

EXHIBIT F-F

Form of Declaration of Restrictions for Sale Inclusionary Units

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

**San Francisco Redevelopment Agency
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Housing Division**

[Site Address/APN]

Recorder's Stamp

LIMITED EQUITY HOME OWNERSHIP PROGRAM

**DECLARATION OF RESTRICTIONS AND OPTION TO PURCHASE AGREEMENT
FOR SALE INCLUSIONARY UNITS**

This DECLARATION OF RESTRICTIONS AND OPTION TO PURCHASE AGREEMENT FOR SALE INCLUSIONARY UNITS (this "**Declaration**") is made as of _____, 20__ (the "**Effective Date**") by and between _____ as _____ [indicate manner in which owner takes title] ("**Owner**") and the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, of the State of California (the "**Agency**"). On the Effective Date, Owner is acquiring from Vertical Developer fee title to that certain real property in the City with a street address of _____, San Francisco, California, and more particularly described on Exhibit A (the "**Property**"). Capitalized terms used in this Declaration have the meanings given to them in Section 1.

RECITALS

- (a) The Agency has developed a program to provide home ownership opportunities to individuals and families with low and moderate incomes by offering homes for sale at prices which are below those otherwise prevailing in the market;
- (b) The Agency's intent is to preserve the affordability of such homes by restricting the resale price;
- (c) Such homes constitute a valuable community resource; and
- (d) It is necessary, proper and in the public interest for the Agency to protect and preserve this resource by administering occupancy and resale controls by means of this Declaration.

AGREEMENT

NOW, THEREFORE, in consideration of the substantial economic benefits inuring to Owner and the public purposes to be achieved under the affordable housing program, Owner and the Agency agree as follows:

Section 1. Affordable Purchase Price.

The “**Affordable Purchase Price**” for the Property is \$_____ [insert Affordable Purchase Price as determined under DDA]. This is the purchase price which is Affordable based on:

“ Affordable Interest Rate Determination Date ”	[insert Affordable Interest Rate Determination Date as determined under DDA]
“ AMI Percentage ”	[insert AMI Percentage as determined under DDA]
“ BMR Association Dues ”	[insert BMR Association Dues as determined under DDA]
“ Household Size ”	[insert Household Size as determined under DDA]
“ Parking Cost ”	[insert Parking Cost as determined under DDA]

Section 2. Definitions.

As used in this Declaration, the capitalized terms set forth below shall have the following meanings:

“**Addendum to Deed of Trust**” means the supplemental document to the Deed of Trust in a form attached hereto as Exhibit D, executed by a Qualified Purchaser in favor of the Agency.

“**Affordable**” means a purchase price that does not exceed (x) the amount determined using a five percent (5%) down payment and a commercially reasonable thirty (30) year fixed-rate mortgage loan with commercially reasonable points and fees and total annual payments for principal, interest, taxes and BMR Association Dues that are equal to thirty-three percent (33%) of AMI (as adjusted for the Household Size) *multiplied by* the AMI Percentage (y) less the Parking Cost. The interest rate for the mortgage loan that is used to calculate the purchase price shall be the higher of (1) the ten (10) year rolling average interest rate, as calculated by the Agency based on data provided by Fannie Mae or Freddie Mac, or if such data is not provided by Fannie Mae or Freddie Mac, then based on data from an equivalent, nationally recognized mortgage financing institution approved by the Agency, or (2) the current, commercially

reasonable rate available through an Agency-approved lender, in either case as in effect as of the Affordable Interest Rate Determination Date.

“**Affordable Interest Rate Determination Date**” is defined in Section 1.

“**Affordable Purchase Price**” is defined in Section 1.

“**Agency**” is defined in the introductory paragraph.

“**Agency Note**” is the promissory note executed by Owner in favor of the Agency, which is secured by a Deed of Trust executed by Owner in favor of the Agency, in the form attached hereto as Exhibit B.

“**AMI**” means the unadjusted area median income provided by HUD that is specific to the metro fair market rent area that contains the City as published annually by the Mayor’s Office of Housing and adjusted for household sizes. If data provided by HUD that is specific to the metro fair market rent area that contains the City is unavailable, then AMI may be calculated by the Mayor’s Office of Housing using other publicly available and credible data approved by the Agency.

“**AMI Percentage**” is defined in Section 1.

“**Broker**” means a real estate broker licensed by the State of California Department of Real Estate and approved by the Agency to assist Owner in identifying Qualifying Purchasers for the Transfer of the Property.

“**Buyer Acknowledgement**” means the document accepting the terms and conditions of the Loan Disclosure Information, as such acceptance document and Loan Disclosure Information are attached hereto as Exhibit F.

“**Capital Improvements**” is defined in Section 8.1.

“**Catastrophic Illness**” means an illness or injury that incapacitates Owner for an extended period of time, or that incapacitates a member of Owner’s family, which incapacity requires Owner to take time off from work for an extended period to care for that family member, and taking extended time off from work creates a financial hardship for Owner because he or she has exhausted all of his or her sick leave and other paid time off.

“**Certificate Holder**” means those households with a valid Certificate of Preference issued by the Agency that entitles the holder to receive preference in consideration for housing due to displacement by prior redevelopment activities.

“**City**” means, as the context requires, (i) the City and County of San Francisco, a charter city of the State, or (ii) the territorial jurisdiction of the foregoing.

“**Closing Costs**” means the reasonable and customary costs incurred by Owner in transferring the Property.

“**Damage**” means deficiencies in the Property occurring during Owner’s ownership of the Property, including without limitation: (1) violations of applicable building, plumbing, electric, fire or housing codes; (2) needed repair to appliances furnished to Owner upon purchase of the Property; (3) holes and other defects (except for holes from picture hangers) in walls, ceilings, floors, doors, windows, screens, carpets, drapes, countertops and similar appurtenances; and (4) repairs needed, as determined by the Agency, to put the Property into saleable condition, including without limitation cleaning and painting.

“**DDA**” means that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated for reference purposes as of June 3, 2010 and recorded in the Official Records of the City and County of San Francisco (the “**Official Records**”) on _____, 20__ as Document No. _____ at Reel ____, Image ____, between the Agency and Developer, including all incorporated exhibits and as amended from time to time.

“**Declaration**” is defined in the introductory paragraph.

“**Deed of Trust**” means one or more Deeds of Trust on the Property in the form of Exhibit C executed by Owner in favor of the Agency.

“**Developer**” means CP Development Co., LP, a Delaware limited liability partnership, and its successors and assigns permitted in accordance with the terms of the DDA.

“**Domestic Partner**” means any person who has or enters into a domestic partnership currently registered with a governmental body pursuant to State or local law authorizing such registration.

“**Down Payment Assistance Loan**” is a loan of down payment funds made by the Agency to Owner for purchase of the Property.

“**Effective Date**” is defined in the introductory paragraph.

“**Event of Default**” are defined in Section 9.1.

“**Fair Market Value**” means the cash purchase price for the Property that a willing buyer would pay to a willing seller at the time of sale, neither being under a compulsion to buy or sell, as determined by an independent, MAI-certified appraiser who has experience in residential appraisals in the City.

“**Grant Deed**” is defined in Section 6.1(b).

“**Gross Annual Income**” means pre-tax money earned annually by a household including overtime pay, commissions, dividends, and any other source of income.

“**Household Size**” is defined in Section 1.

“**HUD**” means the United States Department of Housing and Urban Development.

“**Income Certification**” means the form attached hereto as Exhibit H.

“**Notice**” is defined in Section 12.4.

“**Notice of Proposed Transfer**” is defined in Section 5.1.

“**Occupancy Certificate**” is defined in Section 12.3.

“**Owner**” is defined in the introductory paragraph, and upon Owner’s death includes the personal representative administering Owner’s estate.

“**Owner’s Proceeds**” means the amount due to Owner upon Transfer of the Property to a Qualifying Purchaser or upon exercise of the Purchase Option, according to the terms of this Declaration.

“**Parking Cost**” is defined in Section 1.

“**Permitted Exceptions**” means those title exceptions that are listed on Exhibit E attached hereto.

“**Principal Residence**” means the location at which an individual resides for at least ten (10) months out of each calendar year or such shorter period of time as the Agency, in its sole discretion, shall determine.

“**Property**” is defined in the introductory paragraph.

“**Purchase Option**” is defined in Section 7.1.

“**Purchase Option Assignee**” is defined in Section 7.3.

