

**TapRoot
Community Land Trust
Ground Lease**





GROUND LEASE

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GROUND LEASE

THIS LEASE (this “Lease” or the “Lease”) entered into as of [_____], 2024 (the “Effective Date”), between TapRoot CLT, as lessor, and [NAME OF HOMEOWNER] as lessee (“Homeowner” and together with TapRoot CLT the “Parties”).

RECITALS

1. TapRoot CLT is organized exclusively for charitable purposes, including the purpose of providing homeownership opportunities for persons and families of low income who would otherwise be unable to afford homeownership or who are in distress as a result of predatory or discriminatory lending practices.
2. A goal of TapRoot CLT is to preserve affordable homeownership opportunities through the long-term leasing of land under owner-occupied homes.
3. The Leased Land described in this Lease has been acquired and is being leased by TapRoot CLT in furtherance of this goal.
4. Homeowner shares the purposes of TapRoot 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 TapRoot CLT.
5. Homeowner and TapRoot 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 Home now being purchased by the Homeowner.
6. Homeowner and TapRoot CLT agree that the terms of this Lease further their shared goals over an extended period of time and through a succession of owners.

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

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

1. **Leased Land:** the parcel of land, described in EXHIBIT A LEASED LAND, that is leased to the Homeowner.
2. **Home:** the residential structure and other permanent improvements located on the Leased Land and owned by the Homeowner, including both the original Home described in EXHIBIT B DEED, and all permanent improvements added thereafter by Homeowner at Homeowner’s expense.



3. Base Price: \$[_____]

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

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

6. Permitted Mortgage: A mortgage on the Home and Homeowner's right to possess, occupy and use the Home and the Leased Land granted to a lender by the Homeowner with TapRoot CLT's written permission. The Homeowner may not mortgage TapRoot CLT's interest in the Leased Land, and may not grant any mortgage without TapRoot CLT's written permission.

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

8. Owner-Occupied Unit: A dwelling unit which is owned and occupied as the lessee's primary legal residents

ARTICLE 1: Homeowner's Letter of Agreement and Attorney's Letter of Acknowledgment are attached as Exhibits

Attached as EXHIBIT C HOMEOWNER'S LETTER OF AGREEMENT and EXHIBIT D ATTORNEY'S LETTER OF ACKNOWLEDGMENT and made part of this Lease by reference are a Letter of Agreement from the Homeowner, describing the Homeowner's understanding and acceptance of this Lease (including the parts of the Lease that affect the resale of the Home), and a Letter of Acknowledgment from the Homeowner's attorney, describing the attorney's review of the Lease with the Homeowner.

ARTICLE 2: Leasing of Rights to the Land

2.1 TapRoot CLT LEASES THE LAND TO HOMEOWNER. TapRoot CLT hereby leases to the Homeowner, and Homeowner hereby accepts, the right to possess, occupy and use the Leased Land (described in the attached EXHIBIT A LEASED LAND) in accordance with the terms of this Lease. TapRoot CLT has furnished to Homeowner a copy of the most current title report, if any, obtained by TapRoot CLT for the Leased Land, and Homeowner accepts title to the Leased Land in its condition "as is" as of the Effective Date.

2.2 MINERAL RIGHTS NOT LEASED TO HOMEOWNER. TapRoot CLT does not lease to Homeowner the right to remove from the Leased Land any minerals lying beneath the Leased Land's surface. Ownership of such minerals remains with TapRoot CLT, but TapRoot CLT shall not remove any such minerals from the Leased Land without the Homeowner's written permission, which shall not be unreasonably withheld, conditioned or delayed.



ARTICLE 3: Term of Lease, Change of Land Owner

3.1 TERM OF LEASE IS 99 YEARS: This Lease shall remain in effect for 99 years, beginning on the Effective Date, and ending on the last day of the calendar month in which the ninety-ninth (99th) anniversary of the Effective Date occurs, subject to earlier termination pursuant to any of the terms, covenants, or conditions of this Lease or pursuant to applicable law.

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

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

When Homeowner has exercised the option to renew, Homeowner and TapRoot CLT shall sign a memorandum stating that the option has been exercised. The memorandum shall comply with the lease requirements for a notice in writing as stated in Section 13.2 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 TapRoot CLT DECIDES TO SELL THE LEASED LAND. If ownership of the Leased Land is ever transferred by TapRoot CLT (whether voluntarily or involuntarily) to any other person or entity, this Lease shall not cease, but shall remain binding on the new landowner as well as the Homeowner. If TapRoot CLT agrees to transfer the Leased Land to any person or entity other than a non-profit corporation, charitable trust, government agency or other similar entity sharing the goals described in the Recitals above, the Homeowner shall have a right of first refusal to purchase the Leased Land. The details of this right shall be as stated in the attached EXHIBIT E RIGHT OF FIRST REFUSAL. Any sale or other transfer contrary to this Section 3.3 shall be null and void.



ARTICLE 4: Use of Leased Land and Home

4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL PURPOSES Homeowner shall use, and allow others to use, the Home and Leased Land only for residential purposes and any activities related to residential use that were permitted by local zoning law when the Lease was signed.

4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW. Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any nuisance (public or private). Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Leased Land in safe, sound and habitable condition, in full compliance with all laws and regulations, and in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease. Homeowner shall keep the entire Home and Leased Land, including without limitation, adjoining sidewalks, substantially free of any accumulation of rubbish, snow, and ice. Homeowner expressly acknowledges and agrees that, unless otherwise expressly provided in this Lease, TapRoot CLT is not required to maintain, repair, clean, alter, or improve the Home and Leased Land, or to provide any services to the Home and Leased Land.

4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS. Homeowner shall be solely responsible for the use of the Home and Leased Land by all residents and visitors and anyone else using the Leased Land with Homeowner's permission and shall make all such people aware of the restrictions on use set forth in this Lease. Homeowner shall take, immediately upon the discovery of any unpermitted, unlawful, illegal, or extra hazardous business use, all necessary actions, legal and equitable, to compel the discontinuance of such use.

4.4 HOMEOWNER MUST OCCUPY THE HOME AS ITS PRIMARY RESIDENCE FOR 270 DAYS EACH YEAR. Every Homeowner shall own and occupy the Home as their primary residence for 270 days of each year as the Homeowners' sole primary residence, unless otherwise agreed by CLT. Occupancy by Homeowner's child, spouse [or domestic partner, in states with such legislation] or other persons approved by CLT shall be considered occupancy by Homeowner. Neither compliance with the occupancy requirement nor CLT's permission for an extended period of non-occupancy constitutes permission to sublease the Leased Land and Home, which is addressed in Section 4.5 below.



4.5 LEASED LAND AND HOME MAY NOT BE SUBLEASED WITHOUT TapRoot CLT'S PERMISSION. Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, assign, sell or otherwise convey any of Homeowner's rights under this Lease, or permit all or part of the Leased Land or Home to be used by others, for any period of time, without the prior written permission of TapRoot CLT and the Permitted Mortgagee in each instance. Homeowner agrees that TapRoot CLT shall have the right to withhold such consent in its sole discretion in order to further the purposes of this Lease. Without limiting the generality of the foregoing, Homeowner is specifically prohibited from subletting and/or offering all or part of the Leased Land or Home for short-term rental such as through AirBnB, VRBO, or other such websites or programs, regardless of any local laws that may be or have been enacted. Any advertising or on-line postings as well as actual rentals of the Home to vacation or short-term guests shall constitute a material breach 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 to the sub-lessee shall not be more than the amount of the Lease Fee charged the Homeowner by TapRoot CLT, plus an amount approved by TapRoot CLT to cover Homeowner's costs in owning the Home, including but not limited to the cost of taxes, insurance and mortgage interest.

4.6 TapRoot CLT HAS A RIGHT TO INSPECT THE LEASED LAND. TapRoot CLT may inspect any part of the Leased Land, at any reasonable time, after notifying the Homeowner at least 24 hours before the planned inspection. No more than ____ regular inspections may be carried out in a single year, except in the case of an emergency. In an emergency, the CLT may inspect any part of the Leased Land except the interiors of fully enclosed buildings, after making reasonable efforts to inform the Homeowner before the inspection.

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

4.7 HOMEOWNER HAS A RIGHT TO QUIET ENJOYMENT. Homeowner has the right to quiet enjoyment of the Leased Land. TapRoot CLT has no desire or intention to interfere with the personal lives, associations, expressions, or actions of the Homeowner in any way not permitted by this Lease.



ARTICLE 5: Lease Fee

5.1 AMOUNT OF LEASE FEE. In addition to any other fees and costs that may be payable by Homeowner under this Lease, Homeowner shall pay a monthly Lease Fee in the amount of \$50 to be used for the continuing operations of the CLT.

5.2 WHEN THE LEASE FEE IS TO BE PAID. The Lease Fee shall be payable to TapRoot CLT, without notice, bill or demand, on the first day of each month (except that the first (1st) monthly installment of the Lease Fee shall be paid by Homeowner upon the execution and delivery of this Lease) for as long as this Lease remains in effect, unless any part of the Lease Fee is to be escrowed and paid by a Permitted Mortgagee, in which case such payment shall be made as directed by that Permitted Mortgagee. Notwithstanding anything to the contrary contained in the foregoing, for any partial calendar month, the Lease Fee shall be prorated according to the proportion of the number of days of occupancy to the number of days in the month. TapRoot CLT also reserves the right to request that payments be made in forms satisfactory, including but not limited to by check, money order, or electronic forms of payment.

