

First Homes Properties CLT Ground Lease

THIS LEASE (“this Lease” or “the Lease”) entered into this 20th day of June, 2014, between First Homes Properties, a Minnesota Non-profit Corporation (“CLT”) and XXXXXXXXXXXXXXXXXX, (“Homeowners”).

RECITALS:

- A. The CLT is organized exclusively for charitable purposes, including the purpose of providing homeownership opportunities for low and moderate income people who would otherwise be unable to afford homeownership.
- B. A goal of the CLT is to preserve affordable homeownership opportunities through the long-term leasing of land under owner-occupied homes.
- C. The Leased Land described in this Lease has been acquired and is being leased by the CLT in furtherance of this goal.
- D. The Homeowner shares the purposes of the CLT and has agreed to enter into this Lease not only to obtain the benefits of homeownership, but also to further the charitable purposes of the CLT.
- E. Homeowner and CLT recognize the special nature of the terms of this Lease, and each of them accepts these terms, including those terms that affect the marketing and resale price of the property now being purchased by the Homeowner.
- F. Homeowner and CLT agree that the terms of this Lease further their shared goals over an extended period of time and through a succession of owners.

NOW THEREFORE, Homeowner and CLT agree on all of the terms and conditions of this Lease as set forth below.

DEFINITIONS: Homeowner and CLT agree on the following definitions of key terms used in this Lease.

Leased Land: the parcel of land, described in Exhibit C that is leased to the Homeowner.

Home: the residential structure and other permanent improvements located on the Leased Land and owned by the Homeowner, including both the original Home described in Exhibit E and all permanent improvements added thereafter by Homeowner at Homeowner's expense.

Base Price: the purchase price set forth in the purchase agreement that is paid for the Home by the Homeowner.

Purchase Option Price: the maximum price the Homeowner is allowed to receive for the sale of the Home and the Homeowner's right to possess, occupy and use the Leased Land, as defined in Article 10 of this Lease.

Sale Price: the price paid by the purchaser for the Home and the Homeowner's right to possess, occupy and use the Leased Land. This price may include a fee to compensate real estate agents for carrying out their responsibilities with regard to the sale as outlined in Section 10.12.

Lease Fee: The monthly fee that the Homeowner pays to the CLT for the continuing use of the Leased Land and any additional amounts that the CLT charges to the Homeowner for reasons permitted by this Lease.

Permitted Mortgage: A mortgage or deed of trust on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with the CLT's Permission. The Homeowner may not mortgage the CLT's interest in the Leased Land, and may not grant any mortgage or deed of trust without CLT's Permission.

Event of Default: Any violation of the terms of the Lease unless it has been corrected ("cured") by Homeowner or the holder of a Permitted Mortgage in the specified period of time after a written Notice of Default has been given by CLT.

Article 1: Letters of Understanding and Advice

Attached as Exhibits A and B and made part of this Lease by reference are a Letter of Agreement from the Homeowner, describing the Homeowner's understanding and acceptance of this Lease (including the parts of the Lease that affect the resale of the Home), and a Letter of Acknowledgment from the Homeowner's attorney, describing the attorney's review of the Lease with the Homeowner.

Article 2: Leasing of Rights to the Land

2.1 CLT leases the land to the homeowner: The CLT hereby leases to the Homeowner, and Homeowner hereby accepts, the right to possess, occupy and use the Leased Land (described in the attached Exhibit C) in accordance with the terms of this Lease. CLT has furnished to Homeowner a copy of the most current title report, if any, obtained by CLT for the Leased Land, and Homeowner accepts title to the Leased Land in its condition “as is” as of the signing of this Lease.

2.2 Mineral rights not leased to homeowner: CLT does not lease to Homeowner the right to remove from the Leased Land any minerals lying beneath the Leased Land’s surface. Ownership of such minerals remains with the CLT, but the CLT shall not remove any such minerals from the Leased Land without the Homeowner’s written permission.

Article 3: Term of Lease, Change of Land Owner

3.1 Term of Lease is 99 years: This Lease shall remain in effect for 99 years, beginning on the 20th day of June, 2014, and ending on the 20th day of June, 2113, unless ended sooner or renewed as provided below.

3.2 Homeowner can renew Lease for another 99 years: Homeowner may renew this Lease for one additional period of 99 years. The CLT may change the terms of the Lease for the renewal period prior to the beginning of the renewal period but only if these changes do not materially and adversely interfere with the rights possessed by Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the first 99-year period, CLT shall give Homeowner a written notice that states the date of the expiration of the first 99-year period and the conditions for renewal as set forth in the following paragraph (“the Expiration Notice”). The Expiration Notice shall also describe any changes that CLT intends to make in the Lease for the renewal period as permitted above.

The Homeowner shall then have the right to renew the Lease only if the following conditions are met: (a) within 60 days of receipt of the Expiration Notice, the Homeowner shall give CLT written notice stating the Homeowner’s desire to renew (“the Renewal Notice”); (b) this Lease shall be in effect on the last day of the original 99-year term, and (c) the Homeowner shall not be in default under this Lease or under any Permitted Mortgage on the last day of the original 99-year term.

When Homeowner has exercised the option to renew, Homeowner and CLT shall sign a memorandum stating that the option has been exercised. The memorandum shall comply with the requirements for a notice of lease as stated in Section 14.12 below. The CLT shall record this memorandum in accordance with the requirements of law promptly after the beginning of the renewal period.

3.3 What happens if CLT decides to sell the Leased Land: If ownership of the Leased Land is ever transferred by CLT (whether voluntarily or involuntarily) to any other person or institution, this Lease shall not cease, but shall remain binding on the new land-owner as well as the Homeowner. If CLT agrees to transfer the Leased Land to any person or institution other than a non-profit corporation, charitable trust, government agency or other similar institution sharing the goals described in the Recitals above, the Homeowner shall have a right of first refusal to purchase the Leased Land. The details of this right shall be as stated in the attached Exhibit D, First Refusal. Any sale or other transfer contrary to this Section 3.3 shall be null and void.

Article 4: Use of Leased Land

4.1 Homeowner may use the home only for residential and related purposes: Homeowner shall use, and allow others to use, the Home and Leased Land only for residential purposes and any activities related to residential use that were permitted by local zoning law when the Lease was signed.

4.2 Homeowner must use the Home and Leased Land responsibly and in compliance with the law: Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Leased Land in safe, sound and habitable condition, in full compliance with all laws and regulations, and in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease.

4.3 Homeowner is responsible for use by others: Homeowner shall be responsible for the use of the Home and Leased Land by all residents and visitors and anyone else using the Leased Land with Homeowner's permission and shall make all such people aware of the restrictions on use set forth in this Lease.

