AMENDMENT TO ACQUISITION FUNDING AGREEMENT

This Amendment to Acquisition Funding Agreement (this "**Amendment**"), dated as of September 20, 2005, is entered into by and among the Redevelopment Agency of the City of Redlands, a public body corporate and politic (the "**Agency**"), Redlands Land Holding L.L.C., a Delaware limited liability company (the "**Redeveloper**") and Redlands Land Acquisition Company L.P., a Delaware limited partnership (the "**Redeveloper's Affiliate**"). The Agency, the Redeveloper, and the Redeveloper's Affiliate are sometimes herein individually referred to as a "**Party**" or, together, as the "**Parties**".

RECITALS

A. The Agency has undertaken a program for the rehabilitation and development of blighted areas within the City of Redlands (the "**City**") by adopting a Redevelopment Plan for the geographical area of the City designated as the Agency's Redevelopment Project Area No. 1 (the "**Project Area**").

B. The Agency and the Redeveloper's Affiliate previously entered into an Exclusive Right to Negotiate Agreement dated September 7, 2004 (the "**Prior Agreement**") to facilitate negotiations leading to the development of a project on a site as defined therein within the Project Area, and the execution of an Owner Participation Agreement and a Disposition and Development Agreement to achieve the goal of redevelopment of such site.

C. The Agency and the Redeveloper's Affiliate also previously entered into an Acquisition Funding Agreement dated as of January 4, 2005 (the "**Acquisition Funding Agreement**") to further implement the Prior Agreement and move forward to complete such steps in furtherance of the Project (as defined in the Agreement (as defined herein)) as may be carried out in accordance with law, including establishing a more specific agreement with respect to funding the preliminary steps for site assembly and California Environmental Quality Act compliance.

D. Concurrently herewith, the Agency and the Redeveloper are entering into a new, second agreement (the "**Agreement**") to establish a period during which the Redeveloper shall have the right to exclusively negotiate with the Agency for the purposes described above.

E. The Parties desire to amend, and the Redeveloper desires to become the successor to the Redeveloper's Affiliate under, the Acquisition Funding Agreement to reflect its purpose to further implement the Agreement.

NOW, THEREFORE, in consideration of the mutual promises made by the Parties herein, the Parties agree as follows:

AGREEMENT

Section 1. The Acquisition Funding Agreement is hereby amended as follows:

1.01 All references to the Redeveloper's Affiliate shall be deleted in their entirety and replaced with corresponding references to the Redeveloper;

1.02 All references to the Prior Agreement (or sections thereof) shall be deleted in their entirety and replaced with corresponding references to the Agreement (or sections thereof); and

1.03 All references to the "Site" (as defined and depicted therein) shall be deleted in their entirety and replaced with corresponding references to the Site (as defined, described and depicted in the Agreement).

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

IN WITNESS WHEREOF, the Parties have executed this Amendment on the date and year first-above written.

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS,
a public body corporate and politic

By: Susan Peppler
Susan Peppler, Chairperson

ATTEST: By: Dorie Payne
Agency Secretary

The "Redeveloper"

REDLANDS LAND HOLDING L.L.C.,
a Delaware limited liability company

By: Redlands Land Acquisition Company L.P.,
a Delaware limited partnership,
its sole member

By: Redlands Land Acquisition Company L.L.C.,
a Delaware limited liability company,
its general partner

By:
Name: Ronald L. Gern
Its: Authorized Officer

The "Redeveloper's Affiliate"

REDLANDS LAND ACQUISITION COMPANY, L.P.,
a Delaware limited partnership

By: Redland Land Acquisition Company L.L.C.,
a Delaware limited liability company,
its general partner

By:
Name: Ronald L. Gern
Its: Authorized Officer

CONSENT CALENDAR

Minutes - The minutes of the regular meeting of September 6, 2005, were unanimously approved as submitted on motion of Mrs. Peppler, seconded by Mr. Gil.

Contract - Property Appraisals - Krikorian Theatre Expansion Area - On motion of Mrs. Peppler, seconded by Mr. Gil, the Board unanimously approved a $23,000.00 contract for fair market appraisal for certain properties located in or adjacent to the proposed Krikorian Theatre Expansion Area to Jones, Roach & Caringella and authorized the Chairman to execute, and the Secretary to attest to, the document on behalf of the Agency.

Contract - Property Appraisals - Redlands Mall Area - Redevelopment Agency Director Gee presented a proposed contract for fair market appraisal for certain properties located in or adjacent to the Redlands Mall area. Teddy Banta asked for more information regarding this matter; Mr. Gee answered her questions. Community Development Director Shaw said there was no formal project before us, simply preliminary plans and the parking lots are a component of the discussions. Mrs. Peppler moved to approve a $12,500.00 contract for fair market appraisal for certain properties located in or adjacent to the Redlands Mall area to Reinhart-Fontes Associates and authorized the Chairman to execute, and the Secretary to attest to, the document on behalf of the Agency. Motion seconded by Mr. Harrison and carried unanimously.

Promenade Project - On motion of Mrs. Peppler, seconded by Mr. Gil, the Board unanimously approved the second exclusive right to negotiate agreement with General Growth and an amendment to the acquisition funding agreement with **Redlands Land Holding LLC** for the revitalization of the area bounded by Eureka Street, Pearl Avenue and Stuart Avenue for the proposed Redlands Promenade project and authorized the Chairman to execute, and the Secretary to attest to, the document on behalf of the Agency.

PUBLIC COMMENTS

None forthcoming.

ADJOURNMENT

There being no further business, the Board of Directors' meeting of the Redevelopment Agency adjourned at 4:48 P.M. The next regular meeting will be held on October 4, 2005.

____

Secretary