Summary of A2CLT Deed Restriction

The Ann Arbor Community Land Trust (A2CLT) Deed Restriction is a legal agreement ensuring that homes remain affordable for moderate-income households over a long period. It allows homeowners to purchase at a reduced price while placing use, resale, and refinance restrictions on the property. The Program Manager is A2CLT, a nonprofit organization, which oversees compliance and affordability enforcement. Once A2CLT has 75 or more homes, the founding board of directors will transition to a full community land trust board of 12 members, including 4 homeowner members.

See definition of terms in Section 1.07

1. Affordability and Use Restrictions

- A 99-year affordability covenant is legally tied to the property and passed on to new owners. (Section 1.04)
- Home must be owner-occupied as a primary residence at least 11 months per year. (Section 2.01)
- Leasing or renting is prohibited unless approved by the board of directors. (Section 2.03)
- The homeowner must maintain the property in good condition and comply with all laws.

2. Resale Restrictions

- Maximum resale price is capped at 1.5% appreciation per year. (Section 8.07) Use a home appreciation calculator to test scenarios like this: a A2CLT home purchased for $225,000, appreciating at 1.5%, will be worth $351,693 in 30 years.
- If a homeowner wants to sell, the Program Manager has the first right to purchase at the capped resale price.
- The home must be sold to an A2CLT eligible buyer.
- If unsold after six months, the home can be sold to an ineligible buyer, but affordability restrictions remain.
- Homeowners may transfer the home to a spouse, children who are eligible buyers, or an inter vivos trust (Section 8.03) and to heirs detailed in Section 8.04.

3. Financial and Equity Considerations

- Home is initially purchased at a subsidized price.
- Homeowners cannot profit beyond the capped appreciation rate of 1.5%.

- Excess proceeds from sales beyond the capped price must be returned to the Program Manager.
- Homeowner pays a monthly Program Fee to A2CLT, which will be set by the board. Late fees will be assessed interest, at 5% (Section 4.01)
- A Resale Fee is required when the home is sold, which is set by the board and may not exceed 1% of the Resale Price. (Section 8.05)

4. Mortgage and Financing Rules

- Homeowners cannot take out a mortgage or refinance without Program Manager approval. (Section 7.01)
- Total mortgage debt cannot exceed 90% of the maximum resale price.
- Property Assessed Clean Energy (PACE) financing is prohibited.

5. Capital Improvements

- Major renovations (over $25,000 or 20% of the home's base price) require prior approval from the board of directors. (Section 5.01)
- Some capital improvements may increase the capped resale price of the home.
- Homeowner is responsible for keeping the property free of liens.

6. Program Manager Oversight

- Annual inspections and meetings with homeowners. (Section 3.01)
- Approval required for refinancing, capital improvements, and leasing.
- May enforce the deed restriction through legal means if necessary.

7. Enforcement and Penalties

- Homeowners who violate terms (e.g., unauthorized resale, non-occupancy) can face foreclosure or legal action.
- Any financial obligations (unpaid fees or bills) must be settled before resale.
- Excess profits from unauthorized sales or eminent domain proceedings go to A2CLT.

This restriction preserves long-term housing affordability in Ann Arbor, ensuring homes remain within reach for future generations of eligible moderate-income buyers.

ANN ARBOR COMMUNITY LAND TRUST

DEED RESTRICTION

Model Declaration from Grounded Solutions Network 2021

Compatible with Fannie Mae and Freddie Mac underwriting guidelines for conventional loans

DECLARATION OF AFFORDABILITY COVENANTS WITH USE, REFINANCE, AND RESALE RESTRICTIONS AND PURCHASE OPTION

[FULL NAMES OF HOMEBUYERS], [each] an individual with permitted heirs, successors, and assigns the "Homeowner") and, its successors and assigns (the "Program Manager"), make this Declaration of Affordability Covenants with Use, Refinance, and Resale Restrictions and Purchase Option (this "Declaration") as of [Month Date], 20[Year] (the "Effective Date"), for the purpose of encumbering the improved real estate described on attached Exhibit A (the "Home"), having an address of [Street Address, City, State, [together, and ANN ARBOR COMMUNITY LAND TRUST, ANN ARBOR, MICHIGAN

RECITALS

A. The Program Manager is a Michigan nonprofit corporation exclusively for charitable purposes, organized as a community land trust, to develop and preserve housing that is affordable to middle and lower income workers in the Ann Arbor area.
B. The Program Manager operates a program to preserve affordable homeownership opportunities through the stewardship of homes whose owners, at the time of purchase, have agreed to accept title subject to certain covenants, conditions, and restrictions in exchange for a reduced or subsidized purchase price (the "**Program**").
C. The purpose of this Declaration is to include the Home in the Program. Consistent with the Program, the Declaration includes terms that affect the use and resale price of the Home and are designed to ensure that the Home continues to be affordable to low- and moderate-income households over an extended period of time and through a succession of owners and that limit the proceeds the Homeowner may receive from the Home.
D. The Homeowner wishes to purchase the Home for the reduced or subsidized purchase price as described below, and the reduced or subsidized purchase price is available only if the Homeowner accepts title to the Home subject to this Declaration.

ARTICLE I.

SUBMISSION OF REAL ESTATE; DEFINED TERMS

Section 1.01 Submission of Real Estate. By signing this Declaration, the Homeowner submits the Home to the covenants, conditions, and restrictions of this Declaration.

The Program Manager is a Michigan nonprofit corporation exclusively for charitable purposes, organized as a community land trust, to develop and preserve housing that is affordable to middle and lower income workers in the Ann Arbor area. The Program Manager, together with any agent the Program Manager may appoint from time to time, will have the right to enforce this Declaration.

Section 1.02 Consideration; Value Given and Value Received. The Homeowner recognizes that the Initial Market Value of the Home is $, but the Homeowner is able to purchase the Home at the lower Base Price of $, due to the reduction in purchase price or subsidy provided by the Program Manager. The Homeowner may obtain the purchase price reduction or subsidy only if the Homeowner submits the Home to this Declaration, and the Homeowner wishes to submit the Home to the Declaration, and agree to its terms, in exchange for this benefit.

Section 1.03 Any Excess Proceeds of Transfer Go to Program Manager.

(a) The Homeowner recognizes that it would be contrary to the purposes of this Declaration if the Homeowner could receive more than the Maximum Resale Price as the result of an eminent domain proceeding, foreclosure, or other transfer of the Home. It would also be contrary to the purposes of this Declaration if the Homeowner could receive financial benefit by violating Section 2.03. Therefore, the Homeowner hereby irrevocably assigns to Program Manager all net proceeds of sale, eminent domain proceeding, foreclosure, lease, refinancing, or other transfer of the Home that would otherwise have been payable to the Homeowner after satisfaction of all Permitted Mortgages, if applicable, and that exceed the amount of proceeds that the Homeowner would have received if the property had been sold only for the Maximum Resale Price, refinanced only in accordance with Article VII, or used only in accordance with Section 2.03 ("**Excess Proceeds**"). The payment of any Excess Proceeds shall be secured by the Program Mortgage. For the avoidance of doubt, the Homeowner authorizes and instructs any party conducting any sale or eminent domain proceeding, foreclosure, refinancing, or other transfer, to pay such Excess Proceeds directly to Program Manager. If, for any other reason, Excess Proceeds are paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to Program Manager.

