

**TOWN OF  
APPLE VALLEY, CALIFORNIA**

**AGENDA MATTER**

**Subject Item:**

**CHANGE OF OWNERSHIP, RELEASE OF ORIGINAL SECURITIES, APPROVE NEW AGREEMENTS AND SECURITIES FOR TRACT MAP 16134**

Applicant: Strata AV Homes

Location: Northwest corner of Mana Road and Aniwa Road

**Summary Statement**

When Town Council accepted the final map for Tract Map 16134 on November 13, 2006, the construction agreements and securities for various improvements were required for improvements not constructed at that time. Since November 2006, the original developer, American Housing, constructed various improvements and various improvement bonds were released in 2007. The tract has since gone back to the bank that financed the project, and is now being purchased by a new developer, Strata AV Homes. As part of the transfer of ownership, Strata is requesting, 1) the release of the original street improvement securities; 2) an approval of the street improvements completed at this time and constructed to Town Standards; and, 3) approval of new agreements and securities for maintenance of the improvements completed to Town standards at this time, and updated agreements and securities for the remaining street improvements not yet constructed. (Continued on page 2)

**Recommended Action:**

- 1) Release the original street improvement securities for Tract 16134;
- 2) Find that the construction of various improvements required for Tract Map 16134 are complete; and,
- 3) Approve new securities and agreements reflecting 50% maintenance level security for the work that is completed, and 100% security for the remaining improvements yet to be completed. The adjusted securities and agreements will remain in place until all public improvements within Tract Map No. 16134 are complete and eligible for the one year maintenance period to begin, subject to approval as to form by the Town Attorney and as to content by the Town Manager.

**Proposed by:** \_\_\_\_\_ Engineering Division \_\_\_\_\_ **Item Number** \_\_\_\_\_

**T. M. Approval:** \_\_\_\_\_ **Budgeted Item**  **Yes**  **No**  **N/A**

(Continued from page one)

Staff has inspected and approved the construction of the completed improvements within significant areas of the Tract, and recommends that the Town accept those improvements that are completed, and reduce the security amount by 50% to serve as a maintenance security on that completed work. The unfinished public improvements shall maintain 100% security. The Town, will retain the 50% maintenance security for the presently completed work areas until all remaining public improvements within the Tract are completed and are also eligible for the 50% maintenance level security reduction. The Town will retain the 50% maintenance level security for the entire Tract for one year after the completion of all public improvements.

The following is a summary of the original bond securities with their amounts to be released, and the new securities with their amounts to secure the remaining work to be completed:

Original Bond amounts are:

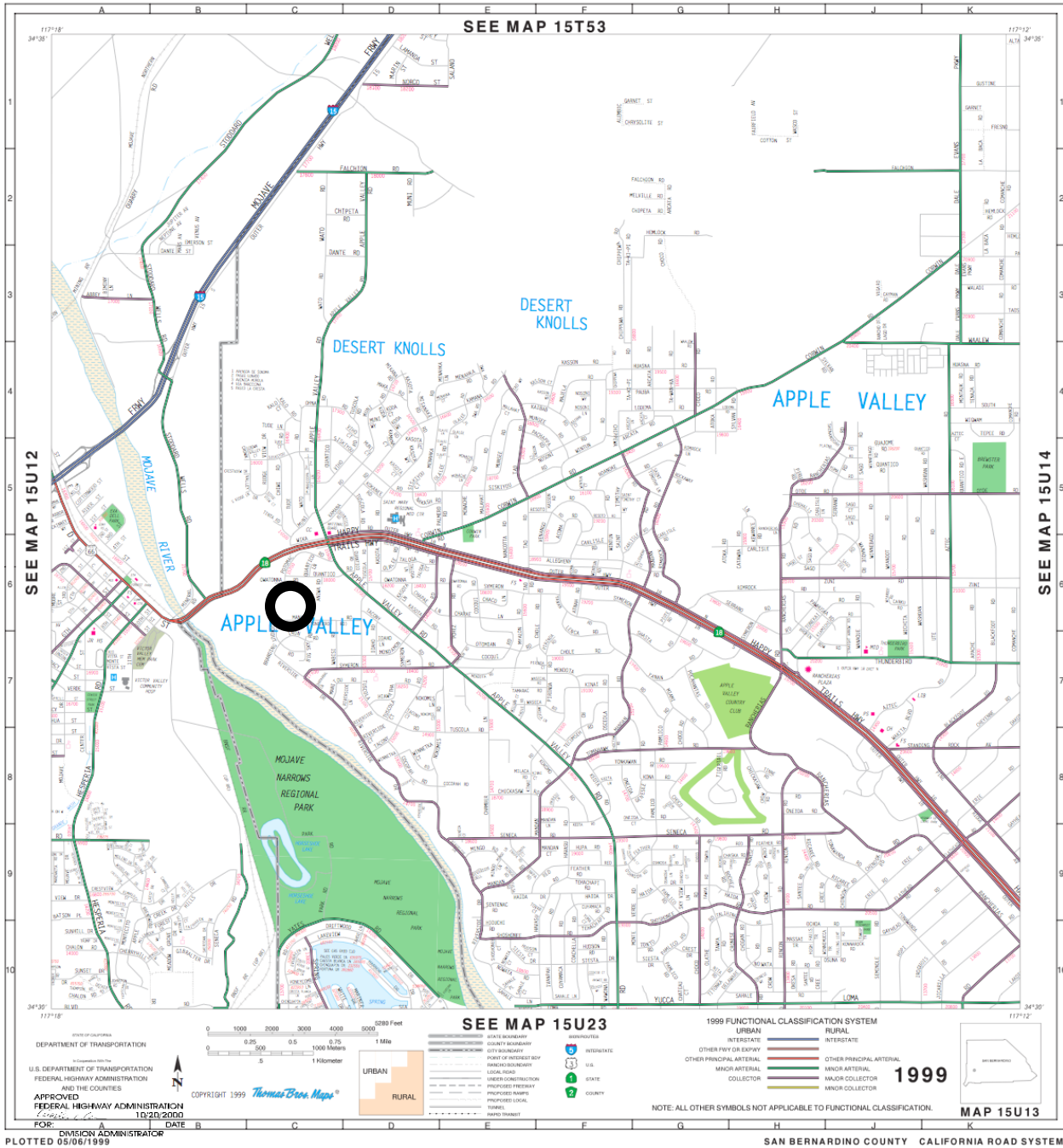
<u>Improvement</u>	<u>Performance</u>	<u>Amount remaining</u>
Street Improvements	\$450,000	\$214,916.34
Sewer Improvements	\$69,800	\$0
Water Improvements	\$110,000	\$0
Storm Drain Improvements	\$272,563	\$0

Maintenance Security amounts for completed improvements, as follows:

	<u>Maintenance</u>
Street Improvements	\$162,631.65

New Securities amounts for work still to be constructed:

	<u>Performance</u>	<u>Labor and Materials</u>
Street Improvements	\$214,916.34	\$107,458.17



LOCATION MAP





**CALIFORNIA BANK & TRUST**  
International Operations  
550 South Hope Street, 3rd Floor  
Los Angeles, California 90071  
S.W.I.F.T. CALBUS66

## Standby Letter of Credit

### IRREVOCABLE STANDBY LETTER OF CREDIT NO. SB06-1801

Issuance Date: October 1, 2010

APPLICANT:  
STRATA AV HOMES, LLC  
4370 LA JOLLA VILLAGE DR. SUITE 960  
SAN DIEGO, CA 92122

EXPIRATION:  
September 30, 2011 or any automatically  
extended date as herein below set forth

BENEFICIARY:  
TOWN OF APPLE VALLEY  
14955 DALE EVANS PARKWAY  
APPLE VALLEY, CA 92307

AMOUNT: USD214,916.34

RE: Performance Security  
Project No. TNT 16134  
Tract/Parcel Number 16134

Dear Sir/Madam:

At the request of STRATA AV HOMES, LLC, 4370 LA JOLLA VILLAGE DR., SUITE 960, SAN DIEGO, CA 92122, we hereby establish our Irrevocable Standby Letter of Credit in your favor up to an aggregate amount of Two Hundred Fourteen Thousand Nine Hundred Sixteen and 34/100 USDOLLARS (USD214,916.34). This Letter of Credit is available for payment against presentation of your draft(s) at Sight drawn on CALIFORNIA BANK & TRUST, bearing the clause: "Drawn under Letter of Credit no. SB06-1801 of CALIFORNIA BANK & TRUST, Los Angeles, California" accompanied by the following documents:

This original Letter of Credit and amendment(s) thereto, if any, which will be returned to you following our notation thereon of the amount of such draft drawn hereunder. If the amount of the draft is for the full amount of this Letter of Credit, the original Letter of Credit will be retained by us.

