

**EXTENSION AND AMENDMENT TO
SETTLEMENT AGREEMENT AND RELEASE**

This Extension and Amendment to the Settlement Agreement and Release (“Amendment”) is made as of _____, by and between the County of El Dorado, a political subdivision of the State of California (“County”), and El Dorado Development Partnership Group, LLC, a California limited liability company (“El Dorado Development”). This Amendment shall be effective only when fully executed and delivered by the parties hereto.

WHEREAS, on June 15, 2007, the County and El Dorado Development entered into a Settlement Agreement and Release settling *County of El Dorado v. Jim Ross, M.D., P.H.D., Inc., et al.*, El Dorado County Superior Court Case No. PC20050123, wherein the County brought claims against El Dorado Development for the payment of delinquent installments of assessments, and related penalties and interest, with respect to assessment liens arising from certain bonds (more particularly identified in the Settlement Agreement and Release and referred to herein as the “Bonds”).

WHEREAS, pursuant to the Settlement Agreement and Release, El Dorado Development agreed to pay to the County the total sum of \$2,550,000.00 (the “Settlement Payment”) over the course of six equal annual payments in the amount of \$425,000 (“Annual Payment”). El Dorado Development agreed that final payment under the Settlement Agreement and Release would be made by April 1, 2012.

WHEREAS, El Dorado Development paid the first two Annual Payments in the total amount of \$850,000.00 in accordance with the Settlement Agreement and Release. However, El Dorado Development failed to make the third Annual Payment, thereby putting it in default of the Settlement Agreement and Release and giving the County a right of action to obtain performance and/or damages, including, but not limited to, foreclosure of the subject property pursuant to the recorded deed of trust.

WHEREAS, in or about April 2009, El Dorado Development requested that the County extend the due dates of the third and subsequent Annual Payments by a period of twenty-four months in order to allow El Dorado Development to utilize its available capital to advance completion of its development project.

WHEREAS, the parties thereafter commenced negotiations concerning the terms and conditions of any extension and have now agreed to amend the Settlement Agreement and Release to extend the due dates of the remaining Annual Payments, but only upon the terms and conditions contained herein.

NOW, THEREFORE, the parties agree as follows:

1. As a condition precedent to the County’s obligations in this Amendment, El Dorado Development shall do each of the following: (a) pay all current (FY 2008/2009) and prior outstanding real property taxes (excluding the Bonds) for the Property and (b) pay to the County a nonrefundable extension payment of \$17,000.00.

The latter payment shall not be applied to the principal amount of the note or any other obligation of El Dorado Development and is paid in consideration of the County's forbearance of its current claims against El Dorado Development arising out of El Dorado Development's default under the Settlement Agreement and Release and existing at the time of the effective date of this Amendment.

2. The County agrees, upon El Dorado Development's performance of the conditions enumerated in Paragraph 1 above, to extend the due dates for the remaining Annual Payments as follows: the third Annual Payment of \$425,000.00 shall be due two (2) years from the effective date of this Amendment and the remaining three Annual Payments shall each be due annually thereafter, unless the Settlement Payment, or the remaining unpaid portion thereof, is prepaid by El Dorado Development prior to such time. If the entire Settlement Payment is not paid in full by April 1, 2012, interest shall begin to accrue on the unpaid principal balance until paid. Interest shall be at the rate of five percent (5%) per annum, payable quarterly in addition to any other payments owing by El Dorado Development. The interest rate shall increase annually by one-quarter percent (.25%).

3. El Dorado Development's obligation to pay the Settlement Payment in accordance with the terms herein shall be evidenced by El Dorado Development's delivery of a fully-executed Amendment to Promissory Note, a form of which is attached hereto as Exhibit A. The Promissory Note, as amended, shall remain secured by the Deed of Trust with Rider Attached Thereto, recorded with the El Dorado County Recorder as Document No. 2007-0041163-00.

4. So long as El Dorado Development complies with the terms herein and in the Settlement Agreement and Release, it shall be deemed in "good standing" as to its obligations to the County.

5. Except as amended herein, all other terms and conditions of the Settlement Agreement and Release shall remain in full force and effect.

EL DORADO DEVELOPMENT

El Dorado Development Partnership Group, LLC, ("EDDPG, LLC")
a California limited liability company

By: 

Name: J. K. A. C. F. L. A. G. O.

Its: MANAGER of Stella Development, LLC
WHICH IS THE MANAGER of EDDPG, LLC

COUNTY OF EL DORADO

By: _____

Name: _____

Its: _____