

**ONE ROOF
COMMUNITY HOUSING**

LAND LEASE

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Exhibits That Must Be Attached

- Exhibit A:** LETTER OF AGREEMENT
- Exhibit B:** ATTORNEY'S ACKNOWLEDGMENT
- Exhibit C:** LEGAL DESCRIPTION OF LEASED LAND
- Exhibit D:** FIRST REFUSAL
- Exhibit E:** RESTRICTIONS
- Exhibit F:** BILL OF SALE
- Exhibit G:** PERMITTED MORTGAGES

ONE ROOF COMMUNITY HOUSING LAND LEASE

THIS LAND LEASE (“*this Lease*” or “*the Lease*”) is entered into this ____ day of _____, 20__, between ONE ROOF COMMUNITY HOUSING (“*ONE ROOF*”) and _____ and _____ (“*Homeowner*”).

RECITALS

A. ONE ROOF is organized exclusively for charitable purposes, including the purpose of providing homeownership opportunities for low and moderate income people who would otherwise be unable to afford homeownership.

B. A goal of ONE ROOF is to preserve affordable homeownership opportunities through the long-term leasing of land under owner-occupied homes.

C. The Leased Land described in this Lease has been acquired and is being leased by ONE ROOF in furtherance of this goal.

D. The Homeowner shares the purposes of ONE ROOF and has agreed to enter into this Lease not only to obtain the benefits of homeownership, but also to further the charitable purposes of ONE ROOF.

E. Homeowner and ONE ROOF recognize the special nature of the terms of this Lease, and each of them accepts these terms, including those terms that affect the marketing and resale price of the property now being purchased by the Homeowner.

F. Homeowner and ONE ROOF 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 ONE ROOF agree on all of the terms and conditions of this Lease as set forth below.

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

Base Price: the subsidized price that is paid for the Home by the Homeowner (including the amount provided by a first mortgage loan, if any).

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 ONE ROOF.

Home: the residential structure and other permanent improvements located on the Leased Land and owned by the Homeowner, including both the original Home as described in the Bill of Sale, which is Exhibit F, and all permanent improvements added thereafter by Homeowner at Homeowner’s expense.

Land Lease Fee: The monthly fee that the Homeowner pays to ONE ROOF for the continuing use of the Leased Land and any additional amounts that ONE ROOF charges to the Homeowner for reasons permitted by this Lease. The Land Lease Fee is legally rent as that term is used in Minnesota Statutes.

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

Permitted Mortgage: A mortgage or deed of trust on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with ONE ROOF's Permission. As the Homeowner has no ownership interest in the Leased Land, the Homeowner may not mortgage ONE ROOF's interest in the Leased Land, and may not grant any mortgage or deed of trust on the Home without ONE ROOF's Permission.

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.

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

Attached as *Exhibits A and B*, and made part of this Lease by reference are a Letter of Agreement from the Homeowner, describing the Homeowner's understanding and acceptance of this Lease (including the parts of the Lease that affect the resale of the Home), and a Letter of Acknowledgment from the Homeowner's attorney, describing the attorney's review of the Lease with the Homeowner. ONE ROOF may accept, in its reasonable discretion, modifications of such Letter of Agreement and Letter of Acknowledgment.

ARTICLE 2: Leasing of Rights to the Land

2.1 ONE ROOF LEASES THE LAND TO HOMEOWNER: ONE ROOF hereby leases to the Homeowner, and Homeowner hereby accepts, the right to possess, occupy and use the Leased Land (described in the attached *Exhibit C: Legal Description of Leased Land*) in accordance with the terms of this Lease. ONE ROOF has furnished to Homeowner a copy of the most current title report, if any, obtained by ONE ROOF for the Leased Land, and Homeowner accepts title to the Leased Land in its condition "as is" as of the signing of this Lease.

2.2 MINERAL RIGHTS NOT LEASED TO HOMEOWNER: ONE ROOF 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 ONE ROOF, but ONE ROOF shall not explore for or remove any such minerals from the Leased Land without the Homeowner's written permission.

ARTICLE 3: Term of Lease, Change of Land Owner

3.1 TERM OF LEASE IS 99 YEARS: This Lease shall remain in effect for 99 years, beginning on the ____ day of _____, 20__ and ending on the ____ day of _____, 21__, unless ended sooner or renewed as provided below.

3.2 HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS: Homeowner may renew this Lease for one additional period of 99 years. ONE ROOF may change the terms of the Lease for the renewal period prior to the beginning of the renewal period but only if these changes do not materially and adversely interfere with the rights possessed by Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the first 99-year period, ONE ROOF 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 ONE ROOF intends to make in the Lease for the renewal period as permitted above. ONE ROOF's failure to provide a written Expiration Notice and renewal rights shall cause the Lease to continue in accordance with its terms at the expiration of the first 99-year term until a notice is given, or a new lease is entered into, or the Homeowner, following receipt of the notice, elects not to renew.

