BOND No. SU5014615
PREMIUM CHARGED IS INCLUDED IN PERF BOND

**WARRANTY BOND**

Warranty Guarantee Bond to the San Bernardino Municipal Water Department for Water System Installation in accordance with the Approved Water Improvement Plans for Tract No. 16457, dated April 20, 2005 KNOW ALL MEN BY THESE PRESENTS; THAT WHEREAS, THE SAN BERNARDINO MUNICIPAL WATER DEPARTMENT, (sometimes referred to hereinafter as "Obligee"), has an agreement with the "Developer" to install a water system within developer's development north of Irvington Avenue and east of Palm Avenue, San Bernardino County, California.

WHEREAS, the water system is more particularly set forth in that certain design plan and specifications dated April 20, 2005, and identified as Water Improvement Plans for Tract No. 16457, dated April 20, 2005 which is incorporated herein by this reference.

WHEREAS, the Developer is required by said SAN BERNARDINO MUNICIPAL WATER DEPARTMENT to warrant the completed water system against defective labor or workmanship and materials for a period of one (1) year, and to provide a bond for guarantee of cost of repairs due to defective labor, workmanship, or materials.

NOW THEREFORE, we WL COVENANT 88 ASSOCIATES, LLC, A DELAWARE LIMITED LIABILITY COMPANY the undersigned Developer as Principal and ARCH INSURANCE COMPANY, a corporation organized and existing under the laws of the State of California, and duly authorized to transact business under the laws of the State of California, as Surety, are held and firmly bound unto the SAN BERNARDINO MUNICIPAL WATER DEPARTMENT in the

sum of THIRTY-SIX THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS ($36,250.00), said sum being not less than 25 percent of the total cost for installation (including labor and materials) of the water system, we find ourselves, our heirs, executors and administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that if the above bounden 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 agreements to make all repairs to said water system necessitated by defective labor, workmanship or materials, and shall faithfully fulfill this one (1) year Guarantee of all materials, labor and workmanship and indemnify and save harmless the SAN BERNARDINO MUNICIPAL WATER DEPARTMENT'S, its officers and agents, as stipulated herein, then this obligation shall become null and void one (1) year from the date of SAN BERNARDINO MUNICIPAL WATER DEPARTMENT formal acceptance of the water system (Conveyance of Water System Agreement).

In case suit is brought upon this bond or letter of credit, the said Surety shall pay to the SAN BERNARDINO MUNICIPAL WATER DEPARTMENT a reasonable attorney's fee to be fixed by the Court in addition to the principal amount of this bond. The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the agreement between SAN BERNARDINO MUNICIPAL WATER DEPARTMENT and Developer, or the work to be performed by the Developer or to the

specifications of water system, shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to specifications.

IN WITNESS WHEREOF, we have hereunto set our hands this 1ST, day of JUNE, 2005.

ALL SIGNATURES MUST BE NOTARIZED

WL COVENANT 88 ASSOCIATES, LLC, A DELAWARE LIMITED LIABILITY COMPANY

BY: _____ (Principal)

ARCH INSURANCE COMPANY (Surety)

_____ (Attorney-In-Fact)

BEATA A. SENSI

This rate of premium on this bond is N/A per thousand.

The total amount of premium charged: IS INCLUDED IN THE PERFORMANCE BOND

(The above must be filled in by corporate surety).

Note: Copy of the power of attorney to local representatives of the bonding company may be attached hereto.

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## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of ORANGE

On JUNE 1, 2005 (DATE) before me, CYNTHIA S. WOZNEY, NOTARY PUBLIC (NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"),

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

☒ personally known to me - OR - ☐ ~~proved to me on the basis of satisfactory evidence~~ to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(~~ies~~), and that by ~~his/her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

ES11 CYNTHIA S. WOZNEY COMM. #1362259 Notary Public-California ORANGE COUNTY My Comm. Exp. June 25, 2006 ES11

WITNESS my hand and official seal.

