FIRST AMENDMENT TO OPTION AGREEMENT AND LEASE AGREEMENT

(4678 Calle Real/149 North San Antonio Road)

THIS FIRST AMENDMENT TO OPTION AGREEMENT AND LEASE AGREEMENT ("**First Amendment**") is made and entered into as of the _ day of September, 2026 ("**Amendment Effective Date**"), by and between SANTA BARBARA METROPOLITAN TRANSIT DISTRICT ("**Optionor**," "**Lessor**," or "**MTD**") and CA CALLE REAL OWNER LLC, a Delaware limited liability company ("**Optionee**," "**Lessee**," or "**CONAM**"). Optionor and Optionee are sometimes referred to collectively as "Parties" and individually as "Party" herein.

RECITALS

A. On September 6, 2022, MTD and CONAM RE Investments LLC, a Delaware limited liability company ("**Original Optionee**") entered into that certain Option Agreement (the "**Agreement**") related to real property owned by MTD in Santa Barbara County, California, commonly known as 4678 Calle Real/149 North San Antonio Road (the "**Premises**").

B. Optionee is an affiliate of Original Optionee, formed for the purpose of exercising the rights and performing the obligations of Optionee under the Agreement.

C. Pursuant to an Assignment and Assumption of Option Agreement dated November 17, 2023, Original Optionee assigned to Optionee and Optionee accepted and assumed all of Original Optionee's right, title, interest and obligations under the Agreement.

D. The Agreement incorporates by reference that certain form of Lease Agreement (the "**Lease Agreement**"), which is attached as Exhibit B of the Agreement.

E. Section 12.6 of the Agreement allows for the amendment of the Agreement by a writing executed by the Parties.

F. The Parties wish to amend the Agreement and Lease Agreement, subject to the terms and conditions of this First Amendment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

A. AMENDMENTS TO AGREEMENT:

1. **Recital A.** Recital A is hereby amended in its entirety to state as follows: "MTD owns fee title to certain real property in Santa Barbara County, California, commonly known as 4678 Calle Real/149 North San Antonio Road, as more particularly described in Exhibit A attached hereto (the "**Premises**").

2. **Recital I.** Recital I is hereby amended in its entirety to state as follows: "Optionee and MTD desire to jointly develop the Premises with a transit-oriented, residential community that is adjacent to MTD transit facilities and provides: (i) three hundred sixty (360) rental housing units at varying income levels, including without limitation no less than fifteen percent (15%) of the total number of units affordable to very-low, low-, and moderate-income households and subject to long-term affordability restrictions; (ii) two fully improved MTD transit stops to be constructed according to the standards attached hereto as Schedule I, one on each side of Calle Real in a location directly adjacent to the Project and approved by the County in consultation with MTD ("**Transit Stops**"); (iii) a dedicated location within the Project for after school and resident programming to be provided by Optionee or its qualified third-party provider of those services consistent with the programming and services offered at similar housing communities in southern California ("**After School and Resident Service Space**"); and (iv) an expanded trail network and improved pedestrian access to MTD's transit lines that fosters and improves transit use ("**Project**")."

   Within thirty (30) days of execution of this First Amendment, Optionee shall submit to the County of Santa Barbara a revised Project description consistent with the above terms and includes the Transit Stops and the After School and Resident Service Space (collectively, the "**Revised Project Description**"). The Parties hereby agree and acknowledge that the Revised Project Description is a material term of this First Amendment. Optionor has reviewed and approves the Revised Project Description.

3. **Period of Option Term.** Section 2(b) of the Agreement is hereby amended in its entirety to state as follows: "The Option shall be exercisable by Optionee during the period (the "**Option Term**"), which shall be until August 28, 2027. Notwithstanding the foregoing, if (I) any administrative, legal, or equitable action, appeal and or other proceeding instituted by any person, entity, or organization that is not a party to this Agreement challenging the validity of this Agreement, the Ground Lease Agreement, or any discretionary approval, or the sufficiency of any environmental review under CEQA (the "**Third Party Challenge**") is filed, (II) any Pending Litigation (as defined in Section 3 of the Agreement) exists, or (III) Optionee is delayed or prevented from satisfying any Conditions due to Force Majeure (as defined in the Ground Lease Agreement), then the Option Term shall be tolled for the period of time from the date of the filing of such Third Party Challenge or Pending Litigation until the conclusion of such administrative action or dismissal of such litigation or entry of final judgement or resolution of such appeal in a manner that permits the development and construction of the Project to proceed (or for the period of delay due to Force Majeure), provided such tolling period does not exceed three (3) years. In the event of delay due to Force Majeure, Optionor and Optionee shall discuss and attempt to agree on the length of time of any entitled delay pursuant to Section 2(b) of the Agreement. If they are unable to agree within ten (10) days after the event or occurrence giving rise to Optionee's claim to an entitlement to tolling due to Force Majeure under this Section 2(b), the matter shall be arbitrated as set forth in Article 16 of the Ground Lease Agreement, the provisions of which Article are incorporated herein by reference.