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

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

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

ARTICLE 4: Use of Leased Land

4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL AND RELATED PURPOSES: Homeowner shall use, and allow others to use, the Home and Leased Land only for residential purposes and any activities related to residential use that are allowed under the applicable zoning law as currently in effect or as they may be grandfathered by law based on historic use.

Use of the Leased Land shall be further limited by the restrictions described in the attached **Exhibit E: Restrictions**, if any.

4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW: Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Leased Land in safe, sound and habitable condition, in full compliance with all laws and regulations, and in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease.

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

4.4 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST 8 MONTHS EACH YEAR: Homeowner shall occupy the Home for at least eight (8) months of each year of this Lease, unless otherwise agreed by ONE ROOF and subject to any restrictions required by the entities providing funding and subsidies for the Home. Occupancy by Homeowner's child, spouse or other persons approved by ONE ROOF shall be considered occupancy by Homeowner, subject to any restrictions required by the entities providing funding and subsidies for the Home. Neither compliance with the occupancy requirement nor ONE ROOF's permission for an extended period of non-occupancy constitutes permission to sublease the Leased Land and Home, which is addressed in Section 4.5 below.

4.5 LEASED LAND MAY NOT BE SUBLEASED WITHOUT ONE ROOF'S PERMISSION. Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease, for any period of time, without the written permission of ONE ROOF. Homeowner agrees that ONE ROOF shall have the right to withhold such consent in order to further the purposes of this Lease.

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

- (a) Any sublease shall be subject to all of the terms of this Lease.
- (b) The rental or occupancy fee charged the sub-lessee shall not be more than the amount of the Land Lease Fee charged the Homeowner by the ONE ROOF, plus an amount approved by ONE ROOF to cover Homeowner's actual costs in owning the Home, including but not limited to the cost of taxes, insurance and mortgage interest.

4.6 ONE ROOF HAS A RIGHT TO INSPECT THE LEASED LAND: ONE ROOF may inspect any part of the Leased Land except the interiors of fully enclosed buildings, at any reasonable time, after notifying the Homeowner at least 24 hours before the planned inspection. No more than two (2) regular inspections may be carried out in a single year, except in the case of an emergency. In an emergency, ONE ROOF 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. ONE ROOF may initiate emergency inspections of the interior when it deems the same necessary by Police, Fire or similar authorities.

If ONE ROOF has received an Intent-To-Sell Notice (as described in Section 10.4 below), then ONE ROOF has the right to inspect the interiors of all fully enclosed buildings to determine their condition prior to the sale. ONE ROOF 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. ONE ROOF 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: Land Lease Fee

5.1 AMOUNT OF LAND LEASE FEE: The Homeowner shall pay a monthly Land Lease Fee in the amount equal to **Thirty-four Dollars (\$34)** for the initial calendar year of this Land Lease. The Land Lease Fee will be adjusted from time to time, pursuant to and subject to the provisions of Section 5.5 hereof, to be paid in return for the continuing right to possess, occupy and use the Leased Land.

5.2 WHEN THE LAND LEASE FEE IS TO BE PAID: The Land Lease Fee shall be payable to ONE ROOF on the first day of each month for as long as this Lease remains in effect, unless the Land Lease Fee is to be escrowed and paid by a Permitted Mortgagee, in which case payment shall be made as directed by that Mortgagee.

5.3 HOW THE AMOUNT OF THE LAND LEASE FEE HAS BEEN DETERMINED: The amount of the Land 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 has been analyzed and, if necessary, the Land Lease Fee has been reduced to an amount considered to be affordable.

5.4 ONE ROOF MAY REDUCE OR SUSPEND THE LAND LEASE FEE TO IMPROVE AFFORDABILITY: ONE ROOF may reduce or suspend the total amount of the Land Lease Fee for a

period of time for the purpose of improving the affordability of the Homeowner's monthly housing costs. Any such reduction or suspension must be in writing and signed by ONE ROOF.

5.5 LAND LEASE FEE INCREASE: On January 1st of each year, ONE ROOF will increase the monthly Land Lease Fee by One Dollar (\$1), for a total increase of Twelve Dollars (\$12) per year. However, ONE ROOF may, in its sole discretion, by written notice to Homeowner, waive the increase in any year.

5.6 LAND LEASE FEE WILL BE INCREASED IF RESTRICTIONS ARE REMOVED: If, for any reason, the provisions of Article 10 regarding transfers of the Home or Sections 4.4 and 4.5 regarding occupancy and subleasing are suspended or invalidated for any period of time, then during that time the Land Lease Fee shall be increased to an amount calculated by ONE ROOF to equal the fair rental value of the Leased Land for use not restricted by the suspended provisions, but initially an amount not to exceed a monthly amount of 1% of the fair market value of the land. Such increase shall become effective upon ONE ROOF's written notice to Homeowner. Thereafter, for so long as these restrictions are not reinstated in the Lease, ONE ROOF may, from time to time, further increase the amount of such Land Lease Fee once a year.

