in any way arise out of or are connected with Owner's work, design, operation, construction of the improvements, or performance of this Agreement, regardless of the existence or degree of fault or negligence on the part of County, Owner, any Contractor(s), Subcontractor(s) and employee(s) of any of these, except for the sole, or active negligence of County, its officers and employees, or as expressly provided by statute. This duty of Owner to indemnify and save County harmless includes the duties to defend set forth in California Civil Code section 2778.

This duty to indemnify is separate and apart from any insurance requirements and shall not be limited thereto.

10. Enter into another agreement with County for all road improvements to be performed on County property. Such agreement shall also include a requirement that Owner furnish insurance and bonds that comply with the standard County insurance and bonding requirements in the amounts stated, to be approved by the County's Risk Management Division.

11. Provide continuous, sufficient access to Owner's successors and assigns, including but not limited to its Surety and Surety's agents, to the Subdivision to enable the public improvements to be constructed and completed. Access shall be continuous until completion of said public improvements, and release by County of the security underlying this Agreement.

12. Agree that said agreement to provide continuous, sufficient access is irrevocable and shall run with the land and shall be binding upon and inure to the benefit of the heirs, successors, assigns and personal representatives of Owner.

COUNTY WILL:

13. Upon execution of this Agreement and receipt of good and sufficient security as required by Section 16.16.050 of the Code, and upon compliance with all requirements of law, including all County ordinances, approve the Final Map of the Subdivision.

14. Upon receipt of a Certificate from County's Director of Transportation stating that a portion of the public improvements agreed to be performed herein has been completed, describing generally the work so completed and the estimated total cost of completing the remainder of the public improvements agreed upon to be performed herein, accept new security as provided in Section 16.16.040 of the Code.

15. Release the security posted in accordance with Sections 16.16.040 and 16.16.052 of the Code.

16. Require Owner to make such corrections of deficiencies in the improvements agreed to be performed herein and shown and described on the plans, specifications, and cost estimates as may be deemed to be required by County's Director of Transportation to be necessary to the proper completion or construction of the whole work contemplated. Require Owner to make such alterations, deviations, additions to or deletions in the improvements agreed to be performed herein and shown and described on the plans, specifications and cost estimates as may be deemed to be advisable by County's Director of Transportation to be appropriate for the proper completion or construction of the whole work contemplated provided that the amount of such alterations, deviations, additions to or deletions from the improvements does not exceed ten percent (10%) of the total estimated cost of the improvements.

17. Require Owner to maintain, and to make such alterations, deviations, additions to, or deletions from, the project erosion control features shown and described on the plans, specifications and cost estimates and the Storm Water Pollution Prevention Plan (SWPPP) as may be deemed by County's Director of Transportation to be necessary or advisable for

compliance with the Clean Water Act, Statewide General Permit requirements and County's Grading, Erosion and Sediment Control Ordinances.

18. Upon completion of the public improvements agreed to be performed herein, adopt a resolution accepting or rejecting the streets of said Subdivision into County's road system for maintenance.

19. Retain a portion of the security posted in the amount of ten percent (10%) of the estimated cost of all of the improvements for one (1) year following acceptance of the work by County to secure the repair of any hidden defects in workmanship or materials which may appear.

20. Require Owner to pay County for costs, expenses and reasonable attorneys' fees to be paid by Owner should County be required to commence an action to enforce the provisions of this Agreement, to enforce the security obligations provided herein, and all attorneys' fees, costs, and expenses of litigation incurred by County even if Owner subsequently proceeds to complete the work.

ADDITIONAL PROVISIONS:

21. The estimated cost of installing all of the improvements is **SEVEN HUNDRED TWENTY-SIX THOUSAND SEVEN HUNDRED SEVENTY-FOUR DOLLARS and 72/100 (\$726,774.72).**

22. Owner shall conform to and abide by all Federal, State and local building, labor and safety laws, ordinances, rules and regulations. All Work and materials shall be in full accordance with the latest rules and regulations of the State Fire Marshall, safety orders of the Division of Industrial Safety, California Electrical Code, California Building Code, California Plumbing Code, and any and all other applicable laws and regulations. Nothing in this Agreement, including but not limited to the improvement plans and specifications and cost estimates, is to be construed to permit work not conforming to these codes.

