

LARRY A. ROTHSTEIN, State Bar No. 082746
LARLAW, A PROFESSIONAL LAW CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Telephone: (818) 348-7000
Facsimile: (818) 348-0700
Email: lar@larlaw.net

Attorney for LIBERTY MUTUAL INSURANCE COMPANY,
as ADMINISTRATOR AND ASSIGNEE OF INDEMNITY
COMPANY OF CALIFORNIA

SUPERIOR COURT FOR THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES, CENTRAL DISTRICT

CITY OF LOS ANGELES, a
municipal corporation

Plaintiff,

vs.

VILLAS OVER SUNLAND LLC, a
Limited Liability Company;
SPRING VALLEY ESTATES LLC,
a Limited Liability Company;
INDEMNITY COMPANY OF
CALIFORNIA, a California
Corporation; and DOES 1 through
15, inclusive;

Defendants.

Case No.: 23STCV12838

**DECLARATION OF SONIA LINNAUS IN
SUPPORT OF LIBERTY MUTUAL
INSURANCE COMPANY REQUEST FOR
DEFAULT JUDGMENT BY COURT**

**[Concurrently filed with Brief Statement
of the Case and [Proposed] Judgment]**

Demand: Over \$25,000
Unlimited Jurisdiction

LIBERTY MUTUAL INSURANCE
COMPANY, as ADMINISTRATOR
AND ASSIGNEE OF INDEMNITY
COMPANY OF CALIFORNIA,

Cross Complainant

vs.

VILLAS OVER SUNLAND LLC, a

1 Limited Liability Company;)
2 SPRING VALLEY ESTATES LLC,)
3 a Limited Liability Company;)
4 ANDREW NOWACZEK)
5 INDIVIDUALLY and as TRUSTEE)
6 of the ANDREW AND AUDREY)
7 NOVACZEK FAMILY TRUST;)
8 AUDREY NOVACZEK)
9 INDIVIDUALLY and as TRUSTEE)
10 of the ANDREW AND AUDREY)
11 NOVACZEK FAMILY TRUST;)
12 ROES 1-20, inclusive)

9 Cross Defendants.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

I am Senior Surety Claims Counsel for Liberty Mutual Insurance Company ("Liberty") and am the person charged with claims handling responsibility for the claim asserted by The City of Los Angeles (City) as described herein. If called upon as a witness, I could and would testify competently to the matters contained herein. I make this declaration in support of Liberty's application for Default Judgment against its Bond Principals, Villas Over Sunland, LLC (Villas), Spring Valley Estates, LLC (Spring Valley) and indemnitors Andrew Nowaczek individually and as trustee of the Andrew and Audrey Nowaczek Family Trust, and Audrey Nowaczek individually and as trustee of the Andrew and Audrey Nowaczek Family Trust (collectively "Nowaczek Indemnitors"). Each of these parties are named cross defendants in Liberty's cross complaint.

None of the cross defendants, having been duly served with the cross complaint, answered or otherwise appeared in the Action and their defaults have been entered.

On or about May 8, 2015, Villas and Nowaczek Indemnitors executed an Indemnity Agreement (the “May IA”) with Indemnity Company of California (“ICC”) as Original Surety. A true and correct copy of the May IA is attached hereto as Exh. 1 and its terms incorporated herein by reference.

On or about October 15, 2015, Spring Valley and Nowaczek Indemnitors executed a second IA (the "October IA"). A true and correct copy of the October IA is attached hereto as Exh. 2 and its terms incorporated herein by reference.

On or about May 31, 2019, Liberty became Administrator and Assignee of ICC, thereby assuming all of ICC's rights and obligations arising out of the IA's and Bond described herein.

1 On or about May 16, 2015, ICC issued its General Improvement
2 Performance Bond #389385S for Villas as principal and City as obligee in
3 the original sum of \$214,000.00. A true and correct copy of the Bond is
4 attached hereto as Exh. 4, the terms of which are incorporated herein by
5 reference ("the Bond").

6 The Bond is to guarantee that the developer, here Villas and Spring
7 Valley, construct certain offsite improvements required by the City as a
8 condition of the grant of a subdivision map for the development of single
9 family homes.

10 On or about September 22, 2015, ICC, City and Villas executed a
11 Bond Rider extending the time for Villas' performance of the improvements.

12 On or about March 29, 2017, ICC, City and Villas executed a Bond
13 Rider whereby the penal sum of the Bond was reduced from \$214,000.00 to
14 \$184,000.00 and added Spring Valley as a second bond principal.

15 On or about August 24, 2017, ICC, City, Villas and Spring Valley
16 executed a Bond Rider extending the time for Villas' and Spring Valley's
17 performance of the improvements to June 7, 2019.

18 Following demands from City, Villas and Spring Valley failed to make
19 the improvements required by the Bond within the time as extended

20 On June 6, 2023, City filed this action ("Main Action") against Villas,
21 Spring Valley and ICC.

22 In response to the Main Action, Liberty filed an answer and cross
23 complained against its Bond Principals, Villas and Spring Valley and
24 Nowaczek Indemnitors ("the Cross Action").

25 In March 2024, Liberty and City agreed to settle the Main Action for
26 \$125,000.00.

27 **INDEMNIFICATION.** Indemnitors agree to fully and continuously
28 indemnify Surety against any and all Loss or expenses of ever kind

1 or nature, including, without limitation, those incurred: (i) by reason
2 of having executed or procured the execution of any Bond. (ii) by
3 reason of the failure of any Indemnitor to perform or comply with the
4 covenants and conditions of this Agreement, and (iii) enforcing any
5 of the covenants and conditions of this Agreement. Also,
6 Indemnitors agree to indemnify Surety against the fees and
7 disbursements of counsel whether on salary, retainer or otherwise.

8 Surety may at its sole and absolute discretion pay, compromise,
9 defend, settle, investigate, appeal or otherwise handle or resolve
10 any claim, demand, suit, arbitration demand, judgment, award or
11 expense arising out of or related to any Bond. Any such act or
12 decision by the Surety is binding upon and ratified by Indemnitors
13 and any cost, expense or payment incurred or made by the Surety
14 shall be a Loss covered by this Agreement. An itemized statement,
15 sworn to by any employee of the Surety, or a copy of a check or
16 draft or other evidence of such payment or compromise, shall be
17 prima facie evidence of the fact and amount of any Loss and the
18 liability of Indemnitors for it under this Agreement.

19 As set forth above, my sworn statement as to the attorney's fees and
20 expenses Liberty has paid constitutes *prima facie* evidence of same. Here,
21 Liberty has paid the Law Offices of Larry A. Rothstein (through February
22 2024) a total of \$11,742.93 in attorney's fees and expenses in defending the
23 City's Main Action and in the prosecution of Liberty's Cross Action. Liberty
24 has also paid consulting expenses of \$156.45. Liberty expects to pay an
25 additional \$3000.00 in attorney's fees and expenses incurred (but not yet
26 billed) for March and April in connection with effecting the City/Liberty
27 settlement and in the preparation of this default package and obtaining the
28 default judgments requested herein. Attached as Exh. 4 is a true and
correct copy of Liberty's Expense Report, which I keep in the ordinary
course of my responsibilities for this claim. Thus, Liberty's total litigation
expenses is \$14,899.38. Of that amount, Liberty has allocated half --

1 \$7,449.69 – to defense costs associated with the Main Action and half to the
2 prosecution of its Cross Action.

3 Liberty understands that, in accordance with Local Rule 3.214, Liberty
4 may only be entitled to attorney's fees of \$3214.50 based on the default
5 attorney's fees schedule. I have calculated default attorney's fees as
6 follows:

7 Paid to City: \$125,000.00

8 Fees incurred defending City's Main Action: \$7,449.69

9 Total damages: \$132,449.69

10 Default attorney's fees on amounts over \$100,000.00 is \$2890.00 plus
11 1% of the amount over \$100,000.00, which is 1% of \$32,449.68 = \$324.50
12 for a total of \$3,214.50 in default attorney's fees.

13 Therefore, Liberty seeks a default judgment, jointly and severally,
14 against all cross defendants in the amount of \$135,664.42 (\$132,449.69 +
15 3214.50). Therefore, Liberty requests the court enter judgment against all
16 defendants, jointly and severally, in the sum of \$135,664.42 plus costs.

17 I declare under penalty of perjury that the foregoing is true and correct.

18 Executed at Orange, CA.

19
20 April 25, 2024

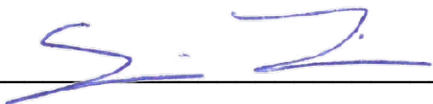
21 
22 _____
23 Sonia Linnaus, Senior Surety Claims Counsel
24
25
26
27
28

EXHIBIT 1



GIA # 22914-01

Execution Date: May 8, 2015

INDEMNITY AGREEMENT

This Indemnity Agreement ("Agreement") is made as of the Execution Date set forth above by Indemnitors for the purpose of indemnifying Surety in connection with the Bond(s) described below.

Surety: Developers Surety and Indemnity Company and/or Indemnity Company of California and/or CorePointe Insurance Company including their successors, assigns and any other person or entity either of them procures to act as surety or co-surety on any Bond, or who executes a Bond at their request.

Surety's Address: 17771 Cowan
Irvine, CA 92614

Indemnitor: All signatories to this Agreement, including their successors and assigns: all owners, members and affiliates of any signatory whether alone or in joint venture or partnership with others, in any combination; and all Principals, as defined below. Indemnitors further intend to bind any non-signing Principal to all obligations of this Agreement to the fullest extent that the individual signing on behalf of any Indemnitor has the ability to bind any Principal, whether or not a separate signature line for that Principal is added to this or any other agreement.

Principal: Villas Over Sunland, LLC, A California Limited Liability Company

and any Indemnitor, or other person or entity whose name was furnished to the Surety by any Indemnitor, for whom Surety issues a bond.

Bond: Any contract of Suretyship, and any authorized extensions, renewals, modifications or substitutions thereof, undertaken by Surety for Principal, whether before or after the date of this Agreement.

Loss: Any premiums not paid when due to Surety in connection with any Bond, including all renewals, extensions and premium adjustments, until Surety receives satisfactory evidence the Bond has been fully discharged or released.

Liability incurred or amounts paid in satisfaction or settlement of any or all claims, demands, damages, costs, lawsuits, legal or administrative proceedings, awards or judgments relating to Principal's actual or alleged nonperformance of any obligation covered by a Bond.

Liability incurred or expenses paid in connection with actual or potential claims, lawsuits, demands for arbitration, awards, judgments or appeals relating to a Bond, including, without limitation, attorneys' fees, all legal expenses, and all fees and costs for consultants, physical, design, investigation, fund control, accounting, engineering or other services related to the investigation or defense of actual or potential claims and losses.

Monies loaned or any other financing provided by Surety to Principal.

Liability incurred or expenses paid in procuring or attempting to procure a release of liability under or exoneration of a Bond.

Liability incurred or expenses paid in recovering or attempting to recover Loss or other expenses paid or incurred in connection with this Agreement, or a Bond. Such expenses include any fee or commission charged to Surety in recovering or attempting to recover Loss, or any suit under this Agreement. Surety may recover the additional expenses and reasonable attorneys' fees incurred in such suit.

Liability incurred or Loss caused by the failure of Principal or other Indemnitor to perform or comply with any of the covenants and conditions of this Agreement, including, without limitation, the costs and expenses of Surety in connection with the enforcement of any of Principal's or Indemnitors' covenants and conditions contained herein or in connection with the exercise of any remedy available to Surety.

