

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

1303



FROM: TLMA - Transportation Department

SUBMITTAL DATE:  
December 29, 2010

SUBJECT: Tract 34484, Subdivision Improvement Settlement Agreement, Fourth  
Supervisorial District

**RECOMMENDED MOTION:** That the Board of Supervisors approve and execute the attached Settlement Agreement which allows Travelers Casualty and Surety Company to complete the necessary bonded subdivision improvements in place of the defaulted developer for public health and safety.

**BACKGROUND:** On November 7, 2006, pursuant to Government Code Section 66462, the County of Riverside and Desert Gold Ventures, LLC entered into Subdivision Improvement Agreements for the construction of offsite improvements for streets and the installation of water system within the above referenced subdivision. Faithful Performance and Material & Labor Bonds were posted by Travelers Casualty and Surety Company to guarantee the completion of the improvements within the subdivision. The required improvements have only been partially completed in accordance with the approved plans, and Desert Gold Ventures, LLC abandoned the project and defaulted on the Subdivision Improvement Agreements.

On June 4, 2009 the County through Transportation Department issued a Notice of Default to Desert Gold Ventures, LLC, notifying Desert Gold Ventures, LLC and its surety Travelers Casualty and Surety Company of the default. The County also made a demand upon Travelers Casualty and Surety Company, as surety under subdivision bonds, to complete the bonded improvements within the subdivision and to pay Desert Gold Ventures, LLC's subcontractors.

Juan C. Perez  
Director of Transportation

HS:llr  
(Continued on next page)

REVIEWED BY EXECUTIVE OFFICE  
DATE: 12/29/10  
Jennifer L. Sargent

FORM APPROVED COUNTY COUNSEL  
BY: ELENA M. BOEVA  
DATE: 12/29/10

Dept't Recomm.:  Consent  Policy  
Per Exec. Ofc.:  Consent  Policy

Prev. Agn. Ref. 11/7/06 - 2.25  
3/13/07 - 2.33

District: 4

Agenda Number:

3.82

The Honorable Board of Supervisors

RE: Tract 34484, Subdivision Improvement Settlement Agreement, Fourth Supervisorial  
District

December 29, 2010

Page 2 of 2

Given the subdivision has not yet been developed, no residential dwelling units or commercial units have been constructed or will be constructed on the above reference tract in the near future, only the improvements necessary for the safety and welfare of the surrounding public and environment need to be presently installed. The improvements to be constructed are the street and drainage improvements shown on the approved plans less the landscaping, sidewalk, street lighting and traffic signal. Also included are the water system improvements that lie within Varner Road. These improvements generally lie adjacent to and within Varner Road, between 38<sup>th</sup> Street and Cook Street adjacent to Interstate 10 in the Palm Desert area of Riverside County. Travelers Casualty and Surety Company has agreed to take over and procure completion of the improvements necessary for the safety and welfare of the surrounding public and environment on the above referenced tract. The improvements excluded from this settlement agreement will be re-bonded at such time that further development of this site commences. The improvements necessary for the safety and welfare of the surrounding public and environment for Tract 34484 are fully described in Exhibit C to the attached Settlement Agreement.



## SETTLEMENT AGREEMENT

This TAKEOVER AGREEMENT ("Agreement") is made and entered into by and between THE COUNTY OF RIVERSIDE, (the "County"), and TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA ("Travelers") effective on the date this Agreement is approved by the Board of Supervisors for the County of Riverside ("Effective Date").

### I. RECITALS

A. WHEREAS, on or about November 7, 2006, DESERT GOLD VENTURES, LLC ("Developer"), entered into Subdivision Agreements (the "Subdivision Agreements") with the County to furnish all labor, equipment and materials necessary to perform and complete all offsite road, drainage, and water system improvements and monuments for a certain work of improvement known as Delfino Resorts, consisting of Tract 34484 ("Tract 34484"). The Subdivision Agreements are incorporated in this Agreement by reference as though fully set forth herein and are expressly made a part of this Agreement and attached hereto as Exhibit "A."

B. WHEREAS, on or about December 27, 2006, pursuant to California Government Code Sections 66499 et seq., Travelers issued the following surety bonds for Tract 34484: Performance Bond Nos. 104616168, 104616169 and 104616170 (the "Performance Bonds") and Payment Bond Nos. 104616168 and 104616169 (the "Payment Bonds") (collectively, the "Bonds"). The Bonds are incorporated in this Agreement by reference as though fully set forth herein and are expressly made a part of this Agreement and attached hereto as Exhibit "B."

C. WHEREAS, on or about June 4, 2009, the County sent a letter to the Developer, with a copy to Travelers, that it considered the Developer to be in default of the Developer's obligations under the Subdivision Agreements and demanded from the Developer a reasonable schedule for the completion of the improvements or face enforcement proceeding commenced by the County against the Developer and Travelers.

D. WHEREAS, on or about December 23, 2009, the County demanded that Travelers provide a schedule for the completion of the improvements on Tract 34484 or tender the penal amount of the Performance Bonds to the County.

E. WHEREAS, thereafter, Travelers agreed to complete certain work identified in the Subdivision Agreements with one or more Completion Contractors ("Completion Contractors").

F. WHEREAS, this Agreement is intended to resolve all remaining issues between Travelers and the County with regard to Tract 34484, fully, finally and forever, as set forth herein.

NOW, THEREFORE, based on the exchange of valuable consideration, the receipt and sufficiency of which is acknowledged, and based on the Recitals set forth above which form a part of this Agreement, Travelers and the County agree to the following terms and conditions:

## **II. TERMS AND CONDITIONS**

1. Recitals. The above Recitals are not contractual. The Terms and Conditions are contractual and the agreements contained herein and consideration transferred are to satisfy rights and obligations between the County and Travelers.

2. Travelers to Perform Portion of Remaining Work. Travelers shall be responsible for the completion of the work described in Exhibit "C" through one or more Completion Contractor(s) engaged by Travelers.

a. The Completion Contractor(s) shall not commence the work described in Exhibit "C" until it has obtained all necessary permits and paid for any other fees required by the County for the improvements on Tract 34484.

b. Prior to commencement of the work described in Exhibit "C," the Completion Contractor(s) will obtain approvals for and implementation of all traffic control throughout the duration of the work described in Exhibit "C" pursuant to the County of Riverside Transportation Department and/or CALTRANS.

c. County is to provide assistance to the Completion Contractor in obtaining any necessary access to properties adjacent to or in connection with the improvements on Tract 34484 as required to complete the work described in Exhibit "C."

d. County is to advise Travelers of the total number of calendar days allowed for the completion schedule to perform the work described in Exhibit "C."

f. Travelers may request inspection and approval of any item of the work described in Exhibit "C" as the item is completed. Inspections and completion shall be as set forth in the Subdivision Agreement.

g. Travelers' completion of the work described in Exhibit "C" shall be in accordance with the Subdivision Agreements and Ordinance 461, subject, however, to the limitation in California Government Code Section 66499.9.

h. Travelers reserves the right to terminate the Completion Contractor(s) with or without cause and enter into a contract with another completion contractor upon written notice to the County.

3. Selection of Completion Contractors. No later than 75 days after the date of this Agreement, Travelers will hire Completion Contractors with aggregate bids to complete the work described in Exhibit "C."

4. Bonding and Work of Completion Contractors. Travelers shall require that the Completion Contractor(s) provide(s) performance bonds in an amount equal to the contract amount with each Completion Contractor. These bond(s) shall be issued by one or more admitted surety insurer as defined in California Code of Civil Procedure Section 995.120.

5. Relationship of Travelers to Completion Contractor(s). Travelers warrants and represents that Travelers and its officers, officials, employees and/or agents have no ownership interest in any of the Completion Contractors that Travelers hires to perform the work under this Agreement.

6. Release of Bonds.

a. Upon completion of the work described in Exhibit "C" by Travelers and its Completion Contractor(s), agents and assigns, and acceptance of the work described in Exhibit "C" by the County, as provided under the Subdivision Agreements and Bonds, the County shall release the Performance Bonds by ninety percent (90%) in accordance with the provisions of County of Riverside Ordinance 460 and Government Code §§66499.7 and 66499.9.

b. Upon completion of the one-year maintenance of the work described in Exhibit "C" by Travelers and its Completion Contractor(s), agents and assigns, as provided under the Subdivision Agreements and Bonds, the County shall release the remaining balance of the Performance Bonds in accordance with the provisions of County of Riverside Ordinance 460 and Government Code §§66499.7 and 66499.9.

c. The Payment Bonds shall be reduced and released in accordance with the provisions of County of Riverside Ordinance 460 and Government Code §66499.7(h).

7. Mutual Releases. Upon completion of the work described in Exhibit "C," County's acceptance of the work described in Exhibit "C", and one-year maintenance of the work described in Exhibit "C" by Travelers and/or their contractors, agents and assigns, Travelers and the County, for themselves, and for all of their successors and assigns, fully and forever release, discharge, and dismiss any and all present and future claims, demands, actions, causes of action, rights, damages, costs, expenses and compensations whatsoever, in law or in equity, in the nature of an administrative proceeding or otherwise (known, unknown, contingent, accrued, inchoate or otherwise), that they have, have had or may have, now or in the future, against one another, arising out of or relating in any way to the work described herein and Travelers' obligations under the Bonds and Subdivision Agreements except that Travelers and the County do not release each other from the obligations expressly set forth in this Agreement, all of which survive this release and bind the parties hereto.

