

GROUND LEASE

Executed By and Between

MADISON AREA CLT CORPORATION

and

[first name last name]

on

[month] [xx], 2023

for property located at

**[ADDRESS]
MADISON, WISCONSIN [ZIP]**

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GROUND LEASE

THIS GROUND LEASE (the “**Lease**”) is made and entered into on [DATE] between the Madison Area CLT Corporation (“**MACLT**”), as Lessor, and [NAME], as the Homeowner (the “**the Homeowner**”), as Lessee. MACLT and the Homeowner are collectively called the “**parties.**”

RECITALS

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 described in **Exhibit A** of this Lease, 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 value 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;

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

DEFINITIONS:

The Homeowner and MACLT agree on the following definitions of key terms used in this Lease.

Base Price: The initial purchase price that is paid for the Home by the Homeowner, as shown in the Settlement Statement attached in Exhibit G. The Base Price for this home is [\$xxx,xxx.xx].

Event of Default: Any violation of the terms of the Lease unless it has been corrected by the Homeowner or the holder of a Permitted Mortgage in the specified period of time after a written Notice of Default has been given by MACLT.

Home: The residential structure and other permanent improvements located on the Leased Land and owned by the Homeowner, including both the original Home and all permanent improvements added thereafter by the Homeowner at the Homeowner’s expense.

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

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

MACLT Administrative Fee: An administrative fee that MACLT may charge for administering the sale or other transfer of the Home, as determined by MACLT in accordance with its Administrative Fee Policy.

Permitted Mortgage: A mortgage on the Homeowner's fee title to the Home and on the Homeowner's leasehold interest in the Leased Land pursuant to this Lease that is granted the Lender with MACLT's permission. The Homeowner may not mortgage MACLT's interest in the Leased Land and may not grant any mortgage without MACLT's permission.

Purchase Option Price: The maximum price for which the Homeowner is allowed to sell the Home and the Homeowner's right to possess, occupy and use the Leased Land, as further described in Article 10 of this Lease.

Qualified Capital Improvements: Qualified Capital Improvements means those certain improvements made to the Home at the Homeowner's expense which, as determined by MACLT in accordance with its Qualified Capital Improvements Policy, add significant value to the home and which are capital in nature.

ARTICLE 1 LETTER OF ACKNOWLEDGMENT/ATTORNEY'S DECLARATION

Attached to this Lease as **Exhibits B and C**, and made part of this Lease by reference, are a Letter of Acknowledgment of 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 Acknowledgement 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 MACLT LEASES LAND TO HOMEOWNER. MACLT leases to the Homeowner and the Homeowner accepts from MACLT the right to possess, occupy, and use the Leased Land according to the terms of this Lease. MACLT has furnished to the Homeowner a current title report for the Leased Land, and the Homeowner accepts title to the Leased Land in its condition "as is" as of the date of execution of this Lease.

2.2 MINERAL RIGHTS NOT LEASED TO HOMEOWNER. MACLT reserves to itself all the minerals and other extractive resources appurtenant to the Leased Land. This reservation shall not diminish the right of the Homeowner under this Lease to occupy and freely use the Leased Land. MACLT shall not extract any resources from the Leased Land during the term of this Lease without the Homeowner's written permission.

2.3 HOMEOWNER'S RIGHT TO RETAIN POSSESSION. The Lease shall be subordinate to any mortgage which MACLT may hereinafter grant on the Leased Land. If any such mortgage is foreclosed and the Leased Land is transferred to an owner other than MACLT, the Lease shall continue and the Homeowner's rights under the Lease, including the right to retain possession of the Leased Land, shall not be disturbed so long as the Homeowner is not in default.

ARTICLE 3 DURATION OF LEASE

3.1 TERM. This Lease shall be effective beginning on the date of full execution of this Lease and the term of this Lease shall continue for ninety-eight (98) years from full execution, unless terminated sooner or extended in accordance with the provisions of this Lease.

3.2 RENEWAL. The Homeowner shall have the option to renew the initial term of this Lease for one (1) additional period of 98 years, subject to all of the provisions of this Lease. MACLT 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 the Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the initial 98-year period, MACLT shall give the Homeowner a written notice that states the date of the expiration of the initial 98-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 MACLT intends to make in the Lease for the renewal period as permitted above.

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 MACLT 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 initial 98-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 initial 98-year term.

When the Homeowner has exercised the option to renew, the Homeowner and MACLT 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 13.11 below. MACLT shall record this memorandum in accordance with the requirements of law promptly after the beginning of the renewal term.

3.3 IF MACLT DECIDES TO SELL LEASED LAND, THE HOMEOWNER HAS A RIGHT TO PURCHASE. In the event that ownership of, or title to, the Leased Land is conveyed or transferred, voluntarily or involuntarily, by MACLT to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. In addition, in the event MACLT attempts to sell, convey, or otherwise transfer the Leased Land to any person or entity other than to a non-profit corporation, charitable trust, governmental agency, or other similar entity sharing the goals and objectives set forth in the recitals above, or as security for a mortgage loan, the Homeowner shall have a right of first refusal to purchase the Leased Land. This right shall be as specified in **Exhibit D** of this Lease, which is made part of this Lease by reference. Any sale or other transfer of the Leased Land contrary to this Section shall be null and void.

**ARTICLE 4
USE OF LEASED LAND**

4.1 RESIDENTIAL USE ONLY. The Homeowner shall use, and allow others to use, the Leased Land and the Improvements (as defined in Article 7 below) only for residential purposes and any activities related to residential use that are permitted by applicable zoning law when the lease was signed.

4.2 HOMEOWNER MUST OCCUPY THE HOME AT LEAST 8 MONTHS PER YEAR. The Homeowner shall occupy the Improvements on the Leased Land as their “Principal Residence” as defined by the U.S. Department of Housing and Urban Development. The Homeowner shall occupy the Leased Land for at least eight (8) months of each calendar year during the term of this Lease, unless otherwise agreed by MACLT. Occupancy by children or other immediate family members or dependents of the Homeowner, without any obligation to pay rent or provide services in lieu of rent to the Homeowner, shall be deemed occupancy by the Homeowner. Neither compliance with the occupancy requirement nor MACLT’s permission for an extended period of non-occupancy constitutes permission to lease the Home and sublease the Leased Land, which is addressed below in Article 4.5.

4.3 MACLT RESERVES THE RIGHT TO INSPECT THE LAND. MACLT may inspect any portion of the Leased Land at any reasonable time and in any reasonable manner, upon at least twenty-four (24) hours’ notice to the Homeowner, except in the event of emergency; in such event no notice shall be required, provided that MACLT shall have made reasonable efforts to give advance notice to the Homeowner.

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

4.4 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS. The 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 the Homeowner’s permission and shall make all such people aware of the restrictions on use set forth in this Lease.