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, plus the amount of the Homeowner Reserve Fee, taxes and insurance premiums, for the Homeowner has been analyzed and, if necessary, the lease fee has been reduced to an amount considered to be affordable for Homeowner.

5.4 TapRoot CLT MAY REDUCE OR SUSPEND THE LEASE FEE TO IMPROVE AFFORDABILITY. TapRoot CLT, in its sole discretion, may reduce or suspend the total amount of the Lease Fee for a period of time for the purpose of improving the affordability of the Homeowner's monthly housing costs. Any such reduction or suspension must be documented in writing and signed by TapRoot CLT.

5.5 LEASE FEE MAY BE INCREASED FROM TIME TO TIME. TapRoot CLT may increase the amount of the Lease Fee from time to time, but not more often than once every one year, after the first anniversary of the effective date of this Lease. In the event of an increase in the Lease Fee, notice shall be provided to the Homeowner and the Permitted Mortgagee at least thirty (90) days in advance of such increase taking effect. An increase to the Lease Fee for any given year shall not exceed the lesser of: 3% of the Lease Fee or the Consumer Price Index for New York-New Jersey ("CPI").



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 and Leased Land 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 up to an amount equal to the fair market rental value of the Leased Land and Home as if such restrictions of the Lease were not in effect, which such fair market rental value shall be determined by TapRoot CLT. Such increase shall become effective upon TapRoot CLT's written notice to Homeowner. Thereafter, for so long as these restrictions are not reinstated in the Lease, TapRoot CLT may, from time to time, further increase the amount of such Lease Fee to reflect any increased rental value, provided that the amount of the Lease Fee does not exceed the fair market rental value of the Leased Land and Home, and provided that such increases do not occur more often than once in every one year.

5.7 IF PAYMENT IS LATE, INTEREST CAN BE CHARGED. If TapRoot 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"), TapRoot CLT may require Homeowner to pay interest on the unpaid amount from the Due Date through and including the date such payment or installment is received by TapRoot CLT, at a rate not to exceed .04% compounded daily, and shall be continued to be applied to any portion of the Lease Fee not paid on the Due Date.

Such interest shall be deemed additional Lease Fee and shall be paid by Homeowner to TapRoot CLT upon demand; provided, however, that TapRoot CLT shall waive any such interest that would otherwise be payable to TapRoot CLT if such payment of the Lease Fee is received by TapRoot CLT on or before the thirtieth (30th) day after the Due Date. Delays in payment of Lease Fee extending beyond 30 days are governed by the Default provision in Section 12.1.

5.8 TapRoot 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 TapRoot CLT out of any proceeds from the sale that would otherwise be due to Homeowner. TapRoot CLT shall have, and the Homeowner hereby grants to TapRoot CLT a security interest in the Home and 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.



5.9 LEASE FEE SHALL BE NET TO TapRoot CLT. The Lease Fee and other charges shall, except as herein otherwise specifically provided, be paid without offset, reduction or demand therefor; and said Lease Fee shall be "net"; and in no case shall TapRoot CLT be liable for, or be obliged to incur any expense, liability or charge with respect to the Home and Leased Land, except as in this Lease expressly provided.

ARTICLE 6: Taxes and Assessments

6.1 HOMEOWNER IS RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS.

Homeowner shall pay directly, when due, all taxes and governmental assessments that relate to the Home and the Leased Land (including any taxes relating to TapRoot CLT's interest in the Leased Land). As long as Homeowner is not in default of the Lease and as long as it is permitted by the Permitted Mortgagee, Homeowner shall pay directly to the Permitted Mortgagee, when due, all taxes and governmental assessments that relate to the Home and the Leased Land (including any taxes relating to TapRoot CLT's interest in the Leased Land). The Permitted Mortgagee shall remit these payments to the taxing or assessing authority for prompt payment when due.

6.2 TapRoot CLT WILL PASS ON ANY TAX BILLS IT RECEIVES TO HOMEOWNER. In the event that the local taxing authority bills TapRoot CLT for any portion of the taxes on the Home or Leased Land, TapRoot CLT shall pass the bill to Homeowner and Permitted Mortgagee and Homeowner shall promptly pay this bill.

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

6.4 PARTY THAT PAYS TAXES MUST SHOW PROOF. When either party pays taxes relating to the Home or Leased Land, that party shall furnish satisfactory evidence of the payment to the other party. A photocopy of a receipt shall be the usual method of furnishing such evidence.

ARTICLE 7: The Home

7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND. All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Homeowner on any part of the Leased Land at any time during the term of this Lease (collectively, the "Home") shall be property of the Homeowner.



to the Home shall be and remain vested in the Homeowner. However, Homeowner's rights of ownership are limited by certain provisions of this Lease, including provisions regarding the sale or leasing of the Home by the Homeowner and TapRoot CLT's option to purchase the Home. In addition, Homeowner shall not remove any part of the Home from the Leased Land without prior written consent from TapRoot CLT and any Permitted Mortgagees.

7.2 HOMEOWNER MAINTAINS OWNERSHIP OF HOME WHEN SIGNING LEASE. Upon the signing of this Lease, Homeowner is simultaneously purchasing the Home located at that time on the Leased Land, as described in the Homeowner's Letter Of Agreement between the Parties, made of even date herewith, a copy of which is attached to this Lease as EXHIBIT C Homeowner's Letter Of Agreement.

7.3 CONSTRUCTION CARRIED OUT BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS. Any construction in connection with the Home is permitted only if the following requirements are met: (a) all costs shall be paid for by the Homeowner; b) all

construction shall be performed in a professional manner and shall comply with all applicable laws and regulations; (c) all changes in the Home shall be consistent with the permitted uses described in Article 4; (d) the footprint, square-footage, or height of the house shall not be increased and new structures shall not be built or installed on the Leased Land without the prior written consent of TapRoot CLT. For any construction requiring TapRoot CLT's prior written consent, Homeowner shall submit a written request to TapRoot CLT with a copy to the Permitted Mortgagee. Such request shall include:

- a) a written statement of the reasons for undertaking the construction;
- b) a copy of any applications made to the Department of Buildings or authority having jurisdiction over the construction, which shall include a scope of work, and to the extent applicable, drawings and specifications of the work to be performed; and
- c) a statement of the contractor charged to perform the work, and the names of any sub-contractors or suppliers necessary to perform the construction.

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



7.4 HOMEOWNER MAY NOT ALLOW STATUTORY LIENS TO REMAIN AGAINST LEASED LAND OR HOME. Homeowner shall not allow any lien of any type, except for a mortgage, to attach to TapRoot CLT's title to the Leased Land. Homeowner shall not permit any statutory or similar lien to be filed against the Leased Land or the Home which remains more than 60 days after it has been filed. Homeowner shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If Homeowner fails to discharge such lien within the 60-day period, then Homeowner shall immediately notify TapRoot CLT and Permitted Mortgagee of such failure. TapRoot CLT shall have the right to discharge the lien by paying the amount in question. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, provided Homeowner has furnished a bond or other acceptable surety in an amount sufficient to release the Leased Land from such lien. Any amounts paid by TapRoot CLT to discharge such liens shall be treated as an additional Lease Fee payable by Homeowner upon demand, which will be repaid pursuant to a repayment arrangement between TapRoot CLT and the Homeowner.

7.5 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS. Homeowner hereby assumes responsibility for furnishing all services or facilities on the Leased Land, including but not limited to heat, electricity, air conditioning and water. TapRoot CLT shall not be required to furnish any services or facilities or to make any repairs to the Home. Homeowner shall maintain the Home and Leased Land as required by Section 4.2 above and shall see that all necessary repairs and replacements are accomplished when needed.

7.6 WHEN LEASE ENDS, THE PARTIES ENTER INTO A NEW LEASE OR OWNERSHIP REVERTS TO TapRoot CLT, WHICH SHALL REIMBURSE HOMEOWNER. Upon the expiration or termination of this Lease, ownership of the Home shall revert to TapRoot CLT. If ownership of the Home is reverted to TapRoot CLT, upon assuming title to the Home, TapRoot CLT shall promptly pay Homeowner and Permitted Mortgagee(s), as follows:

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

SECOND, TapRoot CLT shall pay the Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the amount paid to any Permitted Mortgagee(s) and less the total amount of any unpaid Lease Fee and any other amounts owed to TapRoot CLT under the terms of this Lease. The Homeowner shall be responsible for any costs necessary to clear any additional liens or other charges related to the Home which may be assessed against the Home.



If the Homeowner fails to clear such liens or charges, the balance due the Homeowner shall also be reduced by the amount necessary to release such liens or charges, including reasonable attorneys' fees incurred by TapRoot CLT.

ARTICLE 8: Financing

8.1 HOMEOWNER CANNOT MORTGAGE THE HOME OR ENCUMBER THIS LEASE WITHOUT TapRoot CLT'S PERMISSION. The Homeowner may mortgage, the Home and/or the Leased Land only with the prior written permission of TapRoot CLT. Any mortgage permitted in writing by TapRoot CLT is defined as a Permitted Mortgage, and the holder of such a mortgage is defined as a Permitted Mortgagee.