Beneficiary's statement purportedly signed by the Town Engineer or the Town Council of the Town of Apple Valley stating that the draw is made pursuant to the rules and/or practices established by the Town of Apple Valley.

Partial drawings are allowed.

Applicant states that this Letter of Credit is provided as an instrument for improvement security permitted under Sections 66499 of the California Government Code and under the Town of Apple Valley Development Code.

It is a condition of this Letter of Credit that it shall be deemed automatically extended, without amendment, for one year from the expiration date hereof, or any future expiration date, unless at least sixty (60) days prior to such expiration date, we notify you in writing, by certified mail or courier service that we elect not to renew this Letter of Credit for any additional period. In the event you are so notified, any unused portion of the Letter of Credit will be available upon presentation, within the current expiration date, of your draft(s) at sight on us accompanied by the original Letter of Credit and the statement above.

Except as expressly stated herein, this undertaking is not subject to any agreement, condition or qualification, or by any other agreement, document or undertaking whether referred to herein or to which this Letter of Credit may relate. The obligation of California Bank & Trust under this Letter of Credit is the individual obligation of California Bank & Trust, and is in no way contingent upon reimbursement with respect thereto, or upon our ability to perfect any lien, security interest, or any other reimbursement.

Beneficiary may reduce the Letter of Credit amount from time to time by providing us with a release letter purportedly signed by the Town Engineer or the Town Council of the Town of Apple Valley indicating this Letter of Credit No. SB06-1801, the amount to be reduced and the new Letter of Credit amount.

We, California Bank & Trust, hereby represent to you, The Town of Apple Valley, that the drafts drawn and presented strictly in compliance with the terms of this Letter of Credit will be duly honored by us if presented on or before the initial expiration date as stated above, or before the expiration of any automatically extended period thereafter, at our office located at California Bank & Trust, International Operations, 550 South Hope Street, 3<sup>rd</sup> Floor, Los Angeles, CA 90071 or, if our office location changes, then to such other office of ours in the United states as we designate in writing to the Town of Apple Valley.

This Standby Letter of Credit expires at our counters at the close of business on the expiration date, or any automatically extended date.

All banking charges are for the account of the Applicant.

If you have any questions concerning this transaction, please call us at (213) 593-2131, (213) 593-2128 or (213) 593-2127.

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

Sincerely,  
CALIFORNIA BANK & TRUST

  
Authorized Signature **Linda Shum**  
Vice President

**TOWN OF APPLE VALLEY  
AGREEMENT FOR CONSTRUCTION OF  
STREET IMPROVEMENTS  
FOR (TRACT 16134)**

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EXECUTE IN TRIPLICATE

Letter of Credit Number:

Description of Improvements: Work and improvements shall consist of: Street Improvements for this project as set forth by the Conditions of Approval for Tract 16134 approved by the Town Planning Commission on November 15, 2006 in conformance with approved improvement plans on file with Town Engineer.

WHEREAS the undersigned Subdivider/Developer (herein "Subdivider"), has submitted its Final Map for the above-referenced project to the Town of Apple Valley in the County of San Bernardino (hereinafter "Town") for approval; and

WHEREAS Subdivider has not completed all of the work, or made all of the improvements required by the Town Municipal Code and ordinances of Town requiring construction of improvements in conjunction with land divisions, subdivisions, and the like, hereinafter collectively referred to as "said ordinance"; and

WHEREAS Subdivider desires to enter into an agreement to provide for the completion of the work and making of the improvements and to furnish security for the performance of this agreement and guarantee the work for a period of one year in accordance with the provisions of said ordinance;

NOW THEREFORE, in consideration of the approval of said Final Map by Town, and as a condition of such approval, Subdivider promises and agrees at his own expense to do all of the work and make or cause to be made all of the improvements required by said ordinance in a good and workmanlike manner as follows:

1. It is understood that the list of work and improvement as shown herein is only a general designation of the work and improvements and not a binding description thereof.
2. All of said work shall be done and improvements made and completed which are shown on and in strict compliance with applicable plans and specifications, as approved, and any subsequent approved alterations thereto, which alterations in said plans and specifications and the work to be performed may be accomplished without first giving prior notice thereof to Surety, provided however, in the event the estimated cost of any alterations in said work causes an increase by a sum in excess of ten percent (10%) of the original estimated cost of all the improvements, then the consent of the Surety shall be obtained, and absent such consent, the Surety's obligations shall not then exceed the cost of improvements to be constructed under said originally approved plans prior to said alteration; provided further that in no event shall such alteration result in exonerating the Surety's obligations.
3. Such work shall be completed and improvements made within two (2) years from the date of this agreement, unless such time is extended by Town upon written application of Subdivider.
4. It is understood that by providing security for this agreement Surety consents in advance to any extension of time as may be given by the Town to Subdivider and waives notices of such extension.
5. The making of an application for an extension of time by Subdivider shall, upon the granting of the application by Town, constitute a waiver by Subdivider and Surety of all defenses of laches, estoppel, statutes of limitations, and other limitations of action in any action or