23. Inspection of the work and/or materials or statements by any officer, agent, or employee of County indicating that the work or any part thereof complies with the requirements of this Agreement, or acceptance of the whole or any part of said work and/or materials, or payments therefore, or any combination or all of these acts, shall not relieve Owner of its obligation to fulfill this Agreement as prescribed; nor shall County be stopped from bringing any action for damages arising from the failure to comply with any terms and conditions hereof.

24. This Agreement may be amended by mutual consent of the parties hereto. Said amendments shall become effective only when in writing and fully executed by duly authorized officers of the parties hereto.

25. Neither this Agreement, nor any part thereof may be assigned by Owner without the express written approval of County.

26. All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and return receipt requested.

Notices to County shall be in duplicate and addressed as follows:

County of El Dorado
Department Of Transportation
2850 Fairlane Court
Placerville, California 95667
Attn.: Chuck S. Pazzi,
Supervising Civil Engineer

County of El Dorado
Department Of Transportation
2850 Fairlane Court
Placerville, California 95667
Attn.: Tim C. Prudhel,
Contract Services Officer

or to such other location as County directs.

Notices to Owner shall be addressed as follows:

Serrano Associates, LLC
4525 Serrano Parkway
El Dorado Hills, California 95762
Attn.: Thomas M. Howard,
Vice President of Construction

or to such other location as Owner directs.

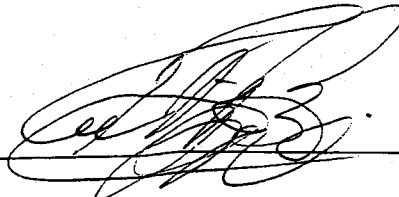
27. The County officer or employee with responsibility for administering this Agreement is Chuck S. Pazzi, Supervising Civil Engineer, Department of Transportation, or successor.

28. Any action arising out of this Agreement, including, but not limited to, litigation, mediation, or arbitration, shall be brought in El Dorado County, California, and shall be resolved in accordance with the laws of the State of California.

29. The parties to this Agreement represent that the undersigned individuals executing this Agreement on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind upon said parties to the obligations set forth herein.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated below, the latest of which shall be deemed to be the effective date of this Agreement.

--COUNTY OF EL DORADO--

By: 

Dated: 12/11/07

RON BRIGGS SECOND VICE-CHAIRMAN
Board of Supervisors
"County"

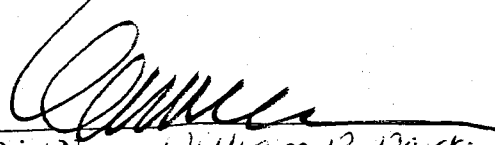
Attest:
Cindy Keck
Clerk of the Board of Supervisors

By: 
Deputy Clerk

Dated: 12/11/07

-- SERRANO ASSOCIATES, LLC --
a Delaware Limited Liability Company

By: Parker Development Company
a California corporation
Its Managing Member

By: 
Print Name: William R. Parker
Print Title: President

Dated: 9-18-07

"Owner"

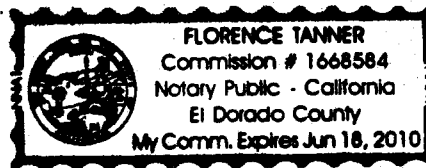
ACKNOWLEDGMENT

State of California)
)ss.
County of El Dorado)

On September 18, 2007 before me, Florence Tanner, Notary Public personally appeared William R. Parker, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Florence Tanner
Signature of Notary Public



Title or Type of Document: **Subdivision Improvement Agreement**
Villages K1 and K2, Unit 6

Exhibit A

SCHEDULE OF GENERAL SITEWORK IMPROVEMENTS

Owner agrees to perform general sitework improvements in **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of General Sitework Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
Clearing & Grubbing	1.88	AC	\$ 5,000.00	\$ 9,400.00
Existing Barricades	1	EA	\$ 100.00	\$ 100.00
Remove (E) drainage rip-rap, etc.	75	SF	\$ 0.75	\$ 56.25
Export Material	2500	CY	\$ 5.00	\$ 12,500.00
Excavation, Cut	5200	CY	\$ 5.00	\$ 26,000.00

