

THIS GROUND LEASE AGREEMENT made and entered into this _____ day of _____, 20____, by and between ESCAMBIA COUNTY COMMUNITY LAND TRUST, INC. (henceforth ECCLT), Lessor, and _____, Lessee.

WHEREAS, ECCLT is organized for the charitable purposes: of establishing and maintaining affordable housing for low and moderate income households; of providing access to land and decent housing; of conserving land and natural resources by fostering responsible and perpetual occupancy; and, of acquiring property for resale to low and moderate income households to provide entry into the local homeownership marketplace which remains foreclosed to them as a matter of limited financial resources;

AND WHEREAS, the goal of ECCLT is to stimulate the conveyance of affordable and decent residential housing among low and moderate income homeowners through the perpetual leasing of the ground under said housing;

AND WHEREAS, the Leased Premises described hereunder have been purchased by ECCLT for good and valuable consideration in furtherance of the goal of perpetual occupancy of the Leased Premises by and resale of the improvements located thereon among low and moderate income households;

AND WHEREAS, the terms and conditions of this Ground Lease Agreement, despite their unusual nature, have been freely accepted by the parties each with the independent and informed advice of legal counsel, and exist in furtherance of the goal of perpetual occupancy of the Leased Premises by and resale of the improvements located thereon among low and moderate income households;

AND WHEREAS, it is mutually understood and accepted by the parties that said terms and conditions will enhance the marketability of any residential structures on the Leased Premises either through removal and re-erection or sale at an affordable price directly or indirectly to another low or moderate income household;

WITNESSETH:

**ARTICLE I: REGULATIONS FOR THE LESSEE'S OCCUPANCY,
USE AND ENJOYMENT OF THE LEASED PREMISES**

1.1 INCORPORATION: Attached hereto as Exhibit A is Stipulation of the Parties setting forth the parties' motivations for and understanding of the terms and conditions contained herein.

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ARTICLE II: LEASED PREMISES

2.1 DESCRIPTION: The Lessor, in consideration of the rents reserved and of the lease's terms, conditions, covenants, and agreements on the part of Lessee, does hereby demise and leave unto Lessee, and Lessee does hereby take and hire from Lessor, property to be referred to in this Ground Lease Agreement as the Leased Premises. This property is described in Exhibit B.

2.2 RESERVATIONS AND RESTRICTIONS: Subject to the renewals to be accomplished hereunder, the Lessee shall have perpetual use of the leasehold premises and leasehold interest only for purposes of residence and activities related to residence. Provided, however, that nothing in this subsection shall prevent the use of the leasehold premises for home occupation in accordance with all local, state and federal guidelines that specifically address the terms and conditions of this agreement.

2.3 EXTRACTION OF RESOURCES: The Lessor reserves to itself, however, all the minerals and other extractive resources. Said reservation shall in no way diminish the perpetual right of the Lessee to occupy and freely use the Leased Premises and any eventual extraction by the Lessor of minerals or other extractive resources shall be carried out with as little disruption to the Lessee as is reasonably possible. In instances requiring undue disruption of the Leased Premises, the Lessor shall be precluded from making said extraction.

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ARTICLE III: DURATION OF LEASE AGREEMENT

3.1 PRINCIPAL TERM: The term of this lease shall be ninety-nine (99) years commencing on the _____ day of _____, 20____, and terminating on the _____ day of _____, 20____, unless terminated sooner as provided in this Ground Lease Agreement.

3.2 LESSEE'S PERPETUAL RIGHT TO RENEW: It is the express intention of the parties that this Ground Lease Agreement shall be renewable at the sole discretion of the Lessee for as long as the grass grows and the water runs. No statement made in the Ground Lease Agreement regarding husbandry of the land, use of the Leased Premises, removal of residential and other structures or otherwise shall be construed as a limitation on this express intent to endow the Lessee forever with the sole right of perpetual renewal. Such a right is accepted by the parties as fully consistent with their jointly held goal of perpetual occupancy of the Leased Premises by and resale of the improvements located thereon among low and moderate income households. The Lessor hereby expressly states its intention to be bound by said Lessee-held right of perpetual renewal through successive renewal periods forever or as long as the Lessee shall so determine, except that the Lessee's right of perpetual renewal through successive renewal periods shall be subject to the provisions of Article VIII of this Ground Lease Agreement.

3.3 PROCEDURE FOR SUCCESSIVE RENEWALS: Lessee must exercise this right to renew no later than three (3) months prior to the expiration of the primary term or the expiration of the last renewal term of this Ground Lease Agreement created by the Lessee's act. Such exercise shall consist of a written Election to Renew delivered to Lessor. The Election may also contain a request by the Lessee that the terms and conditions of the Ground Lease Agreement be renegotiated and accepted through the mutual consent of the

parties. Upon receipt of such Election from the Lessee, the Lessor may also request such renegotiation. Absent the mutual consent of the parties, the terms for any renewal period shall be identical to those in effect during the expiring lease term. In such a manner, the Lessee shall obtain occupancy through successive renewal periods in perpetuity based on terms and conditions identical to this Ground Lease Agreement or those mutually accepted as part of any renewal. Once accepted by mutual agreement, said terms and conditions shall be in effect for all subsequent renewal periods unless they are later renegotiated by the parties.

3.4 SUBSTITUTE LESSORS: In the event that ownership of and title to the Leased Premises should be conveyed by the Lessor to any other person or entity, this Ground Lease Agreement shall not cease but shall remain binding and unaffected.

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ARTICLE IV: LESSEE'S USE OF LEASED PREMISES

4.1 USE AS A PRIMARY RESIDENCE: Lessee agrees that the Leased Premises shall be used as a primary residence. No commercial structures shall be erected on the Leased Premises. Under no circumstances may the improvements on the Leased Premises be altered to create more than one primary residence such as construction of a duplex or garage apartment.