“**Qualifying Purchaser**” means persons and families who are first time homebuyers as defined in Internal Revenue Service Code and approved by the Agency whose Gross Annual Income, adjusted for Household Size, does not exceed the Qualifying Purchaser AMI Percentage *multiplied by* AMI.

“**Qualifying Purchaser AMI Percentage**” means the AMI Percentage *increased by* five percent (5%) (i.e., from seventy five percent (75%) to eighty percent (80%)).

“**Repair Costs**” means the cost to repair Damage to the Property.

“**Resale Affordable Price**” is defined in Section 5.1.

“**Senior Lender**” means a bank, savings and loan association, insurance company, pension fund, publicly traded real estate investment trust, governmental agency, or charitable organization engaged in making loans which customarily makes residential purchase money loans and has loaned money to Owner or a Qualifying Purchaser to purchase or refinance the purchase of the Property.

“**Senior Lien**” means a single deed of trust for the purpose of securing a loan from the Senior Lender to finance or refinance the purchase of the Property.

“**Transfer**” means any voluntary or involuntary sale, assignment or transfer of any interest in the Property.

“**Unauthorized Transfer**” is defined in Section 9.1(a).

“**Vertical Developer**” means _____, and its successors and assigns permitted in accordance with the terms of the DDA.

Section 3. Related Documents.

3.1 Below-Market Rate Housing Plan. The Below-Market Rate Housing Plan attached to and made part of the DDA governs the development of affordable housing units such as the Property. The DDA, including the Below-Market Rate Housing Plan, is on file with the Agency as public records. This Declaration is being executed and recorded in accordance with the DDA and partially satisfies the requirements therein.

3.2 [Shipyard Redevelopment Plan. The Property is in the City, within the Hunters Point Shipyard Redevelopment Project, and is subject to the provisions of the Hunters Point Shipyard Redevelopment Plan adopted by the Board of Supervisors of the City (the “**Board of Supervisors**”) by Ordinance No. 285-97 on July 14, 1997, as amended by the Hunters Point Shipyard Redevelopment Plan adopted by the Board of Supervisors by Ordinance No. 211-10 on August 3, 2010 (as amended from time to time to the extent permitted under the DDA, the “**Shipyard Redevelopment Plan**”).]

[BVHP Redevelopment Plan. The Property is in the City, within the Bayview Hunters Point Redevelopment Project, and is subject to the provisions of the Hunters Point Redevelopment Plan adopted by the Board of Supervisors by Ordinance No. 25-69 on January 20, 1969, as amended by the Hunters Point Redevelopment Plan adopted by the Board of Supervisors by Ordinance No. 280-70 on August 24, 1970, as amended by the Hunters Point Redevelopment Plan adopted by the Board of Supervisors by Ordinance No. 475-86 on December 1, 1986, as amended by the Hunters Point Redevelopment Plan adopted by the Board of Supervisors by Ordinance No. 417-94 on December 12, 1994, as amended by the Hunters Point Redevelopment Plan adopted by the Board of Supervisors by Ordinance No. 113-06 on June 1, 2006 and as amended by the Board of Supervisors by Ordinance No. 210-10 on August 3, 2010 (as amended from time to time to the extent permitted under the DDA, the “**BVHP Redevelopment Plan**”).]

3.3 Agency Note and Deed of Trust. Owner executed the Agency Note dated _____, 20__, secured by the Deed of Trust and the Addendum to Deed of Trust.

Section 4. Affordable Restrictions.

4.1 Restrictions. Owner shall own and occupy the Property as Owner’s Principal Residence, and Owner shall not lease the Property, or any portion thereof, without the Agency’s prior written consent.

4.2 Term. This Declaration shall remain in effect for forty-five (45) years from the Effective Date until such time as the Property is Transferred pursuant to the terms of this Declaration (the “**Term**”), at which time a declaration with the same form and substance as this Declaration shall become effective for forty-five (45) years from the effective date of such declaration. Upon the expiration of this Declaration due to expiration of the Term (and not due to a Transfer), Owner must repay to the Agency the difference between the Resale Affordable Price and the Fair Market Value, as determined at the expiration of the Term. In lieu of this payment to the Agency, Owner may renew the Term for an additional forty-five (45) years.

4.3 Notice of Affordability Restrictions on Transfer of Property. Owner agrees and acknowledges that section 33334.3(f)(3) of the California Community Redevelopment Law requires the recording of the Notice of Affordability Restrictions on Transfer of Property, substantially in the form of Exhibit G attached hereto.

4.4 Owner Representations and Warranties. In applying to purchase the Property, Owner submitted an Income Certification for the purpose of establishing Owner’s Gross Annual Income. Owner acknowledges that reasonable efforts may be made to verify such Income Certification, including without limitation calling Owner’s employers or other sources of income to confirm the income shown. Owner represents and warrants to the Agency that the Income Certification and any financial and other information Owner previously provided to the Agency for the purpose of qualifying to purchase the Property was true and correct at the time it was given and remains true and correct as of the Effective Date.

Section 5. Transfer Procedures.

5.1 Notice of Proposed Transfer. Except as provided in Sections 5.5 and 5.6, if Owner desires to Transfer the Property, Owner shall deliver written notice to the Agency (the “**Notice of Proposed Transfer**”), and the Agency shall promptly thereafter calculate a purchase price for the Property that is Affordable using the Household Size, AMI Percentage and Parking Cost set forth in Section 1, the AMI in effect on the date of the Notice of Proposed Transfer, an Affordable Interest Rate Determination Date equal to the date of the Notice of Proposed Transfer and BMR Association Dues equal to the then-current annual contributions to the homeowners association(s) required to be made for the Property (the “**Resale Affordable Price**”) and shall thereafter promptly notify Owner of such Resale Affordable Price.

5.2 Priority to Certificate Holders. An Owner may transfer the Property only to a Qualifying Purchaser or the Agency. The Agency shall give notice to Certificate Holders who shall have priority in purchasing the Property over all other Qualified Purchasers, except for transferees under Section 5.5 and 5.6 and the Agency. If no Certificate Holders that are a Qualifying Purchaser express interest in the Property within _____ (__) days following the date of the Notice of Proposed Transfer, then Owner shall market the Property as set forth in Section 5.3.

5.3 Marketing the Property. Owner shall work with a Broker to locate a Qualifying Purchaser for Transfer of the Property at the Resale Affordable Price. Owner and Broker shall use diligence and good faith in marketing the Property as evidence by all of the following:

- Listing the Property on the MLS Listing;
- Advertising the Property in the Real Estate section of at least two (2) newspapers of general circulation in the City;
- Conducting at least two (2) open houses of the Property; and
- Requesting that the Agency list the Property on the Agency's website.

If Owner and Broker, acting diligently and in good faith, are unable to locate a Qualifying Purchaser after one hundred fifty (150) days from the date of the Agency's receipt of the Notice of Proposed Transfer, then the Qualifying Purchaser AMI Percentage shall be increased by an amount equal to fifty percent of the then-current Qualifying Purchaser AMI Percentage (i.e. from sixty percent (60%) to ninety percent (90%)), but not to exceed a Qualifying Purchaser AMI Percentage of one hundred twenty percent (120%). The Resale Affordable Price shall remain the same, unless adjusted pursuant to Section 6.4.

5.4 Inspection. Within thirty (30) days after the Agency's receipt of the Notice of Proposed Transfer, the Agency shall have the right to enter and inspect the Property solely to determine if any Damage exists; provided, however, that the Agency shall first give Owner twenty-four (24) hours prior written notice. In the event any Damage is noted, the Agency shall reasonably determine the Repair Costs and shall deliver written notice to Owner specifying the Damage and the Repair Costs. Owner shall either: (a) repair the Damage at Owner's cost, or (b) cause the escrow agent at closing to pay the Repair Costs to the Agency from Owner's Proceeds, as provided in Section 6.3. If Owner elects to repair the Damage, the Agency shall have the right to re-inspect the Property under the terms of this Section 5.4 after the repairs are complete. If the Agency determines in the Agency's sole discretion that Damage still remains, Owner shall cause the escrow agent at closing to pay the remaining Repair Costs to the Agency, but only to the extent such funds are available after payment of the Senior Lien. If Owner elects to repair the Damage, all repairs and the re-inspection shall be completed without extending the closing date, unless extended by mutual written agreement of both the Agency and Owner.

