

Recording Requested by and

When recorded return to:

Community Land Trust:

GROUND LEASE

This Agreement for COMMUNITY HOUSING COVENANTS RUNNING WITH THE LAND (“Covenants”) is made and is effective as of the first day of recording of the Covenant (“Effective Date”), by and between _____ (“Home Owner”) and _____, Inc., an Idaho nonprofit corporation (“CLT”, “Community Land Trust” “Housing Trust”).

1.0 BACKGROUND

1.1 For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Home Owner and CLT are entering these Covenants, the purpose of which is to ensure that the Property described in “Exhibit A” shall be and remain affordable community housing in perpetuity, dedicated for use and occupancy by a Qualified Person as defined herein;

1.2 Pursuant to the terms and conditions of these Covenants and the Real Estate Purchase and Sale Agreement defined below and entered into between Home Owner and CLT, Home Owner grants to CLT a certain interest in the Improvement, further described in “Exhibit A”. This interest shall allow CLT to administer the terms and conditions of these Covenants, but shall not be construed to impair the ability of a mortgagee to remedy a default or foreclose under the terms of a mortgage and/or deed of trust.

2.0 DEFINITIONS

- 2.1 Capital Improvements. As approved in advance by the CLT, a new or replacement structural component or system that exceeds \$3000 in total cost. (a) Structural: Addition of a bedroom, bathroom, or additional square footage; (b) System: Roof, shingles, HVAC, electrical, energy efficient windows, doors, and insulation; paving, roadway(s), fencing, irrigation system, gas lines, landscaping, and earthwork. General repairs, updates, or replacement of interior materials such as flooring, cabinets, countertops, paint or hardware are not classified as Capital Improvements.
- 2.2 Community Land Trust. A nonprofit corporation that develops and stewards affordable housing on behalf of a community to ensure the housing remains safe, decent and affordable for the long-term and is the owner of the Land on which the Improvement is situated.
- 2.3 Comparative Market Analysis, Broker’s Price Opinion, Property Valuation. A valuation completed by a licensed real estate professional who is familiar with the local market conditions. This is not an appraisal.
- 2.4 Estimated Market Value of the Improvement. The estimated market value of the Property (Improvement and Land combined), minus the estimated market value of the

Land and the IHFA Development Subsidy (see “IHFA Development Subsidy”). Can be established by one of the following methods: Appraisal, Comparative Market Analysis, Broker’s Price Opinion, or Property Valuation completed by a licensed real estate professional.

2.5 Event of Default. Default by Home Owner, as defined in Section 21 below.

2.6 Fair Return on Investment. Under the Community Land Trust model, the Home Owner is entitled to a fair return on their investment, if available from the net proceeds of the sale of the Improvement as defined herein, at the time the Improvement is sold to a subsequent Qualified Person (See “Qualified Person”) or the CLT. To calculate the return on investment:

(1) Determine the Estimated Market Value of the Improvement based on appraisal;

(2) Net Proceeds- Total the following costs, then deduct from Estimated Market Value: Primary mortgage and any subsequent liens (payoff amount), Home Owner’s closing costs (when Improvement is sold). The amount remaining, if any, is the potential “Net Proceeds”

(3) Owner’s Investment- Total the following: Home Owner’s mortgage equity (paid down); 50% of eligible Capital Improvement costs completed in the previous five (5) years; the CPI Inflation rate on the Home Owner’s purchase price up to a maximum CPI of 1.5 (CPI rate x purchase price x number of years Home Owner owned the Improvement – actual CPI will be used if rate is less than 1.5%);

(4) If Net Proceeds in (2) are less than the Owner’s Investment in (3) then the amount due to the Home Owner is the amount in (2) above, if any proceeds remain. If Net Proceeds in (2) are greater than the Owner’s Investment (3), then the amount due to Home Owner is the amount in (3), which is defined as a “fair return on investment.”

2.7 Good Cause. Credible evidence or indication the Home Owner is using or occupying the Improvement in a manner that is not in accordance with the terms of this agreement and covenants. Some examples of “Good Cause” would be if Home Owner stops paying lease fees; indications that a business is being run out of the home without prior CLT permission; health/safety concerns, etc.

2.8 Ground Lease. The legally executed agreement between the CLT and the Home Owner to preserve the long-term affordability and other conditions and covenants of the Improvement and land under the Improvement for a specified amount of time, but not less than ninety-nine (99) years.

2.9 Home Owner. The owner of the Improvement and a leaseholder of the land owned by the CLT.

2.10 Homeownership during the HOME Period of Affordability (“HOME POA”). The Improvement shall be owned by a “Qualified Person” during the HOME POA and includes any transfer, purchase, sale, conveyance, grant, gift, inheritance, bequest or devise, merger, consolidation, dissolution, operation of law or otherwise.

2.11 Home Owner Investment. The mortgage equity (principal amount paid down by the Home Owner), 50% of eligible Capital Improvement costs completed within the previous

3 years, and an amount that equals the current inflation rate of the Home Owner's purchase price based on Consumer Price Index, not to exceed 1.5% per year of ownership.

- 2.12 HOME Period of Affordability ("HOME POA"). The period of time equal to fifteen (15) years or less depending on the total amount of HOME funds expended by the CLT to develop the Improvement. HOME POA begins when the activity has been completed in the HUD's Integrated Disbursement and Information System. During the HOME POA, the Home Owner must reside in the unit as their primary residence as described in Section 3.1. During the HOME POA, Idaho Housing and Finance Association ("IHFA") will send the Home Owner an annual recertification letter to verify the Home Owner remains in compliance with the Primary Residence requirement. If the Home Owner rents or otherwise no longer occupies the Improvement as a primary residence and refuses to return to occupy the Improvement as their primary residence, the CLT will consider this as a default event (See Section 21). After the HOME POA is completed, the CLT may impose an extended HOME POA in order keep the unit permanently affordable.
- 2.13 HOME Program. The HOME Investment Partnership Program, a federally funded affordable housing development program, administered for the State of Idaho by IHFA. The CLT has received HOME funds to assist in the development of the Improvement. An amount of HOME funds, in the form of a development subsidy has been invested in the project.
- 2.14 CLT. The Community Land Trust/ CLT, and its successors and assigns.
- 2.15 IHFA. Idaho Housing and Finance Association, and its successors and assigns.
- 2.15 Improvement. The residential living structure and other structures situated on land owned by the CLT as identified in the Home Owner's Deed of Trust, as described in Exhibit "A".
- 2.16 Intent to Sell. Written notification to the CLT, from the Home Owner or their Agent, notifying the CLT the Home Owner intends to make the Improvement available for purchase in 30 days. The 30 days begins the date the CLT **receives** this notification.
- 2.17 Land. The Property, not including the Improvement(s), owned by the CLT and leased to the Home Owner pursuant to this Ground Lease, and identified in "Exhibit A".
- 2.18 Maximum Subsequent Sales Price. After the initial sale of the Improvement (from the CLT to the first Qualified Person), the Improvement can be sold to a subsequent Qualified Person for an amount not to exceed the current Home Owner's closing costs (primary mortgage payoff, other liens, and seller's closing costs), and the lesser amount of the Net Proceeds of the Sale, or the Home Owner's Fair Return on Investment (see Section 2.6).
- 2.19 Mortgage Equity. The principal amount the Home Owner has paid down on their primary mortgage and subordinate liens on the Improvement.
- 2.20 Net Proceeds. The amount remaining from the negotiated sales price after the following closing costs are deducted: (a) Home Owner's primary mortgage payoff, (b) subsequent liens on the Improvement, (c) seller's closing costs. The Net Proceeds (amount) is used to calculate the Home Owner's Fair Return on Investment (see "Fair Return on Investment Calculation"). If the amount of Net Proceeds is greater than the amount of

Fair Return on Investment, the Home Owner is entitled only to the Fair Return on Investment calculation; if the Net Proceeds amount is less than the Fair Return on Investment calculation, then the Home Owner is entitled only to the amount of Net Proceeds at the time of sale.

