

City of Oakland
Housing and Community Development Department
Affordable Homeownership Development Program
250 Frank H. Ogawa Plaza, Suite 5313
Oakland, CA 94612
(510) 238-6201

Density Bonus Affordable Homeownership Development Program

PROGRAM DISCLOSURE

A. INTRODUCTION

The City of Oakland is offering Qualified Homebuyers the opportunity to purchase an Affordable Housing unit at an Affordable Sales Price under its Density Bonus Affordable Homeownership Development Program. Under the program, deed restrictions regulate the initial sale price of the home, the initial buyer's household size and household income, and the occupancy of the home for the benefit of the Project occupants and the people of the City.

The Program is designed to assist moderate-income homebuyers who could not afford to buy a home without the assistance of the City's subsidy to the home's initial sale price.

This Program Disclosure describes how the Program works and summarizes the homebuyer eligibility and responsibility requirements, when the City Equity Share subsidy payment is due, and how it is calculated. The complete terms are found in the [Declaration of Restrictions and Equity Share Agreement](#), the [Deed of Trust](#), and the [Promissory Note](#).

For more information about the City of Oakland Homeownership Programs, contact the City of Oakland, Department of Housing and Community, Homeownership Programs Coordinator at (510) 238-6201 or visit www.oaklandca.gov/homebuyers.

B. ELIGIBLE HOMEBUYERS

• **Household Size:**

Minimum household size of two persons.

• **Household Income:**

- Maximum annual household income may not exceed 120% of the Area Median Income (AMI) adjusted by household size. The table shows the State Density Bonus Program income effective April 23, 2025. Visit the [City's Income Limits page](#) for current limits.
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120% of the Area Median Income							
Size	2	3	4	5	6	7	8
Income Limit	\$153,400	172,600	191,750	207,100	222,450	237,750	253,100

- Income of all household members 18 years or older must be included, including any non-applicants.
- Documentation of all sources of income must be disclosed to the City of Oakland.
- Applicant households with undocumented income are ineligible.
- Application supporting documentation must be current within 60 days.
- Recertification of eligibility will be required if more than 180 days pass prior to the close of escrow or the terms of the transaction change.
- **Occupancy:**
 - Borrowers must occupy the home as their principal residence for the full term of the loan.
 - Borrowers must occupy the home within 60 days of the close of escrow.
 - Renting the home, including temporary or short-term leases, is not permitted and will trigger immediate repayment of the loan.
- **No First Time Homebuyer Requirement:**
 - The Program does not require that the buyer is a First-Time Homebuyer.
- **No Oakland Resident/Worker/Displacee Requirement:**
 - The Program is not subject to the City's **Preference Policy** for applicants who are an Oakland resident, an Oakland worker, or a displaced Oakland household, as set forth by Ordinance 13379 and defined in the [Municipal Code Chapter 15.63 Article II](#).
- **Has financing meeting Program requirements**
 - The buyer must qualify for an eligible 30 year fixed first mortgage (conventional, FHA, VA)
 - The mortgage payment shall include impounds for parcel taxes and insurance
 - The buyer must contribute a minimum of 3% of the purchase price from their own seasoned funds, not from a loan or gift
 - The purchase financing may not exceed 97% combined loan to value.
 - The monthly housing cost may not exceed a maximum back end ratio of 45%
 - The buyer must apply at least 25% of their gross monthly income to pay the monthly housing cost.
 - The monthly housing cost includes principal and interest on all mortgage loans, parcel taxes, hazard insurance, homeowner's association dues, any mortgage insurance, and a utilities and maintenance factor which is specific to each property. For this project, the utilities and maintenance factor is \$606 (effective April 23, 2025) which shall be added to the mortgage payment to determine the ratios.

C. PROGRAM COSTS

- The City collects a non-refundable application processing fee specified in the current Master Fee Schedule published on the [Finance Department's](#) page. The fee is \$270 effective July 1, 2024 and the Owner-Developer shall provide payment when the buyer's application package is submitted to the City. Packages received July 1, 2025 or later may have a revised fee.
- The City Subsidy, while secured by a promissory note and deed of trust, does not require purchase of a title policy insuring the City. The escrow company may charge the buyer for

providing services related to processing the City legal documents loan, and on request they will provide an estimate of the applicable fees; typically those include the escrow service, notary signing services, loan tie-in or endorsements, closing, document preparation and handling, courier or overnight document delivery costs, and recording service fees.

- The City Affordable Home Development underwriting requires review of a recent Home Inspection Report to ensure construction is complete and that no health and safety deficiencies exist. Typically the buyer pays for the home inspection.
- The City Program requires the Owner-Developer to provide a one-year home warranty policy from a state-licensed Home Protection company. Visit the California Department of Insurance web page [“Home Protection Contacts”](#) for more information. The buyer may opt to renew the policy at their option.
- A minimum of 3% of the purchase price from the buyer’s own funds must be contributed to the down payment.
- The City Program requires the borrower to purchase a homeowner’s hazard (fire) insurance (and flood insurance, if applicable) policy covering the property in an amount at least equal to the replacement value of the improvements, which policy must name the City as an additional loss payee. The first year of the insurance policy (or policies, if applicable) must be paid in advance by borrower at close of escrow. For properties with a Home Owners Association (HOA), the HOA’s insurance policy may be required to name the City as an additional insured party.
- After the purchase closes, the borrower may request loan services such as statement preparation, subordination, refinance, or reconveyance. The City will charge the service fees specified in the current [Master Fee Schedule published by the Finance Department](#).
- During the term of the Declaration of Restrictions and Equity Share Agreement, the City’s Occupancy Certification requests require a response and a nominal out of pocket cost; anticipated to be under \$5.00 for the expense of an envelope, a postage stamp, and 4 copies of documents evidencing your status.

D. EQUITY SHARE TERMS

- The terms of the City Subsidy and Equity Share are described in the Declaration of Restrictions and [Equity Share Agreement](#). The City Subsidy is the mechanism that provides the affordable sale price at purchase. Within the 30 year term, the Owner must observe the Agreement’s payment requirements. After the term ends, the requirements end.
- The term of the Equity Share Agreement is 30 years
- No monthly payments are required and none shall be accepted
- Repayment Triggers. During the Equity Share Agreement’s term, repayment is triggered when the borrower sells, transfers, converts the home to a rental property, stops living in the home as the borrower’s principal residence, or refinances the first mortgage loan (without the City’s approval) or obtains any new mortgage loans without the City’s consent. Refer to the Declaration and contact the [City’s Loan Servicing unit](#) to prepare for home sales or changes to title, or to arrange repayments, payoffs, account statements, to explore refinancing options, or for written approval of your proposed refinancing plans.
- Transfer exceptions. The Program allows limited transfers without triggering repayment, such as to your spouse, your children, to a new co-owner, or to your living trust.
- Refinancing the first mortgage to a lower rate or payment is permitted under specific conditions described in the Refinance Policy & Procedure Agreement.

- Contact City of Oakland Loan Servicing unit at loanservicing@oaklandca.gov or call 510-238-7921 or visit <https://www.oaklandca.gov/topics/loan-servicing> to make arrangements for a proposed sale, title change or transfer, or refinance.
- Repayment Amount Due. During the Agreement's term, the City will calculate the City Equity Share repayment due at sale or transfer based on the formula specified in the Declaration. Refer to the City Equity Share repayment examples provided at the back of this document.
- As of the date of this Disclosure and the prospective purchase of the Property by Owner, the fair market value of the Property is \$_____, the Sales Price is \$_____, and the City-issued down payment assistance is \$_____0_____. The initial City Subsidy of \$_____ is the fair market value less the Sales Price. When the Equity Share payment is triggered, it may include both City Subsidy, and also a proportionate share of appreciation. Please see Section 5 of the Declaration. Examples are provided at the back of this document.
- After the end of the 30 year term, the City Equity Share requirements end and no repayments are due. The owner may contact the City to request removal of the Declaration and the Deed of Trust liens from the title record.
- Events of Default which are detailed in the Declaration, Promissory Note and Deed of Trust allow the lender to call the City Subsidy immediately due and to exercise other remedies if the borrower fails to abide by the Program's terms. Events of Default include Borrower failure to comply with the agreements and covenants, Borrower failure to occupy the home as their primary residence, and Borrower permitting any sale, transfer, lease, or encumbrance (including placing unapproved financing) of the Property without Lender's prior written consent.

E. PROPERTY REQUIREMENTS

- Each program property has the program deed restrictions recorded to the title record.
- Property construction must be complete prior to purchase.
- The property must have a satisfactory general home inspection. Utilities must be on at the time of inspection.
- Property must be available for an appraisal inspection to validate market value.
- Properties constructed under Oakland's Density Bonus Affordable Homeownership Development Program are not excluded from receiving assistance from a City of Oakland Homebuyer Loan Program.

F. CONTACT INFORMATION

For more information regarding the program requirements, contact:

Pre-purchase contact

Homeownership Programs
 City of Oakland
 Housing and Community Development Department
 250 Frank H. Ogawa Plaza, Suite 5313
 Oakland, CA 94612
 (510) 238-6201
 Email homebuyers@oaklandca.gov
www.oaklandca.gov/homebuyers

Post-purchase contact

Loan Servicing
City of Oakland
Housing and Community Development Department
First-Time Homebuyers Program Coordinator
250 Frank H. Ogawa Plaza, Suite 5313
Oakland, CA 94612
(510) 238-7921
Email LoanServicing@oaklandca.gov
<https://www.oaklandca.gov/topics/loan-servicing>

Signature of Applicant(s)

I have read this Program Disclosure with the assistance of the participating lender or marketing rep, and have received a copy. My signature below indicates that I understand the provisions of the program as outlined in this Program Disclosure, and that this page will be submitted as part of my application to participate in the City of Oakland **Density Bonus Affordable Homeownership Development Program**.

SIGNATURE(S) OF APPLICANT(S)

Applicant 1 Signature Date

Applicant 2 Signature Date

Applicant 1 Name (Printed)

Applicant 2 Name (Printed)

Applicant 3 Signature Date

Applicant 4 Signature Date

Applicant 3 Name (Printed)

Applicant 4 Name (Printed)

Participating Lender Representative Certification

I understand that it is my responsibility to provide information on the Program parameters and City Subsidy terms to the applicant(s) as described in this Program Disclosure. I have described the City of Oakland **Density Bonus Affordable Homeownership Development Program** to the best of my ability, and have answered any and all questions of the applicant(s).

SIGNATURE OF MARKETING REP OR LENDER

Lender or Marketing Representative

Date

CITY OF OAKLAND

Density Bonus Affordable Homeownership Development Program

Equity Share Payment Examples

The term of the Declaration of Restrictions and Equity Share Agreement runs for 30 years from date of initial purchase. During this term, payment of the City's Equity Share is triggered by selling the home and other events. The homeowner may sell before, or after, the end of the 30 year term. The home may be sold at an unrestricted market price, at any time, to a buyer of any income.

Consult the Declaration for procedures for special sales scenarios such as a non arm's length sale.

The five examples below illustrate the payments due under five common scenarios and are based on the calculations in the Declaration's **Section. 5 City Equity Share**.

Example 1. Selling after the term ends. Buyer purchases the home, complies with all terms, and 30 years later sells the home. After the 30 year term of the Equity Share agreement ends, its restrictions no longer apply, **no Equity Share payment is due.**

Continued on next page.

Example 2. Selling during the term with market appreciation. Buyer purchases the home at the Affordable Sale Price of \$600,000. An appraisal shows the fair market value at initial purchase is \$1,100,000, so the \$500,000 difference is the “City Subsidy” that made the home price affordable. If the home’s fair market value appreciates \$100,000 and it resells for \$1,200,000, the owner pays **(a) back the \$500,000 City Subsidy** from the proceeds of the sale, plus **(b) a share of the appreciation proportionate to the initial City Subsidy**, in this case: $\$500,000/\$1,100,000 = a\ 45.45\%$ share. Applied to the \$100,000 appreciation, the proportionate share is \$45,455. The total **(c) Equity Share** payment is $\$500,000 + \$45,455 = \$545,455$.

Step 1	Identify the key figures	
	\$ 600,000	City Subsidized Price at Purchase "Affordable Sale Price"
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 1,200,000	Fair Market Value at Sale
Step 2	Calculate the Initial City Subsidy Scheduled for Recapture (Repayment)	
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 600,000	ASP Price at Purchase
	\$ 500,000	City Subsidy
Step 3	Calculate the Proportion of City Subsidy to Fair Market Value (Appreciation Share Proportion)	
	\$ 500,000	City Subsidy
	\$ 1,100,000	Fair Market Value at Purchase
	45.45%	Appreciation Share Proportion City
Step 4	Calculate the Appreciation amount	
	\$ 1,200,000	Fair Market Value at Sale
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 100,000	Appreciation (or Depreciation).
Step 5	Apply the Proportionate Share to the Appreciation	
	45.45%	Appreciation Share Proportion City
	\$ 100,000	Appreciation
	\$ 45,455	Appreciation Share City
Step 6	Calculate City Equity Share to be recaptured	
	\$ 500,000	City Subsidy
	\$ 45,455	Appreciation Share City
	\$ 545,455	City Equity Share

Example 3. Selling during the term with market appreciation and capital improvements. Buyer purchases the home at the Affordable Sale Price of \$600,000. An appraisal shows the fair market value at initial purchase is \$1,100,000, so the \$500,000 difference is the “City Subsidy” that made the home price affordable. If the owner made improvements valued at \$30,000 at the time of sale, the appreciation amount is adjusted to reflect this. The home’s fair market value appreciates \$100,000 and it resells for \$1,200,000, the owner pays **(a) back the \$500,000 City Subsidy** from the proceeds of the sale, plus **(b) a share of the appreciation proportionate to the initial City Subsidy**, in this case: $\$500,000/\$1,100,000 = \text{a } 45.45\% \text{ share}$. Applied to the adjusted \$70,000 appreciation ($45.45\% \times \$70,000$), the proportionate share is \$31,818. The total **(c) Equity Share** payment is $\$500,000 + \$31,818 = \$531,818$.