**TOWN OF APPLE VALLEY  
AGREEMENT FOR CONSTRUCTION OF  
STREET IMPROVEMENTS  
FOR (TRACT 16134)**

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proceeding filed by Town within a period of four (4) years immediately following the date to which the time of performance was extended.

6. Subdivider further agrees that any and all grading done or to be done in conjunction with the development of said project shall conform to the requirements of the Town of Apple Valley Municipal Code and any other applicable ordinances regulating excavations and fills (e.g., grading regulations) and shall be completed within the period of time described above and prior to the acceptance by or on behalf of the Town of the work and improvements, in order that said improvements will not be endangered by improper drainage or other hazards.

7. Subdivider promises and agrees to maintain all of the improvements to be constructed under this agreement in a state of good repair until all of the work and improvements are completed and accepted by or on behalf of the Town.

A. Said maintenance shall include as applicable, but not be limited to:

(1) Road and Drainage: Repair of pavement, curbs, gutters, sidewalks, parkways, drainage facilities, and removal of debris from drainage facilities, sweeping, repairing and maintaining in good and safe condition all streets and street improvements.

(2) Sewer Systems: Repair of sewer system, and removal of debris from sewer system; repairing and maintaining in good and safe condition all sewer system improvements.

(3) Water Systems: Repair and/or removal of debris from the water system; repairing and maintaining in good and safe condition the water system improvements.

B. It shall be Subdivider's responsibility to initiate this maintenance work, but if he should fail to do so he shall promptly perform such maintenance when notified to do so by the Town Engineer.

C. Upon failure of Subdivider to properly maintain the improvements, Town may do all necessary work required by this paragraph, the cost thereof being chargeable to Subdivider under this agreement.

D. Subdivider further agrees under this agreement to defend and hold the Town and its officers and employees free and harmless from any claim, demand or action for damages, injury, or death, and to indemnify the Town and its officers and employees for any loss arising out of or incurred as a result of or in connection with improper maintenance or dangerous conditions or any act or omission in connection with any of the maintenance activities required under this paragraph, existing or occurring or arising out of any act or omission occurring prior to final acceptance by the Town of all the work and improvements constructed under this agreement.

8. If Subdivider fails to install all or any part of the improvements required by this agreement within the time set forth herein, or fail to comply with any other obligation contained herein, "Subdivider and Surety" shall be jointly and severally liable to the Town for any administrative expenses and attorney's fees incurred in obtaining compliance with this agreement and any such expenses and fees incurred in processing any action for damages or for any other remedies permitted by law, and said expenses and fees shall be in addition to the face amount of the security.



**TOWN OF APPLE VALLEY  
AGREEMENT FOR CONSTRUCTION OF  
STREET IMPROVEMENTS  
FOR (TRACT 16134)**

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9. The Subdivider further agrees to maintain the herein required improvements for a period of one year following acceptance by the Town and during this one-year period to repair or replace to the satisfaction of the Town through its Town Engineer or other person designated by the Town Manager, any defective work or labor done or defective materials furnished.

10. It is further understood and agreed that upon default of any obligation hereunder, and at any time after any such default, Town may make written demand upon Subdivider or Surety or both to immediately remedy the default or complete the work.

A. If said remedial activities or completion of work are not commenced within seven (7) calendar days after such demand is made and are not thereafter diligently prosecuted to completion and fully completed within thirty (30) calendar days after the making of such demand (or such other time as may be contained in said demand), Town may then complete or arrange for completion of all remaining work or conduct such remedial activity as in the sole judgment of Town as may be required, all at the full expense and obligation of Subdivider without the necessity of giving any further notices to Subdivider or Surety before Town performs or arranges for performance of any remaining work or improvements, and whether or not Subdivider has constructed any of the required improvements at the time.