4.5 HOMEOWNER MAY NOT ASSIGN OR TRANSFER THIS LEASE WITHOUT MACLT’S PERMISSION. Except as otherwise provided in Article 8 (regarding Permitted Mortgages) and Article 10 (regarding permitted transfers), and except for room rental incidental to the Homeowner’s occupancy of the Home and complying with any other restrictions then in place, the Homeowner shall not assign, sublease, sell or otherwise convey any of the Homeowner’s rights under this Lease, for any period of time, without the written permission of MACLT. The Homeowner agrees that MACLT 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 sublessee shall not be more than the amount of the Lease Fee charged the Homeowner by MACLT, plus an amount approved by MACLT to cover the Homeowner’ costs in owning the Home, including but not limited to the cost of taxes, insurance and mortgage interest.

4.6 HOMEOWNER’S RIGHT TO PEACEFUL ENJOYMENT. The Homeowner has the right to undisturbed enjoyment of the Leased Land, subject to the terms, covenants, conditions, provisions, restrictions or reservations of this Lease.

4.7 HOMEOWNER MUST USE THE HOME AND THE LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH LAW. The Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. The Homeowner shall dispose of all waste in a safe and sanitary manner. The Homeowner shall maintain all parts of the Home and Leased Land in a 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 Article 9 of this Lease. The Homeowner shall have the right to contest, in the name of the Homeowner or in the name of the Homeowner and MACLT, without cost to MACLT, the validity or application of any laws, ordinances, rules or regulations referred to above.

ARTICLE 5 LEASE FEE

5.1 LEASE FEE. In consideration of the possession, continued use and occupancy of the Leased Land, and in order to defray the administrative costs of operating MACLT, the Homeowner shall pay to MACLT a monthly lease fee (the “**Lease Fee**”) equal to:

A **Lease Fee** determined in accordance with Section 5.4 below, in the initial amount of **\$75**, and each subsequent month thereafter.

5.2 WHEN THE LEASE FEE IS TO BE PAID. Subject to the provisions of Section 6.2 below, the Lease Fee shall be payable at MACLT’s principal place of business on the first day of each month of each year of the term of this Lease. Unless the Lease Fee is to be escrowed and paid by a Permitted Mortgagee, in which case payment shall be made as directed by the Mortgagee. In the event this Lease commences between any of the monthly payment dates, a pro rata portion of the Lease Fee shall be paid for the balance of such month at the time of execution of this Lease.

5.3 MACLT MAY REDUCE, DELAY OR WAIVE LEASE FEE TO IMPROVE AFFORDABILITY. MACLT in its sole discretion may reduce, delay or waive entirely the Lease Fee for a period of time for the purpose of improving the affordability of the Homeowner’s monthly costs. Any such reduction or suspension must be in writing and signed by MACLT.

5.4 LEASE FEE MAY BE INCREASED FROM TIME TO TIME. The Lease Fee specified in Section 5.1 above has been calculated to approximate, in part, the monthly fair rental value of the Leased Land, current as of the commencement of the initial term of this Lease, recognizing that its use is restricted by the provisions of this Lease. The Lease Fee shall be adjusted as provided in this Lease.

MACLT reserves the right to increase Lease Fees from time to time and at its discretion, except that no increase to the fees shall be made absent a duly forwarded and approved motion within MACLT Board of Directors, which motion shall have been announced to the Homeowner at least one month prior to the adjustment in Lease Fees. In no event shall lease fees be increased against any one household, but they shall be increased only against all households pursuant to the motion of the Board of Directors.

5.5 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 Leased Land Use Fee shall be increased to an amount calculated by MACLT to equal the fair rental value of the Leased Land for use not restricted by the suspended provisions. Such increase shall become

effective 90 days after MACLT's written notice to the Homeowner. Thereafter, for so long as these restrictions are not reinstated in the Lease, MACLT may, from time to time, further increase the amount of such Leased Land Use Fee, provided that the amount of the Leased Land Use Fee does not exceed the fair rental value of the property.

5.6 IF PAYMENT IS LATE, MACLT CAN CHARGE INTEREST. If MACLT 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**"), MACLT may require the Homeowner to pay interest on the unpaid amount from the Due Date through and including the date such payment or installment is received by MACLT, at a rate not to exceed an APR (Annual Percentage Rate) of three percent (3%). Such interest shall be deemed additional Lease Fee and shall be paid by the Homeowner to MACLT upon demand; provided, however, that MACLT shall waive any such interest that would otherwise be payable to MACLT if such payment in would cause hardship or if the Lease Fee is received by MACLT on or before the thirtieth (30th) day after the Due Date.

5.7 MACLT 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 MACLT out of any proceeds from the sale that would otherwise be due to the Homeowner. MACLT shall have, and the Homeowner hereby consents to, a lien upon the Home for any unpaid Lease Fee. Such lien shall be prior to all other liens and encumbrances on the Home except (a) liens and encumbrances recorded before the recording of this Lease, (b) Permitted Mortgages as defined in section 8.1 below; and (c) liens for real property taxes and other governmental assessments or charges against the Home.

ARTICLE 6 TAXES AND ASSESSMENTS

6.1 HOMEOWNER IS RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS. The 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 MACLT's interest in the Leased Land).

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

So long as the Homeowner is not in default under the Lease, the Homeowner shall be permitted to pay directly all Taxes; but upon notice (by the taxing authority having jurisdiction, or by the MACLT) that the Homeowner is delinquent in payment of such Taxes, the MACLT may require that some or all of such payments be made to the MACLT together with the Lease Fee as specified in Article V.

6.3 HOMEOWNER'S RIGHT TO CONTEST TAXES. The Homeowner shall have the right to contest the amount or validity of any Taxes or assessments on the Improvements or on the Leased Land. MACLT shall, upon written request by the Homeowner, join in any such proceedings if the Homeowner shall reasonably determine that it shall be necessary or convenient for MACLT to so join in order for the Homeowner to prosecute such proceedings. All other costs and expenses of such proceedings shall be paid by the Homeowner. Notwithstanding the foregoing, Taxes or assessments against or including the Leased Land shall be contested only with the concurrence of MACLT.

6.4 IF HOMEOWNER FAILS TO PAY TAXES, MACLT MAY INCREASE LEASE FEE. In the event that the Homeowner fails to pay the Taxes or other charges specified in Section 6.1 above which are not otherwise part of the Lease Fee, MACLT may increase the Lease Fee payments by the Homeowner so that the total sum collected will offset the cost of any delinquent and current Taxes or other charges, and make such payments in a timely manner.

6.5 HOMEOWNER MUST PROVIDE MACLT WITH PROOF OF COMPLIANCE. Upon their payment, each party will furnish evidence satisfactory to the other documenting the payment of all Taxes, assessments, and charges paid by such party as required or permitted by the provisions of this Lease. A photocopy of a paid receipt for such charges showing payment prior to the due date shall be the usual method of furnishing such evidence.

ARTICLE 7 IMPROVEMENTS

7.1 HOMEOWNER OWNS THE HOME AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND. The Home and any and all buildings, structures, fixtures and other improvements purchased by the Homeowner or constructed or placed by the Homeowner upon any part of the Leased Land at any time during the term of this Lease (the “**Improvements**”) shall be and remain the property of the Homeowner until the sale or transfer of the Home, at which time the Improvements shall become property of the new owner. Title to such Improvements is vested in the Homeowner, provided, however, that the rights of ownership are subject and subordinate to the provisions of this Lease, and in particular Section 7.6 and Article 10 below, regarding the disposition of Improvements by the Homeowner and MACLT’s Purchase Option.

