

EXHIBIT "C"

Army Corps of Engineers Permit Number SAJ-2004-6484 (IP-JBH)



DEPARTMENT OF THE ARMY
JACKSONVILLE DISTRICT CORPS OF ENGINEERS
4400 PGA Boulevard, Suite 600
Palm Beach Gardens, FL 33410

REPLY TO
ATTENTION OF

SEP 28 2005

Palm Beach Gardens Regulatory Office
SAJ-2004-6484 (IP-JBH)

Mr. Bill Orazi
KB Homes Treasure Coast Division
8075 20th Street
Vero Beach, Florida 32966

Dear Mr. Orazi:

The U.S. Army Corps of Engineers (Corps) is pleased to enclose the Department of the Army permit, which should be available at the construction site. Work may begin immediately but the Corps must be notified of:

- a. The date of commencement of the work,
- b. The dates of work suspensions and resumptions of work, if suspended over a week, and
- c. The date of final completion.

This information should be mailed to the Enforcement Section of the Regulatory Division of the Jacksonville District at Post Office Box 4970, Jacksonville, Florida 32232-0019. The Enforcement Section is also responsible for inspections to determine whether Permittees have strictly adhered to permit conditions.

IT IS NOT LAWFUL TO DEVIATE FROM
THE APPROVED PLANS ENCLOSED.

Sincerely,

for. Penny L. Cutt
Lawrence C. Evans
Chief, Regulatory Division

Enclosures
CESAJ-RD-PE

DEPARTMENT OF THE ARMY PERMIT

Permittee: Mr. Bill Orazi
KB Homes Treasure Coast Division
8075 20th Street
Vero Beach, Florida 32966

Permit No: SAJ-2004-6484(IP-JBH)

Issuing Office: U.S. Army Engineer District, Jacksonville

NOTE: The term "you" and its derivatives, as used in this permit, means the permittee or any future transferee. The term "this office" refers to the appropriate district or division office of the Corps of Engineers having jurisdiction over the permitted activity or the appropriate official of that office acting under the authority of the commanding officer.

You are authorized to perform work in accordance with the terms and conditions specified below.

Project Description: The applicant has proposed to construct a multi-family residential development on the 39.45-acre parcel of land. The project will impact moderate quality; herbaceous freshwater marsh wetlands through the placement of approximately 9,400 cubic yards of fill over 2.94 acres of wetlands. The work described above is to be completed in accordance with the 5 pages of drawings 4 attachments affixed at the end of this permit instrument.

Project Location: The 39.85-acre project site is located on the west side of St. James Drive, immediately south of the SFWMD C-106 Drainage Canal, within northern Port St. Lucie. The property is located in Sections 17 and 18, Township 36S, Range 40E, in east central St. Lucie County, Florida.

Directions to site: From Fort Pierce, proceed south on 25th Street, 25th Street turns into St. James Drive south of Midway Road. The subject property is approximately 1.5 miles south of Midway Road in the south west quadrant of St. James Drive and the C-106 Drainage Canal.

Latitude & Longitude: Latitude: 27° 21' 5.46" West
Longitude: 80° 21' 7.99" North

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 2 of 11

Permit Conditions

General Conditions:

1. The time limit for completing the work authorized ends on **September 16, 2010**. If you find that you need more time to complete the authorized activity, submit your request for a time extension to this office for consideration at least one month before the above date is reached.

2. You must maintain the activity authorized by this permit in good condition and in conformance with the terms and conditions of this permit. You are not relieved of this requirement if you abandon the permitted activity, although you may make a good faith transfer to a third party in compliance with General Condition 4 below. Should you wish to cease to maintain the authorized activity or should you desire to abandon it without a good faith transfer, you must obtain a modification of this permit from this office, which may require restoration of the area.

3. If you discover any previously unknown historic or archeological remains while accomplishing the activity authorized by this permit, you must immediately notify this office of what you have found. We will initiate the Federal and State coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.

4. If you sell the property associated with this permit, you must obtain the signature and the mailing address of the new owner in the space provided and forward a copy of the permit to this office to validate the transfer of this authorization.

5. If a conditioned water quality certification has been issued for your project, you must comply with the conditions specified in the certification as special conditions to this permit. For your convenience, a copy of the certification is attached if it contains such conditions.

6. You must allow representatives from this office to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of your permit.

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 3 of 11

Special Conditions:

1. Fill material used with this project shall be limited to suitable, clean fill material, which excludes materials such as trash, debris, car bodies, asphalt, construction materials, concrete block with exposed reinforcement bars, and any soils contaminated with any toxic substance in toxic amounts (see Section 307 of the Clean Water Act).

2. Reduction and/or elimination of turbid water conditions in adjacent water bodies are to be achieved through the use of silt curtains or screens and staked hay bales in the construction area during periods of fill placement.

3. Within 60 days from issuance of this permit, and prior to incurring any wetland impacts, the permittee shall purchase 2.14 freshwater herbaceous credits from Bluefield Ranch Mitigation Bank. The permittee shall provide to the Corps proof of purchase within 10 days from the date of purchase. This notification shall be provided to:

U.S. Army Corps of Engineers
Jacksonville District
Regulatory Division, Enforcement Branch
P.O. Box 4970
Jacksonville, FL 32232-0019

A courtesy copy will also be provided to:

U.S. Army Corps of Engineers
South Permits Branch Office
4400 PGA Boulevard, Suite 500
Palm Beach Gardens, FL 33410

4. The permittee shall conduct a pre-construction meeting prior to commencement of construction in order to notify in-house staff, field crews, contractors, subcontractors, and all persons involved in the construction of Pine Trace of the conditions of this permit. The permittee shall establish written procedures for preventing violations of this permit and shall educate and inform staff members and contractors of these procedures. Copies of the permit and specific conditions shall be displayed throughout the construction site. The permittee shall provide a

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 4 of 11

copy of the pre-construction meeting agenda, procedures for preventing violations, and the list of pre-construction meeting attendees to the Corps, South Permits Branch prior to construction.