4.2 RESPONSIBLE USE: Lessee agrees to use the Leased Premises in a manner reasonably related to its continued and primary use as a residence and not to cause real harm nor create any nuisances, public or private. Lessee shall use the Leased Premises in an ecologically sound manner, maintaining the productivity of the soil and the integrity of the landscape. Lessee shall dispose of any and all waste in a safe and sanitary manner. Nothing in this paragraph shall be construed to prevent Lessee from making capital improvements as long as they comply with the provisions of Article VII, Section 7.3, of this Ground Lease Agreement.

4.3 RESPONSIBLE FOR OTHERS: Lessee shall be responsible for the proper use of the Leased Premises by members of their household, their friends or visitors, or anyone else using the property with the consent of Lessee, and shall make them aware of the spirit, intent and appropriate terms of this Ground Lease Agreement, and shall be responsible for any misuse by these persons of portions of the Leased Premises under Lessee's control.

4.4 OCCUPANCY: Except as provided in Section 4.5 below, Lessee shall occupy the Leased Premises for at least 10 (10) months of each year of this lease or this Ground Lease Agreement shall terminate. Occupancy by Lessee's children or other family members or dependents shall be deemed occupancy by Lessee.

ARTICLE V: GROUND LEASE FEE

5.1 GROUND LEASE FEE: In consideration for possession, perpetual use and occupancy of the Leased Premises, Lessee shall pay to Lessor a monthly Ground Lease Fee equal to the sum of:

- a) an Administrative Fee of thirty-five dollars (\$35.00); plus,
- b) a Debt Service Fee, if applicable, as provided in Section 5.2 below.

Said Ground Lease Fee shall be due on the 1st (first) day of each month for the ninety-nine (99) year term of this Ground Lease Agreement.

5.2 CALCULATION OF DEBT SERVICE FEE: The Debt Service Fee component of the Ground Lease Fee shall be controlled by the terms set forth in an agreement attached hereto as EXHIBIT H. If said agreement is in evidence at such time as this lease is terminated by Lessee pursuant to Article VIII below, the outstanding principal and interest shall be paid in full according to the terms of said agreement.

5.3 ADJUSTMENTS TO LEASE FEE DURING THE INITIAL AND SUCCESSIVE RENEWAL TERMS: The Administrative Fee specified in Section 5.1(a) above shall be subject to adjustment on January 1, 20__, and every (5) five years thereafter, based upon any increase in the Florida Consumer Price Index for Wage Earners, as maintained by the U.S. Department of Labor, that may have taken place during the intervening five (5) year period, or some comparable index if this index becomes unavailable or is discontinued. Any increase in the Administrative Fee must be approved by the Board of Directors of the Lessor.

5.4 OTHER CHARGES AND ASSESSMENTS: Lessee shall pay all service bills, utilities charges, or other governmental assessments charged against the leasehold premises.

ARTICLE VI: TAXES

6.1 TAXES: Lessee shall be responsible for all taxes and assessments, no matter how designated, that relate to the Improvements and the Leased Premises, including any and all special assessments or tax adjustments.

6.2 TAXES ON LEASED PREMISES: In such case as the local taxing authority bills the Lessor for the taxes on the Leased Premises, the Lessor shall pass the responsibility for this expense to the Lessee and the Lessee shall promptly pay this bill.

6.3 PAYMENTS IN EVENT OF DELINQUENCY: In the event that Lessee fails to pay the taxes or assessments set forth in Section 6.1 and/or Section 6.2 above (as evidenced by notice from the authorized municipal official), Lessor may increase, but shall not be obligated to increase Lessee's Ground Lease Fee payments in such amounts so that the total sum collected will offset the cost of any delinquent and current taxes on the improvements and/or the Leased Premises as the case may be and, if collected, make such payments to the taxing authority in a timely manner.

6.4 PROOF OF PAYMENT: On or about May 1 of each year, Lessor shall provide Lessee with an accounting of all taxes paid by Lessor pursuant to the provisions of this Ground Lease Agreement during the previous calendar year.

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ARTICLE VII: IMPROVEMENTS

7.1 OWNERSHIP: It is the express intent of the parties that Lessee shall own and have title to all of the items made or erected on the Leased Premises as of the date of this Ground Lease Agreement, provided that all items erected conform to all building codes and neighborhood restrictive codes and covenants. In general, improvements shall include:

All buildings, structures and improvements, foundations, footings, driveways, roads, utilities, pavings, fixtures, apparatus, appliances, furniture, machinery, personal property and building equipment in, upon, under or over the land, including, but without limiting the generality of the foregoing, all furnaces, boilers, engines, motors, compressors, tanks, fittings, piping, wiring, connections, conduits, ducts, equipment, partitions, screens, awnings, windows, doors, and blinds, together with any and all renewals and replacements thereof or additions thereto or substitutes therefore. A description of the improvements owned by Lessee as of the date of execution of this Ground Lease Agreement is attached as Exhibit C and shall expressly limit the general items listed above. Prior to the execution of this Ground Lease Agreement, a certified market valuation of the Leased Premises and of all improvements thereon, described in Exhibits B and C, respectively, shall be obtained from a mutually acceptable property appraiser that has been approved by the Florida Real Estate Appraisal Board. Values contributed by the Leased Premises and the improvements shall be indicated as separate figures. Copies of this certified appraisal shall be presented to the parties no later than the date of execution of this Ground Lease Agreement and the relevant appraised values will be recorded on the appropriate lines in Section 15.2 regarding the option price formula. All such subsequently made or erected improvements shall be added to the description in Exhibit C as soon as is convenient, but in no case later than the dates of the successive renewals available under the Ground Lease Agreement at the sole discretion of the Lessee. The ease or difficulty of the removal of a given improvement

or the remaining state of the land after such removal shall not affect Lessee's ownership of or title to such improvement.

7.2 HOUSING CODES: Any structures located on the Leased Premises must meet applicable federal, state, county and/or municipal regulations regarding such structures. Furthermore, each dwelling must have a sewage disposal system that meets Department of Public Health requirements.

