

**CASS CLAY COMMUNITY LAND TRUST
GROUND LEASE
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Other Exhibits to be Attached, as Appropriate

Exhibit RESTRICTIONS

THIS LEASE ("this Lease" or "the Lease") entered into this _____ day of _____, 2026, between Cass Clay Community Land Trust (hereinafter "CLT" or "the CLT") _____ ("Homeowner(s)") of the Home located at _____, _____, _____.

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(s) 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(s) 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(s).
- F. Homeowner(s) 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(s) and CLT agree on all of the terms and conditions of this Lease as set forth below.

DEFINITIONS

Homeowner(s) and CLT agree on the following definitions of key terms used in this Lease.

Leased Land: the parcel of land, described in Exhibit: LEASED LAND, that is leased to the Homeowner(s).

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

Base Price: the total price that is paid for the Home by the Homeowner(s) (including the amount provided by a first mortgage loan but not including subsidy in the form of deferred loans to the Homeowner(s)).

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

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

Permitted Mortgage: A mortgage or deed of trust on the Home and the Homeowner(s)'s right to possess, occupy and use the Leased Land granted to a lender by the Homeowner(s) with the CLT's Permission. The Homeowner(s) 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(s) 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:
Homeowner(s)'s Letter of Agreement and Attorney's Letter of Acknowledgment are
Attached as Exhibits.**

Attached as Exhibits Homeowner(s) LETTER OF AGREEMENT and ATTORNEY'S LETTER OF ACKNOWLEDGMENT and made part of this Lease by reference are a Letter of Agreement from the Homeowner(s), describing the Homeowner(s)'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)'s attorney, describing the attorney's review of the Lease with the Homeowner(s).

**ARTICLE 2:
Leasing of Rights to the Land**

2.1 CLT LEASES THE LAND TO HOMEOWNER(S): The CLT hereby leases to the Homeowner(s), and Homeowner(s) hereby accepts the right to possess, occupy and use the Leased Land (described in the attached Exhibit LEASED LAND) in accordance with the terms of this Lease. CLT has furnished to Homeowner(s) a copy of the most current title report, if any, obtained by CLT for the Leased Land, and Homeowner(s) 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(S): CLT does not lease to Homeowner(s) 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)'s written permission.

**ARTICLE 3:
Term of Lease, Change of Landowner**

3.1 TERM OF LEASE IS 99 YEARS: This Lease shall remain in effect for ninety-nine (99) years, beginning on the day of ____ of _____ 2026, and ending on the ____ day of _____ 2125, unless ended sooner or renewed as provided below.

3.2 HOMEOWNER(S) CAN RENEW LEASE FOR ANOTHER NINETY-NINE (99) YEARS: Homeowner(s) may renew this Lease for one additional period of ninety-nine (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(s) under the Lease. Not more than 365 nor less than 180 days before the last day of the first ninety-nine (99) year period, CLT shall give Homeowner(s) a written notice that states the date of the expiration of the first ninety-nine (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(s) shall then have the right to renew the Lease only if the following conditions are met:

- a) within sixty (60) days of receipt of the Expiration Notice, the Homeowner(s) shall give CLT written notice stating the Homeowner(s)'s desire to renew (the Renewal Notice");
- b) this Lease shall be in effect on the last day of the original ninety-nine (99) year term; and
- c) the Homeowner(s) shall not be in default under this Lease or under any Permitted Mortgage on the last day of the original ninety-nine (99) year term.

When Homeowner(s) has exercised the option to renew, Homeowner(s) 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(s). 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(s) 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 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(S) MAY USE THE HOME ONLY FOR RESIDENTIAL AND RELATED PURPOSES: Homeowner(s) shall use, and allow others to use, the Home and Leased Land only for residential purposes and any activities related to residential use that are permitted by local zoning law.

4.2 HOMEOWNER(S) MUST USE THE HOME AND LEASED LAND RESPONSIBILITY AND IN COMPLIANCE WITH THE LAW: Homeowner(s) shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. Homeowner(s) shall dispose of all waste in a safe and sanitary manner. Homeowner(s) 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(S) IS/ARE RESPONSIBLE FOR USE BY OTHERS: Homeowner(s) 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)'s permission and shall make all such people aware of the restrictions on use set forth in this Lease.