5. One annual monitoring report will be provided to the Corps for the remaining onsite wetland. The monitoring report is due September 16, 2006. The 0.74 acre wetland shall be maintained in perpetuity. A Wetland Rapid Assessment Procedure (WRAP) score will be submitted to the Corps with the monitoring report. The onsite wetlands shall maintain anticipated wetland hydrology and functional value in accordance with the WRAP score calculations shown in Exhibit 3 pages 1-3. The WRAP scores will be compared to the current score of 0.70 used in the mitigation calculations. If the onsite wetland WRAP score indicates that secondary impacts are greater than what is anticipated additional mitigation will be required. In addition, each report shall provide a narrative generally providing a professional biological opinion of the condition of the conservation area, a plan view describing the vegetative community, a list of species and their percent coverage for each community, description of whether the preserve has been secondarily impacted beyond the scope of the mitigation provided, the percent cover of wetland and of exotic plant species, a description of any unusual climatic or other factors, and panoramic photos.

6. The Pine Trace Homeowners Association will be responsible for the perpetual maintenance of the remaining 0.74 acres of onsite wetlands and obtaining an environmental consultant to provide the monitoring report referenced in Special Condition 5.

7. The 0.74 onsite wetland will be preserved in its natural state with no disturbance or temporary impact whatsoever from construction equipment or vehicles, construction of utilities, drainage structures, etc.

8. Any future impacts (secondary or direct) to the remaining onsite wetland will require prior authorization from the Corps.

9. The permittee shall adhere to the following Standard Protection Measures for the Eastern Indigo Snake:

STANDARD PROTECTION MEASURES FOR THE EASTERN INDIGO SNAKE

(1) An eastern indigo snake protection/education plan will be developed by the applicant for all construction personnel to

PERMIT NUMBER: SAJ-2004-6484 (IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 5 of 11

follow. The plan will be provided to the Service for review and approval at least 30 days prior to any clearing activities. The education materials for the plan may consist of a combination of posters, videos, pamphlets, and lectures (e.g., an observer trained to identify eastern indigo snakes could use the protection/education plan to instruct construction personnel before and clearing activities occur). Informational signs should be posted throughout the construction site and contain the following:

- a. a description of the eastern indigo snake, its habits, and protection under Federal law;
- b. instructions not to injure, harm, harass or kill this species;
- c. directions to cease clearing activities and allow the eastern indigo snake sufficient time to move away from the site on its own before resuming activities; and
- d. telephone numbers of pertinent agencies to be contacted if a dead eastern indigo snake is found. The dead specimen should be thoroughly soaked in water, then frozen.

(2) Only an individual who has been authorized either by a section 10(a)(1)(A) permit issued by the Service, or authorized by the FWC for such activities, is permitted to come into contact with or relocate an eastern indigo snake;

(3) If necessary, eastern indigo snakes will be held in captivity only long enough to transport them to the release site; at no time will 2 snakes be kept in the same container during transportation; and

(4) An eastern indigo snake monitoring report must be submitted to the Service's South Florida Ecological Services Office, Vero Beach, Florida, within 60 days of clearing completion. The report should be submitted when any eastern indigo snakes are observed or relocated. The report should contain the following information:

- a. results of the tortoise burrow and field surveys;
- b. any sightings of eastern indigo snakes;

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 6 of 11

- c. summaries of any relocation activities for the Project (e.g., locations of where and when they were found and relocated); and
- d. other obligations required by the FWC, as stipulated in their permit.

10. Signage will be placed where lot lines intersect preserve areas. The signs will designate the preserve status of the lands adjacent to private property. The Home Owners Association will maintain the signs in perpetuity.

11. The permittee shall provide as-built drawings of the authorized work and a completed As-Built Certification Form. The drawings and Certification Form are to be submitted within 30 days of completion of the authorized work or a response indicating that the authorized work has not been accomplished shall be submitted prior to the expiration of the construction authorization of the permit. The drawings and Certification Form must be signed and sealed by a professional engineer registered in the State of Florida or a professional land surveyor registered in the State of Florida. In the event that the completed work deviates from the approved permit drawings and special conditions, the permittee shall describe, on the Certification Form, the deviation(s) between the project authorized by the permit and the project constructed. A blank Certification Form is attached at the end of this permit. The as-built drawings shall include elevations illustrating the total amount of wetlands and Waters of the United States impacted and mitigated/preserved as a result of the project.

Further Information:

1. Congressional Authorities: You have been authorized to undertake the activity described above pursuant to:

() Section 10 of the Rivers and Harbors Act of 1899
(33 U.S.C. 403).

(X) Section 404 of the Clean Water Act (33 U.S.C. 1344).

() Section 103 of the Marine Protection, Research and Sanctuaries Act of 1972 (33 U.S.C. 1413).

2. Limits of this authorization.

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 7 of 11

a. This permit does not obviate the need to obtain other Federal, State, or local authorizations required by law.

b. This permit does not grant any property rights or exclusive privileges.

c. This permit does not authorize any injury to the property or rights of others.

d. This permit does not authorize interference with any existing or proposed Federal projects.