7.3 CAPITAL IMPROVEMENTS:

A. Written Notice by Lessee: Whenever Lessee shall desire to undertake to construct any major improvements outside the planes of the exterior walls, roof, and basement of the existing structure or structures located on the Leased Premises, they must notify the Lessor in writing of their intentions. Such written notice shall include a plan describing fully the proposed construction and its potential impact on the Leased Premises and the surrounding lands.

B. Title: Lessee will own and have title vis-à-vis the Lessor to any improvements constructed on the Leased Premises.

C. Mechanics' and Suppliers' Liens: No lien for services, labor or materials resulting from Lessee's capital improvements shall attach to the Lessor's title to the Leased Premises described in Exhibit B or any other lands owned by Lessor, by reason of any construction undertaken by Lessee in, upon, under, or over the Leased Premises.

7.4 CREDIT FOR CAPITAL IMPROVEMENTS: In the event Lessor exercises its option to purchase the improvements located on the Leased Premises, as set forth in Article XV of this lease, Lessor agrees to pay, and Lessee agrees to accept a Capital Improvement Credit which shall be equal to the lesser of: 1) the value which each capital improvement adds to Lessee's property or, 2) a

Maximum Capital Improvement Credit computed pursuant to this Section 7.4.

A. Procedure.

1) Prior to undertaking construction or modification of any structure located on the Leased Premises for which Lessee desires to receive a Capital Improvement Credit, and at Lessee's expense, a market appraisal of all structures located on the Leased Premises shall be performed by a mutually acceptable property appraiser that has been approved by the Florida Real Estate Appraisal Board. The appraisal shall be conducted by analysis and comparison of comparable properties, disregarding the restrictions of this lease on the use and transfer of the Leased Premises and the improvements located thereon, and further disregarding restrictions set forth in Lessee's Declaration(s) of Covenant of even date and recorded in the appropriate municipal or town land records. The appraisal shall include an estimate of value before construction or modification is undertaken (the "pre-construction market value"), and another estimate of value assuming the construction or modification is completed in accordance with brief written specifications furnished by Lessee (the "post-construction market value"). A copy of this appraisal shall be submitted to Lessor and attached to this lease as Exhibit D. This procedure shall be followed each time Lessee desires to receive a Capital Improvement Credit. Each appraisal shall be submitted to Lessor and attached to Exhibit D as Exhibit D-2, D-3, and so forth. The most recent attachment to Exhibit D shall be controlling for purposes of computing each successive credit.

2) Within fifteen (15) working days of Lessor's receipt of the appraisal, Lessor shall provide Lessee with written notice of the Maximum Capital Improvement Credit to be allowed. A copy of this notice shall be attached to this lease as Exhibit E. This procedure shall be followed each time Lessee desires to receive a Capital Improvement Credit. A copy of each notice shall be attached to Exhibit E as Exhibit E-2, E-3, and so forth. The most recent

attachment to Exhibit E shall be controlling for purposes of computing each successive credit.

3) Within sixty (60) days of substantial completion of construction or modifications, and at Lessee's expense, a market appraisal of all structures on the Leased Premises shall be performed by a mutually acceptable property appraiser that has been approved by the Florida Real Estate Appraisal Board. This appraisal may be a brief update of the appraisal performed before construction. A copy of this appraisal shall be submitted to Lessor and attached to this lease as Exhibit F. This procedure shall be followed each time Lessee desires to receive a Capital Improvement Credit. Each appraisal shall be submitted to Lessor and attached to Exhibit F as Exhibit F-2, F-3, and so forth. The most recent attachment to Exhibit F shall be controlling for purposes of computing each successive credit.

B. Definitions:

1) "Maximum Capital Improvement Credit" shall be the current Florida Housing Finance Corporation maximum home purchase price for an existing single family minus the Lessor's Option price as though it were paid on or about the date of Lessor's receipt of Exhibit D. If the Florida Housing Finance Corporation no longer exists or does not have a maximum home purchase price, some other comparable index shall be used.

C. Calculation of the Capital Improvement Credit

The Capital Improvement Credit shall be the LESSER of the following:

1)a) The market value of all structures on or about the date of substantial completion of construction or modification as indicated by Exhibit F; less, b) the pre-construction market value of all structures as indicated by Exhibit D; equals, c) the value added by construction or modification; OR 2) The Maximum Capital Improvement Credit as indicated by Exhibit E.

Lessee agrees that the Capital Improvement Credit as determined by the procedures and formulas described herein constitutes fair compensation for all construction or modifications to Lessee's property. In the event Lessor exercises its option to purchase the improvements pursuant to Article XV of this Ground Lease Agreement, Lessor agrees to include such Capital Improvement Credit in its option price provided the procedures set forth in this Section are followed and Exhibits D, E and F are in evidence.

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ARTICLE VIII: TERMINATION

8.1 INITIATED BY LESSEE: Lessee may terminate this Ground Lease Agreement at any time and for any reason, provided that Lessee gives the Lessor written notice of intention to terminate at least one hundred twenty (120) days prior to the date upon which Lessee desires this Ground Lease Agreement to terminate. This written notice of intention to terminate shall also expressly state the Lessee's plans for disposition of the property it owns that is located on the premises. The Lessee may choose either to: (1) exercise its right to remove said property pursuant to the conditions set forth in Section 8.5 below; or (2) sell said property in accordance with the resale procedure as set forth in Article XV below.

8.2 INITIATED BY LESSOR:

A. Grounds for Termination

Lessor may terminate this Ground Lease Agreement in the event that Lessee has intentionally violated any substantive provisions, conditions, restrictions, or reservations of the Ground Lease Agreement in such a manner as to negate or compromise the original mutually held goals of perpetual occupancy of the Leased Premises by and resale of the improvements located thereon among low and moderate income households that is the continuing foundation of the relationship between Lessor and Lessee. Termination of this Ground Lease Agreement by Lessor may also be based on the Lessee having:

- 1) Abused the leasehold premises by using them or by permitting them to be used in any manner seriously detrimental to the land itself or the surrounding community of people;
- 2) Failed to pay the monthly fee within ninety (90) days of its due date;
- 3) Failed to comply with the occupancy requirement of Section 4.4;
- 4) Failed to comply with any other material term of this Ground Lease Agreement;

5) Failed to comply with any ruling or judgment made through the process for arbitration of disputes of grievances as provided in Article X; or

6) Been adjudged insolvent or have had bankruptcy proceedings initiated by or against them, or either of them, as provided in Article XIV.