Step 1	Identify the key figures	
	\$ 600,000	City Subsidized Price at Purchase "Affordable Sale Price"
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 1,200,000	Fair Market Value at Sale
	\$ 30,000	Fair Market Value at Sale of any Owner Improvements (Use IRS depreciation tables)
Step 2	Calculate the Initial City Subsidy Scheduled for Recapture (Repayment)	
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 600,000	ASP Price at Purchase
	\$ 500,000	City Subsidy (a) in Affordable Sale Price at Purchase
	\$ 500,000	City Subsidy
Step 3	Calculate the Proportion of City Subsidy to Fair Market Value (Appreciation Share Proportion)	
	\$ 500,000	City Subsidy
	\$ 1,100,000	Fair Market Value at Purchase
	45.45%	Appreciation Share Proportion City
Step 4	Calculate the Appreciation amount	
	\$ 1,200,000	Fair Market Value at Sale
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 30,000	Fair Market Value at Sale of any Owner Improvements
	\$ 1,170,000	Fair Market Value at Sale (Adjusted for Improvement Value)
	\$ 70,000	Appreciation (or Depreciation).
Step 5	Apply the Proportionate Share to the Appreciation	
	45.45%	Appreciation Share Proportion City
	\$ 70,000	Appreciation
	\$ 31,818	Appreciation Share City
Step 6	Calculate City Equity Share to be recaptured	
	\$ 500,000	City Subsidy
	\$ 31,818	Appreciation Share City
	\$ 531,818	City Equity Share

Example 4. Selling during the term with no market appreciation. Buyer purchases the home at the Affordable Sale Price of \$600,000. An appraisal shows the fair market value at initial purchase is \$1,100,000, so the \$500,000 difference is the “City Subsidy” that made the home price affordable. If the home’s fair market value holds steady and it resells for at \$1,100,000, the owner pays **(a) back the \$500,000 City Subsidy** from the proceeds of the sale, plus **(b) a proportionate share of the appreciation**, in this case: there is \$0 amount of appreciation, so the share is \$0. The total **(c) Equity Share** payment is \$500,000 + \$0 = \$500,000.

Step 1	Identify the key figures	
	\$ 600,000	City Subsidized Price at Purchase "Affordable Sale Price"
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 1,100,000	Fair Market Value at Sale
Step 2	Calculate the Initial City Subsidy Scheduled for Recapture (Repayment)	
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 600,000	ASP Price at Purchase
	\$ 500,000	City Subsidy
Step 3	Calculate the Proportion of City Subsidy to Fair Market Value (Appreciation Share Proportion)	
	\$ 500,000	City Subsidy
	\$ 1,100,000	Fair Market Value at Purchase
	45.45%	Appreciation Share Proportion City
Step 4	Calculate the Appreciation amount	
	\$ 1,100,000	Fair Market Value at Sale
	\$ 1,100,000	Fair Market Value at Purchase
	\$ -	Appreciation (or Depreciation).
Step 5	Apply the Proportionate Share to the Appreciation	
	45.45%	Appreciation Share Proportion City
	\$ -	Appreciation
	\$ -	Appreciation Share City
Step 6	Calculate City Equity Share to be recaptured	
	\$ 500,000	City Subsidy
	\$ -	Appreciation Share City
	\$ 500,000	City Equity Share

Example 5. Selling during the term with depreciation. Buyer purchases the home at the Affordable Sale Price of \$600,000. An appraisal shows the fair market value at initial purchase is \$1,100,000, so the \$500,000 difference is the “City Subsidy” that made the home price affordable. If the home’s fair market value depreciates \$100,000 and it resells for \$1,000,000, the “City Subsidy” amount is reset to the lower resale price in the Equity Share calculation. In this scenario, the owner pays **(a) back the “reset” City Subsidy** of (\$1,000,000-\$600,000=) **\$400,000** to the City from the proceeds of the sale, plus **(b) a proportionate share of the appreciation**, in this case: there is zero appreciation, so the share is \$0. The total **(c) Equity Share** payment is \$400,000 + \$0 = \$400,000.

Step 1	Identify the key figures	
	\$ 600,000	City Subsidized Price at Purchase "Affordable Sale Price"
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 1,000,000	Fair Market Value at Sale
Step 2	Calculate the Initial City Subsidy Scheduled for Recapture (Repayment)	
	\$ 1,100,000	Fair Market Value at Purchase
	\$ 600,000	ASP Price at Purchase
	\$ 500,000	City Subsidy
Step 3	Calculate the Proportion of City Subsidy to Fair Market Value (Appreciation Share Proportion)	
	\$ 500,000	City Subsidy
	\$ 1,100,000	Fair Market Value at Purchase
	45.45%	Appreciation Share Proportion City
Step 4	Calculate the Appreciation amount	
	\$ 1,000,000	Fair Market Value at Sale
	\$ 1,100,000	Fair Market Value at Purchase
	\$ (100,000)	Appreciation (or Depreciation).
	NO	Is the Appreciation \$0 or greater? If YES, continue to next step. If NO, skip to Step #7.
Step 7	Market Decline Calculation: Reset the "Initial" City Subsidy Scheduled for Recapture	
	\$ 1,000,000	Reduced "Reset" Fair Market Value at Purchase (Reset to Fair Market Value at Sale)
	\$ 600,000	Affordable Sale Price at Purchase
	\$ 400,000	City Subsidy (this reflects the total City Equity Share since there is no Appreciation Share component)

NO FEE DOCUMENT
(Government Code Section 27383)

Recording requested by:
City of Oakland

When recorded mail to:
City of Oakland,
Housing and Community
Development Division
250 Frank Ogawa Plaza, 5th Floor
Oakland, CA 94612
Attn: Director, Housing and
Community Development

(Space above for recorder's use)

REGULATORY AGREEMENT

4035 PARK BLVD

DENSITY BONUS UNITS

THE CITY OF OAKLAND

AND

4035 PARK BOULEVARD LLC

REGULATORY AGREEMENT

This Regulatory Agreement (this “**Agreement**” or “**Regulatory Agreement**”) is made and entered into as of this ___ day of _____, 2024, by and between the City of Oakland, a municipal corporation, and its assigns, transferees, or successors-in-interest (the “**City**”), and 4035 Park Boulevard LLC, a California limited liability company (the “**Owner**”), pursuant to the conditions of approval for Oakland Planning and Building Department, Bureau of Planning case file number PLN23019, approved on March 18, 2024 (the “**Conditions of Approval**”), and with reference to the following facts:

RECITALS

A. Owner owns that certain real property located at 4035 Park Blvd in Oakland, California (the “**Property**”) as more particularly described in the legal description attached hereto as Exhibit A and intends to develop an eight (8)-unit for-sale housing project thereon to be commonly known as 4035 PARK BLVD (the “**Project**”). In accordance with the state density bonus law (California Government Code Section 65915, et seq.) (the “**Density Bonus Law**”), as implemented by the City of Oakland Density Bonus and Incentive Procedure and Regulations codified in the Oakland Municipal Code Chapter 17.107, et seq., the City has imposed Conditions of Approval that provide Owner with a density bonus to support development of the Project in exchange for Owner’s agreement to sell no fewer than one (1) housing unit in the Project at a sale price affordable to moderate income households.

B. In compliance with the Conditions of Approval and the Density Bonus Law, Owner has agreed to enter into and record this Agreement as an encumbrance against the Property. The purpose of this Agreement is to regulate and restrict the occupancy, rents, operation, ownership, and management of the units restricted to affordable housing for the benefit of Project occupants and the people of the City. The covenants in this Agreement are intended to run with the land and be binding on Owner and Owner’s successors to the land for the full Term of this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing recitals, which are hereby incorporated into this Agreement by this reference, and the mutual covenants and obligations contained herein, and in reliance on the representations and warranties set forth herein, Owner and the City hereby agree as follows:

DEFINITIONS

1. **DEFINED TERMS.** The following terms and their derivatives have the meanings set forth in this section wherever used in this Agreement or attached exhibits.

“**Affordable Sales Price**” is defined in Exhibit B attached to this agreement and incorporated herein by reference.

“**City**” has the meaning set forth in the preamble of this Agreement.

“Declaration” means the Declaration of Restrictions and Equity Share Agreement a form of which is attached hereto as Exhibit C, to be executed by a Qualified Homebuyer and recorded in the Official Records at the time of the Qualified Homebuyer’s purchase of the Restricted Unit.

“Moderate-Income” shall have the meaning set forth in California Health and Safety Code Section 50093 and its implementing regulations.

“Non-Restricted Unit” means a Project Unit that is not a Restricted Unit.

“Note” means the Promissory Note Secured by Deed of Trust (City Equity Share), a form of which is attached hereto as Exhibit D, to be executed by the Qualified Homebuyer at the time of the Qualified Homebuyer’s purchase of the Restricted Unit.

“Official Records” means the official records of Alameda County, California.

“Owner” has the meaning set forth in the preamble of this Agreement.

“Deed of Trust” means the Deed of Trust, a form of which is attached hereto as Exhibit E, to be executed by the Qualified Homebuyer and recorded in the Official Records at the time of the Qualified Homebuyer’s purchase of the Restricted Unit.

“Project” has the meaning set forth in Recital A.

“Project Unit” means any housing unit developed on the Property as part of the Project.

“Property” has the meaning set forth in Recital A and includes any buildings or improvements now or hereafter situated on the real property, including, without limitation, the Project.

“Qualified Homebuyer” means a person or family of Moderate-Income who is eligible to purchase a Restricted Unit. In the case of a three-bedroom or larger Restricted Unit, “Qualified Homebuyer” means a household consisting of two or more persons who otherwise is eligible to purchase the Restricted Unit.

“Restricted Unit” means a Project Unit which is (a) reserved for sale to a Moderate-Income household, and (b) restricted to be sold at an Affordable Sales Price.

CONSTRUCTION OF RESTRICTED UNITS AND TERM

2. CONSTRUCTION OF RESTRICTED UNITS. Owner shall construct the Restricted Units prior to or concurrent with the construction of the Non-Restricted Units in each phase of the Project. Owner hereby acknowledges that the City will not issue final certificates of occupancy for more than fifty percent (50%) of the Non-Restricted Units in any phase of development until final certificates of occupancy are issued for all of the Restricted Units in that phase. Further, Owner hereby acknowledges that the City will not release more than fifty (50%) of the Non-Restricted Units in any phase of development from this Regulatory Agreement until all of the Restricted Units in that phase have been sold to Qualified Homebuyers.

3. TERM OF AGREEMENT. This Agreement shall commence upon execution and shall remain in full force and effect for fifty-five (55) years after the date of this Agreement (the “*Term*”). The obligations in this Agreement shall remain effective and fully binding on Owner for this full Term regardless of any sale, assignment, transfer, or conveyance of the Property, unless terminated earlier by the City in a recorded writing or extended by the mutual consent of the parties.

RESTRICTED UNIT SALES RESTRICTIONS

4. SALE OF RESTRICTED UNITS. Owner by and for itself and any successors-in-interest to and transferee of the Property, hereby declares and covenants that each Restricted Unit may only be sold to a Qualified Homebuyer at an Affordable Sales Price. Concurrently with the sale of a Restricted Unit, the Qualified Homebuyer must execute the Declaration, the Note, and the Deed of Trust and record the Declaration and the Deed of Trust, which will secure the Qualified Homebuyer’s obligations under the Declaration and the Note. At the time of the sale of a Restricted Unit, the City will execute and record a Partial Release and Termination of Regulatory Agreement removing the Regulatory Agreement as an encumbrance against the Restricted Unit. At the sale of the last Restricted Unit, the City will execute and record a Full Release and Termination of Regulatory Agreement removing the Regulatory Agreement as an encumbrance against the Property.

5. AFFORDABLE SALES PRICES. Owner must sell the Restricted Units to Qualified Homebuyers at Affordable Sales Prices in conformance with the requirements on Exhibit B for the full Term of this Agreement.