B. In the event Town elects to complete or arrange for completion of remaining work and improvements, the Town may require all work by Subdivider to cease in order to permit adequate coordination by the Town for completing any remaining work and improvements.

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

11. It is agreed that all work and improvements done pursuant to this agreement shall conform to the standards applicable at the time the work is actually commenced.

12. Subdivider shall provide security in amounts as shown herein to:

A. Guarantee performance under this agreement.

B. Guarantee payment to any contractors, subcontractors, and persons furnishing labor, materials and equipment to them for the performance of the work herein described.

C. To guarantee the work for a period of one year following completion and acceptance thereof against any defective work or labor done, or defective materials furnished.

13. Subdivider acknowledges and agrees to Town regulations governing signs and advertising structures.

A. Subdivider agrees and consents to removal by Town of all signs erected, placed, or situated in violation of any Town ordinance governing size, location, or required permits.

B. Removal shall be at the expense of the Subdivider and Subdivider shall indemnify and hold the Town free and harmless from any claim or demand arising out of or incurred as a result of such removal, excepting negligent acts or omissions by Town, its agents or employees.

**TOWN OF APPLE VALLEY  
AGREEMENT FOR CONSTRUCTION OF  
STREET IMPROVEMENTS  
FOR (TRACT 16134)**

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C. Subdivider agrees that said signs may be erected only pursuant to a permit issued by the Town upon payment of necessary fees or deposits.

14. Subdivider agrees to immediately notify Surety and Town of any transfer of subject tract or of any interest therein whether voluntary or involuntary and agrees to condition any voluntary transfer of the tract upon prior assumption of the obligations contained herein by the transferee in form approved by Town. Failure to comply with the terms of this section shall give Town the right, if it so elects, upon twenty (20) calendar days notice to Subdivider and Surety, to declare a default and thereafter pursue any actions for damages or for any other remedies permitted by law.

15. Nothing contained herein is intended to nor should be construed to exonerate the surety; however, if any provision or condition herein contained is so construed by the final judgment of a court of competent jurisdiction, then that condition shall be considered null and void, but the remaining provisions and conditions contained herein shall not be affected thereby and shall remain in full force and effect.

16. The Subdivider agrees at all times, up to the completion and acceptance of the work or improvements by Town, to give good and adequate warning to the traveling public of each and every dangerous condition caused by the construction or maintenance of the improvements and to protect the traveling public from such defective or dangerous conditions, and to indemnify and hold harmless the Town, and its officers and employees, from any claims, actions or judgments resulting therefrom.

17. The work and improvements described herein to be constructed will constitute a public project as defined in California Labor Code, Sections 1720, and following, and shall be performed as a public work, including, without limitation, compliance with all prevailing wage requirements. In the event Subdivider or Subdivider's contractor(s), any subcontractor(s) or others fail to comply with or fail to cause compliance with such requirements, Subdivider shall indemnify, hold harmless and defend (with attorneys approved by Town) the Town, and its officers, agents and employees, against any claim(s), action(s) or judgment(s) relating to or resulting therefrom."

**TOWN OF APPLE VALLEY  
AGREEMENT FOR CONSTRUCTION OF  
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(Security)	Performance	\$ <u>214,916.34</u>
	Labor and Material	\$ <u>107,458.17</u>
	Other: Maintenance	\$ <u>162,631.65</u>

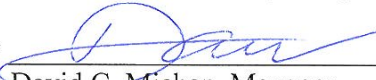
Said securities shall be in the form of: Letter of Credit

Principal: Strata AV Homes, LLC  
Address: 4370 La Jolla Village Dr #960  
San Diego, CA 92122  
Phone: 858-546-0900

(Signatures of Subdivider)

\*Authorized Signature:       Strata AV Homes, LLC, a California limited liability company

By: Strata Equity Res, LLC,  
a California limited liability company, its Manager

By   
David C. Michan, Manager

\*Attach Notarial Acknowledgements of Signatures of Principal and Attorney-in-Fact.

