

SECOND AMENDMENT TO ENVIRONMENTAL IMPACT REPORT
FUNDING AGREEMENT

This second amendment (this "Second Amendment") to the Funding Agreement for the preparation of an Environmental Impact Report ("EIR") dated January 18, 2005 (the "Agreement"), by and between the City of Redlands, a municipal corporation ("City") and RAFCO Development ("Applicant") is made and entered into this 6th day of February, 2007.

RECITALS

WHEREAS, it is the desire of City and Applicant to amend their existing Agreement to increase the scope of services and compensation to be paid to the consultant preparing the EIR for Applicant's project;

NOW, THEREFORE, the Agreement between City and Applicant is hereby amended as follows:

Section 1. Section 1 of the Agreement, entitled "Funding Obligation," is hereby amended to read as follows:

"Applicant shall deposit the minimum sum of Ten Thousand Dollars (\$10,000) with City to engage the consultant who will commence work on the EIR. The estimated cost of the EIR is Sixty-Four Thousand Six Hundred Thirty-Four Dollars (\$64,634) which includes the sum of Fifty-Three Thousand Eight Hundred Sixty-Two Dollars (\$53,862) as the estimated fee for the consultant's work and the sum of Ten Thousand Seven Hundred Seventy-Two Dollars (\$10,772) as the estimated administrative costs which will be incurred by City. The deposit will be applied towards the total cost of the EIR. Applicant shall thereafter make payments to City for the balance of all other costs and expenses for preparation of the EIR within fifteen (15) days of the date City submits written invoices to Applicant."

Section 2. All other provisions of the Agreement shall remain in full force and effect.

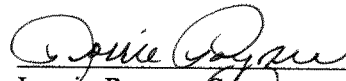
IN WITNESS WHEREOF, the parties have executed this Second Amendment, to be effective as of February 6, 2007.

CITY OF REDLANDS

ATTEST:

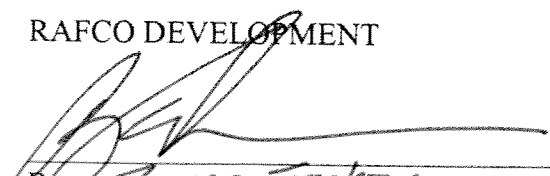


Jon Harrison, Mayor



Lorrie Poyzer, Secretary

RAFCO DEVELOPMENT



By: RICHARD FEENSTRA
Title: PRESIDENT