Total General Sitework Improvements Cost	\$48,056.25
Plus 10% Contingency	\$4,805.63
Estimated Total General Sitework Improvements Cost	\$52,861.88

Exhibit B

SCHEDULE OF SURFACE IMPROVEMENTS

Owner agrees to improve all streets and roads for dedication upon the final map of **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Surface Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
Asphalt Paving, 3"AC, 8"AB	40121	SF	\$ 2.50	\$ 100,302.50
4" AB CLII Access Road (to GC)	4089	SF	\$ 1.00	\$ 4,089.00
Rolled Curb & Gutter (Type I Mod.)	2254	LF	\$ 30.00	\$ 67,620.00
Rockery Retaining Walls (1' to 7' hts.)	2243	SF	\$ 50.00	\$ 112,150.00
Stop Signs	1	EA	\$ 400.00	\$ 400.00
Street Signs (1 Post)	1	EA	\$ 400.00	\$ 400.00

Total Surface Improvements Cost	\$284,961.50
Plus 10% Contingency	\$28,496.15
Estimated Total Surface Improvements Cost	\$313,457.65

Exhibit C

SCHEDULE OF STORM DRAINAGE IMPROVEMENTS

Owner agrees to install storm drainage improvements for **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Storm Drainage Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
12" HDPE	67	LF	\$ 45.00	\$ 3,015.00
18" HDPE	588	LF	\$ 55.00	\$ 32,340.00
DI, Type B	2	EA	\$ 1,000.00	\$ 2,000.00
Reinforced DI, Type B (6' deep +)	2	EA	\$ 1,200.00	\$ 2,400.00
OCP, 36" Manhole	2	EA	\$ 2,200.00	\$ 4,400.00
Standard Manhole, 48"	4	EA	\$ 2,500.00	\$ 10,000.00
Saddle Manhole, 48"	2	EA	\$ 2,200.00	\$ 4,400.00
V-Ditch (Rock Lined)	455	LF	\$ 10.00	\$ 4,550.00
Tie to (e) 48" SD	2	EA	\$ 1,000.00	\$ 2,000.00

Total Storm Drainage Improvements Cost	\$65,105.00
Plus 10% Contingency	\$6,510.50
Estimated Total Storm Drainage Improvements Cost	\$71,615.50

Exhibit D

SCHEDULE OF SANITARY SEWER IMPROVEMENTS

Owner agrees to install the sewer collection and disposal system for **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Sanitary Sewer Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
6" PVC SDR 35	330	LF	\$ 40.00	\$ 13,200.00
6" PVC SDR 26	653	LF	\$ 45.00	\$ 29,385.00
Standard Manhole, 48" Precast	4	EA	\$ 2,500.00	\$ 10,000.00
Manhole, 60" Dia, Lined	1	EA	\$ 7,800.00	\$ 7,800.00
Sewer Service, 4"	3	EA	\$ 900.00	\$ 2,700.00
Pump Sewer Service 2"	5	EA	\$ 1,000.00	\$ 5,000.00
Tie to (E) Smh in Aldea	1	EA	\$ 1,000.00	\$ 1,000.00

Total Sanitary Sewer Improvements Cost	\$69,085.00
Plus 10% Contingency	\$6,908.50
Estimated Total Sanitary Sewer Improvements Cost	\$75,993.50

Exhibit E

SCHEDULE OF WATER IMPROVEMENTS

Owner agrees to install the water supply and distribution system in **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Water Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
8" PVC C-900 (CL200)	1026	LF	\$ 42.00	\$ 43,092.00
8" Gate Valve Assembly	3	EA	\$ 1,000.00	\$ 3,000.00
1" Water Service	8	EA	\$ 500.00	\$ 4,000.00
Fire Hydrants Assembly	3	EA	\$ 2,500.00	\$ 7,500.00
1" Air/Vac Release	1	EA	\$ 950.00	\$ 950.00
Tie To (E) Waterline in Aldea	1	EA	\$ 1,200.00	\$ 1,200.00

Total Water Improvements Cost	\$59,742.00
Plus 10% Contingency	\$5,974.20
Estimated Total Water Improvements Cost	\$65,716.20

