

_____, 2009

MP San Mateo Transit Associates, L.P.
c/o Mid-Peninsula Housing Coalition
303 Vintage Park Drive, Suite 250
Foster City, CA 94404

Re: Commitment To Make \$1,000,000 Takeout Loan

Ladies and Gentlemen:

The County of San Mateo ("County") has approved your application for the referenced commitment for a takeout loan as provided herein to provide permanent financing for 68 affordable housing units on El Camino Real in San Mateo (the "Project"). The County's offer to finance (the "Commitment" or "Commitment Letter") is subject to and conditioned upon satisfaction of the terms hereof.

The County is prepared to loan the principal amount of One Million Dollars (\$1,000,000) (the "Loan"), all subject to and upon the terms and conditions set forth herein. The Loan will be evidenced by a promissory note (the "Note") secured by a junior Deed of Trust (the "Deed of Trust") encumbering the real property described on Exhibit A (the "Land"), together with all tangible personal property located on or related to the use of the Land, and all fixtures and improvements to be constructed in or on the Land (collectively, the "Improvements"), and all of Borrower's interest in all intangible personal property related to the Land and Improvements (the "Intangible Personal Property"). The Land, the Improvements, and Intangible Personal Property are collectively referred to as the "Property". In addition the loan will be secured by affordability covenants recorded against the Property.

I
LOAN TERMS

1.1 Borrower. This Commitment is solely for the benefit of MP San Mateo Transit Associates, L.P. ("Borrower").

1.2 Amount and Description of Loan.

1.2.1 Loan Amount. The Loan will be in the original principal amount of One

Million Dollars (\$1,000,000) and evidenced by the Note. Borrower's agreement to obtain and perform under the Loan will be evidenced by the Note and other loan, security and other documents (collectively, the "Loan Documents").

1.2.2 Term and Interest Rate. The Note shall bear simple interest at the rate of three percent (3%) per annum for a term of fifty-five (55) years, and will be payable from residual receipts; provided, however, that if and when Borrower receives funds from HCD (as defined and described in Section 2.6 hereof), Borrower shall use the HCD funds to immediately repay the \$1,000,000 loan.

II CONDITIONS PRECEDENT

Before the County shall be obligated to make any disbursement or take any other action under this Commitment, all preconditions to closing the Loan shall have been satisfied at Borrower's sole cost and expense in a manner acceptable to the County in its sole and absolute discretion. The closing of the Loan may be referred to herein as the "Closing" and the date of Closing shall be referred to as the "Closing Date." The Loan shall close when all conditions set forth in this Commitment Letter and the Loan Documents to be executed pursuant hereto have been fulfilled to the County's satisfaction.

2.1 Disbursement. The Loan will close and fund concurrently with the paydown and conversion of the Wells Fargo Bank loan ("Bank Loan") to a permanent amortizing loan.

2.2 Lien Free Completion. The County shall have received a copy of the recorded notice of completion and evidence of lien-free completion.

2.3 Execution of Loan Documents. Borrower shall have executed amendments to the existing loan documents evidencing the outstanding loan of \$2,929,023 ("Existing Loan") from County to the Borrower, including but not limited to an amendment to the note and deed of trust increasing the principal amount of the County's loan to \$3,929,023.

2.4 Full Performance of Covenants and Requirements. The County has not given any notice of default to the Borrower under the Existing Loan or under the loan of \$1,000,000 from Housing Endowment and Regional Trust of San Mateo County ("HEART Loan") that has not been cured and no event or circumstance which with giving of notice or passage of time, or both, would constitute a default by Borrower under the Existing Loan or the HEART Loan.

2.5 Title Insurance. The County shall receive an endorsement to its existing ALTA Lender's policy increasing the policy amount to \$3,929,023.

2.6 Evidence of Non-Availability of State Financing. The Project has received a commitment of Proposition 1C infill construction funds from the California Department of Housing and Community Development ("HCD"). As of the date of this Commitment those HCD funds are not available to the Project because the loan is to be funded with the proceeds of

State General Obligation Bonds (“GO Bonds”). The State’s Pooled Money Investment Board has frozen all State disbursements for bond expenditures. No GO Bonds have been sold since late summer 2008. Until such time as GO Bonds are sold and HCD has access to proceeds from the sale of the bonds, HCD cannot provide its construction financing for the Project.

Because of the unavailability of the HCD funds at the time that Borrower intends to commence construction of the Project, the County is making this Commitment.

Borrower shall provide written evidence reasonably satisfactory to the County that HCD’s funds continue to be unavailable to the Project as and when needed.

III TERMS OF COMMITMENT

3.1 Transaction Costs. Borrower shall be responsible for all recording and filing fees, title insurance premiums, and escrow fees in connection with the Loan.

3.2 Expiration of Commitment; Closing. The County’s Commitment to make the Loan described in this Commitment expires upon the earliest of (a) the paydown and conversion of the Wells Fargo Bank loan to permanent, (b) execution and delivery of the Loan Documents, which shall supersede the terms and conditions of this Commitment Letter, or (c) the receipt of the HCD funds.

3.3 No Assignment. Borrower’s rights under this Commitment Letter shall not be assignable or otherwise transferable, whether voluntarily or by operation of law, without the prior written consent of the County.

3.4 Use of Loan Proceeds. The proceeds of the Loan will be used exclusively to repay the HEART loan.

IV MISCELLANEOUS

4.1 Governing Law. The rights and obligations of the parties with respect to this Commitment Letter shall be determined in accordance with the laws of the State of California.

4.2 Entire Agreement. This Commitment Letter contains the sole and entire agreement and understanding of the parties hereto with respect to the entire subject matter hereof. Any and all prior discussions, negotiations, commitments, writings and understandings relating thereto, unless in writing and therein expressly providing that certain obligations, duties or rights survive the execution and delivery of this Commitment Letter, are hereby merged herein. The terms and conditions hereof cannot be changed, modified or amended except by an instrument in writing signed by the parties to be charged.

4.3 Agreement with Other Lenders. Concurrently with Borrower's execution of the Bank loan documents, the County agrees to execute a triparty agreement with Wells Fargo Bank.

ACCEPTANCE

Upon acceptance by Borrower by signing below and delivery to the County, this Commitment Letter shall constitute a binding and enforceable Commitment.

Sincerely,

COUNTY OF SAN MATEO

By: _____

Its: _____

ACCEPTED AND AGREED:

MP San Mateo Transit Associates, L.P.

By: MP Mezes, Inc., its General Partner

By: _____

Its: _____

EXHIBIT A

Property Description