- 2.21 Party or Parties. The CLT and/or the Home Owner as the context of these Covenants dictates.
- 2.22 Permitted Mortgage. A mortgage approved in writing by the CLT and/or IHFA, as defined in Section 13 below.
- 2.23 Permitted Mortgagee. The holder of a Permitted Mortgage.
- 2.24 Permitted Capital Improvements. The additional, alteration, or replacement of major systems or structures made in accordance with Section 5 below, to increase or maintain the value of the Improvement, or to add or extends the useful life of the system or structure.
- 2.25 Property. Improvement and Land, more particularly described in “Exhibit A”.
- 2.26 Qualified Person. A person or household that meets the HOME and CLT’s ownership criteria, which includes an annual gross household income that does not exceed eighty percent (80%) of the median household income for the applicable Standard Metropolitan Statistical Area or County at the time the sales contract is signed, as required by the HOME Program, and published from time to time by U.S. Department of Housing and Urban Development- Division of Community Planning and Development or any successor agency.
- 2.27 Real Estate Purchase and Sale Agreement. An agreement that conveys the Improvement from the Seller to the Buyer.
- 2.28 Sale, Sale of or to Sell. Includes, without limitation, any transfer, purchase, sale, conveyance, grant, gift, bequest or devise, by merger, consolidation, dissolution, operation of law or otherwise, of the Property, Land or Improvement, or any interest therein, in whole or in part.
- 2.29 Purchase Option Price. The maximum price the Home Owner is permitted to receive from the sale of the improvement. The Option Price equals the Fair Return on Investment Calculation, or the value of the improvement, **whichever is less.** The approved Sales Price Calculation model must be used to determine the Fair Return on Investment, and a valuation of the improvement (not including land) must be completed by a Licensed Appraiser or Independent Third Party Real Estate professional, as defined in section 7.7 through 7.8 below.

3.0 HOME OWNER’S USE OF PROPERTY

3.1 Use as Primary Residence. Home Owner shall occupy the Improvement as their primary residence. The Improvement shall be deemed the Home Owner’s primary place of residence if the Home Owner meets one of the following conditions:

(A) occupies at least eighty-five percent (85%) of the interior floor space and is physically present on and residing in the Improvement for not less than nine (9) months out of every twelve (12) month period; OR

(B) has received a temporary occupancy exemption from the CLT because of one of the following conditions: (i) Military transfer or deployment, or (ii) Full-time attendance at a Post-Secondary Education Institution located more than 50 miles from the residence (iii) has Seasonal employment which requires the Home Owner to be absent from the residence as a condition of employment, and Home Owner maintains Improvement as their primary residence, as verified and approved by the CLT; OR

(C) Seasonal employment which requires the Home Owner to be absent from the residence as a condition of employment, and Home Owner has not accepted other employment outside of the County in which the residence is located ("Seasonal" defined as a temporary distinct and isolated project outside of County in which the Improvement is located, which normally does not last more than 120 days in duration), as approved by the CLT.

3.2 No Commercial Structures or Businesses. No commercial structures may be erected on the Land nor shall Home Owner use or allow the Property to be used for any business or commercial operation if precluded by zoning regulations. If such business or commercial use is allowed by the CLT, Home Owner shall first obtain a permit, should one be required, and comply with all laws, rules, regulations permits, and any covenants, conditions and restrictions pertaining to such activities. Home Owner shall not apply for or consent to a change in the zoning designation of the Property without the prior written consent of CLT, which consent may be granted, conditioned or withheld in CLT's sole and absolute discretion. Furthermore, no business or commercial operation shall be conducted on the Property which materially interferes with or precludes the Property's use and occupancy as a residence and in no event shall more than fifteen percent (15%) of the interior floor space be used for any business or commercial operation, provided such use is permitted by law.

3.3 Capital Improvements. Nothing in this section shall be construed to prevent Home Owner from making Capital Improvements to the Property as long as they comply with the provisions of Section 5 below.

3.4 Responsible Use. Home Owner shall use the Property in a manner reasonably related to its use as a primary residence. Such use shall not cause actual harm or create any nuisances, public or private. Home Owner shall use the Property in an environmentally sound manner, maintaining the productivity of the soil and the integrity of the landscape. Home Owner shall dispose of any and all waste in a safe and sanitary manner. Home Owner shall maintain the Property in good, safe and habitable condition in all respects.

3.5 Maintenance, Replacements and Repairs. Home Owner individually and as an occupant of the CLT home, shall at all times, at its own cost and expense, do the following: (a) maintain the Property (Improvement, Land and every part thereof) in good, clean and habitable condition, including, without limitation the roof, foundation, walls, siding, trim, floors, doors and windows, all electrical, plumbing, sewer, septic and HVAC components, lines and fixtures, all appliances, equipment and systems on the Property, all paved surfaces, all landscaped areas, and any sprinkler systems and water lines, reasonable wear and tear excepted; and (b) repair and/or replace damaged/worn/non-functional components and systems in a timely manner; and (c) maintain the landscaped areas of the Property in a neat, clean and healthy condition, replace all dead, dying or diseased plants, shrubs and trees, provide adequate watering for the landscaped areas, mow, trim and prune the landscaped areas as needed for a

neat and presentable appearance; (d) otherwise keep the Property free of harmful pests, insects and noxious weeds and plants. Such repairs, replacements or maintenance must be performed in a good and workmanlike manner. If Home Owner refuses or neglects to maintain, repair, or replace components as necessary on the Property, or any part thereof, in accordance with this Section, the CLT shall have the right, but not the obligation, to perform such maintenance, repair or replacement obligations on behalf of and for the account of Home Owner. In such event, any costs incurred by CLT shall be due and payable as provided in Section 22.2 below.

3.6 Inspection. In order to ensure compliance with the requirements of the HOME Program, IHFA and/or the CLT, by its authorized representative, may inspect the Property, including the Improvement, when “Good Cause” (defined in section 2.7 above) exists. IHFA and/or the CLT will provide a minimum of seventy-two (72) hours written notice to the Home Owner. Inspections will be scheduled during daytime business hours, or at such other time as may be agreed upon by the Home Owner and IHFA and/or the CLT. If IHFA and/or the CLT believes immediate health or safety concerns exist, law enforcement may be notified, with or without notice to the Home Owner.