4.4 HOMEOWNER(S) MUST OCCUPY THE HOME FOR AT LEAST TEN (10) MONTHS EACH YEAR: Homeowner(s) shall occupy the Home for at least ten (10) months of each year of this Lease, unless otherwise agreed by CLT. Occupancy by Homeowner(s)'s child, spouse, domestic partner or other persons approved by CLT shall be considered occupancy by Homeowner(s). 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(s) shall not sublease, sell or otherwise convey any of Homeowner(s)'s rights under this Lease, for any period of time, without the written permission of CLT. Homeowner(s) 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(s) by the CLT, plus an amount approved by CLT to cover Homeowner(s)'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 ENTER THE LEASED LAND: The CLT may enter any part of the Leased Land including the interiors of fully enclosed buildings, at any reasonable time, after notifying the Homeowner(s) at least forty-eight (48) hours before the planned entrance. No more than one (1) entrance may be carried out in a single year, except in the case of a follow up to a previous entry or an emergency. In an emergency, the CLT may enter any part of the Leased Land including the interiors of fully enclosed buildings, after making reasonable efforts to inform the Homeowner(s) before entering.

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(s) at least forty-eight (48) hours before carrying out such inspection.

4.7 HOMEOWNER(S) HAS/HAVE A RIGHT TO QUIET ENJOYMENT: Homeowner(s) 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(s) in any way not permitted by this Lease.

ARTICLE 5: Lease Fee

5.1 AMOUNT OF LEASE FEE: The Homeowner(s) shall pay a monthly Lease Fee in the amount of _____ dollars (\$ 30.00) to be paid in return for the continuing right to possess, occupy and use the Leased Land.

5.2 WHEN THE LEASE FEE IS TO BE PAID (DUE DATE): 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 HOW THE AMOUNT OF THE LEASE FEE HAS BEEN DETERMINED: The amount of the Lease Fee stated in Section 5.1 above has been determined as follows. First, the approximate monthly fair rental value of the Leased Land has been established, as of the beginning of the Lease term, recognizing that the fair rental value is reduced by certain restrictions imposed by the Lease on the use of the Land. Then the affordability of this monthly amount for the Homeowner(s) has been analyzed and, if necessary, the Lease Fee has been reduced to an amount considered to be affordable for the Homeowner(s).

5.4 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)'s monthly housing costs. Any such reduction or suspension must be in writing and signed by CLT.

5.5 FEES MAY BE INCREASED FROM TIME TO TIME: The CLT may increase the amount of the Lease Fee from time to time. The fee shall not be modified for a period of three (3) years from the date of the lease and then not more often than once each one (1) year.

5.6 LEASE 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 Lease 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, but initially an amount not exceeding five hundred dollars (\$500). Such increase shall become effective upon CLT's written notice to Homeowner(s). 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 Lease Fee, provided that the amount of the Lease Fee does not exceed the fair rental value of the property, and provided that such increases do not occur more often than once every year.

5.7 IF PAYMENT IS LATE, \$5.00 LATE FEE 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(s) 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 the interest rate of the primary mortgage at the time of the signing of this lease. Such interest shall be deemed additional Lease Fee and shall be paid by Homeowner(s) 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.

5.8 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(s). The CLT shall have, and the Homeowner(s) 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(S) IS/ARE RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS: Homeowner(s) 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 BILLS IT RECEIVES TO Homeowner(s): 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(s) and Homeowner(s) shall promptly pay this bill.

6.3 HOMEOWNER(S) HAS/HAVE A RIGHT TO CONTEST TAXES: Homeowner(s) 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(s) for assistance in this matter, CLT shall join in contesting such taxes. Homeowner(s) shall pay all costs of such proceedings.

6.4 IF HOMEOWNER(S) FAILS TO PAY TAXES, CLT MAY INCREASE LEASE FEE: In the event that Homeowner(s) 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(s). 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(S) 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(s) 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(s). Title to the Home shall be and remain vested in the Homeowner(s). However, Homeowner(s)'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(s) and the CLT's option to purchase the Home. In addition, Homeowner(s) shall not remove any part of the Home from the Leased Land without CLT's prior written consent.

7.2 HOMEOWNER(S) PURCHASES HOME WHEN SIGNING LEASE: Upon the signing of this Lease, Homeowner(s) 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 DEED _____.