5.7 IF PAYMENT IS LATE, INTEREST CAN BE CHARGED: If ONE ROOF has not received any monthly installment of the Land Lease Fee on or before the date on which the such installment first becomes payable under this Lease (the "**Due Date**"), Homeowner agrees to pay interest on the unpaid monthly installment of the Land Lease Fee, unless waived by One Roof in its sole discretion, at a rate of eight percent (8%) per year, or such lesser amount as shall be necessary to comply with the usury laws of the State of Minnesota. Such interest shall be deemed additional Land Lease Fee and shall be paid by Homeowner to ONE ROOF upon demand; provided, however, that ONE ROOF shall waive any such interest that would otherwise be payable to ONE ROOF if such payment of the Land Lease Fee is received by ONE ROOF on or before the thirtieth (30th) day after the Due Date.

5.8 ONE ROOF CAN COLLECT UNPAID FEES WHEN HOME IS SOLD: In the event that any amount of payable Land Lease Fee remains unpaid when the Home is sold, the outstanding amount of payable Land Lease Fee, including any interest as provided above, shall be paid to ONE ROOF out of any proceeds from the sale that would otherwise be due to Homeowner. ONE ROOF shall have, and the Homeowner hereby consents to, a lien upon the Home for any unpaid Land Lease Fee. Such lien is intended to be prior to all other liens and encumbrances on the Home except (a) liens and encumbrances recorded before the recording of this Lease, (b) Permitted Mortgages as defined in section 8.1 below; and (c) liens for real property taxes and other governmental assessments or charges against the Home.

ARTICLE 6: Taxes and Assessments

6.1 HOMEOWNER IS RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS: Homeowner shall pay directly, when due, all taxes and governmental assessments that relate to the Home and the Leased Land (including any taxes relating to the ONE ROOF's interest in the Leased Land).

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

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

6.4 UNPAID PROPERTY TAXES BECOME PART OF LAND LEASE FEE: Any property taxes which Homeowner fails to timely pay shall become an additional Land Lease Fee due hereunder. In the event that Homeowner fails to pay the property taxes, ONE ROOF can advance such property tax payment and the same shall constitute a default hereunder and be collectable as rent.

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

ARTICLE 7: The Home

7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND: All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Homeowner on any part of the Leased Land at any time during the term of this Lease (collectively, the “*Home*”) shall be property of the Homeowner. Title to the Home shall be and remain vested in the Homeowner. However, Homeowner’s rights of ownership are limited by certain provisions of this Lease, including provisions regarding the sale or leasing of the Home by the Homeowner and ONE ROOF’s option to purchase the Home. In addition, Homeowner shall not remove any part of the Home from the Leased Land without ONE ROOF’s prior written consent.

7.2 HOMEOWNER PURCHASES HOME WHEN SIGNING LEASE: Upon the signing of this Lease, Homeowner is simultaneously purchasing the Home located at that time on the Leased Land, as described in the Bill of Sale, a copy of which is attached to this Lease as *Exhibit F: Bill of Sale*.

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 ONE ROOF.

For any construction requiring ONE ROOF’s prior written consent, Homeowner shall submit a written request to ONE ROOF. Such request shall include:

- (a) a written statement of the reasons for undertaking the construction;
- (b) a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
- (c) a list of the necessary materials, with quantities needed;
- (d) a statement of who will do the work;
- (e) evidence, satisfactory to ONE ROOF, of Homeowner’s ability to pay for any such improvements.

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

7.4 HOMEOWNER MAY NOT ALLOW STATUTORY LIENS TO REMAIN AGAINST LEASED LAND OR HOME: No lien of any type shall attach to ONE ROOF'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 provide ONE ROOF with immediate notice of the filing of such lien, the circumstances and Homeowner's plan to pay and discharge. 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 ONE ROOF of such failure. ONE ROOF 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 ONE ROOF to discharge such liens shall be treated as an additional Land Lease Fee payable by Homeowner upon demand.

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

7.6 WHEN LEASE ENDS, OWNERSHIP REVERTS TO ONE ROOF, WHICH SHALL REIMBURSE HOMEOWNER: Upon the expiration or termination of this Lease, ownership of the Home shall revert to ONE ROOF. Upon thus assuming title to the Home, ONE ROOF shall promptly pay Homeowner and Permitted Mortgagee(s), as follows:

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

SECOND, ONE ROOF shall pay the Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Land Lease Fee and any other amounts owed to ONE ROOF 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 ONE ROOF.

