

GROUND LEASE

Executed By and Between

MADISON AREA CLT CORPORATION

and

(HOMEOWNER)

on

January 5, 2012

for property located at

**555 Madison Lane
MADISON, WISCONSIN**

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GROUND LEASE

THIS GROUND LEASE (the "**Lease**") is made and entered into on January 5, 2012, between the Madison Area CLT Corporation (the "**CLT**"), as Lessor, and HOMEOWNER, as Lessee (the "**Lessee**"). CLT and the Lessee are collectively called the "**parties**."

RECITALS

WHEREAS, the CLT is organized exclusively for charitable purposes, including the development and preservation of decent, affordable housing for low and moderate income people in Dane County, Wisconsin (the "**County**"); the conservation of land and natural resources; the promotion of neighborhood stability and the creation of a more equitable and stable system of property and housing opportunities in the County; and the creation of home-ownership opportunities for low and moderate income people, who otherwise would be denied such opportunities because of limited financial resources; and

WHEREAS, a goal of the CLT is to increase the availability of decent housing for low and moderate income people by providing access to housing for such persons at affordable prices through the long-term leasing of land under the housing; and

WHEREAS, the land described in **Exhibit A** of this Lease has been acquired and is being leased by the CLT in furtherance of these charitable purposes; and

WHEREAS, the Lessee shares the purposes and goals of the CLT and is entering into this Lease not only to obtain the benefits to which the Lessee is entitled under this Lease, but also to further the charitable purposes of the CLT; and

WHEREAS, the CLT and the Lessee recognize the special nature of the terms and conditions of this Lease; and each, with the independent and informed advice of legal counsel, freely accepts the terms and conditions, including, without limitation, such terms and conditions as might affect the marketability or resale price of any residential structures or other improvements on the leased premises; and

WHEREAS, the CLT and the Lessee understand and accept that the terms and conditions of this Lease further the parties' shared goals over an extended period of time and through a succession of owners;

NOW, THEREFORE, in consideration of the foregoing recitals, of the mutual promises of the parties, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I LETTER OF ACKNOWLEDGMENT/ATTORNEY'S DECLARATION

Attached to this Lease as **Exhibits B and C**, respectively, are a Letter of Acknowledgment of the Lessee and a Declaration of the Lessee's legal counsel, setting forth their review and understanding of the terms and conditions contained in this Lease, and of Article X in particular, and of the related documents for this transaction.

ARTICLE II TRANSFER OF LEASED LAND

2.1 LAND. The CLT, in consideration of the rents reserved and the terms, conditions, covenants, and agreements contained in this Lease, transfers and leaves to the Lessee, and the Lessee takes and hires from the CLT, the property (the "**Land**") described in Exhibit A exclusive of any Improvements (as defined in Article VII, below) thereon. The CLT has furnished to the Lessee a current title report for the Land, and the Lessee accepts title to the Land in its condition "as is" as of the date of execution of this Lease.

2.2 RESERVATION OF MINERAL RIGHTS. The CLT reserves to itself all the minerals and other extractive resources. This reservation shall not diminish the right of the Lessee under this Lease to occupy and freely use the Land. The CLT shall not extract any resources from the land during the term of this Lease.

2.3 NON-DISTURBANCE. The Lease shall be subordinate to any Mortgage which the CLT may hereinafter grant on the land. If any such mortgage is foreclosed, the Lease shall continue and Lessee's rights under the Lease shall not be disturbed so long as Lessee is not in default.

ARTICLE III DURATION OF LEASE

3.1 TERM. The term of this Lease shall commence on January 5, 2012, and terminate on January 5, 2110, unless terminated sooner or extended in accordance with the provisions of this Lease.

3.2 LESSEE'S OPTION TO EXTEND. The Lessee may extend the principal term of this Lease for one (1) additional period of 98 years, subject to all of the provisions of this Lease. The Lessee's right to exercise the option to extend is subject to the following conditions: this Lease shall be in effect at the time notice of exercise is given and on the last day of the term; and there shall not then be an Event of Default by the Lessee (as defined in Article XII, below) under this Lease or under any loan documents between the Lessee and any Permitted Mortgagee (as defined in Article VIII, below). In order to extend the term of this Lease, the Lessee shall give the CLT written notice, not more than 365 nor less than 180 days before the last day of the current term, irrevocably exercising the option to extend. Each party shall then execute a memorandum, in mutually agreeable recordable form, acknowledging the fact that the option has been exercised and otherwise complying with the requirements of law for an effective memorandum or notice of lease.

3.3 CHANGE OF LESSOR; LESSEE'S RIGHT TO PURCHASE. In the event that ownership of, or title to, the Land is conveyed or transferred, voluntarily or involuntarily, by the CLT to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. In addition, in the event the CLT attempts to sell, convey, or otherwise transfer the 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 Lessee shall have a right of first refusal to purchase the Land. This right shall be as specified in **Exhibit D** of this Lease, construed appropriately to be applicable to such a transfer by the CLT. Any sale or other transfer of the Land contrary to this Section shall be null and void.

ARTICLE IV USE OF LAND

4.1 RESIDENTIAL USE ONLY. The Lessee shall use, and shall cause all occupants of them to use, the Land and the Improvements (as defined in Article VII below) only for residential use as permitted by applicable zoning law. In addition, transfers of the Lessee's interest in the Land, whether such transfer is the voluntary act of the Lessee or occurs by the operation of law, shall be subject to the restrictions contained in this Lease, including Articles X and XI. The Lessee acknowledges and agrees that the foregoing limitations, all other conditions and restrictions contained in this Lease, and any conditions and restrictions set forth in **Exhibit E** of this Lease are essential to the fulfillment of the charitable purposes of the CLT and are conditions and restrictions on the use of the Land intended to run the full term of this Lease.