The Homeowner shall not remove any part of the Home or any other Improvement from the Leased Land without MACLT’s prior written consent. Notwithstanding the foregoing prohibition on severance of Improvements, the Homeowner shall have the absolute right to remove any non-permanent structures the Homeowner may have placed upon the Leased Land, including, by way of example, movable structures such as playground equipment, above-ground swimming pools, dog kennels and planters. Removal of all other Improvements may be undertaken only with the prior written consent of MACLT, which MACLT in its discretion may withhold for any reason.

7.2 HOMEOWNER PURCHASES IMPROVEMENTS WHEN SIGNING THE LEASE. Title to the Improvements located on the Leased Land as of the date the Lease is entered into shall be transferred to the Homeowner by deed, the form of which is attached to this Lease as **Exhibit F**.

7.3 HOMEOWNER MUST RECEIVE WRITTEN CONSENT FROM MACLT PRIOR TO CONSTRUCTION AND ALTERATION OF THE IMPROVEMENTS. Any material alteration of any existing Improvement and construction of any new Improvement is subject to the following conditions:

- a. 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;
- b. all construction must be consistent with the permitted uses set forth in Article 4;

c. the 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; and

d. the Homeowner shall furnish to MACLT a copy of any plans and building permits for such construction prior to commencing construction. The Homeowner must submit this written request to MACLT prior to starting construction.

MACLT then, within fourteen (14) days 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. The Homeowner must receive MACLT's written consent before construction can begin.

7.4 PROHIBITION OF LIENS. No lien for services, labor or materials resulting from the Homeowner's capital improvements shall attach to MACLT's title to, or its interest in, the Leased Land or to any other property owned by MACLT. The Homeowner shall not suffer or permit any vendor's, mechanic's, laborer's, or materialman's statutory or similar lien to be filed against the Leased Land, the Improvements, or any interest of MACLT or the Homeowner which remains more than sixty (60) days after being filed, and the Homeowner shall cause such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or as otherwise permitted by law. If the Homeowner fails to cause such lien to be discharged within sixty (60) days after it has been filed, then, in addition to any other right or remedy of MACLT, MACLT may, but shall not be obligated to, discharge the same by paying the amount in question. The Homeowner in good faith and at the Homeowner's own expense may contest the validity of any such asserted lien, provided the Homeowner has furnished a bond in an amount set by statute or otherwise sufficient to release the Leased Land from such lien. Any amounts paid by MACLT in respect of such liens shall be deemed to be an additional Lease Fee payable by the Homeowner upon demand.

7.5 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE, AND REPAIRS. The Homeowner shall maintain the Leased Land and all Improvements in accordance with all applicable laws, rules, ordinances, orders and regulations of all governmental agencies and entities having jurisdiction and all insurance companies insuring all or any part of the Leased Land or Improvements. MACLT shall not be required to furnish any services or facilities, including, but not limited to heat, electricity, air conditioning or water, or to make any repairs to the Leased Land or Improvements, and the Homeowner hereby assumes the full and sole responsibility for furnishing all services or facilities.

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

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

SECOND, MACLT shall pay the Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 below, including compensation for Qualified Capital Improvements, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to MACLT 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 MACLT.

ARTICLE 8 LEASEHOLD MORTGAGE FINANCING

8.1 HOMEOWNER CAN ONLY MORTGAGE THE HOME WITH MACLT'S PERMISSION.

The Homeowner may mortgage the Home, including any home equity loan or line of credit, only with the written permission of MACLT. Any mortgage or deed of trust permitted in writing by MACLT is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust is a Permitted Mortgagee.

8.2 BY SIGNING THIS LEASE, MACLT CONSENTS TO THE ORIGINAL MORTGAGE. By signing this Lease, MACLT gives written permission for any mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing the Homeowner's purchase of the Home.

8.3 HOMEOWNER MUST GET SPECIFIC WRITTEN 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), the Homeowner must inform MACLT, 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 MACLT must include:

- a. the name of the proposed lender;
- b. The 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; and
- g. a copy of the appraisal commissioned in connection with the loan request.

MACLT may also require the Homeowner to submit additional information. MACLT will not permit such a mortgage loan if the loan increases the Homeowner's total mortgage debt to an amount greater than 100% 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 MACLT.

8.4 RIGHTS AND OBLIGATIONS OF PERMITTED MORTGAGEE. Any Permitted Mortgagee shall have all of the rights and protections stated in "Exhibit: Permitted Mortgages, Part B, Rights of Permitted Mortgagee," which is made a part of this Lease by reference. Any Permitted Mortgagee shall be bound by each of the requirements stated in "Exhibit: Permitted Mortgages, Part A, Obligations of Permitted Mortgagee," which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and MACLT to modify the terms of the Lease during the term of the Permitted Mortgage.

8.5 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO MACLT. The Homeowner and MACLT recognize that it would be contrary to the purposes of this agreement if the Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, the Homeowner hereby irrevocably assigns to MACLT all net proceeds of sale of the Home that would otherwise have been payable to the Homeowner and that exceed the amount of net proceeds that the Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Article 10 below. The Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to MACLT. If, for any reason, such excess amount is paid to the Homeowner, Lessee hereby agrees to promptly pay such amount to MACLT.

ARTICLE 9

LIABILITY, INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN

9.1 HOMEOWNER ASSUMES ALL LIABILITY. The Homeowner assumes sole responsibility and liability to any and all persons and authorities related to its possession, occupancy and use of the Leased Land.

9.2 HOMEOWNER MUST DEFEND MACLT AGAINST ALL CLAIMS OF LIABILITY. The Homeowner shall defend, indemnify and hold MACLT harmless against all liability and claims of liability for damage or injury to person or property from any cause on or about the Leased Land. The Homeowner waives all claims against MACLT for damage or injury to persons or property on or about the Leased Land. However, MACLT shall remain liable for damage or injury due to the grossly negligent or intentional acts or omissions of MACLT or its agents or employees.

