

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO



LONDON N. BREED
MAYOR

ERIC D. SHAW
DIRECTOR

August 17, 2021

Title Company Name
555 Main Street
San Francisco, CA 94107
Attention: Ms. Escrow Officer

Delivered via email: escrow.officer@title.com

RE: Property: **123 Sample Street, Unit 2, San Francisco, CA 94124**
Borrowers: **Mary Sample, John Sample, Ellen Sample and Jack Sample**
Escrow Number: **12-01234578-EO**
MOHCD Loan Number: **DALP-211001-HTF**

Dear Escrow Officer:

These instructions are delivered to you by the City and County of San Francisco (the "City"), acting through its Mayor's Office of Housing and Community Development ("MOHCD"), in connection with purchase of the above property ("Property") by **Mary Sample, John Sample, Ellen Sample and Jack Sample** (the "Borrower"). This letter and the attached documents will confirm the Borrowers' eligibility under the City's Downpayment Assistance Loan Program ("DALP"). This package contains the DALP loan documents that need to be signed and recorded for the final closing.

A. Closing Documents

In connection with this escrow, the City is depositing the following documents:

1. **Promissory Note** Secured by Deed of Trust in the amount of **\$375,000**, for the benefit of the City and dated as of the date it is executed by Borrower ("DALP Note").
2. **Deed of Trust and Assignment of Rents** dated as of the date executed by the Borrower as Trustor, for the benefit of the City to secure the DALP Note ("DALP Deed of Trust"). This DALP Deed of Trust should be in the **second position** on the Property.
3. **Request for Copy of Notice of Default** under Section 2924b Civil Code for the DALP loan ("DALP Request for Notice").

B. Closing Procedures:

In connections with this transaction, the City authorizes you to execute the following actions:

1. Please arrange for Borrower to come into your office to execute the documents listed below. Borrower must execute the documents as indicated on the forms and below (use blue ink pen for all signatures). Borrower's signature must be acknowledged by a Notary Public where indicated. No power of attorney is allowed, and the Borrower must be physically present to sign the documents. At signing please provide to the Borrower a copy of each document signed by Borrower. Borrower must execute:
 - (a) the DALP Note; Borrower's signature must be acknowledged by a Notary Public; **please date the DALP Note as of the date it is executed by Borrower;**

- (b) the DALP Deed of Trust; Borrower's signature must be acknowledged by a Notary Public; **please date the DALP Deed of Trust as of the date it is executed by Borrower**;
- (c) the DALP Request For Notice; Borrower's signature must be acknowledged by a Notary Public.
2. Once Borrower has executed the documents and the documents are dated as provided above, please attach:
- (a) A copy of the legal description of the Property as Exhibit A to the DALP Deed of Trust.
- (b) A copy of the signed DALP Note as Exhibit B to the DALP Deed of Trust.
3. Under separate cover, you will receive from **Mortgage Lender Institution** (the "Senior Lender"), their separate escrow instructions, loan documents, and funds related to a purchase money mortgage in the amount of **\$400,000** for the purchase of the Property, including a first Deed of Trust securing said Property between the Buyer as Trustor, and the Senior Lender as Beneficiary ("Senior Lender Deed of Trust"). The Senior Lender Deed of Trust will be recorded against the Property in the first lien position, before the City Deed of Trust, as provided below.
4. The DALP Deed of Trust will be recorded against the Property in the second lien position, as provided below.
5. You will submit a copy of the HO3 or HO6 Certificate of Insurance naming the City as additional mortgagee payee on the Property Insurance Policy. The loss payee clause shall read as follows:
- City and County of San Francisco
C/O Mayor's Office of Housing and Community Development
Its Successors and /or Assigns
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
- The MOHCD Loan Number referenced above must be properly reflected on the Property Insurance Policy.
6. You will collect a Post-Purchase Education Deposit in the amount of \$200 from Borrower, and properly reflect this amount on the settlement statement. A description of this line item will read: **Post-Purchase Education Deposit to HomeownershipSF**. The deposit shall be made in the form of escrow check or cashier's check, and payable to: HomeownershipSF, 275 5th Street, Suite 314, San Francisco, CA 94103. Please reference the Borrower's Name and Property Address on the check.
- At closing or immediately after closing, please mail the following to HomeownershipSF at the above address to the attention of the MOHCD Homeownership Program:
- An escrow or cashier's check in the amount of \$200; and
 - A certified copy of the final combined settlement statement
7. You must confirm that property taxes and hazard insurance are impounded by the SeniorLender. Impounds for taxes and insurance must be reflected on the estimated combined settlement statement, unless otherwise approved by MOHCD.
8. You acknowledge that all City documents are to be recorded at no charge pursuant to California Government Code Section 27383. If the Recorder of the City and County of San Francisco charges a recording fee, you are to pay the recording fee and charge the Borrower. The City will not be responsible for any escrow or recording fees associated with the completion of these closing documents.
9. You have prepared an estimated combined settlement statement for Borrower and the City.
10. Indicate your receipt and acceptance of these instructions by signing the enclosed copy.
11. **Return ALL of the following documents to MOHCD for review and approval before any document is recorded.**

