**DIRECTORS' LEGACY PROGRAM**

**Featured KB Home Agreements**

KAUFMAN AND BROAD HOME CORPORATION

DIRECTORS' LEGACY PROGRAM

1. PURPOSE OF THE PROGRAM

The Kaufman and Broad Home Corporation Director's Charitable Award

Program (the "Program") allows each eligible Director of Kaufman and

Broad Home Corporation (the "Company") to recommend that the Company

make a donation of up to $500,000 to the eligible tax-exempt

organization(s) (the "Donee(s)") selected by the Director, with the

donation to be made in the Director's name in ten equal annual

installments, with the first installment to be made as soon as is

practicable after the Director's death. The purpose of the Program is

to recognize the interest of the Company and its Directors in

supporting worthy educational institutions and other charitable

organizations.

2. ELIGIBILITY

All persons who were serving as Directors of the Company as of January

1, 1995, shall be eligible to participate in the Program. All

Directors who join the Company's Board of Directors after that date

shall be immediately eligible to participate in the Program upon

election to the Board. However, the Nominating Committee of the Board

of Directors may, in its good faith discretion, deny participation to a

Director if it determines that it would not be in the Company's best

interest for the Director to participate, whether due to excessive cost

or other circumstances.

3. RECOMMENDATION OF DONATION

When a Director becomes eligible to participate in the Program, he or

she shall make a written recommendation to the Company, on a form

approved by the Company for this purpose, designating the Donee(s)

which he or she intends to be the recipient(s) of the Company donation

to be made on his or her behalf. A Director may revise or revoke any

such recommendation prior to this or her death by singing a new

recommendation form and submitting it to the Company.

4. AMOUNT AND TIMING OF DONATION

Each eligible Director may choose one organization to receive a Company

donation of $500,000 or up to five organizations to receive donations

aggregating $500,000. Each recommended organization must be

recommended to receive a donation of at least $100,000. The donation

will be made by the Company in ten equal annual installments, with the

first installment to be made as soon as is practicable after the

Director's death. If a Director recommends more than one organization

to receive a donation, each will receive a prorate portion of each

annual installment. Each annual installment payment will be

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divided among the recommended organizations in the same proportions as

the total donation amount has been allocated among the organizations by

the Director.

5. DONEES

In order to be eligible to receive a donation, a recommended

organization must initially, and at the time a donation is to be made,

qualify to receive tax deductible donations under the Internal Revenue

Code, and be reviewed and approved by the Nominating Committee of the

Board of Directors of the Company. A recommendation will be approved

unless it is determined, in the exercise of good faith judgment, that a

donation to the organization would be detrimental to the best interests

of the Company. A Director's private foundation is not eligible to

receive donations under the Program. If an organization recommended by

a Director ceases to qualify as a Donee, and if the Director does not

submit a form to change the recommendation before his or her death, the

amount recommended to be donated to the organization will instead be

donated to the Director's remaining recommended qualified Donee(s) on a

prorated basis. If none of the recommended organizations qualify, the

donation will be made to the organization(s) selected by the Company.

6. VESTING

The amount of the donation made on a Director's behalf will be

determined based on the Directors' months of Board service, in

accordance with the following vesting schedule:

Months of Service Donation Amount

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Less than 12 $ 0

12-23 100,000

24-35 200,000

36-47 300,000

48-59 400,000

60 or more 500,000

Notwithstanding this vesting schedule, a Director will be entitled to a

donation amount of $500,000 in the event (a) he or she dies or becomes

disabled while serving as a Director, (b) if not an employee of the

Company, he or she retires at the recommended retirement age for

non-employee directors, or (c) if an employee of the Company, he or she

retires on or after his or her normal retirement date.

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For persons who were serving as Directors as of January 1, 1995, Board

service prior to that date will count as vesting service. If a

Director recommends more than one organization to receive aggregate

donations of $500,000, and if the applicable vested donation amount is

less than $500,000, the actual donation amount will be divided among

those organizations in the same proportions as the total donation

amount has been allocated among the organizations by the Director.

7. FUNDING AND PROGRAM ASSETS

The Company may fund the Program or it may choose not to fund the

Program. If the Company elects to fund the Program in any manner,

neither the Directors nor their recommended Donee(s) shall have any

rights or interests in any assets of the Company identified for such

purpose. Nothing contained in the Program shall create, or be deemed

to create, a trust, actual or constructive, for the benefit of a

Director or any Donee recommended by a Director to receive a donation,

or shall give, or be deemed to give, any Director or recommended Donee

any interest in any assets of the Program or the Company. If the

Company elects to fund the Program through life insurance policies, a

participating Director agrees to cooperate and fulfill the enrollment

requirements necessary to obtain insurance on his or her life.

8. AMENDMENT OR TERMINATION

The Board of Directors of the Company may, at any time, without the

consent of the Directors participating in the Program, amend, suspend,

or terminate the Program.

9. CHANGE OF OWNERSHIP

Notwithstanding any contrary provisions in Section 7 or Section 8, if

there is a Change of Ownership of the Company, all participants serving

as Directors at the time of the Change of Ownership shall immediately

become vested in the Program, and the Program shall thereafter be

irrevocable with respect to all participants in the Program at the time

of the Change of Ownership. In addition, the Company shall immediately

create an irrevocable trust to make the anticipated Program donations,

and shall immediately transfer to the trust sufficient assets (which

may include insurance policies) to make all the Program donations in

respect to the individuals who were participants immediately before the

of Ownership. For the purpose of the Program, the term "Change of

Ownership" shall have the same meaning as is defined for the term in

Section 9 of the Company's 1988 Employee Stock Plan, or any successor

plan thereto.

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10. ADMINISTRATION

The Program shall be administered by the Nominating Committee of the

Board of Directors of the Company. The Committee shall have plenary

authority in its discretion, but subject to the provisions of the

Program, to prescribe, amend, and rescind rules, regulations and

procedures relating to the Program. The determinations of the

Committee on the foregoing matters shall be conclusive and binding on

all interested parties.

11. GOVERNING LAW

The Program shall be construed and enforced according to the laws of

California, and all provisions thereof shall be administered according

to the laws of said state.

12. EFFECTIVE DATE

The Program effective date is January 1, 1995. The recommendation of a

Director will not be effective until he or she completes the Program

enrollment requirements.