

EARTH BRIDGE COMMUNITY LAND TRUST, INC.

PO BOX 553, PUTNEY, VT 05346

STANDARD LEASE

Section I:

Introduction

Upon the signing of this lease, _____ enter(s) with the Earth Bridge Community Land Trust (EBCLT) into a legal contract reflecting substantial philosophical agreement on the proper use of the land and the governing principles and spirit embodied in EBCLT's Bylaws and Articles of Incorporation.

I recognize that my relationship to EBCLT is not that of a conventional tenant to landlord. As a leaseholder I am, in a way, renting from myself, because by virtue of this lease I am also a member of EBCLT. Given these shared interests, I will conduct all matters with other members of EBCLT in good faith. In particular, I recognize and honor the rights and interests of the adjoining leaseholders, if any. I join EBCLT in undertaking to be a responsible steward of the Land.

Section II: **Parties and Date**

This lease agreement is made this _____ day of _____ 20____, the "Lease Commencement Date", by and between Earth Bridge Community Land Trust, a nonprofit Vermont Corporation, identified herein as "Land Owner" with a notice address of _____, and participating member(s) of that corporation, notice address of _____, identified herein as "Land User".

Section III: **Grant of Leasehold**

The Land Owner, for and in consideration of the lease payments to be paid pursuant to Section V of this Lease Agreement and the other covenants and agreements to be performed by the Land User as provided herein, hereby agrees to lease to the Land User, and the Land User hereby agrees to lease from the Land Owner, the real property described in Section IX below, herein identified as the "Land"; TOGETHER with all easements, rights of way, air and subsurface rights, and other rights, privileges and appurtenances relating to the Land, and all estate, right, title and interest of Land Owner in or to the Land;

TOGETHER with all right, title and interest, if any, of the Land Owner in and to any land lying in the bed of any street, avenue, or alley adjoining the Land to the center line thereof; SUBJECT, however, to such easements and encumbrances which may affect the leased premises but will not substantially interfere with the Land User's intended use as set out in Section VIII below of the property. The Land, together with the easements, appurtenances and estate, and the rights, if any, in and to adjoining streets, avenues and alleys, constitute and are referred to in this Lease Agreement as the "Leasehold."

The Land Owner delivers and the Land User acknowledges receipt of possession of the Land as of the Lease Commencement Date stated above.

Section IV: **Conditions of Lease Agreement: General Concerns**

1. This lease agreement shall be for a term of eighty-nine (89) years from the date of signing, and shall be renewable for another consecutive eighty-nine (89) year term upon one (1) year's notice in writing to the Lease Committee of the Land Owner. This lease agreement may be transferred to the heirs of the Land User upon the Land User's death only in accordance with the conditions of Section IV.15. below.
2. The Land User will hold the leased Land (hereinafter known as "the Leasehold") in accordance with the stated purposes of the Land Owner, as expressed in its Articles of Incorporation and Bylaws, as amended from time to time.
3. The Land User may not sub-let the Leasehold without the express written consent of the Lease Committee of the Land Owner. The Land Owner and Land User will determine the term of any such Sub-lease, and the provisions of the Sub-lease will be consistent with the provisions of this lease agreement. Such consent will not be unreasonably withheld.
4. Land User owns the house and all other improvements on the Leased Land. All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Land User on any part of the Leased Land at any time during the term of this Lease (collectively, the "Home") shall be property of the Land User. Title to the Home shall be and remain vested in the Land User. However, Land User's rights of ownership are limited by certain provisions of this Lease, including provisions regarding the sale or leasing of the Home by the Land User and EBCLT's option to purchase the Home.

5. Land User will pay an equitable share of the cost of maintaining shared Improvements such as driveways, parking areas, and fences used in common with other Land Users, taking into account the costs involved and the relative benefits conferred on each household.
6. The Land User will act with due regard for the rights of other Land Users on adjacent Leaseholds. This includes but is not limited to the understanding that domestic animals owned, controlled, or maintained by Land User will not be permitted to unreasonably interfere with the rights of neighboring Land Users or graze any neighboring Leaseholds in derogation of any other Lease Agreements held with Land Owner.
7. The use of any part of the leased Land as collateral for a personal loan is prohibited.
8. The Land User will have the opportunity to take advantage of the full grievance procedure provided in the Bylaws of the Land Owner, both for the disputes with the Land Owner regarding possible termination of the Lease Agreement or other matters, and for disputes that cannot be settled privately with other Land Users.
9. The Land User agrees to submit any complaints it may have against the Land Owner, or the Land Owner's administration of the Leasehold, to said grievance procedure prior to taking any formal legal action against the Land Owner based on this Lease Agreement.
10. The Land Owner agrees that this Lease Agreement may be terminated by the Land User or the Land User's **Inheritors** at any time, provided that written notice of said termination is delivered to the Lease Committee of the Land Owner at least 90 days before the date of termination; that all payments relating to the Lease Agreement have been paid up to the date of the signing of a successor Lease Agreement; and that no termination will be effective until a successor Lease Agreement has been signed. Such payments will include but not be limited to lease payments, taxes, and liability insurance.
11. The Land User will exercise good faith and due diligence in re-letting the leasehold in the event that the Land User terminates this lease.
12. **The Land User will choose one of these Limited Equity Versions and will record this choice in Section VIII (Other agreements and restrictions) of this lease:**

