

**AMENDMENT TO PROMISSORY NOTE**  
(Terra Cotta Apartments)  
(\$500,000 Loan)

This Amendment to Promissory Note (this “Amendment”) is entered into effective as of \_\_\_\_\_, 2024 (“Effective Date”) by and between the **CITY OF SAN MARCOS** acting solely in the its capacity as the designed successor housing agency to the former San Marcos Redevelopment Agency (“Agency”) and **TERRA COTTA HOUSING ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP** (“Maker”). Agency and Maker are collectively referred to herein as the “Parties.”

**RECITALS**

A. The Parties entered into that certain loan (the “Loan”) evidenced by a promissory note from the Borrower dated October 31, 1997 in the original principal amount of \$5,800,000, (as amended from time to time, the “\$5.8M Promissory Note”), and a promissory note from the Borrower dated October 31, 1997 in the original principal amount of \$500,000, (as amended from time to time, the “Promissory Note”).

B. In connection with the refinance of the Property, the Parties hereby wish to amend the Promissory Note as more particularly set forth herein.

**NOW THEREFORE,**

In consideration of the foregoing Recitals and for the promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound hereby, agree as follows:

1. Restatement of Section 2(A). Section 2(A) of the Promissory Note is hereby deleted and replaced with the following:

“A. Annually on May 1 of each year during the term of this Agency Note, 50% of Residual Receipts shall be to Agency. The remaining 50% of Residual Receipts may be retained by Maker.

“Residual Receipts” are defined as all monies and income remaining annually after the payment of the operating expenses of the Project, including debt service payable on any senior loan, including the normally amortized principal payment, as approved by the AGENCY and the senior mortgage interest payment, if any, principal and interest payments made to the AGENCY with respect to the \$5.8M Promissory Note, the management expenses and costs, utility fees and costs, accounting and auditing costs and fees related to the Project, pilot fees, reserves for replacement of the improvements reasonably related to the operation of the Project, reasonable operating reserves, repayment of any operating advances made from BRIDGE Housing Corporation to the MAKER, and payment of partnership management fees, property management fees, and bookkeeping fees, all as reasonably approved annually by the AGENCY. MAKER shall provide the AGENCY such accountings annually, as the AGENCY shall request to verify the operating expenses, reserves, property management fees and all other costs of the Project.”

2. No Other Modification. Except as amended by this Amendment, the Promissory Note shall continue unmodified and in full force and effect.

3. Counterparts. This Amendment may be executed in several counterparts each of which will constitute an original document, and all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the same counterparts.

IN WITNESS WHEREOF, the Parties have entered into this Amendment effective as of the date first written above.

**AGENCY:**

**THE CITY OF SAN MARCOS,**

Acting solely in its capacity as the designated successor housing agency to the former San Marcos Redevelopment Agency

By: \_\_\_\_\_  
Michelle Bender, Executive Director

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**MAKER:**

**TERRA COTTA HOUSING ASSOCIATES,  
A CALIFORNIA LIMITED PARTNERSHIP**

By: San Marcos Family Housing, Inc.  
a California nonprofit public benefit corporation,  
its general partner

By: \_\_\_\_\_  
Name: Natalia Williams  
Its: Vice President