8. County's and Travelers' Obligations With Respect to the Work Described in Exhibit "C." By execution of this Agreement and subject to Government Code Section 66499.9, Travelers is acting as the surety for the Developer in making arrangements for the performance and completion of the work described in Exhibit C, and not as Completion Contractor. The County and Travelers shall continue to have all rights and obligations under the Subdivision Agreements with respect to each other and as limited by the agreed-upon scope of work set forth in Exhibit C and by this Agreement.

9. Performance Bonds Penal Amount. The Performance Bonds shall remain in full force and effect in accordance with their terms and provisions; provided, however, that Travelers' performance obligation under the Performance Bonds is limited to, and shall not exceed, the penal amount of the Performance Bonds.

10. Payment Bonds. The Payment Bonds shall remain in full force and effect in accordance with their terms and provisions for purposes of the potential claims of third party beneficiaries of the Payment Bonds. The total liability of Travelers under the Payment Bond is limited to, and shall not exceed, the penal amount of the Payment Bonds.

11. Satisfaction of Travelers' Performance Obligation. The County's acceptance of the work described in Exhibit "C," or Travelers' expenditure of the Performance Bonds' penal sum shall satisfy Travelers' performance obligations with regard to the Subdivision Agreements, the Performance Bonds and this Agreement.

12. Indemnification by Travelers. Travelers shall indemnify, defend and save harmless the County and its officers, agents, and employees from any and all liability, claims, demands, suits, or causes of action for damages arising out of the completion of the work described in Exhibit "C" undertaken by Travelers pursuant to this Agreement, except, however, Travelers shall not be responsible to indemnify, defend and save harmless the County for damages caused by the County's breach of contract or active negligence. This Section shall survive the termination of this Agreement.

13. Notices. All notices and correspondence to the County shall be mailed by U.S. Postal Service First Class Mail, with a copy by facsimile transmission, to:

Mr. Hugh Smith  
Construction Engineering Division Manager  
County of Riverside Transportation Department  
2950 Washington Street  
Riverside, CA 92504

All notices and correspondence to Travelers shall be mailed by U.S. Postal Service First Class Mail, with a copy by facsimile transmission to:

Mr. Patrick Toulouse  
Travelers Casualty and Surety Company of America  
33650 6th Ave. South, Ste. 200

Federal Way, WA 98003  
Telephone: (253) 943-5826  
Fax: (888) 479-1191  
Email: ptoulous@travelers.com

14. No Third-Party Rights. Except as expressly provided herein, nothing in this Agreement shall be deemed to create any rights in favor of, or to inure to the benefit of, any third parties, or to waive or release any defense or limitation against third party claims.

15. All Claims Referred to Travelers. The County recognizes that Travelers may be liable to unpaid contractors, subcontractors, or suppliers of Developer. The County agrees to make no representations or promises of payment to these contractors, subcontractors or suppliers and to refer all inquiries to Travelers.

16. Travelers' Performance Rights Confirmed. Nothing shall limit Travelers' rights as a completing surety under the Subdivision Agreements and applicable law, including the right of equitable subrogation which affords to Travelers all rights and remedies of the County against Developer, among others. Further, Travelers is subrogated to Developer's rights as Travelers is a performing surety under the Bonds. The County acknowledges that: (1) Travelers is entering into this Agreement not as a contractor, but as a means of satisfying Travelers' bond obligations; (2) Travelers will provide one or more Completion Contractors who are properly licensed and insured to perform the work described in Exhibit "C;" and (3) the County hereby forever releases and discharges any and all claims that Travelers is an unlicensed contractor.

17. Agreement Binding on Successors. This Agreement shall be binding upon the successors and assignees of Travelers and the County.

18. No Modification Except in Writing. This Agreement cannot be modified except in a writing signed by both Travelers and the County.

19. This Agreement Controls. In case of conflict between the provisions of this Agreement and the provisions of the Subdivision Agreements and/or the Bonds, this Agreement shall control. Further, this Agreement, the Subdivision Agreements and the Bonds constitute the entire Agreement between Travelers and the County, and, together, supersede all prior negotiations, representations, offers, other writings, and oral statements of every description.

20. Construction and Application of Law. The parties stipulate that this Agreement and all agreements or documents incorporated herein shall not be subject to the rule of construction that a written agreement is construed against the party preparing or drafting that Agreement. The parties also agree that this Agreement and its performance shall be governed by and construed in accordance with the laws of the state of California.



21. Validity. Invalidity of any portion or provisions of the Subdivision Agreements or this Agreement by reason of the laws of any State or for any other reason shall not render any other provisions or portions of the Subdivision Agreements or this Agreement invalid.

22. No Waiver. The failure of either party to exercise in any respect a right provided for in this Agreement shall not be deemed to be a subsequent waiver of the same right or of any other right.

23. Reservation. Other than expressly waived herein, Travelers and the County fully reserve all rights and defenses against each other, with respect to the Bonds and the Subdivision Agreements, and Travelers expressly reserves all rights and defenses against Developer as the bond principal. Moreover, nothing in this Agreement constitutes a waiver of the penal amount or an increase in the liability of Travelers under the Bonds.

24. Counterparts/Facsimile. This Agreement may be executed in any number of counterparts each of which, when executed and delivered, shall be deemed to be an original with all the counterparts constituting but one and the same instrument. The execution of this Agreement by any parties hereto will not become effective until counterparts hereof have been executed by all parties and approved by the Board of Supervisors for the County of Riverside. Additionally, a facsimile signature shall bind the undersigned.

WHEREFORE, the parties have executed this Agreement by their authorized representatives.

DATED: \_\_\_\_\_

COUNTY OF RIVERSIDE

\_\_\_\_\_  
By: Marion Ashley,  
Chairman, Board of Supervisors

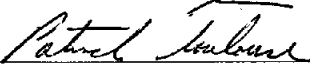
ATTEST:

KECIA HARPER-IHEM  
Clerk of the Board

BY: \_\_\_\_\_  
Deputy

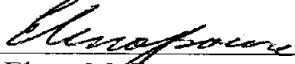
DATED: 12/7/10

TRAVELERS CASUALTY AND SURETY  
COMPANY OF AMERICA

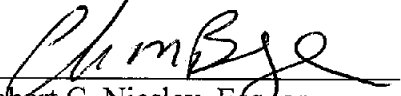
  
\_\_\_\_\_  
By: Mr. Patrick Toulouse  
Its: Senior Claims Counsel

APPROVED AS TO FORM:

PAMELA J. WALLS, County Counsel

BY:   
\_\_\_\_\_  
Elena M. Boeva,  
Deputy County Counsel

WATT, TIEDER, HOFFAR & FITZGERALD, LLP.

By   
\_\_\_\_\_  
Robert C. Niesley, Esq. or  
Christopher M. Bunge, Esq.  
Attorneys for Travelers Casualty and Surety  
Company of America

**EXHIBIT A**

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: TLMA – Transportation Dept.

SUBMITTAL DATE:  
November 7, 2006

SUBJECT: Approval of **TRACT MAP 34484**  
A Schedule "A" Subdivision in the Palm Desert Area

**RECOMMENDED MOTION:** That the Board approve the Improvement Agreements and Securities as approved by County Counsel, approve the final map and authorize the Chairman to sign the Improvement Agreements and map for Tract 34484.

**BACKGROUND:** This map complies in all respects with the provisions of Division 3 of Title 15 of the Government Code and applicable local ordinances. The developer desires to enter into Improvement Agreements to guarantee the construction of the required improvements and has submitted Improvement Agreements and Securities which have been approved by County Counsel.

REVIEWED BY EXECUTIVE OFFICE

DATE 11/7/06 KAC

Departmental Concurrence

HS:kt  
Submittals: Final Map  
Road/Drainage Improvement Agrmts  
Water System Improvement Agrmts  
Survey Monument Agreements

George A. Johnson  
Director of Transportation

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Wilson, seconded by Supervisor Buster and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Wilson and Ashley  
Nays: None  
Absent: Stone  
Date: November 7, 2006  
xc: Transp., COB

Nancy Romero  
Clerk of the Board  
By:   
Deputy

Consent  Policy  
Consent  Policy  
Dep't Recomm.:  
Per Exec. Ofc.:

Prev. Agn. Ref.:

District: 4

Agenda Number:

2.25

**AGREEMENT  
FOR THE CONSTRUCTION OF ROAD/DRAINAGE IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and Desert Gold Ventures LLC, hereinafter called Contractor.

**WITNESSETH:**

**FIRST:** Contractor, for and in consideration of the approval by County of the final map of that certain land division known as Tract 34484, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to perform and complete, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all road and drainage improvements in accordance with those Road Plans for said land division which have been approved by the County Director of Transportation, and are on file in the office of the Riverside County Transportation Department, and do all work incidental thereto in accordance with the standards set forth in Riverside County Ordinance No. 461, as amended, which are hereby expressly made a part of this agreement. All the above required work shall be done under the inspection of and to the satisfaction of the County Director of Transportation, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of Fourteen million four hundred three thousand and no/100 Dollars (\$14,403,000.00).

