

**DRAFT**

Free Recording Requested Pursuant to  
Government Code Section 27383 and 27388.1

Recording requested by and  
when recorded mail to:  
City and County of San Francisco  
Mayor's Office of Housing  
and Community Development  
1 South Van Ness Avenue, 5th Floor  
San Francisco, California 94103  
Attn: AGNES DIFIESTA  
APN#:  
Address:401 Avenue of the Palms

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS**  
401 Avenue of the Palms

**THIS DECLARATION OF RESTRICTIONS** ("Declaration") is made as of \_\_\_\_\_, \_\_\_\_\_, by **MACEO MAY APTS, L.P.**, a California limited partnership, ("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the "City").

**RECITALS**

A. The City is making a loan (the "Loan") to Borrower of HOME Program / Affordable Housing Fund: (Inclusionary Affordable Housing Program and Expedited Conversion Program)/ ERAF Affordable Housing Production and Preservation Fund/Low and Moderate Income Housing Asset Fund to finance costs associated with the development of the leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the land and the leasehold interest, the "Property") as a 105-unit multifamily rental housing development (including one manager unit) affordable to low-income veteran households (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of the date of this Declaration, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "Regulatory Obligations"), commencing on the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County, and continuing through the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

**AGREEMENT**

Now, therefore, in consideration of the City's providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

(a) Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

<b>Unit Size</b>	<b>Number of Units</b>	<b>Maximum Income Level</b>
Studio	24	80%
1BR	47	80%
2BR	33	80%
2BR	1	Manager's Unit
Total Units	105	

(i) Sixty five (65) units must be rented at all times to tenants receiving vouchers or other subsidy through the HAP contract. If the HAP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the units formerly under the HAP must at all times be occupied by Qualified Households whose Adjusted Income does not exceed eighty percent (80%) of Median Income and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of eighty percent (80%) of Median Income. In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the paragraph will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

(b) The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

Rent Schedule for HOME Projects:

Number of Units	Home Rent Category	Maximum Rent
	High HOME Rents	Maximum Rent is the Lesser of: 1) Fair market rent for existing housing for comparable units in the area, as established by HUD; or 2) 30% of 65% of Median Income, as established by HUD and published annually.
	Low HOME Rents (must be at least 20% of all units on projects with 5 or more HOME-assisted units)	Maximum Rent is the Lesser of: 1) the Low HOME rent, as established by HUD and published annually; or, 2) Borrower's choice of either: 30% of 50% of Median Income; or 30% of actual adjusted income

2. During the Compliance Term the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents.

3. This Declaration and the Regulatory Obligations constitute covenants running with the land, including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and lessee of the Property. In the event that Borrower fails to comply with the Regulatory Obligations to the City's satisfaction, in its sole discretion, within thirty (30) days of Borrower's receipt of notice from the City to so comply, or if such cure cannot reasonably be completed within such thirty (30) day period, fails to commence such cure or having commenced, does not prosecute such cure with diligence and dispatch to completion within a reasonable time period thereafter, provided that such time period does not exceed any longer period of time as deemed necessary by the City in its sole discretion, the City at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Borrower shall pay the City's costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

Borrower has executed this Declaration as of the date first written above.

SIGNATURES ON FOLLOWING PAGE

**"BORROWER"**

Maceo May Apts, L.P.,  
a California limited partnership

By: CCDC-Maceo May Apts LLC,  
a California limited liability company,  
its co-general partner

By: Chinatown Community Development Center, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Norman Fong,  
Executive Director

By: Swords-Maceo May Apts LLC,  
a California limited liability company,  
its co-general partner

By: Swords to Plowshares: Veterans Rights Organization,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Michael Blecker,  
Executive Director

[ALL SIGNATURES MUST BE NOTARIZED.]

**DRAFT**

**EXHIBIT A**  
(Legal Description of the Property)

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

Street Address:  
401 Avenue of the Palms