



CITY COUNCIL STAFF REPORT

DATE: February 3, 2016

CONSENT AGENDA

SUBJECT: RESCIND AND APPROVE A REVISED SECOND AMENDMENT TO AND ASSIGNMENT/ASSUMPTION OF THE SUBDIVISION IMPROVEMENT AGREEMENT FOR TRACT MAP NO. 31848-1 (AVALON)

FROM: David H. Ready, City Manager

BY: Public Works and Engineering Department

SUMMARY

The City Council has reviewed a variation of this request on two prior occasions. Reconsideration of the item is required as a result of changing buyers involved in the acquisition of the development out of bankruptcy foreclosure. The development is identified as "Palm Springs Village" or "Avalon", located on the east side of Indian Canyon Drive between the Whitewater River and San Rafael Drive. This action will rescind the City Council's recent approval on December 16, 2015, of the Second Amendment to and Assignment and Assumption of the Subdivision Improvement Agreement ("SIA") for Tract Map No. 31848-1, with Avalon Land Holdings, LLC, (the "Assignment"), and approve a revised Assignment with a new buyer, (Avalon 1150, LLC), that has entered escrow in the place of the prior buyer (Avalon Land Holdings, LLC), with whom the City Council just recently approved the Assignment.

RECOMMENDATION:

1. Rescind approval of the Second Amendment to and Assignment and Assumption of the Subdivision Improvement Agreement for Tract Map 31848-1 ("Avalon"), A5393, between LV Palm Springs Village, LLC, Avalon Land Holdings, LLC, and the City of Palm Springs, approved December 16, 2015; and
2. Approve a revised Second Amendment to and Assignment and Assumption of the Subdivision Improvement Agreement for Tract Map 31848-1 ("Avalon"), A5393, between LV Palm Springs Village, LLC, Avalon 1150, LLC, and the City of Palm Springs; and
3. Authorize the City Manager to execute all necessary documents.

STAFF ANALYSIS:

LV Palm Springs Village, LLC, ("LV PS Village"), is the successor to SunCal PSV, LLC, ("SunCal") through the financial bankruptcy and default of SunCal and assignment of the Avalon project to LV PS Village through foreclosure. SunCal and the City entered into a

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Subdivision Improvement Agreement (“SIA”) dated December 18, 2006, (A5393), and recorded on February 16, 2007, in conjunction with recordation of Tract Map 31848-1 (the “Tract”) consisting of approximately one-half of the Palm Springs Village project, generally located at the southeast corner of North Indian Canyon Drive and Sunrise Parkway. An aerial photo showing the location of the Avalon project is included in Figure 1.



Figure 1

The City has continued to extend the effectiveness of the SIA through a series of resolutions adopted by the City Council. On February 18, 2015, the City Council approved a First Amendment and Assignment to the SIA with LV PS Village, and another developer (FCA CA, LLC), with whom LV PS Village had entered into escrow to purchase the Avalon project. However, subsequent to the City Council’s approval of the First Amendment and Assignment of the SIA, the property transfer did not occur, escrow was cancelled, and LV PS Village requested that the City terminate the previously approved First Amendment and Assignment.

Accordingly, on June 17, 2015, the City Council rescinded its approval of the First Amendment and Assignment of the SIA, and approved only a First Amendment to the SIA which extended the current termination date of the Original SIA to May 4, 2016, and incorporated a new obligation on LV PS Village to annex the Palm Springs Village project into the City’s

Community Facilities District (CFD) No. 2005-1 for public safety services.

As set forth in the SIA (as Amended), LV PS Village is obligated to construct and install certain improvements to accommodate the development of the Tract. The SIA also required the posting of bonds as security for the faithful performance of the work required under the SIA. In accordance with the SIA, the original developer (SunCal) installed substantial components of the required work; however, the work was not completed and some of the work that had been installed has deteriorated or been vandalized, and may otherwise require repair for which LV PS Village, as the successor developer, is obligated to complete.

On December 16, 2015, the City Council approved a Second Amendment to and Assignment and Assumption of the SIA with LV PS Village and Avalon Land Holdings, LLC, (the "Second Amendment"). At that time, LV PS Village had entered escrow with Avalon Land Holdings, LLC, and the bankruptcy proceedings required that the City consent to the substitution of Avalon Land Holdings, LLC, in lieu of LV PS Village as the Subdivider. However, subsequent to the City Council's action, in January 2016 LV PS Village advised the City that it had terminated escrow with Avalon Land Holdings, LLC, and had entered into escrow with a new buyer identified as Avalon 1150, LLC, contingent on securing the City Council's approval to substitute Avalon 1150, LLC, as the Subdivider. Pursuant to the terms of the sale, Avalon 1150, LLC, has agreed to assume all of the obligations of LV PS Village under the Amended SIA, and to replace the existing security with replacement bonds.

The terms of the Second Amendment remain unchanged: the City will permit Avalon 1150, LLC, a reasonable period of time in which to evaluate and repair the installed improvements and to complete the remaining work; waive and/or deem cured all defaults, if any, of LV PS Village that may have occurred under the SIA prior to the Second Amendment; and extend the time period for performance of the SIA.

Staff recommends that the City Council approve the revised Second Amendment with Avalon 1150, LLC; a copy of the Second Amendment is included as **Attachment 1**.

ENVIRONMENTAL IMPACT:

The "Avalon" or "Palm Springs Village" project, identified by Case No. 5.0982, Planned Development District (PD) 290, and Tentative Tract Map 31848, was considered a "Project" pursuant to the California Environmental Quality Act ("CEQA") Guidelines. The City, acting as Lead Agency pursuant to CEQA, prepared an Initial Study and Mitigated Negative Declaration ("MND") for the Project. On May 5, 2004, the City Council adopted Resolution No. 20920 ordering the filing of the MND. Approval of the Second Amendment to and Assignment and Assumption of the SIA for the Palm Springs Village project will facilitate completion of the Project, and is therefore consistent with the MND previously approved by the City Council, and no further action with regard to CEQA is required with this requested action.

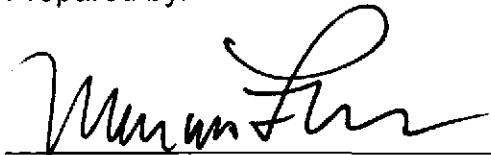
FISCAL IMPACT:

Approval of the requested action will facilitate completion of the Project, and ultimately, construction of the 798 single family residential units and 398 multi-family residential units approved as part of the Project, leading to increased property tax and associated revenue for the City, with corresponding increased public service costs. However, with the First Amendment to the SIA, the Project is required to annex into the City's CFD 2005-1 for public safety services, which will ultimately generate a maximum of \$500 annually per residential unit (or \$598,000 annually) at build-out which will offset the City's increased costs for public safety services.

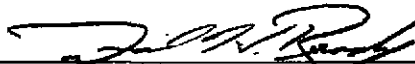
SUBMITTED:

Prepared by:

Approved by:



Marcus L. Fuller, MPA, P.E., P.L.S.
Assistant City Manager/City Engineer



David H. Ready, Esq., Ph.D.
City Manager

Attachments:

1. Second Amendment & Assignment to Original SIA

ATTACHMENT 1

WHEN RECORDED MAIL TO:

Avalon 1150, LLC
c/o Freehold Capital Management LLC
500 Boylston St, Suite 1870
Boston, MA 02116
Attention: Casey Tischer and Jesse Baker

(Space above this line is for recorder's use)

**SECOND AMENDMENT TO AND
ASSIGNMENT AND ASSUMPTION OF
SUBDIVISION IMPROVEMENT AGREEMENT**

THIS SECOND AMENDMENT TO AND ASSIGNMENT AND ASSUMPTION OF SUBDIVISION IMPROVEMENT AGREEMENT ("**Assignment**") is made this ____ day of _____, 2016 ("**Assignment Effective Date**"), by and among LV PALM SPRINGS VILLAGE LLC, a Delaware limited liability company ("**Assignor**"), Avalon 1150, LLC, a Delaware limited liability company ("**Assignee**"), and the City of Palm Springs, a California charter city and municipal corporation ("**City**").

RECITALS

A. Assignor, as successor-in-interest to SunCal PSV, LLC, a Delaware limited liability company ("**SunCal**"), and the City entered into that certain Subdivision Improvement Agreement dated December 18, 2006 and recorded on February 16, 2007 as Document No. 2007-0113033 in the Official Records of Riverside County, California, and the First Amendment to Subdivision Improvement Agreement, dated October 22, 2015 (as amended, the "**Original SIA**"), a copy of which is attached hereto as **Exhibit A** and fully incorporated herein by this reference, relating to the development of the property described by Tract Map No. 31848-1 approved by the City and filed in 2006 (the "**Property**"). Initially capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Original SIA.

B. The City has continued to extend the effectiveness of the Original SIA through a series of resolutions adopted by the City Council, and the current termination date of the Original SIA is May 4, 2016.

C. As set forth in the Original SIA, Assignor (as successor-in-interest to SunCal), as Subdivider, has agreed to construct and install certain improvements to accommodate the development of Tract Map No. 31848-1. Pursuant to Section 4.1(a) of the Original SIA, Subdivider has provided the City with those certain bonds, a list of which is set forth on **Exhibit B** attached hereto and fully incorporated herein by this reference (collectively, the "**Existing Security Instruments**"), each as security for the Assignor's faithful performance of the work required under the Original SIA, including without limitation, construction of the Works of Improvement.

D. In accordance with the Original SIA, Subdivider installed, on the Property and on adjoining property subject to Tentative Tract Map 31848 (the "**Adjoining Property**", and together with the Property, collectively, "**Real Property**"), substantial components of the Works of Improvement that were originally inspected by the City (the "**Installed Improvements**"). Subsequent to installation of the Installed Improvements, work ceased on the Real Property and the Installed Improvements may have, in some cases, deteriorated or been vandalized, and may otherwise require repair.

E. Assignor, as seller, and Assignee, as buyer, have opened escrow with Fidelity National Title Insurance Company (“**Escrow Holder**”) to enable transfer of the Real Property and other tangible and intangible property from Assignor to Assignee, as more specifically described in an additional agreement between Assignor and Assignee (the “**Transfer Agreement**”) (the closing of the transaction described in the Transfer Agreement is referred to herein as the “**Close of Escrow**”).

F. Pursuant to the Transfer Agreement, Assignor has agreed, among other things, to assign the Original SIA to Assignee and Assignee has agreed, among other things, to assume the Original SIA and to replace the Existing Security Interests with the Approved Replacement Bonds (as defined below) upon the terms and conditions set forth in the Transfer Agreement.

G. Assignor desires to assign to Assignee, without representation or warranty, all of Assignor's rights, titles, interests, benefits, privileges, claims, duties, and obligations (collectively, the “**Interests**”) pursuant to, contained within and in accordance with the Original SIA, as amended hereby and, subject to receipt of the assurances and other agreements of the City set forth herein, Assignee desires to assume the Interests in accordance with the terms of this Assignment.

H. City and Assignee further desire to further amend the Original SIA as set forth herein in order to (1) permit Assignee, as Subdivider, a reasonable period of time in which to evaluate and repair the Installed Improvements and to complete the remaining Works of Improvement, (2) to waive and/or deem cured all defaults, if any, of Subdivider that may have occurred under the Original SIA prior to the Assignment Effective Date, and (3) to extend the time period for performance of the Original SIA pursuant to the provisions of this Assignment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows.

1. Assignment and Assumption

1.1 Assignor hereby grants, transfers and assigns to Assignee all of Assignor's Interests pursuant to, under, and contained within the Original SIA, as amended by this Assignment, without recourse, representation or warranty.

1.2 Assignee hereby fully accepts the foregoing assignment and unconditionally assumes and agrees to perform, in a timely manner, all of the duties and obligations of Subdivider arising pursuant to, under or contained within the Original SIA, as amended by this Assignment (the Original SIA, as so amended, the “**SIA**”), with the same force and effect as if Assignee had initially executed the Original SIA as the Subdivider. Assignee agrees and acknowledges that, upon execution of this Assignment, Assignee shall become the Subdivider under the SIA.

1.3 The assignment of the Interests of Assignor in this Assignment is in no way intended (and in no way implies) change to any of the terms or conditions of the Transfer Agreement nor is it intended to imply that Assignor is making any warranty or representation to Assignee or that any of the improvements contemplated by the Original SIA may be accomplished or are feasible. Nothing contained in this Assignment shall modify in any way any provisions of the Transfer Agreement.

2. Exoneration and Replacement of Existing Security Interests. The City hereby agrees that upon (a) delivery by Assignee to City of bonds in form and substance approved by the City and fully executed

by Lexon Surety Group (the approved bonding company) and Assignee (“Approved Replacement Bonds”), and (b) satisfaction of the Release Conditions (as defined in the Supplemental Escrow Instructions attached hereto as **Exhibit C** and incorporated herein by this reference), including without limitation, fulfillment of the conditions to Close of Escrow under the Transfer Agreement, City shall return the Existing Security Interests to Assignor. Notwithstanding the foregoing, the City agrees that, upon request from Assignor, it shall execute and deliver a separate letter stating that Assignor, SunCal and the applicable bonding companies and/or sureties with respect to the Existing Security Interests are released and exonerated from any and all liability with respect to the Original SIA and the Existing Security Interests, which letter shall enclose and release the originals of each of the Existing Security Interests.

3. Release.

3.1 This Assignment shall constitute the City’s release and exoneration of Assignor, SunCal and their applicable bonding companies and/or sureties with respect to the Existing Security Interests and from any and all liability with respect to the Original SIA and the Existing Security Interests. After execution of this Assignment by all parties, Assignor shall have no obligation to Assignee or to the City and shall have no liability of any nature under the SIA.

3.2 In this regard, Assignee and City, each for itself and for their respective members, agents, employees, predecessors, successors, assigns, agents, and all other persons or entities who may claim through it, docs hereby release and forever discharge Assignor and its respective members, managers, officers, shareholders, partners, directors, employees, agents, lenders, attorneys, successors, assigns, and related and/or affiliated parties, from any and all manner of action, suit, lien, damage, expense (including attorneys’ fees), claim or demand of whatever nature heretofore or hereafter arising out of, related to, connected with the SIA.

3.3 In connection with the general release set forth herein, each of Assignee and City specifically waives the provisions of California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Each of Assignee and City knowingly and voluntarily waives the provisions of Civil Code Section 1542 and any other comparable provisions or principles of state, federal or common law and acknowledges and agrees that this waiver is an essential and material term of this Assignment and the release provisions contained herein and that, without such waiver, this Assignment would not have been entered into. Each of Assignee and City understands and acknowledges the significance and consequences of the release set forth herein and this specific waiver of Civil Code Section 1542 and all other comparable provisions or principles of state, federal law or common law.

Assignee’s Initials

City’s Initials

4. Effect of Assignment and Assumption. From and after the Assignment Effective Date, the City and Assignee agree that: (a) Assignee shall be deemed a party to the Original SIA and any reference therein to “Subdivider” shall be deemed to refer to Assignee; and (b) Assignee shall be entitled to exercise and enforce the Original SIA as if Subdivider had been a signatory to the Original SIA or a beneficiary thereunder as of the date of its original execution.

5. Amendments to Original SIA; Extensions of Time Periods for Performance. The Original SIA contains various dates for performance and the obligation for continuous performance by Subdivider following the commencement of construction of the Works of Improvement (as required by Section 2.4 of the Original SIA) that have not been met and which, due to the passage of time, are not susceptible of cure and that will not be capable of cure until such time as final development plans have been approved for the Property. To address this and to extend the time period for performance of obligations under the SIA, City and Assignee hereby agree to amend the Original SIA as set forth below.

5.1 Notwithstanding any other provision of the SIA to the contrary, the City hereby fully waives and releases Subdivider (as that term is used prior to, on and after the Assignment Effective Date) with respect to each and every default, if any, occurring prior to the Assignment Effective Date and hereby agrees that, except with respect to its duty to deliver the Approved Replacement Bonds, Subdivider shall have no obligation to perform the Works of Improvement or to carry out any other obligation under the SIA until the Revised Commencement Date.

5.2 Commencement and Completion. Notwithstanding any other provision of the SIA to the contrary:

5.2.1 The definition of "Commencement Date" as that term is used in Section 2.1 of the Original SIA shall be the date that is six (6) months following the later of (a) the Assignment Effective Date or (b) the City's approval of completed final development plans for the open space/golf course (the "**Revised Commencement Date**").

5.2.2 The "**Completion Date**" as that term is used in the Original SIA shall be the date that is two (2) years following the Revised Commencement Date, provided that if the Works of Improvement are not completed by the Completion Date, the City and Subdivider shall work in good faith to achieve completion within a reasonable time period. The foregoing shall supersede any earlier termination date approved by the City Council pursuant to one or more generally applicable resolution(s) extending the dates of subdivision improvement agreements in the City.

5.3 Extension of Deferred or Assigned Obligations. City and Assignee hereby agree with respect to the provisions of Section 1.2(a) of the Original SIA:

5.3.1 The time period for performance by Subdivider of the Obligation pursuant to Section 1.2(a) of the Original SIA has passed, and accordingly, as further described therein, City hereby: (a) agrees that City has or hereby does assume the Obligation, which is hereby deemed to be transferred to the City, (b) releases Subdivider from any requirement to construct the Obligation, to enter into negotiations and coordinate with RCFC in connection therewith or to have made a payment of the Deposit prior to the Assignment Effective Date.

5.3.2 Notwithstanding any other provision of Section 1.2(a) to the contrary: (a) the Deposit to be paid by Subdivider to the City shall be due and payable upon issuance by the City of the first residential building permit upon a lot within Tract Map No. 31848-1 (and as a condition thereto) or upon such earlier date as physical construction of the CV Link by RCFC or the City commences.

5.3.3 The City's right to construct the assigned Obligation shall be extended to the date that is ten (10) years from the date of the payment of the Deposit by Subdivider to City, or to any agreed extension of time thereof (the "**Obligation Date**"), and if not completed by the Obligation Date, shall be returned to the Home Owners Association or other non-profit mutual benefit corporation established for the residents within Tract Map No. 31848-1.

6. Effect of Assignment on Interpretation of SIA.

6.1 Interpretation of SIA. The City and Assignee hereby acknowledge and agree that, from and after the Assignment Effective Date, certain rights, duties and obligations under the SIA shall be interpreted as follows:

6.1.1 Assignee shall be responsible only for the accuracy and satisfaction of those obligations, representations and warranties of the Subdivider arising from and after the Assignment Effective Date; and

6.1.2 Components of the Installed Improvements may have deteriorated, been vandalized, or otherwise require repair (such components, "**Damaged Components**"). City agrees to cooperate with Assignee and to permit repair and replacement of Damaged Components of the Works of Improvement rather than complete removal and reinstallation thereof where feasible, provided that Assignee acknowledges and agrees that City shall have all the rights of inspection and acceptance of improvements set forth in the SIA.

6.1.3 City acknowledges that (a) Assignee is entering into this Assignment in reliance upon the agreements of City contained in Section 5 of this Assignment to waive defaults and extend the time period for performance by Assignee, and (b) City hereby waives and hereafter shall be estopped from pursuing any rights or remedies against Subdivider (as that term is used prior to, on and after the Assignment Effective Date) in connection with any alleged breach of the SIA prior to the Assignment Effective Date.

6.1.4 Notices, Demands and Communications to Subdivider from and after the Assignment Effective Date shall go to Assignee as indicated below:

Avalon 1150, LLC
c/o Freehold Capital Management LLC
500 Boylston St, Suite 1870
Boston, MA 02116
Attention: Casey Tischer and Jesse Baker
Phone: (617) 221-8405
E-mail: ct@freeholdcm.com, jrb@freeholdcm.com

With a copy to:

Lubin Olson & Niewiadomski LLP
600 Montgomery Street, 14th Floor
San Francisco, CA 94111
Attention: Mark Lubin
Phone: (415) 981-0550

Email: mlubin@lubinolson.com

and with a copy to:

Armbruster Goldsmith & Delvac LLLP
11611 San Vicente Blvd., Suite 900
Los Angeles, CA 90049
Attention: Amy Freilich
Phone: (310) 209-8800
Email: amy@agd-landuse.com

6.1.5 Terms; No Other Changes. Unless otherwise expressly indicated herein, all references in Original SIA and in this Assignment to “this Agreement” or the “SIA” shall mean and refer to the Original SIA as modified by this Assignment and other than the amendments and changes herein, all provisions of the Original SIA remain unmodified and in full force and effect. In the event of any conflict or inconsistency between the terms of the Original SIA and this Assignment, the terms of this Assignment shall control.

