

STATE OF NORTH CAROLINA

File No.

1505 1781

BRUNSWICK County

FILED

In The General Court Of Justice
District Superior Court Division

Name Of Plaintiff
TOWN OF SUNSET BEACH

Address
c/o 1213 Culbreth Drive

City, State, Zip
Wilmington NC BY 28405

CIVIL SUMMONS

ALIAS AND PLURIES SUMMONS (ASSESS FEE)

G.S. 1A-1, Rules 3, 4

VERSUS
Name Of Defendant(s)
BOND SAFEGUARD INSURANCE COMPANY

Date Original Summons Issued

Date(s) Subsequent Summons(es) Issued

To Each Of The Defendant(s) Named Below:

Name And Address Of Defendant 1
BOND SAFEGUARD INSURANCE COMPANY
c/o Heather Nilson, Registered Agent
2522 West 41st Street, #246
Sioux Falls, SD 57105

Name And Address Of Defendant 2

A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiff as follows:

- 1. Serve a copy of your written answer to the complaint upon the plaintiff or plaintiff's attorney within thirty (30) days after you have been served. You may serve your answer by delivering a copy to the plaintiff or by mailing it to the plaintiff's last known address, and
2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint, the plaintiff will apply to the Court for the relief demanded in the complaint.

Name And Address Of Plaintiff's Attorney (If None, Address Of Plaintiff)
G. Grady Richardson, Jr., Esq.
Law Offices of G. Grady Richardson, Jr., P.C.
1213 Culbreth Drive
Wilmington NC 28405

Date Issued 9/30/15 Time 1:35 PM
Signature
Deputy CSC Assistant CSC Clerk Of Superior Court

ENDORSEMENT (ASSESS FEE)

This Summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this Summons must be served is extended sixty (60) days.

Date Of Endorsement Time AM PM
Signature
Deputy CSC Assistant CSC Clerk Of Superior Court

NOTE TO PARTIES: Many counties have MANDATORY ARBITRATION programs in which most cases where the amount in controversy is \$15,000 or less are heard by an arbitrator before a trial. The parties will be notified if this case is assigned for mandatory arbitration, and, if so, what procedure is to be followed.

RETURN OF SERVICE

I certify that this Summons and a copy of the complaint were received and served as follows:

DEFENDANT 1

Date Served	Time Served <input type="checkbox"/> AM <input type="checkbox"/> PM	Name Of Defendant
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- By delivering to the defendant named above a copy of the summons and complaint.
- By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (if corporation, give title of person copies left with)

Other manner of service (specify)

Defendant WAS NOT served for the following reason:

DEFENDANT 2

Date Served	Time Served <input type="checkbox"/> AM <input type="checkbox"/> PM	Name Of Defendant
-------------	--	-------------------

- By delivering to the defendant named above a copy of the summons and complaint.
- By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (if corporation, give title of person copies left with)

Other manner of service (specify)

Defendant WAS NOT served for the following reason.

Service Fee Paid	Signature Of Deputy Sheriff Making Return
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\$	
----	--

Date Received	Name Of Sheriff (Type Or Print)
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Date Of Return	County Of Sheriff
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STATE OF NORTH CAROLINA

File No. 15 cv 1791

BRUNSWICK County

In The General Court Of Justice
District Superior Court Division

Name And Address Of Plaintiff 1
TOWN OF SUNSET BEACH
c/o 1213 Culbreth Drive
Wilmington, NC 28405

2015 SEP 30 PM 1:25

GENERAL

CIVIL ACTION COVER SHEET

Initial Filing Subsequent Filing

Rule 5(b), General Rules of Practice For Superior and District Courts

Name And Address Of Plaintiff 2

Name And Address Of Attorney Or Party, If Not Represented (complete for initial appearance or change of address)

G. Grady Richardson, Jr., Esq.
Law Offices of G. Grady Richardson, Jr., P.C.
1213 Culbreth Drive
Wilmington NC 28405

VERSUS

Name Of Defendant 1
BOND SAFEGUARD INSURANCE COMPANY
c/o Heather Nilson, Registered Agent
2522 West 41st Street, #246
Sioux Falls, SD 57105

Telephone No. 910-509-7166 Cellular Telephone No.
NC Attorney Bar No. 25508 Attorney E-Mail Address grady@ggriawoffice.com

Summons Submitted Yes No

Initial Appearance in Case Change of Address

Name Of Defendant 2

Name Of Firm
Law Offices of G. Grady Richardson, Jr., P.C.

FAX No. 910-509-7167

Summons Submitted Yes No

Counsel for All Plaintiffs All Defendants Only (list party(ies) represented)

Jury Demanded In Pleading
Complex Litigation

Amount in controversy does not exceed \$15,000
Stipulate to arbitration

TYPE OF PLEADING

- (check all that apply)
Amend (AMND)
Amended Answer/Reply (AMND-Response)
Amended Complaint (AMND)
Assess Costs (COST)
Answer/Reply (ANSW-Response) (see Note)
Change Venue (CHVN)
Complaint (COMP)
Confession Of Judgment (CNJF)
Consent Order (CONS)
Consolidate (CNSL)
Contempt (CNTP)
Continue (CNTN)
Compel (CMPL)
Counterclaim (CTCL) Assess Court Costs
Crossclaim (list on back) (CRSS) Assess Court Costs
Dismiss (DISM) Assess Court Costs
Exempt/Waive Mediation (EXMD)
Extend Statute Of Limitations, Rule 9 (ESOL)
Extend Time For Complaint (EXCO)
Failure To Join Necessary Party (FJNP)

- (check all that apply)
Failure To State A Claim (FASC)
Implementation Of Wage Withholding In Non-IV-D Cases (OTHR)
Improper Venue/Division (IMVN)
Including Attorney's Fees (ATTY)
Intervene (INTR)
Interplead (OTHR)
Lack Of Jurisdiction (Person) (LJPN)
Lack Of Jurisdiction (Subject Matter) (LJSM)
Modification Of Child Support In IV-D Actions (MSUP)
Notice Of Dismissal With Or Without Prejudice (VOLD)
Petition To Sue As Indigent (OTHR)
Rule 12 Motion In Lieu Of Answer (MDLA)
Sanctions (SANC)
Set Aside (OTHR)
Show Cause (SHOW)
Transfer (TRFR)
Third Party Complaint (list Third Party Defendants on back) (TPCL)
Vacate/Modify Judgment (VCMD)
Withdraw As Counsel (WDCN)
Other (specify and list each separately)

NOTE: All filings in civil actions shall include as the first page of the filing a cover sheet summarizing the critical elements of the filing in a format prescribed by the Administrative Office of the Courts, and the Clerk of Superior Court shall require a party to refile a filing which does not include the required cover sheet. For subsequent filings in civil actions, the filing party must either include a General Civil (AOC-CV-751), Motion (AOC-CV-752), or Court Action (AOC-CV-753) cover sheet.

CLAIMS FOR RELIEF

- | | | |
|--|--|--|
| <input type="checkbox"/> Administrative Appeal (ADMA) | <input type="checkbox"/> Limited Driving Privilege - Out-Of-State Convictions (PLDP) | <input type="checkbox"/> Product Liability (PROD) |
| <input type="checkbox"/> Appointment Of Receiver (APRC) | <input type="checkbox"/> Medical Malpractice (MDML) | <input type="checkbox"/> Real Property (RLPR) |
| <input type="checkbox"/> Attachment/Garnishment (ATTC) | <input type="checkbox"/> Minor Settlement (MSTL) | <input type="checkbox"/> Specific Performance (SPPR) |
| <input type="checkbox"/> Claim And Delivery (CLMD) | <input type="checkbox"/> Money Owed (MNYO) | <input checked="" type="checkbox"/> Other (<i>specify and list each separately</i>)
Breach of Contract, and Attorneys' Fees |
| <input type="checkbox"/> Collection On Account (ACCT) | <input type="checkbox"/> Negligence - Motor Vehicle (MVNG) | |
| <input type="checkbox"/> Condemnation (CNDM) | <input type="checkbox"/> Negligence - Other (NEGO) | |
| <input checked="" type="checkbox"/> Contract (CNTR) | <input type="checkbox"/> Motor Vehicle Lien G.S. 44A (MVLN) | |
| <input type="checkbox"/> Discovery Scheduling Order (DSCH) | <input type="checkbox"/> Possession Of Personal Property (POPP) | |
| <input type="checkbox"/> Injunction (INJU) | | |

Date 9/29/15 Signature Of Attorney/Party 

FEES IN G.S. 7A-308 APPLY

- Assert Right Of Access (ARAS)
 Substitution Of Trustee (Judicial Foreclosure) (RSOT)
 Supplemental Procedures (SUPR)

PRO HAC VICE FEES APPLY

Motion For Out-Of-State Attorney To Appear In NC Courts In A Civil Or Criminal Matter (Out-Of-State Attorney/Pro Hac Vice Fee)

No.	<input type="checkbox"/> Additional Plaintiff(s)

No.	<input type="checkbox"/> Additional Defendant(s)	<input type="checkbox"/> Third Party Defendant(s)	Summons Submitted
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No

Plaintiff(s) Against Whom Counterclaim Asserted

Defendant(s) Against Whom Crossclaim Asserted

TOWN OF SUNSET BEACH, a North Carolina
Municipal Corporation and Body Politic,

Plaintiff,

vs.

BOND SAFEGUARD INSURANCE COMPANY,

Defendant.

VERIFIED COMPLAINT

NOW COMES Plaintiff, TOWN OF SUNSET BEACH, a North Carolina municipal corporation and body politic, and hereby states and alleges unto the Court as follows:

FACTS

1. The Town of Sunset Beach ("Town") is a municipal corporation and body politic organized and existing under the laws of the State of North Carolina.
2. As per the materials attached hereto as Exhibit A, Defendant Bond Safeguard Insurance Company ("Defendant Surety") is an insurance company presently incorporated and existing under the laws of the State of South Dakota and doing business in many states including the State of North Carolina. Prior to being a company incorporated in South Dakota, Defendant Surety had been incorporated in and existed under the laws of the State of Illinois.
3. Defendant Surety, as surety, issued several subdivision bonds related to Sections 1, 2.A., 2.B., and 2.C. (collectively referenced herein as, "Sections") in Phase VI of the Ocean Ridge Plantation located in Brunswick County, North Carolina ("Subdivision").

4. For Section 1 of the Subdivision, Defendant Surety issued Bond No. 5028388 in the total amount of \$1,234,541.00. A true and correct copy of this Section 1 Bond is attached hereto as Exhibit B.

5. For Section 2.A. of the Subdivision, Defendant Surety issued Bond No. 5028382 in the total amount of \$588,590.63. A true and correct copy of this Section 2.A. Bond is attached hereto as Exhibit C.

6. For Section 2.B. of the Subdivision, Defendant Surety issued Bond No. 5028389 in the total amount of \$799,951.00. A true and correct copy of this Section 2.B. Bond is attached hereto as Exhibit D.

7. For Section 2.C. of the Subdivision, Defendant Surety issued Bond No. 5035924 in the total amount of \$398,131.36. A true and correct copy of this Section 2.C. Bond is attached hereto as Exhibit H.

8. The Bond for Section 1 of the Subdivision is an “all or nothing” Bond meaning that all of the work covered by said Bond must be finished before any of the Bond amount is released by the Town as the obligee unless the Town agrees otherwise.

9. Unlike the Section 1 Bond, the Bonds for Sections 2.A., 2.B., and 2.C. are Bonds that can be partially released once the work covered by said Bonds is completed.

10. The total face value of the Bonds for all of the Subdivision’s Sections is the sum of **\$3,021,213.99** (hereinafter, “Total Bond Amount”).

11. Each of the above-referenced Bonds for the Subdivision’s Sections 1 and 2.A.-2.C. provides that Defendant Surety is the surety and that the Town is the obligee.

12. Defendant Surety signed, sealed, dated and delivered said Bonds for the Subdivision’s Sections.

13. The Subdivision's developer under each of the Bonds is and has been at all relevant times herein Coastal Communities at Ocean Ridge Plantation, LLC ("Developer").

14. The Bonds for Sections 1, 2.A. and 2.B. were all initially issued in favor of the Town by Defendant Surety in February 2008, while the Bond for Section 2.C. was issued in November 2009.

15. On or about 27 February 2009, the Town and Developer entered into an Agreement modifying previously agreed upon dates for completion of improvements in Sections 1, 2.A., and 2.B. of the Subdivision (hereinafter, "February 2009 Agreement"). A true and correct copy of the February 2009 Agreement is attached hereto as Exhibit E.

16. Defendant Surety consented and agreed to the February 2009 Agreement as evidenced by, *inter alia*, the General Purpose Riders it signed for each of the Bonds covering Subdivision Sections 1, 2.A. and 2.B, true and correct copies of which are collectively attached hereto as Exhibit F.

17. On or about 2 November 2009, the Town and Developer entered into an Improvement Agreement concerning the posting of the required Bond for Section 2.C. and to cover improvements within Section 2.C. (hereinafter, "November 2009 Agreement"). A true and correct copy of the November 2009 Agreement is attached hereto as Exhibit G.

18. On or about 10 November 2009, Defendant Surety issued its Bond for Section 2.C. of the Subdivision, a true and correct copy of which is attached hereto as Exhibit H.

19. On or about 1 May 2012, the Town, Defendant Surety, and the Developer all entered into a Tolling Agreement ("Tolling Agreement"), a true and correct copy of which is attached hereto as Exhibit I.

20. Per its provisions, the Tolling Agreement expired on or about 21 May 2015.

21. On or about 3 December 2012, the Town and Developer entered into a Subdivision Improvements Agreement (“2012 SIA”), a true and correct copy of which is attached hereto as Exhibit J.

22. The 2012 SIA established new completion dates for improvements in Subdivision Section 1.

23. The 2012 SIA also provided that the Town and Developer “agreed to continue to negotiate the terms for [Subdivision] Sections 2A, 2B and 2C” and to “use their best efforts to reach an agreement on or before August 15, 2013.”

24. The 2012 SIA extended the improvements completion dates for Section 1 as follows:

Storm water	July 31, 2013
Sewer	September 30, 2013
Water	September 30, 2013
Electric	November 30, 2013
Roads	December 31, 2013

25. The 2012 SIA further provided that “[u]pon completion of all required improvements in Section 1 and the approval of Town’s designated engineer, Town agrees to release Surety Bond No. 5028388 [for Section 1].”

26. On or about 20 December 2012, Defendant Surety consented and agreed to the 2012 SIA as evidenced by, *inter alia*, the General Purpose Rider it signed and issued in favor of the Town, a true and correct copy of which is attached hereto as Exhibit K.

27. On or about 21 November 2013, the Town and Developer entered into a Subdivision Improvements Agreement (“2013 SIA”), a true and correct copy of which is attached hereto as Exhibit L.

28. The 2013 SIA recites that its purpose, in pertinent part, was as follows:

WHEREAS, Developer and Town have now agreed to the terms of a new development agreement to set forth new completion dates for improvements required in [Subdivision] Sections 2A (lots 1-40) and 2B (lots 41-95) (collectively, the ‘2A and 2B lots’), and have agreed to negotiate in good faith the terms of a new agreement for other lots in Section 2B and all of Section 2C.

29. The 2013 SIA then set out the new completion dates for Subdivision Sections 2A and 2B lots as follows with Developer – per Paragraph 1 – using its “best efforts”:

Storm water	February 1, 2015
Sewer	June 1, 2015
Water	June 1, 2015
Electric road crossings	September 1, 2015
Roads	December 31, 2015

30. Per Paragraph 4 of the 2013 SIA:

Failure of Developer to comply with the terms and conditions of this [2013 SIA] or the surety bond or the Town’s applicable ordinances and policies shall constitute a material breach of [the 2013 SIA] and shall entitle Town to give notice under the Tolling Agreement and to proceed under said bond(s) and this [2013 SIA] against Developer and the surety.

31. Per Paragraph 6 of the 2013 SIA, it became null and void if the storm water, sewer, water, electric road crossings, and road work in the Subdivision’s Section 1 was not completed by 31 March 2014, subject to “delays caused by circumstances beyond the Developer’s control, including adverse weather conditions.”

32. Finally, per Paragraph 7 of the 2013 SIA, it constituted a “modification of the [2012 SIA]” and that upon completion of “*all* required improvements in Section 1 *and* the approval of the Town’s designated engineer” (emphasis added), the Town agreed it would release all of the Section 1 Bond.

33. By letter dated 13 May 2014, the Town's Mayor, Ron Watts, confirmed: (1) the Town's and Developer's prior agreement to extend the Section 1 improvements deadline from 31 December 2013 until 31 March 2014 subject to "adverse weather conditions"; and, (2) the Developer would not be able to satisfy the new date of 31 March 2014 due to "adverse weather conditions" (hereinafter, "Mayor Letter"). A true and correct copy of the Mayor Letter is attached hereto as Exhibit M.

34. The Mayor Letter further notified Developer that even 40 days after the 31 March 2014, sufficient time had passed to allow the Developer to complete all of the Section 1 improvements but that "very little, if any, work was performed by [Developer]."

35. The Section 1 Bond covered, among other things, (1) curb and guttering for all of the roads in Section 1; and, (2) electric conduits or crossings through which electrical service wires can be extended by Brunswick Electric Membership Corporation ("BEMC") to provide electrical service to the residential homes in the Subdivision's Section 1.

36. As of the filing of this action, the Developer has not completed the curb and guttering at the entrance of the Subdivision's Section 1.

37. As of the filing of this action, the Developer has not installed the electric conduits throughout Section 1.

38. As of the filing of this action, with the exception of storm water improvements, the Developer's required improvements for sewer, water, electric, and roads in Sections 2.A., 2.B., and 2.C. have not been completed. In fact, the vast majority of the improvements work by the Developer for Sections 2.A., 2.B., and 2.C. have not been completed.

39. Even though the outside date of 31 December 2015 is allowed for the Developer to complete the roads in Sections 2.A., 2.B., and 2.C. under the 2013 SIA, there is no realistic

chance the Developer will have completed all of the work and improvements in said Sections of the Subdivision covered by the Defendant Surety's Bonds.

40. By letter dated 28 May 2015, the Town notified Defendant Surety of Developer's defaults under the Bonds for the Subdivision's Sections as outlined herein and demanded that Defendant Surety perform its obligations under the Bonds and pay the Total Bond Amount for the Subdivision ("Town Demand"). A true and correct copy of the Town's Demand on Defendant Surety is attached hereto as Exhibit N.

41. Defendant Surety has not responded to the Town's Demand other than to request information from the Town (which has been provided to Defendant Surety) and to try to seek a mutual settlement and resolution between the Town and Developer to no avail.

42. The infrastructure improvements for the Subdivision's Sections, as covered by the Bonds, have not been timely completed and/or will not be timely completed under the parties' various agreements and Bonds.

FIRST CAUSE OF ACTION

Defendant Surety's Breach of Contract – Refusal to Pay Total Bond Amount to Town

43. The Town restates and realleges all of the foregoing allegations of this Complaint as if fully set forth herein verbatim.

44. Defendant Surety's failure and refusal to pay the Total Bond Amount to the Town as obligee, as a result of the Developer's defaults under the Bonds is in breach of Defendant Surety's bond obligations.

45. As a result of said actions and conduct of Defendant Surety, the Town has been substantially and materially prejudiced and damaged by Defendant Surety's breach and refusal to

perform in the amount of the Total Bond Amount, together with interest thereon from at least 28 May 2015 through the present and continuing.