B. Process for Termination

1. Lessor shall give Lessee written notice of its intention to terminate specifying the basis or bases of the termination and corrective actions necessary to cure their default and stop the termination process. If Lessee's actions can be undone and the damages caused remedied within ninety (90) days of written notice from Lessor, Lessee shall be deemed to have cured their default. Otherwise, this Ground Lease Agreement shall terminate one hundred and eighty (180) days after Lessor's written notice to Lessee or at such later time as determined by Lessor.

2. Lessee may request arbitration as provided in Article X of any issues relating to Lessor's initiation of termination at any time within the first ninety (90) day period described above.

3. The Lessor shall as expeditiously as possible after the surrender of the premises by the terminated Lessee either: (a) execute a perpetually renewable lease with new low and moderate income households who are otherwise foreclosed from the private ownership marketplace; or (b) dispose of or otherwise use the premises in a manner consistent with Lessor's organizational purposes.

8.3 SURRENDER OF LEASED PREMISES: If and when this Ground Lease Agreement shall be terminated, Lessee shall vacate and leave the Leased Premises peacefully and quietly within thirty (30) days following termination,

without damaging or defacing the Leased Premises in any way. However, the parties acknowledge that some damage or defacement may occur in the event Lessee exercises its right of removal of the buildings and improvements Lessee owns. The potential of such damage shall in no way infringe on Lessee's right of removal, but Lessee so exercising shall be under an affirmative obligation to review all removal plans prior to initiation. During this time, all provisions of the Ground Lease Agreement shall remain in effect. Unless Lessee informs Lessor in writing of the date upon which Lessee will vacate the Leased Premises, Lessee shall be held responsible and accountable for the care of the Leased Premises for the duration of this thirty (30) day period.

8.4 SPECIAL RULE FOR BANKRUPTCY, INSOLVENCY, AND INVOLUNTARY ASSIGNMENT: Termination of this Ground Lease Agreement by reason of Lessee's bankruptcy, insolvency, or an event of involuntary assignment, transfer, or sale is not governed by this Article VIII where it is in conflict with Article XIV.

8.5 REMOVAL OF IMPROVEMENTS: Unless Lessor purchases or Lessee sells the improvements according to Article XV, Lessee must remove all improvements from the Leased Premises within three (3) months of the termination of the Ground Lease Agreement. As provided above, Lessee may remove the improvements unless to do so will materially injure the Leased Premises or put them in a worse condition than they were in when Lessee took possession. However, Lessee shall make every reasonable effort to return the Leased Premises to its original contours and vegetation.

**ARTICLE IX: FORCED SALE OR JUDICIAL SALE, CONDEMNATION,
AND EMINENT DOMAIN**

9.1 EFFECT OF FORCED SALE OR JUDICIAL SALE, CONDEMNATION, AND EMINENT DOMAIN: In the event that the Leased Premises shall be appropriated or taken by forced sale or judicial sale, condemnation, or eminent domain, this Ground Lease Agreement shall terminate and expire as of the date of such taking, and Lessee and Lessor shall thereupon be released from any liability thereafter accruing hereunder.

9.2 COMPENSATION: In the event of such condemnation or taking, Lessor and Lessee shall be free to make claim against the condemning or taking authority for the amount of any damage done them, respectively, as a result thereof.

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ARTICLE X: MEDIATION AND ARBITRATION

10.1 AGREEMENT TO MEDIATE AND ARBITRATE: In order to ensure the perpetual occupancy of the Leased Premises by the Lessee, the parties acknowledge the necessity of resolving disputes in an expeditious, organized, and fair manner. The mediation and arbitration procedures set forth below reflect the parties' understanding that speedy dispute resolution is essential to the perpetual occupancy and use of the Leased Premises. Should any grievance or dispute arise between Lessor and Lessee concerning their respective rights and duties under the terms of this Ground Lease Agreement, which cannot be resolved in normal interaction, the following mediation and arbitration procedures shall be used; provided, however, that any dispute which involves the legal validity of this Ground Lease Agreement or any portion thereof is specifically excluded from this arbitration agreement. Any such dispute shall be subject to judicial resolution rather than arbitration.

10.2 MEDIATION: Lessor or Lessee may notify the other by written notice of its/their desire to enter into non-binding mediation. Within fifteen (15) days of receipt of this written notice, the Lessor and Lessee will mutually agree upon a disinterested person to mediate their dispute. The mediator shall be a person who has prior experience in mediation. Efforts to achieve a resolution through mediation shall end as soon as Lessor or Lessee announces that, despite good faith efforts, the parties are unable to resolve their dispute. In any event, either Lessor or Lessee shall be free to resort to arbitration if the dispute has not been resolved within thirty (30) days of the selection of a mediator or if the parties are unable to agree upon a mediator within fifteen (15) days of the receipt of the written notice of a request to mediate. Neither Lessor nor Lessee may seek arbitration without first utilizing the mediation process in accordance with this Section 10.2.

10.3 ARBITRATION PROCEDURES: Lessor or Lessee shall notify the other by written notice of its/their 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/their choice. These two arbitrators shall select a third arbitrator. If the other party fails to timely name an arbitrator in response to receiving the written notice from the initiator of the arbitration process, the arbitrator selected by the initiator shall be the sole arbitrator. The arbitrator or arbitrators shall hold a hearing within forty-five (45) days after the initial written notice by the initiator of the arbitration process. At the hearing, Lessor and Lessee shall have an opportunity to present evidence and question witnesses in the presence of each other. Within thirty (30) days after the hearing, the arbitration panel shall be binding and final between Lessor and Lessee. The prevailing party shall be entitled to attorneys fees in any arbitration proceedings and in any judicial proceeding connected with the arbitration.