7. Miscellaneous Provisions.

7.1 Effectiveness. Notwithstanding anything to the contrary contained in this Assignment, this Assignment shall be null and void, *ab initio*, if the Close of Escrow for the sale of the Real Property to Assignee pursuant to the terms and conditions of the Transfer Agreement fails to occur on or before the Outside Closing Date (as defined in the Transfer Agreement), as the Outside Closing Date may be extended pursuant to the express terms of the Transfer Agreement.

7.2 Entire Agreement. This Assignment, together with the Original SIA, constitutes the entire agreement between the parties in regards to the subject matter contained herein.

7.3 Recitals. The Recitals above are incorporated herein by reference.

7.4 Governing Law. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of California.

7.5 Interpretation. All of the parties hereto have been represented by legal counsel of their choice are not relying on any statement of the other party in entering herein. Each party has cooperated and participated in the drafting and the preparation of this Assignment. Hence, in any construction to be made of this Assignment, no ambiguity shall be resolved against any party by virtue of that party's participation in the drafting of this Assignment.

7.6 Severability. If any provision, section, paragraph, clause or sentence in this Assignment is declared to be illegal, void, invalid, or unenforceable by a court or other authority with jurisdiction thereof, the remaining provisions, paragraphs, clauses, and sentences shall be severable and shall remain in full force and effect. The parties agree that a void or invalid paragraph, clause or provision shall not affect the validity or enforceability of the remaining provisions of this Assignment.

7.7 Counterparts. This Assignment may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

7.8 Survival. All representations, warranties, covenants and agreements made by the parties hereunder shall be considered to have been relied upon by the parties and shall survive the execution, delivery and performance of this Assignment and all other documents contemplated herein.

7.9 Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the successors, assignees, personal representatives, heirs and legatees of Assignor and the City and shall be binding upon and inure to the benefit of all successors and assigns to Assignee's right, title and interest in and to the Property.

7.10 Amendment.

7.10.1 Any amendment to Section 1 of this Assignment shall not be binding unless in writing and executed by Assignor and Assignee but shall not require execution by the City.

7.10.2 Any amendment to Sections 4, 5 and/or 6 of this Assignment shall be effective if executed by the City and Assignee, as Subdivider under the SIA, or any subsequent Subdivider, but shall not require execution by Assignor.

7.10.3 Any amendment to Sections 2, 3 and/or Section 6 of this Assignment shall require execution of (1) Assignor, (2) Assignee, as Subdivider under the SIA, or any subsequent Subdivider, and (3) the City.

7.11 Additional Documents. Each of the parties shall each execute and deliver to the other parties, upon demand, such further documents, and shall take such further actions as are necessary or desirable to effectuate the intent and purposes of this Assignment.

7.12 Authority. The persons signing below represent that they have the authority to bind their respective party, and that all necessary board of directors', shareholders', partners', agency's or other approvals have been obtained.

Signatures on following pages

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the day and year first written above.

“ASSIGNOR”

LV PALM SPRINGS VILLAGE LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of [_____]]
County of [_____]]

On _____ before me, _____ (here insert name and title of officer), personally appeared _____, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct

WITNESS my hand and official seal.

Signature _____

(Seal)

[Signature Continues on Following Page]

“ASSIGNEE”

AVALON 1150, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of [_____]]
County of [_____]]

On _____ before me, _____ (here insert name and title of officer), personally appeared _____, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct

WITNESS my hand and official seal.

Signature _____

(Seal)

“CITY”

**CITY OF PALM SPRINGS, a California
charter city and municipal corporation**

ATTEST:

By: _____
David H. Ready,
City Manager

BY: _____
James Thompson,
City Clerk

APPROVED AS TO FORM:

BY: _____
Doug Holland
City Attorney

Exhibit A

Original Subdivision Improvement Agreement, including First Amendment thereto

[attached]

DOC # 2007-0113033

02/16/2007 08:00A Fee:NC

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Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder



RECORDING REQUESTED BY:
CITY OF PALM SPRINGS

AND WHEN RECORDED MAIL TO:

City of Palm Springs
P. O. Box 2743
Palm Springs, CA 92263
Attn: Office of the City Clerk

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811

Filing fee EXEMPT per Government Code 6103

SUBDIVISION IMPROVEMENT AGREEMENT

by and between

CITY OF PALM SPRINGS

and

A5393

SUNCAL PSV, LLC,
A DELAWARE LIMITED LIABILITY COMPANY

Title of Document

THIS AREA FOR
RECORDER'S
USE ONLY

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

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SUBDIVISION IMPROVEMENT AGREEMENT

THIS SUBDIVISION IMPROVEMENT AGREEMENT (this "Agreement") is entered into this 18th day of December, 2006, by and between the CITY OF PALM SPRINGS, a California charter city ("CITY"), and SUNCAL PSV, LLC, a Delaware Limited Liability Company, (Subdivider").

RECITALS

A. Subdivider is the owner of, and has obtained approval of a subdivision map for Tract Map No. 31848-1 located in the City of Palm Springs, County of Riverside, State of California (the "Property"), as described on Exhibit "A". The map contains conditions of approval for the development of the Property (the "Conditions") as described on Exhibit "B".

B. Pursuant to the Conditions, Subdivider, by the Map, has offered dedication to the City of Palm Springs Lots "A" through "C" for street and public utility purposes; easements for public utility and sewer purposes with right of ingress and egress for service and emergency vehicles and personnel over Lots "D" through "T" (private streets), as shown on the map; easements for public utility and sewer purposes (shown as "10' PUE") along and adjacent to Lots "D" through "T" (private streets), as shown on the map; easements for sidewalk, public utility, and sewer purposes over Lots "U" through "Z" and Lots "AA" through "AH", as shown on the map; easements for storm drain purposes over Lots "X", "AA", "AF", and "AJ", as shown on the map; and City desires to accept the public dedication as shown on the final map, and certain other improvements described in this Agreement.

C. Subdivider has delivered to City and City has approved plans and specifications and related documents for certain "Works of Improvement" (as hereinafter defined) which are required to be constructed and installed in order to accommodate the development of the Property.

D. Subdivider's agreement to construct and install the Works of Improvement pursuant to this Agreement and its offer of dedication of the streets, easements and other improvements and facilities, as shown on the Map, are a material consideration to City in approving the final map for the Property and permitting development of the Property to proceed.

COVENANTS

Based upon the foregoing Recitals which are incorporated herein by reference and in consideration of City's approving the Map for the Property and permitting development of the Property to proceed, Subdivider agrees to timely perform all of its obligations as set forth herein.

1. Construction Obligations.

1.1 Works of Improvement. Subdivider agrees, at its sole cost and expense, to construct or install or cause to be constructed or installed the street, drainage, domestic water, sanitary sewer and other improvements (herein sometimes collectively referred to as the "Works of Improvement"), as the same may be supplemented and revised from time to time as set forth herein (said plans and specifications, together with all related documents, are referred to herein as the "Plans"). The estimated construction cost for the Works of Improvement is \$17,385,000.00.

1.2 Other Obligations Referenced in Conditions of Tentative Map Approval. In addition to the foregoing, Subdivider shall satisfy all of the conditions of approval on the Tentative Map for the Property, except as indicated in Section 1.2(a) herein below. The conditions of approval associated with the Tentative Map are included as Exhibit "B" attached hereto.

1.2(a) Deferred or Assigned Obligation. Subdivider has requested (1) deferral, or (2) transfer and assignment to City, Subdivider's obligation to construct a 12 feet wide combination sidewalk and bicycle path along the northerly frontage of the Sunrise Parkway within Tract Map No. 31848-1, as required by Engineering Condition #86 of the Tentative Map, as shown on Exhibit "B", (hereafter "Obligation"). Subdivider's request is based on the lack of a sufficiently wide parkway in which to construct the required improvement and install adequate landscaping. City has agreed to either (1) defer the Obligation, or (2) accept assignment of the Obligation, to be performed by the City in the future. Construction of the deferred Obligation by Subdivider, or construction of the assigned Obligation by City, shall be completed at such time as the City and the Riverside County Flood Control and Water Conservation District (RCFC) have entered into a Joint Use and Cooperative Agreement, or other legally acceptable agreement, for the development of recreational amenities and improvements for use by the general public along RCFC flood control levees within RCFC easements and rights-of-way in the City. Concurrently with the execution of this Agreement, a Security Instrument securing Subdivider's faithful performance of the deferred Obligation, (hereafter "Obligation Security"), in the amount of \$698,544.00, equal to 100% of the City's estimated future cost to construct the Obligation, shall be submitted.

Subdivider hereby agrees to initiate efforts with RCFC on preparation of a draft Joint Use and Cooperative Agreement by which the Obligation may be constructed by Subdivider or City. Subdivider shall make every reasonable effort to coordinate with RCFC such that construction of the deferred Obligation by Subdivider is completed within five (5) years, (hereafter "Deferred Deadline").

In the event Subdivider has not completed construction of the deferred Obligation by the Deferred Deadline, Subdivider hereby agrees to deposit with the City the sum of \$698,544.00 (hereafter "Deposit"), and City agrees to release and return to Subdivider

the Obligation Security. As a condition of City's acceptance of the assigned Obligation from Subdivider, Subdivider acknowledges City's right to construct the assigned Obligation at its discretion, not to exceed ten (10) years after the date of this Agreement, and hereby waives any rights Subdivider may have pursuant to law with regard to the City's timely expenditure of the Deposit. City agrees to construct the assigned Obligation within ten (10) years of the date of this Agreement, unless such time is extended upon mutual agreement by the Subdivider and City. If the City determines that construction of the assigned Obligation is not feasible along the RCFC flood control levee, the City may use the Deposit for construction of public improvements of any kind that City determines, in its sole discretion, will benefit the residents within Tract Map No. 31848-1. If the assigned Obligation, or an alternative public improvement determined by the City, has not been completed by the City within ten (10) years of the date of this Agreement, or any agreed extension of time thereof, the City shall return the Deposit to the Home Owners Association or other non profit mutual benefit corporation established for the residents within Tract Map No. 31848-1, for their use as they may determine. No interest shall accrue on the Deposit otherwise due. In the event City is unable to return the Deposit to a Home Owners Association or other non profit mutual benefit corporation established for the residents within Tract Map No. 31848-1, or none has been established or exists, City shall have the right to retain the Deposit, which shall be used by City at its discretion.

In acknowledgement of Subdivider's waiver of rights, if any, with regard to the Deposit required herein, Subdivider has initialed its acceptance of the conditions of the deferred or assigned Obligation hereafter:

SUNCAL PSV, LLC, *W*

1.3 Intent of Plans. The intent of the Plans referenced in Section 1.1 is to prescribe a complete work of improvement which Subdivider shall perform or cause to be performed in a manner acceptable to the City Engineer (or his/her designee) and in full compliance with all codes and the terms of this Agreement. Subdivider shall complete a functional or operable improvement or facility, even though the Plans may not specifically call out all items of work required for the contractor to complete its tasks, incidental appurtenances, materials, and the like. If any omissions are made or information necessary to carry out the full intent and meaning of the Plans, Subdivider or its contractor shall immediately notify its design engineer who will seek approval of the City Engineer for furnishing of detailed instructions. In the event of any doubt or question arising regarding the true meaning of any of the Plans, reference shall be made to the City Engineer whose decision thereon shall be final.

Subdivider recognizes that the Plans consist of general drawings. All authorized alterations affecting the requirements and information given on the Plans shall be in writing and approved by the City Engineer. The Plans shall be supplemented by such working or shop drawings as are necessary to adequately control the work. Without the City Engineer's prior written approval, no change shall be made by Subdivider or

Subdivider's contractor to any plan, specification, or working or shop drawing after it has been stamped as approved.

1.4 Survey Monuments. Before final approval of street improvements, Subdivider will place survey monument(s) as shown on the Map in accordance with the provisions of the State Subdivision Map Act and the Subdivision Ordinance of the City of Palm Springs. Subdivider shall provide security for such obligation as provided in Section 4.1(a)(iii) and, after setting the monument(s), Subdivider shall furnish the City Engineer of the City of Palm Springs written notice of the setting of said monument(s) and written proof of having paid the engineer or surveyor for the setting of said monument(s).

1.5 Performance of Work. Subdivider shall furnish or cause to be furnished all materials, labor, tools, equipment, utilities, transportation, and incidentals required to perform Subdivider's obligations under this Agreement.

1.6 Changes in the Work. The City Engineer, without invalidating this Agreement and without notification to any of the sureties or financial institutions referenced in Paragraph 4, may order extra work or may make changes by altering or deleting any portion of the Works of Improvement as specified herein or as deemed necessary or desirable by the City Engineer as determined necessary to accomplish the purposes of this Agreement and to protect the public health, safety, or welfare. The City Engineer shall notify Subdivider or Subdivider's contractor in writing (by Correction Notice) at the time a determination has been made to require changes in the work. No field changes performed or proposed by Subdivider or its contractor shall be binding on City unless approved in writing by the City Engineer.

1.7 Defective Work. Subdivider shall cause its contractor to repair, reconstruct, replace, or otherwise make acceptable any work found by the City Engineer to be defective.

1.8 No Warranty by City. The Plans for the Works of Improvement have been prepared by or on behalf of Subdivider or its consultants or contractors, and City makes no representation or warranty, express or implied, to Subdivider or to any other person regarding the adequacy of the Plans or related documents.

1.9 Authority of the City Engineer. In addition to the authority granted to the City Engineer elsewhere in this Agreement, the City Engineer shall have the authority to decide all questions which may arise as to the quality and acceptability of materials furnished and work performed, and all questions as to the satisfactory and acceptable fulfillment of the terms of this Agreement by Subdivider and Subdivider's contractor.

1.10 Documents Available at the Site. Subdivider shall cause its contractor to keep a copy of all approved Plans at the job site and shall give access thereto to the City's inspectors and engineers at all times.

1.11 Inspection. Subdivider shall have an authorized representative on the job site at all times during which work is being done who has full authority to act for Subdivider, or its design engineer, and Subdivider's contractor(s) regarding the Works of Improvement. Subdivider shall cause its contractor to furnish the City with every reasonable facility for ascertaining whether or not the Works of Improvement as performed are in accordance with the requirements and intent of this Agreement, including the Plans. If the City inspector requests it, the contractor at any time before acceptance of the Works of Improvement shall remove or uncover such portions of the finished work as may be directed which have not previously been inspected. After examination, the contractor shall restore said portions of the work to the standards required hereunder. Inspection or supervision by the City shall not be considered as direct control of the individual workmen on the job site. City's inspector shall have the authority to stop any and all work not in accordance with the requirements contained or referenced in this Agreement.

The inspection of the work by City shall not relieve Subdivider or the contractor of any obligations to fulfill this Agreement as herein provided, and unsuitable materials or work may be rejected notwithstanding that such materials or work may have been previously overlooked or accepted.

1.12 Compliance With Law. In addition to the express provisions of this Agreement and the Plans, Subdivider shall cause construction of the Works of Improvement to be completed in accordance with all other applicable federal, state, and local laws, ordinances, rules and regulations.

1.13 Suspension of Work. City Engineer shall have authority to order suspension of the work for failure of the contractor to comply with law pursuant to Section 1.11. In case of suspension of work for any cause whatever, Subdivider and its contractor shall be responsible for all materials and shall store them properly if necessary and shall provide suitable drainage and erect temporary structures where necessary.

1.14 Final Acceptance of Works of Improvement. After Subdivider's contractor has completed all of the Works of Improvement, Subdivider shall then request a final inspection of the work. If items are found by the inspector to be incomplete or not in compliance with this Agreement or any of the requirements contained or referenced herein, City will inform the contractor of such items. After the contractor has completed these items, the procedure shall then be the same as specified above for the contractor's initial request for final inspection. If items are found by City's inspector to be incomplete or not in compliance after two (2) "final" inspections, City may require the contractor, as a condition to performing further field inspections, to submit in writing a detailed statement of the work performed subsequent to the date of the previous inspection which was found to be incomplete or not in compliance at that time.

No inspection or acceptance pertaining to specific parts of the Works of Improvement shall be construed as final acceptance of any part until the overall final acceptance by City is made. Final acceptance shall not constitute a waiver by City of defective work subsequently discovered.

The date on which the Works of Improvement will be considered as complete shall be the date of the Notice of Acceptance.

2. Time for Performance.

2.1 Commencement and Completion Dates. Subject to Section 2.2 and 2.3 below, Subdivider shall (i) commence with construction and installation of the Works of Improvement thirty (30) days following City's approval of the Plans ("Commencement Date"); and (ii) complete or cause to be completed all of the Works of Improvement two (2) years after the Commencement Date. Extensions of time for completion of the Works of Improvement may be granted upon approval by the City Engineer or his designee. Extension of time may be granted upon mutual agreement of the City Engineer and Subdivider, either verbally or in writing, as required by the City Engineer or his designee.

2.2 Phasing Requirements. Notwithstanding the provisions of Section 2.1, City reserves the right to control and regulate the phasing of completion of specific Works of Improvement as required to comply with applicable City ordinances, regulations, and rules relating to the timely provision of public services and facilities. In addition to whatever other remedies City may have for Subdivider's failure to satisfy such phasing requirements, as the same now exist or may be amended from time to time, Subdivider acknowledges City's right to withhold the issuance of further building permits on the Property until such phasing requirements are satisfied. Prior to issuance of building permits, Subdivider shall provide satisfactory evidence that all applicable requirements that are a condition to issuance of building permits have been satisfied. Such requirements may include the payment of fees, construction of improvements, or both. Final inspections or issuance of Certificates of Occupancy may be withheld from the Subdivider by the City, if, upon a determination by the City Engineer or his designee, completion of specific Works of Improvements or other requirements associated with the development of the Property have not been completed to his satisfaction.

2.3 Force Majeure. Notwithstanding the provisions of Section 2.1, Subdivider's time for commencement and completion of the Works of Improvement shall be extended for the period of any enforced delay caused due to circumstances beyond the control and without the fault of Subdivider, including to the extent applicable adverse weather conditions, flood, earthquakes, strikers, lockouts, acts or failures to act of a public agency (including City), required changes to the scope of work required by City, and similar causes; provided, however, that the period of any enforced delay hereunder shall not include any period longer than five (5) days prior to City's receipt of a written notice from Subdivider or its Contractor detailing the grounds for Subdivider's claim to a

right to extend its time for performance hereunder. City Engineer shall evaluate all claims to Force Majeure and his decision shall be final.

2.4 Continuous Work. After commencement of construction of the Works of Improvement (or separate portion thereof), Subdivider shall cause such work to be diligently pursued to completion, and shall not abandon the work for a consecutive period or more than thirty (30) days, events of Force Majeure excepted.

2.5 Reversion to Acreage. In addition to whatever other rights City may have due to Subdivider's failure to timely perform its obligations hereunder, Subdivider recognizes that City reserves the right to revert the Property to acreage subject to the limitations and requirements set forth in California Government Code Sections 66499.11-66499.20-3/4. In this regard, Subdivider agrees that if the Works of Improvement have not been completed on or before the later of two (2) years from the date of this Agreement or within the time allowed herein, whichever is the later, and if City thereafter initiates proceedings to revert the Property to acreage, pursuant to Government Code Section 66499.16 Subdivider hereby consents to reversion and agrees that any improvements made by or on behalf of Subdivider shall not be considered in determining City's authority to revert the Property to acreage.

2.6 Time of the Essence. Time is of the essence of Subdivider's performance of all of its obligations under this Agreement,

3. Labor.

3.1 Labor Standards. Subdivider shall be responsible for causing all contractors and subcontractors performing any of the Works of Improvement to comply with all applicable federal and state labor standards, including to the extent applicable the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor.

3.2 Nondiscrimination. Subdivider agrees that no contractor or subcontractor performing any of the Works of Improvement shall discriminate against any employee or prospective employee with respect to such work in hiring, promotion, seniority, or any other terms and conditions of employment on the grounds of race, creed, color, national origin, ancestry, religion, sex, or marital status.

3.3 Licensed Contractors. Subdivider shall cause all of the Works of Improvement to be constructed by contractors and subcontractors with valid California Contractors' licenses for the type of work being performed.

3.4 Worker's Compensation. Subdivider shall cause every contractor and subcontractor performing any of the Works of Improvement to carry Workers' Compensation Insurance as required by the Labor Code of the State of California and shall cause each such contractor and subcontractor to submit to City a Certificate of

Insurance verifying such coverage prior to such contractor or subcontractor entering onto the job site.

4. Security.

4.1 Required Security.

(a) At the time Subdivider executes this Agreement, Subdivider shall furnish to City the following bonds, letters of credit, instruments of credit (assignment of deposit account) or other security acceptable to City in its sole and absolute discretion and satisfying the requirements of the applicable provisions of this Section 4 below (hereinafter "Security Instruments"):

(i) A Security Instrument securing Subdivider's faithful performance of all of the Works of Improvement ("Faithful Performance Security Instrument"), in the amount of \$17,385,000.00 equal to 100% of the estimated construction cost referenced in Section 1.1.