(b) In addition to the lien of the Program Mortgage, the Program Manager shall have, and the Homeowner hereby grants and consents to, a lien upon the Home for any Excess Proceeds.

Section 1.04 Term of Declaration is 99 Years.
(a) This Declaration shall remain in effect for 99 years after the Effective Date (the "**Term**"). Such lien shall be prior to all other liens and encumbrances on the Home except (i) liens and encumbrances recorded before the recording of this Declaration, (ii) Permitted Mortgages; and (iii) liens for real property taxes and other governmental assessments or charges against the Home. For the avoidance of doubt, Homeowner's assignment to Program Manager of Excess Proceeds in Section 1.03(a), and the Program Manager's right to enforce collection of Excess Proceeds through foreclosure of its lien under the Program Mortgage and this Section 1.03(b), shall be subordinate in all respects to the lien of any Permitted Mortgagee under a Permitted

Mortgage a new Declaration upon transfer of the Home to an Eligible Buyer in accordance with Section 8.08; or (ii).

Section 1.05 Covenants to Run with the Land. The Homeowner intends, declares, and covenants (a) that this Declaration, including all restrictions, rights and covenants contained herein, shall be and are covenants running with the land, encumbering the Home for the Term, and are binding upon the Homeowner and the Homeowner's successors in title and assigns, (b) are not merely personal covenants of the Homeowner, and (c) shall inure to the benefit of and be enforceable by the Program Manager and their successors and assigns, for the Term. Because the Declaration runs with the land, it shall encumber the Home for the Term and be binding upon the Homeowner's successors in title and assigns regardless of whether such successors in title and assigns agree in writing to be bound by the Declaration or execute a new

Declaration at the time of resale, as provided in Article VIII.

Section 1.06 State and Local Laws Applicable to Program Apply.

Section 1.07 Defined Terms. Homeowner and Program Manager agree on the following definitions of key terms used in this Declaration.

(a) "**Appraisal**": A fair market valuation of the Home performed by a duly licensed appraiser, conducted by analysis and comparison of comparable properties, disregarding all of the restrictions of this Declaration.

(b) "**Base Price**": The total price paid for the Home by the Homeowner, as set forth in Section 1.01.

(c) "**Eligible Buyer**": A person or group of persons (i) whose household income does not exceed 120% of the median household income for the applicable Standard Metropolitan Statistical Area or County 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 (the "**AMI Eligibility Threshold**"), (ii) whose household size is appropriate for the Home, (iii) whose assets do not exceed $[_____] in value; and (iv) who has completed a homeownership counseling program approved by the Program Manager.

(d) "**Event of Default**": Any violation of the terms of this Declaration or the Program Mortgage unless the violation has been corrected ("**cured**") by the Homeowner or the holder of a Mortgage in the period of time specified in a written Notice of Default has been given by the Program Manager.

(e) "**Ineligible Buyer**": A person or group of persons, or a person and his or her spouse, not meeting the requirements to be eligible as an Eligible Buyer.

(f) "**Initial Market Value**": The fair market value of the Home, assuming no affordability or resale restrictions, at the time of Homeowner's purchase, as set forth in Section 1.01.

(g) "**Intent-to-Sell Notice**": Homeowner's notification to the Program Manager that the Homeowner wishes to sell the Home.

(h) “**Maximum Resale Price**”: The maximum price for which the Homeowner can sell the Home, as calculated under Article VIII of this Declaration. [and documented by the appraiser’s report conducted by [_____] with an effective date of [_____]

(i) “**Permitted Mortgage**”: A loan secured by a lien or security interest in the Home, for which the Homeowner has obtained the written permission of the Program Manager pursuant to Section 7.01, together with any modifications, which may be made from time to time, by agreement between the Homeowner and the Permitted Mortgagee.

(j) “**Permitted Mortgagee**”: The lender shown on the security instrument securing a Permitted Mortgage, its assignees and the owner of such Permitted Mortgage.

(k) “**Program Fee**”: The monthly fee provided in Section 4.01 that the Homeowner pays to the Program Manager to fund a portion of the Program Manager’s ongoing costs of administering the Program and performing its obligations under Article III (Role of Program Manager) below.

(l) “**Purchase Option**”: As described more fully in Article VIII, Program Manager’s option to purchase the Home at the Maximum Resale Price, which is triggered by (i) Program Manager’s receipt of an Intent-to-Sell Notice from Homeowner, (ii) Program Manager’s receipt of notice of a Foreclosure Action under Article VII, (iii) any sale or transfer resulting from a Foreclosure Action under Article VII, and/or (iv) an Event of Default under Article IX (any of the foregoing, an “**Option Trigger Event**”).

(m) “**Resale Fee**”: The fee that the Homeowner pays to the Program Manager upon resale of the Home to compensate the Program Manager for performing certain of its obligations under Article VIII (Transfer of the Home) below.

(n) “**Program Mortgage**”: The mortgage or deed of trust executed by the Homeowner in favor of the Program Manager, dated and recorded the same date as this Declaration, for purposes of securing the Homeowner’s monetary and non-monetary obligations under this Declaration, including without limitation Excess Proceeds and Program Fees.

ARTICLE II.

USE OF HOME

Section 2.01 Homeowner Must Use Home as Primary Residence. The Homeowner must use the Home as Homeowner’s principal place of residence and must occupy the home at least 11 months of the year. The Homeowner may use the Home, and allow others to use the Home, only for residential purposes and any activities related to residential use that are permitted by local zoning law.

Section 2.02 Homeowner Must Use and Maintain the Home Responsibly and in Compliance with the Law and Other Recorded Documents. The Homeowner must use the Home in a way that will not cause harm to others or create any public nuisance, and must maintain all parts of the Home in good working order, in a safe, sound and habitable condition, and in full compliance with all laws and regulations. Homeowner shall comply, and cause the Home and all occupants to comply, with all declarations, easements, Permitted Mortgages (defined in Article VII (Financing)), and other documentation recorded against the Home in the local real estate

records. If the requirements of any recorded documents are inconsistent with the requirements of this Declaration, the Homeowner shall comply, and shall cause the Home and all occupants to comply with the stricter requirement.

Section 2.03 Home May Not be Leased, Encumbered, Sold, or Transferred Except as Provided in Articles VII and VIII. No interest in the Home, including without limitation a fee simple interest, tenancy in common, joint tenancy, community property, tenancy by the entireties, life estate, limited estate, leasehold estate, tenancy, easement, mortgage, deed, lien, security interest, or other encumbrance, whether voluntary or involuntary, may be granted, sold, assigned, conveyed, or transferred except in accordance with Articles VII and VIII of this Declaration.

