AGREEMENT TO MAKE SUBDIVISION IMPROVEMENTS FOR CLASS 1 SUBDIVISIONS 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 K. HOVNANIAN FORECAST HOMES, INC., a corporation, duly qualified to conduct business in the State of California, whose principal place of business is 3536 Concours Street, Suite 320, Ontario, California 91764, and whose local office address is 1796 Tribute Road Suite 100, Sacramento, California 95815 (hereinafter referred to as "Owner"); concerning Euer Ranch, Unit 6 (hereinafter referred to as "Subdivision"); the Final Map of which was filed with the El Dorado County Board of Supervisors on the 33 day of ________, 2005.

RECITALS

Owner is vested with fee title to the Subdivision, a tract of land located in the County of El Dorado, State of California, and described as Euer Ranch, Unit 6, TM96-1317. 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, 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 Euer Ranch, Unit 6, TM96-1317 which were approved by the Interim Director, Department of Transportation, on May 25, 2005. Attached are Exhibit A, marked "Schedule of Street Improvements," Exhibit B, marked "Schedule of Water Improvements," Exhibit C, marked "Schedule of Sewer Improvements," Exhibit D, marked "Schedule of Recycled Water Improvements", and Exhibit E, marked "Schedule of Power And Telephone Improvements," all of which 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 said improvements 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 the 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 as provided in Section 16.16.050 of the Code.
- 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 El Dorado County Board of Supervisors.
- 7. Have as-built plans prepared by a civil engineer and filed with the County Department of Transportation as provided in Section 16.16.060 of said code.
- 8. Repair at Owner's sole cost and expense, any hidden 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 the 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 the Owner's work, 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, it's 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. As a condition precedent to filing any Final Map for this subdivision, owner will enter into a Road Improvement Agreement with County for the road improvements required by Condition Number 7 in the Revised and Renumbered Conditions of Approval dated October 20, 2003 for Euer Ranch Tentative Map, TM96-1317, and shown on improvement plans titled "White Rock Road Widening Project Sta. 63+25 to Sta. 115+25" prepared by Cooper, Thorne and Associates, Inc., civil engineers. Such agreement shall include a requirement that Owner furnish insurance that complies with the standard County insurance requirements in amounts stated, or to be approved by the County Risk Manager, and shall provide separate Performance and Laborers and Materialmens Bonds for that work.
- 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.
- 13. Comply fully with Condition Number 47 and Condition Number 48 of the Revised and Renumbered Conditions TM96-1317, as revised October 20, 2003, pursuant to a finding of consistency with the Settlement Agreement. Said conditions are attached hereto as Exhibit F and incorporated by reference herein.

COUNTY WILL:

- 14. Upon execution of this Agreement and receipt of good and sufficient security as required by Section 16.16.050 of said Code and upon compliance with all requirements of law, including all County ordinances, approve the Final Map of the Subdivision.
- 15. 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 a new security as provided in Section 16.16.040 of said Code.
- 16. Release the security posted in accordance with Sections 16.16.040 and 16.16.052 of said Code.
- 17. Require Owner to make such alterations, deviations, additions to, or deletions from, the improvements shown and described on the plans, specifications, and cost estimates as may be deemed by County's Director of Transportation to be necessary or advisable for the proper completion or construction of the whole work contemplated, provided the amount of such changes in the improvements does not exceed ten percent (10%) of the total estimated cost of the public improvements.
- 18. 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 necessary by the County's Director of Transportation to be necessary or advisable for compliance with the Clean Water Act, Statewide General Permit requirements and the County of El Dorado Grading, Erosion and Sediment Control Ordinances.
- 19. Upon completion of the public improvements agreed to be performed herein, adopt a resolution accepting or rejecting the streets of said Subdivision into the County road system for maintenance.
- 20. 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.

- 21. Require Owner to pay County for costs, expenses and reasonable attorney 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.
- 22. Require Owner to pay County for costs and expenses incurred by County for construction oversight, inspection, administration and acceptance of the work in accordance with this Agreement.

ADDITIONAL PROVISIONS:

- 23. The estimated cost of installing all of the improvements is Nine Million, Eight Hundred Sixty Eight Thousand, Seven Hundred Seventy Six Dollars and Zero Cents (\$9,868,776.00).
- 24. No occupancy shall be permitted in Units 6 and 7 until White Rock Road is substantially complete as determined by County's Department of Transportation.
- 25. 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, National Electrical Code, Uniform Building Code, Uniform 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.
- 26. 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.
- 27. 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.
- 28. Neither this Agreement, nor any part thereof may be assigned by Owner without the express written approval of County.
- 29. 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, CA 95667

Attn.: Jim Ware,

Acting Supervising Civil Engineer

or to such other location as County directs.