(ii) A Security Instrument guaranteeing the payment to contractors, subcontractors, and other persons furnishing labor, materials, and/or equipment ("Labor and Materials Security Instrument") with respect to the Works of Improvement in an amount equal to \$8,692,500.00 equal to 50% of the estimated construction cost referenced in Section 1.1.

(iii) A Security Instrument guaranteeing the payment of the cost of setting monuments as required in Section 1.4 in the amount of \$60,000.00 equal to 100% of the cost thereof.

This Agreement shall not be effective for any purpose until such Security Instruments are supplied to and approved by City in accordance herewith.

(b) Required Security Instrument for Maintenance and Warranty. Prior to the City Council's acceptance of the Works of Improvement and recordation of a Notice of Completion, Subdivider shall deliver a Security Instrument warranting the work accepted for a period of one (1) year following said acceptance ("Maintenance and Warranty Security Instrument"), in the amount of \$2,607,750.00 equal to 15% of the estimated construction cost set forth in Section 1.1 or a suitable amount determined by the City Engineer.

4.2 Form of Security Instruments. All Security Instruments shall be in the amounts required under Section 4.1 (a) or 4.1(b), as applicable, shall meet the following minimum requirements and otherwise shall be in a form provided by City or otherwise approved by the City Attorney:

(a) Bonds. For Security Instruments provided in the form of bonds, any such bond must be issued and executed by an insurance company or bank authorized to transact surety business in the State of California. Any insurance company acting as surety shall have a minimum rating of A-IX, as rated by the current edition of Best's Key Rating Guide published by A.M. Best's Company, Oldwick, New Jersey, 08858. Any bank acting as surety shall have a minimum rating of AA, as rated by Moody's or Standard & Poor's.

(b) Letters of Credit. For Security Instruments which are letters of credit, any letter of credit shall be an original separate unconditional, irrevocable, negotiable and transferable commercial letter of credit issued by a financial institution with offices in the State of California acceptable to City. Any such letter of credit shall specifically permit City to draw on same by unilateral certification of the City Engineer of the City that Subdivider is in default under its payment or performance obligations hereunder or in the event Subdivider fails to deliver a replacement letter of credit not less than thirty (30) days prior to the date of expiration of any such letter of credit and shall further be subject to the provisions of Section 4.4.

(c) Instrument of Credit. For Security Instruments which are Instruments of Credit, any Instrument of Credit shall be an assignment of deposit account assigning as security to City all of Subdivider's interest in funds on deposit in one or more bank accounts with financial institutions acceptable to City.

(d) General Requirements for all Security Instruments.

(i) Payments under any Security Instruments shall be required to be made (and, with respect to bonds, litigation shall be required to be instituted and maintained) in the City of Palm Springs, State of California (and the Security Instrument shall so provide).

(ii) Each Security Instrument shall have a minimum term of one (1) year after the deadline for Subdivider's completing the Works of Improvement, in accordance with Section 2.1 (other than Instruments of Credit, which shall have no defined term or expiration date).

(iii) Each Security Instrument shall provide that changes may be made in the Works of Improvement pursuant to the terms of this Agreement without notice to any issuer or surety and without affecting the obligations under such Security Instrument.

4.3 Subdivider's Liability. While no action of Subdivider shall be required in order for City to realize on its security under any Security Instrument, Subdivider agrees to cooperate with City to facilitate City's realization under any Security Instrument, and to take no action to prevent City from such realization of any Security Instrument. Notwithstanding the giving of any Security Instrument or the subsequent expiration of any Security Instrument or any failure by any surety or financial institution to perform its obligations with respect thereto, Subdivider shall be personally liable for performance

under this Agreement and for payment of the cost of the labor and materials for the improvements required to be constructed or installed hereby and shall, within ten (10) days after written demand therefor, deliver to City such substitute security as City shall require satisfying the requirements in this Section 4.

4.4 Letters of Credit.

(a) In the event a letter of credit is given pursuant to Section 4.2(b), City shall be entitled to draw on any such letter of credit if a replacement letter of credit (expiring in not less than one (1) year, unless City agrees to a lesser term in City's sole and absolute discretion) is not delivered not less than thirty (30) days prior to the expiration of the original letter of credit, such substitute letter of credit being in the same amount and having the terms and conditions as the initial letter of credit delivered hereunder, issued by a financial institution acceptable to City as of the date of delivery of the replacement letter of credit.

(b) In the event of draw by the City on a letter of credit, the City may elect, in its sole and absolute discretion, to apply any such funds drawn to the obligations secured by such letter of credit or to hold such funds in an account under the control of the City, with no interest accruing thereon for the benefit of the Subdivider. If the City elects to hold the funds in an account pursuant to the foregoing, City may thereafter at any time elect instead to apply such funds as provided in the foregoing. Subdivider agrees and hereby grants City a security interest in such account to the extent required for City to realize on its interests therein and agrees to execute and deliver to City any other documents requested by City in order to evidence the creation and perfection of City's security interest in such account.

4.5 Release of Security Instruments.

(a) City shall release the Faithful Performance Security Instrument and Labor and Materials Security Instrument when all of the following have occurred:

(i) Subdivider has made written request for release and provided evidence of satisfaction of all other requirements in this Section 4.5;

(ii) the Works of Improvement have been accepted;

(iii) Subdivider has delivered the Maintenance and Warranty Security Instrument;
and

(iv) subject to the following sentences after passage of the time within which lien claims are required to be made pursuant to Article 3 (commencing with Section 3114) of Chapter 2 of Title 15 of Part IV of Division 3 of the California Civil Code. If lien claims have been timely filed, City shall hold the Labor and Materials Security Instrument until

such claims have been resolved, Subdivider has provided a statutory bond, or otherwise as required by applicable law.

(b) City shall release the Maintenance and Warranty Security Instrument upon Subdivider's written request upon the expiration of the warranty period, provided no claims are outstanding at that time regarding defective work.

5. Cost of Construction and Provision of Inspection Service.

5.1 Subdivider Responsible for All Costs of Construction. Subdivider shall be responsible for payment of all costs incurred for construction and installation of the Works of Improvement. In the event Subdivider is entitled to reimbursement from City for any of the Works of Improvement, such reimbursement shall be subject to a separate Reimbursement Agreement to be entered into between Subdivider and City prior to construction of the works.

5.2 Payment to City for Cost of Related Inspection and Engineering Services. Subdivider shall compensate City for all of City's costs reasonably incurred in having its authorized representative make the usual and customary inspections of the Works of Improvement. In addition, Subdivider shall compensate City for all design, plan check, evaluating any proposed or agreed-upon changes in the work. The procedures for deposit and payment of such fees shall be as established by the City Council. In no event shall Subdivider be entitled to additional inspections or a final inspection and acceptance of any of the Works of Improvement until all City fees and charges have been fully paid, including without limitation, charges for applicable penalties and additional required inspections.

6. Acceptance of Offers of Dedication. The City Council shall pass as appropriate resolution or resolutions accepting all offers of dedication shown on the Map for the Property, with acceptance to become effective upon completion and acceptance by City of the Works of Improvement. Such resolution(s) shall authorize the City Clerk to execute the Certificate made a part of the Map regarding said acceptance of the offer of dedication.

7. Warranty of Work. Subdivider shall guarantee all Works of Improvement against defective materials and workmanship for a period of one (1) year from the date of final acceptance. If any of the Works of Improvement should fail or prove defective within said one (1) year period due to any reason other than improper maintenance, or if any settlement of fill or backfill occurs, or should any portion of the Works of Improvement fail to fulfill any requirements of the Plans, Subdivider, within fifteen (15) days after written notice of such defects, or within such shorter time as may reasonably be determined by the City in the event of emergency, shall commence to repair or replace the same together with any other work which may be damaged or displaced in so doing. Should Subdivider fail to remedy defective material and/or workmanship or make replacements or repairs within the period of time set forth above, City may make

such repairs and replacements and the actual cost of the required labor and materials shall be chargeable to and payable by Subdivider. The warranty provided herein shall not be in lieu of, but shall be in addition to, any warranties or other obligations otherwise imposed by law.

8. Default.

8.1 Remedies Not Exclusive. In any case where this Agreement provides a specific remedy to City for a default by Subdivider hereunder, such remedy shall be in addition to, and not exclusive of, City's right to pursue any other administrative, legal, or equitable remedy to which it may be entitled.

8.2 City Right to Perform Work. In addition to whatever other rights or remedies it may have for Subdivider's default hereunder, in the event Subdivider shall fail to timely perform any work required to be performed under this Agreement and such failure shall continue for a period of twenty (20) days after receipt of written notice of default from City, or thereafter Subdivider shall fail to diligently and continuously pursue the cure of any such default to completion, City shall have the right to enter into the Property and perform any of the uncompleted work by force account or contract or both and thereupon recover from Subdivider or any Security Instrument, or both, the full cost and expense thereby incurred by City.

8.3 Attorney's Fees and Costs. In the event that Subdivider fails to perform any obligation under this Agreement, Subdivider agrees to pay all costs and expenses incurred by City in securing performance of such obligations, including costs of suit and reasonable attorney's fees. In the event of any dispute arising out of Subdivider's performance of its obligations under this Agreement or under any of the Security Instruments referenced herein, the prevailing party in such action, in addition to any other relief which may be granted, shall be entitled to recover its reasonable attorney's fees and costs. Such attorney's fees and cost shall include fees and costs on any appeal, and in addition a party entitled to attorney's fees and costs shall be entitled to all other reasonable costs incurred in investigating such action, taking depositions and discovery, retaining expert witnesses, and all other necessary and related costs with respect to the litigation. All such fees and costs shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

9. Indemnity. Subdivider agrees to indemnify, defend, and hold harmless City and City's officers, employees, and agents from and against any and all claims, liabilities, losses, damages, causes of action, and obligations arising out of Subdivider's failure to perform the construction and installation of the Works of Improvement in accordance with the requirements contained or referenced in this Agreement. Said indemnity obligation shall apply to personal injury, death, property damage, economic loss, and any other monetary damage or penalty to which City may be subjected, including without limitation, attorney's fees and costs and the costs of realizing on any

Security Instrument provided by Subdivider pursuant to the terms hereof. Such indemnity obligation shall not extend to any loss resulting from City's sole negligence or willful misconduct.

10. General Provisions.

10.1 Successors and Assigns. This Agreement shall be binding upon all successors and assigns to Subdivider's right, title, and interest in and to the Property and any portion thereof.

10.2 No Third Party Beneficiaries. This Agreement is intended to benefit only the parties hereto and their respective successors and assigns. Neither City nor Subdivider intend to create any third party beneficiary rights in this Agreement in any contractor, subcontractor, member of the general public, or other person or entity.

10.3 Entire Agreement; Waivers and Amendments. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof, except as may be expressly provided herein. All waivers of the provisions of this Agreement must be in writing and signed by an authorized representative of the party to be charged, and all amendments hereto must be in writing and signed by the appropriate representatives of both parties.

11. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into of this Agreement does not violate any provisions of any other Agreement to which said party is bound.

(Signatures on Next Page)

IN WITNESS WHEREOF, the parties hereto have executed this Subdivision Improvement Agreement as of the date first above written.

ATTEST:
CALIFORNIA

CITY OF PALM SPRINGS,

Doc #

By *James Thompson* James Thompson, City Clerk
By *David H. Ready* David H. Ready, City Manager

STANDARD FORM CITY ATTORNEY APPROVED AGREEMENT
RECOMMENDED BY:

David Barakian
David Barakian, City Engineer

APPROVED BY CITY COUNCIL

Res 21178 12-6-06 A6393

SUBDIVIDER:

SUNCAL PSV, LLC, a Delaware Limited Liability Company

Check one: Individual Partnership Corporation Company

*Note, for Corporations, two corporate officers must sign this Agreement, as indicated below; for all others, authorized agents must sign this Agreement.

By: *Bruce V. Cook*
Signature (notarized)

By: _____
Signature (notarized)

Name: Bruce V. Cook

Name: _____

Title: General Counsel

Title: _____

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

For Corporations, this document must be signed in the above space by one of the following: Secretary, Chief Financial Officer or any Assistant Treasurer)

Mailing Address:

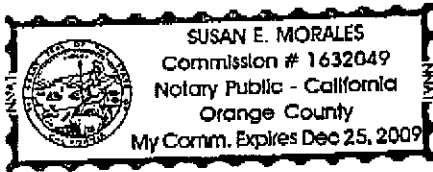
SunCal Companies
74-130 Country Club Drive, Suite 101
Palm Desert, CA 92260

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 13, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

Subdivision Improvement Agreement
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

13
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

11/13/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

EXHIBIT "A"

TRACT MAP 31848-1 LEGAL DESCRIPTION

Tract Map No. 31848-1, as recorded in Map Book _____, Pages _____ through _____ inclusive,
records of Riverside County, California.

*15 other pages to be
completed*

EXHIBIT "B"

TENTATIVE TRACT MAP 31848-1 CONDITIONS OF APPROVAL

EXHIBIT B

Case No. 5.0982-GPA-PD-290, Tentative Tract Map 31848

Palm Springs Village, McComic Consolidated / TransWest Housing

May 5, 2004 (Rev 5/20/04)

CONDITIONS OF APPROVAL

Before final acceptance of the project, all conditions listed below shall be completed to the satisfaction of the City Engineer, the Director of Planning and Zoning, the Chief of Police, the Fire Chief or their designee, depending on which department recommended the condition.

Any agreements, easements or covenants required to be entered into, shall be in a form approved by the City Attorney.

PROJECT SPECIFIC CONDITIONS

Administrative

1. The proposed development of the premises shall conform to all applicable regulations of the Palm Springs Zoning Ordinance, Municipal Code, or any other City Codes, ordinances and resolutions which supplement the zoning district regulations.
2. The owner shall defend, indemnify, and hold harmless the City of Palm Springs, its agents, officers, and employees from any claim, action, or proceeding against the City of Palm Springs or its agents, officers or employees to attach, set aside, void or annul, an approval of the City of Palm Springs, its legislative body, advisory agencies, or administrative officers concerning Case 5.0982-PD-290, TTM 31848. The City of Palm Springs will promptly notify the applicant of any such claim, action, or proceeding against the City of Palm Springs and the applicant will either undertake defense of the matter and pay the City's associated legal costs or will advance funds to pay for defense of the matter by the City Attorney. If the City of Palm Springs fails to promptly notify the applicant of any such claim, action or proceeding or fails to cooperate fully in the defense, the applicant shall not, thereafter, be responsible to defend, indemnify, or hold harmless the City of Palm Springs. Notwithstanding the foregoing, the City retains the right to settle or abandon the matter without the applicant's consent but should it do so, the City shall waive the indemnification herein, except, the City's decision to settle or abandon a matter following an adverse judgment or failure to appeal, shall not cause a waiver of the indemnification rights herein.
3. That the property owner(s) and successors and assignees in interest shall maintain and repair the improvements including and without limitation sidewalks, bikeways, parking areas, landscape, irrigation, lighting, signs, walls, and fences between the curb and property line, including sidewalk or bikeway easement areas that extend onto private property, in a first class condition, free from waste and debris, and in accordance with all applicable law, rules, ordinances and regulations of all federal, state, and local bodies and agencies having jurisdiction at the property owner's

sole expense. The PS Village HOA shall be responsible for the maintenance of both sides of the Sunrise Parkway. This condition shall be included in the recorded covenant agreement for the property if required by the City, and shall be required in the CC&Rs.

4. The project is located in an area defined as having an impact on fish and wildlife as defined in Section 711.4 of the Fish and Game Code; therefore a fee of \$1,314.00 plus an administrative fee of \$50.00 shall be submitted by the applicant in the form of a money order or a cashier's check payable to the Riverside County Clerk prior to Council action on the project. This fee shall be submitted by the City to the County Clerk with the Notice of Determination.
5. Prior to issuance of a grading permit, Fringe Toed Lizard Mitigation fees shall be submitted to CVAG.
6. This project shall be subject to Chapters 2.24 and 3.37 of the Municipal Code regarding public art. The project shall either provide public art or payment of an in lieu fee. In the case of the in-lieu fee, the fee shall be based upon the total building permit valuation as calculated pursuant to the valuation table in the Uniform Building Code, the fee being 1/2% for commercial projects or 1/4% for residential projects with first \$100,000 of total building permit valuation for individual single-family units exempt. Should the public art be located on the project site, said location shall be reviewed and approved by the Director of Planning and Zoning and the Public Arts Commission, and the property owner shall enter into a recorded agreement to maintain the art work and protect the public rights of access and viewing.
7. Pursuant to Park Fee Ordinance No. 1632 and in accordance with Government Code Section 66477 (Quimby Act), all residential development shall be required to contribute to mitigate park and recreation impacts such that, prior to issuance of residential building permits, a parkland fee or dedication shall be made. Accordingly, all residential development shall be subject to parkland dedication requirements and/or park improvement fees. The parkland mitigation amount shall be based upon the cost to acquire and fully improve parkland. Dedication of the 7.55-acre park site shall be made prior to issuance of the first grading permits.

Environmental Assessment

8. The mitigation measures of the environmental assessment shall apply and shall be incorporated into the final plans, prior to issuance of permits. The applicant has submitted a signed statement agreeing to the mitigation measures.

CC&R's

9. The applicant prior to issuance of building permits shall submit a draft declaration of covenants, conditions and restrictions ("CC&R's") to the Director of Planning and Zoning for approval in a form to be approved by the City Attorney, to be recorded prior to approval of a final map. The CC&R's shall be enforceable by the City, shall not be amended without City approval, and shall require maintenance of all property in a good condition and in accordance with all ordinances.

10. The applicant shall submit to the City of Palm Springs, a deposit in the amount of \$2500, for the review of the CC&R's by the City Attorney. A \$250 filing fee, or other fee in effect at the time of submission of the CC&Rs, shall also be paid to the City Planning Department for administrative review purposes.
11. The CC&R's shall have a disclosure statement regarding the location of the project relative to roadway noise, aircraft noise and the widening of Sunrise Parkway in the future. Said disclosure shall inform perspective buyers about traffic, an active recreation park-site and lighted playing fields, noise due to Sunrise Parkway, Indian Canyon Drive, San Rafael Drive and the Palm Springs International Airport, aircraft, and other activities which may occur in this area.
 - a. Prior to issuance of a building permit, the applicant must provide a standard avigation easement and non-suit covenant in a form prescribed and approved by the City Attorney, with reference to present and future owners of the parcel.
 - b. These disclosures shall also be incorporated into a covenant to be recorded on the title of each residential parcel.

Cultural Resources

12. Prior to any ground disturbing activity, including clearing and grubbing, installation of utilities, and/or any construction related excavation, an Archaeologist qualified according to the Secretary of the Interior's Standards and Guidelines, shall be employed to survey the area for the presence of cultural resources identifiable on the ground surface.
 - a. Given that portions of the project area are within an alluvial formation, the possibility of buried resources is increased. A Native American Monitor shall be present during all ground-disturbing activities.
 - b. Experience has shown that there is always a possibility of buried cultural resources in a project area. Given that, a Native American Monitor(s) shall be present during all ground disturbing activities including clearing and grubbing, excavation, burial of utilities, planting of rooted plants, etc. Contact the Agua Caliente Band of Cahuilla Indian Cultural Office for additional information on the use and availability of Cultural Resource Monitors. Should buried cultural deposits be encountered, the Monitor shall contact the Director of Planning and Zoning and after the consultation the Director shall have the authority to halt destructive construction and shall notify a Qualified Archaeologist to investigate and, if necessary, the Qualified Archaeologist shall prepare a treatment plan for submission to the State Historic Preservation Officer and Agua Caliente Cultural Resource Coordinator for approval.
 - c. Two copies of any cultural resource documentation generated in connection with this project, including reports of investigations, record search results and site records/updates shall be forwarded to the Tribal Planning, Building, and Engineering Department and one copy to the City Planning and Zoning Department prior to final inspection.

Final Design

13. Final landscaping, irrigation, exterior lighting, and fencing plans shall be submitted for approval by the Department of Planning and Zoning prior to issuance of a building permit. Landscape plans shall be approved by the Riverside County Agricultural Commissioner's Office prior to submittal.

14. The final development plans shall be submitted in accordance with Section 9403.00 of the Zoning Ordinance. Final development plans shall include site plans, building elevations, floor plans, roof plans, landscape plans, irrigation plans, wall and fence plans, exterior lighting plans, sign program, mitigation monitoring program, site cross sections, property development standards and other such documents as required by the Planning Commission. Final development plans shall be submitted within two (2) years of the City Council approval of the preliminary planned development district.