3.7 Compliance. Home Owner shall comply with any rules, regulations, laws and ordinances encumbering and/or pertaining to the Property including the requirement to complete an annual compliance form. Home Owner shall also use, occupy, and maintain the Property in such condition as is required to maintain the insurance coverage required in Section 18 below.

4.0 GROUND LEASE FEE

4.1 Ground Lease Fee. In consideration of the possession, continued use, and occupancy of the Leased Premises, Home Owner shall pay to the CLT a monthly ground lease fee (“the ground lease fee”) of _____ dollars (\$_____). The CLT may place a lien on the Improvement for any unpaid Ground Lease Fees.

4.2 Payment of the Ground Lease Fee. The Ground Lease Fee shall be payable to the CLT at the address specified in this Covenant, on the first day of each month for as long as this Covenant remains in effect. If any amount of payable Ground Lease Fee remains unpaid when the Improvements are sold, the amount of the payable Ground Lease Fee shall be paid to the CLT out of any proceeds from the sale of the improvements, otherwise due to the Home Owner at the time of such sale.

4.3 Calculation of the Ground Lease Fee. The Ground Lease Fee specified in Section 4.1 above shall be determined to be less than fair market value for the lease and an amount which is affordable to the Home Owner.

4.4 Reduction, Delay or Waiver of the Ground Lease Fee. The CLT may reduce, delay or waive entirely the Ground Lease Fee at any time and from time to time for the purpose of ensuring affordable monthly housing costs for the Home Owners. Any such deduction, delay or waiver must be signed by the CLT before being effective.

4.5 Duration of the Ground Lease. This ground lease shall remain in full force and in effect for 99 years commencing on the date of recordation. The lease will be renewed for 99 years upon each sale of the Improvement to any future Qualified Person.

4.6 Increases to Ground Lease Fee. The CLT may not increase the Ground Lease Fee for at least three (3) years upon purchase of the qualified unit. After three years, increases may only occur once every twelve (12) months, and may not increase more than 5% in any twelve month period. Before the fee can be increased, the CLT will be required to submit backup to support the need for the increase to

IHFA for approval. Fee increase requests that would increase the ground lease fee above the top average rate for CLT's in the Northwest division, as determined by IHFA, may not be approved.

5.0 CAPITAL IMPROVEMENTS

5.1 Capital Improvements. Home Owner shall be entitled to make any capital improvements (see Definition 2.1) permitted by law and this agreement. Capital Improvements as approved in advance by the CLT, are defined as new or replacement structural and systems: (a) addition of a bedroom, bathroom, or additional square footage; (b) roof, shingles, HVAC, electrical, energy efficient windows, doors, insulation as approved by the land trust; (c) paving, roadways, fencing, irrigation system, gas lines, landscaping, and earthwork. The Home Owner may be eligible to receive up to 50% of the actual cost of any capital improvements made within three (3) years of the sale, as available from the Fair Return on Investment calculation (see Definition 2.6).

5.2 Permitted Capital Improvements. It is the intent of these Covenants that value of the Improvement be preserved for future Qualified Person. Therefore, with respect to any post-purchase construction on, alteration of, or change to the Improvement, including the addition of a new structure, expansion of an existing structure, or the alteration of existing structures, the home owner must first obtain written permission for the modifications to the Improvement from the CLT. The following conditions shall apply to any change to the Improvement: (a) All costs shall be borne and paid for by the Home Owner; (b) All work shall be performed in a manner consistent with generally accepted construction standards and shall comply with all applicable state laws, regulations and codes, as well as any standards required by HOME, IHFA, or the CLT; (c) all work shall be consistent with the permitted uses set forth in this agreement; (d) Home Owner shall furnish to CLT a copy of the plans for such work and all building permits as required for such construction at least thirty (30) days prior to such work for review and approval; (e) Upon completion, certificates of completion and evidence of lien free completion; and (f) provide the CLT with all eligible invoices/receipts for completed work to be used for the net proceeds calculation at the time of the sale if within (g) such work shall not commence without the prior written consent of the CLT. Such consent may be reasonably withheld if the CLT determines that the value will not be increased proportionate to the amount of the proposed expenditure, or that the expenditure will make the home unaffordable for another Qualified Person.

5.3 Capital Improvement Calculation. The calculation is used only for determining Home Owner's "Return on Investment". To be considered in the calculation, the following conditions must be met: A major structure or system must be replaced or added, as defined in Section 6.3 and (1) the cost of the improvement(s) exceeded \$3,000, (2) work was completed within 5 years of the date the Home Owner sells the Improvement, and (3) subsequent homebuyer meets the definition of a "Qualified Person"; and (4) the costs were directly incurred by Home Owner with no reimbursement opportunity (i.e. insurance). (5) receipts or other third party proof of expenditure required; (6) all work must be properly permitted if required and conducted by a professional contractor with related experience; (7) workmanship and materials must meet current Idaho Residential Code and any local codes; (8) the CLT or authorized representative must approve, inspect, and document compliance with the workmanship, materials, and the finished product; and (9) if the Home Owner is a professional contractor with experience directly related to the type of work to be performed (can document direct experience installing the major system or structure in question) and performs the work him/herself, with all other conditions satisfied under this section, then the cost of materials can be included in the Capital Improvement calculation.

6.0 TAXES AND ASSESSMENTS:

6.1 Taxes and Assessments. Home Owner shall be responsible for all taxes and governmental assessments that relate to the Improvements. Home Owner shall pay directly, when due, all other service bills, utility charges, or other governmental assessments charged against the Improvements.

6.2 Taxes on the Leased Premises. In the event the local taxing authority bills the CLT for the taxes to the Improvement, the CLT shall pass responsibility for this expense to the Home Owner who shall pay the bill promptly.

6.3 Home Owners Right to Contest. The Home Owner shall have the right to contest the amount or validity of any taxes relating to the Improvement.

6.4 Delinquent Taxes or Assessment. If the Home Owner fails to pay the taxes or other assessments, the CLT is under no obligation to pay the taxes or assessment(s). If the CLT pays the taxes or assessment, it may bill the Home Owner directly, or may increase the Ground Lease fee by an amount equal to the amount of the taxes or assessment, and any other charges relating the event. Home Owner shall pay this amount in a timely manner as defined by the CLT.

7.0 CLT'S OPTION TO PURCHASE

7.1 Notice of Intent to Sell. Home Owner shall notify the CLT in writing at least Thirty (30) days before the date upon which the Home Owner intends to offer the Improvement for sale or other disposition, which for purposes of this section shall be referred to as a sale ("Intent to Sell").

7.2 Option to Purchase. Unless the CLT has qualified and approved a family member of the current homeowner to purchase the unit, the CLT shall have the right to exercise its Option to Purchase for ten (10) days, beginning on the date it receives the inspection report from an approved third party inspector. The CLT shall notify the Home Owner in writing of its intent to exercise the option to purchase. After providing the Home Owner with written intent to exercise the Option to Purchase, the CLT shall have sixty (60) days from the date the Home Owner was provided with written notice in which to negotiate repairs with the homeowner, finalize all conditions, and complete the purchase of the unit. The unit shall be purchased for the Purchase Option Price, as calculated using the approved Fair Return on Investment and resale calculation. Any repairs negotiated to be paid by the Home Owner shall be paid by Home Owner directly, or paid from Home Owner's equity at closing. Repair costs may not be added to the sales price to the next buyer.

