

Community Land Trust of Palm Beach County, Inc.
Ground Lease Agreement
TABLE OF CONTENTS

ARTICLE 1: LETTERS OF STIPULATION AND ACKNOWLEDGMENT..... 1

ARTICLE 2: DEMISE OF LEASED PREMISES 1

 2.1 PREMISES:..... 1

 2.2 RESERVATION OF MINERAL RIGHTS: 1

ARTICLE 3: DURATION OF LEASE 2

 3.1 PRINCIPAL TERM: 2

 3.2 LESSEE’S OPTION TO EXTEND:..... 2

 3.3 CHANGE OF LESSOR: LESSEE’S RIGHT TO PURCHASE:..... 2

ARTICLE 4: USE OF LEASED PREMISES 2

 4.1 RESIDENTIAL USE ONLY:..... 2

 4.2 RESPONSIBLE USE: 2

 4.4 OCCUPANCY: 3

 4.5 INSPECTION: 3

 4.6 LESSEE’S RIGHT TO PEACEFUL ENJOYMENT:..... 3

 4.7 CONDITION OF LEASED PREMISES, COMPLIANCE WITH COVENANTS AND LAW: . 3

ARTICLE 5: GROUND LEASE FEE 3

 5.1 GROUND LEASE FEE:..... 3

 5.2 PAYMENT OF GROUND LEASE FEE: 3

 5.3 REDUCTION, DELAY OR WAIVER OF GROUND LEASE FEE:..... 3

 5.4 CALCULATION OF LAND USE CHARGE: 3

 5.5 ADJUSTMENT OF LAND USE CHARGE:..... 4

 5.6 ADJUSTMENT OF ADMINISTRATIVE CHARGE: 4

ARTICLE 6: TAXES AND ASSESSMENTS 4

 6.1 LESSEE’S RESPONSIBILITY FOR TAXES, UTILITIES, SERVICE BILLS, AND
ASSESSMENTS: 4

 6.2 TAXES ON LEASED PREMISES:..... 5

 6.3 LESSEE’S RIGHT TO CONTEST: 5

 6.4 PAYMENTS IN EVENT OF DELINQUENCY: 5

 6.5 PROOF OF COMPLIANCE: 5

ARTICLE 7: IMPROVEMENTS 5

 7.1 OWNERSHIP: 5

 7.2 PURCHASE OF IMPROVEMENTS BY LESSEE:..... 5

 7.3 CONSTRUCTION AND ALTERATION:..... 5

 7.4 PROHIBITION OF LIENS: 5

 7.5 MAINTENANCE AND SERVICES:..... 6

 7.6 DISPOSITION OF IMPROVEMENTS UPON EXPIRATION OF LEASE TERM: 6

ARTICLE 8: FINANCING 6

 8.1 PERMITTED MORTGAGE: 6

 8.2 RIGHTS OF PERMITTED MORTGAGEE:..... 6

 8.3 REMOVAL OF CERTAIN PROVISIONS PURSUANT TO FORECLOSURE: 6

 8.4 LESSOR’S RIGHT TO PROCEEDS IN EXCESS OF PURCHASE OPTION PRICE:..... 6

 8.5 AMENDMENTS SUBJECT TO APPROVAL BY PERMITTED MORTGAGEE: 7

ARTICLE 9: LIABILITY, INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN	7
9.1 LESSEE’S LIABILITY:	7
9.2 INDEMNIFICATION OF LESSOR:	7
9.3 PAYMENT BY LESSOR:	7
9.4 INSURANCE:	7
9.5 DAMAGE OR DESTRUCTION:	7
9.6 EMINENT DOMAIN AND PUBLIC DEDICATION:	8
9.7 REASSESSMENT OF RENTAL VALUE:	8
9.8 RELOCATION OF LESSEE:	8
ARTICLE 10: TRANSFER, SALE, OR DISPOSITION OF IMPROVEMENTS	9
10.1 INTENT:	9
10.2 TRANSFERS TO INCOME-QUALIFIED PERSONS:	9
10.3 TRANSFER TO LESSEE’S HEIRS:	9
10.4 LESSEE’S NOTICE OF INTENT TO SELL:	9
10.5 APPRAISAL:	9
10.6 LESSOR’S PURCHASE OPTION:	9
10.7 IF PURCHASE OPTION EXPIRES:	10
10.8 LESSOR’S POWER OF ATTORNEY TO CONDUCT SALE:	10
10.9 PURCHASE OPTION PRICE:	10
10.10 CALCULATION OF THE FORMULA PRICE:	10
10.11 QUALIFIED PURCHASER’S CHOICE OF NEW LEASE OR ASSIGNMENT OF EXISTING LEASE:	11
ARTICLE 11: ASSIGNMENT AND SUBLEASE	11
ARTICLE 12: DEFAULT	11
12.1 MONETARY DEFAULT BY LESSEE:	11
12.2 NONMONETARY DEFAULT BY LESSEE:	11
12.3 DEFAULT BY LESSEE RESULTING FROM JUDICIAL PROCESS:	11
12.4 TERMINATION:	11
12.5 DEFAULT BY LESSOR:	12
ARTICLE 13: ARBITRATION	12
13.1 ARBITRATION PROCESS:	12
13.2 COSTS:	12
ARTICLE 14: GENERAL PROVISIONS	12
14.1 LESSEE’S MEMBERSHIP IN THE CLTOFPBC:	12
14.2 NOTICES:	12
14.3 NO BROKERAGE:	13
14.4 SEVERABILITY AND DURATION OF:	13
14.5 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION:	13
14.6 WAIVER:	13
14.7 LESSOR’S RIGHT TO PROSECUTE OR DEFEND:	13
14.8 CONSTRUCTION:	13
14.9 CAPTIONS AND TABLE OF CONTENTS:	13
14.10 PARTIES BOUND:	14
14.11 GOVERNING LAWS:	14
14.12 RECORDING:	14
14.13 EXHIBITS:	14
14.14 NO THIRD PARTY BENEFICIARIES:	14
14.15 TIME IS OF THE ESSENCE:	14
14.16 ENTIRE AGREEMENT:	14
EXHIBIT A – LETTER OF STIPULATION OF LESSEE	17

EXHIBIT B – LETTER OF ACKNOWLEDGMENT OF LEGAL COUNSEL OF LESSEE.....	18
EXHIBIT C – LEASED PREMISES.....	19
EXHIBIT D – FIRST REFUSAL.....	20
EXHIBIT E – RESTRICTIONS	21
EXHIBIT F – DEED	22
EXHIBIT G – PERMITTED MORTGAGES.....	ERROR! BOOKMARK NOT DEFINED.
EXHIBIT H – NOTICE OF INTENT TO SELL.....	26
EXHIBIT I – NOTICE OF INTENT REGARDING PURCHASE OPTION.....	28
EXHIBIT J – INITIAL APPRAISAL.....	29

**COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC.
GROUND LEASE AGREEMENT**

THIS GROUND LEASE (the “Lease”) made and entered into this ____ day of _____, 200__, by and between COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC. (CLTOFPBC), (the “Lessor”), and _____ (the “Lessee”).

