



**REPORT TO
REDEVELOPMENT AGENCY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

Consent
April 5, 2011

Chair and Members of the Redevelopment Agency

Title: Approval of Amended Hotel Berry Loan Documents

Location/Council District: 729 L Street; Council District 1; Merged Downtown Sacramento Redevelopment Project Area

Recommendation: Adopt a **Redevelopment Agency Resolution** a) authorizing the Executive Director, or designee, to amend the Agency budget to reappropriate the repaid proceeds from the Hotel Berry \$2,017,564 Acquisition and Permanent Loan and the \$2,413,050 Acquisition, Construction and Permanent Loan to the Hotel Berry Project; and b) authorizing the Executive Director, or designee, to enter into and execute amended loan documents associated with the Hotel Berry Project with JHC-Hotel Berry LLC.

Contact: Christine Weichert, Assistant Director, Development Finance, 916-440-1353; Jeree Glasser-Hedrick, Program Manager, Development Finance, 916-440-1302

Presenters: None

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Jamboree Housing Corporation ("JHC") was selected by the Agency to renovate, own and operate the Hotel Berry ("Project"). A Location Map is included as Attachment 1. The Agency transferred ownership of the Hotel Berry to a JHC affiliate, closed project financing, and demolition commenced in December 2010. Despite abatement and demolition activities being well underway, all building permits have not yet been issued due to the complicated nature of the renovation. It was originally estimated that all building permits would be issued by February 2011, but the remaining building permits are not anticipated to be issued until April 2011.

Approval of Amended Hotel Berry Loan Documents

The delay in obtaining all necessary building permits has caused a setback in the Project completion date, which in turn has created a timing incompatibility with the \$13.6 million American Recovery and Reinvestment Act (ARRA) funds the Project received. The deadline to expend all \$13.6 million ARRA funds is December 2011. Currently, the Project is anticipated to be completed in February 2012, three months after the ARRA expenditure deadline.

To address this timing mismatch, JHC has proposed to repay two Agency loans in the total amount of \$4,430,614 with ARRA funds. Loan repayment proceeds would be re-loaned to fund approved Project costs. The proposed recommendation would require amending two existing Agency loans. Background information on the Project is included in Attachment 2. There would be no fiscal impact to the Agency budget except the receipt of accrued interest.

Policy Considerations: The recommended action would implement Agency and City policy goals related to preservation of Single Room Occupancy (SRO) residential hotel units. Sacramento City Ordinance 2006-056 requires that the City maintain an inventory of not less than 712 residential hotel or comparable units. The amendments are consistent with the Agency Multifamily and Mortgage Revenue Bond Policies except for adherence to the retention for the amended Acquisition and Permanent Loan.

Environmental Considerations:

California Environmental Quality Act (CEQA): The rehabilitation project is categorically exempt under California Environmental Quality Act (CEQA) per Guidelines Section 15301.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance the following goals, policies and targets: (1) Goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long term affordable and reliable energy, (2) Goal number three – Air Quality, specifically by reducing the number of commute trips by single occupancy vehicles and reducing vehicle miles traveled, and (3) Goal number six – Urban Design, Land Use, Green Building, and Transportation specifically by reducing dependence on the private automobile by providing efficient and accessible public transit and transit-supportive land uses, and reducing long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy City.

Other: Currently there are no federal funds being used that require environmental review under NEPA, nor is there any other federal nexus that would require environmental review of the Project pursuant to NEPA.

Approval of Amended Hotel Berry Loan Documents

Rationale for Recommendation: This action would address a critical funding timing issue to ensure full expenditure of the \$13.6 million ARRA funds award and the financial viability of the Hotel Berry Project.

Financial Considerations: Staff recommends approval of amendments to the Hotel Berry \$2,017,564 Acquisition and Permanent Loan (Loan A) and \$2,413,050 Acquisition, Construction and Permanent Loan (Loan B) with JHC-Hotel Berry LLC to allow for the re-loaning of proceeds. This action requires amendment to the Agency budget to reappropriate the proceeds.

M/WBE Considerations: Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Recommendation Approved:

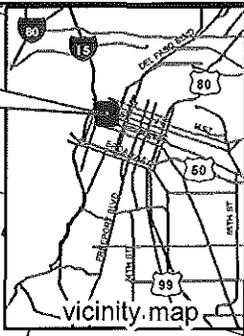
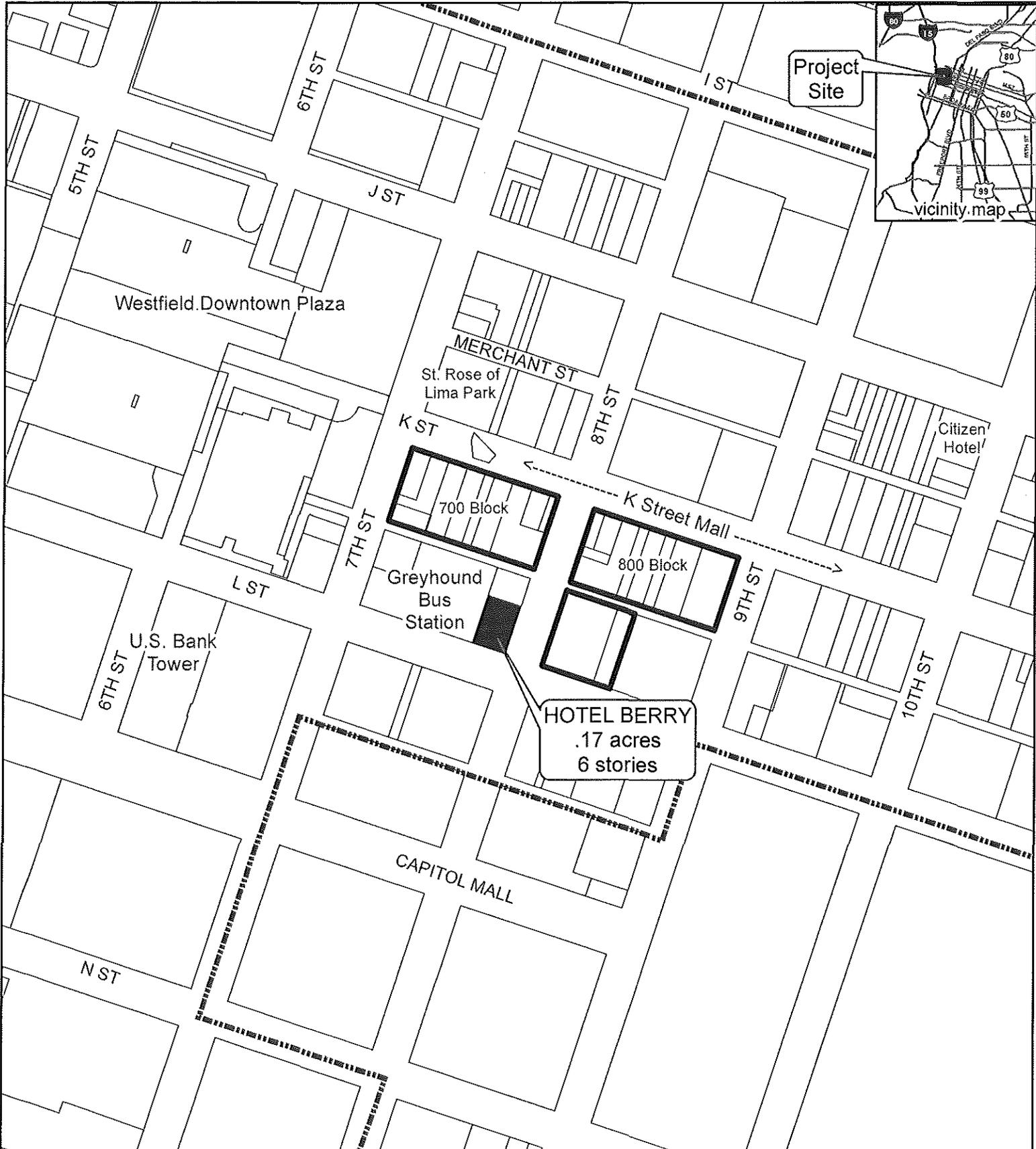

