

or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against the Land Trust if such a home is not made available.

## ARTICLE 10. TRANSFER, SALE OR DISPOSITION OF HOME

**10.1** Intent. It is the understanding of the parties that the terms of this Lease, and in particular of this Article 10, are intended to preserve the affordability of the Home for lower income households and expand access to homeownership opportunities for such households.

**10.2** Transfers to Income-Qualified Persons. Homeowner may transfer its interest in the Leased Land and the Home only to an Income-Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers shall be subject to a review by the Land Trust and purchase option rights set forth in this Article 10. Any purported transfer done without following the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

“Income-Qualified Person” shall mean a person or group of persons within a household whose household income does not exceed 120% of the Area Median Gross Income for the Columbus metropolitan area as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor.

**10.3** Transfer to Homeowner’s Heirs.

A. Where there is more than one party named as Homeowner, their interests in this Lease and in the Home shall be that of “joint tenants with rights of survivorship”, which means that upon death of one Homeowner, the interests in the Lease and the Home shall automatically pass to the surviving Homeowner(s), without the need for further consent by the Land Trust. Such surviving Homeowner(s) shall give written notice to the Land Trust within ninety (90) days following the death of the decedent Homeowner.

B. Upon the death of Homeowner (or the last surviving co-Homeowner, as the case may be), the executor of the decedent Homeowner’s estate shall give written notice to the Land Trust within ninety (90) days following the death of the decedent Homeowner. The Land Trust shall, unless for good cause



shown, consent to the transfer of the Home and enter into a new Lease with either (i) the spouse or “Domestic Partner” (as defined below) of Homeowner; (ii) the child or children of Homeowner (provided that one or more of the children has reached the age of majority, or (iii) any other individual or individuals specifically designated to inherit Homeowner’s rights in a valid will. For purposes of the preceding sentence, (i) “spouse” shall include a spouse under the laws of any other jurisdiction; and (ii) “Domestic Partner” shall mean any person so named in a letter from Homeowner to the Land Trust specifically with reference to this Section 10.3, which notice is revocable by a letter from either the Homeowner or the Domestic Partner.

C. The obligation of the Land Trust to enter into a new Lease with one or more of the successors listed above shall be conditioned upon the receipt by the Land Trust of executed Letters of Stipulation and Acknowledgment from the successors in form and substance similar to that of **Exhibits A and B** hereto, setting forth the successor’s review, understanding and acceptance of the terms of the Lease. Any successors, other than those identified in items B (i) and (ii) above, in addition to submitting Letters of Stipulation and Acknowledgment as provided above, must demonstrate to the reasonable satisfaction of the Land Trust that they are Income-Qualified Persons as defined in Section 10.2. If unable to do so, such designated successors shall not be entitled to possession of the Leased Land but must transfer the Home and the Leased Land in accordance with the provisions of this Article 10.

D. The requirements of occupancy of the Leased Land shall apply to all successors (including those inheriting by survivorship and those named in (i) and (ii) above), and any successor who does not occupy the Leased Land shall be required to transfer the Leased Land in accordance with this Article 10.

E. When the Land Trust enters into a new Lease pursuant to this Section 10.3, all of the values set forth in the old Lease shall carry forward and be restated in the new Lease.

F. In the event that no party is designated in accordance with Sections 10.3(A) or (B) to inherit the rights of the decedent Homeowner, the Homeowner’s interest shall be disposed of by the Land Trust in accordance with this Article 10, and any proceeds which would have been payable to Homeowner shall be paid to Homeowner’s estate.

**10.4** Homeowner’s Notice of Intent to Sell. In the event that Homeowner wishes to transfer its interest in the Leased Land and the Home, Homeowner shall notify the Land Trust, in writing, of such wish (the “Intent-to-Sell Notice”). Such Notice shall include a statement as to whether Homeowner wishes to recommend a prospective buyer as of the date of the Notice.

**10.5** Appraisal. No later than ten (10) days after receipt of Homeowner’s Intent-to-Sell Notice, a market valuation of the Leased Land and the Home (the “Appraisal”) shall be commissioned to be performed by a mutually acceptable and duly licensed appraiser. The Land Trust shall commission and pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Land and Home were held in fee simple absolute, disregarding the restrictions of this Lease on the use of the Land and the transfer of the Home. The Appraisal shall state the values contributed by the Land and by the Home as separate amounts. Copies of the Appraisal are to be provided to both the Land Trust and Homeowner.