7.3 If Option To Purchase Is Not Exercised. If the CLT does not exercise its option to purchase the Improvement, the Home Owner shall have the right sell or otherwise dispose of the Improvement at a price and terms set form in this Agreement. Both CLT and Home Owner shall approve any extension to a purchase option in writing.

7.4 Expiration of CLT's Option to Purchase. Upon expiration of the CLT's option to purchase the Improvement, Home Owner may sell the Improvement for not more than the "Maximum Subsequent Sales Price" to any Qualified Person, subject to the consent of the CLT. Home Owner shall provide the CLT with the name and address of the proposed purchaser together with such other information as the CLT may require in order for the CLT to approve the purchase, which approval shall not be unreasonably withheld. The Buyer must be willing to sign an Acknowledgement and Acceptance of the Terms and Restrictions set forth in these Covenants prior to sale.

7.5 Property Inspection Report. If the CLT chooses to exercise its option to purchase, the Property shall be inspected by a 3rd party certified Home Inspector. CLT shall order a Home Inspection Report within five (5) working days of receiving Home Owner's Notice of Intent to Sell. The CLT shall then have fifteen (15) days from the date the inspection is ordered, and it notifies the Home Owner of the

scheduled inspection to receive the Home Inspection Report. If market conditions do not allow inspection to be completed and received by the CLT before the end of the 15 days, CLT shall have the option to extend for another 15 days, provided the inspection was ordered and scheduled within the five (5) day required timeframe above for the first reasonable available date that works for all parties. The notice of extension must be prepared by the CLT and provided to the Home Owner in writing no later than the 15th day after receiving the Home Owner's Intent to Sell. If the CLT's chosen inspector cannot complete the inspection within the collective 30 days, CLT shall contact other approved inspectors, even if they are outside the CLT's geographic area, and schedule with the first inspector who has availability within the required timeframe. The inspection report shall include an assessment of all major systems, major structures, and land, including the current usability and remaining useful life, as well as an inspection of all interior and exterior areas. The Home Inspection Report shall identify any item in need of repair or replacement, as well as any safety and health concerns. Home Owner may obtain another Home Inspection by a certified third party Home Inspector at its expense. CLT shall negotiate any item identified in the inspection report within the 60-day time limit to close, as established at 7.2, or any extended timeframe agreed upon by both CLT and Home Owner.

7.6 Maximum Sales Price to Subsequent Qualified Person. The sales price of the Improvement cannot exceed the total of the following: Current Home Owner's primary mortgage/additional liens pay-off, closing costs, and Home Owner's Fair Return on Investment.

7.7 Fair Return on Investment. During the HOME period of affordability, whenever the Home Owner sells the Improvement to another Qualified Person, the Home Owner shall be entitled to a fair return on their investment if available from the Net Proceeds of the sale. Fair Return on Investment Calculation:

- (1) Determine the Estimated Market Value of the Improvement based on appraisal, Broker's Price Opinion, or other valuation completed by a licensed real estate professional. Seller pays for any valuation completed in relation to the sale and/or determining sales price; the buyer pays for any valuation required by the lender in relation to the purchase;
- (2) Net Proceeds- Total the following costs, then deduct from Estimated Market Value: Primary mortgage and any subsequent liens (payoff amount), Home Owner's closing costs (when Improvement is sold). The amount remaining is the potential "Net Proceeds";
- (3) Owner's Investment- Total the following: Home Owner's mortgage equity (paid down); 50% of eligible Capital Improvement costs completed in the previous five (5) years; the CPI Inflation rate on the Home Owner's purchase price up to a maximum CPI of 1.5% (CPI rate x purchase price x number of years Home Owner owned the Improvement);
- (4) If Estimated Net Proceeds in (2) are less than the Owner's Investment in (3), then the amount due to the Home Owner is the amount in (2) above, if any proceeds remain. If Net Proceeds in (2) are greater than the Owner's Investment (3), then the amount due to Home Owner is the amount in (3), which is defined as a "fair return on investment."

7.8 Examples of Initial and Subsequent Sales Price Calculations:

Two Examples of Resale Calculations

Initial Sale-January 2013 (1 st Qtr.)	
Estimated Market Value of Property =	\$200,000
Value of Land=	-\$35,000
IHFA Subsidy=	-\$40,000
Initial Sales Price	\$125,000
Subsequent Sale- May 2018 (2 nd Qtr.)	
Seller's Investment	
Seller's Equity (mortgage paid down based on 3.0% interest rate)	\$15,019
Senior Lien payoff	\$109,981
Capital Improvements (50% within 5 yrs.)	\$2,500
Seller's Closing Costs	\$9,500
Maximum 1.5% CPI (if CPI is below 1.5, use actual CPI) (x) Initial Sales Price x number of years owned	\$15,375

https://www.bls.gov/data/inflation_calculator.htm

Subsequent Sales Price Calculation					
APPRECIATING Housing Market			DEPRECIATING Housing Market		
No.	Sold 2 nd Qtr. 2018		No.	Sold 2 nd Qtr. 2018	
	Estimated Value Of Property ¹ -	\$315,000		Estimated Value Of Property-	\$195,000
	Less Value of Land-	\$70,000		Less Value of Land-	\$35,000
	Less IHFA Subsidy-	\$40,000		Less IHFA Subsidy-	\$40,000
	Estimated Value of UNIT in 2018	\$205,000		Estimated Value of UNIT at time of sale	\$120,000
1	Less Seller's Senior Lien Repayment-	\$109,981	1	Less Senior Lien Repayment-	\$109,981
	Less Seller's Closing Costs-	\$9,500		Less Seller's Closing Costs-	\$7,500
		-\$119,481			-\$117,481
2	Estimated Net Proceeds (equals estimated value of unit less No. 1 above)	\$85,330	2	Estimated Net Proceeds (equals estimated value of unit less No. 1 above)	\$2,519

Owner's Investment			Owner's Investment		
3	1 st - Mortgage Equity-	\$15,019	3	1 st - Mortgage Equity-	\$15,019
	2 nd - Capital Improvements-	\$2,500		2 nd - Capital Improvements-	\$2,500
	3 rd - CPI 1.5% inflation rate-	\$15,375		3 rd - CPI 1.5% inflation rate-	\$15,375
		\$32,894			\$32,894
4	Owner's Fair return on Investment as available from Net Proceeds equals (the lesser of Return on Investment in No. 2 or Net Proceeds)		4	Owner's Fair return on Investment as available from Net Proceeds equals (the lesser of Return on investment in No. 2 or Net Proceeds)	
		\$32,894			\$2,519
5	Maximum Sales Price to next Low-income Buyer (cannot exceed the total of No. 1+2 above)			Maximum Sales Price to new Low-Income Buyer (cannot exceed total of No. 1 + 2 above)	
		\$152,375			\$120,000

In this example, the Home Owner decided to sell their Improvement to a Qualified Person at a time when the estimated market value of the Improvement was high, \$240,000. This value is NOT and DOES NOT determine the sales price to the next homebuyer. The EMV of Improvement is used only to determine if current market conditions are high enough to allow the homeowner to receive a fair return on their investment. In this case, the housing market was strong enough to allow the Home Owner to repay all liens, closing costs, and receive a full return on their investment; however in a declining or depressed housing market this may not be the case. If market is very depressed the value of the Improvement might be so low there would be little or no return on investment. In this case, the Home Owner's return on investment is whatever amount is available from Net Proceeds of the sale.