15. An exterior lighting plan for the clubhouse parking lot, in accordance with Zoning Ordinance Section 93.21.00, Outdoor Lighting Standards, shall be submitted for review and approval by the Director of Planning & Zoning prior to the issuance of building permits. Manufacturer's cut sheets of all exterior lighting on the building and in the landscaping shall be submitted for approval prior to issuance of a building permit. If lights are proposed to be mounted on buildings, down-lights shall be utilized.

16. Two story units shall be not be located within 200' of the on the project perimeter, with the exception that they may be on the second row of lots south of Sunrise Parkway.

17. Project property development standards:

Single Family standards -

Building Height: 18' - 24'

Front Setback:

Residence 5'

Side loaded garage 5'

Front loaded garage 20'

Side setback: 5' (with some zero lot line units)

Rear setback: 15'

Multi-Family Parcels "A" and "B" R-3 zone property development standards

Exceptions: 45% open space required

Building height: 25'

18. The Design Review Committee makes the following design recommendations:

a. Provide a view fence to the golf course on Indian Avenue.

- b. Meander walls on Indian Avenue and adjacent to all other public roadways. This shall be reviewed by the Design Review Committee as part of Final PD plans.
 - c. Add trees to both sides of the sidewalks, where sidewalks meander, except where conflicts with underground utilities would result.
 - d. Sidewalks and bikeways should be provided on both sides of Sunrise Parkway.
 - e. Add additional trees to the median and landscape area at the Caballeros Road entry.
 - f. Landscape shall be desert landscape, lush but efficient, with low watering requirements. Limit turf to active recreation areas only. Pull turf away from streets, sidewalks and bikeways where possible.
 - g. Architecture must be high quality and well designed. The proposed project architecture is not approved. Restudy the architecture, provide a variety of architectural styles and products and consider the climate and location of the project.
 - h. Include decorative paving, in all driveway areas in multi-family parcels, in order to meet the overall 65% minimum open space requirement, or otherwise demonstrate compliance with the minimum 65% requirement. Minimum open space of 45% is required for Parcels "A" and "B".
19. The lots which back to existing residences on Via San Dimas, shall be redesigned and widened to match the existing lot widths of the subdivision located to the south.

GENERAL CONDITIONS/CODE REQUIREMENTS

20. The project is subject to the City of Palm Springs Water Efficient Landscape Ordinance. The applicant shall submit an application for Final Landscape Document Package to the Director of Planning and Zoning for review and approval prior to the issuance of a building permit. Refer to Chapter 8.60 of the Municipal Code for specific requirements.
21. Prior to issuance of a grading permit, a Fugitive Dust and Erosion Control Plan shall be submitted and approved by the Building Official. Refer to Chapter 8.50 of the Municipal Code for specific requirements.
22. The grading plan shall show the disposition of all cut and fill materials. Limits of site disturbance shall be shown and all disturbed areas shall be fully restored or landscaped.
23. Separate architectural approval and permits shall be required for all signs. A detailed sign program shall be submitted for review and approval by the Planning Commission, prior to issuance of building permits.

24. All roof mounted mechanical equipment shall be screened from all possible vantage points both existing and future per Section 9303.00 of the Zoning Ordinance. The screening shall be considered as an element of the overall design and must blend with the architectural design of the building(s). The exterior elevations and roof plans of the buildings shall indicate any fixtures or equipment to be located on the roof of the building, the equipment heights, and type of screening. Parapets shall be at least 6" above the equipment for the purpose of screening.
25. No exterior downspouts shall be permitted on any facade on the proposed building(s), which are visible from adjacent streets or residential and commercial areas.
26. Perimeter walls shall be designed, installed and maintained in compliance with the corner cutback requirements as required in Section 9302.00.D.
27. The design, height, texture and color of building(s), fences and walls shall be submitted for review and approval prior to issuance of building permits.
28. The street address numbering/lettering shall not exceed eight inches in height.
29. Construction of any residential unit shall meet minimum soundproofing requirements prescribed pursuant to Section 1092 and related sections of Title 25 of the California Administrative Code. Compliance shall be demonstrated to the satisfaction of the Director of Building and Safety.
30. Details of pool fencing (material and color) and equipment area shall be submitted with final landscape plan.
31. Prior to the issuance of building permits, locations of all telephone and electrical boxes must be indicated on the building plans and must be completely screened and located in the interior of the building. Electrical transformers must be located toward the interior of the project maintaining a sufficient distance from the frontage(s) of the project. Said transformer(s) must be adequately and decoratively screened.

Parking Design

32. Standard parking spaces shall be 17 feet deep by 9 feet wide; compact sized spaces shall be 15 feet deep by 8 feet wide. Handicap parking spaces shall be 18 feet deep by 9 feet wide plus a 5-foot walkway at the right side of the parking space; two (2) handicap spaces can share a common walkway. One in every eight (8) handicap accessible spaces, but not less than one (1), shall be served by an 8-foot walkway on the right side and shall be designated as "van accessible".
33. Handicapped accessibility shall be indicated on the site plan to include the location of handicapped parking spaces, the main entrance to the proposed structure and the path of travel to the main entrance. Consideration shall be

given to potential difficulties with the handicapped accessibility to the building due to the future grading plans for the property.

34. Compact and handicapped spaces shall be appropriately marked per Section 93.06.00.C.10.

35. Curbs shall be installed at a minimum of five (5) feet from face of walls, fences, buildings, or other structures. Areas that are not part of the maneuvering area shall have curbs placed at a minimum of two (2) feet from the face of walls, fences or buildings adjoining driveways.

36. Parking lot light fixtures shall align with stall striping and shall be located two to three feet from curb face.

37. Islands of not less than 9 feet in width with a minimum of 6 feet of planter shall be provided every 10 parking spaces. Additional islands may be necessary to comply with shading requirements.

38. Shading requirements for parking lot areas as set forth in Section 9306.00 of the Zoning Ordinance shall be met. Details to be provided with final landscape plan.

39. Parking stalls shall be delineated with a 4 to 6 inch double stripe - hairpin or elongated "U" design. Individual wheel stops shall be prohibited; a continuous 6" barrier curb shall provide wheel stops.

40. Concrete walks with a minimum width of two (2) feet shall be installed adjacent to end parking spaces or end spaces shall be increased to eleven (11) feet wide.

41. Tree wells shall be provided within the parking lot and shall have a planting area of six feet in diameter/width.

Waste Disposal

42. Trash cans shall be screened from view and kept within fifty (50) feet of the street.

POLICE DEPARTMENT

43. Developer shall comply with Section II of Chapter 8.04 of the Palm Springs Municipal Code.

BUILDING DEPARTMENT

44. Prior to any construction on-site, all appropriate permits must be secured.

FIRE

45. Street Widths: Sections B-B, private street "A" and Section C-C, Avenida Caballeros are at a minimum width where no parking will be allowed.

46. Turnarounds: The terminus of private street "A" into the Clubhouse area will require an approved turnaround.
47. Building or Complex Gate Locking Devices: Locked gate(s) shall be equipped with a KNOX key switch device or Key box. Contact the fire department at 323-8186 for a KNOX application form. (902.4 CFC)
48. Vertical Fire Apparatus Clearances: Palm Springs Fire Apparatus require an unobstructed vertical clearance of not less than 13 feet 6 inches. (902.2.2.1 CFC)
49. Road Design: Fire apparatus access roads shall be designed and constructed as all weather capable and able to support a fire truck weighing 73,000 pounds GVW. (902.2.2.2 CFC)
50. Residential fire hydrants: Residential fire hydrants shall be installed in accordance with DWA or Mission Springs Water District specifications and standards. No landscape planting, walls, or fencing are permitted within 3 feet of fire hydrants. The Fire Chief or designee may be allowed to consider subsequent information regarding the five-minute response time and change limits where fire sprinklers are required.
51. Mandatory Fire Sprinklers: Project beyond five-minute response time from the closest fire station and therefore requires an automatic Fire Sprinkler System. The developer shall fund or prepare, at the discretion of the Fire Chief, a 5-minute response study to re-evaluate response times to the subject property.

ENGINEERING

STREETS

52. Any improvements within the public right-of-way require a City of Palm Springs Encroachment Permit.
53. Coordinate with Sunline Transit Agency regarding required public transit facilities on or adjacent to the development. Any required public transit facilities, including bus stops, turn-outs, bus shelters and furniture, or other miscellaneous public transit improvements shall be furnished, constructed and installed in conjunction with construction of the associated street improvements.
54. Submit street improvement plans for all proposed streets (public and private) to the Engineering Division. The plans shall be prepared by a Registered Civil Engineer and approved by the City Engineer prior to issuance of any building permits.
55. All required off-site public street improvements (San Rafael Drive, Indian Canyon Drive, Sunrise Parkway, Indian Canyon Drive/Sunrise Parkway Traffic Signal, and Avenida Caballeros) shall be constructed prior to development that encompasses over 50% of the entire project, or equivalent to completion of construction prior to issuance of the 619th certificate of occupancy (50% of 1,237 building permits), without regard to approved phasing plans for development or as may be required adjacent to a Final Map or Maps (if the development is phased).

INDIAN CANYON DRIVE

56. Dedicate an additional 20 feet to provide the ultimate half street right-of-way width of 50 feet along the entire frontage, together with a property line - corner cut-back at the southeast corner of the intersection of Indian Canyon Drive and Sunrise Parkway in accordance with City of Palm Springs Standard Drawing No. 105.

57. Construct an 8-inch curb and gutter, 38 feet east of centerline along the entire frontage in accordance with City of Palm Springs Standard Drawing No. 200.

58. Construct a 25 feet radius curb return and spandrel at each side of the intersection of Indian Canyon Drive and the West Entrance in accordance with City of Palm Springs Standard Drawing No. 206.
 - B. Construct an 8 feet wide cross gutter at the intersection of Indian Canyon Drive and the West Entrance in accordance with City of Palm Springs Standard Drawing No. 200 and 206.
 - C. Construct Type A curb ramps at each side of the intersection of Indian Canyon Drive and the West Entrance, in accordance with City of Palm Springs Standard Drawing No. 212.
 - D. The West Entrance shall be restricted to right-turn ingress and egress only. The ingress and egress lanes shall have a 20 feet minimum width. Final configuration of the West Entrance shall be subject to review and approval of the City Engineer and Fire Marshall.
 - E. Access to the Golf Maintenance area, or any facility proposed within the Golf Maintenance area indicated on the revised site plan for Tentative Tract Map 31848, shall be prohibited from Indian Canyon Drive, unless additional improvements to Indian Canyon Drive are provided, acceptable to the City Engineer, that restricts access into the Golf Maintenance area to right-turn ingress and egress only. If access is proposed into the Golf Maintenance area from Indian Canyon Drive, it shall be limited to the southerly portion of the site, and be subject to the review and approval of the City Engineer, and may require extension of the landscaped median south of the south property line of the Golf Maintenance area, including roadway widening and, if necessary, right-of-way acquisition as required to provide required improvements to eliminate left-turn ingress and egress into the Golf Maintenance area. Access into the Golf Maintenance area shall be provided from the West Entrance, or internally within the development, to the greatest extent possible.

59. Construct a 35 feet radius curb return and spandrel at the northeast and southeast corners of the intersection of Indian Canyon Drive and Sunrise Parkway in accordance with City of Palm Springs Standard Drawing No. 206.

60. Construct an 8 feet wide cross gutter at the intersection of Indian Canyon Drive and Sunrise Parkway with a flow line parallel with and 38 feet east of the

centerline of Indian Canyon Drive in accordance with City of Palm Springs Standard Drawing No. 200 and 206.

61. Install a nuisance water drainage system to intercept storm water runoff at the intersection of Indian Canyon Drive and Sunrise Parkway to minimize nuisance water within the cross gutter, in a manner acceptable to the City Engineer.

62. Construct a meandering, 12 feet wide combination sidewalk and bicycle path along the entire frontage. The sidewalk and bicycle path shall be meandering, as approved by the Director of Planning and Zoning, and constructed with colored Portland Cement concrete. The admixture shall be Palm Springs Tan, Desert Sand, or approved equal color by the Engineering Division.

63. Construct Type A curb ramps at the northeast and southeast corners of the intersection of Indian Canyon Drive and Sunrise Parkway, in accordance with City of Palm Springs Standard Drawing No. 212.

64. Construct a minimum pavement section of 5 inch asphalt concrete pavement over 4 inch aggregate base with a minimum subgrade of 24 inches at 95% relative compaction, or equal, from edge of proposed gutter to clean saw cut edge of pavement along the entire frontage in accordance with City of Palm Springs Standard Drawing No. 110 and 340. If an alternative pavement section is proposed, the proposed pavement section shall be designed by a California registered Geotechnical Engineer using "R" values from the project site and submitted to the City Engineer for approval.

65. Construct a 14-foot wide curbed and landscaped median island along the entire frontage. Provide left turn pockets at Corazon Avenue and Tramview Road. The left turn pockets shall be designed in accordance with Section 405 of the current edition of the CalTrans Highway Design Manual, as approved by the City Engineer. Submit landscaping and irrigation system improvement plans for review and approval by the City Engineer and Director of Planning & Zoning.

66. Construct additional street improvements north of the intersection with the Sunrise Parkway as necessary to provide an additional south bound left-turn lane with a 225 feet long left-turn pocket and associated tapering and widening, as required and approved by the City Engineer. Acquire additional right-of-way for the City of Palm Springs, if necessary, to facilitate the intersection widening improvements.

67. The proposal for a traffic circle or roundabout at the Indian Canyon Drive and Sunrise Parkway intersection, as indicated on Tentative Tract Map 31848, is not approved.

SAN RAFAEL DRIVE (WEST OF INDIAN CANYON DRIVE)

68. Construct street improvements (asphalt pavement widening, traffic striping and related improvements) as necessary to widen the west leg of the San Rafael Drive and Indian Canyon Drive intersection, in a manner that improves intersection capacity acceptable to the City Engineer.

SAN RAFAEL DRIVE (EAST OF INDIAN CANYON DRIVE)

69. Construct an 8-inch curb and gutter, 32 feet north of centerline along the entire frontage in accordance with City of Palm Springs Standard Drawing No. 200.

70. Construct a 12 feet wide combination sidewalk and bicycle path along the entire frontage. The sidewalk and bicycle path shall be meandering, as approved by the Director of Planning and Zoning, and constructed with colored Portland Cement concrete. The admixture shall be Palm Springs Tan, Desert Sand, or approved equal color by the Engineering Division.

71. Construct a minimum pavement section of 3 inch asphalt concrete pavement over 6 inch aggregate base with a minimum subgrade of 24 inches at 95% relative compaction, or equal, from edge of proposed gutter to clean saw cut edge of pavement along the entire frontage in accordance with City of Palm Springs Standard Drawing No. 110 and 330. If an alternative pavement section is proposed, the proposed pavement section shall be designed by a California registered Geotechnical Engineer using "R" values from the project site and submitted to the City Engineer for approval.

AVENIDA CABALLEROS (PUBLIC)

71A. An application shall be submitted for the vacation of existing public right-of-way provided for the construction of a "future street" extending westerly of Avenida Caballeros located approximately 560 feet north of San Rafael Drive, and existing public right-of-way provided for the future westerly extension of Via San Dimas. Excess right-of-way shall be vacated to provide for a right-of-way line 30 feet west of the existing centerline of Avenida Caballeros.

71B. The west side of Avenida Caballeros shall be de-annexed from Parkway Maintenance District #8 and maintained by the developer's HOA. The developer shall pay fees to the City necessary to revise the Engineer's report to accomplish this de-annexation.

1. Remove the existing curb ramps, curb returns, spandrels, cross-gutters, and asphalt pavement constructed for a "future street" extending westerly of Avenida Caballeros located approximately 560 feet north of San Rafael Drive, and constructed for the future westerly extension of Via San Dimas.
2. Construct an 8 inch curb and gutter, 20 feet west of centerline at the location of a "future street" extending westerly of Avenida Caballeros located approximately 560 feet north of San Rafael Drive, and located at the westerly extension of Via San Dimas, in accordance with City of Palm Springs Standard Drawing No. 200.
3. Construct a 5 feet wide sidewalk behind the curb at the location of a "future street" extending westerly of Avenida Caballeros located approximately 560 feet north of San Rafael Drive, and located at the westerly extension of Via San Dimas in accordance with City of Palm Springs Standard Drawing No. 210.

4. Remove the existing barricade and make appropriate repairs and improvements necessary to construct and extend Avenida Caballeros onto the proposed development.

SUNRISE PARKWAY

76. The following recommendations regarding the construction of the Sunrise Parkway are, in some cases, inconsistent with the proposed improvements identified on Tentative Tract Map 31848, specifically as indicated in Section D-D "Sunrise Parkway" on Sheet 1. The Tentative Tract Map details regarding the Sunrise Parkway shall be considered as modified by the recommendations specified by these conditions of approval. The Sunrise Parkway shall be constructed as a Secondary Thoroughfare with a special street section consisting of 4 travel lanes and a raised, landscaped median.
77. The alignment shall be revised, or easements shall be reserved on the final map, such that minimum safe stopping site distance, in accordance with the California Highway Design Manual, is achieved for a 45 mile per hour design speed throughout those segments of the Sunrise Parkway with a proposed centerline radius of 300 feet and 500 feet. Measures to require minimum safe stopping distance shall be submitted to the City Engineer for review and approval prior to submittal of street improvement plans for the Sunrise Parkway, and/or the first Final Map prepared within the development.
78. Dedicate 50 feet to provide the ultimate half street right-of-way width of 50 feet along that portion extending from the easterly property line and through the right-of-way transition from Sunrise Way to the Sunrise Parkway.
79. Acquire additional right-of-way east of the east property line (on off-site property) as necessary to provide a full 100 feet right-of-way for the Sunrise Parkway, from the end of Sunrise Way and extending west of the east property line.
80. Dedicate 100 feet to provide the ultimate right-of-way width of 100 feet along the entire frontage, from the easterly property line to Indian Canyon Drive.
81. Construct an 8 inch curb and gutter, 32 feet each side of centerline along the entire frontage, from Indian Canyon Drive to the existing end of Sunrise Way, in accordance with City of Palm Springs Standard Drawing No. 200.
82. Construct intersection widening and curb tapers as necessary to provide separate turning lanes (east bound right-turn and west bound left-turn lanes) into the North Entrance and East Entrance, as approved by the City Engineer.
83. Construct an appropriate transition with curb tapers as necessary to transition from the northerly end of existing improvements for Sunrise Way to the Sunrise Parkway, as approved by the City Engineer. A proposal to transition from Sunrise Way to the Sunrise Parkway shall be submitted to the City Engineer for review and approval prior to submittal of street improvement plans for the Sunrise Parkway, and/or the first Final Map prepared within the development.
84. Construct a 25 feet radius curb return and spandrel at each side of the intersection of the Sunrise Parkway and the North Entrance and East Entrance in accordance with City of Palm Springs Standard Drawing No. 206.

85. Construct an 8 feet wide cross gutter at the intersection of the Sunrise Parkway and the North Entrance and East Entrance in accordance with City of Palm Springs Standard Drawing No. 200 and 206.
86. Construct a 12 feet wide combination sidewalk and bicycle path along the both sides of the entire frontage. The sidewalk and bicycle path shall be located adjacent to curb or meandering, as approved by the Director of Planning and Zoning, and constructed with colored Portland Cement concrete. The admixture shall be Palm Springs Tan, Desert Sand, or approved equal color by the Engineering Division.
87. Construct Type A curb ramps at each side of the intersection of the Sunrise Parkway and the North Entrance and East Entrance, in accordance with City of Palm Springs Standard Drawing No. 212.
88. Construct a 14-foot wide curbed and landscaped median island along the entire frontage. Provide left turn pockets at the North and East Entrances. The left turn pockets shall be designed in accordance with Section 405 of the current edition of the Caltrans Highway Design Manual, as approved by the City Engineer. Submit landscaping and irrigation system improvement plans for review and approval by the City Engineer and Director of Planning & Zoning.
89. Construct a minimum pavement section of 3 inch asphalt concrete pavement over 6 inch aggregate base with a minimum subgrade of 24 inches at 95% relative compaction, or equal, from edge of proposed gutter to edge of proposed gutter (full width) along the entire frontage in accordance with City of Palm Springs Standard Drawing No. 110. If an alternative pavement section is proposed, the proposed pavement section shall be designed by a California registered Geotechnical Engineer using "R" values from the project site and submitted to the City Engineer for approval.
90. Provide adequate measures for drainage of surface storm water runoff from the Sunrise Parkway into adjacent landscaped parkways. Intercept and convey runoff through catch basins and minor storm drain systems to detention basins within the landscaped parkways in order to accommodate 10-year storm water runoff, or provide other measures acceptable to the City Engineer to accommodate surface runoff along the Sunrise Parkway.

