

FIRST SUPPLEMENTAL INDENTURE OF TRUST

by and between

COUNTY OF SAN MATEO,
as Issuer

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of _____, 2007

Relating to:

\$5,550,000

County of San Mateo

Variable Rate Demand Multifamily Housing Revenue Bonds

1987 Series A

(Pacific Oaks Apartments Project)

FIRST SUPPLEMENTAL INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST (the "First Supplemental Indenture"), dated as of _____, 2007, by and between the COUNTY OF SAN MATEO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America (the "Trustee"), the successor in interest to Seattle-First National Bank, supplements and amends the Indenture of Trust, dated as of July 1, 1987 by and between the Issuer and the Trustee (the "Indenture").

WITNESSETH:

WHEREAS, pursuant to the Indenture, the Issuer has issued its Variable Rate Demand Multifamily Housing Revenue Bonds 1987 Series A (Pacific Oaks Apartments Project) (the "Bonds"); and

WHEREAS, at the request of the Pacific Oaks Associates, a California limited partnership (the "Borrower") and Wells Fargo Bank, National Association (the "Letter of Credit Bank") the Issuer desires to amend the Indenture to provide for the right of Bank to purchase the Bonds in lieu of redemption.

NOW, THEREFORE, the parties hereto agree to amend the Indenture as follows:

Section 1. Recitals. The Issuer acknowledges that each of the above recitals is true and correct. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Indenture.

Section 2. Amendments. Article VI of the Indenture is hereby amended by adding at the end the following:

Section 607. ***Purchase of Bonds in Lieu of Redemption***. If the Bonds are called for redemption in whole or in part, the Bonds called for redemption may be purchased in lieu of redemption in accordance with this Section.

(a) Purchase in Lieu of Redemption. Purchase in lieu of redemption shall be available for all of the Bonds called for redemption or for such lesser portion of such Bonds as constitute authorized denominations. The Bank or the Developer with the written consent of the Bank may direct the Trustee to purchase all or such lesser portion of the Bonds so called for redemption. Any such direction to the Trustee must:

(1) be in writing;

(2) state either that all of the Bonds called for redemption are to be purchased or, if less than all of the Bonds called for redemption are to be purchased, identify those Bonds to be purchased by maturity date and outstanding principal amount in authorized denominations; and

(3) be received by the Trustee no later than 12:00 noon Pacific Time one Business Day prior to the redemption date.

If so directed, the Trustee shall purchase such Bonds on the date which otherwise would be the redemption date. Any of the Bonds called for redemption that are not purchased in lieu of redemption shall be redeemed as otherwise required by this Indenture on the redemption date.

(b) Withdrawal of Direction to Purchase. On or prior to the scheduled redemption date, any direction given to the Trustee pursuant to this Section or any consent given by the Bank to such a direction may be withdrawn by written notice to the Trustee. Subject generally to this Indenture, should a direction to purchase or the consent of the Bank be withdrawn, the scheduled redemption of such Bonds shall occur.

(c) Purchaser. If the purchase is directed by the Bank, the purchase shall be made for the account of the Bank or its designee. If the purchase is directed by the Developer with the consent of Bank, the purchase shall be made for the account of the Developer or its designee.

(d) Purchase Price. The purchase price of the Bonds shall be equal to the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, which would have been payable on such Bonds on the redemption date for such redemption. To pay the purchase price of such Bonds, the Trustee shall use such funds, if any, in the Redemption Account or otherwise that the Trustee would have used to pay the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, that would have been payable on the redemption of such Bonds on the redemption date. Otherwise, the Trustee shall pay the purchase price only from: (i) moneys derived from drawings under the Letter of Credit; (ii) proceeds from the sale of the Bonds; (iii) any other amounts for which the Trustee has received, at the time such amounts are deposited with the Trustee, an opinion of nationally recognized counsel experienced in bankruptcy matters, to the effect that the use of such moneys to pay the purchase price of the Bonds would not be voidable as preferential payments or recoverable under the United States Bankruptcy Code should the Issuer, the Developer, any general partner or a general partner of a general partner or guarantor of the Developer become a debtor in proceedings commenced thereunder; or (iv) investment income derived from the investment of the moneys described in clause (i), (ii) or (iii) (the "Available Amounts"). The Trustee shall not purchase the Bonds pursuant to this Section if by no later than the redemption date, sufficient moneys have not been deposited with the Trustee, or such moneys are deposited, but are not available.

(e) No Notice to Bondholders. No notice of the purchase in lieu of redemption shall be required to be given to the Bondholders (other than the notice of redemption otherwise required under this Indenture).

Section 3. Execution in Several Counterparts. This First Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 4. Governing Law. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 5. Incorporation By Reference. The Issuer and the Trustee agree that the amendments contained in this First Supplemental Indenture shall be incorporated by this reference thereto into the Indenture, which Indenture as so amended shall produce a conformed amended and restated Indenture which collectively shall serve as the sole operative Indenture in connection with the Bonds.

Section 6. Ratification and Reaffirmation of Indenture. Except as hereby expressly amended, the Indenture shall remain in full, force and effect; and the Indenture, as amended hereby, is ratified and confirmed. This First Supplemental Indenture is being executed and delivered by the Issuer pursuant to the provisions of Section 1002(2) of the Indenture, and its effectiveness is conditioned upon receipt by the Issuer and the Trustee of an opinion of bond counsel to the Issuer to the effect that the amendment of the Indenture by this First Supplemental Indenture will not materially adversely affect the interests of the Bondholders.

Section 7. Interpretation. In the event of any conflict between the provisions of Indenture and this First Supplemental Indenture, the provisions of this First Supplemental Indenture shall control. Any reference in this First Supplemental Indenture to a Section, without further qualification (such as, by way of example, “of this First Supplemental Indenture”) shall mean the specified section of the Indenture as amended and supplemented by this First Supplemental Indenture. All references to the Indenture in the Loan Agreement, the Reimbursement Agreement, the Regulatory Agreement (each as defined in the Indenture) or any other document executed in connection with any of the foregoing shall refer to the Indenture as amended by this First Supplemental Indenture.

Section 8. Binding Effect. This First Supplemental Indenture shall inure to the benefit of and shall be binding upon the Issuer, the Trustee, the owners of the Bonds and their respective successors and assigns.

Section 9. Effective Date. The provisions of this First Supplemental Indenture shall become effective upon the execution and delivery hereof by the parties hereto.

Section 10. Direction to Trustee. By executing this First Supplemental Indenture, the Issuer is hereby requesting the Trustee to also execute this First Supplemental Indenture.

[Remainder of page left intentionally blank.]

IN WITNESS WHEREOF, the COUNTY OF SAN MATEO has caused this First Supplemental Indenture to be signed in its name, and U.S. BANK NATIONAL ASSOCIATION has caused this First Supplemental Indenture to be signed in its name, all as of the day and year first above written.

COUNTY OF SAN MATEO

By: _____
Name: _____
Title: Director, Department of Housing

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

The foregoing First Supplemental Indenture is
Hereby consented to:

PACIFIC OAKS ASSOCIATES,
a California limited partnership

By: BRIDGE Housing Corporation, a California
nonprofit public benefit corporation, General Partner

By: _____
Name: _____
Title: _____

By: ADAMS & GRAVES, a California
General Partnership, General Partner

By: _____
Richard M. Adams, General Partner

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____