7.3 CONSTRUCTION CARRIED OUT BY HOMEOWNER(S) 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(s); (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(s) shall submit a written request to the CLT. Such request shall include:

- a) a written statement of the reasons for undertaking the construction;

- b) a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
- c) a list of the necessary materials, with quantities needed; and,
- d) a statement of who will do the work.

If the CLT finds it needs additional information it shall request such information from Homeowner(s) within two weeks of receipt of Homeowner(s)'s request. The CLT then, within two weeks of receiving all necessary information (including any additional information it may have requested) shall give Homeowner(s) either its written consent or a written statement of its reasons for not consenting. Before construction can begin, Homeowner(s) shall provide CLT with copies of all necessary building permits, if not previously provided.

7.4 HOMEOWNER(S) 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(s) 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(s) shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If Homeowner(s) fails to discharge such lien within the 60-day period, then Homeowner(s) shall immediately notify CLT of such failure. CLT shall have the right to discharge the lien by paying the amount in question. Homeowner(s) may, at Homeowner(s)'s expense, contest the validity of any such asserted lien, provided Homeowner(s) 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(s) upon demand.

7.5 HOMEOWNER(S) IS/ARE RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS: Homeowner(s) 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(s) 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(S): 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(s) and Permitted Mortgagee(s), as follows:

FIRST, CLT shall pay any Permitted Mortgagee(s) the full amount owed to such mortgagee(s) by Homeowner(s);

SECOND, CLT shall pay the Homeowner(s) 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(s) 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(s) fails to clear such liens or charges, the balance due the Homeowner(s) 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(S) CANNOT MORTGAGE THE HOME WITHOUT CLT'S PERMISSION:** The Homeowner(s) may mortgage the Home only with the written permission of CLT. Any mortgage or deed of trust permitted in writing by the CLT is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust 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 or deed of trust signed by the Homeowner(s) effective on the day this Lease is signed for the purpose of financing Homeowner(s)'s purchase of the Home.

8.3 **HOMEOWNER(S) MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES:** If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner(s) 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(s) must inform CLT, in writing, of the proposed terms and conditions of such mortgage loan at least thirty (30) days prior to the expected closing of the loan. The information to be provided to the CLT must include:

- a) the name of the proposed lender;
- b) Homeowner(s)'s reason for requesting the loan;
- c) 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;
- d) expected closing costs;
- e) the rate of interest;
- f) the repayment schedule;
- g) a copy of the appraisal commissioned in connection with the loan request.

CLT may also require homeowner(s) to submit additional information. CLT will not permit such a mortgage loan if the loan increases homeowner's total mortgage debt to an amount greater than eighty percent (80%) of the then current Purchase Option Price, calculated in accordance with Article 10 below, or if the terms of the transaction otherwise threaten the interests of either the homeowner(s) or the CLT.

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 Permitted Mortgages, Part C," and for which the loan secured thereby does not increase homeowner's total mortgage debt to an amount greater than any paid in equity plus twenty-five percent (+25%) of appreciation. Appreciation will be determined by the then current Purchase Option Price, calculated in accordance with Article 10 below minus the original purchase price.

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: Permitted Mortgages, Part A, Obligations of Permitted Mortgagee," 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(s) 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 Permitted Mortgages, Part B, Rights of Permitted Mortgagee," 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(s) and CLT recognize that it would be contrary to the purposes of this agreement if homeowner(s) could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, homeowner(s) hereby irrevocably assigns to CLT all net proceeds of sale of the Home that would otherwise have been payable to homeowner(s) and that exceed the amount of net proceeds that homeowner(s) would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner(s) 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(s), homeowner(s) hereby agrees to promptly pay such amount to CLT.

ARTICLE 9:

Liability, Insurance, Damage and Destruction, Eminent Domain

9.1 HOMEOWNER(S) ASSUME ALL LIABILITY: Homeowner(s) assume all responsibility and liability related to Homeowner's possession, occupancy and use of the Leased Land.

9.2 HOMEOWNER(S) MUST DEFEND CLT AGAINST ALL CLAIMS OF LIABILITY: Homeowner(s) 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(s) waive 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(S) 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(s) shall reimburse the CLT for such payment and for reasonable expenses caused thereby.