**10.6** Purchase Option of the Land Trust. Upon receipt of an Intent-to-Sell Notice from Homeowner, the Land Trust shall have the option to purchase the Home (the “Purchase Option”) at the Purchase Option Price calculated as set forth below. The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Income-Qualified Persons while taking fair account of the investment by the Homeowner. If the Land Trust elects to exercise the Purchase Option, the Land Trust shall notify Homeowner, in writing, of such election (the “Notice of Election to Exercise”) within forty-five (45) days of the receipt of the Appraisal, or the Option shall expire. Having given such notice, the Land Trust may either proceed to exercise the Purchase Option directly by purchasing the Home, or may assign the Purchase Option to an Income-Qualified Person. The purchase (by the Land Trust or its assignee) must be completed within sixty (60) days of the Notice of Election to Exercise by the Land Trust, or the Option shall expire. The time permitted for the exercise of the Purchase Option may be extended by mutual agreement of the Land Trust and Homeowner. Homeowner may recommend to the Land Trust a prospective buyer who is an Income-Qualified Person and is prepared to submit Letters of Stipulation and Acknowledgment indicating informed acceptance of the terms of this Lease. The Land Trust shall make reasonable efforts to arrange for the assignment of the Purchase Option to such person, unless the Land Trust determines that its charitable mission is better served by retention of the Home for another purpose or transfer of the Home to another party.

**10.7 If Purchase Option Expires.** If the Purchase Option has expired, Homeowner may transfer the Home and the Lease to any Income-Qualified Person (as verified by the Land Trust), for not more than the then applicable Purchase Option Price. If, six (6) months after the expiration of the Purchase Option, the Home still has not been sold, Homeowner may transfer the Home and the Lease for not more than the then applicable Purchase Option Price, to any party regardless of whether that party is an Income-Qualified Person.

**10.8 Power of Attorney of the Land Trust to Conduct Sale.** In the event the Land Trust does not exercise its option to purchase as set forth above, the Homeowner (a) is not then residing in the Home and (b) continues to hold the Home out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year of the giving of the Intent-to-Sell Notice, Homeowner does hereby appoint the Land Trust its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the goals set forth in this Lease, sell the property, and distribute proceeds of sale. Proceeds shall be paid first to cover the costs of sale and reletting of the Leased Land and any other sums owed to the Land Trust by Homeowner. The remaining proceeds shall be paid to Homeowner (or its Permitted Mortgagee to the extent required by the Permitted Mortgagee) up to the then applicable Purchase Option Price calculated according to the provisions of this Article 10. The balance of such proceeds, if any, shall be paid to the Land Trust. The power of attorney granted in this Section 10.8 is coupled with an interest and all authority hereby conferred shall be irrevocable and may not be terminated by the Homeowner without the consent of the Land Trust.

**10.9 Purchase Option Price.** In no event may the Home be sold for a price that exceeds the Purchase Option Price. The Purchase Option Price shall be the lesser of (a) the value of the Home as determined by the Appraisal commissioned and conducted as provided in Section 10.5, or (b) the price calculated in accordance with the formula described below (the “Formula Price”).

**10.10 Calculation of the Formula Price.** The Formula Price shall be equal to Homeowner’s Purchase Price, as stated below, plus Homeowner’s Share of Market Value Appreciation in the market value of the Leased Land and the Home existing thereon calculated as follows:

(a) Homeowner's Purchase Price. The Land Trust and Homeowner agree that Homeowner's Purchase Price for the Home existing on the Leased Land as of the commencement of the term of this Lease is \$\_\_\_\_\_.

(b) Initial Appraised Value. The Land Trust and Homeowner agree that on or about the date of Homeowner's acquisition of the Home, a market valuation of the Leased Land and Home was conducted in accordance with the provisions of Section 10.5 and that the appraised value of the Leased Land and Home at the time is \$\_\_\_\_\_ (the "Initial Appraised Value").

(c) Current Appraised Value. The Land Trust and Homeowner agree that the market valuation of the Leased Land and the Home existing thereon conducted on or about the date of Homeowner's Notice of Intent to Sell, in accordance with the provisions of Section 10.4 and Section 10.5 of this Lease, shall be the Current Appraised Value.

(d) Calculation of Market Value Appreciation. For the purpose of determining the Purchase Option Price, Market Value Appreciation of the Leased Land and Home shall be determined by subtracting from the Current Appraised Value the Initial Appraised Value, above. If this calculation returns a negative number, the Market Value Appreciation shall be zero (\$0). Following is a table for calculating Market Value Appreciation:

<b>Current Appraised Value</b>	\$_____
<b>Minus Initial Appraised Value</b>	- \$_____
<b>Equals Market Value Appreciation</b> (Note: if <b>Current Appraised Value</b> minus <b>Initial Appraised Value</b> is negative, enter zero)	= \$_____

(e) Determination of Shared Appreciation Factor. For the purpose of calculating Homeowner's Share of Market Value Appreciation in Section 10.10(g), the Shared Appreciation Factor shall be twenty-five percent (25%).