GUS VINA
Interim City Manager

Table of Contents

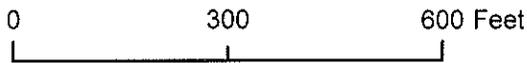
Report	pg. 1
Attachments	
1 Location Map	pg. 4
2 Background	pg. 5
3 Resolution	pg. 8
Exhibit A – First Amendment to Loan A	pg. 10
Exhibit B – First Amendment to Loan B	pg. 20



Hotel Berry Merged Downtown Redevelopment Project Area



- Downtown Redevelopment Area
- 729 L St - Hotel Berry
- Agency Owned



SHRA GIS
March 17, 2011

Approval of Amended Hotel Berry Loan Documents

Attachment 2

Background InformationBackground

The Hotel Berry, located at 729 L Street, was constructed in 1929 and in recent years has been operated as a residential hotel for low-income tenants. The property is a six-story, mixed-use Single Room Occupancy (SRO) residential hotel. A City Ordinance was adopted in 2006 that includes a "No Net Loss" policy of retaining 712 SRO units.

In 2007, the Agency approved \$6.1 million in financing to The Trinity Housing Foundation for property acquisition. The property was purchased by Trinity in December 2007, received a tax credit allocation in 2008 but unable to proceed due to the market collapse. In March 2009, the Agency received approval to acquire and stabilize the property financially and permanently relocate residential tenants.

In June 2009, the Agency approved the submission of a nine percent tax credit application by the Norwood Avenue Housing Corporation (NAHC), an Agency affiliated non-profit, to the Tax Credit Allocation Committee (TCAC) to take advantage of one-time affordable housing stimulus funds being allocated by the TCAC.

The Agency received approvals in August 2009 to enter into a \$10.1 million Loan and Grant Commitment (Agency Financing) and a Disposition and Development Agreement (DDA) for purposes of the nine percent tax credit application.

The Project received a nine percent tax credit allocation in September 2009. An application to exchange the nine percent tax credits for one-time ARRA exchange funds was submitted to TCAC in November 2009. The Project received an award of \$13.6 million in ARRA funds on December 16, 2009 and a commitment for \$500,000 of weatherization funds from Community Resource Project Inc. completing the Project's financing.

In December 2009, Jamboree Housing Corporation, a California non-profit corporation (Jamboree) was selected by the Agency through a competitive RFQ process as the developer of the Hotel Berry Project.

In July 2010, agreements outlining the terms of NAHC's transfer and assignment of all its rights, title and interests in the DDA, the TCAC ARRA Award, the Agency Funding and other documents related to the contemplated development of the Hotel Berry and Jamboree's assumption were executed. The transfer of the property to Jamboree and construction financing closing occurred on December 7, 2010.

Rehabilitation plans were submitted to the City Building Department in July 2010 and a demolition permit issued in December 2010. Abatement and demolition are well underway with abatement almost complete.

Approval of Amended Hotel Berry Loan Documents

Due to the complicated nature of the renovation, there has been a delay in the receiving the remaining building permits which are anticipated to be issued in April 2011. The Project renovation is anticipated to be complete in February 2012.

Description of Development

The Project is the rehabilitation of 104 SRO units for very-low and extremely-low income individuals. The proposed rehabilitation scope of work is based on a third party assessment of the Hotel Berry's capital improvement needs and reduced operating costs over the long-term. Proposed architectural modifications are meant to improve space programming and building mobility in a functional and cost effective manner.

Key building improvement principles include:

1. Upgraded health and life safety systems
2. Sustainable green building features such as energy efficient HVAC, lighting and appliances, new dual pane windows and water efficient fixtures
3. New mechanical, electrical and plumbing systems
4. Complete unit interior remodel including installation of a small kitchenette and upgraded bathrooms
5. Reconfiguration of the ground floor to provide new management and resident services offices, enlarged lobby with 24/7 reception desk, resident lounge, resident community kitchen and dining area, laundry room, computer lab and community room with kitchen
6. Seismic and structural upgrades to the building
7. Improving physical mobility and accessibility for disabled persons

A corner retail store will remain. A new exit stair providing direct access to the street, trash chute and compactor, and new electrical meter and building service will reorganize the north end of the ground floor.

Ownership/Developer Structure

Jamboree Housing Corporation, a California non-profit corporation has been selected to be the Developer of the Hotel Berry. Founded in 1990, Jamboree has experienced steady growth and geographic expansion with a portfolio that includes development and/or ownership interest of nearly 6,000 affordable homes in 55 California communities. Jamboree owns and manages several affordable housing projects with fully funded, ongoing supportive services that enable residents to live in permanent housing with a stable environment. Although this will be the first project that Jamboree owns and operates in the Sacramento region, they currently provide resident services at a number of projects including Shenandoah Apartments, located in the City of Sacramento and a number of projects in the County of Sacramento including Hastings Park Apartments and Breckenridge Village Apartments. Jamboree took ownership of the Hotel Berry as JHC - Hotel Berry LLC on December 7, 2010. This entity is a wholly owned affiliate of Jamboree Housing Corporation.

Approval of Amended Hotel Berry Loan Documents

Property Management

This project will be professionally managed by the John Stewart Company, who managed the Hotel Berry from December 2007 to December 2009 when the hotel closed temporarily. Comprehensive housing management is the foundation of the John Stewart Company's diversified housing services goal to provide secure, service oriented, well-maintained and professionally managed housing that serves the interests of residents and owners alike. The John Stewart Company is the largest private manager of supportive housing and "special needs" housing in California. These properties provide both affordable housing and specialized supportive services to a wide range of target populations. They are experienced with the requirements of the many federal and state housing program and occupancy guidelines, such as the Low Income Housing Tax Credit program, assures full compliance with Regulatory Agreements and Fair Housing requirements.