9.4 HOMEOWNER(S) MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND: Homeowner(s) shall, at homeowner's expense, keep the Home continuously insured against "all risks" of physical loss, using Insurance Services Office (ISO) Form HO 00 03, or its equivalent, 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(s) 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(s) shall assure that the renewal includes such change. If homeowner(s) wishes to decrease the amount of replacement value to be insured, homeowner(s) 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(s) shall keep in full force and effect flood insurance in the maximum amount available.

The homeowner(s) shall also, at its sole expense, maintain in full force and effect public liability insurance covering the Home and the Leased Land using ISO Form HO 00 03 or its equivalent in the amount of five hundred thousand dollars (\$500,000) per occurrence and in the aggregate. The CLT shall be named as an additional insured using ISO Form HO 04 41 or its equivalent, 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 (1) year period. CLT shall inform the homeowner(s) 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(s) shall assure that the renewal includes such change. The amount of such increase in coverage shall be based on current trends in homeowner(s)'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(s) 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(s) 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(s), 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(s) cannot otherwise afford to cover the balance of the cost of repairs, then homeowner(s) 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(s) and CLT.

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

FIRST, to the expenses of their collection;

SECOND, to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s);

THIRD, to the expenses of enclosing or raising the remains of the Home and clearing debris;

FOURTH, to the CLT for any amounts owed under this Lease;

FIFTH, to the homeowner(s), 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;

SIXTH, 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(s) 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(s) 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(s) to purchase another home on another parcel of leased land owned by CLT if such home can reasonably be made available. If homeowner(s) purchases such a home, Homeowner(s) agrees to apply any proceeds or award received by homeowner(s) to the purchase of the home. Homeowner(s) 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(s) 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(S) MAY TRANSFER HOME ONLY TO CLT OR QUALIFIED PERSONS: Homeowner(s) 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 one hundred twenty percent (120%) 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(S): If homeowner(s) dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of homeowner(s)'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)'s rights to the Leased Land to one or more of the possible heirs of homeowner(s) listed below as "a," "b," or "c," provided that a Letter of Agreement and an Attorney's Letter of Acknowledgement (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(s); or
- b) the child or children of the homeowner(s); or
- c) member(s) of the homeowner(s)'s household who have resided in the Home for at least one year immediately prior to homeowner(s)'s death.

Any other heirs, legatees or devisees of homeowner(s), in addition to submitting Letters of Agreement and Acknowledgement 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'S NOTICE OF INTENT TO SELL: In the event that homeowner(s) wishes to sell homeowner's Property, homeowner(s) shall notify CLT in writing of such wish (the Intent-to-Sell Notice). This Notice shall include a statement as to whether Homeowner(s) wishes to recommend a prospective buyer as of the date of the Notice.

10.5 AFTER RECEIVING NOTICE, CLT SHALL COMMISSION AN APPRAISAL: No later than ten (10) days after CLT's receipt of homeowner(s)'s Intent-to-Sell Notice, CLT shall commission a market valuation of the Leased Land and the Home (The Appraisal) to be performed by a duly licensed appraiser who is acceptable to CLT and Homeowner(s). CLT 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 the restrictions of this Lease on the use, occupancy and transfer of the property. Copies of the Appraisal are to be provided to both CLT and Homeowner(s).

10.6 CLT HAS AN OPTION TO PURCHASE THE HOME: Upon receipt of an Intent-to-Sell Notice from homeowner(s), CLT shall have the option to purchase the Home 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 Home for succeeding Income-Qualified Persons while taking fair account of the investment by the homeowner(s).

If CLT elects to purchase the Home, CLT shall exercise the Purchase Option by notifying homeowner(s), in writing, of such election (the Notice of Exercise of Option) within forty-five (45) days of the receipt of the Appraisal, or the Option shall expire. Having given such notice, CLT may either proceed to purchase the Home directly or may assign the Purchase Option to Minnesota Housing and Finance Agency (MHFA) with the same terms as CLT. If neither CLT nor MHFA purchase the Home directly, CLT may assign the Purchase Option to an Income-Qualified Person.

The purchase (by CLT or CLT's assignee) must be completed within sixty (60) days of CLT's Notice of Exercise of Option, or homeowner(s) may sell the Home and homeowner's rights to

the Leased Land as provided in Section 10.7 below. The time permitted for the completion of the purchase may be extended by mutual agreement of CLT and homeowner(s).