The CLT resale model sets a maximum sales price limit to the following: (1) Home Owner's closing costs, (2) Fair Return on Investment amount or the Net Proceeds amount, whichever amount is less. This is the trade-off for not having to purchase the land under the Improvement and receiving the benefit of a reduced sales price equal to the HOME subsidy value.

¹ The Estimated Market Value (EMV) of the Improvement is used ONLY to calculate the Home Owner's potential return on investment if they sell the Improvement at a point in time; their actual return on investment will be determined from the sales proceeds; however, EMV is never USED to determine the listing price or sales price. In this example, the EMV of the Improvement was high enough it allows the Home Owner to potentially recoup 100% of their investment. However, there will be times when the EMV of the Improvement is low enough there will not be adequate funds available for the Home Owner to recoup all, any, or some of their investment. development subsidy. ¹ Assumes a 3%, fixed-rate, 30-year mortgage² CPI calculated based on annualized averages and a flat rate for this example. <https://www.calculator.net/inflation-calculator.html>

8.0 SALE OF IMPROVEMENT: IF OPTION NOT EXERCISED BY CLT

Upon expiration of the CLT's option to purchase the Improvement, the Home Owner may sell the Improvement for not more than the Option Price to a Qualified Person, subject to the consent of the CLT, who shall be subject to all of the conditions of these Covenants. Home Owner shall provide the CLT with the name and address of the proposed purchaser together with such other information as the CLT may require in order for the CLT to certify the purchaser(s) meets all requirements, and approve the purchase. Approval shall not be unreasonably withheld. The new purchaser must be willing to sign an Acknowledgement and Acceptance of the Terms and Restrictions set forth in these Covenants at the time of, or prior to, the purchase of the Improvement.

9.0 TRANSFER TO QUALIFIED HEIR

9.1 Qualified Heir. Notwithstanding the provisions of Section 3, upon receipt of a written request from Home Owner at any time or upon notice from the personal representative of the Home Owner's estate given within ninety (90) days after the death of Home Owner, the CLT may, in its sole and absolute discretion, consent to a transfer of the Home Owner's interest in the Property to one or more of the heirs of Home Owner listed below ("Qualified Heirs") provided that such heir and such heir's legal counsel executes an Acknowledgement and Acceptance of the Terms and Restrictions set forth in these Covenants. The Qualified Heirs are the following: (a) spouse, common law partner or same-sex partner of the Home Owner; or (b) the dependent child or dependent children of the Home Owner; or (c) other

member(s) of the Home Owner's household who have resided in the Improvement for at least twelve (12) months immediately prior to Home Owner's death. A Qualified Heir must meet the definition of a "Qualified Person" as defined in Section 2.4. If not, then the CLT may exercise the Option described in Section 7. If the CLT fails to exercise its purchase option, then the heir or the estate of the decedent Home Owner shall proceed to sell the Improvement in accordance with the provisions of Section 7 or Section 8 of this Agreement. The CLT may also charge a market-rate ground lease fee during the period that the Improvement is not owned by a Qualified Person.

10.0 CLOSING FEES AND RESPONSIBILITIES

10.1 Closing Fees. Except in the event of a foreclosure sale, at the close of escrow ("Closing") of any Sale of the Improvement, the Home Owner and the Qualified Buyer shall pay an equal share of all escrow fees. Ad valorem taxes and assessments, Home Owner association assessments and fees, and utilities shall be prorated as of the date of closing. The Home Owner shall pay the cost to release any monetary liens or encumbrances granted or caused by the Home Owner and all premiums for a standard owner's policy of title insurance in the amount of the purchase price.

10.2 Transaction Fee. The Home Owner may be required to pay a transaction fee ("Transaction Fee") to the CLT in an amount equal to **three percent (3.0%)** of the sales price of the Improvement if the Home Owner utilizes a Qualified Person (Buyer) from the CLT's waiting list of clients', instead of selling the Improvement on the open market. Any debt assumed by the Buyer and the cash value of any services performed or goods delivered shall be included in the sale price for determining the Transaction Fee payable to the CLT. The Transaction Fee constitutes a lien on the Improvement and is earned by the CLT during the term of the Home Owner's ownership of the Improvement for enforcing the covenants as well as approving purchasers and mortgages as provided in these Covenants and helps to support the CLT's activities in accomplishing its mission in County in which the home is located. This fee is independent of any fees required to be paid to licensed real estate brokers or attorneys who may be engaged by Home Owner or the Qualified Buyer in the Sale of the Improvement. The CLT may instruct the escrow company to pay the Transaction Fee directly to the CLT from the selling Home Owner's proceeds.

10.3 Acknowledgement and Acceptance of Covenants. At Closing, the Qualified Buyer shall execute and deliver to the CLT a document entitled Acknowledgement and Acceptance of the Terms and Restrictions Set Forth in the Community Housing Covenants Running with the Land, indicating that he or she has read and agrees to be bound by all of the terms of these Covenants. Closing shall not occur unless Qualified Buyer executes such document. A Qualified Buyer's failure to execute or deliver to the CLT an Acknowledgement and Acceptance of these Covenants, shall not compromise, minimize or in any way affect the terms or conditions of these Covenants or the CLT right, title or interest herein, and the Qualified Buyer shall nonetheless be bound by and subject to these Covenants.

10.4 Removal of Belongings. Upon the Sale of the Improvement, Home Owner shall remove all of Home Owner's belongings not sold to the Qualified Buyer and leave the Property in a good and clean condition, reasonable wear and tear excepted.

11.0 CLT'S POWER OF ATTORNEY TO CONDUCT SALE.

In the event the Home Owner (a) fails to reside in the Improvement as a primary residence, (b) is in violation of any material provision in these Covenants, or (c) is unable to sell the Improvement to a Qualified Person within one (1) year of giving of the Notice of Intent to Sell, and still desires to sell the Improvement the Home Owner hereby appoints the CLT its attorney in fact to seek a buyer, negotiate a

reasonable price which furthers the goals set forth in these Covenants, sell the Improvement, satisfy all liens on the Improvement and distribute proceeds of the sale, minus the CLT's costs of sale and resale, and any other sums owed to the CLT by the Home Owner, in accordance with the provisions of these Covenants.

12.0 LEASE OR RENTAL

12.1 During the HOME Program's Period of Affordability. The Home Owner shall not rent, lease or otherwise fail to occupy the Improvement as a Primary Residence for more than 9 months out of every 12 months without prior written consent by the CLT of a formal plan to return to the unit that includes a date of return and other supporting documentation as described in Section 3.1.