**SECOND:** Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the road and drainage improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

**THIRD:** County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, his agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, his agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

**FOURTH:** The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

**FIFTH:** The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all

persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, his agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, his agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, he shall be in default of this agreement and notice of such default shall be served upon him. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 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. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, he shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

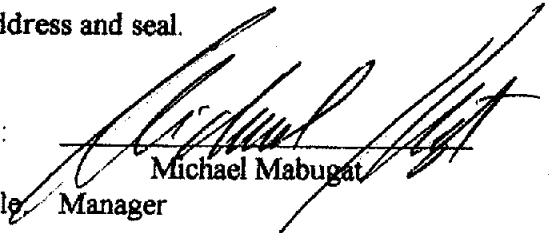
County

Contractor

Construction Engineer  
Riverside County Transportation Dept.  
2950 Washington Street  
Riverside, CA 92504

Desert Gold Ventures LLC  
5820 Canoga Avenue  
Suite 240  
Woodland Hills, CA 91367

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By:   
Michael Mabugat  
Title: Manager

COUNTY OF RIVERSIDE

By Bob Buster  
**BOB BUSTER** CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:  
NANCY ROMERO,  
Clerk of the Board

By Tom Schlemmer  
Deputy

APPROVED AS TO FORM  
JOE S. RANK, County Counsel

By Joe Rank

SIGNATURES OF CONTRACTOR MUST BE WITNESSES BY NOTARY  
AND EXECUTED IN TRIPLICATE

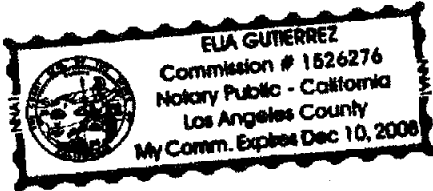
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Los Angeles } ss.

On October 18, 2006, before me, Elia Gutierrez, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Michael Anthony Rhomateo Mabugat  
Name(s) of Signer(s)

personally known to me  
 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.

Elia Gutierrez  
Signature of Notary Public

Place Notary Seal Above

**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: \_\_\_\_\_

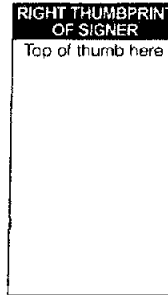
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

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

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

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





**AGREEMENT  
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS**

This agreement made and entered into by and between the County of Riverside, State of California, hereinafter called County, and Desert Gold Ventures LLC, hereinafter called Contractor.

**WITNESSETH:**

**FIRST:** Contractor, for and in consideration of the approval by County of the final map of that certain land division known as Tract 34484, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a water distribution system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said distribution system, and, further, to extend main or mains from the existing supply system maintained and operated by Coachella Valley Water District to connect with the distribution system described above with all pipe laid at such a depth as to provide a full thirty-six inch (36") minimum cover from the top of the pipe to street grade, unless otherwise specified by the Director of Transportation, all in accordance with those plans and specifications which have been approved by both the County Health Director and Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Two million four hundred thirty-two thousand and no/100 Dollars (\$2,432,000.00)**.

**SECOND:** Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

**THIRD:** County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, his agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, his agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

**FOURTH:** The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

**FIFTH:** The Landowner shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Landowner shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

**SIXTH:** Contractor, his agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

**SEVENTH:** If Contractor, his agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, he shall be in default of this agreement and notice of such default shall be served upon him. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

**EIGHTH:** Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 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. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, he shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

**NINTH:** It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

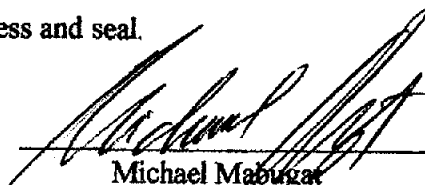
**TENTH:** It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be

affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

<u>County</u>	<u>Contractor</u>
Construction Engineer Riverside County Transportation Dept. 2950 Washington Street Riverside, CA 92504	Desert Gold Ventures LLC 5820 Canoga Avenue Suite 240 Woodland Hills, CA 91367

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By:   
Michael Mabugat  
Title: Manager

COUNTY OF RIVERSIDE

By Bob Buster

**BOB BUSTER** CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

NANCY ROMERO,  
Clerk of the Board

By Jim Schumm  
Deputy

APPROVED AS TO FORM  
JOE S. RANK, County Counsel

By Joe S. Rank

SIGNATURES OF CONTRACTOR MUST BE WITNESSES BY NOTARY  
AND EXECUTED IN TRIPPLICATE

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California  
County of Los Angeles } ss.

On October 19, 2006, before me, Elia Gutierrez, Notary Public  
Date Name and Title of Officer (e.g., Jane Doe, Notary Public)  
personally appeared Michael Anthony Rhomateo Mabugat  
Name(s) of Signer(s)

personally known to me  
 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.

Elia Gutierrez  
Signature of Notary Public

Place Notary Seal Above

**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: \_\_\_\_\_

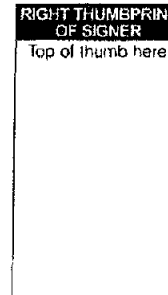
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

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

**Capacity(ies) Claimed by Signer**

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

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



**AGREEMENT  
FOR THE PLACEMENT OF SURVEY MONUMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and Desert Gold Ventures LLC, hereinafter called Contractor.

**WITNESSETH:**

**FIRST:** Contractor, for and in consideration of the approval by County of the final map of that certain land division known as Tract 34484, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to set, within 24 months from the date this agreement is executed, in a good and workmanlike manner, all survey monuments and tie points and to furnish to the County Surveyor tie notes for said tract in accordance with the standards set forth in Riverside County Ordinance No. 461 and Section 8771 et seq. of the Business and Professions Code of the State of California. Contractor further agrees to pay, within 30 days of presentation to contractor of the final billing of any surveyor or engineer for work performed by him as provides for in Article 9 of Chapter 4, Division 2 of Title 7 of the Government Code of the State of California (commencing with Section 66495). Contractor further agrees that if payment to the surveyor or engineer is not made within 30 days, the surveyor or engineer notifies County that he has not been paid for setting the final monuments, and the Board of Supervisors, pursuant to Section 66497 of the Government Code, after providing Contractor with an opportunity to present evidence as to whether or not the surveyor or engineer has been paid, orders that payment be made by County to the engineer or surveyor, Contractor will, upon demand, and without proof of loss by County, reimburse County for any funds so expended. Notwithstanding any other provisions herein, the determination of County as to whether the surveyor or engineer has been paid shall be conclusive on Contractor, his surety, and all parties who may have an interest in the agreement or any portion thereof.

All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Surveyor, and shall not be deemed complete until approved and accepted as complete by the County. The estimated cost of said work and improvements is the sum of Twenty-five thousand three hundred and no/100 Dollars (\$25,300.00).

**SECOND:** Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the County Surveyor. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the monuments, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

**THIRD:** County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, his agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, his agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

**FOURTH:** The Contractor hereby grants to County, the Surety upon any bond, and to the agents, employees and contractors of either or them, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the monumentation. This permission shall terminate in the event that Contractor or the Surety has completed work within the time specified or any extension thereof granted by the County. It is further agreed that Contractor shall have control of the ground reserved for the installation of said work, and the streets in which they are to be placed, as is necessary to allow him to carry out this agreement.

**FIFTH:** Contractor agrees to file with County prior to the date this contract is executed, an acceptable and sufficient improvement security in an amount not less than the estimated cost of the work, as above specified, for the faithful performance of the terms and conditions of this agreement, and for the payment of the amount of the improvement security to the County for the benefit of any surveyor or engineer who has not been paid by the Contractor, as provided for by Section 66495 et seq. of the Government Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, he shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

**SIXTH:** If contractor neglects, refuses, or fails to prosecute the work as to insure its completion within the time specifies, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, he shall be in default of this agreement. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor in such agreement, but said termination shall not affect or terminate any of the rights of County as against Contractor or his Surety then existing or which thereafter accrue because of such default. The determination of the County Surveyor of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, his Surety, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

**SEVENTH:** It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

**EIGHTH:** It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

NINTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

County

Contractor

Construction Engineer  
Riverside County Transportation Dept.  
2950 Washington Street  
Riverside, CA 92504

Desert Gold Ventures LLC  
5820 Canoga Avenue  
Suite 240  
Woodland Hills, CA 91367

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By:

Title: Manager

  
Michael Mabugat

COUNTY OF RIVERSIDE

By Bob Buster  
**BOB BUSTER**

**CHAIRMAN, BOARD OF SUPERVISORS**

ATTEST:  
NANCY ROMERO,  
Clerk of the Board

By Janet Schlemmer  
Deputy

APPROVED AS TO FORM  
JOE S. RANK, County Counsel

By Joe S. Rank

SIGNATURES OF CONTRACTOR MUST BE WITNESSES BY NOTARY  
AND EXECUTED IN TRIPPLICATE

NOV - 7 2006 2:25

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

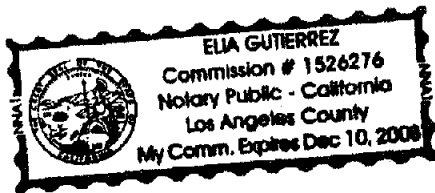
State of California  
County of Los Angeles } ss.