WHEREAS, the Lessor is organized exclusively for charitable purposes, including: the development and preservation of decent, affordable housing and the creation of homeownership opportunities for low and moderate-income people who otherwise would be denied such opportunities because of limited financial resources; and

WHEREAS, a goal of the Lessor is to stimulate the conveyance of decent, affordable housing amount low and moderate-income people by providing access to housing for such persons at affordable prices through the long-term leasing of land under said housing; and

WHEREAS, the Leased Premises described in this Lease have been acquired and are being leased by the Lessor in furtherance of these charitable purposes; and

WHEREAS, the Lessee shares the purposes and goals of the Lessor and has agreed to enter into this Lease not only to obtain those benefits to which the Lessee is entitled under this Lease, but also to further the charitable purposes of the Lessor; and

WHEREAS, Lessor and Lessee recognize the special nature of the terms and conditions of this Lease, and each of them, with the independent and informed advice of legal counsel, freely accepts these terms and conditions, including those terms and conditions that may affect the marketing and resale price of any Improvements on the Leased Premises; and

WHEREAS, it is mutually understood and accepted by Lessor and Lessee that the terms and conditions of this Lease further their shared goals over an extended period of time and through a succession of owners;

NOW THEREFORE, in consideration of the foregoing recitals, of mutual promises of Lessor and Lessee, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

ARTICLE 1: Letters of Stipulation and Acknowledgment

Attached hereto and made part of this Lease by reference are (a) **EXHIBIT A – Letter of Stipulation of Lessee** and (b) **EXHIBIT B – Letter of Acknowledgment of Legal Counsel of Lessee**, setting forth their respective review and understanding of this Lease (in particular, Article 10, regarding the transfer, sale, or disposition of the Improvements) and related documents for this transaction.

ARTICLE 2: Demise of Leased Premises

2.1 PREMISES:

The Lessor, in consideration of the rents reserved and the terms and conditions of this Lease, does hereby demise and leave unto Lessee, and Lessee does hereby take and lease from Lessor, the property (referred to in this Lease as the “Leased Premises”) described in the attached **EXHIBIT C – Leased Premises**. Lessor has furnished to Lessee a copy of the most current, if any, title report previously obtained by Lessor for the Premises, and Lessee accepts its interest in the Leased Premises in their condition “as is” and subject to such encumbrances reflected in said title report or as may otherwise be recorded in the Public Records of Palm Beach County, Florida, as of the execution of this lease.

2.2 RESERVATION OF MINERAL RIGHTS:

Lessor reserves to itself all the minerals and other extractive resources of the Leased Premises. This reservation shall not diminish the right of the Lessee under this Lease to occupy and freely use the Lease Premises. Any eventual extraction by the Lessor of minerals or other extractive resources shall be carried out with as little disruption to the Lessee as is reasonably possible. In instances requiring a material disruption of the Lessee’s right of use and occupancy of the Leased Premises, the Lessor shall not make such extraction without the consent of the Lessee.

ARTICLE 3: Duration of Lease

3.1 PRINCIPAL TERM:

The term of this Lease shall be ninety-nine (99) years, commencing on the ___ day of _____, 20___, unless terminated sooner or extended as provided below.

3.2 LESSEE'S OPTION TO EXTEND:

Lessee may extend the principal term of this Lease for one (1) additional period of 99 years, subject to all the provisions of this Lease; provided that Lessor may make changes to the terms of the Lease for the renewal period prior to the beginning of such renewal period but only if these changes do not materially and adversely impair Lessee's rights under the Lease. Not more than 365 nor less than 180 days before the last day of the current term, Lessor shall give Lessee written notice, stating the date of expiration of the Lease, describing any changes that Lessor intends to make to the terms of the Lease as permitted above, and reiterating the conditions for renewal as set forth immediately below ("the Expiration Notice"). Lessee's right to exercise the option to extend is subject to the following conditions: (a) within sixty (60) days of receipt of the Expiration Notice, Lessee shall give Lessor written notice, irrevocably exercising the option to extend ("the Extension Notice"); (b) this Lease shall be in effect at the time the Extension Notice is given and on the last day of the term; and (c) there shall not be an Event of Default by Lessee under this Lease or under any loan documents between Lessee and any Permitted Mortgagee at the time the Extension Notice is given and on the last day of the term.

When Lessee has rightfully exercised the option to extend, each party shall execute a memorandum, in mutually agreeable recordable form, acknowledging the fact that this option has been exercised and otherwise complying with the requirements of law for an effective memorandum or notice of lease, and such memorandum or notice of lease shall be recorded in accordance with the requirements of law on or promptly after the commencement of such renewal period of the Lease.

3.3 CHANGE OF LESSOR: LESSEE'S RIGHT TO PURCHASE:

In the event that ownership of the land comprising the Leased Premises ("the Land") is conveyed or transferred (whether voluntarily or involuntarily) by Lessor to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. However, in the event Lessor desires or attempts to convey the Land to any person or entity other than a nonprofit corporation, charitable trust, governmental agency or other similar entity sharing the goals described in the Recitals above (or as security for a mortgage loan), the Lessee shall have a right of first refusal to purchase the Land. This right shall be as specified in **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 Premises

4.1 RESIDENTIAL USE ONLY:

Lessee shall use, and shall cause all occupants to use, the Leased Premises and Improvements only for residential purposes and any incidental activities related to residential use that are currently permitted by applicable zoning, building, subdivision, and land use laws. In addition, transfers of Lessee's interest in the Leased Premises shall be subject to the restrictions hereof, including Sections 10 and 11. Lessee agrees and acknowledges that the foregoing limitations, all other conditions and restrictions contained herein, and any conditions and restrictions, if any, set forth in EXHIBIT E - Restrictions attached hereto and incorporated herein, are essential to the fulfillment of the charitable purposes of Lessor and are conditions and restrictions on the use of the Leased Premises intended to run the full term of this Lease. A violation of the Restrictions is a violation of this Lease. Lessee hereby expressly indemnifies Lessor for any and all claims arising from or relating to Lessee's failure to use the Leased Premises as set forth herein and for any act by Lessor not in compliance with applicable building codes, land development regulations or other similar regulation.

4.2 RESPONSIBLE USE:

Lessee shall use the Leased Premises in a manner so as not to cause actual harm to others or create any nuisances, public or private; and shall dispose of any and all waste in a safe and sanitary manner. Traditionally aggressive dog breeds, including but not limited to, Staffordshire Terriers (a.k.a. Pit Bulls), Rottweilers, Doberman Pinschers, wolf-dogs, and other dogs deemed vicious by animal control or other governing authorities, are not permitted in the leased premises.

4.3 RESPONSIBLE FOR OTHERS:

Lessee shall be responsible for the use of the Leased Premises by any residents thereof, families, their friends or visitors or anyone else using the Leased Premises with their consent and shall make all such people aware of the spirit, intent and appropriate terms of this Lease.