6. OAKLAND APPROVAL OF SALE. Prior to any proposed sale of a Restricted Unit to a Qualified Homebuyer, Owner must submit to the City, or cause the prospective purchaser to submit, all of the following:

- A. All documents verifying the prospective purchaser’s income, assets, and household composition, as set forth in the Documentation Procedures and Requirements, attached hereto as Exhibit F, as well as other financial information in a form approved by Oakland.
- B. A copy of the purchase and sale agreement, or other agreement that governs the sale and sets the purchase price of the Restricted Unit, and a form of grant deed that will be used for the sale. The Grant deed must include a reference that the conveyance is subject to the Declaration.
- C. A copy of the underwriting analysis provided by any lender making a loan to the prospective homebuyer to purchase the Restricted Unit.
- D. A copy of the proposed mortgage loan documents financing the purchase from an eligible lender. In general, the loan should be a fixed rate, fully amortizing thirty-(30-) year loan from an institutional lender at a market rate of interest.

- E. A copy of the one-year home warranty Owner is offering to the Qualified Homebuyer in accordance with the Home Warranty Requirements set for in Exhibit G.
- F. Evidence satisfactory to the City of Owner's initial homebuyer education to apprise the Qualified Homebuyer of the long-term affordability restrictions applicable to the Restricted Units.
- G. A copy of the escrow instructions for the sale. The escrow instructions must reference the Declaration, the Note, and the Deed of Trust to be executed and recorded as a condition of the sale.
- H. The fair market value of the Restricted Unit, as determined by an independent real estate appraisal, with an appraisal date no longer than ninety (90) days before the proposed sale to the Qualified Homebuyer.
- I. The Owner-Developer's payment for the application processing fee per the City's Master Fee Schedule in effect.

Within fifteen (15) business days from receipt of all required information and documents, the City shall render a decision of approval or disapproval of the proposed purchaser. If the proposed purchaser does not qualify as a Qualified Homebuyer, the City shall notify Owner, and Owner must identify another purchase who qualifies as a Qualified Homebuyer prior to the City's approval of the sale. If the City does not respond with its approval, disapproval, or request for additional information or clarification within fifteen (15) business days of submission of all required documentation, the proposed purchaser shall be deemed approved as a Qualified Homebuyer. As part of its review, the City will determine the Affordable Sales Price for the Restricted Unit.

7. DECLARATION, NOTE, AND DEED OF TRUST. As a condition of sale of a Restricted Unit, Owner must ensure that the Declaration, the Note, and the Deed of Trust are executed by the Qualified Homebuyer, and that the Declaration and the Deed of Trust are recorded as encumbrances or liens against the Restricted Unit. The Declaration must be senior in priority to any other liens, encumbrances, mortgages, and deeds of trust on the Restricted Unit. The Deed of Trust must be senior in priority to any other liens, encumbrances, mortgages and deeds of trust on the Restricted Unit other than the Qualified Homebuyer's first mortgage. Upon close of escrow in accordance with this Agreement, the City shall cause this Regulatory Agreement to be released from the Restricted Unit.

8. OCCUPANCY AS PRINCIPAL RESIDENCE. The Qualified Homebuyer must occupy the Restricted Unit as his or her principal place of residence for the duration of its ownership or thirty (30) years from the recordation of the Declaration, whichever occurs first. NO RENTING IS PERMITTED.

9. QUALITY AND LOCATION OF RESTRICTED UNITS. Restricted Units must be of equal quality to the Non-Restricted Units, having the equivalent floor area, number of bedrooms and amenities (including materials, finishes, fixtures, and appliances of equal quality and grade), as provided in other Non-Restricted Units, and the proportion of unit types (e.g., 1

bedroom, 2-bedrooms, 3-bedrooms etc.) of the Restricted Units shall be comparable to the Non-Restricted Units. Households in Restricted Units must have equal access to services and facilities as households in all Non-Restricted Units. Restricted Units shall be equally distributed throughout the Project.

10. CONDOMINIUM CONVERSION. Owner may not convert Restricted Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Restricted Units during the Term of this Agreement.

11. NONDISCRIMINATION. Owner may not discriminate or segregate in the use, enjoyment, occupancy, sale, conveyance, or transfer of Project Units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis. Subject to certain exceptions contained in the Ronald V. Dellums and Simbarashe Sherry Fair Chance Access to Housing Ordinance set forth in City of Oakland Ordinance No. 13581, adopted by the Oakland City Council on February 4, 2020, and codified at Chapter 8.25 of the Oakland Municipal Code, as may be amended from time to time (the “*Fair Chance Ordinance*”), Owner shall not, at any time or by any means, whether direct or indirect, inquire about an applicant’s criminal history, require an applicant to disclose criminal history, require an applicant to authorize the release of criminal history or, if such information is received, base an adverse action in whole or in part on an applicant’s criminal history. Owner is prohibited from retaliating against, threatening, or harassing employees or prospective purchasers based on immigration status. Owner shall include a statement in all advertisements, notices and signs for the availability of Project Units for rent to the effect that Owner is an Equal Housing Opportunity Provider.

12. MARKETING PLAN. At least one hundred eighty (180) calendar days prior to completion of construction of the Project, Owner must submit to the City for review and approval a plan for marketing the Restricted Units on the Property (the “*Plan*”). The Plan must include, without limitation, all of the following:

- A. A detailed description of how Owner plans to market the availability of Restricted Units to prospective homebuyers in accordance with the Affirmative Fair Marketing Procedures on file with the City of Oakland Department of Housing and Community Development.
- B. A detailed description of how Owner plans to certify the eligibility of Qualified Homebuyers, which shall be in conformance with those Documentation Procedures and Requirements, attached hereto as Exhibit F.
- C. A detailed description of Owner’s initial homebuyer education curriculum to apprise the Qualified Homebuyer of the long-term affordability restrictions applicable to the Restricted Units.
- D. A schedule of proposed sales prices for all Project Units, and a detailed description of how Owner will meet the requirement that Restricted Units be sold at an Affordable Sales Price.

Owner must abide by the terms of this Plan in marketing the Restricted Units. The Plan may be amended from time to time upon the prior written consent of the City which shall not be unreasonably withheld, conditioned, or delayed.

If the City has not responded to any submission of the Plan, or any amendment to the Plan, by Owner within fifteen (15) business days of receipt of such Plan by the City, the Plan or amendment, as applicable, shall be deemed approved by the City.

13. MARKETING AND SELECTION. Owner shall market Restricted Units in accordance with the City's Affirmative Fair Marketing Procedures. Owner shall notify the City at least thirty (30) days prior to the commencement of the initial marketing period for Restricted Units. Owner shall supply copies of prospective purchaser application materials to the City for distribution to potential applicants during the marketing period. Owner shall notify the City at least fifteen (15) days prior to the selection lottery, unless the City has approved an alternative selection process, in the City's reasonable discretion. If a lottery is held, the City reserves the right to send representatives to attend lottery proceedings.

14. OTHER SALES OR TRANSFERS. ALL SALES OF A RESTRICTED UNIT SHALL BE SUBJECT TO THE COVENANTS AND RESTRICTIONS OF THIS AGREEMENT. THERE SHALL BE NO SALE, RESALE, OR OTHER TRANSFER OF A RESTRICTED UNIT OF THE PROPERTY WITHOUT THE WRITTEN CERTIFICATION BY THE CITY THAT THE PURCHASER/TRANSFeree IS A QUALIFIED HOMEBUYER, AND THAT THE RESTRICTED UNIT IS BEING TRANSFERRED AT AN AFFORDABLE SALES PRICE. ANY SALE, RESALE, OR OTHER TRANSFER OF THE PROPERTY OR THE RESTRICTED UNIT IN VIOLATION OF THIS COVENANT SHALL BE VOID.

MONITORING

15. DOCUMENTS TO BE MAINTAINED ON SITE. Owner shall at all times maintain in its principal office, copies of the current Plan and Affirmative Fair Housing Marketing Procedures, and copies of all regulatory agreements and other documents imposing limitations on sale or occupancy of any Restricted Units.

16. INSPECTION AND RECORDS. Owner must maintain records which clearly document Owner's performance of its obligations under the terms of this Agreement. Owner must submit any records to the City within fifteen (15) business days of the City's request. Owner shall permit representatives of the City to enter and inspect the Property for compliance with obligations under this Agreement upon twenty-four (24) hours' advance notice of such visit to Owner or Owner's management agent, as permitted under applicable law.

17. ANNUAL REPORTS. Owner must submit an annual report to the City, on a form provided by the City, which, at a minimum, shall state for each Restricted Unit the Affordable Sales Price and the income, household size, race and ethnicity of any Restricted Units in the previous fiscal year.

18. MONITORING. The City shall have the right to monitor compliance with this Agreement as it deems reasonably necessary.

19. INSURANCE COVERAGE. Owner is required to have or cause to have in full force and effect insurance meeting the requirements attached hereto as Exhibit H and incorporated herein by reference.

20. PROPERTY DAMAGE OR DESTRUCTION. If, prior to sale to a Qualified Homebuyer, the Restricted Units or access thereto shall be partially or totally destroyed or rendered wholly or partially uninhabitable by fire or other casualty, Owner shall, at its own cost and expense, or with insurance proceeds, take all steps necessary to begin reconstruction and promptly (within no more than one hundred eighty (180) days) and diligently commence repair or replacement of the Restricted Units to the same condition as the Restricted Units prior to such destruction or casualty; provided, however, that Owner shall not be required to repair, replace, or restore damaged Restricted Units if the City determines in its reasonable discretion that Owner has (a) maintained adequate insurance on the Property to cover such repair, replacement, or restoration throughout the Term and (b) has made best efforts to obtain insurance proceeds, but such insurance proceeds are not sufficient to substantially cover such repair, replacement, or restoration. If Owner is required to repair, replace or restore damaged Restricted Units, Owner shall complete the same as soon as possible thereafter to ensure that the Project continues to be occupied in accordance with this Agreement. In no event shall the repair, replacement or restoration of the Restricted Unit or access thereto exceed one (1) year from the date of destruction unless the City, in its sole and absolute discretion, approves a longer period of time.

GENERAL PROVISIONS

21. SUBORDINATION. This Agreement must be, and shall remain at all times, senior in priority to any other private liens or encumbrances on the Property. The City may require as a precondition to entering into this Agreement that all pre-existing lienholders enter into a subordination agreement, in a form reasonably acceptable to the City, that subordinates the private liens or encumbrances to this Agreement.

22. TRANSFER OF RESTRICTED UNITS. During the Term of this Agreement, Owner shall give the City no fewer than sixty (60) days' advance notice ("**Transfer Notice**") prior to entering into any sale, agreement to sale, assignment, conveyance, lease (other than the sale of the Project Units) of this Agreement or of the Property or the Project, as the case may be, including any Significant Change in Owner or change in control, operation or management of the Restricted Units. The transferee in any such transaction shall agree to assume all obligations of Owner imposed under this Agreement pursuant to an assignment agreement in recordable form, which shall be submitted to the City for its review and approval concurrent with the Transfer Notice.

The term "**Significant Change**", as used in this Section, means any dissolution, merger, consolidation or other reorganization of Owner, or issuance, sale, assignment, hypothecation or other transfer of legal or beneficial interest in Owner, directly or indirectly, in one or more transactions, by operation of law or otherwise, that results in any of the following: (a) a change in the identity of persons controlling Owner; (b) the admission of any new member, partner, shareholder or other equity investor that has a right to exercise control over Owner; or (c) the sale of fifty percent (50%) or more of Owner's assets, outstanding equity interests, capital or profits or of the assets, outstanding equity interest, capital or profits of any person controlling Owner.

23. DEFAULT AND REMEDIES. A breach of any agreement, obligation, or warranty under this Agreement shall be an Owner default. The City shall give written notice to Owner of any such default. Said notice shall specify the nature of the act, omission, or deficiency giving rise to the default. In addition, if the default is curable and does not give rise to an imminent danger to health or safety, the notice shall also specify the action required to cure the default and the date that is thirty (30) calendar days from the mailing of the notice by which Owner must take or commence such action to cure such default; provided, however, that if the nature of Owner's noncompliance or failure to perform is of the type that would require more than thirty (30) days, then Owner shall have such reasonable time as may be necessary (not to exceed ninety (90) days) to comply or perform such obligation, so long as Owner has commenced such cure within the initial 30-day period and continues in good faith to prosecute the same to completion.

If Owner fails to cure or commence to cure the breach within the time period noted above, or if a cure is not possible, the City may proceed with any of the following remedies:

- A. Bring an action for equitable relief seeking the specific performance by Owner of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;
- B. Prosecute an action for damages;
- C. Pursue actions outlined in the Conditions of Approval; or
- D. Pursue any other remedy allowed at law or in equity.

24. NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS. No councilmember, commissioner, official, officer, director, employee, agent or volunteer of the City shall be personally liable to Owner for any obligation created under the terms of this Agreement, except in the case of actual fraud or willful misconduct by such person.