ARTICLE III.

ROLE OF PROGRAM MANAGER

Section 3.01 Program Manager Has a Right to Conduct Annual Meetings with the Homeowner. The Program Manager may conduct annual meetings with the Homeowner in the offices of the Program Manager or in the Home or some other mutually convenient location (or via mutually convenient electronic means) for purposes of obtaining occupancy certifications, confirming insurance renewals, collecting proof that taxes and assessments have been paid, and addressing any other Program requirements. The Homeowner will cooperate with the Program Manager in scheduling and attending these meetings and will provide the Program Manager with the requested information. The Program Manager may opt to request such information from the Homeowner by phone, mail, email, or some other method instead of conducting an in-person (or electronically facilitated) meeting, and the Homeowner will then promptly provide the Program Manager with the requested information using the alternative method.

Section 3.02 Program Manager Has a Right to Inspect the Home. The Program Manager or its agent may inspect any exterior part of the Home on an annual basis at any reasonable time, after notifying the Homeowner at least 7 day[s] before the planned inspection. In addition, if the Program Manager has received an Intent-to-Sell Notice (as described in Article VIII below), then the Program Manager or its agent has the right to inspect the interior and exterior of the Home to determine its condition prior to the sale. Program Manager must notify the Homeowner at least 7 day[s] before carrying out such inspection. In either case (an annual inspection or an inspection after an Intent-to-Sell Notice), the Homeowner will cooperate with the Program Manager’s efforts to schedule and conduct the inspection, and if negative property conditions are identified, the Program Manager or its agent has the right to re-inspect until they are resolved.

Section 3.03 Program Manager May Escrow for Taxes, Assessments, and/or Insurance. Whenever a Permitted Mortgagee declines to escrow funds from the Homeowner for the payment of taxes and assessments under Article IV and for the payment of insurance under Article VI, the Program Manager may elect to escrow such amounts and the Homeowner shall cooperate with the Program Manager in setting up such an escrow.

Section 3.04 Program Manager Will Review Proposed Capital Improvements. If the Homeowner wishes to make Capital Improvements to the Home, the Program Manager will work with the Homeowner as provided in Article V.

Section 3.05 Program Manager Will Facilitate Proposed Financings or Transfers. If the Homeowner wishes to finance or otherwise transfer the Home, the Program Manager will work with the Homeowner as provided in Article VII or VIII, as applicable.

Section 3.06 Program Manager's Successors and Assigns. The Program Manager may from time to time designate a successor or assign to its rights and obligations under this Declaration, provided that such successor or assign is a governmental body, governmental agency, or non-profit entity with a charitable purpose consistent with the Program. For clarity, the Program Manager may contract with a for-profit person or entity to assist Program Manager in running the Program, but the Program Manager itself shall not be a for-profit person or entity.

Section 3.07: Nonliability of Program Manager for Negligence, Loss or Damage. The Homeowner understands and agrees that the relationship between Homeowner and Program Manager is solely that of a homeowner and a program administrator, and that the Program Manager has no responsibility or duty to the Homeowner to select, review, inspect, supervise, pass judgment on, or inform the Homeowner of the quality, adequacy, or suitability of the Home or any other matter. The Program Manager does not owe a duty of care to protect the Homeowner against negligent, faulty, inadequate, or defective building or construction or any condition of the Home; instead the Homeowner has made his or her own investigation of these matters and hired home inspectors and other professionals to assist this investigation, to the extent the Homeowner deemed necessary. Homeowner agrees that neither Homeowner nor Homeowner's heirs, successors or assigns shall ever claim, have, or assert any right or action against the Program Manager for any loss, damage, or other matter arising out of or resulting from any condition of the Home and will hold the Program Manager harmless from any liability, loss, or damage for these things.

ARTICLE IV.

DECLARATION FEES; TAXES AND ASSESSMENTS

Section 4.01 Program Fee and Resale Fee. To compensate the Program Manager for performing its obligations under this Declaration, the Homeowner shall pay to the Program Manager (a) a monthly Program Fee of $[_____]; (b) and upon a resale of the Home, a Resale Fee as provided in Section 8.05. The Program Fee shall be payable to the Program Manager on the fifth day of each month, unless the Program Fee is to be escrowed and paid by a Permitted Mortgagee, in which case payment shall be made as directed by that Permitted Mortgagee. For the avoidance of doubt, Homeowner's obligation to pay Program Manager any amounts under this Declaration, including the Fees provided in this Article IV, shall be subordinate in all respects to any Permitted Mortgagee's right to receive payment of all amounts secured by a Permitted Mortgage. The Homeowner and the Program Manager agree that they will execute such other and further documents as are useful for a Permitted Mortgagee to

prioritize payment of the amounts owed to it and they will not execute any document that contradicts such priority.

Section 4.02 Fees May Be Adjusted From Time To Time. Program Manager may increase the amounts of the Program Fee from time to time, but not more often than once every two years, after 60 days advance written notice to Homeowner. Any increase shall not exceed 20% of the then existing Program Fee. The Program Manager may also reduce or suspend the amounts of the Program Fee for a period of time for the purpose of improving the affordability of the Homeowner's monthly housing costs. Any such reduction or suspension must be in writing and signed by the Program Manager.

Section 4.03 If the Program Manager has not received any amounts due under this Declaration on or before the required date (the "Due Date"), the Program Manager may require the Homeowner to pay interest on the unpaid amount from the Due Date through and including the date such payment or installment is received by the Program Manager, at a rate not to exceed 5% per annum or the maximum amount permitted by law, whichever is less. Such interest shall be deemed additional Program Fee and shall be paid by the Homeowner to the Program Manager upon demand.

Section 4.04 Program Manager Can Collect Unpaid Amounts When Home Is Sold. In the event that any amounts due under this Declaration remain unpaid when the Home is sold, including without limitation amounts due to Program Manager under this Article IV and any enforcement fees under Section 9.04(e), the outstanding amount, including any interest (the "**Unpaid Amounts**"), shall be paid to the Program Manager out of any proceeds from the sale that would otherwise be due to the Homeowner, and the payment of any Unpaid Amounts shall be secured by the Program Mortgage.

In addition to the lien of the Program Mortgage, the Program Manager shall have, and the Homeowner hereby grants and consents to, a lien upon the Home for such Unpaid Amounts.

ARTICLE V.

IMPROVEMENTS TO THE HOME

Section 5.01 Homeowner's Ability to Improve the Home is Limited. The Homeowner shall not make any Capital Improvements to the Home without the prior written consent. The Homeowner Is Responsible for Paying all Taxes and Assessments. If Homeowner Fails to Pay Taxes, Program Manager may Pay Taxes. If Payment Is Late, Interest Can Be Charged.