4.2 OCCUPANCY. The Lessee shall occupy the Land for at least eight (8) months of each calendar year during the term of this Lease, unless otherwise agreed by the CLT. Occupancy by children or other immediate family members or dependents of the Lessee, without any obligation to pay rent or provide services in lieu of rent to the Lessee, shall be deemed occupancy by the Lessee.

4.3 INSPECTION. The CLT may inspect any portion of the Land at any reasonable time and in any reasonable manner, upon at least twenty-four (24) hours notice to the Lessee, except in the event of emergency; in such event no notice shall be required, provided that the CLT shall have made reasonable efforts to give advance notice to the Lessee.

4.4 LESSEE'S RIGHT TO PEACEFUL ENJOYMENT. The Lessee has the right to undisturbed enjoyment of the Land, subject to the terms, covenants, conditions, provisions, restrictions or reservations of this Lease.

4.5 CONDITION OF LEASED LAND; COMPLIANCE WITH LAW. The Lessee shall maintain the Land and the Improvements in good, safe, and habitable condition in all respects, and in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority having jurisdiction over matters concerning the condition of the Land and the Improvements. The Lessee shall have the right to contest, in the name of the Lessee or in the name of the Lessee and the CLT, without cost to the CLT, the validity or application of any laws, ordinances, rules or regulations referred to above.

ARTICLE V LEASE FEE

5.1 LEASE FEE. In consideration of the possession, continued use and occupancy of the Land, the Lessee shall pay to the CLT a monthly lease fee (the "**Lease Fee**") equal to:

- a. a **Lease Fee** determined in accordance with Section 5.4 below, in the initial amount of Seventy-Five Dollars (\$75.00), and each subsequent month thereafter.

5.2 PAYMENT OF LEASE FEE. Subject to the provisions of Section 6.2 below, the Lease Fee shall be payable, in advance, at the CLT's principal place of business on the first day of each month of each year of the term of this Lease. 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 REDUCTION, DELAY OR WAIVER OF LEASE FEE. The CLT in its sole discretion may reduce, delay or waive entirely the Lease Fee at any time and from time to time in consideration of the personal hardship or incapacity of the Lessee or the Lessee's general ability to pay. The intent of this Section is to foster continued occupancy by the Lessee despite the occurrence of unforeseeable financial and personal hardship, if reasonably possible.

5.4 ADJUSTMENT OF LEASE FEE. The Lease Fee specified in Section 5.1(a) above has been calculated to approximate, in part, the monthly fair rental value of the Land, current as of the commencement of the term of this Lease, recognizing that its use is restricted by provisions of this Lease. The Lease Fee shall be applicable in calculating the Lease Fee at all times during the term of this Lease, as such Lease Fee shall be adjusted as provided in this Lease. In the event of a foreclosure or other circumstance under Section 8.8 below or otherwise which suspends or invalidates the provisions of Articles X and XI limiting transfers of the Improvements, then during such portions of the term of this Lease as the Lessee shall not be required to comply with the provisions of Article X and Article XI, the Lease Fee shall be increased to an amount calculated by the CLT to equal the fair rental value of the Land for use not so restricted. In such event, upon the CLT's election exercised by not less than ninety (90) days' notice to the Lessee, the Lease Fee shall be as specified in such notice.

The CLT reserves the right to adjust Lease Fees from time to time and at its discretion, except that no adjustment to the fees shall be made absent a duly forwarded and approved motion within the CLT Board of Directors, which motion shall have been announced to the Lessee 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.

ARTICLE VI TAXES AND ASSESSMENTS

6.1 LESSEE'S RESPONSIBILITY FOR TAXES AND ASSESSMENTS ON IMPROVEMENTS. The Lessee is responsible for payment of all taxes and assessments, no matter how designated, that relate to the Improvements and the Land ("**Taxes**"). So long as the Lessee is not in default under the Lease, the Lessee shall be permitted to pay directly all Taxes; but from and after notice (by the taxing authority having jurisdiction, or by the CLT) that the Lessee is delinquent in payment of such Taxes, the CLT may require that some or all of such payments be made to the CLT together with the Lease Fee as specified in Article V.

The Lessee shall pay promptly, when due, any Taxes directly to the taxing authority having jurisdiction. The Lessee shall also pay directly, when due, any and all other service bills, utilities charges, or other governmental assessments charged against the Improvements.

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

6.4 PAYMENTS IN EVENT OF DELINQUENCY. In the event that the Lessee fails to pay the Taxes or other charges specified in Section 6.2 above which are not otherwise part of the Lease Fee, the CLT may increase the Lease Fee payments by the Lessee 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 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 VII IMPROVEMENTS

7.1 OWNERSHIP. Any and all buildings, structures, fixtures and other improvements purchased by the Lessee or constructed or placed by the Lessee upon any part of the Land at any time during the term of this Lease (the "**Improvements**") shall be and remain the property of the Lessee. Title to such Improvements and fixtures shall vest in the Lessee. The Lessee's exercise of the rights of ownership is subject and subordinate, however, to the provisions of this Lease, and in particular Section 7.6 and Article X below, regarding the disposition of Improvements by the Lessee and the CLT's option to purchase the Improvements. In addition, the Lessee shall not sever or move the Improvements from the Land.

Notwithstanding the foregoing prohibition on severance of Improvements, the Lessee shall have the absolute right to remove any structures, except a garage or car port, which the Lessee may place on the Land. Such structures include, but are not limited to, playground equipment, above-ground swimming pools, dog kennels and planters. The Lessee may not remove any fences from the Land. Removal of other Improvements may be undertaken only with the prior written consent of the CLT, which the CLT in its discretion may withhold for any reason.