SECOND CAUSE OF ACTION
Attorney's Fees, Costs and Expenses, *inter alia*, N.C.G.S. §§ 6-21.5

46. The Town restates and realleges all of the foregoing allegations of this Complaint as if fully set forth herein verbatim.

47. Pursuant to, *inter alia*, N.C.G.S. § 6-21.5, Defendant Surety is liable to the Town for an award of the Town's attorneys' fees, costs and expenses for the Town having to bring this action to compel the Defendant Surety's obligations on the Bonds when knowing that Developer has failed and refused to complete barely a scintilla of the improvements on the Bonds for Sections 2.A., 2.B., and 2.C. in the Subdivision and while knowing that Developer has still not completed all of the work for Section 1, and Defendant Surety's position in refusing to issue any of the Total Bond Amount to the Town, despite the Town's Demand is completely void of a justiciable issue of either law or fact.

48. Pursuant to, *inter alia*, N.C.G.S. § 44A-35, Defendant Surety is also liable to the Town for an award of the Town's attorneys' fees, costs and expenses as the prevailing party in this action.

PRAYER FOR RELIEF

WHEREFORE, the Town respectfully prays unto the Court as follows:

1. That summary judgment be entered in favor of the Town against Defendant Surety as to the Town's claims and causes of action against Defendant Surety and that the Town have and recover payment in the amount of **\$3,021,213.99** (the Total Bond Amount) plus interest and costs as allowed by law.

2. That the Town have and recover on each of its causes of action and the relief requested under each said cause of action against Defendant Surety, as set forth and requested herein.

3. That the Town have and recover all of its costs in this action, including court costs, expenses, and attorneys' fees.

4. That the Town have and recover interest from the date of at least 28 May 2015, the date of the Town's Demand, up through and until the date that Defendant Surety satisfies and completes its performance on the Bonds.

5. For trial by jury on all issues so triable.

6. For such other and further relief as the Court may deem just and proper.

This the 28th day of September 2015.

LAW OFFICES OF G. GRADY RICHARDSON, JR., P.C.



G. GRADY RICHARDSON, JR.

NCSB #25508

Attorneys for the Town of Sunset Beach

1213 Culbreth Drive

Wilmington, North Carolina 28405

Telephone: 910-509-7166

Facsimile: 910-509-7167

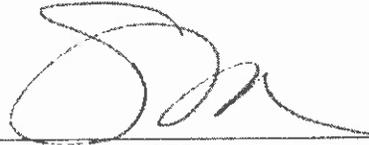
Email: grady@ggrlawoffice.com

VERIFICATION

STATE OF NORTH CAROLINA

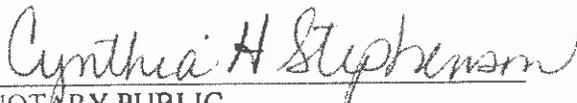
COUNTY OF BRUNSWICK

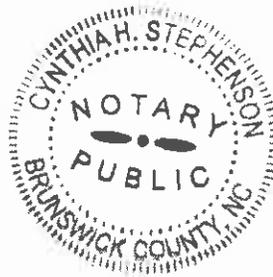
I, SUSAN R. PARKER, after first being duly sworn, deposes and says that I am the Town Administrator for the Plaintiff Town of Sunset Beach in the foregoing cause of action, that I have read the foregoing Verified Complaint, and the same is true of my own personal knowledge, except as to such matters and things therein set forth upon information and belief, and, as to those matters I believe them to be true.



SUSAN R. PARKER, Affiant, Town Administrator
For and On Behalf of the Plaintiff,
Town of Sunset Beach

Sworn To and Subscribed Before
Me, this 29 day of September 2015.


NOTARY PUBLIC



My Commission Expires: 2-16-2018

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

Certificate of Domestication
Domestic Insurance Company

ORGANIZATIONAL ID #: IN000137

I, Jason Gant, Secretary of State of the State of South Dakota, hereby certify that the Articles of Incorporation of **BOND SAFEGUARD INSURANCE COMPANY** duly signed and verified, pursuant to the provisions of the South Dakota Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY, and by virtue of the authority vested in me by law, I hereby issue this Certificate of Incorporation and attach hereto a duplicate of the Articles of Incorporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this 12/9/2013.



Jason Gant
Secretary of State

OK
Dec 10 2013

Articles of Domestication
Bond Safeguard Insurance Company

RECEIVED
DEC 09 2013
S.D. SEC. OF STATE

The Company name immediately prior to the filing of the Articles of Domestication was Bond safeguard Insurance Company. The Company name will remain the same. The Company name satisfies requirements of SS 47-1A-401 to 47-1A-401.3.

The Company was domesticated in Woodridge, IL immediately prior to filing the Articles of Domestication with the South Dakota Secretary of State. The Company was incorporated on 6/15/1971 in Illinois.

Bond Safeguard Insurance Company received a letter of no objection from the Illinois Department of Insurance signed by Marcy Savage, Acting Assistant Deputy Director for the Company to move from Illinois to South Dakota.

I, Andrew G. Smith, as Assistant Secretary of Bond Safeguard Insurance Company, duly swear the information provided herein is accurate to the best of my knowledge.

Company Seal

Andrew G. Smith
Andrew G. Smith
Assistant Secretary

The above instrument was acknowledged before me by Andrew G. Smith, whom is personally known to me, on November 22, 2013 .

Amy Taylor
Notary Signature

Seal



Amy Taylor
Notary Printed Name

January 9, 2016
Commission Expires

SOUTH DAKOTA DIVISION OF INSURANCE
Approved as to Form
this 5th day of Dec. 2013
[Signature]
ASSISTANT ATTORNEY GENERAL

AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
BOND SAFEGUARD INSURANCE COMPANY
AS AMENDED November 1, 2013

RECEIVED

DEC 09 2013

S.D. SEC. OF STATE

ARTICLE I

NAME

The name of the Company shall be BOND SAFEGUARD INSURANCE COMPANY.

ARTICLE II

PRINCIPAL OFFICE & REGISTERED AGENT

The Company shall maintain its principal place of business at 2522 West 41st Street, #246, Sioux Falls, SD 57105. Heather Nilson shall serve as the registered agent.

ARTICLE III

DURATION

The period of duration of the Company shall be perpetual.

ARTICLE IV

OBJECT AND PURPOSE

The kinds of insurance which the company is formed to transact (including cessation and acceptance of reinsurance of all or any part of any risk) is surety insurance as that is defined under SDCL Title 58, or as that Title may be hereafter amended.

ARTICLE V

DIRECTORS

(1) The corporate powers shall be exercised by, and the corporate business and affairs shall be managed by a Board of Directors composed of not less than five (5), nor more than twenty-one (21) natural persons who are shareholders, and who are at least twenty-one (21) years of age. The number of Directors to be elected, within the minimum and maximum limits above specified, shall be as provided in the By-Laws, which number may be increased or decreased from time to time by amendment to the By-Laws.

(2) At the first meeting of the shareholders, the full Board of Directors, as provided in the By-Laws, shall be elected and thereafter the full Board of Directors shall be elected annually by the shareholders at a duly constituted meeting held for the purpose. Any vacancy in the Board of Directors may be filled by election at a special meeting of the shareholders called for that purpose. All Directors elected by the shareholders shall hold office until the annual meeting of shareholders next succeeding their election and/or until their successors are elected and qualified. Until the first meeting of the shareholders, the incorporators shall have the powers and duties ordinarily possessed and executed by the Board of Directors.

(3) In all elections for Directors, every shareholder shall have the right to vote, in person or by proxy, the number of shares owned by him, for as many persons as there are Directors to be elected, or to cumulate said shares, and give one candidate as many votes as the number of Directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit.

ARTICLE VI

CAPITAL STOCK

Below are the minimum requirements that the Company will adhere to in South Dakota:

(1) The amount of the authorized capital of the Company shall be \$200,000.00 and Surplus of \$300,000.00, SDCL 58-6-23; and

The aggregate number of common shares which the Company shall have authority to issue from time to time without further amendment to this Article shall be 5,000,000 shares of the par value of One Dollar (\$1.00) each. As of the date of this amendment the Company has issued \$2,500,000 shares at the par value of One Dollar (\$1.00).

(2) The number of such common shares to be issued and sold prior to the issuance of Certificate of Authority to the Company shall be 400,000 shares at a price of One Dollar and Fifty Cents (\$1.50) each to provide a paid-up capital of \$400,000.00 and paid in surplus of \$200,000.00

(3) The Board of Directors shall have the power, by appropriate resolution, to authorize the issuance or sale at any time or from time to time of the whole or any part of said 4,600,000 authorized but unissued common shares as additions to its paid-up capital pursuant to one or more, permits issued at any time or from time to time by the Director of Insurance of the State of South Dakota.

(4) All capital shares of the Company, to be delivered at the issuance by the Director of Insurance of a Certificate of Authority, will not contain or grant to any purchaser thereof any preemptive rights to enable such purchaser to subscribe for or purchase in proportions to his holdings any additional common shares of the Company, should the Company at a later date obtain a Permit of the Director of Insurance to increase and issue its capital shares.

ARTICLE VII

PLAN OF OPERATION

The Company shall be conducted upon the stock plan with the right to issue participating policies.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

(1) The Company shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a director, officer, employee or agent of, the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

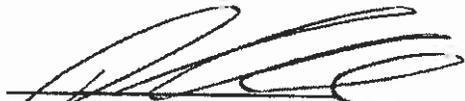
(2) The Company shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit (other than the right by or in the company to procure a judgment in its favor) by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the company and except that no indemnification shall be made in the performance of his duty to the Company unless and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication or liability but in view of all the circumstances of the case, such expenses which the Court shall deem proper.

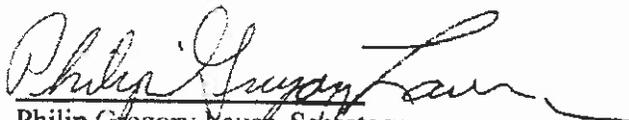
(3) To the extent that a director, officer, employee or agent of a Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (1) and (2), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(4) Any indemnification under subsections (1) and (2), unless ordered by a court, shall be made by the Company only as authorized in the specific case upon a determination the indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (1) and (2). Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceedings, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (c) by the stockholders.

(5) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Company as authorized in this section.

IN WITNESS WHEREOF, the undersigned as President and Secretary of Bond Safeguard Insurance Company hereby execute and acknowledge the foregoing Amended Articles of Incorporation, in triplicate, this 1st day of November, 2013.


David Campbell, President


Philip Gregory Bauer, Secretary

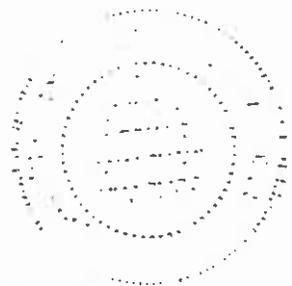
(Seal)

20. DIVISION OF...

...

...

...





Secretary of State

Jason M. Gant

State Capitol | 500 E. Capitol Ave. | Pierre, South Dakota 57501 | sdsos@state.sd.us | sdsos.gov

Return To: LUANN DIVISION OF INSURANCE
445 EAST CAPITOL
PIERRE, SD 57501

From: Secretary of State Jason M. Gant
Corporations Division

Filing Date: 12/09/2013

Re: BOND SAFEGUARD INSURANCE COMPANY (IN000137)
Articles of Incorporation

The documents on behalf of BOND SAFEGUARD INSURANCE COMPANY have been received and filed. Attached is the Certificate along with a receipt for the filing fee of \$150.00. Below is a summary of the transaction.

<u>Remitter</u>	<u>Address</u>	<u>Amount Paid</u>
BOND SAFEGUARD INSURANCE COMPANY	10002 SHELBYVILLE RD STE 100 LOUISVILLE, KY 40223	\$150.00
Total:		\$150.00

<u>Description</u>	<u>Invoice Date</u>	<u>Qty</u>	<u>Receipt #</u>	<u>Subtotal</u>
Articles of Incorporation	12/12/2013	1	159594	\$150.00
Total:				\$150.00

Administration	Corporations	Uniform Commercial Code
Tel: (605) 773-3537	Tel: (605) 773-4845	Tel: (605) 773-3537
Fax: (605) 773-6580	Fax: (605) 773-4550	Fax: (605) 773-6580



2-7-08

Subdivision Bond



KNOW ALL MEN BY THESE PRESENTS: BOND NO. 5028388

That Coastal Communities at Ocean Ridge Plantation LLC as Principal, and Bond Safeguard Insurance Company, a Illinois corporation authorized to do business in the State of North Carolina as surety, are held firmly bound unto Town of Sunset Beach as obligee, in the sum of One Million Two Hundred Thirty Four Thousand Five Hundred Forty One Dollars & 00/100 (\$1,234,541.00) lawful money of the United States of America, for which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents.

Whereas, the Principal has entered into an agreement with Town of Sunset Beach as obligee, guaranteeing that the Principal will complete all improvements for Coastal Communities at Ocean Ridge Phase VI, Section 1, Brunswick County, North Carolina, in accordance with the plats submitted to and approved by obligee and in accordance with the engineer's report dated May 15, 2006 and said agreement, plats and report being made part of this bond, all of which improvements shall be completed and accepted by town's engineers on or before the date set forth in the agreement.

Now, therefore, the condition of this obligation is such, that if the Principal shall carry out all the terms of said agreement relating to the improvements and perform all the work as required by said plats, engineer's report and said agreement referenced herein, all within the time set forth in said agreement and to the satisfaction and approval of said engineers, then this obligation shall be null and void, otherwise to remain in full force and effect. This bond is not transferable or assignable.

No party other than the obligee shall have any rights hereunder as against the Surety.

The aggregate liability of the Surety of the Bond Obligation set forth herein shall not exceed the penal sum hereof for any cause or reason whatsoever, inclusive of attorney's fees or other costs.

SIGNED, SEALED AND DATED THIS 7th day of February, 2008

Coastal Communities at Ocean Ridge Plantation LLC

Attest: Anne M. Bartholomew

By: [Signature]
Mark A. Saunders, Managing Member

Bond Safeguard Insurance Company

[Signature]
Witness as to Surety:

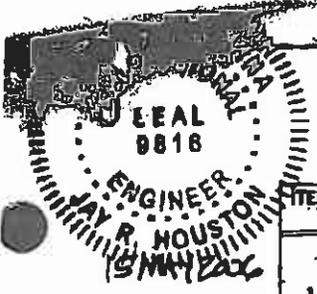
By: [Signature]
Elana V. Sanchez, Attorney-in-Fact

This Bond shall replace letter of credit #3082239 issued by Sun Trust in the amount of \$1,234,541.00

OCEAN RIDGE PLANTATION
Phase VI, Section 1
Infrastructure Construction Cost Estimate

May 15, 2006

LO# 1-114
(14)
5028488



ITEM	ITEM DESCRIPTION	ESTIMATED QUANTITY		UNIT PRICE	ITEM TOTAL
SEWER					
1	8" SDR21 Pressure Sewer	4,580	LF @ \$	9.50 = \$	43,510
2	6" SDR21 Pressure Sewer	1,300	LF @ \$	8.00 = \$	10,400
3	4" SDR21 Pressure Sewer		LF @ \$	5.50 = \$	0
4	3" SDR21 Pressure Sewer	3,100	LF @ \$	4.25 = \$	13,175
5	2" SDR21 Pressure Sewer	3,500	LF @ \$	3.75 = \$	13,125
6	8" Fittings & Valves		EA @ \$	650 = \$	0
7	6" Fittings & Valves	9	EA @ \$	500 = \$	4,500
8	6" Cleanouts	3	EA @ \$	300 = \$	900
9	4" Fittings & Valves	3	EA @ \$	250 = \$	750
10	4" Cleanouts	2	EA @ \$	250 = \$	500
11	3" Fittings & Valves	22	EA @ \$	275 = \$	6,050
12	3" Cleanouts	3	EA @ \$	200 = \$	600
13	2" Fittings & Valves	15	EA @ \$	200 = \$	3,000
14	2" Cleanouts	6	EA @ \$	200 = \$	1,200
15	Single Service Taps	4	EA @ \$	330 = \$	1,320
16	Double Service Taps	55	EA @ \$	440 = \$	24,200
				SUB TOTAL = \$	124,230
WATER:					
17	8" C-900 PVC		EA @ \$	17.00 = \$	0
18	8" MJ Tee		EA @ \$	425 = \$	0
19	8" MJ Plug Tapped 6"		EA @ \$	200 = \$	0
20	8" MJ Plug Tapped 2"		EA @ \$	175 = \$	0
21	8" Gate Valve & Box		EA @ \$	850 = \$	0
22	8" C-900 PVC	4,150	LF @ \$	13.50 = \$	56,025
23	6" MJ Tee	10	EA @ \$	440 = \$	4,400
24	6" Gate Valve & Box	7	EA @ \$	715 = \$	5,005
25	6" Cross		EA @ \$	450 = \$	0
26	6" MJ 45° Bend		EA @ \$	385 = \$	0
27	6" MJ Plug Tapped 4"	1	EA @ \$	495 = \$	495
28	4" C-900 PVC	1,650	LF @ \$	9.50 = \$	15,675
29	4" Gate Valve & Box	6	EA @ \$	600 = \$	3,600
30	4" Fittings	3	EA @ \$	150 = \$	450
31	2" Blowoff Assembly	3	EA @ \$	350 = \$	1,050
32	6" X 20" Tapping Sleeve	1	EA @ \$	2,600 = \$	2,600
33	8" Tapping Gate Valve & Box		EA @ \$	1,500 = \$	0
34	6" Tapping Gate Valve & Box	1	EA @ \$	1,100 = \$	1,100
35	Service Taps	114	EA @ \$	450 = \$	51,300
36	Fire Hydrant Assembly	5	EA @ \$	2,500 = \$	12,500
37	6" or 4" Thrust Collar	2	EA @ \$	400 = \$	800
38	Concrete Blocking	4	CY @ \$	300 = \$	1,200
				SUB TOTAL = \$	155,200
ROADWAY, DRAINAGE & MISC.					
39	Clearing and Grubbing	8	AC @ \$	3,000 = \$	22,500
40	Grading (Fine)	6,300	LF @ \$	7.50 = \$	47,250
41	Grading (Rough)	6,300	LF @ \$	12.00 = \$	75,600
42	6" ABC Base	14,000	SY @ \$	7.50 = \$	105,000
43	2" 1-2 Asphalt	14,000	SY @ \$	10.75 = \$	150,500
44	Curb and Gutter (2')	12,600	LF @ \$	11.00 = \$	138,600
45	Curb Inlet & Grate	14	EA @ \$	1,500 = \$	21,000
46	20" Wide Vegetated Swale	375	LF @ \$	12.50 = \$	4,688
47	12" RC or HDPE Pipe	290	LF @ \$	15.00 = \$	4,350
48	15" RC or HDPE Pipe	210	LF @ \$	23.00 = \$	4,830
49	18" RC or HDPE Pipe	280	LF @ \$	27.00 = \$	7,560
50	24" RC or HDPE Pipe	700	LF @ \$	34.00 = \$	23,800
51	30" RC or HDPE Pipe	250	EA @ \$	43.00 = \$	10,750
52	36" RC or HDPE Pipe		EA @ \$	54.00 = \$	0
53	Pond Excavation-2.5 ac (6' to 8' depth)	12,500	CY @ \$	4.25 = \$	53,125
54	Stormwater Pond Outlet Structure	2	LS @ \$	6,000 = \$	12,000
55	Flaired End Sections	2	EA @ \$	450.00 = \$	900
56	Catch Basins	2	LS @ \$	1,500 = \$	3,000
57	Underground Electric Cable	6,000	LF @ \$	3.50 = \$	21,000
58	Street Lights	6	EA @ \$	125 = \$	750
				SUB TOTAL = \$	707,203
				GRAND TOTAL = \$	987,633

125% 246,908.25
1,234,541.25

POWER OF ATTORNEY AO 28555

Bond Safeguard

INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: Krystal L. Cuddihy, Joan Mularz, Elana V. Sanchez

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 3,000,000.00 Three million dollars *****

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY *David E. Campbell*
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 7th Day of February, 20 08



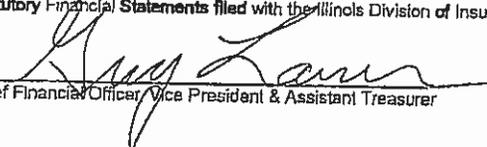
Donald D. Buchanan
Donald D. Buchanan
Secretary

BOND SAFEGUARD INSURANCE COMPANY
FINANCIAL STATEMENTS
December 31, 2008

ASSETS		LIABILITIES	
Bonds	\$14,808,888	Reserve for Losses	\$2,879,563
Money Market &/or Stocks		Reinsurance Payable for Losses	-
Cash and Short-Term Investments	16,882,080	Reserve for Loss Expenses	874,899
Total Cash & Invested Assets	31,571,068	Reserve for Other Expenses	238,957
Investment Income Due & Accrued	579,802	Reserve for Taxes, Licenses, and Fees	179,897
Agents Balances &/or Uncollected Premiums	3,481,582	Reserve for Current Federal Income Taxes	353,128
Funds Held or Deposited with Reinsurance Companies	93,170	Reserve for Unearned Premiums	14,580,941
Receivable from Parent, Subsidiaries and Affiliates	0	Ceded Reinsurance Premiums Payable	548,319
Reinsurance Recoverable on Loss Payments	0	Funds Held Under Reinsurance Treaty	88,488
Other Assets	1,472,405	Reserve for Unauthorized Reinsurance	2,117
Total Assets	\$37,178,127	Payable to Parent, Subsidiaries and Affiliates	21,191
		Other Liabilities	440,805
		Total Liabilities	\$20,214,305
		POLICYHOLDERS' SURPLUS	
		Capital Stock & Paid In Surplus	\$3,049,530
		Surplus	13,914,292
		Total Policyholder Surplus	\$16,963,822
		Total Liabilities and Policyholder Surplus	\$37,178,127

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2008. Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Illinois Division of Insurance as of the same date.