Exhibit F

SCHEDULE OF RECLAIMED WATER IMPROVEMENTS

Owner agrees to install the reclaimed water supply and distribution system in **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Reclaimed Water Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
6" Purple Plus PVC C-900 (CL200)	954	LF	\$ 36.00	\$ 34,344.00
6" Gate Valve Assembly	3	EA	\$ 900.00	\$ 2,700.00
1" Water Service	8	EA	\$ 500.00	\$ 4,000.00
2" Blow off	2	EA	\$ 700.00	\$ 1,400.00
1" Air/Vac Release	1	EA	\$ 800.00	\$ 800.00
Tie To (E) RWL in Aldea	1	EA	\$ 800.00	\$ 800.00

Total Reclaimed Water Improvements Cost	\$44,044.00
Plus 10% Contingency	\$4,404.40
Estimated Total Reclaimed Water Improvements Cost	\$48,448.40

Exhibit G

SCHEDULE OF UTILITY IMPROVEMENTS

Owner agrees to install utility improvements in SERRANO VILLAGE K1 & K2, UNIT 6 Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Utility Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
Utility Services	8	EA	\$ 350.00	\$ 2,800.00
Utility Conduits	1127	LF	\$ 10.00	\$ 11,270.00
Utility Trenching	1127	LF	\$ 35.00	\$ 39,445.00

Total Utility Improvements Cost	\$53,515.00
Plus 10% Contingency	\$5,351.50
Estimated Total Utility Improvements Cost	\$58,866.50

Exhibit H

SCHEDULE OF EROSION CONTROL IMPROVEMENTS

Owner agrees to install erosion control improvements in **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Erosion Control Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
Straw Wattles	1405	LF	\$ 5.00	\$ 7,025.00
Sand/Gravel filled Bags	250	LF	\$ 9.00	\$ 2,250.00
Hydroseeding	41722	SF	\$ 0.07	\$ 2,920.54
SWPPP Implementation	1	LS	\$ 1,500.00	\$ 1,500.00
Fugitive Dust Control	1	LS	\$ 1,000.00	\$ 1,000.00
Stabilized Construction Entrance	1	EA	\$ 1,500.00	\$ 1,500.00

Total Erosion Control Improvements Cost	\$16,195.54
Plus 10% Contingency	\$1,619.55
Estimated Total Erosion Control Improvements Cost	\$17,815.09

Exhibit I

SCHEDULE OF CONSULTANT FEES & SERVICES

Owner agrees to pay for consultant fees and services in **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision as required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the County Engineer, and as set forth in the following Schedule of Consultant Fees & Services:

Item Description	Quantity	Units	Unit Cost	Total Cost
Construction Staking	1	LS	\$15,000.00	\$15,000.00
Construction Engineering	1	LS	\$5,000.00	\$5,000.00

Total Consultant Fees & Services Cost	\$20,000.00
Plus 10% Contingency	\$2,000.00
Estimated Total Consultant Fees & Services Cost	\$22,000.00

CERTIFICATION OF PARTIAL COMPLETION OF SUBDIVISION IMPROVEMENTS

I hereby certify that the following improvements in the **SERRANO VILLAGE K1 & K2, UNIT 6** Subdivision have been completed, to wit:

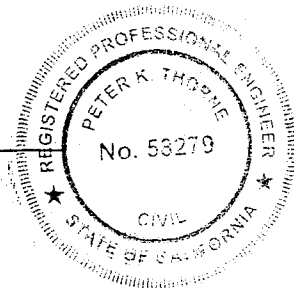
		<u>Total Amount</u>	<u>Percent Complete</u>		<u>Remaining Amount</u>
General Sitework	\$	52,861.88	85%	\$	7,929.28
Surface Improvements	\$	313,457.65	50%	\$	156,728.82
Storm Drainage	\$	71,615.50	85%	\$	10,742.32
Sanitary Sewer	\$	75,993.50	85%	\$	11,399.02
Water	\$	65,716.20	85%	\$	9,857.43
Reclaimed Water	\$	48,448.40	85%	\$	7,267.26
Utility	\$	58,866.50	85%	\$	8,829.97
Erosion Control	\$	17,815.09	25%	\$	13,361.31
Consultant Fees and Svcs.	\$	<u>22,000.00</u>	0%	\$	<u>22,000.00</u>
Totals	\$	<u>726,774.72</u>		\$	<u>248,115.41</u>

I estimate the total cost of completing the remainder of the improvements agreed to be performed by the Owner to be **TWO HUNDRED FORTY EIGHT THOUSAND, ONE HUNDRED FIFTEEN DOLLARS and 41/100 (\$248,115.41)**.

