

EXHIBIT A - OUTLINE OF MACLT GROUND LEASE

This is an outline of key provisions of MACLT's ground lease. It is not a substitute for the ground lease, and is therefore not an "official" document. It is intended to make the terms of the ground lease more understandable to people who are not attorneys.

Recitals – These statements center the purpose of the ground lease:

- MACLT is organized exclusively for charitable purposes, including the purpose of providing homeownership opportunities for low- and moderate-income people who otherwise would be unable to afford homeownership; and
- A goal of MACLT is to preserve affordable homeownership through the long term leasing of land under owner-occupied homes; and
- MACLT owns the land, which is being leased to the Homeowner in furtherance of MACLT's goals; and
- The Homeowner shares the purposes and goals of MACLT and is entering into this Lease not only to obtain the benefits to which the Homeowner is entitled under this Lease, but also to further the goals of MACLT; and
- MACLT and the Homeowner recognize the special nature of the terms and conditions of this Lease, and each accepts the terms, including those terms that affect the marketing or resale price of the property now being purchased by the Homeowner; and
- MACLT and the Homeowner agree that the terms of this Lease further their shared goals over an extended period of time and through a succession of owners

Article 1 – Letter of Acknowledgement/Attorney's Declaration

- MACLT requires homebuyers to meet with an attorney, who will thoroughly explain the ground lease, and go over all aspects of purchasing a Community Land Trust home. The buyer's attorney signs a document saying that they described the ground lease and other Land Trust documents with the buyer. The buyers sign a document that says they understand exactly what's involved in purchasing a home from the Land Trust.

Article 2 – Leasing the Rights to the Land

- MACLT sells the house but rents the land to the homebuyer.
- MACLT retains ownership of the land.
- Homeowner has the right to possess, occupy, and use the land according to the terms of the lease.

Article 3 – Duration of the Lease

- The lease is for 98 years. The homeowner has the option to extend the lease for another 98 years, if certain conditions are met.
- When the house is later resold to a new buyer, the new buyer must enter into a new 98-year lease with MACLT.
- If the land is ever transferred to another non-profit organization or government entity, the lease will remain in place.

- If MACLT ever transfers the land to anyone other than a non-profit organization, government entity, charitable trust, or entity that does not share MACLT's goals for permanent affordability, the homeowner will have the right of first refusal to purchase the land.

Article 4 – Use of Leased Land

- The housing and the land are for residential use and they are governed by applicable zoning laws.
- The homeowner shall occupy the house no fewer than eight (8) months per year.
- MACLT may inspect any portion of the land, but not the house, upon 24 hours' notice.
- MACLT may fully inspect the interior of the home when it receives an Intent to Sell Notice to determine its condition prior to sale. MACLT must give at least 24 hours' notice.
- Homeowner may rent out rooms but may not sublease the entire home without MACLT's permission.

Article 5 – Lease Fee

- MACLT will charge the homeowner a monthly ground lease fee. Ground lease fees shall be due the 1st of each month.
- If any ground lease fees are not paid off by the time the homeowner sells the home, MACLT will be paid remaining dues out of the homeowner's proceeds when they sell their home.

Article 6 – Taxes and Assessments

- The homeowner shall be responsible for paying property taxes on both the land and the house. The homeowner's mortgage lender shall escrow all property taxes. The homeowner is also responsible for paying any assessments that are charged against the improvements.

Article 7 – Improvements

- "Improvements" are defined as any and all buildings, structures, fixtures and other improvements purchased by the homeowner. *Improvements are owned by the homeowner.*
 1. The Homeowner is responsible for services, maintenance and repairs, in full compliance with all applicable laws.
 2. Any construction in connection with an existing or new improvement is subject to the following conditions:
 - All construction shall be performed in a workmanlike manner and shall comply with all applicable laws, ordinances and regulations, including the requirements of local and state public health authorities;
 - All exterior (including height) of such improvements shall not be increased or expanded, nor shall any additional improvements be constructed without the prior written consent of MACLT;

- The Homeowner shall furnish to MACLT a copy of any plans and building permits for such construction prior to starting construction.
- 3. The homeowner may apply some credit toward the resale value of the home for home improvement projects according to MACLT's Qualified Capital Improvements Policy.

Article 8 – Leasehold Mortgage Financing

- This Article contains language protecting the homebuyer from predatory lending by defining a “permitted mortgage.” It also protects MACLT's interests in relation to the mortgage lender.
- While owning an MACLT home, the homeowner must get written permission from MACLT before taking out a second mortgage or refinancing their home in any way, including a Home Equity Line of Credit (HELOC).
- The lender must notify MACLT in the event of a default on the mortgage. In the event of foreclosure, MACLT shall have the right, but not the obligation, to pay off the mortgage and retake possession of the house.

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

- This section says that the homeowner is responsible for anything that happens in their house or on the land that they are renting. The homeowner must carry casualty and liability insurance (at their own expense), described as follows:
 1. Casualty: Loss or damage by fire, in an amount that will cover the full replacement value of the improvements.
 2. Liability:
 - \$300,000 for injury or death of any one person;
 - \$500,000 for injury or death to any number of persons in one occurrence;
 - \$300,000 for property damage.

Article 10 – Transfer of Improvements

- This house must be sold (and resold) to a family making 80% or below county median income, as defined by the Department of Housing and Urban Development (HUD). This applies only up to the time of purchase, after which the homebuyer's income may increase without scrutiny or penalty.
- If an MACLT homeowner dies while owning the home, they can leave the house to a spouse, child or roommate who has been living in the home at least 1 year, as long as they meet the above income restrictions.
- PROCESS FOR SELLING THE HOME:
 1. Homeowner provides a written Notice of Intent to Sell to MACLT.
 2. MACLT has the Option to Purchase the house or to assign that right to a specific new buyer. MACLT has 30 days to respond whether it intends to buy the home or not.
 3. MACLT or the assigned new buyer have 90 days to buy the house.
 4. After 90 days, the seller and MACLT may choose to extend the 90 days by mutual agreement, or else the Option to Purchase will expire.

5. If MACLT chooses not to exercise the Option to Purchase, or if the Option expires, the home must still be sold according to the resale formula to a buyer below 80% of the area median income (and MACLT must verify their income).
- HOW THE RESALE PRICE IS CALCULATED:
 1. The Base Price (the price you bought the home for), plus
 2. Interest at an APR (Annual Percentage Rate) of 1.00% simple interest, plus
 3. Credit for items qualifying under the Qualified Capital Improvements Policy, which shall be calculated according to that policy (this MACLT policy is separate from the Ground Lease), so long as the resulting price is affordable to a household below 80% of the area median income.

Article 11 – Default

- This describes what happens if either the Homeowner or MACLT defaults on the ground lease.
- Failure of the homeowner to pay ground lease fees to MACLT cannot be cause for default. In other words, the homeowner cannot lose their house due to failure to pay ground lease fees.

Article 12 – Mediation and Arbitration

- Should any grievance or dispute arise between MACLT and the Homeowner concerning the terms of the ground lease that cannot be resolved by normal interaction, MACLT and Homeowner shall submit the grievance or dispute to an agreed-upon third party for mediation or arbitration. The rest of this section provides the details of how this process will work.

Article 13 – General Provisions

- The Homeowner gets a free membership in MACLT.
- The mailing addresses for MACLT and the Homeowner.
- If any sections of the lease are not enforceable under the law, they are considered taken out of the lease. This does not invalidate the rest of the lease.
- Other miscellaneous details.

By signing below, I/we acknowledge that I/we have reviewed this Outline of MACLT Ground Lease.

Buyer _____

Date _____

Buyer _____

Date _____