

**Exhibit C**

## Amendment No. 2 to Employment Agreement

This Amendment No. 2 to Employment Agreement is entered into effective as of January 1, 2005 by and between Amber E. Johnson ("Employee") and LoanCity, Inc., a California corporation (the "Corporation").

### RECITALS

A. Employee and the Corporation are parties to that certain Employment Agreement dated as of March 15, 2001 as amended by that certain Amendment to Employment Agreement dated as of ~~August 5, 2002~~ pursuant to which Employee serves as the Corporation's Chief Operating Officer (collectively, the "Employment Agreement").

B. *Compensation has not been according to 8/15/02*  
Employee and the Corporation desire to amend the Employment Agreement effective as of January 1, 2005 to modify Employee's compensation.

### AGREEMENT

NOW, THEREFORE, the parties hereto hereby agree to amend the Employment Agreement as follows:

*rec'd bonus t' bp monthly. see payroll to verify*

1. **Bonus.** Section 3. b. of the Employment Agreement is amended to read in full as follows:

**"b. Performance and Production Bonuses.**

(i) **Performance Bonus.** Employee shall be eligible to receive a quarterly performance bonus payable in cash for each calendar quarter during the Employment Term (the "Quarterly Performance Bonus"). The Quarterly Performance Bonus shall be in an amount determined by the Corporation's Chief Executive Officer, up to a maximum amount of Fifty Thousand Dollars (\$50,000) and shall be based on the level of attainment of Employee's individual performance goals (the "Performance Goals") approved in writing by the Corporation's Chief Executive Officer. Employee shall deliver the Performance Goals for each calendar quarter to the Corporation's Chief Executive Officer within 15 days following the first day of such calendar quarter for approval in writing by the Corporation's Chief Executive Officer. In the event the Performance Goals are not so provided or not approved in writing by the Chief Executive Officer, Employee shall not be entitled to the Quarterly Performance Bonus for such quarter. In the event the maximum amount of the Quarterly Performance Bonus of \$50,000 is not earned in any calendar quarter based on the approved Performance Goals for such quarter, the unearned amount shall not carry forward into future quarters.

Employee must be employed by the Corporation at the end of a quarter to be eligible to receive the Quarterly Performance Bonus for such quarter. The Quarterly Performance Bonus shall be payable within thirty (30) days after the end of the applicable calendar quarter for which the bonus has been earned.

(ii) Production Bonuses. Employee shall also be eligible to receive three separate production bonuses on a monthly, quarterly and annual basis payable in cash for each calendar month, quarter and year during the Employment Term (each a "Production Bonus"). The Production Bonus shall be in an amount as indicated below based on the aggregate total principal amount of loans closed by the Corporation during the immediately preceding period in question (calendar month, quarter or year) during the Employment Term, based on the Corporation's Net to Gross Percentage (as defined below) established in the "Budget" (as defined below) for such period.

(X) Monthly Production Bonus. A monthly Production Bonus of 1/4 basis point shall accrue independent of the quarterly Production Bonus if the Corporation's Net to Gross Percentage for any such calendar month equals or exceeds that set forth in the Corporation's Budget approved by the Board of Directors (the "Budget") for such month. The monthly Production Bonus shall not be cumulative.

(Y) Quarterly Production Bonus. A quarterly Production Bonus of 1/4 basis point shall accrue independent of the monthly Production Bonus if the Corporation's Net to Gross Percentage for any such calendar quarter equals or exceeds the Budget for that quarter.

The quarterly Production Bonus shall be cumulative such that if after the end of any calendar quarter on a cumulative basis from the beginning of the calendar year the Corporation's Net to Gross Percentage equals or exceeds Budget, Employee shall be entitled to be paid the applicable quarterly Production Bonus for all such calendar quarters in which such Production Bonus has not yet been paid based on the cumulative target levels achieved under the Budget.

(Z) Annual Production Bonus. Finally, independent of any other Production Bonus, if at the end of any calendar year during the Employment Term, the Corporation's Net to Gross Percentage for such calendar year equals or exceeds the targets set forth below, Employee shall be entitled to an annual Production Bonus as set forth below in accordance with the following formula:

Net to Gross Percentage

Annual Production Bonus

Less than Budget	Zero
≥12.5% and < 15% and if	¼ Basis Point
≥15% and greater an additional	¼ Basis Point

The Corporation's annual Net To Gross Percentage for such calendar year shall be calculated based on the Corporation's audited year-end financial statements established in accordance with GAAP applied consistently with past practices by the Corporation's auditors.

(iii) For purposes of this Agreement, the term Net to Gross Percentage for a calendar month, quarter or year shall mean a ratio, the numerator of which shall be the Corporation's net income for such calendar month, quarter or year (and on a cumulative basis where applicable), determined in accordance with generally accepted accounting principles, and the denominator of which shall be the sum of the Corporation's (i) aggregate gain on sale of loans, (ii) net loan origination income and (iii) interest income, for such calendar month, quarter or year (and on a cumulative basis where applicable). Employee must be employed by the Corporation at the end of the applicable month, quarter or year to be eligible to receive the applicable Production Bonus for such period, as the case may be. The applicable monthly and quarterly Production Bonuses shall be payable within thirty (30) days after the end of the applicable period for which the Production Bonus has been earned, except the annual Production Bonus and the last cumulative Quarterly Bonus at the end of any calendar year shall be paid within thirty (30) days after the Corporation's year-end audited financial statements have been prepared as provided in subclause (Z) above. By way of example only as to how the Production Bonuses are calculated, assume the aggregate amount of loans closed during a calendar quarter is \$500,000,000 and the Net to Gross Percentage for such calendar quarter exceeds the Budget, the quarterly Production Bonus would be \$12,500 ( $\$500,000,000 \times (1/400 \text{ of } 1\% \text{ which equals a } 1/4 \text{ basis point})$ ).

2. **Employment Agreement Continues.** The Employment Agreement, as amended hereby, shall otherwise continue in full force and effect in accordance with its terms.

3. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts between California residents entered into and to be performed entirely within the State of California. Venue for all disputes of any kind arising out of this Agreement shall be the County of Santa Clara, State of California.

4. Attorneys' Fees; Costs. If a party breaches this Agreement, the breaching party shall pay all costs and attorneys' fees incurred by the other party arising out of such breach.

5. Entire Agreement. The Employment Agreement, as amended hereby, constitutes the entire agreement and understanding between the parties with respect to the subject matters herein, and shall supersede and replace any prior agreements and understandings, whether oral or written, by and among them with respect to such matters. The provisions of this Agreement may be waived, altered, amended or repealed in whole or in part only upon the written consent of both parties to this Agreement.

6. Severability. If for any reason any provision of this Agreement shall be determined to be invalid or inoperative, the validity and effect of the other provisions hereof shall not be affected thereby, provided that no such severability shall be effective if it causes a material detriment to any party.

7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, representatives, executors, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have entered into this Amendment to Employment Agreement as of the date first above written.

LOANCITY

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

Richard A. Chukoulis

Chief Executive Officer

Amber E. Johnson

*witness  
this  
conversation*

*J*