Supportive Services Plan

Supportive Services will be provided by Transitional Living and Community Support (TLCS). Tenants will access TLCS services through a full-time, Resident Services Coordinator (Coordinator) who will be responsible for assessing the needs and monitoring the progress of all tenants in need of mental health and social services. Although participation in these programs will be voluntary and free, the on-site Coordinator will implement a proactive tenant engagement and outreach program to encourage tenants to participate in TLCS service programs. The Resident Services Coordinator will be funded from the operations of the property, but will be an employee of TLCS.

Transitional Living and Community Support, Inc. (TLCS) has been providing support services and housing in Sacramento for 25 years. Its mission is to promote independent and successful community living for people with psychiatric and other disabilities. Since 2001, TLCS has operated the SRO Collaborative Project, a program whose design incorporates practices implemented in several Bay-Area counties under the Health, Housing and Integrated Services Network (HHISN) model developed by the Corporation for Supportive Housing. The SRO Collaborative is designed to support Sacramento residents living at selected downtown SRO hotels through the delivery of a range of quality, accessible services.

In addition to the TLCS Resident Services Coordinator, 10 units will be set-aside for Mental Health Services Act (MHSA) residents who are at risk of chronic homelessness. MHSA clients will receive case management services from a full service provider selected by the County Department of Mental Health.

Affordability

The residential units will serve extremely-low and very-low income individuals earning between 30% and 45% of the Sacramento County Area Median Income. Affordable rents will be restricted for 55 years secured by a Regulatory Agreement on the property.

RESOLUTION NO. 2011 -**Adopted by the Redevelopment Agency of the City of Sacramento**

on date of

HOTEL BERRY: APPROVAL TO AMEND \$2,017,564 ACQUISITION AND PERMANENT LOAN (LOAN A), APPROVAL TO AMEND A \$2,413,050 ACQUISITION, CONSTRUCTION AND PERMANENT LOAN (LOAN B); RELATED BUDGET AMENDMENT; AND EXECUTION OF AMENDED LOAN AGREEMENTS AND PROMISSORY NOTES, AND RELATED DOCUMENTS WITH JHC-HOTEL BERRY LLC**BACKGROUND**

- A. The Redevelopment Agency of the City of Sacramento ("Agency") owned certain real property that includes one tax parcel in the Downtown Redevelopment Project Area located at 729 L Street, Sacramento. APN Number: 006-0096-012-0000 ("Property").
- B. The Agency sought a partner to redevelop the Hotel Berry Property as a Single Room Occupancy (SRO) development that would have a mix of commercial and residential uses, with 104 residential units serving very-low and extremely-low income individuals ("Project").
- C. A Selection Committee evaluated the credentials of five developers that responded to a Request for Qualifications and selected Jamboree Housing Corporation.
- D. In August of 2009 the Agency approved a Disposition and Development Agreement and Financing Plan for the Project.
- E. The Project received an award of American Recovery and Reinvestment Act (ARRA) funds in the amount of \$13,561,066 which has an expenditure deadline of December 1, 2011.
- F. In August 2010, the Agency and the Sacramento City Financing Authority ("Authority") approved a portion of the Bonds allocable to the property be deemed reissued by the Authority for federal tax purposes as "Qualified 501(c)(3) Bonds" under the Internal Revenue Code of 1986.
- G. To effectuate the deemed reissuance of allocable bonds, a Supplemental Tax Certificate and certain other documents or certificates were executed by the Authority and the Agency in December 2010.
- H. In December 2010, the Property was disposed to JHC-Hotel Berry LLC along with the financing necessary to ensure the Project's feasibility.

- I. Due to the delay in obtaining building permits and the December 1, 2011 ARRA funds expenditure deadline, the Agency is seeking authorization to amend the \$2,017,564 Acquisition and Permanent Loan and the \$2,413,050 Acquisition, Construction, and Permanent Loan ("Agency Loans") to allow the Agency Loans to be repaid with ARRA proceeds and re-loaned to the Project.
- J. Use of Downtown Redevelopment Project Area Tax Increment Housing Set-Aside Funds (Downtown TI) for the development of the Property benefits the Project Area by rehabilitating an old SRO residential hotel that will ultimately provide quality affordable housing to downtown residents.
- K. The Project is categorically exempt under California Environmental Quality Act (CEQA) per Guidelines Section 15301.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

- Section 1. It is found and determined that the use of Downtown TI to develop the Project will benefit very-low and extremely-low income individuals.
- Section 2. The rehabilitation project is exempt from California Environmental Quality Act (CEQA) review per Guidelines Section 15301.
- Section 3. The Executive Director, or her designee, is authorized to amend the Agency budget to reappropriate the proceeds of the Agency Loans to the Project.
- Section 4. The Executive Director, or her designee, is authorized to enter into amended loan documents associated with the repayment and re-loan of the \$2,017,564 Acquisition and Permanent Loan and the \$2,413,050 Acquisition, Construction and Permanent Loan, attached to and incorporated in this resolution by this reference, in the name of the Redevelopment Agency of the City of Sacramento and execute the related documents with JHC-Hotel Berry LLC.
- Section 5. The Executive Director, or her designee, is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with Agency policy and with good legal practices for making of such loans.

Table of Contents:

Exhibit A – First Amendment to Acquisition and Permanent Loan (Loan A)

Exhibit B – First Amendment to Acquisition, Construction and Permanent Loan (Loan B)

**FIRST AMENDMENT TO ACQUISITION AND PERMANENT LOAN AGREEMENT
HOTEL BERRY
LOAN A**

AS OF THE EFFECTIVE DATE, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, the “Lender”, and JHC – Hotel Berry LLC, the “Borrower”, enter into this “Amendment” and amend the “Original Loan”, as follows.

1. **DEFINITIONS AND RECITALS.** Terms in quotation marks are defined terms and shall have the meanings so ascribed to them in the table below. If an item in the following table is marked “None”, “Not Applicable”, “N/A”, or equivalent or is left blank, that defined term is not applicable to this Amendment or the referenced item is not required or is not included in this Amendment, as the context may indicate. The statements set out in this Section regarding the Original Loan are true and correct.

GENERAL		
“Effective Date”	The Effective Date is the effective date of this Amendment, which is the following.	April 1, 2011
“Lender”	Redevelopment Agency of the City of Sacramento, a political body, corporate and politic, whose address is 801 12 th Street, Sacramento, California 95814	
“Borrower”	Name	JHC – Hotel Berry LLC, a California limited liability company
	Address	17701 Cowan Avenue Suite 200 Irvine, CA 92614

ORIGINAL LOAN			
“Original Loan”	Original Loan is the loan made by the Loan Agreement but without regard to this Amendment.		
“Loan”	Loan is the loan made by the Original Loan Agreement as amended by this Amendment.		
“Loan Agreement”	Loan Agreement is the loan agreement for the Original Principal Amount made by and between Lender and Borrower as of the following date and having the following title:	Title	Acquisition and Permanent Loan Agreement
		Date	Dec. 1, 2010
“Note”	Note is the Promissory Note made by Borrower in favor of Lender, evidencing the Original Loan, and dates as of the following date:	Date	Dec. 1, 2010
“Deed of Trust”	Deed of Trust is the deed of trust executed by Borrower securing the Original Loan in favor of Lender, dated as of the following date and recorded against the Property in the Office of the County Recorded of Sacramento County on the recording date, series and document number as follows:	Date	Dec. 1, 2010
		Recording Date	December 7, 2010
		Book No.	20101207
		Page No.	0872
“Original Principal Amount”	The Original Principal Amount is the principal amount of the Original Loan, which is the following amount.	Two Million Seventeen Thousand Five Hundred Sixty-Four Dollars (\$2,017,564.00)	