7.2 PURCHASE OF IMPROVEMENTS BY LESSEE. The CLT is simultaneously selling and conveying to the Lessee the Improvements now located on the Land and described in the Deed, the form of which is attached to this Lease as **Exhibit F**.

7.3 CONSTRUCTION AND ALTERATION. Any construction in connection with an existing or new Improvement is subject to the following conditions:

- a. all costs shall be borne and paid for by the Lessee;
- b. 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;
- c. all construction must be consistent with the permitted uses set forth in Article IV;
- d. 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 the CLT; and
- e. the Lessee shall furnish to the CLT a copy of any plans and building permits for such construction prior to commencing construction.

7.4 PROHIBITION OF LIENS. No lien for services, labor or materials resulting from the Lessee's capital improvements shall attach to the CLT's title to, or its interest in, the Land or to any other property owned by the CLT. The Lessee shall not suffer or permit any vendor's, mechanic's, laborer's, or materialman's statutory or similar lien to be filed against the Land, the Improvements, or any interest of the CLT or the Lessee which remains more than sixty (60) days after being filed, and the Lessee 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 Lessee 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 the CLT, the CLT may, but shall not be obligated to, discharge the same by paying the amount in question. The Lessee in good faith and at the Lessee's own expense may contest the validity of any such asserted lien, provided the Lessee has furnished a bond in an amount set by statute or otherwise sufficient to release the Land from such lien. Any amounts paid by the CLT in respect of such liens shall be deemed to be an additional Lease Fee payable by the Lessee upon demand.

7.5 MAINTENANCE. The Lessee shall, at the Lessee's sole expense, maintain the 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 Land or Improvements. The CLT 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 Land or Improvements, and the Lessee hereby assumes the full and sole responsibility for furnishing all services or facilities.

7.6 DISPOSITION OF IMPROVEMENTS UPON EXPIRATION OF LEASE TERM. Upon the expiration of the term of this Lease as such term may be extended or earlier terminated in accordance with this Lease, the Lessee shall yield up and surrender the Improvements together with the Land to the CLT and, if the Lessee is not then in default of any provisions of this Lease, the CLT shall accept the same "as is". The Lessee shall simultaneously convey title to the Improvements to the CLT, and the CLT shall promptly pay to the Lessee as consideration for the Improvements an amount equal to the Purchase Option Price calculated in accordance with Section 10.8 as of the time of such conveyance of title.

ARTICLE VIII LEASEHOLD MORTGAGE FINANCING

8.1 PERMITTED MORTGAGE ONLY. The Lessee may mortgage, pledge, or encumber the Lessee's interest in the Lease pursuant solely to a Permitted Mortgage. A "**Permitted Mortgage**" is a mortgage which:

- a. runs in favor of either (i) a so-called "institutional lender" such as, but not limited to, a federal, state, or local housing finance agency, a bank (including savings and loan association or insured credit union) or any other corporation or organization subject to supervision and regulation by banking or savings and loan commissions of the State of Wisconsin or the United States, an insurance company, an educational institution or a state, municipal or similar public employee's welfare, pension and/or profit-sharing fund or trust, or any combination of the foregoing, the policies and procedures of which are subject to direct governmental supervision, or (ii) a "community loan fund" or similar non-profit lender to housing projects for low and moderate income persons (as defined by reference to the membership criteria for the National Association of Community Development Loan Funds, a non-profit corporation with its principal office located in Philadelphia, Pennsylvania);
- b. is a first lien on all or any of the Improvements, or has been approved by the CLT which approval shall be endorsed upon the subordinate mortgage;
- c. provides, among other things, that in the event of a default in any of the mortgagor's obligations thereunder, the holder of the Permitted Mortgage shall notify the CLT of such fact

and the CLT shall have the right, but not the obligation, within thirty (30) days after its receipt of such notice, to cure such default in the mortgagor's name and on mortgagor's behalf, provided that current payments due the holder during such thirty (30) day period (or such lesser time period as may have been required to cure such default) are made to the holder, and further provides that said holder shall not have the right, unless such default shall not have been cured within such time, to accelerate the note secured by such Permitted Mortgage or to commence to foreclose under the Permitted Mortgage on account of such default; and

d. provides, among other things, that if the holder intends to initiate foreclosure proceedings under the Permitted Mortgage, all in accordance with this Section 8.1, the holder shall first notify the CLT of its intention to do so and the CLT shall have the right, but not the obligation, upon notifying the holder within thirty (30) days of receipt of said notice from said holder, to pay off the indebtedness secured by the Permitted Mortgage and to acquire the Improvements, but nothing in this paragraph d. shall prohibit the holder of the Permitted Mortgage from initiating foreclosure proceedings under the Permitted Mortgage.

8.2 CLT'S CONSENT TO PERMITTED MORTGAGE. Not less than ten (10) days prior to the date on which the Lessee shall request the CLT's consent to a mortgage to be effective, the Lessee shall furnish to the CLT true and complete copies of the note, mortgage and any other documents relating to the Lease or the Land to be executed in connection with the transaction represented by such mortgage. Notwithstanding anything to the contrary contained in this Lease, the CLT shall be required to consent to such mortgage only if:

- a. the mortgage so submitted is a Permitted Mortgage as defined by the provisions of this Lease;
- b. at the time of such submission and at the time proposed by Lessee for the execution of such documents, no default is then outstanding;
- c. such Permitted Mortgage and related documentation do not contain any provisions other than provisions generally contained in uniform mortgage instruments or current uniform instruments of the Federal National Mortgage Association, Government National Mortgage Association, or Federal Home Loan Bank Board (or any similar purchaser of mortgages from originating lenders).
- d. such Permitted Mortgage and related documentation do not contain any provisions which could be construed as rendering the CLT or any subsequent holder of the CLT's interest in and to this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and Permitted Mortgage or any part thereof;
- e. such Permitted Mortgage and related documentation contain provisions to the effect that the holder of the Permitted Mortgage (a "**Permitted Mortgagee**") shall not look to the CLT nor to the CLT's interest in the Land, but will look solely to the Lessee, the leasehold estate created by this Lease, the Improvements or such other buildings and improvements as may from time to time exist on the Land, for the payment of the debt secured by such Permitted Mortgage or any part thereof. The intention of the parties to this Lease is that the