4.4 Homeowner must occupy the home for at least 240 days each year: Homeowner shall occupy the Home for at least 240 days of each year of this Lease, unless otherwise agreed by CLT. Occupancy by Homeowner's child, spouse or other persons approved by CLT shall be considered occupancy by Homeowner. Neither compliance with the occupancy requirement nor CLT's permission for an extended period of non-occupancy constitutes permission to sublease the Leased Land and Home, which is addressed in Section 4.5 below.

4.5 Leased Land may not be subleased without CLT's permission: Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease, for any period of time, without the written permission of CLT. Homeowner agrees that CLT shall have the right to withhold such consent in order to further the purposes of this Lease.

If permission for subleasing is granted, the sublease shall be subject to the following conditions.

a) Any sublease shall be subject to all of the terms of this Lease.

b) The rental or occupancy fee charged the sub-lessee shall not be more than the amount of the Lease Fee charged the Homeowner by the CLT, plus an amount approved by CLT to cover Homeowner's costs in owning the Home, including but not limited to the cost of taxes, insurance and mortgage interest.

4.6 CLT has a right to inspect the Leased Land: The CLT may inspect any part of the Leased Land and/or Home at any reasonable time, after notifying the Homeowner at least 24 hours before the planned inspection. No more than two (2) regular inspections may be carried out in a single year, except in the case of an emergency. In an emergency, the CLT may inspect any part of the Leased Land and/or Home after making reasonable efforts to inform the Homeowner before the inspection.

If the CLT has received an Intent-To-Sell Notice (as described in Section 10.4 below), then the CLT has the right to inspect the interiors of all fully enclosed buildings to determine their condition prior to the sale. The CLT must notify the Homeowner at least 24 hours before carrying out such inspection.

4.7 Homeowner has a right to quiet enjoyment: Homeowner has the right to quiet enjoyment of the Leased Land. The CLT has no desire or intention to interfere with the personal lives, associations, expressions, or actions of the Homeowner in any way not permitted by this Lease.

Article 5: Lease Fee

5.1 Amount of Lease Fee: The Homeowner shall pay a monthly Lease Fee is to be paid in return for the continuing right to possess, occupy and use the Leased Land. The monthly Lease Fee is \$25.00.

5.2 When the Lease Fee is to be paid: The Lease Fee shall be payable to CLT on the first day of each month for as long as this Lease remains in effect, unless the Lease Fee is to be escrowed and paid by a Permitted Mortgagee, in which case payment shall be made as directed by that Mortgagee.

5.3 CLT may reduce or suspend the Lease Fee to improve affordability: CLT may reduce or suspend the total amount of the Lease Fee for a period of time for the purpose of improving the affordability of the Homeowner's monthly housing costs. Any such reduction or suspension must be in writing and signed by CLT.

5.4 Fees may be increased from time to time: The CLT may increase the amount of the Land Use Fee from time to time, but not more often than once per year. Each time such amounts are increased, the increase shall not be greater than ten percent (10%).

5.5 Land use fee will be increased if restrictions are removed: If, for any reason, the provisions of Article 10 regarding transfers of the Home or Sections 4.4 and 4.5 regarding

occupancy and subleasing are suspended or invalidated for any period of time, then during that time the Land Use Fee shall be increased to an amount calculated by CLT to equal the fair rental value of the Leased Land for use not restricted by the suspended provisions. Such increase shall become effective upon CLT's written notice to Homeowner. Thereafter, for so long as these restrictions are not reinstated in the Lease, the CLT may, from time to time, further increase the amount of such Land Use Fee, provided that the amount of the Land Use Fee does not exceed the fair rental value of the property, and provided that such increases do not occur more often than once each year.

5.6 If payments are late, interest can be charged: If the CLT has not received any monthly installment of the Lease Fee on or before the date on which the such installment first becomes payable under this Lease (the "Due Date"), the CLT may require Homeowner to pay interest on the unpaid amount from the Due Date through and including the date such payment or installment is received by CLT, at a rate not to exceed five percent (5%). Such interest shall be deemed additional Lease Fee and shall be paid by Homeowner to CLT upon demand; provided, however, that CLT shall waive any such interest that would otherwise be payable to CLT if such payment of the Lease Fee is received by CLT on or before the thirtieth (30th) day after the Due Date.

5.7 CLT can collect unpaid fees when home is sold: In the event that any amount of payable Lease Fee remains unpaid when the Home is sold, the outstanding amount of payable Lease Fee, including any interest as provided above, shall be paid to CLT out of any proceeds from the sale that would otherwise be due to Homeowner. The CLT shall have, and the Homeowner hereby consents to, a lien upon the Home for any unpaid Lease Fee. Such lien shall be prior to all other liens and encumbrances on the Home except (a) liens and encumbrances recorded before the recording of this Lease, (b) Permitted Mortgages as defined in section 8.1 below; and (c) liens for real property taxes and other governmental assessments or charges against the Home.

Article 6: Taxes and Assessments

6.1 Homeowner is responsible for paying all taxes and assessments: Homeowner shall pay directly, when due, all taxes and governmental assessments that relate to the Home and the Leased Land (including any taxes relating to the CLT's interest in the Leased Land).

6.2 CLT will pass on any tax bill it receives to the Homeowner: In the event that the local taxing authority bills CLT for any portion of the taxes on the Home or Leased Land, CLT shall pass the bill to Homeowner and Homeowner shall promptly pay this bill.

6.3 Homeowner has a right to contest taxes: Homeowner shall have the right to contest the amount or validity of any taxes relating to the Home and Leased Land. Upon receiving a reasonable request from Homeowner for assistance in this matter, CLT shall join in contesting such taxes. All costs of such proceedings shall be paid by Homeowner.

6.4 If homeowner fails to pay taxes, CLT may increase Lease Fee: In the event that Homeowner fails to pay the taxes or other charges described in Section 6.1 above, CLT may increase Homeowner's Lease Fee to offset the amount of taxes and other charges owed by Homeowner. Upon collecting any such amount, CLT shall pay the amount collected to the taxing authority in a timely manner.

6.5 Party that pays taxes must show proof: When either party pays taxes relating to the Home or Leased Land, that party shall furnish satisfactory evidence of the payment to the other party. A photocopy of a receipt shall be the usual method of furnishing such evidence.

Article 7: The Home

7.1 Homeowner owns the House and all other improvements on the Leased Land: All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Homeowner on any part of the Leased Land at any time during the term of this Lease (collectively, the "Home") shall be property of the Homeowner. Title to the Home shall be and remain vested in the Homeowner. However, Homeowner's rights of ownership are limited by certain provisions of this Lease, including provisions regarding the sale or leasing of the Home by the Homeowner and the CLT's option to purchase the Home. In addition, Homeowner shall not remove any part of the Home from the Leased Land without CLT's prior written consent.