Homeowner(s) may recommend to CLT a prospective buyer who is an Income-Qualified Person and is prepared to submit a Letter of Agreement indicating informed acceptance of the terms of this Lease. CLT shall make reasonable efforts to arrange for the assignment of the Purchase Option to such person(s), unless CLT determines that its charitable mission is better served by retaining the Home for another purpose or transferring the Home to another party.

10.7 IF PURCHASE OPTION EXPIRES, Homeowner(s) 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 10.6 above, Homeowner(s) may sell the Home to any Income-Qualified Person for not more than the then applicable Purchase Option Price. If Homeowner(s) has made diligent efforts to sell the Home for at least six 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(s) 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.

10.8 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(s) (a) is not then 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(s) does hereby appoint CLT its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Lease, sell the property, and pay to the homeowner(s) the proceeds of sale, minus CLT's costs of sale and any other sums owed CLT by homeowner(s).

10.9 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OR FORMULA PRICE: In no event may the Home 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 Home and Leased Land 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 HOW THE FORMULA PRICE IS CALCULATED: **The Formula Price shall be equal to Homeowner's Base Price, as stated below, plus twenty-five percent (+25%) of the increase in market value of the Home and Leased Land, if any, calculated in the way described below.**

Homeowner(s)'s Base Price: The parties agree that the Homeowner(s)'s Base Price for Homeowner's Property as of the signing of this Lease is _____

Initial Appraised Value: The parties agree that the appraised value of the Home at the time of Homeowner's purchase (the Initial Appraised Value) is _____, as documented by the appraiser's report attached to this Lease as Exhibit INITIAL APPRAISAL.

Increase in Market Value: The increase in market value of the Home equals the appraised value of the Home and Leased Land at time of sale, calculated according to Section 10.5 above, minus the Initial Appraised Value.

Homeowner's share of Increase in Market Value: Homeowner's share of the increase in the market value of the Home and Leased Land equals twenty-five percent (25%) of the increase in market value as calculated above.

Summary of Formula Price: The Formula Price equals Homeowner's Base Price plus Homeowner's Share of Increase in Market Value.

10.11 QUALIFIED PURCHASER SHALL RECEIVE NEW LEASE: The CLT shall issue a new lease to any person who purchases the Home in accordance with the terms of this Article 10. The terms of such lease shall be the same as those of new leases issued to homebuyers at that time for land not previously leased by the CLT.

10.12 PURCHASER MAY BE CHARGED A TRANSFER FEE: In the event that Homeowner(s) 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 shall include in addition to the Purchase Option Price, 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 five percent (5%) of the Purchase Option Price.

10.13 HOMEOWNER(S) REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER: The Homeowner(s) is required to make necessary repairs when she voluntarily transfers the Home as follows:

- a) The person purchasing the Home ("Buyer") shall, prior to purchasing the Home, hire at her sole expense a home inspector with a current Home Inspector license to assess the condition of the Home and prepare a written report of the condition ("Inspection Report"). The Homeowner(s) shall cooperate fully with the inspection.
- b) The Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), the Homeowner(s), and the CLT within ten (10) days after receiving the Inspection Report.
- c) Homeowner(s) shall repair specific reported defects or conditions necessary to bring the Home into full compliance with Sections 4.2 and 7.5 above prior to transferring the Home.
- d) Homeowner(s) shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner(s)'s written request, the CLT may allow the Homeowner(s) to pay all or a portion of the repair costs after transfer, from Homeowner(s)'s proceeds of sale, if Homeowner(s) cannot afford to pay such costs prior to the transfer. In such event, either (i) 150% of the unpaid estimated cost of repairs or (ii) 100% of the unpaid cost of completed repairs shall be withheld from Homeowner(s)'s proceeds of sale in a CLT-approved escrow account. Homeowner(s) shall allow CLT, Buyer, and Buyer's building inspector and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.
- e) Upon sale or other transfer, Homeowner(s) shall either (i) transfer the Home with all originally purchased appliances or replacements in the Home in good working order or (ii) reduce the Purchase Option Price by the market value of any such appliances that are not left with the Home in good working order.

