**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.