The term "**Capital Improvements**" means any improvements that change the number of bedrooms or the footprint, square-footage, or height of the house, or increase or decrease the number of structures on the Property, or the installation of an in-ground pool, or any other improvement the cost of which would exceed $25,000 or 20% of the Base Price of the Home]. The Homeowner may make other improvements to the Home without the consent of the Program Manager as long as such improvements are constructed in a professional manner and comply with Section 5.04 below and all applicable laws and regulations. This Section 5.01 does not apply in the event the Home is damaged or destroyed following a fire or other casualty, as described in Section 6.02.

Section 5.02 Requests for Consent from Program Manager. For any proposed Capital Improvements, the Homeowner shall submit a written request to the Program Manager including the following information:

(a) a written statement of the reasons for undertaking the construction;
(b) upon request by the Program Manager, a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
(c) a list of the necessary materials, with quantities needed; [and]
(d) a statement of who will do the work

Prior to granting or withholding consent, the Program Manager may request additional information from the Homeowner within three weeks of receipt of the Homeowner's request. The Program Manager shall inform the Homeowner of its decision to grant or withhold consent to construction of the proposed Capital Improvements Within 45 days after receipt of all information from the Homeowner.

Section 5.03 Building Permits; Right to Inspect. Prior to the commencement of construction of any Capital Improvements, the Homeowner shall provide the Program Manager with copies of all necessary building permits, if not previously provided. The Program Manager shall have the right to inspect the Capital Improvements while under construction and after.

(e) if the Homeowner would like to receive a monetary credit for the Value Added by Capital Improvements, as determined subsequently by appraisal at the time of resale of the Home (see Article VIII) (a "**Capital Improvements Credit**"), a statement requesting the Program Manager to consider permitting such a credit, as well as its decision to grant or withhold consent to any requested Capital Improvements Credit. If the Program Manager consents to a requested Capital Improvements Credit, the Program Manager shall also inform the Homeowner of the value to be ascribed to the Capital Improvements or the method to be employed to determine such value at resale, including application of depreciation rates, which may result in a Capital Improvements Credit less than the actual cost of the Capital Improvements. completion to confirm consistency with the information presented in Section 5.02 and with this Article V. Any inspection and identification of inconsistencies by the Program Manager shall be for the benefit of the Program Manager only; the Homeowner will conduct his or her own inspections to confirm all work performed is satisfactory to the Homeowner.

Section 5.04 Homeowner May Not Allow Statutory Liens to Remain Against Home. The Homeowner shall not permit any statutory or similar lien to be filed against the Home which remains more than 30 days after it has been filed. The Homeowner shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If the Homeowner fails to discharge such lien within the 30-day period, then the Homeowner shall immediately notify the Program Manager of such failure. The Program Manager shall have the right to discharge the lien by paying the amount in question. The Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, provided the Homeowner has furnished a bond or other acceptable surety in an amount sufficient to release the Home from such lien. Any amounts paid by the Program Manager to

discharge such liens shall be reimbursed by the Homeowner upon demand of the Program Manager.

ARTICLE VI.

INSURANCE, DAMAGE OR DESTRUCTION, TAKING FOR PUBLIC USE

Section 6.01 Homeowner Must Insure the Home Against Loss. The Homeowner shall, at the Homeowner's expense, keep the Home continuously insured against accidental direct physical loss with a coverage limit equal to the estimated full replacement cost of the Home, that is, the amount necessary to rebuild the Home as opposed to the Home's market value. The insurance policy must satisfy all requirements of the Program Mortgage and any other Mortgage of record, and certificates of insurance shall be delivered to Program Manager prior to the purchase of the Home and upon request thereafter. Whenever the Permitted Mortgagee has the capability of escrowing funds from the Homeowner for the payment of insurance premiums, the Homeowner shall establish such an escrow.

Section 6.02 What Happens if Home Is Damaged or Destroyed. In the event of fire or other damage to the Home, the Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to assure that the damaged Home does not constitute a danger to persons or property. For clarity, the obligations of the Homeowner to repair and restore the Home are the same in a case of insufficient insurance proceeds as in a case of excess insurance proceeds; in either case the Homeowner must still repair and restore the Home, obtaining additional funds (in the case of insufficient insurance proceeds) or, if permitted by the terms of the policy and the terms of any Permitted Mortgage, retaining excess funds (in the case of excess insurance proceeds). In a case where repair and restoration are not feasible (for example, in the case of sinkhole or other condition that materially adversely impacts and precludes restoration of the structure of the Home), the Homeowner shall provide reasonably acceptable documentation of such circumstance to Program Manager, and in such case shall be excused from repairing and restoring the Home, provided that the Homeowner uses available insurance proceeds to pay off any Permitted Mortgage and may adjust the Capital Improvements Credit to account for any identified inconsistency and any other lien on the Home. In any event, if the terms of a Permitted Mortgage conflict with this Section 6.02, the terms of the Permitted Mortgage shall govern and control.

Section 6.03 What Happens if Some or All of the Home Is Taken for Public Use.

(a) If all of the Home is taken by eminent domain or otherwise for public purposes, or if so much of the Home is taken that the Home is lost or damaged beyond repair, this Declaration shall terminate as of the date when Homeowner is required to give up possession of the Home, provided, however, that any Excess Proceeds (defined in Article VIII) arising from eminent domain or other public use proceedings shall be paid to Program Manager.

(b) In the event of a taking of a portion of the Home that results in damage to the Home that can reasonably be restored to a residential use consistent with this Declaration, then this

Declaration shall remain in full force and effect and the damage shall be treated as damage is treated in Section 6.02 above.

ARTICLE VII.

FINANCING

Section 7.01 Homeowner Cannot Mortgage the Home Without Program Manager's Permission.

(a) The Homeowner may only grant a lien or security interest, including a mortgage or deed of trust (either at the time of purchase of the Home or subsequent to the purchase of the Home to refinance an existing Permitted Mortgage or to finance home repairs or to facilitate a Home Equity Line of Credit ("HELOC") or for any other purpose), on the Home or encumber the Home in any other way after first obtaining the written permission of the Program Manager. Any Permitted Mortgage or other lien, security interest, or other encumbrance shall be subject to the terms of this Declaration, including without limitation this Article VII and Section 7.04 below.

(b) The Program Manager will not permit such a loan if the loan increases the Homeowner's total mortgage debt to an amount greater than 90% of the then current Maximum Resale Price, calculated in accordance with Article VIII below, or if any Permitted Mortgagee has not provided written consent to the loan, or if the terms of the transaction otherwise adversely affect the interests of either the Homeowner, Permitted Mortgagee, or Program Manager.

(c) The Program Manager may require the Homeowner to submit, in writing, certain information about the proposed terms and conditions of such loan at least 30 days prior to the expected closing of the loan.

Section 7.02 By Signing Declaration, Program Manager Gives Permission for Original Mortgage. By signing this Declaration, the Program Manager gives written permission for the first [and second] priority mortgage or deed of trust signed by the Homeowner and financing the Homeowner's purchase of the Home. The Program Manager also hereby gives written permission for any assignee of a Permitted Mortgage to be a Permitted Mortgagee at any time it purchases a Permitted Mortgage.