ARTICLE 8: Financing

8.1 HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT ONE ROOF'S PERMISSION: The Homeowner may mortgage the Home only with the written permission of ONE ROOF. Any mortgage or deed of trust permitted in writing by ONE ROOF is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust is defined as a Permitted Mortgagee.

8.2 BY SIGNING LEASE, ONE ROOF GIVES PERMISSION FOR ORIGINAL MORTGAGE. Simultaneously with signing this Lease, ONE ROOF shall initial or otherwise approve the mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the mortgage and which shall constitute permission for that mortgage.

8.3 HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES. If, at any time subsequent to the purchase of the Home and signing of

the Lease, the Homeowner 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 ONE ROOF, in writing, of the proposed terms and conditions of such mortgage loan at least fifteen (15) business days prior to the expected closing of the loan. The information to be provided to ONE ROOF 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, if applicable.

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

8.4 ONE ROOF IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE." ONE ROOF shall be required to permit any mortgage for which the loan secured thereby does not increase Homeowner's total mortgage debt to an amount greater than the then current Purchase Option Price, calculated in accordance with Article 10 below and which does not otherwise threaten the interests of either the Homeowner or ONE ROOF.

8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE. Any Permitted Mortgagee shall be bound by each of the requirements stated in "*Exhibit G: Permitted Mortgages, Part A, Obligations of Permitted Mortgagee*," which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and ONE ROOF to modify the terms of the Lease during the term of the Permitted Mortgage.

8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE. Any Permitted Mortgagee shall have all of the rights and protections stated in "*Exhibit G: Permitted Mortgages, Part B, Rights of Permitted Mortgagee*," which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and ONE ROOF to modify the terms of the Lease during the term of the Permitted Mortgage.

8.7 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO ONE ROOF. Homeowner and ONE ROOF recognize that it would be contrary to the purposes of this Lease 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 ONE ROOF 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 ONE ROOF. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to ONE ROOF.

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 ONE ROOF AGAINST ALL CLAIMS OF LIABILITY. Homeowner shall defend, indemnify and hold ONE ROOF harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against ONE ROOF for injury or damage on or about the Leased Land. However, ONE ROOF shall remain liable for injury or damage due to the grossly negligent or intentional acts or omissions of ONE ROOF or ONE ROOF's agents or employees.

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

9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND. Homeowner shall, at Homeowner's expense, keep the Home continuously insured against "all risks" of physical loss, using Insurance Services Office (ISO) Form HO 00 03, or its equivalent, for the full replacement value of the Home, and in any event in an amount that will not incur a coinsurance penalty. The amount of such insured replacement value must be approved by ONE ROOF prior to the commencement of the Lease. Thereafter, if ONE ROOF determines that the replacement value to be insured should be increased, ONE ROOF shall inform the Homeowner of such required increase at least 30 days prior to the next date on which the insurance policy is to be renewed, and the Homeowner shall assure that the renewal includes such change. If Homeowner wishes to decrease the amount of replacement value to be insured, Homeowner shall inform ONE ROOF of the proposed change at least thirty (30) days prior to the time such change would take effect. The change shall not take effect without ONE ROOF's approval.

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

The Homeowner shall also, at its sole expense, maintain in full force and effect public liability insurance using ISO Form HO 00 03 or its equivalent in the amount of no less than \$500,000. ONE ROOF shall be named as an additional insured using ISO Form HO 04 41 or its equivalent, and certificates of insurance shall be delivered to ONE ROOF prior to the commencement of the Lease and at each anniversary date thereof.

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

9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED. Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

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

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

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 ONE ROOF.

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 FOR PUBLIC USE, THE LAND 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, ONE ROOF shall reassess the fair rental value of the remaining Land and shall adjust the Land Lease Fee if necessary to assure that the monthly fee does not exceed the monthly fair rental value of the Land for use as restricted by the Lease.

9.8 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, ONE ROOF WILL TRY TO HELP HOMEOWNER BUY ANOTHER ONE ROOF HOME. If this Lease is terminated as a result of damage, destruction or taking, ONE ROOF shall take reasonable steps to allow Homeowner to purchase another home on another parcel of leased land owned by ONE ROOF if such home can

reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against ONE ROOF 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 ONE ROOF agree that the provisions of this Article 10 are intended to preserve the affordability of the Home for lower income households and expand access to homeownership opportunities for such households.

10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO ONE ROOF OR QUALIFIED PERSONS: Homeowner may transfer the Home only to ONE ROOF or an Income-Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers are to be completed only in strict compliance with this Article 10. Any purported transfer that does not follow the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

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

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

- (a) the spouse of the Homeowner; or
- (b) the child or children of the Homeowner; or
- (c) member(s) of the Homeowner’s household who have resided in the Home for at least one year immediately prior to Homeowner’s death.
- (d) Any other heirs, legatees or devisees of Homeowner, in addition to submitting Letters of Agreement and Attorney’s Acknowledgment as provided above, must demonstrate to ONE ROOF’s satisfaction that they are Income-Qualified Persons as defined above. If they cannot demonstrate that they are Income-Qualified Persons, they shall not be entitled to possession of the Home but must transfer the Home in accordance with the provisions of this Article 10.

