

INDEMNITY AND DEFENSE AGREEMENT

This Indemnity and Defense Agreement ("**Indemnity**") is entered into by and among the County of El Dorado, a political subdivision of the State of California ("**County**"), and West Valley, LLC, a California limited liability company ("**Primary Developer**"), and, individually, its members, Lennar West Valley, LLC, a California limited liability company and AKT West Valley Investors, LLC, a California limited liability company, (collectively, "**Member Developers**"); Lennar Communities, Inc. ("**Lennar**"); AKT Development Corporation ("**AKT**"); and Angelo K. Tsakopoulos ("**Tsakopoulos**"), concerning that certain Implementation Agreement Regarding Processing of Set Aside Portion of Prepaid El Dorado Hills TIM Fees (West Valley, LLC). Hereinafter Primary Developer, Member Developers, Lennar, AKT and Tsakopoulos shall collectively be referred to as "**Developers.**"

RECITALS

WHEREAS, County and Primary Developer entered into that certain Funding, Credit and Reimbursement Agreement, with an effective date of November 21, 2005 ("**Funding Agreement**") and that certain Implementation Agreement Regarding Processing of Prepaid El Dorado Hills TIM Fees ("**Prior Implementation Agreement**") in July of 2008;

WHEREAS, the Prior Implementation Agreement implemented a procedure as security for payments by builders to Primary Developer for prepaid portions of the EDH TIM fees ("**Non-Set Aside Prepaid EDH TIM Fees**") whereby Primary Developer would acknowledge such payment and the County would then reduce the amount of the full EDH TIM Fees otherwise payable by such builders when obtaining building permits for their developments by the amount of the Non-Set Aside Prepaid EDH TIM Fees.

WHEREAS, Primary Developer and the County are currently entering into that certain Implementation Agreement Regarding Processing of Set Aside Portion of Prepaid El Dorado Hills TIM Fees ("**Implementation Agreement**") a copy of which is attached hereto as Exhibit A and which is incorporated herein by this reference. The Implementation Agreement implements a procedure as security for payment by builders to Primary Developer for prepayment of the 30% portion of all EDH TIM Fees (the "**Prepaid Set Aside Fees**") whereby Primary Developer would acknowledge such payment and the County would then reduce the full Set Aside Fees otherwise payable by such builders when obtaining building permits for their developments by the amount of the Prepaid Set Aside Fees. Any capitalized term not defined herein shall have the meaning ascribed to it in the Implementation Agreement.

WHEREAS, in partial consideration for the County's participation in the Implementation Agreement, the Developers each, jointly and severally, agreed to enter into this Indemnity;

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. Inducement to Enter Implementation Agreement.

The Developers are entering into this Indemnity as an inducement to County to enter into the Implementation Agreement. Absent Developers entering into this Indemnity, County would not enter into the Implementation Agreement.

2. Joint and Several Liability; No Defenses.

The Developers are jointly and severally liable for the obligations of this Indemnity. The Developers each waive all rights and defenses the Developers might have by reason of the bankruptcy of any of the other Developers and the discharge in bankruptcy of any of their obligations under this Indemnity.

3. Indemnification.

To the fullest extent allowed by law, Developers jointly and severally shall defend, indemnify and hold County, its officers, employees and agents, harmless against and from any and all claims, suits, losses, demands, damages, costs, charges, expenses including reasonable attorneys fees, and liability of every name, kind and descriptions, including economic or consequential losses, which are claimed to or in any way arise from or are connected with the application, implementation, operation, performance or enforcement of the Implementation Agreement between West Valley, LLC and the County of El Dorado, regardless of the existence or degree of fault or negligence on the part of the County, County's officers and employees. Without limiting the foregoing, Developers shall indemnify and defend the County from claims or actions: (1) involving the validity or interpretation of the Implementation Agreement; (2) brought by successors to Primary Developer and/or builders arising out of or in any way connected with the refusal of the County to issue a building permit, or delay in issuance of the building permit, purportedly in compliance with the Implementation Agreement; (3) relating to the County charging the full Set Aside Fee if a Certificate of Prepaid Fees is not presented; (4) any claims with respect to the status of Prepaid Set Aside Fees; (5) in bankruptcy court affecting the right of the County with respect to Prepaid Set Aside Fees; and, (6) involving a claim for a refund of Prepaid Set Aside Fees brought by a successor of the Primary Developer and/or a builder. With respect to a claim for refund of Prepaid Set Aside Fees, indemnity in the event any such claim is successful shall include, but is not limited to, reimbursing the County for any amount of such Prepaid Set Aside Fees refunded. The obligation to indemnify shall also include reasonable compensation for the time expended by County staff in defending any claim or action. This duty of Developers to indemnify and save County harmless expressly includes the duties to defend. Notwithstanding the foregoing, Developers' indemnity obligation hereunder shall not apply to any claim, loss or cause of action related to the County's obligation to reimburse Primary Developer for the Excess Prepayment as required under Section 3 of the Implementation Agreement. This obligation to indemnify shall not release County from its obligations under the Implementation Agreement.

4. Rights with Respect to Claims.

County may settle, adjust, or compromise any claim, suit, or judgment for which indemnity is owed by Developers under this Indemnity after notice to Developers unless Developers desire to litigate any such claim, suit or judgment, and Developers defend any such claim, suit, or litigation and simultaneously deposit with County collateral security sufficient to pay any judgment rendered, together with interests, costs and expenses. County's right to defense and indemnification under this Indemnity shall extend to money paid by it in furtherance of and/or settlement or compromise of any such claim, suit and judgment in good faith under notice to Developers, inclusive of costs and expenses for mediation and arbitration.