3. Limits of Federal Liability. In issuing this permit, the Federal Government does not assume any liability for the following:

a. Damages to the permitted project or uses thereof as a result of other permitted or unpermitted activities or from natural causes.

b. Damages to the permitted project or uses thereof as a result of current or future activities undertaken by or on behalf of the United States in the public interest.

c. Damages to persons, property, or to other permitted or unpermitted activities or structures caused by the activity authorized by this permit.

d. Design or construction deficiencies associated with the permitted work.

e. Damage claims associated with any future modification, suspension, or revocation of this permit.

4. Reliance on Applicant's Data: The determination of this office that issuance of this permit is not contrary to the public interest was made in reliance on the information you provided.

5. Reevaluation of Permit Decision: This office may reevaluate its decision on this permit at any time the circumstances warrant. Circumstances that could require a reevaluation include, but are not limited to, the following:

a. You fail to comply with the terms and conditions of this permit.

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 8 of 11

b. The information provided by you in support of your permit application proves to have been false, incomplete, or inaccurate (see 4 above).

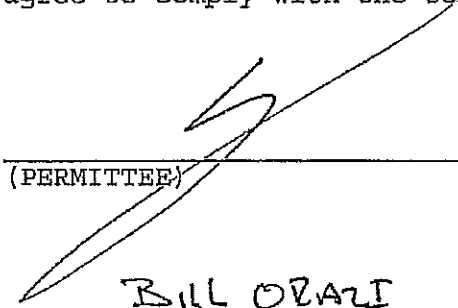
c. Significant new information surfaces which this office did not consider in reaching the original public interest decision.

Such a reevaluation may result in a determination that it is appropriate to use the suspension, modification, and revocation procedures contained in 33 CFR 325.7 or enforcement procedures such as those contained in 33 CFR 326.4 and 326.5. The referenced enforcement procedures provide for the issuance of an administrative order requiring you comply with the terms and conditions of your permit and for the initiation of legal action where appropriate. You will be required to pay for any corrective measures ordered by this office, and if you fail to comply with such directive, this office may in certain situations (such as those specified in 33 CFR 209.170) accomplish the corrective measures by contract or otherwise and bill you for the cost.

6. Extensions: General Condition 1 establishes a time limit for the completion of the activity authorized by this permit. Unless there are circumstances requiring either a prompt completion of the authorized activity or a reevaluation of the public interest decision, the Corps will normally give favorable consideration to a request for an extension of this time limit.

PERMIT NUMBER: SAJ-2004-6484 (IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 9 of 11

Your signature below, as permittee, indicates that you accept and agree to comply with the terms and conditions of this permit.

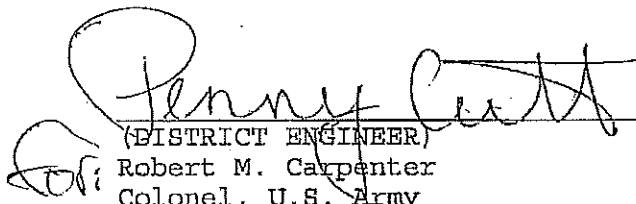


(PERMITTEE)

9/23/05
(DATE)

BILL OZARI
(PERMITTEE NAME-PRINTED)

This permit becomes effective when the Federal official, designated to act for the Secretary of the Army, has signed below.



(DISTRICT ENGINEER)
Robert M. Carpenter
Colonel, U.S. Army

28 September 2005
(DATE)

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 10 of 11

When the structures or work authorized by this permit are still in existence at the time the property is transferred, the terms and conditions of this permit will continue to be binding on the new owner(s) of the property. To validate the transfer of this permit and the associated liabilities associated with compliance with its terms and conditions, have the transferee sign and date below.

(TRANSFEEE-SIGNATURE)

(DATE)

(NAME-PRINTED)