Provided that there exists no default by Optionee under this Agreement nor any event that with the giving of notice and/or the passage of time would constitute a default, Optionee shall have the right and option (an "**Extension Option**") to extend the Option Term to December 31, 2029, exercisable in the following manner: Optionee shall give Optionor written notice of Optionee's intention to extend the Option Term not less than thirty (30) days prior to the expiration of the then current term of the Agreement ("**Optionee's Extension Notice**"), it being agreed that time is of the essence and that the Extension Option is personal to Optionee and is non-transferable to any transferee or other party. As consideration for the extension ("**Option Extension**"), Optionee shall deliver to Optionor One Hundred Thousand Dollars ($100,000) per quarter ("**Option Extension Payments**"), which shall be in lieu of (and not in addition to) the Option Payment during the Option Extension. The Option Extension Payments shall be prorated for any portion of a calendar quarter during the Option Extension.

The Option Extension Payments shall be non-refundable to Optionor, except in the event of a material, uncured breach by Optionor. The Option Extension Payment shall be deemed earned by Optionor at the time of payment by Optionee. Notwithstanding the foregoing, if Optionee exercises the Option during the Option Term, as may be extended by the Option Extension, and executes the Ground Lease Agreement pursuant to the terms of the Option and Ground Lease Agreement, Optionee shall be credited fifty percent (50%) of Option Extension Payments ("**Option Extension Payment Credit**"), which shall be applied in equal parts over the first four years of rent owed by Optionee (Lessee) pursuant to the Ground Lease Agreement. For illustration purposes only, if the Option Extension Payment Credit is $300,000, Optionor (Lessor) shall grant Optionee (Lessee) a credit of $75,000 for each of the first four years of the Ground Lease Agreement Term."

Section 2(c) is hereby added to the Agreement: "Provided that there exists no default by Optionee under this Agreement nor any event that with the giving of notice and/or the passage of time would constitute a default, Optionee shall have the right and option ("**Second Extension Option**") to extend the Option Term to December 31, 2030, exercisable in the following manner: Optionee shall give Optionor written notice of Optionee's intention to extend the Option Term not later than November 30, 2029 ("**Optionee's Second Extension Notice**"), it being agreed that time is of the essence and that the Second Extension Option is personal to Optionee and is non-transferable to any transferee or other party. As consideration for the extension ("**Second Option Extension**"), Optionee shall deliver to Optionor One Hundred Eighteen Thousand Seven Hundred Fifty Dollars ($118,750) per quarter ("**Second Option Extension Payment**"). The Second Option Extension Payment shall be prorated for any portion of a calendar quarter during the Second Option Extension.

The Second Option Extension Payment shall be non-refundable Optionor, except in the event of a material, uncured breach by Optionor. The Second Option Extension Payment shall be deemed earned by Optionor at the time of payment by Optionee and no amount shall be credited to future rent owed by Optionee under the Ground Lease.

4. **<u>Conditions to Exercise of Option</u>.** Section 3(iv) of the Agreement is hereby amended by adding the following at the end thereof: ", which may be satisfied by (among other things) documentary evidence that Optionee has entered into a letter of intent with a creditworthy counterparty with respect to the capitalization of the Project."

5. **<u>Option Fee</u>.** Section 4 of the Agreement is hereby amended in its entirety to state as follows: "In consideration of Optionor's grant of the Option to Optionee, Optionee shall pay to Optionor One Hundred Thousand Dollars ($100,000) per quarter through the Option Term, commencing upon the execution of the First Amendment, in addition to any payments made by Optionee to Optionor under the Agreement prior to the execution of the First Amendment. All payments made to Optionor under this Section 4 shall be referred to as the "**Option Payment**." The Option Payment shall be prorated for any portion of a calendar quarter during the Option Term.

   The Option Payment shall be non-refundable to Optionor, except in the event of a material, uncured breach of this Agreement by Optionor. The Option Payment shall be deemed earned by Optionor at the time of payment by Optionee. Notwithstanding the foregoing, if Optionee exercises the Option during the Option Term, as may be extended by the Option Extension, and executes the Ground Lease Agreement pursuant to the terms of the Option and Ground Lease Agreement, Optionee shall be credited fifty percent (50%) of the Option Payment paid after execution of the First Amendment but not including the Second Option Extension Payment ("**Option Payment Credit**"), which shall be applied in equal parts over the first four years of rent owed by Optionee (Lessee) pursuant to the Ground Lease. For illustration purposes only, if the Option Payment Credit is $300,000, Optionor (Lessor) shall grant Optionee (Lessee) a credit of $75,000 for each of the first four years of the Ground Lease Term."

