

FEE AND RELEASE OPTION INSTRUCTIONS
Pre-Affidavit Owners

ONLY Pre-Affidavit Owners are eligible for this option. If you choose to pay the fee, your unit will be permanently released from the Condo Conversion BMR Program. It is important that you read the following procedures and legal documents regarding this option. **In entering into any legal agreement with the City, the City recommends that an owner retain his or her own legal counsel. MOHCD cannot offer legal advice.**

Step One

Prior to submitting an application, you must review the following documents:

- Ordinance #112-15
- Fee and Release Option - Checklist
- Fee and Release Option - Agreement between Owner and City
- Fee and Release Option - Promissory Note and Deed of Trust (if paid by City Lien)

You may download copies of these documents on the Condo Conversion BMR Program page of MOHCD's website: www.sfmohcd.org or pick up copies at the Mayor's Office of Housing and Community Development from 8am-5pm, Monday-Friday.

Step Two

Submit the "Fee and Release Option Checklist" and all required attachments to:

The Mayor's Office of Housing and Community Development (MOHCD)
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Condo Conversion BMR Program

Please submit paper copies (no electronic versions) of the Checklist and all attachments. Do not assume that MOHCD has these documents in its files. MOHCD will not review incomplete submittals.

You must complete the transaction for this option **by July 31, 2016**. To ensure that your submittal can be processed in time, MOHCD must receive your complete application packet **by June 1, 2016**.

Step Three

MOHCD will review all submittals in the order received.

As part of its review process, MOHCD will confirm the amount of special assessments and eligible capital improvements that were completed on your property prior to the completion of the transaction. If you are in the process of making capital improvements at the time of application that you expect to be completed no later than the date of transaction completion, please indicate this on your application. The fair market value of your property will be determined based on the procedures set forth in Subdivision Code Section 1344(b). Based on this information, MOHCD will calculate your fee and send you a notice of the total fee payment due, if paid immediately, and the lien amount due, if you choose to pay the fee by recording a City Lien.

Step Four

Upon receipt of the letter from MOHCD indicating your fee amount and lien amount, you will be required to select your payment method to MOHCD. You may choose to pay the fee immediately or by recording a City Lien.

Step Five (for City Lien ONLY)

If you will not be paying by City Lien, skip to Step Six.

In order to be eligible for the City Lien option, the total debt on your property may not exceed 80% of the fair market value, including the City Lien. If you indicate that you would like to record a City Lien, you will be required to submit proof of current balances on all loans secured by the BMR property.

If the total debt on your property exceeds 80% of the fair market value, you are not eligible to record a City Lien at this time. You may sign the Fee and Release Option Agreement prior to January 18, 2011 and will have 10 years from the date the Agreement was signed to pay the fee or pay down all debt on your property to below 80% of the fair market value. MOHCD will not release the BMR unit until the fee is paid or the lien is recorded against the property. If you do not sign the Fee and Release Agreement by July 31, 2016 or you do not meet the 80% debt threshold within 10 years of signing the Agreement, your property will remain part of the current Condo Conversion BMR Program.

Step Six

Your closing process will depend upon how you choose to pay the fee, as described below.

- A. Immediate Payment: MOHCD will contact you to set up a signing appointment. At this appointment, you will sign an Agreement with the City and deliver payment. MOHCD will execute a release for the property when payment has cleared. It is your responsibility to record the release.

Under this option, you may also choose to pay the fee during a sale or refinance transaction for the property. If you choose to pay during a sale or refinance transaction, MOHCD will execute your agreement, accept payment, and record a release through your title company. The sale or refinance transaction must be complete (closed) **by July 31, 2016**.

- B. City Lien: An escrow account will be opened with a participating title company. You will be in direct contact with the title company to set up a signing appointment. At this appointment, you will sign the Agreement, Promissory Note and Deed of Trust for the City Lien. Concurrently, MOHCD will execute and record a release through the title company.

Under this option, you may also choose to record the City Lien during a refinance transaction for the property. If you choose to record the City Lien during a refinance transaction, MOHCD will execute your agreement, record the promissory note and deed of trust for the City Lien, and record a release through your title company. The refinance transaction must be complete (closed) **by July 31, 2016**.

Step Seven

Once the Agreement is executed, the fee is paid (immediately or by City Lien) and the release is recorded, your property will no longer be subject to the Condo Conversion BMR Program.

City and County of San Francisco Mayor's Office of Housing and Community Development
Condominium Conversion BMR Program – Ordinance #112-15

FEE AND RELEASE OPTION CHECKLIST
Pre-Affidavit Owners

Checklist Submittal Date: _____

BMR Unit Information:

BMR Unit Purchase Date: _____

BMR Unit Address (include unit # and zipcode):

BMR Owner Contact Information:

BMR Owner Name(s): _____

Owner Phone Number: _____

Owner Email Address: _____

Owner Mailing Address: _____

Submission Checklist (check all that apply):

_____ **Fee and Release Checklist**

_____ **Proof of Purchase Date**
HUD-1 settlement statement, grant deed, etc.

_____ **Legal Description of the Property**
Also known as "Exhibit A" or "Attachment A" in most title and closing documents

_____ **Proof of capital improvements and special assessments completed on the property prior to completion of the transaction.**
You must submit an itemized list of improvements with a corresponding invoice and proof of payment for each item. Do not resubmit any costs that have already been approved by MOHCD. Please also indicate any improvements in process on the application date that will be completed prior to completion of the transaction.

MOHCD has developed an excel spreadsheet to aid you in submitting capital improvements. The electronic spreadsheet is located on the Condo Conversion BMR Program page of MOHCD's website: www.sfmohcd.org. Please email the completed spreadsheet to rosa.m.hernandez@sfgov.org and submit paper copies of all corresponding invoices and proof of payment.

_____ **Fair market appraisal for the property dated within 90 days of checklist submission date**