"Property"	The Property is that certain real property that is security for the Loan located at the following address, and more specifically described as set out in the <u>Legal Description</u> that is attached to this Amendment and incorporated in it by this reference.
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AMENDMENTS AND CHANGES	
"Reappropriated Loan Proceeds"	Upon payment of any amount due pursuant to the Note prior to Completion of the Project ("Repaid Amount"), Lender shall reappropriate the Repaid Amount to the Project one time.
"Other Changes"	The following changes are made to the Loan documents as indicated:
Document:	Changes:
Loan Agreement	<p>Section 2.H "Specials Provisions" shall be amended to add the following provisions:</p> <ol style="list-style-type: none"> 5. Reappropriated Loan Proceeds shall be disbursed solely for Project development costs per approved Budget and shall be disbursed pursuant to the terms of the Original Loan as amended by this Amendment. 6. The obligation of Lender to make any disbursements of Reappropriated Loan Proceeds under this Loan Agreement shall be subject to the conditions precedent set forth in Section 9 of the Acquisition, Construction and Permanent Loan Agreement (Loan B) entered into by Borrower and Lender and dated December 1, 2010 ("Acquisition, Construction and Permanent Loan Agreement.") 7. Lender shall retain ten percent (10%) of disbursements made for construction work, in aggregate not to exceed ten percent (10%) of the Reappropriated Loan Proceeds used for Project development costs, which shall be retained by Lender for disbursement until a Certificate of Completion has been issued by Lender as provided in the DDA.
Loan Agreement	4.9 USE OF PROCEEDS. All Reappropriated Loan Proceeds will be disbursed as provided in the Loan Agreement and used only for payment of the costs of construction of the Project in accordance with the Plans and Specifications and for other purposes specified in the Loan.
Loan Agreement	8. CONSTRUCTION. Borrower will diligently proceed with construction in accordance with the Scope of Development as approved by Lender. Borrower shall complete such work on or before the Completion Date, subject to Unavoidable Delay. Borrower shall comply with the requirements regarding construction set forth in Section 8 of the Acquisition, Construction and Permanent Loan Agreement.
Loan Agreement	13.34 ACCELERATION ON TRANSFER OR REFINANCING OF THE PROPERTY; ASSUMPTION. Except as otherwise provided in the Loan Agreement, if all or any part of the Property or an interest in the Property is sold, transferred or conveyed to any person other than a general partner or managing member of Borrower or a single asset entity wholly owned and controlled by Borrower or a general partner or managing member of Borrower, or refinanced by Borrower such that additional debt is added to the property or the cash flows change without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Loan Agreement to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the refinancing, sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Loan Agreement and the Note.

	Loan Agreement	<p>13.35 LOAN EXPENSES. In making the first disbursement of the Reappropriated Loan Proceeds, Lender may, at its option, deduct from the proceeds of that disbursement a sum equal to the aggregate of the following, to the extent Lender has knowledge of it and demand has been made on Lender at the time of the deposit: all expenses specifically incurred in connection with the Loan Amendment or the preparation, execution, and delivery of the Amended Loan Documents, including, but not limited to, recording costs and expenses, transfer and other taxes (if any), title and hazard insurance premiums, recording, notary, and escrow charges, and all other similar, usual, or customary loan closing charges and expenses; and any other budgeted expenses that have been approved by Lender in writing; and Lender will, for the benefit of Borrower, pay those amounts over to the respective parties on whose behalf the demands will have been received by Lender. Borrower will pay directly any expenses in connection with the Loan not so paid by Lender, including, without limitation, any of the expenses specified above, and will hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any Loan Party, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. All costs and expenses, together with interest at Loan rate, will form a part of the indebtedness and will be secured by the Security Documents.</p>
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1. **BORROWER REPRESENTATIONS AND WARRANTIES.** As of the Effective Date, Borrower represents and warrants that Borrower has made no other loan secured by or purporting to be secured by the Property, whether or not of record, except as approved by Lender as of the making of the Original Loan and that no other liens, judgments, orders, attachments, or claims have been made and remain against the Property. Borrower's signatory, for himself or herself, and Borrower represents and warrants that said signatory has the requisite authority to execute this amendment on behalf of Borrower.

2. **REAPPROPRIATED LOAN PROCEEDS DISBURSEMENT AND REPAYMENT.** Reappropriated Loan Proceeds shall be disbursed pursuant to the Loan Agreement and this Amendment. Reappropriated Loan Proceeds disbursed to Borrower shall be repaid pursuant to the terms of the Original Loan; provided, however, that all accrued interest on the Original Principal Amount and Reappropriated Loan Proceeds that have been disbursed is due and payable to Lender on July 1, 2012.

3. **DEED OF TRUST.** The Deed of Trust shall secure the repayment of the Reappropriated Loan Proceeds.

4. **NOTE AMENDMENT.** The Note is amended and restated to conform to this Amendment and to contain such other Note terms as are being amended in conjunction with this Amendment. A copy of such amended and restated note ("Amended Note") is attached as **Amended and Restated Promissory Note**. Borrower shall execute the Amended Note concurrently with the execution of this Amendment, and upon delivery by Borrower of the duly executed Amendment and Amended Note, Lender shall cancel the Note and deliver the cancelled Note to Borrower.

5. **OTHER CHANGES.** The Loan documents shall be further amended to reflect the respective changes indicated as Other Changes.

6. **GENERAL PROVISIONS.**

a) No rights, obligations, or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.

b) All other terms of the Loan documents shall remain the same.

c) If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

Executed on _____, in Sacramento, California.

BORROWER
JHC – HOTEL BERRY LLC, A CALIFORNIA LIMITED
LIABILITY COMPANY

By: Jamboree Housing Corporation,
a California nonprofit public
benefit corporation, Manager

By: _____
Laura Archuleta, President

LENDER
Redevelopment Agency of the City of Sacramento

By: _____
LaShelle Dozier
Executive Director

Approved as to form:

Agency Counsel

Date: _____

CONSENT OF SENIOR LENDER

The undersigned, being a lender having a lien that is senior in interest to the lien of Redevelopment Agency of the City of Sacramento, have reviewed the amendment of the Redevelopment Agency of the City of Sacramento loan as represented by this Amendment, and do hereby approve and consent to the Amendment

Senior Lender:

By: _____
Name:
Title:

LEGAL DESCRIPTION

Real property in the City of Sacramento, County of Sacramento, State of California, described as follows:

PARCEL NO. 1:

A PORTION OF LOT 5 IN THE BLOCK BOUNDED BY "K" AND "L", SEVENTH AND EIGHTH STREETS OF THE CITY OF SACRAMENTO, ACCORDING TO THE OFFICIAL MAP OR PLAN OF SAID CITY OF SACRAMENTO, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT OF INTERSECTION OF THE WEST LINE OF 8TH STREET WITH THE NORTH LINE OF L STREET OF SAID CITY OF SACRAMENTO, SAID POINT BEING THE SOUTHEAST CORNER OF SAID LOT 5, SAID BLOCK, RUNNING THENCE NORTHERLY AND ALONG SAID WEST LINE OF 8TH STREET, A DISTANCE OF 100.19 FEET TO A POINT IN SAID WEST LINE OF 8TH STREET, WHICH POINT IS ALSO LOCATED 60.12 FEET SOUTHERLY (MEASURED ALONG SAID WEST LINE 8TH STREET) FROM THE NORTHEAST CORNER OF SAID LOT 5; AND WHICH SAID NORTHEAST CORNER OF SAID LOT 5 IS LOCATED 160.31 FEET NORTHERLY (MEASURED ALONG SAID WEST LINE OF 8TH STREET) FROM SAID SOUTHEAST CORNER OF SAID LOT 5; THENCE WESTERLY AND ALONG A LINE DRAWN PARALLEL WITH A DISTANCE OF 100.19 FEET NORTHERLY (MEASURED ALONG SAID WEST LINE OF 8TH STREET) FROM SAID NORTH LINE OF L STREET, A DISTANCE OF 72.66 FEET; THENCE SOUTHERLY A DISTANCE OF 100.19 FEET, MORE OR LESS TO A POINT IN SAID NORTH LINE OF L STREET, WHICH IS DISTANCE THEREON 72.59 FEET WESTERLY (MEASURED ALONG SAID NORTH LINE OF L STREET) FROM SAID POINT OF COMMENCEMENT; THENCE EASTERLY AND ALONG SAID NORTH LINE OF L Street, A DISTANCE OF 72.59 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THAT CERTAIN SIX-STORY BRICK BUILDING KNOWN AS HOTEL BERRY LOCATED AT THE NORTHWEST CORNER OF 8TH AND L STREETS, IN SACRAMENTO CITY, STATE OF CALIFORNIA, WHICH SAID BEGINNING POINT IS ON THE NORTHERLY LINE OF L STREET AND DISTANCE 72.08 FEET WESTERLY FROM THE SOUTHEASTERLY CORNER OF LOT 5, IN THE BLOCK BOUNDED BY K AND L STREETS, AND 7TH AND 8TH STREETS, ACCORDING TO THE OFFICIAL PLAN OF SACRAMENTO CITY AND RUNNING THENCE ALONG THE WESTERLY LINE OF SAID SIX-STORY BRICK BUILDING, NORTHERLY FROM THE NORTHERLY LINE OF L STREET, 37.87 FEET TO THE NORTHWESTERLY CORNER OF SAID HOTEL BERRY SIX-STORY BRICK BUILDING; THENCE WESTERLY, PARALLEL WITH THE NORTHERLY LINE OF L STREET, TWO INCHES TO THE SOUTHWESTERLY CORNER OF THE HOTEL BERRY ONE-STORY ANNEX TO THE SAID SIX-STORY BRICK BUILDING; THENCE ALONG THE WESTERLY LINE OF SAID HOTEL BERRY ONE-STORY ANNEX NORTHERLY 47.80 FEET TO A JOG IN THE SAID WESTERLY LINE OF SAID HOTEL BERRY ONE-STORY ANNEX, AT A POINT WHICH IS DISTANCE SOUTHERLY 74.56 FEET FROM THE SOUTHERLY LINE OF THE ALLEY IN THE HEREINABOVE MENTIONED BLOCK AND 72.24 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE WESTERLY LINE OF 8TH STREET; THENCE AMONG SAID JOG WESTERLY, PARALLEL WITH THE NORTH LINE OF L STREET 0,51 FEET TO THE DIVISION CORNER COMMON THE WEST WALL OF THE HOTEL BERRY ONE-STORY ANNEX ON THE EAST, AND THE EAST WALL OF THE TWO-STORY BERRY GARAGE ON THE WEST; THENCE SOUTHERLY 85,67 FEET, MORE OR LESS, TO THE NORTHERLY LINE OF L STREET AT A POINT WHICH IS DISTANCE 72,59 FEET FROM THE SOUTHEASTERLY CORNER OF LOT 5, HEREINABOVE MENTIONED; AND THENCE ALONG THE NORTHERLY LINE OF L STREET, EASTERLY 0,51 FEET TO THE POINT OF BEGINNING, AND BEING AND CONSTITUTING A FRACTIONAL PART OF LOT IN BLOCK K TO L STREET, 7TH AND 8TH, CITY OF SACRAMENTO, AND COMPRISING A STRIP OF LAND LYING ADJACENT TO AND WESTERLY OF THE WEST WALL OF THE BERRY HOTEL AND ANNEX AS IT EXISTS TODAY.

PARCEL NO. 2:

THAT PORTION OF LOT 5 IN THE BLOCK BOUNDED BY "K" AND "L", SEVENTH AND EIGHTH STREETS AND THE CITY OF SACRAMENTO, ACCORDING TO THE OFFICIAL MAP OR PLAT OF SAID CITY OF SACRAMENTO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF A PARCEL OF LAND CONVEYED BY CAPITOL PROPERTIES, INC., TO D. LAGER, DESCRIBED AS PARCEL 1 IN DEED RECORDED OCTOBER 31, 1936, IN BOOK 594 OF OFFICIAL RECORDS OF SACRAMENTO COUNTY, AT PAGE 462, WHICH CORNER IS ALSO LOCATED 72.66 FEET WESTERLY OF THE WEST LINE OF 8TH STREET AND 60.13 FEET SOUTHERLY OF THE SOUTH LINE OF THE ALLEY; THENCE WESTERLY PARALLEL WITH THE NORTH LINE OF L STREET, A DISTANCE OF 0.08 FEET, MORE OR LESS, TO THE EAST LINE OF THE EAST WALL OF THE TWO-STORY BERRY GARAGE; THENCE SOUTHERLY, ALONG THE EAST UNE OF SAID WALL, A DISTANCE OF 14.43 FEET TO A JOG IN SAID WALL; THENCE, EASTERLY ALONG SAID JOG, A DISTANCE OF 0.10 FEET, MORE OR LESS, TO THE WEST LINE OF SAID PARCEL CONVEYED TO D. LAGER, THENCE NORTHERLY ALONG THE WEST LINE OF SAID PARCEL A DISTANCE OF 14.43 FEET TO THE POINT OF BEGINNING.