\*Authorized Signature:

By \_\_\_\_\_  
Its Attorney-in-Fact                      Title  
[IF CORPORATION(S), AFFIX SEALS(S)] \_\_\_\_\_

Date of Agreement \_\_\_\_\_

TOWN OF APPLE VALLEY

By: \_\_\_\_\_  
Mayor

ATTEST:

APPROVED AS TO FORM:

Clerk of the Town of Apple Valley

By: \_\_\_\_\_

\_\_\_\_\_  
Town Attorney

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Calaveras

On 09-30-10 before me,

Date

Marcella C. Rayon, Notary Public,  
David C. Mickson  
 Here Insert Name and Title of the Officer  
 Name(s) of Signer(s)

personally appeared \_\_\_\_\_

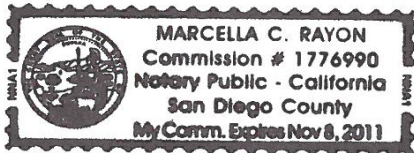
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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



Place Notary Seal Above

**OPTIONAL**

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

**Description of Attached Document**

Title or Type of Document: Agreement for Construction

Document Date: \_\_\_\_\_

Number of Pages: 5

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

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

Signer's Name: David C. Mickson

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



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

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



Signer Is Representing: STARS & V. Homes, L.L.C.

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

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“**MOU**”) is entered into effective as of October 1, 2010, by and between Strata AV Homes, LLC, a California limited liability company (“**Owner**”) and the Town of Apple Valley (“**Town**”) with reference to the following facts:

### RECITALS

- A. Owner owns that certain real estate project consisting of twenty-three (23) partially developed single family lots and certain completed single family homes commonly known as Tract Map # 16134 aka The Desert Knolls Estates (the “**Project**”).
- B. There is an Improvement Agreement/Subdivision Agreement (the “Improvement Agreement”) in connection with certain infrastructure improvements required by the Town in connection with the Project, which Improvement Agreement is currently secured by a One Year Maintenance Surety Bond in the amount of \$162,631.65 and a Faithful Performance Surety Bond in the amount of \$214,916.34 and a Labor and Materials Surety Bond in the amount of \$107,458.17 (jointly, the “**Bonds**”).
- C. Owner has requested that the Town consent to the release of the Bonds and the replacement of the Bonds with three letters of credit in the same amounts to be issued by California Bank & Trust (the “**Letters of Credit**”).
- D. Town is willing to release the Bonds and accept the Letters of Credit in place of the Bonds provided Owner enters into this MOU with the Town.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Town agree as follows:

1. Duration of Letters of Credit. Owner understands, acknowledges and agrees that it shall cause the Letters of Credit to remain in full force and effect until the improvements required by the Improvement Agreement have been completed to the satisfaction of the Town, all payments have been made for labor and materials supplied in connection with said improvements, and one year has expired after the completion of the improvements to the satisfaction of the Town.
2. Reduction in Amounts of Letters of Credit. Owner and Town understand, acknowledge and agree that the amounts of the Letters of Credit may be reduced only by a written order of the Town pursuant to the rules and/or practices established for such reduction by the Town. After the improvements required by the Improvement Agreement are completed to the satisfaction of the Town and the Town has accepted the improvements, the Town may agree to a reduction in the amounts provided by the Letters of Credit provided that adequate funds for labor and materials claims as specified by the Town have been made to the reasonable satisfaction of the Town and an adequate Letter of Credit amount remains to satisfy all maintenance obligations. If and when Owner and Town agree to a reduction of the amounts of

the Letters of Credit, Owner and Town agree to execute an application for amendment to the Letters of Credit with California Bank & Trust.

3. Attorneys' Fees. Owner agrees to pay Town any costs and reasonable expenses and fees, including reasonable attorneys' fees, that Town may incur in successfully enforcing its rights under the Improvement Agreement, Letters of the Credit or this MOU and Town shall be entitled to draw down any such amounts under the Letters of Credit.


4. Counterparts. This MOU may be executed in counterparts. Executed facsimile copies of this MOU shall be treated the same as originals.

IN WITNESS WHEREOF, the parties have executed this MOU to be effective as of the date first written above.

**OWNER:**

STRATA AV HOMES, LLC, a California limited liability company

By: Strata Equity RES, LLC, a California limited liability company, Its Manager

By:   
Name: David Callahan  
Title: Manager

**TOWN:**

TOWN OF APPLE VALLEY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of San Diego

On 09-30-10

Date

before me,

Marcella C. Rayon, Notary Public  
Here Insert Name and Title of the Officer

personally appeared Daryl C. Michels

Name(s) of Signer(s)

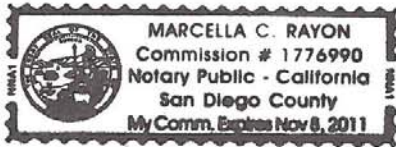
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