On October 18, 2006, before me, Elia Gutierrez, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Michael Anthony Rhomateo Mabugat  
Name(s) of Signer(s)

- personally known to me
- 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.



Place Notary Seal Above

WITNESS my hand and official seal.

[Signature]  
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: \_\_\_\_\_

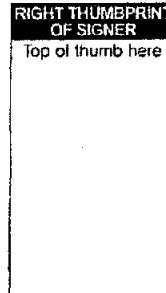
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

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

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

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





**\*\* NEW OWNERS \*\***

**\*EXTENSION OF TIME\***

**AGREEMENT  
FOR THE CONSTRUCTION OF ROAD/DRAINAGE IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and Desert Gold Ventures LLC, hereinafter called Contractor.

**WITNESSETH:**

**FIRST:** Contractor, for and in consideration of the approval by County of the final map of that certain land division known as Tract 34484, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to perform and complete, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all road and drainage improvements in accordance with those Road Plans for said land division which have been approved by the County Director of Transportation, and are on file in the office of the Riverside County Transportation Department, and do all work incidental thereto in accordance with the standards set forth in Riverside County Ordinance No. 461, as amended, which are hereby expressly made a part of this agreement. All the above required work shall be done under the inspection of and to the satisfaction of the County Director of Transportation, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Fourteen million four hundred three thousand and no/100 Dollars (\$14,403,000.00)**.

**SECOND:** Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the road and drainage improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

**THIRD:** County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, his agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, his agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

**FOURTH:** The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

**FIFTH:** The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

**SIXTH:** Contractor, his agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

**SEVENTH:** If Contractor, his agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, he shall be in default of this agreement and notice of such default shall be served upon him. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

**EIGHTH:** Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 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. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, he shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

**NINTH:** It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

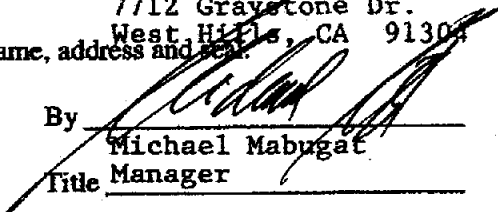
TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

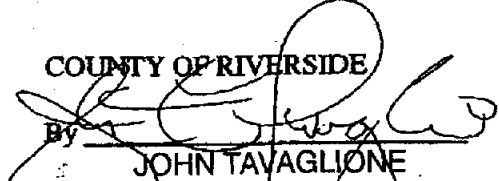
County  
Construction Engineer  
Riverside County Transportation Dept.  
2950 Washington Street  
Riverside, CA 92504

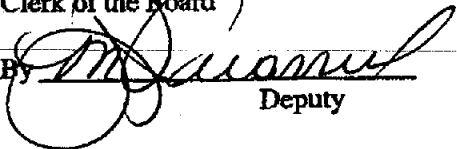
Contractor  
Desert Gold Ventures LLC  
5820 Canoga Avenue, Suite 240  
Woodland Hills, CA 91367  
Residence:  
7712 Graystone Dr.  
West Hills, CA 91304


IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By   
Michael Mabugat  
Title Manager

By \_\_\_\_\_  
Title \_\_\_\_\_

COUNTY OF RIVERSIDE  
By   
JOHN TAVAGLIONE  
CHAIRMAN, BOARD OF SUPERVISORS  
ATTEST:

NANCY ROMERO,  
Clerk of the Board  
By   
Deputy

APPROVED AS TO FORM  
JOE S. RANK / County Counsel  
By 

SIGNATURES OF CONTRACTOR MUST BE WITNESSED BY NOTARY  
AND EXECUTED IN TRIPPLICATE

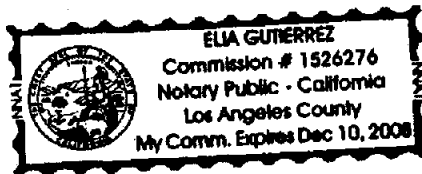
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California  
County of Los Angeles } ss.

On January 5, 2007 before me, Elia Gutierrez, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Michael Mabugat  
Name(s) of Signer(s)

personally known to me  
 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.

Elia Gutierrez  
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: \_\_\_\_\_

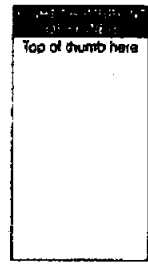
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

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

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

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



**\*\* NEW OWNERS \*\***

**\*EXTENSION OF TIME\***

**AGREEMENT  
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and Desert Gold Ventures LLC, hereinafter called Contractor.

**WITNESSETH:**

**FIRST:** Contractor, for and in consideration of the approval by County of the final map of that certain land division known as Tract 34484, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within 24 months from the date this agreement is executed, in a good and workmanlike manner, a water distribution system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said distribution system, and, further, to extend main or mains from the existing supply system maintained and operated by Coachella Valley Water District to connect with the distribution system described above with all pipe laid at such a depth as to provide a full thirty-six inch (36") minimum cover from the top of the pipe to street grade, unless otherwise specified by the Director of Transportation, all in accordance with those plans and specifications which have been approved by both the County Health Director and Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of Two million four hundred thirty-two thousand and no/100 Dollars (\$2,432,000.00).

**SECOND:** Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

**THIRD:** County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, his agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, his agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

FIFTH: The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, his agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, his agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, he shall be in default of this agreement and notice of such default shall be served upon him. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 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. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, he shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

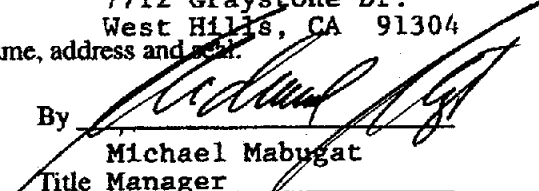
TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

County  
Construction Engineer  
Riverside County Transportation Dept.  
2950 Washington Street  
Riverside, CA 92504

Contractor  
Desert Gold Ventures LLC  
5820 Canoga Avenue, Suite 240  
Woodland Hills, CA 91367  
Residence:  
7712 Graystone Dr.  
West Hills, CA 91304

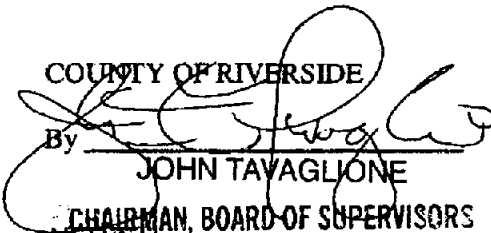
IN WITNESS WHEREOF, Contractor has affixed his name, address and title.

By   
Michael Mabugat  
Title Manager

By \_\_\_\_\_

Title \_\_\_\_\_

COUNTY OF RIVERSIDE

By   
JOHN TAVAGLIONE  
CHAIRMAN, BOARD OF SUPERVISORS  
ATTEST:

NANCY ROMERO,  
Clerk of the Board

By   
Deputy

APPROVED AS TO FORM

JOE S. RANK, County Counsel

By 

SIGNATURES OF CONTRACTOR MUST BE WITNESSED BY NOTARY  
AND EXECUTED IN TRIPLICATE

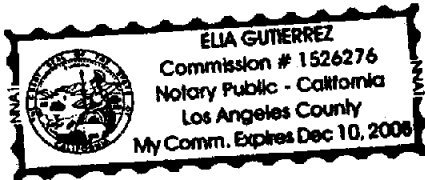
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Los Angeles } ss.

On January 5, 2007 before me, Elia Gutierrez, Notary Public  
Name and Title of Officer (e.g., "Jean Doe, Notary Public")  
personally appeared Michael Mabuaat  
Name(s) of Signer(s)

- personally known to me
- 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.

Elia Gutierrez  
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**

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

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

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





**\*\* NEW OWNERS \*\***

**\*EXTENSION OF TIME\***

**AGREEMENT  
FOR THE PLACEMENT OF SURVEY MONUMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and Desert Gold Ventures LLC, hereinafter called Contractor.

**WITNESSETH:**

**FIRST:** Contractor, for and in consideration of the approval by County of the final map of that certain land division known as Tract 34484, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to set, within 24 months from the date this agreement is executed, in a good and workmanlike manner, all survey monuments and tie points and to furnish to the County Surveyor tie notes for said tract in accordance with the standards set forth in Riverside County Ordinance No. 461 and Section 8771 et seq. of the Business and Professions Code of the State of California. Contractor further agrees to pay, within 30 days of presentation to contractor of the final billing of any surveyor or engineer for work performed by him as provides for in Article 9 of Chapter 4, Division 2 of Title 7 of the Government Code of the State of California (commencing with Section 66495). Contractor further agrees that if payment to the surveyor or engineer is not made within 30 days, the surveyor or engineer notifies County that he has not been paid for setting the final monuments, and the Board of Supervisors, pursuant to Section 66497 of the Government Code, after providing Contractor with an opportunity to present evidence as to whether or not the surveyor or engineer has been paid, orders that payment be made by County to the engineer or surveyor, Contractor will, upon demand, and without proof of loss by County, reimburse County for any funds so expended. Notwithstanding any other provisions herein, the determination of County as to whether the surveyor or engineer has been paid shall be conclusive on Contractor, his surety, and all parties who may have an interest in the agreement or any portion thereof.