The Performance Bond is for the amount of **TWO HUNDRED FORTY-EIGHT THOUSAND ONE HUNDRED FIFTEEN DOLLARS and 41/100 (\$248,115.41)**.

The Laborers and Materialmens Bond is for the amount of **THREE HUNDRED SIXTY-THREE THOUSAND THREE HUNDRED EIGHTY-SEVEN DOLLARS and 36/100 (\$363,387.36)**.

DATED: 9/18/07



Peter K. Thorne
 Peter K. Thorne, P.E.
 Gene E. Thorne & Associates
 4080 Plaza Goldorado Circle
 Cameron Park, CA 95682

ACCEPTED BY THE COUNTY OF EL DORADO

DATED: 10/2/07

Richard W. Shepard
 Richard W. Shepard, P.E.
 Director of Transportation

PERFORMANCE BOND AGREEMENT FORM

Whereas, the Board of Supervisors of the County of El Dorado, a political subdivision of the State of California, and **SERRANO ASSOCIATES, LLC**, a Delaware limited liability company (hereinafter designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 11, 2007, and identified as project **SERRANO VILLAGE K1 & K2, UNIT 6 (TM 01-1377R)** 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 The Continental Insurance Company, (hereinafter designated as "Surety"), are held and firmly bound unto the County of El Dorado, as Obligee, in the penal sum of **Two Hundred Forty-Eight Thousand One Hundred Fifteen Dollars and Forty-One Cents (\$248,115.41)** 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 condition 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.

This guarantee shall insure the County of El Dorado during the work required by any Contract and for a period of one (1) year from the date of acceptance of the work against faulty or improper materials or workmanship that may be discovered during that time.

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 way 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 September 18, 2007.

"Surety"

"Principal"

SERRANO ASSOCIATES, LLC
a Delaware limited liability company

By: Parker Development Company
a California corporation
Its Managing Member

By The Continental Insurance Company

By: [Signature]

[Signature: Tom Branigan]

Print Name James E. Parker
Print Title Vice President

Print Name Tom Branigan

Attorney-In Fact **NOTARIES ATTACHED**

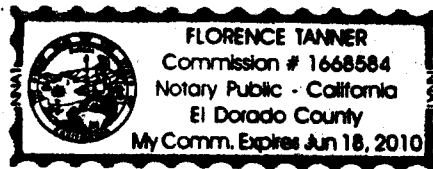
ACKNOWLEDGMENT

State of California)
)ss.
County of El Dorado)

On September 18, 2007 before me, Florence Tanner, Notary Public personally appeared James E. Parker, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Florence Tanner
Signature of Notary Public



Title or Type of Document: **Performance Bond Agreement Form
Villages K1 and K2, Unit 6**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Francisco

On September 18, 2007 before me, J. Mo, Notary Public, personally appeared Tom Branigan personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



J. Mo
J. Mo, Notary Public

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania corporation, is a duly organized and existing corporation having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

John T. Lettieri, Mark Roppo, Tom Branigan, Katherine G. Zerounian, Individually

of San Francisco, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the corporation.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Senior Vice President and its corporate seal to be hereto affixed on this 1st day of October, 2006.



The Continental Insurance Company

Thomas P. Stillman Senior Vice President

State of Illinois, County of Cook, ss:

On this 1st day of October, 2006, before me personally came Thomas P. Stillman to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Chicago, State of Illinois; that he is a Senior Vice President of The Continental Insurance Company, a Pennsylvania corporation, described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.



My Commission Expires March 15, 2009

Maria M. Medina Notary Public

CERTIFICATE

I, Mary A. Ribikawskis, Assistant Secretary of The Continental Insurance Company, a Pennsylvania corporation, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 18th day of September, 2007.