County Of El Dorado
Department Of Transportation
2850 Fairlane Court
Placerville, CA 95667
Attn.: Tim Prudhel.

Contract Services Officer

Notices to Owner shall be addressed as follows:

K. Hovnanian Forecast Homes, Inc. 1796 Tribute Road, Suite 100 Sacramento, CA 95815

Attn: Richard Balestreri,
Division Vice President

or to such other location as Owner directs.

- 30. The County officer or employee with responsibility for administering this Agreement is Jim Ware, Acting Supervising Civil Engineer, Department of Transportation, or successor.
- 31. 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. Owner waives any removal rights it might have under Code of Civil Procedure section 394.
- 32. This document and the documents referred to herein or exhibits hereto are the entire Agreement between the parties, and they incorporate or supersede all prior written or oral agreements or understandings.
- 33. 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: Charlie Paine CHARLIE PAINE Charman Board of Supervisors "County"	Dated: 8/23/05
Attest: Cindy Keck Clerk of the Board of Supervisors	
By: Athres Lyke	Dated:
K. HOVNANIAN FORECAST	HOMES, INC.,
Richard J. Balestreri Division Vice President	Dated: 1 unc 1,2005

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Print Name:

Dated: June 15 2005

STATE OF CALIFORNIA

COUNTY OF	Sacram	ento	
On this 18t	day of	Jure	_, 2005, before me a Notary Public, personally appeared
Richard J. Bal	lestreri, per	sonally kno	own to me (or proved to me on the basis of satisfactory
evidence) to be	the person((s) whose r	name is subscribed to this instrument, and acknowledged
that he (she or th	ney) execute	d it.	

WITNESS my hand and official seal.



Notary Public in and for said County and State

STATE OF NEW JERSEY
COUNTY OF EASTERN MONMOUTH
On this 15th day of, 200_5, before me a Notary Public, personally appeared
Peter S. Reinhart , personally known to me (or proved to me or
the basis of satisfactory evidence) to be the person(s) whose name is subscribed to this
instrument, and acknowledged that he (she or they) executed it.
WITNESS my hand and official seal. And official seal. Notary Public in and for said County and State
ANTHONY J. MAINGOOD NOTARY PUBLIC OF NEW HEART My Commission Expires May 29, 2002

SIGNATURE ATTESTMENT

05 JUN 17 PM 4: 14

I, Larry J. Young, President, Northern California Division of K. Hovnanian Forecast Homes, Inc., a California Corporation located at 1796 Tribute Road, Suite 100, Sacramento, CAARTHENT 95815 do hereby attest the signature of Richard J. Balestreri. Vice President Northern California Division of K. Hovnanian Forecast Homes, Inc., on the Subdivision Improvement Agreements and Bonds for Unit 6, between El Dorado County and K. Hovnanian Forecast Homes, Inc., concerning Euer Ranch, TM96-1317.

K. Hovnanian Forecast Homes, Inc. a California Corporation

President, Northern California Division

STATE OF CALIFORNIA

COUNTY OF ____Sacraneato
On this _/st day of __lune___, 200__, before me *____loi /guyen_, a Notary Public, personally appeared Larry J. Young, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name is subscribed to this instrument, and acknowledged that he (she or they) executed it.

WITNESS my hand and official seal.

Notary Public in and for said County and State

Exhibit A SCHEDULE OF STREET IMPROVEMENTS

That Owner agrees to improve all streets and roads for dedication upon the final map of Euer Ranch, Unit 6, TM96-1317 Subdivision required by El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the Director of Transportation, and as set forth in the following Schedule of Street Improvements:

Item Description	Quantity	Unit	Unit Cost	Total Cost
Clear & Grub	42	ac	\$1,500.00	\$63,000
Excavation	57,549	су	\$5.00	\$287,745
Finish Pads	143	ea	\$400.00	\$57,200
3"AC	186,568	sf	\$1.30	\$242,538
3.5"AC	8,120	sf	\$1.50	\$12,180
5"AC	132,212	sf	\$2.20	\$290,866
8" AB	186,568	sf	\$1.50	\$279,852
9.5" AB	8,120	sf	\$1.80	\$14,616
10" AB	132,212	sf	\$1.90	\$251,203
CalTrans A1-150 Curb	1,045	lf	\$12.00	\$12,540
Type 2 Vert. Curb & Gutter	5,145	·	\$18.00	
Type 1 Rolled Curb & Gutter	12,390	lf	\$15.00	
Sidewalk	81,863	sf	\$5.00	
Extra for Handicapped Ramp	44	ea	\$1,000.00	\$44,000
Barricade	2	ea	\$1,500.00	\$3,000
Street Sign	13	ea	\$500.00	· · · · · · · · · · · · · · · · · · ·
Metal Beam Guard Rail (Type A77AA w/ Type 'B' Terminal)	90)lf	\$45.00	
Retaining Wall	18,375	 	\$25.00	
SWPPP Compliance		lot	\$500.00	
Dust Control	··· ·	lot	\$1,000.00	
Erosion Control Measures		lot	\$1,500.00	
12" Storm Drain	811	 	\$40.00	
18" Storm Drain	2,491	+	\$45.00	†
24" Storm Drain	2,154		\$50.00	
30" Storm Drain	1,371		\$60.00	1
12" F.E.S.		lea	\$350.00	
18" F.E.S.			\$400.00	
24" F.E.S.		lea	\$800.00	*