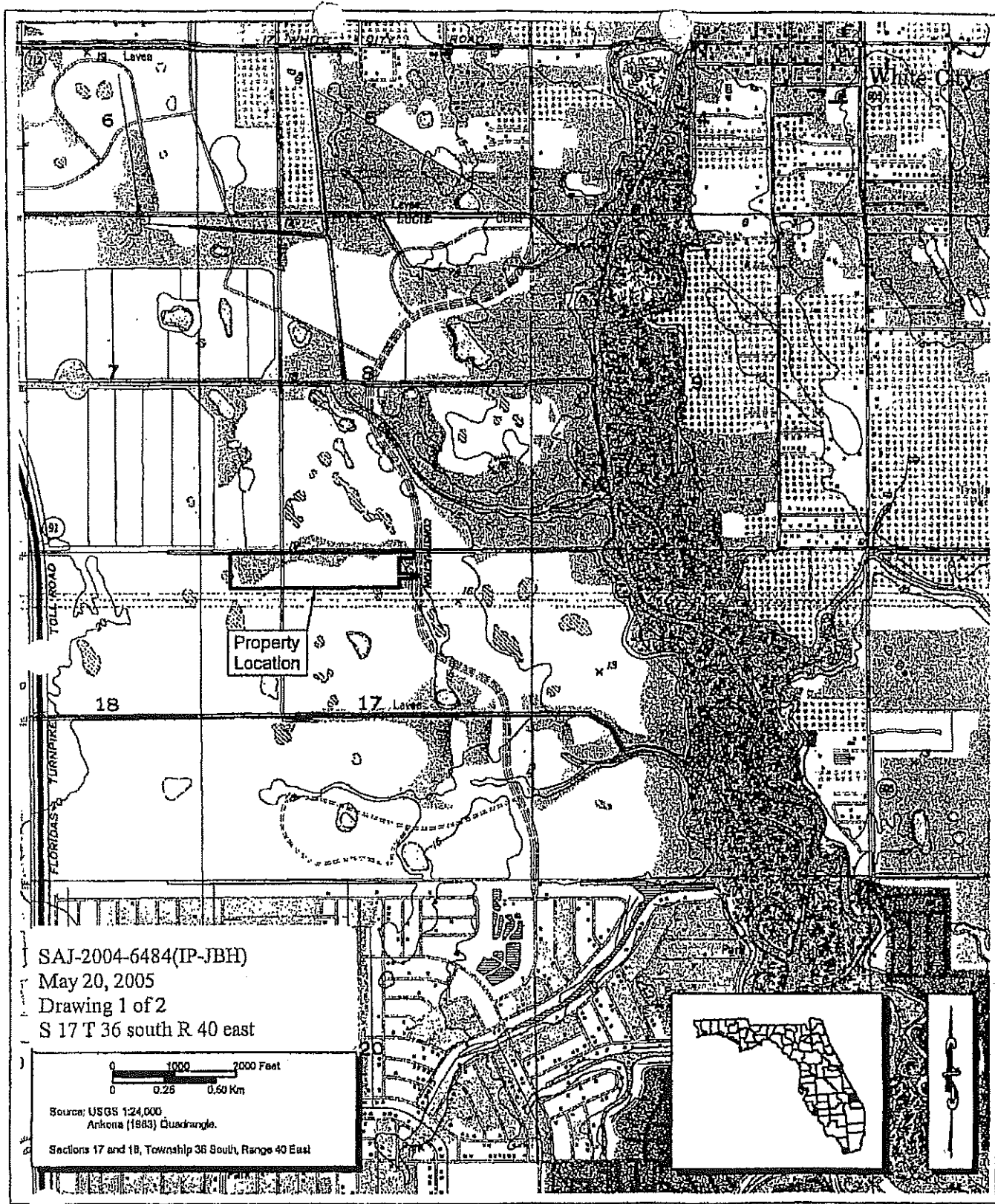
(ADDRESS)

(CITY, STATE, AND ZIP CODE)

PERMIT NUMBER: SAJ-2004-6484(IP-JBH)
PERMITTEE: KB Homes Treasure Coast Division
PAGE 11 of 11

*Attachments to Department of the Army
Permit Number SAJ-2004-6484(IP-JBH)*

1. PERMIT DRAWINGS: Exhibit 1 pages 1-5, dated September 16, 2005
2. WATER QUALITY CERTIFICATION: Specific Conditions of the water quality permit/certification in accordance with General Condition number 5 on page 2 of this DA permit. Exhibit 2
3. Wetland Rapid Assessment Procedure score sheets: Exhibit 3 pages 1-3