80 Percent Limited Equity Version: If the Land User decides to sell the Improvements on this Leasehold, the Land User must notify the Board of Directors of the Land Owner

in writing. A market valuation of the improvements shall be performed by an appraiser who has been licensed or certified by the appropriate state Board of Real Estate Appraisers, and who is mutually acceptable to the Land User and Land Owner. The cost of such appraisal shall be borne equally by the Land User and Land Owner. The Land User must sell the Improvements for no more than 80% of the above-appraised value, excluding the contributory value of the Land. Any subsequent Party buying or inheriting the improvements shall also be bound by the 80% Limited Equity Version in the new lease. The Land Owner shall have the option to purchase the Improvements, excluding the contributory value of the Land, for a price not to exceed 80% of the appraised value excluding the contributory value of the Land. The Land Owner must exercise the foregoing option to purchase within ninety (90) days of its receipt of written notice from the Land User of the Land User's desire to sell the Improvements, or its option will expire. All successor leases on this leasehold will have an 80% limited equity version.

100 Percent Limited Equity Version: If the Land User decides to sell the Improvements on this Leasehold, the Land User must notify the Board of Directors of the Land Owner in writing. A market valuation of the Improvements shall be performed by an appraiser who has been licensed or certified by the appropriate state Board of Real Estate Appraisers, and who is mutually acceptable to the Land User and Land Owner. The cost of such appraisal shall be borne equally by the Land User and Land Owner. The Land User must sell the Improvements for no more than 100% of the above-appraised value, excluding the contributory value of the Land. The Land Owner shall have the option to purchase the Improvements, excluding the contributory value of the Land, for a price not to exceed the appraised value excluding the contributory value of the Land. The Land Owner must exercise the foregoing option to purchase within ninety (90) days of its receipt of written notice from the Land User of the Land User's desire to sell the Improvements, or its option will expire.

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13. The Land Owner reserves the right to terminate this lease for any of the following reasons:

A. Abandonment of the Leasehold by the Land User, constituted by the absence of the Land User from the Leasehold for a period of more than one (1) year, unless specific arrangements have been made with the Lease Committee of the Land Owner.

- B. Sub-letting the Leasehold without the knowledge and written consent of the Lease Committee of the Land Owner, including but not limited to its sub-lease for residential, commercial, or agricultural purposes, or as an extractive resource.
- C. Violation of any provisions or special restrictions of this Lease Agreement.
- D. Misuse or abuse of the Land in violation of this Lease Agreement (see Section VII).
- E. Failure to meet payments relating to this Lease Agreement for a period of one (1) year or more. Payments include, but are not limited to, lease payments, all property tax payments, liability insurance payments, annual membership fee payments, and payments for the cost incurred by the Land Owner in administering and maintaining leased premises.
- F. Willful or repeated acts to undermine the purposes of the EBCLT corporation as they are stated in the Articles of Incorporation and Bylaws.

14. In the event that the Land Owner terminates this Lease Agreement for any of the above reasons, the Land Owner shall provide thirty (30) days prior written notice to Land Users by certified mail, return receipt requested, mailed to the last address provided by the Land Users, who shall have the right to cure such termination conditions within such thirty (30) days. The Land Owner will exercise due diligence and good faith in re-letting the leasehold, if Land Users fail to cure within such thirty (30) days. If the leasehold interest is subject to a Mortgage, Land Owner will also provide the lender notice of default and an opportunity to clear the default.

15. ARTICLE (15): Transfer of the Improvements:

15.1. INTENT OF THIS ARTICLE: The Land User and EBCLT agree that the provisions of this Article 15 are intended to preserve the affordability of the Improvements and to enable EBCLT to choose Land Users whose goals are in sync with those of EBCLT.