5. Rights with Respect to Litigation.

If any suit, action, or other proceeding is brought against County in connection with any of its rights or obligations under the Funding Agreement and/or Implementation Agreement, County may, after notice to Developers, select counsel to defend it at Developers sole cost and expense. Developers shall promptly reimburse County for any and all legal expenses incurred by County in connection herewith, inclusive of mediation and arbitration, and/or in enforcing the indemnity provided for in this Indemnity. Developers shall further pay and satisfy any judgment or decree that may be rendered against County, its officers, employees or any of them arising out of any such claim covered under this Indemnity.

6. Guarantee.

In addition to the defense and indemnity provided herein, the Member Developers, Lennar, AKT and Tsakopoulos hereby jointly and severally guarantee performance of the Implementation Agreement by the Primary Developer. The Member Developers, Lennar, AKT and Tsakopoulos waive all rights and defenses which Primary Developer might assert, including, but not limited to, the bankruptcy of Primary Developer.

7. Cooperation and Survival.

This Indemnity shall extend to claims and/or litigation filed or occurring after the Funding Agreement and Implementation Agreement has been completed or has otherwise terminated. During the pendency of this Indemnity, Developers shall fully cooperate with County in providing all necessary and reasonable documents, writings, and other information, excepting communications protected by the attorney-client privilege, relating to any claim, action or proceeding the subject of this Indemnity.

8. Effect of Agreement. Nothing by way of this Indemnity shall be construed to amend, modify, replace or constitute a waiver or release of the parties' rights and obligations under either the Funding Agreement or the Prior Implementation Agreement.

9. Notices.

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, with a copy thereof sent by electronic transmission to the email addresses provided below. Notices to County shall be in duplicate and addressed as follows:

County of El Dorado
Community Development Agency
Transportation Division
2850 Fairlane Court
Placerville, CA 96667
Attn: Transportation Division Director
E-mail: bard.lower@edcgov.us

with a copy to:

County of El Dorado
Board of Supervisors
330 Fair Lane
Placerville, CA 95667
Attn: Clerk of the Board

and a copy to:

County of El Dorado
County Counsel
330 Fair Lane
Placerville, CA 95667
Attn: County Counsel

or to such other location as the County directs.

Notices to Developers shall be addressed as follows:

West Valley, LLC
c/o AKT Development Corp.
7700 College Town Drive, Suite 101
Sacramento, CA 95826
Attn: Angelo Tsakopoulos, Chairman
E-mail: angelo@aktinvestments.com

and

Lennar Communities, Inc.
1420 Rocky Ridge Drive
Suite 320
Roseville, CA 95661
Attn: Larry Gualco, Vice President
E-mail: Larry.Gualco@Lennar.com

with a copy to:

Hefner, Stark & Marois, LLP
2150 River Plaza Drive, Suite 450
Sacramento, CA 95818
Attn: Timothy Taron and Martin Steiner
E-mail: ttaron@hsmlaw.com; msteiner@hsmlaw.com

or to such other location and/or to such other attention as Developer directs.

10. Attorneys Fees.

In the event that any action is brought by either party to enforce the terms of this Indemnity, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

11. Changes to Agreement.

This Indemnity 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.

12. Contract Administrator.

The County officer or employee with responsibility for administering this Indemnity is the County Counsel, Edward L Knapp, or successor.

13. Assignment.

The obligations under this Agreement are personal to the Developers, and therefore this Indemnity may not be assigned by Developers without the prior written consent of the County.

14. Authorized Signatures.

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

15. Counterparts.

This Indemnity may be executed in counterparts.

16. Construction.

This Indemnity shall be construed as a whole, the captions being for the convenience of the parties only and not intended to describe or define the provisions in the portions of the Indemnity to which they pertain. Each party hereto acknowledges and agrees that each has had independent counsel review and participated in the drafting of this Indemnity, and each party fully waives the application of any law, statute, or rule of construction or interpretation to the effect that any ambiguities are to be resolved against the drafting party.

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17. Governing Law.

This Indemnity and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California.

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

COUNTY OF EL DORADO

By: _____
 , Chairman
 BOARD OF SUPERVISORS

Dated: _____

Attest
Clerk of the Board of Supervisors

By: _____
 Deputy Clerk

Dated: _____

Signatures Continue on Next Page

WEST VALLEY, LLC

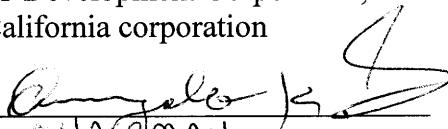
By: Lennar Communities, Inc.
a California corporation
Its Liquidating Manager

By: _____
Name: _____
Title: _____

Dated: _____

AKT WEST VALLEY INVESTORS, LLC

By: AKT Development Corporation,
A California corporation

By: 
Title: CHAIRMAN

Dated: _____

And

LENNAR WEST VALLEY, LLC

By: Lennar Renaissance, Inc.,
A California corporation

By: _____
Title: _____

Dated: _____

LENNAR COMMUNITIES, INC.

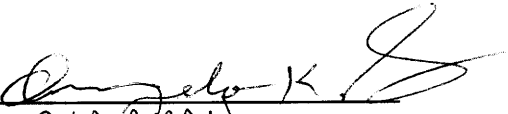
Lennar Communities, Inc.,
A California corporation

By: _____
Title: _____

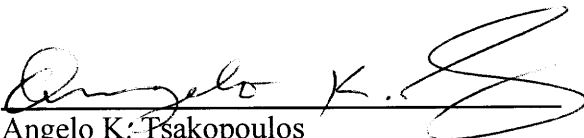
Signatures Continue on Next Page

AKT DEVELOPMENT CORPORATION

AKT Development Corporation
A California corporation

By: 
Title: CHAIRMAN

ANGELO K. TSAKOPOULOS


Angelo K. Tsakopoulos