12.2 After HOME Program's Period of Affordability. With permission from the CLT, any lease or rental of the Improvement shall be subject to the following conditions: (a) such lease or rental shall be subject to the terms of these Covenants and signed by the lessee or tenant, as the case may be; (b) a rental or occupancy fee will be charged to the lessee for the Property, not to exceed the sum of the Ground Lease Fee; (c) the Home Owner's monthly mortgage payment (including principal, interest and insurance), the ad valorem taxes (prorated on a monthly basis), the insurance premiums in accordance with Section 16 (prorated on a monthly basis), the Home Owner or condominium association dues or fees (prorated on a monthly basis), and the capital reserve payment (collectively, the "Maximum Rental Amount"); and (d) the written consent of the Permitted Mortgagee, if any, must be obtained. If the mortgage is financed through IHFA, further and more restrictive requirements with respect to rental of the Property to non-owner occupants may be required as such IHFA requirements will prevail. (Reference Section 13.4)

13.0 PERMITTED MORTGAGES, PAYMENT OF LIENS AND ENCUMBRANCES

13.1 Consent of CLT. Home Owner may mortgage the Improvement only with the prior written consent of the CLT and subject to the terms of these Covenants ("Permitted Mortgage").

13.2 Payment of all Liens, etc. Home Owner shall promptly pay when due all monetary liens, taxes, assessments, and encumbrances on the Property and otherwise comply with the terms and provisions of any deed of trust, mortgage or other loan documents pertaining to the Property. Home Owner shall instruct all lenders and their assigns to copy CLT on all communications relating to any loan on the Property, including notice of default. Within five (5) days after Home Owner's receipt of any written communication from any lender, Home Owner shall provide CLT with copies of any such written communications. The CLT shall have the right, but not the obligation, to cure an event of default under the mortgage.

13.3 Notice to Mortgage Holder. If the CLT initiates any enforcement or default action against the Home Owner, the CLT shall, within five (5) days after commencement of such action, notify the mortgage holder of such action.

13.4 HOME Funding Requirements. If financing requirements of the approved third party mortgage lender, or IHFA are more stringent than those set forth in these Covenants, in such case, the more stringent requirements shall prevail.

14.0 IHFA REQUIREMENTS AND DEED OF TRUST FOR LOAN SUBSIDY

Deed of Trust to CLT. HOME Funds are used as a development subsidy to help reduce the sales price of the Improvement. The CLT has executed a Deed of Trust to secure the Subsidy to the Land under

the Improvement. The Home Owner shall have no obligation to pay any portion of the Subsidy Loan, but will abide by the conditions of the subsidy as defined herein.

15.0 FORECLOSURE & RIGHT TO PURCHASE DEBT.

In the event of any foreclosure of a Permitted Mortgage, such foreclosing party may sell the Improvement through a duly called and noticed foreclosure sale to any person or entity for more than the Option Price provided that the Foreclosing Party strictly adheres to the provisions of Sections 13 and 14. The Foreclosing Party shall notify the CLT in writing of the pending foreclosure on or before fifteen (15) days after the trustee or beneficiary files for record the notice of default as required by Idaho Code Section 45-1505 (or as such code section may be amended) or the Permitted Mortgagee serves upon the Permitted Mortgagor an action for foreclosure and thereafter the Foreclosing Party shall send to the CLT a copy of all notices sent to the Home Owner. Within 90 days prior to the foreclosure sale and upon request of CLT, the Foreclosing Party shall grant, bargain, sell, transfer and convey to CLT the entire debt obligation owed to the Foreclosing Party and the CLT shall take full assignment of the debt obligation, promissory note, and other loan documentation, including foreclosure rights, for an amount not to exceed the Foreclosing Party's actual principal and interest due together with foreclosure costs not exceeding those reasonable and customary in the lending industry. The foregoing sentence shall not obligate the CLT to purchase the debt obligation and the CLT may purchase the debt obligation for less if the CLT and the Foreclosing Party otherwise agree.

16.0 FORECLOSURE SALE

16.1 Proceeds. In the event the CLT does not elect to purchase the debt obligation pursuant to Section 15 and the Foreclosing Party has strictly adhered to Section 13, or in the event the CLT has taken assignment of the debt obligation and is the Foreclosing Party, the Foreclosing Party may proceed with the foreclosure action and the Improvement may be sold for more than the Option Price to a person other than a Qualified Person. Proceeds, if any, from the foreclosure sale shall be distributed as follows: costs of foreclosure, including trustee services, sheriff's fees, and similar costs, and the amounts due the Foreclosing Party shall have first priority to the sale proceeds; next, Home Owner shall be entitled to any amount in excess of the amounts paid in the preceding sentence up to Option Price less the Transaction Fee due to the CLT pursuant to Section 10.2 and less any other amounts that may be due to the CLT pursuant to the terms of these Covenants; the balance and any other excess amount received at a foreclosure sale shall be paid to the CLT.

16.2 CLT's Right to Excess Proceeds. It is contrary to the fundamental concept of these Covenants for any Permitted Mortgagor or the Home Owner to realize more than the Option Price as the result of any foreclosure of any mortgage. Accordingly, the Permitted Mortgagors hereby irrevocably assign to the CLT any and all net proceeds of the sale of the Improvement remaining after payment of costs of foreclosure and satisfaction of the lien of any Permitted Mortgagee which would otherwise have been payable to the Permitted Mortgagor, to the extent the net proceeds exceed the net proceeds that the Home Owner would have received had the Improvement been sold for the Option Price established in Section 7.4 of these Covenants. Further, the Home Owner hereby authorizes and instructs the Permitted Mortgagee or any party conducting any sale to pay the amount of the excess proceeds directly to the CLT. In the event that, for any reason, the Home Owner receives the excess proceeds, the Home Owner agrees to promptly pay the amount of the excess proceeds to the CLT.

16.3 Non-qualified Transfers. In the event the CLT does not purchase the Improvement(s) and they are sold for more than the option price to a Non-Qualified Person, the CLT may charge fair market rent for the underlying land lease.

17.0 LIABILITY, INDEMNIFICATION AND WAIVER

17.1 Liability and Indemnification. The Home Owner assumes sole responsibility and liability to all persons and authorities related to Home Owner's possession, occupancy, and use of the Property. Home Owner agrees to indemnify, defend and hold harmless CLT from and against any and all claims, damages, liability, causes of action, judgments, expenses (including attorney fees and attorney fees on any appeal) (collectively "Claims") arising from Home Owner's use or occupancy of the Property, and shall further indemnify, defend and hold CLT harmless from and against any and all Claims arising from any breach or default in the performance of any obligation on Home Owner's part to be performed under the terms of these Covenants, or arising from any act, omission or negligence of Home Owner, or any of its agents, contractors, tenants, occupants or invitees, and from and against all Claims or any action or proceeding brought thereon. In case any action or proceeding is brought against CLT by reason of any such Claim, Home Owner, upon notice from CLT, shall defend the same at Home Owner's expense by counsel reasonably satisfactory to CLT. Home Owner, as a material part of the consideration to CLT, hereby assumes all risk of damage to property or injury to persons in, upon or about the Property from any cause and Home Owner hereby waives all Claims in respect thereof against CLT, except those Claims solely caused by CLT's negligence or willful misconduct.