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ARTICLE XI: PROVISION FOR PERPETUAL OCCUPANCY BY LESSEE

During the principal term and any successive renewal terms of this Ground Lease Agreement, Lessee MAY NOT AND SHALL NOT sublease, rent, pledge, mortgage, convey, or assign any of its rights to or interests in the Leased Premises. The foregoing is not meant to prohibit succession to the leasehold through testamentary disposition or intestacy, provided the conditions hereinafter set forth are complied with. Parties succeeding to the leasehold through the testamentary dispositions or intestacy shall be bound by all terms and conditions of the Ground Lease Agreement. Furthermore, said parties succeeding to Lessee's interest shall acknowledge in writing their obligations to be bound by the terms and conditions of the Ground Lease Agreement within ninety (90) days of a written request by Lessor for such acknowledgment. Failure to sign such acknowledgment shall constitute a substantial violation of the Ground Lease Agreement and grounds for termination pursuant to Article VIII above.

AND FURTHERMORE, in the interest of the mutual goals of perpetual occupancy of the Leased Premises by Lessee and similar low and moderate income households, the Lessor may waive but is not required to waive, the provisions of this Article with respect to a lender who lends money to Lessee for use in improving or maintaining the Leased Premises and/or the improvements located thereon, and who is secured by a security interest in the improvements and the Lessee's interest in the Leased Premises.

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ARTICLE XII: LESSEE'S INDEMNIFICATION OF LESSOR AND WAIVER

Lessor shall not be liable for any loss, injury, death, or damage to persons or property which at any time may be suffered or sustained by Lessee or by any person whosoever may at any time be using or occupying or visiting the Leased Premises or be in, on or about the same, whether such loss, injury, death, or damage shall be caused by or in any way result from or arise out of any act, omission, or negligence of Lessee or of any occupant, visitor, or user of any portion of the premises, or shall result from or be caused by any other matter or thing whether of the same kind as or of a different kind than the matters or things above set forth, and Lessee shall indemnify and defend Lessor against all claims, liability, loss, or damage whatsoever on account of any such loss, injury, death, or damage. Lessee hereby waives all claims against Lessor for damages to the buildings and improvements that are now on or hereafter are placed or built on the Leased Premises and to the property of Lessee in, on, or about the Leased Premises, and for injuries to persons or property in or about the Leased Premises, from any cause arising at any time. The Leased Premises, herein referenced, shall be that portion under the day to day control of Lessee. The two preceding sentences shall not apply to loss, injury, death, or damage arising by reason of the negligent or intentional acts of Lessor, its agents, or employees.

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ARTICLE XIII: INSURANCE

13.1 INSURANCE COVERAGE OF PREMISES: Lessee shall, at all times during the term of this Ground Lease Agreement and at Lessee's sole expense, keep all improvements which are now or hereafter are located on the Leased Premises insured against loss or damage by fire and the extended coverage hazards for the full replacement value of such improvements **and shall also name Lessor as an additional insured.** The term "full replacement value" of improvements shall mean the actual replacement cost thereof from time to time less exclusions provided in the normal fire insurance policy.

13.2 BODILY INJURY LIABILITY INSURANCE: Lessee shall maintain in effect throughout the term of this Ground Lease Agreement insurance coverage including Bodily Injury, Personal Injury, and Property Damage Liability Insurance with limits of liability functionally equivalent to a combined single limit of not less than Three Hundred Thousand Dollars (\$300,000.00), or the standard required by the Lessee's first mortgage holder. Such insurance shall specifically insure Lessee against all liability assumed by them hereunder, as well as all liability imposed by law, **and shall also insure Lessor as an additional insured so as to provide Lessor the same insurance coverage on the part of insurer as though separate policies had been written for Lessor and Lessee.** Such coverage shall in no way be construed to negate or compromise the original mutually held goals of perpetual occupancy of the Leased Premises by and resale of the improvements located thereon among low and moderate income households that is the continuing foundation of the relationship between the Lessor and Lessee. Lessee shall provide Lessor with copies of all policies and renewals thereof, and Lessee shall promptly furnish to Lessor all renewal notices and receipts of paid premiums.

**ARTICLE XIV: PROHIBITION OF INVOLUNTARY ASSIGNMENT;
EFFECT OF BANKRUPTCY OR INSOLVENCY**

14.1 PROHIBITION OF INVOLUNTARY ASSIGNMENT: In order to ensure the perpetual occupancy of the Leased Premises by low and moderate income households and the perpetual resale of same among said households, neither this Ground Lease Agreement nor the leasehold estate of Lessee in the Leased Premises shall be subject to involuntary assignment, transfer, or sale, or to assignment, transfer or sale by operation of law in any manner whatsoever, except through inheritance; and any other attempt at involuntary assignment, transfer, or sale shall terminate this Ground Lease Agreement.

14.2 EFFECT OF BANKRUPTCY: Without limiting the generality of the provisions of Section 14.1 above, Lessee agrees that in the event any proceedings under the Bankruptcy Code or any amendment thereto be commenced by or against Lessee, or either of them, and, if against Lessee or either Lessees, such proceedings shall not be dismissed before either an adjudication in bankruptcy of the confirmation of a composition, arrangement, or plan or reorganization, or in the event Lessee or either Lessees is adjudged insolvent or make or makes an assignment for the benefit of creditors, or if a receiver is appointed in any proceedings or action to which Lessee or either Lessees is a party, with authority to take possession or control of the Leased Premises, and such receiver is not discharged within a period of ninety (90) days after his appointment, any such event or any involuntary assignment prohibited by the provisions of the preceding Section 14.1 shall be deemed to constitute a breach of this Ground Lease Agreement by Lessee and shall, at the election of Lessor, but not otherwise, without notice or entry or other action of Lessor, and without regard to the provisions of Article VIII.