7.2 Homeowner purchases Home when signing Lease: Upon the signing of this Lease, Homeowner is simultaneously purchasing the Home located at that time on the Leased Land, as described in the Deed, a copy of which is attached to this Lease as Exhibit E.

7.3 Construction carried out by homeowner must comply with certain requirements: Any construction in connection with the Home is permitted only if the following requirements are met: (a) all costs shall be paid for by the Homeowner; (b) all construction shall be performed in a professional manner and shall comply with all applicable laws and regulations; (c) all changes in the Home shall be consistent with the permitted uses described in Article 4; (d) the footprint, square-footage, or height of the house shall not be increased and new structures shall not be built or installed on the Leased Land without the prior written consent of CLT.

For any construction requiring CLT's prior written consent, Homeowner shall submit a written request to the CLT. Such request shall include a written statement of the reasons for undertaking the construction; a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction; a list of the necessary materials, with quantities needed; and a statement of who will do the work.

If the CLT finds it needs additional information it shall request such information from Homeowner within two (2) weeks of receipt of Homeowner's request. The CLT then, within two (2) weeks of receiving all necessary information (including any additional information it may have requested) shall give Homeowner either its written consent or a written statement of its

reasons for not consenting. Before construction can begin, Homeowner shall provide CLT with copies of all necessary building permits, if not previously provided.

7.4 Homeowner may not allow statutory liens to remain against Leased Land or Home: No lien of any type shall attach to the CLT's title to the Leased Land. Homeowner shall not permit any statutory or similar lien to be filed against the Leased Land or the Home which remains more than 60 days after it has been filed. Homeowner shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If Homeowner fails to discharge such lien within the 60-day period, then Homeowner shall immediately notify CLT of such failure. CLT shall have the right to discharge the lien by paying the amount in question. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, provided Homeowner has furnished a bond or other acceptable surety in an amount sufficient to release the Leased Land from such lien. Any amounts paid by CLT to discharge such liens shall be treated as an additional Lease Fee payable by Homeowner upon demand.

7.5 Homeowner is responsible for services, maintenance and repairs: Homeowner hereby assumes responsibility for furnishing all services or facilities on the Leased Land, including but not limited to heat, electricity, air conditioning and water. CLT shall not be required to furnish any services or facilities or to make any repairs to the Home. Homeowner shall maintain the Home and Leased Land as required by Section 4.2 above and shall see that all necessary repairs and replacements are accomplished when needed.

7.6 When Lease ends, ownership reverts to CLT, which shall reimburse Homeowner: Upon the expiration or termination of this Lease, ownership of the Home shall revert to CLT. Upon thus assuming title to the Home, CLT shall promptly pay Homeowner and Permitted Mortgagee(s) as follows: (1) CLT shall pay any Permitted Mortgagee(s) the full amount owed to such mortgagee(s) by Homeowner; and (2) CLT shall pay the Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the CLT under the terms of this Lease. The Homeowner shall be responsible for any costs necessary to clear any additional liens or other charges related to the Home which may be assessed against the Home. If the Homeowner fails to clear such liens or charges, the balance due the Homeowner shall also be reduced by the amount necessary to release such liens or charges, including reasonable attorney's fees incurred by the CLT.

Article 8: Financing

8.1 Homeowner cannot mortgage the Home without CLT's permission: The Homeowner may mortgage the Home only with the written permission of CLT. Any mortgage permitted in writing by the CLT is defined as a Permitted Mortgage, and the holder of such a mortgage is defined as a Permitted Mortgagee.

8.2 By signing Lease, CLT gives permission for original mortgage: By signing this Lease, CLT gives written permission for any mortgage signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the Home.

8.3 CLT permission is required for refinancing or other subsequent mortgages: If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform CLT, in writing, of the proposed terms and conditions of such mortgage loan at least 30 business days prior to the expected closing of the loan. The information to be provided to the CLT must include: (1) the name of the proposed lender; (2) Homeowner's reason for requesting the loan; (3) the principal amount of the proposed loan and the total mortgage debt that will result from the combination of the loan and existing mortgage debt, if any; (4) expected closing costs; (5) the rate of interest; (6) the repayment schedule; and (7) a copy of the appraisal commissioned in connection with the loan request. CLT may also require Homeowner to submit additional information.

8.4 CLT is required to permit a "Standard Permitted Mortgage": The CLT shall be required to permit any mortgage for which the mortgagee has signed a "Standard Permitted Mortgage Agreement" as set forth in Exhibit F.

8.5 A permitted mortgagee has certain obligations under the Lease: Any Permitted Mortgagee shall be bound by each of the requirements stated in Exhibit F, which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and the CLT to modify the terms of the Lease during the term of the Permitted Mortgage.

8.6 A permitted mortgagee has certain rights under the Lease: Any Permitted Mortgagee shall have all of the rights and protections stated in Exhibit F, which is made a part of this Lease by reference.

8.7 In the event of foreclosure, any proceeds in excess of the purchase option price will go to CLT: Homeowner and CLT recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to CLT all net proceeds of sale of the Home that would otherwise have been payable to Homeowner and that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to CLT. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to CLT.

Article 9: Liability, Insurance, Damage and Destruction, Eminent Domain

9.1 Homeowner assumes all liability: Homeowner assumes all responsibility and liability related to Homeowner's possession, occupancy and use of the Leased Land.

9.2 Homeowner must defend CLT against all claims of liability: Homeowner shall defend, indemnify and hold CLT harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against CLT for injury or damage on or about the Leased Land. However, CLT shall remain liable for injury or damage due to the grossly negligent or intentional acts or omissions of CLT or CLT's agents or employees.

9.3 Homeowner must reimburse CLT: In the event the CLT shall be required to pay any sum that is the Homeowner's responsibility or liability, the Homeowner shall reimburse the CLT for such payment and for reasonable expenses caused thereby.

9.4 Homeowner must insure the Home against loss and must maintain liability insurance on Home and Leased Land: Homeowner shall, at Homeowner's expense, keep the Home continuously insured against "all risks" of physical loss, for the full replacement value of the Home, and in any event in an amount that will not incur a coinsurance penalty. The amount of such insured replacement value must be approved by the CLT prior to the commencement of the Lease. Thereafter, if the CLT determines that the replacement value to be insured should be increased, the CLT shall inform the Homeowner of such required increase at least 30 days prior to the next date on which the insurance policy is to be renewed, and the Homeowner shall assure that the renewal includes such change. If Homeowner wishes to decrease the amount of replacement value to be insured, Homeowner shall inform the CLT of the proposed change at least 30 days prior to the time such change would take effect. The change shall not take effect without CLT's approval.