7	ea	\$2,000.00	\$14,000
3	ea	\$2,300.00	\$6,900
2	ea	\$2,200.00	\$4,400
1	ea	\$2,500.00	\$2,500
24	ea	\$4,000.00	\$96,000
4	ea	\$4,400.00	\$17,600
10	ea	\$2,000.00	\$20,000
2	ea	\$1,500.00	\$3,000
14	ea	\$3,500.00	\$49,000
4	ea	\$500.00	\$2,000
150	су	\$100.00	\$15,000
1	ea	\$197,825.00	\$197,825
1	ea	\$132,258.00	\$132,258
1	ea	\$99,283.00	\$99,283
]	ea	\$265,932.00	\$265,932
			\$4,407,184
	2%		\$88,144
	5%		\$220,359
	15%		\$661,078
	4%		\$176,28
			\$5,553,052
	3 2 1 24 4 10 2 14 4 150	5% 15%	3ea \$2,300.00 2ea \$2,200.00 1ea \$2,500.00 24ea \$4,000.00 4ea \$4,400.00 10ea \$2,000.00 2ea \$1,500.00 14ea \$3,500.00 4ea \$500.00 150cy \$100.00 1ea \$197,825.00 1ea \$199,283.00

Exhibit B

SCHEDULE OF WATER IMPROVEMENTS

That Owner agrees to install the water supply and distribution system in Euer Ranch, Unit 6, TM96-1317 Subdivision required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the Director of Transportation, and as set forth in the following Schedule of Water Improvements:

Item Description	Quantity	Unit	Unit Cost	Total Cost
4" Line Incl. Fittings-water	750	lf	\$30.00	\$22,500
6" Line Incl. Fittings-water	1,446	lf	\$35.00	\$50,610
8" Line Incl. Fittings-water	4,611	lf	\$40.00	\$184,440
12" Line Incl. Fittings-water	1,578	lf	\$60.00	\$94,680
8" DIP	77	lf	\$45.00	\$3,457
12" DIP	24	lf	\$60.00	\$1,440
16" DIP	957	lf	\$120.00	\$114,840
4" Gate Valve-water	6	ea	\$600.00	\$3,600
6" Gate Valve-water	14	ea	\$800.00	\$11,200
8" Gate Valve-water	20	ea	\$900.00	\$18,000
12" Gate Valve-water	4	ea	\$1,400.00	\$5,600
16" Butterfly Valve-water]	ea	\$2,800.00	\$2,800
8"x6" Reducer	2	ea	\$600.00	\$1,200
12"x8" Reducer		ea	\$700.00	\$1,400
16"x12" Reducer	1	ea	\$1,000.00	\$1,000
Fire Hydrant	13	ea	\$2,500.00	\$32,500
1" ARV-water		ea	\$1,200.00	\$7,200
2" ARV-water	1	ea	\$2,500.00	\$2,500
2" BOV-water	10)ea	\$1,000.00	\$10,000
4" BOV-water		ea	\$2,000.00	\$2,000
Services-water	132	2ea	\$900.00	\$118,800
Connect to E Water Line		3 ea	\$1,500.00	\$4,500
Subtotal Water Improvements				\$694,267
Project Administration		2%	ó	\$13,885
Engineering & Staking		5%	ó	\$34,713
Contingency		15%	0	\$104,140
Inspection		4%	Ó	\$27,77
Total Water Improvements				\$874,77

Exhibit C

SCHEDULE OF SEWER IMPROVEMENTS

That Owner agrees to install the sewer collection and disposal system in Euer Ranch, Unit 6, TM96-1317 Subdivision required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the Director of Transportation, and as set forth in the following schedule of Sewer Improvements:

Item Description	Quantity	Unit	Unit Cost	Total Cost
6"line-sewer	3,058	lf	\$40.00	\$122,320
8"line-sewer	3,572	lf	\$45.00	\$160,740
Std. 48" SS Manhole	27	ea	\$3,100.00	\$83,700
Std. 60" SS Manhole	2	ea	\$8,000.00	\$16,000
Extra for lining SS Manhole	10	ea	\$3,500.00	\$35,000
Gravity Service-sewer	119	ea	\$1,250.00	\$148,750
Connect to E Sewer Line	1	ea	\$2,500.00	\$2,500
Subtotal Sewer Improvements				\$569,010
Project Administration		2%		\$11,380
Engineering & Staking		5%		\$28,451
Contingency		15%		\$85,352
Inspection		4%		\$22,760
Total Sewer Improvements				\$716,953

Exhibit D

SCHEDULE OF RECYCLED WATER IMPROVEMENTS

That Subdivider agrees to install the recycled water system in Euer Ranch, Unit 6, TM96-1317 Subdivision required by the El Dorado County Subdivision Ordinance in accordance with the plans and specifications thereof approved by the Director of Transportation, and as set forth in the following schedule of Recycled Water Improvements:

Item Description	Quantity	Unit	Unit Cost	Total Cost
4" Line Incl. Fittings-recycled water	1,6661	f	\$30.00	\$49,980
6" Line Incl. Fittings-recycled water	6,6041	f	\$35.00	\$231,140
6" DIP	621	f	\$40.00	\$2,480
4" Gate Valve-recycled water	96	ea	\$700.00	\$6,300
6" Gate Valve-recycled water	186	ea	\$800.00	\$14,400
1" ARV-recycled water	8	ea	\$1,200.00	\$9,600
2" BOV-recycled water	9		\$1,000.00	\$9,000
Services-recycled water	130	ea	\$900.00	\$117,000
Connect to E Recycled Water Line	4	ea	\$1,500.00	
Subtotal Recycled Water Improvements				\$445,900
Project Administration		2%	· · · · · · · · · · · · · · · · · · ·	\$8,918
Engineering & Staking		5%		\$22,295
Contingency		15%		\$66,885
Inspection		4%		\$17,836
Total Recycled Water Improvements				\$561,834

Exhibit E <u>SCHEDULE OF POWER AND TELEPHONE IMPROVEMENTS</u>

That Owner agrees to provide underground utilities as required on the Tentative Map Action by the Planning Commission, and as set forth in the following Schedule of Underground Power and Telephone Improvements:

Item Description	Quantity	Unit	Unit Cost	Total Cost
Mainline Trenching	143	lot	\$1,600.00	\$228,800
Conduit & Boxes	143	lot	\$1,200.00	\$171,600
Wiring and Transformers	143	lot	\$1,200.00	\$171,600
Utility Service	143	lot	\$8,000.00	\$1,144,000
Subtotal Power & Telephone Improvements				\$1,716,000
Project Administration		2%		\$34,320
Engineering & Staking		5%		\$85,800
Contingency		15%		\$257,400
Inspection		4%		\$68,640
Total Power & Telephone Improvements				\$2,162,160

CERTIFICATION OF PARTIAL COMPLETION OF SUBDIVISION IMPROVEMENTS

I hereby certify that the following improvements in the Euer Ranch, Unit 6, TM96-1317 Subdivision have been completed, to wit:

	Total Amount	Percent Complete	Remaining Amount
Street Improvements	\$5,553,052	0%	\$5,553,052
Water Improvements	\$874,777	0%	\$874,777
Sewer Improvements	\$716,953	0%	\$716,953
Recycled Water Improvements	\$561,834	0%	\$561,834
Power/Telephone Improvements	\$2,162,160	0%	\$2,162,160
Totals	\$9,868,776		\$9,868,776

I estimate the total cost of completing the remainder of the improvements, agreed to be performed by the Owner to be Nine Million Eight Hundred Sixty Eight Thousand Seven Hundred Seventy Six dollars (\$9,868,776.00).

The Performance Bond is for the amount of Nine Million Eight Hundred Sixty Eight Thousand Seven Hundred Seventy Six dollars (\$9,868,776.00). (100% of Remaining Amount Total, Column 3)

The Labor and Materials Bond is for the amount of One Hundred Ninety Five Three Hundred Sixty Two dollars (\$4,934,338.00). (50% of The Total Amount, Column 1)

DATED: 6:24-05

undivision Engineer

David R. Crosariol, RCE 34520

Cooper Thorne & Associates, Inc

3233240 met Circle Stite 1 Rancho Offdotal Ca 95742

ACCEPTED BY THE COUNTY OF EL DORADO

DATED: 6-28-05

Elizabeth B. Diamond RCE 34339 Interim Director of Transportation

Department of Transportation

El Dorado County