AVENIDA CABALLEROS (PRIVATE)

91. Dedicate a private street easement 61 and 66 feet wide as shown on Tentative Tract Map 31848, and an easement to the City of Palm Springs for service and emergency vehicles and personnel with right of ingress and egress over the private street.
92. Construct a wedge curb, meeting City Engineer approval, 30 feet on both sides of centerline along the entire frontage, with 25 feet radius curb returns and spandrels (where required) at intersecting on-site streets in accordance with City of Palm Springs Standard Drawing No. 206.
93. Construct 6 feet wide cross-gutters at all intersections (where required) in accordance with City of Palm Springs Standard Drawing No. 200 and 206.

94. Construct a 6 feet wide meandering sidewalk along the east side of the entire frontage from the existing northerly end of Avenida Caballeros to Street "G" in accordance with City of Palm Springs Standard Drawing No. 210.
95. Construct a 12-feet wide curbed and landscaped median island at various locations as shown on Tentative Tract Map 31848.
96. Construct a minimum pavement section of 3 inch asphalt concrete pavement over 6 inch aggregate base with a minimum subgrade of 24 inches at 95% relative compaction, or equal, in accordance with City of Palm Springs Standard Drawing No. 110. If an alternative pavement section is proposed, the proposed pavement section shall be designed by a California registered Geotechnical Engineer using "R" values from the project site and submitted to the City Engineer for approval.

ON-SITE (PRIVATE) STREET "A"

97. Dedicate a private street easement 51 feet wide as shown on Tentative Tract Map 31848, and an easement to the City of Palm Springs for service and emergency vehicles and personnel with right of ingress and egress over the private street.
98. Dedicate a 10 feet wide public utility easement along each side of the private street.
99. Construct a wedge curb, meeting City Engineer approval, 25 feet on both sides of centerline along the entire frontage, with 25 feet radius curb returns and spandrels (where required) at intersecting on-site streets in accordance with City of Palm Springs Standard Drawing No. 206.
100. Construct 6 feet wide cross-gutters at all intersections (where required) with a flow line parallel with and 25 feet from the centerline of the intersecting street in accordance with City of Palm Springs Standard Drawing No. 200 and 206.
101. Construct a 6 feet wide sidewalk along both sides of Street "A" from the Sunrise Parkway to the gated entry in accordance with City of Palm Springs Standard Drawing No. 210.
102. Construct a 10-feet wide curbed and landscaped median island at various locations as shown on Tentative Tract Map 31848.
103. Construct a minimum pavement section of 3 inch asphalt concrete pavement over 6 inch aggregate base with a minimum subgrade of 24 inches at 95% relative compaction, or equal, in accordance with City of Palm Springs Standard Drawing No. 110. If an alternative pavement section is proposed, the proposed pavement section shall be designed by a California registered Geotechnical Engineer using "R" values from the project site and submitted to the City Engineer for approval.

ON-SITE (PRIVATE) STREETS "B" THRU "U"

104. Dedicate a private street easement 37 feet wide, and an easement to the City of Palm Springs for service and emergency vehicles and personnel with right of ingress and egress over the private streets.
105. Dedicate a 10 feet wide public utility easement along each side of the private streets.
106. Construct a wedge curb, meeting City Engineer approval, 18 feet on both sides of centerline along the entire frontage, with 25 feet radius curb returns and spandrels (where required) at intersecting on-site streets in accordance with City of Palm Springs Standard Drawing No. 206.
107. Construct 6 feet wide cross-gutters at all intersections (where required) with a flow line parallel with and 18 feet from the centerline of the intersecting street in accordance with City of Palm Springs Standard Drawing No. 200 and 206.
108. All on-site street "knuckles" and cul-de-sac's shall be constructed in accordance with City of Palm Springs Standard Drawing No. 101 and 104.
109. All on-site streets shall have a minimum centerline radius of 130 feet.
110. Construct a minimum pavement section of 2½ inch asphalt concrete pavement over 4 inch aggregate base with a minimum subgrade of 24 inches at 95% relative compaction, or equal, in accordance with City of Palm Springs Standard Drawing No. 110. If an alternative pavement section is proposed, the proposed pavement section shall be designed by a California registered Geotechnical Engineer using "R" values from the project site and submitted to the City Engineer for approval.

SANITARY SEWER

111. Connect all sanitary facilities to the City sewer system.
112. If necessary to provide public sewer service to the easterly portion of the subject property, construct an extension of the existing 15-inch public sewer main within the approved alignment for the Sunrise Parkway, extending to the required point of connection.
113. Construct an 8-inch sewer main within all on-site private streets and connect to the public sewer main as required to the existing public sewer main in Avenida Caballeros, San Rafael Drive or Sunrise Way.
114. Dedicate an easement across all private streets , for sewer purposes to the City of Palm Springs.
115. Submit sewer improvement plans prepared by a Registered Civil Engineer to the Engineering Division. The plans shall be approved by the City Engineer prior to issuance of sewer construction permits.

116. All sewer mains constructed by the developer and to become part of the City sewer system shall be televised by the developer prior to acceptance of the sewer line(s).

GRADING

117. Submit a Rough Grading Plan prepared by a California registered Civil Engineer to the Engineering Division for review and approval. A Fugitive Dust Control Plan shall be prepared by the applicant and/or its grading contractor and submitted to the Building Department for review and approval. The applicant and/or its grading contractor shall be required to comply with Chapter 8.50 of the City of Palm Springs Municipal Code, and shall be required to utilize one or more "Coachella Valley Best Available Control Measures" as identified in the Coachella Valley Fugitive Dust Control Handbook for each fugitive dust source such that the applicable performance standards are met. The applicant's or its contractor's Fugitive Dust Control Plan shall be prepared by staff that has completed the South Coast Air Quality Management District (AQMD) Coachella Valley Fugitive Dust Control Class. The applicant and/or its grading contractor shall provide the Building Department with current and valid Certificate(s) of Completion from AQMD for staff, that have completed the required training. For information on attending a Fugitive Dust Control Class and information on the Coachella Valley Fugitive Dust Control Handbook and related "PM10" Dust Control issues, please contact Elio Torrealba at AQMD at (909) 396-3752, or at etorrealba@AQMD.gov. A Fugitive Dust Control Plan, in conformance with the Coachella Valley Fugitive Dust Control Handbook, shall be submitted to and approved by the Building Department prior to approval of the Grading plan. The Grading Plan shall be approved by the City Engineer prior to issuance of any grading or building permits.

The first submittal of the Grading Plan shall include the following information: Copy of signed Conditions of Approval from Planning Department; Copy of Site Plan stamped approved and signed by the Planning Department; Copy of current Title Report; Copy of Soils Report; and a copy of the associated Hydrology Study/Report.
118. Drainage swales 3 feet wide and 6 inches deep shall be provided adjacent to all curbs and sidewalks to keep nuisance water from entering the adjacent streets.
119. A National Pollutant Discharge Elimination System (NPDES) storm water permit, issued from the California Regional Water Quality Control Board (Phone No. 760-346-7491) is required for the proposed development. A copy of the executed permit shall be provided to the City Engineer prior to approval of the Grading Plan.
120. In accordance with City of Palm Springs Municipal Code, Section 8.50.025 (c), a cash bond of two thousand dollars (\$2,000.00) per acre shall be posted with the City for dust control purposes associated with grading activities on the property.
121. A soils report prepared by a California registered Geotechnical Engineer shall be required for and incorporated as an integral part of the grading plan for the proposed development. A copy of the soils report shall be submitted to the Building Department and to the Engineering Division prior to approval of the Grading Plan.

122. Contact the Building Department to get information regarding the preparation of the PM-10 (dust control) plan.
123. In cooperation with the Riverside County Agricultural Commissioner and the California Department of Food and Agriculture Red Imported Fire Ant Project, applicants for grading permits involving a grading plan and involving the export of soil will be required to present a clearance document from a Department of Food and Agriculture representative in the form of an approved "Notification of Intent To Move Soil From or Within Quarantined Areas of Orange, Riverside, and Los Angeles Counties" (RIFA Form CA-1) prior to approval of the Grading Plan. The California Department of Food and Agriculture office is located at 73-710 Fred Waring Drive, Palm Desert (Phone: 760-776-8208).

DRAINAGE

124. Accept all storm water runoff passing through and falling onto the site and conduct all storm water runoff to approved drainage structures as described in the Preliminary Hydrology Report for the "Palm Springs Village Tract Map No. 31848", prepared by Mainiero, Smith and Associates, originally dated October 16, 2003. The Hydrology Report shall be finalized to include catch basin sizing, storm drainpipe sizing, and retention/detention basin sizing calculations and other specifications for construction of required on-site storm drainage improvements.
125. Submit storm drain improvement plans for all on-site storm drainage system facilities for review and approval by the City Engineer.
126. The project is subject to flood control and drainage implementation fees and/or construction of drainage facilities in accordance with the approved Master Drainage Plan for the Palm Springs Area. The acreage drainage fee at the present time is \$6,511 per acre per Resolution No. 15189 and shall be paid prior to issuance of building permits. The developer may receive credit toward drainage acreage fees otherwise due with regard to the estimated cost of the construction of Storm Drain Line 3 Laterals 3B, 3C, and 3D. Coordination with Riverside County Flood Control District (RCFC) shall be required to determine credit for deletion of previously Master Planned storm drain facilities, and to determine that the proposed on-site storm drainage system provides an acceptable alternative to the construction of the Master Planned storm drain facilities. If required as a condition of credit for storm drainage implementation fees, a cooperative agreement between the developer, the City of Palm Springs, and RCFC shall be established to identify the specific credit for storm drainage implementation fees related to the deletion of Laterals 3B, 3C, and 3E from the Master Drainage Plan. Collection of storm drainage implementation fees shall continue to be required, however, for future construction of Master Planned storm drain facilities adjacent to the project, including Storm Drain Line 3, Lateral 3A and Lateral 3E.
127. Construct required drainage improvements, including but not limited to catch basins, storm drain lines, and outlet structures, for drainage of on-site streets into retention basins, as described in a final Hydrology Report for Tentative Tract Map 31848 as approved by the City Engineer.

128. All on-site storm drain systems shall be privately maintained by a Homeowners Association and or Golf Course owner. Provisions for maintenance of the on-site storm drain systems shall be included in Codes, Covenants and Restrictions (CC&R's) for this project, and shall be provided to the City Engineer for review and approval prior to approval of the final map.

GENERAL

129. Any utility trenches or other excavations within existing asphalt concrete pavement of off-site streets required by the proposed development shall be backfilled and repaired in accordance with City of Palm Springs Standard Drawing No. 115.
130. All proposed utility lines shall be installed underground.
131. All existing utilities shall be shown on the improvement plans. The existing and proposed service laterals shall be shown from the main line to the property line.
132. The original improvement plans prepared for the proposed development and approved by the City Engineer shall be documented with record drawing "as-built" information and returned to the Engineering Division prior to issuance of a certificate of occupancy. Any modifications or changes to approved improvement plans shall be submitted to the City Engineer for approval prior to construction.
133. In accordance with Chapter 8.04.401 of the City of Palm Springs Municipal Code, all existing overhead electrical lines of thirty-five thousand volts or less and overhead service drop conductors, and all gas, telephone, television cable service, and similar service wires or lines, which are on-site, adjacent to, and/or transecting the property, shall be installed underground unless specific restrictions are shown in General Orders 95 and 128 of the California Public Utilities Commission, and service requirements published by the utilities.

134. Nothing shall be constructed or planted in the corner cut-off area of any driveway or intersection which does or will exceed the height required to maintain an appropriate sight distance per City of Palm Springs Zoning Code Section 93.02.00, D.
135. All proposed trees within the public right-of-way and within 10 feet of the public sidewalk and/or curb shall have City approved deep root barriers installed per City of Palm Springs Standard Drawing No. 904.

MAP

136. A Final Map shall be prepared by a California registered Land Surveyor or qualified Civil Engineer and submitted to the Engineering Division for review and approval. A Title Report prepared for subdivision guarantee for the subject property, the traverse closures for the existing parcel and all lots created therefrom, and copies of record documents shall be submitted with the Final Map to the Engineering Division as part of the first review of the Final Map. The Final Map shall be approved by the City Council prior to issuance of building permits. In the event the Tentative Tract Map is phased into multiple Final Maps, the developer shall submit appropriate security for construction of all required off-site public street improvements with the first Final Map submitted for approval.

137. Abandonment of record easements across the property shall be performed in conjunction with or prior to approval of a final map. The easements, identified as an easement to Southern California Edison recorded December 14, 1948, in Book 1035, Page 417; and an easement to Southern California Edison recorded as Document No. 72-160821, shall be extinguished, quit-claimed, relocated or abandoned to facilitate development of the subject property. Without evidence of the abandonment of these easements, proposed individual lots encumbered by these existing record easements are rendered unbuildable, until such time as these easements are removed of record and are not an encumbrance to the affected lots.

TRAFFIC

138. The original traffic impact study titled "Palm Springs Village Planned Development District Traffic Impact Study," prepared by Endo Engineering dated September 2003 (as amended) shall be revised to address the additional access point into the development (the West Entrance) on Indian Canyon Drive. Modifications, additions and deletions to the traffic impact measures outlined in the original study (as previously amended) shall be required, as reviewed and approved by the City Engineer. The revised traffic impact study shall be submitted to the City Engineer for review and approval prior to submittal of improvement plans and/or a final map associated with the development.
139. Submit traffic striping and signage plans prepared by a California registered Civil Engineer to the Engineering Division for review and approval. All required traffic striping and signage improvements shall be completed in conjunction with required street improvements.
140. Install street name signs at each street intersection in accordance with City of Palm Springs Standard Drawing No. 620-625.
 141. Furnish and install a 9500-lumen high-pressure sodium vapor safety street light with glare shield on a marbelite pole on the southwest corner of the Sunrise Parkway and the East Entrance. The developer shall coordinate with Southern California Edison for required permits and work orders necessary to provide electrical service to the street light.
142. A 30 inch "STOP" sign and standard "STOP BAR" and "STOP LEGEND" shall be installed in accordance with City of Palm Springs Standard Drawing No. 620-625 at on-site street intersections as required by the City Engineer.
143. The following mitigation measures, as determined by the report titled "Palm Springs Village Planned Development District Traffic Impact Study," prepared by Endo Engineering dated September 2003 (as amended) shall be addressed as follows:
 - A. Design and install a traffic signal at the Indian Canyon Drive and Sunrise Parkway intersection. Installation of the traffic signal shall be required in conjunction with the complete extension of the Sunrise Parkway from Sunrise Way to Indian Canyon Drive; or, shall be required in conjunction with construction of the Sunrise Parkway from Indian Canyon Drive to the North Entrance and issuance of the 100th certificate of occupancy within the development. The

developer may request preparation of a Reimbursement Agreement, which may allow for reimbursement of up to 82.9% of the total cost to design and install the traffic signal. If requesting a Reimbursement Agreement, the developer shall submit a \$2,000 deposit for preparation of the Reimbursement Agreement by the City Attorney, and shall be subject to actual costs required for its preparation.

B. Install traffic striping improvements at the Avenida Caballeros and San Rafael Drive intersection to provide a south bound left-turn lane, south bound through/right-turn lane, additional west bound through lane, north bound left-turn lane, and north bound through/right-turn lane. Traffic striping shall be installed in conjunction with the extension of Avenida Caballeros through the proposed development.

C. Provide a northbound left-turn lane and northbound right-turn lane at the North Entrance and Sunrise Parkway; including a north bound stop control.

D. Provide an eastbound left-turn lane and eastbound right-turn lane at the East Entrance and Sunrise Parkway; including an east bound stop control.

E. Payment in an amount equal to 44.7% of the cost to design and install a traffic signal at the intersection of San Rafael Drive and Sunrise Way shall be made to the City. Payment shall be reimbursed to others responsible for the design and installation of the traffic signal, in accordance with the terms of a Reimbursement Agreement between the City and the responsible parties. Payment shall be made within 30 days notice to the developer.

F. Payment in an amount equal to 15.5% of the estimated cost to construct an additional southbound left-turn lane at the Sunrise Way and Vista Chino intersection shall be made to the City. An engineer's estimate for the construction of the required improvement shall be submitted to the City Engineer for review and approval prior to approval of a Final Map. Payment shall be made prior to issuance of a certificate of occupancy.

G. Payment in an amount equal to 11.0% of the cost to construct an additional northbound right-turn lane and southbound left-turn lane at the Farrell Drive and Vista Chino intersection shall be made to the City. An engineer's estimate for the construction of the required improvement shall be submitted to the City Engineer for review and approval prior to approval of a Final Map. Payment shall be made prior to issuance of a certificate of occupancy.

144. A minimum of 48 inches of sidewalk clearance shall be provided around all street furniture, fire hydrants and other aboveground facilities for ADA accessibility.
145. All damaged, destroyed, or modified pavement legends and striping associated with the proposed development shall be replaced as required by the City Engineer prior to issuance of a certificate of occupancy.
146. Construction signing, lighting and barricading shall be provided for on all projects as required by City Standards or as directed by the City Engineer. As a minimum, all construction signing, lighting and barricading shall be in accordance with State of California, Department of Transportation, "Manual of Traffic Controls for Construction and Maintenance Work Zones" dated 1996, or subsequent additions in force at the time of construction.

This property is subject to the Transportation Uniform Mitigation Fee, which shall be paid prior to issuance of building permits.

WHEN RECORDED MAIL TO:

City of Palm Springs
3200 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Attention: City Clerk

(Space above this line is for recorder's use)

**FIRST AMENDMENT TO
SUBDIVISION IMPROVEMENT AGREEMENT**

THIS FIRST AMENDMENT TO SUBDIVISION IMPROVEMENT AGREEMENT ("**First Amendment**") is made this 30th day of OCTOBER, 2015, by and among LV PALM SPRINGS VILLAGE LLC, a Delaware limited liability company ("**Successor Subdivider**"), and the City of Palm Springs, California, a California charter city and municipal corporation ("**City**").

RECITALS

A. Successor Subdivider, as successor-in-interest to SunCal PSV, LLC, a Delaware limited liability company ("**SunCal**"), and the City entered into that certain Subdivision Improvement Agreement dated December 18, 2006, and recorded on February 16, 2007, as Document No. 2007-0113033 in the Official Records of Riverside County, California (the "**Original SIA**"), relating to the development of the property described by Tract Map No. 31848-1 approved by the City and filed in 2006, (the "**Property**"). Initially capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Original SIA.

B. The City has continued to extend the effectiveness of the Original SIA through a series of resolutions adopted by the City Council, and the last termination date of the Original SIA was May 4, 2015.

C. As set forth in the Original SIA, Successor Subdivider, (as successor-in-interest to SunCal), as Subdivider, has agreed to construct and install certain improvements to accommodate the development of Tract Map No. 31848-1. Pursuant to Section 4.1(a) of the Original SIA, Subdivider has provided the City with those certain bonds as required pursuant to the terms of the Original SIA, each as security for the Successor Subdivider's faithful performance of the work required under the Original SIA, including without limitation, construction of the Works of Improvement (the "**Required Securities**").

D. In accordance with the Original SIA, Subdivider installed, on the Property and on adjoining property subject to Tentative Tract Map 31848 (the "**Adjoining Property**", and together with the Property, collectively, "**Real Property**"), substantial components of the Works of Improvement that were originally inspected by the City (the "**Installed Improvements**"). Subsequent to installation of the Installed Improvements, work ceased on the Real Property and the Installed Improvements may have, in some cases, deteriorated or been vandalized, and may otherwise require repair.

E. On February 18, 2015, the City Council of the City approved that certain First Amendment to and Assignment and Assumption of Subdivision Improvement Agreement, (the "SIA Assignment"), to facilitate a request by the Successor Subdivider to transfer and assign the Original SIA to FCA CA, LLC, a Delaware limited liability company, ("Assigned Subdivider"), pursuant to a proposed purchase and sale of the Property which would, among other things, have the Assigned Subdivider assume all of the obligations of the Original SIA, replace the Required Securities with replacement securities, and extended the time period for performance of the Original SIA.

F. The SIA Assignment was effective upon the close of escrow of the purchase of the Property by the Assigned Subdivider; however, by letter dated May 4, 2015, the Successor Subdivider notified City that (1) the purchase and sale of the Property to the Assigned Subdivider will no longer take place, (2) that the SIA Assignment should be disregarded as null and void, *ab initio*, (3) the Original SIA should remain the governing document between the Successor Subdivider and City, and (4) requested an extension of the time period for completion of the "Works of Improvement" set forth in Section 2.1(ii) of the Original SIA to May 4, 2016.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows.

1. Amendment to Original SIA; Extensions of Time Periods for Performance. The Original SIA contains various dates for performance and the obligation for continuous performance by the Subdivider following the commencement of construction of the Works of Improvement (as required by Section 2.4 of the Original SIA) that have not been met and which, due to the passage of time, are not susceptible of cure and that will not be capable of cure until such time as final development plans have been approved for the Property. To address this and to extend the time period for performance of obligations under the SIA, City and Successor Subdivider hereby agree to amend the Original SIA as set forth below.