ARTICLE XV: LESSOR'S OPTION TO PURCHASE IMPROVEMENTS

15.1 INTENT AND EFFECT: The terms and conditions of this Article have been freely accepted by the parties each with the independent and informed advice of legal counsel. The preemptive option contained herein exists in the furtherance of the goals of promoting and maintaining affordable housing whether it be through the perpetual occupancy of the Leased Premises by and resale of the improvements located thereon among low and moderate income households or other mechanisms consistent with Lessor's organizational purposes. It is the express intent of the parties that the terms and conditions of said option will enhance the marketability of any improvements in the Leased Premises either through removal and re-erection or sale at an affordable price to another low or moderate income household.

15.2 OPTION: Whenever Lessee desires to sell the improvements, they shall notify Lessor in accordance with Article VIII, Section 8.1, of this Ground Lease Agreement. A market valuation of the Leased Premises and of all improvements then located on the Leased Premises shall be performed by a mutually acceptable property appraiser that has been approved by the Florida Real Estate Appraisal Board. Lessor and Lessee shall each pay half the cost of said appraisal. The appraisal shall be conducted by analysis and comparison of comparable properties disregarding the restrictions of this Ground Lease Agreement on the use and transfer of the Leased Premises and the improvements located thereon, and further disregarding restrictions set forth in Lessee's Declaration of Covenant(s) of even date. Values contributed by the Leased Premises and the improvements shall be indicated as separate figures. Lessor shall have an option to purchase said improvements, at its sole discretion for a price designed to ensure affordability to low and moderate income households as determined by the formula below. By virtue of its ownership of the improvements and ownership interest in the Leased Premises, the Lessee has an obligation to actively participate in the identification of an eligible buyer, and the transfer and disposition of said

improvements. Similarly, the Lessor, by virtue of its ownership of the Leased Premises and its organizational mission, also has an obligation to actively participate in the identification of an eligible buyer. The Lessor will not exercise its option to purchase until an eligible buyer for the property has been found.

A. Calculation of Market Appreciation/Depreciation of the Property (the Improvements and the Leased Premises):

1) The appraised value of the property on or about the date of the Lessee's notification of desire to sell, minus any value added by capital improvements as defined in Section 7.4(C)(1)(c) of this Ground Lease Agreement provided Exhibits D, E and F are in evidence;

2) Less the original appraised value of the property as determined by an appraisal conducted on _____ 20(year)_____ of \$_____;

3) If this number is positive it equals the total amount of appreciation in the value of the property for the purposes of calculating Lessor's Option Price. If this number is negative it equals the total amount of depreciation in the value of the property for the purposes of calculating the Lessor's Option Price.

B. Calculation of Lessee's Share of Appreciation/Depreciation:

1) The net purchase price of the property, \$_____ which is the original purchase price of the property of \$_____ minus ECCLT's grant to the Lessee of \$_____;

2) Divided by the original purchase price of the property of \$_____;

3) Equals the percentage of the total purchase price paid for by the Lessee _____%;

4) Multiplied by twenty-five percent (25%) of the Market Value Appreciation as defined in Section 15.2(A)(3) above;

5) Equals the Lessee's share of appreciation unless the property depreciated as indicated by Section 15.2(A)(3) being a negative number in which case Lessee's share of depreciation is 100% of the depreciation.

C. Calculation of Lessor's Option Price to Purchase Improvements:

Lessor's Option Price to purchase the improvements shall be at a price equal to the LESSER of the following:

1)a) The net purchase price of the property \$_____ as defined in 15.2(B)(1) above;

b) Plus the Lessee's share of Appreciation or minus the Lessee's share of Depreciation both as defined in Section 15.2(B)(5) above;

c) Plus any applicable capital improvement credit as defined in Section 7.4, provided Exhibits D, E, and F are in evidence; OR

2) The total appraised value of the property on or about the date of Lessee's notification to sell minus ECCLT grant to Lessee of _____.

Lessee freely agrees that this Option Price constitutes a fair return to them and/or their successors for the opportunity to enter the local homeownership marketplace which, prior to execution of this Ground Lease Agreement, remained closed to them as a matter of limited financial resources.

15.3 PERIOD FOR EXERCISE: Lessor must exercise the foregoing option to purchase within one hundred twenty (120) days of its receipt of the new market value appraisal, or its option will expire. Any extension of time to exercise the option shall be made only by the mutual written consent of Lessor and Lessee. Upon expiration of the Lessor's option to purchase the improvements the Lessee shall be free to either sell said improvements as set forth below, or remove same in accordance with Article VIII, Section 8.5 of this Ground Lease Agreement. Lessee may sell the improvements for the Option Price to a person, or group of persons whose combined income does not exceed eighty percent (80%) of the median income adjusted for household size for households residing in the county within which the Leased Premises are located or the maximum household income as set forth in any Covenant(s) attached to the property, whichever is less. Said median incomes shall be set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development and the state of Florida. Said sale must be in compliance with any other Covenant(s) attached to the property. Lessee shall provide Lessor with the name and address of the proposed purchaser together with such other information as Lessor may require in order for Lessor to approve the purchase, which approval shall not be unreasonably withheld. The new purchaser must be willing to sign a Ground Lease for the leased premises that includes a similar option price formula and resale restrictions.

15.4 SEVERANCE: If the provisions of the option set forth herein shall, for any reason, become unenforceable, Lessor shall, nevertheless, have a right of first refusal to purchase the improvements at the highest documented bona fide purchase price offer made to Lessee.

ARTICLE XVI: WAIVER

The waiver by Lessor of, or the failure of Lessor to take action with respect to any breach of any term, covenant, condition, provisions, restriction, or reservation herein contained, 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, provision, restriction, or reservation herein contained. The subsequent acceptance of lease fee payments hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, condition, provision, restriction, or reservation of this Ground Lease Agreement, other than the failure of Lessee to pay the particular lease fee so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such lease fee payment.

