

**PERFORMANCE BOND AGREEMENT FORM**

Whereas, the Board of Supervisors of the County of El Dorado, 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 Sept. 12, 2006, and identified as project **SERRANO VILLAGE K5 – UNIT 3 (TM 01-1378)** is hereby referred to and made a 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 **THREE MILLION TWO HUNDRED EIGHTY FOUR THOUSAND TWO HUNDRED TWENTY SIX AND 50/100 DOLLARS (\$3,284,226.50)** 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, 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 of 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 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 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 El Dorado County 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 to be 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.

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 \$3,284,226.50 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 Village K5 Phase 1A - 1B**, listed in Attachment A, pages 1

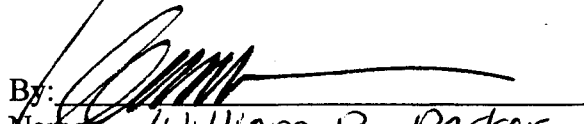
through 9 less the amount certified as partial completion of subdivision improvements certified on April 28, 2006 and accepted by the County of El Dorado.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on May 4, 2006.

**“Principal”**

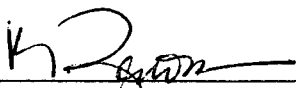
**SERRANO ASSOCIATES, LLC**  
**a Delaware limited liability company**

By: Parker Development Company,  
a California Corporation  
Managing Member

By:   
Name: William R. Parker  
Its: President

**“Surety”**

**THE CONTINENTAL INSURANCE COMPANY**

By:   
Katherine G. Zerounian, Attorney-In-Fact

Attachment A

**Schedule Of General Sitework Improvements**

Owners agree to perform general sitework improvements in **SERRANO VILLAGE K5 PHASE 1A - 1B** Subdivision 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:

<b>Item Description</b>	<b>Quantity</b>	<b>Units</b>	<b>Unit Cost</b>	<b>Total Cost</b>
Clear and Grub	39	AC	\$ 2,500.00	\$ 97,500.00
Excavation	180,000	CY	\$ 5.00	\$ 900,000.00

<b>Total General Sitework Improvements Cost</b>	<b>\$997,500.00</b>
<b>Plus 2% Project Administration</b>	<b>\$19,950.00</b>
<b>Plus 5% Construction Staking</b>	<b>\$49,875.00</b>
<b>Plus 10% Contingency</b>	<b>\$99,750.00</b>
<b>Estimated Total General Sitework Improvements Cost</b>	<b>\$1,167,075.00</b>

**Attachment A**

**Schedule Of Surface Improvements**

Owners agree to improve all streets and roads for dedication upon the final map of **SERRANO VILLAGE K5 PHASE 1A - 1B** Subdivision 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:

<b>Item Description</b>	<b>Quantity</b>	<b>Units</b>	<b>Unit Cost</b>	<b>Total Cost</b>
3" AC/ 8" AB	195,166	SF	\$ 2.80	\$ 546,464.80
Modified Type 1 Curb and Gutter	14,367	LF	\$ 15.00	\$ 215,505.00
0.1 Grind @ Greenview	62,603	SF	\$ .30	\$ 18,780.90
0.1 Overlay @ Greenview	76,297	SF	\$ .50	\$ 38,148.50
Sidewalk Ramps	16	EA	\$ 500.00	\$ 8,000.00
Street Signs	7	EA	\$ 250.00	\$ 1,750.00
4" PCC Sidewalk	22,997	SF	\$ 4.00	\$ 91,988.00
Stop signs w/ Stop Bars	7	EA	\$ 500.00	\$ 3,500.00

<b>Total Surface Improvements Cost</b>	<b>\$924,137.20</b>
<b>Plus 2% Project Administration</b>	<b>\$18,482.74</b>
<b>Plus 5% Construction Staking</b>	<b>\$46,206.86</b>
<b>Plus 10% Contingency</b>	<b>\$92,413.72</b>
<b>Estimated Total Surface Improvements Cost</b>	<b>\$1,081,240.52</b>

Attachment A

**Schedule Of Storm Drainage Improvements**

Owners agree to install storm drainage improvements for **SERRANO VILLAGE K5 PHASE 1A - 1B** Subdivision 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:

<b>Item Description</b>	<b>Quantity</b>	<b>Units</b>	<b>Unit Cost</b>	<b>Total Cost</b>
12" Storm Drain Pipe - HDPE	338	LF	\$ 35.00	\$ 11,830.00
18" Storm Drain Pipe - HDPE	1,224	LF	\$ 45.00	\$ 55,080.00
24" Storm Drain Pipe - HDPE	203	LF	\$ 55.00	\$ 11,165.00
30" Storm Drain Pipe - HDPE	423	LF	\$ 55.00	\$ 23,265.00
Std. Type "B" Drain Inlet	21	EA	\$ 2,800.00	\$ 58,800.00
48" Storm Drain Manhole	18	EA	\$ 3,500.00	\$ 63,000.00