Marcella C. Rayon  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

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

**Description of Attached Document**

Title or Type of Document: Removal of Trustee

Document Date: October 1, 2010

Number of Pages: 2

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

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

Signer's Name: Daryl C. Michels

Individual

Corporate Officer — Title(s): Manager

Partner —  Limited  General

Attorney in Fact

Trustee

Guardian or Conservator

Other: \_\_\_\_\_

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: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER

Top of thumb here



Signer Is Representing: Stap & Jones, LLC

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







**CALIFORNIA BANK & TRUST**  
 International Operations  
 550 South Hope Street, 3rd Floor  
 Los Angeles, California 90071  
 S.W.I.F.T. CALBUS66

**Standby Letter of Credit**

**IRREVOCABLE STANDBY LETTER OF CREDIT NO. SB06-1799**

Issuance Date: October 1, 2010

APPLICANT:  
 STRATA AV HOMES, LLC  
 4370 LA JOLLA VILLAGE DR. SUITE 960  
 SAN DIEGO, CA 92122

EXPIRATION:  
 September 30, 2011 or any automatically  
 extended date as herein below set forth

BENEFICIARY:  
 TOWN OF APPLE VALLEY  
 14955 DALE EVANS PARKWAY  
 APPLE VALLEY, CA 92307

AMOUNT: USD 162,631.65

RE: Maintenance Security  
 Project No. TNT 16134  
 Tract/Parcel Number 16134

Dear Sir/Madam:

At the request of STRATA AV HOMES, LLC, 4370 LA JOLLA VILLAGE DR., SUITE 960, SAN DIEGO, CA 92122, we hereby establish our Irrevocable Standby Letter of Credit in your favor up to an aggregate amount of One Hundred Sixty Two Thousand Six Hundred Thirty One and 65/100 USDOLLARS (USD162,631.65). This Letter of Credit is available for payment against presentation of your draft(s) at Sight drawn on CALIFORNIA BANK & TRUST, bearing the clause: "Drawn under Letter of Credit no. SB06-1799 of CALIFORNIA BANK & TRUST, Los Angeles, California" accompanied by the following documents:

This original Letter of Credit and amendment(s) thereto, if any, which will be returned to you following our notation thereon of the amount of such draft drawn hereunder. If the amount of the draft is for the full amount of this Letter of Credit, the original Letter of Credit will be retained by us.

Beneficiary's statement purportedly signed by the Town Engineer or the Town Council of the Town of Apple Valley stating that the draw is made pursuant to the rules and/or practices established by the Town of Apple Valley.

Partial drawings are allowed.

Applicant states that this Letter of Credit is provided as an instrument for improvement security permitted under Sections 66499 of the California Government Code and under the Town of Apple Valley Development Code.

It is a condition of this Letter of Credit that it shall be deemed automatically extended, without amendment, for one year from the expiration date hereof, or any future expiration date, unless at least sixty (60) days prior to such expiration date, we notify you in writing, by certified mail or courier service that we elect not to renew this Letter of Credit for any additional period. In the event you are so notified, any unused portion of the Letter of Credit will be available upon presentation, within the current expiration date, of your draft(s) at sight on us accompanied by the original Letter of Credit and the statement above.

Except as expressly stated herein, this undertaking is not subject to any agreement, condition or qualification, or by any other agreement, document or undertaking whether referred to herein or to which this Letter of Credit may relate. The obligation of California Bank & Trust under this Letter of Credit is the individual obligation of California Bank & Trust, and is in no way contingent upon reimbursement with respect thereto, or upon our ability to perfect any lien, security interest, or any other reimbursement.

Beneficiary may reduce the Letter of Credit amount from time to time by providing us with a release letter purportedly signed by the Town Engineer or the Town Council of the Town of Apple Valley indicating this Letter of Credit No. SB06-1799, the amount to be reduced and the new Letter of Credit amount.

We, California Bank & Trust, hereby represent to you, The Town of Apple Valley, that the drafts drawn and presented strictly in compliance with the terms of this Letter of Credit will be duly honored by us if presented on or before the initial expiration date as stated above, or before the expiration of any automatically extended period thereafter, at our office located at California Bank & Trust, International Operations, 550 South Hope Street, 3<sup>rd</sup> Floor, Los Angeles, CA 90071 or, if our office location changes, then to such other office of ours in the United states as we designate in writing to the Town of Apple Valley.


This Standby Letter of Credit expires at our counters at the close of business on the expiration date, or any automatically extended date.

All banking charges are for the account of the Applicant.

If you have any questions concerning this transaction, please call us at (213) 593-2131, (213) 593-2128 or (213) 593-2127.