8.2 BY SIGNING LEASE, TapRoot CLT GIVES PERMISSION FOR ORIGINAL MORTGAGE. By signing this Lease, TapRoot CLT gives written permission for any mortgage signed by the Homeowner effective on the day this Lease is signed for the purpose of financing -

Homeowner's refinance of the existing mortgage secured by the Home and/or the Leased Land. A mortgagee or lender shall not look to TapRoot CLT or TapRoot CLT's interest in the Leased Land or Home, but will look solely to Homeowner, Homeowner's interest in the Leased Land and Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that TapRoot CLT's consent to any mortgage shall be without any liability on the part of TapRoot CLT for any deficiency judgment.)

8.3 HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING, OTHER SUBSEQUENT MORTGAGES OR HOME EQUITY LINES OF CREDIT. If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform TapRoot CLT, in writing, of the proposed terms and conditions of such mortgage loan at least 15 business days prior to the expected closing of the loan. The information to be provided to TapRoot CLT must include:

- a) the name of the proposed lender;
- b) Homeowner'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.



TapRoot CLT may also require Homeowner to submit additional information. TapRoot CLT will not permit such a mortgage loan if the loan increases Homeowner's total mortgage debt to an amount greater than 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 or TapRoot CLT.

8.4 TapRoot CLT IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE."

TapRoot CLT shall be required to permit any mortgage for which the mortgagee has signed a "Standard Permitted Mortgage Agreement" as set forth in Part C of EXHIBIT F PERMITTED MORTGAGES, and for which the loan secured thereby does not increase Homeowner's total mortgage debt to an amount greater than 80% of the then current Purchase Option Price, calculated in accordance with Article 10 below.

8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE. Any Permitted Mortgagee shall be bound by each of the requirements stated in Part A of EXHIBIT F PERMITTED MORTGAGES, which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and TapRoot CLT to modify the terms of the Lease during the term of the Permitted Mortgage. Notwithstanding any other provision of this Lease, unless otherwise expressly consented to by TapRoot CLT, which consent may be withheld in the sole discretion of TapRoot CLT, this Lease shall be prior and not subordinate to any mortgage from time to time encumbering the Leased Land or Home, whether executed and delivered prior to or subsequent to the date of this Lease.

8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE. Any Permitted Mortgagee shall have all of the rights and protections stated in Part B of EXHIBIT F PERMITTED MORTGAGES, 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 TapRoot CLT. Homeowner and TapRoot CLT recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to TapRoot CLT all net proceeds of sale of the Home that would otherwise have been payable to Homeowner and that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to TapRoot CLT. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to TapRoot CLT.



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

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

9.2 HOMEOWNER MUST DEFEND TapRoot CLT AGAINST ALL CLAIMS OF LIABILITY. Homeowner shall defend, indemnify and hold Taproot, and their Affiliates 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 or any injury or damage caused by Homeowner, Homeowner's invitees and guests, or any person on the Leased Land through Tenant, including, without limitation, penalties, fines, and reasonable attorneys' fees.

Homeowner waives all claims against Taproot CLT and their Affiliates for injury or damage on or about the Leased Land. However, TapRoot CLT shall remain liable for injury or damage due to the grossly negligent or intentional acts or omissions of TapRoot CLT or TapRoot CLT's agents or employees. The terms of this Section shall survive the expiration or sooner termination of this Lease.

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

9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND. The Homeowner shall, at Homeowner's sole expense, keep the Home and Leased Land continuously insured against loss or damage by fire and the extended coverage hazards for the full replacement value of the Home and Leased Land or such lesser amount which shall be sufficient to avoid co-insurance of the Home and Leased Land. The Homeowner shall have a property deductible of not more than two thousand five hundred dollars (\$2,500) for all other perils, and no more than five percent (5%) of their dwelling coverage for windstorm protection. Coverage for loss of use shall be included to provide the Homeowner with coverage for ongoing living expenses and obligations under this Lease in the event an insurable loss occurs. The Homeowner's insurance shall cover demolition costs and the removal of debris.



The Homeowner shall, at Homeowner's sole expense, maintain continuously in effect (i) homeowner liability insurance covering the Home and its appurtenances in an amount not less than five hundred thousand dollars (\$500,000) per occurrence and (ii) and if the Home lies in a flood hazard zone as defined by FEMA's National Flood Insurance Plan, Homeowner shall keep in full force and effect flood insurance in the maximum amount available covering the Home and its appurtenances and in an amount not less than the full replacement value of the Home per occurrence.

The dollar amount of each such property coverage may be adjusted at least every two (2) years from the date hereof or upon TapRoot CLT's demand given not more often than annually, upon thirty (30) days' notice to the Homeowner. This adjustment shall be equal to the percentage of any positive change over the period since the last adjustment of the CPI or such other index which reasonably measures adjustments in coverage amounts for the applicable type of insurance. Such index is maintained by the Office of Prices and Living Conditions of the Bureau of Labor Statistics, of the U.S. Department of Labor.

Such insurance shall specifically insure the Homeowner against all liability assumed hereunder, as well as all liability imposed by law, and shall also insure TapRoot CLT, Permitted Mortgagee and their Affiliates as additional insureds. If the Homeowner fails to obtain and maintain the insurance required hereunder, TapRoot CLT may obtain the required insurance at the Homeowner's expense in order to protect only TapRoot CLT's interest in the Home and its appurtenances. Any amounts paid by the Homeowner's insurance shall be deemed to be part of the Lease Fee and shall be reimbursed to TapRoot CLT on demand, unless an alternate arrangement is otherwise agreed to by TapRoot CLT and Homeowner.

The Homeowner shall provide TapRoot CLT and Permitted Mortgagee with copies of all policies and renewals thereof. All policies shall also contain endorsements providing that they shall not be canceled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without not less than thirty (30) days prior written notice being given to TapRoot CLT. TapRoot CLT shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance.

9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED. Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible.



Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property. The Lease Fee shall not be abated by reason of any such damage or destruction and Homeowner's obligations under this Lease shall not be affected by reason of such damage or destruction.

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

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

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 razing the remains of the Home and clearing debris;

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

FIFTH, to the Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;

SIXTH, the balance, if any, to TapRoot CLT.

9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE. If all of the Leased Land is taken by eminent domain or otherwise for public purposes, or if so much of the Leased Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Leased Land.



Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Leased Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to TapRoot 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, TapRoot CLT shall reassess the fair rental value of the remaining Land and shall adjust the Lease Fee as it determines necessary; provided, however, that the monthly fee shall 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, TapRoot CLT WILL TRY TO HELP HOMEOWNER BUY ANOTHER TapRoot CLT HOME. If this Lease is terminated as a result of damage, destruction or taking, TapRoot CLT shall take reasonable steps to allow Homeowner to purchase another home on another parcel of leased land owned by TapRoot CLT if such home can reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home after all amounts due to Permitted Mortgagee are paid. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against TapRoot CLT if such a home is not made available.

ARTICLE 10: Transfer of the Home

10.1 INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY. Homeowner and TapRoot CLT agree that the provisions of this Article 10 are intended to preserve the affordability of the Home for persons and families of low income and expand access to homeownership opportunities for such households.



10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO TapRoot CLT OR PRE-APPROVED QUALIFIED PERSONS. Homeowner may transfer the Home only to TapRoot CLT or a Pre-Approved Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. Any purported transfer that does not follow the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void. "Income-Qualified Person" shall mean a person or group of persons whose household income does not exceed eighty percent (80%) of the median household income for the applicable Standard Metropolitan Statistical Area or County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor.

"Pre-Approved Qualified Person" shall mean a person or group of persons within a household who meet program requirements and who have been approved by TapRoot CLT for homeownership.

See EXHIBIT I and the "TapRoot CLT HOMEBUYER QUALIFICATION POLICY" for program requirements."

10.3. THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER. If the Homeowner dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of Homeowner's estate shall notify TapRoot CLT within ninety (90) days of the date of the death. Upon receiving such notice TapRoot CLT shall consent to a transfer of the Home and Homeowner's rights to the Leased Land subject to the rights of the Permitted Mortgagee to one or more of the possible heirs of Homeowner listed below as "a," "b," "c," or "d" provided that a Letter of Agreement and a Letter of Attorney's Acknowledgement (as described in Article 1 above) are submitted to TapRoot CLT to be attached to the Lease when it is transferred to the heirs.

- a) the spouse of the Homeowner; or
- b) the child or children of the Homeowner
- c) member(s) of the Homeowner's household who have resided in the Home for at least two (2) years immediately prior to Homeowner's death or other permanent departure. If the family member trying to establish succession rights is a senior citizen or disabled person, then the minimum period of co-occupancy is reduced to one year.
- d) Non-Resident Heirs: if an heir does not meet the criteria set forth in b, or c, but their total household income does not exceed 100% of the area median income.

Any other heirs, legatees or devisees of Homeowner, in addition to submitting Letters of Agreement and Attorney's Acknowledgement, as provided above, must demonstrate to TapRoot CLT's satisfaction that they are Pre-Approved Qualified Persons as defined above.



If they cannot demonstrate that they are Pre-Approved 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. They are entitled to the proceeds generated by the sale of the home under the applicable resale formula as set forth in this article.