25. INDEMNITY. Notwithstanding the insurance coverage required herein, Owner hereby indemnifies and holds the City, its Councilmembers, commissioners, officials, officers, directors, employees, agents and volunteers (collectively, the "***Indemnified Parties***"), harmless from and against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including reasonable attorneys' fees) which an Indemnified Party may incur as a result of (1) Owner's failure to perform any obligations as and when required by this Agreement; (2) Owner's rental or operation of a Restricted Unit in violation of the maximum income and rent restrictions required under the applicable provisions of the Density Bonus Law and this Agreement; (3) Owner's failure to maintain the Restricted Units as required under this Agreement; (4) any failure of Owner's representations or warranties to be true and complete; or (5) any act or omission by Owner or any contractor, subcontractor, management agent, or supplier with respect to the Project or the Property, except to the extent that such losses are caused by the gross negligence or willful misconduct of the City. Owner shall pay immediately upon an Indemnified Party's demand any amounts owing under this indemnity. The duty of Owner to indemnify includes the duty to defend the Indemnified Party in any court action, administrative action, or other proceeding brought by any third party arising from the Project or the Property. Owner's duty to indemnify an Indemnified Party shall survive the expiration of the Term or earlier termination of this Agreement.

26. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

27. TIME. Time is of the essence in the performance of this Agreement by Owner and the City.

28. CONSENTS AND APPROVALS. Any consent or approval required under this Agreement shall not be unreasonably withheld, delayed, or conditioned.

29. NOTICES, DEMANDS AND COMMUNICATIONS. Formal notices, demands and communications between Owner and the City shall be given by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Owner and the City as follows, or if any such office is relocated, to the new address specified by the relocated party:

CITY: City of Oakland
c/o: Department of Housing & Community Development
250 Frank H. Ogawa Plaza, 5th Floor
Oakland, CA 94612
Attn.: Director of Housing and Community Development

Copy to:

City of Oakland
City Attorney's Office
One Frank H. Ogawa Plaza, 6th Floor
Oakland, CA 94612
Attn: Supervising Attorney for Real Estate

OWNER: 4035 Park Boulevard LLC
953 West Macarthur Blvd
Oakland, CA 94608
Attn: Will Mollard, Principal

30. BINDING UPON SUCCESSORS; COVENANTS TO RUN WITH THE LAND. All provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Owner and the City, regardless of any voluntary or involuntary conveyance or transfer of the Property. Any successor-in-interest to Owner and any purchaser or transferee of the Property shall be subject to all of the duties and obligations imposed on Owner under this Agreement for the full Term of this Agreement. The term "Owner" as used in this Agreement shall include all such assigns, successors-in-interest, and transferees.

The parties intend that the covenants contained in this Agreement shall constitute covenants running with the land and shall bind the Property and every person having an interest in the Property during the Term of this Agreement. Owner agrees for itself and for its successors that

in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property.

31. RELATIONSHIP OF PARTIES. The relationship of Owner and the City with respect to the Property during the Term of this Agreement shall not be construed as a joint venture, equity venture, or partnership. The City neither undertakes nor assumes any responsibility or duty to Owner or to any third party with respect to the operation of the Property or the actions of Owner. Except as the City may specify in writing, Owner shall have no authority to act as an agent of the City or to bind the City to any obligation.

32. WAIVER. Any waiver by the City of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or default of Owner or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Owner to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the City to any act or omission by Owner shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

33. OTHER AGREEMENTS. Owner represents that it has not entered into any agreements that would restrict or compromise its ability to comply with the terms of this Agreement. Owner shall not enter into any agreements that are inconsistent with the terms of this Agreement without an express written waiver by the City.

34. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Agreement must be in writing and shall be effective only if executed by both Owner and the City.

35. SEVERABILITY. Every provision of this Agreement is intended to be severable. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

36. EXHIBITS. The following Exhibits are attached to this Agreement and are hereby incorporated into this Agreement by reference:

- Exhibit A: Property Description
- Exhibit B: Affordable Housing Cost and Affordable Sales Price
- Exhibit C: Form of Declaration of Restrictions and Equity Share Agreement
- Exhibit D: Form of Promissory Note Secured by Deed of Trust (City Equity Share)
- Exhibit E: Form of Deed of Trust
- Exhibit F: Documentation Procedures and Requirements
- Exhibit G: Home Warranty Requirements
- Exhibit H: Insurance Requirements

37. COUNTERPARTS. This Agreement may be signed in multiple counterparts, which, when signed by all parties, shall constitute a binding agreement.

[Signatures Appear on Following Pages]

IN WITNESS WHEREOF, Owner has executed this Regulatory Agreement, effective as of the date first above written.

“OWNER”

4035 PARK BOULEVARD LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

[SIGNATURE(S) MUST BE ACKNOWLEDGED]

IN WITNESS WHEREOF, the City has executed this Regulatory Agreement, effective as of the date first above written.

“CITY”

THE CITY OF OAKLAND,
a municipal corporation

By: _____
Jestin D. Johnson
City Administrator

Approved as to form and legality:

By: _____
Lesley Casto
Deputy City Attorney

[SIGNATURE(S) MUST BE ACKNOWLEDGED]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, _____, before me, _____,
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.

Signature _____

(Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, _____, before me, _____,
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.

Signature _____

(Seal)

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT A
PROPERTY DESCRIPTION**

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT B
AFFORDABLE HOUSING COST AND AFFORDABLE SALES PRICE**

Each Restricted Unit must be sold to a Qualified Homebuyer at an Affordable Housing Cost, as defined in Section 50052.5 of the California Health and Safety Code. This requires that the Restricted Unit be sold at an Affordable Sales Price, as defined below. Each Restricted Unit may not be sold for more than the Affordable Sales Price calculated at the time of sale; please note that this will change over time based on changes in the maximum income levels and interest rates. This Exhibit describes how the Affordable Housing Cost and Affordable Sales Price are calculated for each Restricted Unit.

Determining the Affordable Housing Cost for a Restricted Unit at Initial Sale

The Affordable Housing Cost (the “*Affordable Housing Cost*”) is the maximum monthly housing cost that a household in a certain income group should pay. Affordable Housing Cost is set as a maximum percentage of a certain income adjusted for family size. Affordable Housing Cost shall be equal to the following:

For those Restricted Units restricted to sale to Qualified Homebuyers who are **Moderate-Income Households** (as defined in this Agreement), **the product of 35 percent times 110 percent of AMI** adjusted for family size appropriate to the Restricted Unit.

Note that Affordable Housing Cost is not based on the actual income or the actual household size of the particular homebuyer, but on an assumed maximum income and household size.

For purposes of this Exhibit, “family size appropriate to the Unit” means a household of one person in the case of a studio Restricted Unit; two people in the case of a one-bedroom Restricted Unit; three people in the case of a two-bedroom Restricted Unit; four persons in the case of a three-bedroom Restricted Unit; and five persons in the case of a four-bedroom Restricted Unit.

Housing costs include all of the following associated with a housing unit: principal and interest payments on a mortgage loan; private mortgage insurance; property taxes and fixed assessments; fire and casualty (hazard) insurance covering replacement value of improvements; a reasonable allowance for utilities (using the Oakland Housing Authority’s Utility Allowance as a base); Homeowner Associate Dues, ground lease fees, if applicable, and a monthly maintenance reserve of Seventy-Five Dollars (\$75) increasing three (3%) annually from the date of initial sale.

Determining the Initial Affordable Sales Price for a Restricted Unit

For the initial sale of the Restricted Unit by Owner, an Affordable Sales Price (the “*Affordable Sales Price*”) is the total sales price for a Restricted Unit that will make homeownership affordable to a Qualified Homebuyer at an Affordable Housing Cost. Notwithstanding the above, in no event shall the Affordable Sales Price on the initial sale of the Restricted Unit exceed the cost to acquire the Restricted Unit and rehabilitate the Restricted Unit up to a decent, safe and habitable condition.

Owner should contact the Housing and Community Development Department of the City of Oakland, and request that the City provide a written statement of the current Affordable Housing Cost and Affordable Sales Price for the particular unit.

Assumptions and Indices for Initial Sales

The City will use the following indices for each of the assumptions used in calculating both the Affordable Housing Cost and the Affordable Sales Price for the initial sale of the Restricted Unit, irrespective of the actual terms of any sale:

- The down payment percentage will be assumed at 10% of the sales price.
- The interest rate on the first mortgage loan will be assumed to be the current applicable rate for a 30-year fixed mortgage based on the Freddie Mac Primary Mortgage Market Survey®.
- The term of the first mortgage loan will be assumed to be 30 years, fixed.
- The property taxes will be the actual property tax rate from the most recent property tax bill multiplied by the total sales price of the Property (less the Homeowner's Exemption) plus the actual amount of special assessments from the most recent property tax bill.
- Private mortgage insurance (PMI) will be assumed to equal to 0.77% of the first mortgage amount and must be factored into the calculation, whether or not PMI is actually charged.
- Utility costs shall be based on the current Utility Allowances prepared by the Oakland Housing Authority (the "**OHA**"). To the extent that the unit exceeds the State's Title 24 energy efficiency requirements, the utility allowance may be reduced by fifteen percent (15%) from the current Utility Allowances prepared by the OHA.
- Hazard and casualty insurance payments will be assumed at an amount reflective of the annual policy expense covering home's replacement value, currently .20% for condominium projects and .35% for other homes.
- A monthly maintenance reserve of Seventy-Five Dollars (\$75) at initial sale and increased by three (3%) each year thereafter.
- The homeowners association/maintenance association fees will be the amount charged by the homeowners association, if any.

The City reserves the right to adjust any of these assumptions to reflect changing conditions or industry standards.

Determining the Price for a Restricted Unit upon Resale

For resales of the Restricted Unit, as defined in this Agreement (i.e., any sale following the initial sale by Owner), the home shall be sold at the fair market price.

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT C
FORM OF DECLARATION OF RESTRICTIONS
AND EQUITY SHARE AGREEMENT**

NO FEE DOCUMENT
(Government Code Section 27383)

Recording requested by:
City of Oakland

When recorded mail to:
City of Oakland,
Housing and Community
Development Division
250 Frank Ogawa Plaza, 5th Floor
Oakland, CA 94612
Attn: Director, Housing and
Community Development

(Space above for recorder's use)

DECLARATION OF RESTRICTIONS AND EQUITY SHARE AGREEMENT

4035 PARK BLVD

THE CITY OF OAKLAND

AND

QUALIFIED HOMEBUYER NAME(S)

DECLARATION OF RESTRICTIONS AND EQUITY SHARE AGREEMENT

This DECLARATION OF RESTRICTIONS AND EQUITY SHARE AGREEMENT (the “**Declaration**”) is made this ____ day of _____, 20__, by FULL NAME AND VESTING OF QUALIFIED HOMEBUYER(S) – MUST MATCH VESTING ON GRANT DEED (collectively, “**Owner**”), for the benefit of the City of Oakland, a municipal corporation, and its assigns, transferees, or successors-in-interest (the “**City**”), with reference to the following facts:

RECITALS

A. The City and 4035 Park Boulevard LLC, a California limited liability company (the “**Developer**”) entered into that certain Regulatory Agreement dated _____, 2024, and recorded in the official records of Alameda County, California (the “**Official Records**”) on _____, 2024, as Instrument No. _____ (the “**Regulatory Agreement**”). In accordance with the state density bonus law (California Government Code Section 65915, et seq.), as implemented by the City of Oakland Density Bonus and Incentive Procedure and Regulations codified in the Oakland Municipal Code Chapter 17.107, et seq., the City imposed conditions of approval for Oakland Planning and Building Department, Bureau of Planning case file number PLN23019, approved on March 18, 2024, that provided Developer with a density bonus to support development of the Project (as defined in the Regulatory Agreement) in exchange for the Developer’s agreement to enter into the Regulatory Agreement and sell no fewer than one (1) housing unit housing units in the Project at sales prices affordable to moderate income households.

B. Owner is purchasing that certain real property located at 4039 Park Boulevard in the City of Oakland, California (the “**Property**”), more particularly described in Exhibit A attached hereto and made a part hereof. The Property is a Restricted Unit (as defined in the Regulatory Agreement), and pursuant to the Regulatory Agreement, Owner is required to enter into and record this Declaration in the Official Records. Owner’s obligations under this Declaration, including but not limited to its obligation to pay a share of the proceeds of a sale of the Property to the City, will be secured by a Deed of Trust executed by Owner and to be recorded concurrently with this Declaration in the Official Records (the “**Deed of Trust**”).

C. The purpose of this Declaration is to restrict the occupancy of the Property and to provide for an equity share of proceeds from a sale of the Property for the benefit of the people of the City. This Declaration is a first encumbrance against the Property, prior to and senior in priority to any other private liens of encumbrances (including mortgage liens) against the Property.

NOW, THEREFORE, in consideration of the foregoing recitals Owner hereby declares and agrees as follows:

1. TERM OF AGREEMENT. This Agreement shall remain in full force and effect until the earlier of (a) thirty (30) years from the date of recordation of this Declaration or (b) the sale of the Property and payment of the City Equity Share (as hereinafter defined).

2. SECURITY. Owner's obligations under this Agreement including, but not limited to, the payment of the City Equity Share at sale of the Property, shall be secured by a Deed of Trust. This Declaration must be senior in priority to any other liens, encumbrances, mortgages, and deeds of trust on the Property. Except for Owner's first mortgage, the Deed of Trust must be senior in priority to any other liens, encumbrances, mortgages and deeds of trust on the Property.