9.3 HOMEOWNER MUST REIMBURSE MACLT. In the event MACLT shall be required to pay any sum that is the Homeowner's responsibility or liability, the Homeowner shall reimburse MACLT 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.

a. Casualty Insurance. The Homeowner shall, at the Homeowner's sole expense, keep all Improvements continuously insured against loss or damage by fire and the extended coverage hazards for the full replacement value of such Improvements or such lesser amount which shall be sufficient to avoid co-insurance of the Improvements.

b. Liability Insurance. The Homeowner shall, at the Homeowner's sole expense, maintain continuously in effect liability insurance covering the Improvements and the Leased Land and its appurtenances in the amounts of not less than Three Hundred Thousand Dollars (\$300,000.00), for injury to or death of any one person; and Five Hundred Thousand Dollars (\$500,000.00) for injury to or death of any number of persons in one occurrence; and Three Hundred Thousand Dollars (\$300,000.00) for property damage. The dollar amount of each such coverage shall be adjusted upon MACLT's demand, given not more often than biennially, upon 30 days' notice to the Homeowner. This adjustment shall not exceed the percentage of increase (if any) over the period since the last adjustment in the Consumer Price Index, U.S. City Average for All Urban Consumers; or, if none, for urban areas the size of Madison, Wisconsin, 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 under this Lease, as well as all liability imposed by law, and shall also insure MACLT as an additional insured so as to create the same liability on the part of the insurer as though separate policies had been written for MACLT and the Homeowner.

c. Certificates of Insurance. The Homeowner shall provide MACLT with a certificate of insurance for all policies and policy renewals. Original policies (or certificates thereof) shall be delivered to the Permitted Mortgagee. All casualty insurance policies shall provide for any losses to be payable to any Permitted Mortgagee, as its interests may appear, pursuant to a standard mortgagee clause or endorsement. The Homeowner and MACLT irrevocably authorize and direct the Permitted Mortgagee to accept and hold all casualty insurance proceeds for application in accordance with the provisions of the Lease (and, to the extent not inconsistent with the requirements of this Lease, the provisions of the Permitted Mortgage). 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 at least thirty (30) days prior written notice being given to MACLT. MACLT shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance. Any Permitted Mortgagee shall have the right to participate in any adjustment or settlement of any losses for the purpose of protecting its rights under this Lease. No loss shall be adjusted without the prior written consent of any Permitted Mortgagee.

9.5 WHAT HAPPENS IF THE HOME IS DAMAGED OR DESTROYED. Except as provided below, in the event of fire or other damage to the Home, the 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. The 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.

If the 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 the Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then the Homeowner shall notify MACLT of this problem, and MACLT 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 the Homeowner and MACLT.

If the Homeowner and MACLT cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds, then the Homeowner may give MACLT 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 the Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to the 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 MACLT 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 MACLT.

9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE. In the event of:

- a. A taking of all the Leased Land by reason of eminent domain or other action of public authority prior to the expiration of the term of this Lease, this Lease shall terminate as of the date the Homeowner is thereby required to give up possession of the Leased Land, and the entire amount of any award(s) paid shall be allocated according to the same proportion as that calculated for a casualty according to the preceding Section 9.5.
- b. A taking of a portion of the Leased Land, then the proceeds paid or payable by reason of such taking shall be allocated as follows:
 - i. If the taking affects only a portion of the Leased Land and not the Improvements, and if the remainder of the Leased Land has not been reduced in size so as to create a nonconforming use, all of the proceeds shall be allocated to MACLT and the Lease Fee shall be reduced accordingly.
 - ii. If part, but not all of the Improvements are taken and the remaining Improvements may reasonably be restored to a residential use consistent with this Lease, MACLT shall receive that portion of the proceeds awarded for taking of the Leased Land. The portion of the award allocated for the taking of Improvements shall be allocated first to the cost of repair and restoration of the remaining Improvements and the balance as follows:

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, as reasonably determined by MACLT, then any monetary compensation for such taking shall be allocated entirely to MACLT.

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 Article 9.5 above, and monetary compensation shall be allocated as insurance proceeds are to be allocated under Article 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, MACLT shall reassess the fair rental value of the remaining Leased Land and shall adjust the Lease Fee if necessary to assure that the monthly fee does not exceed the monthly fair rental value of the Leased Land for use as restricted by the Lease.

**ARTICLE 10
TRANSFER OF IMPROVEMENTS**

10.1 INTENT OF THIS PROVISION IS TO PRESERVE AFFORDABILITY. MACLT and the Homeowner agree that the provisions of this Article 10 are intended to preserve affordability of the Home for lower-income households and expand access to homeownership opportunities for such households.

10.2 HOMEOWNER MAY ONLY TRANSFER HOME TO LOW OR MODERATE INCOME HOUSEHOLDS, KNOWN AS “QUALIFIED HOUSEHOLDS”. The Homeowner may transfer its interest in the Leased Land and the Improvements only to MACLT or a Qualified Household as defined in this Section 10.2 below. All transfers shall be completed in strict compliance with this Article 10. Any purported transfer that does not follow the procedures in Article 10, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

“**Low Income Household**” shall mean a “household” as defined in the zoning ordinance applicable to the site described in Exhibit A, whose combined income does not exceed fifty percent (50%), and “**Moderate Income Household**” shall mean a “household” (as so defined) whose combined income does not exceed eighty percent (80%) of the median household income for the Madison Metropolitan Statistical Area (Dane County) for such number of persons, as determined from time to time by the Department of Housing and Urban Development (“**HUD**”) or any successor agency. A Qualified Household must also meet the requirements, if any, of the Permitted Exceptions set forth on the Deed.

10.3 HOMEOWNER MAY TRANSFER HOME TO A REVOCABLE TRUST. During the Homeowner’s lifetime, and subject to MACLT’s consent, which may be withheld in the exercise of MACLT’s reasonable discretion, the Homeowner may convey title to the Home to a revocable trust provided that: (i) the Homeowner continues to occupy the Home as required under Section 4.2, and (ii) the trust, Homeowner, and MACLT execute a Ground Lease Addendum simultaneously with the conveyance assigning Homeowner’s rights and obligations under the Ground Lease to the trust, and (iii) the proposed conveyance is consistent with then-existing MACLT policy. The Homeowner agrees to pay any applicable MACLT Administrative Fee at the time of the conveyance. If the designated beneficiary of such a trust is a Qualified Household at the time of the Homeowner’s death, MACLT shall consent to the transfer of the home to the beneficiary provided the beneficiary simultaneously enters into a new ground lease with MACLT. If the beneficiary is not a Qualified Household at the time of transfer, MACLT shall either exercise its Option to Purchase or sell to a Qualified Household using the resale formula; either way the proceeds of the sale shall go to the beneficiary.

10.4 HOMEOWNER MAY TRANSFER HOME TO CERTAIN HEIRS. If the Homeowner dies (or if the last surviving co-owner of the Home dies) the executor or personal representative of the Homeowner’s estate shall notify MACLT within ninety (90) days of the date of the death. Upon receipt of such notice, MACLT shall consent to a transfer of the Home to one or more of the possible heirs of the Homeowner listed below as “a”, “b”, or “c” provided that the heir simultaneously enters into a new ground lease with MACLT and they are a Qualified Household:

- 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 upon the Leased Land for at least one (1) year prior to the Homeowner's death.

Any other heirs, legatees or devisees of the Homeowner must demonstrate to MACLT's reasonable satisfaction that they meet the definition of Low or Moderate Income Families in Section 10.2 above, and if any such person is unable to do so, then such person shall not be entitled to possession of the Leased Land in accordance with the provisions of this Lease, and MACLT shall be entitled to exercise its repurchase right as provided in this Article 10.