1.1 Commencement and Completion. The "Completion Date" as that term is used in the Original SIA shall hereby be retroactively extended from May 4, 2015, to May 4, 2016.

2. Amendment to Original SIA; Community Facilities District. Section 1.2 of the Original SIA references other obligations as identified in conditions of approval associated with the Tentative Map for Tract Map No. 31848-1, as otherwise identified on Exhibit "B" to the Original SIA. As a condition of the City's approval of this First Amendment to the Original SIA, the Successor Subdivider hereby agrees to incorporate a new condition of approval requiring Successor Subdivider's consent to the legal annexation of the Property into the City's Community Facilities District No. 2005-1 (Public Safety Services) upon request by the City, and accordingly to amend the Original SIA as set forth below.

2.1 Section 1.2(b) is hereby added to the Original SIA to read as follows:

1.2(b) Annexation to Community Facilities District (CFD) No. 2005-1 (Public Safety Services). Successor Subdivider agrees to support annexation of the Property into Community Facilities District (CFD) No. 2005-1 (Public Safety Services). Successor Subdivider further agrees to waive any right of protest or contest such annexation, provided that the amount of any assessment for any single family dwelling unit (or the equivalency

thereof when applied to multiple family, commercial or industrial) shall not exceed \$500 annually per dwelling unit or dwelling unit equivalency unit, subject to an annual consumer price index escalator. Upon request by City, Successor Subdivider shall execute and return all necessary waivers, ballots and other forms required by City to facilitate annexation of the Property into CFD No. 2005-1.

3. Effect of Amendment on Interpretation of SIA.

3.1 Terms; No Other Changes. Unless otherwise expressly indicated herein, all references in Original SIA and in this First Amendment to "this Agreement" or the "SIA" shall mean and refer to the Original SIA as modified by this First Amendment and other than the amendments and changes herein, all provisions of the Original SIA remain unmodified and in full force and effect. In the event of any conflict or inconsistency between the terms of the Original SIA and this First Amendment, the terms of the Original SIA shall control.

4. Miscellaneous Provisions.

4.1 Effectiveness. Notwithstanding anything to the contrary contained in this Assignment, this Assignment shall be null and void, ab initio, if the Close of Escrow for the sale of the Real Property to Assignor pursuant to the terms and conditions of the Transfer Agreement fails to occur on or before the Outside Closing Date (as defined in the Transfer Agreement).

4.2 Entire Agreement. This First Amendment, together with the Original SIA, constitutes the entire agreement between the parties in regards to the subject matter contained herein.

4.3 Recitals. The Recitals above are incorporated herein by reference.

4.4 Governing Law. This First Amendment shall be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of California.

4.5 Interpretation. All of the parties hereto have been represented by legal counsel of their choice are not relying on any statement of the other party in entering herein. Each party has cooperated and participated in the drafting and the preparation of this First Amendment. Hence, in any construction to be made of this First Amendment, no ambiguity shall be resolved against any party by virtue of that party's participation in the drafting of this First Amendment.

4.6 Severability. If any provision, section, paragraph, clause or sentence in this First Amendment is declared to be illegal, void, invalid, or unenforceable by a court or other authority with jurisdiction thereof, the remaining provisions, paragraphs, clauses, and sentences shall be severable and shall remain in full force and effect. The parties agree that a void or invalid paragraph, clause or provision shall not affect the validity or enforceability of the remaining provisions of this First Amendment.

4.7 Counterparts. This First Amendment may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

4.8 Survival. All representations, warranties, covenants and agreements made by the parties hereunder shall be considered to have been relied upon by the parties and shall survive the execution, delivery and performance of this First Amendment and all other documents contemplated herein.

4.9 Successors and Assigns. This First Amendment shall be binding upon and inure to the benefit of the successors, assignees, personal representatives, heirs and legatees of Successor Subdivider and the City and shall be binding upon and inure to the benefit of all successors and assigns to Successor Subdivider's right, title and interest in and to the Property.

4.10 Amendment. Any amendment to this First Amendment shall not be binding unless in writing and executed by Successor Subdivider and the City.

4.11 Additional Documents. Each of the parties shall each execute and deliver to the other parties, upon demand, such further documents, and shall take such further actions as are necessary or desirable to effectuate the intent and purposes of this First Amendment.

4.12 Authority. The persons signing below represent that they have the authority to bind their respective party, and that all necessary board of directors', shareholders', partners', agency's or other approvals have been obtained.

[Signatures on following pages]

IN WITNESS WHEREOF, City and Successor Subdivider have executed this First Amendment as of the day and year first written above.

CITY OF PALM SPRINGS

ATTEST:

By James Thompson James Thompson, City Clerk
David H. Ready David H. Ready, City Manager

APPROVED AS TO FORM:

Doug Holland
Doug Holland, City Attorney

APPROVED BY CITY COUNCIL

6-17-15 22 15393

"SUCCESSOR SUBDIVIDER"

LV PALM SPRINGS VILLAGE LLC,
a Delaware limited liability company

By: Jonas Stiklorius
Name: Jonas Stiklorius
Title: Authorized Signatory

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New York
County of New York

On July 14 2015 before me, Lisa A. Phelan (here insert name and title of officer), personally appeared Jonas Stiklorius, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct

WITNESS my hand and official seal.

Signature Lisa A. Phelan

(Seal)

LISA A. PHELAN
Notary Public, State of New York
Qualified in New York County
Reg No. 01PH6292618
Commission Expires November 4, 2017

ACKNOWLEDGMENT OF INSTRUMENT
(Cal. Civil Code Section 1181)

State of California)
County of Riverside) ss.
City of Palm Springs)

On October 22, 2015, before me, JAMES THOMPSON, CITY CLERK, CITY OF PALM SPRINGS CALIFORNIA, personally appeared DAVID H. READY, who I personally know is the CITY MANAGER of the CITY OF PALM SPRINGS whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his official and authorized capacity on behalf of the City of Palm Springs, a California Charter City.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and the official seal of the City of Palm Springs, California, this 22nd day of October, 2015.



Signature: *James Thompson*
JAMES THOMPSON, CITY CLERK
City of Palm Springs, California

Title or Type of Document:
First Amendment to Subdivision Improvement Agreement
LV PALM SPRINGS VILLAGE LLC – A5393

Exhibit B

Security Instruments

[attached]

**A5393 SunCal
Subdivision Improvement Agreement
Re-Cap of Bonds**

Bond #	Improv Descript	Faithful Perf Bond	Labor and Materials	Maint & Warranty
5025375	DWA - Domestic Water	3,270,904.00	1,635,452.00	490,635.60
5025380	Storm Drain	488,500.00	244,250.00	73,275.00
5025379	Sanitary Sewer System	3,112,700.00	1,556,350.00	466,905.00
5025378	AC Pavement	4,070,000.00	2,035,000.00	610,500.00
5025377	Aggregate Base	1,785,350.00	892,675.00	267,805.50
5025376	Curb & Gutter / Flatwork	3,525,150.00	1,762,575.00	528,772.50
5025381	Off-site Landscape & Traffic	1,132,400.00	566,200.00	169,860.00
	Totals	<u>17,385,004.00</u>	<u>8,692,502.00</u>	<u>2,607,753.60</u>
		✓	✓	✓
5025394	Obligation Security	698,544.00 ✓		
5025383	Setting Monuments Faithful Perf, Labor & Materials	60,000.00 ✓		

BOND NUMBER: 5025375
PREMIUM: \$64,804.00

CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
DWA – DOMESTIC WATER

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of THREE MILLION TWO HUNDRED SEVENTY THOUSAND NINE HUNDRED FOUR & NO/100 dollars (\$3,270,904.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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.

Performance Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 27, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce Elieff

Title: President and Chief Executive Officer (Suncal PSV, LLC)

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:
BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Beata A. Sensi, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On October 30, 2006 before me, Susan E. Morales/Notary Public

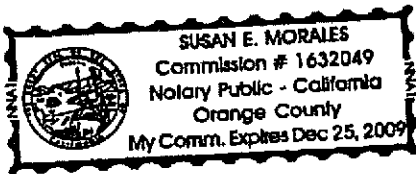
NAME, TITLE OF OFFICER

personally appeared _____

Bruce Elieff

NAME OF SIGNER(S)

- 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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
 CORPORATE OFFICER
President and CEO
 TITLE(S)

Performance Bond #5025375
 TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
 GENERAL

2
 NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/27/06
 DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

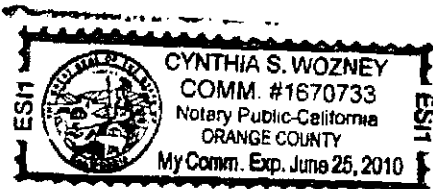
State of CALIFORNIA

County of ORANGE

On OCTOBER 27, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared BEATA A. SENSI
NAME(S) OF SIGNER(S)

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.

Cynthia S. Wozney
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 27, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 23941
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D.J. Picard, Todd M. Rohm, Sejal P. Lange

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 4,300,000.00**

Four Million Three Hundred Thousand and 00/100

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY

David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07

Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 27TH Day of OCTOBER, 2006



Donald D. Buchanan
Secretary

BOND NUMBER: 5025375

Premium charged is included in Performance bond

CITY OF PALM SPRINGS
LABOR AND MATERIALS BOND
DWA – DOMESTIC WATER

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 October 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a 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 City of Palm Springs 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, Principal and the undersigned as corporate surety, are held firmly bound unto the City of Palm Springs 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 ONE MILLION SIX HUNDRED THIRTY-FIVE THOUSAND FOUR HUNDRED FIFTY-TWO & NO/100 dollars (\$1,635,452.00), 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 City 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 OCTOBER 27, 2006.

Labor & Materials Bond


Page 2

SUBDIVIDER:

SUNCAL PSV, LLC,

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce Elieff

Title: President and Chief Executive Officer (Suncal PSV, LLC)

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Beata A. Sensi, Attorney-in-Fact

(All Signatures Shall Be Notarize)

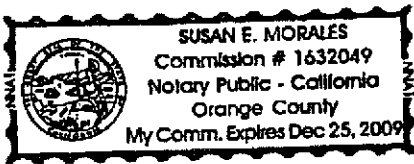
CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On October 30, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER

personally appeared _____
Bruce Elieff
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

INDIVIDUAL/OWNER
 CORPORATE OFFICER
President and CEO
TITLE(S)

Payment Bond #5025375
TITLE OR TYPE OF DOCUMENT

PARTNER(S) LIMITED
 GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/27/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

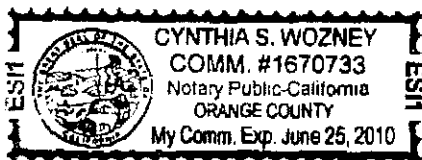
State of CALIFORNIA

County of ORANGE

On OCTOBER 27, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared BEATA A. SENSI
NAME(S) OF SIGNER(S)

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.

Cynthia S. Wozney
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

LABOR AND MATERIAL BOND

_____ TITLE OR TYPE OF DOCUMENT

2 NUMBER OF PAGES

OCTOBER 27, 2006 DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24231
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Senai, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

.....
which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

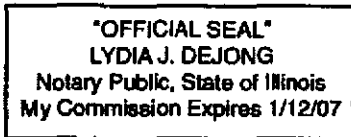



BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.




Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 27TH Day of OCTOBER, 20 06




Donald D. Buchanan
Secretary

BOND NUMBER: 5025375
PREMIUM INCLUDED IN THE
PERFORMANCE BOND

**CITY OF PALM SPRINGS
BOND FOR MAINTENANCE AND WARRANTY OF IMPROVEMENTS**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 September 18, 2006, and identified as Tract Map No. 31848-1, DWA – Domestic Water is hereby referred to and made a part hereof; and

WHEREAS, Principal is required under the terms of said Agreement to maintain and guarantee the costs or repair and/or replacement of defective materials or defective workmanship in such improvements, which guarantee shall remain in effect for a period of one (1) year from date of acceptance of work by the City of Palm Springs (hereinafter called "City"), and to furnish a bond for the faithful performance of said Agreement and the payment of all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of any such maintenance and warranty work.

WHEREAS, Principal has completed said work and the City has accepted, or substantially concurrently herewith is accepting, said work, subject to the requirement of delivery of this obligation.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City, and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement, for one (1) year from and after the date of completion and acceptance of said work, in the penal sum of Four Hundred Ninety Thousand Six Hundred Thirty-Five & 60/100 dollars (\$490,635.60), lawful money of the United States, for replacement and repair of any and all defective materials or defective workmanship within said improvements, and the payment of all materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor in connection with any such maintenance or warranty, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the repair and replacement of defective workmanship and materials 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 save

**Maintenance & Warranty Bond
Page 2**

harmless the City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anyway 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.

(Signatures on Next Page)

Maintenance & Warranty Bond
Page 3

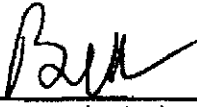
IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 27, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)


Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

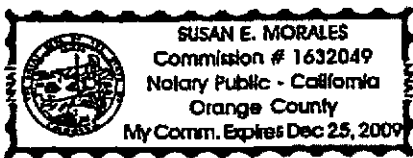
(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL/OWNER	
<input type="checkbox"/> CORPORATE OFFICER	
_____	<u>DWA Bond #5025375</u>
TITLE(S)	TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED	<u>3</u>
<input type="checkbox"/> GENERAL	NUMBER OF PAGES
<input type="checkbox"/> MANAGING MEMBER	
<input checked="" type="checkbox"/> GENERAL COUNSEL	<u>10/27/06</u>
<input type="checkbox"/> OTHER: _____	DATE OF DOCUMENT
SIGNER IS REPRESENTING:	
NAME OF PERSON(S) OR ENTITY(IES)	
<u>SunCal PSV, LLC</u>	

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

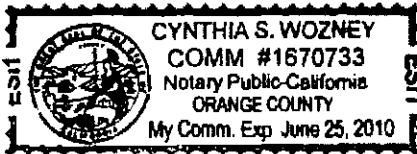
State of CALIFORNIA

County of ORANGE

On OCTOBER 27, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

MAINTENANCE/WARRANTY BOND
TITLE OR TYPE OF DOCUMENT

3
NUMBER OF PAGES

OCTOBER 27, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(ES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24336
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY [Signature]
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07

[Signature]
Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 27TH Day of OCTOBER, 20 06



[Signature]
Donald D. Buchanan
Secretary

BOND NUMBER: 5025380
PREMIUM: \$12,213.00

**CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
STORM DRAIN**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of FOUR HUNDRED EIGHTY-EIGHT THOUSAND FIVE HUNDRED & NO/100 dollars (\$488,500.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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.

Performance Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.


By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:
BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

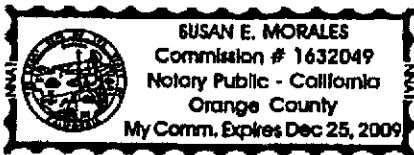
(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

Storm Drain Bond #5025380
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

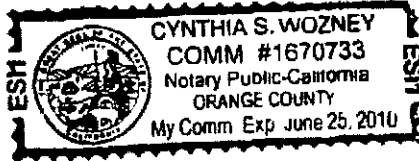
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24238
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

.....
which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

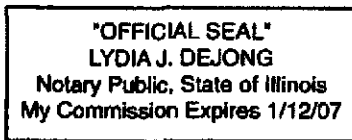


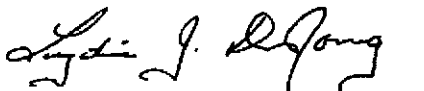
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.





Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025380

Premium charged is included in Performance bond

**CITY OF PALM SPRINGS
LABOR AND MATERIALS BOND
STORM DRAIN**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a 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 City of Palm Springs 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, Principal and the undersigned as corporate surety, are held firmly bound unto the City of Palm Springs 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 TWO HUNDRED FORTY-FOUR THOUSAND TWO HUNDRED FIFTY & NO/100 & NO/100 dollars (\$244,250.00), 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 City 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.

Labor and Materials Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC,

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

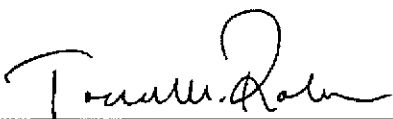
Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarize)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

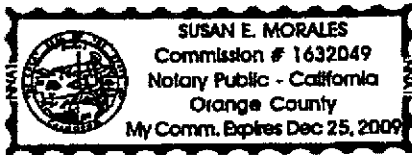
On November 6, 2006 before me, Susan E. Morales/Notary Public

NAME, TITLE OF OFFICER

personally appeared Bruce V. Cook

NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Storm Drain Bond #5025380

TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

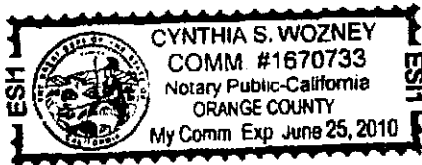
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

LABOR & MATERIAL BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24237
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

.....
which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

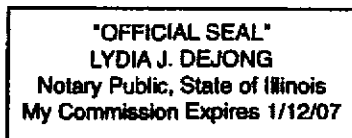


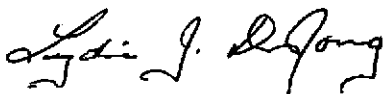
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.




Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025380
PREMIUM INCLUDED IN THE
PERFORMANCE BOND

CITY OF PALM SPRINGS
BOND FOR MAINTENANCE AND WARRANTY OF IMPROVEMENTS

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1, Storm Drain is hereby referred to and made a part hereof; and

WHEREAS, Principal is required under the terms of said Agreement to maintain and guarantee the costs or repair and/or replacement of defective materials or defective workmanship in such improvements, which guarantee shall remain in effect for a period of one (1) year from date of acceptance of work by the City of Palm Springs (hereinafter called "City"), and to furnish a bond for the faithful performance of said Agreement and the payment of all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of any such maintenance and warranty work.

WHEREAS, Principal has completed said work and the City has accepted, or substantially concurrently herewith is accepting, said work, subject to the requirement of delivery of this obligation.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City, and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement, for one (1) year from and after the date of completion and acceptance of said work, in the penal sum of Seventy-Three Thousand Two Hundred Seventy-Five & No/100 dollars (\$73,275.00), lawful money of the United States, for replacement and repair of any and all defective materials or defective workmanship within said improvements, and the payment of all materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor in connection with any such maintenance or warranty, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the repair and replacement of defective workmanship and materials 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 save

**Maintenance & Warranty Bond
Page 2**

harmless the City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anyway 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.

(Signatures on Next Page)

Maintenance & Warranty Bond
Page 3


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

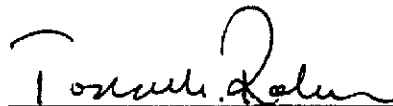
Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

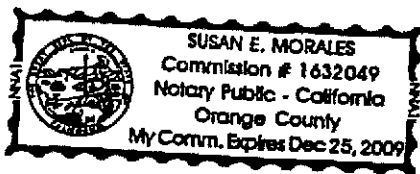
State of California

County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER

personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Storm Drain Bond #5025380
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

3
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

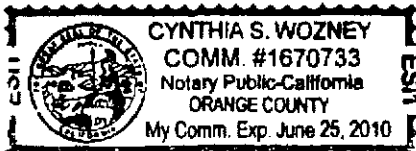
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

MAINTENANCE/WARRANTY BOND
TITLE OR TYPE OF DOCUMENT

3
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(ES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24340
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



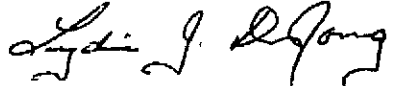
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07



Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 20 06




Donald D. Buchanan
Secretary

BOND NUMBER: 5025379
PREMIUM: \$61,691.00

CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
SANITARY SEWER SYSTEM

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of THREE THOUSAND ONE HUNDRED TWELVE THOUSAND SEVEN HUNDRED & NO/100 dollars (\$3,112,700.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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.