Chief Financial Officer, Vice President & Assistant Treasurer

Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: Krystal L. Cuddihy, Joan Mularz, Elana V. Sanchez****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$1,000,000.00, One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY David E. Campbell
David E. Campbell
President

ACKNOWLEDGEMENT

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"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 27th Day of February, 2009



Donald D. Buchanan
Donald D. Buchanan
Secretary

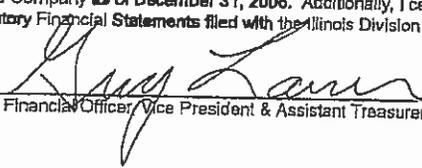
"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

BOND SAFEGUARD INSURANCE COMPANY
FINANCIAL STATEMENTS
December 31, 2006

ASSETS		LIABILITIES	
Bonds	\$14,908,888	Reserve for Losses	\$2,879,553
Money Market &/or Stocks		Reinsurance Payable for Losses	-
		Reserve for Loss Expenses	874,899
Cash and Short-Term Investments	16,662,080	Reserve for Other Expenses	236,957
Total Cash & Invested Assets	31,571,008	Reserve for Taxes, Licenses, and Fees	179,897
		Reserve for Current Federal Income Taxes	353,128
Investment Income Due & Accrued	579,902	Reserve for Unearned Premiums	14,590,841
Agents Balances &/or Uncollected Premiums	3,461,582	Ceded Reinsurance Premiums Payable	548,319
		Funds Held Under Reinsurance Treaty	88,498
Funds Held or Deposited with Reinsurance Companies	83,170	Reserve for Unauthorized Reinsurance	2,117
Receivable from Parent, Subsidiaries and Affiliates	0	Payable to Parent, Subsidiaries and Affiliates	21,191
Reinsurance Recoverable on Loss Payments	0	Other Liabilities	440,805
Other Assets	1,472,405	Total Liabilities	\$20,214,305
Total Assets	\$37,178,127	POLICYHOLDERS' SURPLUS	
		Capital Stock & Paid In Surplus	\$3,049,530
		Surplus	13,914,282
		Total Policyholder Surplus	\$16,963,822
		Total Liabilities and Policyholder Surplus	\$37,178,127

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2006. Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Illinois Division of Insurance as of the same date.



Chief Financial Officer, Vice President & Assistant Treasurer

Bond Safeguard Insurance Company

GENERAL PURPOSE RIDER

We consent to the extension of the deadlines for completion of all required improvements which are secured by this bond and stated on the Performance Bond dated February 7, 2008 (Bond # 5028383) as set forth in that certain Agreement between the Principal and Town of Sunset Beach dated February 27th, 2009, which is incorporated herein by reference.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged and in full force and effect.

This rider is to be effective the 27th day of February, 2009

Signed, sealed and dated this 27th day of February, 2009

Bond Safeguard Insurance Company



Elana V. Sanchez, Attorney-in-Fact



Gary Parker, Administrator
Larry Crim, Asst. Administrator

Ronald F. Klein, Mayor
Len Steiner, Council
Ron Watts, Council
Louis R. DeVita, Council
Bob Bobinski, Council
E. Wilson Sherrill, Council

NORTH CAROLINA

BRUNSWICK COUNTY

AGREEMENT

THIS AGREEMENT, made and entered into this 27th day of February, 2009, by and between Coastal Communities at Ocean Ridge Plantation, LLC, hereinafter called "Developer", and the Town of Sunset Beach, hereinafter called "Town";

WITNESSETH:

WHEREAS, the Developer has previously obtained final plat approval from Town of those certain subdivisions known as Ocean Ridge Plantation Phase VI Section 1, Phase VI Section 2A and Phase VI Section 2B; and

WHEREAS, pursuant to Town's ordinances, in order to obtain approval of said plats by Town prior to the installation and completion of all improvements, Developer posted a surety bond with Town to guarantee the timely completion of all required improvements; and

WHEREAS, all of the required improvements have not been completed in a timely manner and Developer has requested a modification of the completion dates for said required improvements; and

WHEREAS, for good cause shown, Town has agreed to modify the required completion dates upon the terms and conditions set forth herein;

NOW, THEREFORE, IT IS AGREED by Developer and Town as follows:

1. That Developer will complete all required improvements for the above-referenced subdivisions in accordance with the plans, specifications and drawings previously submitted by Cape Fear Engineering to and accepted by Town and in accordance with Town ordinances (and where applicable by County ordinances) on or before the dates set forth on Exhibit A attached hereto and incorporated herein by reference.
2. That Developer shall immediately file with Town a surety bond in form acceptable to Town securing and guaranteeing the satisfactory completion of said improvements by the required dates.

700 Sunset Boulevard North • Sunset Beach, NC 28468
Telephone 910-579-6297 • 910-579-3808 • Fax 910-579-1840
Website: www.sunsetbeachnc.gov • Email: sunsetbeach@atma.net

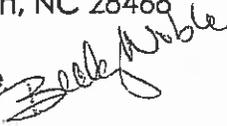
Part of North Carolina's Brunswick Islands

Exhibit A

Coastal Communities at Ocean Ridge Plantation, LLC

131 Ocean Boulevard West . Holden Beach . NC . 28462 . 910.842.4939

TO: Gary Parker, Town Manager
Town of Sunset Beach
700 Sunset Blvd.
Sunset Beach, NC 28468

FROM: Becky Noble 

RE: Coastal Communities at Ocean Ridge Plantation, LLC
Guarantees

DATE: February 9, 2009

Please note that the existing bond on file remains in effect for Phase VI – Section 1, Phase VI – Section 2A and Phase VI – Section 2B.

The completion dates for infrastructure for each section referenced in surety bonds No. 5028388, 5028382 and 5028389 are as follows:

Infrastructure Description	Completion Date
Phase VI – Section 1	Total Phase – 3/2010
Storm Drainage System	7/2009
Sewer	11/2009
Water	11/2009
Electric	1/2010
Roadways	3/2010
Phase VI – Section 2A	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010
Phase VI – Section 2B	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010

2-7-08



Subdivision Bond

KNOW ALL MEN BY THESE PRESENTS: BOND NO. 5028382

That Coastal Communities at Ocean Ridge Plantation LLC as Principal, and Bond Safeguard Insurance Company, a Illinois corporation authorized to do business in the State of North Carolina as surety, are held firmly bound unto Town of Sunset Beach as obligee, in the sum of Five Hundred Eighty Eight Thousand Five Hundred Ninety Dollars & 63/100 (\$588,590.63) lawful money of the United States of America, for which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents.

Whereas, the Principal has entered into an agreement with Town of Sunset Beach as obligee, guaranteeing that the Principal will complete all improvements for Coastal Communities at Ocean Ridge Phase 6, Section 2A, Brunswick County, North Carolina, in accordance with the plats submitted to and approved by obligee and in accordance with the engineer's report attached and said agreement, plats and report being made part of this bond, all of which improvements shall be completed and accepted by town's engineers on or before the date set forth in the agreement.

Now, therefore, the condition of this obligation is such, that if the Principal shall carry out all the terms of said agreement relating to the improvements and perform all the work as required by said plats, engineer's report and said agreement referenced herein, all within the time set forth in said agreement and to the satisfaction and approval of said engineers, then this obligation shall be null and void, otherwise to remain in full force and effect. This bond is not transferable or assignable.

No party other than the obligee shall have any rights hereunder as against the Surety.

The aggregate liability of the Surety of the Bond Obligation set forth herein shall not exceed the penal sum hereof for any cause or reason whatsoever, inclusive of attorney's fees or other costs.

SIGNED, SEALED AND DATED THIS 7th day of February 2008

Coastal Communities at Ocean Ridge Plantation LLC

Attest: Anne M. Beckford

By: Mark A. Saunders
Mark A. Saunders, Managing Member

Bond Safeguard Insurance Company

[Signature]
Witness as to Surety:

By: Elana V. Sanchez
Elana V. Sanchez, Attorney-In-Fact

This Bond shall replace letter of credit #3083346 issued by Sun Trust in the amount of \$588,590.63

**OPINION OF PROBABLE COSTS -OCEAN RIDGE PLANTATION PHASE VI SEC 2A (40 LOTS)
LOTS 1-40**

Item	Description	Engineer's Estimated Quantity	Units	Unit Price	Probable Costs
1.00	ROADWAYS				
1.01	Rough Grading	3,200	LF	\$4.00	\$ 12,800.00
1.02	Stone Base	3,200	LF	\$7.00	\$ 22,400.00
1.03	Fine Grading	3,200	LF	\$4.00	\$ 12,800.00
1.04	18" Roll Curb & Gutter	6,400	LF	\$7.00	\$ 44,800.00
1.05	Backfill behind curb	6,400	LF	\$0.75	\$ 4,800.00
1.06	1 1/2" Asphalt Paving	7,150	SY	\$5.75	\$ 41,112.50
1.07	4" Concrete Sidewalk	3,200	LF	\$9.55	\$ 30,560.00
DIVISION I SUB-TOTAL					\$ 169,272.50
2.00	WATER DISTRIBUTION SYSTEM				
2.01	12" Water Line	1,000	LF	\$24.50	\$ 24,500.00
2.02	8" Water Line	1,000	LF	\$15.00	\$ 15,000.00
2.03	6" Water Line	12,000	LF	\$8.50	\$ 102,000.00
2.04	Gate Valve w/box	8	EA	\$950.00	\$ 7,600.00
2.06	Fire Hydrant Assembly, complete	4	EA	\$1,500.00	\$ 6,000.00
2.08	Temporary Blow-off Assembly	1	EA	\$750.00	\$ 750.00
2.09	Water Service - Complete	40	EA	\$375.00	\$ 15,000.00
DIVISION II SUB-TOTAL					\$ 170,850.00
3.00	SANITARY SEWER COLLECTION SYSTEM				
3.01	8" Sanitary Sewer	800	LF	\$12.00	\$ 9,600.00
3.02	6" Sanitary Sewer	800	LF	\$8.00	\$ 6,400.00
3.03	4" Sanitary Sewer	800	LF	\$6.00	\$ 4,800.00
3.04	2" Sanitary Sewer	800	LF	\$4.50	\$ 3,600.00
3.08	Gate Valve w/box	8	EA	\$950.00	\$ 7,600.00
3.16	Sewer Service-Complete	40	EA	\$325.00	\$ 13,000.00
DIVISION III SUB-TOTAL					\$ 45,000.00
4.00	STORM DRAINAGE SYSTEM				
18.00	18" HDPE	1,000	LF	\$18.00	\$ 18,000.00
4.03	24" HDPE	500	LF	\$24.00	\$ 12,000.00
4.08	Catch Basins	10	EA	\$1,500.00	\$ 15,000.00
4.08	Outlet Structures	1	EA	\$2,500.00	\$ 2,500.00
4.09	Junction Boxes	2	EA	\$1,500.00	\$ 3,000.00
4.10	FES	2	EA	\$500.00	\$ 1,000.00
DIVISION IV SUB-TOTAL					\$ 51,500.00
5.00	SITE WORK AND MISCELLANEOUS				
5.01	Clearing and Grubbing	2	AC	\$1,500.00	\$ 3,000.00
5.02	Silt Fence	1,000	LF	\$2.50	\$ 2,500.00
5.03	Const. Entrance	1	EA	\$750.00	\$ 750.00
5.04	Refresh Const. Entrance	10	EA	\$250.00	\$ 2,500.00
5.05	Pond Excavation & Spread Material on-site	3,000	CY	\$4.50	\$ 13,500.00
5.06	Pond Excavation & Stockpile on-site	3,000	CY	\$3.50	\$ 10,500.00
5.08	Grassing	1	acre	\$1,500.00	\$ 1,500.00
DIVISION IV SUB-TOTAL					\$ 34,250.00

TOTAL	\$	470,872.50
TOTAL*1.25	\$	588,590.63

\$117,718.13

POWER OF ATTORNEY AO 53623

Bond Safeguard

INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: Krystal L. Cuddihy, Joan Mularz, Elana V. Sanchez ***

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$1,000,000.00, One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 7th Day of February, 20 08



Donald D. Buchanan
Secretary

BOND SAFEGUARD INSURANCE COMPANY
 FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2007

ASSETS	LIABILITIES
Bonds	Reserve for Losses and Loss Expense
\$17,333,089	\$5,393,803
Money Market &/or Stocks	Reserve for Unearned Premiums
0	18,846,535
Cash and Short-Term Investments	Reserve for Other Expenses
17,884,106	211,582
Agents Balances &/or Uncollected Premiums	Reserve for Taxes, Licenses, and Fees
5,124,433	202,844
Investment Income Due & Accrued	Reserve for Current federal income taxes
846,275	19,507
Funds Held or Deposited with Reinsurance Companies	Ceded Reinsurance Premiums Payable
0	720,865
Recoverable from Parent, Subsidiaries and Affiliates	Funds Held Under Reinsurance Treaty
0	348,823
Reinsurance Recoverable on Loss Payments	Reserve for Unauthorized Reinsurance
52,853	191
Other Assets	Payable to Parent, Subsidiaries and Affiliates
2,421,001	53,310
	Other Liabilities
	<u>1,207,082</u>
	Total Liabilities
	<u>\$25,004,123</u>
	<u>POLICYHOLDERS' SURPLUS</u>
	Capital Stock & Paid In Surplus
	\$3,049,530
	Surplus
	<u>15,608,114</u>
	Total Policyholder Surplus
	<u>\$18,657,644</u>
	Total Liabilities and Policyholder Surplus
	<u>\$43,661,767</u>
Total Assets	
<u>\$43,661,767</u>	

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2007. Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Illinois Department of Insurance as of the same date.

[Signature]
 Chief Financial Officer, Vice President & Assistant Treasurer

2-14-14

Bond Safeguard Insurance Company

GENERAL PURPOSE RIDER

We consent to the extension of the deadlines for completion of all required improvements which are secured by this bond and stated on the Performance Bond dated February 7, 2008 (Bond #5028382) as set forth in that certain Agreement between the Principal and Town of Sunset Beach dated November 21, 2013.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged and in full force and effect.

This Bond Rider shall become effective 17th day of February, 2014.

Signed, Sealed and Dated, this 14th day of February, 2014.

Bond Safeguard Insurance Company
Surety

By: Jalene Brown
Jalene Brown, Attorney-in-Fact

POWER OF ATTORNEY
Bond Safeguard INSURANCE COMPANY

BSIC- 200451

KNOW ALL MEN BY THESE PRESENTS, that BOND SAFEGUARD INSURANCE COMPANY, a South Dakota Corporation with its principal office in Sioux Falls, South Dakota, does hereby constitute and appoint: Jalene Brown, Christopher L. Dobbs, Tracy L. Carlile

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of BOND SAFEGUARD INSURANCE COMPANY on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$6,500,000.00 Six Million Five Hundred Thousand Dollars

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed to by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, BOND SAFEGUARD INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY David E. Campbell
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of BOND SAFEGUARD INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY L. TAYLOR
Notary Public - State of Tennessee
Davidson County
My Commission Expires 01-09-18

BY Amy L. Taylor
Amy L. Taylor
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of BOND SAFEGUARD INSURANCE COMPANY, A South Dakota Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

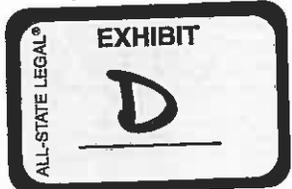
Signed and Sealed at Mount Juliet, Tennessee this 14th Day of February 20 14



BY Andrew Smith
Andrew Smith
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materialy false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

2-7-08



Subdivision Bond

KNOW ALL MEN BY THESE PRESENTS: BOND NO. 5028389

That Coastal Communities at Ocean Ridge Plantation LLC as Principal, and Bond Safeguard Insurance Company, a Illinois corporation authorized to do business in the State of North Carolina as surety, are held firmly bound unto Town of Sunset Beach as obligee, in the sum of Seven Hundred Ninety Nine Thousand Nine Hundred Fifty One Dollars & 00/100 (\$799,951.00) lawful money of the United States of America, for which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents.

Whereas, the Principal has entered into an agreement with Town of Sunset Beach as obligee, guaranteeing that the Principal will complete improvements for Coastal Communities at Ocean Ridge Phase 6, Section 2B, Brunswick County, North Carolina, in accordance with the plats submitted to and approved by obligee and in accordance with the engineer's report dated September 28, 2006 and said agreement, plats and report being made part of this bond, all of which improvements shall be completed and accepted by town's engineers on or before the date set forth in the agreement.

Now, therefore, the condition of this obligation is such, that if the Principal shall carry out all the terms of said agreement relating to the improvements and perform all the work as required by said plats, engineer's report and said agreement referenced herein, all within the time set forth in said agreement and to the satisfaction and approval of said engineers, then this obligation shall be null and void, otherwise to remain in full force and effect. This bond is not transferable or assignable.

No party other than the obligee shall have any rights hereunder as against the Surety.

The aggregate liability of the Surety of the Bond Obligation set forth herein shall not exceed the penal sum hereof for any cause or reason whatsoever, inclusive of attorney's fees or other costs.