Section 7.03 Property Assessed Clean Energy. Property Assessed Clean Energy ("**PACE**") financing in connection with the Home is prohibited.

Section 7.04 Survival of Declaration Upon Exercise of Remedies by Mortgagees.

(a) If the holder of any mortgage, deed of trust, or other encumbrance on the Home (each, a "**Mortgagee**") conducts a foreclosure sale, accepts a deed in lieu of foreclosure, or exercises any other right or remedy that results in the Homeowner no longer having title to the Home (any such right or remedy, a "**Foreclosure Action**"), this Declaration shall run with the land pursuant to Section 1.03 above and shall continue to encumber the Home as follows:

(i) With respect to any Mortgagee who is also a Permitted Mortgagee, this Declaration shall survive until expiration of the Program Manager's Purchase Option under Section 8.06 below, specifically 60 days to exercise the Purchase Option and 90 days to complete the purchase. If

the Program Manager exercises the Purchase Option, completes purchase of the Home, and satisfies the amounts owed under the Permitted Mortgage, this Declaration shall continue in full force and effect. If the Program Manager fails to exercise the Purchase Option, or exercises the Purchase Option but fails to complete the purchase within the 90-day period allowed by Section 8.06, or fails to satisfy the amounts owed under the Permitted Mortgage, then this Declaration shall terminate and be of no further force and effect, and the Program Manager shall cooperate with the Permitted Mortgagee or transferee at the Foreclosure Action to record a termination and release.

(ii) With respect to any Mortgagee who is not a Permitted Mortgagee, Article VIII and all other provisions of this Declaration shall apply to the transfer of the Home resulting from the Foreclosure Action, and Article VIII and all other provisions of this Declaration shall continue to encumber the Home and shall be binding on the grantee receiving an interest in the Home by virtue of the Foreclosure Action and on all subsequent owners of any interest in the Home.

(b) The Homeowner expressly authorizes any Mortgagee to provide Program Manager with any information requested by Program Manager with respect to the obligations secured by a mortgage, deed of trust, or other security instrument encumbering the Home, including without limitation, the original or maximum principal amount of the loan, the interest rate and other terms governing repayment, payment history, including any history of delinquent payments, current payments of principal, interest, and late fees due or delinquent, and the amount of total obligations currently secured by the Mortgage.

(c) The Homeowner understands and agrees that nothing in this Declaration (i) in any way constitutes a promise or guarantee by the Program Manager that the Mortgagee shall actually receive the Mortgage Satisfaction Amount, the Maximum Resale Price for the Home or any other price for the Home, or (ii) impairs the rights and remedies of the Mortgagee in the event of a deficiency.

ARTICLE VIII.

TRANSFER OF THE HOME

Section 8.01 Homeowner May Transfer Home Only in Strict Compliance with Article VIII; Other Transfers Null and Void. Homeowner may transfer the Home only as explicitly permitted by the provisions of this Article VIII (and, in the event of a Foreclosure Action, Section 7.04). Any purported transfer that does not strictly follow the procedures set forth below (or, in the event of a Foreclosure Action, the procedures of Section 7.04), shall be null and void.

Section 8.02 Home May Only be Leased if Permitted in Writing by Program Manager. Homeowner shall not lease or rent any portion of the Home, except as allowed under the terms of any Permitted Mortgage and with the written permission of Program Manager. Homeowner agrees that Program Manager shall have the right to withhold such consent in order to further the purposes of this Declaration. If permission for leasing is granted,

If the Home is a two-family home, the Homeowner shall lease the rental unit only under the following conditions:]

(a) the lease shall be in writing with a proposed form provided to Program Manager for approval in advance and a term no shorter than 6 months, (b) the lease shall be subject to all of the terms of this Declaration, (c) the tenant must satisfy current income requirements for Eligible Buyers, (d) a fully executed copy of the lease shall be provided to Program Manager promptly after execution basis]

Section 8.03 Home May be Transferred to Certain Relatives of Homeowner.

(a) Subject to the requirements of subsection (b) below, and provided the Homeowner has obtained the written permission of any Permitted Mortgagee, the Homeowner may transfer the Home, or an interest in the Home, without monetary consideration, as follows:

(i) transfer to the spouse of the Homeowner who by virtue of the transfer becomes a co-owner of the Home with the Homeowner;

(ii) transfer to the child or children of the Homeowner, provided such child or children qualify as Eligible Buyers;

(iii) transfer between spouses as part of a marriage dissolution proceeding; or

(iv) transfer by the Homeowner into an inter vivos trust in which the Homeowner is the beneficiary.

(b) Before proceeding with a transfer under this Section 8.03, the Homeowner shall give the Program Manager at least 30 days prior written notice, shall promptly provide the Program Manager with related documentation requested by the Program Manager, and shall obtain the Program Manager's written confirmation that the transfer qualifies as a permitted transfer under subsection (a).

(c) Any transferee permitted under this Section 8.03 shall take title subject to all the terms and conditions of this Declaration, and shall execute and record such documents as the Program Manager may require and/or approve.

Section 8.04 Home May be Transferred to Certain Heirs of Homeowner.

(a) If the Homeowner dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of the Homeowner's estate shall notify the Program Manager within 90 days after the date of the death. Upon receiving such notice the Program Manager shall consent to a transfer of the Home to one or more of the possible heirs of Homeowner listed below as (i), (ii), or (iii):

(i) the spouse of the Homeowner; or
(ii) the child or children of the Homeowner; or
(iii) member(s) of the Homeowner's household who have resided in the Home for at least one year immediately prior to Homeowner's death.
(b) Any other heirs, legatees or devisees of the Homeowner must demonstrate to Program Manager's satisfaction that they are an Eligible Buyer. If they cannot

demonstrate that they are an Eligible Buyer, they shall not be entitled to possession of the Home but must transfer the Home in accordance with the provisions of this Article VIII.

(c) Before proceeding with a transfer under this Section 8.04, the executor or personal representative shall give the Program Manager at least 30 days prior written notice, shall promptly provide the Program Manager with related documentation requested by the Program Manager, and shall obtain the Program Manager's written confirmation that the transfer qualifies as a permitted transfer under subsection (a) or (b).

(d) Any transferee permitted under this Section 8.04 shall take title subject to all the terms and conditions of this Declaration, and shall execute and record such documents as the Program Manager may require and/or approve.

Section 8.05 Home May be Transferred to Certain Buyers. In the event that the Homeowner wishes to sell the Home, the Homeowner shall notify the Program Manager in writing of such wish (the "**Intent-to-Sell Notice**") at least 45 days before the Homeowner would like to begin to market the Home, and the Program Manager and the Homeowner shall proceed as follows:

(a) Appraisal. No later than 10 days after the Program Manager's receipt of an Intent-to-Sell Notice, the Program Manager shall commission an Appraisal, with copies to be provided to both Program Manager and Homeowner. Program Manager [and Homeowner] shall [each] be responsible for [half] the cost of such Appraisal.