Should the Home lie in a flood hazard zone as defined by the National Flood Insurance Plan, the Homeowner shall keep in full force and effect flood insurance in the maximum amount available.

The Homeowner shall also, at its sole expense, maintain in full force and effect public liability insurance in the amount of \$250,000.00 per occurrence and in the aggregate. The CLT shall be named as an additional insured and certificates of insurance shall be delivered to the CLT prior to the commencement of the Lease and at each anniversary date thereof.

The dollar amounts of such coverage may be increased from time to time at the CLT's request but not more often than once in any one-year period. CLT shall inform the Homeowner of such required increase in coverage at least 30 days prior to the next date on which the insurance policy is to be renewed, and the Homeowner shall assure that the renewal includes such change. The amount of such increase in coverage shall be based on current trends in homeowner's liability insurance coverage in the area in which the Home is located.

9.5 What happens if Home is damaged or destroyed: Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible.

Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner, based on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify CLT of this problem, and CLT may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and CLT.

If Homeowner and CLT cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds, then Homeowner may give CLT written notice of intent to terminate the Lease. The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows.

- 1st: to the expenses of their collection;
- 2nd: to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s);
- 3rd: to the expenses of enclosing or razing the remains of the Home and clearing debris;
- 4th: to the CLT for any amounts owed under this Lease;
- 5th: to the Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;
- 6th: the balance, if any, to the CLT.

9.6 What happens if some or all of the land is taken for public use: If all of the Leased Land is taken by eminent domain or otherwise for public purposes, or if so much of the Leased Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Leased Land. Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Leased Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to CLT. In the event of a taking of a portion of the Leased Land that results in damage to the Home only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, then the damage shall be treated as damage is treated in Section 9.5 above, and

monetary compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.

9.7 If part of the land is taken, the lease fee may be reduced: In the event of any taking that reduces the size of the Leased Land but does not result in the termination of the Lease, CLT shall reassess the fair rental value of the remaining Land and shall adjust the Lease Fee if necessary to assure that the monthly fee does not exceed the monthly fair rental value of the Land for use as restricted by the Lease.

9.8 If lease is terminated by damage, destruction or taking, CLT will try to help Homeowner buy another CLT Home: If this Lease is terminated as a result of damage, destruction or taking, CLT shall take reasonable steps to allow Homeowner to purchase another home on another parcel of leased land owned by CLT if such home can reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against CLT if such a home is not made available.

Article 10: Transfer of the Home

10.1 Intent of this article is to preserve affordability: Homeowner and CLT agree that the provisions of this Article 10 are intended to preserve the affordability of the Home for lower income households and expand access to homeownership opportunities for such households.

10.2 Homeowner may transfer Home only to CLT or income-qualified persons: Homeowner may transfer the Home only to the CLT or an Income-Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers are to be completed only in strict compliance with this Article 10. Any purported transfer that does not follow the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

“Income-Qualified Person” shall mean a person or group of persons whose household income does not exceed eighty percent (80%) of the median household income for the applicable Standard Metropolitan Statistical Area or County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor.

10.3 The Home may be transferred to certain heirs of Homeowner: If Homeowner dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of Homeowner’s estate shall notify CLT within ninety (90) days of the date of the death. Upon receiving such notice CLT shall consent to a transfer of the Home and Homeowner’s rights to the Leased Land to one or more of the possible heirs of Homeowner listed below as “a,” “b,” or “c,” provided that a Letter of Agreement and a Letter of Attorney’s Acknowledgment (as described in

Article 1 above) are submitted to CLT to be attached to the Lease when it is transferred to the heirs.

- a) the spouse of the Homeowner; or
- b) the child or children of the Homeowner; or
- c) member(s) of the Homeowner's household who have resided in the Home for at least one year immediately prior to Homeowner's death.

Any other heirs, legatees or devisees of Homeowner, in addition to submitting Letters of Agreement and Attorney's Acknowledgment as provided above, must demonstrate to CLT's satisfaction that they are Income-Qualified Persons as defined above. If they cannot demonstrate that they are Income-Qualified Persons, they shall not be entitled to possession of the Home but must transfer the Home in accordance with the provisions of this Article 10.

10.4 Homeowner must give Notice of Intent to sell: In the event that Homeowner wishes to sell the Home, Homeowner shall notify CLT, in writing, of such wish (Exhibit G).

10.5 After receiving Notice, Homeowner shall commission an appraisal: No later than ten (10) days after CLT's receipt of Homeowner's Intent-to-Sell Notice, Homeowner shall commission a market valuation of the Leased Land and the Home (appraisal) to be performed by a duly licensed appraiser who is acceptable to CLT and Homeowner. Homeowner shall pay the cost of such appraisal. The appraisal shall be conducted by analysis and comparison of comparable properties as though title to Leased Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease on the use, occupancy and transfer of the property. Copies of the appraisal shall be provided to Homeowner and CLT.

CLT reserves the right to reject, for the purposes of this Article 10, any appraisal dated more than three months prior to the close of sale of the Home. In the event that CLT rejects an appraisal, the Homeowner shall commission a new appraisal or an update to an existing appraisal that is consistent with the requirements of this Section 10.5.

10.6 Homeowner has a right to designate a buyer: Homeowner may, no later than ten (10) days following CLT's receipt of the appraisal, notify CLT in writing that Homeowner has identified a prospective buyer. If Homeowner has thus identified a prospective buyer, then, within thirty (30) days of receipt of the appraisal, Homeowner shall furnish to CLT, or cause to be furnished to CLT, the following information and documents: (1) the number of people in prospective buyer's household; (2) such documentation of household income as CLT's policies require for confirmation of buyer's income eligibility; (3) Letters of Agreement and Attorney's Acknowledgement indicated informed acceptance of the terms of this Lease, in form and substance similar to the letters in Exhibit Letter of Agreement and Attorney's Acknowledgement attached hereto; and (4) a statement of the price and other proposed terms of sale.

No sale or other disposition shall be effective unless and until CLT, within thirty (30) days of receipt of all of the documents listed in paragraph above, confirms in writing that the prospective buyer is an income qualified person who understands and accepts the terms of the Lease and that

the price and other terms of sale are consistent with the terms of the Lease. If CLT determines that the proposed buyer or proposed sale are not permitted under the terms of the Lease, then CLT shall respond with written notice to Homeowner of this determination. If CLT fails to respond in writing within thirty (30) days of its receipt of the required documents, such failure shall be deemed to constitute approval of the sale.

Upon receipt of CLT's approval as described above, Homeowner may proceed to sell the Home to the prospective buyer. Simultaneously with the closing of such sale, CLT shall issue a new Lease as provided in Section 10.11 below. Homeowner shall complete such sale within sixty (60) days of receipt of approval of the proposed sale.