The City will not subordinate the Declaration to any other liens, encumbrances, mortgages, or deeds of trust on the Property. In the event Owner refinances its first mortgage loan during the term of this Agreement, the City will subordinate its Deed of Trust to the new first mortgage under the following circumstances: (a) Owner refinances the first mortgage for the purpose of lowering the interest rate and (b) the new loan or refinanced loan is not for the purpose of borrowing additional funds; provided, however, if the additional funds are for the sole purpose of making and paying for capital improvements to the Property, the City may approve subordination of its Deed of Trust in its reasonable discretion.

3. OCCUPANCY AS PRINCIPAL RESIDENCE. Owner must occupy the Property as Owner's principal place of residence for the duration of the term of this Declaration. NO RENTING IS PERMITTED. If Owner vacates or rents the Property, the City may pursue its rights or remedies under this Declaration or in law or equity. Upon request by the City, Owner must submit an affidavit to the City certifying under penalty of perjury compliance with these occupancy restrictions in a form provided by or reasonably acceptable to the City.

4. SALE OF PROPERTY. Owner may sell the Property subject to the payment to the City of the City Equity Share as defined below. At least sixty (60) days prior to Owner's sale of the Property, Owner must provide the City with a Notice of Intent to Sell. The Notice of Intent to sell shall include the following information:

- A. A copy of the final settlement statement from Owner's purchase of the Property showing the initial sales price paid for the Property as well as any City-issued "equity share" down payment assistance or mortgage assistance received.
- B. Documentation of any capital improvements made to the Property by Owner and documentation of the remaining depreciated value of such capital improvements.
- C. The name and contact information, including address, phone number, and email address, for Owner.
- D. A copy of Owner's grant deed at the time of purchase of the Property.

5. CITY EQUITY SHARE. Upon a Transfer (as defined below) and pursuant to Density Bonus Law, Owner must pay to Oakland the "***City Equity Share***" equal to the City Subsidy (as hereinafter defined) plus the City Appreciation Share (as hereinafter defined).

- A. The "***City Subsidy***" shall be the initial subsidy calculated as follows in accordance with California Government Code Section 65915(c)(2)(C):

Fair market value of the Property at the time of Owner's purchase of the Property

minus

Sales Price paid by Owner at the Owner's purchase of the Property

plus

the amount of City-issued down payment assistance or mortgage assistance for Owner's purchase of the Property, if any

Provided, however, if the fair market value of the Property at the time of Owner's Transfer of the Property is less than the fair market value of the Property at the time of Owner's purchase of the Property, the fair market value of the Property at the time of Owner's Transfer of the Property shall be used to determine the City Subsidy.

Owner acknowledges and agrees that as of the date of this Declaration and the purchase of the Property by Owner, the fair market value of the Property is \$_____, the Sales Price paid by Owner is \$_____, and the City-issued down payment assistance is \$_____.

- B. The "***City Appreciation Share***" shall be calculated as follows in accordance with California Government Code Section 65915(c)(2)(C):

Step 1: Calculate the City's proportionate share of appreciation

City Subsidy

divided by

the fair market value of the Property at the time of Owner's purchase of the Property

Step 2: Calculate the Appreciation amount

Sales price at time of the Transfer of the Property by Owner

minus

Sales Price paid by Owner at purchase of the Property plus the value of any capital improvements made by Owner to the Property

In the event the Transfer of the Property is not an arms-length transaction (i.e., Owner and the purchaser are related parties), the sales price at the time of Transfer of the Property by Owner shall be the fair market value of the Property (as defined below).

Step 3: Calculate the City Appreciation Share

City's proportionate share of appreciation calculated in Step 1 of this subsection

multiplied by

Appreciation amount calculated in Step 2 of this subsection

Add the amount of the "A. City Subsidy" to the "B. City Appreciation Share" for the total amount of the City Equity Share due.

Upon Owner's Transfer of the Property, the City Equity Share shall be immediately due and payable to the City. A failure to pay the City Equity Share will be a material breach of this Declaration, and the City shall have the right to pursue all remedies allowed under this Declaration or at law or in equity, including, but not limited, foreclosure of the Property pursuant to the terms of the Deed of Trust.

In the event Owner rents the Property or otherwise fails to occupy the Property as Owner's principal place of residence in violation of this Declaration, the City Equity Share shall become immediately due and payable to the City. In such case, the sales price at time of the Transfer of the Property by Owner used to calculate the City Subsidy shall be the fair market value of the Property at the time the City discovers that Owner is renting the Property or otherwise is not occupying the Property as Owner's principal place of residence in violation of this Declaration.

"Fair market value" is defined as the selling price agreed to between a willing buyer and seller in an arms-length transaction; or, in the event of a Transfer of the Property through other than an arms-length sale, renting the Property, or Owner's failure to occupy the Property as Owner's principal place of residence, **"fair market value"** is defined as the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, and a buyer, being ready, willing and able to buy but under no particular or urgent necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the Property is reasonably adaptable and available.

- C. **"Transfer"** shall be defined to shall mean any transfer of title to, or sale, conveyance of the Property, including execution of an installment sale contract giving the purchaser a right to possess the Property before transfer of title, or judicial sale on execution or other legal process of foreclosure or trustee's sale of the Property (regardless of or by whom initiated), or deed in lieu of foreclosure.

The following transfers of title to the Property or any interest therein shall not trigger the obligation to pay the City Equity Share under this Declaration: transfer by gift, devise or inheritance to the spouse, issue, or adopted child of the owner of the unit; transfer resulting from the death of an owner when the transfer is to a co-owner or joint tenant; transfer by an owner to any person who becomes a co-owner of the unit provided the owner retains at least a 50% interest in the unit and the co-owner agrees to become a co-owner under this Declaration; transfer of title to a spouse resulting from divorce, decree of dissolution or legal separation or from a property settlement agreement incidental to such a decree in which one of the owners becomes the sole owner; or acquisition of title to the unit or interest therein in conjunction with marriage; or a transfer between co-owners or a transfer by owner into an intervivos trust in which the owner is a beneficiary and the owner continues to occupy the property. However, any such transfer shall not release the transferee from the obligations of this Declaration and any such transferee shall thereafter be considered Owner under this Declaration and shall be liable for the payment of the City Equity Share as provided for in this Declaration.

6. NONDISCRIMINATION. Owner may not discriminate or segregate in the use, enjoyment, occupancy, sale, conveyance, or transfer of the Property on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis.

7. COVENANTS RUNNING WITH THE LAND. Owner, by and for itself and each successor to any interest to the Property, hereby specifically acknowledges and agrees to be bound by the covenants contained herein. The covenants and agreements established in this Declaration, without regard to technical classification and designation, shall be binding upon all parties having any right, title, or interest in the Property, or any portion thereof, and on their heirs, successors-in-interest, and assigns until the covenants terminate. The term "Owner" as used in this Declaration shall include all such assigns, successors-in-interest, and transferees. Owner agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property.

8. ENFORCEMENT BY THE CITY. The City is an intended beneficiary of the covenants and restrictions contained in this Declaration. All the covenants contained herein shall inure to the benefit of Oakland and its respective successors and assigns, and shall be enforceable by the City, or its successors or assigns. The City, in the event of any breach of any such covenants contained herein, shall have the right to exercise all of its rights and remedies allowed by law and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

9. DEFAULT AND REMEDIES. In the event of any breach or violation of any covenant, obligation, or restriction under this Declaration, the City shall give written notice to Owner of such event. Said notice shall specify the nature of the act, omission, or deficiency giving rise to the default. In addition, if the default is curable, the notice shall also specify the action required to cure the default, and a reasonable date, which shall not be less than fifteen (15) calendar days from the mailing of the notice, by which Owner must take or commence such action to cure. If the notice specifies only a commencement date for the cure, Owner shall commence such cure within the specified time and shall diligently pursue the cure to completion within a reasonable time thereafter.

If Owner fails to cure or commence to cure the breach or violation within the time frame specified in the notice, or if a cure is not possible, Oakland may proceed with any of the following remedies:

- A. In the event of a breach by Owner in violation of Section 3, Occupancy as a Principal Residence, declare the City Equity Share calculated pursuant to Section 5, City Equity Share, immediately due and payable.
- B. Bring an action for equitable relief seeking the specific performance by Owner of the terms and conditions of this Declaration, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;

- C. Exercise its right to pursue a foreclosure action under the Deed of Trust;
- D. Prosecute an action for damages;
- E. Pursue any other remedy allowed at law or in equity.

10. GOVERNING LAW. This Declaration shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

11. ATTORNEYS' FEES AND COSTS. In the event that a legal or administrative action is brought to interpret or enforce the terms of this Declaration, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

12. TIME. Time is of the essence in the performance of this Declaration by Owner.

13. CONSENTS AND APPROVALS. Any consent or approval required under this Declaration shall not be unreasonably withheld, delayed, or conditioned.

14. NOTICES, DEMANDS, AND COMMUNICATIONS. Formal notices, demands, and communications between Owner and the City shall be given by registered or certified mail, postage prepaid, return receipt requested, or shall be delivered personally, to the parties at the addresses below or if any such office is relocated, to the new address specified by the relocated party:

THE CITY: City of Oakland
c/o: Community and Economic Development Agency
250 Frank Ogawa Plaza, Suite 5313 Oakland, CA 94612
Attn.: Director of Housing and Community Development

Copy to:

City of Oakland
City Attorney's Office
One Frank H. Ogawa Plaza, 6th Floor
Oakland, CA 94612
Attn: Supervising Attorney for Real Estate

OWNER: NAME OF OWNER
STREET ADDRESS
CITY STATE ZIP

15. WAIVER. Any waiver by the City of any obligation in this Declaration must be in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or default of Owner or to pursue any remedy allowed under this Declaration or applicable law. Any extension of time granted to Owner to perform any obligation under this Declaration shall not operate as a waiver or release from any of its obligations under this Declaration. Consent by the City to any act or omission by Owner shall not be construed to be a consent to any other or

subsequent act or omission or to waive the requirement for Oakland's written consent to future waivers.

16. INTEGRATION. This Declaration contains the entire understanding of Owner and the City with respect to the occupancy and sale of the Property and supersedes any prior negotiations.

17. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Declaration must be in writing and shall be effective only if executed by both Owner and the City.

18. SEVERABILITY. Every provision of this Declaration is intended to be severable. If any provision of this Declaration is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

[Signature(s) Appear on Following Page]

IN WITNESS WHEREOF, Owner has executed this Declaration, effective as of the date first above written.

“OWNER”

Name: _____

Name: _____

[SIGNATURE(S) MUST BE ACKNOWLEDGED]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, _____, before me, _____,
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.

Signature _____

(Seal)

**EXHIBIT A
TO DECLARATION OF RESTRICTIONS
AND EQUITY SHARE AGREEMENT**

INSERT LEGAL DESCRIPTION

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT D
FORM OF PROMISSORY NOTE SECURED BY DEED OF TRUST
(CITY EQUITY SHARE)**

**PROMISSORY NOTE
SECURED BY DEED OF TRUST
(CITY EQUITY SHARE)**

CITY EQUITY SHARE _____, 20__

FOR VALUE RECEIVED, NAME OF OWNER(S) AS SHOWN ON GRANT DEED (collectively, “**Borrower**”), hereby promises to pay to the order of the City of Oakland, a municipal corporation (the “**City**”), at its address of 250 Frank H. Ogawa Plaza, Fifth Floor, Oakland, California, a principal amount equal to the City Equity Share as defined in and calculated pursuant to the Declaration of Restrictions and Equity Share Agreement executed by Borrower in favor of the City dated of even date herewith and to be recorded in the official records of Alameda County, California (the “**Declaration**”). This Note is secured by that certain Deed of Trust executed by Borrower for the benefit of the City dated of event date herewith and to be recorded against Borrower’s interest in the Property (the “**Deed of Trust**”).

1. BORROWER’S OBLIGATION. Borrower is the beneficiary of an affordable sales prices price of certain property located at 4039 Park Boulevard in the City of Oakland, California (the “**Property**”) made available pursuant to the state density bonus law (California Government Code Section 65915, et seq.), as implemented by the City of Oakland Density Bonus and Incentive Procedure and Regulations codified in the Oakland Municipal Code Chapter 17.107, et seq. This Note evidences the Borrower’s obligation to pay the City the City Equity Share upon (a) Transfer of the Property (as Transfer is defined in the Declaration), (b) Borrower’s renting out the Property and/or (b) Borrower’s failure to occupy the Property as Borrower’s principal place of residence.

2. AMOUNT AND TIME OF PAYMENT. All amounts due and payable under this Note are payable in any currency of the United States which on the date of payment is legal tender for the payment of public and private debts. Such payments shall be made by Borrower or its agent immediately upon Transfer of the Property or upon written request for payment from the City in conformance with the terms of the Declaration.

3. PREPAYMENT. Borrower may not prepay this Note prior to Transfer of the Property or upon written request for payment from the City in conformance with the terms of the Declaration.

4. WAIVERS. Presentment, notice of dishonor, and protest are waived by all makers, sureties, guarantors, and endorsers of this Note.