SIGNED, SEALED AND DATED THIS 7th day of February 2008

Coastal Communities at Ocean Ridge Plantation LLC

Attest: Anne M. Bartholomeu

By: Mark A. Saunders
Mark A. Saunders, Managing Member

Bond Safeguard Insurance Company

[Signature]
Witness as to Surety:

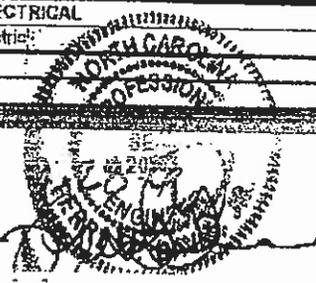
By: Elana V. Sanchez
Elana V. Sanchez, Attorney-In-Fact

This Bond shall replace letter of credit #3084859 issued by Sun Trust in the amount of \$799,951.00

5ULD001

Opinion of Probable Cost
Ocean Ridge Phase 6, Sec. 2B (67 Lots) - 7 lots W/S
Lots 41-106

Item	Description	Engineer's Estimated Quantity	Units	Unit Price	Probable Costs
1.00 ROADWAYS					
1.01	Rough Grading	2,755	LF	\$4.00	\$ 11,020.00
1.02	Stone Base	2,755	LF	\$7.00	\$ 19,285.00
1.03	Fine Grading	2,755	LF	\$4.00	\$ 11,020.00
1.04	18" Roll Curb & Gutter	6,510	LF	\$7.00	\$ 38,570.00
1.05	Backfill behind curb	6,510	LF	\$0.75	\$ 4,132.50
1.06	1 1/2" Asphalt Paving	7,347	SY	\$5.75	\$ 42,245.25
1.07	4" Concrete Sidewalk	2,755	LF	\$9.55	\$ 26,310.25
DIVISION I SUB-TOTAL					\$ 152,583.00
2.00 WATER DISTRIBUTION SYSTEM					
2.01	12" Water Line	331	LF	\$24.50	\$ 8,109.50
2.02	8" Water Line	654	LF	\$15.00	\$ 12,810.00
2.03	6" Water Line	1267	LF	\$8.50	\$ 10,769.50
2.04	Gate Valve w/box	5	EA	\$950.00	\$ 4,750.00
2.05	Fire Hydrant Assembly, complete	3	EA	\$1,500.00	\$ 4,500.00
2.06	Temporary Blow-off Assembly	1	EA	\$750.00	\$ 750.00
2.07	Water Service - Complete	67	EA	\$375.00	\$ 25,125.00
DIVISION II SUB-TOTAL					\$ 66,814.00
3.00 SANITARY SEWER COLLECTION SYSTEM					
3.01	8" Sanitary Sewer	689	LF	\$12.00	\$ 8,268.00
3.02	6" Sanitary Sewer	689	LF	\$8.00	\$ 5,512.00
3.03	4" Sanitary Sewer	689	LF	\$6.00	\$ 4,134.00
3.04	2" Sanitary Sewer	689	LF	\$4.50	\$ 3,100.50
3.05	Gate Valve w/box	5	EA	\$950.00	\$ 4,750.00
3.06	Sewer Service-Complete	67	EA	\$325.00	\$ 21,775.00
DIVISION III SUB-TOTAL					\$ 47,539.50
4.00 STORM DRAINAGE SYSTEM					
4.01	18" HDPE	1130	LF	\$18.00	\$ 20,340.00
4.02	24" HDPE	551	LF	\$24.00	\$ 13,224.00
4.03	Catch Basins	12	EA	\$1,500.00	\$ 18,000.00
4.04	Outlet Structures	4	EA	\$2,500.00	\$ 10,000.00
4.05	Junction Boxes	1	EA	\$1,500.00	\$ 1,500.00
4.06	FES	3	EA	\$600.00	\$ 1,800.00
DIVISION IV SUB-TOTAL					\$ 64,584.00
5.00 SITE WORK AND MISCELLANEOUS					
5.01	Clearing and Grubbing	4	AC	\$1,500.00	\$ 6,000.00
5.02	Silt Fence	1,378	LF	\$2.50	\$ 3,445.00
5.03	Const. Entrance	1	EA	\$750.00	\$ 750.00
5.04	Refresh Const. Entrance	10	EA	\$250.00	\$ 2,500.00
5.05	Pond Excavation & Spread Material on-site	35,000	CY	\$4.50	\$ 157,500.00
5.06	Pond Excavation & Stockpile on-site	35,000	CY	\$3.50	\$ 122,500.00
5.07	Grassing	5	acre	\$1,500.00	\$ 7,500.00
DIVISION V SUB-TOTAL					\$ 300,195.00
6.00 ELECTRICAL					
6.01	Electrical	2,755	LF	\$3.00	\$ 8,265.00
DIVISION VI SUB-TOTAL					\$ 8,265.00



TOTAL	\$	639,860.50
TOTAL *1.25	\$	799,825.63

125% = \$159,990.13

OK

POWER OF ATTORNEY AO 53627

Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: Krystal L. Cuddihy, Joan Mularz, Elana V. Sanchez ***

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surely, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of Indemnity or other writings obligatory in nature of a bond not to exceed \$1,000,000.00, One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY

David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 7th Day of February, 20 08



Donald D. Buchanan
Secretary

Bond Safeguard Insurance Company

GENERAL PURPOSE RIDER

We consent to the extension of the deadlines for completion of all required improvements which are secured by this bond and stated on the Performance Bond dated February 7, 2008 (Bond #5028389) as set forth in that certain Agreement between the Principal and Town of Sunset Beach dated November 21, 2013.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged and in full force and effect.

This Bond Rider shall become effective 17th day of February, 2014.

Signed, Sealed and Dated, this 14th day of February, 2014.

Bond Safeguard Insurance Company
Surety

By: *Dalene Brown*
Dalene Brown, Attorney-in-Fact

POWER OF ATTORNEY BSIC- 200449
Bond Safeguard **INSURANCE COMPANY**

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, a South Dakota Corporation with its principal office in Sioux Falls, South Dakota, does hereby constitute and appoint: Jalene Brown, Christopher L. Dobbs, Tracy L. Carlisle its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$ 1,000,000.00, One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed to by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY L. TAYLOR
Notary Public - State of Tennessee
Davidson County
My Commission Expires 01-09-18

BY
Amy L. Taylor
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, A South Dakota Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Mount Juliet, Tennessee this 14th Day of February, 2014



BY
Andrew Smith
Assistant Secretary

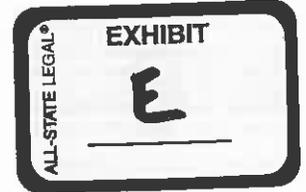
WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materialy false information, or conspires for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

2-27-09



Ronald F. Klein, Mayor
Len Steiner, Council
Ron Watts, Council
Louis R. DeVita, Council
Bob Bobinski, Council
E. Wilson Sherrill, Council

Gary Parker, Administrator
Larry Crim, Asst. Administrator



NORTH CAROLINA

AGREEMENT

BRUNSWICK COUNTY

THIS AGREEMENT, made and entered into this 27th day of February, 2009, by and between Coastal Communities at Ocean Ridge Plantation, LLC, hereinafter called "Developer", and the Town of Sunset Beach, hereinafter called "Town";

WITNESSETH:

WHEREAS, the Developer has previously obtained final plat approval from Town of those certain subdivisions known as Ocean Ridge Plantation Phase VI Section 1, Phase VI Section 2A and Phase VI Section 2B; and

WHEREAS, pursuant to Town's ordinances, in order to obtain approval of said plats by Town prior to the installation and completion of all improvements, Developer posted a surety bond with Town to guarantee the timely completion of all required improvements; and

WHEREAS, all of the required improvements have not been completed in a timely manner and Developer has requested a modification of the completion dates for said required improvements; and

WHEREAS, for good cause shown, Town has agreed to modify the required completion dates upon the terms and conditions set forth herein;

NOW, THEREFORE, IT IS AGREED by Developer and Town as follows:

1. That Developer will complete all required improvements for the above-referenced subdivisions in accordance with the plans, specifications and drawings previously submitted by Cape Fear Engineering to and accepted by Town and in accordance with Town ordinances (and where applicable by County ordinances) on or before the dates set forth on Exhibit A attached hereto and incorporated herein by reference.

2. That Developer shall immediately file with Town a surety bond in form acceptable to Town securing and guaranteeing the satisfactory completion of said improvements by the required dates.

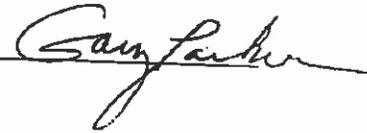
700 Sunset Boulevard North • Sunset Beach, NC 28468
Telephone 910-579-6297 • 910-579-3808 • Fax 910-579-1840
Website: www.sunsetbeachnc.gov • Email: sunsetbeach@atmc.net

Part of North Carolina's Brunswick Islands

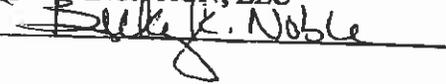
3. That this Agreement shall become effective to modify the original completion dates for the above-referenced subdivisions upon the submission and approval of said surety bond by Town.

IN WITNESS WHEREOF, the parties have executed this Agreement pursuant to authority duly given.

TOWN OF SUNSET BEACH

By: 

COASTAL COMMUNITIES AT OCEAN
RIDGE PLANTATION, LLC

By: 

Coastal Communities at Ocean Ridge Plantation, LLC

131 Ocean Boulevard West . Holden Beach . NC . 28462 . 910.842.4939

TO: Gary Parker, Town Manager
Town of Sunset Beach
700 Sunset Blvd.
Sunset Beach, NC 28468

FROM: Becky Noble *Becky Noble*

RE: Coastal Communities at Ocean Ridge Plantation, LLC
Guarantees

DATE: February 9, 2009

Please note that the existing bond on file remains in effect for Phase VI – Section 1, Phase VI – Section 2A and Phase VI – Section 2B.

The completion dates for infrastructure for each section referenced in surety bonds No. 5028388, 5028382 and 5028389 are as follows:

Infrastructure Description	Completion Date
Phase VI – Section 1	Total Phase – 3/2010
Storm Drainage System	7/2009
Sewer	11/2009
Water	11/2009
Electric	1/2010
Roadways	3/2010
Phase VI – Section 2A	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010
Phase VI – Section 2B	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010

2-27-09

Bond Safeguard Insurance Company

GENERAL PURPOSE RIDER



We consent to the extension of the deadlines for completion of all required improvements which are secured by this bond and stated on the Performance Bond dated February 7, 2008 (Bond # 5028382) as set forth in that certain Agreement between the Principal and Town of Sunset Beach dated February 27th, 2009, which is incorporated herein by reference.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged and in full force and effect.

This rider is to be effective the 27th day of February, 2009

Signed, sealed and dated this 27th day of February, 2009

Bond Safeguard Insurance Company

A handwritten signature in black ink, appearing to read "Elana V. Sanchez". The signature is written over a horizontal line.

Elana V. Sanchez, Attorney-in-Fact



Gary Parker, Administrator
Larry Crim, Asst. Administrator

Ronald F. Klein, Mayor
Len Steiner, Council
Ron Watts, Council
Louis R. DeVita, Council
Bob Bobinski, Council
E. Wilson Sherrill, Council

NORTH CAROLINA

AGREEMENT

BRUNSWICK COUNTY

THIS AGREEMENT, made and entered into this 27th day of February, 2009, by and between Coastal Communities at Ocean Ridge Plantation, LLC, hereinafter called "Developer", and the Town of Sunset Beach, hereinafter called "Town";

WITNESSETH:

WHEREAS, the Developer has previously obtained final plat approval from Town of those certain subdivisions known as Ocean Ridge Plantation Phase VI Section 1, Phase VI Section 2A and Phase VI Section 2B; and

WHEREAS, pursuant to Town's ordinances, in order to obtain approval of said plats by Town prior to the installation and completion of all improvements, Developer posted a surety bond with Town to guarantee the timely completion of all required improvements; and

WHEREAS, all of the required improvements have not been completed in a timely manner and Developer has requested a modification of the completion dates for said required improvements; and

WHEREAS, for good cause shown, Town has agreed to modify the required completion dates upon the terms and conditions set forth herein;

NOW, THEREFORE, IT IS AGREED by Developer and Town as follows:

1. That Developer will complete all required improvements for the above-referenced subdivisions in accordance with the plans, specifications and drawings previously submitted by Cape Fear Engineering to and accepted by Town and in accordance with Town ordinances (and where applicable by County ordinances) on or before the dates set forth on Exhibit A attached hereto and incorporated herein by reference.

2. That Developer shall immediately file with Town a surety bond in form acceptable to Town securing and guaranteeing the satisfactory completion of said improvements by the required dates.

700 Sunset Boulevard North • Sunset Beach, NC 28468
Telephone 910-579-6297 • 910-579-3808 • Fax 910-579-1840
Website: www.sunsetbeachnc.gov • Email: sunsetbeach@atmc.net

Part of North Carolina's Brunswick Islands

3. That this Agreement shall become effective to modify the original completion dates for the above-referenced subdivisions upon the submission and approval of said surety bond by Town.

IN WITNESS WHEREOF, the parties have executed this Agreement pursuant to authority duly given.

TOWN OF SUNSET BEACH

By: 

COASTAL COMMUNITIES AT OCEAN
RIDGE PLANTATION, LLC

By: 

Coastal Communities at Ocean Ridge Plantation, LLC

131 Ocean Boulevard West . Holden Beach . NC . 28462 . 910.842.4939

TO: Gary Parker, Town Manager
Town of Sunset Beach
700 Sunset Blvd.
Sunset Beach, NC 28468

FROM: Becky Noble *Becky Noble*

RE: Coastal Communities at Ocean Ridge Plantation, LLC
Guarantees

DATE: February 9, 2009

Please note that the existing bond on file remains in effect for Phase VI – Section 1, Phase VI – Section 2A and Phase VI – Section 2B.

The completion dates for infrastructure for each section referenced in surety bonds No. 5028388, 5028382 and 5028389 are as follows:

Infrastructure Description	Completion Date
Phase VI – Section 1	Total Phase – 3/2010
Storm Drainage System	7/2009
Sewer	11/2009
Water	11/2009
Electric	1/2010
Roadways	3/2010
Phase VI – Section 2A	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010
Phase VI – Section 2B	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010

2-27-09

Bond Safeguard Insurance Company

GENERAL PURPOSE RIDER

We consent to the extension of the deadlines for completion of all required improvements which are secured by this bond and stated on the Performance Bond dated February 7, 2008 (Bond # 5028389) as set forth in that certain Agreement between the Principal and Town of Sunset Beach dated February 27th, 2009, which is incorporated herein by reference.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged and in full force and effect.

This rider is to be effective the 27th day of **February, 2009**

Signed, sealed and dated this 27th day of **February, 2009**

Bond Safeguard Insurance Company



Elana V. Sanchez, Attorney-in-Fact

Exhibit A

Coastal Communities at Ocean Ridge Plantation, LLC

131 Ocean Boulevard West . Holden Beach . NC . 28462 . 910.842.4939

TO: Gary Parker, Town Manager
Town of Sunset Beach
700 Sunset Blvd.
Sunset Beach, NC 28468

FROM: Becky Noble *Becky Noble*

RE: Coastal Communities at Ocean Ridge Plantation, LLC
Guarantees

DATE: February 9, 2009

Please note that the existing bond on file remains in effect for Phase VI – Section 1, Phase VI – Section 2A and Phase VI – Section 2B.

The completion dates for infrastructure for each section referenced in surety bonds No. 5028388, 5028382 and 5028389 are as follows:

Infrastructure Description	Completion Date
Phase VI – Section 1	Total Phase – 3/2010
Storm Drainage System	7/2009
Sewer	11/2009
Water	11/2009
Electric	1/2010
Roadways	3/2010
Phase VI – Section 2A	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010
Phase VI – Section 2B	Total Phase – 8/2010
Storm Drainage System	11/2009
Sewer	3/2010
Water	3/2010
Electric	5/2010
Roadways	8/2010

AO 56896

POWER OF ATTORNEY

Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint Krystal L. Cuddihy, Joan Mularz, Elana V. Sanchez

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$1,000,000.00, One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY *David E. Campbell*
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 27th Day of February, 2009



Donald D. Buchanan
Donald D. Buchanan
Secretary

BOND SAFEGUARD INSURANCE COMPANY
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007

ASSETS	LIABILITIES
Bonds	Reserve for Losses and Loss Expense
\$17,333,089	\$5,393,803
Money Market &/or Stocks	Reserve for Unearned Premiums
0	16,846,535
Cash and Short-Term Investments	Reserve for Other Expenses
17,884,106	211,582
Agents Balances &/or Uncollected Premiums	Reserve for Taxes, Licenses, and Fees
5,124,433	202,844
Investment Income Due & Accrued	Reserve for Current federal income taxes
848,275	19,507
Funds Held or Deposited with Reinsurance Companies	Ceded Reinsurance Premiums Payable
0	720,865
Receivable from Parent, Subsidiaries and Affiliates	Funds Held Under Reinsurance Treaty
0	348,823
Reinsurance Recoverable on Loss Payments	Reserve for Unauthorized Reinsurance
52,853	191
Other Assets	Payable to Parent, Subsidiaries and Affiliates
2,421,001	53,310
	Other Liabilities
	<u>1,207,062</u>
	Total Liabilities
	<u>\$25,004,123</u>
	<u>POLICYHOLDERS' SURPLUS</u>
	Capital Stock & Paid In Surplus
	\$3,049,530
	Surplus
	<u>15,608,114</u>
	Total Policyholder Surplus
	<u>\$18,657,644</u>
	Total Liabilities and Policyholder Surplus
	<u>\$43,661,787</u>
Total Assets	
<u>\$43,661,787</u>	

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2007. Additionally, I certify that the above financial statements are in agreement with the Statutory financial Statements filed with the Illinois Department of Insurance as of the same date.

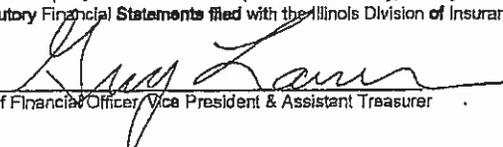
[Signature]
Chief Financial Officer, Vice President & Assistant Treasurer

BOND SAFEGUARD INSURANCE COMPANY
FINANCIAL STATEMENTS
December 31, 2006

ASSETS		LIABILITIES	
Bonds	\$14,808,988	Reserve for Losses	\$2,879,553
Money Market &/or Stocks		Reinsurance Payable for Losses	-
Cash and Short-Term Investments	18,682,080	Reserve for Loss Expenses	874,899
Total Cash & Invested Assets	31,571,098	Reserve for Other Expenses	236,957
Investment Income Due & Accrued	579,902	Reserve for Taxes, Licenses, and Fees	179,887
Agents Balances &/or Uncollected Premiums	3,481,582	Reserve for Current Federal Income Taxes	353,128
Funds Held or Deposited with Reinsurance Companies	93,170	Reserve for Unearned Premiums	14,580,841
Receivable from Parent, Subsidiaries and Affiliates	0	Ceded Reinsurance Premiums Payable	548,319
Reinsurance Recoverable on Loss Payments	0	Funds Held Under Reinsurance Treaty	88,488
Other Assets	1,472,405	Reserve for Unauthorized Reinsurance	2,117
Total Assets	\$37,178,127	Payable to Parent, Subsidiaries and Affiliates	21,181
		Other Liabilities	440,806
		Total Liabilities	\$20,214,305
		POLICYHOLDERS' SURPLUS	
		Capital Stock & Paid In Surplus	\$3,049,530
		Surplus	13,914,292
		Total Policyholder Surplus	\$16,983,822
		Total Liabilities and Policyholder Surplus	\$37,178,127

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2006. Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Illinois Division of Insurance as of the same date.