4.4 OCCUPANCY:

Lessee shall occupy the Leased Premises as their principal residence during this Lease, unless otherwise agreed by Lessor. Occupancy by children or other immediate family members or dependents of Lessee shall be considered occupancy by Lessee.

4.5 INSPECTION:

Lessor may inspect any portion of the Leased Premises except the interior(s) of Lessee's Improvements, at any reasonable time, in any reasonable manner, and at a minimum annually, upon at least twenty-four (24) hours' oral notice to Lessee. In the event of emergency, Lessor may inspect any portion of the Leased Premises except the interior(s) of Lessee's Improvements without notice provided the Lessor shall have made reasonable efforts to give advance notice to Lessee.

4.6 LESSEE'S RIGHT TO PEACEFUL ENJOYMENT:

Lessee has the right to undisturbed enjoyment of the Leased Premises, and Lessor has no desire or intention to interfere with the personal lives, associations, expressions, or actions of lessee, subject to the provision of this Lease.

4.7 CONDITION OF LEASED PREMISES, COMPLIANCE WITH COVENANTS AND LAW:

Lessee shall maintain the Leased Premises and Improved property in good, workable, safe, and habitable condition in all respects except for normal wear and tear, and in full compliance with all applicable covenants, easements, restrictions and agreements, and all laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition and use of the Leased Premises and Improved property, and in such condition as is required to maintain the insurance coverage required by Section 9.4 of this Lease.

ARTICLE 5: Ground Lease Fee

5.1 GROUND LEASE FEE:

In consideration of the possession, continued use, and occupancy of the Leased Premises, Lessee shall pay to Lessor a monthly ground lease fee ("the Ground Lease Fee") Equal to:

- (a) a Land Use Charge of fifteen dollars (\$15); plus
- (b) an Administrative Charge of ten dollars (\$10).

5.2 PAYMENT OF GROUND LEASE FEE:

The Ground Lease Fee shall be payable to Lessor, at the address specified in this Lease as Lessor's address, on the first day of each month for as long as this Lease remains in effect, unless, with Lessor's consent, the Ground Lease Fee is to be escrowed by a Permitted Mortgagee, in which case payment shall be made as specified by that Mortgagee. If the Lease commences on a day other than the first of the month, a pro-rata portion of the Ground Lease Fee shall be paid for the balance of the month at the time the Lease is executed.

In the event that any amount of payable ground Lease Fee remains unpaid when the Improvements are sold and the Lease is terminated or assigned to another party, the amount of payable Ground Lease Fee shall be paid to Lessor out of any proceeds from the sale of the Improvements otherwise due to Lessee at the time of such sale.

5.3 REDUCTION, DELAY OR WAIVER OF GROUND LEASE FEE:

Lessor may reduce, delay or waive entirely the Ground Lease Fee at any time and from time to time for the purpose of ensuring affordable monthly housing costs for the Lessee. Any such reduction, delay, or waiver must be in writing and signed by Lessor before being effective.

5.4 CALCULATION OF LAND USE CHARGE:

The Land Use charge specified in Section 5.1(a) above has been calculated as follows: first, an amount approximating the monthly fair rental value of the Leased Premises has been established, current as of the commencement of the lease term, recognizing that use of the Leased Premises is restricted by some of the provisions of the Lease. Then the affordability of this monthly amount for the Lessee has been analyzed and, if necessary,

the amount has been reduced to yield the amount stated in section 5.1 above, which has been determined to be affordable for Lessee.

5.5 ADJUSTMENT OF LAND USE CHARGE:

The Land Use Charge stated in section 5.1 above, as adjusted in the way provided below, shall be applicable during the term of this Lease. However, in the event that, for any reason, the provisions of Article 10 or Article 11 regarding transfers of the Improvements or section 4.4 regarding occupancy are suspended or invalidated for any period of time, then during that time, the Land Use Charge shall be increased to an amount calculated by Lessor to equal the fair rental value of the Leased Premises for use not restricted by the provisions of the suspended portions of the Lease, but initially an amount not to exceed \$15. In such event, Lessor shall notify Lessee of the amount calculated in this way, and the Land Use Charge shall then be this amount.

In order to keep the Land Use Charge reasonably current, the amount specified in section 5.1 (and the maximum amount specified in the preceding paragraph) shall be recalculated every fifth (5th) year during the term of the Lease. At such intervals, the amount shall be recalculated through such reasonable process as the Lessor shall choose, based upon the standards set forth in section 5.4 above. Lessor shall notify Lessee promptly upon recalculation of the new Land Use Charge amount, and if Lessee does not state objections to the recalculated amount within thirty (30) days after receipt of this notice, the Land Use Charge shall then be as stated by Lessor in the notice. If Lessee does state objections to the recalculated Land Use Charge and the parties are thereafter unable to agree upon a recalculated Land Use charge within fifteen (15) days of Lessor's receipt of Lessee's objection, the dispute shall be resolved according to the arbitration process set forth in Article 13 below, except that the arbitrators chosen by each party shall be ones with experience in the valuation of real estate. Upon the final determination of the recalculated Land Use Charge in accordance with the terms of this section, Lessor shall maintain in its file a notarized certification of the amount of such recalculated Land Use Charge and the process by which it was determined.

5.6 ADJUSTMENT OF ADMINISTRATIVE CHARGE:

In order to keep the Administrative Charge reasonably current, the amount specified in Section 5.1(b) shall be recalculated every fifth (5th) year during the term of this Lease. Any adjustment in the Administrative charge shall be based upon any increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the State of Florida and/or Palm Beach County, Florida, as maintained by the U.S. Department of Labor, that may have taken place during the intervening five year period, or some comparable index if this index becomes unavailable or is discontinued.

ARTICLE 6: Taxes and Assessments

6.1 LEASEE'S RESPONSIBILITY FOR TAXES, UTILITIES, SERVICE BILLS, AND ASSESSMENTS:

Lessee shall be responsible for payment of all taxes and governmental assessments as part of the escrow payments required to be made to the first mortgage lender who will in turn make the payments directly to the taxing or assessing authority, no matter how designated, that relate to the Improvements and the Leased Premises. Lessee shall also pay directly, when due, all other service bills, utility charges, or other governmental assessments charged against the Leased Premises.

6.2 TAXES ON LEASED PREMISES:

In the event that the local taxing authority bills Lessor for the taxes on the Leased Premises, Lessor shall pass the responsibility for this expense to Lessee and Lessee shall promptly pay this bill.

6.3 LESSEE'S RIGHT TO CONTEST:

Lessee shall have the right to contest the amount or validity of any taxes relating to the Improvements and Leased Premises. Lessor shall, upon written request by Lessee, join in any such proceedings if Lessee reasonably determines that it is necessary or convenient for Lessor to do so. All other costs and expenses of such proceedings shall be paid by Lessee.

6.4 PAYMENTS IN EVENT OF DELINQUENCY:

In the event that Lessee fails to pay the taxes, insurance, utility bills, service bills and assessments or other charges specified in section 6.1 above, which are otherwise not part of the ground lease, Lessor may increase, but shall not be obligated to increase, Lessee's ground Lease Fee in an amount that will offset the cost of any delinquent and current charges, and make such payments in a timely manner.