If the Homeowner objects to the results of the Appraisal, the Homeowner (A) must notify the Program Manager of its objections in writing within 10 days after receipt of the results of the Appraisal, and (B) must commission an Appraisal of the Homeowner's choosing, to be completed within 30 days after the Homeowner's receipt of the initial Appraisal at the sole cost of the Homeowner.

Copies of the Appraisal commissioned by the Homeowner are to be provided to Program Manager, Homeowner, and a Permitted Mortgagee at no cost upon request. The average of the two Appraisals shall be the binding valuation.]

(b) Intent-to-Sell Notice Triggers Purchase Option in favor of the Program Manager or its Assignee. As detailed in Section 8.06, Program Manager's receipt of the Intent-to-Sell Notice triggers a Purchase Option in favor of the Program Manager or its assignee. Please see Section 8.06 for the Purchase Option process to be followed upon issuance of the Intent-to-Sell Notice.

(c) If Purchase Option Expires, Homeowner may Sell on Certain Terms. If the 60-day Purchase Option has expired or if the Program Manager or its assignee has failed to complete the purchase within the 90-day period allowed by Section 8.06, the Homeowner may sell the Home to any Eligible Buyer for not more than the then applicable Maximum Resale Price, as calculated under Section 8.07.

Further:

(ii) Ability to Sell to Ineligible Buyer in Certain Circumstances. If the Homeowner has made diligent efforts to sell the Home for at least six months after the expiration of the Purchase Option and the Home still has not been sold, the Homeowner may then sell the Home, for the

Maximum Resale Price, to an Ineligible Buyer, but subject to all rights and restrictions contained herein, and further provided that if more than one Ineligible Buyer is ready, willing, and able to purchase the Home, the Homeowner will give preference to any person or groups of persons identified by the Program Manager as an appropriate household size for the Home earning less than 120% of the AMI Eligibility Threshold.

(iii) Program Manager Shall Have Power of Attorney to Sell Home as Attorney in Fact for Homeowner in Certain Circumstances. If the Homeowner (a) is not then residing in the Home and (b) has made diligent efforts to sell the Home for at least twelve months after the expiration of the Purchase Option and the Home still has not been sold, the Homeowner does hereby appoint Program Manager as its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Declaration, sell the Home, use the proceeds of sale first to satisfy Permitted Mortgages in order of priority, second to pay the Program Manager's costs of sale and any other sums owed the Program Manager by the Homeowner,

(i) Resale Fee to be Paid at Transfer. The Homeowner shall pay a Resale Fee to compensate the Program Manager for carrying out its responsibilities with regard to the transaction. The amount of the resale fee shall be set by the Board of Directors, which shall not exceed 1%.

Section 8.06 Program Manager Has an Option To Purchase the Home.

(a) Upon (i) Program Manager's receipt of an Intent-to-Sell Notice from Homeowner, (ii) Program Manager's receipt of notice of a Foreclosure Action under Article VII, (iii) any sale or transfer resulting from a Foreclosure Action under Article VII, and/or (iv) an Event of Default under Article IX (any of the foregoing, an "**Option Trigger Event**"), the Program Manager shall have the option to purchase the Home at the Maximum Resale Price, or in the case of a Foreclosure Action where the total obligations secured by the Permitted Mortgage exceed the Maximum Resale Price, the amount of such total obligations under the Permitted Mortgage (the "**Purchase Option**"). For purposes of subparagraph (iii), (A) the amount of total obligations owed to the Permitted Mortgagee shall be calculated as of the date the sale to the Program Manager closes, and (B) no Option Trigger Event occurring after a sale or transfer resulting from a Foreclosure Action shall trigger an additional Purchase Option (rather, the Program Manager shall be limited to the single Purchase Option initially triggered by the sale or transfer resulting from the Foreclosure Action). The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Eligible Buyers while taking fair account of the investment by the Homeowner.

(b) If the Program Manager elects to purchase the Home, the Program Manager shall exercise the Purchase Option by notifying the current Homeowner and any Permitted Mortgagee in writing of such election (the "**Notice of Exercise of Option**") within 60 days after the Option Trigger Event, or the Option shall expire. Having given such notice, the Program Manager may either proceed to purchase the Home directly or may assign the Purchase Option to an Eligible Buyer.

(c) The purchase (by Program Manager or Program Manager's assignee) must be completed within 90 days after the Program Manager's Notice of Exercise of Option, or the Purchase Option shall be of no further force and effect with respect to such Option Trigger Event. Except

as provided in Section 7.04 to the contrary and except in the case of a Foreclosure Action, the Purchase Option shall remain in effect with respect to Option Trigger Events occurring after the subject Option Trigger Event. The time permitted for the completion of the purchase may be extended by mutual agreement of the Program Manager or its assignee and the Homeowner and, if applicable, the Mortgagee undertaking the Foreclosure Action.

Section 8.07 Calculation of Maximum Resale Price. Except as specifically permitted in a Foreclosure Action under Section 8.06(a)(iii), so long as this Declaration remains in effect, in no event may the Home be sold for a price that exceeds the Maximum Resale Price. The "Maximum Resale Price" shall be equal to the Base Price, plus 1.5% Increase Per Year.

Section 8.08 Repairs and Transfer Procedures. The following procedures shall apply to all transfers of the Home pursuant to Sections 8.05 and 8.06:

(a) Homeowner Required to Make Necessary Repairs at Transfer. The Homeowner is required to make necessary repairs when he or she transfers the Home as follows:

(i) The Homeowner shall provide in the sales contract with the person purchasing the Home (the "**Buyer**") that the Buyer shall, prior to purchasing the Home, hire at his or her sole expense a building inspector with a current Home Inspector license 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.

(ii) The Homeowner shall provide in the sales contract with the Buyer that the Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), the Homeowner, and Program Manager within 10 days after receiving the Inspection Report.

(iii) The Homeowner shall repair specific reported defects or conditions necessary, in the reasonable discretion of the Program Manager, to bring the Home into full compliance with Sections 2.02 and 3.02 above prior to transferring the Home through incorporation of Program Manager's current Purchase Agreement Addendum into the sales contract as an exhibit or otherwise.

(iv) The Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner's written request, Program Manager 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 the event the repairs are postponed until after the transfer, either (A) 150% of the unpaid estimated cost of repairs or (B) 100% of the unpaid cost of completed repairs shall be withheld from Homeowner's proceeds of sale in a Program Manager-approved escrow account, and Program Manager shall pay documented, verified costs of repair from such account and return any remaining funds to Homeowner upon completion and documented, verified full payment of same.

(v) The Homeowner shall allow Program Manager, 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.

(vi) Upon sale or other transfer, Homeowner shall either (A) transfer the Home with all originally purchased appliances or replacements in the Home in good working order or (B) provide the Buyer with cash at closing sufficient to purchase a comparable new appliance.