Chief Financial Officer, Vice President & Assistant Treasurer

11-2-09

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK



IMPROVEMENT AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into this the ____ day of November, 2009, by and between the **TOWN OF SUNSET BEACH**, a North Carolina municipal corporation, party of the first part ("Town") and **COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, L.L.C.**, a North Carolina limited liability company, party of the second part ("Developer");

WITNESSETH:

THAT WHEREAS, on March 29, 2007, Developer previously obtained final plat approval from Town for that certain subdivision known as Ocean Ridge Plantation, Phase VI, Section 2C; and

WHEREAS, pursuant to Town ordinances, Developer was required to post a surety bond with Town to guarantee the timely completion of all required infrastructure improvements; and

WHEREAS, said bond has not been posted; and

WHEREAS, in lieu of enforcing other available remedies, Town desires to accept from Developer the filing of a proper surety bond to guarantee the completion of all required infrastructure improvements; and

WHEREAS, the parties desire to reduce to writing the provisions, terms and conditions of their agreement related to the posting of said surety bond and the completion of all required infrastructure improvements;

NOW, THEREFORE, in consideration of the premises and the mutual promises and

covenants contained herein to be kept and performed, the parties hereto agree as follows:

1. Developer shall complete, at Developer's sole cost and expense, all required infrastructure improvements for Ocean Ridge Plantation, Phase VI, Section 2C, as set forth in the "Site Specific Development Plan, Phase VI, Section 1 through 7", dated December 4, 2007, prepared by Cape Fear Engineering as approved by Town and which is incorporated herein by reference, and in accordance with all applicable town ordinances and policies.

2. All required infrastructure improvements shall be completed in conformity with said plans, specifications, drawings and town ordinances referenced above on or before the dates set forth on Exhibit A attached hereto or as otherwise provided by law. Developer shall be solely responsible for all costs and expenses associated with the construction of said infrastructure improvements. It is estimated that the costs of said improvements are as set forth on the engineer's estimate attached hereto as Exhibit B and incorporated herein by reference. (Cost to be broken down into storm drainage, sewer, water, electric and roads.)

3. As security for the payment and completion of all required infrastructure improvements set forth and described in paragraphs 1 and 2 above, Developer shall immediately file with Town a surety bond in a form acceptable to Town in the sum of \$ 398,131.36 in favor of the Town as Obligee securing and guaranteeing the satisfactory completion of said required infrastructure improvements in accordance with the terms of this Agreement. It is understood and acknowledged that all required improvements must be approved by Town's designated engineer as to compliance with the approved plans and town ordinances before acceptance by Town.

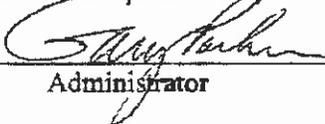
4. No extensions of the required completion dates set forth on Exhibit A shall be valid unless in writing and approved by Town, except as otherwise required by law. In the event that

Developer desires to obtain an extension of any required completion date, Developer must request said extension in writing at least 90 days prior to the applicable completion date. Nothing herein shall be construed to require Town to approve an extension of the completion dates. Before Town may grant an extension, however, Developer shall provide a rider or amendment for the existing bond acknowledging the new completion dates. Developer shall not be required to request an extension if applicable law would automatically grant such an extension.

5. Failure of the Developer to comply with the terms of this agreement or the surety bond or with Town's applicable ordinances and policies shall constitute a material breach of this Agreement and shall entitle Town to proceed immediately under said bond against the Developer and the surety.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the day and year first above written.

THE TOWN OF SUNSET BEACH

BY: 
Administrator

COASTAL COMMUNITIES AT OCEAN

RIDGE PLANTATION, L.L.C.

BY: 
Manager

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

Exhibit A

Coastal Communities at Ocean Ridge Plantation, LLC
 131 Ocean Boulevard West . Holden Beach . NC . 28462 . 910.842.4939

TO: Gary Parker, Town Manager
 Town of Sunset Beach
 700 Sunset Blvd.
 Sunset Beach, NC 28468

FROM: Becky Noble *Becky Noble*

RE: Coastal Communities at Ocean Ridge Plantation, LLC
 Guarantees

DATE: September 18, 2009

The completion dates for infrastructure for Phase VI Section 2C referenced
 in the attached agreement are as follows:

Infrastructure Description	Completion Date
Phase VI – Section 2C	
Storm Drainage System	11/2010
Sewer	3/2011
Water	3/2011
Electric	5/2011
Roadways	8/2011

Exhibit B

Ocean Ridge Plantation
Phase VI, Section 2C
Estimated Opinion of Probable Cost
Lots 107-126
810-0512

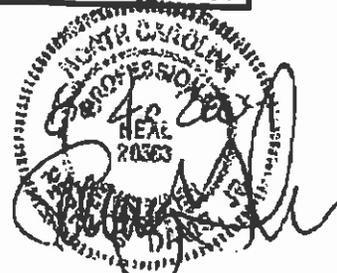
Item	Description	Engineer's Estimated Quantity	Units	Unit Price	Total Estimated Cost
1.00 Roadways					
1.01	Castings to Subgrade	1,980	LF	\$5.90	\$ 10,782.00
1.02	6" ABC Stone Base	5,765	SY	\$6.95	\$ 40,089.75
1.03	24" Roll Curb	4,000	SY	\$7.00	\$ 28,000.00
1.04	1.5" Asphalt	5,765	SY	\$6.65	\$ 38,337.25
DIVISION I SUB-TOTAL					\$ 117,184.00
2.00 Water Distribution					
2.01	6" Waterline with fittings	488	LF	\$12.00	\$ 5,856.00
2.02	8" Waterline with fittings	1,514	LF	\$14.78	\$ 22,346.84
2.03	Gate Valve	4	EA	\$600.00	\$ 2,400.00
2.04	Fire Hydrant	3	EA	\$3,000.00	\$ 9,000.00
2.05	Water Service	20	EA	\$360.00	\$ 7,200.00
DIVISION II SUB-TOTAL					\$ 47,602.84
3.00 Sewer Collection					
3.01	1.5' Forcemain	240	LF	\$2.90	\$ 696.00
3.02	2' Forcemain	315	LF	\$3.20	\$ 1,008.00
3.03	3' Forcemain	1,415	LF	\$5.00	\$ 7,075.00
3.04	Sewer Cleanout	2	EA	\$393.00	\$ 786.00
3.05	Sewer Gate Valve	2	EA	\$530.00	\$ 1,060.00
3.06	Sewer Service	20	EA	\$350.00	\$ 7,075.00
DIVISION III SUB-TOTAL					\$ 17,699.00
4.00 Stormdrain					
4.01	14" HDPE	352	LF	\$20.14	\$ 7,089.28
4.02	24" HDPE	791	LF	\$28.37	\$ 22,440.67
4.03	30" HDPE	635	LF	\$41.80	\$ 26,555.80
4.04	36" HDPE	111	LF	\$52.00	\$ 5,772.00
4.05	Curb inlets	21	EA	\$2,000.00	\$ 42,000.00
4.06	Junction Boxes	3	EA	\$1,950.00	\$ 5,850.00
4.07	Yard Inlets	9	EA	\$300.00	\$ 2,700.00
4.08	Flared End Section	2	EA	\$1,500.00	\$ 3,000.00
4.09	Outlet Structure	1	EA	\$2,650.00	\$ 2,650.00
DIVISION IV SUB-TOTAL					\$ 126,481.43
5.00 Sitework					
5.01	SB Fence	1,000	LF	\$2.25	\$ 2,250.00
5.02	Seeding	3	AC	\$2,500.00	\$ 7,500.00
DIVISION V SUB-TOTAL					\$ 9,750.00

* Notes:

- 1) All pond excavation is covered in the bond previously submitted by the developer for Phase # Sec 2A and 2B.
- 2) All unit costs shown are actual unit costs derived from previous contracts for work performed in the last 12 months by owner or by owners representatives.

OPC Total 100%	\$ 316,563.09
----------------	---------------

125% OPC	\$ 398,131.36
----------	---------------



11-10-09



Subdivision Bond

KNOW ALL MEN BY THESE PRESENTS:

BOND NO. 5035924

That Coastal Communities at Ocean Ridge Plantation LLC as Principal, and Bond Safeguard Insurance Company, a Illinois corporation authorized to do business in the State of North Carolina as surety, are held firmly bound unto Town of Sunset Beach as obligee, in the sum of Three Hundred Ninety Eight Thousand One Hundred Thirty One Dollars & 36/100 (\$398,131.36) lawful money of the United States of America, for which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents.

Whereas, the Principal has entered into an agreement with Town of Sunset Beach as obligee, guaranteeing only that the Principal will complete improvements for Ocean Ridge Plantation, Phase VI, Section 2C, Brunswick County, North Carolina, all of which improvements shall be completed on or before the date set forth in the agreement.

Now, therefore, the condition of this obligation is such, that if the Principal shall carry out all the terms of said agreement relating to the improvements only and perform all the work as set forth therein all within the time set forth in said agreement, then this obligation shall be null and void, otherwise to remain in full force and effect. This bond is not transferable or assignable.

No party other than the obligee shall have any rights hereunder as against the Surety.

The aggregate liability of the Surety of the Bond Obligation set forth herein shall not exceed the penal sum hereof for any cause or reason whatsoever, inclusive of attorney's fees or other costs.

SIGNED, SEALED AND DATED THIS 10th day of November, 2009

Term: November 10, 2009 / November 10, 2010 and shall be renewed annually until released by Obligee.

Coastal Communities at Ocean Ridge Plantation LLC

Attest:

By:
Managing Member

Bond Safeguard Insurance Company

Witness as to Surety:

By:
Elana V. Sanchez, Attorney-In-Fact

Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: Krystal L. Cuddihy, Joan Mularz, Elana V. Sanchez ****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$1,000,000.00, One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY *David E. Campbell*
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/09

Maureen K. Aye
Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 10th Day of November, 20 09



Donald D. Buchanan
Donald D. Buchanan
Secretary

BOND SAFEGUARD INSURANCE COMPANY
 FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2007

ASSETS	LIABILITIES
Bonds	Reserve for Losses and Loss Expense
\$17,333,089	\$5,393,803
Money Market &/or Stocks	Reserve for Unearned Premiums
0	16,846,535
Cash and Short-Term Investments	Reserve for Other Expenses
17,884,106	211,582
Agents Balances &/or Uncollected Premiums	Reserve for Taxes, Licenses, and Fees
5,124,433	202,644
Investment Income Due & Accrued	Reserve for Current Federal Income Taxes
848,275	19,507
Funds Held or Deposited with Reinsurance Companies	Ceded Reinsurance Premiums Payable
0	720,865
Receivable from Parent, Subsidiaries and Affiliates	Funds Held Under Reinsurance Treaty
0	348,823
Reinsurance Recoverable on Loss Payments	Reserve for Unauthorized Reinsurance
52,853	191
Other Assets	Payable to Parent, Subsidiaries and Affiliates
2,421,001	53,310
	Other Liabilities
	1,207,082
	Total Liabilities
	\$26,004,123
	<u>POLICYHOLDERS' SURPLUS</u>
	Capital Stock & Paid In Surplus
	\$3,049,530
	Surplus
	15,608,114
	Total Policyholder Surplus
	\$18,657,644
Total Assets	Total Liabilities and Policyholder Surplus
<u>\$43,861,787</u>	<u>\$43,861,787</u>

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2007. Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Illinois Department of Insurance as of the same date.

Chief Financial Officer, Vice-President & Assistant Treasurer



STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

IMPROVEMENT AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into this the ____ day of November, 2009, by and between the **TOWN OF SUNSET BEACH**, a North Carolina municipal corporation, party of the first part ("Town") and **COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, L.L.C.**, a North Carolina limited liability company, party of the second part ("Developer") ;

WITNESSETH:

THAT WHEREAS, on March 29, 2007, Developer previously obtained final plat approval from Town for that certain subdivision known as Ocean Ridge Plantation, Phase VI, Section 2C; and

WHEREAS, pursuant to Town ordinances, Developer was required to post a surety bond with Town to guarantee the timely completion of all required infrastructure improvements; and

WHEREAS, said bond has not been posted; and

WHEREAS, in lieu of enforcing other available remedies, Town desires to accept from Developer the filing of a proper surety bond to guarantee the completion of all required infrastructure improvements; and

WHEREAS, the parties desire to reduce to writing the provisions, terms and conditions of their agreement related to the posting of said surety bond and the completion of all required infrastructure improvements;

NOW, THEREFORE, in consideration of the premises and the mutual promises and

covenants contained herein to be kept and performed, the parties hereto agree as follows:

1. Developer shall complete, at Developer's sole cost and expense, all required infrastructure improvements for Ocean Ridge Plantation, Phase VI, Section 2C, as set forth in the "Site Specific Development Plan, Phase VI, Section 1 through 7", dated December 4, 2007, prepared by Cape Fear Engineering as approved by Town and which is incorporated herein by reference, and in accordance with all applicable town ordinances and policies.

2. All required infrastructure improvements shall be completed in conformity with said plans, specifications, drawings and town ordinances referenced above on or before the dates set forth on Exhibit A attached hereto or as otherwise provided by law. Developer shall be solely responsible for all costs and expenses associated with the construction of said infrastructure improvements. It is estimated that the costs of said improvements are as set forth on the engineer's estimate attached hereto as Exhibit B and incorporated herein by reference. (Cost to be broken down into storm drainage, sewer, water, electric and roads.)

3. As security for the payment and completion of all required infrastructure improvements set forth and described in paragraphs 1 and 2 above, Developer shall immediately file with Town a surety bond in a form acceptable to Town in the sum of \$ 398,131.36 in favor of the Town as Obligee securing and guaranteeing the satisfactory completion of said required infrastructure improvements in accordance with the terms of this Agreement. It is understood and acknowledged that all required improvements must be approved by Town's designated engineer as to compliance with the approved plans and town ordinances before acceptance by Town.

4. No extensions of the required completion dates set forth on Exhibit A shall be valid unless in writing and approved by Town, except as otherwise required by law. In the event that

Developer desires to obtain an extension of any required completion date, Developer must request said extension in writing at least 90 days prior to the applicable completion date. Nothing herein shall be construed to require Town to approve an extension of the completion dates. Before Town may grant an extension, however, Developer shall provide a rider or amendment for the existing bond acknowledging the new completion dates. Developer shall not be required to request an extension if applicable law would automatically grant such an extension.

5. Failure of the Developer to comply with the terms of this agreement or the surety bond or with Town's applicable ordinances and policies shall constitute a material breach of this Agreement and shall entitle Town to proceed immediately under said bond against the Developer and the surety.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the day and year first above written.

THE TOWN OF SUNSET BEACH

BY: _____

Gary Larkin
Administrator

COASTAL COMMUNITIES AT OCEAN

RIDGE PLANTATION, L.L.C.

BY: _____

Becky K. Noble
Manager

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I, Kimberly H. Cochran, Notary Public for said State and County, certify that Betty K. Noble personally came before me this day and acknowledged that she is a manager-member of Coastal Communities at Ocean Ridge Plantation, LLC., a limited liability company, and that by authority duly given and as the act of the company, the foregoing instrument was signed in its name by her as manager.

Witness my hand and notarial seal, this the 2nd day of November, 2009.



Kimberly H. Cochran written name

Kimberly H. Cochran, Notary Public

My Commission Expires: Oct. 31, 2013

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I, Kimberly H. Cochran, Notary Public for said State and County, certify that Gary Parker personally came before me this day and acknowledged that he is Town Administrator of the Town of Sunset Beach, and that by authority duly given and as the act of the municipal corporation, the foregoing instrument was signed in its name by him as Town Administrator.

Witness my hand and notarial seal, this the 2nd day of November, 2009.



Kimberly H. Cochran written name

Kimberly H. Cochran, Notary Public

My Commission Expires: Oct. 31, 2013

Coastal Communities at Ocean Ridge Plantation, LLC

131 Ocean Boulevard West . Holden Beach . NC . 28462 . 910.842.4939

TO: Gary Parker, Town Manager
Town of Sunset Beach
700 Sunset Blvd.
Sunset Beach, NC 28468

FROM: Becky Noble *Becky Noble*

RE: Coastal Communities at Ocean Ridge Plantation, LLC
Guarantees

DATE: September 18, 2009 *time freeze + 1 Jan 2011*

(GA added one year)

The completion dates for infrastructure for Phase VI Section 2C referenced in the attached agreement are as follows:

in Jan 2012 and some lengthening time from permit date to deadline

Infrastructure Description	Completion Date
Phase VI - Section 2C	
Storm Drainage System	11/2010
Sewer	3/2011
Water	3/2011
Electric	5/2011
Roadways	8/2011

Sep '09 - Mar '11 = 18 mos.

June 2013

Sep '09 - Aug '11 = 23 mos.

Nov 2013

**Ocean Ridge Plantation
Phase VI, Section 2C
Estimated Opinion of Probable Cost
Lots 107-126
810-0612**

Item	Description	Engineer's Estimated Quantity	Units	Unit Price	Total Estimated Cost
1.00	Roadways				
1.01	Cutting to Subgrade	1,960	LF	\$5.50	\$ 10,780.00
1.02	6" ABC Stone Base	5,785	SY	\$6.95	\$ 40,066.75
1.03	24" Roll Curb	4,000	SY	\$7.00	\$ 28,000.00
1.04	1.5" Asphalt	5,785	SY	\$6.65	\$ 38,337.25
DIVISION I SUB-TOTAL					\$ 117,184.00
2.00	Water Distribution				
2.01	6" Waterline with fittings	488	LF	\$12.00	\$ 5,856.00
2.02	8" Waterline with fittings	1,514	LF	\$14.76	\$ 22,346.64
2.03	Gate Valve	4	EA	\$800.00	\$ 3,200.00
2.04	Fire Hydrant	3	EA	\$3,000.00	\$ 9,000.00
2.05	Water Service	20	EA	\$350.00	\$ 7,000.00
DIVISION II SUB-TOTAL					\$ 47,402.64
3.00	Sewer Collection				
3.01	1.5" Forcemain	240	LF	\$2.90	\$ 696.00
3.02	2" Forcemain	315	LF	\$3.20	\$ 1,008.00
3.03	3" Forcemain	1,415	LF	\$5.00	\$ 7,075.00
3.04	Sewer Cleanout	2	EA	\$383.00	\$ 766.00
3.05	Sewer Gate Valve	2	EA	\$530.00	\$ 1,060.00
3.06	Sewer Service	20	EA	\$350.00	\$ 7,075.00
DIVISION III SUB-TOTAL					\$ 17,680.00
4.00	Stormdrain				
4.01	18" HDPE	352	LF	\$20.14	\$ 7,089.28
4.02	24" HDPE	791	LF	\$28.37	\$ 22,440.67
4.03	30" HDPE	835	LF	\$41.90	\$ 34,988.50
4.04	36" HDPE	111	LF	\$52.00	\$ 5,772.00
4.05	Curb Inlets	21	EA	\$2,000.00	\$ 42,000.00
4.06	Junction Boxes	3	EA	\$1,950.00	\$ 5,850.00
4.07	Yard Inlets	9	EA	\$300.00	\$ 2,700.00
4.08	Flared End Section	2	EA	\$1,500.00	\$ 3,000.00
4.09	Outlet Structure	1	EA	\$2,650.00	\$ 2,650.00
DIVISION IV SUB-TOTAL					\$ 126,488.45
5.00	Sitework				
5.01	Silt Fence	1,000	LF	\$2.25	\$ 2,250.00
5.02	Seeding	3	AC	\$2,500.00	\$ 7,500.00
DIVISION V SUB-TOTAL					\$ 9,750.00

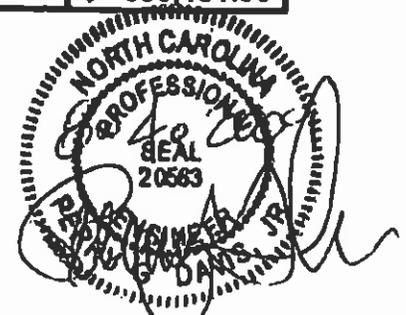
*** Notes:**

1) All pond excavation is covered in the bond previously submitted by the developer for Phase 6 Sec 2A and 2B.