Notwithstanding the provision above, Homeowner acknowledges that there may be further restrictions to the transfer of the Home to an heir that is not an Income-Qualified Person by the entities providing funding and subsidies for the Home, and that such restrictions shall control and override any inconsistencies with the provisions contained in this Section 10.3.

10.4 HOMEOWNER MUST GIVE NOTICE OF INTENT TO SELL: In the event that Homeowner wishes to sell the Home, Homeowner shall notify ONE ROOF, in writing, of such wish (the Intent-to-Sell Notice).

10.5 AFTER PROVIDING NOTICE, HOMEOWNER MAY COMMISSION AN APPRAISAL OR USE APPRAISAL VALUE FROM INITIAL PURCHASE: Homeowner may commission a market valuation of the Leased Land and the Home (the “Appraisal”) to be performed by a duly licensed appraiser who is acceptable to ONE ROOF and Homeowner. The Appraisal shall be paid for by the Homeowner unless otherwise agreed. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Leased Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease on the use, occupancy and transfer of the property. 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 ONE ROOF and Homeowner.

In lieu of obtaining the Appraisal, Homeowner may request the use of the Initial Appraised Value (defined in Section 10.11 below). If Homeowner wishes to use the Initial Appraised Value, Homeowner must request so in writing to ONE ROOF. ONE ROOF may permit the use of the Initial Appraised Value or require Homeowner to obtain the Appraisal, in ONE ROOF’s sole discretion.

10.6 HOMEOWNER HAS A RIGHT TO DESIGNATE A QUALIFIED BUYER: Homeowner may, no later than ten (10) days following receipt of the Appraisal or approval for use of Initial Appraised Value notify ONE ROOF in writing that Homeowner has identified a qualified prospective buyer. If Homeowner has thus identified a prospective buyer, then, within thirty (30) days of receipt of the Appraisal or approval for use of the Initial Appraised Value, Homeowner shall furnish to ONE ROOF, or cause to be furnished to ONE ROOF, the following information and documents: (1) the number of people in the prospective buyer’s household, (2) such documentation of household income and other matters relating to the prospective buyer as ONE ROOF’s policies then require for purposes of confirmation of a buyer’s income-eligibility, (3) Letters of Agreement and Attorney’s Acknowledgement indicating informed acceptance of the terms of this Lease, in form and substance similar to the letters in **Exhibits A & B: Letters of Agreement and Attorney’s Acknowledgment** attached hereto; and (4) a statement of the price and other proposed terms of sale.

No sale or other disposition shall be effective unless and until ONE ROOF, within thirty (30) days of receipt of all of the documents listed in the paragraph above, confirms in writing that the prospective buyer is an income-qualified person who understands and accepts the terms of the Lease and that the price and other terms of sale are consistent with the terms of the Lease. If ONE ROOF determines that the proposed buyer or proposed sale are not permitted under the terms of the Lease, then ONE ROOF shall respond with written notice to Homeowner of this determination. If ONE ROOF fails to respond in writing within thirty (30) days of its receipt of the required documents, such failure shall be deemed to constitute approval of the sale.

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

10.7 ONE ROOF MAY EXERCISE PURCHASE OPTION IF HOMEOWNER DOES NOT SELL TO A QUALIFIED BUYER: Upon receipt of an Intent to Sell Notice from Homeowner, ONE ROOF shall have the option to purchase said Home (the “*Purchase Option*”) at the Purchase Option Price calculated as set forth below, unless Homeowner has identified a prospective buyer and is proceeding to seek approval of such buyer and to sell to such buyer in accordance with the provisions of Section 10.6 above. The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Income-Qualified Persons while taking fair account of the investment of labor and capital by the Homeowner. Homeowner and ONE ROOF agree to cooperate in furthering such purposes by facilitating the sale of the Home to an Income-Qualified Person. Such purposes are understood to be accomplished, without ONE ROOF having otherwise exercised the Purchase Option, if the Home is sold,

in accordance with Section 10.6 above, to a buyer identified by Homeowner. ONE ROOF shall not exercise the purchase option directly during such time as Homeowner is proceeding to sell to a prospective buyer in accordance with Section 10.6.

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

If ONE ROOF gives Notice of Exercise of Purchase Option to Homeowner, ONE ROOF shall then complete the purchase of the Home within ninety (90) days of the date on which it gives such notice. If ONE ROOF either fails to give such notice within the time permitted or fails to complete the purchase within the time permitted, Homeowner may sell the Home as provided in Section 10.8 below.