Return **hard copies** of the following executed documents to MOHCD:

- **Original** executed DALP Note

Return **electronic copies** of the following executed documents as **one PDF File** to MOHCD:

- Your acceptance of the City's Escrow Instructions;
- Copy of borrower executed DALP Note;
- Copy of borrower executed DALP Deed of Trust;
- Copy of DALP Request for Notice on behalf of MOHCD;
- Copy of the Grant Deed;
- Copy of Senior Lender Closing Instructions, Note and Deed of Trust;
- Copy of any other mortgage Closing Instructions, Note(s) and Deed of Trust(s) (if applicable);
- Copy of the estimated combined (buyer and seller) settlement statement;
- HO or HO6 Certificate of Insurance naming the MOHCD as second mortgagee/loss payee on the Hazard Insurance Policy naming the City as loss payee as provided above; and
- Copy of funds to close (such as escrow receipt and copy of wire transmittal or cashier's check)

12. You are authorized to record the DALP Deed of Trust in the in the Official Records of the San Francisco County only when each of the following conditions has been fulfilled:

- (a) You are in a position to issue a 2006 ALTA Lender's Policy of Title Insurance (the "DALP Lender's Policy") with ALTA endorsement Form 1 coverage insuring the validity and priority of the DALP Deed of Trust in the full principal amount of the loan secured thereby subject only to current non-delinquent real estate taxes and exceptions **1-12** listed in the Preliminary Report dated **July 12, 2021** and issued by your company for Order No. **12-01234578-EO** and a deed of trust securing the first mortgage by the Borrower. An ALTA Lender's Policy of Title Insurance will be required for each individual loan.
- (b) You are in a position to issue a CLTA Owner's Policy (or ALTA at the buyer's discretion) insuring the buyer's interest in the title to the property conveyed to the buyer by the seller.
- (c) You are in a position to record a grant deed transferring the Property to Borrower (the "Grant Deed"), to record the Senior Deed of Trust in compliance with any instructions of the Senior Lender, and to record DALP Deed of Trust and DALP Request for Notice in strict compliance with the City's escrow instructions.
- (d) City and Borrower have approved in writing the combined settlement statement.
- (e) You are prepared to deliver all documents and do all things as directed in paragraph 13 below.
- (f) You receive a written approval to proceed with recording from a MOHCD staff member.

13. You will record document in the order indicated below:

- (a) Grant Deed;
- (b) Senior Lender Deed of Trust;
- (c) DALP Deed of Trust;
- (d) DALP Request for Notice; and
- (e) Any other junior Deed of Trust (if applicable)

14. When the documents listed above have been recorded in accordance with these instructions:

- (a) On the same day that the above documents are recorded, deliver funds to Borrower, the City, and any other entities in accordance with the approved settlement statements, and disburse the Post-Purchase Education Deposit as provide in paragraph 6, above.
- (b) Within five (5) business days after the above documents are recorded, deliver the following electronically to MOHCD at mohcd.closingdocs@sfgov.org:
 - i. a conformed copy of the DALP Deed of Trust, and the DALP Request for Notice, each

- ii. evidencing recordation;
- iii. the DALP Lender's Policy;
- iv. one (1) copy of each of the other documents deposited with you, with recording information, if applicable; and
- v. the final combined settlement statement.

C. General Instructions:

1. The Title Company must assure itself that all conditions referred to above have been fulfilled and must strictly adhere to the procedures listed above in closing escrow.
2. Seller and lender credit funds are allowed for non-recurring closing costs only. All credit must be approved by MOHCD and used in escrow. Cash back to Borrower exceeding the amount of \$250 will not be allowed. Settlement with any credit as cash back to Borrower exceeding the amount of \$250 must be applied towards the principal of the DALP loan.
3. The City and County of San Francisco reserves the right to revoke or amend these instructions and recall documents at any time prior to recordation and disbursement of funds.
4. Allow 5 business days for funds to be wired to the escrow account after MOHCD staff receive and review a complete package of closing documents requested above in Section(B) 9 of these instructions. We will 5 business days in advance to release the wire transfer. Include this timeline into your process.
5. **No escrow closing or recording can commence without written approval by MOHCD.**
6. If escrow does not close within 30 days from the date of these instructions, please return all documentation and funds to the City and County of San Francisco, Mayor's Office of Housing and Community Development – MOHCD Homeownership Program, 1 South Van Ness Ave, 5th Floor, San Francisco, CA 94103.

Please sign below to indicate your understanding of this transaction. In the event you are unable to comply with these instructions as requested, or if there are to be any changes with respect to the transactions contemplated hereby, please contact MOHCD at 415-701-5500 before proceeding.