2) All unit costs shown are actual unit costs derived from previous contracts for work performed in the last 12 months by owner or by owners representatives.

OPC Total 100%	\$ 318,505.09
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125% OPC	\$ 398,131.36
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S.B.
Jags Lair
5-1-12

TOLLING AGREEMENT

THIS TOLLING AGREEMENT (“Agreement”) is made and entered into as of this 1st day of May, 2012 (the “Effective Date”), by and among the Town of Sunset Beach (the “Town”), Bond Safeguard Insurance Company (the “Surety”), and Coastal Communities at Ocean Ridge Plantation, LLC (the “Developer” and, together with the Town and the Surety, the “Parties”).

Recitals

WHEREAS, the Developer and the Town entered into agreements, as modified (the “Development Agreements”) stipulating the completion by specified dates of certain infrastructure in Phase VI, Sections 1, 2A, 2B and 2C of the community known as Ocean Ridge Plantation; and

WHEREAS, the Developer posted subdivision bonds numbered 5028388 (Section 1), 5028382 (Section 2A), 5028389 (Section 2B) and 5035924 (Section 2C) (collectively, the “Bonds”), with the Surety as surety and the Town as obligee, to bond the performance of the Development Agreements; and

WHEREAS, all of the infrastructure improvements have not been completed; and

WHEREAS, the Town has been advised that the Surety may be able to raise the defense of the statute of limitations or other time-related defenses (as defined herein) if claims against the Bonds are not soon initiated against the Surety; and

WHEREAS, the Developer expressly denies any default or liability at this time for claims under the Development Agreements and/or the Bonds; and

WHEREAS, the Developer and Surety agree, represent and warrant that the Bonds are valid as of the date hereof and that the Development Agreements are valid and enforceable in accordance with their terms and applicable law at this time; and

WHEREAS, the Parties wish to maintain the status quo and avoid the expense of litigation by the Town against the Surety at this time, while fully preserving all rights of the Town that exist as of the effective date of this Tolling Agreement to commence legal action against the Surety at a future date, which rights, but for this Tolling Agreement, might otherwise be time-barred by any applicable statute of limitations, laches, and other possible time bars and defenses based in whole or in part on the time that may elapse from the accrual of such claims to the filing of an action (collectively, “time-related defenses”); and

WHEREAS, the Town, the Developer and the Surety have the power and authority to enter into this Agreement and no other parties are necessary to join herein in order to toll the statute of limitations and other time-related defenses;

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

Terms and Conditions

1. All of the foregoing Recitals are true and correct and are incorporated herein as part of the Agreement for all purposes.
2. With respect to any and all claims or causes of action, known or unknown, relating to, arising out of, or in connection with the Development Agreements and/or the Bonds, or any or each of them (collectively, the "Claims"), the Parties hereby stipulate that any applicable statute of limitations or other time-related defenses applicable to the Claims shall be deemed tolled from May 1, 2012 until the earlier of: (a) the expiration of three (3) calendar years from the last date of the execution of this Agreement by any party; or (b) the termination of this Agreement by any of the Parties in accordance with the terms and conditions of this Agreement. The period of time during which any applicable statute of limitations or other time-related defenses applicable to the Claims shall be deemed tolled is hereinafter referred to as the "Tolling Period." The Tolling Period shall run from May 1, 2012, until expiration or termination of this Agreement as provided herein. For purposes of clarity, it is the intent of the parties to preserve the status quo as of May 1, 2012, until the date of expiration or termination of this agreement as provided for herein. The tolling of the statute of limitations and other time-related defenses during the Tolling Period shall survive any termination hereof. Any Claim which may have been barred as a result of either (i) the expiration of the statute of limitations during the Tolling Period, or (ii) the accrual of any other time-related defense during the Tolling Period may be brought at any time after the termination of the Tolling Period and before the applicable statute of limitations or other time-related defense expires after it begins to run. No party may assert the expiration of the statute of limitation or any other time-related defense which arises during the Tolling Period itself as a defense to any such Claim.
3. The Surety and/or the Developer further agree that neither of them shall interpose in any lawsuit or action by or among the Parties related to the Claims: (a) a defense that the applicable statute of limitations shall have expired during the Tolling Period, and/or (b) any other defense which arises because of the passage of time during the Tolling Period itself. The agreement set forth in this paragraph 3 shall survive any termination of this Agreement.
4. Any party to this Agreement may terminate the Tolling Period by giving the other Parties prior written notice by certified mail, return receipt requested, of the termination of the Tolling Period, with the termination being effective at the end of forty-five (45) days after mailing of the notice to the other Parties. The period applicable to any statute of limitations or other time-related defenses which apply to the Claims shall begin to run again from the effective date of the termination of the Tolling Period.
5. This Agreement may not be used or relied upon for any purpose other than to enforce its terms and to show that the recitals are correct. The Parties specifically acknowledge that this Agreement is made in an effort to properly analyze their respective rights, claims, and defenses, including cross-claims or counterclaims, if any. The Parties therefore agree that this Agreement may not be introduced into evidence in any action filed in any court, or in any arbitration or mediation proceeding, except to enforce or construe the terms of the Agreement

itself or to strike any time-related defenses. Nothing in this Agreement constitutes an admission by any Party that the statute of limitations and/or any other time-related defenses have or have not run, and this Agreement shall not be used in any proceeding as evidence of any such admission, express or implied.

6. Nothing in this Agreement shall operate to revive any claims of whatever nature by any party which are already barred, in whole or in part, by any time-related Defenses, or the passage of time, as of May 1, 2012.

7 Nothing in this agreement shall operate as a waiver of or prejudice any party's right to assert that the statute of limitations or any other time-related Defenses have been tolled or have not yet run for reasons other than the execution of this Agreement.

8. Nothing in this Agreement shall be construed as an admission of any fault, liability or wrongdoing by the Developer or the Surety. Further, nothing in this Agreement shall be construed as a waiver of any defenses of the Developer or the Surety to any claims of the Town which are not related to the passage of time and which have accrued prior to the effective date of this Agreement, all of which are expressly reserved by the Developer and/or the Surety, except that the Developer and Surety do represent and warrant that the Bonds are valid as of the date hereof.

9. This Agreement may be signed in counterparts, each of which shall be deemed an original, and all such counterparts constituting one Agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes. Each party signing this Agreement represents that it has read the Agreement, understands it, and intends to be legally bound by all of its terms.

10. Each Party hereby acknowledges and agrees: (a) that in the negotiation and drafting of this Agreement he or it has had the opportunity to consult with counsel of his or its choice; (b) that his or its counsel has had an opportunity to contribute to the negotiation and drafting of this Agreement; and (c) that the principle of construing a document against its drafter shall not apply with respect to the interpretation of this Agreement.

11. The signatories to this Agreement represent and warrant that they have the authorization and power to bind the party on whose behalf they are signing.

12. Any and all notices under this Agreement shall be in writing, and shall be addressed and provided to the Parties as follows:

To the Town:

Gary Parker
Town Administrator
700 Sunset Boulevard North
Sunset Beach, NC 28468

with a copy to: Mike Isenberg Esq.
PO Box 11028
Southport, NC 28461

To the Surety: David Campbell, President
Bond Safeguard Insurance Company
256 Jackson Meadows Drive
Hermitage, TN 37076

with a copy to: Stephen H. Ross, General Counsel
Bond Safeguard Insurance Company
256 Jackson Meadows Drive
Hermitage, TN 37076

To the Developer: Mark A. Saunders, Manager
131 Ocean Boulevard West
Holden Beach, NC 28462

with a copy to: Elaine R. Jordan, Esq.
131 Ocean Boulevard West
Holden Beach, NC 28462

13. The rights and obligations of the Parties created by this Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflicts of law.

14. This Agreement may not be amended, modified, or supplemented, except in writing duly executed and delivered by all Parties.

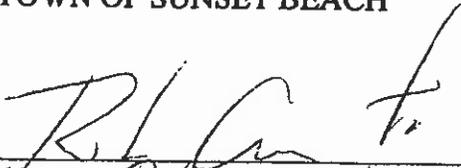
15. This Agreement constitutes the full and complete agreement of the parties concerning the subject matter of the Agreement, and there are no covenants, conditions, or terms other than those expressly set forth in this Agreement.

16. The Parties agree to take all actions reasonably necessary to effectuate the terms and purpose of this Agreement.

IN WITNESS WHEREOF, the Parties have hereunto set their hands and seals as of the date first hereinabove written.

[signatures follow on next page and may be executed in counterparts]

THE TOWN OF SUNSET BEACH

By:  (Seal)
Printed Name: Richard Cervato
Title: MAYOR, Sunset Beach
Date: 5/24/11

COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, LLC

By: _____ (Seal)
Printed Name:
Title:
Date:

BOND SAFEGUARD INSURANCE COMPANY

By: _____ (Seal)
Printed Name: David Campbell
Title: President
Date:

THE TOWN OF SUNSET BEACH

By: _____ (Seal)
Printed Name:
Title:
Date:

COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, LLC

By: Mark A. Saunders _____ (Seal)
Printed Name: MARK A. SAUNDERS
Title: MANAGER
Date: MAY 21, 2012

BOND SAFEGUARD INSURANCE COMPANY

By: _____ (Seal)
Printed Name: David Campbell
Title: President
Date:

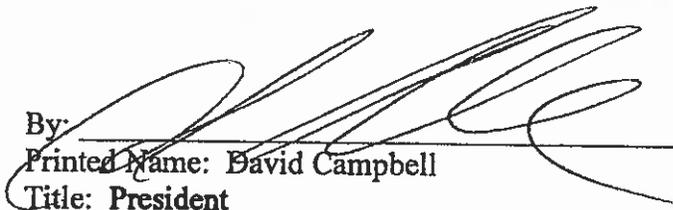
THE TOWN OF SUNSET BEACH

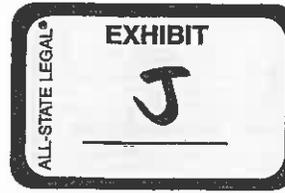
By: _____ (Seal)
Printed Name:
Title:
Date:

COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, LLC

By: _____ (Seal)
Printed Name:
Title:
Date:

BOND SAFEGUARD INSURANCE COMPANY

By:  _____ (Seal)
Printed Name: David Campbell
Title: President
Date: may 18, 2012



12-3-12

NORTH CAROLINA
BRUNSWICK COUNTY

SUBDIVISION IMPROVEMENTS
AGREEMENT

THIS AGREEMENT, made and entered into this 3rd day of December, 2012, by and between Coastal Communities at Ocean Ridge Plantation, LLC, hereinafter called "Developer", and the Town of Sunset Beach, hereinafter called "Town";

WITNESSETH:

WHEREAS, Developer and Town previously entered into a development agreement dated February 27, 2009, for those certain subdivisions known as Ocean Ridge Plantation Phase VI Section 1, Phase VI Section 2A and Phase VI Section 2B; and

WHEREAS, said agreement provided that all required improvements for Section 1 would be completed by March, 2010, and that the required improvements for Sections 2A and 2B would be completed by August, 2010; and

WHEREAS, Developer and Town also entered into a development agreement dated November 2, 2009, for that certain subdivision known as Ocean Ridge Plantation Phase VI Section 2C; and

WHEREAS, said agreement provided that all required improvements for Section 2C would be completed by August, 2011; and

WHEREAS, pursuant to Town's ordinances, in order to obtain approval of said plats by Town prior to the installation and completion of all improvements, Developer posted surety bonds with Town to guarantee the timely completion of all required improvements, which bonds are still valid and in effect; and

WHEREAS, subsequently, the N.C. General Assembly passed the North Carolina Permit Extension Act, as amended, which extended the dates for completing all required improvements under said agreements; and

WHEREAS, all of the required improvements for said sections have not been completed at this time; and

WHEREAS, Developer and Town have now agreed to the terms of a new Development Agreement to set forth new completion dates for the required improvements in Phase VI Section 1 and have agreed to continue to negotiate the terms for Sections 2A, 2B and 2C;

NOW, THEREFORE, in consideration of the mutual promises and benefits to each party, it is agreed by Developer and Town as follows:

1. That Developer shall install, construct and complete at its sole cost and expense all

required improvements for Phase VI Section 1 no later than December 31, 2013. All required improvements for Section 1 shall be completed in accordance with the plans, specifications and drawings previously submitted to and accepted by Town and in accordance with Town ordinances and policies. Developer shall use its best efforts to install and complete the following separate infrastructure items by the target dates indicated, but, in any event, all of said infrastructure must be installed and completed no later than December 31, 2013:

Storm water	July 31, 2013
Sewer	September 30, 2013
Water	September 30, 2013
Electric	November 30, 2013
Roads	December 31, 2013

It is understood, acknowledged and agreed by Developer that all required improvements must be approved by Town's designated engineer as to compliance with the approved plans, specifications and town ordinances before acceptance of completion by Town and release of the applicable surety bond.

2. That Developer shall immediately file with Town an endorsement or rider to Surety Bond No. 5028388 (which guarantees Section 1 improvements) in form acceptable to Town signed by the Surety to evidence that said bond secures the obligations under this agreement.

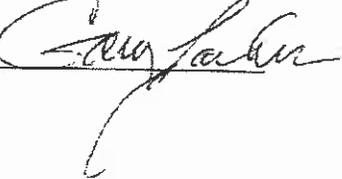
3. That this Agreement shall become effective to modify the original completion dates (as extended by the North Carolina Permit Extension Act, as amended) for the above-referenced improvements in Section 1, upon the execution hereof by Town and Developer and the approval of the Surety. Failure of Developer to comply with the terms and conditions of this agreement or the surety bond or the Town's applicable ordinances and policies shall constitute a material breach of this Agreement and shall entitle Town to give notice under the Tolling Agreement and to proceed under said bond and this agreement against Developer and the surety. Upon completion of all required improvements in Section 1 and the approval of Town's designated engineer, Town agrees to release Surety Bond No. 5028388.

4. Town and Developer agree to negotiate in good faith in order to reach an agreement regarding new completion dates for all required improvements for Sections 2A, 2B and 2C. The parties shall use their best efforts to reach an agreement on or before August 15, 2013.

5. Town covenants and agrees not to terminate the Tolling Agreement currently in effect between the parties prior to January 1, 2014, unless (a) Developer fails to make substantial progress on any infrastructure item identified above by completing at least 50% of the work remaining to be done as of the date of this Agreement by the target dates listed above, or (b) Developer otherwise violates the terms and conditions of this agreement. To avoid misunderstanding, Town agrees to give written notice to Developer of any such failure or violation, and Developer shall have fifteen (15) days after receipt of such notice to cure the objection raised by Town.

IN WITNESS WHEREOF, the parties have executed this Agreement pursuant to authority duly given.

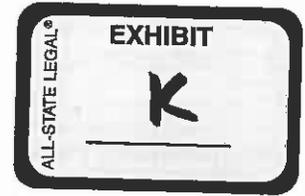
TOWN OF SUNSET BEACH

By: 

COASTAL COMMUNITIES AT OCEAN
RIDGE PLANTATION, LLC

By: 

Bond Safeguard Insurance Company



GENERAL PURPOSE RIDER

We consent to the extension of the deadlines for completion of all required improvements which are secured by this bond and stated on the Performance Bond dated February 7, 2008 (Bond #5028388) as set forth in that certain Agreement between the Principal and Town of Sunset Beach dated December 3, 2012, which is incorporated herein by reference.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged and in full force and effect.

This Bond Rider shall become effective 3rd, day of December, 2012.

Signed, Sealed and Dated, this 20th day of December, 2012.

Bond Safeguard Insurance Company
Surety

By: Jalene Brown
Jalene Brown, Attorney-in-Fact

POWER OF ATTORNEY
Bond Safeguard INSURANCE COMPANY

AO 77932

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Woodridge, Illinois, does hereby constitute and appoint: Christopher L. Dobbs, Jalene Brown, Nancy Locke *****
its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$1,000,000.00, One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this Instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.

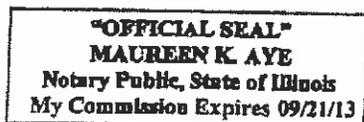


BOND SAFEGUARD INSURANCE COMPANY

BY David E. Campbell
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



Maureen K. Aye
Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Woodridge, Illinois this 30th Day of December, 20 12



Philip G. Lauer
Philip G. Lauer
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."



NORTH CAROLINA

BRUNSWICK COUNTY

SUBDIVISION IMPROVEMENTS
AGREEMENT

THIS AGREEMENT, made and entered into this 21st day of November, 2013, by and between **Coastal Communities at Ocean Ridge Plantation, LLC**, hereinafter called "Developer", and the **Town of Sunset Beach**, hereinafter called "Town";

WITNESSETH:

WHEREAS, Developer and Town previously entered into a development agreement dated February 27, 2009, for those certain subdivisions known as Ocean Ridge Plantation Phase VI Section 1, Phase VI Section 2A and Phase VI Section 2B; and

WHEREAS, said agreement provided that all required improvements for Section 1 would be completed by March, 2010, and that the required improvements for Sections 2A and 2B would be completed by August, 2010; and

WHEREAS, Developer and Town also entered into a development agreement dated November 2, 2009, for that certain subdivision known as Ocean Ridge Plantation Phase VI Section 2C; and

WHEREAS, said agreement provided that all required improvements for Section 2C would be completed by August, 2011; and

WHEREAS, pursuant to Town's ordinances, in order to obtain approval of said plats by Town prior to the installation and completion of all improvements, Developer posted surety bonds with Town to guarantee the timely completion of all required improvements, which bonds are still valid and in effect; and

WHEREAS, subsequently, the N.C. General Assembly passed the North Carolina Permit Extension Act, as amended, which extended the dates for completing all required improvements under said agreements; and

WHEREAS, all of the required improvements for said sections have not been completed at this time; and

WHEREAS, the Town and Developer are parties to a Tolling Agreement (the "Tolling Agreement") regarding Ocean Ridge Plantation Phase VI, which agreement will automatically terminate on May 24, 2015; and

WHEREAS, by Subdivision Improvements Agreement dated December 3, 2012,

Developer and Town agreed to new completion dates and other terms for the required improvements in Phase VI Section 1; and

WHEREAS, Developer and Town have now agreed to the terms of a new development agreement to set forth new completion dates for improvements required in Phase VI, Sections 2A (lots 1-40) and 2B (lots 41-95) (collectively, the "2A and 2B lots"), and have agreed to negotiate in good faith the terms of a new agreement for other lots in Section 2B and all of Section 2C.