17.2 Waiver. The waiver by CLT at any given time of any term or condition of these Covenants, or the failure of CLT to take action with respect to any breach of any such term or condition, shall not be deemed to be a waiver of such term or condition with regard to any subsequent breach of such term or condition, or of any other term or condition of these Covenants. CLT may, at its sole and exclusive discretion, grant waivers in the terms of these Covenants, but such waivers must be in writing and signed by CLT. The subsequent acceptance of payments by CLT shall not be deemed to be a waiver of any preceding breach by Home Owner of any term or condition of these Covenants, other than the failure of the Home Owner to pay the particular fee so accepted, regardless of CLT's knowledge of such preceding breach at the time of acceptance of the payment.

18.0 INSURANCE

The Home Owner shall, at the Home Owner's sole expense: (a) keep the Improvement continuously insured against loss or damage by fire and the extended coverage hazards for the full replacement costs, including endorsements for debris removal and code compliance; (b) maintain continuously in effect 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 full replacement value and will be kept current with market conditions, or the standard required by the Home Owner's first mortgage holder. The dollar amounts of the insurance coverage required in this Section 18 shall be adjusted at two-year intervals beginning on the close of escrow, or annually if requested by the CLT with thirty (30) days notice to Home Owner. This adjustment shall be equal to the percentage of change (positive or negative), over the period in question, of the Consumer Price Index, or such other index that reasonably measures adjustments in coverage amounts for the applicable type of insurance; (c) Home Owner's insurance required shall be in amounts sufficient to insure the Home Owner against all liability assumed under these Covenants, as well as all liability imposed by law; (d) on all insurance policies, by endorsement name the CLT as an additional insured and loss payee so as to create the same liability on the part of insurer as though separate policies had been written for the Home Owner and the CLT; (e) prior to the required effective date of such policies or renewals thereof, the Home Owner shall provide the CLT with copies of all policies and renewals of policies. All policies shall also contain endorsements providing that they shall not be cancelled, reduced in amount or coverage or otherwise modified by the insurance carrier without at least thirty (30) days prior written notice to the CLT and any Permitted Mortgagee. The CLT is entitled to participate in the settlement or adjustment of any losses covered by the policies of insurance. Home Owner hereby waives any rights of recovery against CLT for loss to Home Owner of the Improvement or the property of others insured under any

insurance policy carried by Home Owner to the extent such loss is covered by insurance. Home Owner shall look solely to its insurer for reimbursement, provided that this provision shall not be deemed to be a limitation on the CLT's indemnification provided for in this Section 16 of these Covenants.

19.0 DAMAGE AND DESTRUCTION.

19.1 Damage. Except as provided in Section 19.2 below, in the event of fire or other damage to the Improvement, the Home Owner shall promptly notify the CLT in writing. Thereafter the Home Owner shall take all steps necessary to ensure the repair of such damage and the restoration of the Improvement to its condition immediately prior to the damage and shall apply all insurance proceeds to such repairs and restoration. All of the repairs and restoration shall be undertaken and completed as promptly as possible. The Home Owner shall also promptly take all steps necessary to ensure that the Property is safe and that the damages do not constitute a danger to persons or property. In no event shall the Ground 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 Home Owner.

19.2 Destruction and Payment of Proceeds. Any insurance proceeds payable to the Home Owner on account of the damage shall be paid in the following order: (i) to any expenses of collecting the proceeds; (ii) 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; (iii) to the expenses of enclosing or razing the remaining Improvement(s) and clearing debris; (iv) to the Home Owner, up to the Option Price, and (v) the balance, if any, to the CLT.

20.0 EMINENT DOMAIN AND PUBLIC DEDICATION

20.1 Total Taking. In the event of a total taking by a condemning authority, the entire amount of any award(s) paid shall be allocated in the way described in Section 19.2 above for insurance proceeds.

20.2 Partial Taking. In the event of a taking of a portion of the Property, any amount paid by the condemning authority for the value of or damage to the Property shall be shared equitably between the Home Owner (and Permitted Mortgagees) and the CLT. If the parties are unable to agree upon the appropriate division of the condemnation award, the issue shall be submitted to mediation procedure as provided in Section 23 below.

21.0 DEFAULT

21.1 Upon the expiration of thirty (30) days, or ten (10) days' for the failure to pay money, written notice from any party bound or benefited by these Covenants, stating the other party has failed to perform its obligations hereunder ("Event of Default"), such party shall be deemed to be in default, unless such failure to perform is cured with the thirty (30) days [ten (10) days for failure to pay money] period, in which case no default shall be deemed to have occurred. Notwithstanding the foregoing sentence, if such default (other than the failure to pay money) cannot be cured within the thirty (30) day period and the defaulting party is diligently working to remedy the default, the cure period shall be extended for such time as is reasonably necessary to cure the default.

21.2 In order to ensure compliance with the requirements of the HOME Program, IHFA and/or the CLT, by its authorized representative may inspect the Property when "Good Cause" (defined in section 2.7 above) exists pursuant to Section 3.6 above. Failure to comply with any reasonable request for inspection when IHFA and/or the CLT has met all provisions and requirements of this lease, may result in Home Owner default, and execution of a legal written default notice may be served to the Home Owner.

21.3 Upon receipt of a notice of default and prior to the expiration of the applicable cure period, a Home Owner may request in writing a hearing before the CLT Board of Directors to determine the merits of the allegations. Upon the CLT's receipt of a hearing request, the remainder of the applicable cure period shall be

tolled pending the outcome of the hearing, and a hearing shall be held at the next regularly scheduled meeting of the CLT Board of Directors. If no hearing is requested in writing during such time period and the violation is not cured within the application period, the Home Owner shall be in default of these Covenants. If a hearing is held before the CLT Board of Directors, the decision of such Board shall be final for purposes of determining if a violation has occurred.

22.0 REMEDIES ON DEFAULT.

22.1 In the event of a default or breach of any term, warranty or provision of these Covenants, and unless otherwise prohibited by law or by the terms of a Permitted Mortgage, the non-defaulting party may, at any time thereafter, without limiting the exercise of any other right or remedy at law or in equity which the non-defaulting party may have by reason of such default or breach, (a) seek specific performance of these Covenants; (b) perform any work, pay any amounts due, or complete any duties or obligations of Home Owner and otherwise exercise any self-help remedies; (c) enjoin any Sale of or proposed Sale of the Improvement; (d) require the immediate Sale of the Improvement to a Qualified Person in accordance with the provisions of Section 6; and (e) seek prejudgment remedies, liens, damages, interest, cost and attorney fees, and any other available legal or equitable remedy under Idaho law.

