

## EXHIBIT F

### MAXIMUM AFFORDABLE HOUSING COST AND SALES PRICE

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

#### Determining the Affordable Housing Cost for an Assisted Unit at Initial Sale

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

*[ADD BULLET POINTS FOR OTHER INCOME GROUPS AS NEEDED]*

- For those Assisted Units restricted to sale to Qualified Homebuyers who are **Low-Income Households** (as defined in this Agreement), **the product of 30 percent times 70 percent of AMI** adjusted for family size appropriate to the Assisted Unit.

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

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

Housing costs include all of the following associated with a housing unit: principal and interest payments on a mortgage loan; private mortgage insurance; property taxes and assessments; fire and casualty (hazard) insurance covering replacement value of improvements; a reasonable allowance for utilities (using the Oakland Housing Authority's Utility Allowance as a base); and ground lease fees.

#### Determining the Initial Affordable Sales Price for an Assisted Unit

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

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

## **Assumptions and Indices for Initial Sales**

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

- The downpayment percentage will be assumed at 3% of the sales price.
- The interest rate on the first mortgage loan will be assumed to be equal to the Federal National Mortgage Association's (FNMA) required net yield for 30-year fixed rate mortgages (60-day Actual/Actual), as of the date and time of day specified by the City, rounded to the nearest one eighth of one percentage point (0.125%). If the FNMA-required net yield cannot be determined, the assumed interest rate shall be set by Oakland using a comparable rate intended to approximate typical rates available to borrowers for 30-year conventional fixed-rate mortgages.
- The term of the first mortgage loan will be assumed to be 30 years, fixed.
- The effective property tax rate, including a special assessments factor, will be assumed to be 1.32% of the sales price.
- Private mortgage insurance (PMI) will be assumed to equal to 0.77% of the first mortgage amount and must be factored into the calculation, whether or not PMI is actually charged.
- Utility costs shall be based on the current utility allowances prepared by the Oakland Housing Authority (the "OHA"). To the extent that the unit exceeds the State's Title 24 energy efficiency requirements, the utility allowance may be reduced by fifteen percent (15%) from the current Utility Allowances prepared by the OHA.
- Hazard and casualty insurance payments will be assumed at .25% of the first mortgage amount.
- The homeowners association/maintenance association fees will be the amount charged by the homeowners association for the Project, if any.
- The ground lease fees will be the amount charged by Owner for lease of the land under the Ground Lease.

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

## **Determining the Affordable Sales Price for an Assisted Unit upon Resale**

For resales of the Assisted Unit, as defined in this Agreement (i.e., any sale following the initial sale by Owner), the Affordable Sales Price shall be the allowable resale price as set by the formula set forth in the Ground Lease approved by City and then in effect for the Property (or, should the Ground Lease be terminated or otherwise not in effect, the formula as used in the last Ground Lease entered into for the Property).