Thank you for your cooperation.

Sincerely,

Tammie Little

Tammie Little
HBMR Lending Specialist

Accepted and Agreed to this _____ day of _____, 20____

BY: _____
Ms. Escrow Officer, Sample Title Company

Secured Promissory Note

(Secured by Deed of Trust)

**General Downpayment Assistance Loan Program (General DALP)
First Responders Downpayment Assistance Loan Program (FRDALP)
Educators Downpayment Assistance Loan Program (Educators-DALP)
Funding Source: Housing Trust Fund**

Loan Number: DALP-211001-HTF

Date: _____

Principal Amount: \$375,000

Share Appreciation: 47%

Borrower(s) Name: Mary Sample, John Sample, Ellen Sample and Jack Sample

Property Address: 123 Sample Street, Unit 2, San Francisco, CA 94124

1. Borrower's Promise to Pay. For value received, the undersigned ("Borrower") hereby promises to pay to the City and County of San Francisco, a municipal corporation, acting by and through the Mayor's Office of Housing and Community Development ("Lender"), the principal amount of U.S. **Three Hundred Seventy Five Thousand Dollars (\$375,000)** (the "Principal Amount") plus a "Share of Appreciation" in the value of the Property as defined in Section 6 below and as provided in this Secured Promissory Note (the "Note"). The interest rate on the principal amount is 0%.
2. DALP Program Requirements. Borrower acknowledges that the loan in the Principal Amount made to Borrower by Lender as of the date of this Note was made pursuant to the DALP regulations as described in the Downpayment Assistance Loan Program Manual, effective March 31, 2021 ("DALP Manual"), and therefore Borrower hereby agrees to comply with the DALP Manual, as amended from time to time, until this Note is full repaid. Borrower represents that Borrower's combined household income does not exceed **134%** of the area median income for the San Francisco Metropolitan Statistical Area, as published by the Lender and further defined in the DALP Manual as of the date of this Note.
3. Use of Principal Amount. The Lender has provided the Principal Amount to Borrower to finance a portion of Borrower's down payment or closing cost for the purchase of a single-family residence located at **123 Sample Street, Unit 2, San Francisco, CA 94124** (the "Property") as Borrower's Primary Residence. The purchase price of the Property is **Eight Hundred Thousand Dollars (\$800,000)** (the "Purchase Price").
4. Security. Borrower's obligations under this Note are secured by a Deed of Trust and Assignment of Rents executed by Borrower, as Trustor, for the benefit of Lender, as Beneficiary (the "Deed of Trust").
5. Time and Place of Payments.
 - a. The Principal Amount of this Note, together with the Share of Appreciation as defined in Section 6 below, shall be due and payable in full on the Maturity Date to the City and County of San Francisco at the Mayor's Office of Housing and Community Development, One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103 or at such other place as the City may from time to time designate.
 - b. The Maturity Date shall be the earliest to occur of the following:

- (i) An acceleration by Lender of this Note in the event of a default hereunder or under the City Deed of Trust; or
- (ii) A sale of the Property through a judicial foreclosure, a trustee's sale of the Property (regardless of whether initiated by the Lender) through a non-judicial foreclosure, or any other legal process of foreclosure under California law; or
- (iii) The date of the first sale or transfer of the Property to occur after the date of this Note without the prior written consent of Lender. For the purposes of this Note, "sale or transfer" shall mean any voluntary or involuntary sale, assignment, rental of the property as described in the DALP Manual, or any transfer of title in the Property, including entering into any installment sales contract giving the purchaser or a third party a right to possess the Property or any portion of the Property before transfer of title; provided, however, that "transfer" does not include any of the following:
 - (A) a transfer resulting from death of a Borrower where the transfer is to a co-Borrower;
 - (B) a transfer by Borrower into an inter vivo trust as set forth in the DALP Manual;
 - (C) a transfer resulting from a decree of dissolution of marriage or legal separation or from a property settlement agreement incidental to such a decree in which one of the Borrowers becomes the sole owner of the Property; or
 - (D) a transfer between co-Borrowers.

Notwithstanding the forgoing, Borrower must comply with the Transfer restrictions as set forth in the DALP Manual.

c. All payments must be made in currency of the United States of America then lawful for payment of public and private debts. All payments must be made payable to the "City and County of San Francisco" of the Mayor's Office of Housing and Community Development, One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103 or at such other place as the City may from time to time designate.

6. Share of Appreciation. On the Maturity Date or on the date of any prepayment under Section 7, the Borrower agrees to repay to Lender the Principal Amount, default interest (if any), plus the "Share of Appreciation" calculated under this Section 6. The "Share of Appreciation" is defined as the amount equal to **Forty Seven (47%)** of the increase in the Fair Market Value of the Property, if any, from the date of Borrower's purchase of the Property through the Maturity Date. The Share of Appreciation has been determined by dividing the Principal Amount by the Fair Market Value of the Property as of the date of this Note, as defined in this Section.