Performance Bond
Page 2

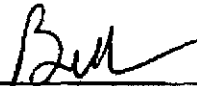
IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:
BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On November 6, 2006 before me,

Susan E. Morales/Notary Public

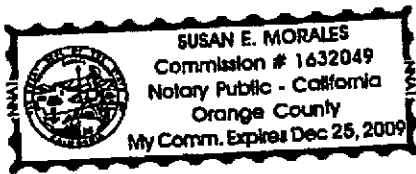
NAME, TITLE OF OFFICER

personally appeared

Bruce V. Cook

NAME OF SIGNER(S)

- 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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL/OWNER <input type="checkbox"/> CORPORATE OFFICER <hr/> TITLE(S)	<u>Sewer System Bond #5025379</u> TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL	<hr/> 2 NUMBER OF PAGES
<input type="checkbox"/> MANAGING MEMBER <input checked="" type="checkbox"/> GENERAL COUNSEL	<hr/> 10/30/06 DATE OF DOCUMENT
<input type="checkbox"/> OTHER: _____	
SIGNER IS REPRESENTING: NAME OF PERSON(S) OR ENTITY(IES) <u>SunCal PSV, LLC</u>	

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

Cynthia S. Wozney
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

- PARTNER(S) LIMITED
- GENERAL

- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24293
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of Indemnity or other writings obligatory in nature of a bond, \$ 6,000,000.00 Six million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY *David E. Campbell*
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07

Lydia J. DeJong
Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006



Donald D. Buchanan
Donald D. Buchanan
Secretary

BOND NUMBER: 5025379

Premium charged is included in Performance bond

**CITY OF PALM SPRINGS
LABOR AND MATERIALS BOND
SANITARY SEWER SYSTEM**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a 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 City of Palm Springs 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, Principal and the undersigned as corporate surety, are held firmly bound unto the City of Palm Springs 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 ONE MILLION FIVE HUNDRED FIFTY-SIX THOUSAND THREE HUNDRED FIFTY & NO/100 dollars (\$1,556,350.00), 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 City 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.

Labor and Materials Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC,

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)


Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarize)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL/OWNER <input type="checkbox"/> CORPORATE OFFICER <hr/> TITLE(S)	<u>Sewer System Bond #5025379</u> TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL <input type="checkbox"/> MANAGING MEMBER <input checked="" type="checkbox"/> GENERAL COUNSEL <input type="checkbox"/> OTHER: _____	<hr/> 2 NUMBER OF PAGES
SIGNER IS REPRESENTING: NAME OF PERSON(S) OR ENTITY(IES) <u>SunCal PSV, LLC</u>	<hr/> 10/30/06 DATE OF DOCUMENT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

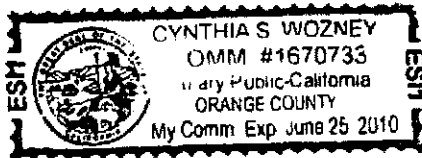
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G. "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

Cynthia S. Wozney
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

INDIVIDUAL
 CORPORATE OFFICER
TITLE(S)

PARTNER(S) LIMITED
 GENERAL

ATTORNEY-IN-FACT
 TRUSTEE(S)
 GUARDIAN/CONSERVATOR
 OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

LABOR & MATERIAL BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24236
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

.....
which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



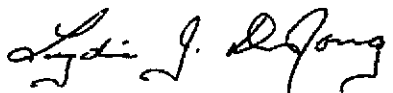
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07



Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025379
PREMIUM INCLUDED IN THE
PERFORMANCE BOND

**CITY OF PALM SPRINGS
BOND FOR MAINTENANCE AND WARRANTY OF IMPROVEMENTS**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1, Sanitary Sewer System is hereby referred to and made a part hereof; and

WHEREAS, Principal is required under the terms of said Agreement to maintain and guarantee the costs or repair and/or replacement of defective materials or defective workmanship in such improvements, which guarantee shall remain in effect for a period of one (1) year from date of acceptance of work by the City of Palm Springs (hereinafter called "City"), and to furnish a bond for the faithful performance of said Agreement and the payment of all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of any such maintenance and warranty work.

WHEREAS, Principal has completed said work and the City has accepted, or substantially concurrently herewith is accepting, said work, subject to the requirement of delivery of this obligation.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City, and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement, for one (1) year from and after the date of completion and acceptance of said work, in the penal sum of Four Hundred Sixty-Six Thousand Nine Hundred Five & No/100 dollars (\$466,905.00), lawful money of the United States, for replacement and repair of any and all defective materials or defective workmanship within said improvements, and the payment of all materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor in connection with any such maintenance or warranty, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the repair and replacement of defective workmanship and materials 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 save

**Maintenance & Warranty Bond
Page 2**

harmless the City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anyway 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.

(Signatures on Next Page)

Maintenance & Warranty Bond
Page 3


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

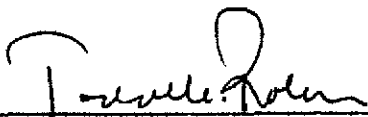
Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public

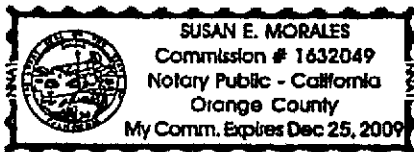
NAME, TITLE OF OFFICER

personally appeared _____

Bruce V. Cook

NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

Sewer System Bond #5025379

TITLE OR TYPE OF DOCUMENT

TITLE(S)

- PARTNER(S) LIMITED
- GENERAL

3

NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06

DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

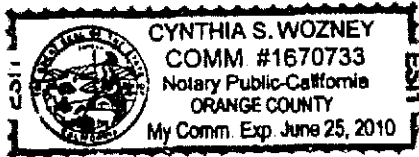
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

MAINTENANCE/WARRANTY BOND
TITLE OR TYPE OF DOCUMENT

3
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24339
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



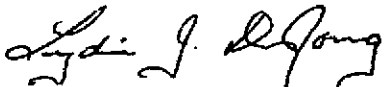
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07


Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025378
PREMIUM: \$76,050.00

CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
AC PAVEMENT

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of FOUR MILLION SEVENTY THOUSAND & NO/100 dollars (\$4,070,000.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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.

Performance Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce V. Cook
Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:
BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On November 6, 2006 before me,

Susan E. Morales/Notary Public

NAME, TITLE OF OFFICER

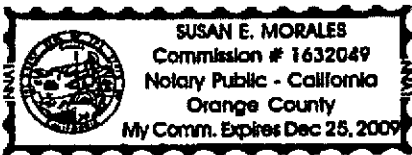
personally appeared

Bruce V. Cook

NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

AC Pavement Bond #5025378
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

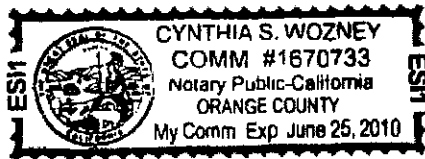
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

- TITLE(S)
- PARTNER(S) LIMITED
 - GENERAL
 - ATTORNEY-IN-FACT
 - TRUSTEE(S)
 - GUARDIAN/CONSERVATOR
 - OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND

TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24292
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 6,000,000.00 Six million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

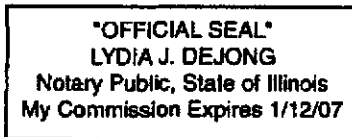


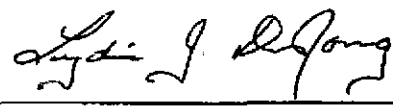
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.




Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 20 06




Donald D. Buchanan
Secretary

BOND NUMBER: 5025378

Premium charged is included in Performance bond

**CITY OF PALM SPRINGS
LABOR AND MATERIALS BOND
AC PAVEMENT**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a 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 City of Palm Springs 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, Principal and the undersigned as corporate surety, are held firmly bound unto the City of Palm Springs 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 TWO MILLION THIRTY-FIVE THOUSAND & NO/100 dollars (\$2,035,000.00), 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 City 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.

Labor and Materials Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC,

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)


Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

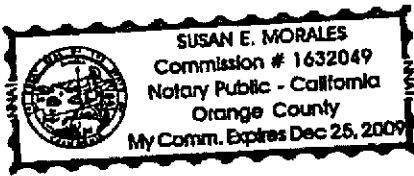
(All Signatures Shall Be Notarize)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

- PARTNER(S) LIMITED
- GENERAL

MANAGING MEMBER

GENERAL COUNSEL

OTHER: _____

AC Pavement Bond #5025378

TITLE OR TYPE OF DOCUMENT

2

NUMBER OF PAGES

10/30/06

DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

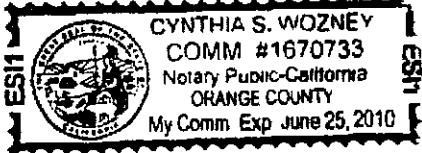
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., 'JANE DOE, NOTARY PUBLIC'

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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WITNESS my hand and official seal.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

LABOR & MATERIAL BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24235
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

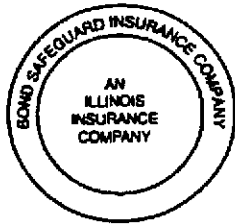
This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

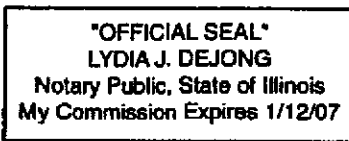


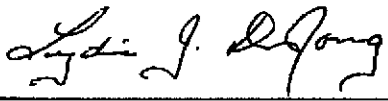
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.




Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025378
PREMIUM INCLUDED IN THE
PERFORMANCE BOND

CITY OF PALM SPRINGS
BOND FOR MAINTENANCE AND WARRANTY OF IMPROVEMENTS

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1, AC Pavement is hereby referred to and made a part hereof; and

WHEREAS, Principal is required under the terms of said Agreement to maintain and guarantee the costs or repair and/or replacement of defective materials or defective workmanship in such improvements, which guarantee shall remain in effect for a period of one (1) year from date of acceptance of work by the City of Palm Springs (hereinafter called "City"), and to furnish a bond for the faithful performance of said Agreement and the payment of all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of any such maintenance and warranty work.

WHEREAS, Principal has completed said work and the City has accepted, or substantially concurrently herewith is accepting, said work, subject to the requirement of delivery of this obligation.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City, and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement, for one (1) year from and after the date of completion and acceptance of said work, in the penal sum of Six Hundred Ten Thousand Five Hundred & No/100 dollars (\$610,500.00), lawful money of the United States, for replacement and repair of any and all defective materials or defective workmanship within said improvements, and the payment of all materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor in connection with any such maintenance or warranty, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the repair and replacement of defective workmanship and materials 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 save

**Maintenance & Warranty Bond
Page 2**

harmless the City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anyway 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.

(Signatures on Next Page)

Maintenance & Warranty Bond

Page 3

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)


Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

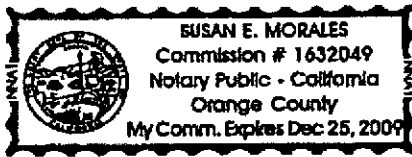
(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

AC Pavement Bond #5025378

TITLE(S)

TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

3

NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06

DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

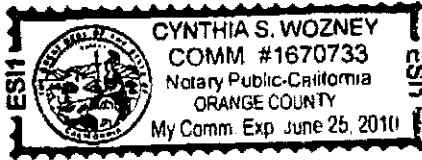
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

TITLE(S)

- PARTNER(S) LIMITED GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

WARRANTY BOND

TITLE OR TYPE OF DOCUMENT

3

NUMBER OF PAGES

OCTOBER 30, 2006

DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24241
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



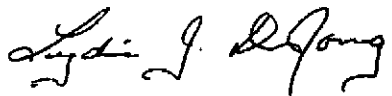
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07


Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025377
PREMIUM: \$38,207.00

CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
AGGREGATE BASE

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of ONE MILLION SEVEN HUNDRED EIGHTY-FIVE THOUSAND THREE HUNDRED FIFTY & NO/100 dollars (\$1,785,350.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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.

Performance Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.


By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:
BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

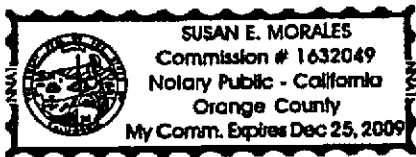
(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Aggregate Base Bond #5025377
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G. "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24233
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



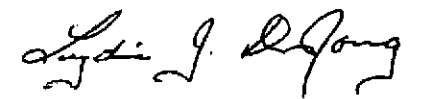
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07



Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025377

Premium charged is included in Performance bond

**CITY OF PALM SPRINGS
LABOR AND MATERIALS BOND
AGGREGATE BASE**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a 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 City of Palm Springs 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, Principal and the undersigned as corporate surety, are held firmly bound unto the City of Palm Springs 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 EIGHT HUNDRED NINETY-TWO THOUSAND SIX HUNDRED SEVENTY-FIVE & NO/100 dollars (\$892,675.00), 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 City 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.

Labor and Materials Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC,

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

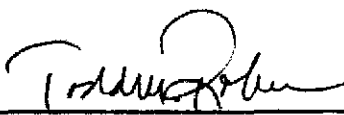
Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarize)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public

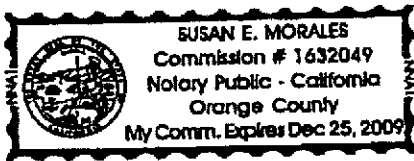
NAME, TITLE OF OFFICER

personally appeared _____

Bruce V. Cook

NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Aggregate Base Bond #5025377
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

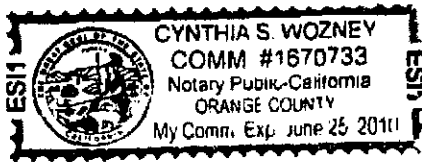
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

Cynthia S. Wozney
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

LABOR & MATERIAL BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24234
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



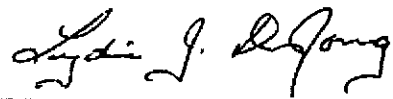
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07


Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025377
PREMIUM INCLUDED IN THE
PERFORMANCE BOND

**CITY OF PALM SPRINGS
BOND FOR MAINTENANCE AND WARRANTY OF IMPROVEMENTS**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1, Aggregate Base is hereby referred to and made a part hereof; and

WHEREAS, Principal is required under the terms of said Agreement to maintain and guarantee the costs or repair and/or replacement of defective materials or defective workmanship in such improvements, which guarantee shall remain in effect for a period of one (1) year from date of acceptance of work by the City of Palm Springs (hereinafter called "City"), and to furnish a bond for the faithful performance of said Agreement and the payment of all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of any such maintenance and warranty work.

WHEREAS, Principal has completed said work and the City has accepted, or substantially concurrently herewith is accepting, said work, subject to the requirement of delivery of this obligation.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City, and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement, for one (1) year from and after the date of completion and acceptance of said work, in the penal sum of Two Hundred Sixty-Seven Thousand Eight Hundred Two & 50/100 dollars (\$267,802.50), lawful money of the United States, for replacement and repair of any and all defective materials or defective workmanship within said improvements, and the payment of all materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor in connection with any such maintenance or warranty, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the repair and replacement of defective workmanship and materials 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 save

**Maintenance & Warranty Bond
Page 2**

harmless the City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anyway 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.

(Signatures on Next Page)

Maintenance & Warranty Bond
Page 3

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On November 6, 2006 before me,

Susan E. Morales/Notary Public

NAME, TITLE OF OFFICER

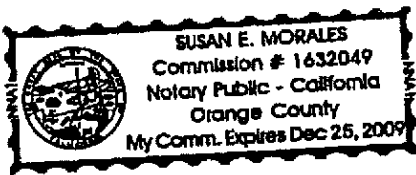
personally appeared

Bruce V. Cook

NAME OF SIGNER(S)

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.

Susan E. Morales

(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Aggregate Base Bond #5025377
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

3
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

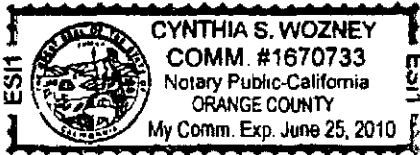
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

MAINTENANCE/WARRANTY BOND
TITLE OR TYPE OF DOCUMENT

3
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24338
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of Indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars *****

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY *David E. Campbell*
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

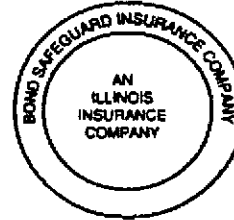
"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07

Lydia J. DeJong
Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006



Donald D. Buchanan
Donald D. Buchanan
Secretary

BOND NUMBER: 5025376
PREMIUM: \$67,877.00

CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
CURB & GUTTER / FLATWORK

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of THREE MILLION FIVE HUNDRED TWENTY-FIVE THOUSAND ONE HUNDRED FIFTY & NO/100 dollars (\$3,525,150.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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.

Performance Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

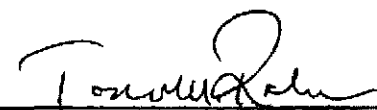
By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:
BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Curb & Gutter Bond #5025376
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

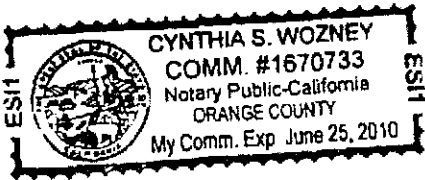
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24291
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 6,000,000.00 Six million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.




BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07


Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025376

Premium charged is included in Performance bond

**CITY OF PALM SPRINGS
LABOR AND MATERIALS BOND
CURB & GUTTER / FLATWORK**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a 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 City of Palm Springs 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, Principal and the undersigned as corporate surety, are held firmly bound unto the City of Palm Springs 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 ONE MILLION SEVEN HUNDRED SIXTY-TWO THOUSAND FIVE HUNDRED SEVENTY-FIVE & NO/100 dollars (\$1,762,575.00), 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 City 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.

Labor and Materials Bond
Page 2

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC,

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

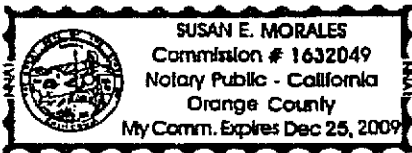
(All Signatures Shall Be Notarize)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Curb & Gutter Bond #5025376
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

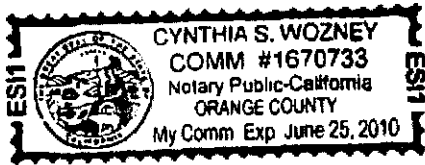
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
 - CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
 - GENERAL
 - ATTORNEY-IN-FACT
 - TRUSTEE(S)
 - GUARDIAN/CONSERVATOR
 - OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

LABOR & MATERIAL BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24232
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Senai, Cynthia S. Wozney *****

its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars


..... which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



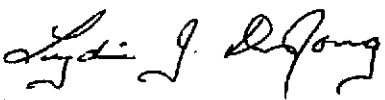
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07

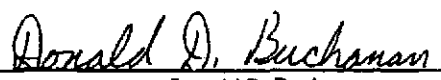

Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025376
PREMIUM INCLUDED IN THE
PERFORMANCE BOND

CITY OF PALM SPRINGS
BOND FOR MAINTENANCE AND WARRANTY OF IMPROVEMENTS

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1, Curb & Gutter / Flatwork is hereby referred to and made a part hereof; and

WHEREAS, Principal is required under the terms of said Agreement to maintain and guarantee the costs or repair and/or replacement of defective materials or defective workmanship in such improvements, which guarantee shall remain in effect for a period of one (1) year from date of acceptance of work by the City of Palm Springs (hereinafter called "City"), and to furnish a bond for the faithful performance of said Agreement and the payment of all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of any such maintenance and warranty work.

WHEREAS, Principal has completed said work and the City has accepted, or substantially concurrently herewith is accepting, said work, subject to the requirement of delivery of this obligation.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City, and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement, for one (1) year from and after the date of completion and acceptance of said work, in the penal sum of Five Hundred Twenty-Eight Thousand Seven Hundred Seventy-Two & 50/100 dollars (\$528,772.50), lawful money of the United States, for replacement and repair of any and all defective materials or defective workmanship within said improvements, and the payment of all materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor in connection with any such maintenance or warranty, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the repair and replacement of defective workmanship and materials thereof made as therein provided, on his or their part to be kept and

Maintenance & Warranty Bond

Page 2

performed at the time and in the manner therein specified, and in all respects save harmless the City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anyway 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.

(Signatures on Next Page)

Maintenance & Warranty Bond
Page 3


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

TITLE(S)

Curb & Gutter Bond #5025376
TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

3
NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06
DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

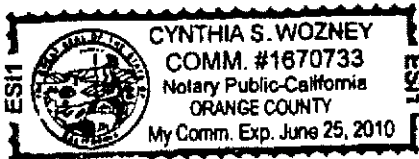
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROEM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

MAINTENANCE/WARRANTY BOND
TITLE OR TYPE OF DOCUMENT

3
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY
Bond Safeguard INSURANCE COMPANY
AO 24337

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

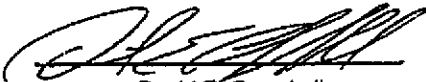
which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

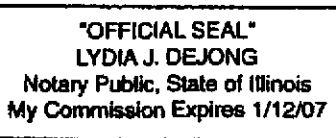


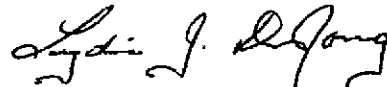
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.





Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025381
PREMIUM: \$25,148.00

**CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
OFF-SITE LANDSCAPE & TRAFFIC**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of ONE MILLION ONE HUNDRED THIRTY-TWO THOUSAND FOUR HUNDRED & NO/100 dollars (\$1,132,400.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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.

Performance Bond
Page 2


IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.


By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:
BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
- CORPORATE OFFICER

Landscape & Traffic Bond #5025381

TITLE(S)

TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

2

NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06

DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

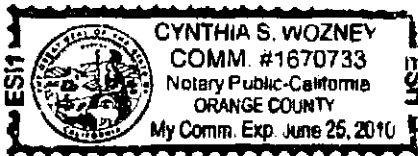
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G. "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

- TITLE(S) _____
- PARTNER(S) LIMITED
 - TRUSTEE(S)
 - GUARDIAN/CONSERVATOR
 - ATTORNEY-IN-FACT GENERAL
 - OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24239
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

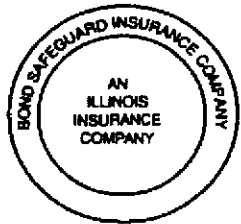
This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

.....
which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



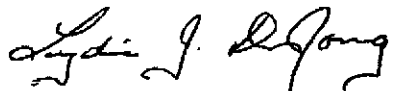
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07


Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

BOND NUMBER: 5025381

Premium charged is included in Performance bond

**CITY OF PALM SPRINGS
LABOR AND MATERIALS BOND
OFF-SITE LANDSCAPING & TRAFFIC**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 8, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a 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 City of Palm Springs 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, Principal and the undersigned as corporate surety, are held firmly bound unto the City of Palm Springs 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 FIVE HUNDRED SIXTY-SIX THOUSAND TWO HUNDRED & NO/100 dollars (\$566,200.00), 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 City 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.

Labor and Materials Bond
Page 2

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC,

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)


Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarize)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public

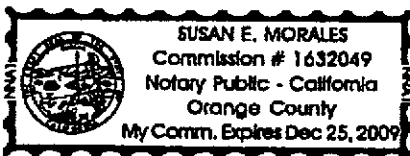
NAME, TITLE OF OFFICER

personally appeared _____

Bruce V. Cook

NAME OF SIGNER(S)

- 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.

Susan E. Morales
 (SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
 CORPORATE OFFICER

Landscape & Traffic Bond #5025381

TITLE OR TYPE OF DOCUMENT

TITLE(S)

- PARTNER(S) LIMITED
 GENERAL

2

NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06

DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

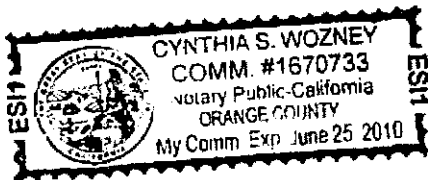
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

Cynthia S. Wozney
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

- PARTNER(S) LIMITED
- GENERAL

- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

BOND SAFEGUARD INSURANCE COMPANY

DESCRIPTION OF ATTACHED DOCUMENT

LABOR & MATERIAL BOND

TITLE OR TYPE OF DOCUMENT

2

NUMBER OF PAGES

OCTOBER 30, 2006

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY () AO 24240
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Senel, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 1,000,000.00 Three million dollars

.....
which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

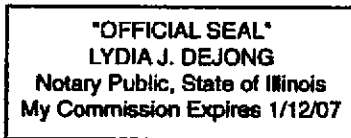



BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.





Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 20 06




Donald D. Buchanan
Secretary

BOND NUMBER: 5025381
PREMIUM INCLUDED IN THE
PERFORMANCE BOND

**CITY OF PALM SPRINGS
BOND FOR MAINTENANCE AND WARRANTY OF IMPROVEMENTS**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, 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 18, 2006, and identified as Tract Map No. 31848-1, Off-Site Landscape & Traffic is hereby referred to and made a part hereof; and

WHEREAS, Principal is required under the terms of said Agreement to maintain and guarantee the costs or repair and/or replacement of defective materials or defective workmanship in such improvements, which guarantee shall remain in effect for a period of one (1) year from date of acceptance of work by the City of Palm Springs (hereinafter called "City"), and to furnish a bond for the faithful performance of said Agreement and the payment of all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of any such maintenance and warranty work.

WHEREAS, Principal has completed said work and the City has accepted, or substantially concurrently herewith is accepting, said work, subject to the requirement of delivery of this obligation.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City, and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement, for one (1) year from and after the date of completion and acceptance of said work, in the penal sum of One Hundred Sixty-Nine Thousand Eight Hundred Sixty & No/100 dollars (\$169,860.00), lawful money of the United States, for replacement and repair of any and all defective materials or defective workmanship within said improvements, and the payment of all materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor in connection with any such maintenance or warranty, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the repair and replacement of defective workmanship and materials 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 save

**Maintenance & Warranty Bond
Page 2**

harmless the City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anyway 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.

(Signatures on Next Page)

Maintenance & Warranty Bond
Page 3

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

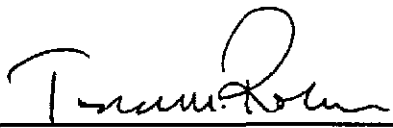
Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On November 6, 2006 before me,

Susan E. Morales/Notary Public

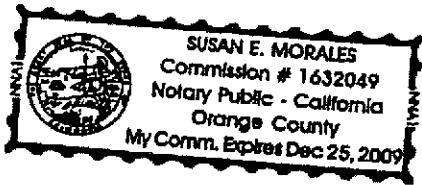
NAME, TITLE OF OFFICER

personally appeared

Bruce V. Cook

NAME OF SIGNER(S)

- 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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL/OWNER
 CORPORATE OFFICER

Landscape & Traffic Bond #5025381

TITLE OR TYPE OF DOCUMENT

TITLE(S)

- PARTNER(S) LIMITED
 GENERAL

3

NUMBER OF PAGES

MANAGING MEMBER

GENERAL COUNSEL

10/30/06

DATE OF DOCUMENT

OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SunCal PSV, LLC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

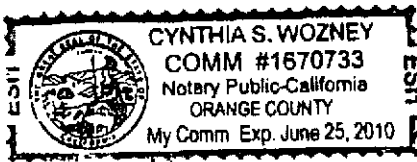
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

- PARTNER(S) LIMITED
- GENERAL

- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

DESCRIPTION OF ATTACHED DOCUMENT

MAINTENANCE/WARRANTY BOND

TITLE OR TYPE OF DOCUMENT

3

NUMBER OF PAGES

OCTOBER 30, 2006

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24341
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.

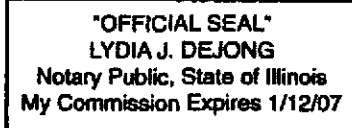


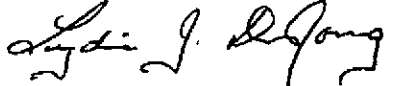
BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

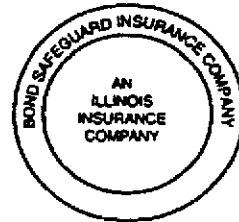



Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 2006




Donald D. Buchanan
Secretary

CITY OF PALM SPRINGS
FAITHFUL PERFORMANCE BOND
"OBLIGATION SECURITY"

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC, a Delaware Limited Liability Company (herein designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements identified therein as the deferred Obligation, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 is hereby referred to and made a part hereof; and
SUNRISE PARKWAY BIKEPATH

WHEREAS, 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 BOND SAFEGUARD INSURANCE COMPANY as Surety, are held firmly bound unto the City of Palm Springs, (hereinafter called "City"), in the penal sum of Six Hundred Ninety Eight Thousand Five Hundred Forty Four and 00/100 dollars (\$698,544.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded 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 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 anywise 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 NOVEMBER 9, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC, a Delaware Limited Liability Company

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

By: _____
Signature (notarized)

Name: Bruce V. Cook

Name: _____

Title: General Counsel

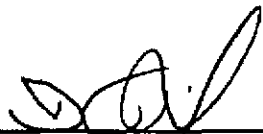
Title: _____

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

For Corporations, this document must be signed in the above space by one of the following: Secretary, Chief Financial Officer or any Assistant Treasurer)

SURETY :

By: BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
D.J. PICARD, Attorney-in-Fact

(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 13, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL/OWNER <input type="checkbox"/> CORPORATE OFFICER <hr/> TITLE(S)	<u>Bikepath Bond #5025394</u> TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL <input type="checkbox"/> MANAGING MEMBER <input checked="" type="checkbox"/> GENERAL COUNSEL <input type="checkbox"/> OTHER: _____	<hr/> 2 NUMBER OF PAGES
SIGNER IS REPRESENTING: NAME OF PERSON(S) OR ENTITY(IES)	<hr/> <u>11/09/06</u> DATE OF DOCUMENT
<u>SunCal PSV, LLC</u>	

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

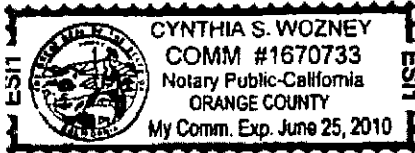
State of CALIFORNIA

County of ORANGE

On NOVEMBER 9, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., 'JANE DOE, NOTARY PUBLIC'

personally appeared D. J. PICARD
NAME(S) OF SIGNER(S)

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.

Cynthia S. Wozney
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

PERFORMANCE BOND
TITLE OR TYPE OF DOCUMENT

2
NUMBER OF PAGES

NOVEMBER 9, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24343
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: D.J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY [Signature]
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07

[Signature]
Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 9TH Day of NOVEMBER, 2006



[Signature]
Donald D. Buchanan
Secretary

**CITY OF PALM SPRINGS
BOND FOR FAITHFUL PERFORMANCE, LABOR, AND MATERIALS
FOR SETTING OF MONUMENTS**

WHEREAS, the City Council of the City of Palm Springs, State of California, and SUNCAL PSV, LLC (hereinafter designated as "Principal") have entered into an agreement whereby Principal agrees to set certain survey monuments, which said agreement, dated December 18, 2006, and identified as Tract Map No. 31848-1 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 and the payment of the engineer or surveyor for the setting of said monuments.

NOW THEREFORE, we, the Principal, and BOND SAFEGUARD INSURANCE COMPANY, as Surety, are held and firmly bound unto the City of Palm Springs (hereinafter called "City"), and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement with respect to the setting of monuments, in the penal sum of Sixty Thousand & No/100 dollars (\$60,000.00), lawful money of the United States, 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, and for the completion of said setting of monuments, that said surety will pay the same in an amount not exceeding the amount hereinabove set forth, 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.

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.

The condition of this obligation is such that if the above bonded 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 in the said Agreement respecting the setting of monuments 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 City of Palm Springs, its officers, agents and employees, as therein stipulated, and shall have provided to the City evidence that the engineer or surveyor, and all said contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the aforesaid Agreement with respect to the setting of monuments, have been paid for the setting of monuments, then this obligation becomes null and void; otherwise it shall be and remain in full force and effect.

Monumentation Bond

Page 2

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City 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 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.

(Signatures on Next Page)

Monumentation Bond
Page 3

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on OCTOBER 30, 2006.

SUBDIVIDER:

SUNCAL PSV, LLC

Check one: Individual Partnership Corporation* Company

*Note, for Corporations, two corporate officers must sign this document, as indicated below; for all others, authorized agents must sign this Agreement.

By: 
Signature (notarized)

Name: Bruce V. Cook

Title: General Counsel

(For Corporations, this document must be signed in the above space by one of the following: Chairman of the Board, President or any Vice President)

SURETY:

BOND SAFEGUARD INSURANCE COMPANY
(Surety Name)

By: 
Todd M. Rohm, Attorney-in-Fact

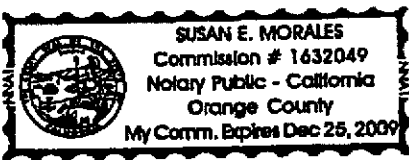
(All Signatures Shall Be Notarized)

CALIFORNIA ALL - PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On November 6, 2006 before me, Susan E. Morales/Notary Public
NAME, TITLE OF OFFICER
personally appeared Bruce V. Cook
NAME OF SIGNER(S)

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.

Susan E. Morales
(SIGNATURE OF NOTARY)

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL/OWNER <input type="checkbox"/> CORPORATE OFFICER <hr/> TITLE(S)	<u>Monument Bond #5025383</u> TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL	<hr/> 3 NUMBER OF PAGES
<input type="checkbox"/> MANAGING MEMBER <input checked="" type="checkbox"/> GENERAL COUNSEL	<hr/> <u>10/30/06</u> DATE OF DOCUMENT
<input type="checkbox"/> OTHER: _____	
SIGNER IS REPRESENTING: NAME OF PERSON(S) OR ENTITY(IES) <u>SunCal PSV, LLC</u>	

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

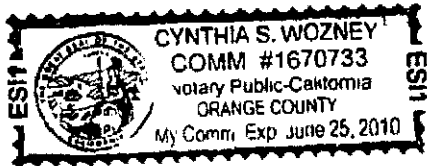
State of CALIFORNIA

County of ORANGE

On OCTOBER 30, 2006 before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared TODD M. ROHM
NAME(S) OF SIGNER(S)

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.

[Handwritten Signature]
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

MONUMENT BOND
TITLE OR TYPE OF DOCUMENT

3
NUMBER OF PAGES

OCTOBER 30, 2006
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)
BOND SAFEGUARD INSURANCE COMPANY

SIGNER(S) OTHER THAN NAMED ABOVE

POWER OF ATTORNEY AO 24243
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

D. J. Picard, Todd M. Rohm, Sejal P. Lange, *****

Cathy S. Kennedy, Beata A. Sensi, Cynthia S. Wozney *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.




BOND SAFEGUARD INSURANCE COMPANY

BY 
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
LYDIA J. DEJONG
Notary Public, State of Illinois
My Commission Expires 1/12/07



Lydia J. DeJong
Notary Public

CERTIFICATE

I, the undersigned, Vice President of BOND SAFEGUARD INSURANCE COMPANY, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 30TH Day of OCTOBER, 20 06




Donald D. Buchanan
Secretary

Exhibit C

Form of Supplemental Escrow Instructions

[date]

Fidelity National Title Insurance Company
Attention: Valerie Rapp (“**Escrow Agent**”)
1300 Dove Street, Suite 310
Newport Beach, CA 92660

Re: Supplemental Escrow Instructions—Palm Springs Village Avalon
Escrow No. _____ (“**Supplemental Escrow Instructions**”)
real property described by Tract Map No. 31848-1 and Tract Map 31848 (collectively, the “**Real Property**”)

Dear Ms. Rapp:

The undersigned LV PALM SPRINGS VILLAGE LLC, a Delaware limited liability company (“**Assignor**”), and Avalon 1150, LLC, a Delaware limited liability company (“**Assignee**”), are parties to that certain Agreement of Purchase and Sale and Joint Escrow Instructions dated February 4, 2015 as amended by (a) that certain First Amendment to Agreement of Purchase and Sale and Joint Escrow Instructions dated February 19, 2015 and (b) that certain Reinstatement of and Second Amendment to Agreement of Purchase and Sale and Joint Escrow Instructions dated January 8, 2016 (as so amended and reinstated, the “**Transfer Agreement**”), describing the terms and conditions for sale by Assignor to Assignee of the Real Property and certain other tangible and intangible property as more specifically described therein, and in accordance with the provisions of the Transfer Agreement have opened the above referenced Escrow with you for purposes of consummating the “Close of Escrow” as defined and described in the Transfer Agreement.

Assignor and Assignee, together with the City of Palm Springs, California (the “**City**”), hereby submit the following joint Supplemental Escrow Instructions in order to cause Escrow Agent to undertake the actions described below upon the occurrence of the Release Conditions (as defined below).

1. Assignor and Assignee Deliveries. In addition to those items to be delivered by each of Assignor and Assignee under the Transfer Agreement, Assignor and Assignee each hereby agree to execute and deliver the Second Amendment to and Assignment and Assumption of Subdivision Improvement Agreement (“**Assignment**”), a copy of which is attached hereto for your reference, and to make the further deliveries described below. Initially capitalized terms used and not otherwise defined herein have the meanings set forth in the Assignment.
2. City Deliveries. Upon approval of the Assignment by the City Council of the City, the City hereby agrees to deliver the documents and instruments described below required to be delivered by the City.
3. Release Conditions. Close of Escrow under the Transfer Agreement shall not take place, and the documents described below delivered by Assignor, Assignee and/or the City to Escrow Agent shall

be held by Escrow Agent, until each of the "Release Conditions" set forth below is satisfied. The following constitute the "Release Conditions:"

(a) Escrow Agent shall have received written notice from Assignor and Assignee that all conditions precedent to Close of Escrow under the Transfer Agreement have been satisfied or have been waived by the party for whose benefit such condition arose, and authorizing the Close of Escrow to take place.

(b) Escrow Agent shall have received fully executed originals, acknowledged where required, of all documents required by the Transfer Agreement to effect the Close of Escrow and Escrow Agent shall have received from each of Assignor, Assignee and the City, fully executed and acknowledged counterpart originals of the Assignment.

(c) Escrow Agent shall have received from the City one original of each of the Existing Security Interests listed on Exhibit "B" to the Assignment and Escrow Agent shall have received Assignor's written confirmation that such instruments comprise a full and complete set of the Existing Security Interests.

(d) Escrow Agent shall have received from Assignee or its surety, fully executed Approved Replacement Bonds for each of the required bonds listed on Exhibit "B" to the Assignment and Escrow Agent shall have received City's and Assignee's written confirmation that such instruments comprise a full and complete set of the Approved Replacement Bonds.

(e) Escrow Agent shall have submitted for recording the Grant Deed (as defined in the Transfer Agreement) in accordance with the requirements of the Transfer Agreement.

4. Additional Closing Instructions. In order to effectuate the replacement of the Existing Security Interests with the Approved Replacement Bonds, as required by the Assignment Agreement, Escrow Agent are hereby instructed to carry out the following upon the satisfaction of each and every one of the Release Conditions:

(a) Create a single original (by combining counterparts) of the Assignment, date the Assignment as of the date of the Close of Escrow and cause the Assignment to be recorded in the Official Records of Riverside County, immediately following the recording of the Grant Deed, or as otherwise instructed by Assignor, Assignee and City.

(b) Deliver the originals of each of the Existing Security Interests to Assignor.

(c) Deliver the fully executed Approved Replacement Bonds to the City.

(d) Upon recording of the Assignment in the Official Records, provide a conformed copy of the Assignment Agreement to each of Assignor, Assignee and the City.

5. Return of Documents. Notwithstanding any other provision of the Transfer Agreement, the Assignment Agreement or these Supplemental Instructions, in the event that each and every one of the Release Conditions has not occurred (or been waived in writing by the parties) by March 8, 2016, Escrow Agent shall, unless otherwise instructed in writing by Assignor and Assignee:

(a) return the Existing Security Interests to the City;

- (b) return the Approved Replacement Bonds to Assignee; and
- (c) return the original counterparts of the Assignment Agreement signed by each of the City, Assignor and Assignee to the signatory party, without recording.

Thereafter, your obligations under these Supplemental Escrow Instructions shall terminate.

By executing this letter below, you agree that you have read and understand these Supplemental Escrow Instructions, and that you will be bound by the terms of these instructions that pertain to you as the Escrow Holder (as such term is defined in the Transfer Agreement). If you are unable to comply with these Supplemental Escrow Instructions or if there are to be any changes herein, you are not to proceed without further written authorization from all of the Assignee, Assignor and the City. These Supplemental Escrow Instructions may be modified or rescinded by the Assignee, Assignor and/or the City prior to the satisfaction of the Release Conditions. Following the satisfaction of the Release Conditions, these Supplemental Escrow Instructions shall become irrevocable and may only be modified or rescinded with the written consent of all of the Assignee, the Assignor and the City. The recordation of the Grant Deed or other communication of the Close of Escrow having taken place shall be deemed your irrevocable acceptance of these Supplemental Escrow Instructions and your agreement to act strictly in accordance herewith irrespective of whether or not you executed or delivered these Supplemental Escrow Instructions. However, we would appreciate your acknowledgment that you have received these Supplemental Escrow Instructions and agreed to proceed in accordance herewith by signing the enclosed copy of these Supplemental Escrow Instructions and returning one signed copy to the undersigned as soon as possible.

Thank you for your assistance.

Very truly yours,

AVALON 1150, LLC, a Delaware
limited liability company

ADD NOTICE PROVISION AND SIGNATURE BLOCKS FOR CITY, ASSIGNOR,
ASSIGNEE

JOINDER BY ESCROW HOLDER

Accepted and Agreed by Escrow Holder

Dated: _____

Fidelity National Title Insurance Company

By: _____
Authorized Signer