5.5 Transfer to Spouse or Domestic Partner. If an Owner marries or becomes a Domestic Partner after purchasing the Property, the spouse or Domestic Partner may become a co-Owner. An Owner intending to add a spouse or Domestic Partner as a co-Owner must present his or her marriage certificate or Domestic Partnership registration to the Agency for review, and the proposed co-Owner shall execute an addendum to this Declaration and any other Agency documents related to the Property by which the co-Owner shall assume the same rights and responsibilities with respect to those documents as Owner.

5.6 Transfer Upon Owner's Death.

(a) Upon Owner's death, the Property may be Transferred to any co-Owner previously approved by the Agency without further approval of the Agency, but such co-Owner shall notify the Agency within thirty (30) days of the Transfer.

(b) Upon the death of Owner and all Agency approved co-Owners, the Property may be Transferred by inheritance, will, or any other function of law to a Qualifying Purchaser. The proposed transferee shall submit an Income Certification and any other information reasonably requested by the Agency to verify that the proposed transferee is a Qualifying Purchaser. The Agency shall have forty-five (45) days after receipt of all required information to determine whether the proposed transferee is a Qualifying Purchaser. If the Agency determines that the proposed transferee is a Qualifying Purchaser, the Property may be Transferred to the proposed transferee for no consideration. The proposed transferee shall execute a new Declaration and any other Agency documents related to the Property by which the proposed transferee shall assume the same rights and responsibilities with respect to those documents as Owner. If the Agency determines that the proposed transferee is not a Qualifying Purchaser, the Property shall be Transferred pursuant to Sections 5.1–5.4, inclusive.

Section 6. Closing.

6.1 Conditions to Closing. Except as provided in Sections 5.5, 5.6 and Transfers by foreclosure or the Senior Lender’s acceptance of a deed in lieu of foreclosure, all Transfers shall take place through an escrow with an escrow company mutually acceptable to Owner and the transferee. It shall be a condition to such an escrow closing that the escrow agent involved in the closing has received the following:

(a) Written confirmation from the Agency of the Resale Affordable Price and either (i) the identity of the Qualifying Purchaser or (ii) notification that the Agency is exercising the Purchase Option;

(b) A standard title company form grant deed, executed and acknowledged by Owner (or the Agency as attorney in fact for Owner) granting the Property to the Qualifying Purchaser (“**Grant Deed**”), which shall be recorded in the City’s Official Records;

(c) A declaration with the same form and substance as this Declaration executed and acknowledged by the Qualifying Purchaser and the Agency, which shall be recorded in the City’s Official Records;

(d) An Agency Note secured by a Deed of Trust and Addendum to Deed of Trust, executed by the Qualifying Purchaser on the Agency’s standard forms, which Deed of Trust and Addendum shall be recorded in the City’s Official Records; and

(e) A signed copy of the Buyer Acknowledgement contained in the Loan Disclosure Information.

6.2 Closing Procedures For Sale to Qualifying Purchaser. At closing, Owner shall convey the Property to the Qualifying Purchaser by Grant Deed. Owner shall cause a mutually acceptable title company to issue to the Qualifying Purchaser a CLTA standard coverage owner’s form of title insurance policy in the amount of the Resale Affordable Price insuring title to the Property vested in the Qualifying Purchaser, subject only to standard printed form exceptions, the Deed of Trust and exclusions, liens for current taxes and assessments not yet due

or payable, the new declaration and such other matters as were exceptions to title as of the Effective Date or are accepted by the Qualifying Purchaser in writing, as set forth in the Permitted Exceptions attachment. All closing costs and title insurance premiums shall be paid pursuant to the custom in the City.

6.3 Owner's Proceeds. The value of the “**Owner's Proceeds**” from a Transfer of the Property shall be equal to:

- (a) The Resale Affordable Price;
- (b) Less the amount necessary to release the Senior Lien;
- (c) Less Closing Costs;
- (d) Less any Repair Costs due to the Agency pursuant to Section 5.4;
- (e) Plus the amortized value of Capital Improvements pursuant to Section 8.2.

6.4 Resale Affordable Price.

(a) Notwithstanding anything in this Declaration to the contrary, if the Resale Affordable Price is less than the original value of the Senior Lien, then the Agency may increase the AMI Percentage to a level sufficient to allow for a Resale Affordable Price which covers the original value of the Senior Lien, but not to exceed an AMI Percentage of one hundred twenty percent (120%). If, after adjustment of the Resale Affordable Price described above, if any, the Resale Affordable Price is less than the sum of the Affordable Purchase Price plus the Closing Costs, then the Agency through its Executive Director as authorized in Resolution No. 73-2000 dated May 23, 2000 shall deposit into escrow the funds necessary to cover Owner's original down payment funds and Closing Costs. Such deposit into escrow shall be in addition to the Agency's deposit into escrow of the amortized value of the Capital Improvements. After such adjustment, the value of Owner's Proceeds shall be calculated according to Section 6.3.

(b) Agency and Owner acknowledge that the Senior Lien holder will not release the Senior Lien unless it is repaid in full. If the Senior Lien holder does not release the Senior Lien because Owner has not or cannot fully repay it, then the sale will be cancelled or Owner will be in default under the Senior Lien.

Section 7. Purchase Option.

7.1 Grant of Option. Owner grants to the Agency an option to purchase the Property upon the occurrence of an Event of Default (the “**Purchase Option**”).

7.2 Exercise of Option. The Agency may exercise the Purchase Option as follows:

(a) If the Purchase Option is triggered as a result of an Event of Default under Sections 9.1(a)–(d), then the Agency may exercise the Purchase Option within ninety (90) days after the Agency gives written notice of default to Owner.

(b) If the Purchase Option is triggered as a result of Owner's default under the Senior Lien as defined in Section 9.1(e), then the Agency may exercise the Purchase Option by giving written notice to Owner and the Senior Lender at any time prior to five (5) business days before the date of a foreclosure sale, as the same may be postponed from time to time, under the Senior Lien pursuant to California Civil Code § 2924f. Though the Senior Lender shall not be required to do so, the Senior Lender shall endeavor to provide the Agency with a copy of any notice of default that it issues to Owner.

7.3 Assignment of Purchase Option. Prior to or after exercise of the Purchase Option, the Agency may assign the Purchase Option to a governmental agency, non-profit organization, or a Qualifying Purchaser ("**Purchase Option Assignee**"), who shall be subject to this Declaration.

7.4 Grant of Power of Attorney. Owner hereby grants to the Agency an irrevocable power of attorney coupled with an interest to act on Owner's behalf to execute, acknowledge and deliver any and all documents relating to the Purchase Option.

7.5 Non-Liability of the Agency. The Agency shall not be held liable by reason of its exercise or non-exercise of the Purchase Option.

Section 8. Capital Improvements; Maintenance.

8.1 Capital Improvements. A "**Capital Improvement**" is a permanent improvement to the Property made during Owner's ownership of the Property which: (a) has a value in excess of one-half of one percent (0.5%) of the Affordable Purchase Price but less than ten percent (10%) of the Affordable Purchase Price; (b) has a useful life of greater than five (5) years subsequent to the proposed Transfer by Owner; and (c) has been made with all required permits and approvals, including without limitation homeowner's association and governmental approvals obtained prior to the construction or installation of the Capital Improvement(s).

8.2 Credits for Capital Improvements. Owner shall receive credit at the time of Transfer for Capital Improvements made to the Property as follows:

(a) At least thirty (30) days prior to the date of Transfer, Owner shall deliver to the Agency a list of the Capital Improvement(s), if any, made to the Property. The Agency shall determine whether the proposed improvements qualify as Capital Improvement(s), as defined in Section 8.1.

(b) The value of Capital Improvements shall equal the sum of all Capital Improvements with each improvement amortized by a factor of seven percent (7%) per year from the date of the Capital Improvement's completion.

8.3 Maintenance. Owner shall not destroy or damage the Property, allow the Property to deteriorate, or commit waste on the Property. Owner shall maintain the Property in compliance with all applicable laws, ordinances and regulations and in a good and clean condition and all appliances and fixtures shall be in good working order.

Section 9. Default and Remedies.

9.1 Events of Default. The occurrence of any one of the following events or circumstances shall constitute an “**Event of Default**” by Owner under this Declaration.

(a) Owner has actually Transferred or attempted to Transfer the Property in violation of the covenants and restrictions contained in this Declaration (“**Unauthorized Transfer**”).

(b) The Agency has determined in the Agency’s sole discretion that the Property is not Owner’s Principal Residence.