6. **<u>Affordable Housing.</u>** Optionee may, at its sole discretion, locate all affordable housing units, including without limitation housing affordable to very-low, low-, and moderate-income households, on one, separate Parcel; <u>provided that</u> all amenities within the Project, including without limitation pools, parks, gym facilities, trails, community rooms, and barbeque areas, shall be equally accessible and available to all residents of the Project.

7. **<u>Failure to Exercise Option; Assignment of Work Product and Entitlements.</u>**

   a. <u>Assignment of Work Product</u>. As part of the consideration for this First Amendment, in the event Optionee fails to exercise the Option and enter into the Ground Lease Agreement for any reason other than Optionor's material breach or default under this Agreement, then Optionee hereby grants, transfers, and assigns to Optionor all right, title, and interest in and to any and all work product, plans, drawings, renderings, specifications, studies, surveys, reports, analyses, entitlements, permits, approvals, applications, and all other materials and documents of any kind or nature prepared by or on behalf of Optionee (including third parties, whether owned by Optionee or otherwise) in connection with

Optionee's efforts to obtain the discretionary approvals and entitlements referenced in Section 6 of this Agreement (collectively, "**Work Product**"), excluding confidential, privileged, and proprietary materials. The assignment of Work Product shall be at no cost to Optionor and without representation or warranty of any kind by Optionee as to the accuracy, completeness, or fitness for any purpose of the Work Product, and Optionor shall rely on the Work Product at its own risk. Optionee shall execute and deliver such further instruments of assignment and transfer as Optionor may reasonably request to evidence or effectuate the assignment contemplated herein.

b. Assignment of Third-Party Contracts. In connection with the assignment of any Work Product, Optionee shall also assign to Optionor all of Optionee's right, title, and interest in and to any and all third-party contracts, agreements, and professional service agreements entered into by Optionee in connection with the Project or Optionee's efforts to obtain the discretionary approvals and entitlements referenced in Section 6, including without limitation contracts with architects, engineers, land use consultants, environmental consultants, and other design and entitlement professionals (collectively, "**Third-Party Contracts**"). Optionor shall have the right, but not the obligation, at its sole election, to assume any or all of the Third-Party Contracts so assigned. Optionee shall use commercially reasonable efforts to obtain any third-party consents required to effectuate such assignment. To the extent any Third-Party Contract is not assignable without third-party consent and such consent is not obtained, Optionee shall reasonably cooperate with Optionor to provide Optionor the practical benefit of such contract to the extent permitted by its terms. Any Third-Party Contracts assumed by Optionor shall be assumed subject to all liabilities and obligations arising under such contracts from and after the date of assumption; Optionor shall have no liability for obligations arising prior to the date of assumption.

8. . **Prevailing Wage.** A new Section 12.17 is hereby added to the Agreement: "The parties do not intend the Project to constitute a public work as that term is defined in the California Labor Code. Notwithstanding the foregoing, Optionee shall comply with all applicable laws related to the payment of prevailing wages under the California Labor Code as such laws may apply to the work completed by or on behalf of Optionee at the Premises or related to the Project. Optionee shall defend, indemnify, protect, and save harmless Optionor from any Claims arising out of or in connection with Optionee's compliance with the California Labor Code."

B: AMENDMENTS TO GROUND LEASE AGREEMENT

1. **Premises.** The first WHEREAS provision is hereby amended in its entirety to state as follows: Lessor owns fee title to certain real property in Santa Barbara County, California, commonly known as 4678 Calle Real/149 North San Antonio Road, consisting of three legal parcels, as more particularly described in Exhibit A attached hereto ("**Premises**").

2. **Project.** The ninth **WHEREAS** provision is hereby amended in its entirety to state as follows: "Lessee and MTD desire to jointly develop the Premises with a transit-oriented, residential community that is adjacent to MTD transit facilities and provides: (i) three hundred sixty (360) rental housing units at varying income levels, including without limitation no less than fifteen percent (15%) of the total number of units affordable to very-low, low- and moderate-income households and subject to long-term affordability restrictions; (ii) two fully improved MTD transit stops to be constructed according to the standards attached hereto as Schedule I, one on each side of Calle Real in a location directly adjacent to the Project and approved by the County in consultation with MTD ("**Transit Stops**"); (iii)) a dedicated location within the Project for after school and resident programming to be provided by Lessee or its qualified third-party provider of those services consistent with the programming and services offered at similar housing communities in southern California ("**After School and Resident Service Space**"); and (iv) an expanded trail network and improved pedestrian access to MTD's transit lines that fosters and improves transit use ("**Project**")."