10.7 CLT may exercise purchase option if Homeowner does not sell to qualified buyer: Upon receipt of an Intent to Sell Notice from Homeowner, CLT shall have the option to purchase said Home (the Purchase Option) at the Purchase Option Price calculated as set forth below, unless Homeowner has identified a prospective buyer and is proceeding to seek approval of such buyer and to sell to such buyer in accordance with the provisions of Section 10.6 above. The Purchase Option is designed to further the purpose of preserving affordability of the Home for succeeding Income-Qualified Persons while taking fair account of the investment of labor and capital by the Homeowner. Homeowner and CLT agree to cooperate in furthering such purposes by facilitating the sale of the Home to an Income-Qualified Person. Such purposes are understood to be accomplished, without CLT having otherwise exercised the Purchase Option, if the Home is sold.

The CLT may exercise the Purchase Option within a forty-five (45) day period beginning ten (10) days after the CLT's receipt of the appraisal unless Homeowner has, during such ten-day period, given notice identifying a prospective buyer. If Homeowner has identified a prospective buyer but for any reason the sale to such prospective buyer cannot be completed, then CLT may exercise the Purchase Option within a forty-five (45) day period beginning at such time as it is established that sale to such prospective buyer cannot be completed. In either case, to exercise the Purchase Option, CLT shall, within the applicable forty-five day period, notify Homeowner in writing of its election to purchase the Home ("Notice of Exercise of Purchase Option).

If CLT gives Notice of Purchase Option to Homeowner, CLT shall then complete the purchase of the Home within sixty (60) days of the date on which it gives such notice. If CLT fails to give such notice within the time permitted or fails to complete the purchase within the time permitted, Homeowner may sell the Home as provided in Section 10.8 below.

Purchase of the Home pursuant to the Purchase Option may be accomplished by CLT giving Notice of Exercise of Purchase Option and thereupon assigning the Option to an Income-Qualified Person who then completes the purchase of the Home within sixty (60) days of the date of the exercise of the purchase option. The time permitted for the completion of the purchase of the Home may be extended by mutual agreement of CLT and Homeowner.

10.8 If Purchase Option expires, Homeowner may sell on certain terms: If the Purchase Option has expired or if CLT has failed to complete the purchase within the sixty (60) day period

allowed by Section 10.7 above, Homeowner may sell the Home to any Income Qualified Person for not more than the then applicable Purchase Option Price. If Homeowner has made diligent efforts to sell the Home for at least six (6) months after the expiration of the Purchase Option (or six (6) months after the expiration of such sixty (60) day period) and the Home still has not been sold, Homeowner may then sell the Home, for a price no greater than the then applicable Purchase Option Price, to any party regardless of whether that party is an Income-Qualified Person.

10.9 After one (1) year, CLT shall have power of attorney to conduct sale: If CLT does not exercise its option and complete the purchase of Homeowner's property as described above, and if Homeowner (a) is not residing in the Home and (b) continues to hold Homeowner's property out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year of the date of the Intent to Sell Notice, Homeowner does hereby appoint CLT its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purpose of this Lease, sell the property, and pay to the Homeowner the proceeds of sale, minus CLT's costs of sale and any other sums owed CLT by Homeowner.

10.10 Purchase Option Price: The Purchase Option Price shall be the lesser of (a) the value of the Home (consisting of improvements only) as determined by the appraisal commissioned and conducted as provided in 10.5 above or (b) the price calculated in accordance with the formula described below (the Formula Price).

10.11 How the Formula Price is calculated: The Formula Price shall be equal to Homeowner's Base Price, as stated below, plus 50% of the change (increase or decrease) in market value of the Home, if any, calculated in the way described below:

1. Homeowner's Base Price: the parties agree that the Homeowner's Base Price for Homeowner's Property as of the signing of this Lease is \$123,750.00.
2. Initial Appraised Value: the parties agree that the appraised value of the Home and Leased Land at the time of Homeowner's purchase (the Initial Appraised Value) is \$165,000.00, as documented by the appraiser's report.
3. Homeowner's Price to Value Ratio: the parties agree that Homeowner's Base Price, as stated above, represents seventy-five (75%) of the Initial Appraised Value as stated above.
4. Change in Market Value: the change in market value of the Home equals the appraised value of the Home at the time of sale, calculated according to Section 10.5 above, minus the Initial Appraised value.
Following is a table for calculating Change in Market Value of the Leased Premises and Improvements:

1. Current Appraised Value \$ _____

- 2. Minus Initial Appraised Value - \$ _____
- 3. Equals Market Value Appreciation of the Leased Premises and improvements = \$ _____

5. Homeowner's share of change in market value: Homeowner's share of the change in the market value of the Home equals fifty percent (50%) of the change in market value as calculated above.

Following is a table for calculating Lessee's Share of Change in Market Value of the Leased Premises and the Improvements:

- 1. Change in Market Value of the Leased Premises and the Improvements \$ _____
- 2. Multiplied by the Purchase Price-to-Value Ratio x _____
- 3. Multiplied by the Shared Change Factor x 50%
- 4. Equals the Lessee's Share of Change in Market Value of the Leased Premises and the Improvements = \$ _____

6. Summary of Formula Price: the Formula Price equals the Homeowner's Base Price plus Homeowner's share of change in market value.

Following is a table for calculating the Formula Price:

- 1. Lessee's Purchase Price \$ _____
- 2. Plus Lessee's Share of Change in Market Value of the Leased Premises and the Improvements + \$ _____
- 3. Equals Formula Price = \$ _____

10.12 Purchaser may be charged a sales fee over and above the Purchase Option Price: In the event that Homeowner sells the home to a party other than the CLT (whether directly to such party or as a result of CLT's assignment of its purchase Option to such party) the price to be paid by such purchaser, the Sale Price, shall include, at the discretion of the CLT, a marketing fee to compensate real estate agents for carrying out their responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than 6% of the Sale Price.

10.13 Homeowner may be charged a transfer fee: In the event that Homeowner sells the home to a party other than the CLT (whether directly to such party or as a result of CLT's assignment of its purchase Option to such party), Homeowner shall pay, at the discretion of the CLT, a transfer fee to compensate the CLT for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than 2% of the Sale Price.

Article 11: Assignment and Sublease

Except as otherwise provided in Article 8 regarding Permitted Mortgages and Article 10 regarding transfers, Homeowner shall not assign, sublease, sell or otherwise convey any of Homeowner's rights under this Lease without the prior written consent of CLT. Homeowner agrees that CLT shall have broad and full discretion to withhold such consent in order to further the purposes and goals set forth in this Lease. If permission is granted, any assignment or sublease shall be subject to the following conditions:

1. Any such assignment or sublease shall be subject to all of the terms and provisions of this Lease.
2. In the case of a sublease, the rental or occupancy fee charged the sub lessee shall not be more than that amount charged the Homeowner by CLT, plus as amount approved by CLT to cover costs to Homeowner for the Home; and
3. In the case of an assignment, the total consideration for such assignment and the related sale or transfer of the Home shall not exceed the Actual Purchase Option Price as calculated in accordance with Article 20 above.

