

BOND# 5026131

Premium: Included in cost of performance bond.

SECURITY BOND FOR LABORERS AND MATERIALMEN

WHEREAS, the Board of Supervisors of the County of Monterey, State of California, and William Lyon Homss, Inc. (hereinafter designated as
(Name of Subdivider)

"principal") have entered into an agreement whereby principal agrees to install and complete certain designated improvements, which said agreement, dated 6-22-07 ~~X2008~~, and identified as East Garrison - Phase II Infrastructure Built with Phase 1 - Storm Drain (Ord Avenue - South).
(Name of Subdivision or Project)

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 County of Monterey 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, said principal and the undersigned as corporate surety, are held firmly bound unto the County of Monterey and all contractor's, sub-contractor's, laborers, materialmen and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid code of Civil Procedure in the sum of Sixteen Thousand Five Hundred Dollars 00/100 Dollars (\$ 16,500.00), 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 County 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.

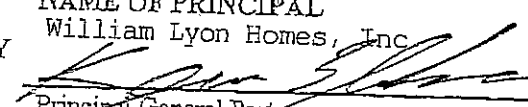
The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension, of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

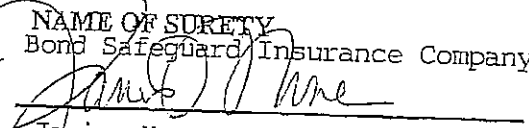
In witness whereof, this instrument has been duly executed by the principal and surety above named, on June 7th, 2007

BY _____
General Partner

BY _____
General Partner

BY _____
General Partner

NAME OF PRINCIPAL
BY William Lyon Homes, Inc

Principal General Partner

NAME OF SURETY
BY Bond Safeguard Insurance Company

Janina Monroe, Attorney-in-Fact

(To be followed by appropriate acknowledgements of the signatures of those signing for the Principal and the Surety.)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On APR 07 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

Paris Shahabi
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: _____

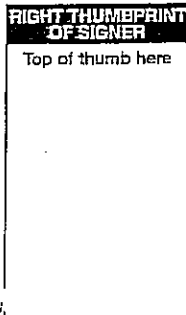
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

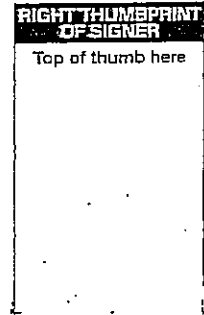
- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



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 AO 47643
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: Janina Monroe, Thomas G. McCall, Maria A. Quiroz, * Paul Boucher ***** its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surely, 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 not to exceed \$1,000,000.00, One 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”
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary 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 _____ Day of JUN 07 2001



Donald D. Buchanan
Donald D. Buchanan
Secretary



**Carlson, Barbee
& Gibson, Inc.**

CIVIL ENGINEERS • SURVEYORS • PLANNERS

ENGINEER'S BOND ESTIMATE
MONTEREY COUNTY
PHASE II INFRASTRUCTURE BUILT WITH PHASE I
EAST GARRISON
MONTEREY COUNTY, CALIFORNIA

May 24, 2007
Job No.: 1208-00

Item	Description	Quantity	Unit	Unit Price	Amount
CONSTRUCTION COSTS					
STORM DRAIN - ORD AVENUE (South)					
1	Catch Basins - Type II	2	EA	\$ 2,500.00	\$ 5,000
2	18" ADS-N12	333	LF	\$ 75.00	\$ 24,975
TOTAL PHASE II INFRASTRUCTURE BUILT WITH PHASE I BOND AMOUNT					\$ 30,000
					(to the nearest \$1,000)
					+ 10%