The Transfer Process is designed as a collaborative one, requiring EBCLT and the Land User to work together in the best interest of all involved. Please note that there is a Time Line built into this process to enable enforcement of each step (with the exception of the amount of time that the Appraisal may take).

This process will take at least ninety (90) days from the time the Board receives the Intent-to-Sell Notice. If at any time during this process Land User has a change of plans in regards to the sale, the Land User must send written notification to the Board immediately.

15.2. LAND USER MAY TRANSFER IMPROVEMENTS ONLY TO EBCLT, OR EBCLT-APPROVED LAND USERS: Land User may transfer the Improvements only to EBCLT or an EBCLT-Approved Land User as defined below or otherwise only as explicitly permitted by the provisions of this Article 15. All such transfers are to be completed only in strict compliance with this Article 15. Any purported transfer that does not follow the procedures set forth below and in the Transfer Procedure Manual, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

“EBCLT-Approved Person” shall mean a person or group of persons recommended by the Transfer Committee based on fulfillment of these Requirements and careful consideration thereof, and approved by the Board. The Selection Policy is posted in the Transfer Manual.

Requirements: Candidates interested in becoming Land Users must meet the following minimum requirements; they will not be considered by the EBCLT Transfer Committee until they have done so.

- Submit an application that provides information about their plan for using the land.
- Submit a statement that they understand the financial aspects of their commitment and agree to meet the payment schedule as negotiated with the finance committee.
- Submit three (3) letters of personal recommendation - one of them referencing financial responsibility.
- Submit a signed *Letter of Agreement* stating that they commit to upholding the *Mission, Values, Bylaws, and Lease* of EBCLT and that they are willing to participate in EBCLT governance.
- Submit a written agreement to submit a signed *Attorney’s Acknowledgment* at the closing, that signifies that Attorney has explained legal matters regarding *Bylaws* and *Standard Lease*.

15.3. TRANSFER OF IMPROVEMENTS TO HEIRS OF LAND USER: Improvements may be transferred to heirs of Land User upon the Board’s receipt of (A) a written request from Land User at any time, including before death, or upon receipt of (B) written notice from the executor of the decedent’s estate given within ninety (90) days of the death of Land User (or the last surviving co-owner of the improvements). EBCLT shall, unless for a good cause shown, consent to a transfer of the improvements to and by one or more of the possible heirs

of Land User provided that said heir or heirs enter(s) into a Replacement Lease with EBCLT subject to the following conditions: (which will be completed within 100 days of receipt of the above referenced written notice).

A. Letters of Agreement and Attorney's Acknowledgment must be signed, submitted, and attached to the lease as a condition of its assignment to an heir.

B. The Replacement Lease will incorporate the terms of the applicable EBCLT Standard Lease in use for new leaseholds at the time of the transfer.

C. The Replacement Lease will be for a term equal to the remaining term of the Land User's (or deceased Land User's) current lease.

D. If the Land User's (or deceased Land User's) lease payment schedule has not been completed, the Inheritor will make regular payments to complete the remaining lease payments due.

E. Any additional outstanding balance due to EBCLT must be paid before the Replacement Lease is signed.

F. If, within this 100 days, the Inheritor of a deceased Land User's improvements does not sign a Replacement Lease, or is unable or unwilling to comply with the provisions of the Lease, the EBCLT Bylaws, and Articles of Incorporation, all leasehold rights of the deceased Land User shall terminate and the Inheritor shall sell the improvements according to the standard Transfer Procedure, described below.

15.4. LAND USER'S NOTICE OF INTENT TO SELL: In the event that Land User wishes to sell Land User's Improvements, Land User shall notify EBCLT Board in writing of such wish (the Intent-to-Sell Notice). This Notice shall include a statement as to whether Land User wishes to recommend a Potential Land User as of the date of the Notice.

15.5. AFTER RECEIVING NOTICE, EBCLT SHALL COMMISSION AN APPRAISAL: No later than twenty (20) days after EBCLT's receipt of the Intent-to-Sell Notice, EBCLT shall commission a market valuation of the Improvements (the Appraisal): A market valuation of the Improvements shall be performed by an Appraiser who has been licensed or certified by the appropriate State Boards of Real Estate Appraisers, and who is mutually acceptable to the Land User and the Land Owner. The cost of the Appraisal will be borne equally by the Land User and EBCLT. The Appraisal shall state the values contributed by the Leased Land

and by the Improvements as separate amounts. Copies of the Appraisal are to be provided to both EBCLT and the Land User.