6.5 PROOF OF COMPLIANCE:

Concurrently with the payment of any taxes, assessments, and charges required or permitted by the provisions of this Lease, each party shall furnish evidence satisfactory to the other documenting the payment. A photocopy of a receipt for such charges showing payment prior to the due date shall be the usual method of furnishing such evidence.

ARTICLE 7: Improvements

7.1 OWNERSHIP:

It is expressly understood and agreed that any and all buildings, structures, fixtures, and other Improvements purchased by the Lessee or constructed or placed by the Lessee on any part of the Leased Premises at any time during the term of this Lease ("the Improvements") shall be property of the Lessee. Title to such Improvements shall be and remain vested in the Lessee. However, Lessee's exercise of the rights of ownership is subject and subordinate to the provisions of this Lease, including but not limited to Section 7.6 below, regarding disposition of the improved property upon the expiration or termination of this lease, and Section 10 below, regarding Lessor's option to purchase the Improvements. In addition, Lessee shall not sever or move the Improvements from the Leased Premises under any circumstances.

7.2 PURCHASE OF IMPROVEMENTS BY LESSEE:

Lessee is simultaneously purchasing the Improvements now located on the Leased Premise and described in the Deed, the form of which is annexed to this Lease as **EXHIBIT F – The Deed**.

7.3 CONSTRUCTION AND ALTERATION:

Any construction in connection with an existing or new Improvement is subject to the following conditions: (a) all costs shall be borne and paid for by the Lessee; (b) all construction shall be performed in a worker like manner and shall comply with all applicable codes, laws and regulation, including, without limitation, the requirements of local and state public health authorities; (c) all construction shall be consistent with the permitted uses set forth in Article 4; (d) the exterior shall be consistent with the permitted uses set forth in Article 4; (d) the exterior (including height) of such Improvements shall not be increased or expanded and new Improvements shall not be constructed without the prior written consent of Lessor, who, however, shall not unreasonably withhold such consent; (e) the installation of in-ground pools are prohibited and (f) Lessee shall furnish to Lessor a copy of any plans and all building permits for such construction prior to commencing construction.

7.4 PROHIBITION OF LIENS:

No lien of any type shall attach to the Lessor's title to the Land or to Lessor's interest in the Leased Premises or to any other property owned by the Lessor. Lessee shall not permit any statutory or similar lien to be filed against the Premises, the Improvements, or any interest of Lessor or Lessee that remains more than sixty (60) days after it has been filed. Lessee shall cause any such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction, or as otherwise permitted by law. If Lessee fails to cause such lien to be discharged within the 60-day period, then, in addition to any other right or remedy, Lessor may, but shall not be obligated to, discharge the lien by paying the amount in question. Lessee may, at Lessee's expense, contest the validity of any such asserted lien, provided Lessee has furnished a bond in an amount sufficient to

release the Leased Premises from such lien. Any amounts paid by Lessor to discharge such liens shall be deemed to be an additional Ground Lease Fee payable by Lessee upon demand.

7.5 MAINTENANCE AND SERVICES:

Lessee shall, at Lessee's sole expense, maintain the Leased Premises and all Improved property (which specifically includes maintenance and repair of sewer, water, electrical, telephone, cable, gas, and any other services and utilities, sidewalks, curbs, driveways, landscaping, vegetation, sprinkler systems, and any and all structures and other improved property on, under or above the surface of the leased Premises) in good, safe, habitable, and workable condition and in accordance with all applicable laws, rules, ordinances, orders, regulations of all governmental agencies and entities with jurisdiction and all insurance companies insuring all or any part of the Leased Premises or Improved property. Lessor shall not be required to furnish any services or facilities, including but not limited to heat, electricity air conditioning, or water, or to make any repairs to the Leased Premises or Improved property, and Lessee hereby assumes the sole responsibility for furnishing all services or facilities.

7.6 DISPOSITION OF IMPROVEMENTS UPON EXPIRATION OF LEASE TERM:

Upon the expiration of the term of this Lease as such term may be extended or sooner terminated in accordance with this Lease, Lessee shall surrender the Improvements together with the Leased Premises to the Lessor, Ownership of the Improvements shall thereupon revert to Lessor, provided, however, that Lessor shall promptly pay to Lessee as consideration for the Improvements and amount equal to Lessor's 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 Ground Lease Fee including any charges that may have been added to the Ground Lease Fee in accordance with this Lease.

ARTICLE 8: Financing

8.1 PERMITTED MORTGAGE:

Lessee may mortgage, pledge, or encumber the Leased Premises only with the written consent of Lessor. Not less than thirty (30) days prior to the date on which Lessee (or a prospective Lessee who has contracted to purchase the Improvements) requests Lessor's consent to a mortgage to be effective, Lessee (or prospective Lessee) shall furnish to Lessor copies of every document to be executed in connection with the transaction represented by such mortgage. Lessor may choose to consent to any mortgage, and in so doing shall designate such mortgage as a "Permitted Mortgage." However, Lessor shall be required to consent to a mortgage only if (a) at the time such copies of documents are submitted and at the time proposed by Lessee (or prospective Lessee) for the execution of such documents, no default is then outstanding, and (b) the mortgage so submitted is a Standard Permitted Mortgage as defined in the attached **EXHIBIT G – Permitted Mortgage**. Lessee shall pay to Lessor at Lessor's option, as additional Ground Lease Fee, all fees, costs, and expenses, including, without limitation, reasonable attorneys' fees, incurred by Lessor in connection with any Permitted Mortgage.

8.2 RIGHTS OF PERMITTED MORTGAGEE:

Any holder of a Permitted Mortgage ("Permitted Mortgage") shall without requirement of consent by the Lessor have the rights identified and defined in the attached **EXHIBIT G – Permitted Mortgages**.

8.3 REMOVAL OF CERTAIN PROVISIONS PURSUANT TO FORECLOSURE:

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.

8.4 LESSOR'S RIGHT TO PROCEEDS IN EXCESS OF PURCHASE OPTION PRICE:

The parties recognize that it would be contrary to the fundamental concept of this agreement and an incentive to abuse Lessee's authorization to encumber its leasehold interest with a Permitted Mortgage if Lessee could realize more than the Purchase Option Price as the result of any foreclosure of any mortgage. Accordingly, Lessee hereby irrevocably assigns to Lessor any and all net proceeds of sale of the Improvements remaining after payment of costs of foreclosure and satisfaction of the lien of any Permitted Mortgage which would otherwise have been payable to lessee, to the extent

such net proceeds exceed the net proceeds that Lessee would have received had the property been sold for the Purchase Option Price established in Article 10 of this Lease, and authorizes and instructs the Permitted Mortgagee or any party conducting any sale to pay the amount of said excess proceeds directly to Lessor. In the event that, for any reason, such excess proceeds are paid to Lessee, Lessee hereby agrees to promptly pay the amount of such excess proceeds to Lessor.