All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Surveyor, and shall not be deemed complete until approved and accepted as complete by the County. The estimated cost of said work and improvements is the sum of Twenty-five thousand three hundred and no/100 Dollars (\$25,300.00).

**SECOND:** Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the County Surveyor. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the monuments, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

**THIRD:** County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, his agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all

loss, liability or claim because of, or arising out of the acts or omissions of Contractor, his agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

**FOURTH:** The Contractor hereby grants to County, the Surety upon any bond, and to the agents, employees and contractors of either or them, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the monumentation. This permission shall terminate in the event that Contractor or the Surety has completed work within the time specified or any extension thereof granted by the County. It is further agreed that Contractor shall have control of the ground reserved for the installation of said work, and the streets in which they are to be placed, as is necessary to allow him to carry out this agreement.

**FIFTH:** Contractor agrees to file with County prior to the date this contract is executed, an acceptable and sufficient improvement security in an amount not less than the estimated cost of the work, as above specified, for the faithful performance of the terms and conditions of this agreement, and for the payment of the amount of the improvement security to the County for the benefit of any surveyor or engineer who has not been paid by the Contractor, as provided for by Section 66495 et seq. of the Government Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, he shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

**SIXTH:** If contractor neglects, refuses, or fails to prosecute the work as to insure its completion within the time specifies, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, he shall be in default of this agreement. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor in such agreement, but said termination shall not affect or terminate any of the rights of County as against Contractor or his Surety then existing or which thereafter accrue because of such default. The determination of the County Surveyor of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, his Surety, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

**SEVENTH:** It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

**EIGHTH:** It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not

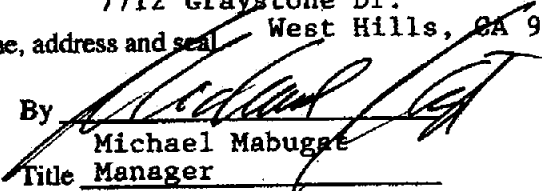
contain that particular part, term or provision held to be invalid.

NINTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

County  
Construction Engineer  
Riverside County Transportation Dept.  
2950 Washington Street  
Riverside, CA 92504

Contractor  
Desert Gold Ventures LLC  
5820 Canoga Avenue, Suite 240  
Woodland Hills, CA 91367  
Residence:  
7712 Graystone Dr.  
West Hills, CA 91304

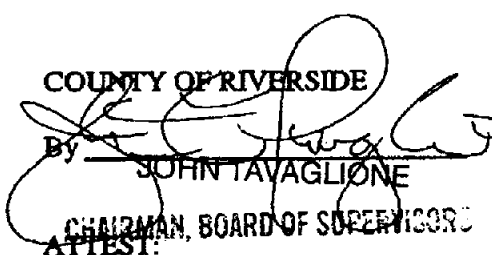
IN WITNESS WHEREOF, Contractor has affixed his name, address and seal

By   
Michael Mabugat  
Title Manager

By \_\_\_\_\_

Title \_\_\_\_\_

COUNTY OF RIVERSIDE

By   
JOHN TAVAGLIONE

CHAIRMAN, BOARD OF SUPERVISORS  
ATTEST:

NANCY ROMERO,  
Clerk of the Board

By   
Deputy

APPROVED AS TO FORM

JOE S. RANK, County Counsel

By 

SIGNATURES OF CONTRACTOR MUST BE WITNESSED BY NOTARY  
AND EXECUTED IN TRIPPLICATE

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California  
 County of Los Angeles } ss.

On January 5, 2007 before me, Elia Gutierrez, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Michael Mabugat  
Name(s) of Signer(s)

- personally known to me
- 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.  
Elia Gutierrez  
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**

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

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

Signer is Representing: \_\_\_\_\_



**EXHIBIT B**

**FAITHFUL PERFORMANCE BOND**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
(Government Code Section 66499.1)

FOR: Streets and Drainage \$ <u>14,403,000.00</u>	Tract No. <u>34484</u>
Water System \$ <u>N/A</u>	Parcel Map No. _____
Sewer System \$ <u>N/A</u>	Bond No. <u>104616168</u>
Travelers Casualty and Surety Company of America	Premium <u>\$180,038.00</u>
Surety <u>Company of America</u>	Principal <u>Desert Gold Ventures, LLC</u>
Address <u>4600 S. Ulster St., #240</u>	Address <u>5820 Canoga Avenue, Suite 240</u>
City/State <u>Denver, Colorado</u>	City/State <u>Woodland Hills, California</u>
Zip <u>80237</u>	Zip <u>91367</u>
Phone <u>(303) 225-8030</u>	Phone <u>(818) 456-1172</u>

WHEREAS, the County of Riverside, State of California, and DESERT GOLD VENTURES, LLC (hereinafter designated as "principal") have entered into, or are about to enter into, the attached agreement(s) whereby principal agrees to install and complete the above designated public improvements relating to (Tract/Parcel) 34484, which agreement(s) is/are hereby referred to and made a part hereof; and,

WHEREAS, said principal is required under the terms of said agreement(s) to furnish bond(s) for the faithful performance of said agreement(s);

NOW, THEREFORE, we the principal and TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, as surety, are held and firmly bound unto the County of Riverside in the penal sum of FOURTEEN MILLION FOUR HUNDRED THREE THOUSAND\* Dollars (\$ 14,403,000.00 ) lawful money of the United States, for the payment of which sum will and truly 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 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 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 County of Riverside, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall 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 County in successfully enforcing such obligation, all to be taxed as costs and included in any judgement rendered.

\*AND NO/100

**FAITHFUL PERFORMANCE BOND**

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of this agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code and commencement of construction are not conditions precedent to surety's obligations hereunder and are hereby waived by surety.

When the work covered by the agreement is complete, the County of Riverside will accept the work and thereupon, the amount of the obligation of this bond is reduced by 90% with the remaining 10% held as security for the one-year maintenance period provided for in the agreements(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above named, on December 27, 2006.

NAME OF PRINCIPAL: DESERT GOLD VENTURES, LLC

AUTHORIZED SIGNATURE(S): By: [Signature]

Title

MANAGER

Title

Title

(IF CORPORATION, AFFIX SEAL)

NAME OF SURETY: TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

AUTHORIZED SIGNATURE: [Signature]

Its Attorney-in-Fact

Cynthia M. Burnett

Title

(IF CORPORATION, AFFIX SEAL)

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURES OF PRINCIPAL AND ATTORNEY-IN-FACT.

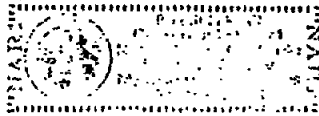
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Riverside } ss.

on January 10<sup>th</sup>, 2007 before me, Torsten Kerr, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Michael Mabugat  
Name(s) of Signer(s)

- personally known to me
- 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.

Torsten Kerr  
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: Faithful Performance Bond

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

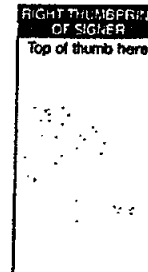
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

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

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

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







**MATERIAL AND LABOR BOND**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
(Government Code Section 66499.1)

FOR: Streets and Drainage	\$ <u>7,201,500.00</u>	Tract No.	<u>34484</u>
Water System	\$ <u>N/A</u>	Parcel Map No.	<u>                    </u>
Sewer System	\$ <u>N/A</u>	Bond No.	<u>104616168</u>
Travelers Casualty and Surety		Premium	<u>Included in Cost of</u> Performance Bond
Surety Company of America	Principal	<u>Desert Gold Ventures, LLC</u>	
Address <u>4600 S. Ulster St., #240</u>	Address	<u>5820 Canoga Avenue, Suite 240</u>	
City/State <u>Denver, Colorado</u>	City/State	<u>Woodland Hills, California</u>	
Zip <u>80237</u>	Zip	<u>91367</u>	
Phone <u>(303) 225-8030</u>	Phone	<u>(818) 456-1172</u>	

WHEREAS, the County of Riverside, State of California, and DESERT GOLD VENTURES, LLC

(hereinafter designated as "principal") have entered into, or are about to enter into, the attached agreement(s) whereby principal agrees to install and complete the above designated public improvements relating to (Tract/Parcel) 34484, which agreement(s) is/are 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 Riverside 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 unto the County of Riverside and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of said Civil Code in the sum of SEVEN MILLION TWO HUNDRED ONE THOUSAND FIVE HUNDRED\* Dollars (\$ 7,201,500.00 ) 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 the 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 judgement therein rendered.

It is hereby expressly stipulated and agreed upon that this bond shall inure to the benefit of any and all persons, companies and corporations entitles to full 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.

\*AND NO/100

**MATERIAL AND LABOR BOND**

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of this agreement or to the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to surety's obligations hereunder and are hereby waived by surety.

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above named, on December 27, 2006.