Interest from the date Surety pays any Loss at the rate of 12% per annum or the maximum rate permitted in the jurisdiction in which this Agreement is enforced, if less.

NOW, THEREFORE, Indemnitors, jointly and severally, agree as follows:

1. CONSIDERATION. Indemnitors understand that Surety expressly requires execution and the delivery of this Agreement as partial consideration for executing and issuing Bonds and/or to refrain from cancelling Bonds. Indemnitors have a substantial, material and beneficial interest in the Principal obtaining Bonds and/or in the Surety refraining from cancelling Bonds.

2. INDEMNIFICATION. Indemnitors agree to fully and continuously indemnify Surety against any and all Loss or expenses of every kind or nature, including, without limitation, those incurred: (i) by reason of having executed or procured the execution of any Bond, (ii) by reason of the failure of any Indemnitor to perform or comply with the covenants and conditions of this Agreement, and (iii) enforcing any of the covenants and conditions of this Agreement. Also, Indemnitors agree to indemnify Surety against the fees and disbursements of counsel whether on salary, retainer or otherwise.

Surety may at its sole and absolute discretion pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond. Any such act or decision by the Surety is binding upon and ratified by Indemnitors and any cost, expense or payment incurred or made by the Surety shall be a Loss covered by this Agreement. An itemized statement, sworn to by any employee of the Surety, or a copy of a check or draft or other evidence of such payment or compromise, shall be prima facie evidence of the fact and amount of any Loss and the liability of Indemnitors for it under this Agreement.

Indemnitors agree to defend Surety against any lawsuit, arbitration demand, action or other proceeding brought with respect to any Bond. Upon Surety's demand Indemnitors shall retain counsel acceptable to Surety, at Indemnitors' sole cost and expense, to represent and defend Surety. Surety reserves the right, at any time, and at its sole and absolute discretion, to retain or substitute counsel to represent and defend itself regardless of whether Indemnitors tender and/or Surety initially accepts counsel for the Surety's defense. Regardless of who retains counsel, Indemnitors agree to fully indemnify Surety against all legal fees, costs and other expenses. Indemnitors' retention of counsel to defend Surety shall in no way waive, modify or otherwise affect Surety's right in its sole and absolute discretion to pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond.

If any Indemnitor desires to resist, defend or litigate a claim or demand against the Surety the Indemnitor shall give timely written notice to Surety of its intention. Surety, at its sole and absolute discretion, may require Indemnitor to immediately deposit with the Surety cash or other collateral satisfactory to the Surety in an amount which Surety deems sufficient to cover (i) the cost and expense of the claim or demand including, without limitation, recoverable interest, attorney's fees and costs through the probable date of disposition and (ii) the anticipated fees, costs and expenses which the Surety deems sufficient for its defense. Indemnitor's posting of collateral and/or retention of counsel to defend Surety shall in no way waive, modify or otherwise affect Surety's right in its sole and absolute discretion to pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond; or any other rights set forth in this Agreement. Collateral deposited pursuant to this paragraph is governed by the terms of section 3, below.

3. COLLATERAL RESERVE. If the Surety deems it necessary or expedient to protect itself from potential liability or Loss, Surety may demand a collateral reserve in a dollar amount which the Surety in its sole discretion determines is adequate. Immediately upon demand, and whether or not Surety has made any payment or incurred an actual Loss to date, Indemnitors shall deposit collateral with Surety in an amount equal to the collateral reserve demanded. The collateral shall be cash or other property which Surety, in its sole and absolute discretion, may agree to accept. In its sole discretion, the Surety may from time to time request an increase or supplement to a collateral reserve previously demanded. The Surety shall have the right to use part or all of the collateral reserve to pay or otherwise settle any Loss for which the Indemnitor would be obligated to indemnify the Surety under the terms of this Agreement. Surety shall have no obligation to invest or provide a return on the collateral reserve. If Indemnitor neglects, refuses or otherwise fails to deposit the demanded collateral reserve Surety may seek a mandatory injunction to specifically enforce Indemnitors' agreement to honor a collateral reserve demand. Surety may also seek any other available remedy at law or in equity. The Indemnitor or Indemnitors who deposited the collateral reserve shall be entitled to the return of any unused portion upon termination of the Surety's liability under the Bonds and the performance by Indemnitors of all obligations to the Surety under the terms of this Agreement. The Surety's collateral demand shall be sufficient if sent to the address last known to the Surety of the Principal and/or Indemnitors to whom it is directed, whether or not it is actually received. Posting of collateral by any Indemnitor shall in no way waive, modify or otherwise affect Surety's right in its sole and absolute discretion to pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond, as provided in this Agreement.

4. TRUST FUNDS. Each Indemnitor agrees and hereby expressly declares that all funds due or which may become due under any contract or other obligation covered by a Bond, whether in the possession of the Principal or another, are trust funds for the benefit of the Surety and for payment of all persons and entities to whom the Principal incurs obligations in the performance of a bonded contract or other obligation. If the Surety discharges any obligation to such a person or entity, it shall be entitled to assert the claim of that person or entity to the trust funds. Indemnitors agree to use trust funds for the purpose of performing any contract or other obligation covered by a

bond and for no other purpose until the liability of the Surety under the Bond is completely exonerated. Each Indemnitor that comes into possession of these trust funds recognizes and assumes its role as a fiduciary with respect to their preservation and proper application. Indemnitors agree that the trust funds retain their trust character, even in the absence of segregation. If requested by Surety, Indemnitors agree to open an account or accounts with a bank or similar depository, designated by the Principal and approved by the Surety, which shall be for the deposit of the trust funds, and into which they shall deposit all monies received pursuant to the contract or contracts. Withdrawals from these accounts shall be by check or similar instrument signed by the Principal and countersigned by a representative of the Surety. Said trust or trusts shall terminate on the payment by Principal of all the contractual obligations for which the trust or trusts are created.

5. DEFAULT. Indemnitor shall be in default under this Agreement upon the occurrence of any of the following:

5.1 Any abandonment, forfeiture, breach of, or failure, refusal or inability to perform any contract or other obligation covered by a Bond:

5.2 The failure, delay, refusal or inability of the Principal to pay bills or other indebtedness incurred in, or in connection with the performance of any contract or other obligation covered by a Bond;

5.3 The declaration by any Bond obligee that Principal is in default of the contract or other obligation covered by a Bond:

5.4 The failure by any Indemnitor to perform, or comply with, any of the terms, covenants and obligations of this Agreement.

5.5 The diversion or non-use by any Indemnitor of trust funds, loan funds, equity funds or materials intended by the bond obligee, lender, equity contributor or supplier of such funds or materials to be used for, and which are needed to perform or discharge, an obligation covered by a Bond.

5.6 Insolvency, placement of any Indemnitor or property owned or controlled by an Indemnitor in receivership, assignment for the benefit of creditors, or voluntary or involuntary filing of any insolvency or bankruptcy proceeding by or against any Indemnitor.

5.7 If the Principal is an individual: the Principal's death, unauthorized taking of funds, material or property, disappearance, incompetence, conviction of a felony or imprisonment. If the Principal is any other type of entity: any actual or threatened change to its character, identity, control, management, beneficial ownership or existence.

5.8 The failure of any Indemnitor to promptly furnish accurate, complete and up-to-date financial statements upon request of Surety, or the furnishing of a financial statement by any Indemnitor which contains any material misstatement or omission.

5.9 Any material, adverse change in the financial condition of any Indemnitor.

5.10 In the event some or all of an obligation covered by a Bond relates to the performance of a subdivision improvement agreement between any Indemnitor and a private or public entity for which one or more Bonds have been executed and delivered, improvement security, any voluntary or involuntary transfer of the property that is subject to the improvement agreement.

5.11 The filing of any suit, demand for arbitration or the commencement of any action or proceeding in connection with or related to an obligation covered by a Bond, whether or not Surety is named as a party.

5.12 Any suspension, revocation or other material, adverse change in the status of any license of Principal with any applicable licensing board or agency required to perform or discharge any obligation covered by a Bond.

Indemnitor agrees that Surety's determination there has been a default shall be conclusive.

6. REMEDIES UPON DEFAULT. In the event of any default, as described in Section 5 above, Surety, directly or through its agent or designee, in its sole and absolute discretion, is hereby authorized by Indemnitors:

6.1 To take possession of all or any part of the work under any contract or other obligation covered by a Bond and, at the expense of Indemnitors, to complete the work, arrange for the completion of the work, or consent to the completion of the work.

6.2 To take possession of Principal's and/or Indemnitor's equipment, materials, tools, plant, supplies, books and records at the site of the work or elsewhere, and to use and consume them to perform the obligations covered by a Bond:

6.3 If the subject work is being performed on real property owned by any Indemnitor, Surety may take possession of the real property. Surety may exercise this right in person or through an agent, with or without bringing any action or proceeding, or by court appointed receiver.

6.4 In the event part or all of an obligation covered by a Bond relates to performance of a subdivision improvement agreement between any Indemnitor and a private or public entity, to revert to acreage the real property which is the subject of the subdivision improvement agreement.

6.5 To file suit to enforce the provisions of this Agreement.

6.6 To make or to guarantee advances, loans or other financing in connection with an obligation covered by a Bond without any obligation or responsibility as to the application of the funds. It is expressly understood and agreed that the amount of all such advances or loans shall be conclusively presumed to be a Loss for which Indemnitors are liable irrespective of the prospects for repayment of the loan or the security provided for it.

6.7 The remedies specified above shall be in addition to all other remedies available to Surety by this Agreement, in law, equity or otherwise. Surety shall have the right to enforce one or more remedies successively or concurrently and the exercise of one remedy shall not preclude the exercise of any other.

7. **ASSIGNMENT.** With respect to each Bond executed by the Surety, each Indemnitor hereby assigns, transfers and conveys to the Surety, but subject to the trust herein created; (a) all monies due or which may become due the Principal or other Indemnitor under or as a result of any contract or obligation to which an Indemnitor is a party, whether or not covered by the Bond, including, but not limited to, progress payments, deferred payments, retained percentages, securities or cash posted in lieu of retention, compensation for extra work and proceeds of damage claims; (b) all right, title and interest of the Principal in and to all supplies, tools, plant, equipment and materials of every nature and description that may now or hereafter be in, on or around the site of, or related to the work under the contract or other obligation covered by the Bond; (c) materials purchased or ordered for the performance of the contract or other obligation covered by the Bond whether in the process of construction, in transit to the site, or in storage elsewhere; (d) all right, title and interest of the Principal in and to all subcontract and other obligations, let or to be let, in connection with the contract or other obligation covered by the Bond including all surety bonds covering such subcontracts and obligations; (e) all actions, causes of action, claims and demands and offsets that the Principal or Indemnitors have or may have against any subcontractor, laborer, materialman or any person and their sureties furnishing or agreeing to furnish or supply labor, material, supplies, machinery, services, tools or other equipment on all contracts whether or not covered by the Bond; (f) all rights arising out of insurance policies of Principal related to a contract or other obligation covered by the Bond; (g) any and all undisbursed loan funds, interest reserve accounts, or deposits of any sort to which the Principal or Indemnitors may be entitled, and any and all collateral for any undertaking given by Principal or Indemnitors in connection with any obligation covered by the Bond; (h) any return premium due to any Indemnitor from Surety or any insurance carrier; and (i) all powers of direction, appointment or revocation of any trusts in which Indemnitor holds or held such powers.