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

Sincerely,  
CALIFORNIA BANK & TRUST

  
Authorized Signature

Linda Shum  
Vice President



**CALIFORNIA BANK & TRUST**  
 International Operations  
 550 South Hope Street, 3rd Floor  
 Los Angeles, California 90071  
 S.W.I.F.T. CALBUS66

**Standby Letter of Credit**

**IRREVOCABLE STANDBY LETTER OF CREDIT NO. SB06-1800**

Issuance Date: October 1, 2010

APPLICANT:  
 STRATA AV HOMES, LLC  
 4370 LA JOLLA VILLAGE DR. SUITE 960  
 SAN DIEGO, CA 92122

EXPIRATION:  
 September 30, 2011 or any automatically  
 extended date as herein below set forth

BENEFICIARY:  
 TOWN OF APPLE VALLEY  
 14955 DALE EVANS PARKWAY  
 APPLE VALLEY, CA 92307

AMOUNT: USD107,458.17

RE: Labor & Material Security  
 Project No. TNT 16134  
 Tract/Parcel Number 16134

Dear Sir/Madam:

At the request of STRATA AV HOMES, LLC, 4370 LA JOLLA VILLAGE DR., SUITE 960, SAN DIEGO, CA 92122, we hereby establish our Irrevocable Standby Letter of Credit in your favor up to an aggregate amount of One Hundred Seven Thousand Four Hundred Fifty Eight and 17/100 USDOLLARS (USD107,458.17). This Letter of Credit is available for payment against presentation of your draft(s) at Sight drawn on CALIFORNIA BANK & TRUST, bearing the clause: "Drawn under Letter of Credit no. SB06-1800 of CALIFORNIA BANK & TRUST, Los Angeles, California" accompanied by the following documents:

This original Letter of Credit and amendment(s) thereto, if any, which will be returned to you following our notation thereon of the amount of such draft drawn hereunder. If the amount of the draft is for the full amount of this Letter of Credit, the original Letter of Credit will be retained by us.

Beneficiary's statement purportedly signed by the Town Engineer or the Town Council of the Town of Apple Valley stating that the draw is made pursuant to the rules and/or practices established by the Town of Apple Valley.

Partial drawings are allowed.

Applicant states that this Letter of Credit is provided as an instrument for improvement security permitted under Sections 66499 of the California Government Code and under the Town of Apple Valley Development Code.

It is a condition of this Letter of Credit that it shall be deemed automatically extended, without amendment, for one year from the expiration date hereof, or any future expiration date, unless at least sixty (60) days prior to such expiration date, we notify you in writing, by certified mail or courier service that we elect not to renew this Letter of Credit for any additional period. In the event you are so notified, any unused portion of the Letter of Credit will be available upon presentation, within the current expiration date, of your draft(s) at sight on us accompanied by the original Letter of Credit and the statement above.

Except as expressly stated herein, this undertaking is not subject to any agreement, condition or qualification, or by any other agreement, document or undertaking whether referred to herein or to which this Letter of Credit may relate. The obligation of California Bank & Trust under this Letter of Credit is the individual obligation of California Bank & Trust, and is in no way contingent upon reimbursement with respect thereto, or upon our ability to perfect any lien, security interest, or any other reimbursement.

Beneficiary may reduce the Letter of Credit amount from time to time by providing us with a release letter purportedly signed by the Town Engineer or the Town Council of the Town of Apple Valley indicating this Letter of Credit No. SB06-1800, the amount to be reduced and the new Letter of Credit amount.

We, California Bank & Trust, hereby represent to you, The Town of Apple Valley, that the drafts drawn and presented strictly in compliance with the terms of this Letter of Credit will be duly honored by us if presented on or before the initial expiration date as stated above, or before the expiration of any automatically extended period thereafter, at our office located at California Bank & Trust, International Operations, 550 South Hope Street, 3<sup>rd</sup> Floor, Los Angeles, CA 90071 or, if our office location changes, then to such other office of ours in the United states as we designate in writing to the Town of Apple Valley.

This Standby Letter of Credit expires at our counters at the close of business on the expiration date, or any automatically extended date.

All banking charges are for the account of the Applicant.

If you have any questions concerning this transaction, please call us at (213) 593-2131, (213) 593-2128 or (213) 593-2127.

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

Sincerely,  
CALIFORNIA BANK & TRUST



Authorized Signature

Linda Shum  
Vice President