Article 12: Default

12.1 What happens if Homeowner fails to make payments to the CLT that are required by the Lease: It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by CLT to Homeowner and Permitted Mortgagee. However, if Homeowner makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the 30-day cure period, then the cure period shall be extended by an additional 30 days.

12.2 What happens if Homeowner violates other (nonmonetary) terms of the Lease: It shall be an event of default if Homeowner fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by CLT to Homeowner and Permitted Mortgagee. However, if Homeowner or Permitted Mortgagee has begun to cure such default within the 60-day cure period and is continuing such cure with due diligence but cannot complete the cure within the 60-day cure period, the cure period shall be extended for as much additional time as may be reasonably required to complete the cure.

12.3 What happens if Homeowner defaults as a result of judicial process: It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part

of the Home or Homeowner's interest in the Leased Land by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

12.4 A default (uncured violation) gives CLT the right to terminate the Lease or exercise its Purchase Option:

a) Termination: In the case of any of the events of default described above, CLT may terminate this lease and initiate summary proceedings under applicable law against Homeowner, and CLT shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, CLT shall have such additional rights and remedies as are permitted by law to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by CLT pursuant to an Event of Default, then, as provided in Section 7.7 above, upon thus assuming title to the Home, CLT shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.9 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the CLT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by CLT in pursuit of its remedies under this Lease.

If CLT elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above and the attached Exhibit: Permitted Mortgages) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Homeowner's interest in the Home and the Leased Land by foreclosure of its mortgage or otherwise.

b) Exercise of Option: In the case of any of the events of default described above, Homeowner hereby grants to the CLT (or its assignee) the option to purchase the Home for the Purchase Option Price as such price is defined in Article 10 above. Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, CLT shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after the CLT gives notice to the Homeowner of the CLT's intent to exercise its option under this Section 12.4(b), the CLT or its assignee shall purchase the Home for the Purchase Option Price.

12.5 What happens if CLT defaults: CLT shall in no event be in default in the performance of any of its obligations under the Lease unless and until CLT has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to CLT properly specifying CLT's failure to perform any such obligation.

Article 13: Mediation and Arbitration

13.1 Mediation or arbitration can be utilized: Nothing in this Lease shall be construed as preventing the parties from utilizing any process of mediation or arbitration in which the parties agree to engage for the purpose of resolving a dispute.

13.2 Cost of mediation or arbitration shall be shared: Homeowner and CLT shall each pay one half (50%) of any costs incurred in carrying out mediation or arbitration in which the parties have agreed to engage.

Article 14: General Provisions

14.1 Notices: Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

If to CLT: First Homes Properties

With a copy to: Dunlap & Seeger P.A.

If to Homeowner: xxxxxxxxxxxxxxxxxxxxxxxxx

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

14.2 No brokerage: Homeowner warrants that it has not dealt with any real estate broker other than (non applicable) in connection with the purchase of the Home. If any claim is made against CLT regarding dealings with brokers other than (non applicable), Homeowner shall defend CLT against such claim with counsel of CLT’s selection and shall reimburse CLT for any loss, cost or damage which may result from such claim.

14.3 Severability and duration of Lease: If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or CLT against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that CLT’s option to purchase and all other rights of both parties under this Lease shall continue in effect for the full term of this Lease and any renewal thereof, and shall be considered to be coupled with an interest. In the event any such option or right shall be construed to be subject to any rule of law limiting the duration of such option or right, the time period for the exercising of such option or right shall be construed to expire twenty (20) years after the death of the last survivor of the following persons: NOTE: List an identifiable

group of small children, e.g., the children living as of the date of this Lease of any of the directors or employees of a specified corporation.

14.4 Right of first refusal in lieu of option: If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, CLT shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in Exhibit D. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

14.5 Waiver: The waiver by CLT at any time of any requirement or restriction in this Lease, or the failure of CLT to take action with respect to any breach of any such requirement or restriction, shall not be deemed to be a waiver of such requirement or restriction with regard to any subsequent breach of such requirement or restriction, or of any other requirement or restriction in the Lease. CLT may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by CLT before being effective.

The subsequent acceptance of Lease Fee payments by CLT shall not be deemed to be a waiver of any preceding breach by Homeowner of any requirement or restriction in this Lease, other than the failure of the Homeowner to pay the particular Lease Fee so accepted, regardless of CLT's knowledge of such preceding breach at the time of acceptance of such Lease Fee payment.

14.6 CLT's right to prosecute or defend: CLT shall have the right, but shall have no obligation, to prosecute or defend, in its own or the Homeowner's name, any actions or proceedings appropriate to the protection of its own or Homeowner's interest in the Leased Land. Whenever requested by CLT, Homeowner shall give CLT all reasonable aid in any such action or proceeding.

14.7 Construction: Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand.

14.8 Headings and table of contents: The headings, subheadings and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms or conditions of this Lease.

14.9 Parties bound: This Lease sets forth the entire agreement between CLT and Homeowner with respect to the leasing of the Land; it is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Lease, their respective successors in interest. This Lease may be altered or amended only by written notice executed by CLT and Homeowner or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

14.10 Governing law: This Lease shall be interpreted in accordance with and governed by the laws of Minnesota. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against CLT or Homeowner.

EXHIBIT A
Letter of Understanding

To First Homes Properties Community Land Trust ("the CLT")

Date: May 30, 2014

This letter is given to the CLT to become an exhibit to a Lease between the CLT and me. I will be leasing a parcel of land from the CLT and will be buying the home that sits on that parcel of land. I will therefore become what is described here as a "CLT homeowner."

My legal counsel, _____, has explained to me the terms and conditions of the Lease and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as a CLT homeowner, now and in the future.

In particular I understand and agree with the following points.

One of the goals of the CLT is to keep CLT homes affordable for lower income households from one CLT homeowner to the next. I support this goal as a CLT homeowner and as a member of the CLT. The terms and conditions of my Lease will keep my home affordable for future "income-qualified persons" (as defined in the lease). If and when I want to sell my home, the lease requires that I sell it either to the CLT or to another income-qualified person. The terms and conditions of the lease also limit the price for which I can sell the home, in order to keep it affordable for such income-qualified persons.

It is also a goal of the CLT to promote resident ownership of CLT homes. For this reason, my Lease requires that, if I and my family move out of our home permanently, we must sell it. We cannot continue to own it as absentee owners.