15.6 EBCLT HAS AN OPTION TO PURCHASE THE IMPROVEMENTS. Upon receipt of an Intent to Sell Notice from Land User, EBCLT shall have the option to purchase the Improvements at the Purchase Option Price calculated as set forth in 15.9. The Purchase Option is designed to further the purpose of preserving the affordability of the Improvements and allowing EBCLT to be more selective of Potential Land Users. It also assures that EBCLT will have an opportunity to address any particular issues on a leasehold at the time of transfer. Land User may recommend to EBCLT a Potential Land User they believe would be an EBCLT-Approved Person prepared to submit a Letter of Agreement and Attorney's Acknowledgement indicating informed acceptance of the terms of this Lease. EBCLT shall make reasonable efforts to arrange for the assignment of the Purchase Option to such person, unless EBCLT determines that its mission is better served by retaining the Improvements for another purpose or transferring the Improvements to another party. If EBCLT elects to purchase the Improvements, EBCLT shall exercise the Purchase Option by notifying Land User, in writing, of such election (the Notice of Exercise of Option) within forty-five (45) days of the receipt of the Appraisal, or the Option shall expire. Having given such notice, EBCLT may either proceed to purchase the Improvements directly or may assign the Purchase Option to an EBCLT-Approved Land User. The purchase (by EBCLT or EBCLT-Approved Land User) must be completed within ninety (90) days of EBCLT's Notice of Exercise of Option, or Land User may sell the Improvements as provided in Section 15.7 below. The time permitted for the completion of the purchase may be extended by mutual agreement of EBCLT and Land User.

15.7 IF PURCHASE OPTION EXPIRES, LAND USER MAY SELL ON CERTAIN TERMS: If the Purchase Option has expired, or if EBCLT has failed to complete the purchase within the ninety (90) day period allowed by Section 15.6 above, Land User may sell the Improvements to any EBCLT-Approved Person for not more than the then-applicable Purchase Option Price.

15.8 AFTER TWO YEARS, EBCLT SHALL HAVE POWER OF ATTORNEY TO CONDUCT SALE: If EBCLT does not exercise its Option as described above, and if Land User (a) is not then residing in the Improvements and (b) continues diligently to hold Land User's

Improvements out for sale but is unable to locate a buyer and execute a binding Purchase and Sale Agreement within two (2) years of the date of the Intent to Sell Notice, Land User does hereby appoint EBCLT its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Lease, sell the Improvements, and pay to the Land User the proceeds of sale, minus EBCLT's costs of sale and any other sums owed, such as any taxes, insurance, and lease payments that may have accumulated during the sale period. The two (2) year period may be negotiable, by mutual agreement, if EBCLT agrees that the improvements and the leasehold are being reasonably maintained.

15.9 PURCHASE OPTION PRICE: In no event may the improvements be sold for a price that exceeds the Purchase Option Price. The Purchase Option Price shall be no more than (a) 100% of the appraised value of the improvements as determined by the Appraisal commissioned and conducted as provided in 15.5 above; or, no more than (b) 80% of the appraised value if so recorded in the lease of the outgoing Land User, in which case the outgoing Land User must sell the Improvements for no more than 80% of the aforesaid appraised value.

15.10 CHOSEN POTENTIAL LAND USER SHALL RECEIVE NEW EBCLT LEASE: Transfer Committee shall draft a new Lease with any person who purchases the Improvements in accordance with the terms of this Article 15. The terms of such Lease shall be the same as those of the current Standard Lease in use for new leaseholds at the time of the transfer.

Section V: **Conditions of Lease: Lease Payment Schedule**

1. The Land User shall make payments to the Land Owner according to the lease payment schedule agreed upon by the Land User and the Finance Committee of the Land Owner and attached to this lease agreement as Addendum A.
2. The Land User agrees to pay to the Land Owner, within thirty (30) days of receipt of notice from the Land Owner, either the annual property tax or current installment thereof attributable to the Leasehold.
3. The Land User agrees to pay all taxes that are assessed by local authorities on Improvements on the Leasehold.

4. The Land Owner shall maintain liability insurance on the Land described in this Lease Agreement. The Land User agrees to pay to the Land Owner, within thirty (30) days of receipt of notice from the Land Owner, the Land User's share of the insurance.

5. The Land User agrees to pay to the Land Owner, within thirty (30) days of receipt of notice from the Land Owner, an amount equal to the costs incurred by the Land Owner in administering and maintaining leased premises.

6. The Land User agrees to pay to the Land Owner, within thirty (30) days of receipt of notice from the Land Owner, the Land User's annual membership fee.