10.5 HOW THE PURCHASE OPTION PRICE (RESALE PRICE) IS CALCULATED. As used in this Lease, the Purchase Option Price shall be the lesser of:

- a. An amount equal to:
 1. the amount of the Homeowner's Base Price, plus
 2. interest on the Base Price at an annual percentage rate (APR) of one percent (1.0%) simple interest, calculated from the date the Homeowner acquired title to the Home and continuing through the Intent to Sell Notice, plus
 3. credit for any items qualifying under MACLTs' Qualified Capital Improvements Policy, as may be amended from time to time, which credit shall be calculated in accordance with the policy.
- b. or, the maximum amount that is affordable to Qualified Households, as determined by MACLT in the exercise of its reasonable discretion.

Notwithstanding the foregoing, in the event an MACLT Administrative Fee is imposed at the time of sale or transfer, the Purchase Option Price shall be increased by the amount of the MACLT Administrative Fee.

10.6 HOMEOWNER MUST GIVE NOTICE TO MACLT OF INTENTION TO SELL. In the event the Homeowner wishes to sell or otherwise convey the Home, the Homeowner shall notify MACLT in writing of such wish, using the form of "Intent to Sell Notice" attached as Exhibit I to this Lease (an "**Intent to Sell Notice**").

Homeowner agrees to pay any applicable MACLT Administrative Fee at the time of sale.

10.7 MACLT RESERVES THE OPTION TO PURCHASE. Upon receipt from the Homeowner of an Intent to Sell Notice, including an intended transfer to one's children while still alive but excluding a transfer to a trust in compliance with Section 10.3, MACLT shall have the option to purchase the Improvements at the Purchase Option Price set forth in Section 10.5 above (the "**Purchase Option**").

If MACLT elects to exercise the Purchase Option, MACLT shall notify the Homeowner in writing (the "**Exercise Notice**") within thirty (30) days of receipt of the Intent to Sell Notice. The Exercise Notice shall include MACLT's determination of the Purchase Option Price as set forth in Section 10.5 above. After giving notice, MACLT shall have ninety (90) days to complete the purchase transaction, which timeline may be extended by mutual agreement of the MACLT and the Homeowner. MACLT may either proceed to purchase the Home directly or may assign the Purchase Option to a Qualified Household.

If MACLT does not delivery a timely Exercise Notice, or if MACLT fails to complete the purchase transaction within ninety (90) days following delivery of its Exercise Notice, the Purchase Option shall expire and the Homeowner may proceed to sell the Home as provided in Section 10.8 below.

10.8 IF THE PURCHASE OPTION EXPIRES, THE HOMEOWNER MAY SELL ON CERTAIN TERMS. If the Purchase Option has expired, the Homeowner may sell the Home to any Qualified Household for not more than the then-applicable Purchase Option Price. If the Homeowner has made diligent efforts to sell the Home for at least six (6) months after the expiration of the Purchase Option and the Home still has not been sold, the 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 a Qualified Household.

10.9 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION. If the provisions of the Purchase Option shall become unenforceable for any reason, MACLT shall nevertheless have a right to first refusal to purchase the Improvements at the highest documented bona fide purchase price offer made to the Homeowner. Such right shall be as specified in Exhibit D of this Lease. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

10.10 LEASE TERMINATION ON PURCHASE; QUALIFIED BUYER SHALL RECEIVE NEW LEASE. This Lease shall terminate upon conveyance of the Improvements. MACLT shall issue a new lease to any person who purchases the Improvements in accordance with the terms of this Article 10 on terms substantially similar to the terms of this Lease.

10.11 HOMEOWNER TO MAKE NECESSARY REPAIRS BEFORE TRANSFER. The Homeowner may be required, in accordance with MACLT's Pre-sale Repair Policy, to make necessary repairs to the Improvements prior to any voluntary transfers of the Improvements. In addition, any voluntary transfer of the Improvements shall include all of the major appliances that were located within the Home as of the Effective Date of this Lease (or any replacements of such appliances), which shall be in good working order. In the event such appliances are not included in the transfer, or the appliances are not in good working order, the Purchase Option Price shall be reduced by an amount equal to the replacement cost of the missing and/or defective appliances, as reasonably determined by MACLT.

ARTICLE 11 DEFAULT

11.1 EVENTS OF DEFAULT. It shall be an Event of Default if:

- a. the Homeowner shall fail to perform or observe any material term or condition in this Lease, and such failure is not cured by the Homeowner within thirty (30) days after notice thereof from MACLT to the Homeowner or such default is not cured by any Permitted Mortgagee within sixty (60) days after a subsequent notice from MACLT to such Permitted Mortgagee of the Homeowner's failure to cure such default within the initial 30-day grace period. However, in the case where the Homeowner or Permitted Mortgagee has commenced to cure such default within the appropriate period and is continuing such cure with all due diligence but cannot by the exercise of due diligence cure such default within such period, or in the case where the Permitted Mortgagee has commenced foreclosure or other proceedings to extinguish the Homeowner's interest in this Lease, such period shall be extended for such additional period as may be reasonably required under the circumstances to complete such cure or to extinguish the Homeowner's interest in the Lease; or

b. the estate hereby created shall be taken on execution or by other process of law, or if the Homeowner shall be judicially declared bankrupt or insolvent according to law, or if any assignment shall be made of the property of the Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer shall be appointed to take charge of all or any substantial part of the Homeowner's property by a court of competent jurisdiction, or if a petition shall be filed for the reorganization of the Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if the Homeowner shall file 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 and the Homeowner fails to vacate or stay any of the foregoing within thirty (30) days after MACLT has sent to the Homeowner notice of such default; provided, however, that the foregoing shall not operate or permit MACLT to terminate the Lease so long as all monetary payments required to be paid by the Homeowner continue to be paid in accordance with the terms of the Lease.

Notwithstanding any provision of this section 11.1 to the contrary, nonpayment of Lease Fees shall not constitute an Event of Default, provided, however, that MACLT shall nonetheless be entitled to collect unpaid Lease Fees as set forth in Section 5.7 above.

In the Event of Default, MACLT may, subject to the rights of any Permitted Mortgagee to cure defaults or extinguish the Homeowner's interest in this Lease, immediately or at any time thereafter while the condition of default still exists, terminate this Lease and initiate summary proceedings against the Homeowner. If permitted by such proceedings, MACLT, without demand or notice, may enter upon the Leased Land or any part thereof in the name of the whole and repossess the same, and expel the Homeowner and those claiming through or under the Homeowner and remove its or their effects without being guilty of any manner of trespass, and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant. If this Lease is terminated by MACLT or if MACLT re-enters the Leased Land pursuant to an Event of Default, the Homeowner agrees to pay and be liable for any unpaid Lease Fee, damages which may be due or sustained prior to or in connection with such termination or re-entry, and all reasonable costs, fees and expenses, including, without limitation, reasonable attorney's fees, incurred by MACLT in pursuit of its remedies under this Lease.

Any Permitted Mortgagee shall have the right, but not the obligation, to cure any default on the part of the Homeowner as well as the right to enter upon and take possession of the Leased Land and Improvements if necessary to do so to cure any default.

If MACLT shall elect to terminate this Lease pursuant to any provision thereof, MACLT shall, as a condition precedent to such termination, give prompt notice thereof to any Permitted Mortgagee. The Permitted Mortgagee shall have the right to postpone and extend the specified date for the termination of this Lease for a period sufficient to enable the Permitted Mortgagee to institute and complete foreclosure or other proceedings or otherwise to acquire or extinguish the Homeowner's interest in this Lease.