<b>Total Storm Drainage Improvements Cost</b>	<b>\$223,140.00</b>
<b>Plus 2% Project Administration</b>	<b>\$4,462.80</b>
<b>Plus 5% Construction Staking</b>	<b>\$11,157.00</b>
<b>Plus 10% Contingency</b>	<b>\$22,314.00</b>
<b>Estimated Total Storm Drainage Improvements Cost</b>	<b>\$261,073.80</b>

Attachment A

Schedule Of Sanitary Sewer Improvements

Owners agree to install the sewer collection and disposal system for SERRANO VILLAGE K5 PHASE 1A - 1B Subdivision 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" Sewer Line SDR-35	4,678	LF	\$ 45.00	\$ 210,510.00
6" Sewer Line SDR-26	257	LF	\$ 45.00	\$ 11,565.00
Std. 60" Manhole	2	EA	\$ 5,000.00	\$ 10,000.00
Std. 48" Manhole	21	EA	\$ 3,500.00	\$ 73,500.00
4" Sewer Services	133	EA	\$ 1,000.00	\$ 133,000.00
Sewer Cleanout	4	EA	\$ 1,000.00	\$ 4,000.00
Manhole Lining	1,693	SF	\$ 1.00	\$ 1,693.00

<b>Total Sanitary Sewer Improvements Cost</b>	<b>\$444,268.00</b>
<b>Plus 2% Project Administration</b>	<b>\$8,885.36</b>
<b>Plus 5% Construction Staking</b>	<b>\$22,213.40</b>
<b>Plus 10% Contingency</b>	<b>\$44,426.80</b>
<b>Estimated Total Sanitary Sewer Improvements Cost</b>	<b>\$519,793.56</b>

Attachment A

Schedule Of Water Improvements

Owners agree to install the water supply and distribution system in SERRANO VILLAGE K5 PHASE 1A - 1B Subdivision 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 (CL 150)	5,202	LF	\$ 50.00	\$ 260,100.00
8" Gate Valve	16	EA	\$ 1,000.00	\$ 16,000.00
1" ARV	7	EA	\$ 2,500.00	\$ 17,500.00
2" BOV	6	EA	\$ 2,800.00	\$ 16,800.00
Fire Hydrants	12	EA	\$ 3,000.00	\$ 36,000.00
Water Services	133	EA	\$ 1,200.00	\$ 159,600.00

<b>Total Water Improvements Cost</b>	<b>\$506,000.00</b>
<b>Plus 2% Project Administration</b>	<b>\$10,120.00</b>
<b>Plus 5% Construction Staking</b>	<b>\$25,300.00</b>
<b>Plus 10% Contingency</b>	<b>\$50,600.00</b>
<b>Estimated Total Water Improvements Cost</b>	<b>\$592,020.00</b>



Attachment A

Schedule Of Reclaimed Water Improvements

Owners agree to install the recycled water supply and distribution system in SERRANO VILLAGE K5 PHASE 1A - 1B Subdivision 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 Reclaimed Water Improvements:

Item Description	Quantity	Units	Unit Cost	Total Cost
6" Purple Plus C-900 (CL 150)	5,287	LF	\$ 35.00	\$ 185,045.00
6" Gate Valve	16	EA	\$ 700.00	\$ 11,200.00
2" BOV	7	EA	\$ 2,800.00	\$ 19,600.00
1" ARV	7	EA	\$ 2,500.00	\$ 17,500.00
Recycled Water Services	133	EA	\$ 1,200.00	\$ 159,600.00

<b>Total Reclaimed Water Improvements Cost</b>	<b>\$392,945.00</b>
<b>Plus 2% Project Administration</b>	<b>\$7,858.90</b>
<b>Plus 5% Construction Staking</b>	<b>\$19,647.25</b>
<b>Plus 10% Contingency</b>	<b>\$39,294.50</b>
<b>Estimated Total Reclaimed Water Improvements Cost</b>	<b>\$459,745.65</b>

Attachment A

Schedule Of Erosion Control Improvements

Owners agree to install erosion control improvements for SERRANO VILLAGE K5 PHASE 1A - 1B Subdivision 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
Fiber Waddle	1,957	LF	\$ 3.00	\$ 5,871.00
Hydroseed	54,000	SF	\$ 0.05	\$ 2,700.00
Silt Fence	1,840	LF	\$ 3.00	\$ 5,520.00
Dust Control	1	LS	\$ 20,000.00	\$ 20,000.00
SWPP Compliance	1	LS	\$ 15,000.00	\$ 15,000.00

<b>Total Erosion Control Improvements Cost</b>	<b>\$49,091.00</b>
<b>Plus 2% Project Administration</b>	<b>\$981.82</b>
<b>Plus 5% Construction Staking</b>	<b>\$2,454.55</b>
<b>Plus 10% Contingency</b>	<b>\$4,909.10</b>
<b>Estimated Total Erosion Control Improvements Cost</b>	<b>\$57,436.47</b>