NAME OF PRINCIPAL: DESERT GOLD VENTURES, LLC

AUTHORIZED SIGNATURE(S): By: 

Title

MANAGER

Title

Title

(IF CORPORATION, AFFIX SEAL)

NAME OF SURETY: TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

AUTHORIZED SIGNATURE: 

Its Attorney-in-Fact

Title

Cynthia M. Burnett

(IF CORPORATION, AFFIX SEAL)

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURES OF PRINCIPAL AND ATTORNEY-IN-FACT.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

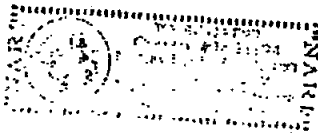
State of California  
County of Riverside } ss.

On January 10<sup>th</sup>, 2007 before me, Torsten Kerr, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Michael Mabugat  
Name(s) of Signer(s)

- personally known to me
- 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.

Torsten Kerr  
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: Material and Labor Bond

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

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

**Capacity(ies) Claimed by Signer**

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

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

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



State of **COLORADO** )  
County of **DENVER** ) ss.

On **December 27, 2006**, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared **Cynthia M. Burnett**

known to me to be Attorney-in-Fact of **TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA**

the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires: **September 19, 2009**

  
**Kathleen Van Houten, Notary Public**



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 216335

Certificate No. 000427238

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Teresa L. Thraikill, Douglas J. Rothery, Cynthia M. Burnett, and Kathy Van Houten

of the City of Denver, State of Colorado, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 11th day of May 2006

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 11th day of May 2006, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal. My Commission expires the 30th day of June, 2006.



[Signature]
Marie C. Tetreault, Notary Public

**FAITHFUL PERFORMANCE BOND**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
(Government Code Section 66499.1)

FOR: Streets and Drainage	\$ <u>N/A</u>	Tract No.	<u>34484</u>
Water System	\$ <u>2,432,000.00</u>	Parcel Map No.	<u>          </u>
Sewer System	\$ <u>N/A</u>	Bond No.	<u>104616169</u>
Travelers Casualty and Surety		Premium	<u>\$30,400.00</u>
Surety	<u>Company of America</u>	Principal	<u>Desert Gold Ventures, LLC</u>
Address	<u>4600 S. Ulater St., #240</u>	Address	<u>5820 Canoga Avenue, Suite 240</u>
City/State	<u>Denver, Colorado</u>	City/State	<u>Woodland Hills, California</u>
Zip	<u>80237</u>	Zip	<u>91367</u>
Phone	<u>(303) 225-8030</u>	Phone	<u>(818) 456-1172</u>

WHEREAS, the County of Riverside, State of California, and DESERT GOLD VENTURES, LLC (hereinafter designated as "principal") have entered into, or are about to enter into, the attached agreement(s) whereby principal agrees to install and complete the above designated public improvements relating to (Tract/Parcel) 34484, which agreement(s) is/are hereby referred to and made a part hereof; and,

WHEREAS, said principal is required under the terms of said agreement(s) to furnish bond(s) for the faithful performance of said agreement(s);

NOW, THEREFORE, we the principal and TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, as surety, are held and firmly bound unto the County of Riverside in the penal sum of TWO MILLION FOUR HUNDRED THIRTY TWO THOUSAND AND NO/100 Dollars (\$2,432,000.00—) lawful money of the United States, for the payment of which sum will and truly 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 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 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 County of Riverside, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall 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 County in successfully enforcing such obligation, all to be taxed as costs and included in any judgement rendered.

**FAITHFUL PERFORMANCE BOND**

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of this agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code and commencement of construction are not conditions precedent to surety's obligations hereunder and are hereby waived by surety.

When the work covered by the agreement is complete, the County of Riverside will accept the work and thereupon, the amount of the obligation of this bond is reduced by 90% with the remaining 10% held as security for the one-year maintenance period provided for in the agreements(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above named, on December 27, 2006.

NAME OF PRINCIPAL: DESERT GOLD VENTURES, LLC

AUTHORIZED SIGNATURE(S): By: *[Signature]*

Title

MANAGER

Title

Title

(IF CORPORATION, AFFIX SEAL)

NAME OF SURETY: TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

AUTHORIZED SIGNATURE: *[Signature]*

Its Attorney-in-Fact

Cynthia M. Burnett

Title

(IF CORPORATION, AFFIX SEAL)

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURES OF PRINCIPAL AND ATTORNEY-IN-FACT.



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

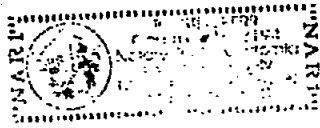
State of California  
County of Riverside } ss.

On January 10<sup>th</sup>, 2007, before me, Torsten Kerr, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Michael Mabugat  
Name(s) of Signer(s)

- personally known to me
- 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.

Torsten Kerr  
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: Faithful Performance Bond

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

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

**Capacity(ies) Claimed by Signer**

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

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

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





**MATERIAL AND LABOR BOND**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
(Government Code Section 66499.1)

FOR: Streets and Drainage	\$ <u>N/A</u>	Tract No.	<u>34484</u>
Water System	\$ <u>\$1,216,000.00</u>	Parcel Map No.	<u>                    </u>
Sewer System	\$ <u>N/A</u>	Bond No.	<u>104616169</u>
Travelers Casualty and Surety		Premium Included in Cost of	Performance
Surety Company of America			Bond
Principal	<u>Desert Gold Ventures, LLC</u>		
Address	<u>4600 S. Ulster St., #240</u>	Address	<u>5820 Canoga Avenue, Suite 240</u>
City/State	<u>Denver, Colorado</u>	City/State	<u>Woodland Hills, California</u>
Zip	<u>80237</u>	Zip	<u>91367</u>
Phone	<u>(303) 225-8030</u>	Phone	<u>(818) 456-1172</u>

WHEREAS, the County of Riverside, State of California, and DESERT GOLD VENTURES, LLC

(hereinafter designated as "principal") have entered into, or are about to enter into, the attached agreement(s) whereby principal agrees to install and complete the above designated public improvements relating to (Tract/Parcel) 34484, which agreement(s) is/are 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 Riverside 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 unto the County of Riverside and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of said Civil Code in the sum of ONE MILLION TWO HUNDRED SIXTEEN THOUSAND AND NO/100----- Dollars (\$ 1,216,000.00--) 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 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 judgement therein rendered.

It is hereby expressly stipulated and agreed upon that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to full 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.

**MATERIAL AND LABOR BOND**

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of this agreement or to the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to surety's obligations hereunder and are hereby waived by surety.

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above named, on December 27, 2006.

NAME OF PRINCIPAL: DESERT GOLD VENTURES, LLC

AUTHORIZED SIGNATURE(S): By: \_\_\_\_\_

  
Title

MANAGER

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

(IF CORPORATION, AFFIX SEAL)

NAME OF SURETY: TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

AUTHORIZED SIGNATURE: \_\_\_\_\_

  
its Attorney-in-Fact

Cynthia M. Burnett

\_\_\_\_\_  
Title

(IF CORPORATION, AFFIX SEAL)

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURES OF PRINCIPAL AND ATTORNEY-IN-FACT.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

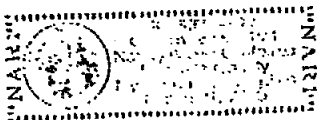
State of California  
County of Riverside } ss.

On January 10<sup>th</sup>, 2007 before me, Torsten Kerr, Notary Public

personally appeared Michael Mabugat  
Name(s) of Signer(s)

- personally known to me
- 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.

Torsten Kerr  
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: Material and Labor Bond

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

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

**Capacity(ies) Claimed by Signer**

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

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 216335

Certificate No. 000427239

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Teresa L. Thrailkill, Douglas J. Rothey, Cynthia M. Burnett, and Kathy Van Houten

of the City of Denver, State of Colorado, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 11th day of May, 2006

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 11th day of May, 2006, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal. My Commission expires the 30th day of June, 2006.



[Signature]
Marie C. Tetreault, Notary Public

**SUBDIVISION MONUMENT BOND**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
(Government Code Section 66496)

Tract/Parcel Map No. 34484

Bond No. 104616170

Travelers Casualty and Surety  
Surety Company of America

Address 4600 S. Ulster St., #240

City/State Denver, Colorado

Zip 80237

Phone (303) 225-8030

Principal Desert Gold Ventures, LLC

Address 5820 Canoga Avenue, Suite 240

City/State Woodland Hills, California

Zip 91367

Phone (818) 456-1172

**KNOW ALL MEN BY THESE PRESENTS:**

That, DESERT GOLD VENTURES, LLC  
subdivider, as principal, and TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA,  
a corporation, as surety, are hereby jointly and severally bound to pay to the County of Riverside  
the sum of TWENTY FIVE THOUSAND THREE HUNDRED AND\* Dollars (\$ 25,300.00----).

The condition of this obligation is that, whereas the subdivider, as a condition of the filing of the  
final map of Tract/Parcel Map Number 34484, entered into an agreement with the  
County of Riverside to set Survey Monuments and Tie Points in said tract and furnish Tie Notes  
therefore and to pay the engineer or surveyor performing the work, in full, within 30 days after  
completion.