22.2 If the CLT is required to pay any sum that is the Home Owner's responsibility or liability or any amount that is payable by Home Owner under these Covenants, or if CLT incurs any expense due to such failure to pay by Home Owner, such amount shall be immediately due and payable by Home Owner upon receipt of an invoice from CLT. Interest shall accrue from the date the invoice is received by Home Owner to and including the date CLT receives payment in full at a rate equal to the lesser of (i) the highest rate allowed by law, or (ii) ten percent (10%) per annum. In the event the Home Owner does not pay the invoice in full within ten (10) days after receipt, CLT may file a lien on the Improvement for the amount of said expenses plus accrued interest as set forth above and such lien shall be effective upon recording in the records of _____ County. Upon any sale of the Improvement and/or transfer of Home Owner's interest in the Improvement, if the Home Owner has not previously paid all amounts due to the CLT, CLT shall be paid the amounts it is due from the sale proceeds and any escrow company or closing agent handling the transaction shall be bound to pay such amounts due as though specifically instructed by Home Owner and Home Owner agrees to and acknowledges the same. Notwithstanding the foregoing sentence, CLT's right to the sale proceeds shall not have priority over any lien recorded prior to any lien filed by CLT. In the event CLT does not file a lien for the amounts it is due, CLT's claim shall be subordinate to any recorded lien on the Improvement.

23.0 MEDIATION

If any grievance or dispute arises between CLT and Home Owner concerning the terms of these Covenants that cannot be resolved by normal interaction, either Party may request, by written notice to the other Party, that the grievance or dispute be made subject to a mediation procedure. However, neither party waives its right to resolve the dispute in court regardless of whether a party requests mediation, and neither party is required to consent to mediation upon receipt of a request for mediation. If a party requests mediation, and both parties agree to attempt resolution of the dispute through mediation, the mediation shall take place within thirty (30) days after receipt of the written notice, using a professional mediator mutually acceptable to the Parties, and with substantial experience in mediating disputes of the type in question. The contents of all discussions during the mediation shall be confidential and non-discoverable in subsequent proceedings, if any. If the Parties can agree on a mutually acceptable agreement, it shall be reduced to writing, signed by all Parties and the dispute shall be at an end. The cost of the mediation shall be shared equally by both Parties. Each Party agrees to bear its own attorney fees and costs related to the mediation. The request for mediation shall not stay a Party's right to resolve the dispute in court and/or to seek injunctive relief.

24.0 DISSOLUTION OF COMMUNITY LAND TRUST.

Upon dissolution of CLT, the Land shall be distributed to another 501(c)(3) nonprofit organization for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax codes, or shall be distributed to the federal government, or to a state or local government, for the purposes stated in these Covenants pursuant to Section 3.0. Any such assets not so disposed of shall be disposed of by a Court of competent jurisdiction of _____ County, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes. The Covenants shall also be assigned to the nonprofit organization which receives the Land.

25.0 NOTICES.

Any notice or demand required or permitted to be given under the terms of these Covenants shall be deemed to have been duly given or made if given by any of the following methods: (a) sent via registered or certified United States mail, with delivery confirmation, (b) sent via established national overnight delivery service (such as Federal Express) charges prepaid, (c) Sent via any electronic communication method, provided the sender (i) obtains written confirmation of receipt of the communication by the electronic communication equipment at the office of the addressee listed above, and (ii) immediately follows the notice with a second notice in one of the methods set forth in this subsection; or (d) hand delivered, respectively addressed as follows:

To the CLT:

Community Land Trust

To the Home Owner:

Owner of Record

Notices shall be effective on the third day after posting if sent by mail, on the next day after posting if sent by overnight mail and on the day of dispatch if manually delivered within regular business hours or if transmitted within regular business hours by electronic communication methods.

26.0 NON-DISCRIMINATION

There shall be no discrimination against, or segregation of, any person, or group of persons, on account of race, color, religion, gender, national origin, age, disability or familial status in the sale, transfer, use, occupancy, tenure or enjoyment of the Property.

27.0 GENERAL PROVISIONS

27.1 These Covenants shall be a permanent burden on the Property for the benefit of the

CLT and shall run with the Land.

27.2 In the event any party bound or affected by these Covenants, initiates or defends any legal action or proceeding in any way connection with these Covenants, the prevailing party in any such action or proceeding (in addition to any other relief which may be granted, whether legal or equitable), shall be entitled to recover from the losing party in any such action its reasonable costs and attorneys' fees (including such costs and fees on appeal). All such costs and attorneys' fees shall be deemed to have accrued on commencement of any legal action or proceeding and shall be enforceable, whether or not such legal action or proceeding is prosecuted to judgment.

27.3 Whenever possible, each provision of these Covenants and any other related document shall be interpreted in such a manner as to be valid under applicable law, but if any provision of any of the foregoing shall be invalid or prohibited under said applicable law, such provisions shall be ineffective to the extent of such invalidity or prohibit without invalidating the remaining provisions of these Covenants or related document.

27.4 The laws of Idaho, without giving effect to its choice of law principles, govern all matters with respect to these Covenants,

27.5 These Covenants shall inure to the benefit of and be binding upon, the Home Owner, their heirs, personal representatives, successors and assigns, and upon an person or entity acquiring the Improvement, or any portion thereof, or any interest therein, whether by merger, consolidation, dissolution, operation of law or otherwise; provided, however, that if any Home Owner sells all or any portion of the Improvement in accordance with these Covenants, such Home Owner shall thereupon be released and discharged from any and all obligations as Home Owner in connection with the Improvement arising under these Covenants after the sale but shall remain liable for all obligations arising under these Covenants prior to the sale. The new Home Owner of the Improvement or any portion thereof (including without limitation, any Home Owner who acquires its interest by foreclosure, trustee's sale or otherwise) shall be liable for all obligations arising under these Covenants with respect to the Property or portion thereof after the date of sale.

27.6 These Covenants may only be amended by a written agreement signed by Home Owner and the CLT that is identified as an amendment to these Covenants.

27.7 Paragraph or section headings within these Covenants are inserted solely for convenience of reference, and are not intended to, and shall not govern, limit or aid in the construction of the terms or provisions contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year above first written.

This Ground Lease shall restate and supersede in every respect any and all prior Deed Covenants by and between CLT and its predecessors in interest, and Owner and its predecessors in interest, excepting hereto

the **Memorandum of Restrictive Covenants running with the land, recorded as Instrument No. #**
_____, records of _____ County, regardless of whether such prior Deed
Covenants have been terminated or released in writing.

HOME OWNER

By _____
Home Owner

By _____
Home Owner

COMMUNITY LAND TRUST

an Idaho nonprofit corporation

By _____
Executive Director

State of Idaho)
) ss.
County of _____)

On this ____ day of _____, in the year of _____, before me, the undersigned notary public in and for the State of Idaho, personally appeared _____, known or identified to me as the Home Owner.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

Notary Public for Idaho
Residing at _____ County, State of Idaho
My commission expires: _____

State of Idaho)
) ss.
County of _____)

On this ____ day of _____, in the year of _____, before me, the undersigned notary public in and for the State of Idaho, personally appeared _____ known or identified to me, to be the _____ of _____, an Idaho non-profit corporation, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

Notary Public for Idaho
Residing at _____ County, State of Idaho
My commission expires: _____

EXHIBIT A

Legal Description of Property (Land and Improvement)