The foregoing assignment shall be effective as of the date of the execution and delivery of this Agreement as to each contract or other obligation covered by Bonds executed prior to such date although nothing herein shall limit the right of the Surety to claim under any prior assignment. With respect to any Bond executed and delivered on or after the date of execution and delivery of this Agreement, the assignment shall be effective as of the effective date of the Bond. The assignment with respect to each Bond shall take effect on the date indicated, but only in the event of a default under this Agreement.

The Surety is authorized to assert and prosecute any right or claim assigned or transferred to it, or which it acquires by subrogation, in the name of the Principal or any Indemnitor and to compromise and settle any such right or claim on such terms as it considers reasonable under the circumstances.

8. **SECURITY AGREEMENT.** To secure the obligations under this Agreement, each Indemnitor grants to Surety a security interest in the following property, whether now owned or hereafter acquired, a) all contracts or subcontracts and all related contract rights, b) all rights under any insurance policies or surety bonds, c) all accounts, accounts receivable, or sums due under any contract, including but not limited to, contract claims and proceeds from them, d) all machinery, equipment, tools, inventory and construction materials, and e) all payment rights, commercial tort claims, chattel paper, deposit accounts, documents, farm products, fixtures, software, general intangibles, tax refunds, goods, instruments, stocks, bonds, securities, dividends, memberships, partnership interests, inventory, investment property, letter of credit rights, life insurance policies and all supporting obligations and proceeds.

This Agreement constitutes a Security Agreement to the Surety and a Financing Statement in accordance with the provisions of the Uniform Commercial Code. Notwithstanding any other provisions of this Agreement, the Surety is expressly authorized to file financing statements with respect to any security interest the Surety may have, at any time in any jurisdiction, with or without an Event of Default, and whether or not such security interest is perfected or would be perfected by such filing. The filing or recording of any such document shall be solely at the option of Surety. The failure to file or properly file shall not release or discharge any of the obligations of any Indemnitor under this Agreement. Indemnitors shall promptly execute and deliver such additional documents as Surety may request to document or perfect the security interest granted under the Agreement.

In the event of default, Indemnitors agree that, in addition to granting Surety security interest in the property listed above, Surety

may prepare and record any and all documents with the appropriate authority in any jurisdiction in which any Indemnitor owns real property which are necessary, customary or required to evidence and perfect a security interest in favor of Surety in any real property owned by any Indemnitor to secure the obligations of this Agreement. Surety is further authorized to employ the rights granted in paragraph 12 of this agreement to accomplish this recording.

9. RIGHT TO INFORMATION. Indemnitors agree to furnish Surety such information as it may request from time to time concerning the financial condition of Indemnitors, the status of work under any contract or other obligation covered by a Bond, the condition of the performance of any such contract or other obligation and the payment of obligations incurred in connection with it. The Surety may at reasonable times and places and from time to time, examine and copy the books, records and accounts of any Indemnitor. The Surety may obtain information concerning the affairs and operations of any Indemnitor and any transaction between or among the Indemnitors from any banks, depositories, obligees of the Bonds, materialmen, supply houses, credit reporting agencies or other persons, each of whom are hereby expressly authorized by Indemnitor to furnish such information to the Surety.

10. DECLINATION OF SURETYSHIP. The surety may decline to execute any Bond applied for without incurring any liability whatever to any Indemnitor. If the Surety executes a Bid Bond, proposal Bond or any similar undertaking it may, nevertheless, decline to execute any and all Bonds that may be required in connection with any award made on the bid or proposal for which the bond or undertaking is given. The Principal shall have the right to procure from another surety any bonds that may be required in connection with any award under the proposal for which the bond or undertaking is given.

11. DISCHARGE FROM SURETYSHIP. Indemnitors will, at any time upon the request of the Surety, procure the discharge and exoneration of the Surety from any Bond and all liability related to it. The Surety may, at any time, take such action as it deems necessary or proper to obtain its release from any and all liability under any Bond.

12. POWER OF ATTORNEY. Each Indemnitor hereby irrevocably nominates, constitutes, appoints and designates the Surety or the Surety's designee as his/her/its attorney-in-fact with the right to exercise all of the rights assigned, transferred and set over to the Surety by this Agreement and, in his/her/its name, to execute and deliver any and all assignments, instruments and documents and to negotiate payment documents deemed necessary or desirable by the Surety (i) to vest in the Surety absolute title to any and all monies, property and rights assigned in this Agreement and (ii) to provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors hereby ratify and affirm all acts and actions which shall be taken and done by Surety or its designee as attorney-in-fact.

13. TERMINATION OF INDEMNITOR LIABILITY. This is a continuing Agreement which remains in full force and effect until terminated. The sole and exclusive method of terminating Indemnitor's indemnity liability shall be in strict compliance with this section. Termination by any Indemnitor shall in no way affect the obligation or liability of any other Indemnitor who has not given such notice. In order to terminate liability as to any future Bond an Indemnitor shall:

13.1 Give to Surety written notice of such termination by certified mail, return receipt requested; or via overnight delivery service, with proof of service, addressed to Surety at its current home office address, as listed on the Surety's website at the date of mailing; and

13.2 State in such notice the effective date, which shall not be less than 30 days following receipt of such notice by the Surety, of the termination of the Indemnitor's liability for any future Bond.

13.3 Following the effective date of such termination, such Indemnitor shall continue to be liable to Surety for all obligations under this Agreement with respect to: (i) any Bond executed or authorized prior to such effective date of termination, including any renewals, substitutions, extensions and modifications of the Bond; (ii) any bid or proposal Bond executed or authorized prior to such effective date of termination, any Bond executed pursuant to such a bid or proposal Bond and any renewals, substitutions, extensions and modifications of these Bonds; and (iii) any maintenance or guarantee Bond executed incidental to any other Bond executed prior to such date of termination, and any renewals, substitutions and extensions of that Bond.

14. GENERAL PROVISIONS.

14.1 The obligations of Indemnitors hereunder are joint and several. Surety may maintain repeated actions to enforce the terms of this Agreement as causes of action accrue or as breaches of the Agreement occur without any former action operating as a bar to any subsequent action. Any statute of limitations applicable to a Surety cause of action under this Agreement shall begin to run upon the date of the last item of Loss paid by Surety on any Bond covered by this Agreement.

14.2 Indemnitors hereby expressly waive the benefit of any statute or rule of law which gives Indemnitor the right to require Surety to first proceed against Principal or any other person, firm or entity, or to proceed against any security held by Surety at any time, or to pursue any other remedy available to Surety before proceeding against any Indemnitor.

14.3 Indemnitors shall continue to remain bound under this Agreement even though the Surety may, from time to time and with or without notice to or knowledge of any Indemnitor, have previously accepted or released, or shall accept or release in the future, other agreements of indemnity or collateral from Indemnitors or from others in connection with the execution of the Bonds. Surety is hereby expressly authorized to settle any claim based upon this Agreement against any and all of the Indemnitors individually, and such settlement or compromise shall not affect the liability of any other Indemnitor.

14.4 Indemnitors waive notice of the execution of any Bond, default, claim against Surety, loan of funds to Principal by Surety or any other act, fact or information concerning or affecting the rights or liabilities of the Surety or the rights or liabilities of any Indemnitor. Indemnitors have established adequate means of obtaining from sources other than Surety, on a continuing basis, financial and other information pertaining to Principal's financial condition and the status of Principal's performance of the obligations covered by each Bond. Indemnitors agree to keep adequately informed of any facts, events or circumstances which might in any way affect Indemnitors' risk under this Agreement and waive notice of any such facts whether or not the Surety may have reason to believe that such facts are unknown to the Indemnitors or whether the Surety may have had a reasonable opportunity to communicate such facts to the Indemnitors.

14.5 Indemnitors agree to provide Surety prompt notice of any facts which might give rise to any claims or suits against Surety upon any Bond. Indemnitors agree that Surety may retain counsel of its choosing to defend claims or suits, whether or not any Indemnitor has engaged counsel, and that all payments to Surety's counsel and other legal expenses are a Loss.

14.6 The Surety in its sole discretion is authorized, without notice to or knowledge of any Indemnitor, to assent to any change whatsoever in any Bond and any contract or other obligation covered by a Bond, including, but not limited to, any change in the time for the completion of the contract or other obligation and for payments or advances thereunder, to assent to or to take any assignments, to execute or consent to the execution of any continuations, extensions, renewals, enlargements, modifications, changes or alterations of any Bond and to issue and/or execute any substitution of the Bond, with the same or different conditions, provisions and obligations and with the same, larger or smaller penalties. Indemnitors shall remain bound under the terms of this Agreement even though any such action or assent by the Surety does or may substantially increase their liability.

14.7 Indemnitors expressly waive any defense to their obligations under this Agreement arising from or related to an alleged failure to mitigate by the Surety or a claim that the Surety's actions materially increased the risk of loss to Indemnitors.

14.8 Surety shall have every right, defense or remedy which a personal surety without compensation would have.

14.9 Indemnitors waive any right to trial by jury in any action relating to or arising out of this Agreement, any Bond or any Indemnitor's relationship with Surety.

14.10 If any of the persons named herein as Principal or Indemnitor fails to execute this Agreement or if the execution by any of the Indemnitors is deemed defective or invalid for any reason, such failure, defect or invalidity shall not in any manner diminish or otherwise affect the obligation or liability of any other Indemnitor. Each Indemnitor expressly represents and warrants to the Surety that the signatures of all other Indemnitors are genuine. Failure of the Principal to sign any Bond shall not relieve any Indemnitor of liability under this Agreement. If any provision or provisions of this Agreement are held to be void or unenforceable under the laws of the place governing its construction or enforcement the remainder of this Agreement shall not be void or unenforceable and shall continue in effect and be enforced as though the void or unenforceable provision or provisions were omitted.

14.11 If a claim is filed by Surety in a bankruptcy case of any Indemnitor, Indemnitors acknowledge and agree that the Surety's claim is not contingent as that term is used in Section 502(e)(1)(B) of the Bankruptcy Code because the Surety's rights under paragraphs 11 and 3 entitle the Surety to unconditional payment and are immediately enforceable against Indemnitor.

14.12 The rights and remedies afforded to the Surety by the terms of this Agreement may not be waived or modified orally and no written change or modification shall be effective until signed by an officer of the Surety.

14.13 Indemnitors waive, so far as their respective obligations under this Agreement are concerned, all rights to claim any of their property, including their respective homesteads, as exempt from levy, execution or sale or other legal process under the laws of any state, territory or possession of the United States.

14.14 As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The masculine pronoun shall be read as feminine or neuter as circumstances require. The word "person" shall mean and include individuals, partnerships, joint ventures, corporations, associations and other entities.

14.15 Indemnitors expressly waive their right to create any asset protection trust until Surety has been fully discharged from liability on all Bonds and all obligations owed to Surety by any Indemnitor under this Agreement have been fully satisfied. Any statute

of limitations upon fraudulent transfer claims applicable in any jurisdiction which permits the creation of self-settled asset protection trusts is waived by Indemnitor in any claim or suit brought by Surety. Any transfer by Indemnitors of property to an asset protection trust after the date of this Agreement is de facto and conclusively acknowledged to be a fraudulent transfer as to Surety, avoidable at the election of Surety without any proof other than the date and fact of the transfer.