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ARTICLE XVII: MISCELLANEOUS PROVISIONS

17.1 LESSEE'S RIGHT TO QUIET ENJOYMENT: Lessee has the right to quiet enjoyment of the Leased Premises, and Lessor has no right, inclination, or intention to interfere with the personal lives, associations, expressions, or actions of Lessee except insofar as they involve the terms, covenants, conditions, provisions, restrictions, or reservations of this Ground Lease Agreement.

17.2 NOTICES: Whenever this Ground Lease Agreement requires either party hereto 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 last known address of the Lessee and to the address for the Lessor's agent, as recorded with the office of Secretary of State, State of Florida. If the address of the Lessor's registered agent shall change, Lessee will be notified in writing. Notice shall be deemed given on the date upon which it is received. Failure on the part of Lessor to provide such notice does not constitute a breach of this Ground Lease Agreement.

17.3 INVALID PROVISIONS: If any clause, Article, Section, Paragraph, Subsection or Subparagraph of this Ground Lease Agreement shall be adjudged invalid, such invalid material shall be read out of this Ground Lease Agreement and shall not affect the validity of any other clause, Article, Section, Paragraph, Subparagraph or Subsection, or give rise to any cause of action of either party to this Ground Lease Agreement against the other.

17.4 LESSOR'S RIGHT TO PROSECUTE OR DEFEND: Lessor shall have the right, but shall be under no duty or obligation, to prosecute or defend, in its own or the Lessee's name, any actions or proceedings appropriate or necessary to the protection of its title to, and Lessee's perpetual occupancy, use, and possession of or interest in the Leased Premises. Whenever

requested by Lessor, Lessee shall give Lessor all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding.

17.5 LESSEE'S MEMBERSHIP IN ECCLT: So long as Lessee is a leaseholder under this Ground Lease Agreement, Lessee shall be a member in good standing of the Escambia County Community Land Trust, Inc., as is outlined in its by-laws.

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

17.7 PARTIES BOUND: The terms, covenants, conditions, provisions, restrictions, and reservations herein contained shall, subject to the provisions limiting Lessee's assignment, transfer, apply to and bind the heirs, successors, executors, administrators, and assigns of all of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

17.8 RECORDATION: A Notice of Ground Lease Agreement and any successive renewals and modifications, and any exhibits and successive exhibits thereto, must be recorded in a timely manner as required by state laws governing real estate transactions.

17.9 CAPTIONS: The captions appearing in this Ground Lease Agreement are for convenience only and are not a part of this Ground Lease Agreement and do not in any way limit or amplify the terms, covenants, conditions, provisions, restrictions, or reservations of this Ground Lease Agreement.

ARTICLE XVIII: ACKNOWLEDGMENT OF ARBITRATION

The parties hereto understand that this Ground Lease Agreement contains an agreement to arbitrate. After signing this document, the parties understand that they will not be able to bring a lawsuit concerning any dispute that may arise which is covered by the agreement to arbitrate, unless it involves a question of constitutional or civil rights. Instead, the parties agree to submit any such dispute to an impartial arbitrator(s) more fully set forth in Article X above.

ESCAMBIA COUNTY COMMUNITY LAND TRUST, INC. WITNESS
By: Its Duly Authorized Agent

LESSEE WITNESS

LESSEE WITNESS

IN WITNESS WHEREOF, the parties have executed this Ground Lease Agreement at _____, Florida on the day and year first above written.

ESCAMBIA COUNTY COMMUNITY LAND TRUST, INC. WITNESS
By: Its Duly Authorized Agent

LESSEE WITNESS

LESSEE WITNESS

ACKNOWLEDGMENTS
STATE OF FLORIDA
COUNTY OF ESCAMBIA

At _____ in said County and State this _____ day of _____, 20____, _____ duly

authorized agent of Escambia County Community Land Trust, Inc., personally appeared and acknowledged the foregoing instrument as and for _____ free act and deed and the free act and deed of ESCAMBIA COUNTY COMMUNITY LAND Trust, Inc.

Before me, _____
Notary Public
STATE OF FLORIDA
COUNTY OF ESCAMBIA

At _____ in said County and State this _____ day of _____,

20____, personally appeared _____, and _____,

and acknowledged the foregoing instrument as and for _____ free act and deed.

Before me, _____
Notary Public

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EXHIBIT A
STIPULATIONS OF THE PARTIES

THIS LETTER OF STIPULATION is made and entered into this _____ day of _____, 20____, by and between the ESCAMBIA COUNTY COMMUNITY LAND Trust, Inc. (henceforth ECCLT), and _____ (henceforth homeowner).

The parties make and affirm the stipulations contained in this letter freely, without duress of any form and with the express mutually held intent by so doing to obtain certain benefits and goals, each for the other, as described below. ECCLT and homeowner acknowledge their full and complete understanding of all of the stipulations contained herein, of the present effect of such terms and conditions and of all future repercussions of these agreements. Said understanding is derived and based on the informed and independent advice of counsel obtained separately by the parties to this agreement, and as to the homeowner witnessed by the attached Client Declaration dated _____, 20____. The parties appreciate the unusual nature of the transaction described in this Stipulation of the Parties. Further information regarding the relationship of ECCLT and homeowner consistent with the stipulations made herein is found in a Warranty Deed dated _____, 20____, and recorded at Volume ____, Page ____, of the City/Town of _____ Land Records and a lease subject to perpetual and successive renewal for terms of ninety-nine (99) years and a Notice of Ground Lease Agreement recorded at Volume ____, Page ____, of said Land Records, the Articles of Incorporation and By-laws of ECCLT, the attached Client Declaration and such other publications of ECCLT as may be listed in said attached Client Declaration. Together, this letter of stipulation and the documents described above are designed to set forth the total circumstances which reflect the mutual intent and objectives of the parties to an underlying real estate transaction atypical of but not contrary to conventional practice. The parties desire and expect that their