8.5 AMENDMENTS SUBJECT TO APPROVAL BY PERMITTED MORTGAGEE:

Any amendments to this Lease shall be subject to the written approval of Permitted Mortgagee, which approval shall not be unreasonably withheld or delayed. The passage of thirty (30) days after submittal to Permitted Mortgagee of a proposed amendment without approval or disapproval by Permitted Mortgagee shall be deemed approval thereof.

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

9.1 LESSEE'S LIABILITY:

Lessee assumes sole responsibility and liability to all persons and authorities related to its possession, occupancy, and use of the Leased Premises.

9.2 INDEMNIFICATION OF LESSOR:

Lessee shall defend, indemnify, and hold Lessor harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Premises. Lessee waives all claims against Lessor for such injury or damage. However, Lessor shall remain liable (and Lessee shall not indemnify and defend Lessor against such liability or waive such claims of liability) for injury or damage due to the grossly negligent or intentional acts or omissions of Lessor or Lessor's agents or employees.

9.3 PAYMENT BY LESSOR:

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

9.4 INSURANCE:

Lessee shall, at Lessee's sole expense, keep all Improvements continuously insured against loss or damage by fire and the extended coverage hazards for the full replacement value of such Improvements.

Lessee shall, at Lessee's sole expense, maintain continuously in effect liability insurance covering the Leased Premises and Improvements in the amount of not less than two-hundred fifty thousand dollars (\$250,000) for injury to or death of any one person; and five-hundred thousand dollars (\$500,000) for injury to or death of any number of persons in one occurrence; and two-hundred fifty-thousand dollars (\$250,000) for property damage. The dollar amounts of this coverage shall be adjusted at two-year intervals, beginning on the date this Lease is signed, or upon Lessor's demand given not more often than annually, upon thirty (30) days' notice to Lessee. Such Insurance shall specifically insure Lessee against all liability assumed under this Lease, as well as all liability imposed by law, and shall also insure Lessor as an additional insured so as to create the same liability on the part of insurer as though separate policies had been written for Lessor and Lessee.

Lessee shall provide Lessor with copies of all policies and renewals of policies. All policies shall also contain endorsements providing that they shall not be cancelled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without at least thirty (30) days' prior written notice to Lessor. Lessor shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance.

9.5 DAMAGE OR DESTRUCTION:

Except as provided below, in the event of fire or other damage to the Improvements, Lessee shall take all steps necessary to ensure the repair of such damage and the restoration of the Improvements to their condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Lessee shall also promptly take all steps necessary to ensure that the Leased Premises are safe and that the damaged Improvements do not constitute a danger to persons or property.

If Lessee, using reasonable judgment and relying 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 eighty percent (80%) of the cost of repair and restoration (provided Lessee has fulfilled all the hazard insurance requirements set forth in section 9.4 above), then Lessee may terminate this Lease by written notice to Lessor given not later than sixty (60) days after the event that caused the damage. However, such termination shall not be effective until forty-five (45) days after the date upon which the notice is received by Lessor. During this 45-day period Lessor may seek an adjustment from the insurer so as to increase the available insurance proceeds to an amount covering at least 80 percent of the cost of repair and restoration. If successful in securing such adjustment, Lessor may render Lessee's termination notice null and void by written notice to Lessee within such 45-day period. If Lessor fails to nullify the termination notice in this way, then this Lease shall terminate at the expiration of the 45-day period, and any insurance proceeds payable to Lessee on account of such damage shall be paid as provided below.

The insurance proceeds shall be paid first to cover any expenses of collecting the proceeds. Remaining proceeds shall be paid to the Lessee (or its Permitted Mortgagee to the extent required by the Permitted Mortgage) up to the then applicable Lessor's Purchase Option Price (as of immediately prior to the damage) calculated according to the provisions of Article 10 below. The balance of such proceeds, if any, shall be paid to Lessor.

9.6 EMINENT DOMAIN AND PUBLIC DEDICATION:

In the event of a taking of the Leased Premises, either in its entirety or to such extent that the Improvements are lost or damaged beyond repair, by reason of eminent domain or other action of public authority prior to the expiration of this Lease, the Lease shall terminate as of the date Lessee is required to give up possession of the Leased Premises or Improvements, and 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 Premises that does not result in damage to the Improvements or substantial reduction in the usefulness or desirability of the Improvements for residential purposes, then any monetary compensation for such taking shall be allocated entirely to Lessor.

In the event of a taking of a portion of the Leased Premises that results in damage to the Improvements only to such an extent that the Improvements can reasonably be restored to a residential use consistent with this Lease, the Lessor may in its discretion allocate some or all the monetary compensation to enable Lessee to accomplish such a restoration. Any balance remaining after or in the absence of such allocation shall be allocated as provided above for a taking of the entire Leased Premises.

Any and all proceedings brought by a party in connection with any damages as a result of any taking referred to in this section shall be conducted at the sole expense of such party. If any provision of law requires that such proceedings be brought by or in the name of any owner or lessee of the premises, such party shall join in such proceedings or permit the same to be brought in its name. Each party agrees to do all acts and to execute all documents that may be required to enable the other to maintain such proceedings. If the party required to join in the proceedings incurs any cost or expense in doing so, such party shall be entitled to reasonable reimbursement and this entitlement shall constitute a first charge against any award.

9.7 REASSESSMENT OF RENTAL VALUE:

In the event of any taking that reduces the size of the Leased Premises but does not result in the termination of the Lease. Lessor shall reassess the fair rental value of the remaining Premises and shall adjust the Ground Lease Fee if necessary to ensure that the monthly fee does not exceed the monthly fair rental value of the premises for use as restricted by the Lease.

9.8 RELOCATION OF LESSEE:

In the event of a termination of this Lease as a result of damage, destruction or taking, Lessor shall take reasonable steps to grant Lessee a leasehold interest, similar to the interest created by this Lease, in another tract that it owns, if such other tract can reasonably be made available. In accepting such a leasehold interest, Lessee agrees to contribute any proceeds or award received by Lessee to purchase or develop Improvements on such tract. Lessor's failure to supply such a leasehold interest shall not give rise to any cause of action by Lessee against Lessor.

ARTICLE 10: Transfer, Sale, or Disposition of Improvements

10.1 INTENT:

It is the understanding of the parties that the terms of this Lease, and in particular of this Article 10, are intended to preserve the affordability of the Improvements for very low, low, or moderate income households and expand access to homeownership opportunities for such households.

10.2 TRANSFERS TO INCOME-QUALIFIED PERSONS:

Lessee may transfer its interest in the Leased Premises or the Improvements only to Lessor or an Income-qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers shall be subject to Lessor's review and purchase option rights set forth in this Article 10. Any purported transfer not in compliance with Internal Revenue Service Revenue Procedure 96-32 or which are done without following 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 ____ percent (____%) 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 TRANSFER TO LESSEE'S HEIRS:

Upon receipt of notice from the executor of the descendant's estate given within ninety (90) days of the death of Lessee (or the last surviving co-owner of the Improvements) Lessor shall, unless for good cause shown, consent to a transfer of the Improvements and an assumption of this Lease to and by one or more of the possible heirs of Lessee listed below as "a," "b," or "c," provided that a Letter of Stipulation and a Letter of Acknowledgment of legal counsel (similar to those described in Article 1 of this Lease), setting forth the heirs' review, understanding and acceptance of the terms of the Lease, are submitted to Lessor to be attached to the Lease when it is transferred to the heirs.