14.16 If any proceeding is brought against the Surety relating to or arising out of a Bond in which the Surety desires to join any Indemnitor by reason of the undertakings in this Agreement, Indemnitor agrees that he/she/it will, upon written notice of the Surety to do so, voluntarily appear in such proceedings and accept service of process and other papers either personally or by an attorney of the Indemnitor's choice. Moreover, for the adjudication of all matters arising under this Agreement, Indemnitors consent to jurisdiction and venue of any court or tribunal (including arbitration and mediation) in any forum in which 1) a Bond is written by Surety or 2) a proceeding is brought against the Surety relating to a Bond. With respect to any action brought by the Surety on this Agreement in a jurisdiction in which one or more of the Indemnitors reside, are domiciled, are doing business or are found, each of the Indemnitors not in the jurisdiction hereby designates each of the Indemnitors in such jurisdiction as his/her/its agent to receive on his/her/its behalf service of process in such action, and consents to jurisdiction and venue in that jurisdiction.

14.17 All rights and remedies of the Surety under this Agreement shall be cumulative and the exercise of or failure to exercise any right or remedy at any time shall not be an election of remedy or a waiver of any other right or remedy. Failure of the Surety to pursue any remedy against one or more of the Indemnitors shall not release or waive any right against any other of the Indemnitors.

14.18 The obligations of Indemnitors under this Agreement shall be in addition to, and shall not limit or in any way affect, the obligations of Indemnitors under any other existing or future indemnities or guarantees unless said other indemnities or guarantees are expressly modified or revoked in writing.

14.19 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original hereof and all of which, taken together, shall constitute one and the same instrument. Furthermore, the Parties agree that a photocopy of this Agreement or one transmitted electronically or by telefacsimile may be treated for all purposes as an original.

14.20 Each Indemnitor agrees that any indebtedness owed him/her/it by another other Indemnitor, whenever or however said indebtedness arises, is hereby subordinated to the indebtedness of Indemnitor to Surety, until all obligations to the Surety under this Agreement have been satisfied in full.

14.21 This Agreement represents the entire integrated agreement between the Surety and Indemnitors with respect to the matters herein, and supersedes all prior negotiations, representations or agreements, except as referenced or modified herein. No Indemnitor is relying upon any promise or representation by any other party not contained in this Agreement.

EACH INDEMNITOR WHOSE SIGNATURE IS PLACED BELOW REPRESENTS TO THE SURETY THAT THEY HAVE CAREFULLY READ THIS ENTIRE AGREEMENT AND THAT THERE ARE NO OTHER AGREEMENTS OR UNDERSTANDINGS WHICH IN ANY WAY REDUCE OR MODIFY THE OBLIGATIONS SET FORTH HEREIN.

IN WITNESS WHEREOF, the Indemnitors, intending to be legally bound hereby, have executed this Agreement effective as of the Execution Date first above written.

INDEMNITOR:

Villas Over Sunland, LLC,
A California Limited Liability Company

BY:

Andrew Nowaczek, Sole Member

Andrew and Audrey Nowaczek Family Trust

BY:

Andrew Nowaczek, Trustee

Audrey D. Nowaczek Trustee

INDEMNITOR:

X

Andrew Nowaczek, Individually

X

Audrey D. Nowaczek, Individually

ALL SIGNATURES MUST BE ACKNOWLEDGED BY A NOTARY PUBLIC

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no text or other markings on the paper.

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears slightly aged or off-white. There is no handwriting or printed text on the page.

ID-1000 (Standard/National) 03/15

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA

County of

Los Angeles

On

May 8, 2015

Date

before me,

Marta A. Litwin

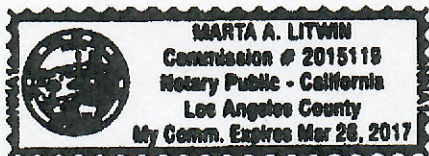
, Notary Public,

Insert Name of Notary exactly as it appears on the official seal

personally appeared

Andrew Nowaczek

Name(s) of Signer(s)



Place Notary Seal Above

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

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

Witness my hand and official seal.

Signature

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 the form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

Signer's Name: _____

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

Signer is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

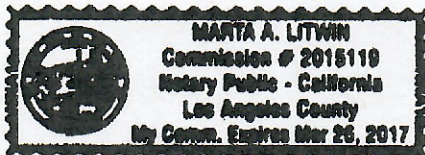
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

County of Los Angeles }

On May 8, 2015 before me, Marta A. Litwin, Notary Public,
Date Insert Name of Notary exactly as it appears on the official seal

personally appeared Audrey Nowaczek
Name(s) of Signer(s)



Place Notary Seal Above

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

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

Witness my hand and official seal

Signature Marta A. Litwin
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 the form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer is Representing: _____

Signer's Name: _____

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

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer is Representing: _____

EXHIBIT 2



GIA # 22914-02

Execution Date: October 15, 2015

INDEMNITY AGREEMENT

This Indemnity Agreement ("Agreement") is made as of the Execution Date set forth above by Indemnitors for the purpose of indemnifying Surety in connection with the Bond(s) described below.

Surety: Developers Surety and Indemnity Company and/or Indemnity Company of California and/or CorePointe Insurance Company including their successors, assigns and any other person or entity either of them procures to act as surety or co-surety on any Bond, or who executes a Bond at their request.

Surety's Address: 17771 Cowan
Irvine, CA 92614

Indemnitor: All signatories to this Agreement, including their successors and assigns; all owners, members and affiliates of each signatory whether alone or in joint venture or partnership with others, in any combination; and all Principals, as defined below. Indemnitors further intend to bind any non-signing Principal to all obligations of this Agreement to the fullest extent that the individual signing on behalf of any Indemnitor has the ability to bind any Principal, whether or not a separate signature line for that Principal is added to this or any other agreement.

Principal: Spring Valley Estates, LLC, A Delaware Limited Liability Company

and any Indemnitor, or other person or entity whose name was furnished to the Surety by any Indemnitor, for whom Surety issues a bond.

Bond: Any contract of Suretyship, and any authorized extensions, renewals, modifications or substitutions thereof, undertaken by Surety for Principal, whether before or after the date of this Agreement.

Loss: Any premiums not paid when due to Surety in connection with any Bond, including all renewals, extensions and premium adjustments, until Surety receives satisfactory evidence the Bond has been fully discharged or released.

Liability incurred or amounts paid in satisfaction or settlement of any or all claims, demands, damages, costs, lawsuits, legal or administrative proceedings, awards or judgments relating to Principal's actual or alleged nonperformance of any obligation covered by a Bond.

Liability incurred or expenses paid in connection with actual or potential claims, lawsuits, demands for arbitration, awards, judgments or appeals relating to a Bond, including, without limitation, attorneys' fees, all legal expenses, and all fees and costs for consultant, analytical, design, investigation, fund control, accounting, engineering or other services related to the investigation or defense of actual or potential claims and losses.

Monies loaned or any other financing provided by Surety to Principal.

Liability incurred or expenses paid in procuring or attempting to procure a release of liability under or exoneration of a Bond.

Liability incurred or expenses paid in recovering or attempting to recover Loss or other expenses paid or incurred in connection with this Agreement, or a Bond. Such expenses include any fee or commission charged to Surety in recovering or attempting to recover Loss. In any suit under this Agreement, Surety may recover the additional expenses and reasonable attorneys' fees incurred in such suit.

Liability incurred or Loss caused by the failure of Principal or other Indemnitor to perform or comply with any of the covenants and conditions of this Agreement, including, without limitation, the costs and expenses of Surety in connection with the enforcement of any of Principal's or Indemnitors' covenants and conditions contained herein or in connection with the exercise of any remedy available to Surety.

Interest from the date Surety pays any Loss at the rate of 12% per annum or the maximum rate permitted in the jurisdiction in which this Agreement is enforced, if less.

NOW, THEREFORE, Indemnitors, jointly and severally, agree as follows:

1. **CONSIDERATION.** Indemnitors understand that Surety expressly requires execution and the delivery of this Agreement as partial consideration for executing and issuing Bonds and/or to refrain from cancelling Bonds. Indemnitors have a substantial, material and beneficial interest in the Principal obtaining Bonds and/or in the Surety refraining from cancelling Bonds.

2. **INDEMNIFICATION.** Indemnitors agree to fully and continuously indemnify Surety against any and all Loss or expenses of every kind or nature, including, without limitation, those incurred: (i) by reason of having executed or procured the execution of any Bond, (ii) by reason of the failure of any Indemnitor to perform or comply with the covenants and conditions of this Agreement, and (iii) enforcing any of the covenants and conditions of this Agreement. Also, Indemnitors agree to indemnify Surety against the fees and disbursements of counsel whether on salary, retainer or otherwise.

Surety may at its sole and absolute discretion pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond. Any such act or decision by the Surety is binding upon and ratified by Indemnitors and any cost, expense or payment incurred or made by the Surety shall be a Loss covered by this Agreement. An itemized statement, sworn to by any employee of the Surety, or a copy of a check or draft or other evidence of such payment or compromise, shall be prima facie evidence of the fact and amount of any Loss and the liability of Indemnitors for it under this Agreement.

Indemnitors agree to defend Surety against any lawsuit, arbitration demand, action or other proceeding brought with respect to any Bond. Upon Surety's demand Indemnitors shall retain counsel acceptable to Surety, at Indemnitors' sole cost and expense, to represent and defend Surety. Surety reserves the right, at any time, and at its sole and absolute discretion, to retain or substitute counsel to represent and defend itself regardless of whether Indemnitors tender and/or Surety initially accepts counsel for the Surety's defense. Regardless of who retains counsel, Indemnitors agree to fully indemnify Surety against all legal fees, costs and other expenses. Indemnitors' retention of counsel to defend Surety shall in no way waive, modify or otherwise affect Surety's right in its sole and absolute discretion to pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond.

If any Indemnitor desires to resist, defend or litigate a claim or demand against the Surety the Indemnitor shall give timely written notice to Surety of its intention. Surety, at its sole and absolute discretion, may require Indemnitor to immediately deposit with the Surety cash or other collateral satisfactory to the Surety in an amount which Surety deems sufficient to cover (i) the cost and expense of the claim or demand including, without limitation, recoverable interest, attorney's fees and costs through the probable date of disposition and (ii) the anticipated fees, costs and expenses which the Surety deems sufficient for its defense. Indemnitor's posting of collateral and/or retention of counsel to defend Surety shall in no way waive, modify or otherwise affect Surety's right in its sole and absolute discretion to pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond; or any other rights set forth in this Agreement. Collateral deposited pursuant to this paragraph is governed by the terms of section 3, below.

3. **COLLATERAL RESERVE.** If the Surety deems it necessary or expedient to protect itself from potential liability or Loss, Surety may demand a collateral reserve in a dollar amount which the Surety in its sole discretion determines is adequate. Immediately upon demand, and whether or not Surety has made any payment or incurred an actual Loss to date, Indemnitors shall deposit collateral with Surety in an amount equal to the collateral reserve demanded. The collateral shall be cash or other property which Surety, in its sole and absolute discretion, may agree to accept. In its sole discretion, the Surety may from time to time request an increase or supplement to a collateral reserve previously demanded. The Surety shall have the right to use part or all of the collateral reserve to pay or otherwise settle any Loss for which the Indemnitor would be obligated to indemnify the Surety under the terms of this Agreement. Surety shall have no obligation to invest or provide a return on the collateral reserve. If Indemnitor neglects, refuses or otherwise fails to deposit the demanded collateral reserve Surety may seek a mandatory injunction to specifically enforce Indemnitors' agreement to honor a collateral reserve demand. Surety may also seek any other available remedy at law or in equity. The Indemnitor or Indemnitors who deposited the collateral reserve shall be entitled to the return of any unused portion upon termination of the Surety's liability under the Bonds and the performance by Indemnitors of all obligations to the Surety under the terms of this Agreement. The Surety's collateral demand shall be sufficient if sent to the address last known to the Surety of the Principal and/or Indemnitors to whom it is directed, whether or not it is actually received. Posting of collateral by any Indemnitor shall in no way waive, modify or otherwise affect Surety's right in its sole and absolute discretion to pay, compromise, defend, settle, investigate, appeal or otherwise handle or resolve any claim, demand, suit, arbitration demand, judgment, award or expense arising out of or related to any Bond, as provided in this Agreement.