ARTICLE 11: RESERVED

ARTICLE 12: DEFAULT

12.1 WHAT HAPPENS IF HOMEOWNER(S) FAIL(S) TO MAKE PAYMENTS TO THE CLT THAT ARE REQUIRED BY THE LEASE: It shall be an event of default if Homeowner(s) fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not

cured by Homeowner(s) or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by CLT to Homeowner(s) and Permitted Mortgagee. However, if Homeowner(s) makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the thirty (30) day cure period, then the cure period shall be extended by an additional thirty (30) days.

12.2 WHAT HAPPENS IF HOMEOWNER(S) VIOLATE(S) OTHER (NON-MONETARY) TERMS OF THE LEASE: It shall be an event of default if Homeowner(s) fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner(s) or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by CLT to Homeowner(s) and Permitted Mortgagee. However, if Homeowner(s) or Permitted Mortgagee has begun to cure such default within the sixty (60) day cure period and is continuing such cure with due diligence but cannot complete the cure within the sixty (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(S) DEFAULT(S) 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(s) is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner(s) 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)'s interest in the Leased Land by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner(s) under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner(s) 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(s), 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(s) and those claiming rights through Homeowner(s). In addition, CLT shall have such additional rights and remedies to recover from Homeowner(s) 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(s) 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)'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(s) 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(s) 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(s) of the CLT's intent to exercise its option under this Section 12.4(a), 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(s) to CLT properly specifying CLT's failure to perform any such obligation.

**ARTICLE 13:
Mediation and Arbitration**

13.1 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 Homeowner(s) 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 Cass Clay Community Land Trust, 109 1/2 Broadway North, #203, Fargo, North Dakota

If to Homeowner(s): _____ ("Homeowner(s)") of the Home located at _____, _____, _____.

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(s) warrants that it has not dealt with any real estate broker other than _____ in connection with the purchase of the Home. If any claim is made against CLT regarding dealings with brokers other than _____, Homeowner(s) 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(s) 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:

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(s). Such right shall be as specified in Exhibit FIRST REFUSAL. 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(s) of any requirement or restriction in this Lease, other than the failure of the Homeowner(s) 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(s) 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(s) with respect to the leasing of the Land; it is binding upon and inure 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(s) or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

Exhibit
HOMEOWNER(S) LETTER OF AGREEMENT

To: Cass Clay Community Land Trust (“the CLT”)

Date: _____ day of _____ 2026

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 in the Lease as “the Homeowner(s).”

I have reviewed the terms and conditions of the Lease and other legal documents that are part of this transaction and have had the opportunity to have my legal counsel, if any, review the same.

I understand the way these terms and conditions will affect my rights as a CLT Homeowner(s), 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(s) to the next. I support this goal as a CLT Homeowner(s) 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 my family and I 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(s) 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 others and me.

Sincerely,

Exhibit

ATTORNEY'S LETTER OF ACKNOWLEDGMENT

Exhibit
LEASED LAND LEGAL DESCRIPTION

**Exhibit
PERMITTED MORTGAGES**

**CASS CLAY COMMUNITY LAND TRUST
STANDARD PERMITTED MORTGAGE AGREEMENT**

THIS STANDARD PERMITTED MORTGAGE AGREEMENT IS MADE BY AND AMONG:

_____ (Mortgagee) and

_____ [Homeowner(s)(s)], **Whereas:**

- a) Cass Clay Community Land Trust (the "CLT") and Homeowner(s) have entered, or are entering, into a ground lease ("the Lease"), conveying to Homeowner(s)(s) a leasehold interest in the Land located at _____, _____, _____ ("the Leased Land"); and Homeowner(s)(s) 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(s), 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(s) 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(s)/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(s) because the Homeowner(s) 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(s) has a right to cure such default (the "cure period"), the CLT shall have the right to cure the default on the Homeowner(s)'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)'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)'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)'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)'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(s) and Homeowner(s)'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(s) under the terms of this Lease.

By: _____
_____ for Mortgagee

Date: _____

By: _____
_____ for Homeowner(s)/Mortgagor

Date: _____

This instrument was drafted by:
Cass Clay Community Land Trust
109 ½ Broadway North, #203
Fargo, ND 58102
701-540-8028

Exhibit FIRST REFUSAL

Whenever any party under the 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 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 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 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 a 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 a one (1) year period, the purchaser shall purchase subject to the Holder having a renewed right of first refusal in said property.