- (i) The Fair Market Value of the Property at the time of the Borrower's purchase of the Property is the lessor of the Purchase Price or the Appraised Value of the Property at the time of purchase.
- (ii) The Fair Market Value of the Property as of the Maturity Date is the greater of the Borrower's sales price of the Property (if applicable) or the Appraised Value of the Property as of the Maturity Date.
- (iii) The Lender and Borrower may determine the Fair Market Value by mutual agreement, without obtaining an appraisal.

- (iv) If the Lender and Borrower are unable to agree on a Fair Market Value under Subsection (iii), then the "Appraised Value" of the Property is defined as the value that would be agreed to by a seller who is willing to sell but under no particular or urgent necessity or obligation to sell, and a buyer who is ready, willing and able to buy but under no particular or urgent necessity to buy, each dealing with the other with full knowledge of all the uses and purposes for which the Property is reasonably adaptable and available. For purposes of determining the Appraised Value, the Borrower shall select an appraiser who is an "MAI" member of the American Institute of Real Estate Appraisers or an "SRPA" member of the Society of Real Estate Appraisers (or any such equivalent designations). Lender has the option, at Lender's sole expense, to select an appraiser to conduct an additional appraisal of the Property. If the two appraisals are not in agreement as to the Appraised Value of the Property, the amounts determined by the appraisals will be averaged to determine the Appraised Value of the Property for purposes of this Subsection (iv).
7. Borrower's Right to Prepay. The Borrower may repay the Principal Amount, together with the Share of Appreciation as of the date of such prepayment, calculated under Section 6 above, provided that such prepayment is in full and not in part. No prepayment charge will be imposed by the Lender.
8. Loan Charges. If any law which applies to this loan and which sets maximum loan charges is finally interpreted so that any amounts collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Lender may choose to make this refund by making a direct payment to Borrower or by another method determined by Lender.
9. Occupancy, Preservation, Maintenance and Protection of Property; Borrower's Loan Application.
- a. Borrower shall occupy, establish, and use the Property as Borrower's Primary Residence commencing within sixty (60) days after the execution of this Note and ending on the Maturity Date. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default under this Note if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's reasonable judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Note. Borrower may cure such a default and reinstate Borrower's obligations, by causing the action or proceeding to be dismissed with a ruling that, in Lender's reasonable determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Note or Lender's security interest.
- b. Borrower shall also be in default under this Note if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the Loan evidenced by the Note, including, but not limited to, representations concerning (1) Borrower's intent to occupy the Property as a Primary Residence; (2) Borrower's income and liquid assets; (3) Borrower's eligibility under the applicable requirements for a loan under the DALP Manual, including, but not limited to, eligibility as a First-time Homebuyer, First Responder, and/or Educator (each defined under the DALP Manual), as applicable; (4) Borrower's completion of the approved Homebuyer Education Course; and (5) Borrowers household size and composition.
- c. Borrower acknowledges that this Property is subject to certain use and occupancy restrictions under the DALP Manual, generally limiting the Property's use to low- to middle-income housing as further described in the DALP Manual. The DALP Manual also requires Borrower to occupy and use the Property as Borrower's Primary Residence and prohibit the Borrower from renting the Property at any time, except under limited circumstances set forth in the DALP Manual. Any violation of the use and occupancy restrictions by Borrower shall be deemed a default hereunder.
10. Default; Remedies; Default Interest.

- a. Default. Any of the following will constitute an “Event of Default” under this Note:
- (i) If Borrower fails to pay the Principal Amount plus the Share of Appreciation on the Maturity Date, Borrower will be in default under this Note, or
 - (ii) If Borrower fails to comply with the DALP Manual, or
 - (iii) the occurrence of any other default under this Note or default under an instrument securing the obligations of Borrower under this Note.
- b. Notice of Default. Upon a default by Borrower, Lender shall provide written notice of such default to Borrower. Borrower shall have thirty (30) days from the effective date of such notice to cure the default.
- c. Default Interest Rate. Upon the occurrence of an Event of Default under any City document, interest will be deemed to have accrued on the outstanding Principal Amount at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under this Note are paid to Lender. Borrower acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Lender if Borrower defaults. Borrower further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Lender's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City document.
- d. Remedies. Upon the occurrence of any Event of Default, without notice to or demand upon Borrower, which are expressly waived by Borrower (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Borrower and any notices or demands specified in the Agreement, this Note or other instrument), Lender may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Lender at law or in equity. Borrower acknowledges and agrees that Lender's remedies include the right to accelerate the Maturity Date by declaring the outstanding Principal Amount, together with the Share of Appreciation, accrued and unpaid interest on the Principal Amount at the Default Rate and unpaid fees and costs incurred, shall be immediately due and payable without the necessity of any further notice or demand, in which case, the Maturity Date will be superseded and replaced by the date established by Lender.
- e. No Waiver by Lender. The Lender's failure to exercise any remedies upon a default shall not be a waiver of the Lender's right to exercise such remedies.
- f. Payment of Lender's Costs and Expenses. If the Borrower is in default under this Note, the Lender's costs and expenses of enforcing this Note, including reasonable attorney's fees, shall be added to the Principal Amount, to the extent not prohibited by applicable law.
11. Notices. All notices required by this Note shall be made in writing, and shall be deemed communicated by personal delivery or by United States mail, postage prepaid, as of the earlier of actual receipt or three days from mailing, addressed as follows:

To Lender:

Director
Mayor's Office of Housing and Community Development
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

To Borrower: At the Property Address in Section 3

or such other address as either Lender or Borrower may designate, from time to time, by written notice sent to the other party in like manner.

12. Waivers.

a. The Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Lender to demand payment of amounts due. "Notice of dishonor" means the right to require the Lender to give notice to other persons that amounts due have not been paid.

b. Borrower expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Lender's consent, and that Lender may accept further security or release any security for this Note, all without in any way affecting the liability of Borrower.

c. No extension of time for payment of this Note or any installment hereof made by agreement by Lender with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

d. The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

13. Subordination. After the date of this Note, the Lender's prior written approval, in its sole and absolute discretion, is required of any subordination of this Note to financing secured by a mortgage, deed of trust, lien, or other instrument on the Property.

14. Miscellaneous Provisions.

a. The Borrower understands that under Section 67.24(e) of San Francisco Administrative Code, applications for financing and all other records of communications between the City and the Borrower must be open to public inspection immediately after a contract has been awarded. All information provided by Borrower which is covered by that ordinance (as it may be amended) will be made available to the public upon appropriate request.

b. If more than one person signs this Note, each person is jointly and severally liable for the obligations under this Note. This means that each such person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed, and Lender may require any one person to pay all amounts owed under this Note. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Lender may enforce its rights under this Note against each person individually or against all of us together.

c. If any legal action is commenced by Lender to enforce any of the terms of this Note, the Deed of Trust, or rights arising from the Borrower's actions in connection with this Note, the Lender will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Note, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An

award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

d. This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

e. This Note shall be governed by and construed in accordance with the laws of the State of California.

f. Time is of the essence for the performance of all obligations of Borrower hereunder.

BORROWER(S):

Mary Sample

John Sample

Ellen Sample

Jack Sample

(ALL SIGNATURES MUST BE NOTARIZED)

**Free Recording Requested Pursuant to
Government Code Section 27383**

When recorded, mail to:
Mayor's Office of Housing and Community
Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn.: DALP
Loan No.: **DALP-211001-HTF**
APN: **Block: 5000 Lot: 100**
Escrow No.: **12-01234578-EO**
Property Address: **123 Sample Street, Unit 2**
San Francisco, CA 94124

Space above This Line for Recorder's Use

DEED OF TRUST AND ASSIGNMENT OF RENTS

**General Downpayment Assistance Loan Program (General DALP)
First Responders Downpayment Assistance Loan Program (FRDALP)
Educators Downpayment Assistance Loan Program (Educators-DALP)
Funding Source: Housing Trust Fund**

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS ("Deed of Trust") is made as of _____ by **Mary Sample, John Sample, Ellen Sample and Jack Sample** ("Borrower" or "Trustor") to **Sample Title Company** ("Trustee") for the benefit of the City and County of San Francisco, a municipal corporation, whose address is c/o Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, California 94103 ("Lender" or "Beneficiary"). This Deed of Trust is being made in accordance with Lender's Downpayment Assistance Loan Program, as described in the Downpayment Assistance Loan Program Manual ("DALP Manual").

Borrower owes Lender the principal sum of **Three Hundred Seventy Five Thousand Dollars (\$375,000)** (the "City Loan"). The City Loan is evidenced by Borrower's Secured Promissory Note ("Note") dated the same date as this Deed of Trust and executed by Borrower. Capitalized terms used in this Deed of Trust and not defined shall have the meanings set forth in the Note. The Note provides for payment of the principal amount of the Note, together with a Share of Appreciation in the value of the Property (as provided in the Note) on the Maturity Date.

In addition to the City Loan, the Borrower obtained a secured loan of **\$400,000** (the "First Deed of Trust Loan") from **Mortgage Lender Institution** (the "Senior Lender"), which loan is secured by a first deed of trust lien on the Property (the "First Deed of Trust"). The documents evidencing or securing the First Deed of Trust Loan are collectively referred to herein as the First Deed of Trust Loan Documents.