A. the spouse of the Lessee; or

B. dependent child or children of the Lessee; or

C. member(s) of the Lessee's household who have resided upon the Premises for at least one year immediately prior to Lessee's death.

Any other heirs, legatees or devisees of Lessee must, in addition to submitting Letters of Stipulation and Acknowledgment as provided above, demonstrate to Lessor's reasonable satisfaction that they are income-qualified Persons as defined above, or, if unable to do so, shall not be entitled to possession of the Leased Premises but must transfer the Leased Premises in accordance with the provisions of this Article 10.

10.4 LESSEE'S NOTICE OF INTENT TO SELL:

In the event that Lessee wishes to assign its interest in the Leased Premises and sell the Improvements, Lessee shall notify Lessor, in writing, of such wish in form and substance similar to that of **EXHIBIT H – Notice of Intent to Sell**. Such Notice shall include a statement as to whether Lessee wishes to recommend a prospective buyer as of the date of the Notice.

10.5 APPRAISAL:

No later than ten (10) days after Lessor's receipt of Lessee's Intent-To-Sell Notice, a market valuation of the Leased Premises and the Improvements ("the Appraisal") shall be commissioned to be performed by a mutually acceptable and duly licensed appraiser. Lessor shall commission and pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Land and Improvements were held in fee simple absolute, disregarding the restrictions of this Lease on the use of the Land and the transfer of the Improvements. The Appraisal shall state the values contributed by the Land and by the Improvements as separate amounts. Copies of the Appraisal are to be provided to both Lessor and Lessee.

10.6 LESSOR'S PURCHASE OPTION:

Upon receipt of an Intent to Sell Notice from Lessee, Lessor shall have the option to purchase the Improvements ("the Purchase Option") at the Purchase Option Price calculated as set forth below.

The Purchase Option is designed to further the purpose of preserving the affordability of the Improvements for succeeding Income-qualified Persons while taking fair account of the investment by the Lessee.

If Lessor elects to purchase the Improvements, Lessor shall exercise the Purchase Option by notifying Lessee, in writing, of such election in form and substance similar to that of **EXHIBIT I – Notice of Intent Regarding Purchase Option** within forty-five (45) days of the receipt of the Appraisal, or the Option shall expire. Having given such notice, Lessor may either proceed to exercise the Purchase Option directly by purchasing the Improvements, or may assign the Purchase Option to an Income-qualified Person.

The purchase (by Lessor or Lessor's assignee) must be completed within sixty (60) days of Lessor's Notice of Intent Regarding Purchase Option, or Lessee may sell the Improvements as provided in section 10.7 below. The time permitted for the completion of the purchase may be extended by mutual agreement of Lessor and Lessee.

Lessee may recommend to Lessor a prospective buyer who is an Income-qualified Person and is prepared to submit Letters of Stipulation and Acknowledgment indicating informed acceptance of the terms of this Lease. Lessor shall make reasonable efforts to arrange for the assignment of the Purchase Option to such person, unless Lessor determines that its charitable mission is better served by retention of the Improvements for another purpose or transfer of the Improvements to another party.

10.7 IF PURCHASE OPTION EXPIRES:

If the Purchase Option has expired or if Lessor has failed to complete the purchase within the 60-day period allowed by section 10.6 above, Lessee may sell the Improvements and assign the Lease to any Income-qualified Person, for not more than the applicable Purchase Option Price. If, six months after the expiration of the Purchase Option or the expiration of said 60-day period, the Improvements still have not been sold, Lessee may sell the Improvements and assign the Lease, for not more than the then applicable Purchase Option Price, to any party regardless of whether that party is an Income-qualified Person.

10.8 LESSOR'S POWER OF ATTORNEY TO CONDUCT SALE:

In the event Lessor does not exercise its option and complete the purchase of the Improvements as set forth above, and Lessee (a) is not then residing in the Improvements and (b) continues to hold the Improvements out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year of the giving of the Intent to Sell Notice, Lessee does hereby appoint Lessor its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the goals set forth in this Lease, sell the property, and distribute proceeds of sale, minus Lessor's costs of sale and reletting and any other sums owed Lessor by Lessee.

10.9 PURCHASE OPTION PRICE:

In no event may the Improvements be sold for a price that exceeds the Purchase Option Price. The Purchase Option Price shall be the lesser of (a) the value of the Improvements 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").

10.10 CALCULATION OF THE FORMULA PRICE:

The Formula Price shall be equal to Lessee's Purchase Price, as stated below, plus the Lessee's share of increase in Market Value, if any, calculated in the way described below:

- *Lessee's Purchase Price:* The parties agree that the Lessee's Purchase Price for the Improvements existing on the Leased Premises as of the commencement of the term of this Lease is \$ _____.
- *Initial Appraised Value:* The parties agree that the appraised value of the Improvements at the time of Lessee's purchase (the Initial Appraised Value) is \$ _____, as documented by the appraiser's report attached to this Lease as **EXHIBIT J – Initial Appraisal**.
- *Increase in Market Value:* The increase in market value of the Improvements equals the appraised value of the Improvements at time of sale, calculated according to section 10.5 above, minus the Initial Appraised Value.
- *Lessee's Share of Increase in Market Value:* Lessee's Share of the Increase in the Market Value of the Improvements shall be determined by multiplying the Increase in Market Value as calculated above by the "Shared Appreciation Factor." The "Shared Appreciation Factor" shall be tied to the length of ownership as follows:

If the property is sold within the 1st or 2nd years the "Shared Appreciation Factor" = 5%

If the property is sold within the 3rd to the 5th year the "Shared Appreciation Factor" = 10%

If the property is sold in the 6th through 10th year the “Shared Appreciation Factor is = 15%

If the property is sold at any time after the 11th year the “Shared Appreciation Factor is = 25%

- *Summary of Formula Price:* The Formula Price equals Lessee’s Purchase Price plus Lessee’s Share of Increase in Market Value measured by appraisals at the time of purchase and at the time of resale.

10.11 QUALIFIED PURCHASER’S CHOICE OF NEW LEASE OR ASSIGNMENT OF EXISTING LEASE:

An Income-qualified Person who purchases the Improvements in accordance with the provisions of this Article 10 shall have the option of receiving either an assignment of this Lease from the seller, with the approval of Lessor, or a new Lease from Lessor, which new Lease shall be substantially the same as this Lease in the rights, benefits and obligations assigned to Lessee and Lessor.

ARTICLE 11: Assignment and Sublease

Except as otherwise provided in Article 8 (including **EXHIBIT G – Permitted Mortgages**) and Article 10, Lessee shall not assign, sublease, sell, or otherwise convey any of Lessee’s right under this Lease without the prior written consent of the Lessor. Lessee agrees that Lessor shall have broad and full discretion to withhold such consent in order to further the mutual purposes and goals set forth in this Lease.