(b) Deed, Declaration, and Program Mortgage to be Prepared. The Home shall be conveyed by the Homeowner by a good and sufficient deed commonly used in the jurisdiction for single family residences conveying a good and clear record and marketable title to the Home free from all encumbrances except (i) such taxes for the then current year as are not due and payable on the date of delivery of the deed, (ii) provisions of local building and zoning laws, (iii) all easements, restrictions, covenants and agreements of record; (iv) a Declaration which the Homeowner hereby agrees to secure execution by the transferee, and to record immediately after the deed, and (v) a new Program Mortgage which the Homeowner hereby agrees to secure execution by the transferee, and to record immediately after the Declaration or, in the event of any Permitted Mortgage approved in writing by Program Manager, immediately after the Permitted Mortgage. **Said deed shall clearly state that it is made subject to the Declaration which is made part of the deed.** Failure to comply with the preceding sentence shall not affect the validity of the conveyance from the Homeowner to the transferee or the enforceability of the Declaration portion of the repair costs prior to transfer and/or draw on the Repair Reserve Fund.

Notwithstanding the foregoing, any Excess Proceeds shall be paid to Program Manager.

Section 8.09 No Promises Made as to Future Sales. Nothing in this Declaration constitutes a promise, commitment or guarantee by the Program Manager to sell or purchase the Home or that upon resale the Homeowner shall actually receive the Maximum Resale Price for the Home or any the Regulatory Agreement other price for the Home.

ARTICLE IX.

ENFORCEMENT

Section 9.01 What Happens if Homeowner Fails to Make Payments to Program Manager That are Required by the Declaration. It shall be an event of default if the Homeowner fails to pay the Program Fee or any amounts when due under this Declaration or the Program Mortgage and such failure is not cured by the Homeowner or a Permitted Mortgagee within 30 days after notice of such failure is given by Program Manager to Homeowner and Permitted Mortgagee.

Section 9.02 What Happens if Homeowner Violates Other (Non Monetary) Terms of the Declaration. It shall be an event of default if the Homeowner fails to abide by any other requirement or restriction stated in this Declaration, the Program Mortgage, and/or any other document of record encumbering the Home, and such failure is not cured by the Homeowner or a Permitted Mortgagee within 60 days after notice of such failure is given by the Program Manager to the Homeowner and any Permitted Mortgagee. However, if the Homeowner or a Permitted Mortgagee has begun to cure such default within the 60-day cure period and is continuing such cure with due diligence but cannot complete the cure within the 60-day cure period, the cure period shall be extended for as much additional time as may be reasonably required to complete the cure but not exceeding a total cure period of 120 days.

Notwithstanding the foregoing, the Homeowner shall not be entitled to a cure period for any violation of the construction or statutory lien provisions in Article VI, the financing provisions in Article VII, the transfer provisions in Article VIII and/or Section 2.03, or the provisions of Section 9.03 below, and the Program Manager shall be entitled to exercise the rights and remedies under Section 9.04 for any such violation immediately upon notice of such violation being given by the Program Manager to the Homeowner and any Permitted Mortgagee.

Section 9.03 What Happens if Homeowner Defaults as a Result of Judicial Process. It shall be an event of default if the Home is taken on execution or by other process of law, or if any assignment is made of the Home for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of the Home by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

In the case of a default caused by an unpaid Program Fee, if Homeowner makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the 30-day cure period, then the cure period shall be extended by an additional 30 days.

Section 9.04 A Default (Uncured Violation) Gives Program Manager the Right to Exercise Rights and Remedies. Upon the occurrence of an event of default that continues beyond any applicable cure period, the Program Manager shall have, in addition to all other rights and remedies provided at law or in equity, the right, at the Program Manager's option, without further notice or demand of any kind, to take any one or more of the following actions:

(a) The right to enforce this Declaration independently by appropriate legal proceedings and to obtain injunctive and other appropriate relief on account of any violations including without limitation relief requiring restoration of the Home to the condition, affordability or occupancy which existed prior to the violation impacting such condition, affordability or occupancy (it being agreed that there shall be no adequate remedy at law for such violation), and shall be in addition to, and not in limitation of, any other rights and remedies available to the Program Manager.

(b) The right to exercise the Purchase Option under Section 8.06 above;
(c) the right to exercise all rights and remedies under the Program Mortgage, including without limitation the institution of foreclosure by judicial proceeding or private sale;
(d) Without limitation of any other rights or remedies of and] the Program Manager, or its successors and assigns, in the event of any sale, conveyance, financing, refinancing, or other transfer or occupancy of the Home in violation of the provisions of this Declaration, the following rights and remedies, which shall be cumulative and not mutually exclusive:
(i) specific performance of the provisions of this Declaration;
(ii) money damages for Excess Proceeds and Unpaid Amounts, if applicable;
(iii) if the violation is a sale or other conveyance of the Home to an Ineligible Buyer except as permitted herein, the option to locate an Eligible Buyer to

purchase or itself purchase the Home from the Ineligible Buyer on the terms and conditions provided herein; the purchase price shall be a price which complies with the provisions of this Declaration; specific performance of the requirement that an Ineligible Buyer shall sell, as herein provided, may be judicially ordered;
(iv) the right to void any contract for sale or any sale, conveyance or other transfer of the Home in violation of the provisions of this Declaration, by an action in equity to enforce this Declaration; and
(v) money damages for the cost of creating or obtaining a comparable dwelling unit for an Eligible Buyer.

(e) In addition to the foregoing, the Homeowner hereby agrees and shall be obligated to pay all fees and expenses (including legal fees) of the Program Manager in the event successful enforcement action is taken against the Homeowner or Homeowner's successors or assigns.

(f) The Homeowner for himself, herself or themselves and his, her or their successors and assigns, hereby grants to the Program Manager the right to take all actions with respect to the Home which the Program Manager may determine to be necessary or appropriate pursuant to applicable law, court order, or the consent of the Homeowner to prevent, remedy or abate any violation of this Declaration.

Section 9.05 What Happens if Program Manager Defaults. The Program Manager shall not be in default in the performance of any of its obligations under this Declaration unless and until the Program Manager has failed to perform such obligations for 60 days, or such additional time as is reasonably required to correct any default, after notice by the Homeowner to the Program Manager properly specifying the Program Manager's failure to perform any such obligation.

ARTICLE X.

MEDIATION

Section 10.01 Nothing in this Declaration shall be construed as preventing the parties from utilizing any process of mediation in which the parties agree to engage for the purpose of resolving a dispute.

Section 10.02 Homeowner and Program Manager shall each pay one half (50%) of any costs incurred in carrying out mediation in which the parties have agreed to engage.

ARTICLE XI.

NOTICES, RIGHT OF FIRST REFUSAL, AND OTHER PROVISIONS

Section 11.01 Notices. Whenever this Declaration requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

(g) All rights and remedies set forth in this Section 9.04 are subordinate to the

rights of Permitted Mortgagees as set forth in Sections 1.03, 4.01, and 4.07 of this

Declaration.