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

10.8 IF PURCHASE OPTION EXPIRES, HOMEOWNER MAY SELL ON CERTAIN TERMS: If the Purchase Option has expired or if ONE ROOF has failed to complete the purchase within the sixty (60)-day period allowed by Section 10.7 above, Homeowner may sell the Home to any Income-Qualified Person for not more than the then applicable Purchase Option Price. If Homeowner has made diligent efforts to sell the Home for at least six (6) months after the expiration of the Purchase Option (or six (6) months after the expiration of such sixty (60) day period) and the Home still has not been sold, Homeowner may then sell the Home, for a price no greater than the then applicable Purchase Option Price, to any party regardless of whether that party is an Income-Qualified Person.

Notwithstanding the provision above, Homeowner acknowledges that there may be further restrictions to the sale or other transfer of the Home to a buyer that is not an Income-Qualified Person by the entities providing funding and subsidies for the Home, and that such restrictions will override any other provisions or rights in this Section 10.8.

10.9 AFTER ONE YEAR, ONE ROOF SHALL HAVE POWER OF ATTORNEY TO CONDUCT SALE: If ONE ROOF 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 ONE ROOF, at ONE ROOF'S sole option, its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Lease, sell the property, and pay to the Homeowner the proceeds of sale, minus ONE ROOF's costs of sale and any other sums owed ONE ROOF by Homeowner.

10.10 PURCHASE OPTION PRICE EQUALS THE FORMULA PRICE: In no event may the Home be sold for a price that exceeds the Purchase Option Price. The Purchase Option Price shall be the price calculated in accordance with the formula described below (the "**Formula Price**").

10.11 HOW THE FORMULA PRICE IS CALCULATED: The Formula Price shall be equal to Homeowner's Base Price, as stated below, plus 25% of the increase in market value of the Home and Leased Land, if any, plus 100% of the value of Capital Improvements (defined below), if any, calculated in the way described below.

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

Initial Appraised Value: The parties agree that the appraised value of the Home and Leased Land at the time of Homeowner's purchase (the "**Initial Appraised Value**") is \$_____, as documented by the appraiser's report by _____, dated _____, which is incorporated herein by reference.

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

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

Value of Capital Improvements. Homeowner's share of the value of any capital improvements, as determined by a duly licensed appraiser ("**Capital Improvements(s)**"), equals one hundred percent (100%).

Summary of Formula Price: The Formula Price equals Homeowner's Base Price plus Homeowner's Share of Increase in Market Value, plus the value of Capital Improvement(s).

10.12 QUALIFIED PURCHASER SHALL RECEIVE NEW LEASE: ONE ROOF shall issue a new lease to any person who purchases the Home in accordance with the terms of this Article 10. Such new Lease shall be substantially the same as this Lease in the rights, benefits and obligations assigned to Homeowner and ONE ROOF.

10.13 PURCHASER MAY BE CHARGED A TRANSFER FEE. In the event that Homeowner sells the home to a party other than ONE ROOF (whether directly to such party or as a result of ONE ROOF'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 ONE ROOF, a transfer fee to compensate ONE ROOF for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than 2% of the Purchase Option Price, with such transfer fee established by ONE ROOF on a case-by-case basis.

10.14 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER: The Homeowner is required to make necessary repairs when the Homeowner voluntarily transfers the Home as follows:

The person purchasing the Home ("**Buyer**") shall, prior to purchasing the Home, hire at Buyer's sole expense, an independent inspector with a current Home Inspector license from the applicable licensing agency 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.

The Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), the Homeowner, and ONE ROOF within ten (10) days after receiving the Inspection Report.

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.

Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner's written request, ONE ROOF 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 ONE ROOF-approved escrow account.

Homeowner shall allow ONE ROOF, Buyer, and Buyer's building inspector and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.

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.

10.15 LIMITATIONS ON SALE OR OTHER TRANSFER OF HOME. It is understood and agreed that the Homeowner's sale or other transfer of the Home may be limited in certain cases by grants or financing, or rules or regulations applicable to the particular Home, and all rights of the Homeowner to transfer hereunder are subject to such provisions.

ARTICLE 11: RESERVED

ARTICLE 12: DEFAULT

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

12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NONMONETARY) TERMS OF THE LEASE: It shall be an event of default if Homeowner fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by ONE ROOF 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, but in no event more than twelve (12) months from the initial notice to cure.

12.3 HOMEOWNER 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.

12.4 A DEFAULT (UNCURED VIOLATION) GIVES ONE ROOF 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, ONE ROOF may terminate this Lease and initiate summary proceedings under applicable law against Homeowner, and ONE ROOF 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, ONE ROOF 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 ONE ROOF pursuant to an Event of Default, then, as provided in Section 7.7 above, upon thus assuming title to the Home, ONE ROOF 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 Land Lease Fee and any other amounts owed to ONE ROOF under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by ONE ROOF in pursuit of its remedies under this Lease.