10.4 HOMEOWNER MUST GIVE NOTICE OF INTENT TO SELL. In the event that Homeowner wishes to sell the Home, Homeowner shall notify TapRoot CLT, in writing, of such wish (the Intent-to-Sell Notice). This Notice shall include a statement as to whether Homeowner wishes to recommend a prospective buyer as of the date of the Notice.

10.5 UPON RECEIVING NOTICE, TapRoot CLT HAS AN OPTION TO PURCHASE HOME OTHERWISE KNOWN AS RIGHT OF REFUSAL. Upon receipt of an Intent-to-Sell Notice from Homeowner in the form set forth in Exhibit E, TapRoot 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 Pre-Approved Qualified Persons while taking fair account of the investment by the Homeowner.

If TapRoot CLT elects to purchase the Home, TapRoot CLT shall exercise the Purchase Option by notifying the Homeowner, in writing, of such election within forty-five (45) days of the receipt of the Intent-to-Sell Notice, or the Option shall expire. Having given such notice, TapRoot CLT may either proceed to purchase the Home directly or may assign the Purchase Option to a Pre-Approved Qualified Person.

The purchase (by TapRoot CLT or TapRoot CLT's assignee) must be completed within sixty (60) days of TapRoot CLT's Notice of Exercise of Option, or Homeowner may sell the Home and Homeowner's rights to the Leased Land as provided in Section 10.6 below. The time permitted for the completion of the purchase may be extended by mutual agreement of TapRoot CLT and Homeowner.

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



10.6 IF PURCHASE OPTION EXPIRES, HOMEOWNER MAY SELL ON CERTAIN TERMS. If the Purchase Option has expired or if TapRoot CLT has failed to complete the purchase within the sixty-day period allowed by Section 10.5 above, Homeowner may sell the Home for not more than the then applicable Purchase Option Price to any person who (1) completes pre-purchase counseling in compliance with TapRoot CLT Homebuyer Qualification Policy and (2) submits all documents as set out in a list provided by TapRoot CLT Homebuyer Qualification Policy and receives confirmation, in writing, that the person is a Pre-Approved Qualified Person.

10.7 AFTER ONE YEAR TapRoot CLT SHALL HAVE POWER OF ATTORNEY TO CONDUCT SALE. If TapRoot CLT does not exercise its option and complete the purchase of Homeowner's Property as described above, and if Homeowner (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 year of the date of -

the Intent-to-Sell Notice, Homeowner does hereby appoint TapRoot CLT its attorney-in-fact to seek a buyer, negotiate a reasonable price that furthers the purpose of this Lease, sell the property, and pay to the Homeowner the proceeds of sale, minus TapRoot CLT's costs of sale and any other sums owed TapRoot CLT or Permitted Mortgagee by Homeowner.

10.8 PURCHASE OPTION PRICE EQUALS THE LESSER OF APPRAISED VALUE OF HOMEOWNER'S OWNERSHIP INTEREST OR FORMULA PRICE PLUS CAPITAL IMPROVEMENT CREDITS. In no event may the Home be sold for a price that exceeds the Purchase Option Price, except in cases of foreclosure by permitted mortgagee, or transfer in lieu of foreclosure. The Purchase Option Price shall be the lesser of (a) the appraised value of Homeowner's ownership interest at resale calculated in accordance with Section 10.9 below or (b) the Formula Price calculated in accordance with Section 10.10 below plus the credit for approved capital improvements as described in Section 10.11. If TapRoot CLT does not choose to commission an appraisal to determine the appraised value of Homeowner's ownership interest, then the Purchase Option Price shall be the Formula Price.

10.9 HOW THE VALUE OF HOMEOWNER'S OWNERSHIP INTEREST IS DETERMINED. If TapRoot CLT believes that the value of Homeowner's ownership interest at resale may be less than the Formula Price, TapRoot CLT may, within 14 days of receiving Homeowner's Notice of Intent to Sell, commission a market valuation of the Leased Land and the Home to be performed by a duly licensed appraiser acceptable to TapRoot CLT and Homeowner. TapRoot CLT shall pay the cost of such appraisal. The appraisal shall be conducted by analysis and comparison of comparable properties as though title to Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease on the use, occupancy and transfer of the property.



The Appraisal shall state the values contributed by the Leased Land and by the Home (consisting of improvements only) as separate amounts. Copies of the appraisal are to be provided to both TapRoot CLT and Homeowner.

10.10 HOW THE FORMULA PRICE IS CALCULATED. The "Formula Price" shall be equal to (a) the amount of Homeowner's Base Price (which TapRoot CLT and Homeowner agree is \$[_____]) plus (b) a simple annual interest rate of 2% with annual compounding, as further set forth in Exhibit H.

10.11 QUALIFIED CAPITAL IMPROVEMENTS ARE GIVEN CREDIT ON THE RESALE PRICE. TapRoot CLT approval of capital improvements is required in order to receive a Capital Improvement Credit at point of resale. Standardized improvement credit is subject to TapRoot CLT's Capital Improvements Policy.

10.12 QUALIFIED PURCHASER SHALL RECEIVE NEW LEASE. TapRoot CLT shall issue a new lease to any person who purchases the Home subject to and in accordance with the terms and conditions 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 TapRoot CLT.

10.13 PURCHASER MAY BE CHARGED A TRANSFER FEE. In the event that Homeowner sells the Home to a party other than TapRoot CLT (whether directly to such party or as a result of TapRoot 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 TapRoot CLT, a transfer fee to compensate TapRoot CLT for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than 6% of the Purchase Option Price.

10.14 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER. The Homeowner is required to make necessary repairs when Homeowner voluntarily, or for any reason whatsoever prior to the expiration of the term of this Lease set forth in Section 3.1 hereof, transfers the Home, as follows:

- a) The person(s) purchasing the Home ("Buyer") shall, prior to purchasing the Home, hire at his, her, or their sole expense a building inspector with a current Home Inspector license from the State of New York to assess the condition of the Home and prepare a written report of the condition ("Inspection Report"). The Homeowner 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, and TapRoot CLT within ten (10) days after receiving the Inspection Report.



- ac) Homeowner 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, and ensure that all utility systems (including, but not limited to, HVAC and plumbing) are in good working order and that the roof is free from leaks.
- d) Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner's written request, TapRoot CLT in its sole discretion may allow the Homeowner to pay all or a portion of the repair costs after transfer, from Homeowner's proceeds of sale, if Homeowner 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 proceeds of sale in a TapRoot CLT-approved escrow account.
- e) Homeowner shall allow TapRoot CLT, Buyer, Buyer's building inspector, and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.
- f) Upon sale or other transfer, Homeowner 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: Default

11.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO TapRoot CLT THAT ARE REQUIRED BY THE LEASE. It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after written notice of such failure is given by TapRoot CLT to Homeowner and Permitted Mortgagee. However, if Homeowner makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the 30-day cure period, then the cure period shall be extended by an additional 30 days (, but not more often than twice in any 6 month period).

11.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NONMONETARY) TERMS OF THE LEASE. It shall be an event of default if Homeowner fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after written notice of such failure is given by TapRoot CLT to Homeowner and Permitted Mortgagee. However, if Homeowner or Permitted Mortgagee has begun to cure such default within the 60-day cure period and is continuing such cure with due diligence but cannot complete the cure within the 60-day cure period, the cure period shall be extended for as much additional time as may be reasonably required to complete the cure.



No failure or delay on the part of TapRoot CLT to exercise any right or remedy under this Lease shall operate as a waiver of its rights and remedies, nor shall any single or partial exercise of any right or remedy hereunder preclude any further exercise of any further right or remedy hereunder.

11.3 DEFAULT AS A RESULT OF JUDICIAL PROCESS. It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of the Home or Homeowner's interest in the Leased Land by a court of competent - jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

11.4 A DEFAULT (UNCURED VIOLATION) GIVES TapRoot 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, TapRoot CLT may terminate this Lease and initiate summary proceedings under applicable law against Homeowner, and TapRoot CLT shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home and expel Homeowner and those claiming rights through Homeowner. In addition, TapRoot CLT shall have such additional rights and remedies to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by TapRoot CLT pursuant to an Event of Default, then, as provided in Section 7.6 above, upon thus assuming title to the Home, TapRoot CLT shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.9 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to TapRoot CLT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by TapRoot CLT in pursuit of its remedies under this Lease.



Holding Over By Tenant. Homeowner shall not use or remain in possession of the Leased Land and Home after the expiration or sooner termination of this Lease. Any holding over, or continued use or occupancy by Homeowner after the termination of this Lease, without the written consent of TapRoot CLT, shall not constitute a tenant-at-will interest on behalf of Homeowner, but Homeowner shall become a tenant-at-sufferance and liable for rent and all other expenses, obligations, and payments in effect for the immediately preceding month of the term of this Lease.

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

b) EXERCISE OF OPTION: In the case of any of the events of default described above, Homeowner hereby grants to TapRoot 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 112.1 or 112.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, TapRoot CLT shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after TapRoot CLT gives notice to the Homeowner of TapRoot CLT's intent to exercise its option under this Section 12.4(a), TapRoot CLT or its assignee shall purchase the Home for the Purchase Option Price.