5. DEFAULT. This Note is secured by the Deed of Trust. All provisions in the Deed of Trust and the Declaration are hereby made a part of this Note. Upon a failure to make the City Equity Share payment required under this Note, the City may exercise any other right or remedy permitted under the Deed of Trust, including commencing foreclosure proceedings under the Deed of Trust against the Borrower or against any future owners of the Property whether or not such future owners had any obligations under this Note.

6. BINDING UPON SUCCESSORS. All provisions of this Note shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Borrower and the City; provided, however, that this section does not waive the obligation of Borrower to make the City Equity Share payment to the City as required by the Declaration.

7. ASSIGNMENT AND ASSUMPTION. Borrower may not assign any of its interests under this Note to any other party. Any unauthorized assignment shall be void.

8. DEFINITIONS. Capitalized terms not defined in this Note shall have the same meaning as defined in the Declaration.

9. GOVERNING LAW. This Note shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

10. SEVERABILITY. Every provision of this Note is intended to be severable. If any provision of this Note is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

11. TIME. Time is of the essence in the performance of Borrower's obligations under this Note.

12. ATTORNEYS' FEES AND COSTS. In the event of any default, or any legal action is commenced to interpret or to enforce the terms of this Note, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

13. WAIVER. Any waiver by the City of any obligation in this Note must be in writing. No waiver shall be implied from any failure of Borrower to take, or any delay or failure by the City to take action on any breach or default by Borrower or to pursue any remedy allowed under this Note or applicable law. Any extension of time granted to Borrower to perform any obligation under this Note shall not operate as a waiver or release from any of its obligations under the Note. Borrower hereby waives all defenses and pleas on the grounds of any extensions of the time for repayment of any amounts due under this Note, unless the City has granted such extensions in writing. Consent by the City to any act or omission by Borrower shall not be construed to be a consent to any other act or omission or to waive the requirement for the City's written consent to future waivers.

14. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Note must be in writing and shall be effective only if executed by both Borrower and the City.

Executed at Oakland, California, on _____, 20____.

“BORROWER”

Name:_____

Name:_____

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT E
FORM OF DEED OF TRUST**

NO FEE DOCUMENT

(Government Code Section 27383)

Recording requested by:

City of Oakland

When recorded mail to:

City of Oakland,
Housing and Community
Development Division
250 Frank Ogawa Plaza, 5th Floor
Oakland, CA 94612
Attn: Director, Housing and
Community Development

(Space above for recorder's use)

DEED OF TRUST

This Deed of Trust (this “**Deed of Trust**”) is made this ____ day of _____, 20__, by NAME AND VESTING OF OWNER AS SHOWN ON GRANT DEED (collectively, “**Trustor**”) to _____, as trustee (“**Trustee**”), for the benefit of the City of Oakland, a municipal corporation (“**Beneficiary**”). This Deed of Trust is being executed in order to secure Beneficiary’s interest as a governmental agency in the Borrower’s obligations under the Declaration of Restrictions and Equity Share Agreement executed by Borrower in favor of the City dated of even date herewith and to be recorded in the official records of Alameda County, California substantially concurrently herewith (the “**Declaration**”) and repayment of the City Equity Share (as defined in the Declaration) pursuant to the terms of the Declaration and that certain Promissory Note Secured by Deed of Trust (City Equity Share) dated of even date herewith and on file at the offices of the Beneficiary.

GRANT IN TRUST

1. GRANT. Trustor, in consideration of the indebtedness referred to below, hereby irrevocably grants and conveys to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, all of Trustor’s interest in that certain real property located at 4039 Park Boulevard, Oakland, California, 94602, as more particularly described in the legal description attached hereto as Exhibit A and incorporated herein by this reference (the “**Property**”);

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures,

improvements, signs, and landscaping now or hereafter erected or located on the Property, including all equipment and machinery used for supplying or distributing heating, cooling, electricity, gas, water, air, and light, all kitchen and laundry appliances such as washers, dryers, refrigerators, garbage disposals, ovens, ranges, dishwashers, all plumbing and bathroom fixtures, all security and access control equipment, fire prevention and extinguishment equipment, elevators, floor coverings, window coverings, paneling, cabinets, (provided, however, that Trustor shall have the right to remove, if necessary, such fixtures, furnishings, and equipment for the purpose of replacement with similar items of the same quality performing the same functions, which replacements shall themselves become part of this grant); all building material and equipment either now or hereafter delivered to the Property and intended to be installed therein or any such material and equipment purchased with Loan proceeds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to development on the Property; all rents and income generated by the Property or improvements thereon (subject however to the assignment of rents to Beneficiary contained herein); all leases, subleases and rental agreements covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, or payments of similar nature with respect to such leases, subleases, or rental agreements; all easements and rights-of-way appurtenant to the Property, including parking and recreational easements, and all interests of Trustor in any land lying within the right-of-way of any street, sidewalks, and areas of land adjacent to or used in connection with the Property; all development rights and credits, air rights, water rights, and oil, gas or mineral rights with respect to the Property; all claims or demands with respect to insurance proceeds, and all awards made for a taking by eminent domain; all interests and rights in any private or government grants, subsidies, loans, or other financing with respect to development on the Property; all interests in personal property used in and about the Property (except furniture and other personal property of occupants of dwelling units on the Property); all intangible property and rights relating to the Property or operations on the Property, including trade names, goodwill, trademarks, and service marks; all government permits, approvals, and map rights related to construction on the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction of improvements on the Property; all environmental tests, studies and reports with respect to the Property; all current and future claims and rights of action of Trustor against prior owners and operators of the Property, neighboring property owners and operators, tenants and former tenants, consultants, advisors, and other third parties with respect to environmental or Hazardous Materials contamination and cleanup of the Property under any federal, state, or local ordinances, statutes, regulations, or administrative decisions or common law.

All of the foregoing, together with the Property, is herein referred to as the “***Security***.”

OBLIGATIONS SECURED

2. Trustor makes this grant for the purpose of securing the following obligations:
 - A. Repayment of the indebtedness of Trustor to Beneficiary on the City Equity Share as defined in and calculated pursuant to the Declaration and evidenced by the Note, both of which are incorporated into this Deed of Trust by this reference; and
 - B. Payment of any sums advanced by Beneficiary to protect the security and priority of this Deed of Trust; and

- C. Payment of any sums advanced by Beneficiary following a breach of Trustor's obligation to advance such sums and the expiration of any applicable cure period, with interest thereon as provided herein; and
- D. Performance of every obligation, covenant, or agreement of Trustor contained in this Deed of Trust, the Declaration, or the Note, including all modifications, extensions, and renewals of these obligations; and
- E. Performance of any other obligation or repayment of any other indebtedness of Trustor to Beneficiary, where such evidence of obligation or indebtedness specifically recites that it is secured by this Deed of Trust.

RIGHTS AND OBLIGATIONS OF TRUSTOR

3. PERFORMANCE OF SECURED OBLIGATION. Trustor must promptly perform each obligation secured by this Deed of Trust.

4. PAYMENT OF CITY EQUITY SHARE. Trustor must promptly pay when due the City Equity Share indebtedness evidenced by the Note.

5. OCCUPANCY AND MAINTENANCE OF THE SECURITY. The Declaration limits the Trustor's ability to rent the Property. Trustor must, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor may not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor may not commit or permit waste on or to the Security. Trustor may not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security. In the event Trustor fails to maintain the Security in accordance with the standards in this Deed of Trust, Beneficiary, after at least seven calendar days prior notice to Trustor, may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which case interest shall accrue at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

6. INSPECTION OF THE SECURITY. Trustor must permit Beneficiary to enter and inspect the Security for compliance with these obligations upon twenty-four (24) hours advance notice of such visit by Beneficiary to Trustor or Trustor's management agent.

7. LIENS, ENCUMBRANCES, AND CHARGES. Trustor must discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over this Deed of Trust, except as allowed in the Declaration or this Deed of Trust.

8. DEFENSE AND NOTICE OF CLAIMS AND ACTIONS. Trustor must appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or

the rights of Beneficiary. Trustor must give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security.

9. SUITS TO PROTECT THE SECURITY. Beneficiary shall have the power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or the rights of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain the enforcement of or compliance with any governmental legislation, regulation, or order, if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or be prejudicial to the interest of Beneficiary.

10. DAMAGE TO SECURITY. Trustor must give Beneficiary and Trustee prompt notice in writing of any damage to the Security. If any building or improvements erected on the Property is damaged or destroyed, Trustor shall, at its own cost, repair or restore said buildings and improvements consistent with the original plans and specifications. Such work shall be commenced within 120 days after the damage or loss occurs and shall be completed within one year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds are insufficient for such purpose, Trustor shall make up the deficiency.

11. TITLE. Trustor warrants that Trustor lawfully has legal title to the Security without any limitation on the right to encumber.

12. GRANTING OF EASEMENTS. Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to the Security except those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or those required by law.

13. TAXES AND LEVIES. Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges, liens and levies imposed by any public authority or utility company which are or may become a lien affecting the Security. However, Trustor shall not be required to pay any tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven business days after receipt of such notice. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the rate of five percent (5%) per annum (unless payment of such an interest rate would be contrary to applicable law, in which case interest shall accrue at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

14. CONDEMNATION. All judgments, awards of damages, settlements and compensation made in connection with or in lieu of taking any part of or interest in the Security under assertion of the power of eminent domain ("Funds") are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to receive any Funds and is authorized to apply any such Funds to any indebtedness or obligation secured hereby, in such order and

manner as Beneficiary determines. Any part of the Funds may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application or release of any Funds shall not cure or waive any default under this Deed of Trust.

15. ACCELERATION ON TRANSFER OF SECURITY. In the event that Trustor, without the prior written consent of Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof in violation of the Declaration, Beneficiary may at its option declare all sums secured by this Deed of Trust to be immediately due and payable.

16. RECONVEYANCE BY TRUSTEE. This trust is intended to continue for the entire term of the Declaration. Upon written request of Beneficiary stating that all sums secured by this Deed of Trust have been paid and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

DEFAULT AND REMEDIES

17. EVENTS OF DEFAULT. Any of the events listed in the Declaration as an Event of Default shall also constitute an Event of Default under this Deed of Trust, including, but not limited to, (1) Trustor's failure to pay when due any sums payable under this Deed of Trust, the Note, or the Declaration; or (2) Trustor's failure to observe or to perform any of its other covenants, agreements or obligations under this Deed of Trust, the Note, or the Declaration.

18. ACCELERATION OF MATURITY. Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Declaration, Beneficiary may declare all sums due under the Declaration, the Note and this Deed of Trust immediately due and payable.

19. BENEFICIARY'S REMEDIES. Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Declaration, Beneficiary may, in addition to other rights and remedies permitted by the Declaration, the Note, or applicable law, proceed with any of the following remedies:

- A. Commence an action to foreclose this Deed of Trust pursuant to California Code of Civil Procedure Sections 725a, et seq., and/or seek appointment of a receiver from a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security, including the authority to complete construction of improvements;
- B. Deliver to Trustee a written declaration of Default and demand for sale, and a written Notice of Default and election to cause Trustor's interest in the Security to be sold, which notice Trustee or Beneficiary shall duly file for record in the official records of Alameda County, and exercise its power of sale as provided for below; or
- C. Pursue any other rights and remedies allowed at law or in equity.

20. FORECLOSURE BY POWER OF SALE. Should Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, Beneficiary shall notify Trustee

and shall deposit with Trustee this Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the Note are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in the Notice of Sale. The sale of the Security shall be as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to the purchaser its deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at the sale.

Trustee may postpone sale of the Security by public announcement at such time and place of sale, and from time to time may postpone the sale by public announcement at the time and place fixed by the preceding postponement, or may, in its discretion, give a new Notice of Sale.

After deducting all reasonable costs and fees of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale as follows: (i) first, to payment of all sums then secured by this Deed of Trust, in such order and amounts as Beneficiary in its sole discretion determines, and (ii) the remainder, if any, to the person or persons legally entitled thereto.

21. REMEDIES CUMULATIVE. No right, power or remedy conferred upon Beneficiary by this Deed of Trust is intended to be exclusive of any other rights, powers or remedies, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or existing at law or in equity.

GENERAL PROVISIONS

22. GOVERNING LAW. This Deed of Trust shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

23. STATEMENT OF OBLIGATION. Beneficiary may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

24. NOTICES, DEMANDS AND COMMUNICATIONS. Formal notices, demands, and communications between Trustor and Beneficiary shall be given as provided for in the Declaration.

25. BINDING UPON SUCCESSORS. All provisions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.

26. WAIVER. Any waiver by Beneficiary of any obligation of Trustor in this Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation under this Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

27. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Deed of Trust must be in writing and shall be made only if mutually agreed upon by Beneficiary and Trustor.

28. DECLARATION CONTROLS. If there is any contradiction between this instrument and the Declaration, the terms of the Declaration shall control, except that Trustor shall have no defense or claim that this instrument does not establish a valid lien on the Property or the Security.

29. DEFINITIONS. Capitalized terms not otherwise defined in this Deed of Trust shall have the same meaning as defined in the Declaration.