NOW, THEREFORE, in consideration of the mutual promises and benefits to each party, it is agreed by Developer and Town as follows:

1. As more particularly set forth below, that Developer shall install, construct and complete at its sole cost and expense all required improvements for the 2A and 2B lots no later than December 31, 2015. All required improvements for the 2A and 2B lots shall be completed in accordance with the plans, specifications and drawings previously submitted to and accepted by Town or in accordance with revised plans, specifications and drawings which are accepted and approved by the Town, as provided by and in accordance with Town ordinances and policies and with Town decision(s) to be made within thirty (30) days of complete submittal by Developer of proposed revision(s). Developer shall use its best efforts to install and complete the following separate infrastructure items by the target dates indicated and shall share interim project inspections and reports, including permit status reports and engineering plans updates, with the Town at regular intervals not to exceed every three months. In addition, Developer and Town agree to meet every 6 months to discuss the project and any issues related thereto. In any event, all of said infrastructure must be installed and completed no later than December 31, 2015:

Storm water	February 1, 2015
Sewer	June 1, 2015
Water	June 1, 2015
Electric road crossings	September 1, 2015
Roads	December 31, 2015;

provided, however, if Developer is delayed in the construction of the improvements due to acts, omissions, conditions, events, or circumstances beyond its control, the dates shall be reasonably extended. By way of example, events that will entitle Developer to an extension of the dates include but are not limited to acts or omissions of any governmental agency that delay the construction, delay in design and permitting of the improvements caused by parties other than the Developer, changes in the improvements necessitated by elimination of Section 2D from approved plans and permits and other value engineering, adverse site conditions, hazardous conditions, wars, floods, fire, labor disputes or shortages, unusual delay in transportation or deliveries, and earthquakes, adverse weather conditions and other acts of God.

It is understood, acknowledged, and agreed by Developer that all required improvements must be approved by Town's designated engineer as to compliance with the final approved plans and specifications, before acceptance of completion by Town and release of the applicable surety bond.

2. That in the event that Developer determines that it will not be able to meet any target dates or deadlines (whether in Section 1 above or Section 6 below) due to the events set forth in Section 1 above, Developer shall use its best efforts to notify Town in writing at least 30 days prior to said target date or deadline and to document and substantiate the reasons therefor.

3. That Developer shall immediately file with Town an endorsement or rider to Surety Bond No. 5028382 (which guarantees Section 2A improvements) and to Surety Bond No. 5028389 (which guarantees Section 2B improvements) in form acceptable to Town signed by the Surety to evidence that said bond secures the obligations under this agreement and that the Surety approves this agreement.

4. That this Agreement shall become effective to modify the original completion dates (as extended by the North Carolina Permit Extension Act, as amended) for the above-referenced improvements for the 2A and 2B lots, upon the execution hereof by Town and Developer and the approval of the Surety. Failure of Developer to comply with the terms and conditions of this agreement or the surety bond or the Town's applicable ordinances and policies shall constitute a material breach of this Agreement and shall entitle Town to give notice under the Tolling Agreement and to proceed under said bond(s) and this agreement against Developer and the surety. Upon completion of all required improvements in Section 2A and the approval of Town's designated engineer, Town agrees to release Surety Bond No. 5028382. If requested by Developer (but no more frequently than annually), upon agreement by Town's and Developer's engineers, which will not be unreasonably withheld, of the percentage of completed work and the cost of the remaining work to be done, the Town Council, by appropriate resolution, shall reduce the penalty amount of the bond for Sections 2A, 2B, and 2C, provided, however, that the amount of the bond remaining after the reduction shall be sufficient to cover the cost of all work remaining to be done under the applicable bond as determined by said engineers.

5. Town and Developer agree to negotiate in good faith in order to reach an agreement regarding the lots other than the Section 2A and 2B lots (lots 1-95) and platted in Sections 2B and 2C, including those owned by the Developer. The parties shall use their best efforts to reach an agreement on or before December 31, 2014. If, after good faith negotiations, the parties are unable to reach an agreement by December 31, 2014, the parties agree to choose a mediator no later than January 16, 2015, and to conduct a mediation session within 30 days of said mediator selection.

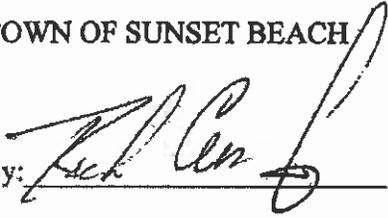
6. This Agreement shall be null and void if the storm water, sewer, water, electric road crossings, and road work in Phase VI, Section 1 required by the December 3, 2012 Subdivision Improvements Agreement is not complete by March 31, 2014, subject to delays caused by circumstances beyond the Developer's control, including adverse weather conditions.

7. As set forth herein, this Agreement constitutes a modification of the December 3, 2012 Subdivision Improvements Agreement. Upon completion of all required improvements in Section 1 and the approval of Town's designated engineer, Town agrees to release Surety Bond No. 5028388.

IN WITNESS WHEREOF, the parties have executed this Agreement pursuant to authority duly given.

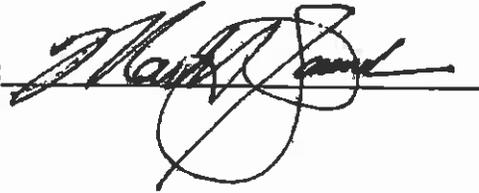
TOWN OF SUNSET BEACH

By: _____



COASTAL COMMUNITIES AT OCEAN
RIDGE PLANTATION, LLC

By: _____





5-13-14



May 13, 2014

Ms. Becky Nobles
Coastal Communities at Ocean Ridge Plantation, LLC
351 Ocean Ridge Parkway SW
Ocean Isle Beach, NC 28469

Re.: Jaguar's Lair

Dear Ms. Nobles:

In the Subdivision Improvements Agreement dated December 3, 2012, between Coastal Communities and the Town of Sunset Beach, Coastal agreed to complete all required infrastructure for Ocean Ridge Plantation, Phase VI, Section 1, by December 31, 2013. Subsequently, after much discussion between the parties, the Town and Coastal extended this date to March 31, 2014, by Subdivision Improvements Agreement dated November 21, 2013. This date was subject, however, to "adverse weather conditions."

On February 28, 2014, you notified the Town pursuant to Paragraph 2 of the 2013 Agreement that Coastal would not be able to meet the March 31, 2014, completion date due to adverse weather conditions. We acknowledge that there has been more wet weather this year than is normal, and, therefore, it does appear as though you were entitled to additional time after March 31, 2014, to complete the infrastructure in Section 1.

Even though you may have been entitled to some additional time, Council and its negotiating team are both aware that we are now about 40 days past the March 31 deadline, and we believe that there has been sufficient time to complete the Section 1 work. Even though the weather was very favorable in April, very little, if any, work was performed by Coastal. Council is also concerned that there does not seem to be full days of work dedicated to the site. At this crucial time we not only expect full days of work but feel that work should occur on Saturdays.

The Town Council will be monitoring the progress between now and the next negotiating session on May 29.

Sincerely,

Ron Watts
Mayor

LAW OFFICES OF G. GRADY RICHARDSON, JR., P.C.

**ATTORNEY AND COUNSELOR AT LAW
1213 CULBRETH DRIVE
WILMINGTON, NORTH CAROLINA 28405**

G. GRADY RICHARDSON, JR.

TELEPHONE: (910) 509.7166
FACSIMILE: (910) 509.7167
E-MAIL: grady@ggrlawoffice.com

28 May 2015

ALL VIA CERTIFIED MAIL,
RETURN RECEIPT REQUESTED:

PARCEL ID NO. 7014-2120-0003-1616-6260

Bond Safeguard Insurance Company
Lexon Surety Group
Lexon Insurance
12890 Lebanon Road
Mt. Juliet, TN 37122

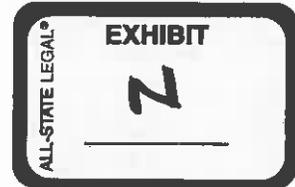
PARCEL ID NO. 7014-2120-0003-1616-6277

Mr. David Campbell, President
Bond Safeguard Insurance Company
256 Jackson Meadows Drive
Hermitage, TN 37076

PARCEL ID NO. 7014-2120-0003-1616-6284

Bond Safeguard Insurance Company
c/o: Ms. Heather Nilson
Registered Agent
2522 West 41st Street
Sioux Falls, SD 57105

Re: *Town of Sunset Beach / Ocean Ridge Plantation Phase VI*
Sometimes Referred to as "Jaguars Lair"
Firm Client: Town of Sunset Beach
Firm File No. 447.0407-3



Dear Bond Safeguard Insurance Company – Lexon Surety Group:

I am the Town Attorney for the Town of Sunset Beach ("Town"). Michael Isenberg, Esquire was the Town's former attorney. For the reasons generally set forth and summarized below, please accept this as the Town's notice of claims on the surety bonds identified herein.

Bond Safeguard Insurance Company
Lexon Surety Group
Lexon Insurance
Mr. David Campbell, President
Bond Safeguard Insurance Company
Bond Safeguard Insurance Company
c/o: Ms. Heather Nilson
28 May 2015

Bond Safeguard Insurance Company (“Surety”) is the Surety for Coastal Communities at Ocean Ridge Plantation, LLC (“Principal”) in connection with the bond obligations (collectively, “Bonds”) for Sections 1, 2.A., 2.B., and 2.C. in Phase VI of Ocean Ridge Plantation (collectively, “Subdivision”).

The Town, Principal, and Surety are all parties to the Tolling Agreement bearing an effective date of 1 May 2012, which was last signed and executed by the Principal on 21 May 2012 (“Tolling Agreement”). A true and correct copy of the parties’ Tolling Agreement is enclosed herewith as Exhibit 1 and incorporated herein by reference. Per Section 2(a) of the Tolling Agreement, it expired on or about 21 May 2015.

The Subdivision’s Bonds, their respective amounts, and the Subdivision Sections to which they apply are as follows:

<u>Section 1:</u>	Bond No. 5028388 Amount: \$1,234,541.00
<u>Section 2.A.:</u>	Bond No. 5028382 Amount: \$588,590.63
<u>Section 2.B.:</u>	Bond No. 5028389 Amount: \$799,951.00
<u>Section 2.C.:</u>	Bond No. 5035924 Amount: \$398,131.36

In addition to the Tolling Agreement, there exists the Subdivision Improvements Agreements between the Town and Principal dated 3 December 2012 (“2012 SIA”) and 21 November 2013 (“2013 SIA”). True and correct copies of the 2012 SIA and 2013 SIA are enclosed herewith as Exhibit 2 and Exhibit 3, respectively.

The 2013 SIA modified the 2012 SIA. The 2013 SIA provides, *inter alia*, (1) the work to be completed in Section 1 of the Subdivision, as “required by” the [2012 SIA] must be completed by the Principal by 31 March 2014; (2) the work for Sections 2.A. and 2.B. must be

Bond Safeguard Insurance Company
Lexon Surety Group
Lexon Insurance
Mr. David Campbell, President
Bond Safeguard Insurance Company
Bond Safeguard Insurance Company
c/o: Ms. Heather Nilson
28 May 2015

installed and completed by no later than 31 December 2015; and, (3) as for Section 2.C., there were no deadlines established, only that the parties would attempt to resolve that Section's work through good faith negotiations.

On 6 May 2015, the parties participated in a voluntary pre-litigation mediation concerning all of the foregoing Subdivision Sections and Bonds. The parties' were unsuccessful in reaching a resolution.

As of this letter and notice from the Town, the Town alleges and contends the following with respect to its claims on the Bonds and the Principal's efforts, or lack thereof, in the Subdivision related to the Bonds:

1. The Principal has still not completed two components of the improvements for Section 1 of the Subdivision. The improvements still lacking completion are (i) the electrical conduits for all of Section 1; and, (ii) curb and guttering at the entrance in Section 1 to the Subdivision.

2. With one minor possible exception (discussed below), the Principal has not initiated *any* of the work for Sections 2.A. and 2.B. as contemplated under the 2013 SIA. The deadlines outlined in the 2013 SIA for these Sections of the Subdivision are February 1, 2015 (storm water), June 1, 2015 (sewer and water), September 1, 2015 (electric road crossings), and December 31, 2015 (roads). There may be *some* storm water that has been completed for Sections 2.A. and 2.B in connection with the Principal's overall Subdivision development and permitting necessary for storm water. However, for all of the other matters, nothing has been done by the Principal. Thus, the quickly approaching deadline for sewer and water of June 1, 2015 will not be satisfied. Given the complete absence of any work being initiated or performed in Sections 2.A. and 2.B., it is very probable, indeed likely, that none of the work will even be completed by the outside date of December 1, 2015 (which is supposed to be the date for the completion of the roads).

3. As with Sections 2.A. and 2.B., none of the work contemplated for Section 2.C. (other than some possible storm water work) has been initiated by the Principal, much less completed. Even though the 2012 SIA and 2013 SIA do not set any completion dates, the Town and the Principal were unable to reach any agreement concerning the completion dates for

Bond Safeguard Insurance Company
Lexon Surety Group
Lexon Insurance
Mr. David Campbell, President
Bond Safeguard Insurance Company
Bond Safeguard Insurance Company
c/o: Ms. Heather Nilson
28 May 2015

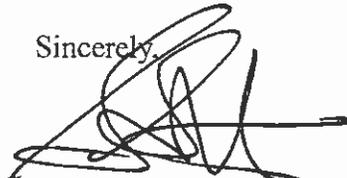
Section 2.C. More than ample time has elapsed by which the Principal should have not only initiated the contemplated work for Section 2.C., but also completed all of it.

Based upon the foregoing and the enclosed Exhibits, the Town is making demand and claims on the Principal's Subdivision Bonds with the Surety. I attempted to contact the Surety about the matters contained herein but as of this notice, my efforts were to no avail. The Bonds do not provide any specific requirements for the Town to follow in order to make official notice and demand on the Bonds. **If, upon your receipt of this notice, the Surety requires additional notice, completion of forms, or any other information from the Town in order for it to properly call and make claims upon the Bonds, please contact me immediately.**

As per Section 12 of the parties' enclosed Tolling Agreement, I am providing copies of this notice to all of the parties identified therein.

If you have any questions, please do not hesitate to contact me. Otherwise, I look forward to hearing from you regarding the Town's notice and claims herein.

Sincerely,



G. Grady Richardson, Jr.

GGR/
Enclosures

cc:

Town of Sunset Beach (w/ encs.), *via email only*

PARCEL ID NO. 7014-2120-0003-1616-6291

Stephen H. Ross, General Counsel (w/ encs.), *via certified mail, return receipt requested*

Bond Safeguard Insurance Company
256 Jackson Meadows Drive
Hermitage, TN 37076

Bond Safeguard Insurance Company
Lexon Surety Group
Lexon Insurance
Mr. David Campbell, President
Bond Safeguard Insurance Company
Bond Safeguard Insurance Company
c/o: Ms. Heather Nilson
28 May 2015

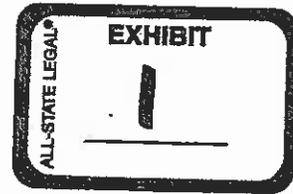
cc, cont'd.:

PARCEL ID NO. 7014-2120-0003-1616-6307

Ms. Elaine R. Jordan (w/ encs.), *via certified mail, return receipt requested*
Attorney for Coastal Communities
At Ocean Ridge Plantation, LLC

PARCEL ID NO. 7014-2120-0003-1616-6314

Mr. Mark A. Saunders, Manager (w/ encs.), *via certified mail, return receipt requested*
131 Ocean Boulevard West
Holden Beach, NC 28462



TOLLING AGREEMENT

THIS TOLLING AGREEMENT ("Agreement") is made and entered into as of this 1st day of May, 2012 (the "Effective Date"), by and among the Town of Sunset Beach (the "Town"), Bond Safeguard Insurance Company (the "Surety"), and Coastal Communities at Ocean Ridge Plantation, LLC (the "Developer" and, together with the Town and the Surety, the "Parties").

Recitals

WHEREAS, the Developer and the Town entered into agreements, as modified (the "Development Agreements") stipulating the completion by specified dates of certain infrastructure in Phase VI, Sections 1, 2A, 2B and 2C of the community known as Ocean Ridge Plantation; and

WHEREAS, the Developer posted subdivision bonds numbered 5028388 (Section 1), 5028382 (Section 2A), 5028389 (Section 2B) and 5035924 (Section 2C) (collectively, the "Bonds"), with the Surety as surety and the Town as obligee, to bond the performance of the Development Agreements; and

WHEREAS, all of the infrastructure improvements have not been completed; and

WHEREAS, the Town has been advised that the Surety may be able to raise the defense of the statute of limitations or other time-related defenses (as defined herein) if claims against the Bonds are not soon initiated against the Surety; and

WHEREAS, the Developer expressly denies any default or liability at this time for claims under the Development Agreements and/or the Bonds; and

WHEREAS, the Developer and Surety agree, represent and warrant that the Bonds are valid as of the date hereof and that the Development Agreements are valid and enforceable in accordance with their terms and applicable law at this time; and

WHEREAS, the Parties wish to maintain the status quo and avoid the expense of litigation by the Town against the Surety at this time, while fully preserving all rights of the Town that exist as of the effective date of this Tolling Agreement to commence legal action against the Surety at a future date, which rights, but for this Tolling Agreement, might otherwise be time-barred by any applicable statute of limitations, laches, and other possible time bars and defenses based in whole or in part on the time that may elapse from the accrual of such claims to the filing of an action (collectively, "time-related defenses"); and

WHEREAS, the Town, the Developer and the Surety have the power and authority to enter into this Agreement and no other parties are necessary to join herein in order to toll the statute of limitations and other time-related defenses;

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

Terms and Conditions

1. All of the foregoing Recitals are true and correct and are incorporated herein as part of the Agreement for all purposes.
2. With respect to any and all claims or causes of action, known or unknown, relating to, arising out of, or in connection with the Development Agreements and/or the Bonds, or any or each of them (collectively, the "Claims"), the Parties hereby stipulate that any applicable statute of limitations or other time-related defenses applicable to the Claims shall be deemed tolled from May 1, 2012 until the earlier of: (a) the expiration of three (3) calendar years from the last date of the execution of this Agreement by any party; or (b) the termination of this Agreement by any of the Parties in accordance with the terms and conditions of this Agreement. The period of time during which any applicable statute of limitations or other time-related defenses applicable to the Claims shall be deemed tolled is hereinafter referred to as the "Tolling Period." The Tolling Period shall run from May 1, 2012, until expiration or termination of this Agreement as provided herein. For purposes of clarity, it is the intent of the parties to preserve the status quo as of May 1, 2012, until the date of expiration or termination of this agreement as provided for herein. The tolling of the statute of limitations and other time-related defenses during the Tolling Period shall survive any termination hereof. Any Claim which may have been barred as a result of either (i) the expiration of the statute of limitations during the Tolling Period, or (ii) the accrual of any other time-related defense during the Tolling Period may be brought at any time after the termination of the Tolling Period and before the applicable statute of limitations or other time-related defense expires after it begins to run. No party may assert the expiration of the statute of limitation or any other time-related defense which arises during the Tolling Period itself as a defense to any such Claim.
3. The Surety and/or the Developer further agree that neither of them shall interpose in any lawsuit or action by or among the Parties related to the Claims: (a) a defense that the applicable statute of limitations shall have expired during the Tolling Period, and/or (b) any other defense which arises because of the passage of time during the Tolling Period itself. The agreement set forth in this paragraph 3 shall survive any termination of this Agreement.
4. Any party to this Agreement may terminate the Tolling Period by giving the other Parties prior written notice by certified mail, return receipt requested, of the termination of the Tolling Period, with the termination being effective at the end of forty-five (45) days after mailing of the notice to the other Parties. The period applicable to any statute of limitations or other time-related defenses which apply to the Claims shall begin to run again from the effective date of the termination of the Tolling Period.
5. This Agreement may not be used or relied upon for any purpose other than to enforce its terms and to show that the recitals are correct. The Parties specifically acknowledge that this Agreement is made in an effort to properly analyze their respective rights, claims, and defenses, including cross-claims or counterclaims, if any. The Parties therefore agree that this Agreement may not be introduced into evidence in any action filed in any court, or in any arbitration or mediation proceeding, except to enforce or construe the terms of the Agreement.

itself or to strike any time-related defenses. Nothing in this Agreement constitutes an admission by any Party that the statute of limitations and/or any other time-related defenses have or have not run, and this Agreement shall not be used in any proceeding as evidence of any such admission, express or implied.