Any provision of this Section 12.1 to the contrary notwithstanding, if any Permitted Mortgagee is making the monetary payments required by this Lease and/or is diligently proceeding to cure any other default or to foreclose the Permitted Mortgage or otherwise obtain possession of the leasehold estate, any event of default shall not operate, or permit MACLT, to terminate this Lease.

No event of default or termination of this Lease based on the giving of any notice to the Homeowner shall be complete unless like notice in writing shall have been given to each Permitted Mortgagee as required hereby. A default under this Lease shall constitute a default in the Homeowner's obligations under the Permitted Mortgage, if the terms of the Permitted Mortgage so provide.

Each Permitted Mortgagee shall have all rights of the Homeowner with respect to the curing of any default under this Lease by the Homeowner. The Homeowner irrevocably authorizes and directs MACLT to accept, and MACLT shall accept, performance by the Permitted Mortgagee of any of the covenants or agreements on the Homeowner's part to be performed with the same force and effect as though performed by the Homeowner.

11.2 MACLT'S DEFAULT.

a. If MACLT shall fail to pay property taxes, assessments, or other land use charges by the last date permitted for such payments before delinquency and after at least thirty (30) days have elapsed following MACLT's receipt of a notice of default from the Homeowner or Permitted Mortgagee, the Homeowner or Permitted Mortgagee may pay the unpaid taxes or assessments and all sums so paid shall be credited against the installment(s) of Lease fee next due.

b. MACLT shall in no event be in default in the performance of any of its obligations under this Lease unless and until MACLT shall have failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by the Homeowner to MACLT properly specifying wherein MACLT has failed to perform any such obligation.

11.3 A DEFAULT (UNCURED VIOLATION) GIVES MACLT 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, MACLT may terminate this Lease and initiate summary proceedings under applicable law against the Homeowner, and MACLT 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 the Homeowner and those claiming rights through the Homeowner. In addition, MACLT shall have such additional rights and remedies to recover from the Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease.

If this Lease is terminated by MACLT pursuant to an Event of Default, then, as provided in Section 7.6 above, upon thus assuming title to the Home, MACLT shall pay to the Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.5 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to MACLT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by MACLT in pursuit of its remedies under this Lease.

If MACLT 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 the 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, the Homeowner hereby grants to MACLT (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 11.1 above, MACLT shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 11.3(b). Not later than ninety (90) days after MACLT gives notice to the Homeowner of MACLT's intent to exercise its option under this Section 11.3(b), MACLT or its assignee shall purchase the Home for the Purchase Option Price.

ARTICLE 12 MEDIATION AND ARBITRATION

12.1 MEDIATION AND ARBITRATION ARE ALLOWED. Should any grievance or dispute arise between MACLT and the Homeowner concerning the terms of this Lease which cannot be resolved by normal interaction, MACLT and the Homeowner shall submit the grievance or dispute to an agreed-upon third party for resolution. If MACLT and the Homeowner cannot agree upon such a third party within ten (10) days after either of them submits the name of a proposed arbitrator to the other, the following procedure shall be used:

MACLT or the Homeowner shall notify the other by written notice of its selection of a disinterested arbitrator. Within fifteen (15) days of receipt of this written notice, the other party may by written notice to the initiator of the arbitration process appoint a disinterested arbitrator of its own choice. These two arbitrators shall select a third arbitrator. If the other party fails to timely name an arbitrator in response to the receipt of the written notice from the initiator, the arbitrator selected by the initiator shall be the sole arbitrator.

The arbitrator or arbitrators shall hold a hearing within thirty (30) days after the initial written notice by the initiator of the arbitration process. At the hearing MACLT and the Homeowner shall have an opportunity to present evidence and question witnesses in the presence of each other.

As soon as reasonably possible, and in no event later than fifteen (15) days after the hearing, the arbitration panel shall make a written report to MACLT and the Homeowner of its findings and decisions, including a personal statement by each arbitrator of his/her decision and the reason for it. The arbitrators shall decide the dispute or claim in accordance with the substantive law of the jurisdiction and what is just and equitable under the circumstances. The decisions and awards of the majority of the arbitration panel shall be binding and final between MACLT and the Homeowner.

If the Homeowner fails to name an arbitrator pursuant to this Article, any Permitted Mortgagee shall have the right to promptly do so on behalf of the Homeowner. Any Permitted Mortgagee shall have the right to participate in any arbitration for the purpose of protecting its rights under this Lease.

12.2 HOMEOWNER AND MACLT SHALL SHARE COST OF ANY MEDIATION OR ARBITRATION. All expenses of the arbitration shall be borne equally by the Homeowner and MACLT unless at least two members of an arbitration panel find that either party has delayed, impaired, or attempted to deceive the panel for the purpose of harassing the other party to the arbitration, in which

event the panel may direct either party to pay the costs of the arbitration, including reasonable attorneys' fees, assessable to the other party.

ARTICLE 13 GENERAL PROVISIONS

13.1 HOMEOWNER'S MEMBERSHIP IN MACLT. The Homeowner under this Lease shall be entitled to membership in MACLT as a the Homeowner Member, so long as the Homeowner remains a leaseholder of MACLT under this Lease.

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

If to MACLT:

Madison Area CLT Corporation
902 Royster Oaks Dr, Ste 105
Madison, Wisconsin 53714

If to the Homeowner:

NAME
ADDRESS

If to a Permitted Mortgagee:

the address shown on **Exhibit H**.

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

13.3 SEVERABILITY AND DURATION. If any Article, Section, paragraph, subparagraph or clause of this Lease shall be unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other Article, Section, paragraph, subparagraph or clause, or give rise to any cause of action of either party to this Lease against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. The intention of the parties is that their respective options to purchase and all other rights and options under this Lease shall continue in full force and effect for the duration of the term of this Lease and any renewal thereof, and such options and other rights shall be considered to be coupled with an interest. In the event any such option or right shall be construed to be subject to any rule of law limiting its duration, the time period for the exercise of such option or right shall be construed to expire thirty (30) years after the death of the last survivor of the Homeowner or the children of the Homeowner, if any.

13.4 WAIVER. MACLT's failure to exercise any remedy available to it, or its failure to take action with respect to, any breach of any term, covenant, condition, provision, restriction, or reservation contained in this Lease, shall not be deemed to be a waiver of such term, covenant, condition, provision, restriction, or reservation or subsequent breach of the same, or of any other term, covenant, condition, provisions, restriction, or reservation herein contained. MACLT may grant waivers in the terms of this Lease, but any such waiver must be in writing and signed by MACLT before being effective.

The subsequent acceptance of Lease Fee payments under this Lease by MACLT shall not be deemed to be a waiver of any preceding breach by the Homeowner of any term, covenant, condition, provision, restriction, or reservation of this Lease, other than the failure of the Homeowner to pay the particular Lease Fee so accepted, regardless of MACLT's knowledge of such preceding breach at the time of acceptance of such Lease Fee payment.