CLT's consent to such Permitted Mortgage shall be without any liability on the part of the CLT for any deficiency judgment;

f. in the event any part of the Improvements are taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the holder of the Permitted Mortgage in accordance with the provisions of Article IX of this Lease; and

g. nothing contained in the Permitted Mortgage or such related documentation obligates the CLT to execute an assignment of the Lease Fee or other rent payable by the Lessee under the terms of this Lease.

8.3 RIGHTS OF PERMITTED MORTGAGEE. Any Permitted Mortgagee shall, without requirement of consent by the CLT, have the right, but not the obligation, to:

a. cure any default under this Lease in accordance with Section 12.1 below, take possession of the Land and Improvements if necessary to do so to effect the cure, and perform any obligation required under this Lease, such cure or performance by a Permitted Mortgagee being effective as if the same had been undertaken and performed by the Lessee;

b. acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to the Lessee by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage which may limit any exercise of any such right, remedy or privilege; and

c. exercise the option to extend the term of this Lease as permitted by Section 3.2 hereof. A Permitted Mortgagee may also exercise the option to extend the term, without condition, at any time the Lessee's interest herein is held by the Permitted Mortgagee if, but only if, such extended term is necessary to satisfy applicable regulatory and underwriting requirements for a mortgage loan secured, wholly or in part, by the Lessee's interest herein;

d. rely upon and enforce any provisions of this Lease to the extent that such provisions are for the benefit of the Permitted Mortgagee.

A Permitted Mortgagee shall not, as a condition to the exercise of its rights under this Lease, be required to assume personal liability for the payment and performance of the obligations of the Lessee under this Lease. Any such payment or performance or other act by the Permitted Mortgagee under this Lease shall not be construed as an agreement by the Permitted Mortgagee to assume such personal liability. A Permitted Mortgagee shall not become personally liable for the Lessee's obligations under this Lease unless and until it becomes the owner of the leasehold estate by foreclosure, deed in lieu of foreclosure or otherwise, and thereafter a Permitted Mortgagee shall remain liable for such obligations only so long as it remains the owner of the leasehold estate. Notwithstanding anything to the contrary contained in this Lease, a Permitted Mortgagee shall not become responsible for any obligations special or unique to the Lessee while it is the owner of the leasehold estate by foreclosure, deed in lieu of foreclosure or otherwise. In the event the Permitted Mortgagee subsequently assigns the leasehold estate and transfers the Improvements, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under this Lease.

In the event that title to the estates of the CLT and the Lessee shall be acquired at any time by the same person or persons, no merger of said estates shall occur without the prior written consent of the Permitted Mortgagee and the Lessee shall take any action reasonably required by the Permitted Mortgagee to assure compliance with this provision, so long as the Permitted Mortgagee owns any interest in the Improvements or in said mortgage. In the event that the estate of the CLT is owned at any time by the Lessee (regardless of a merger), or by any person in which the Lessee has a direct or indirect interest, the Permitted Mortgagee shall not be obligated to cure any default of the Lessee under this Lease as a condition to the forbearance by the CLT in the exercise of the CLT's remedies as provided in this Lease.

8.4 APPROVAL OF AMENDMENTS. No amendment to this Lease shall be binding upon a Permitted Mortgagee without the written approval of the Permitted Mortgagee, which approval shall not be unreasonably withheld or delayed. The passage of thirty (30) days after submittal to the Permitted Mortgagee of a proposed amendment (together with a notice to the Permitted Mortgagee regarding the effect of its failure to respond) without approval or disapproval by the Permitted Mortgagee shall be deemed approval of such proposed amendment by the Permitted Mortgagee.

8.5 NEW LEASE TO PERMITTED MORTGAGEE. If this Lease is terminated for any reason, or in the event of the rejection or disaffirmance of this Lease pursuant to bankruptcy law or other law affecting creditors' rights, the CLT shall give prompt notice thereof to any Permitted Mortgagee and may exercise its option to purchase the Lessee's interest in the Improvements in accordance with Article X, or it may enter into a new lease of the Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to the CLT's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Mortgagee. Such lease shall be for the remainder of the term of this Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in this Lease. However, the Permitted Mortgagee shall make a written request to the CLT for such new lease within sixty (60) days after the giving of such notice by the CLT. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or by the party designated by the Permitted Mortgagee to be the Lessee under the new lease, and the Permitted Mortgagee shall have cured all defaults under this Lease which can be cured by the payment of money. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as this Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of this Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by the CLT, the Lessee and the Permitted Mortgagee.

8.6 MORTGAGE AMENDMENTS. At any time when the Lessee's interest herein shall be vested in a Permitted Mortgagee, the CLT shall cooperate in including in this Lease by suitable amendment any provision which may reasonably be requested by the Permitted Mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Lease and allowing the Permitted Mortgagee reasonable means to protect or preserve the lien of the Permitted Mortgage on the occurrence of a default under the terms of this Lease. The CLT agrees to execute and deliver in recordable form, any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the term or monetary payments required by this Lease nor otherwise in any material respect adversely affect any rights of the CLT under this Lease.