detailed, express, freely assumed and mutually held goals, motives, and intent as stated herein will demonstrate the unambiguous and purposeful nature of this transaction to all who may subsequently examine these documents. ECCLT by a Deed dated _____, 20____ and recorded at Volume _____, Page _____, of the City/Town of _____ Land Records is owner of land described therein, to wit: See Exhibit B to Lease. The homeowner, _____, by virtue of a Warranty Deed dated _____, 20____ is owner of real estate including all improvements on the aforementioned land held by ECCLT. All subsequently erected improvements shall be the property of the homeowner. In accomplishing the legal severance of ownership of said land and improvements, the parties have agreed that the following tangible property has been duly conveyed to the homeowner, to wit: See Exhibit C to Lease. Said severance of ownership has been effectuated between ECCLT and the homeowner for good and valuable consideration, from each to the other, the receipt and sufficiency of which is acknowledged, and for the covenants and limitations contained in this and the above-referenced documents. While expressing no such present or foreseeable future intent, both parties acknowledge that through their mutual consent they may unite their separate interests in the property and unify the ownership of both land and improvements. Now, therefore, in order to obtain certain benefits of value to each other regarding the above-referenced real estate, the parties freely stipulate to the following:

1. ECCLT is organized for the charitable purposes of: establishing and maintaining affordable housing for low and moderate income households; of providing access to land and decent housing; of conserving land and natural resources by fostering responsible and perpetual occupancy; and, of acquiring property for resale to low and moderate income households to provide entry into the local homeownership marketplace which remains foreclosed to them as a matter of limited financial resources.

2. The goal of ECCLT is to stimulate the conveyance of affordable and decent residential housing among low and moderate income homeowners through the perpetual leasing of the ground under such leasing.

3. The homeowner, having such financial circumstances and present income as to preclude conventional purchase, hereby obtains a rare, if not impossible, opportunity to own a residence for themselves and their heirs. In light of these circumstances, the homeowner eagerly and freely accepts the albeit unusual terms and conditions of the transaction described in the foregoing documents.

4. It is mutually understood and accepted by the parties that said terms and conditions will enhance the marketability of any residential structures and improvements on ECCLT land either through removal and re-erection, or sale at an affordable price, directly or indirectly, to another low or moderate income household.

5. The homeowner has reviewed said terms and conditions with those competent adults who would, as of this date, be the homeowner's immediate heirs to the leasehold being conveyed for the purpose of increasing their understanding and acceptance of these terms and conditions.

6. The homeowner intends to perpetually occupy the land owned by ECCLT in accordance with a lease renewable for successive ninety-nine (99) year terms at its sole discretion. ECCLT, consistent with its intent of stabilization of neighborhoods for continued occupancy by low and moderate income households, will foster said perpetual occupancy by the homeowner in all reasonable ways and grant to the occupant/household the prerogatives normally associated with homeownership as contained in the aforementioned lease document.

7. In light of the full circumstances of this transaction, ECCLT and homeowner agree that any future claim for betterment is inappropriate, and is hereby waived. The parties freely affirm that resale by the homeowner of such improvements in the manner prescribed in the above referenced lease, or in the alternative, removal of same as therein provided, constitutes a means of fair compensation for such improvements. Furthermore, these alternatives regarding disposition of improvements which are the property of the homeowner have been expressly designed by the parties so as to effectuate their intent of enhancing the marketability of same at affordable prices to other low and moderate income families.

8. The pre-emptive option given to ECCLT for repurchase of the homeowners' property is held by the parties to be a desirable alternative to removal and re-erection because it provides for fair compensation to the homeowner and affordable transfer to other households foreclosed from homeownership. The parties note, however, their intent that this option be but a seldom invoked mechanism in the unforeseen event that perpetual occupancy by the homeowner and passage to its heirs or inter vivos transfer as a gift is not fulfilled. Neither the language nor existence of this pre-emptive option should be construed to diminish the mutual intent of the parties that the homeowner and its successors as provided above occupy the property in perpetuity.

9. As provided in the lease documents referenced above, no assignment of the homeowner of any of its interests in the improvements it owns shall be binding on ECCLT except and unless ECCLT shall waive its rights to be protected from the effect of such assignment and the terms and conditions of such assignment shall be duly recorded as required by the then applicable law. This Stipulations of the Parties, if taken together with the documents aforementioned, constitutes the fundamental, complete and operative expression of the goals and intent of the parties who have engaged

in the transaction described. It is their desire for reasons both of private motivation and sound public policy that the carefully drawn and fair stipulations created in this document be honored.

IN WITNESS THEREFORE, the parties have executed this Stipulations of the Parties at _____ Florida on the day and year first above written in the presence of counsel.

Witness by Counsel ESCAMBIA COUNTY COMMUNITY LAND TRUST, INC.
By Its Authorized Agent

Witness by Counsel HOMEOWNER

Witness by Counsel HOMEOWNER

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SAMPLE

EXHIBIT B

LEGAL DESCRIPTION OF LAND

All and the same lands conveyed to _____
Community Land Trust, Inc. by Warranty Deed of _____
dated _____ and recorded at Volume _____, Page
_____, of the _____ Land Records.

Being all and the same lands specifically reserved to Lessors in the conveyance by Warranty Deed of Lessors to Lessees of even date herewith and to be recorded in the aforesaid Land Records. Reference is hereby made to the instruments aforementioned, and the records thereof, and the instruments therein referred to, and the records thereof, in further aid of this description.

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SAMPLE

ECCLT Ground Lease Agreement

EXHIBIT C

DESCRIPTION OF IMPROVEMENTS

All and the same property conveyed to Lessee by Lessor by Warranty Deed of even date herewith, to be recorded in the _____ Land Records. Being the dwelling house known as _____ presently situated on the lands conveyed to Lessor by _____ by Warranty Deed, said Deed including all improvements thereon, dated _____, 20____, and recorded at Volume ____ and Page ____ in the _____ Land Records. Reference is hereby made to the instruments aforementioned, and the records thereof, and the instruments therein referred to, and the records thereof, in further aid of this description.

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