13.5 MACLT'S RIGHT TO PROSECUTE OR DEFEND. MACLT shall have the right, but shall be under no duty or obligation, to prosecute or defend, in its own or the Homeowner's name, any actions or proceedings appropriate or necessary to the protection of its title to, and the Homeowner's occupancy, use, and possession of or interest in the Leased Land. Whenever requested by MACLT, the Homeowner shall give MACLT all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding.

13.6 GENDER NEUTRAL CONSTRUCTION. Whenever in this Lease a pronoun is used it shall be construed to represent neutral gender, non-binary gender, the masculine gender, or the feminine gender, unless the context clearly indicates otherwise.

13.7 CAPTIONS AND TABLE OF CONTENTS. The captions and table of contents appearing in this Lease are for convenience only, are not a material part of this Lease, and do not in any way limit or amplify the terms, covenants, conditions, provisions, restrictions, or reservations of this Lease.

13.8 EXHIBITS. The exhibits attached to this Lease, Exhibits, inclusive, are, by their reference, incorporated in and made a part of this Lease.

13.9 PARTIES BOUND. This Lease sets forth the entire agreement between the parties with respect to the leasing of the Leased Land; it is binding upon and inures to the benefit of the 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 the parties to this Lease or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

13.10 GOVERNING LAW. This Lease shall be interpreted in accordance with and governed by the laws of the State of Wisconsin. 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 MACLT or the Homeowner.

13.11 RECORDING. The parties agree, as an alternative to recording this Lease, to execute a Notice of Lease or Short Form Lease in recordable format and complying with applicable law and reasonably satisfactory to MACLT's attorneys. In no event shall such document set forth the rent or other charges payable by the 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.

Either party may, upon notice to the other, execute and record any subsequent notice as may be required by the provisions of Chapter 706, Wisconsin Statutes (2021-2022) or similar statutes.

13.12 FORCE MAJEURE. The Homeowner shall not be in default where performance is delayed or prevented by acts of God, war, civil commotion, strikes, labor disputes, or the like.

13.13 ESTOPPEL CERTIFICATE. MACLT shall, from time to time, within 10 days of receipt of written notice from a Permitted Mortgagee, certify, by written instrument duly executed and acknowledged, to a Permitted Mortgagee that the Lease has not been amended, the Lease is in full force and effect, and 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 Homeowner.

13.14 COUNTERPARTS. This Lease is executed in two (2) counterparts, each of which shall constitute one and the same instrument.

13.15 CERTIFICATES OF MACLT AND Homeowner. Either party shall, at any time and from time to time, upon not less than twenty (20) days' prior notice from the other party, execute and deliver to the other party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications), and the dates to which the Lease Fee and other charges have been paid in advance, and stating whether or not, to the best knowledge of the signer of such statement, the other party is in default in observing or performing any covenant or agreement contained in this Lease and, if there be a default, specifying each such default, it being intended that any such statement delivered pursuant to this Section 13.15 may be relied upon by the other party or any purchaser, assignee, subtenant or mortgagee of its estate.

[Signature page follows.]

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

**LESSOR:
MADISON AREA CLT CORPORATION**

By: _____
Olivia Williams, Executive Director

**LESSEE:
HOMEOWNER**

NAME

NAME

EXHIBIT A

DESCRIPTION OF LEASED LAND

[LEGAL DESCRIPT], in the City of Madison, Dane County, Wisconsin

Parcel No.: [#####]

ADDRESS PER TAX ROLL: [ADDRESS]

Ground Lease for [ADDRESS], Madison, WI

EXHIBIT B

LETTER OF ACKNOWLEDGMENT

Madison Area CLT Corporation
902 Royster Oaks Dr., Ste 105
Madison, WI 53714

This letter is given to you, as required by Article 1 of the Ground Lease ("Lease") shared between **myself** and Madison Area CLT Corp., and prior to purchase of the improvements on land ("Leased Land") located at **[ADDRESS]**, in the city of Madison, Dane County, Wisconsin.

I/We intend to purchase the improvements ("Improvements") on the Land. I/We am/are buying the Improvements and agreeing freely to abide by the Lease, without pressure from other parties, and in order to obtain certain benefits and goals, as discussed here.

_____, our legal counsel, has explained all the terms and conditions which are part of this transaction to me/us. I/We understand the current and future effects of these terms and conditions on my/our rights of ownership of the Improvements.

I/We understand that the following documents (the "Documents") are the relevant documents which reflect the special nature of my/our purchase:

- (a) This Letter of Acknowledgment and the Attorney's Lease;
- (b) A Deed for the Improvements;
- (c) The Lease of which this letter is an exhibit; and
- (d) The Articles of Incorporation and By-laws of the Madison Area CLT Corporation (the "CLT").

The purpose of this Letter of Acknowledgment is to show to anyone who examines this transaction in the future that I/we understand and agree to the goals, motives, intent, terms and conditions set out in those Documents, as follows:

1. The CLT was founded to develop and preserve long-term affordable home-ownership for people of limited resources, and through which MACLT intends to conserve land and natural resources, and the stability of and improvement of existing neighborhoods.
2. The goal of the CLT is to encourage the transfer of decent, affordable housing between people of low to moderate income (as defined in the Lease) through the long-term leasing of land under the housing.
3. The CLT is the owner of the Land on which the Improvements are located.
4. I/We will be the owners of all Improvements on the Land.

5. My/Our purchase of the Improvements at [ADDRESS], qualifies me/us as a Resident Member of the CLT, and through which I/we enjoy the rights defined within the CLT By-Laws. A copy of the CLT By-laws has been provided to me/us.

6. I/We agree with the CLT that the terms and conditions of the Lease will make it more likely that when the home is sold in the future, it will be sold, either directly or indirectly, at an affordable price to another low or moderate income family.

7. I/We intend to occupy the Land according to the terms of the Lease. The CLT will encourage this occupancy in all reasonable ways and guarantee me/us the rights and privileges normally associated with home-ownership, as stated in the Lease.

8. If I/we should decide to sell the Improvements, the CLT will have the right to purchase them before they are offered to anyone else. If the CLT does not exercise its right to repurchase the Improvements, I/we can sell our home to another income eligible household (as defined by the City of Madison) at a price determined by the resale price formula in the Lease.

9. The limited-equity price at I/we can sell the home for is the Purchase Option Price (POP), which is calculated as: (a) The Base Price (the price I bought the home for), plus (b) Interest at an APR (Annual Percentage Rate) of 1.00% simple interest, plus (c) Credit for items qualifying under the Qualified Capital Improvements Policy, which shall be calculated according to that policy. This limited equity formula insures fair compensation to me/us and the affordability of the property for another low-to-moderate income family.

10. Although the CLT has the first option to repurchase the Improvements, I/we intend that they will be occupied continuously by myself/ourselves, my/our family or my/our heirs.

11. It is my/our desire for reasons of private motivation and of sound public policy that the terms of the Documents be honored. I/We consider such terms fair and equitable to me/us.