(f) Calculation of Homeowner’s Share of Market Value Appreciation. For the purpose of determining the Formula Price, Homeowner’s Share of Appreciation in Market Value of the Home shall be determined by first multiplying the Market Value Appreciation by the Shared Appreciation Factor. Following is a table for calculating Homeowner’s Share of Market Value Appreciation:

<b>Market Value Appreciation</b>	\$ _____
Multiplied by <b>Shared Appreciation Factor</b>	x _____
<b>Equals Homeowner’s Share of Market Value Appreciation</b>	= \$ _____

(g) Calculation of Formula Price. The Formula Price shall be determined by adding to Homeowner’s Purchase Price: Homeowner’s Share of Market Value Appreciation. Following is a table for calculating the Formula Price:

<b>Homeowner’s Purchase Price</b>	\$ _____
Plus <b>Homeowner’s Share of Market Value Appreciation</b>	+ \$ _____
<b>Equals Formula Price</b>	= \$ _____

**10.11** New Lease. Following the transfer of the Home to any person(s) in accordance with this Article 10, the Land Trust shall enter into a new lease with such person(s). The terms of such lease shall be the same as those of new leases issued to Homebuyers at that time for land not previously leased by the Land Trust.

**10.12** Purchaser May be Charged a Transfer Fee. In the event that Homeowner sells the Home to a party other than the Land Trust (whether directly to such party or as a result of the assignment by the Land Trust of its Purchase Option to such party), the price to be paid by such



purchaser shall include in addition to the Purchase Option Price, at the discretion of the Land Trust, a transfer fee to compensate the Land Trust for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than four percent (4%) of the Purchase Option Price.

**10.13** Homeowner Required to Make Necessary Repairs at Transfer. The Homeowner is required to make necessary repairs when Homeowner voluntarily transfers the Home as follows:

(a) The person purchasing the Home (“Buyer”) shall, prior to purchasing the Home, hire at Buyer’s sole expense a building inspector with a current home inspector license from the State of Ohio or the municipality in which the Home is located to assess the condition of the Home and prepare a written report of the condition (“Inspection Report”). The Homeowner shall cooperate fully with the inspection.

(b) The Buyer shall provide a copy of the Inspection Report to Buyer’s lender (if any), Homeowner, and the Land Trust within 10 days after receiving the Inspection Report.

(c) Homeowner shall repair specific reported defects or conditions necessary to bring the Home into full compliance with Sections 4.2 and 7.5 above prior to transferring the Home.

(d) Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner’s written request, the Land Trust may allow the Homeowner to pay all or a portion of the repair costs after transfer, from Homeowner’s proceeds of sale, if Homeowner cannot afford to pay such costs prior to the transfer. In such event, either (i) 150% of the unpaid estimated cost of repairs or (ii) 100% of the unpaid cost of completed repairs shall be withheld from Homeowner’s proceeds of sale in a Land Trust-approved escrow account.

(e) Homeowner shall allow the Land Trust, Buyer, and Buyer’s building inspector and lender’s representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.

(f) Upon sale or other transfer, Homeowner shall either (i) transfer the Home with all originally purchased appliances or replacements in the Home in good working order or (ii) reduce the

Purchase Option Price by the market value of any such appliances that are not left with the Home in good working order.

## ARTICLE 11. ASSIGNMENT AND SUBLEASE

Except as otherwise provided in Article 8 (including Permitted Mortgages) and Article 10, regarding transfers, Homeowner shall not assign this Lease. Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease without the prior written consent of the Land Trust. Homeowner agrees that the Land Trust shall have broad and full discretion to withhold such consent in order to further the purposes and goals set forth in this Lease. If permission is granted, any sublease shall be subject to the following conditions:

- (a) Any such sublease shall be subject to all of the terms and provisions of this Lease;
- (b) The sublessee shall be an Income-Qualified Person, as defined in Section 10.2; and
- (c) The rental or occupancy fee charged the sublessee shall not be more than that Lease Fee charged to Homeowner by the Land Trust, plus an amount approved by the Land Trust to cover costs to Homeowner for the Home.

## ARTICLE 12. DEFAULT

**12.1 Monetary Default by Homeowner.** It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease, including any Land Trust Disbursements as defined in Section 5.3, and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by the Land Trust to Homeowner and Permitted Mortgagee. However, if Homeowner shall make a good faith partial payment of at least two-thirds (2/3) of the amount owed during such initial 30-day period, then such period shall be extended one additional 30-day period.

**12.2 Non-Monetary Default by Homeowner.** It shall be an event of default if Homeowner fails to abide by any other material term or condition in this Lease, and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by the Land Trust to Homeowner and Permitted Mortgagee. However, in the case where Homeowner or