4. **TRUST FUNDS.** Each Indemnitor agrees and hereby expressly declares that all funds due or which may become due under any contract or other obligation covered by a Bond, whether in the possession of the Principal or another, are trust funds for the benefit of the Surety and for payment of all persons and entities to whom the Principal incurs obligations in the performance of a bonded contract or other obligation. If the Surety discharges any obligation to such a person or entity, it shall be entitled to assert the claim of that person or entity to the trust funds. Indemnitors agree to use trust funds for the purpose of performing any contract or other obligation covered by a

bond and for no other purpose until the liability of the Surety under the Bond is completely exonerated. Each Indemnitor that comes into possession of these trust funds recognizes and assumes its role as a fiduciary with respect to their preservation and proper application. Indemnitors agree that the trust funds retain their trust character, even in the absence of segregation. If requested by Surety, Indemnitors agree to open an account or accounts with a bank or similar depository, designated by the Principal and approved by the Surety, which shall be for the deposit of the trust funds, and into which they shall deposit all monies received pursuant to the contract or contracts. Withdrawals from these accounts shall be by check or similar instrument signed by the Principal and countersigned by a representative of the Surety. Said trust or trusts shall terminate on the payment by Principal of all the contractual obligations for which the trust or trusts are created.

5. DEFAULT. Indemnitor shall be in default under this Agreement upon the occurrence of any of the following:

5.1 Any abandonment, forfeiture, breach of, or failure, refusal or inability to perform any contract or other obligation covered by a Bond;

5.2 The failure, delay, refusal or inability of the Principal to pay bills or other indebtedness incurred in, or in connection with, the performance of any contract or other obligation covered by a Bond;

5.3 The declaration by any Bond obligee that Principal is in default of the contract or other obligation covered by a Bond;

5.4 The failure by any Indemnitor to perform, or comply with, any of the terms, covenants and obligations of this Agreement.

5.5 The diversion or non-use by any Indemnitor of trust funds, loan funds, equity funds or materials intended by the bond obligee, lender, equity contributor or supplier of such funds or materials to be used for, and which are needed to perform or discharge, an obligation covered by a Bond.

5.6 Insolvency, placement of any Indemnitor or property owned or controlled by an Indemnitor in receivership, assignment for the benefit of creditors, or voluntary or involuntary filing of any insolvency or bankruptcy proceeding by or against any Indemnitor.

5.7 If the Principal is an individual: the Principal's death, unauthorized taking of funds, material or property, disappearance, incompetence, conviction of a felony or imprisonment. If the Principal is any other type of entity: any actual or threatened change to its character, identity, control, management, beneficial ownership or existence.

5.8 The failure of any Indemnitor to promptly furnish accurate, complete and up-to-date financial statements upon request of Surety, or the furnishing of a financial statement by any Indemnitor which contains any material misstatement or omission.

5.9 Any material, adverse change in the financial condition of any Indemnitor.

5.10 In the event some or all of an obligation covered by a Bond relates to the performance of a subdivision improvement agreement between any Indemnitor and a private or public entity for which one or more Bonds have been executed and delivered as improvement security, any voluntary or involuntary transfer of the property that is subject to the improvement agreement.

5.11 The filing of any suit, demand for arbitration or the commencement of any action or proceeding in connection with or related to an obligation covered by a Bond, whether or not Surety is named as a party.

5.12 Any suspension, revocation or other material, adverse change in the status of any license of Principal with any applicable licensing board or agency required to perform or discharge any obligation covered by a Bond.

Indemnitor agrees that Surety's determination there has been a default shall be conclusive.

6. REMEDIES UPON DEFAULT. In the event of any default, as described in Section 5 above, Surety, directly or through its agent or designee, in its sole and absolute discretion, is hereby authorized by Indemnitors:

6.1 To take possession of all or any part of the work under any contract or other obligation covered by a Bond and, at the expense of Indemnitors, to complete the work, arrange for the completion of the work, or consent to the completion of the work.

6.2 To take possession of Principal's and/or Indemnitor's equipment, materials, tools, plant, supplies, books and records at the site of the work or elsewhere, and to use and consume them to perform the obligations covered by a Bond;

6.3 If the subject work is being performed on real property owned by any Indemnitor, Surety may take possession of the real property. Surety may exercise this right in person or through an agent, with or without bringing any action or proceeding, or by court appointed receiver.

6.4 In the event part or all of an obligation covered by a Bond relates to performance of a subdivision improvement agreement between any Indemnitor and a private or public entity, to revert to acreage the real property which is the subject of the subdivision improvement agreement.

6.5 To file suit to enforce the provisions of this Agreement.

6.6 To make or to guarantee advances, loans or other financing in connection with an obligation covered by a Bond without any obligation or responsibility as to the application of the funds. It is expressly understood and agreed that the amount of all such advances or loans shall be conclusively presumed to be a Loss for which Indemnitors are liable irrespective of the prospects for repayment of the loan or the security provided for it.

6.7 The remedies specified above shall be in addition to all other remedies available to Surety by this Agreement, in law, equity or otherwise. Surety shall have the right to enforce one or more remedies successively or concurrently and the exercise of one remedy shall not preclude the exercise of any other.

7. **ASSIGNMENT.** With respect to each Bond executed by the Surety, each Indemnitor hereby assigns, transfers and conveys to the Surety, but subject to the trust herein created; (a) all monies due or which may become due the Principal or other Indemnitor under or as a result of any contract or obligation to which an Indemnitor is a party, whether or not covered by the Bond, including, but not limited to, progress payments, deferred payments, retained percentages, securities or cash posted in lieu of retention, compensation for extra work and proceeds of damage claims; (b) all right, title and interest of the Principal in and to all supplies, tools, plant, equipment and materials of every nature and description that may now or hereafter be in, on or around the site of, or related to the work under, the contract or other obligation covered by the Bond; (c) materials purchased or ordered for the performance of the contract or other obligation covered by the Bond whether in the process of construction, in transit to the site, or in storage elsewhere; (d) all right, title and interest of the Principal in and to all subcontract and other obligations, let or to be let, in connection with the contract or other obligation covered by the Bond including all surety bonds covering such subcontracts and obligations; (e) all actions, causes of action, claims and demands and offsets that the Principal or Indemnitors have or may have against any subcontractor, laborer, materialman or any person and their sureties furnishing or agreeing to furnish or supply labor, material, supplies, machinery, services, tools or other equipment on all contracts whether or not covered by the Bond; (f) all rights arising out of insurance policies of Principal related to a contract or other obligation covered by the Bond; (g) any and all undisbursed loan funds, interest reserve accounts, or deposits of any sort to which the Principal or Indemnitors may be entitled, and any and all collateral for any undertaking given by Principal or Indemnitors in connection with any obligation covered by the Bond; (h) any return premium due to any Indemnitor from Surety or any insurance carrier; and (i) all powers of direction, appointment or revocation of any trusts in which Indemnitor holds or held such powers.

The foregoing assignment shall be effective as of the date of the execution and delivery of this Agreement as to each contract or other obligation covered by Bonds executed prior to such date although nothing herein shall limit the right of the Surety to claim under any prior assignment. With respect to any Bond executed and delivered on or after the date of execution and delivery of this Agreement, the assignment shall be effective as of the effective date of the Bond. The assignment with respect to each Bond shall take effect on the date indicated, but only in the event of a default under this Agreement.

The Surety is authorized to assert and prosecute any right or claim assigned or transferred to it, or which it acquires by subrogation, in the name of the Principal or any Indemnitor and to compromise and settle any such right or claim on such terms as it considers reasonable under the circumstances.

8. **SECURITY AGREEMENT.** To secure the obligations under this Agreement, each Indemnitor grants to Surety a security interest in the following property, whether now owned or hereafter acquired, a) all contracts or subcontracts and all related contract rights, b) all rights under any insurance policies or surety bonds, c) all accounts, accounts receivable, or sums due under any contract, including but not limited to, contract claims and proceeds from them, d) all machinery, equipment, tools, inventory and construction materials, and e) all payment rights, commercial tort claims, chattel paper, deposit accounts, documents, farm products, fixtures, software, general intangibles, tax refunds, goods, instruments, stocks, bonds, securities, dividends, memberships, partnership interests, inventory, investment property, letter of credit rights, life insurance policies and all supporting obligations and proceeds.

This Agreement constitutes a Security Agreement to the Surety and a Financing Statement in accordance with the provisions of the Uniform Commercial Code. Notwithstanding any other provisions of this Agreement, the Surety is expressly authorized to file financing statements with respect to any security interest the Surety may have, at any time in any jurisdiction, with or without an Event of Default, and whether or not such security interest is perfected or would be perfected by such filing. The filing or recording of any such document shall be solely at the option of Surety. The failure to file or properly file shall not release or discharge any of the obligations of any Indemnitor under this Agreement. Indemnitors shall promptly execute and deliver such additional documents as Surety may request to document or perfect the security interest granted under the Agreement.

In the event of default, Indemnitors agree that, in addition to granting Surety security interest in the property listed above, Surety

may prepare and record any and all documents with the appropriate authority in any jurisdiction in which any Indemnitor owns real property which are necessary, customary or required to evidence and perfect a security interest in favor of Surety in any real property owned by any Indemnitor to secure the obligations of this Agreement. Surety is further authorized to employ the rights granted in paragraph 12 of this agreement to accomplish this recording.

9. RIGHT TO INFORMATION. Indemnitors agree to furnish Surety such information as it may request from time to time concerning the financial condition of Indemnitors, the status of work under any contract or other obligation covered by a Bond, the condition of the performance of any such contract or other obligation and the payment of obligations incurred in connection with it. The Surety may at reasonable times and places and from time to time, examine and copy the books, records and accounts of any Indemnitor. The Surety may obtain information concerning the affairs and operations of any Indemnitor and any transaction between or among the Indemnitors from any banks, depositories, obligees of the Bonds, materialmen, supply houses, credit reporting agencies or other persons, each of whom are hereby expressly authorized by Indemnitor to furnish such information to the Surety.

10. DECLINATION OF SURETYSHIP. The surety may decline to execute any Bond applied for without incurring any liability whatever to any Indemnitor. If the Surety executes a Bid Bond, proposal Bond or any similar undertaking it may, nevertheless, decline to execute any and all Bonds that may be required in connection with any award made on the bid or proposal for which the bond or undertaking is given. The Principal shall have the right to procure from another surety any bonds that may be required in connection with any award under the proposal for which the bond or undertaking is given.

11. DISCHARGE FROM SURETYSHIP. Indemnitors will, at any time upon the request of the Surety, procure the discharge and exoneration of the Surety from any Bond and all liability related to it. The Surety may, at any time, take such action as it deems necessary or proper to obtain its release from any and all liability under any Bond.

12. POWER OF ATTORNEY. Each Indemnitor hereby irrevocably nominates, constitutes, appoints and designates the Surety or the Surety's designee as his/her/its attorney-in-fact with the right to exercise all of the rights assigned, transferred and set over to the Surety by this Agreement and, in his/her/its name, to execute and deliver any and all assignments, instruments and documents and to negotiate payment documents deemed necessary or desirable by the Surety (i) to vest in the Surety absolute title to any and all monies, property and rights assigned in this Agreement and (ii) to provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors hereby ratify and affirm all acts and actions which shall be taken and done by Surety or its designee as attorney-in-fact.