If permission is granted, any assignment or sublease shall be subject to the following conditions. Any such assignment or sublease shall be subject to all the terms of this Lease.

In case of a sublease, the rental or occupancy fee charged the sub lessee shall not be more than that amount charged the Lessee by the Lessor, plus an amount approved by Lessor to cover costs to Lessee for the Improvements.

In the case of an assignment, the total consideration for such assignment and the related sale or transfer of the Improvements shall not exceed the Purchase Option Price as calculated in accordance with Article 10 above.

ARTICLE 12: Default

12.1 MONETARY DEFAULT BY LESSEE:

It shall be an event of default if Lessee fails to pay the Ground Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Lessee or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by Lessor to Lessee and Permitted Mortgagee. However, if Lessee shall make a good faith partial payment of at least two thirds (2/3) of the amount owed during such initial 30-day period, then such period shall be extended one additional 30-day period.

12.2 NONMONETARY DEFAULT BY LESSEE:

It shall be an event of default if Lessee fails to abide by any other material term or condition in this Lease, and such failure is not cured by Lessee or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by Lessor to Lessee and Permitted Mortgagee. However, in the case where the Lessee or Permitted Mortgagee has commenced to cure such default within such 60-day period and is continuing such cure with all due diligence but cannot by the exercise of due diligence cure such default within such period, such period shall be extended for such additional period as may be reasonably required under the circumstances to complete such cure.

12.3 DEFAULT BY LESSEE RESULTING FROM JUDICIAL PROCESS:

It shall be an event of default if the estate hereby created is taken on execution or by other process of law including but not limited to forfeiture, or if Lessee is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Lessee 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 Lessee’s property by a court of competent jurisdiction, or if a petition is filed for the reorganization of Lessee under any provisions of the Bankruptcy Act now or hereafter enacted, or if Lessee 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 TERMINATION:

In the case of any of the events of default described above, Lessor may terminate this Lease and initiate summary proceedings against Lessee. Pursuant to such proceedings, without demand or notice, Lessor may enter any part of the Leased Premises and repossess the entire Leased Premises, and expel Lessee and those claiming rights through Lessee and remove their effects without being guilty of any manner of trespass, and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding reach of covenant. If this Lease is terminated by Lessor, or if Lessor reenters the Leased Premises pursuant to an Event of Default, the Lessee agrees to pay and be liable for any unpaid Ground Lease Fee, damages which may be due or sustained prior to or in connection with such termination or reentry, and all reasonable costs, fees and expenses (including, without limitation, reasonable attorneys' fees) incurred by Lessor in pursuit of its remedies under this Lease.

If Lessor elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above) 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 Lessee's interest in the Leased Premises by foreclosure of its mortgage or otherwise.

12.5 DEFAULT BY LESSOR:

Lessor shall in no event be in default in the performance of any of its obligations under the Lease unless and until Lessor 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 Lessee to Lessor properly specifying Lessor's failure to perform any such obligation.

ARTICLE 13: Arbitration

13.1 ARBITRATION PROCESS:

Should any grievance or dispute arise between Lessor and Lessee concerning the terms of this Lease that cannot be resolved by normal interaction, the following arbitration procedure shall be used.

Lessor or Lessee shall give written notice to the other of its selection of a disinterested arbitrator. Within fifteen (15) days of the receipt of this written notice, the other party may give written notice to the first party appointing a disinterested arbitrator of its own choice. These two arbitrators shall select a third arbitrator. If the other party fails to name an arbitrator within 15 days of receiving the notice from the first party, the arbitrator selected by the first party shall be the sole arbitrator.

The arbitrator or arbitrators shall hold a hearing within thirty (30) days after the initial written notice by the initiator of the arbitration process. At the hearing Lessor and Lessee shall have an opportunity to present evidence and question witnesses in the presence of each other. As soon as reasonable possible, and in no event later than fifteen (15) days after the hearing, the arbitration panel shall make a written report to the Lessor and Lessee of its findings and decisions, including a personal statement by each arbitrator of his/her decision and the reasons for it. The arbitrators shall decide the dispute or claim in accordance with the substantive law of the jurisdiction and what is just and equitable under the circumstance. The decisions and awards of the majority of the arbitration panel shall be binding and final.

13.2 COSTS:

Each party shall bear its own costs, if any, in any arbitration pursuant to this Article; provided, however, that the arbitration panel shall have the power to award all or a portion of costs against a party found to have pursued the grievance or dispute in bad faith or for undue delay.

ARTICLE 14: General Provisions

14.1 LESSEE'S MEMBERSHIP IN THE CLTOFPBC:

The Lessee under this lease shall automatically be a regular voting member of the CLTOFPBC.

14.2 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 LESSOR: COMMUNITY LAND TRUST OF

PALM BEACH COUNTY, INC.
4938 Davis Rd
Davis Rd, FL 33461

If to LESSEE: _____

If to LESSEE:

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

14.3 NO BROKERAGE:

Lessee warrants that it has not dealt with any broker other than _____ in connection with the consummation of this Lease, and in the event any claim is made against Lessor relative to dealings with brokers other than _____. Lessee shall defend the claim against Lessor with counsel of Lessor's selection and save harmless and indemnify Lessor on account of loss, cost or damage which may arise by reason of any such claim.

14.4 SEVERABILITY AND DURATION OF:

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 Lessee or Lessor 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 their respective options to purchase and all other rights under this Lease shall continue in effect for the full term of this Lease and any renewal thereof, and such options and other rights 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 opinion or right shall be construed to expire twenty (20) years after the death of the last survivor of the following persons:

14.5 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, Lessor shall nevertheless have a right of first refusal to purchase the Improvements at the highest documented bona fide purchase price offer made to Lessee. Such right shall be as specified in the **EXHIBIT D – First Refusal**. Any sale or transfer contrary to this section, when applicable, shall be null and void.

14.6 WAIVER:

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

The subsequent acceptance of Ground Lease Fee payments by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term or condition of this Lease, other than the failure of the Lessee to pay the particular Ground Lease Fee so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such ground Lease Fee payment.

14.7 LESSOR'S RIGHT TO PROSECUTE OR DEFEND:

Lessor shall have the right, but shall be under no obligation, to prosecute or defend, in its own or the Lessee's name, any actions or proceedings appropriate to the protection of its title to, and Lessee's interest in, the Leased Premises. Whenever requested by Lessor, Lessee shall give Lessor all reasonable aid in any such action or proceeding.

14.8 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.

14.9 CAPTIONS AND TABLE OF CONTENTS:

The captions 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.

14.10 PARTIES BOUND:

This Lease sets forth the entire agreement between Lessor and Lessee 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 Lessor and Lessee or their legal representatives or, in accordance with the provisions of this Lease, their successor in interest.

14.11 GOVERNING LAWS:

This Lease shall be interpreted in accordance with and governed by the laws of the State of Florida. 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 Lessor or Lessee.