8.7 NO TERMINATION DURING FORECLOSURE. The CLT shall have no right to terminate this Lease, except pursuant to Article X, during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of this Lease and is diligently pursuing the same. Nothing contained in this Lease shall be deemed to require the Permitted Mortgagee to continue with any foreclosure or other proceedings, or if the Permitted Mortgagee or receiver shall acquire possession of the Improvements and the Land, to continue such possession, if an event of default in respect of which the CLT shall have given a notice shall be cured.

8.8 PROVISIONS SUBJECT TO FORECLOSURE. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to the Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of this Lease, at the election of the Permitted Mortgagee the provisions of Article X and Article XI shall be deleted and thereupon shall be of no further force or effect as to only so much of the Improvements so foreclosed upon or transferred.

8.9 NOTICE. Whenever in this Article notice is to be given to a Permitted Mortgagee, such notice shall be given in the manner set forth in Article XIV, Section 14.2 of this Lease to the Permitted Mortgagee at the address which has been given by the Permitted Mortgagee to the CLT by a written notice to the CLT sent in the manner set forth in Section 14.2 of this Lease.

8.10 COSTS OF PERMITTED MORTGAGE. The Lessee shall pay to the CLT at the CLT's option, as additional rent under this Lease, all fees, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the CLT in connection with any Permitted Mortgage. This Section 8.10 shall not apply to any purchaser from the Permitted Mortgagee or at the foreclosure sale.

ARTICLE IX

LIABILITY, INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN

9.1 LESSEE'S LIABILITY. From and after the date of this Lease, the Lessee assumes sole responsibility and liability to any and all persons and authorities related to its possession, occupancy and use of the Land.

9.2 INDEMNIFICATION OF CLT. The Lessee shall defend, indemnify and hold the CLT harmless against all liability and claims of liability for damage or injury to person or property from any cause on or about the Land. The Lessee waives all claims against the CLT for damage or injury to persons or property on or about the Land arising, or asserted to have arisen, on or about the Land from any cause whatsoever. Notwithstanding the foregoing two sentences, the CLT shall remain liable (and the Lessee shall not indemnify and defend the CLT against nor waive such claims of liability) for damage or injury due to the grossly negligent or intentional acts or omissions of the CLT or its agents or employees.

9.3 PAYMENT BY CLT. In the event the CLT shall be required to pay any sum whatsoever which is the Lessee's responsibility or liability, the Lessee shall reimburse the CLT for such payment and for reasonable expenses caused thereby.

9.4 INSURANCE.

a. Casualty Insurance. The Lessee shall, at the Lessee'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 Lessee shall, at the Lessee's sole expense, maintain continuously in effect liability insurance covering the Improvements and the 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 the CLT's demand, given not more often than biennially, upon 30 days notice to the Lessee. 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 Lessee against all liability assumed under this Lease, as well as all liability imposed by law, and shall also insure the CLT 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 the CLT and the Lessee.

c. Certificates of Insurance. The Lessee shall provide the CLT 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 Lessee and the CLT 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 the CLT. The CLT 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 DAMAGE OR DESTRUCTION. Except as provided below in this Section 9.5, in the event of fire or other casualty to any Improvements, the Lessee shall forthwith commence, and thereafter diligently and continuously prosecute to completion, and all insurance proceeds shall be applied first to the repair of such damage and the restoration of such Improvements to their condition immediately prior to such damage and the balance shall be allocated according to this Section 9.5. All such repairs and restoration shall be completed as promptly as possible. The Lessee shall also promptly take all

steps necessary to assure that the Land shall be and remain safe and the damaged Improvements do not constitute a hazard or danger to persons or property from the time of the fire or other casualty.

In no event shall the Lease Fee be suspended or abated, unless the CLT, in its sole discretion, decides to do so in consideration of the personal hardship or incapacity of the Lessee.

If the Lessee, using reasonable judgment and in reliance upon professional estimates and advice, determines that such full repair and/or restoration is physically impossible, or (provided that the Lessee has fulfilled all of the hazard insurance requirements set forth in Section 9.4 above), that the available insurance proceeds are not more than eighty percent (80%) of the cost of such repair and/or restoration, and if the available insurance proceeds are sufficient to pay in full any Permitted Mortgage, then the Lessee may terminate this Lease by written notice to the CLT, given not later than sixty (60) days after the occurrence of a fire or other casualty which causes substantial damage to the Improvements. Such termination notice shall not, however, be effective until sixty (60) days after the date upon which it is received by the CLT. During such time the CLT shall have the opportunity to seek an adjustment from the insurer so as to increase the amount of available insurance proceeds, arrange for such repair and/or restoration at a cost sufficiently low so that the insurance proceeds equal or exceed 80% of the cost of repairs, or design a partial restoration of the Improvements which would be sufficient to provide the Lessee with Improvements of reasonably equivalent quality and reasonably useable by the Lessee, with a floor area not less than eighty percent (80%) of the Improvements as they existed immediately prior to such fire or other casualty; and in any of the foregoing cases, the CLT may render the Lessee's termination notice null and void by written notice of such action to the Lessee within such additional sixty (60) day period. If the CLT fails to so nullify the termination notice, then this Lease shall terminate at the expiration of such sixty (60) day period after the CLT's receipt of the Lessee's termination notice, and any proceeds of insurance payable to the Lessee on account of such fire or other casualty shall be paid as follows:

FIRST, to the expenses of their collection;

SECOND, to any Permitted Mortgagee(s), so that the paramount lien is paid in full (or to the extent of available proceeds) before any amount is paid to subsequent liens;

THIRD, to the expenses of enclosing or razing the remaining Improvements and clearing debris;

FOURTH, to the Lessee, up to the Purchase Option Price as of the day prior to the loss; and

FIFTH, the balance, if any, to the CLT.