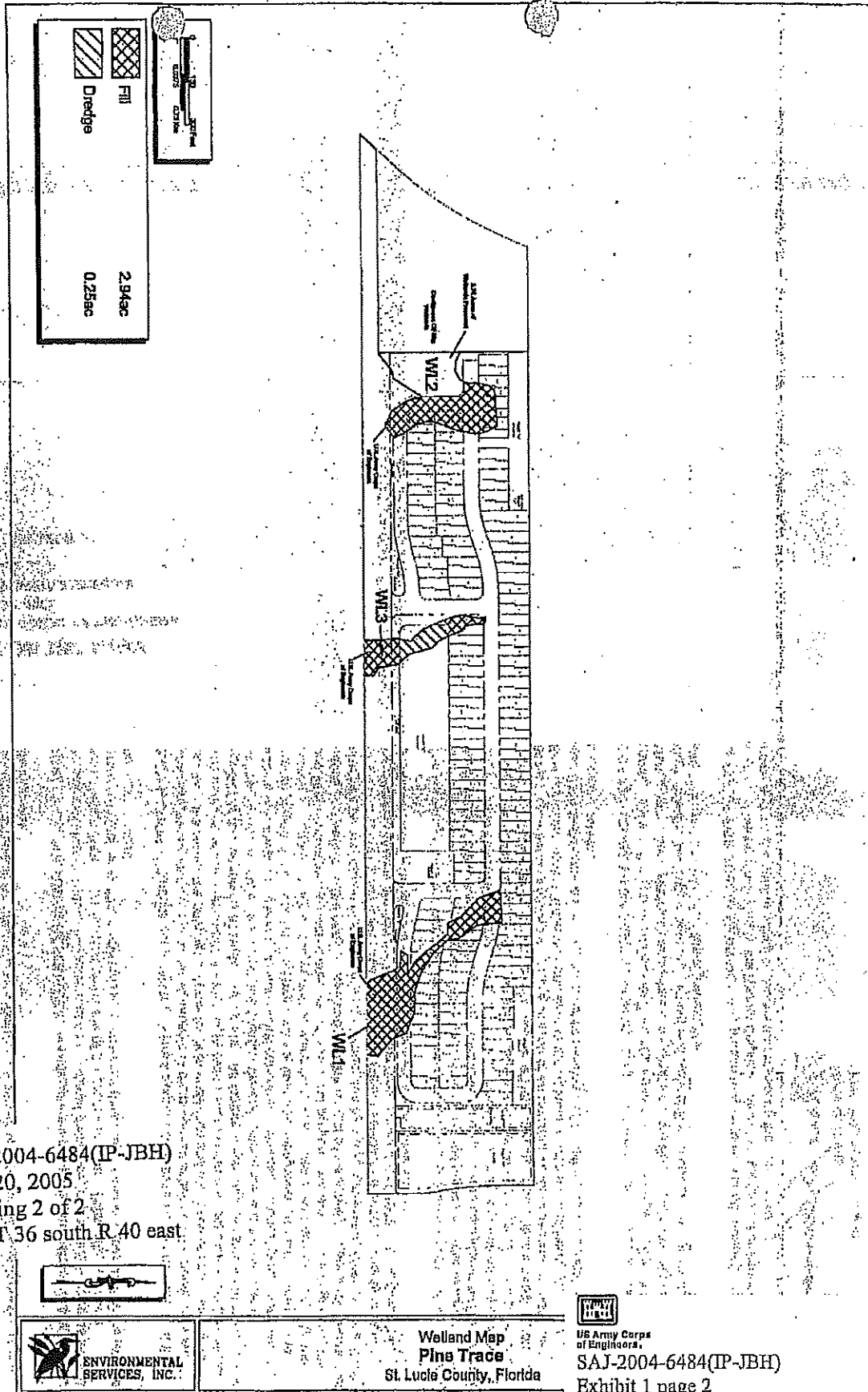


**ENVIRONMENTAL
SERVICES, INC.**

**Location/Topographic Map
Pine Trace
St. Lucie County, Florida**



US Army Corps
of Engineers
SAJ-2004-6484(IP-JBH)
Exhibit 1 page 1
September 16, 2005



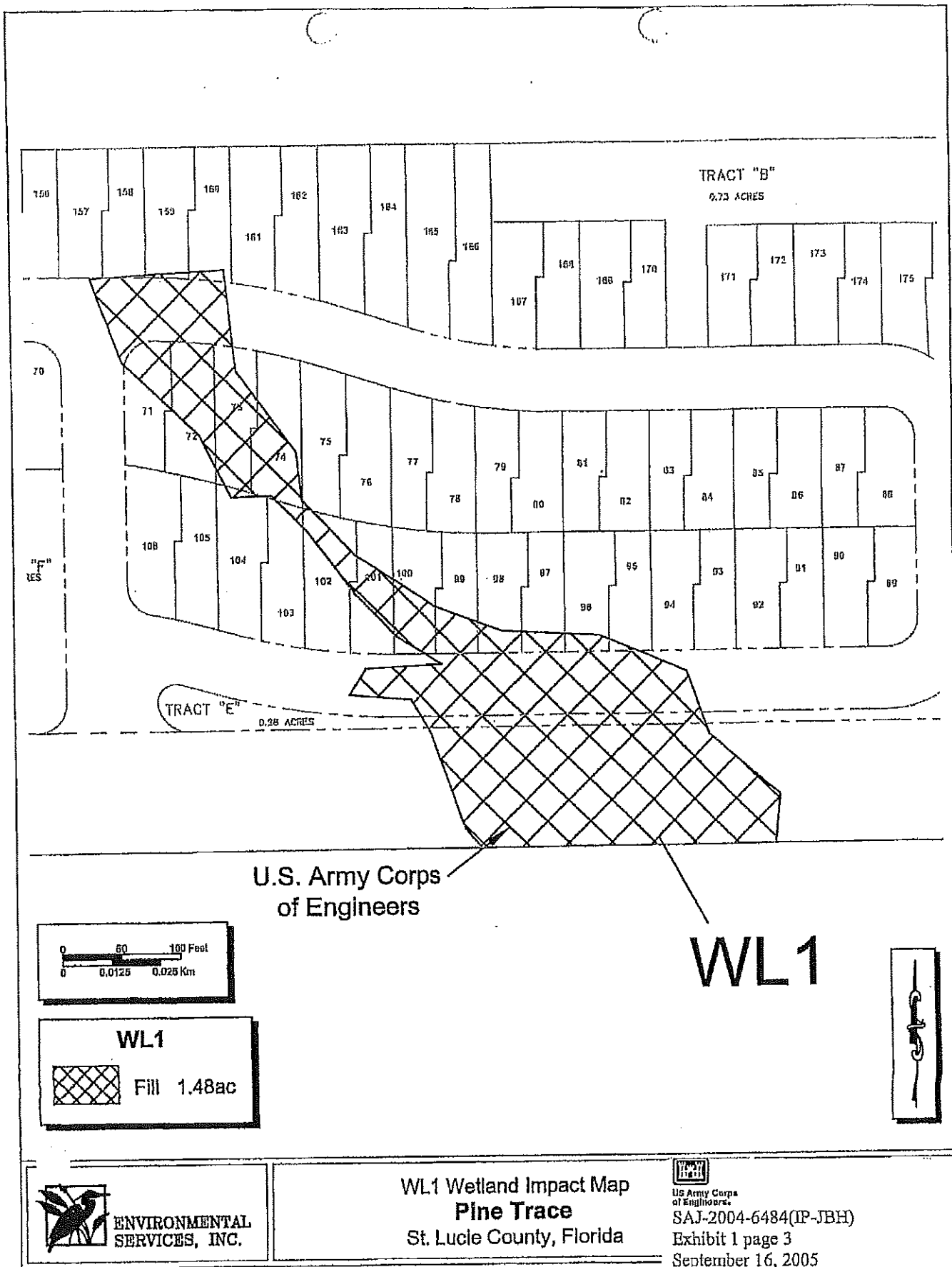
SAJ-2004-6484(IP-JBH)
May 20, 2005
Drawing 2 of 2
S 17 T 36 south R 40 east