If ONE ROOF 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 ONE ROOF (or its assignee) the option to purchase the Home for the Purchase Option Price as such price is defined in Article 10 above. Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, ONE ROOF 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 ONE ROOF gives notice to the Homeowner of ONE ROOF's intent to exercise its option under this Section 12.4(a), ONE ROOF or its assignee shall purchase the Home for the Purchase Option Price.

12.5 WHAT HAPPENS IF ONE ROOF DEFAULTS: ONE ROOF shall in no event be in default in the performance of any of its obligations under the Lease unless and until ONE ROOF 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 ONE ROOF properly specifying ONE ROOF's failure to perform any such obligation.

ARTICLE 13: MEDIATION AND ARBITRATION

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

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

ARTICLE 14: GENERAL PROVISIONS

14.1 HOMEOWNER'S MEMBERSHIP IN ONE ROOF: The Homeowner under this Lease shall automatically be a regular voting member of ONE ROOF.

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

If to ONE ROOF: One Roof Community Housing
 12 E. 4th Street
 Duluth, MN 55805
 Email: info@1roofhousing.org

with a copy to: William M. Burns
 Hanft Fride, A Professional Association
 130 W. Superior Street #1000
 Duluth, MN 55802

If to Homeowner: _____

 Email: _____

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

14.3 NO BROKERAGE: Homeowner warrants that it has not dealt with any real estate broker other than _____ in connection with the purchase of the Home. If any claim is made against ONE ROOF regarding dealings with brokers other than _____, Homeowner shall defend ONE ROOF against such claim with counsel of ONE ROOF's selection and shall reimburse ONE ROOF for any loss, cost or damage which may result from such claim.

14.4 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 ONE ROOF 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 ONE ROOF'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.

14.5 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION: If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, ONE ROOF shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in *EXHIBIT D: First Refusal*. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

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

The subsequent acceptance of Land Lease Fee payments by ONE ROOF 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 Land Lease Fee so accepted, regardless of ONE ROOF's knowledge of such preceding breach at the time of acceptance of such Land Lease Fee payment.

14.7 ONE ROOF'S RIGHT TO PROSECUTE OR DEFEND: ONE ROOF 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 ONE ROOF, Homeowner shall give ONE ROOF all reasonable aid in any such action or proceeding.

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

14.9 HEADINGS AND TABLE OF CONTENTS: The headings, subheadings and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms or conditions of this Lease.

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

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

14.12 RECORDING: The parties agree to record this Lease and any amendments thereto to make sure that the record accurately and completely describes the relationship between the parties. By consent of both ONE ROOF and Homeowner, a Short Form Lease may be substituted for a recording of the full Lease.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this lease effective the day and year first above written.

ONE ROOF:

ONE ROOF COMMUNITY HOUSING

By: _____
James P. Philbin
Its: Community Land Trust Director

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

On this _____ day of _____, **20**__, before me, a Notary Public within and for said county, personally appeared **James P. Philbin**, to me known to be the **Community Land Trust Director** of **One Roof Community Housing** and who executed the foregoing instrument and acknowledged that same was executed as the free act and deed of said organization.

Notary Public

HOMEOWNER:

Print Name: _____

Print Name: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

On this _____ day of _____, **20**__, before me, a Notary Public within and for said county, personally appeared _____ **and** _____, _____, to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that he/she/they executed the same as his/her/their free act and deed.

Notary Public

Exhibit A
LETTER OF AGREEMENT

To: One Roof Community Housing (“**ONE ROOF**”)

Date: _____

This letter is given to ONE ROOF to become an exhibit to a Lease between ONE ROOF and me. I will be leasing a parcel of land from ONE ROOF and will be buying the home that sits on that parcel of land. I will therefore become what is described in the Lease as a “the Homeowner.”

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

In particular I understand and agree with the following points.

1. One of the goals of ONE ROOF is to keep ONE ROOF homes affordable for lower income households from each ONE ROOF homeowner to the next. I support this goal as a ONE ROOF homeowner and as a member of ONE ROOF.
2. The terms and conditions of my Lease will keep my home affordable for future “income-qualified persons” (as defined in the Lease). If and when I want to sell my home, the lease requires that I sell it either to ONE ROOF or to another income-qualified person. The terms and conditions of the Lease also limit the price for which I can sell the home, in order to keep it affordable for such income-qualified persons.
3. It is also a goal of ONE ROOF to promote resident ownership of ONE ROOF 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.
4. I understand that ONE ROOF will permit me to leave my home to my child or children or other members of my household and that, after my death, they can own the home for as long as they want to live in it and abide by the terms of the Lease, or they can sell it on the terms permitted by the Lease. I further understand that the entities that provide funding and subsidies for the Home may restrict the transfer of the Home to my heirs if they do not income qualify.
5. I understand that it is my obligation to responsibly care for and maintain the Home and the Land, including providing for all necessary repairs in a timely and responsible manner.