Exhibit
ZONING CLASSIFICATION

Exhibit
INITIAL APPRAISAL

CASS CLAY COMMUNITY LAND TRUST MEMORANDUM OF LEASE

This Memorandum of Lease is entered into by Cass Clay Community Land Trust (“Lessor”), a North Dakota non-profit corporation, and _____ (“Lessee”) as of _____ day of _____ 2026, (the “Execution Date”), who together agree as follows:

RECITALS. The parties make the following declarations:

- A. Lessor and Lessee have entered into a certain ground lease dated of _____ day of _____ 2026, (the “Ground Lease”), whereby Lessor has leased to Lessee the right to possess, occupy and use the Leased Land (as such term is defined in the Ground Lease), together with all improvements thereon (the “Leased Premises”).
- B. The purpose of this Memorandum of Lease is to record the understanding of the parties with respect to the Ground Lease and all exhibits, riders, attachments, and/or any other documents incorporated thereby. Recording of this Memorandum of Lease is permitted by Section 14.11 of the Ground Lease.
- C. The other terms, covenants, conditions and provisions of the Ground Lease and any exhibit, rider, attachment, and/or document incorporated thereby are contained in the written documents executed by the undersigned parties.
- D. The parties wish to give notice of the existence of the Ground Lease.
 1. Lease. Pursuant to the Ground Lease, Lessor has demised and leased, to Lessee, and Lessee has hired and taken from Lessor, the Leased Premises.
 2. Term. The term of the Ground Lease will commence on or about of _____ day of _____ 2026, and is or a term of ninety-nine (99) years together with an option to renew for an additional ninety-nine (99) years beyond the lease term.
 3. Rights conveyed to Lessee. Lessee is granted the right to use the structure on the Leased Premises in accordance with the Ground Lease for residential purposes only, as well as a non-exclusive right of ingress and egress over all roads, streets, alleys, sidewalks and ways either public or private, bounding or serving the Leased Premises covered by the Ground Lease.

**CASS CLAY COMMUNITY LAND TRUST
DECLARATION OF SEVERANCE (MN)**

THIS DECLARATION, made this _____ day of _____ 2026, by Cass Clay Community Land Trust, a corporation under the laws of the State of Minnesota, hereinafter "Declarant".

WHEREAS, Declarant is the owner of the following described property ("Real Estate") located at _____, _____, _____ located in Clay County, to wit:

WHEREAS, there is a building and improvements erected on the Real Estate consisting primarily of a housing unit, hereinafter the "Improvements"; and

WHEREAS, Declarant desires to sever the Improvements from the Real Estate to provide for separate ownership thereof.

NOW, THEREFORE, Declarant hereby imposes upon and subjects the Real Estate and the Improvements to the following terms and conditions:

1. The Improvements shall be, hereby are, and shall remain severed from the Real Estate.
2. The Improvements shall retain their severed character, shall be removable from the Real Estate, shall be treated as separate property with respect to the rights of the owners thereof, and shall not become fixtures or a part of the Real Estate.
3. The Improvements shall not be subject to the lien of any mortgage or other encumbrance placed upon the Real Estate.
4. This Declaration shall run with the Real Estate and the Improvements and shall be binding upon and inure to the benefit of the owners of the Real Estate and the Improvements, their respective heirs, successors, and assigns.
5. This declaration may be amended by a written agreement signed by the then-current owner(s) of the Real Estate and the then-current owner(s) of the Improvements are located.

PROPERTY OWNER:

Property Owner Acknowledgement:

STATE OF _____)
)ss.
COUNTY OF _____)

On this _____ day of _____ 2026, before me, a notary public, within and for said county and state, personally appeared _____, known to be the person(s) described in, and who executed the foregoing instrument, and acknowledged that they executed the same.

Notary Public, _____

County, _____

My Commission Expires: _____

Tax statements for the real property and improvements should be sent to:

Cass Clay Community Land Trust, 109 ½ Broadway North, #203, Fargo, North Dakota

and

_____, _____, _____

This instrument was drafted by:
Cass Clay Community Land Trust
109 ½ Broadway North, #203
Fargo, ND 58102
701-540-8028

**Exhibit
RESTRICTIONS**

Ground Lease Riders Fannie Mae or Freddie Mac to be attached next and separate due to footers at bottom of both of those forms.

To be attached in the event that CCCLT stipulates use restrictions that are above and beyond those included under Zoning