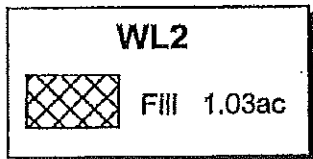
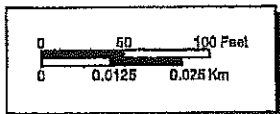
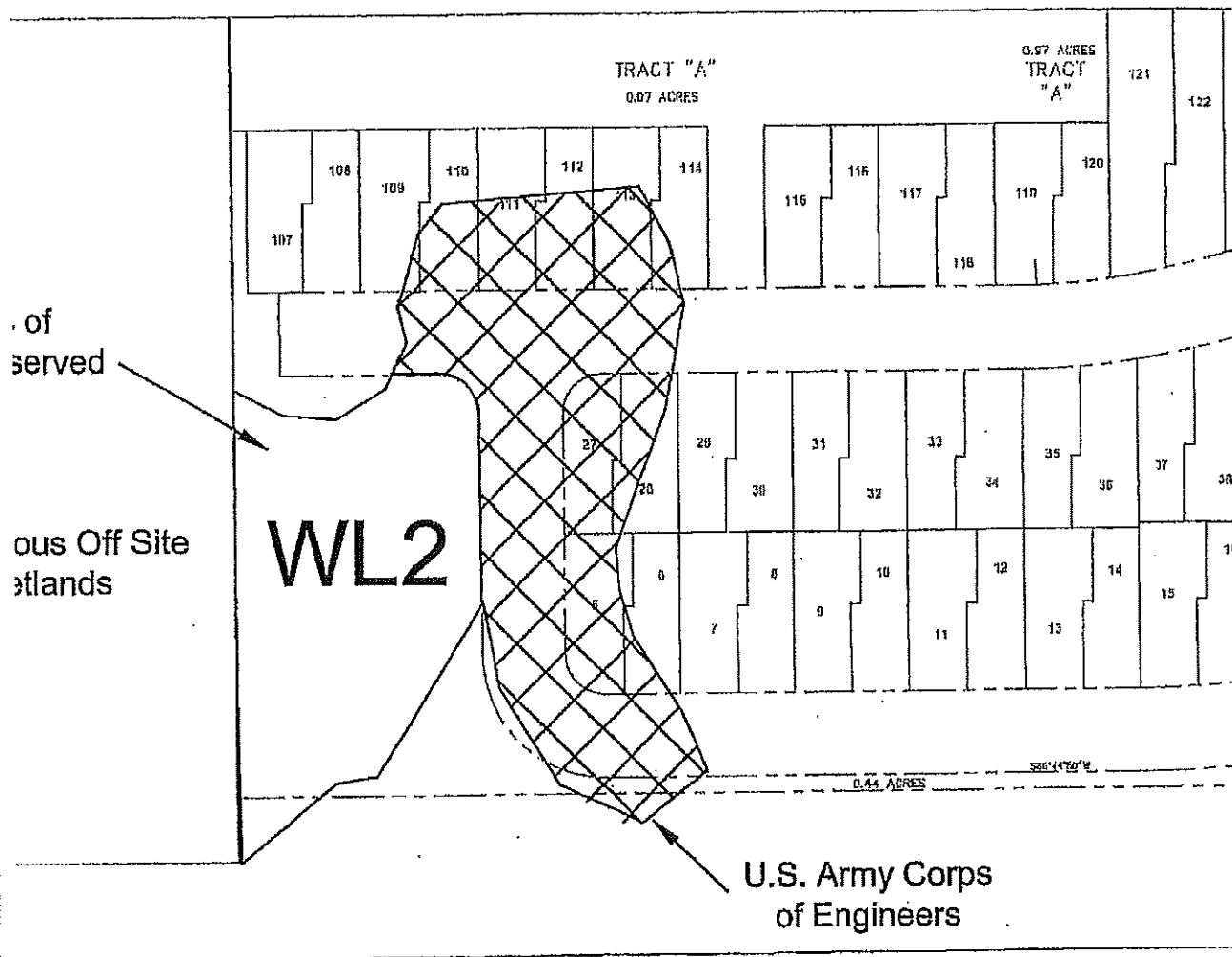


Welland Map
Pine Trace
St. Lucie County, Florida



US Army Corps
of Engineers
SAJ-2004-6484(IP-JBH)
Exhibit 1 page 2
September 16, 2005



