

**Second Amendment to
Owner Participation Agreement
909 Embarcadero del Mar**

This second amendment agreement ("Second Amendment") amends the certain document entitled OWNER PARTICIPATION AGREEMENT for 909 Embarcadero del Mar ("Agreement") dated as of July 14, 2009, by and between the County of Santa Barbara Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers, and organized and existing pursuant to the California Community Redevelopment Law, Health and Safety Code Sections 33000, et seq. ("Agency") and Paradise Ivy, LLC, a California limited liability company ("Developer") as amended by the First Amendment to Owner Participation Agreement executed by and between the Agency and Developer ("First Amendment"). For reference purposes, this Second Amendment is dated March 24, 2011. Unless otherwise indicated, capitalized terms have the definition set forth in the Agreement.

RECITALS

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) ("CRL"), the Board of Supervisors of the County of Santa Barbara approved and adopted a redevelopment plan ("Redevelopment Plan") for a redevelopment project area known as the "Isla Vista Project Area" on November 27, 1990, by Ordinance No. 3894 which has been amended from time to time.

B. On July 14, 2009, Developer and Agency entered into the Agreement under which the Agency agreed to loan funds to Developer for the development of six (6) units of housing affordable to low-income persons for a period of 55 years as part of Developer's project to be developed at 909 Embarcadero del Mar ("Project").

C. The Agreement sets forth certain timelines for construction of the Project.

D. Because of delays beyond the control of the Developer, upon the request of Developer, Developer and Agency entered into the First Amendment to extend time periods set forth in the schedule of performance set forth in Exhibit G to the Agreement ("Schedule of Performance").

E. Since the time Developer and Agency entered into the First Amendment, certain additional circumstances have delayed the Developer's ability to develop the Project in compliance with the Schedule of Performance as amended in the First Amendment.

F. The Developer has requested and the Agency has agreed to amend the Schedule of Performance a second time to take into account the additional delays that have occurred.

G. Upon the funding demand of his private construction lender, Wells Fargo Bank, National Association ("Construction Lender") Developer has also requested that the undisbursed Loan Funds still held by the Agency be transferred to the Construction Lender through an

intercreditor agreement and be disbursed by the Construction Lender. In order to facilitate the development of the affordable units, the Agency has agreed with this request.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Second Amendment and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Agency and Developer, the Agency and Developer agree to amend the Agreement as follows:

TERMS AND CONDITIONS

1. The Schedule of Performance set forth in Exhibit G of the Agreement and as defined in Section 1.1.24 of the Agreement and replaced and superceded in the First Amendment is hereby replaced and superseded in its entirety with Exhibit 1 attached hereto and incorporated by this reference. All references in the Agreement to Exhibit G in the Agreement are hereby deemed to refer to Exhibit 1.

2. The first paragraph of Section 2.2 Loan Terms of the Agreement is hereby amended to read as follows:

“The Agency shall, within thirty (30) days following execution of the Second Amendment of this Agreement disburse to Developer’s construction lender, Wells Fargo Bank, National Association, the remaining balance of the loan to Developer of the Affordable Housing Funds Contribution (“Remaining Funds”) in conformity with an intercreditor agreement to be executed by the Agency, Wells Fargo Bank National Association and the Developer (“Intercreditor Agreement”). Pursuant to the Intercreditor Agreement, the Remaining Funds shall be distributed by Wells Fargo Bank, National Association to Developer in the following series of periodic payments:”

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SIGNATURE PAGE

TO SECOND AMENDMENT OF
OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

AGENCY:

COUNTY OF SANTA BARBARA
REDEVELOPMENT AGENCY
a public body, corporate and politic

Dated: _____, 2011

By: _____
Joni Gray
Chair of Board of Directors

ATTEST:
CHANDRA L. WALLAR

Agency Secretary

APPROVED AS TO LEGAL FORM:
DENNIS A. MARSHALL
AGENCY COUNSEL

By: _____
Deputy Agency Counsel

DEVELOPER:
PARADISE IVY, LLC
a California limited liability company

Dated: _____

By: _____
Tim Werner

Dated: _____

By: _____
Richard Gilman

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AGENCY TREASURER

By: _____
Deputy Auditor-Controller

EXHIBIT 1
TO
SECOND AMENDMENT OF OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

SCHEDULE OF PERFORMANCE

Owner Participation Agreement: Paradise Ivy, 909 Embarcadero del Mar

Activity	Date to be Completed
Developer: Obtain Land Use Permits for construction of the Project, that approval has become final.	COMPLETED
Developer: Obtain Building Permits for construction of the Project.	May 16, 2011
Developer: Completion of pouring of concrete foundation and second story concrete floor and receipt of written confirmation from County Building and Safety of inspection approval of the foundation and concrete work.	September 15, 2011
Developer: Rough framing has been completed and receipt of written confirmation from County Building and Safety of inspection approval of the rough framing.	February 15, 2012
Developer: Issuance of certificates of occupancy for the residential component of the Project.	May 15, 2012

Revised- April 21, 2011