NOW, THEREFORE, if the subdivider shall well and truly perform said agreement during the  
original term thereof, or of any extension of said term that may be granted by the County of  
Riverside, with or without notice to the surety, then this obligation shall become null and void;  
otherwise, it shall 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 County in successfully enforcing such obligation, all to be taxed as costs  
and included in any judgement rendered.

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition  
to the terms of this agreement or to the work to be performed thereunder or the specifications  
accompanying the same shall in anywise affect its obligation on this bond, and it does hereby  
waive notice of any such change, extension of time, alteration or addition. Surety further  
stipulates and agrees that the provisions of Section 2845 of the Civil Code and commencement  
of construction are not conditions precedent to surety's obligations hereunder and are hereby  
waived by surety.



**SUBDIVISION MONUMENT BOND**

IN WITNESS WHEREOF, this instrument has been duly executed by the principal and surety above named, on December 27, 2006.

NAME OF PRINCIPAL: DESERT GOLD VENTURES, LLC

AUTHORIZED SIGNATURE(S): By: 

Title

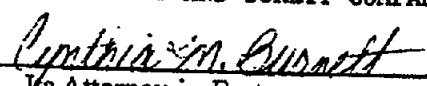
MANAGER

Title

Title

(IF CORPORATION, AFFIX SEAL)

NAME OF SURETY: TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

AUTHORIZED SIGNATURE: 

Its Attorney-in-Fact

Cynthia M. Burnett

Title

(IF CORPORATION, AFFIX SEAL)

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURES OF PRINCIPAL AND ATTORNEY-IN-FACT.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Riverside

} ss.

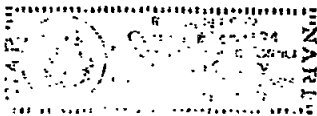
On January 10<sup>th</sup>, 2007 before me, Torsten Kerr, Notary Public

personally appeared Michael Mabugat

Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence

to be the person~~(s)~~ whose name~~(s)~~ is~~(s)~~ 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.

Torsten Kerr

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: Subdivision Monument Bond

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

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

**Capacity(ies) Claimed by Signer**

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

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

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



State of     **COLORADO**     )  
County of    **DENVER**        ) ss.

On **December 27, 2006**, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared **Cynthia M. Burnett**

known to me to be Attorney-in-Fact of **TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA**

the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires: **September 19, 2009**

  
**Kathleen Van Houten,** Notary Public



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 216335

Certificate No. 000427240

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Teresa L. Thraikill, Douglas J. Rothery, Cynthia M. Burnett, and Kathy Van Houten

of the City of Denver, State of Colorado, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 11th day of May 2006.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 11th day of May 2006, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal. My Commission expires the 30th day of June, 2006.



[Signature]
Marie C. Tetreault, Notary Public

**EXHIBIT C**

# SCOPE OF WORK:

## SUBDIVISION IMPROVEMENTS, ROAD/DRAINAGE IMPROVEMENTS, TRACT 34484

### REMAINING ROAD/DRAINAGE IMPROVEMENTS THAT MUST BE COMPLETED:

- 1.0 FURNISH ALL LABOR, EQUIPMENT AND MATERIALS NECESSARY TO PERFORM AND COMPLETE IN A GOOD AND WORKMANLIKE MANNER, ALL ROAD AND DRAINAGE IMPROVEMENTS IN ACCORDANCE WITH PLANS APPROVED BY THE COUNTY DIRECTOR OF TRANSPORTATION AND ON FILE WITH THE RIVERSIDE COUNTY TRANSPORTATION DEPARTMENT. PLANS ARE LISTED BELOW:**
- A STREET IMPROVEMENT PLANS:**  
SHEETS: 1, 1A, 2, 3, 4, 5, 6, 7, 7A & 8A (10 SHEETS)  
REVISIONS: DELTA 1; DATED 11/1/07
- B STORM DRAIN IMPROVEMENT PLANS:**  
SHEETS: 1, 2, 3, 4, 5, 6 & 7 (7 SHEETS)  
REVISIONS:
- C SIGNAGE AND STRIPING PLAN**  
SHEETS: 1, 2, 3, 4, 4A & 5A (6 SHEETS)  
REVISIONS:
- D PRECISE GRADING PLANS**  
SHEETS: 1, 2, 3 & 4 (4 SHEETS)  
REVISION(S): DELTA 1; DATED 12/17/07
- 2.0 ALL WORK TO BE PERFORMED IN ACCORDANCE WITH THE STANDARDS SET FORTH IN RIVERSIDE COUNTY ORDINANCE NO 461, AS AMENDED,**
- 3.0 ALL WORK SHALL BE DONE UNDER THE INSPECTION OF AND TO THE SATISFACTION OF THE COUNTY DIRECTOR OF TRANSPORTATION AND SHALL NOT BE DEEMED COMPLETE UNTIL APPROVED AND ACCEPTED BY THE COUNTY.**
- 4.0 MAINTAIN ROAD/DRAINAGE IMPROVEMENTS FOR A PERIOD OF ONE YEAR FOLLOWING ACCEPTANCE BY THE COUNTY, DURING THIS ONE YEAR PERIOD, REPAIR OR REPLACE, TO THE SATISFACTION OF THE DIRECTOR OF TRANSPORTATION, ANY DEFECTIVE WORK OR LABOR DONE OR DEFECTIVE MATERIALS FURNISHED.**
- 5.0 ALL UNDERGROUND IMPROVEMENTS MUST BE COMPLETED PRIOR TO THE PAVING OF ANY ROADWAY.**
- 6.0 SUCCESSFUL OFFEROR AGREES TO PAY RIVERSIDE COUNTY INSPECTION FEES IN EXCESS OF THE INSPECTION FEES THAT HAVE BEEN PAID IN ADVANCE BY THE PREVIOUS DEVELOPER.**
- 7.0 PROVIDE ADEQUATE NOTICE AND WARNING TO TRAVELING PUBLIC OF EACH AND EVERY POTENTIALLY HAZARDOUS CONDITIONS CAUSED OR CREATED BY THE CONSTRUCTION OF THE WORKS OF IMPROVEMENT AT ALL TIMES UP TO THE COMPLETION AND FORMAL ACCEPTANCE OF THE WORK OF IMPROVEMENT. PROTECT ALL PERSONS FROM SUCH POTENTIALLY HAZARDOUS CONDITIONS BY USE OF TRAFFIC REGULATORY CONTROL METHODS, INCLUDING, BUT NOT LIMITED TO, STOP SIGNS, REGULATORY STOP SIGNS OR SIGNALS, BARRIERS, OR DETOURS.**

# SCOPE OF WORK:

## SUBDIVISION IMPROVEMENTS, ROAD/DRAINAGE IMPROVEMENTS, TRACT 34484

### REMAINING ROAD/DRAINAGE IMPROVEMENTS THAT MUST BE COMPLETED:

- 8.0 PROVIDE 48 HOUR NOTICE TO THE DIRECTOR OF TRANSPORTATION AT LEAST 48 HOURS BEFORE BEGINNING ANY WORK AND PROVIDE DIRECTOR OF TRANSPORTATION ALL REASONABLE FACILITIES FOR OBTAINING FULL INFORMATION WITH RESPECT TO THE PROGRESS AND MANNER OF WORK.**
- 9.0 THE WORK SHALL NOT INCLUDE THAT PORTION OF THE WORK DESCRIBED IN THE CONTRACT DOCUMENTS TO BE PERFORMED EAST OF STATION 212+00 (AS SHOWN ON PAGE 8 OF THE VARNER ROAD STREET IMPROVEMENT PLANS.**
- 10.0 PROVIDE ALL TRAFFIC CONTROL DESIGN AND IMPLEMENTATION AS REQUIRED BY THE COUNTY OF RIVERSIDE AND AS MAY BE REQUIRED BY OTHER LOCAL GOVERNING AGENCIES.**
- 11.0 PROVIDE ALL GENERAL REQUIREMENTS (HOME OFFICE SUPPORT, PROJECT MANAGEMENT, SUPERVISION, INDIRECT LABOR, TEMPORARY FACILITIES, TEMPORARY UTILITIES, POT-HOLING, TEMPORARY PROTECTION, CLEANUP, DEBRIS REMOVAL, TESTING, INSPECTION, ALL PERMITS, ALL FEES, SURVEY, LAYOUT, DUST CONTROL, WATER, EQUIPMENT RENTAL, SMALL TOOLS, POWER SWEEP, FLAGMEN, HOISTING, GENERATOR, EROSION CONTROL, STORM WATER PROTECTION PLAN AND IMPLEMENTATION, DESIGN AND CONSTRUCTION OF TEMPORARY SHORING FOR EXCAVATIONS, AS-BUILTS, BONDS AND INSURANCE, SECURITY, SAFETY.**
- 12.0 COMPLETE OUTSTANDING ITEMS OF WORK AS NOTED IN APPENDIX 11 OF THIS SFO: COUNTY OF RIVERSIDE LIST OF OUTSTANDING ITEMS OF WORK DATED NOVEMBER 17, 2009, ITEMS 1, 2, 3 (STREET LIGHTS ARE NOT REQUIRED TO BE INSTALLED), 4, 5, 6 (RECYCLED WATER CROSSING NOT REQUIRED), 7, 9 AND 10.**
- 13.0 PICK-UP MATERIALS AS DESCRIBED IN APPENDIX 10 THAT ARE STORED AT GRANITE CONSTRUCTION, INDIO, CA AND DELIVER THEM TO THE JOBSITE (TO BE INCORPORATED INTO THE WORK).**
- 14.0 REPAIR OF EXISTING WORK PERFORMED BY THE PREVIOUS DEVELOPER AS REQUIRED BY THE PROJECT DRAWINGS AND SPECIFICATIONS.**
- 15.0 PROVIDE MODIFICATIONS TO THE METAL BEAM GUARDRAIL SYSTEM SHOWN TO BE INSTALLED ALONG THE I-10 FREEWAY ON THE SOUTH SIDE OF VARNER ROAD DUE TO FIELD VARIANCES IN THE EXISTING GRADES THAT ARE NOT ACCURATELY REFLECTED ON THE PLANS. FOR A SHORT DISTANCE, TWO GUARDRAILS WILL BE NECESSARY IN LIEU OF ONE AS SHOWN ON THE PLAN DUE TO THE HEIGHT DIFFERENTIAL BETWEEN VARNER ROAD AND THE FREEWAY.**