As a ONE ROOF homeowner and a member of ONE ROOF, 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,

Print Name: _____

Print Name: _____

EXHIBIT B
LETTER OF ATTORNEY’S ACKNOWLEDGMENT

I, _____, have been independently employed by _____ (hereinafter the “*Client*”) who intends to purchase a house and other improvements (the “*Home*”) on land to be leased from One Roof Community Housing (“*ONE ROOF*”). The house and land are located at _____.

In connection with the contemplated purchase of the Home and the leasing of the land, I reviewed with the Client the following documents:

- a) this Letter of Attorney’s Acknowledgment and a Letter of Agreement from the Client;
- b) a proposed Bill of Sale conveying the Home to the Client;
- c) a proposed Land Lease conveying the “Leased Land” to the Client;

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

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

Name: _____
Title: _____
Firm/Address: _____

Date: _____

**Exhibit C
LEASED LAND**

Address:
Legal Description:

Exhibit D

FIRST REFUSAL

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

a) Offering Party shall give written notice of such offer ("**the Notice of Offer**") to Holder setting forth **(a)** the name and address of the prospective purchaser of the property, **(b)** the purchase price offered by the prospective purchaser and **(c)** all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer ("**the Election Period**") within which to exercise the right of first refusal by giving notice of intent to purchase the property ("**the Notice of Intent to Purchase**") for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.

b) If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.

c) Should Holder fail to exercise the right of first refusal within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the Lease) to go forward with the sale which the Offering Party desires to accept, and to sell the property within one (1) year following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice. If the sale is not consummated within such 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 E
RESTRICTIONS

Any and all restrictions of record.

Exhibit F
BILL OF SALE

BILL OF SALE

FOR VALUABLE CONSIDERATION _____ and _____, _____ (“**SELLER**”) hereby conveys and quitclaims to _____ and _____, _____ (“**Land Lessee**”), certain property in St. Louis County, Minnesota, generally described as all improvements (“**Improvements**”) located on the real estate described below (“**Land**”) including specifically, without limitation, all buildings, structures and fixtures on the Land.

Address:

Legal Description:

SELLER hereby explicitly states that the Improvements are being sold without warranty and in “as is” condition.

This Bill of Sale is being given pursuant to, and subject to the terms and conditions of a Land Lease dated _____ by and between ONE ROOF and Land Lessee.

STATE OF MINNESOTA)
)ss.
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__ by _____ **and** _____.

Notary Public

Or

ONE ROOF COMMUNITY HOUSING

By: _____
James P. Philbin
Its: Community Land Trust Director

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

On this _____ day of _____, 20__, before me, a Notary Public within and for said county, personally appeared **James P. Philbin**, to me known to be the **Community Land Trust Director** of **One Roof Community Housing** and who executed the foregoing instrument and acknowledged that same was executed as the free act and deed of said organization.

Notary Public

Exhibit G

PERMITTED MORTGAGES

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

A. OBLIGATIONS OF PERMITTED MORTGAGEE. Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and ONE ROOF 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 ONE ROOF. 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*”), ONE ROOF 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 ONE ROOF of its intention to do so, and ONE ROOF 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 ONE ROOF written notice of such acquisition and ONE ROOF shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, ONE ROOF must give written notice to the Permitted Mortgagee of ONE ROOF’s intent to purchase the Home within thirty (30) days following ONE ROOF’s receipt of the Permitted Mortgagee’s notice. ONE ROOF must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If ONE ROOF 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 ONE ROOF’s interest in the Leased Land, or as assigning any form of liability to ONE ROOF 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 ONE ROOF or any subsequent Mortgagee of ONE ROOF’s interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.

6. The Permitted Mortgagee shall not look to ONE ROOF or ONE ROOF’s interest in the Leased Land, but will look solely to Homeowner, Homeowner’s interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that ONE ROOF’s consent to such the Permitted Mortgage shall be without any liability on the part of ONE ROOF 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 of the Lease.

8. ONE ROOF shall not be obligated to execute an assignment of the Land 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 ONE ROOF, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.

2. A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.

3. In the event that title to the estates of both ONE ROOF 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, ONE ROOF shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to ONE ROOF'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 ONE ROOF 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 ONE ROOF, Homeowner and the Permitted Mortgagee.

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

7. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.

8. Before becoming effective, any amendments to this Lease must be approved in writing by Permitted Mortgagee, which approval shall not be unreasonably withheld. If Permitted Mortgagee has neither approved nor rejected a proposed amendment within 60 days of its submission to Permitted Mortgagee, then the proposed amendment shall be deemed to be approved.