(c) Owner fails to pay real estate taxes, assessments or homeowner’s association dues, when due or Owner fails to maintain insurance in such amounts as required under this Declaration; or Owner places any mortgages, encumbrances or liens upon the Property in violation of this Declaration; and such event or condition shall not have been cured within thirty (30) days following the date of written notice to cure by the Agency to Owner.

(d) Owner fails to perform any other agreements or obligations on Owner’s part to be performed under this Declaration, and such failure continues for thirty (30) days following the date of written notice to cure by the Agency to Owner, or in the case of a default not susceptible of cure within thirty (30) days, Owner fails to promptly commence such cure within thirty (30) days and thereafter fails to diligently prosecute such cure to completion.

(e) Owner causes or permits a default under the Senior Lien and fails to cure the same in accordance with the cure provisions in the Senior Lien.

(f) Owner is in default of a term of the Agency Note and/or the Deed of Trust.

9.2 Remedies. Upon the occurrence of an Event of Default by Owner, the Agency shall have the right to exercise any or all of the remedies set forth below:

(a) exercise the Purchase Option;

(b) institute an action for specific performance of the terms of this Declaration, for an injunction prohibiting a proposed Transfer in violation of this Declaration, or for a declaration that a Transfer is void;

(c) institute an action for foreclosure on its Deed of Trust and/or to accept a deed in lieu of foreclosure; and

(d) exercise all other remedies permitted by law or at equity.

Section 10. Lender Provisions.

10.1 Purposes of Financing. Subject to the Agency's prior written approval, Owner may encumber title to the Property for the sole purpose of securing (a) purchase money financing, (b) refinancing (but only up to the amount of the original financing), or (c) refinancing up to the amount of the original financing, plus fifty percent (50%) of the value of the Resale Affordable Price less the Affordable Purchase Price. Refinancing under clause (c) above shall be permitted only for making Capital Improvements to the Property, meeting post-secondary educational expenses incurred by a household member after the date of purchase, meeting the costs of an Owner's or Owner's immediate family member's Catastrophic Illness, or securing funds required to implement a dissolution of marriage or domestic partnership agreement. Owner shall not cause or permit any other mortgages, encumbrances or liens upon the Property. Owner shall submit to the Agency on an annual basis a certification that Owner has not refinanced the Property in violation of this Section 10.1.

10.2 Subordination. This Declaration shall be subordinate to the Agency-approved Senior Lien.

10.3 Default and Foreclosure. Owner shall provide a copy of any notice of default under the Senior Lien to the Agency within three (3) days of Owner's receipt. In the event of any default under the Senior Lien, the Agency, in addition to any other rights and remedies it may have under this Declaration, at law or in equity, shall have the right to:

- (a) cure such default pursuant to Section 10.4;
- (b) exercise its Purchase Option pursuant to Section 7.2(b); or
- (c) foreclose its Deed of Trust on the Property.

The Agency's rights under this Section 10.3 shall not prevent the Senior Lender from commencing a judicial or nonjudicial foreclosure of the Senior Lien. If the Agency, in its sole discretion, does not act pursuant to Section 10.3(a) or (b), and the Senior Lender acquires the Property through foreclosure or acceptance of a deed-in-lieu of foreclosure, future sales of the Property shall not be subject to the resale restrictions provided herein.

10.4 Right to Cure. Although the Agency has no obligation to do so, the Agency may perform any act required of Owner in order to prevent a default under, or an acceleration of the indebtedness secured by, the Senior Lien or the commencement of any foreclosure or other action to enforce the collection of such indebtedness. If the Agency elects to cure any such default, Owner shall pay the expenses incurred by the Agency in effecting any cure upon demand within thirty (30) days, together with the interest thereon at the maximum interest rate permitted by law. Failure of Owner to timely reimburse the Agency shall constitute an Event of Default under Section 9.1(d).

Section 11. Nondiscrimination.

11.1 Owner herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be

no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property herein conveyed, nor shall Owner or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property herein conveyed. The foregoing covenants shall run with the land.

11.2 Notwithstanding Section 11.1, with respect to familial status, Section 11.1 shall not be construed to apply to housing for older persons, as defined in section 12955.9 of the Government Code. With respect to familial status, nothing in Section 11.1 shall be construed to affect sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of section 51 and section 1360 of the Civil Code and subdivisions (n), (o), and (p) of section 12955 of the Government Code shall apply to Section 11.1.

Section 12. Miscellaneous.

12.1 Damage and Destruction; Condemnation; Insurance. If the Property is condemned or the improvements located on the Property are damaged or destroyed, all proceeds from insurance or condemnation shall be distributed in accordance with this Section 12.1, subject to the requirements of the Senior Lien. Insurance shall be maintained in the types and amounts required under the Senior Lien. Unless Owner, the Agency, and the Senior Lender otherwise agree in writing, insurance proceeds shall be applied to restore or repair the Property damaged. If Owner, the Agency and the Senior Lender determine that restoration or repair cannot be made, or if the Property is condemned, the insurance or condemnation proceeds shall first be allocated to pay the outstanding value of the Senior Lien and all associated fees of the Senior Lender, with the balance distributed between Owner and the Agency as follows. The proceeds attributable to the Property shall be multiplied by a fraction, the numerator of which shall be the Resale Affordable Price and the denominator of which shall be the Fair Market Value of the Property as of the date immediately prior to the damage, destruction or condemnation. The resulting amount shall be allocated to Owner and the balance shall be allocated to the Agency.

12.2 No Discrimination; Lead-Based Paint Prohibition. Owner shall comply with all applicable laws and regulations regarding non-discrimination and lead-based paint prohibitions.

12.3 Owner Occupancy Verification. By February 1 of each year the Agency shall provide Owner with a certificate confirming that the Property is Owner's Principal Residence (an "**Occupancy Certificate**") and Owner shall complete and return such certificate promptly following receipt thereof.

12.4 Notices. Any notice, demand or other communication required or permitted to be given under this Declaration (a "**Notice**") by either party to the other party shall be in writing and sufficiently given or delivered if transmitted by (a) registered or certified United States mail,

postage prepaid, return receipt requested, (b) personal delivery, or (c) nationally recognized private courier services, in every case addressed as follows:

If to the Agency: San Francisco Redevelopment Agency
1 South Van Ness Avenue, 5th floor
San Francisco, California 94103
Attention: Executive Director

If to Owner: At the Property address

Any such Notice transmitted in accordance with this Section 12.4 shall be deemed delivered upon receipt, or upon the date delivery was refused. Any party may change its address for notices by written Notice given to the other party in accordance with the provisions of this Section 12.4.

12.5 Remedies Cumulative. Subject to applicable law, the Agency's rights and remedies, whether provided by law, in equity or by this Declaration, shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude the exercise of any other or further rights or remedies for the same or any other default or breach. No waiver with respect to the performance of any of Owner's obligations shall be effective except to the extent the particular obligation is expressly waived, nor shall it be a waiver with respect to any other rights or remedies of any other of Owner's obligations.

12.6 Attorneys' Fees for Enforcement. If any action or legal proceeding is instituted by Owner or the Agency arising out of this Declaration, the prevailing party therein shall recover reasonable attorneys' fees and costs in connection with such action or proceeding. For purposes of this Agreement, reasonable fees of any in-house counsel for the Agency shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the Agency's in-house counsel's services were rendered who practice in law firms located within the City.

12.7 Integration. This Declaration constitutes an integration of the entire understanding and agreement of Owner and the Agency with respect to the subject matter hereof. Any representations, warranties, promises, or conditions, whether written or oral, not specifically and expressly incorporated in this Declaration, shall not be binding on any of the parties, and Owner and the Agency each acknowledge that they have not relied, in entering into this Declaration, on any representation, warranty, promise or condition, not specifically and expressly set forth in this Declaration. All prior discussions and writings have been, and are, merged and integrated into, and are superseded by, this Declaration.

12.8 Severability. In the event that any provision of this Declaration is determined to be illegal or unenforceable, such determination shall not affect the validity or enforceability of the remaining provisions hereof, all of which shall remain in full force and effect.

12.9 Successors and Assigns. This Declaration shall be binding upon and inure to the benefit of the successors and assigns of the Agency. The Agency may assign or transfer its rights under this Declaration upon thirty (30) days written notice to Owner. It is expressly

agreed by Owner that Owner may assign his or her rights to this Declaration only by Transfer pursuant to Section 5 or by the Agency's exercise of the Purchase Option pursuant to Section 7.

12.10 Headings. The headings within this Declaration are for the purpose of reference only and shall not limit or otherwise affect any of the terms of this Declaration.