I understand that I can leave my home to my child or children or other members of my household and that, after my death, they can own the home for as long as they want to live in it and abide by the terms of the Lease, or they can sell it on the terms permitted by the Lease.

As a CLT homeowner and a member of the CLT, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to me and others.

Homeowner

EXHIBIT B
Letter of Acknowledgment of Land Lessee's Attorney

I, _____, have been independently employed by
XXXXXXXXXXXXXXXXXXXXXXX (hereinafter "Client ") who intends to purchase a residential Home
located at 11 11th Avenue NW, Rochester, MN.

In connection with the contemplated conveyance of said Home, I reviewed with Client the
following documents relating to the transaction:

1. This Letter of Acknowledgment.
2. Letter of Understanding from the Homeowner.
3. Lease.
4. Other written materials that may be provided by CLT.

The Client has received full and complete information and advice regarding this conveyance and
the foregoing documents. In my review of these documents my purpose has been to reasonably
inform the Client of the present and foreseeable risks and legal consequences of the contemplated
transaction.

The Client is entering the aforesaid transaction in reliance on her own judgment and upon her
investigation of the facts. The advice and information provided by me was an integral element of
such investigation.

Name

Firm

Telephone

EXHIBIT C
Premises
(Legal Description of the Property)

11 11th Avenue NW
Rochester, MN 55901

Lot 3, Block 1, Kutzky's Second Addition, less the West 24 feet of the North 15 feet thereof, and also less the South 6 feet thereof, in the City of Rochester, Olmsted County, Minnesota;
Leasehold interest, buildings and improvements only

EXHIBIT D

First Refusal

Whenever any party under the Land Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale ("Offering Party") shall within the term of the Land Lease receive a bona fide third party offer to purchase the property, which such Offering Party is willing to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

- a) Offering Party shall give written notice (the "Notice") of such offer to Holder setting forth (1) the name and address of the prospective purchaser thereof, (2) the purchase price offered by the prospective purchaser and (3) all other terms and conditions of the sale. Holder shall have a period of ninety (90) days after the receipt of the Notice containing the offer (the "Election Period") within which to elect to purchase the property on the same terms and conditions, including the purchase price set forth in the Notice. Such election shall be made by a written notice given to the Offering Party within the Election Period.
- b) If Holder makes the election to purchase the property, such purchase shall be closed within ninety (90) days after such election shall have been made by Holder (or if the Notice shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice, including payment of the purchase price provided therein.
- c) Should Holder fail to make any election within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the Land Lease) to go forward with the sale which the Offering Party desires to accept, and to sell the property within one (1) year following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice. If the sale is not consummated within such one (1) year period, the Offering Party's right so to sell shall end, and all of the foregoing provisions of this section shall be applied again to any future offer, all as aforesaid. If a sale is consummated within such one (1) year period, the purchaser shall purchase subject to Holder's renewed right of first refusal in said property.

EXHIBIT F
Permitted Mortgages

The rights and provisions set forth in this Exhibit shall be understood to be provisions of Section 8.2 of the Lease. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

A. Obligations of Permitted Mortgage: Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and the CLT to modify the terms of the Lease during the term of the Permitted Mortgage.

1. If Permitted Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Mortgage, the Permitted Mortgagee shall, at the same time, send a copy of that notice to the CLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), the CLT shall have the right to cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Permitted Mortgagee.
2. If, after the cure period has expired, the Permitted Mortgagee intends to accelerate the note secured by the Permitted Mortgage or begin foreclosure proceedings under the Permitted Mortgage, the Permitted Mortgagee shall first notify CLT of its intention to do so, and CLT shall then have the right, upon notifying the Permitted Mortgagee within thirty (30) days of receipt of such notice, to acquire the Permitted Mortgage by paying off the debt secured by the Permitted Mortgage.
3. If the Permitted Mortgagee acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Mortgagee shall give CLT written notice of such acquisition and CLT shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, CLT must give written notice to the Permitted Mortgagee of CLT's intent to purchase the Home within thirty (30) days following CLT's receipt of the Permitted Mortgagee's notice. CLT must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If CLT does not complete the purchase within this 60-day period, the Permitted Mortgagee shall be free to sell the Home to another person.
4. Nothing in the Permitted Mortgage or related documents shall be construed as giving Permitted Mortgagee a claim on CLT's interest in the Leased Land, or as assigning any form of liability to the CLT with regard to the Leased Land, the Home, or the Permitted Mortgage.

5. Nothing in the Permitted Mortgage or related documents shall be construed as rendering CLT or any subsequent Mortgagee of CLT's interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.
6. The Permitted Mortgagee shall not look to CLT or CLT's interest in the Leased Land, but will look solely to Homeowner, Homeowner's interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that CLT's consent to such the Permitted Mortgage shall be without any liability on the part of CLT for any deficiency judgment.)
7. In the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Mortgagee in accordance with the provisions of ARTICLE 9 hereof.
8. CLT shall not be obligated to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

B. Right of Permitted Mortgagee: The rights of a Permitted Mortgagee as referenced under Section 8.6 of the Lease to which this Exhibit is attached shall be as set forth below.

1. Any Permitted Mortgagee shall, without further consent by CLT, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.
2. A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.
3. In the event that title to the estates of both CLT and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Security or in a Permitted Mortgage.

4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, CLT shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to CLT's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to CLT for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or the party designated by the Permitted Mortgagee to be the lessee thereunder. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as the Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by CLT, Homeowner and the Permitted Mortgagee.
5. The CLT shall have no right to terminate the Lease during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.
6. In the event that CLT sends a notice of default under the Lease to Homeowner, CLT shall also send a notice of Homeowner's default to Permitted Mortgagee. Such notice shall be given in the manner set forth in Section 14.2 of the Lease to the Permitted Mortgagee at the address which has been given by the Permitted Mortgagee to CLT by a written notice to CLT sent in the manner set forth in said Section 14.2 of the Lease.
7. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.
8. Before becoming effective, any amendments to this Lease must be approved in writing by Permitted Mortgagee, which approval shall not be unreasonably withheld. If Permitted Mortgagee has neither approved nor rejected a proposed amendment within 60 days of its submission to Permitted Mortgagee, then the proposed amendment shall be deemed to be approved.

C. Standard Permitted Mortgage Agreement: A Standard Permitted Mortgage Agreement, as identified in Section 8.4 of this Lease, shall be written as follows, and shall be signed by Mortgagee and Homeowner.

This Agreement is made by and among:

_____ (Mortgagee) and
_____ (“Homeowner”),

Whereas:

_____ CLT (the “CLT”) and Homeowner have entered, or are entering, into a ground lease (“the Lease”), conveying to Homeowner a leasehold interest in the Land located at _____ (“the Leased Land”); and Homeowner has purchased, or is purchasing, the Home located on the Leased Land (“the Home”).