This Deed of Trust secures to Lender: (a) the repayment of the City Loan evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest as provided in the Note, advanced under Section 8 of this Deed of Trust to protect the security of this Deed of Trust; (c) payment of all other sums advanced by Lender to Borrower when evidenced by an instrument stating that those sums are secured by this Deed of Trust; and (d) the performance of Borrower's covenants and agreements under this Deed of Trust and Note.

1. **Grant in Trust.** For valuable consideration, Borrower irrevocably grants and transfers and assigns to Trustee, in trust, with power of sale, subject to the rights of the Senior Lender under the First Deed of Trust, the real property located in San Francisco County, California, which has the address **123 Sample Street, Unit 2, San Francisco, CA 94124** and is further described in Exhibit A attached hereto;

TOGETHER WITH all the improvements now or hereafter erected on the property; all easements, appurtenances, and fixtures now or hereafter a part of the property; all replacements of and additions to the Property; and all rents, issues and profits from the property, subject to Trustor's right to collect and retain the same as they become due and payable so long as there is no existing default hereunder. All of the foregoing is referred to in this Deed of Trust as the "Property."

2. **Title.** Borrower covenants that Borrower holds fee title to the Property and has the right to grant and convey the Property and, except for the First Deed of Trust and other encumbrances of record acceptable to the Senior Lender and the Lender, the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

3. **Obligations Secured.** This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

a. Borrower's performance of all of its present and future obligations under the the Note and the DALP Manual.

b. Owner's performance of each agreement incorporated by reference contained in, or entered into in connection with, the Borrower Documents, and Owner's performance of its obligations under this Deed of Trust and any additional agreements of Owner incorporated by reference or contained herein.

c. Payment of the indebtedness evidenced by the Note in the amount described in the Note, all Share of Appreciation, interest, fees and costs due under the Note, and any additional sums Owner may borrow or receive from the City, when evidenced by another note (or notes) reciting it is so secured.

4. **Prior Deeds of Trust; Charges; Liens.**

a. The Borrower shall perform all of the Borrower's obligations under the First Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property, and leasehold payments or ground rents, if any. Borrower shall pay these obligations directly and on time to the person or entity owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

b. Except for the lien of the First Deed of Trust, Borrower shall promptly discharge any other lien which may encumber title to the Property unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which, in the Lender's sole discretion, operate to prevent the enforcement of the lien; or (c) obtains from the Lender of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. Except for the lien of the First Deed of Trust, if Lender determines that any part of the Property is subject to a lien which may encumber title to the Property without Lender's prior written consent, Lender may give Borrower a notice identifying the lien. Borrower shall discharge such lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. **Subordination.**

a. Lender and Borrower acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by the Borrower under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. In the event of a foreclosure or deed in lieu of foreclosure under the First Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low- to middle-income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property, unless Borrower or a

related entity of the Borrower acquires title through such foreclosure. Any person, including successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

b. Further, if the Senior Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the Senior Lender's acquisition of title, provided that (i) the Lender has been given written notice of a default under the First Deed of Trust (which requirements may be satisfied by recordation of a notice of default under California Civil Code Section 2924 and (ii) the Lender shall not have cured the default under the First Deed of Trust, within 90 days from the date of notice sent to the Lender.

c. After the date of this Deed of Trust, the Lender's prior written approval, in its sole and absolute discretion, is required of any subordination of this Deed of Trust to financing secured by a mortgage, deed of trust, lien, or other instrument on the Property.

6. **Hazard or Property Insurance.**

a. Borrower shall keep the improvements now existing or hereafter erected on the Property insured on an all-risk form, excluding earthquake and flood, for one hundred percent (100%) of the replacement value, with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, and at Borrower's cost which shall be added to the Principal Amount and secured by this Deed of Trust, obtain coverage to protect Lender's rights in the Property in accordance with Section 8.

b. All insurance policies and renewals, including the issuer of such policies, shall be acceptable to Lender and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the First Deed of Trust. All original policies of insurance required pursuant to the First Deed of Trust may be held by the Senior Lender; provided, however, Lender shall be named as a loss payee as its interest may appear and shall be named as an additional insured. If Lender requires, Borrower shall promptly give to Lender copies of all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lender and Lender. Lender may make proof of loss if not made promptly by the Senior Lender or the Borrower.

c. Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not impaired as determined by Lender in its sole discretion. If the restoration or repair is not economically feasible or Lender's security would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days from the date of a written notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Deed of Trust, whether or not then due. The 30 day period will begin when the notice from Lender that the insurance carrier has offered to settle a claim is given.

d. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in the Note or change the amount of the payments. If under Section 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

e. Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lender to collect and apply such

proceeds in accordance with the First Deed of Trust.

7. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.

a. Borrower shall occupy, establish, and use the Property as Borrower's Primary Residence within sixty (60) days after the execution of this Deed of Trust. Except as otherwise expressly permitted by the DALP Manual, Borrower shall continue to occupy the Property as his or her Primary Residence. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default under this Deed of Trust if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's reasonable judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust. Borrower may cure such a default and reinstate Borrower's obligations, as provided in Section 21, by causing the action or proceeding to be dismissed with a ruling that, in Lender's reasonable determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Deed of Trust or Lender's security interest.

b. Borrower shall also be in default under this Deed of Trust if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the Loan evidenced by the Note, including, but not limited to, representations concerning (1) Borrower's intent to occupy the Property as a Primary Residence; (2) Borrower's income and liquid assets; (3) Borrower's eligibility under the applicable requirements for a loan under the DALP Manual, including, but not limited to, eligibility as a First-Time Homebuyer, First Responder, and/or Educator (each defined under the DALP Manual), as applicable; (4) Borrower's completion of an approved Homebuyer Education Course; and (5) Borrower's household size and composition.

c. Borrower acknowledges that this Property is subject to certain use and occupancy restrictions under the DALP Manual, generally limiting the Property's use to low- to middle-income housing as further described in the DALP Manual. The DALP Manual also requires Borrower to occupy and use the Property as Borrower's Primary Residence and prohibits the Borrower from renting the Property at any time, except with under limited circumstances set forth in the DALP Manual. Any violation of the use and occupancy restrictions by Borrower shall be deemed a default hereunder and entitle the Lender to the remedies provided in Section 21 hereof.

d. If an Event of Default has occurred and is continuing related to any lease of the Property in violation of the Note and the DALP Manual, Borrower hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to any rents as additional security for the Secured Obligations, and Lender has the right, power, and authority to collect any and all such rents. Borrower hereby appoints Beneficiary its attorney-in-fact to perform any and all acts under this Subsection (d), if and at the times when Beneficiary in its sole discretion may so choose. Lender's right to any rents does not depend on whether or not Lender takes possession of the Property. In Lender's sole discretion, it may choose to collect any rents either with or without taking possession of the Property. If an Event of Default occurs while Lender is in possession of all or part of the Property and is collecting rents as permitted under this Deed of Trust, Lender, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder. Under no circumstances shall Lender have any duty to produce Rents from the Property. Regardless of whether or not Lender, in person or by agent, takes actual possession of the Property, Lender is not and shall not be deemed to be a "mortgagee in possession" for any purpose; responsible for performing any of the obligations of the lessor under any lease; responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it. Upon the occurrence and during the continuance of an Event of Default, Lender, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

8. **Protection of Lender's Rights in the Property.**

a. If there is an event of default by the Owner under this Deed of Trust or any of the Owner Documents, or if the Property or any part thereof, or any interest therein is sold, conveyed, alienated or refinanced by the Owner, or by the operation of law or otherwise, in violation of any of the Owner Documents, all obligations secured by this Deed of Trust, at the City's sole option and without demand or notice, shall immediately become due and payable.

b. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Deed of Trust (including sums secured by the First Deed of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this Section 8, Lender is not required to do so.

c. Any amounts disbursed by Lender under this Section 8 shall become additional debt of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, these amounts shall become a part of the Principal Amount of the Loan for the purpose of calculating the Share of Appreciation due to the Lender under the Note.

d. Prior to taking any actions under this Section 8, however, Lender shall notify the Senior Lender of such default in the manner provided in Section 21, and shall provide the Senior Lender with the opportunity to cure any such default under this Deed of Trust. All amounts advanced by the Senior Lender to cure a default hereunder shall be deemed advanced by the Senior Lender and shall be secured by the First Deed of Trust in accordance with the First Deed of Trust Loan Documents. In addition, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lender at least 60 days' prior written notice. Borrower acknowledges that any action by Lender hereunder to foreclose or accept a deed in lieu of foreclosure may, at Lender's option, be subject to any "due on sale" provisions of the First Deed of Trust.

e. Lender and Borrower further agree that a default hereunder shall constitute a default under the First Deed of Trust. In the event of a default hereunder, following any applicable notice and cure periods, the Senior Lender shall have the right to exercise all rights and remedies under the First Deed of Trust.

9. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. **Condemnation.**

a. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of the First Deed of Trust.

b. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Borrower and Lender otherwise agree in writing, the Lender shall receive payment of the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower, and the amount secured by this Deed of Trust shall be

reduced by the amount paid to the Lender. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due.

c. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

d. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of payments under the Note or change the amount of such payments.

11. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Any extension of the time for payment or modification or amortization of the sums secured by this Deed of Trust granted by Lender to Borrower or Borrower's successors in interest shall not operate to release the liability of the Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. **Joint and Several Liability.** In the event more than one individual or entity executes this note as a Borrower, then each Borrower's covenants and agreements shall be joint and several.

13. **Loan Charges.** If the Loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower.