30. PROOFS OF CLAIM. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, recomposition, or other proceedings affecting Trustor, its creditors or its property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

31. SEVERABILITY. Every provision of this Deed of Trust is intended to be severable. If any term or provision of this Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt or the Security, the unsecured or partially secured portion of the debt and all payments made on the debt (whether voluntary or under foreclosure or other enforcement action or procedure) shall be considered to have been first applied to the payment of that portion of the debt which is not secured by the lien of this Deed of Trust.

32. SUBSTITUTION OF TRUSTEES. Beneficiary may from time to time appoint another trustee to act in the place of Trustee or any successor. Upon such appointment and without conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee. Each such appointment and substitution shall be made by a written instrument executed by Beneficiary containing reference to this Deed of Trust and its place of record, which when duly recorded in the Alameda County Office of the Recorder shall be conclusive proof of proper appointment of the successor trustee.

33. ACCEPTANCE BY TRUSTEE. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

[Signature(s) Appear on Following Page]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust, effective as of the date first above written.

“TRUSTOR”

Name: _____

Name: _____

[SIGNATURE(S) MUST BE ACKNOWLEDGED]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, _____, before me, _____, 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.

Signature _____

(Seal)

**EXHIBIT A
TO DEED OF TRUST**

INSERT LEGAL DESCRIPTION

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT F
DOCUMENTATION PROCEDURES AND REQUIREMENTS**

The City's homeownership programs are designed to help families who are in need of assistance and who are financially able to take on the responsibilities of homeownership. City staff members, or the City's designated administrative agent, must verify that households purchasing homes assisted by the City fall within the income limits established for these affordable homeownership developments and meet City guidelines. Subsequent references to "City staff" shall include City staff members, or the City's designated administrative agent. This means that household income must not exceed the appropriate income limits, adjusted for family size, and must support the household's total debt. Individual project guidelines regarding household size and income limits are delineated in each project's regulatory agreement.

Required documentation for City affordable homeownership applications

Applicants wishing to purchase City-assisted units must submit certain documentation for determining their income eligibility to City staff. (For the initial sale of units, the information should first be submitted to the developer's marketing/sales team. Following verification of the submitted documentation, the marketing team will submit the application packet, including the scheduled developer-paid processing fee and all required documentation, for review by City staff.) City staff will verify whether the applicant is eligible for participation in the project. Although required documentation may vary from project to project, they must, at a minimum, include:

- A signed copy of the purchase and sale contract, with all addenda.
- A completed "Verification of Eligibility" form, signed by an authorized representative of the development team or the first lender, or alternatively by the seller's real estate agent (at resale only). The City will provide this form.
- A completed "Participant's Application," signed under penalty of perjury and notarized, that the information provided in the application is true to the best of the applicant(s) knowledge and that false information would be grounds for denial of the application. The City will provide this form.
- An "Underwriter's Loan Analysis" prepared and signed by the first lender. This document should be provided by the first lender to City staff.
- A copy of each applicant's recent credit report provided by the first lender.
- A signed "Authorization to Release Information" form from each member of the buyer's household, 18 years of age or older, authorizing the City to request third party verifications for household size and income. This form will be provided by the City.
- For all married applicants or state-registered domestic partners taking title as "sole and separate property," a spousal acknowledgment form completed, signed, and notarized by their respective spouses. This form will be provided by the City.
- Documentation of household size (see description below).
- Documentation of income (see description below).
- Documentation of assets (see description below).

- Documentation of ability to service debt (see description below).

Documentation of household size

The City requires verification regarding household size from households purchasing homes in an affordable homeownership development assisted by the City. To verify that an individual is a member of the household, the following sources of information are acceptable:

- Signed or IRS verified copies of Federal tax returns for all three years prior to application: All household members must be filers or listed as dependents, unless otherwise provided below.
- Marriage Certificate: Couples who have married within the past 12 months must provide a copy of the certificate if the most recent federal tax returns did not reflect they are married.
- Adoption/Birth Certificates or notarized letters from hospital/medical facility administrators for all dependents not reported on the most recent tax returns. Documents must indicate the child's date of birth, social security number when available, and list at least one of the applicant household's members as a parent.
- Court orders or other legal documents assigning guardian status when a child or adult is not directly related to the applicant and is not listed as a dependent of the applicant(s).
- Informal custody arrangements: On a case-by-case basis, the City at its discretion may accept school records or some other suitable form of proof to adjust family size in cases where applicants have an informal custody arrangement for members under their care.
- Other proofs of household membership: On a case-by-case basis, the City at its discretion may accept bills or other official correspondence (such as school correspondence, etc.) addressed to a household member at the applicant's address as proof of that person's household membership.

Documentation of household income and assets

Income from all household members, 18 years of age or older, will be counted in determining the income eligibility of a household for participation in these City programs. All household members, 18 years of age or older, are required to submit documentation of income.

Income. The City requires the following types of verification regarding income from households purchasing homes in an affordable homeownership development assisted by the City:

- **Wages and salaries:**
 - Signed or IRS verified Federal income tax returns and W2s from the previous three years for all employed household members: If applying for the program after April 15, applicant(s) will need to submit a signed copy of the prior year's tax return and W2s, as well as their returns and W2s from the previous two years, before their application will be considered complete.
 - Pay stubs for all employed household members (for the three most recent, consecutive pay periods)

- **Self-employment income:**
 - Signed or IRS verified Federal income tax returns and W2s from the previous three years for all self-employed household members: If applying for the program after April 15, applicant(s) will need to submit a signed copy of the prior year's tax return and W2s, as well as their returns and W2s from the previous two years, before their application will be considered complete. Income will be determined by averaging the adjusted gross income from the previous three years' federal income tax returns.
- **Income from disability:**
 - Signed or IRS verified Federal income tax returns and W2s from the previous three years: If applying for the program after April 15, applicant(s) will need to submit a signed copy of the prior year's tax return and W2s, as well as their returns and W2s from the previous two years, before their application will be considered complete.
 - Assistance Award Letters: The member will need to submit the most current statements from the Social Security Administration or General Assistance as to monthly/yearly income.
- **Retirement/pension income:**
 - Signed or IRS verified Federal income tax returns and W2s from the previous three years: If applying for the program after April 15, applicant(s) will need to submit a signed copy of the prior year's tax return and W2s, as well as their returns and W2s from the previous two years, before their application will be considered complete.
 - Retirement/Pension Award Letters: The member will need to submit the most current statements from the agency providing the retirement or pension assistance as to monthly/yearly income.
- **Child Support/Alimony:**
 - Signed or IRS verified Federal income tax returns and W2s from the previous three years for the parent receiving child support/alimony: If applying for the program after April 15, applicant(s) will need to submit a signed copy of the prior year's tax return and W2s, as well as their returns and W2s from the previous two years, before their application will be considered complete.
- **Other Government Assistance:**
 - Signed or IRS verified Federal income tax returns and W2s from the previous three years: If applying for the program after April 15, applicant(s) will need to submit a signed copy of the prior year's tax return and W2s, as well as their returns and W2s from the previous two years, before their application will be considered complete.
 - Assistance Award Letters: The member will need to submit the most current statements from the agency providing the assistance as to monthly/yearly income.

- If household members cannot submit the preferred documentation as listed above, the following document may be substituted:
 - Summary Income Statement Generated by IRS: All household members who are 18 years of age or older and who claim no taxable income or who cannot provide copies of tax returns or other acceptable proof of income, will need to provide a “Summary Income Statement.” This statement is generated by the IRS and should delineate the member’s income over the last three years. The IRS provides this statement free of charge. Contact the IRS at 800-829-1040 or 800-829-4059 (TDD) and ask for Accounts Information; visit the IRS Service Center at 1301 Clay St. in Downtown Oakland; or online at <https://www.irs.gov/payments/online-account-for-individuals>. When visiting the IRS in person, applicants are advised to have proof of ID available.

Assets. The City requires the following types of verification regarding assets from households purchasing homes in an affordable homeownership development assisted by the City:

- A list of all assets that are owned, used, controlled, shared or jointly held with or for another person(s). Assets mean value of equity in real property (other than the household’s full-time residence), savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded. The list shall include the type of asset, the current value, the amount owed (if any), name and address of lender, etc., and the account number. For real property, provide the address, when it was acquired, and the current market value of the assets.
- Income from income-generating assets (i.e., investment accounts) may be excluded from the applicant’s income calculation. However, interest or dividends from assets would be included in the total household income based on the actual income derived or at the current HUD passbook rate, whichever is greater. Lump sum assets received in the year prior to applying for purchase of a unit in the development may be treated as income depending on the source.

Expiration of income and asset documentation. Verifications of household income and assets are valid for six months after their initial acceptance date. If closing of the home sale has not occurred within six months of an applicant’s initial acceptance date, the applicant must submit current/updated documentation of income and assets for all household members, 18 years of age or older. The credit report must not be more than two months old when the loan closes escrow.

Proof of ability to service debt

While there are maximum income limits used to ensure that participants are indeed in need of assistance, the City also has minimum income requirements to ensure that families will not be overly financially burdened and at risk of default. An applicant’s “back-end” debt ratio (that is, the ratio of the applicant’s housing costs and all other monthly debt to monthly income) cannot exceed

45 % in order to meet this requirement. The housing costs that will be considered in determining this ratio shall be the same costs used to determine Affordable Housing Cost.

The following debt will not be included in the back-end debt ratio calculations:

- Debts that are due to be paid off within eight months of application approval, based on the assumption that these debts will be paid off within a few months of closing and will not be an on-going burden.
- Student loans, or other loans, which will be in deferral status for at least two years after the applicant's closing date. A letter from the lender indicating deferral dates is an acceptable form of proof. For federal student loans, this information is also available on-line to borrowers, see www.dlservicer.ed.gov.

Acceptable Loan Types and Down payment Minimums

The City has specific requirements regarding any liens secured against the property. The following types of loans and down payment minimums may be determined by the City to meet its requirements under this program:

- The City must approve any loan anticipated to be placed against the property.
- The City will only accept fixed rate mortgages, amortized over the life of the loan, to be secured against the property for any Restricted Units under this program.
- No Adjustable-Rate Mortgages ("ARM") of any kind will be allowed for any mortgages secured against the property for the duration of the term of affordability.
- No balloon payments will be allowed during the term of the first mortgage.
- An applicant's "back-end" debt ratio (that is, the ratio of the applicant's housing costs, including all monthly debt service for all liens secured against the property, and all other monthly debt to monthly income) cannot exceed 45% in order to meet this requirement.
- The City requires the purchaser or homeowner to provide a minimum of three percent (3%) of the purchase price for the down payment. This 3% must be provided from the purchaser's own resources, not from a loan.

Procedure for denial of application and appeal

The City will deny outright any application if the documentation submitted reveals that the applicant household is ineligible for participation in the program (e.g., the household income exceeds income limits).

If an applicant household is unable to verify their household size and income to the City's satisfaction initially, the City will submit a letter to the developer or to the unit's owner (in the case of resales) requesting additional information as described above. If the information is not provided to the City within fifteen (15) days, a second request for information will follow. Should the applicant fail to provide the required documentation within ten (10) days after the City's second request, or should the applicant be found by the City at any time to not meet the program's income or household size requirements, the City retains the option to deny the application. These are the minimum standards for notification--the City may elect to send more frequent follow-up requests for information but is not obligated to do so. Exceptions to these fifteen-day submission periods

may be granted in situations in which the applicant household faces extreme duress (e.g., death or illness of an immediate family member), must be requested in writing (with appropriate supporting documentation), and granted in writing by authorized City staff.

An applicant has thirty days, from their receipt of a denial notice from the City, in which to appeal the denial. They may appeal by submitting written information, documenting how their household does in fact meet City guidelines, to the Housing and Community Development Department Director, or his or her designee. This documentation should be submitted to: Director, Housing and Community Development Department, City of Oakland, 250 Frank H. Ogawa Plaza, Suite 5313, Oakland, CA 94612. The Deputy Director or his or her designee shall review the documentation, request any additional clarifying information, and provide a written decision within 30 days. The decision by the Director, or his or her designee, shall be final.

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT G
HOME WARRANTY REQUIREMENTS**

One-year home warranty

The Project Owner is required to provide a one-year home warranty to each homebuyer at no additional cost to the homebuyer. The term of this home warranty shall commence at the close of escrow and extend for one (1) year from that date. For the initial sale of the unit by Owner, the home warranty is to be provided in addition to the product warranties and the contractor's guarantees, typically a construction home 2/10 builder's warranty policy. The home warranty plan must be approved by the City prior to close of escrow.

The current cost for a home warranty covering resale homes ranges from between \$350 to \$600 for one year, depending on the options chosen and size of house. There is a maximum coverage amount per incident, which varies between plans. The seller is required to purchase an approved home warranty for the homebuyer for the first year. The new homeowner would pay for each service charge during that year of coverage. At the end of the first year, the new homeowner could purchase another home warranty to cover subsequent years.

At a minimum, the following components must be covered: ceiling/exhaust fans, kitchen appliances (stove, oven, disposal, etc.), water heater, electrical systems, plumbing, ductwork, heating, central air conditioning, refrigerator, and roof.