Section VI: **Conditions of Lease: Mortgage Concerns**

1. EBCLT supports financing of purchases of Improvements and will enter into agreements proposed by lenders which it finds reasonable and consistent with this Lease in order to facilitate financing. If a Mortgage is negotiated with a sound financial institution and a foreclosure takes place or is threatened by the lender, the due notice policy guiding the Land User's termination of lease does not apply. It is understood that upon foreclosure, the bank (or other financial institution) issuing the mortgage may become technically the leaseholder, subject to EBCLT regulations affecting leaseholders. In the interim between foreclosing and selling the improvements, EBCLT's position is that the foreclosing agency is responsible for taxes as they become due, insurances as it become due, including liability insurance on the Land.

2. The Earth Bridge Community Land Trust agrees to accept any purchaser at the foreclosure sale as the new leaseholder.

3. The new Land User following the foreclosure sale must start from scratch on a new schedule of lease payments to the Land Owner. The extent to which the departing **Land User's** Lease Agreement is paid has no bearing on the incoming **Land User's** lease payment schedule. The schedule of payments by the incoming **Land User**, to be applied to the Leasehold, will be worked out by Land Owner Board of Directors or other appropriate committee. It is expected that the new schedule of lease payments will be the same as the lease fee schedule for other buyers which is in place at that time.

3. This lease amends, restates, and supercedes any and all other prior leases that may have been entered into between the two parties to this lease.

Section VII: Conditions of Lease -- Land Use Concerns

1. The Land User agrees to maintain the Leasehold in a sustainable manner.

2. The Land User shall preserve the purity of water resources on the Leasehold and insure the disposal of sewage in a safe, legal and inoffensive manner. The Land User shall comply with any reasonable request by the Land Owner with respect to these matters.

3. The Land User, without the express written consent of the Land Owner, may undertake no building construction or other alteration in the Land or the use thereof, including timber sales and significant change in agricultural usage. Such consent shall not be unreasonably withheld. Reasonable conditions may be made a part of the consent.

4. The Land Owner expressly reserves to itself all mineral rights, and the use of the property as an extractive resource, and the right to exploit such rights and resource in a reasonable manner. The Land Owner shall act on these matters only with the written consent of the Land User.

5. The Land User agrees to the following conditions regarding any of the Leasehold, as described in Section VIII of this lease, that is designated prime agricultural land: If the Land User fails to agriculturally use, maintain, or improve a majority of said agricultural Land for a period of three (3) successive years, the Land User will sub-lease the said prime agricultural Land for a term of three (3) years to a sub-lessee chosen by the Land Owner. The Land Owner will arrange for appropriate compensation between the Land User and the sub-lessee. The use of the said prime agricultural Land will revert to the Land User at the termination of the sub-lease, unless it is renewed by the mutual written consent of the Land User, Land Owner, and sub-lessee.

6. The Land User agrees to permit reasonable inspection of the leased Land by representatives of the Land Owner.

Section VIII: **Other Agreements or Restrictions:** *(e.g., Choice of limited equity, Intended use, any restrictions recorded in the Deed, Land Use Programs such as Agricultural Stabilization, Current Use)*

Limited Equity

The Land User has chosen _____ Limited Equity as described in Section IV Article 12 of this lease.

Statement of Land Use

Deed Restrictions

Current Use

Section IX: **Description of the Leasehold:** *(include a written description and map)*

Section X: **Appropriate addenda to the Lease:**

To include the total cost of Lease, Lease Payment Schedule and any agreements among Land Users on adjacent leaseholds (e.g., Common Land agreements, shared resources such as wells, driveways, etc., and how they are managed and shared; right of way agreements.)

Payment Schedule

See Addendum A

Agreements Among Land Users on Adjacent Leaseholds

Section XI: **Amendments of the Lease.**

This lease may be amended at any time by the mutual written consent of the Land User and Land Owner.

Section XII: **Governing Law.**

This lease shall be governed by Vermont Law.

Section XII: **Signatures**

EARTH BRIDGE COMMUNITY LAND TRUST

BY _____
_____, Transfer Committee

STATE OF []

COUNTY OF [], ss.

At (town), (state), this _____ day of _____, 20____, the above-named _____ personally appeared,

Before me, _____
Notary Public

My commission expires: _____

EARTH BRIDGE COMMUNITY LAND TRUST

BY _____
_____, Board of Directors

BY _____
_____, Lessee

BY _____
_____, Lessee

STATE OF []

COUNTY OF [], ss.

At (town), (state), this _____ day of _____, 20____,

the above-named _____, _____ personally appeared and affirmed that they signed this document of their free act and deed.

Before me, _____
Notary Public

My commission expires: _____

Addendum A

Lease Payment Schedule