14. **Notices.** All notices required by this Deed of Trust shall be made in writing, and shall be deemed communicated by personal delivery or by United States mail, postage prepaid (unless applicable law requires use of another method), as of the earlier of actual receipt or three days from mailing, addressed as follows:

To Lender: Director
Mayor's Office of Housing and Community Development
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

To Borrower: At the Property Address in Section 1

To the Senior Lender: **Mortgage Lender Institution**
555 Sample Street
San Francisco, CA 94105

or such other address as either Lender, Borrower or Senior Lender may designate, from time to time, by written notice sent to the others in like manner.

15. **Governing Law; Severability.** This Deed of Trust shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one copy of the Note and a confirmed copy of this Deed of Trust.

17. **Transfer of the Property or a Beneficial Interest in Borrower.**

a. Except for a conveyance to the trustee under the First Deed of Trust, and except as otherwise permitted under the Note, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust.

b. If Lender exercises its option under Subsection (a), Lender shall give Borrower and the Senior Lender prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

c. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Section 8 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lender at least 60 days' prior written notice.

d. The Borrower and the Lender agree that whenever the Note or this Deed of Trust gives the Lender the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lender pursuant to the First Deed of Trust, the Senior Lender's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

18. **Borrower's Right to Reinstate.** If Borrower meets certain conditions specified below, Borrower shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default; (c) pays all expenses incurred by Lender in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Borrower, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 21.

19. **Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with Section 14 above and applicable law. The notice will state the name and address of the

new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. **Hazardous Substances.**

a. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances (as defined below) on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law (as defined below). The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

b. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower shall notify the Lender and the Senior Lender that such remedial action is necessary and shall obtain the Senior Lender's prior written consent for such remedial action.

As used in this Section 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this Section 20, "Environmental Law" means federal, state or local laws that relate to health, safety or environmental protection.

21. **Acceleration; Remedies.**

a. Lender shall give notice to Borrower and the Senior Lender prior to acceleration following Borrower's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (i) the default; (ii) the action required to cure the default; (iii) a date, not less than 30 days from the date the notice is given to Borrower (and with respect to the Senior Lender, 60 days from the date the notice is given to the Senior Lender), by which the default must be cured; and (iv) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non existence of a default or any other defense of Borrower to acceleration and sale.

b. If the default is not cured by the Borrower on or before the date specified in the notice, and the Senior Lender has not exercised its right to cure the default, then Lender at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Section 8 above, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lender at least 60 days' prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 21, including, but not limited to, reasonable attorneys' fees.

c. If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, the Senior Lender and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of

all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

d. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (i) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (ii) to all sums secured by this Deed of Trust; and (iii) any excess to the person or persons legally entitled to it.

22. **Release.** Upon payment of all sums secured by this Deed of Trust, Lender shall reconvey this Deed of Trust without charge to Borrower. Borrower shall pay any recordation costs.

23. **Substitute Trustee.** Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

24. **Modification of First Deed of Trust Loan Documents.** The Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the First Deed of Trust Loan Documents, including any provisions requiring the payment of money.

25. **Successors and Assigns.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of Section 17.

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

BORROWER(S):

Mary Sample

John Sample

Ellen Sample

Jack Sample

(ALL SIGNATURES MUST BE NOTARIZED)

**EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY**

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

SAMPLE

EXHIBIT B

ATTACH PHOTOCOPY OF BORROWER EXECUTED PROMISSORY NOTE

SAMPLE

**Free Recording Requested Pursuant to
Government Code Section 27383**

When recorded, mail to:
Mayor's Office of Housing and Community
Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn.: DALP

Loan No.: **DALP-211001-HTF**
APN: **Block: 5000 Lot: 100**
Escrow No.: **12-01234578-EO**
Property Address: **123 Sample Street, Unit 2**
San Francisco, CA 94124

Space above This Line for Recorder's Use

REQUEST FOR COPY OF NOTICE OF DEFAULT

IN ACCORDANCE WITH SECTION 2924B, CIVIL CODE OF THE STATE OF CALIFORNIA, REQUEST IS HEREBY MADE THAT A COPY OF ANY NOTICE OF DEFAULT AND A COPY OF ANY NOTICE OF SALE UNDER THE DEED OF TRUST RECORDED CONCURRENT HERE WITH, OFFICIAL RECORDS OF SAN FRANCISCO, CALIFORNIA, EXECUTED BY Mary Sample, John Sample, Ellen Sample and Jack Sample AS TRUSTOR, TO Title Company Name AS TRUSTEE, IN WHICH Mortgage Lender Institution IS NAMED AS BENEFICIARY,

BE MAIL TO: Mayor's Office of Housing and Community Development of the
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED IN THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A NEW REQUEST MUST BE RECORDED.

Dated: _____, 20____

BORROWER(S):

Mary Sample

John Sample

Ellen Sample

Jack Sample

(ALL SIGNATURES MUST BE NOTARIZED)