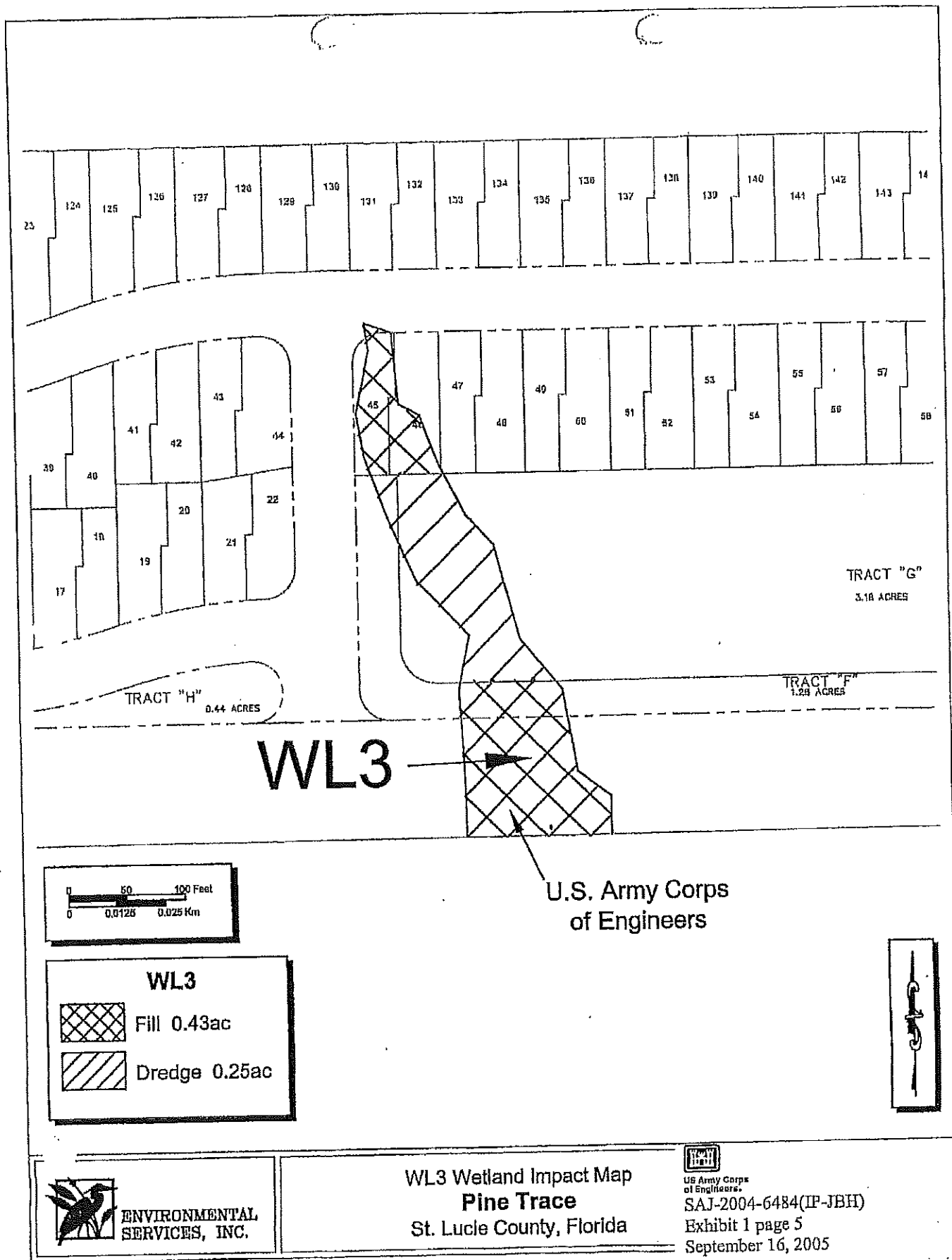


**ENVIRONMENTAL
SERVICES, INC.**

**WL2 Wetland Impact Map
Pine Trace
St. Lucie County, Florida**



**US Army Corps
of Engineers**
 SAJ-2004-6484(IP-JBH)
 Exhibit 1 page 4
 September 16, 2005



SPECIAL CONDITIONS

1. The construction phase of this permit shall expire on March 14, 2010.
2. Operation of the surface water management system shall be the responsibility of PINE TRACE PROPERTY OWNERS ASSOCIATION. Within one year of permit issuance or concurrent with the engineering certification of construction completion, whichever comes first, the permittee shall submit a copy of the recorded deed restrictions (or declaration of condominium, if applicable), a copy of the filed articles of incorporation, and a copy of the certificate of incorporation for the association.
3. Discharge Facilities:

1-44" W X 20" H SHARP CRESTED weir with crest at elev. 15.6' NGVD.
 1-1.5' WIDE SHARP CRESTED weir with crest at elev. 17.27' NGVD.
 1-5.58" dia. CIRCULAR ORIFICE with invert at elev. 14.5' NGVD.
 1-drop inlet with crest at elev. 17.5' NGVD.

Receiving body : City of PSL C-106
 Control elev : 14.5 feet NGVD.
4. The permittee shall be responsible for the correction of any erosion, shoaling or water quality problems that result from the construction or operation of the surface water management system.
5. Measures shall be taken during construction to insure that sedimentation and/or turbidity violations do not occur in the receiving water.
6. The District reserves the right to require that additional water quality treatment methods be incorporated into the drainage system if such measures are shown to be necessary.
7. Lake side slopes shall be no steeper than 4:1 (horizontal:vertical) to a depth of two feet below the control elevation. Side slopes shall be nurtured or planted from 2 feet below to 1 foot above control elevation to insure vegetative growth, unless shown on the plans.
8. Facilities other than those stated herein shall not be constructed without an approved modification of this permit.
9. A stable, permanent and accessible elevation reference shall be established on or within one hundred (100) feet of all permitted discharge structures no later than the submission of the certification report. The location of the elevation reference must be noted on or with the certification report.
10. The permittee shall provide routine maintenance of all of the components of the surface water management system in order to remove all trapped sediments/debris. All materials shall be properly disposed of as required by law. Failure to properly maintain the system may result in adverse flooding conditions.
11. Minimum building floor elevation: BASIN; Site - 18.50 feet NGVD.
12. Minimum road crown elevation: Basin; Site - 17.00 feet NGVD.
13. Prior to the commencement of construction and pursuant to Subsection 40E-4.101(2), F.A.C., the permittee shall submit proof of ownership of the project area to the District's Environmental Resource Compliance staff.
14. All special conditions and exhibits previously stipulated by permit number 56-00466-S remain in effect unless otherwise revised and shall apply to this modification.
15. All commercial/industrial parcels shall provide a minimum dry pre-treatment volume of 1/2 inch of runoff prior to discharge into the master surface water management system.