APN: 006-0096-012-0000

AMENDED AND RESTATED PROMISSORY NOTE

**FIRST AMENDED AND RESTATED PROMISSORY NOTE
FOR HOTEL BERRY
ACQUISITION AND PERMANENT LOAN AGREEMENT
LOAN A**

BORROWER HAS MADE THIS FIRST AMENDED AND RESTATED PROMISSORY NOTE (“NOTE”) AS OF THE EFFECTIVE DATE. The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked “None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrowers making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:	
“Effective Date”	April 1, 2011	
“Lender”	Redevelopment Agency of the City of Sacramento	
“Borrower”	JHC – Hotel Berry LLC	
“Borrower Legal Status”	California limited liability company	
“Original Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note dated as of the following date and in the following principal amount.	Date:
		December 1, 2010
		Amount: \$2,017,564.00
“Amendment”	The First Amendment to Loan Agreement which amended the Original Loan Agreement and related Loan documents, dated as of the following date:	April 1, 2010
“Loan Agreement”	The Original Loan Agreement as amended by the Amendment.	
“Original Principal Amount”	Two Million Seventeen Thousand Five Hundred Sixty-Four Dollars and No Cents (\$2,017,564.00)	
“Reappropriated Loan Proceeds”	Upon payment of any amount due pursuant to the Note prior to Completion of the Project (“Repaid Amount”), Lender shall reappropriate the Repaid Amount to the Project one time.	
“Principal Amount”	The following Principal Amount is the new Loan amount as amended by the Amendment, and shall consist of both the Original Principal Amount and the Reappropriated Loan Proceeds in the amount of: Two Million Seventeen Thousand Five Hundred Sixty-Four Dollars and No Cents (\$2,017,564.00)	
“Interest Rate”	During the first 18 months, the loan bears simple interest at a 6% annual rate. For the remaining 660 months, the loan bears interest at a 0% interest rate.	
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”:	The Effective Date of the Original Loan Agreement which is December 1, 2010.
“Special Terms”	N/A	

PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:	
"Maturity Date"	The first day of the 678th calendar month following the Payment Start Date.
"Payment Start Date"	The payment shall be in lump sum on the Maturity Date, subject to those payments specified in Payment Amounts.
"Payment Amounts"	The unpaid balance of the Loan, including without limitation principal, interest, fees and charges, shall be all due and payable on the Maturity Date; provided, however, that all accrued interest on the Original Principal Amount and Reappropriated Loan Proceeds that have been disbursed is due and payable to Lender on July 1, 2012.

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FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the date of each advance by Lender to Borrower at Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under the Loan Agreement. The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement ("Regulatory Agreement"), the making of which is further consideration for this Note.

All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12th Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.

3. This Note is secured by a Deed of Trust with Assignment of Rents against the real property described in the Loan Agreement ("Property"), recorded in the office of the County Recorder of Sacramento County ("Trust Deed"). Except as otherwise set forth therein, the Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the real property is sold, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender's written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable; provided, however, that if such cure cannot reasonably be effected within such 30 day period, such failure shall not be a default so long as Borrower promptly (and in any event, within ten (10) days after receipt of such notice) commences such cure and thereafter diligently (and in any event, within ninety (90) days after receipt of such notice) prosecutes such cure to completion.

4. Borrower shall comply with and fulfill the Special Terms.

5. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if any:

- a. Borrower defaults in the payment of any principal or interest when due.
- b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
- c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making of this Loan that would affect the interests of Lender.

d. Borrower defaults or breaches any of the terms of Loan Agreement , the Trust Deed , the Regulatory Agreement or this Note.

e. Borrower fails to perform, after applicable notice and cure periods, any covenant, term or condition in any instrument creating a lien upon the Property, which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.

f. Except as otherwise provided in the Loan Agreement, the sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

g. The occurrence of any of the following:

1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower that is not dismissed within ninety (90) days.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower that is not dismissed within ninety (90) days.

6. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

7. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.

8. During the existence of default or delinquency under the terms of this Note or the Trust Deed, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.

9. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, persons executing this Note, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

10. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note and the Trust Deed, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Loan Date.

BORROWER:

JHC – HOTEL BERRY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: Jamboree Housing Corporation,
a California nonprofit public
benefit corporation, Manager

By: _____
Laura Archuleta, President

Date: _____

**FIRST AMENDMENT TO
ACQUISITION, CONSTRUCTION AND PERMANENT LOAN AGREEMENT
HOTEL BERRY
LOAN B**

AS OF THE EFFECTIVE DATE, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, the "Lender", and JHC – Hotel Berry LLC, the "Borrower", enter into this "Amendment" and amend the "Original Loan", as follows.

1. **DEFINITIONS AND RECITALS.** Terms in quotation marks are defined terms and shall have the meanings so ascribed to them in the table below. If an item in the following table is marked "None", "Not Applicable", "N/A", or equivalent or is left blank, that defined term is not applicable to this Amendment or the referenced item is not required or is not included in this Amendment, as the context may indicate. The statements set out in this Section regarding the Original Loan are true and correct.

GENERAL		
"Effective Date"	The Effective Date is the effective date of this Amendment, which is the following.	April 1, 2011
"Lender"	Redevelopment Agency of the City of Sacramento, a political body, corporate and politic, whose address is 801 12 th Street, Sacramento, California 95814	
"Borrower"	Name	JHC – Hotel Berry LLC, a California limited liability company
	Address	17701 Cowan Avenue Suite 200 Irvine, CA 92614

ORIGINAL LOAN			
"Original Loan"	Original Loan is the loan made by the Loan Agreement but without regard to this Amendment.		
"Loan"	Loan is the loan made by the Original Loan Agreement as amended by this Amendment.		
"Loan Agreement"	Loan Agreement is the loan agreement for the Original Principal Amount made by and between Lender and Borrower as of the following date and having the following title:	Title	Acquisition, Construction and Permanent Loan Agreement (Loan B)
		Date	Dec. 1, 2010
"Note"	Note is the Promissory Note made by Borrower in favor of Lender, evidencing the Original Loan, and dates as of the following date:	Date	Dec. 1, 2010
"Deed of Trust"	Deed of Trust is the deed of trust executed by Borrower securing the Original Loan in favor of Lender, dated as of the following date and recorded against the Property in the Office of the County Recorded of Sacramento County on the recording date, series and document number as follows:	Date	Dec. 1, 2010
		Recording Date	December 7, 2010
		Book No.	20101207
		Page No.	0873
"Original Principal Amount"	The Original Principal Amount is the principal amount of the Original Loan, which is the following amount.	Two Million Four Hundred Thirteen Thousand Fifty Dollars and No Cents (\$2,413,050.00)	
"Property"	The Property is that certain real property that is security for the Loan located at the following address, and more specifically described as set out in the Legal Description that is attached to this Amendment and incorporated in it by this reference.		

AMENDMENTS AND CHANGES		
“Reappropriated Loan Proceeds”	Upon payment of any amount due pursuant to the Note prior to Completion of the Project (“Repaid Amount”), Lender shall reappropriate the Repaid Amount to the Project one time.	
“Other Changes”	The following changes are made to the Loan documents as indicated:	
	Document: Changes:	
	Loan Agreement	Section 2.H “Specials Provisions” shall be amended to add the following provisions: 4. Reappropriated Loan Proceeds shall be disbursed solely for Project development costs per approved Budget and shall be disbursed pursuant to the terms of the Original Loan as amended by this Amendment, including, without limitation: (1) the conditions precedent to disbursement set forth in Section 9; and (2) the Retention amounts set forth in Section 2.G.
	Loan Agreement	4.10 USE OF PROCEEDS. Reappropriated Loan Proceeds will be disbursed as provided in the Loan Agreement and used only for payment of the costs of construction of the Project in accordance with the Plans and Specifications and for other purposes specified in the Loan.
Loan Agreement	14.23 LOAN EXPENSES. Reappropriated Loan Proceeds shall be subject to the terms of the Loan Agreement in accordance with the conditions set forth in Section 14.23.	