Attachment A

**Schedule Of Miscellaneous Improvements**

Owners agree to install miscellaneous improvements for **SERRANO VILLAGE K5 PHASE 1A - 1B** Subdivision 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 Miscellaneous Improvements:

<b>Item Description</b>	<b>Quantity</b>	<b>Units</b>	<b>Unit Cost</b>	<b>Total Cost</b>
Joint Trench	8,385	LF	\$ 20.00	\$ 167,700.00

<b>Total Utility Improvements Cost</b>	<b>\$167,700.00</b>
<b>Plus 2% Project Administration</b>	<b>\$3,354.00</b>
<b>Plus 5% Construction Staking</b>	<b>\$8,385.00</b>
<b>Plus 10% Contingency</b>	<b>\$16,770.00</b>
<b>Estimated Total Utility Improvements Cost</b>	<b>\$196,209.00</b>

**Attachment A**

**Certificate Of Partial Completion Of Subdivision Improvements**

I hereby certify that the following improvements in the SERRANO VILLAGE K5 UNIT 3 Subdivision have been completed, to wit:

	<u>Total Amount</u>	<u>Percent Complete</u>	<u>Remaining Amount</u>
General Sitework	\$ 1,167,075.00	90%	\$ 116,707.50
Surface Improvements	\$ 1,081,240.52	0%	\$ 1,081,240.52
Storm Drainage	\$ 261,073.80	0%	\$ 261,073.80
Sanitary Sewer	\$ 519,793.56	0%	\$ 519,793.56
Water	\$ 592,020.00	0%	\$ 592,020.00
Reclaimed Water	\$ 459,745.65	0%	\$ 459,745.65
Erosion Control	\$ 57,436.47	0%	\$ 57,436.47
Miscellaneous	\$ <u>196,209.00</u>	0%	\$ <u>196,209.00</u>
<b>Totals</b>	\$ <u>4,334,594.00</u>		\$ <u>3,284,226.50</u>

I estimate the total cost of completing the remainder of the improvements, agreed to be performed by the Owner to be **FOUR MILLION THREE HUNDRED THIRTY FOUR THOUSAND FIVE HUNDRED NINETY FOUR AND 00/100 dollars (\$4,334,594.00).**

The Performance Bond is for the amount of **THREE MILLION TWO HUNDRED EIGHTY FOUR THOUSAND TWO HUNDRED TWENTY SIX AND 50/100 dollars (\$3,284,226.50).** (100% of Remaining Amount Total, Column 3)

The Labor and Materialmens Bond is for the amount of **TWO MILLION ONE HUNDRED SIXTY SEVEN THOUSAND TWO HUNDRED NINETY SEVEN AND 00/100 dollars (\$2,167,297.00).** (50% of The Total Amount, Column 1)

DATED: 04/28/06



Donald T. McCormick  
R.E.Y. Engineers  
105 Lake Forest Way, Suite C  
Folsom, CA 95630



ACCEPTED BY THE COUNTY OF EL DORADO:

DATED: \_\_\_\_\_

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

**Attachment B**

It is hereby understood and agreed that this addendum is affixed to and a part of bond number 929374865 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 Performance Bonds shall not exceed \$3,284,226.50 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 Toll CA X L.P.	May 1, 2006	Serrano Village K5 Unit 3	929374865

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of SAN FRANCISCO

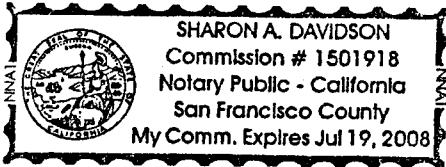
} SS.

On MAY 4, 2006, before me, SHARON A. DAVIDSON, NOTARY PUBLIC  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared KATHERINE G. ZEROUNIAN  
Name(s) of Signer(s)

- personally known to me
- 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.



Place Notary Seal Above

WITNESS my hand and official seal.  
[Signature]  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

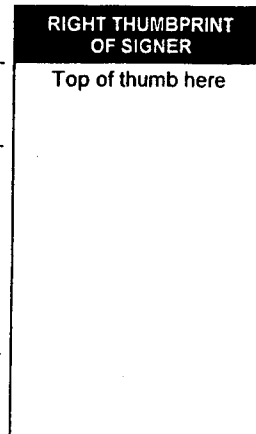
Signer(s) Other Than Name Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporation Officer -- Title(s): \_\_\_\_\_
- Partner --  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



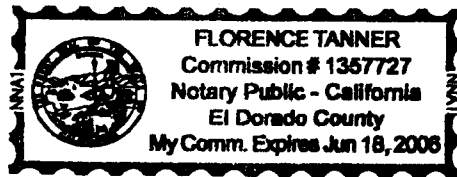
**ACKNOWLEDGMENT**

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

On May 5, 2006 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: **Performance Bond**  
**Serrano, Village K5 – Unit 3**