12.11 Time for Performance. Time is of the essence in the performance of the terms of this Declaration. All dates for performance (or cure) shall expire at 5:00 p.m. on the performance or cure date. Any performance date which falls on a Saturday, Sunday or Agency holiday is automatically extended to the next Agency working day.

12.12 Amendments. Any modification or waiver of any provision of this Declaration or any amendment thereto must be in writing and signed by a person or persons having authority to do so, on behalf of both the Agency and Owner.

12.13 Controlling Agreement. Owner covenants that Owner has not executed and will not execute any other agreement with provisions contradictory to or in opposition to the provisions of this Declaration. Owner understands and agrees that this Declaration shall control the rights and obligations between Owner and the Agency.

12.14 Governing Law. This Declaration shall be governed by, and construed and enforced in accordance with, the internal laws of the state of California.

12.15 Recordation. Owner shall cause this Declaration to be recorded in the Official Records.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Owner and the Agency have executed this Declaration as of the Effective Date.

AGENCY:

OWNER:

REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN
FRANCISCO,
A public body, corporate and politic, of the
State of California

By: _____
Name: Amy Lee
Title: Deputy Executive Director
Finance and Administration

ALL SIGNATURES MUST BE NOTARIZED.

----- Attach All Purpose California Notary Acknowledgment -----

APPROVED AS TO FORM:

SAN FRANCISCO REDEVELOPMENT AGENCY

By: _____
James B. Morales
Agency General Counsel

EXHIBIT A

Property

[ATTACHED]

EXHIBIT B

Form of Agency Note

PROMISSORY NOTE SECURED BY DEED OF TRUST

Date: _____

San Francisco, California

THIS NOTE MAY NOT BE PREPAID

FOR VALUE RECEIVED, the undersigned _____ (“**Debtor**”), promises to pay to the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, of the State of California, (“**Holder**” or “**Agency**”), at 1 South Van Ness Avenue, 5th Floor, San Francisco, California 94103, or any other place designated in writing by Holder to Debtor, the amount calculated under the formula stated in this Promissory Note (this “**Note**”).

Debtor and Holder executed a Declaration of Restrictions and Option to Purchase Agreement for Sale Inclusionary Units dated the same date as this Note (the “**Declaration**”), which, in part, establishes the rights and obligations of the Debtor and Holder in the event Debtor desires to Transfer the real property described in the Declaration (the “**Property**”). “**Transfer**” means any voluntary or involuntary sale, assignment or transfer of any interest in the Property.

Debtor obtained a loan (“**Senior Lien**”) from _____ (“**Senior Lender**”), which loan is secured by a first deed of trust lien on the Property (“**First Deed of Trust**”). The Declaration and this Note are subordinate to the Senior Lien.

This Note is secured by a Second Deed of Trust, dated the same date as this Note, executed by Debtor in favor of Holder, with _____ as Trustee, which secures the payment of the debt evidenced by this Note, and all renewals, extensions and modifications of the Note (“**Agency’s Deed of Trust**”).

Capitalized terms used herein and not defined shall have the meanings set forth in the Declaration or in the Agency’s Deed of Trust, as applicable.

Upon Debtor’s actual, attempted or pending Transfer of the Property other than as permitted under the Declaration, or upon default under the Senior Lien (the “**Trigger Date**”), Debtor shall pay to Holder:

- a. The difference between (1) the Fair Market Value of the Property as of the Trigger Date and (2) the Resale Affordable Price as of the Trigger Date, had such Transfer been executed in accordance with the Declaration. Fair Market Value shall be determined by an appraisal of the Property. The appraiser shall be an independent, MAI-certified appraiser who has experience in residential appraisals in San Francisco, and shall be selected by Holder; plus

- b. Any amounts disbursed by Holder under Section 5 of the Agency's Deed of Trust to protect Holder's rights in the real property described in the Declaration and Agency's Deed of Trust; plus
- c. Commencing from the Trigger Date, interest on the amounts due at an annual rate of ten percent (10%), compounded annually.

With or without the filing of any legal action, proceeding or appeal, or appearance in any bankruptcy proceeding, Debtor agrees to pay on demand, together with interest at the above rate from the date of such demand until paid, all reasonable attorneys' fees, costs of collection, costs, and expenses incurred by Holder in connection with the defense or enforcement of this Note and the Agency's Deed of Trust.

No previous waiver and no failure or forbearance by Holder in acting with respect to the terms of this Note or the Agency's Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Agency's Deed of Trust, or the Declaration. A waiver of any term of this Note, the Agency's Deed of Trust, or the Declaration must be made in writing, signed by both parties, and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the debt evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person as Debtor, the obligations of each such person shall be joint and several, and each shall be primarily and directly liable hereunder. Debtor waives presentment, demand, notice of dishonor, notice of default or delinquency, notice of acceleration, notice of protest and nonpayment, notice of costs, expenses or losses and interest thereon, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interest in or to properties securing payment of this Note.

Time is of the essence with respect to every provision in this Note. This Note shall be construed and enforced in accordance with the substantive and procedural laws of the State of California, except to the extent that Federal laws preempt the laws of the State of California, and all persons and entities in any manner obligated under this Note consent to the jurisdiction of any Federal or State Court within the State of California having proper venue and also consent to service of process by any means authorized by California or Federal law.

This Note shall be cancelled upon Debtor's Transfer of the Property in accordance with the Declaration.

Debtor – [Name]

EXHIBIT C

Form of Deed of Trust

DEED OF TRUST

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

**San Francisco Redevelopment Agency
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Housing Division**

[Site Address/APN]

Recorder's Stamp

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

This SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS (this “**Deed of Trust**”), made on _____, 20____, between _____, (“**TRUSTOR**” or “**OWNER**”), whose address is _____, and _____, a corporation, (“**TRUSTEE**”), and the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, of the State of California, whose address is 1 South Van Ness Avenue, 5th Floor, San Francisco, California 94103 (“**AGENCY**” or “**BENEFICIARY**”),

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in San Francisco County, California, described in Exhibit A attached hereto and made a part hereof,

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

INITIALS _____

To Protect the Security of this Deed of Trust, Trustor Agrees:

By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz:

COUNTY	BOOK	PAGE
San Francisco	A332	905

which provisions, identical in all counties, (printed on the attached unrecorded pages) are hereby adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that Trustor will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(Seal)

DO NOT RECORD

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property on requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof,

and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such, rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand

for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash of lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the proceeding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cast of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and pages where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

REQUEST FOR FULL RECONVEYANCE

TO: _____, TRUSTEE:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated:

By: _____ By:

Please mail Reconveyance to:

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both original documents must be delivered to the Trustee for cancellation before reconveyance will be made.

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(Seal)

EXHIBIT D

Form of Addendum to Deed of Trust

ADDENDUM TO DEED OF TRUST

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

**San Francisco Redevelopment Agency
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Housing Division**

[Site Address/APN]

Recorder's Stamp

ADDENDUM TO DEED OF TRUST

This ADDENDUM TO DEED OF TRUST (this "**Addendum**") is part of the Short Form Deed of Trust and Assignment of Rents dated _____, 20__ ("**Deed of Trust**"), to which it is attached, made on _____, 20__, between _____ ("**Trustor**" or "**Owner**"), whose address is _____, and _____, a corporation ("**Trustee**"), and the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, of the State of California whose address is 1 South Van Ness Avenue, 5th Floor, San Francisco, California 94103 ("**Agency**" or "**Beneficiary**"). The following provisions are made a part of the Deed of Trust:

Owner obtained a loan ("**Senior Lien**") from _____ ("**Senior Lender**"), which Loan is secured by a first deed of trust lien on the Property ("**First Deed of Trust**").

Owner and the Agency executed a Declaration of Restrictions and Option to Purchase Agreement for Sale Inclusionary Units dated the same date as the Deed of Trust (the "**Declaration**"). The Declaration establishes, in part, the rights and obligations of Owner and the Agency in the event of a Transfer of the Property. "**Transfer**" means any voluntary or involuntary sale, assignment or transfer of any interest in the Property.

Owner and the Agency also executed a Promissory Note Secured by Deed of Trust, dated the same date as the Deed of Trust and this Addendum to Deed of Trust, which is secured by the Deed of Trust (the "**Agency Note**").

Capitalized terms used herein and not defined shall have the meanings set forth in the Declaration.