11.5 WHAT HAPPENS IF TapRoot CLT DEFAULTS. TapRoot CLT shall in no event be in default in the performance of any of its obligations under the Lease unless and until TapRoot CLT has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to TapRoot CLT properly specifying TapRoot CLT's failure to perform any such obligation. Homeowner specifically agrees to look solely to the CLT's equity interest in the Leased Premises for recovery of any judgment from TapRoot CLT; it being specifically agreed that neither TapRoot CLT, its board of directors and officers, including the founding member organizations specified in the Certificate of Incorporation, nor any beneficiary of any trust of which any person holding TapRoot CLT's interest is trustee, shall ever be personally liable for any such judgment, or for the payment of any monetary obligation to Homeowner. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Homeowner might otherwise have to obtain injunctive relief against TapRoot CLT or TapRoot CLT's successors in interest.



In no event shall TapRoot CLT ever be liable to Homeowner for any indirect, punitive, special or consequential damages suffered by Homeowner, unless due to TapRoot CLT's gross negligence.

ARTICLE 12: Mediation and Arbitration

12.1 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.

12.2 Homeowner and TapRoot 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 13: General Provisions

13.1 HOMEOWNER'S MEMBERSHIP IN TapRoot CLT: The Homeowner under this Lease shall automatically be a regular voting member of TapRoot CLT, as set forth by the by-laws.

13.2 NOTICES. Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and (a) delivered in person, (b) mailed, by certified or registered mail, return receipt requested, or (c) sent by nationally recognized commercial overnight delivery service to the party at the address set forth below, or such other address designated by like written notice:

If to TapRoot CLT:
[Address]

With a copy to:
[Law firm]
[Address]

If to Homeowner:
[Homeowner]
[Address of Property]

IF TO PERMITTED MORTGAGEE:
[_____
[_____
[_____]



All notices, demands and requests shall be effective upon being deposited in the United States Mail, with a nationally recognized overnight courier or, in the case of personal delivery, upon actual receipt. In the event of failure to deliver by reason of changed address of which no Notice was given or refusal to accept delivery, as of the date of such failure.

13.3 NO BROKERAGE. Homeowner warrants that it has not dealt with any real estate broker in connection with the purchase of the Home. If any claim is made against TapRoot CLT regarding dealings with brokers, Homeowner shall defend TapRoot CLT against such claim with counsel of TapRoot CLT's selection and shall reimburse TapRoot CLT for any loss, - cost or damage which may result from such claim. The provisions of this Section 13.3 shall survive any termination of this Lease.

13.4 SEVERABILITY AND DURATION OF LEASE. If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or TapRoot 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 TapRoot 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 children of the Homeowner as of the date of this Lease.

13.5 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, TapRoot CLT shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in EXHIBIT E RIGHT OF FIRST REFUSAL. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

13.6 WAIVER. The waiver by TapRoot CLT at any time of any requirement or restriction in this Lease, or the failure of TapRoot 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. TapRoot CLT may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by TapRoot CLT before being effective.



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

13.7 TapRoot CLT'S RIGHT TO PROSECUTE OR DEFEND. TapRoot 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 TapRoot CLT, Homeowner shall give TapRoot CLT all reasonable aid in any such action or proceeding.

13.8 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. This Lease shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

13.9 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. This Lease may be executed in several counterparts, including by means of electronic signature including but not limited to DocuSign, each of which shall be an original, but all of which shall constitute one and the same instrument.

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

13.11 GOVERNING LAW. This Lease shall be interpreted in accordance with and governed by the laws of the State of New York, including but not limited to all of the requirements of Article XI of the New York Private Housing Finance Law. 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 TapRoot CLT or Homeowner. In the event of any conflict between any provision of this Lease and any federal law or regulation, the laws of the State of New York shall prevail.



13.12 RECORDING. The parties agree, as an alternative to the recording of this Lease, at the time of the execution of this Lease, to simultaneously execute a Memorandum of Lease in form recordable and complying with applicable law and reasonably satisfactory to TapRoot CLT's attorneys. In no event shall such document state the rent or other charges payable by Homeowner 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.

13.13 ESTOPPEL CERTIFICATES. Either party shall, without charge, at any time and from time to time hereafter, but no more than twice in any 12 month period, within 10 days after written request of the other, certify by written instrument duly executed and acknowledged; (1) as to whether this Lease has been supplemented or amended, and if so, the substance of such supplement or amendment; (2) as to the validity and force and effect of this Lease, in accordance with its tenor as then constituted; (3) as to the existence of any Default thereunder; (4) as to the existence of any offsets, counterclaims or defenses thereto on the part of the other (5) as to the Commencement Date and expiration dates of the term of this Lease; and (6) as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by the party requesting it and any other person, firm or corporation to whom the same may be delivered, and the contents of such certificate shall be binding on the party executing same.

13.14 ENVIRONMENTAL. Homeowner shall protect, indemnify, save harmless and defend TapRoot CLT and Permitted Mortgagee during the term of this Lease, from and against any and all liabilities, obligations, claims, damages, penalties, causes of action and judgments and shall promptly upon demand pay all losses, costs and expenses (including, without limitation, attorney's fee and expenses) imposed upon, incurred by (i) any generation, transportation, storage, treatment, or disposal of solid wastes or hazardous wastes, including but not limited to any waste management activities which occur in the Home or Leased Land; (2) any spills, discharges, leaks, emissions, injections, escapes, & impinge or any other "releases" as defined under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9601, as amended, or any other similar local, state or Federal laws, regulations or statutes, including, without limitation, those releases or incidents involving potential environmental contamination which require notification of reporting to appropriate local, state, or Federal officials or agencies; (3) any discharges to surface waters or groundwater; (4) exposure of any persons, including, but not limited to, employees, to any chemical or pesticide products, materials or substances known to be toxic or hazardous pursuant to any federal, state or local statute rule or regulation, or raw materials or wastes processed or handled at the Home or Leased Land; (



(5) any violations of local, state, or Federal laws or regulations or any common law with respect to environmental protection or nuisance, including, but not limited to, violations of laws or regulations concerning water pollution, groundwater protection, air pollution, solid wastes, hazardous wastes, toxic or hazardous substances, the transportation, spill or release or any of the aforementioned substances, or materials or wastes, and any violations of local, state or Federal laws or regulations or any common law with respect to occupational or employee health and safety. Notwithstanding the above, TapRoot CLT shall remain liable for injury or damage due to any gross negligence or intentional acts or omissions of TapRoot CLT or TapRoot CLT's agents, employees, contractors, or invitees.

13.15 FORCE MAJEURE. In the event that TapRoot CLT shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of pandemic or disease, strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, the act, failure to act or default of the other party, war, or other reason beyond its control, to the extent that it cannot remedy the cause by exercise of due diligence, then performance of such required act shall be excused for the period of the delay and the period for the performance of any such required act shall be extended for a period equivalent to the period of such delay.

13.16 NO DUTY TO MITIGATE. TapRoot CLT shall have no obligation to relet the Home or Leased Land or any part thereof and shall in no event be liable for refusal or failure to relet the Home or Leased Land or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon any such reletting, and no such refusal or failure shall operate to relieve Homeowner of any liability under this Lease or otherwise to affect any such liability.

13.17 ARBITRATION PROCESS (AND WAIVER OF RIGHT TO JURY TRIAL). Any controversy or claim arising out of or relating to this Lease, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. There shall be one arbitrator agreed to by the Homeowner and TapRoot CLT within twenty (20) days of receipt of the request for arbitration or in default thereof appointed by the AAA in accordance with its Commercial Rules. Both the Homeowner and the CLT expressly agree that any determination or award rendered by the arbitrator shall be final and binding on the parties and may be entered and enforced in a court of competent jurisdiction in the State of New York. A judgment on an award shall be final and non-appealable.



13.18 COOPERATION FOR TAX EXEMPTION OR OTHER ASSISTANCE. In the case that a government agency is prepared to offer a tax exemption or other assistance to the Homeowner that requires modifications to this ground lease, the Homeowner and CLT will cooperate with the agency to amend the ground lease and secure such assistance or tax assistance, as the case may be. In the event of any provision of this ground lease conflicts with the terms of a regulatory agreement necessary to secure a tax exemption or other assistance on behalf of the Homeowner or TapRoot CLT, as the case may be, the terms of the regulatory agreement shall prevail and govern, and the conflicting terms of this ground lease shall be deemed subordinate.

(Remainder of this page intentionally left blank. Signature pages to follow.)



IN WITNESS WHEREOF, the parties have executed this Ground Lease as of the day and year first above written.

TapRoot CLT:

TapRoot CLT

By: _____

Name: [_____]

Title: Authorized Signatory

HOMEOWNER:

[HOMEOWNER]

ACKNOWLEDGEMENTS:

STATE OF NEW YORK)

) ss.:

COUNTY OF _____)

On _____, 2024 before me, the undersigned, a notary public in and for said state, personally appeared [_____], personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Notarized remotely by notary in the county set forth in notary stamp utilizing audio-visual technology and conferencing pursuant to Executive Order 202.7



STATE OF NEW YORK)

) ss.:

COUNTY OF _____)

On _____, 2024 before me, the undersigned, a notary public in and for said state, personally appeared [HOMEOWNER], personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

COMMUNITY LAND TRUST GROUND LEASE RIDER

(For use with CLT ground leases substantially based on either the Institute for Community Economics or the National Community Land Trust Network model ground lease as identified in Fannie Mae's Selling Guide)

THIS COMMUNITY LAND TRUST GROUND LEASE RIDER (the "Rider") amends and supplements a certain ground lease (referred to herein as "the CLT Ground Lease") to which it is attached that is by and between TapRoot CLT, as lessor (herein referred to as "the "Lessor" but may otherwise be referred to in the CLT Ground Lease as the "CLT") and [HOMEOWNER] as lessee ("the Lessee" but may otherwise be referred to in the CLT Ground Lease as "Homeowner"). This Rider shall be deemed incorporated into the CLT Ground Lease, and the CLT Ground Lease as amended by this Rider, shall hereafter be referred to as the "Lease," unless otherwise indicated.