14.12 RECORDING:

The parties agree, as an alternative to the recordation of this Lease, to execute a so-called Notice of Lease or Short Form Lease in from recordable and complying with applicable law and reasonably satisfactory to Lessor’s attorneys. In no event shall such document set forth the rent or other charges payable by Lessee under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

14.13 EXHIBITS:

The following Exhibits are attached hereto and made a part of this Lease:

- Exhibit A - Letter(s) of Stipulation of Lessee
- Exhibit B - Letter of Acknowledgment of Legal Counsel of Lessee
- Exhibit C – Leased Premises (Legal Description of Leased Premises)
- Exhibit D - First Refusal
- Exhibit E - Restrictions
- Exhibit F - Deed
- Exhibit G – Permitted Mortgages
- Exhibit H - Notice of Intent to Sell
- Exhibit I - Notice of Intent Regarding Purchase Option
- Exhibit J – Initial Appraisal

14.14 NO THIRD PARTY BENEFICIARIES:

Unless prior written consent is provided by the Lessor and Lessee, nothing in this Lease, express or implied, is intended to or will be construed to confer on any person, including without limitation any Permitted Mortgagee, other than the parties to this Lease, any right, remedy, or claim under or with respect to this Lease.

14.15 TIME IS OF THE ESSENCE:

Time is of the essence with respect to all dates and time periods set forth or referred to in this Lease. Whenever a date specified herein shall fall on a Saturday, Sunday, or legal holiday recognized by the Community Land Trust of Palm Beach County, Inc. the date shall be extended to the next succeeding business day.

14.16 ENTIRE AGREEMENT:

This Lease (including the documents and instruments referred to in this Lease) constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Lease and supersedes all prior understandings and agreements, whether oral or written, among the parties with respect to such subject matter. No representations, inducements, promises or agreements, oral or otherwise, between the parties, not embodied herein shall be of any force and effect.

IN WITNESS WHEREOF, the parties have executed this Lease at _____ on the day and year first written above.

LESSOR

WITNESSES:

COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC. a Florida nonprofit corporation

Print Name: _____

By: _____
Print Name: _____
As Its: _____

Print Name: _____

STATE OF FLORIDA

PALM BEACH COUNTY The foregoing instrument was acknowledged by me this
____ day of _____, _____, by _____, as _____
of Community Land Trust of Palm Beach County, a Florida nonprofit corporation, on
behalf of said corporation. He/she is personally known to me or has produced
_____ as identification.

Printed Name: _____
Notary Public—State of Florida
Commission No.
My Commission Expires: _____

(NOTARIAL SEAL)

WITNESSES:

LESSEE(S)

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

STATE OF FLORIDA
PALM BEACH COUNTY

The foregoing instrument was acknowledged by me this ___ day of _____,
_____, by _____. He/she is personally known to me or has produced
_____ as identification.

Printed Name: _____
Notary Public—State of Florida
Commission No.
My Commission Expires: _____

EXHIBIT A – Letter of Stipulation of Lessee

EXHIBIT B – Letter of Acknowledgment of Legal Counsel of Lessee

EXHIBIT C – Leased Premises

(Legal Description of the Leased Premises) – **fill in!!!**

EXHIBIT D – First Refusal

Whenever any party under the Ground 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 Ground Lease receive a bona fide, third-party offer to purchase the property that 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 of such offer (“the Notice of Offer”) to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer (“the Election Period”) within which to exercise the right of first refusal by giving notice of intent to purchase the property (“the Notice of Intent to Purchase”) for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.
- b. If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.
- c. Should Holder fail to exercise the right of first refusal within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the Ground 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-year period, the Offering Party’s right so to sell shall end, and all 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-year period, the purchaser shall purchase subject to a renewed right of first refusal in said property.

EXHIBIT E – Restrictions

**EXHIBIT F – Deed
WARRANTY DEED**

Exhibit G: 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 MORTGAGEE. 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. RIGHTS 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 Homeowner 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 Community Land Trust of Palm Beach County, Inc. (“CLT”), _____ (Mortgagee) and _____ (“Homeowner”),

Whereas:

a) 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”).

b) 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.

c) 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:

_____ for CLT Date: _____

_____ for Mortgagee Date: _____

_____ for Homeowner/Mortgagor Date: _____

_____ for Homeowner/Mortgagor Date: _____

EXHIBIT H – Notice of Intent to Sell

To Whom It May Concern:

Please be advised that **[I/we]** intend to offer **[my/our]** Improved property, located at _____, **Palm Beach County, Florida** for sale. **[I/we]** **[have/have not]** identified a prospective buyer at this time.

The terms and conditions of our sale are as follows: (insert terms and conditions –e.g. we are moving on (date), we need to find another place before we can move from here, appliances not included, etc.)

[I/we] understand that the Community Land Trust of Palm Beach County, Inc. or its Designated Purchase Option Assignee, may chose to exercise the Option to Purchase the Improved property on the terms, and within the time period, set forth in Sections 10.6 and 10.7 of the Ground Lease between us, dated [date].

[I/we] also understand that if the Option to Purchase expires according to the terms of Section 10.6 or Section 10.7 of the Ground Lease, [I/we] are free to sell the Improved property to any Income Qualified Buyer at not more than the Purchase Option Price.

Finally, [I/we] also understand that if the Option to Purchase expires according to the terms of Section 10.7 of the Ground Lease, [I/we] are free to sell the Improved property to any Income Qualified Buyer at not more than the Purchase Option Price.

Sincerely,
LESSEE(S)

EXHIBIT I – Notice of Intent Regarding Purchase Option

Dear Lessees:

Please be advised that we are in receipt of your Notice of Intent to Sell the Improved property located at _____, Palm Beach County, FL _____. Please also be advised that your Notice of Intent to Sell was received (and became effective) on _____ [date].

We hereby elect to exercise our Option to Purchase pursuant to Section 10.6 of the Ground Lease. We [have/have not] chosen to appoint a Designated Purchase Option Assignee at this time.

In accordance with Section 10.6 of the Ground Lease, our good faith estimation of the Purchase Option price for the Improved property is:

\$ _____

In accordance with the terms of 10.5 of the Ground Lease agreement, arrangements for an Appraisal of the Leased Premises and Improved property have been made. Upon delivery of the Appraisal, the Actual Purchase Option Price will be determined as set forth in Section 10.06 and Section 10.07 of the Ground Lease.

We understand that the **Community Land Trust of Palm Beach County, Inc.** or **Community Land Trust of Palm Beach County, Inc** Designated Purchase Option Assignee must enter into a contract for purchase and sale with you by [date] which is forty five (45) days from the receipt of the appraisal, or the **Community Land Trust of Palm Beach County, Inc.** purchase option will expire.

Sincerely,

as _____ for **COMMUNITY LAND TRUST OF PALM BEACH COUNTY (LAND LESSOR)**

EXHIBIT J – Initial Appraisal

Other Exhibits To Be Attached as Appropriate

ZONING

Setting forth applicable zoning restrictions as of the commencement of the Lease