SIGNATURE OF NOTARY

## OPTIONAL

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

### CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____ TITLE(S)

☐ PARTNER(S) ☐ LIMITED ☐ GENERAL

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

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

### DESCRIPTION OF ATTACHED DOCUMENT

WARRANTY BOND
TITLE OR TYPE OF DOCUMENT

3
NUMBER OF PAGES

JUNE 1, 2005
DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Riverside } ss.

On 6/03/05 (Date), before me, Mary Hollenbaugh, Notary Public (Name and Title of Officer (e.g., "Jane Doe, Notary Public")),

personally appeared Linda Valia (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.

MARY HOLLENBAUGH
Commission # 1518614
Notary Public - California
Riverside County
My Comm. Expires Oct 9, 2008

WITNESS my hand and official seal.

Place Notary Seal Above

Mary Hollenbaugh
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: 6/01/05 Number of Pages: 3

Signer(s) Other Than Named Above: Beata A. Sessi

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

| Signer's Name: | Signer's Name: |
|---|---|
| ☐ Individual | ☐ Individual |
| ☐ Corporate Officer — Title(s): | ☐ Corporate Officer — Title(s): |
| ☐ Partner — ☐ Limited ☐ General | ☐ Partner — ☐ Limited ☐ General |
| ☐ Attorney in Fact | ☐ Attorney in Fact |
| ☐ Trustee | ☐ Trustee |
| ☐ Guardian or Conservator | ☐ Guardian or Conservator |
| ☐ Other: | ☐ Other: |
| Signer Is Representing: | Signer Is Representing: |
| RIGHT THUMBPRINT OF SIGNER — Top of thumb here | RIGHT THUMBPRINT OF SIGNER — Top of thumb here |

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# POWER OF ATTORNEY

Know All Men By These Presents:

That the Arch Insurance Company, a corporation organized and existing under the laws of the State of Missouri, having its principal office in Kansas City, Missouri (hereinafter referred to as the "Company") does hereby appoint
Todd M. Rohm, Cathy S. Kennedy, Sejal P. Lange, D. J. Picard and Beata A. Sensi of Orange, CA (EACH)

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

Any and all bonds and undertakings

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

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

The Company may revoke this appointment at any time.

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

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

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

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

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

In Testimony Whereof, the Company has caused this instrument to be signed and its corporate seal to be affixed by their authorized officers, this 1st day of April, 20 03.

Arch Insurance Company

Attested and Certified

Arch Insurance Company CORPORATE SEAL 1971 Missouri

Joseph S. Labell, Corporate Secretary

Thomas P. Luckstone, Vice President

STATE OF CONNECTICUT SS

COUNTY OF FAIRFIELD SS

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

OFFICIAL SEAL
MELISSA B. GILLIGAN, Notary Public
State of Connecticut
My Commission Expires February 28, 2005

Melissa B. Gilligan, Notary Public
My commission expires 2-28-05

CERTIFICATION

I, Joseph S. Labell, Corporate Secretary of the Arch Insurance Company, do hereby certify that the attached Power of Attorney dated April 1, 2003 on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said Thomas P. Luckstone, who executed the Power of Attorney as Vice President, was on the date of execution of the attached Power of Attorney the duly elected Vice President of the Arch Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Arch Insurance Company on this 1st day of JUNE, 20 05.

Joseph S. Labell, Corporate Secretary

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

Arch Insurance Company CORPORATE SEAL 1971 Missouri

Home Office: Kansas City, MO

ARCH Insurance Company

**ARCH Surety**

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## NOTICE – DISCLOSURE OF TERRORISM PREMIUM

In accordance with the Terrorism Risk Insurance Act of 2002, we are providing this disclosure notice for bonds on which Arch Insurance Company is the surety.

### DISCLOSURE OF PREMIUM

The portion of the premium attributable to coverage for terrorist acts certified under the Act is Zero Dollars ($0.00).

### DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The United States will pay ninety percent (90%) of covered terrorism losses exceeding the applicable insurer deductible.