13. TERMINATION OF INDEMNITOR LIABILITY. This is a continuing Agreement which remains in full force and effect until terminated. The sole and exclusive method of terminating Indemnitor's indemnity liability shall be in strict compliance with this section. Termination by any Indemnitor shall in no way affect the obligation or liability of any other Indemnitor who has not given such notice. In order to terminate liability as to any future Bond an Indemnitor shall:

13.1 Give to Surety written notice of such termination by certified mail, return receipt requested; or via overnight delivery service, with proof of service, addressed to Surety at its current home office address, as listed on the Surety's website at the date of mailing; and

13.2 State in such notice the effective date, which shall not be less than 30 days following receipt of such notice by the Surety, of the termination of the Indemnitor's liability for any future Bond.

13.3 Following the effective date of such termination, such Indemnitor shall continue to be liable to Surety for all obligations under this Agreement with respect to: (i) any Bond executed or authorized prior to such effective date of termination, including any renewals, substitutions, extensions and modifications of the Bond; (ii) any bid or proposal Bond executed or authorized prior to such effective date of termination, any Bond executed pursuant to such a bid or proposal Bond and any renewals, substitutions, extensions and modifications of these Bonds; and (iii) any maintenance or guarantee Bond executed incidental to any other Bond executed prior to such date of termination, and any renewals, substitutions and extensions of that Bond.

14. GENERAL PROVISIONS.

14.1 The obligations of Indemnitors hereunder are joint and several. Surety may maintain repeated actions to enforce the terms of this Agreement as causes of action accrue or as breaches of the Agreement occur without any former action operating as a bar to any subsequent action. Any statute of limitations applicable to a Surety cause of action under this Agreement shall begin to run upon the date of the last item of Loss paid by Surety on any Bond covered by this Agreement.

14.2 Indemnitors hereby expressly waive the benefit of any statute or rule of law which gives Indemnitor the right to require Surety to first proceed against Principal or any other person, firm or entity, or to proceed against or exhaust any security held by Surety at any time, or to pursue any other remedy available to Surety before proceeding against any Indemnitor.

14.3 Indemnitors shall continue to remain bound under this Agreement even though the Surety may, from time to time and with or without notice to or knowledge of any Indemnitor, have previously accepted or released, or shall accept or release in the future, other agreements of indemnity or collateral from Indemnitors or from others in connection with the execution of the Bonds. Surety is hereby expressly authorized to settle any claim based upon this Agreement against any and all of the Indemnitors individually, and such settlement or compromise shall not affect the liability of any other Indemnitor.

14.4 Indemnitors waive notice of the execution of any Bond, default, claim against Surety, loan of funds to Principal by Surety or any other act, fact or information concerning or affecting the rights or liabilities of the Surety or the rights or liabilities of any Indemnitor. Indemnitors have established adequate means of obtaining from sources other than Surety, on a continuing basis, financial and other information pertaining to Principal's financial condition and the status of Principal's performance of the obligations covered by each Bond. Indemnitors agree to keep adequately informed of any facts, events or circumstances which might in any way affect Indemnitors' risk under this Agreement and waive notice of any such facts whether or not the Surety may have reason to believe that such facts are unknown to the Indemnitors or whether the Surety may have had a reasonable opportunity to communicate such facts to the Indemnitors.

14.5 Indemnitors agree to provide Surety prompt notice of any facts which might give rise to any claims or suits against Surety upon any Bond. Indemnitors agree that Surety may retain counsel of its choosing to defend claims or suits, whether or not any Indemnitor has engaged counsel, and that all payments to Surety's counsel and other legal expenses are a Loss.

14.6 The Surety in its sole discretion is authorized, without notice to or knowledge of any Indemnitor, to assent to any change whatsoever in any Bond and any contract or other obligation covered by a Bond, including, but not limited to, any change in the time for the completion of the contract or other obligation and for payments or advances thereunder, to assent to or to take any assignments, to execute or consent to the execution of any continuations, extensions, renewals, enlargements, modifications, changes or alterations of any Bond and to issue and/or execute any substitution of the Bond, with the same or different conditions, provisions and obligees and with the same, larger or smaller penalties. Indemnitors shall remain bound under the terms of this Agreement even though any such action or assent by the Surety does or may substantially increase their liability.

14.7 Indemnitors expressly waive any defense to their obligations under this Agreement arising from or related to an alleged failure to mitigate by the Surety or a claim that the Surety's actions materially increased the risk of loss to Indemnitors.

14.8 Surety shall have every right, defense or remedy which a personal surety without compensation would have.

14.9 Indemnitors waive any right to trial by jury in any action relating to or arising out of this Agreement, any Bond or any Indemnitor's relationship with Surety.

14.10 If any of the persons named herein as Principal or Indemnitor fails to execute this Agreement or if the execution by any of the Indemnitors is deemed defective or invalid for any reason, such failure, defect or invalidity shall not in any manner diminish or otherwise affect the obligation or liability of any other Indemnitor. Each Indemnitor expressly represents and warrants to the Surety that the signatures of all other Indemnitors are genuine. Failure of the Principal to sign any Bond shall not relieve any Indemnitor of liability under this Agreement. If any provision or provisions of this Agreement are held to be void or unenforceable under the laws of the place governing its construction or enforcement the remainder of this Agreement shall not be void or unenforceable and shall continue in effect and be enforced as though the void or unenforceable provision or provisions were omitted.

14.11 If a claim is filed by Surety in a bankruptcy case of any Indemnitor, Indemnitors acknowledge and agree that the Surety's claim is not contingent as that term is used in Section 502(e)(1)(B) of the Bankruptcy Code because the Surety's rights under paragraphs 11 and 3 entitle the Surety to unconditional payment and are immediately enforceable against Indemnitor.

14.12 The rights and remedies afforded to the Surety by the terms of this Agreement may not be waived or modified orally and no written change or modification shall be effective until signed by an officer of the Surety.

14.13 Indemnitors waive, so far as their respective obligations under this Agreement are concerned, all rights to claim any of their property, including their respective homesteads, as exempt from levy, execution or sale or other legal process under the laws of any state, territory or possession of the United States.

14.14 As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The masculine pronoun shall be read as feminine or neuter as circumstances require. The word "person" shall mean and include individuals, partnerships, joint ventures, corporations, associations and other entities.

14.15 Indemnitors expressly waive their right to create any asset protection trust until Surety has been fully discharged from liability on all Bonds and all obligations owed to Surety by any Indemnitor under this Agreement have been fully satisfied. Any statute

of limitations upon fraudulent transfer claims applicable in any jurisdiction which permits the creation of self-settled asset protection trusts is waived by Indemnitor in any claim or suit brought by Surety. Any transfer by Indemnitors of property to an asset protection trust after the date of this Agreement is de facto and conclusively acknowledged to be a fraudulent transfer as to Surety, avoidable at the election of Surety without any proof other than the date and fact of the transfer.

14.16 If any proceeding is brought against the Surety relating to or arising out of a Bond in which the Surety desires to join any Indemnitor by reason of the undertakings in this Agreement, Indemnitor agrees that he/she/it will, upon written notice of the Surety to do so, voluntarily appear in such proceedings and accept service of process and other papers either personally or by an attorney of the Indemnitor's choice. Moreover, for the adjudication of all matters arising under this Agreement, Indemnitors consent to jurisdiction and venue of any court or tribunal (including arbitration and mediation) in any forum in which 1) a Bond is written by Surety or 2) a proceeding is brought against the Surety relating to a Bond. With respect to any action brought by the Surety on this Agreement in a jurisdiction in which one or more of the Indemnitors reside, are domiciled, are doing business or are found, each of the Indemnitors not in the jurisdiction hereby designates each of the Indemnitors in such jurisdiction as his/her/its agent to receive on his/her/its behalf service of process in such action, and consents to jurisdiction and venue in that jurisdiction.

14.17 All rights and remedies of the Surety under this Agreement shall be cumulative and the exercise of or failure to exercise any right or remedy at any time shall not be an election of remedy or a waiver of any other right or remedy. Failure of the Surety to pursue any remedy against one or more of the Indemnitors shall not release or waive any right against any other of the Indemnitors.

14.18 The obligations of Indemnitors under this Agreement shall be in addition to, and shall not limit or in any way affect, the obligations of Indemnitors under any other existing or future indemnities or guarantees unless said other indemnities or guarantees are expressly modified or revoked in writing.

14.19 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original hereof and all of which, taken together, shall constitute one and the same instrument. Furthermore, the Parties agree that a photocopy of this Agreement or one transmitted electronically or by telefacsimile may be treated for all purposes as an original.

14.20 Each Indemnitor agrees that any indebtedness owed him/her/it by another other Indemnitor, whenever or however said indebtedness arises, is hereby subordinated to the indebtedness of Indemnitor to Surety, until all obligations to the Surety under this Agreement have been satisfied in full.

14.21 This Agreement represents the entire integrated agreement between the Surety and Indemnitors with respect to the matters herein, and supersedes all prior negotiations, representations or agreements, except as referenced or modified herein. No Indemnitor is relying upon any promise or representation by any other party not contained in this Agreement.

EACH INDEMNITOR WHOSE SIGNATURE IS PLACED BELOW REPRESENTS TO THE SURETY THAT THEY HAVE CAREFULLY READ THIS ENTIRE AGREEMENT AND THAT THERE ARE NO OTHER AGREEMENTS OR UNDERSTANDINGS WHICH IN ANY WAY REDUCE OR MODIFY THE OBLIGATIONS SET FORTH HEREIN.

IN WITNESS WHEREOF, the Indemnitors, intending to be legally bound hereby, have executed this Agreement effective as of the Execution Date first above written.

INDEMNITOR:
Spring Valley Estates, LLC
A Delaware Limited Liability Company

By: _____
ANDREW NOWACZEK, Sole Member

ANDREW AND AUDREY NOWACZEK FAMILY TRUST

By: _____
ANDREW NOWACZEK, Trustee

By: _____
AUDREY D. NOWACZEK, Trustee

INDEMNITOR:
By: _____
ANDREW NOWACZEK, Individually

By: _____
AUDREY D. NOWACZEK, Individually

ALL SIGNATURES MUST BE ACKNOWLEDGED BY A NOTARY PUBLIC

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears slightly aged or off-white. There is no handwriting or other markings on the page.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

8

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

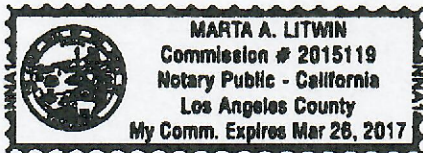
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

County of Los Angeles

On October 19, 2015 before me, Marta A Litwin, Notary Public,
Date Insert Name of Notary exactly as it appears on the official seal

personally appeared Andrew Nawozek & Audrey Nawozek
Name(s) of Signer(s)



Place Notary Seal Above

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

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

Witness my hand and official seal.

Signature Marta A Litwin
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 the form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

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

Signer is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

EXHIBIT 3

APPROVED FOR THE
CITY ENGINEER BY
WJ
BOND CONTROL

PREMIUM: \$6,420.00 Two-Year Term

City of Los Angeles
DEPARTMENT OF PUBLIC WORKS
Office of the City Engineer

3893853

SURETY'S BOND NO.

