

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

This first amendment agreement (“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”). 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 (“Board”) 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. Since the time Developer and Agency entered into the Agreement, certain events beyond the control of Developer have delayed the Developer’s ability to develop the Project in compliance with the schedule of performance set forth as Exhibit G to the Agreement (“Schedule of Performance”).

E. The Developer has requested and the Agency has agreed to amend the Schedule of Performance to take into account the delays that have occurred.

F. Because of a requirement imposed by a private construction lender, the Developer has also requested and the Agency has agreed that remaining loan funds be disbursed through their construction lender.

G.. The Developer and Agency also wish to amend the notice of affordability restriction attached to the Agreement as Exhibit F (“Notice of Affordability Restrictions”) to clarify the number of affordable units that are rent and income restricted under the Agreement and the Regulatory Agreement attached to the Agreement as Exhibit E and to make the Notice of Affordability Restrictions consistent with the Agreement and the Regulatory Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth in this 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 first paragraph of Section 2.2 Loan Terms of the Agreement is hereby amended to read as follows:

“Subject to the conditions precedent for disbursement set forth in Section 2.3 below, the Agency shall, within thirty (30) days following the Developer’s written request (other than for the Initial Affordable Housing Funds Contribution (defined below), for which no request shall be necessary), disburse through a special account held by Developer’s construction lender, Wells Fargo Bank National Association, a loan to Developer of the Affordable Housing Funds Contribution in the following series of periodic payments:”
2. The Schedule of Performance set forth in Exhibit G of the Agreement and as defined in Section 1.1.24 of the Agreement 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.
3. The Notice of Affordability Restrictions set forth in Exhibit F of the Agreement and as defined in Section 1.1.19 of the Agreement is hereby replaced and superseded in its entirety with Exhibit 2 attached hereto and incorporated by this reference. All references in the Agreement to Exhibit F in the Agreement are hereby deemed to refer to Exhibit 2.

SIGNATURE PAGE
TO FIRST AMENDMENT OF
OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

AGENCY:

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

Dated: _____, 2010

By: _____
Janet Wolf
Chair of Board of Directors

ATTEST:
Michael F. Brown

By: _____
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 FORM:
[BOB GEIS]
AUDITOR CONTROLLER

By: _____
Juan Izquierdo
Specialty Accounting Division Chief

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

SCHEDULE OF PERFORMANCE

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.	August 30, 2009
Developer: Obtain Building Permits for construction of the Project.	June 30, 2010
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 30, 2010
Developer: Rough framing has been completed and receipt of written confirmation from County Building and Safety of inspection approval of the rough framing.	December 30, 2010
Developer: Issuance of certificates of occupancy for the residential component of the Project.	April 30, 2011

EXHIBIT 2
TO
AMENDMENT OF OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

NOTICE OF AFFORDABILITY RESTRICTIONS

NO FEE DOCUMENT

**Recording requested by and
when recorded, mail to:**

Redevelopment Agency of the
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Executive Director

NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 6103

APN: 075-112-016

**REVISED AND RESTATED
NOTICE OF AFFORDABILITY RESTRICTIONS ON
TRANSFER OF PROPERTY**

This Revised and Restated Notice of Affordability Restrictions on Transfer of Property (“Revised Notice”), supersedes and replaces in its entirety that certain document entitled Notice of Affordability Restrictions on Transfer of Property executed by Paradise Ivy LLC., a California limited liability company (“Borrower”) and recorded in the Official Records of Santa Barbara County on July 20, 2009 as Instrument Number 2009 - 0043706.

This Revised Notice of Affordability Restrictions on Transfer of Property (“Notice”), provides notice that the real property located generally at 909 Embarcadero del Mar in Isla Vista, Santa Barbara County, California, and more particularly described in Exhibit A (the “Property”) is subject to certain affordability and use restrictions (“Restrictions”) which are contained in that certain Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) by and between the County of Santa Barbara Redevelopment Agency, a public body corporate and politic (“Agency”), and Paradise Ivy LLC., a California limited liability company (“Borrower”) and recorded in the Official Records of Santa Barbara County on July 17, 2009 as Instrument Number 2009 - 0043265.

The Regulatory Agreement limits the rent that may be charged for six units in the Property to not more than thirty percent (30%) of seventy five percent (75%) of the median income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area with adjustments for household size, as determined by the United States Department of Housing and Urban Development (“Area Median Income”). The Regulatory Agreement also requires each Unit to be occupied by a household whose annual income does not exceed seventy five percent (75%) of the Area Median Income. For a complete understanding of all of the terms of the Restrictions please review the Regulatory Agreement.

Pursuant to Health and Safety Code Section 33334.3(f)(2)(B) the following additional information is provided regarding the Regulatory Agreement.

- A. Date of Expiration of the Restrictions: Fifty five (55) years from the final Certificate of Occupancy
- B. Property Address: 909 Embarcadero del Mar, Isla Vista
- C. The Assessor's Parcel Number: 075-112-016
- D. Legal Description of Property: see Exhibit A

IN WITNESS WHEREOF, this Notice is executed by Borrower as of the date first written above.

DEVELOPER:

PARADISE IVY, LLC
a California limited liability company

Dated: _____

By: _____
Tim Werner

Dated: _____

By: _____
Richard Gilman

Signatures must be notarized

EXHIBIT A
Property Description

Legal Description of Property

PARCEL ONE:

PARCEL "C" IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID PARCEL IS SHOWN AS DESIGNATED ON PARCEL MAP NO. 10651 FILED IN BOOK 2, PAGE 69 OF PARCEL MAPS, IN THE OFFICIAL RECORDS OF SAID COUNTY.

PARCEL TWO:

THE EASTERLY 10 FEET OF LOT 2, BLOCK "J" IN THE OCEAN TERRACE TRACT IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15, PAGES 101, 102, AND 103 OF MAPS, RECORDS OF SAID COUNTY, AND THAT PORTION OF THE NORTHERLY 30 FEET OF SAID LOT 2 LYING EASTERLY OF THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF PARCEL ONE ABOVE DESCRIBED.

*****END OF LEGAL DESCRIPTION*****