Sincerely,

Date

EXHIBIT C

ATTORNEY'S DECLARATION

Madison Area CLT Corporation
902 Royster Oaks Dr., Ste 105
Madison, WI 53714

I have been independently employed by [NAME] ("Client(s)"), who intend to purchase a home and related improvements ("Improvements") located on the land ("Leased Land") at [ADDRESS], in the City of Madison, Dane County, Wisconsin, and to lease that Leased Land from the Madison Area CLT Corporation ("CLT").

In connection with the contemplated purchase and lease of the Improvements and Leased Land, I reviewed with Clients the following documents related to the transaction:

- (a) Client's Letter of Acknowledgment and this Attorney's Declaration;
- (b) a Deed for the Improvements;
- (c) the Lease of which this is an exhibit; and
- (d) the Articles of Incorporation and By-laws of MACLT.

My advice and review has been given to inform my Clients of the present and foreseeable risks and legal consequences of the contemplated transaction, including the equity limitation provisions in Article 10 of the Lease.

My **Client has** entered the aforesaid transaction in reliance on his/her/their own judgment and upon his/her/their investigation of the facts.

_____, Esq.

Date

ATTORNEY CONTACT INFO:

Print Name: _____
Law Firm's Name: _____
Address: _____
Phone: _____

EXHIBIT D

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 thirty (30) 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 ninety (90) 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

1. Any facts, rights, interests, or claims that are not shown by the public records but that could be ascertained by an inspection of the land or by making inquiry of persons in possession of the land.
2. Easements, claims of easements or encumbrances that are not shown by the public records.
3. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title including discrepancies, conflict in boundary lines, shortages in area, claims for adverse possession or prescriptive easements, or any other facts that would be disclosed by an accurate and complete land survey of the land, and that are not shown in the public records.
4. Public or private rights, if any, in such portion of the premises described herein as may be used, laid out or dedicated in any manner whatsoever, for street (highway) and/or alley purposes.
5. Reservations for easements, building setback lines, notes and other matters, if any, as shown on the recorded plat.
6. Municipal and zoning ordinances and agreements entered under them, and recorded easements for the distribution of utility and municipal services.
7. Memorandum of Lease by and between Madison Area CLT Corporation, as Lessor, and **[NAME]** as the Homeowner, dated **[DATE]**, and recorded in the office of the Register of Deeds for Dane County on _____, 20__, as Document Number _____.

EXHIBIT F

FORM OF DEED

State Bar of Wisconsin Form 1-2003
WARRANTY DEED

Recording Area

THIS DEED, made between **MADISON AREA CLT CORPORATION**, a Wisconsin nonstock corporation (“Grantor,” whether one or more), and **[NAME], [A SINGLE PERSON / husband and wife, together as survivorship marital property]** (“Grantee,” whether one or more). Grantor, for a valuable consideration, conveys to Grantee the following described real estate, together with the rents, profits, fixtures and other appurtenant interests, in **DANE** County, State of Wisconsin (“Property”) (if more space is needed, please attach addendum):

All improvements, fixtures and buildings (collectively, the “Improvements”) located on the property more particularly described as **[LEGAL DESCRIPT]**, in the City of Madison, Dane County, Wisconsin (the “Leased Land”). This deed only conveys title to the Improvements and does not convey title to the Leased Land.

TAX ROLL PARCEL NUMBER: Parcel No.: **[#####]**

ADDRESS PER TAX ROLL: **[ADDRESS]**

Grantor warrants that the title to the Property is good, indefeasible in fee simple and free and clear of encumbrances except: municipal and zoning ordinances and agreements entered under them, recorded easements for the distribution of utilities and municipal services, recorded building and use restrictions and covenants, general taxes levied in the year of closing or thereafter, and the Permitted Exceptions listed on the attached Exhibit A.

Name and Return Address:
[NAME]
[ADDRESS OF HOME]

Part of **[#####]** Parcel Identification Number (PIN)

This is not homestead property.
(~~is~~) (is not)

Dated [DATE], 2022.

MADISON AREA CLT CORPORATION

By: _____ (SEAL)
* Olivia Williams, Executive Director

AUTHENTICATION

Signature(s) _____

authenticated on _____

* _____
TITLE: MEMBER STATE BAR OF WISCONSIN
(If not, _____
authorized by § 706.06, Wis. Stats.)

THIS INSTRUMENT DRAFTED BY:

Madison Area CLT Corporation
902 Royster Oaks Dr, Ste 105 Madison, WI 53714

ACKNOWLEDGMENT

STATE OF WISCONSIN)
) ss.
_____ COUNTY)

Personally came before me on _____,
the above-named _____

to me known to be the person(s) who executed the foregoing
instrument and acknowledged the same.

* _____
Notary Public, State of Wisconsin
My Commission (is permanent) (expires: _____)

(Signatures may be authenticated or acknowledged. Both are not necessary.)

NOTE: THIS IS A STANDARD FORM. ANY MODIFICATIONS TO THIS FORM SHOULD BE CLEARLY IDENTIFIED.
WARRANTY DEED STATE BAR OF WISCONSIN FORM NO. 1-2003

* Type name below signatures.

Ground Lease for [ADDRESS], Madison, WI

EXHIBIT A TO WARRANTY DEED

Permitted Exceptions

1. Any facts, rights, interests, or claims that are not shown by the public records but that could be ascertained by an inspection of the land or by making inquiry of persons in possession of the land.
2. Easements, claims of easements or encumbrances that are not shown by the public records.
3. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title including discrepancies, conflict in boundary lines, shortages in area, claims for adverse possession or prescriptive easements, or any other facts that would be disclosed by an accurate and complete land survey of the land, and that are not shown in the public records.
4. Public or private rights, if any, in such portion of the premises described herein as may be used, laid out or dedicated in any manner whatsoever, for street (highway) and/or alley purposes.
5. Reservations for easements, building setback lines, notes and other matters, if any, as shown on the recorded plat.
6. Municipal and zoning ordinances and agreements entered under them, and recorded easements for the distribution of utility and municipal services.
7. Memorandum of Lease by and between Madison Area CLT Corporation, as Lessor, and [name], as the Homeowner, dated [date], and recorded in the office of the Register of Deeds for Dane County on _____, 20__, as Document Number _____.

EXHIBIT G

**FINAL SETTLEMENT STATEMENT
(Begins on following page)**

EXHIBIT H

PERMITTED MORTGAGEE(S)

[BANK AND ADDRESS]

City of Madison Community Development Division
215 Martin Luther King Jr Blvd, Suite 300
Madison, Wisconsin 53703

EXHIBIT I

FORM OF NOTICE OF INTENT TO SELL

Madison Area Community Land Trust

902 Royster Oaks Dr. Ste. 105

Madison, WI 53714

Re: Note of Intent to Sell **[ADDRESS]**

Dear MACLT:

Pursuant to the terms of the Ground Lease, I am writing to provide you with notice that I intend to sell my property in the near future. I understand the Ground Lease gives MACLT the right to purchase my property, which is intended to help ensure the property remains affordable for future owners.

I understand this notice is the first step in the sale process. I look forward to receiving a response from MACLT soon.

Sincerely,

[NAME]