# **SCOPE OF WORK:**

## **SUBDIVISION IMPROVEMENTS, ROAD/DRAINAGE IMPROVEMENTS, TRACT 34484**

### **REMAINING ROAD/DRAINAGE IMPROVEMENTS THAT MUST BE COMPLETED:**

**16.0 FURNISH ALL LABOR, EQUIPMENT AND MATERIALS NECESSARY TO SET, IN A GOOD AND WORKMANLIKE MANNER, ALL SURVEY MONUMENTS AND TIE POINTS AND TO FURNISH TO THE COUNTY SURVEYOR TIE NOTES FOR TRACT 34484 IN ACCORDANCE WITH STANDARDS SET FORTH IN RIVERSIDE COUNTY ORDINANCE NO 461 AND SECTION 8771 ET SEQ. OF THE BUSINESS AND PROFESSIONS CODE OF THE STATE OF CALIFORNIA. ALL OF THE WORK SHALL BE DONE UNDER THE INSPECTION OF, AND TO THE SATISFACTION OF, THE COUNTY SURVEYOR AND SHALL NOT BE DEEMED COMPLETE UNTIL APPROVED AND ACCEPTED AS COMPLETE BY THE COUNTY. CONTRACTOR AGREES TO PAY TO COUNTY THE ACTUAL COST OF INSPECTIONS OF THE WORK AND IMPROVEMENTS AS MAY BE REQUIRED BY THE COUNTY SURVEYOR.**



# SCOPE OF WORK:

## SUBDIVISION IMPROVEMENTS, WATER SYSTEM IMPROVEMENTS, TRACT 34484

### REMAINING WATER SYSTEMS IMPROVEMENTS THAT MUST BE COMPLETED:

- 1.0 FURNISH ALL LABOR, EQUIPMENT AND MATERIALS NECESSARY TO PERFORM AND COMPLETE IN A GOOD AND WORKMANLIKE MANNER, ALL WATER DISTRIBUTION SYSTEM, COMPLETE WITH ALL NECESSARY PIPES, VALVES, FIRE HYDRANTS, CONNECTIONS AND APPURTENANCES NECESSARY TO THE SATISFACTORY OPERATION OF SAID DISTRIBUTION SYSTEM, AND, FURTHER, TO EXTEND MAIN OR MAINS FROM THE EXISTING SUPPLY SYSTEM MAINTAINED AND OPERATED BY THE COACHELLA VALLEY WATER DISTRICT (CVWD) IN ACCORDANCE WITH PLANS APPROVED BY THE CVWD AND BOTH THE COUNTY HEALTH DIRECTOR AND THE COUNTY DIRECTOR OF TRANSPORTATION AND ON FILE WITH THE RIVERSIDE COUNTY TRANSPORTATION DEPARTMENT. PLANS ARE LISTED BELOW:**

**A WATER IMPROVEMENT PLANS - VARNER ROAD**  
SHEETS: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12 (12 SHEETS)  
REVISIONS: DELTA 1; DATED 11/5/07

**B WATER IMPROVEMENT PLANS - FRANK SINATRA & I-10 CROSSING**  
SHEETS: 1, 2 & 3 (3 SHEETS)  
REVISIONS: DELTA 1; DATED 11/5/07
- 2.0 ALL WORK TO BE PERFORMED IN ACCORDANCE WITH THE STANDARDS SET FORTH IN RIVERSIDE COUNTY ORDINANCE NO 461, AS AMENDED,**
- 3.0 ALL WORK SHALL BE DONE UNDER THE INSPECTION OF AND TO THE SATISFACTION OF THE COUNTY DIRECTOR OF TRANSPORTATION AND SHALL NOT BE DEEMED COMPLETE UNTIL APPROVED AND ACCEPTED BY THE COUNTY.**
- 4.0 ALL WORK SHALL BE DONE UNDER THE INSPECTION OF AND TO THE SATISFACTION OF THE COACHELLA VALLEY WATER DISTRICT (CVWD) AND SHALL NOT BE DEEMED COMPLETE UNTIL APPROVED AND ACCEPTED IN WRITING BY THE CVWD.**
- 5.0 MAINTAIN WATER IMPROVEMENTS FOR A PERIOD OF ONE YEAR FOLLOWING ACCEPTANCE BY THE COUNTY AND CVWD, DURING THIS ONE YEAR PERIOD, REPAIR OR REPLACE, TO THE SATISFACTION OF THE DIRECTOR OF TRANSPORTATION AND/OR THE CVWD, ANY DEFECTIVE WORK OR LABOR DONE OR DEFECTIVE MATERIALS FURNISHED.**
- 6.0 ALL UNDERGROUND IMPROVEMENTS MUST BE COMPLETED PRIOR TO THE PAVING OF ANY ROADWAY.**
- 7.0 SUCCESSFUL OFFEROR AGREES TO PAY RIVERSIDE COUNTY INSPECTION FEES IN EXCESS OF THE INSPECTION FEES THAT HAVE BEEN PAID IN ADVANCE BY THE PREVIOUS DEVELOPER.**
- 8.0 PROVIDE ADEQUATE NOTICE AND WARNING TO TRAVELING PUBLIC OF POTENTIALLY HAZARDOUS CONDITIONS CAUSED OR CREATED BY THE CONSTRUCTION OF THE WORKS OF IMPROVEMENT AT ALL TIME UP TO THE COMPLETION AND FORMAL ACCEPTANCE OF THE WORK OF IMPROVEMENT. PROTECT ALL PERSONS FROM SUCH POTENTIALLY HAZARDOUS CONDITIONS BY USE OF TRAFFIC REGULATORY CONTROL METHODS, INCLUDING, BUT NOT LIMITED TO, STOP SIGNS, REGULATORY STOP SIGNS OR SIGNALS, BARRIERS, OR DETOURS.**

# **SCOPE OF WORK:**

## **SUBDIVISION IMPROVEMENTS, WATER SYSTEM IMPROVEMENTS, TRACT 34484**

### **REMAINING WATER SYSTEMS IMPROVEMENTS THAT MUST BE COMPLETED:**

- 9.0 PROVIDE 48 HOUR NOTICE TO THE DIRECTOR OF TRANSPORTATION BEFORE BEGINNING ANY WORK AND PROVIDE DIRECTOR OF TRANSPORTATION ALL REASONABLE FACILITIES FOR OBTAINING FULL INFORMATION WITH RESPECT TO THE PROGRESS AND MANNER OF WORK.**
- 10.0 PROVIDE ALL TRAFFIC CONTROL DESIGN AND IMPLEMENTATION AS REQUIRED BY THE COUNTY OF RIVERSIDE AND AS MAY BE REQUIRED BY OTHER LOCAL GOVERNING AGENCIES.**
- 11.0 PROVIDE ALL GENERAL REQUIREMENTS (HOME OFFICE SUPPORT, PROJECT MANAGEMENT, SUPERVISION, INDIRECT LABOR, TEMPORARY FACILITIES, TEMPORARY UTILITIES, POT-HOLING, TEMPORARY PROTECTION, CLEANUP, DEBRIS REMOVAL, TESTING, INSPECTION, ALL PERMITS, ALL FEES, SURVEY, LAYOUT, DUST CONTROL, WATER, EQUIPMENT RENTAL, SMALL TOOLS, POWER SWEEP, FLAGMEN, HOISTING, GENERATOR, EROSION CONTROL, STORM WATER PROTECTION PLAN AND IMPLEMENTATION, DESIGN AND CONSTRUCTION OF TEMPORARY SHORING FOR EXCAVATIONS, AS-BUILTS, BONDS AND INSURANCE, SECURITY, SAFETY).**
- 12.0 PICK-UP MATERIALS AS DESCRIBED IN APPENDIX 10 THAT ARE STORED AT GRANITE CONSTRUCTION, INDIO, CA AND DELIVER THEM TO THE JOBSITE (TO BE INCORPORATED INTO THE WORK).**