1. **BORROWER REPRESENTATIONS AND WARRANTIES.** As of the Effective Date, Borrower represents and warrants that Borrower has made no other loan secured by or purporting to be secured by the Property, whether or not of record, except as approved by Lender as of the making of the Original Loan and that no other liens, judgments, orders, attachments, or claims have been made and remain against the Property. Borrower’s signatory, for himself or herself, and Borrower represents and warrants that said signatory has the requisite authority to execute this amendment on behalf of Borrower.

2. **REAPPROPRIATED LOAN PROCEEDS DISBURSEMENT AND REPAYMENT.** Reappropriated Loan Proceeds shall be disbursed pursuant to the Loan Agreement and this Amendment. Reappropriated Loan Proceeds disbursed to Borrower shall be repaid pursuant to the terms of the Original Loan; provided, however, that all accrued interest on the Original Principal Amount and Reappropriated Loan Proceeds that have been disbursed is due and payable to Lender on July 1, 2012.

3. **DEED OF TRUST.** The Deed of Trust shall secure the repayment of the Reappropriated Loan Proceeds.

4. **NOTE AMENDMENT.** The Note is amended and restated to conform to this Amendment and to contain such other Note terms as are being amended in conjunction with this Amendment. A copy of such amended and restated note (“Amended Note”) is attached as **Amended and Restated Promissory Note**. Borrower shall execute the Amended Note concurrently with the execution of this Amendment, and upon delivery by Borrower of the duly executed Amendment and Amended Note, Lender shall cancel the Note and deliver the cancelled Note to Borrower.

5. **OTHER CHANGES.** The Loan documents shall be further amended to reflect the respective changes indicated as Other Changes.

6. **GENERAL PROVISIONS.**

a) No rights, obligations, or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.

b) All other terms of the Loan documents shall remain the same.

c) If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

Executed on _____, in Sacramento, California.

BORROWER
JHC – HOTEL BERRY LLC, A CALIFORNIA LIMITED
LIABILITY COMPANY

By: Jamboree Housing Corporation,
a California nonprofit public
benefit corporation, Manager

By: _____
Laura Archuleta, President

LENDER
Redevelopment Agency of the City of Sacramento

By: _____
LaShelle Dozier
Executive Director

Approved as to form:

Agency Counsel

Date: _____

CONSENT OF SENIOR LENDER

The undersigned, being a lender having a lien that is senior in interest to the lien of Redevelopment Agency of the City of Sacramento, have reviewed the amendment of the Redevelopment Agency of the City of Sacramento loan as represented by this Amendment, and do hereby approve and consent to the Amendment

Senior Lender:

By: _____
Name:
Title:

LEGAL DESCRIPTION

Real property in the City of Sacramento, County of Sacramento, State of California, described as follows:

PARCEL NO. 1:

A PORTION OF LOT 5 IN THE BLOCK BOUNDED BY "K" AND "L", SEVENTH AND EIGHTH STREETS OF THE CITY OF SACRAMENTO, ACCORDING TO THE OFFICIAL MAP OR PLAN OF SAID CITY OF SACRAMENTO, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT OF INTERSECTION OF THE WEST LINE OF 8TH STREET WITH THE NORTH LINE OF L STREET OF SAID CITY OF SACRAMENTO, SAID POINT BEING THE SOUTHEAST CORNER OF SAID LOT 5, SAID BLOCK, RUNNING THENCE NORTHERLY AND ALONG SAID WEST LINE OF 8TH STREET, A DISTANCE OF 100.19 FEET TO A POINT IN SAID WEST LINE OF 8TH STREET, WHICH POINT IS ALSO LOCATED 60.12 FEET SOUTHERLY (MEASURED ALONG SAID WEST LINE 8TH STREET) FROM THE NORTHEAST CORNER OF SAID LOT 5; AND WHICH SAID NORTHEAST CORNER OF SAID LOT 5 IS LOCATED 160.31 FEET NORTHERLY (MEASURED ALONG SAID WEST LINE OF 8TH STREET) FROM SAID SOUTHEAST CORNER OF SAID LOT 5; THENCE WESTERLY AND ALONG A LINE DRAWN PARALLEL WITH A DISTANCE OF 100.19 FEET NORTHERLY (MEASURED ALONG SAID WEST LINE OF 8TH STREET) FROM SAID NORTH LINE OF L STREET, A DISTANCE OF 72.66 FEET; THENCE SOUTHERLY A DISTANCE OF 100.19 FEET, MORE OR LESS TO A POINT IN SAID NORTH LINE OF L STREET, WHICH IS DISTANCE THEREON 72.59 FEET WESTERLY (MEASURED ALONG SAID NORTH LINE OF L STREET) FROM SAID POINT OF COMMENCEMENT; THENCE EASTERLY AND ALONG SAID NORTH LINE OF L STREET, A DISTANCE OF 72.59 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THAT CERTAIN SIX-STORY BRICK BUILDING KNOWN AS HOTEL BERRY LOCATED AT THE NORTHWEST CORNER OF 8TH AND L STREETS, IN SACRAMENTO CITY, STATE OF CALIFORNIA, WHICH SAID BEGINNING POINT IS ON THE NORTHERLY LINE OF L STREET AND DISTANCE 72.08 FEET WESTERLY FROM THE SOUTHEASTERLY CORNER OF LOT 5, IN THE BLOCK BOUNDED BY K AND L STREETS, AND 7TH AND 8TH STREETS, ACCORDING TO THE OFFICIAL PLAN OF SACRAMENTO CITY AND RUNNING THENCE ALONG THE WESTERLY LINE OF SAID SIX-STORY BRICK BUILDING, NORTHERLY FROM THE NORTHERLY LINE OF L STREET, 37.87 FEET TO THE NORTHWESTERLY CORNER OF SAID HOTEL BERRY SIX-STORY BRICK BUILDING; THENCE WESTERLY, PARALLEL WITH THE NORTHERLY LINE OF L STREET, TWO INCHES TO THE SOUTHWESTERLY CORNER OF THE HOTEL BERRY ONE-STORY ANNEX TO THE SAID SIX-STORY BRICK BUILDING; THENCE ALONG THE WESTERLY LINE OF SAID HOTEL BERRY ONE-STORY ANNEX NORTHERLY 47.80 FEET TO A JOG IN THE SAID WESTERLY LINE OF SAID HOTEL BERRY ONE-STORY ANNEX, AT A POINT WHICH IS DISTANCE SOUTHERLY 74.56 FEET FROM THE SOUTHERLY LINE OF THE ALLEY IN THE HEREINABOVE MENTIONED BLOCK AND 72.24 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE WESTERLY LINE OF 8TH STREET; THENCE AMONG SAID JOG WESTERLY, PARALLEL WITH THE NORTH LINE OF L STREET 0,51 FEET TO THE DIVISION CORNER COMMON THE WEST WALL OF THE HOTEL BERRY ONE-STORY ANNEX ON THE EAST, AND THE EAST WALL OF THE TWO-STORY BERRY GARAGE ON THE WEST; THENCE SOUTHERLY 85,67 FEET, MORE OR LESS, TO THE NORTHERLY LINE OF L STREET AT A POINT WHICH IS DISTANCE 72,59 FEET FROM THE SOUTHEASTERLY CORNER OF LOT 5, HEREINABOVE MENTIONED; AND THENCE ALONG THE NORTHERLY LINE OF L STREET, EASTERLY 0,51 FEET TO THE POINT OF BEGINNING, AND BEING AND CONSTITUTING A FRACTIONAL PART OF LOT IN BLOCK K TO L STREET, 7TH AND 8TH, CITY OF SACRAMENTO, AND COMPRISING A STRIP OF LAND LYING ADJACENT TO AND WESTERLY OF THE WEST WALL OF THE BERRY HOTEL AND ANNEX AS IT EXISTS TODAY.

