

PROMISSORY NOTE
SAN FRANCISCO POLICE IN THE COMMUNITY LOAN PROGRAM (PIC)
(SECURED BY DEED OF TRUST)

PIC Loan No # _____

Date: _____

Loan Amount: \$ _____

Interest Rate: 0%

Borrower Name: _____

Property Address: _____

FOR VALUE RECEIVED, the undersigned ("Borrower") hereby promises to pay to the City and County of San Francisco, a municipal corporation ("Lender"), at such address as Lender may direct from time to time in writing, the principal amount of **Twenty thousand Dollars (\$20,000)** (the "Loan") as provided in this Note. All sums hereunder shall be payable in lawful money to the United States of America.

1. **Use of Loan.** Lender has provided the Loan to Borrower to finance a portion of Borrower's down payment or closing cost for the purchase of a single-family residence located at _____, **San Francisco, California 941**____ (the "Property"). The purchase price of the Property is _____ **Dollars (\$_____)** (the "Purchase Price"). This Loan is being made in accordance with the City's San Francisco Police in the community Loan Program as described in the Police in the community Loan Program Policies and Procedures dated October 7, 2007 (the "PIC Program"), and hereby incorporated by reference.

2. **Interest.** Except as set forth in Section 3 below, this Note shall bear no interest during its term.

3. **Default Interest Rate.** Upon the occurrence of an Event of Default under this Note, that certain deed of trust and assignment of rents dated as of the date of this Note and entered into by Borrower for the benefit of Lender in order to secure Borrower's obligations under this Note (as it may be amended from time to time, the "Deed of Trust"), or under any other document entered into by Borrower evidencing or relating to the Loan (as they may be amended from time to time, collectively, "Lender's Documents"), interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) 10% per annum; or (b) the maximum rate allowed by law, 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 Lender's Documents 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 other document executed by Borrower in favor of Lender.

4. **Repayment.** Provided that no uncured Event of Default exists under any of Lender's Documents on the date that is the 6th anniversary of the Closing Date Lender will forgive Borrower's obligation to repay 100% of the principal balance of the Loan. For the purposes of this Note, the "Closing Date" means the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County.

5. **Borrower's Right to Prepay.** Borrower may repay the Loan provided that such prepayment is in full and not in part. No prepayment charge will be imposed by Lender.

b. 6. **Occupancy, Preservation, Maintenance and Protection of the Property** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the Close of Escrow, and thereafter, for the term of this Loan.

7. **Default; Remedies.**

(a) **Event of Default.** Any of the following will constitute an Event of Default under this Note:

(i) Failure to repay the Loan within 10 days after either (x) leaving the employment of the San Francisco Police Department at any time within 5 years after the Closing Date; or (y) selling or transferring the Property within 5 years after the Closing Date.

(ii) Failure to repay the outstanding balance of the Loan within 10 days after either (x) leaving the employment of the San Francisco Police Department at any time within 5th years after the Closing Date; or (y) selling or transferring the Property at any time within 5 years after the Closing Date.

(iii) Failure to pay any sum due under any City Documents within 10 days after the due date thereof.

(iv) Borrower's provision of materially false or inaccurate information or statements to Lender (or failure to provide Lender with any material information) in connection with the Loan, including, but not limited to, representations concerning (1) Borrower's intent to occupy the Property as a principal residence; (2) Borrower's income; (3) Borrower's eligibility as a credentialed teacher employed by the San Francisco Police Department under the requirements of the Police in the community Loan Program; and (4) Borrower's completion of the approved Homebuyer Education Course.

(v) Borrower's failure within 60 days after the initiation of a forfeiture action or proceeding to either (x) obtain the dismissal of such forfeiture action or proceeding, whether civil or criminal, (y) or receive written notice from Lender that in Lender's reasonable judgment, such action or proceeding does not materially impair the lien of the Deed of Trust.

(vi) Borrower's failure to cure any other default under this Note within 30 days after Lender's written notice thereof, or any default or event of default under any other Lender's Document, subject to any applicable notice and cure period provided for therein.

(b) **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 Lender's Documents), Lender may exercise all rights and remedies available under this Note, any other Lender's Document, 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 balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Lender.

(c) **No Waiver by Lender.** Failure to exercise or delay in exercising any right Lender may have or be entitled to hereunder shall not constitute a waiver in the future of such right or any other right Lender may have.

(d) **Payment of Lender's Costs and Expenses.** If Borrower is in default under this Note, Lender's costs and expenses of enforcing this Note, including reasonable attorney's fees, shall be added to the principal amount of the Loan, to the extent not prohibited by applicable law.

8. **Security.** Borrower's obligations under this Note are secured by the Deed of Trust.

9. **Severability.** In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.

10. **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 (3) days from mailing, and addressed as follows:

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

To Borrower: At the Property Address in Section 1

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.

11. **Obligations Under this Note.** 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. Lender may enforce its rights under this Note against each person individually or against all of us together.

12. **Waivers.** 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 Lender to demand payment of amounts due. "Notice of dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

13. **Senior Loan.** Lender approves the loan to Borrower in the principal amount of _____ (\$ _____) made by _____ and secured by a first deed of trust on the Property, and Lender approves the loan documents dated as of _____, evidencing and securing such loan and reviewed by Lender ("Senior Loan Documents").

14. **Sunshine Ordinance.** Borrower understands that under Section 67.24(e) of San Francisco Administrative Code, applications for financing and all other records of communications between Lender and 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.

15. **Time is of the Essence.** Time is of the essence in the performance of any obligations hereunder.
16. **Governing Law.** This Note is governed by an must be construe in accordance with the laws of the State of California, without regard to the choice of law rules of the State.
17. **Attorneys' Fees.** In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Borrower, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.
18. **Amendments.** 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.
19. **PIC Program.** Borrower agrees to comply with the terms of the PIC Program.
20. **Successors and Assigns.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Lender and Borrower.

BORROWER

By: _____
Printed Name:
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