9.6 EMINENT DOMAIN AND PUBLIC DEDICATION. In the event of:

a. A taking of all the 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 Lessee is thereby required to give up possession of the 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 (as aforesaid) of a portion of the 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 Land and not the Improvements, and if the remainder of the Land has not been reduced in size so as to create a nonconforming use, all of the proceeds shall be allocated to the CLT 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, the CLT shall receive that portion of the proceeds awarded for taking of the 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:

a) The "Improvement Award Percentage" shall be calculated by dividing the total amount of the award for Improvements by the total value of the Improvements as determined by the condemnation appraisal.

b) The positive or negative change in value in the Improvements shall be determined by subtracting the original appraised value of the Improvements (as shown in Section 10.8 of this Lease) from the value of the Improvements as shown in the condemnation appraisal.

c) The portion of the award for Improvements allocated to the CLT shall be determined by multiplying the Improvement Award Percentage times the CLT subsidy (original appraisal value minus the Lessee's original purchase price) plus seventy five percent (75%) of any positive Appreciation.

d) The balance of the Award for Improvements shall be distributed to the Lessee and the Permitted Mortgagee as required by the terms of the Permitted Mortgage.

Any and all proceedings brought by a party in connection with the claim or claims for damages as a result of any taking referred to in this Section shall be conducted by and at the sole expense of such party. Any Permitted Mortgagee shall have the right to participate in any condemnation proceeding for the purpose of protecting its rights under this Lease. If any provision of law now or hereafter in effect shall require that said proceedings be brought by or in the name of any owner or lessee of the Land, such party shall join in such proceedings or permit the same to be brought in its name. Each party covenants and agrees to do any and all acts and to execute any and all documents which may be required to enable the other to maintain such proceedings. If any party required to join in the proceedings shall incur any cost or expense in connection with such proceedings, such party shall be entitled to reimbursement for the reasonable amount of such cost or expense and the same shall likewise constitute a charge against any award.

ARTICLE X
TRANSFER, SALE OR DISPOSITION OF IMPROVEMENTS

10.1 INTENT AND EFFECT. It is the intent of the CLT and of the Lessee, and the effect of this Lease, to permit the free alienation of the Lessee's interest in the Land and Improvements, subject to certain limitations on price (outlined in this Article X) which are designed to foster the charitable purposes outlined in the recitals and in the Lessee's Letter of Acknowledgment by (i) conserving the CLT subsidy; (ii) limiting the inflationary effect of any appreciation in the value of the Improvements; and (iii) restricting resale of the Lessee's interests to other low or moderate income families (as defined in Section 10.2 below).

10.2 LOW OR MODERATE INCOME FAMILIES. "Low Income Family" shall mean a "family" 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 Family" shall mean a family (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.

10.3 TRANSFERS TO LOW OR MODERATE INCOME FAMILIES. The Lessee may sell, transfer, or otherwise dispose of its interest in the Land and the Improvements only to members of a Low or Moderate Income Family, as defined above. However, such transfers shall be subject to the CLT's review and purchase option rights set forth in this Article X. Any purported sale, transfer or other disposition to any other person or entity done without following the procedures set forth below or in violation of such price limitations, except in the case of a sale, transfer or other disposition to a Permitted Mortgagee in lieu of foreclosure to a purchaser from the Permitted Mortgagee or at a foreclosure sale or proceeding, or a disposition to heirs under Section 10.4 below in accordance with the terms of this Lease, shall be null and void.

10.4 TRANSFER TO LESSEE'S HEIRS. Upon receipt of notice from the executor of the decedent's estate given within ninety (90) days of the death of a Lessee, the CLT shall, unless for good cause shown, consent to a transfer of the Improvements to, and an assumption of this Lease by, one or more of the following possible heirs of the Lessee:

- a. the spouse of the Lessee; or
- b. the child or children of the Lessee; or
- c. member(s) of the Lessee's household who have resided upon the Land for at least one year prior to the Lessee's death.

Any other person or persons who are heirs, legatees or devisees of the Lessee must demonstrate to the CLT'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 Land in accordance with the provisions of this Lease, and the CLT shall be entitled to exercise its repurchase right as provided in this Article X.

10.5 NOTICE TO CLT.

a. If Prospective Buyer is Known. Except in the case of a sale, transfer or other disposition to a Permitted Mortgagee in lieu of foreclosure, or to a purchaser from the Permitted Mortgagee or at a foreclosure sale or proceeding in each event that the Lessee contemplates an assignment of its interest in this Lease, together with a sale, transfer or disposition of the Improvements to a particular third party, then not less than sixty (60) days prior to the contemplated closing thereof, the Lessee shall give the CLT notice of the proposed transfer substantially in the form of **Exhibit G**. Such notice shall include the following or comparable items: (i) the tax return of the buyer for the immediately preceding year; (ii) a current verification of the buyer's employment; (iii) the pay stubs of the buyer for the three months immediately preceding the month in which notice is given to the CLT; and (iv) a Letter of Acknowledgment from the buyer and a Declaration of the buyer's legal counsel in form and substance similar to that of Exhibits B and C, respectively.

No assignment, sale, transfer or other disposition shall be effective unless and until the CLT confirms in writing within forty-five (45) days of receipt of such notice and accompanying documentation that such assignee or buyer is a Low or Moderate Income Family. If the CLT fails to respond in writing within forty-five (45) days of its receipt of such notice, such failure on the part of the CLT shall be deemed to constitute a denial of such status.

b. If Prospective Buyer is Not Known. If the Lessee intends to offer the Improvements for sale but has no specific person intended or committed to purchase the Improvements, then the Lessee shall give the CLT notice containing a detailed listing of the terms and conditions of such intended sale. Within forty-five (45) days of the CLT's receipt of such notice, the CLT shall either:

- i. exercise its option to purchase on the terms and within the time period set forth in Sections 10.6 and 10.7 below; or
- ii. locate an interested purchaser and obtain from such purchaser a binding commitment to purchase from the Lessee; or
- iii. notify the Lessee that the Lessee is free to sell the Improvements and assign its interest in this Lease in the open market to any party, at not more than the then applicable Purchase Option Price (as defined in Section 10.8 below).