The CLT Ground Lease is a long-term lease of the Lessor's fee interest in the land located at [Address of Property], referred to herein as the "Leased Land," as improved by a residential structure or unit, referred to herein as the "Home." The Leased Land and the Home are collectively referred to herein as the "Leased Premises."

This Rider amends the CLT Ground Lease for the purpose of enabling the Lessee to obtain Fannie Mae or other pre-approved conventional financing in the form of a mortgage or deed of trust given this ___ day of [_____], 2024, by Lessee to [Homeowner] (the "Specified Mortgage"), and the interest of the Specified Mortgagee in the Leased Premises as secured by such mortgage or deed of trust may be referred to herein as the "Leasehold Estate." The Specified Mortgage is recognized by Lessor as a "Permitted Mortgage" (or as such concept is otherwise defined) under the CLT Ground Lease, and the holder of the Specified Mortgage (the "Specified Mortgagee") is recognized as a "Permitted Mortgagee" (or as such concept is otherwise defined) under the CLT Ground Lease.

ADDITIONAL COVENANTS. Notwithstanding anything to the contrary contained in the CLT Ground Lease, and in addition to the covenants and agreements made in the CLT Ground Lease, the Lessor and the Lessee further covenant and agree, so long (but only so long) as the Specified Mortgagee, its successors and assigns shall have an interest in the Leased Premises, as a holder of the Specified Mortgage or as an owner of the Lessee's interest pursuant to any sale after or in lieu of foreclosure, the following provisions shall apply to the CLT Ground Lease as modifications thereof:

A. No Assignment or Transfer. The making of the Specified Mortgage shall not be deemed to constitute an assignment or transfer of the Lease or Leasehold Estate so as to require the Specified Mortgagee to assume the performance of any of the Lessee's obligations under the Lease.



B. Status of the Fee Estate. The Lessor represents and warrants that there is no existing mortgage on the fee estate, and so long as the Specified Mortgage shall remain on the Leased Premises, the Lessor and the Lessee shall not subordinate the Lease to any mortgage or lien that may hereafter be placed on the fee estate. Notwithstanding the foregoing, a state- or local-government entity ("Government Entity") may hold a prior recorded interest (represented by recorded covenants, a mortgage or deed of trust, other lien) on the fee estate if the Government Entity has agreed that in the event it (including its successors and assigns) succeeds to the interest of the Lessor under the Lease by any remedy available to the Government Entity by law or pursuant to its lien, the Government Entity shall recognize all the terms of the Lease and this Rider as though the Government Entity were acting as the Lessor. **Such recognition must include, but is not limited to, the provisions of this Rider whereby all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b) limitation on assignment of, or sublease under, the Lease, (c) the price at which the Leasehold Estate may be transferred, and (d) the income of successive transferees, assignees or successors, shall, in the event of foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors.** Further, in such event of the Government Entity succeeding to the interests of the Lessor, the Lessee hereby agrees to recognize the Government Entity as exercising all rights and privileges of the Government Entity as lessor under the Lease and this Rider.

Such agreement by the Government Entity may be evidenced by the agreement between the Government Entity and the Lessor under which the Government Entity's prior recorded interest is derived, or by use of a recognition agreement derived from a sample the Specified Mortgagee may obtain from Fannie Mae or other pre-approved conventional lender. Irrespective of any interest by a Government Entity, the Specified Mortgage shall constitute a first leasehold lien on the Leased Premises, and shall have priority over the Lessor's reversionary interest. If the Lessor conveys title to the Leased Land while the Specified Mortgage remains on the Leased Premises, the Lease shall remain in effect with the same priority thereto.

C. Termination, Forfeiture, and Modification of Lease. There shall be no termination, forfeiture, or modification of the Lease, except as provided in this Rider, without the prior written consent of the Specified Mortgagee. The Lessor and Lessee shall amend the Lease from time to time as reasonably requested by the Specified Mortgagee, as long as the requested changes do not change the periodic fee, charge or payment due the Lessor for the rights accorded the Lessee under the Lease (the "Ground Lease Fee"), and do not materially or adversely affect the rights of Lessor or Lessee or their respective interests in the Leased Premises.



An adjustment of the Ground Lease Fee may be made by the Lessor as provided in the Lease, without prior approval of the Specified Mortgagee, so long as written notice has been delivered to the Specified Mortgagee at least 60 days prior to the effective date of such adjustment with respect to adjustments other than those (i) that were scheduled at the time the Specified Mortgage was given, and (ii) reflecting routine, periodic updates to variable expenses such as property taxes and liability insurance premiums; provided, however, that the Specified Mortgagee shall have the right to arbitrate (as provided herein) any dispute as to an adjustment of the Ground Lease Fee.

D. New Lease. In the event the Lessee's interest in the Lease has been terminated, forfeited, or surrendered as provided in the Lease, and the Specified Mortgage remains outstanding, a new Lease shall automatically be created between the Lessor and the Specified Mortgagee, which Lease shall be for the remainder of the term of the Lease, with the same priority thereto, and shall be subject to the same terms of the Lease as would be applicable pursuant to Section E.1. below where the Specified Mortgagee had accelerated its note, foreclosed on the Specified Mortgage, taken an assignment in lieu of foreclosure, or exercised its other remedies for default.

E. Mortgage Default or Foreclosure. Subject to the following, upon the occurrence of an event of default under the Specified Mortgage (as determined by the Specified Mortgagee—an "Event of Default"), and without the consent of the Lessor, the Specified Mortgagee shall be permitted to accelerate its note, foreclose on the Specified Mortgage, take an assignment in lieu of foreclosure, or exercise its other remedies for default.

1. Upon the occurrence of an Event of Default under the Specified Mortgage, the Lessee shall immediately notify the Lessor of such Event of Default and shall submit to Lessor copies of all notices the Lessee received from the Specified Mortgagee relating thereto. The Specified Mortgagee **and the Lessor shall endeavor to communicate and cooperate in efforts to deal with the circumstances of the Event of Default and the actions the parties may take relating thereto; -**

provided, however, the Specified Mortgagee shall have no obligation to give formal legal notice of the Event of Default to the Lessor.

2. The Lessee and the Specified Mortgagee agree that the Lessor shall have the right, but not the obligation, to cure an Event of Default in the Lessee's name and on the Lessee's behalf. If such cure is not effective and continuing, nothing herein shall be construed to prevent or delay the Specified Mortgagee from its pursuit of foreclosure and any other available remedies. The Lessee shall be responsible to the Lessor for all payments made, and expenses incurred, by the Lessor in curing such default.



3. Should the Lessor not choose to cure an Event of Default as specified above, the Lessor shall nevertheless have the option to purchase from the Specified Mortgagee its interest in the Leasehold Estate on the Leased Premises for the full amount owing to the Specified Mortgagee under the Specified Mortgage as of the date of closing of the purchase, upon written notice given by the Specified Mortgagee (the "Mortgagee Option Notice") not later than 60 days following acquisition of title to the Leasehold Estate by the Specified Mortgagee by foreclosure or by an assignment in lieu of foreclosure; provided, however, the Specified Mortgagee may give such written notice following the occurrence of an Event of Default under the Specified Mortgage and prior to the completion of foreclosure proceedings. If the Lessor elects to exercise such option to purchase, the Lessor shall give written notice to the Specified Mortgagee of the Lessor's intent to purchase the Leasehold Estate (the "Lessor Option Notice") within 45 days following the Specified Mortgagee's giving of the Mortgagee Option Notice; provided, however, at the option of the Lessor, in the event the Mortgagee Option Notice is given prior to the completion of foreclosure proceedings by the Specified Mortgagee, the Lessor shall, within such 45-day period, be able to give a written notice to the Specified Mortgagee that it will delay giving the Lessor Option Notice until a date that is not later than 30 days following written notice from the Specified Mortgagee of its acquisition of title to its interest in the Leasehold Estate on the Leased Premises.

The Lessor shall complete the purchase of the Specified Mortgagee's interest in the Leasehold Estate within 60 days of giving the Lessor Option Notice. If the Lessor does not complete the purchase within the allotted 60 days, the Specified Mortgagee shall be free to sell its interest to another person or entity. Further, if the Lessor does not complete the purchase within the allotted 60 days, the Lessor agrees to pay to the Specified Mortgagee its costs of holding its interest in the Leasehold Estate from the date of the Lessor Option Notice until the expiration of such 60-day period. If the Lessor does not purchase the Specified Mortgagee's interest in the Leasehold Estate as described herein, the Leasehold Estate as described herein, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

4. In the event of foreclosure or assignment in lieu of foreclosure, which results in the conveyance of the Leasehold Estate on the Leased Premises from the Lessee, any adjustment of the Ground Lease Fee to reflect then current fair market rental value as provided in the Lease, shall be subject to the approval of the Specified Mortgagee. The Specified Mortgagee and the Lessor shall attempt to resolve any dispute concerning such adjustment of the Ground Lease Fee, through the normal interaction of the parties, or through formal mediation as the case may warrant.