3. **First Rent Period.** Section 4.2.1.1 is hereby amended in its entirety to state as follows: "During the period from the Effective Date through the CO Date, Annual Minimum Rent shall be Four Hundred and Seventy-Five Thousand Dollars ($475,000.00) per year (the "**First Rent Period**"). Lessee shall provide written notice to Lessor of the CO Date promptly upon the occurrence thereof."

4. **Second Rent Period.** Section 4.2.1.2 is hereby amended in its entirety to state as follows: "During the period commencing on the day after the end of the First Rent Period and continuing through the date on which ninety percent (90%) of the total number of apartment units set forth in the Development Plan are leased, the Annual Minimum Rent shall be Seven Hundred Twelve Thousand Five Hundred Dollars ($712,500.00) (the "**Second Rent Period**"). Notwithstanding the foregoing, if the Construction Work is phased or divided in such a way that the apartment units are constructed in two or more distinct phases or time periods, then the Annual Minimum Rent during the Second Rent Period shall be calculated by applying the Annual Minimum Rent to the number of apartment units set forth in the Development Plan for the phase or phases for which the CO Date has occurred and the Annual Minimum Rent in the First Rent Period set forth in Section 4.2.1.1 to the remainder of apartment units set forth in the Development Plan for which the CO Date has not yet occurred, with the minimum Annual Minimum Rent for the Second Rent Period adjusted accordingly; provided that the Second Rent Period shall not exceed twenty-four (24) months per phase, if the Construction Work is phased or divided in such a way that the apartment units are constructed in two or more distinct phases or time periods."

5. **Full Rent Period.** Section 4.2.1.3 is hereby amended in its entirety to state as follows: "Commencing on the day after the end of the Second Rent Period for each phase for which the CO Date has occurred (the "**Full Rent Commencement Date**"), the Annual Minimum Rent shall be Nine Hundred Fifty Thousand Dollars ($950,000.00). Commencing on the second (2nd) anniversary of the Full Rent Commencement Date

and every year thereafter (each an "**Adjustment Date**" and collectively the "**Adjustment Dates**"), the Annual Minimum Rent shall be increased or decreased, as applicable, to an amount equal to ninety percent (90%) of the average of the Total Rent for the two (2) Operating Years immediately preceding the applicable Adjustment Date. For purposes of illustration only, if the Total Rent paid in Operating Year 2029 is $1,500,000.00 and the Total Rent paid in Operating Year 2030 is $2,000,000.00, the Annual Minimum Rent for Operating Year 2031 at the Adjustment Date would be $1,575,000.00."

6. **Option Payment Credit and Option Extension Payment Credit.** A new Section 4.2.1.3 is hereby added to state as follows: "Lessee shall be credited the Option Payment Credit and the Option Extension Payment Credit, as those terms are defined in the Option, during the first four (4) years of this Lease."

7. **Percentage Rent.** The first sentence of Section 4.2.2 is hereby amended in its entirety to state as follows: "For the purposes of this Lease, "**Percentage Rent**" for any given Operating Year shall be the sum of the following:
   Eight- and One-Half Percent (8.5%) of the Effective Gross Income for the current Operating Year."

8. **Right of First Offer.** Section 7 is here deleted in its entirety.

9. **Prevailing Wage.** Section 17.6 is hereby amended in its entirety to state as follows: "The parties do not intend the Project to constitute a public work as that term is defined in the California Labor Code. Notwithstanding the foregoing, Lessee shall comply with all applicable laws related to the payment of prevailing wages under the California Labor Code as such laws may apply to the work completed by or on behalf of Lessee at the Premises or related to the Project. Pursuant to Section 8, Lessee shall defend, indemnify, protect, and save harmless Lessor and its Indemnitees from any Claims arising out of or in connection with Lessee's compliance with the California Labor Code."

C. MISCELLANEOUS TERMS.

1. **Amendment Controls.** In the event of any conflict between any term or provision contained in this First Amendment with any term or provision contained in the Agreement or Lease Agreement, this First Amendment shall control.

2. **Interpretation.** All capitalized terms used herein that are defined in the First Amendment shall have the same meaning for purposes herein as defined and/or used in the Agreement or Lease Agreement.

3. **Ratification and Confirmation.** The Agreement, as herein amended and modified, is hereby ratified and confirmed and, except as expressly amended and modified herein, all terms, covenants and conditions of the Agreement shall remain unchanged and in full force and effect.

4. **<u>Counterparts</u>.** This First Amendment may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be one and the same instrument, binding on each signatory.

IN WITNESS WHEREOF, this First Amendment is executed as of the date first written above.

OPTIONOR/LESSOR:

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

By: ____________________________

Its: ____________________________

OPTIONEE/LESSEE:

CA CALLE REAL OWNER LLC, a

Delaware limited liability company

By: ___________________________

Its: ___________________________

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