COVENANTS. Owner and the Agency covenant and agree as follows:

1. **Prior Deeds of Trust; Charges; Liens.** Owner shall perform all of Owner's obligations under the First Deed of Trust, including Owner's covenants to make payments when due. Owner shall pay on time and directly to the person owed payment all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust.

Except for the Senior Lien, Owner shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Owner: (a) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which, in the Agency's sole discretion, operate to prevent the enforcement of the lien; or (b) obtains from the holder of the lien an agreement satisfactory to the Agency in its sole discretion subordinating the lien to this Deed of Trust. Except for the Senior Lien, if the Agency determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, the Agency may give Owner a notice identifying the lien. Owner shall satisfy such lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

2. **Obligations Cancelled.** Upon a Transfer of the Property in accordance with the Declaration, Owner's obligations hereunder shall be cancelled, and the lien of this Deed of Trust shall be reconveyed.
3. **Sale of Note.** The Agency Note or a partial interest in the Agency Note (together with this Deed of Trust) may be sold one or more times without prior notice to Owner. If the Agency Note is sold, Owner will be given written notice of the sale in accordance with and containing any other information required by applicable law.

BY SIGNING BELOW, Owner accepts and agrees to the terms and covenants contained in this Deed of Trust.

Owner – [Name]

----- Space Below This Line for Acknowledgment -----

EXHIBIT E

Permitted Exceptions

[To be provided at the close of escrow for each Affordable Unit]

EXHIBIT F

LOAN DISCLOSURE INFORMATION

SAN FRANCISCO REDEVELOPMENT AGENCY

**LIMITED EQUITY
HOMEOWNERSHIP PROGRAM**

Loan Disclosure Information

MARCH 2010

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I M P O R T A N T

NOTE TO THE READER

The purpose of this document is to explain the San Francisco Redevelopment Agency’s Limited Equity Homeownership Program (“Program”). Homes sold through this Program are subject to price controls at resale, as well as other terms and restrictions that affect your rights as a homeowner. Some of the terms and provisions are complex, and require that you thoroughly understand them prior to your purchase of a home. **IF YOU DESIRE TO PARTICIPATE IN THE PROGRAM AND PURCHASE A HOME, YOU MUST ATTEST TO YOUR FULL UNDERSTANDING OF AND AGREEMENT TO ALL THE PROGRAM’S TERMS AND CONDITIONS BY SIGNING BELOW PRIOR TO CLOSING ESCROW.**

I, the undersigned, hereby acknowledge and accept all the terms and conditions contained in the Declaration of Resale Restrictions and Option to Purchase, the Promissory Note Secured by a

Deed of Trust, and the Short Form Deed of Trust and Assignment of Rents (“Agency Documents”), all of which I have agreed to comply with in return for purchasing my home at a below-market-rate price. I acknowledge that a staff member of the Redevelopment Agency of the City and County of San Francisco (“Agency”) explained the terms and provisions of the Agency Documents to me, and that I have had a chance to review this Limited Equity Homeownership Program Loan Disclosure Information document, which further explains the Agency Documents. I have also been provided enough time to seek an independent legal opinion about the Agency Documents and my purchase of the home, if I so chose.

I understand that by my execution of the Agency Documents, I agree that the resale price of my home will be restricted to a price that is affordable to a household of a predetermined size, earning a pre-determined percentage of Area Median Income (“AMI”), based on figures published by the Mayor’s Office of Housing, based on data published by the U.S. Department of Housing and Urban Development (or any government agency subsequently assuming this responsibility). I understand that the Agency will determine the resale affordable price applicable to my home when I notify the Agency of my intent to sell. I understand that fair market value will not determine the resale price of my home.

I further understand that the Agency’s calculation of the resale affordable purchase price for my home will consider, in addition to the current income for a pre-determined AMI level, an interest rate which is the higher of 1) the 10-year rolling average of rates as calculated by the Agency (or its successor) and based on data provided by Fannie Mae, Freddie Mac, or an equivalent, nationally recognized mortgage lending institution, or 2) the current, commercially reasonable rate available through an Agency-approved lender, as well as other current housing costs, such as insurance, HOA dues, and taxes. I know that any proceeds I receive from the sale of my home

will be affected by the value of these factors, since they will be used to calculate the resale affordable purchase price of my home.

I understand that the Agency imposes resale restrictions on homes that it subsidizes so that it can provide homeownership opportunities to many generations of low- and moderate-income families over time and that the equity I will be able to build in my home will be limited so that the Program is available to the next purchaser of my home. I understand that my ability to purchase my home at an affordable price is contingent upon my agreement to comply with the resale controls and Program restrictions.

PROPERTY ADDRESS:

SIGNED: _____ DATE:

PROGRAM SUMMARY

- The purpose of the San Francisco Redevelopment Agency's Limited Equity Homeownership Program ("Program") is to provide homeownership opportunities to low- and moderate-income households ("Eligible Buyers") who otherwise would not be able to purchase a home in San Francisco.
- To make homes affordable to Eligible Buyers, the Agency may sell land to developers at below-market-rate prices and/or provide construction funding. In return for this assistance, developers agree to sell the homes to Eligible Buyers. Eligible Buyers, in turn, purchase their homes at affordable prices and agree to comply with Program requirements.
- The Agency is able to offer the benefits of homeownership to many generations of Eligible Buyers through restrictions on resale prices, which limit the amount of equity that an Eligible Buyer is able to build. By limiting Eligible Buyers' equity, a given home can be resold at affordable prices again and again. Market fluctuations, which often result in prices beyond the affordability of low- and moderate-income households, do not affect limited equity resale affordable prices.

PROGRAM ELEMENTS

#1: Eligibility

To qualify as an Eligible Buyer, households must meet the following criteria:

- Household income (including income imputed from assets) within the AMI “target range” of low- to moderate-income buyers.
- Demonstrated ability to qualify for a mortgage, i.e., good credit, stable employment, and manageable debt.
- Savings available for a 5% down payment (up to 2% may be gift funds).
- First-time homeowner status.
- Commitment to use the property as the principal residence.

The San Francisco Mayor’s Office of Housing publishes AMI levels for San Francisco annually, based on data published by the U.S. Department of Housing and Urban Development. The AMI target ranges that determine a household’s eligibility to purchase will vary from development to development, based on the amount of subsidy provided by the Agency to the developer. The Agency will qualify all first-time homebuyers for both initial sales and for resales.

Documentation of household size and income and assets, such as W-2s, tax returns, bank statements, and deferred income balance statements, is required.

#2: Affordable Purchase Prices

When developers set affordable purchase prices for units they sell, they use very specific information, as described below:

- AMI level: Developers in contract with the Agency are obligated to sell their units at prices affordable to households within a certain AMI “target range.” For example, a developer in 2010 may be obligated to sell his/her units to households making between 75% and 100% of AMI. For a household of 3, this translates to incomes between \$65,325 and \$104,500.
- Household size: For the pricing calculation in Candlestick Point and Hunters Point Shipyard Phase 2, the Agency assumes a household size of one person for a one-bedroom unit in some cases, and, for all other units, one person more than the number of bedrooms. For example, a household of three people is assumed for a two-bedroom unit, four people for a three-bedroom, and so on. (For occupancy, the Agency requires a minimum of one person per bedroom. For example, a single person can apply for a studio or one-bedroom unit only. A two-person household could apply for a studio, one- or two-bedroom unit.)
- 33% “PITI”: Principal, interest, taxes, and homeowners’ insurance – total housing costs – are assumed to be 33% of a household’s gross monthly income.
- First mortgage interest rate: the Agency’s calculation assumes a fixed mortgage interest rate based on the higher of the following: 1) a 10-year rolling average of interest rates as calculated by the Agency, or 2) market conditions at the time the homes are offered for sale. The Agency will not permit a variable rate mortgage or an interest-only mortgage, as such financing instruments are contrary to the objectives of long-term affordability and stability of the first time homebuyer program.

- Owner down payment: The Agency assumes (and requires at a minimum) that the household will make a cash down payment of 5% of the affordable purchase price, 2% of which may be gift funds.