If the dispute remains unresolved, the Specified Mortgagee and the Lessor shall submit the dispute as to the fair market rental value to binding arbitration.

5. In the event the Specified Mortgagee acquires title to the Leasehold Estate on the Leased Premises through foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, **(b) any limitation on the assignment of, or sublease under, the Lease, (c) any obligation to target certain populations in marketing the Leasehold Estate to potential transferees, (d) the price at which the Leasehold Estate on the Leased Premises may be transferred, and (e) the income of successive transferees, and their successors and assigns, shall be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors.** The foregoing sentence shall not be construed to invalidate other Lease provisions regarding permitted use of the Leased Premises. Any transfer or assignment of the Leasehold Estate encumbered by the Specified Mortgage as provided for in this paragraph shall be deemed a permitted sale, transfer or assignment of the Lease and the Leasehold Estate. Further, in such event, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

F. Lease Default. There shall be no forfeiture or termination of the Lease except for (i) the nonpayment of amounts due under the Lease, and (ii) violation of one or more provisions of the Lease addressing the following: (a) prohibition or restrictions on the sale or transfer of the Lessee's interest (however, non-sale transfers resulting from marriage, divorce, death of a spouse, or a transfer otherwise permitted by applicable federal law, - may not constitute a basis for default under the Lease, though the Lessor may require such transferee to agree to assume the transferor's obligations under the Lease), and (b) requirement that the Lessee occupy the Leased Premises as primary residence. Provided, however, such forfeiture or termination shall be subject to the Specified Mortgagee's right to cure a monetary default, or otherwise foreclose or take an assignment of the Leasehold Estate in lieu of foreclosure with respect to the Lessee's monetary or non-monetary default. Notwithstanding the foregoing, nothing herein shall be construed to require the Specified Mortgagee to cure any non-monetary default. Further, the Specified Mortgagee shall become subrogated to any and all rights of the Lessee with respect to such curing of a default. If the Lessee's default shall be cured as provided in the Lease, and the Specified Mortgagee shall discontinue its foreclosure or assignment in lieu of foreclosure proceedings, the Lease shall continue in full force and effect as if the Lessee had not defaulted. A default by the Lessee under the Lease shall constitute a default under the Specified Mortgage.



G. Lease Default Notice. Notwithstanding the notice requirements provided in the Lease, no default notice by the Lessor shall be deemed to have been given unless and until a copy thereof shall have been so given to the Specified Mortgagee.

H. Insurance. All insurance policies covering the Improvements shall by endorsement name the Specified Mortgagee as an additional insured and loss payee, and provide the Specified Mortgagee with 30 days' cancellation notice.

I. Casualty and Condemnation. If the Leased Premises are destroyed or taken to such an extent that the Lease is to be terminated, the insurance proceeds or condemnation award, as the case may be, shall be applied first in an amount sufficient to satisfy the Specified Mortgage. Upon the termination of the Lease as a result of a partial destruction or a condemnation of less than the entire Leased Premises, the total insurance proceeds or condemnation award, as the case may be, shall be paid to an appointed trustee, who shall first apply such insurance proceeds or condemnation award in accordance with the Specified Mortgage for restoration of the Improvements (if such trustee determines that the Improvements may reasonably be restored to a residential use consistent with the Lease), with the balance of such insurance proceeds or condemnation award to be allocated between the Lessor and Lessee as otherwise provided in the Lease. The Specified Mortgagee shall be entitled to participate in (i) the adjustment of all casualty losses and (ii) all condemnation proceedings and settlement discussions. Any insurance proceeds or condemnation award shall be applied in accordance with the Specified Mortgage. The Specified Mortgagee shall also be entitled to participate in the adjustment of the Ground Lease Fee as a result of a partial destruction or taking.

J. Force Majeure. The Lessee shall not be in default where performance is delayed or prevented by "Acts of God," war, civil commotion, strikes, labor disputes or the like.

K. Easements and Alterations. Additions to and alterations in the Improvements may be made as provided in the Lease, as long as the value of the Leased Premises is not diminished. The Lessor, as owner of the fee interest in the Leased Land, shall join in all easements, permits and applications necessary for such development of the Leased Premises as is permitted under the Lease, provided that the Lessor shall have no liability or obligation under such easement, permit or application.

L. Arbitration. Lessor will notify the Specified Mortgagee of any arbitration or legal proceedings between the Lessor and the Lessee. and Specified Mortgagee shall have the right to participate in such proceedings. Any arbitration proceedings shall be conducted in accordance with arbitration statutes applicable in the state where the Leased Premises are located.



M. Merger. If the estates of the Lessor and Lessee are at any time owned by the same person, so long as the Specified Mortgagee has any interest in the security or in the Specified Mortgage, such person shall take all necessary steps to ensure that the Specified Mortgage constitutes a first lien on the combined estate.

N. Sublease. There shall be no modification, cancellation, or surrender of any subleases, or prepayment of rent thereunder without the consent of the Specified Mortgagee. If the Specified Mortgagee forecloses on the Leased Premises, or takes an assignment in lieu of foreclosure, all subtenants shall attorn to such Specified Mortgagee or its assignee.

O. Estoppel Certificate. The Lessor shall, from time to time, with 10 days' written notice from the Specified Mortgagee, certify by written instrument, duly executed and acknowledged, to such Specified Mortgagee that the Lease has not been amended, the Lease is in full force and effect, that neither party is in default thereunder, and shall certify as to the existence of any offsets, counterclaims or defenses on the part of the Lessee.

P. Conflict. In the event of a conflict between the terms and provisions of this Rider and the terms and provisions of the Lease, the terms and provisions of this Rider shall control. BY SIGNING BELOW, the Lessor and the Lessee accept and agree to the terms and conditions of this Rider.

(Remainder of this page intentionally left blank. Signature pages to follow.)

IN WITNESS WHEREOF, the parties have executed this Rider as of the day and year first above written.

LESSOR:

TapRoot CLT

By: _____

Name: [_____]

Title: Authorized Signatory

LESSEE:

[HOMEOWNER]



ACKNOWLEDGEMENTS:

STATE OF NEW YORK.)

) ss.:

COUNTY OF _____.)

On _____, 2024 before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Notarized remotely by notary in the county set forth in notary stamp utilizing audio-visual technology and conferencing pursuant to Executive Order 202.7



STATE OF NEW YORK.)

) ss.:

COUNTY OF _____).

On _____, 2024 before me, the undersigned, a notary public in and for said state, personally appeared [HOMEOWNER], personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public



Instructions

Community Land Trust Ground Lease Rider

The Community Land Trust (CLT) Ground Lease Rider ensures the ground lease conforms to Fannie Mae's guidelines for mortgages secured by properties held under a community land trust ground lease.

Lenders should ensure their CLT partners approve the use of the revised version of Form 2100 (3/06 rev. 12/10). Loans are not eligible for purchase if delivered with prior versions of this form.

Copies

Original.

Printing Instructions

The PDF version of the form must be printed on letter size paper, using portrait format.

Instructions

The Community Land Trust Ground Lease Rider must be executed by both the lessor and lessee. A Memorandum of Lease must be recorded in connection with the Ground Lease and this Community Land Trust Ground Lease Rider.



EXHIBIT A

to

GROUND LEASE and RIDER

LEASED LAND

Legal Description

[Insert Legal Description]

EXHIBIT B

to

GROUND LEASE and RIDER

FORM OF DEED

This Instrument Prepared By and Return to:

[Name of CLT]

[Address of CLT]

[City, State, Zip of CLT]

[District] [####] Section [####] Block [####] Lot [####]

Street Address: [Street Address of Property]

BARGAIN AND SALE DEED WITHOUT COVENANT AGAINST GRANTOR'S ACTS

THIS INDENTURE, executed this ____ day of _____, between TapRoot CLT ("Grantor"), with offices [Address], [City, State, Zip of CLT] to [HOMEOWNER] ("Grantee"), residing at [Homeowner's Address].

(Whenever used herein the terms "Grantor" and "Grantee" shall include singular and plural, heirs, legal representatives, and assigns of individuals, and the successors and assigns of corporations, wherever the context so admits or requires.)

WITNESSETH:

That Grantor, for and in consideration of the sum of \$[_____], in hand paid by Grantee, the receipt whereof is hereby acknowledged, does hereby convey, grant and release unto Grantee, its heirs, or successors and assigns forever, the buildings and improvements only thereon, as more fully described in the Schedule "A" attached hereto and made a part hereof (the "Improvements"). Said Grantor shall be retaining fee title to the land (the "Land") only.

This deed is being delivered in connection with the grant of a lessee's ground leasehold interest in the Land on which is situated the Improvements being conveyed hereby, pursuant to that certain Ground Lease (the "Ground Lease") between Grantor, as lessor, and Grantee, as lessee, a memorandum of which is being recorded concurrently herewith.



Following the delivery of this deed and the execution of the Ground Lease, Grantee shall be an owner of (i) the leasehold interests in the Land and (ii) a fee interest in the Improvements situated on the Land.

This conveyance does not constitute a transfer of all or substantially all of the assets of the Grantor and is being done in the ordinary course of business, with the unanimous consent of the shareholders and board of directors of the Grantor.