10.6 CLT'S OPTION TO PURCHASE. Upon receipt of any notice given in accordance with Section 10.5 above (an "**Intent to Sell Notice**"), the CLT shall have the option to purchase the Improvements at the Purchase Option Price set forth in Section 10.8 below. Such price is designed to further the goals and purposes set forth in this Lease by helping to preserve the affordability of the Improvements to succeeding Low and Moderate Income Families while taking fair account of the investment of labor and capital by the Lessee.

10.7 PERIOD FOR EXERCISE. If the CLT elects to exercise the purchase option set forth in Section 10.6 above, the CLT shall:

- a. notify the Lessee of its election to purchase within forty-five (45) days of the receipt of the Intent to Sell Notice; and
- b. exercise the foregoing option to purchase within sixty (60) days of the CLT's notice of election to purchase or its option will expire. The CLT's notice of election shall include the CLT's determination of the Purchase Option Price.

10.8 PURCHASE OPTION PRICE. The Purchase Option Price (the "**POP**") shall be equal to the lesser of the current appraisal value of the Improvements (as determined below) or the sum of the Lessee's Purchase Price as stipulated below, plus twenty-five percent (25%) of the increase in market value of the Improvements (without regard to the market value of the Land), if any, calculated in the manner described below.

The parties agree that the Lessee's Purchase Price for the Improvements existing on the Land as of the commencement of the term of this Lease is One Hundred Thirty Thousand Four Hundred and Twenty Dollars (\$130,420). For purposes of calculating the POP, the "increase in market value of the Improvements" shall be determined by subtracting the amount of the appraised value of the Improvements at the time of the Lessee's purchase (which amount is \$182,500, as documented by the appraiser's report attached as **Exhibit H**) from the amount of the appraised value of the Improvements at the time of the Lessee's Intent to Sell Notice, to be determined as provided below.

At the time of the giving of Lessee's Intent to Sell Notice, the Lessee shall submit to the CLT, at Lessee's expense, an appraisal (the "**Appraisal**") of the Improvements by a qualified appraiser. Within ten (10) days of receipt of the Appraisal from the Lessee, the CLT shall either (a) accept the Appraisal as accurately representing the market value of the Improvements for purposes of calculating the POP, or (b) commission a second appraisal by a qualified appraiser, at the CLT's expense, and submit a copy of this second appraiser's report to the Lessee within forty-five (45) days of the giving of Intent to Sell Notice. If a second appraisal is commissioned and results in an appraised value which is not less than 90% nor more than 110% of the amount of the first appraisal, the amount to be used in determining the "increase in market value of the Improvements" shall be the average of the two appraised values. If the amount of the second appraisal is more than 10% greater or less than the first, the two appraisers shall then select a third qualified appraiser, who shall choose one of the two prior appraisal amounts as more closely representing the market value of the Improvements as of the date of the Notice of Intent to Sell. The cost of the third appraiser shall be shared equally by the CLT and the Lessee.

10.9 CLT'S POWER OF ATTORNEY TO CONDUCT SALE. In the event the CLT does not exercise its option to purchase as set forth above, and the Lessee (a) is not then residing in the Improvements, and (b) continues to hold the Improvements out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year of giving of the Intent to Sell Notice, the Lessee hereby appoints the CLT its attorney in fact to seek a buyer, negotiate a reasonable price which furthers the goals set forth in this Lease, sell the Improvements, satisfy liens on the Improvements and distribute proceeds of the sale, minus the CLT's costs of sale and reletting and any other sums owed the CLT by the Lessee in accordance with the provisions of Section 10.8 above.

10.10 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION. If the provisions of the option set forth herein shall, for any reason, become unenforceable, the CLT shall nevertheless have a right to first refusal to purchase the Improvements at the highest documented bona fide purchase price offer made to the Lessee. 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.

10.11 LEASE TERMINATION ON PURCHASE. This Lease shall terminate upon conveyance of the improvements to the CLT.

ARTICLE XI ASSIGNMENT AND SUBLEASE

Except as otherwise provided in Article VIII regarding Permitted Mortgages and Article X regarding transfers, and below in this Article, the Lessee shall not assign, sublease, sell or otherwise convey any of the Lessee's rights under this Lease without the prior written consent of the CLT. The Lessee agrees that the CLT shall have broad and full discretion to withhold such consent in order to further the mutual purposes and goals set forth in this Lease. If permission is granted, any assignment or sublease shall be subject to the following conditions:

- a. any such assignment or sublease shall be subject to all of the terms and provisions of this Lease;
- b. in the case of a sublease, the rental or occupancy fee charged the sublessee shall not be more than that amount charged the Lessee by the CLT, plus a pass-through of actual costs to the Lessee for the Improvements (such as debt service costs under a Permitted Mortgage);
- c. the written consent of the Permitted Mortgagee, if any, must be obtained ; and
- d. in the case of an assignment, the total consideration for such assignment and the related sale or transfer of the Improvements shall not exceed the Purchase Option Price as calculated in accordance with Article X of this Lease.

Any provision of this Lease to the contrary notwithstanding, this Lease, including the right of first refusal described in the preceding Section, may be assigned by the Permitted Mortgagee by foreclosure sale, deed in lieu of foreclosure or otherwise and by any purchaser at the foreclosure sale without CLT's consent.