US Army Corps
of Engineers

SAJ-2004-6484(IP-JBH)

Exhibit 2

September 16, 2005

Pine Trace				Field Notes	
W-1				Wildlife:	Small isolated wetland
22-Sep-04					Adequate adjacent upland food source
Powell/Sopotnick				Overstory:	N/A
Wetland Area	2.00	0.00	0.00		
Wetland Type	N/A	N/A	N/A		
Wetland Depth	2.00	0.00	0.00	Groundcover:	Blue maidencane, helipine, hypericum and three
Wetland Width	2.50	0.00	0.00		
Wetland Length	2.00	0.00	0.00		
Wetland Area	2.63	0.00	0.00	Hydrology:	algal mats present, soils have hydric indicators
Wetland Area	15.00	15.00	15.00		
Wetland Area	0.74	0.00	0.00		
Wetland Area	1.40	0.00	1.40		
Wetland Area	N/A	-0.74	-0.74	Overall Debt/Credit	
No Buffer				No Buffer	
<30'	1.00	2.50	2.5	<30'	
30'-500'			0	30'-500'	
>500'			0	>500'	
Total Buffer Score	1.00			Total Buffer Score	0.00
Natural Wetlands	0.50	1.00	1.50		
Powerline Easement	0.25	1.00	0.50		
WMD Canal	0.25	2.00	0.50		
			0.00		
			0.00		
Natural Wetlands	0.50	3.00	1.50		
Powerline Easement	0.25	2.50	0.50		
WMD Canal	0.25	2.50	0.50		
			0.00		
			0.00		
CORPS				CORPS	
EPA				EPA	
USFWS				USFWS	
FWCO				FWCO	
COUNTY				COUNTY	
CONSULTANT				CONSULTANT	
OTHER				OTHER	
OVERALL SCORE				OVERALL SCORE	



US Army Corps
of Engineers

SAJ-2004-6484(IP-JBH)

Exhibit 3 page 1

September 16, 2005

Pine Trace				Field Notes	
WL-2				Wildlife:	Good size, - No axilla veg
8-Dec-04					Adequate adjacent upland food source
C. Sopotnick				Overstory:	N/A
1.50	0.00	0.00			
N/A	n/a	n/a			
2.00	0.00	0.00	Groundcover:	Sagittaria, corkwood, blue maldeniana, halpins.	
2.38	0.00	0.00			
2.00	0.00	0.00			
2.63	0.00	0.00	Hydrology:	algal mats present, soils have hydro indicators	
15.00	15.00	15.00			
0.70	0.00	0.00			
2.00	0.00	2.00			
N/A	-0.70	-0.70	Overall Debit/Credit		
No Buffer				No Buffer	
0				0	
0.25				0.25	
0.75				0.75	
Tot Buffer Score				Tot Buffer Score	0.00
Natural Flatwoods	0.50	5.00	1.50		
Powerline Easement	0.25	2.50	0.50		
WMD Canal	0.25	2.50	0.50		
0.00					
0.00					
Natural Flatwoods	0.50	5.00	1.50		
Powerline Easement	0.25	2.50	0.50		
WMD Canal	0.25	2.50	0.50		
0.00					
0.00					
CORPS				CORPS	
EPA				EPA	
USFWS				USFWS	
FWCO				FWCO	
COUNTY				COUNTY	
CONSULTANT				CONSULTANT	
OTHER				OTHER	
OVERALL SCORE				OVERALL SCORE	

US Army Corps
of Engineers

SAJ-2004-6484(IP-JBH)

Exhibit 3 page 2

September 16, 2005

Pine Trace					Field Notes	
WL-3					Wildlife:	Small isolated wetland
8-Dec-04						Adequate adjacent upland food source
C. Sopotnick					Overstory:	occasional slash pine
Wetland	1.50	0.00	0.00			
Wetland	1.50	n/a	n/a			
Wetland	2.00	0.00	0.00	Groundcover:	Blue maidencane, halplins, redroot	
Wetland	2.50	0.00	0.00			
Wetland	2.00	0.00	0.00			
Wetland	2.63	0.00	0.00	Hydrology:	edgal mats present, soils have hydric indicators	
Wetland	18.00	18.00	18.00			
Wetland	0.57	0.00	0.00			
Wetland	0.84	0.00	0.84			
Wetland	n/a	-0.87	-0.87	Overall Public Credit		
No Buffer			0	No Buffer		
<30'			0	<30'		
30'-300'			0	30'-300'		
>300'	1.00	2.50	2.5	>300'		
Total Buffer Score				Total Buffer Score	0.00	
Natural Floodways	0.50	3.00	1.50			
Powerline Assessment	0.25	2.00	0.50			
WMD Canal	0.25	2.00	0.50			
			0.00			
			0.00			
Natural Floodways	0.50	3.00	1.50			
Powerline Assessment	0.25	2.50	0.50			
WMD Canal	0.25	2.50	0.50			
			0.00			
			0.00			
CORPS				CORPS		
EPA				EPA		
USFWS				USFWS		
FFWCO				FFWCO		
COUNTY				COUNTY		
CONSULTANT				CONSULTANT		
OTHER				OTHER		
OVERALL SCORE				OVERALL SCORE		

US Army Corps
of Engineers

SAJ-2004-6484(IP-JBH)

Exhibit 3 page 3

September 16, 2005