VALLEY

District/Division Design Office
Council District No. 7
Date Issued: 05/07/2015

CAO 150204S

CAO-RISK MGMT. NO.
DATE APPROVED 5/21/2015

GENERAL IMPROVEMENT PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, VILLAS OVER SUNLAND, LLC

as PRINCIPAL and Indemnity Company of California a corporation incorporated under the laws of the State of California and authorized by the laws of the State of California to execute bonds and undertakings as sole surety, as SURETY, are held and firmly bound unto the City of Los Angeles, in the JUST and FULL SUM of TWO HUNDRED FOURTEEN THOUSAND AND NO/100 Dollars (\$214,000.00), lawful money of the United States, for the payment of which sum, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION of the foregoing obligation is such that WHEREAS the above bounden PRINCIPAL has applied for a building permit, zone change, zone variance, conditional use of property, street or alley vacation, legal lot access, or has voluntarily offered to dedicate and/or improve certain public easements, and said PRINCIPAL, in conjunction therewith, has agreed to construct and install all of the following public improvements, to wit: construct and install STREETS, TRAFFIC CONTROL, STREET LIGHTING.

Said improvements to be located at or in, and adjoining: 9310 HILLROSE ST & 9315 WAYSIDE DR - HILLROSE ST AND WAYSIDE DR FROM INT TO 430' NWLY/O WAYSIDE DR AND FROM INT TO 465' SWY/O HILLROSE ST - (HILLSIDE)

Said work shall be performed under permit or permits to be issued by the Board of Public Works of the CITY, hereinafter called the BOARD, in accordance with the standards and specifications of the BOARD, as amended, and to the approval of the City Engineer. The PRINCIPAL agrees to pay for such inspection of work and improvements as may be required by the BOARD, and further agrees to furnish all necessary final plans, profiles and standard specifications in a form that will be sufficient to be processed and be approved by the City Engineer not later than six (6) months prior to the date specified for the completion of the required work, which shall be on or before: June 07, 2017.

Continuation Sheet For:

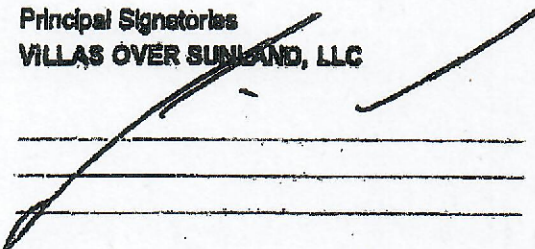
GENERAL IMPROVEMENT PERFORMANCE BOND

or within any lawful extension of said term by the City Engineer, or as otherwise provided by law. If it is deemed necessary to extend the time within which to complete said work, it is understood and agreed that such extension of time shall be subject to a revision of the estimated improvement costs, and that the required improvements shall be constructed and installed in accordance with the standards and specifications of the BOARD in effect at the time such extension of time is granted. This bond is further conditioned upon and guarantees due compliance with all of the applicable provisions of ARTICLES 2 and 7 of CHAPTER 1, and Sections 62.105 through 62.118, inclusive, of the Municipal Code of the CITY, as amended.

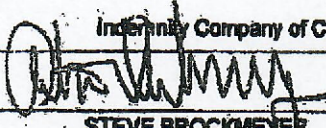
NOW, THEREFORE, if the above bounden PRINCIPAL shall well and truly perform the work specified hereinabove in all respects within the time specified for such performance, or with any lawful extension thereof, this obligation shall be void upon the delivery to the PRINCIPAL and SURETY of a CERTIFICATE OF ACCEPTANCE, signed by the City Engineer of the CITY certifying that all of the requirements for which this bond is a guarantee have been completed to the satisfaction of the City Engineer; otherwise, this obligation shall be and remain in full force and effect until exonerated or canceled by the City Engineer.

IN WITNESS WHEREOF, this instrument has been duly executed by the above named PRINCIPAL and SURETY on May 18 20 15.

Principal Signatories
VILLAS OVER SUNLAND, LLC



SURETY: Indemnity Company of California

By:  (Attorney-in-Fact)

Surety's Address: 500 S. Kraemer Blvd., Suite 300, Brea, CA 92621

ACKNOWLEDGMENT

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

State of California

County of Los Angeles

on May 20, 2015 before me, Marta A. Litwin

A Notary Public personally appeared Andrew Nawarzek

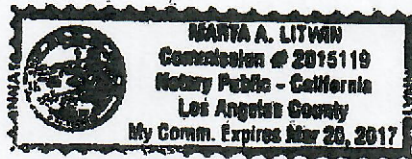
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

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

WITNESS my hand and official seal.

Signature

Marta A. Litwin



(Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1180

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

State of California)
 County of Los Angeles)
 On May 16, 2015 before me, Mary Smith, Notary Public
 Date Here Insert Name and Title of the Officer
 personally appeared Steve Brockmeyer
 Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Mary Smith
 Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer Is Representing: _____

Signer's Name: _____

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

Signer Is Representing: _____

POWER OF ATTORNEY FOR
DEVELOPERS SURETY AND INDEMNITY COMPANY
INDEMNITY COMPANY OF CALIFORNIA
PO Box 19725, IRVINE, CA 92623 (949) 263-3300

KNOW ALL BY THESE PRESENTS that except as expressly limited, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, do each hereby make, constitute and appoint:

Steve Brockmeyer, Ronald C. Wanglin, Donna M. Green, John D. Hunsinger, Mary Smith, jointly or severally

as their true and lawful Attorney(s)-in-Fact, to make, execute, deliver and acknowledge, for and on behalf of said corporations, as sureties, bonds, undertakings and contracts of suretyship giving and granting unto said Attorney(s)-in-Fact full power and authority to do and to perform every act necessary, requisite or proper to be done in connection therewith as each of said corporations could do, but reserving to each of said corporations full power of substitution and revocation, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This Power of Attorney is granted and is signed by facsimile under and by authority of the following resolutions adopted by the respective Boards of Directors of DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, effective as of January 1st, 2008.

RESOLVED, that a combination of any two of the Chairman of the Board, the President, Executive Vice-President, Senior Vice-President or any Vice President of the corporations be, and that each of them hereby is, authorized to execute this Power of Attorney, qualifying the attorney(s) named in the Power of Attorney to execute, on behalf of the corporations, bonds, undertakings and contracts of suretyship; and that the Secretary or any Assistant Secretary of either of the corporations be, and each of them hereby is, authorized to attest the execution of any such Power of Attorney;

RESOLVED, FURTHER, that the signatures of such officers may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures shall be valid and binding upon the corporations when so affixed and in the future with respect to any bond, undertaking or contract of suretyship to which it is attached.

IN WITNESS WHEREOF, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA have severally caused these presents to be signed by their respective officers and attested by their respective Secretary or Assistant Secretary this January 1st, 2008.

By: Daniel Young
Daniel Young, Vice-President

By: Stephen T. Pate
Stephen T. Pate, Senior Vice-President

State of California
County of Orange



On January 31, 2011 before me, Antonio Alvarado, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Daniel Young and Stephen T. Pate
Name(s) of Signer(s)



Place Notary Seal Above

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

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

WITNESS my hand and official seal.

Signature

Antonio Alvarado

Antonio Alvarado, Notary Public

CERTIFICATE

The undersigned, as Secretary or Assistant Secretary of DEVELOPERS SURETY AND INDEMNITY COMPANY or INDEMNITY COMPANY OF CALIFORNIA, does hereby certify that the foregoing Power of Attorney remains in full force and has not been revoked and, furthermore, that the provisions of the resolutions of the respective Boards of Directors of said corporations set forth in the Power of Attorney are in force as of the date of this Certificate.

This Certificate is executed in the City of Irvine, California, this 16th day of May, 2015

By: Gregg Okura
Gregg Okura, Assistant Secretary

CITY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
Office of the City Engineer

APPROVED FOR THE
CITY ENGINEER BY

BOND CONTROL

389385S
SURETY BOND NO.

CAO150204

CAO Risk Mgmt No.
DATE APPROVED 9/24/2015

VALLEY

District/Division Design Office
Council District No. 7
Permit No. BR205359
Date Prepared: 09/16/2015

GENERAL BOND RIDER

WHEREAS, under the date 05/21/2015, I-we VILLAS OVER SUNLAND, LLC as Principal, and INDEMNITY COMPANY OF CALIFORNIA as Surety, executed in favor of the City of Los Angeles, a certain bond in the sum of **TWO HUNDRED FOURTEEN THOUSAND AND NO/100 Dollars (\$214,000.00)** guaranteeing construction of certain public improvements located at-in **HILLROSE ST AND WAYSIDE DR FROM INT TO 430' NW'LY/O WAYSIDE DR AND FROM INT TO 465' SW'Y/O HILLROSE ST - (HILLSIDE)** to be completed on or before **06/07/2017**, and

WHEREAS, the Principal(s) and Surety have agreed to amend said bond by extending the time within which to construct and complete said public improvements, and **by adding VAC E1401250 to the title and reducing the bond amount from TWO HUNDRED FOURTEEN THOUSAND AND NO/100 Dollars (\$214,000.00) to ONE HUNDRED EIGHTY FOUR THOUSAND AND NO/100 Dollars (\$184,000.00).**

WHEREAS, the Oblige is willing to accept said amendments, as agreed,

NOW THEREFORE, It is agreed by the undersigned Principal(s) and Surety on said bond that the time for performance shall hereby be extended to on or before **06/07/2017**

(There is no time extension)

and it is hereby expressly agreed that the effective date of this rider is the date of its acceptance by the City, and all other terms and conditions shall remain the same as originally written.

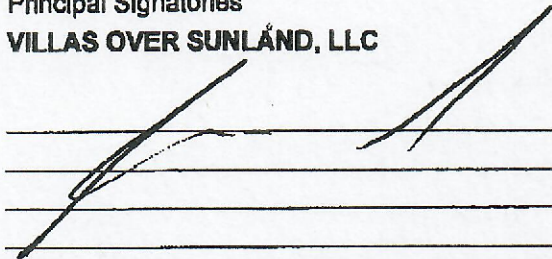
ATTACH TO CAO 150204S

IN WITNESS WHEREOF, this instrument has been duly executed by the above named PRINCIPAL and SURETY

on September 22, 2015

Principal Signatories

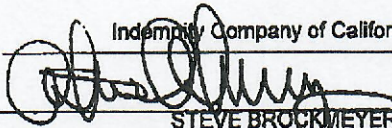
VILLAS OVER SUNLAND, LLC



SURETY:

Indemnity Company of California

By:



STEVE BROCKMEYER

(Attorney-in-Fact)

Surety's Address:

500 S. Kraemer Blvd., Suite 300, Brea, CA 92821

SEE INSTRUCTIONS FOR SIGNATURES AND ACKNOWLEDGEMENTS ON "NOTICE TO CLASS B PERMIT AND BOND APPLICANTS" (FORM ENG 3.693-REVISED)

ACKNOWLEDGMENT

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

State of California

County of Los Angeles

On September 24, 2015 before me, Marta A. Litwin

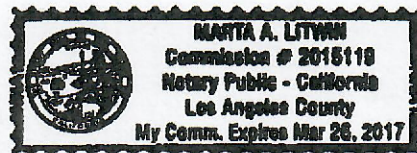
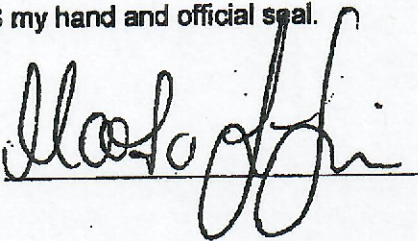
A Notary Public personally appeared Andrew Nowaczek

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

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

WITNESS my hand and official seal.