The execution and delivery of any Permitted Mortgage shall not be deemed to constitute an assignment or transfer of this Lease, nor shall any Permitted Mortgagee be deemed an assignee or transferee of this Lease so as to require the Permitted Mortgagee to assume responsibility for the performance of any agreements on the part of the Lessee to be performed under the Lease.

Any assignment of Lessor's interest shall be governed by the provisions of Section 3.3 of this Lease.

ARTICLE XII DEFAULT

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

a. the Lessee shall fail to pay the Lease Fee or other charges for which provision is made in this Lease within thirty (30) days after the CLT has sent to the Lessee notice of such default and such default is not cured by any Permitted Mortgagee within thirty (30) days after a subsequent notice from the CLT to such Permitted Mortgagee of the Lessee's failure to cure such default within the initial 30-day grace period;

b. the Lessee shall fail to perform or observe any other material term or condition in this Lease, and such failure is not cured by the Lessee within thirty (30) days after notice thereof from the CLT to the Lessee and such default is not cured by any Permitted Mortgagee within sixty (60) days after a subsequent notice from the CLT to such Permitted Mortgagee of the Lessee's failure to cure such default within the initial 30-day grace period. However, in the case where the Lessee 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 Lessee'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 Lessee's interest in the Lease; or

c. the estate hereby created shall be taken on execution or by other process of law, or if the Lessee shall be judicially declared bankrupt or insolvent according to law, or if any assignment shall be made of the property of the Lessee 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 Lessee's property by a court of competent jurisdiction, or if a petition shall be filed for the reorganization of the Lessee under any provisions of the Bankruptcy Act now or

hereafter enacted, or if the Lessee 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 Lessee fails to vacate or stay any of the foregoing within thirty (30) days after the CLT has sent to the Lessee notice of such default; provided, however, that the foregoing shall not operate or permit the CLT to terminate the Lease so long as all monetary payments required to be paid by the Lessee continue to be paid in accordance with the terms of the Lease.

In any of said cases the CLT may, subject to the rights of any Permitted Mortgagee to cure defaults or extinguish the Lessee'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 Lessee. If permitted by such proceedings, the CLT, without demand or notice, may enter upon the Land or any part thereof in the name of the whole and repossess the same, and expel the Lessee and those claiming through or under the Lessee 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 the CLT or if the CLT

re-enters the Land pursuant to an Event of Default, the Lessee 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 the CLT 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 Lessee as well as the right to enter upon and take possession of the Land and Improvements if necessary to do so to cure any default.

If the CLT shall elect to terminate this Lease pursuant to any provision thereof, the CLT 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 Lessee'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 the CLT, to terminate this Lease.

No event of default or termination of this Lease based on the giving of any notice to the Lessee 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 Lessee's obligations under the Permitted Mortgage, if the terms of the Permitted Mortgage so provide.

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

12.2 CLT'S DEFAULT.

a. If the CLT 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 the CLT's receipt of a notice of default from Lessee or Permitted Mortgagee, Lessee 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. The CLT shall in no event be in default in the performance of any of its obligations under this Lease unless and until the CLT 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 Lessee to the CLT properly specifying wherein the CLT has failed to perform any such obligation.

ARTICLE XIII ARBITRATION

Should any grievance or dispute arise between the CLT and the Lessee concerning the terms of this Lease which cannot be resolved by normal interaction, the CLT and the Lessee shall submit the grievance or dispute to an agreed-upon third party for resolution. If the CLT and the Lessee 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:

The CLT or the Lessee 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 the CLT and the Lessee 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 the CLT and the Lessee 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 the CLT and the Lessee.

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

All expenses of the arbitration shall be borne equally by Lessee and the CLT 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 XIV GENERAL PROVISIONS

14.1 LESSEE'S MEMBERSHIP IN CLT. The Lessee under this Lease shall be entitled to membership in the CLT as a Lessee Member, so long as the Lessee remains a leaseholder of the CLT under this Lease.

14.2 NOTICES. Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person 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 the CLT:

Madison Area CLT Corporation
1501 Williamson Street
Madison, Wisconsin 53703

If to the Lessee:

HOMEOWNER
5307 Hoboken Road
Madison, WI 53713

If to a Permitted Mortgagee:

the address shown on **Exhibit I**.

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.

14.3 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 Lessee or the children of Lessee, if any.

14.4 WAIVER. The CLT'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. The CLT may grant waivers in the terms of this Lease, but any such waiver must be in writing and signed by the CLT before being effective.

The subsequent acceptance of Lease Fee payments under this Lease by the CLT 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 Lease, other than the failure of the Lessee to pay the particular Lease Fee so accepted, regardless of the CLT's knowledge of such preceding breach at the time of acceptance of such Lease Fee payment.

14.5 CLT'S RIGHT TO PROSECUTE OR DEFEND. The CLT 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 the Lessee's occupancy, use,

and possession of or interest in the Land. Whenever requested by the CLT, Lessee shall give the CLT all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding.

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

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

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

14.9 PARTIES BOUND. This Lease sets forth the entire agreement between the parties with respect to the leasing of the 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.

14.10 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 the CLT or the Lessee.

14.11 RECORDING. The parties agree, as an alternative to recording this Lease, to execute a Notice of Lease or Short Form Lease in form recordable and complying with applicable law and reasonably satisfactory to the CLT's attorneys. In no event shall such document set forth the rent or other charges payable by Lessee 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 (1997-1998) or similar statutes.

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

14.13 ESTOPPEL CERTIFICATE. The CLT 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 Lessee.

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

14.15 CERTIFICATES OF CLT AND LESSEE. 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 14.15 may be relied upon by the other party or any purchaser, assignee, subtenant or mortgagee of its estate.

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

LESSOR

MADISON AREA CLT CORPORATION

Laura Guyer, Board President

Date

LESSEE

HOMEOWNER

Date

HOMEOWNER

Date