

GP 070031  
\$ 8,052,000.00

# MONTEREY COUNTY



## PLANNING AND BUILDING INSPECTION DEPARTMENT

230 CHURCH STREET, SALINAS, CALIFORNIA 93901 PLANNING: (831) 755-5025 BUILDING: (831) 755-5027 FAX: (831) 755-5467  
MAILING ADDRESS: P.O. BOX 1208, SALINAS, CALIFORNIA 93902  
 COASTAL OFFICE, 2820 1st Avenue, MARINA, CALIFORNIA 93933 PLANNING: (831) 883-7500 BUILDING: (831) 883-7501 FAX: (831) 364-3261

### GRADING PERMIT BOND

BOND#: SU5022535

Premium: \$80,520.00/2 year term

KNOW ALL MEN BY THESE PRESENTS:

That we, William Lyon Homes, Inc.

as Principal, and Arch Insurance Company

a corporation, duly licensed to do business in the State of California, as surety, are held and firmly bound unto the County of Monterey, State of California, in the penal sum of Eight Million Fifty Two Thousand and 00/100. \$8,052,000.00, lawful money of the United States, to be paid to the said Obligee, for which payment well and truly to be made, we bind ourselves and our legal representatives, jointly and severally, by these presents.  
\*Dollars and 00/100.

THE CONDITION of the above obligation is such, that whereas, the said Principal has applied for a grading permit pursuant to the Grading Ordinance of the County of Monterey, being Ordinance No. 2535 passed June 19, 1979.

JOB LOCATION: East Garrison - Phase 1 & 2 - Grading Bond

APN #: 031-161-006-000 and 031-161-014-000

NOW THEREFORE, if the said Principal shall (1) comply with all of the provisions of said ordinance; (2) comply with all of the terms and conditions of the said permit about to be issued by the Obligee's Building Official, to his satisfaction; and (3) complete all of the work contemplated under said permit within the time limit specified therein, or as such time may be extended by said Building Official pursuant to said ordinance, then this obligation to be void, otherwise to remain in full force and effect until the completion of the said work to the satisfaction of said Building Official.

In the event of the Principal's failure to complete the work or failure to comply with all the conditions and terms of said permit, said Building Official may order the work to be required by the permit to be completed to his/her satisfaction, and the Surety shall continue to be firmly bound under a continuing obligation for the payment of all necessary costs and expenses (up to said penal sum) that may be incurred or expended by the Obligee in causing any and all such required work to be done.

Dated this 1st day of February, 2007  
(day) (month) (year)

Principal: William Lyon Homes, Inc.

By: [Signature]

Surety: Arch Insurance Company

By: [Signature]  
Janina Monroe, Attorney-in-Fact

This bond must be acknowledged by both Principal & Surety, and certificates thereof attached. Completed bond to be filed with the Building Official of the County of Monterey. Bond form approved by the County Counsel of the County of Monterey.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

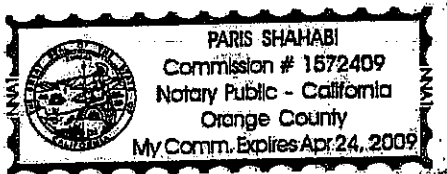
State of California

County of Orange

On FEB 01 2007 before me, Paris Shahabi, Notary Public  
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Janina Monroe  
Names) 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  
  
Signature of Notary Public

**OPTIONAL**

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

**Description of Attached Document**

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

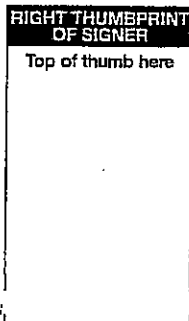
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

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

**Capacity(ies) Claimed by Signer(s)**

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

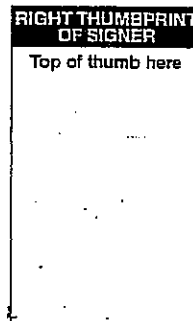
- Individual
- Corporate Officer
- Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



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

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

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



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

# POWER OF ATTORNEY

Know All Men By These Presents:

That the Arch Insurance Company, a corporation organized and existing under the laws of the State of Missouri, having its principal office in Kansas City, Missouri (hereinafter referred to as the "Company") does hereby appoint

Victoria M. Campbell, Thomas G. McCall and Janina Monroe of Irvine, CA (EACH)  
Christine Marotta of Chicago, IL

its true and lawful Attorney(s)-in-Fact, to make, execute, seal, and deliver from the date of issuance of this power for and on its behalf as surety, and as its act and deed:

Any and all bonds and undertakings

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver bonds or undertakings that guarantee the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

The Company may revoke this appointment at any time.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office in Kansas City, Missouri.

This Power of Attorney is executed by authority of resolutions adopted by unanimous consent of the Board of Directors of the Company on March 3, 2003, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

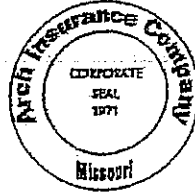
This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the unanimous consent of the Board of Directors of the Company on March 3, 2003:

VOTED, That the signature of the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to the resolution adopted by the Board of Directors on March 3, 2003, and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company.

In Testimony Whereof, the Company has caused this instrument to be signed and its corporate seal to be affixed by their authorized officers, this 4th day of April, 2006.

Arch Insurance Company

Attested and Certified



*Martin J. Nilsen*  
Martin J. Nilsen, Secretary

*Edward M. Titus*  
Edward M. Titus, Vice President

STATE OF NEW YORK SS

COUNTY OF NEW YORK SS

I Peter J. Calleo, a Notary Public, do hereby certify that Edward M. Titus and Martin J. Nilsen personally known to me to be the same persons whose names are respectively as Vice President and Secretary of the Arch Insurance Company, a Corporation organized and existing under the laws of the State of Missouri, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seal and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary acts for the uses and purposes therein set forth.

PETER J. CALLEO, ESQ.  
Notary Public, State of New York  
No. 02CA6108336  
Qualified in New York County  
Commission Expires May 3, 2008

*Peter J. Calleo*  
Peter J. Calleo, Notary Public  
My commission expires 5-03-2008

CERTIFICATION

I, Martin J. Nilsen, Secretary of the Arch Insurance Company, do hereby certify that the attached Power of Attorney dated on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said Edward M. Titus, who executed the Power of Attorney as Vice President, was on the date of execution of the attached Power of Attorney the duly elected Vice President of the Arch Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Arch Insurance Company on this \_\_\_\_\_ day of FEB 01 2007, 20\_\_\_\_\_.

*Martin J. Nilsen*  
Martin J. Nilsen, Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein and they have no authority to bind the Company except in the manner and to the extent herein stated.

PLEASE SEND ALL CLAIM INQUIRIES RELATING TO THIS BOND TO THE FOLLOWING ADDRESS:

Arch Contractors & Developers Group  
135 N. Robles Ave., Ste. 825  
Pasadena, CA 91101