Signature



(Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

State of California)
 County of Los Angeles)
 On September 22, 2015 before me, Mary Smith, Notary Public
 Date Here Insert Name and Title of the Officer
 personally appeared Steve Brockmeyer
 Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Mary Smith
 Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
 Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

**POWER OF ATTORNEY FOR
DEVELOPERS SURETY AND INDEMNITY COMPANY
INDEMNITY COMPANY OF CALIFORNIA
PO Box 19725, IRVINE, CA 92623 (949) 263-3300**

KNOW ALL BY THESE PRESENTS that except as expressly limited, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, do each hereby make, constitute and appoint

Steve Brockmeyer, Ronald C. Wanglin, Donna M. Graen, John D. Hunsinger, Mary Smith, jointly or severally

as their true and lawful Attorney(s)-in-Fact, to make, execute, deliver and acknowledge, for and on behalf of said corporations, as sureties, bonds, undertakings and contracts of suretyship giving and granting unto said Attorney(s)-in-Fact full power and authority to do and to perform every act necessary, requisite or proper to be done in connection therewith as each of said corporations could do, but reserving to each of said corporations full power of substitution and revocation, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This Power of Attorney is granted and is signed by facsimile under and by authority of the following resolutions adopted by the respective Boards of Directors of DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, effective as of January 1st, 2008.

RESOLVED, that a combination of any two of the Chairman of the Board, the President, Executive Vice-President, Senior Vice-President or any Vice President of the corporations be, and that each of them hereby is, authorized to execute this Power of Attorney, qualifying the attorney(s) named in the Power of Attorney to execute, on behalf of the corporations, bonds, undertakings and contracts of suretyship; and that the Secretary or any Assistant Secretary of either of the corporations be, and each of them hereby is, authorized to attest the execution of any such Power of Attorney;

RESOLVED, FURTHER, that the signatures of such officers may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures shall be valid and binding upon the corporations when so affixed and in the future with respect to any bond, undertaking or contract of suretyship to which it is attached.

IN WITNESS WHEREOF, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA have severally caused these presents to be signed by their respective officers and attested by their respective Secretary or Assistant Secretary this January 1st, 2008.

By: *Daniel Young*
Daniel Young, Vice-President

By: *Stephen T. Pate*
Stephen T. Pate, Senior Vice-President



State of California
County of Orange

On January 31, 2011 before me, Antonio Alvarado, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Daniel Young and Stephen T. Pate
Name(s) of Signer(s)



Place Notary Seal Above

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

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

WITNESS my hand and official seal.

Signature *Antonio Alvarado*
Antonio Alvarado, Notary Public

CERTIFICATE

The undersigned, as Secretary or Assistant Secretary of DEVELOPERS SURETY AND INDEMNITY COMPANY or INDEMNITY COMPANY OF CALIFORNIA, does hereby certify that the foregoing Power of Attorney remains in full force and has not been revoked and, furthermore, that the provisions of the resolutions of the respective Boards of Directors of said corporations set forth in the Power of Attorney are in force as of the date of this Certificate.

This Certificate is executed in the City of Irvine, California, this 22nd day of September 2015.

By: *Gregg Olson*
Gregg Olson, Assistant Secretary

CITY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
Office of the City Engineer

APPROVED FOR THE
CITY ENGINEER BY
Susan Sukany
BOND CONTROL

389386S
SURETY BOND NO.
CAO150204
CAO Risk Mgmt No.

VALLEY

District/Division Design Office
Council District No. 7
Permit No. BR205359
Date Prepared: 03/28/2017

DATE APPROVED 5/30/2017

GENERAL BOND RIDER

WHEREAS, under the date 05/21/2015, I-we VILLAS OVER SUNLAND, LLC as Principal, and INDEMNITY COMPANY OF CALIFORNIA as Surety, executed in favor of the City of Los Angeles, a certain bond in the sum of TWO HUNDRED FOURTEEN THOUSAND AND NO/100 Dollars (\$214,000.00) guaranteeing construction of certain public improvements located at-in HILLROSE ST AND WAYSIDE DR FROM INT TO 430' NW'LY/O WAYSIDE DR AND FROM INT TO 465' SW'Y/O HILLROSE ST - (HILLSIDE) to be completed on or before 06/07/2017, and

WHEREAS, the Principal(s) and Surety have agreed to amend said bond by extending the time within which to construct and complete said public improvements, and on 9/25/2015 by adding VAC E1401250 to the title and reducing the bond amount from TWO HUNDRED FOURTEEN THOUSAND AND NO/100 Dollars (\$214,000.00) to ONE HUNDRED EIGHTY FOUR THOUSAND AND NO/100 Dollars (\$184,000.00) and whereas Spring Valley Estates, LLC is to be added as PRINCIPAL to the existing bond with no change to time to complete improvements.

WHEREAS, the Obligor is willing to accept said amendments, as agreed,

NOW THEREFORE, it is agreed by the undersigned Principal(s) and Surety on said bond that the time for performance shall hereby be extended to on or before 06/07/2017

and it is hereby expressly agreed that the effective date of this rider is the date of its acceptance by the City, and all other terms and conditions shall remain the same as originally written.

IN WITNESS WHEREOF, this instrument has been duly executed by the above named PRINCIPAL and SURETY on March 29, 20 17.

Principal Signatories

VILLAS OVER SUNLAND, LLC

SPRING VALLEY ESTATES, LLC

by Andrew Nawaczek

by Andrew Nawaczek

SURETY: Indemnity Company of California

By: Mary Smith (Attorney-in-Fact)

MARY SMITH
Surety's Address: 500 S. Kraemer Blvd., Suite 300, Brea, CA 92821

SEE INSTRUCTIONS FOR SIGNATURES AND ACKNOWLEDGEMENTS ON "NOTICE TO CLASS B PERMIT AND BOND APPLICANTS" (FORM ENG 3.693-REVISED)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE § 1189**

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

State of California)
County of Los Angeles)

On March 29, 2017 before me, Emily Preciado, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Mary Smith
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Emily Preciado
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer is Representing: _____

Signer's Name: _____

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

Signer is Representing: _____

**POWER OF ATTORNEY FOR
DEVELOPERS SURETY AND INDEMNITY COMPANY
INDEMNITY COMPANY OF CALIFORNIA
PO Box 19725, IRVINE, CA 92623 (949) 263-3300**

KNOW ALL BY THESE PRESENTS that except as expressly limited, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, do each hereby make, constitute and appoint

Steve Brockmeyer, Ronald C. Wanglin, Mary Smith, Emily Preciado, jointly or severally

as their true and lawful Attorney(s)-in-Fact, to make, execute, deliver and acknowledge, for and on behalf of said corporations, as sureties, bonds, undertakings and contracts of suretyship giving and granting unto said Attorney(s)-in-Fact full power and authority to do and to perform every act necessary, requisite or proper to be done in connection therewith as each of said corporations could do, but reserving to each of said corporations full power of substitution and revocation, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This Power of Attorney is granted and is signed by facsimile under and by authority of the following resolutions adopted by the respective Boards of Directors of DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA, effective as of January 1st, 2008.

RESOLVED, that a combination of any two of the Chairman of the Board, the President, Executive Vice-President, Senior Vice-President or any Vice President of the corporations be, and that each of them hereby is, authorized to execute this Power of Attorney, qualifying the attorney(s) named in the Power of Attorney to execute, on behalf of the corporations, bonds, undertakings and contracts of suretyship; and that the Secretary or any Assistant Secretary of either of the corporations be, and each of them hereby is, authorized to attest the execution of any such Power of Attorney;

RESOLVED, FURTHER, that the signatures of such officers may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures shall be valid and binding upon the corporations when so affixed and in the future with respect to any bond, undertaking or contract of suretyship to which it is attached.

IN WITNESS WHEREOF, DEVELOPERS SURETY AND INDEMNITY COMPANY and INDEMNITY COMPANY OF CALIFORNIA have severally caused these presents to be signed by their respective officers and attested by their respective Secretary or Assistant Secretary this 6th day of February, 2017.

By: *Daniel Young*
Daniel Young, Senior Vice-President
By: *Mark Lansdon*
Mark Lansdon, Vice-President



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

State of California
County of Orange

On February 6, 2017 before me, Lucille Raymond, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Daniel Young and Mark Lansdon
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature *Lucille Raymond*
Lucille Raymond, Notary Public



Place Notary Seal Above

CERTIFICATE

The undersigned, as Secretary or Assistant Secretary of DEVELOPERS SURETY AND INDEMNITY COMPANY or INDEMNITY COMPANY OF CALIFORNIA, does hereby certify that the foregoing Power of Attorney remains in full force and has not been revoked and, furthermore, that the provisions of the resolutions of the respective Boards of Directors of said corporations set forth in the Power of Attorney are in force as of the date of this Certificate.

This Certificate is executed in the City of Irvine, California, this 29th day of March, 2017.

By: *Cecile J. Bernisford*
Cecile J. Bernisford, Assistant Secretary

ATS-1002 (02/17)



ACKNOWLEDGMENT

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

State of California

County of Los Angeles

On March 29, 2017 before me, Marta A. Litwin

A Notary Public personally appeared Andrew Nowaczek

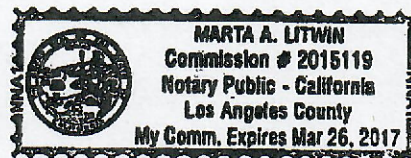
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~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

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

WITNESS my hand and official seal.

Signature

Marta A. Litwin



(Seal)

EXHIBIT 4

Payment History Report - As of 04/13/2024

Account: Andrew Nowaczek

Liberty Mutual Surety

Payment History Report - As of 04/13/2024



**Account: Andrew
Nowaczek**

1 **PROOF OF SERVICE**

2 **STATE OF CALIFORNIA, COUNTY OF VENTURA**

3 I am employed in the County of Ventura, State of California. I am over the
4 age of eighteen years and not a party to the within action; my business address is
2945 Townsgate Road, Suite 200, Westlake Village, California 91361.

5 On, May 3, 2024, I served the following document(s) **DECLARATION OF**
6 **SONIA LINNAUS IN SUPPORT OF LIBERTY MUTUAL INSURANCE**
7 **COMPANY REQUEST FOR DEFAULT JUDGMENT BY COURT** described as
the interested parties in this action by placing true copies thereof enclosed in
sealed envelopes addressed as follows:

8 Hydee Feldstein Soto, **City Attorney**
9 Denise C. Mills, **Chief Deputy City**
10 **Attorney**
11 Scott Marcus, **Chief Assistant City**
12 **Attorney**
13 Gabriel S. Dermer, **Assistant City**
14 **Attorney**
Email: Gabriel Dermer
gabriel.dermer@lacity.org
200 N. Main Street, Suite 675
Los Angeles, CA 90012
Tel.: (213) 978-7558

Attorneys for Plaintiff CITY OF LOS
ANGELES

15 ☒ **BY ELECTRONIC SERVICE [CRC Rule 2.251]:** Based on a court order or
16 an agreement of the parties to accept service by e-mail or electronic
17 transmission, I caused the document(s) to be sent from e-mail address
18 shirley@larlaw.net to the persons at the e-mail addresses listed in the
Service List. I did not receive, within a reasonable time after the
transmission, any electronic message or other indication that the
transmission was unsuccessful.

19
20 I declare under penalty of perjury under the laws of the State of California
21 that the foregoing is true and correct.

22 Executed on May 3, 2024 at Westlake Village, California.

23 Shirley Cervantes
24 Shirley Cervantes