6. Nothing in this Agreement shall operate to revive any claims of whatever nature by any party which are already barred, in whole or in part, by any time-related Defenses, or the passage of time, as of May 1, 2012.

7 Nothing in this agreement shall operate as a waiver of or prejudice any party's right to assert that the statute of limitations or any other time-related Defenses have been tolled or have not yet run for reasons other than the execution of this Agreement.

8 . Nothing in this Agreement shall be construed as an admission of any fault, liability or wrongdoing by the Developer or the Surety. Further, nothing in this Agreement shall be construed as a waiver of any defenses of the Developer or the Surety to any claims of the Town which are not related to the passage of time and which have accrued prior to the effective date of this Agreement, all of which are expressly reserved by the Developer and/or the Surety, except that the Developer and Surety do represent and warrant that the Bonds are valid as of the date hereof.

9. This Agreement may be signed in counterparts, each of which shall be deemed an original, and all such counterparts constituting one Agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes. Each party signing this Agreement represents that it has read the Agreement, understands it, and intends to be legally bound by all of its terms.

10. Each Party hereby acknowledges and agrees: (a) that in the negotiation and drafting of this Agreement he or it has had the opportunity to consult with counsel of his or its choice; (b) that his or its counsel has had an opportunity to contribute to the negotiation and drafting of this Agreement; and (c) that the principle of construing a document against its drafter shall not apply with respect to the interpretation of this Agreement.

11. The signatories to this Agreement represent and warrant that they have the authorization and power to bind the party on whose behalf they are signing.

12. Any and all notices under this Agreement shall be in writing, and shall be addressed and provided to the Parties as follows:

To the Town:

Gary Parker
Town Administrator
700 Sunset Boulevard North
Sunset Beach, NC 28468

with a copy to: Mike Isenberg Esq.
PO Box 11028
Southport, NC 28461

To the Surety: David Campbell, President
Bond Safeguard Insurance Company
256 Jackson Meadows Drive
Hermitage, TN 37076

with a copy to: Stephen H. Ross, General Counsel
Bond Safeguard Insurance Company
256 Jackson Meadows Drive
Hermitage, TN 37076

To the Developer: Mark A. Saunders, Manager
131 Ocean Boulevard West
Holden Beach, NC 28462

with a copy to: Elaine R. Jordan, Esq.
131 Ocean Boulevard West
Holden Beach, NC 28462

13. The rights and obligations of the Parties created by this Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflicts of law.

14. This Agreement may not be amended, modified, or supplemented, except in writing duly executed and delivered by all Parties.

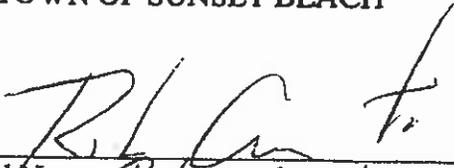
15. This Agreement constitutes the full and complete agreement of the parties concerning the subject matter of the Agreement, and there are no covenants, conditions, or terms other than those expressly set forth in this Agreement.

16. The Parties agree to take all actions reasonably necessary to effectuate the terms and purpose of this Agreement.

IN WITNESS WHEREOF, the Parties have hereunto set their hands and seals as of the date first hereinabove written.

[signatures follow on next page and may be executed in counterparts]

THE TOWN OF SUNSET BEACH

By:  (Seal)
Printed Name: Richard Cyrato
Title: Mayor Sunset Beach
Date: 5/24/11

COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, LLC

By: _____ (Seal)
Printed Name:
Title:
Date:

BOND SAFEGUARD INSURANCE COMPANY

By: _____ (Seal)
Printed Name: David Campbell
Title: President
Date:

THE TOWN OF SUNSET BEACH

By: _____ (Seal)
Printed Name:
Title:
Date:

COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, LLC

By: Mark A. Saunders (Seal)
Printed Name: MARK A. SAUNDERS
Title: MANAGER
Date: MAY 21, 2012

BOND SAFEGUARD INSURANCE COMPANY

By: _____ (Seal)
Printed Name: David Campbell
Title: President
Date:

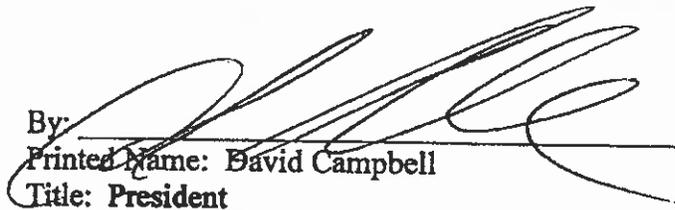
THE TOWN OF SUNSET BEACH

By: _____ (Seal)
Printed Name:
Title:
Date:

COASTAL COMMUNITIES AT OCEAN RIDGE PLANTATION, LLC

By: _____ (Seal)
Printed Name:
Title:
Date:

BOND SAFEGUARD INSURANCE COMPANY

By:  _____ (Seal)
Printed Name: David Campbell
Title: President
Date: may 18, 2012



NORTH CAROLINA

BRUNSWICK COUNTY

SUBDIVISION IMPROVEMENTS
AGREEMENT

THIS AGREEMENT, made and entered into this 3rd day of December, 2012, by and between **Coastal Communities at Ocean Ridge Plantation, LLC**, hereinafter called "Developer", and the **Town of Sunset Beach**, hereinafter called "Town";

WITNESSETH:

WHEREAS, Developer and Town previously entered into a development agreement dated February 27, 2009, for those certain subdivisions known as Ocean Ridge Plantation Phase VI Section 1, Phase VI Section 2A and Phase VI Section 2B; and

WHEREAS, said agreement provided that all required improvements for Section 1 would be completed by March, 2010, and that the required improvements for Sections 2A and 2B would be completed by August, 2010; and

WHEREAS, Developer and Town also entered into a development agreement dated November 2, 2009, for that certain subdivision known as Ocean Ridge Plantation Phase VI Section 2C; and

WHEREAS, said agreement provided that all required improvements for Section 2C would be completed by August, 2011; and

WHEREAS, pursuant to Town's ordinances, in order to obtain approval of said plats by Town prior to the installation and completion of all improvements, Developer posted surety bonds with Town to guarantee the timely completion of all required improvements, which bonds are still valid and in effect; and

WHEREAS, subsequently, the N.C. General Assembly passed the North Carolina Permit Extension Act, as amended, which extended the dates for completing all required improvements under said agreements; and

WHEREAS, all of the required improvements for said sections have not been completed at this time; and

WHEREAS, Developer and Town have now agreed to the terms of a new Development Agreement to set forth new completion dates for the required improvements in Phase VI Section 1 and have agreed to continue to negotiate the terms for Sections 2A, 2B and 2C;

NOW, THEREFORE, in consideration of the mutual promises and benefits to each party, it is agreed by Developer and Town as follows:

1. That Developer shall install, construct and complete at its sole cost and expense all

required improvements for Phase VI Section 1 no later than December 31, 2013. All required improvements for Section 1 shall be completed in accordance with the plans, specifications and drawings previously submitted to and accepted by Town and in accordance with Town ordinances and policies. Developer shall use its best efforts to install and complete the following separate infrastructure items by the target dates indicated, but, in any event, all of said infrastructure must be installed and completed no later than December 31, 2013:

Storm water	July 31, 2013
Sewer	September 30, 2013
Water	September 30, 2013
Electric	November 30, 2013
Roads	December 31, 2013

It is understood, acknowledged and agreed by Developer that all required improvements must be approved by Town's designated engineer as to compliance with the approved plans, specifications and town ordinances before acceptance of completion by Town and release of the applicable surety bond.

2. That Developer shall immediately file with Town an endorsement or rider to Surety Bond No. 5028388 (which guarantees Section 1 improvements) in form acceptable to Town signed by the Surety to evidence that said bond secures the obligations under this agreement.

3. That this Agreement shall become effective to modify the original completion dates (as extended by the North Carolina Permit Extension Act, as amended) for the above-referenced improvements in Section 1, upon the execution hereof by Town and Developer and the approval of the Surety. Failure of Developer to comply with the terms and conditions of this agreement or the surety bond or the Town's applicable ordinances and policies shall constitute a material breach of this Agreement and shall entitle Town to give notice under the Tolling Agreement and to proceed under said bond and this agreement against Developer and the surety. Upon completion of all required improvements in Section 1 and the approval of Town's designated engineer, Town agrees to release Surety Bond No. 5028388.

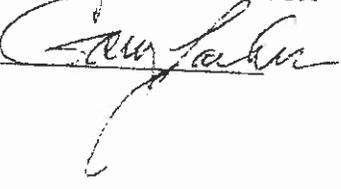
4. Town and Developer agree to negotiate in good faith in order to reach an agreement regarding new completion dates for all required improvements for Sections 2A, 2B and 2C. The parties shall use their best efforts to reach an agreement on or before August 15, 2013.

5. Town covenants and agrees not to terminate the Tolling Agreement currently in effect between the parties prior to January 1, 2014, unless (a) Developer fails to make substantial progress on any infrastructure item identified above by completing at least 50% of the work remaining to be done as of the date of this Agreement by the target dates listed above, or (b) Developer otherwise violates the terms and conditions of this agreement. To avoid misunderstanding, Town agrees to give written notice to Developer of any such failure or violation, and Developer shall have fifteen (15) days after receipt of such notice to cure the objection raised by Town.

IN WITNESS WHEREOF, the parties have executed this Agreement pursuant to authority duly given.

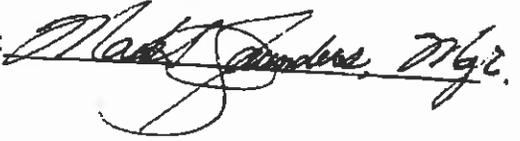
TOWN OF SUNSET BEACH

By:



COASTAL COMMUNITIES AT OCEAN
RIDGE PLANTATION, LLC

By:



Bond Safeguard Insurance Company

GENERAL PURPOSE RIDER

We consent to the extension of the deadlines for completion of all required improvements which are secured by this bond and stated on the Performance Bond dated February 7, 2008 (Bond #5028388) as set forth in that certain Agreement between the Principal and Town of Sunset Beach dated December 3, 2012, which is incorporated herein by reference.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged and in full force and effect.

This Bond Rider shall become effective 3rd, day of December, 2012.

Signed, Sealed and Dated, this 20th day of December, 2012.

Bond Safeguard Insurance Company
Surety

By: Jalene Brown
Jalene Brown, Attorney-in-Fact

POWER OF ATTORNEY AO 77932
Bond Safeguard INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Woodridge, Illinois, does hereby constitute and appoint: Christopher L. Dobbs, Jalene Brown, Nancy Locke *****
its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$1,000,000.00. One Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7th day of November, 2001.



BOND SAFEGUARD INSURANCE COMPANY

BY David E. Campbell
David E. Campbell
President

ACKNOWLEDGEMENT

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"
MAUREEN K. AYE
Notary Public, State of Illinois
My Commission Expires 09/21/13

Maureen K. Aye
Maureen K. Aye
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Woodridge, Illinois this 20th Day of December, 20 12



Philip G. Lauer
Philip G. Lauer
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."



NORTH CAROLINA

BRUNSWICK COUNTY

SUBDIVISION IMPROVEMENTS
AGREEMENT

THIS AGREEMENT, made and entered into this 21st day of November, 2013, by and between **Coastal Communities at Ocean Ridge Plantation, LLC**, hereinafter called "Developer", and the **Town of Sunset Beach**, hereinafter called "Town";

WITNESSETH:

WHEREAS, Developer and Town previously entered into a development agreement dated February 27, 2009, for those certain subdivisions known as Ocean Ridge Plantation Phase VI Section 1, Phase VI Section 2A and Phase VI Section 2B; and

WHEREAS, said agreement provided that all required improvements for Section 1 would be completed by March, 2010, and that the required improvements for Sections 2A and 2B would be completed by August, 2010; and

WHEREAS, Developer and Town also entered into a development agreement dated November 2, 2009, for that certain subdivision known as Ocean Ridge Plantation Phase VI Section 2C; and

WHEREAS, said agreement provided that all required improvements for Section 2C would be completed by August, 2011; and

WHEREAS, pursuant to Town's ordinances, in order to obtain approval of said plats by Town prior to the installation and completion of all improvements, Developer posted surety bonds with Town to guarantee the timely completion of all required improvements, which bonds are still valid and in effect; and

WHEREAS, subsequently, the N.C. General Assembly passed the North Carolina Permit Extension Act, as amended, which extended the dates for completing all required improvements under said agreements; and

WHEREAS, all of the required improvements for said sections have not been completed at this time; and

WHEREAS, the Town and Developer are parties to a Tolling Agreement (the "Tolling Agreement") regarding Ocean Ridge Plantation Phase VI, which agreement will automatically terminate on May 24, 2015; and

WHEREAS, by Subdivision Improvements Agreement dated December 3, 2012,

Developer and Town agreed to new completion dates and other terms for the required improvements in Phase VI Section 1; and

WHEREAS, Developer and Town have now agreed to the terms of a new development agreement to set forth new completion dates for improvements required in Phase VI, Sections 2A (lots 1-40) and 2B (lots 41-95) (collectively, the "2A and 2B lots"), and have agreed to negotiate in good faith the terms of a new agreement for other lots in Section 2B and all of Section 2C.

NOW, THEREFORE, in consideration of the mutual promises and benefits to each party, it is agreed by Developer and Town as follows:

1. As more particularly set forth below, that Developer shall install, construct and complete at its sole cost and expense all required improvements for the 2A and 2B lots no later than December 31, 2015. All required improvements for the 2A and 2B lots shall be completed in accordance with the plans, specifications and drawings previously submitted to and accepted by Town or in accordance with revised plans, specifications and drawings which are accepted and approved by the Town, as provided by and in accordance with Town ordinances and policies and with Town decision to be made within thirty (30) days of complete submittal by Developer of proposed revision(s). Developer shall use its best efforts to install and complete the following separate infrastructure items by the target dates indicated and shall share interim project inspections and reports, including permit status reports and engineering plans updates, with the Town at regular intervals not to exceed every three months. In addition, Developer and Town agree to meet every 6 months to discuss the project and any issues related thereto. In any event, all of said infrastructure must be installed and completed no later than December 31, 2015:

Storm water	February 1, 2015
Sewer	June 1, 2015
Water	June 1, 2015
Electric road crossings	September 1, 2015
Roads	December 31, 2015;

provided, however, if Developer is delayed in the construction of the improvements due to acts, omissions, conditions, events, or circumstances beyond its control, the dates shall be reasonably extended. By way of example, events that will entitle Developer to an extension of the dates include but are not limited to acts or omissions of any governmental agency that delay the construction, delay in design and permitting of the improvements caused by parties other than the Developer, changes in the improvements necessitated by elimination of Section 2D from approved plans and permits and other value engineering, adverse site conditions, hazardous conditions, wars, floods, fire, labor disputes or shortages, unusual delay in transportation or deliveries, and earthquakes, adverse weather conditions and other acts of God.

It is understood, acknowledged, and agreed by Developer that all required improvements must be approved by Town's designated engineer as to compliance with the final approved plans and specifications, before acceptance of completion by Town and release of the applicable surety bond.

2. That in the event that Developer determines that it will not be able to meet any target dates or deadlines (whether in Section 1 above or Section 6 below) due to the events set forth in Section 1 above, Developer shall use its best efforts to notify Town in writing at least 30 days prior to said target date or deadline and to document and substantiate the reasons therefor.

3. That Developer shall immediately file with Town an endorsement or rider to Surety Bond No. 5028382 (which guarantees Section 2A improvements) and to Surety Bond No. 5028389 (which guarantees Section 2B improvements) in form acceptable to Town signed by the Surety to evidence that said bond secures the obligations under this agreement and that the Surety approves this agreement.

4. That this Agreement shall become effective to modify the original completion dates (as extended by the North Carolina Permit Extension Act, as amended) for the above-referenced improvements for the 2A and 2B lots, upon the execution hereof by Town and Developer and the approval of the Surety. Failure of Developer to comply with the terms and conditions of this agreement or the surety bond or the Town's applicable ordinances and policies shall constitute a material breach of this Agreement and shall entitle Town to give notice under the Tolling Agreement and to proceed under said bond(s) and this agreement against Developer and the surety. Upon completion of all required improvements in Section 2A and the approval of Town's designated engineer, Town agrees to release Surety Bond No. 5028382. If requested by Developer (but no more frequently than annually), upon agreement by Town's and Developer's engineers, which will not be unreasonably withheld, of the percentage of completed work and the cost of the remaining work to be done, the Town Council, by appropriate resolution, shall reduce the penalty amount of the bond for Sections 2A, 2B, and 2C, provided, however, that the amount of the bond remaining after the reduction shall be sufficient to cover the cost of all work remaining to be done under the applicable bond as determined by said engineers.

5. Town and Developer agree to negotiate in good faith in order to reach an agreement regarding the lots other than the Section 2A and 2B lots (lots 1-95) and platted in Sections 2B and 2C, including those owned by the Developer. The parties shall use their best efforts to reach an agreement on or before December 31, 2014. If, after good faith negotiations, the parties are unable to reach an agreement by December 31, 2014, the parties agree to choose a mediator no later than January 16, 2015, and to conduct a mediation session within 30 days of said mediator selection.

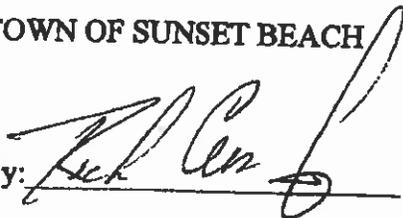
6. This Agreement shall be null and void if the storm water, sewer, water, electric road crossings, and road work in Phase VI, Section 1 required by the December 3, 2012 Subdivision Improvements Agreement is not complete by March 31, 2014, subject to delays caused by circumstances beyond the Developer's control, including adverse weather conditions.

7. As set forth herein, this Agreement constitutes a modification of the December 3, 2012 Subdivision Improvements Agreement. Upon completion of all required improvements in Section 1 and the approval of Town's designated engineer, Town agrees to release Surety Bond No. 5028388.

IN WITNESS WHEREOF, the parties have executed this Agreement pursuant to authority duly given.

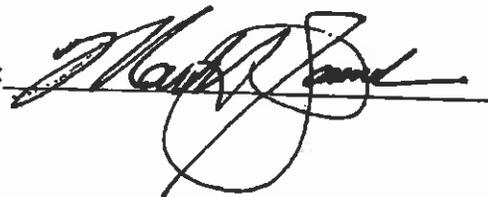
TOWN OF SUNSET BEACH

By:

A handwritten signature in black ink, appearing to be "A. C. L.", written over a horizontal line.

COASTAL COMMUNITIES AT OCEAN
RIDGE PLANTATION, LLC

By:

A handwritten signature in black ink, appearing to be "Mark [unclear]", written over a horizontal line.