Once a developer knows, for each unit, what the applicable AMI level is, the household size, the cost of taxes and insurance, and the interest rate, s/he can set the affordable purchase price. For example, a two-bedroom unit assumes a household of three. If the developer's obligation calls for pricing at an AMI level of 95% (with income eligibility up to a maximum of 100% of AMI), the three-person household's income would be \$82,745 in 2010. 33% of that income level is \$27,305, or \$2,275 per month. This figure, \$2,275, is the target total monthly payment for housing costs for all households buying at this income level. If the household's HOA dues were \$400 per month, taxes were \$235 per month, and personal property insurance was \$50 per month, the total monthly income available to pay the first mortgage would be \$1,590 per month (i.e., \$2,275 - \$400 - \$235 - \$50 = \$1,590). Using a 7.5% interest rate on a 30-year, fixed-rate first mortgage, the supportable mortgage would be \$228,820. Assuming a 5% down payment (since the first mortgage would cover 95% of the purchase price), the affordable purchase price would be \$240,865.

#3: Resale Affordable Purchase Prices

When a household decides to sell its home, it notifies the Agency, and the Agency calculates the resale affordable purchase price, using the same AMI percentage and household size that were used to calculate the seller's affordable purchase price. To follow the example given above, the family of 3 earning 95% of AMI that bought its home for \$240,865 in 2010 might decide to sell the home five years later. The Agency will determine the resale price by taking the income for a

3-person household at 95% of AMI in 2015 and limiting payments for PITI to 33% of gross monthly income. The calculation will use the higher of the current mortgage interest rate or the then current 10-year rolling average of rates, and current HOA, tax, and insurance costs, and it will assume a 5% down payment by the new Eligible Buyer. So, for example, if the ten-year average interest rate increased .5% between 2010 and 2015, AMI increased 15%, and taxes and insurance increased 5%, the resale affordable purchase price would be \$273,950. After subtracting the cost of necessary repairs (if any) and closing costs, the seller would be entitled to the difference between the old affordable price and the new affordable price. The example is shown numerically below:

95% AMI, 3-person HH income, 2015 (2010 + 15%):	\$95,157
33% of gross income:	\$31,402
Per month:	\$2,617
Monthly HOA dues, taxes & insurance, 2010 (2010 + 5%)	(\$720)
Monthly income available for 1 st mortgage:	\$1,897
Mortgage (assuming 8% interest, 30-yr fixed)	\$260,255
5% Down payment:	\$13,695
Resale Affordable Purchase Price:	\$273,950

Resale Affordable Purchase Price:	\$273,950
Closing costs (6%)	(\$16,437)
Repayment of full 1 st mort + down payment:	(\$240,865)
Owner's new equity:	\$16,648
Plus principal paid on the mortgage:	\$11,595
Plus return of owner's down payment:	\$12,045
NET RETURN TO OWNER:	\$40,288

+ Amortized value of capital improvements, if any, and less any repair costs attributable to the owner.

By transferring this property from one 95% AMI household to another under the Program, the home remains affordable, the benefits of homeownership are passed along, and all owners have a chance to earn limited equity!

#4: Capital Improvements

As shown above, AMI levels and current housing costs such as interest rates and insurance costs determine affordable prices. Affordable purchase prices alone cannot, therefore, reflect improvements and upgrades that an owner has made to his/her unit, such as new floors and

countertops. To avoid discouraging owners from improving their properties, the Agency will allow owners to recover the depreciated value of approved capital improvements.

To qualify, each capital improvement must meet certain criteria:

- It must be a permanent improvement.
- It must have a value greater than 0.5% but less than 10% of the affordable purchase price originally paid by the owner.
- It must have a useful life longer than 5 years after the owner sells the home.
- It must have been installed with all required permits and approvals.

Owners wishing to sell and recover a portion of the cost of capital improvements must give the Agency a list of capital improvements and the date installed or completed, with invoices or other verifying documentation, at least thirty (30) days before the property is sold or transferred. The Agency must approve the capital improvements (i.e., make sure they meet the criteria described above), and will allow owners to recover the approved, depreciated amount at escrow closing. The credit for each capital improvement is depreciated by a factor of 7% per year from the date of the capital improvement's completion.

#5: Minimum Resale Value

As described above, the resale affordable purchase price is subject to variable factors that fluctuate over time, such as mortgage interest rates, taxes, and insurance costs. Because of the variability of these factors, *owners assume some risk when they purchase their homes!* For example, if the interest rate used in the pricing calculation increases from the time of initial

purchase to time of resale, and increases in AMI over that same time do not compensate for the interest rate increase, a resale affordable purchase price could actually be lower than the original price an owner paid. The Agency's use of the 10-year rolling average of interest rates is intended to minimize the interest rate risk at resale, but there is no guarantee that the available interest rates or the 10-year average will not increase over time. To further minimize the risk owners take when they participate in the Program, the Agency will increase the applicable AMI level on a resale, up to 120% of AMI, when the original AMI level applicable to that home does not result in a resale affordable price high enough to pay off the original value of the first mortgage.

If, after making this adjustment to ensure first mortgage payoff, the resultant resale affordable price is still not high enough to return an owner's original down payment funds and to cover standard closing expenses, the Agency will deposit funds into escrow to cover these expenses, as a credit to the owner.

The Agency's goal is to ensure that owners in the Program will recover at least the original purchase price of their home, so that their sale proceeds equal, at a minimum, the value of their down payment and any principal paid down on the first mortgage. The Agency also seeks to prevent closing costs from wiping out this minimum return, and will therefore cover closing costs as necessary.

But owners still assume risk! Owners are solely responsible for:

- Repair costs. When an owner notifies the Agency of its intent to sell, the Agency has the right to inspect the unit, determine if damage exists, and calculate the value of repair. If

the owner does not satisfactorily make the itemized repairs, owners will be held responsible for repair costs at the close of escrow.

- Payments due on junior liens and first mortgage equity refinancing. The Agency will only increase a resale affordable purchase price to the original value of the first mortgage. If the owner has refinanced the home and withdrawn equity, the owner is solely responsible for paying off the incremental value of the refinanced mortgage or new, junior liens.
- If the resale affordable purchase price produced using 120% of AMI is still insufficient to pay off the first mortgage, the owner is solely responsible for his/her mortgage debt beyond that adjusted resale affordable purchase price. Please note that the first mortgage lender will not release its lien unless the mortgage is repaid in full. If the first lender does not release its lien because the owner has not or cannot fully repay it, then the sale will be cancelled or the owner will be in default.

#6: Owner Refinancing

To protect its investment and to preserve the intent of the Program, the Agency must approve all refinancing agreements.

Owners can refinance up to the original value of their first mortgage in order to obtain a lower interest rate or withdraw principal paid down on the mortgage.

Owners may also refinance their homes to withdraw up to 50% of the difference between the resale affordable purchase price and their original affordable purchase price, for the following reasons only:

- To make capital improvements to the home;
- To pay for post-secondary educational expenses of a household member;
- To meet the cost of an owner's or owner's immediate family member's catastrophic illness; or
- To secure funds required to implement a marriage dissolution agreement or domestic partnership dissolution agreement.

The owner must submit documentation to the Agency verifying the use of funds for any of the four refinancing purposes above. Funds will not be released without evidence to the Agency's satisfaction.

#7: Permissible Transfers & Resales

Owners may only transfer their homes to other Eligible Buyers or to the Agency. Though each owner bears sole responsibility for finding an Eligible Buyer if s/he seeks to sell his/her unit, the Agency will attempt to assist owners in locating Eligible Buyers, whether through a mailing to interested persons, accessing a waiting list, or conducting a lottery. Once an owner identifies a potential buyer for his/her unit, only the Agency can certify that the buyer is actually an Eligible Buyer.

If an owner has conducted a good faith effort to sell his/her home and still cannot locate an Eligible Buyer after 150 days from the date s/he listed the property for sale, the Agency will authorize a 50% increase to the AMI level defining "Eligible Buyer" for that particular home. ("Good faith effort" means use of all standard marketing tools, such as a Multiple Listing Service

listing, advertised open houses, and other, additional advertising.) For example, if an owner's good faith effort to find an Eligible Buyer at 80% of AMI failed after 150 days, s/he could renew the search and include as potential buyers households earning up to 120% of AMI. The resale affordable purchase price would remain the same (i.e., based on the 80% AMI income), thus enhancing the home's marketability to the higher-income households.

#8: Agency Purchase Option

While the Agency may purchase the home as an Eligible Buyer (in a standard sale transaction), it retains an option to purchase the home in the event of owner default, under either the Agency Documents or the first mortgage.

#9: Owner Default and Agency Remedies

An owner is in default of the Agency Documents if any of the following occur:

- A transfer of the property in violation of the Declaration of Resale Restrictions and Option to Purchase;
- Use of the property other than as owner's principal residence (owners must certify that they occupy the home at least 10 months out of every 12 annually);
- Failure to pay required housing costs, such as taxes, homeowner dues, assessments, or insurance;
- Placement of any mortgages, liens or encumbrances on the property that the Agency has not approved;

- Any other violation of the Agency Documents; or
- A default on the first mortgage.

