

Decrease PENALTY RIDER

PERFORMANCE BOND

BOND NO. 929582282

To be attached and form a part of Bond No. 929582282 dated the 4th day of November, 2013, executed by The Continental Insurance Company as surety, on behalf of Shapell Homes, a Division of Shapell Industries, Inc., a Delaware Corp. as current principal of record, and in favor of County of Contra Costa, as Obligee, and in the amount of Six Hundred Eighteen Thousand Dollars and 00/100 (\$618,000.00).

In consideration of the agreed premium charged for this bond, it is understood and agreed that The Continental Insurance Company hereby consents that effective from the 3rd day of November, 2014, said bond shall be amended as follows:

THE BOND PENALTY SHALL BE Decreased:

FROM: Six Hundred Eighteen Thousand Dollars and 00/100 (\$618,000.00)

TO: Ninety Two Thousand Seven Hundred Dollars and 00/100 (\$92,700.00)

The Decrease of said bond penalty shall be effective as of the 3rd day of November, 2014, and does hereby agree that the continuity of protection under said bond subject to changes in penalty shall not be impaired hereby, provided that the aggregate liability of the above mentioned bond shall not exceed the amount of liability assumed by it at the time the act and/or acts of default were committed and in no event shall such liability be cumulative.

Signed, sealed and dated this 4th day of November, 2014.

Shapell Homes, a Division of Shapell Industries, Inc., a Delaware Corp.
PRINCIPAL

BY: 

The Continental Insurance Company
SURETY

BY: 

Daniel P. Dunigan, ATTORNEY-IN-FACT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of PENNSYLVANIA

County of CHESTER

On NOVEMBER 4, 2014

Date

before me,

ARLENE OSTROFF

NOTARY PUBLIC

Name and Title of Notary

personally appeared DANIEL P. DUNIGAN

Name and or Names of Signer(s)

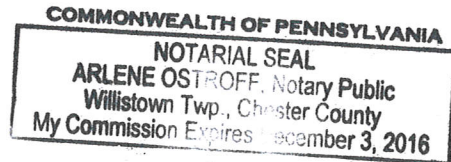
Who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

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

Witness my hand and official seal.

Signature

Notary Public Signature



Place Notary Public Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document

Document Date

Number of Pages:

Signer's Name:

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

Signer is representing

THE CONTINENTAL INSURANCE COMPANY

RIGHT THUMBPRINT
OF SIGNER
Top of thumb

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

Signer is representing

RIGHT THUMBPRINT
OF SIGNER
Top of thumb

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

William F Simkiss, Daniel P Dunigan, Richard J Decker, Joseph W Kolok, Jr, Brian C Block, James L Hahn,
Individually

of Paoli, PA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

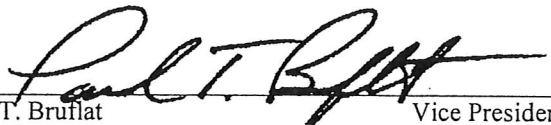
and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 15th day of August, 2013.

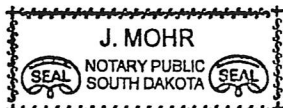


The Continental Insurance Company

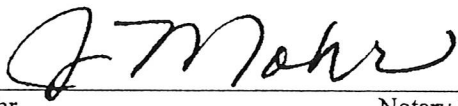

Paul T. Bruflatt Vice President

State of South Dakota, County of Minnehaha, ss:

On this 15th day of August, 2013, before me personally came Paul T. Bruflatt to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2015


J. Mohr Notary Public

CERTIFICATE

I, D. Bult, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this 4TH day of NOVEMBER, 2014.



The Continental Insurance Company


D. Bult Assistant Secretary

THE CONTINENTAL INSURANCE COMPANY
Radnor, Pennsylvania
Statement of Net Admitted Assets and Liabilities
December 31, 2013

ASSETS

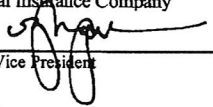
Bonds	\$ 1,684,328,034
Stocks	158,773,278
Cash and short-term investments	187,796,353
Amounts recoverable from reinsurers	193,598,356
Net deferred tax asset	73,211,237
Other assets	47,825,939
Total Assets	<u>\$ 2,345,533,197</u>

LIABILITIES AND SURPLUS

Losses	\$ 908,894,332
Loss adjustment expense	34,732,682
Unearned premiums	-
Ceded reinsurance premiums payable (net of ceding commissions)	26,174,058
Funds held by company under reinsurance treaties	719,991,228
Provision for reinsurance	76,000,000
Other liabilities	(787,119,094)
Total Liabilities	<u>978,673,206</u>
Surplus Account:	
Capital paid up	53,566,360
Gross paid in and contributed surplus	1,423,436,994
Special Surplus	105,639,025
Unassigned funds	<u>(215,782,388)</u>
Surplus as regards policyholders	1,366,859,991
Total Liabilities and Capital	<u>\$ 2,345,533,197</u>


I, OJ B. Magana, Assistant Vice President of The Continental Insurance Company hereby certify that the above is an accurate representation of the financial statement of the Company dated December 31, 2013, as filed with the various Insurance Departments and is a true and correct statement of the condition of The Continental Insurance Company as of that date.

The Continental Insurance Company

By 
Assistant Vice President

Subscribed and sworn to me this 12th day of March, 2014.

My commission expires:


Notary Public



CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

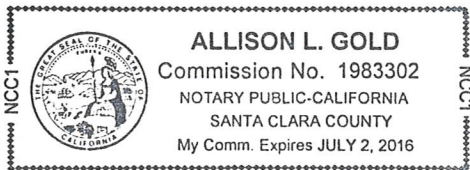
State of California

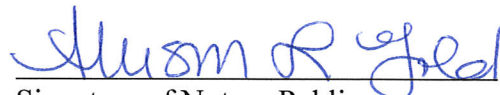
County of Alameda

On **November 11, 2014**, before me, **Allison L. Gold**, Notary Public personally appeared **Robert D. Moore** who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.




Signature of Notary Public

Title or Type of Document: **Decrease Penalty Rider**

Effective 1/1/08