The Continental Insurance Company

Mary A. Ribikawskis Assistant Secretary

Authorizing By-Laws and Resolutions

ADOPTED BY THE BOARD OF DIRECTORS OF THE CONTINENTAL INSURANCE COMPANY:

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the Board of Directors of the company.

"Article VI-Execution of Documents

Section 3. Appointment of Attorney-in-Fact. The Chairman of the Board of Directors, the President or any Executive or Senior Vice President may, from time to time, appoint by written certificates attorneys-in-fact to act in behalf of the Company in the execution of policies of insurance, bonds, undertakings and other obligatory instruments of like nature. Such attorneys-in-fact, subject to the limitations set forth in their respective certificates of authority shall have full power to bind the Company by their signature and execution of any such instruments and to attach the seal of the Company thereto. The Chairman of the Board of Directors, the President or any Executive or Senior Vice President or the Board of Directors, may, at any time, revoke all power and authority previously given to any attorney-in-fact.

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolution adopted by the Executive Committee of the Board of Directors of The Continental Insurance Company by unanimous written consent dated the 13th day of January, 1989:

RESOLVED, that the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed and in the future with respect to any bond, undertaking or contract of suretyship to which it is attached."

Bond No. 929422249
Premium \$1145.00

LABORERS AND MATERIALMENS BOND FORM

Whereas, the Board of Supervisors of the County of El Dorado, a political subdivision of the 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 December 11, 2007, and identified as project **SERRANO VILLAGE K1 & K2, UNIT 6 (TM 01-1377R)** 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 The Continental 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 Civil Code in the sum of **Three Hundred Sixty-Three Thousand Three Hundred Eighty-Seven Dollars and Thirty-Six Cents (\$363,387.36)**, 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 inure 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 affect 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 September 18, 20 07.

“Surety”

By The Continental Insurance Company



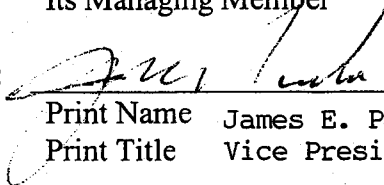
Print Name Tom Branigan
Attorney-In-Fact

“Principal”

SERRANO ASSOCIATES, LLC
a Delaware limited liability company

By: Parker Development Company
a California corporation
Its Managing Member

By:


Print Name James E. Parker
Print Title Vice President

NOTARIES ATTACHED

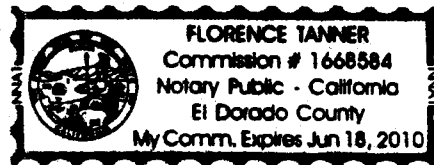
ACKNOWLEDGMENT

State of California)
)ss.
County of El Dorado)

On September 18, 2007 before me, Florence Tanner, Notary Public personally appeared James E. Parker, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Florence Tanner
Signature of Notary Public



Title or Type of Document: **Labor and Materialmens Bond Form**
Villages K1 and K2, Unit 6

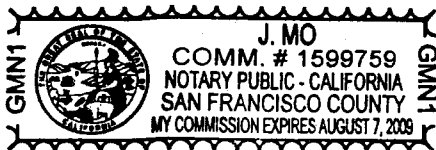
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Francisco

On September 18, 2007 before me, J. Mo, Notary Public, personally appeared Tom Branigan personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



J. Mo
J. Mo, Notary Public

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania corporation, is a duly organized and existing corporation having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

John T. Lettieri, Mark Roppo, Tom Branigan, Katherine G. Zerounian, Individually

of San Francisco, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

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and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the corporation.

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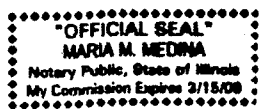
The Continental Insurance Company

Thomas P. Stillman

Thomas P. Stillman Senior Vice President

State of Illinois, County of Cook, ss:

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My Commission Expires March 15, 2009

Maria M. Medina

Maria M. Medina Notary Public

CERTIFICATE

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The Continental Insurance Company

Mary A. Ribikawskis

Mary A. Ribikawskis Assistant Secretary

Authorizing By-Laws and Resolutions

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