If an owner is in default and doesn't or can't cure the default within the times specified in the Agency Documents or first mortgage documents, the Agency can exercise its purchase option, commence an action for specific performance or an injunction to prevent an impermissible sale, foreclose on its deed of trust, and/or exercise any other remedy permitted by law.

#10: Agency Promissory Note and Deed of Trust

To protect its investment, the Agency requires that all owners execute a promissory note and deed of trust when they purchase their homes. Unlike standard promissory notes for conventional mortgages, the Agency promissory note has no face value and cannot be prepaid. Its purpose is to protect the Agency's investment if an owner defaults on the first mortgage or Agency obligations. An owner default "triggers" the promissory note and Agency deed of trust, which secures the promissory note against the property and is recorded to provide public notice of the owner's obligations under the Program. In the case of default, the promissory note states that the owner must pay the Agency the difference between the resale affordable purchase price and fair market value, in addition to any costs incurred by the Agency to enforce its rights and a default interest payment on the sum due. An independent appraiser will determine fair market value.

Financing for the 3-person, 95% AMI household can again illustrate the issue. This household had a resale affordable purchase price of \$273,950. If they defaulted on their loan, and fair

market value was, for example, \$700,000, they would owe the Agency \$426,050 (plus default-related costs) under the Agency's promissory note.

If an owner transfers his/her property according to the Program requirements and complies with all other Agency and first mortgage obligations, the Agency will simply terminate the promissory note and deed of trust at resale.

#11: Transfer by Marriage, Domestic Partnership, and Inheritance

If an owner marries or enters a domestic partnership, the spouse or partner can become a co-owner by executing an addendum to the Agency Documents. The addendum confers the same rights and obligations of the owner upon the spouse or partner.

Upon the death of a property owner or owners, the home can be transferred to an heir, as long as the heir is an Eligible Buyer approved by the Agency. If the heir does not qualify to occupy the home, the home must be sold according to the terms of the Agency Documents, and the owner's proceeds will transfer to the owner's estate.

#12: Term

The term of the Agency Documents – or the period of time that resale restrictions and all other Agency obligations apply – is 45 years. At the end of the term, owners are obligated to pay to the Agency the difference between the resale affordable purchase price and fair market value (both as calculated at the time the term ends). In lieu of this payment, an owner may opt to renew his/her agreements with the Agency for an additional 45-year term.

EXHIBIT G

Form of Notice of Affordability Restrictions

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

**San Francisco Redevelopment Agency
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Housing Division**

[Site Address/APN]

Recorder's Stamp

**NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY
(Owner-Occupied Home)**

NOTICE IS HEREBY GIVEN, that the Redevelopment Agency of the City and County of San Francisco (the "**Agency**") to carry out certain obligations under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*) and the Redevelopment Plan for the [Bayview Hunters Point Redevelopment Project Area] [Hunters Point Shipyard Redevelopment Plan], has required _____, ("Owner") to enter into certain affordability covenants and restrictions entitled, Declaration of Restrictions and Option to Purchase Agreement for Sale Inclusionary Units (the "**Restrictions**"), with reference to certain real property (the "**Property**" or "**Unit**"), located at _____, **Unit #000**, in the City and County of San Francisco, Assessor's Parcel No. _____, **Lot 000**, and further described in Exhibit A, incorporated herein by reference.

The affordability covenants and restrictions contained in the Restrictions include without limitation and as further described in the Restrictions:

1. The affordability restrictions will expire 45 (forty-five) years from the date thereof.
2. _____ **Street, Unit #000, San Francisco, California** .
3. **Assessor's Block _____, Lot 000**. The land referred to is situated in the County of San Francisco, City of San Francisco, State of

California, and further described in Exhibit “A”, incorporated herein by reference.

4. The affordability covenants or restrictions include the following:
 - (a) Affordability of this unit is restricted to 00.00% of Area Median Income;
 - (b) Unit is designated for homeownership only and cannot be rented by Owners;
 - (c) Unit is to remain owner-occupied by the Owners;
 - (d) Restrictions on refinancing include the following:
 - 1) Owners can refinance up to the original value of their first mortgage in order to obtain a lower interest or withdraw principal paid down on their mortgage;
 - 2) Owners may also refinance to withdraw up to 50% of the difference between the resale affordable purchase price and their original affordable purchase price, for the following reasons only:
 - (i) To make capital improvements to the home;
 - (ii) To pay for post-secondary education expenses of a house hold member;
 - (iii) To meet the cost of an owner’s or owner’s immediate family member’s catastrophic illness; or
 - (iv) To secure funds required to implement a marriage dissolution agreement or domestic partnership dissolution agreement.
 - (e) Requirements at Resale: Owners may only transfer their homes to other Eligible Buyers or to the Agency. Though each owner bears sole responsibility for finding an Eligible Buyer if s/he seeks to sell his/her unit, the Agency will attempt to assist owners in locating Eligible buyers, whether through a mailing to interested persons, accessing a

waiting list, or conducting a lottery. Once an owner identifies a potential buyer for his/her unit, only the Agency can certify that the buyer is actually an Eligible Buyer.

(f) Notice is being recorded for notice only, and that the affordability covenants prevail if there is any conflict between the Notice and the recorded covenants.

5. The affordability covenants and Notice are being recorded concurrently.

This Notice of Affordability Restrictions on Transfer of Property (this “**Notice**”) is recorded for the purpose of providing notice only, and it in no way modifies the provisions of the Restrictions. In the event of any conflict between this Notice and the Restrictions, the terms of the Restrictions shall prevail.

The Restrictions have been recorded on _____, 2010, as Document/Instrument No. _____, and shall remain in effect until _____, 2055 [Date of expiration of Restrictions].

This Notice is being recorded and filed by the Agency in compliance with Health and Safety Code Sections 33334.3 and/or Section 33413, as amended effective this date, and shall be indexed against the Agency and Owner.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Notice on or as of the date first written above.

AGENCY:

OWNER:

REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN
FRANCISCO,
A public body, corporate and politic, of the
State of California

By: _____
Name: Amy Lee
Title: Deputy Executive Director
Finance and Administration

EXHIBIT H

Form of Income Certification

[ATTACHED]

**INCLUSIONARY PURCHASER
INCOME CERTIFICATION**

Effective Date: _____
(MM/DD/YYYY)

PART I - DEVELOPMENT

Buyer Name: _____
 Property Name: _____
 Address and Unit Number: _____
 Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Social Security or Alien Reg. No.
1			HEAD		
2					
3					
4					
5					
6					
7					

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above TOTAL INCOME (E): \$ _____

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total		Passbook Rate		
If over \$5000 \$ _____ X		2.00%	= (J) Imputed Income	\$ _____
Enter the greater of the total of column I, or J: imputed income TOTAL INCOME FROM ASSETS (K)				\$ _____

(L) Total Annual Household Income from all Sources [Add (E) + (K)] \$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud.

Signature (Date) Signature (Date)

Signature (Date) Signature (Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME
FROM ALL SOURCES:
From item (L) on page 1

\$

Household Percentage of
Area Median Income: _____

- 80% 90%
 100% 120%
 110% ___%

Current Income Limit per Household Size \$
Applicable to the Unit: _____

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Income Certification is/are eligible under the applicable Declaration of Restrictions and Option to Purchase Agreement For Sale Inclusionary Units.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

INSTRUCTIONS FOR COMPLETING

INCOME CERTIFICATION: *(To be completed by owner or an authorized representative.)*

Part I - Development Data

Effective Date	Enter the effective date of the certification.
Property Name	Enter the name of the development.
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

Part II - Household Composition

List all occupants of the unit. State each household member’s relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth and social security number or alien registration number for each occupant.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

- Column (A) Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
- Column (B) Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
- Column (C) Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
- Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
- Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

- Column (F) List the type of asset (i.e., checking account, savings account, etc.)
- Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of certification).
- Column (H) Enter the cash value of the respective asset.
- Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
- TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

- Row (K) Enter the greater of the total in Column (I) or (J)
- Row (L) Total Annual Household Income From all Sources – Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Income Certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Income Limit for the Household Size.
Household Meets Income Restriction	Check the appropriate box for the income restriction that the household meets according to what is applicable to the Inclusionary Unit.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the buyer(s).