The Mortgagee has been asked to provide certain financing to the Homeowner, and is being granted concurrently herewith a mortgage and security interest (the “Mortgage”) in the Leased Land and Home, all as more particularly set forth in the Mortgage, attached hereto as Schedule A.

The Ground Lease states that the Homeowner may mortgage the Leased Land only with the written consent of CLT. The Ground Lease further provides that CLT is required to give such consent only if the Mortgagee signs this Standard Permitted Mortgage Agreement and thereby agrees to certain conditions that are stipulated herein (“the Stipulated Conditions”).

Now, therefore, the Homeowner/Mortgagor and the Mortgagee hereby agree that the terms and conditions of the Mortgage shall include the Stipulated Conditions stated below.

Stipulated Conditions:

1. If Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Mortgage, the Mortgagee shall, at the same time, send a copy of that notice to the CLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the “cure period”), the CLT shall have the right to cure the default on the Homeowner’s behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Mortgagee.
2. If, after such cure period, the Mortgagee intends to accelerate the note secured by the Mortgage or initiate foreclosure proceedings under the Mortgage, in accordance with the provisions of the Lease, the Mortgagee shall first notify CLT of its intention to do so and CLT shall have the right, but not the obligation, upon notifying the Mortgagee within thirty (30) days of receipt of said notice, to purchase the Mortgagee loans and to take assignment of the Mortgage.
3. If the Mortgagee acquires title to the Home and Homeowner’s interest in the Leased Land through foreclosure or acceptance of a deed in lieu of foreclosure, the Mortgagee shall give the CLT written notice of such acquisition and the CLT shall have an option to

purchase the Home and Homeowner's interest in the Leased Land from the Mortgagee for the full amount owing to the Mortgagee; provided, however, that the CLT notifies the Mortgagee in writing of the CLT's intent to make such purchase within thirty (30) days following the CLT's receipt of the Mortgagee's notice of such acquisition of the Home and Homeowner's interest in the Leased Land; further provided that CLT shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if the CLT does not complete the purchase within such period, the Mortgagee shall be free to sell the Home and Homeowner's interest in the Leased Land to another person;

4. Nothing in the Mortgage or related documents shall be construed as giving the Mortgagee a claim on CLT's interest in the Leased Land, or as assigning any form of liability to the CLT with regard to the Leased Land, the Home, or the Mortgage.
5. Nothing in the Mortgage shall be construed as rendering CLT or any subsequent holder of the CLT's interest in and to the Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Mortgage or any part thereof.
6. The Mortgagee shall not look to CLT or CLT's interest in the Leased Land, but will look solely to Homeowner and Homeowner's interest in the Leased Land and the Home for the payment of the debt secured by the Mortgage. (It is the intention of the parties hereto that CLT's consent to the Mortgage shall be without any liability on the part of CLT for any deficiency judgment.)
7. In the event that any part of the Leased Land is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Mortgagee in accordance with the provisions of Article 9 of the Lease.
8. Nothing in the Mortgage shall obligate CLT to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

By:

Mortgagee

Homeowner/Mortgagor

Date: _____

Date: _____

EXHIBIT G
Notice of Intent to Sell

Date
Name and Address of Land Owner
RE: Notice of Intent to Sell

To Whom It May Concern:

Please be advised that [I/we] intend to offer [my/our] Improvements, located at _____, for sale. [I/we] [have/have not] identified a prospective buyer at this time. If prospective buyer is not known, use the following (or similar) language: The terms and conditions of our intended sale are as follows: {insert terms and conditions - e.g. moving date, appliances not included, etc.}.

We have commissioned an Appraisal in accordance with Section 10.4 of the Lease. The selling Price will be determined upon receipt of the Appraisal.

[I/we] understand that you, or your Purchase Option Assignee, may chose to exercise the Option to Purchase on the terms, and within the time period, set forth in Sections 10.5 and 10.6 of the Lease between us, dated [date]. [I/we] also understand that if the Option to Purchase expires according to the terms of Section 10.10 of Section 10 of the Land Lease, [I/we] are free to sell the Improvements in the open market to any party at not more than the Purchase Option Price.

If prospective buyer is known, use the following (or similar) language: Enclosed with this notice, are the following items as required by Section 10.6 of the Land Lease agreement between us, dated [date]: {list items included with notice}.

If necessary, insert the following: The following items, also required by Section 10.6of the Land Lease, will be provided at a later date: {list items to follow}.

[I/we] understand that this Notice of Intent to Sell will be effective upon the date of your receipt of all items required by Section 10.6of the Land Lease. [I/we] understand that you will tell [me/us] in writing within 30 days of the effective date of this Notice whether the prospective buyer identified herein is an Income Qualified Buyer, as defined in Section 10.2 of the Land Lease, and whether the terms of the proposed transfer are permitted under the terms of the Land Lease.

[I/we] understand that you, or your Purchase Option Assignee, may chose to exercise the Option to Purchase on the terms, and within the time period, set forth in Sections 10.7and 10.8 of the Land Lease. Finally, [I/we] also understand that if the Option to Purchase expires according to the terms of Section 10.7or Section 10.8of the Land Lease, [I/we] are free to sell the Improvements in the open market to any party at not more than the Purchase Option Price.

EXHIBIT H
Lessor's Notice of Intent Regarding Purchase Option

Name of Homeowner
Address of Homeowner

Date

RE: Notice of Intent Regarding Purchase Option

Dear Homeowner:

ALTERNATIVE #1: We hereby acknowledge receipt of **Your** Notice of Intent-To-Sell. Pursuant to Section 10.8 of the Lease, **We [do not]** elect to exercise our Option to Purchase at this time. We **[have/have not]** chosen to designate a Purchase Option Assignee at this time. *{as appropriate, include Purchase Option Assignee contact information}*

{if electing to exercise option, include the following} We understands that **we, or our** Designated Purchase Option Assignee, must enter into a contract for purchase and sale with you and complete the sale by **[date]** which is sixty (60) days from the date of this notice, or **our** purchase option will expire.

ALTERNATIVE #2: Confirmation of a Permitted Transfer. We hereby acknowledge receipt of **Your** Notice of Intent-To-Sell. Pursuant to Section 10.6 of the Lease, **You** have identified a prospective buyer for **your** home and all items required to make your notice effective **[have/have not]** been received by us as of this date.

Based on the items provided to **us** by **you** and/or **your** prospective buyer, **we** have determined and are satisfied that your prospective buyer is an Income Qualified Person and that the terms of the proposed transfer are consistent with the requirements set forth in the Lease. You may proceed with the proposed sale, subject to the provisions of Sections 10.7, 10.8 and 10.11 of the Lease.

[Salutations]

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