Product warranties and manuals

Owner must also provide the initial homeowner with the following documents prior to close of escrow:

1. A copy of each of the warranties and the user manuals/instructions for all equipment/appliances including, but not limited to, the oven, stove, disposal, dishwasher, and garage door opener.
2. A copy of each of the warranties and the user manuals/instructions for all major construction systems including, but not limited to, the roof, HVAC system, and water heater.
3. The names, addresses, and phone numbers for the Developer, the general contractor, and the architect for the Project.

Each subsequent seller should provide the new homeowners with the documents listed in items 1, 2 and 3 above.

Punch list

All punch list items must be completed prior to close of escrow on the initial sale of units, or funding to cover the cost of remaining punch list items must be placed in escrow until the work is completed to the satisfaction of the homebuyer and Owner. Both the homebuyer and Owner must jointly agree in writing that all punch list items have been completed and that both parties agree to the release of the funds in escrow.

**REGULATORY AGREEMENT
(4035 PARK BLVD DENSITY BONUS UNITS)**

**EXHIBIT H
INSURANCE REQUIREMENTS**

I. Insurance Coverage Requirements

Owner must procure and keep in force for the Term of this Agreement, at Owner's own cost and expense, the following policies of insurance or certificates or binders as necessary to represent that coverage as specified below is in place with companies doing business in California and acceptable to the City. If requested, Owner must provide the City with copies of all insurance policies. The insurance must at a minimum include:

- A. Commercial General Liability (CGL) insurance shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, Bodily Injury, Broad Form Property Damage, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract), Contractual Liability, XCU, and Owners and Contractor Protective Liability. Pollution Liability coverage is required if Loan proceeds are used for the remediation of Hazardous Materials. The CGL policy must contain severability of interest clause or cross liability clause or the equivalent thereof. If such CGL insurance contains a general aggregate limit, it shall apply separately to this Agreement.
 - i. Coverage afforded on behalf of the City shall be primary insurance and any other insurance available to the City under any other policies shall be excess insurance (over the insurance required by this Agreement).
 - ii. Limits of liability: Owner must maintain CGL and, if necessary, commercial umbrella insurance with a limit of not less than \$2,000,000 each occurrence. If such CGL insurance contains a general aggregate limit, it must apply separately to this project.
- B. Automobile Liability Insurance for bodily injury and property damage liability with a limit of not less than \$1,000,000 each accident. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos). Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01.
- C. Worker's Compensation insurance as required by the laws of the State of California. Statutory coverage may include Employers Liability coverage with limits not less than \$1,000,000. Owner certifies that it is aware of the provisions of section 3700 of the California Labor Code, which require every employer to provide Workers' Compensation coverage, or to undertake self-insurance in accordance with the provisions of that Code. Owner and its contractors must comply with the provisions of section 3700 of the California Labor Code before commencing performance of the work under this Agreement and thereafter as required by that code.
- D. Property Insurance on an all-risk coverage basis to the extent of full replacement value of the premises for the duration of the term of the Loan. Coverage amount may be adjusted for fluctuation in replacement values. This coverage is required upon completion of construction of the Project, or upon closing of this Loan if the Project is a rehabilitation project.

- E. Loss of Rents Insurance Coverage in the amount of 75% of scheduled annual gross rents.

II. Terms, Conditions, and Endorsements

The insurance required by this Agreement must be endorsed and have all the following conditions:

- A. Insured Status (Additional Insured): Owner shall provide insured status naming the City of Oakland, its Councilmembers, directors, officers, agents, employees and volunteers as insureds under the CGL policy. General Liability coverage can be provided in the form of an endorsement to Owner's insurance (at least as broad as ISO Form CG 20 10 (11/85) or both CG 20 10 and CG 20 37 forms, if later revisions used). If Owner submits the ACORD Insurance Certificate, the insured status endorsement must be set forth on an ISO form CG 20 10 (or equivalent). A STATEMENT OF ADDITIONAL INSURED STATUS ON THE ACORD INSURANCE CERTIFICATE FORM IS INSUFFICIENT AND WILL BE REJECTED AS PROOF OF MEETING THIS REQUIREMENT.
- B. Loss Payee: Owner must ensure that the City of Oakland, its Councilmembers, directors, officers, agents, employees and volunteers are named as Loss Payee in the Property Insurance. Owner shall provide appropriate Loss Payee endorsement as proof of meeting this requirement.
- C. Cancellation Notice: 30-day prior written notice of termination or material change in coverage and 10-day prior written notice of cancellation for non-payment.
- D. The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the contractor, its employees, agents and subcontractors.
- E. Cross-liability coverage as provided under standard ISO forms' separation of insureds clause.
- F. Certificate holder is to be the same person and address as indicated in the "Notices" section of this Agreement.
- G. Insurer must carry an A.M. Best Rating of A VII, or better.

III. Replacement of Coverage

In the case of the breach of any of the insurance provisions of this Agreement, the City may, at the City's option, take out and maintain at the expense of Owner such insurance in the name of Owner as is required pursuant to this Agreement, and may deduct the cost of taking out and maintaining such insurance from any sums which may be found or become due to Owner under this Agreement.

IV. Insurance Interpretation

All endorsements, certificates, forms, coverage and limits of liability referred to herein shall have the meaning given such terms by the Insurance Services Office (ISO) as of the date of this Agreement.

V. Proof of Insurance

Owner will be required to provide proof of all insurance, including copies of Owner's insurance policies, if and when requested.

VI. Deductibles and Self-Insured Retentions

Any deductible or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductible or self-insured retentions as respects the City, its Councilmembers, directors, officers, agents, employees and volunteers; or Owner shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

VII. Waiver of Subrogation

Owner waives all rights against the City of Oakland and its Councilmembers, officers, directors, employees and volunteers for recovery of damages to the extent these damages are covered by the forms of insurance coverage required above.

VIII. Evaluation of Adequacy of Coverage

The City maintains the right to modify, delete, alter or change these requirements, with reasonable notice, upon not less than ninety (90) days prior written notice.

REFINANCING POLICY AND PROCEDURES

(PROJECTNAME)

Unit Address

The City of Oakland (“Oakland”) provided an initial subsidy of \$ _____ through the Density Bonus regulations to help make the property affordable to Qualified Homebuyers as defined in the Declaration of Restrictions and Equity Share Agreement. As a condition of receiving the benefit of that subsidy, the buyer and the City have entered into a Declaration of Restrictions and Equity Share Agreement (the Declaration) for this unit in the development. The Declaration and also a City Deed of Trust are recorded as a lien against the land and will remain in effect for the term of Declaration of Restrictions and Equity Share Agreement.

The Declaration of Restrictions and Equity Share Agreement delineates the occupancy, affordability, and finance restrictions that you must comply with when you sell, transfer, or refinance your home. The intent of the Declaration of Restrictions and Equity Share Agreement is to assure that the units are affordable to the initial buyers, like you, and that when required under its terms, the City’s initial subsidy is repaid per the Declaration to allow the City to subsidize affordable housing for more Oaklanders.

When owners wish to refinance their original first mortgage, Oakland is concerned about the additional risk that subordinating to a new and/or larger loan would have on Oakland's ability to assure that the units remain affordable. Oakland must assess how much risk it is willing to take at the time and must then determine under what circumstances it would be willing to subordinate the lien position of its Deed of Trust to a new first mortgage in order for the owners to refinance their current first mortgage. **Please note that the City will not subordinate its Declaration of Restrictions and Equity Share Agreement.** Oakland has established the following Refinancing Policy for the PROJECTNAME development.

REFINANCING POLICY and PROCEDURE

The following are the conditions under which Oakland may subordinate its Deed of Trust to a new first mortgage for an PROJECTNAME homeowner who proposes to refinance their current first mortgage:

1. The homeowner’s total debt to income ratio does not exceed 50% **nor** does their housing cost (which includes principal, interest, taxes, mortgage and hazard insurance, homeowner association dues, reasonable utility allowance, and the scheduled maintenance reserve) to income ratio exceed 45% based on the new loan amount **and**
2. The homeowner follows the policies stated in the Regulatory Agreement:
 - a) The City must approve any loan anticipated to be placed against the property.
 - b) The City will only accept fixed rate mortgages, amortized over the life of the loan, to be secured against the property for any Restricted Units under this program.
 - c) No balloon payments shall be due during the term of the first mortgage.
3. The homeowner is refinancing for the following reasons:
 - a) To reduce mortgage payments
 - b) To eliminate Mortgage Insurance
 - c) To borrow additional funds beyond the original principal amount of the First Mortgage Promissory Note for the sole purpose of making and paying for capital improvements to the Property, the total financing up to 80% of the property’s fair market value may be

approved. For example, if at the time of proposed refinancing the home's fair market value is \$1,000,000 the City may approve financing totaling \$800,000.

The homeowner **must notify Oakland staff** that they plan to refinance and **must provide Oakland staff** with the appropriate information needed to determine the homeowner's ability to pay (debt to income ratios) at that time. Those seeking cash out refinancing must provide documentation of the property improvement plans to be performed with the funds.

If Oakland determines that the above conditions are met, Oakland will then make a determination regarding approval of additional financing, or subordination of its Deed of Trust to the homeowner's proposed new first mortgage as applicable.

The combined loan values of all the liens cannot exceed the limit established above.

If you are interested in refinancing your current mortgage for any of the above reasons, please provide a copy of this information to the proposed new lender. **You must also notify Oakland staff in writing that you wish to refinance and provide the appropriate income information described above in order for staff to begin the review process.** The notice should be sent to:

Loan Servicing Administrator
Dept HCD, Loan Servicing
City of Oakland
250 Frank H. Ogawa Plaza, Ste 5313
Oakland, CA 94612

Phone: (510) 238-3909
Fax: (510) 238-3691
LoanServicing@oaklandca.gov

By signing this document below, I have read and agreed to the above.

[MUST BE SIGNED BY ALL GRANTEES OF THE ASSISTED UNIT and BE NOTARIZED]

Participant Name 1

[Date]

Participant Name 2

[Date]

ADDRESS: 1 Avenue Oakland 94600
[Address of Property]

APN: 045-0000-034
[Assessor's Parcel No.]

NOTARIZATION REQUIRED

**NO FEE DOCUMENT
CITE THE GOVT CODE**

Recording requested by:
City of Oakland

When recorded mail to:
City of Oakland,
Community and Economic Development Agency
250 Frank Ogawa Plaza, 5th Floor
Oakland, CA 94612
Attn.: Director, Housing and Community Devel.

HOMEBUYER DISCLOSURE STATEMENT
(PROJECT NAME)
(RESTRICTED UNIT ADDRESS)

1. I, _____ (together or separately referred to as “Homebuyer”), is/are buying the residential unit (the “Restricted Unit”) in Oakland described as follows: (LEGAL DESCRIPTION), County of Alameda, State of California.
2. The Restricted Unit I am purchasing was developed with the assistance of a density bonus provided by the City of Oakland (referred to as the “City”) under state law. The state density bonus law (California Government Code Section 65915, et seq.) limits the income of the household initially purchasing the unit and requires that this unit’s Affordable Sale Price is affordable to low or moderate income households on the first transfer of the unit from the project developer to a Qualified Homebuyer. When I resell this property it can be sold at an unrestricted market rate price to a buyer of any income.
3. A **Declaration of Restrictions and Equity Share Agreement** (hereafter referred to as the “Declaration”) has been placed on title to the Restricted Unit. During its term, the Declaration restricts the occupancy of the Restricted Unit, the financing on the unit, any renting or leasing of the unit, and requires payment of the City Equity Share upon the unit’s resale. By signing this document, I am agreeing to follow those restrictions. In addition, I understand that a Deed of Trust has been place on title to enforce these restrictions.
4. **HOMEBUYER DISCLOSURES. I understand and acknowledge the following:**
 - **I purchased my Affordable Unit as a “low income” or “moderate income” buyer at an “affordable sales price.” (These terms are defined in the Declaration.) I certify that the information I provided on my Participant Application for determining my eligibility to participate in this program was true and correct.**
 - **I understand that when I resell my Restricted Unit I must comply with the terms and conditions set forth in the Declaration and will be required to repay the City Equity Share under the conditions specified in the Declaration.**

- **I understand that I am agreeing to these restriction conditions in exchange for the City's assistance in allowing me to purchase my Restricted Unit for a price below its fair market value.**
- **I understand that I must live in my Restricted Unit as my principal residence.**
- **I understand that when I refinance my Restricted Unit I must comply with the terms and conditions set forth in the Declaration and will be required to observe the limitations and restrictions specified in the Declaration.**
- **NO RENTING IS PERMITTED.**
- **I have received and read the Declaration of Restrictions and Equity Share Agreement recorded against my property and I understand what it means.**

5. By signing this document below, I have read and agreed to the above.

[MUST BE SIGNED BY ALL GRANTEEES OF THE RESTRICTED UNIT AND BE NOTARIZED]

[Signature of Homebuyer]

[Printed Name]

[Date]

[Signature of Homebuyer]

[Printed Name]

[Date]