PARCEL NO. 2:

THAT PORTION OF LOT 5 IN THE BLOCK BOUNDED BY "K" AND "L", SEVENTH AND EIGHTH STREETS AND THE CITY OF SACRAMENTO, ACCORDING TO THE OFFICIAL MAP OR PLAT OF SAID CITY OF SACRAMENTO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF A PARCEL OF LAND CONVEYED BY CAPITOL PROPERTIES, INC., TO D. LAGER, DESCRIBED AS PARCEL 1 IN DEED RECORDED OCTOBER 31, 1936, IN BOOK 594 OF OFFICIAL RECORDS OF SACRAMENTO COUNTY, AT PAGE 462, WHICH CORNER IS ALSO LOCATED 72.66 FEET WESTERLY OF THE WEST LINE OF 8TH STREET AND 60.13 FEET SOUTHERLY OF THE SOUTH LINE OF THE ALLEY; THENCE WESTERLY PARALLEL WITH THE NORTH LINE OF L STREET, A DISTANCE OF 0.08 FEET, MORE OR LESS, TO THE EAST LINE OF THE EAST WALL OF THE TWO-STORY BERRY GARAGE; THENCE SOUTHERLY, ALONG THE EAST UNE OF SAID WALL, A DISTANCE OF 14.43 FEET TO A JOG IN SAID WALL; THENCE, EASTERLY ALONG SAID JOG, A DISTANCE OF 0.10 FEET, MORE OR LESS, TO THE WEST LINE OF SAID PARCEL CONVEYED TO D. LAGER, THENCE NORTHERLY ALONG THE WEST LINE OF SAID PARCEL A DISTANCE OF 14.43 FEET TO THE POINT OF BEGINNING.

APN: 006-0096-012-0000

AMENDED AND RESTATED PROMISSORY NOTE

**FIRST AMENDED AND RESTATED PROMISSORY NOTE
FOR HOTEL BERRY
ACQUISITION, CONSTRUCTION AND PERMANENT LOAN AGREEMENT
LOAN B**

BORROWER HAS MADE THIS FIRST AMENDED AND RESTATED PROMISSORY NOTE (“NOTE”) AS OF THE EFFECTIVE DATE. The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked “None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrowers making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:	
“Effective Date”	April 1, 2011	
“Lender”	Redevelopment Agency of the City of Sacramento	
“Borrower”	JHC – Hotel Berry LLC	
“Borrower Legal Status”	California limited liability company	
“Original Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note dated as of the following date and in the following principal amount.	Date:
		December 1, 2010
		Amount: (\$2,413,050.00)
“Amendment”	The First Amendment to Loan Agreement which amended the Original Loan Agreement and related Loan documents, dated as of the following date:	April 1, 2011
“Loan Agreement”	The Original Loan Agreement as amended by the Amendment.	
“Original Principal Amount”	Two Million Four Hundred Thirteen Thousand Fifty Dollars and No Cents (\$2,413,050.00)	
“Reappropriated Loan Proceeds”	Upon payment of any amount due pursuant to the Note prior to Completion of the Project (“Repaid Amount”), Lender shall reappropriate the Repaid Amount to the Project one time.	
“Principal Amount”	The following Principal Amount is the new Loan amount as amended by the Amendment, and shall consist of both the Original Principal Amount and the Reappropriated Loan Proceeds in the amount of: Two Million Four Hundred Thirteen Thousand Fifty Dollars and No Cents (\$2,413,050.00)	
“Interest Rate”	During the first 18 months, the loan bears simple interest at a 6% annual rate. For the remaining 660 months, the loan bears interest at a 0% interest rate.	
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”:	The Effective Date of the Original Loan Agreement which is December 1, 2010.
“Special Terms”	N/A	
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:		
“Maturity Date”	The first day of the 678th calendar month following the Payment Start Date.	

"Payment Start Date"	The payment shall be in lump sum on the Maturity Date, subject to those payments specified in Payment Amounts.
"Payment Amounts"	The unpaid balance of the Loan, including without limitation principal, interest, fees and charges, shall be all due and payable on the Maturity Date; provided, however, that all accrued interest on the Original Principal Amount and Reappropriated Loan Proceeds that have been disbursed is due and payable to Lender on July 1, 2012.

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FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the date of each advance by Lender to Borrower at Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under the Loan Agreement. The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement ("Regulatory Agreement"), the making of which is further consideration for this Note.

All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12th Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.

3. This Note is secured by a Deed of Trust with Assignment of Rents against the real property described in the Loan Agreement ("Property"), recorded in the office of the County Recorder of Sacramento County ("Trust Deed"). Except as otherwise set forth therein, the Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the real property is sold, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender's written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable; provided, however, that if such cure cannot reasonably be effected within such 30 day period, such failure shall not be a default so long as Borrower promptly (and in any event, within ten (10) days after receipt of such notice) commences such cure and thereafter diligently (and in any event, within ninety (90) days after receipt of such notice) prosecutes such cure to completion.

4. Borrower shall comply with and fulfill the Special Terms.

5. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if any:

- a. Borrower defaults in the payment of any principal or interest when due.
- b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
- c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making of this Loan that would affect the interests of Lender.
- d. Borrower defaults or breaches any of the terms of Loan Agreement, the Trust Deed, the Regulatory Agreement or this Note.

e. Borrower fails to perform, after applicable notice and cure periods, any covenant, term or condition in any instrument creating a lien upon the Property, which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.

f. Except as otherwise provided in the Loan Agreement, the sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

g. The occurrence of any of the following:

1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower that is not dismissed within ninety (90) days.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower that is not dismissed within ninety (90) days.

6. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

7. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.

8. During the existence of default or delinquency under the terms of this Note or the Trust Deed, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.

9. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, persons executing this Note, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

10. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note and the Trust Deed, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Loan Date.

BORROWER:

JHC – HOTEL BERRY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: Jamboree Housing Corporation,
a California nonprofit public
benefit corporation, Manager

By: _____
Laura Archuleta, President

Date: _____