This deed is subject to the trust provisions of Section 13 of the Lien Law.

(Remainder of this page intentionally left blank. Signature pages to follow.)

IN WITNESS WHEREOF, Grantor has signed and sealed these presents the day and year first above written.

In the presence of:

TapRoot CLT

By: _____

Name: [_____]

Title: Authorized Signatory

STATE OF _____)
) ss.:
COUNTY OF _____)

On _____, 20__ before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public



TapRoot CLT

Section: [____]

Block: [____]

Lot: [____]

TO

Street Address:

[_____]

[_____, NY]

[HOMEOWNER]

RECORD AND RETURN TO:

[LAW FIRM]

[ADDRESS]



Schedule A

Legal Description of Property

The building and improvements only thereon lot known as
[Street Address of Property] of the parcel situated at:

[LEGAL DESCRIPTION TO BE INSERTED]

Tax Map Reference: [S-B-L]
Legal Description of Property



EXHIBIT C

to

GROUND LEASE and RIDER

FORM OF HOMEOWNER'S LETTER OF AGREEMENT

[_____] __, 20__

TapRoot CLT:
[Address]

This letter is given to TapRoot CLT ("TapRoot CLT") to become an exhibit to a Lease between TapRoot CLT and me. I will be leasing a parcel of land from TapRoot CLT and maintaining ownership of the home that sits on that parcel of land. I will therefore become what is described in the Lease as the "Homeowner."

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

In particular, I understand and agree with the following points.

- One of the goals of TapRoot CLT is to keep TapRoot CLT homes affordable for persons and families of low income from one TapRoot CLT homeowner to the next. I support this goal as a TapRoot CLT homeowner.
- The terms and conditions of my Lease will keep my home affordable for future "pre-approved 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 TapRoot CLT or to another pre-approved 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 pre-approved qualified persons.
- It is also a goal of TapRoot CLT to promote resident ownership of TapRoot CLT homes. For this reason, my Lease requires that, if I and my family move out of our home permanently, we must sell it. We cannot continue to own it as absentee owners.



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

Sincerely,

[Homeowner]

EXHIBIT D

to

GROUND LEASE and RIDER

FORM OF ATTORNEY'S LETTER OF ACKNOWLEDGEMENT

[_____] __, 20__

I, [_____] , have been independently employed by [Homeowner] (hereinafter "the Client") who intends to maintain ownership of the house and other improvements (the "Home") on land which will be conveyed to TapRoot CLT (hereinafter "TapRoot CLT") and leased back to Client as part of a foreclosure prevention transaction meant to benefit the Client.

The house and land are located at: [Address of Property] (Block [____] Lot [____]).

In connection with the contemplated conveyance of the Land to TapRoot CLT and the leaseback of the land by the Client, I reviewed with the Client the following documents:

- a) This Letter of Attorney's Acknowledgement and a Letter of Agreement from the Client;
- b) A proposed Deed conveying the land to TapRoot CLT and the Home back to the Client;
- c) A proposed Ground Lease conveying the "Leased Land" to the Client; and
- d) Other written materials provided by TapRoot CLT.



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

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

By: _____
[_____], Esq.

EXHIBIT E

to

GROUND LEASE and RIDER

RIGHT OF 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 as 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.



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 as 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 shall exercise 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 one-year period, the Offering Party's right so to sell shall end, and all of the foregoing provisions of this section shall be applied again to any future offer, all as aforesaid.

If a sale is consummated within such one-year period, the purchaser shall purchase subject to the Holder having a renewed right of first refusal in said property.

EXHIBIT F

to

GROUND LEASE and RIDER

PERMITTED MORTGAGES

The rights and provisions set forth in this Exhibit shall be understood to be the provisions of Section 8 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 TapRoot CLT ("TapRoot 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 TapRoot 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"), TapRoot 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 TapRoot CLT of its intention to do so, and TapRoot 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 TapRoot CLT written notice of such acquisition and TapRoot CLT shall then have the 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, TapRoot CLT must give written notice to the Permitted Mortgagee of TapRoot CLT intent to purchase the Home within thirty (30) days following TapRoot CLT receipt of the Permitted Mortgagee's notice. TapRoot CLT must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If TapRoot 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 TapRoot CLT interest in the Lease Land, or as assigning any form of liability to TapRoot 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 TapRoot CLT or any subsequent Mortgagee of TapRoot CLT 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 TapRoot CLT or TapRoot CLT 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 TapRoot CLT consent to such the Permitted Mortgage shall be without any liability on the part of TapRoot 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.** TapRoot 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 TapRoot 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 limited 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 Lease 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 TapRoot 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, TapRoot CLT shall enter in to a new lease for -

the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to TapRoot 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 TapRoot 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 TapRoot CLT, Homeowner and the Permitted Mortgagee.

5. TapRoot 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 TapRoot CLT sends a notice of default under the Lease to Homeowner, TapRoot 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 TapRoot CLT by a written notice to TapRoot CLT sent in the manner set forth in said Section 14.2 of the Lease.

7. In the event of a 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 sixty (60) days of its submission to Permitted Mortgagee, then the proposed amendment shall be deemed to be approved.



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

This Agreement is made by and among:

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

Whereas:

- a) TapRoot CLT (“TapRoot 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 TapRoot CLT. The Ground Lease further provides that TapRoot 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 TapRoot 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”), TapRoot 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 TapRoot CLT of its intention to do so and TapRoot 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 TapRoot CLT written notice of such acquisition and TapRoot CLT shall have an option to purchase the Home and Homeowner's interest in the Leased Land from Mortgagee for the full amount owing to the Mortgagee; provided, however, that TapRoot CLT notifies the Mortgagee in writing of TapRoot CLT's intent to make such purchase within thirty (30) days following TapRoot 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 TapRoot CLT shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if TapRoot 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 TapRoot CLT's interest in the Leased Land, or as assigning any form of liability to TapRoot CLT with regard to the Leased Land, the Home, or the Mortgage.

5) Nothing in the Mortgage shall be construed as rendering TapRoot CLT or any subsequent holder of TapRoot 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 TapRoot CLT or TapRoot 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 TapRoot CLT's consent to the Mortgage shall be without any liability on the part of TapRoot 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 TapRoot CLT to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

By:

_____ for Mortgagee

Date: _____

_____ for Homeowner/Mortgagor

Date: _____

EXHIBIT G

to

GROUND LEASE and RIDER

INITIAL APPRAISAL





EXHIBIT H

to

GROUND LEASE and RIDER

RESALE CHART

A = Resale Price

P = Initial price paid for the house

r = 2%

n = 1

t = Number of years in residence

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$





EXHIBIT I

to

GROUND LEASE and RIDER

PRE-APPROVED QUALIFIED PERSON

All who purchase property on the CLT must be pre-approved and qualified. Qualified Persons that may apply to receive TapRoot CLT pre-approval to purchase CLT property are required to:

1. Meet income qualifications as specified in this exhibit. "Income-qualified Person" shall mean a person or group of persons whose household income at the time of purchase does not exceed the AMI level for whom the base price is affordable at the time of execution of the ground lease as determined by standard underwriting procedures plus 10 percentage points. Household income must also be sufficient to cover, with no more than 33% of household income, the ongoing costs of homeownership, including but not limited to utilities, taxes, and CLT fees.

The AMI level for whom the base price is affordable at the time of execution of the ground lease has been determined as ____% of AMI.

"Household Income" shall mean the anticipated total income from all sources to be received by the household head and spouse and by each additional member of the household, including all net income derived from assets, for the twelve-month period following the date of initial determination of income. The definitions and descriptions of income set forth in HUD regulations contained in 24 CFR §5.609 or any successor regulations shall apply for the purpose of determining Annual Income. If the Department of Housing and Urban Development discontinues publication of median income statistics, TapRoot CLT shall designate another similar measure of household income.

All individuals 18+ years in the household are required to provide income documentation for the most recent 60 days. For initial sale, requirements may be different and dictated by a CLT partner organization. Income documentation of the following is required:





- A. Copies of your 6 most recent, consecutive pay stubs, or
- B. letter from your employer stating your current income, or
- C. a letter from SSI or Social Security for the current year indicating your current subsidy, or
- D. Public Assistance budget - current, or
- E. Alimony, Section 8 voucher; child support court order, unemployment benefit statements, etc, or
- F. if self employed, the last 3 years tax forms (all pages).

2. Meet asset qualifications as specified in this exhibit. "Asset-qualified Person" shall mean a person or group of persons whose household assets do not exceed the amount of the current HUD income limit for a four-person household for the AMI limit applicable to such unit. Household assets include liquid assets like savings, checking, money market, existing home equity, stocks, or cash. If an applicant owns any real property, the market value of that real property is included in the calculation of household assets and is subject to the asset limit. No member of the applicant's household may own any residential real property in, or within a 100-mile radius of, New York City. The same rules apply to renters in CLT homes.

If any assets are discovered undisclosed or undervalued during the pre-approval process or any time after purchase, it will be considered an Event of Default as described in Article 12.

- 3. Have obtained pre-purchase housing counseling as specified in TapRoot CLT Homebuyer Qualification Policy
- 4. Be personally committed to keeping housing affordable for future generations of TapRoot CLT residents as defined in TapRoot CLT Homebuyer Qualification Policy.