Program Manager:

Ann Arbor Community Land Trust

1100 N. Main Street, Ann Arbor, MI 48104
Attn: Executive Director

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

Section 11.02 Severability. If any part of this Declaration is unenforceable or invalid, such material shall be read out of this Declaration and shall not affect the validity of any other part of this Declaration or give rise to any cause of action of Homeowner or Program Manager against the other, and the remainder of this Declaration shall be valid and enforced to the fullest extent permitted by law.

Section 11.03 Right of First Refusal in Lieu of Option. If the Program Manager ever has reason to believe that the provisions of the Purchase Option set forth in Article VIII of this Declaration have, for any reason, become unenforceable, the Program Manager shall give notice to the Homeowner and any Permitted Mortgagee of the Program Manager's election to replace the Purchase Option with this Section 11.03 and the Program Manager shall then have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner as follows:

(a) If the Homeowner receives a bona fide third party offer to purchase the Home which the Homeowner is willing to accept, the Homeowner shall give written notice of such offer (the "**Notice of Offer**") to the Program Manager setting forth (i) the name and address of the prospective purchaser, (ii) the purchase price offered by the prospective purchaser, and (iii) all other terms and conditions of sale. The Program Manager shall have 45 days after receipt of the Notice of Offer (the "**Election Period**") within which to exercise the right of first refusal by giving the Homeowner a notice of intent to purchase the Home (the "**Notice of Intent to Purchase**") for the same price and on the same terms and conditions set forth in the Notice Offer, provided, however, that the price to Program Manager shall not exceed the Maximum Resale Price. Such Notice of Intent to Purchase shall be given in writing to the Homeowner within the Election Period.

(b) If the Program Manager exercises the right to purchase the Home, such purchase shall be completed within 60 days after the Notice of Intent to Purchase is given by the Program Manager (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of either the purchase price provided therein or the Maximum Resale Price, whichever is less.

(c) Should the Program Manager fail to exercise the right of first refusal within the Election Period, then the Homeowner shall have the right (subject to any other applicable restrictions in the Declaration, including without limitation Section 8.08) to go forward with the sale described

in the Notice of Offer, and to sell the Home within six months following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice of Offer. If the sale is not consummated within such six-month period, the Homeowner's right so to sell shall end, and all of the provisions of this Section 11.03 shall be applied again to any future offer. If a sale is consummated within such six-month period, the purchaser shall purchase subject to the Program Manager having a renewed right of first refusal in the Home.

(d) Any sale or transfer contrary to this Section 11.03, when applicable, shall be null and void.

Section 11.04 Waiver.

(a) The waiver by Program Manager at any time of any requirement or restriction in this Declaration, or the failure of Program Manager to take action with respect to any breach of any such requirement or restriction, shall not be deemed to be a waiver of such requirement or restriction with regard to any subsequent breach of such requirement or restriction, or of any other requirement or restriction in the Declaration. Program Manager may grant waivers in the terms of this Declaration, but such waivers must be in writing and signed by Program Manager before being effective.

(b) The subsequent acceptance by Program Manager of any late payments shall not be deemed to be a waiver of any preceding breach by Homeowner of any requirement or restriction in this Declaration, other than the failure of the Homeowner to make the particular payment so accepted, regardless of Program Manager's knowledge of such preceding breach at the time of acceptance of such payment.

Section 11.05 Construction. Whenever in this Declaration a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand.

Section 11.06 Headings and Table of Contents. The headings, subheadings and table of contents appearing in this Declaration are for convenience only, and are not a part of this Declaration and do not in any way limit or amplify the terms or conditions of this Declaration foregoing, the Program Manager may not waive the provisions of Sections 1.03(b), 4.05, 7.01, 7.03, 8.08(c), and 9.04(g) of this Declaration.

Section 11.07 Parties Bound. This Declaration sets forth the entire agreement between Program Manager and Homeowner with respect to the subject matter of this Declaration; it is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Declaration, their respective successors in interest. This Declaration may be altered or amended only by written notice executed by Program Manager and Homeowner or their legal representatives or, in accordance with the provisions of this Declaration, their successors in interest.

Section 11.08 Governing Law. This Declaration shall be interpreted in accordance with and governed by the laws of the State in which the Home is located. The language in all parts of this Declaration shall be, in all cases, construed according to its fair meaning and not strictly for or against Program Manager or Homeowner.

Section 11.09 Expiration of Term. At Expiration of the full Term of of 99 years, the current Homeowner shall have the option either to (i) record an amendment to this Declaration encumbering the Home for a second 99-year term; or (ii) pay to the Program Manager the Excess Proceeds that would be received by the Homeowner if the Homeowner, upon expiration of the Term, were to sell the Home unencumbered by this Declaration to a third party in a bona fide arm's length transaction. If the Homeowner does not elect option (i) by recording an amendment before expiration of the Term, the Homeowner will be deemed to have elected option (ii). Excess Proceeds will be calculated and paid under option (ii) as follows:

A. The Program Manager, at its sole cost and expense, will obtain an Appraisal of the Home;

B. The Program Manager will calculate the Maximum Resale Price as described in Article VIII;

C. The Program Manager will calculate Excess Proceeds by subtracting the Maximum Resale Price from the fair market value of the Home, as determined by the Appraisal; and

(i) If the calculation in subparagraph (C) results in a negative number (in other words, if the Maximum Resale Price is higher than the fair market value), the Homeowner will not owe any Excess Proceeds, and the Program Manager shall promptly record a release of this Declaration; or

(ii) If the calculation in subparagraph (C) results in a positive number (in other words, if the Maximum Resale Price is lower than the fair market value), the Homeowner shall pay the Excess Proceeds to the Program Manager within 90 days after receiving the Program Manager's calculation, and the Program Manager shall then promptly record a release of this Declaration.

[Signatures appear on the following pages]

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed as of the Effective Date.

[INSERT SIGNATURE BLOCKS, NOTARY ACKNOWLEDGMENTS, AND (IF REQUIRED BY STATE LAW, WITNESS BLOCKS]

EXHIBIT A

Legal Description of the Home

[INSERT ANY STATEMENTS REQUIRED FOR RECORDING]

SUBORDINATE PROGRAM MORTGAGE

Based on Grounded Solutions Network 2021 Model Subordinate Program Mortgage

This Subordinate Program Mortgage (as amended and/or restated from time to time, this "**Security Instrument**"), is executed by an individual the "**Mortgagor**"), residing at (the "**Property Address**"), in favor of

, its successors and assigns (the "**Mortgagee**"), with an address of
as of , 20[Year], for the purpose of encumbering the improved real estate described on attached Exhibit A (as defined in greater detail below, the "**Property**").

DEFINITIONS

Words used in multiple sections of this document are defined below. Certain rules regarding the usage of words used in this document are also provided in Section 12.

"**Applicable Law**": All controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

"**Declaration**": The Declaration of Affordability Covenants with Refinance and Resale Restriction and Purchase Option signed by the Mortgagor, dated and recorded the same date as this Security Instrument, and encumbering the Property.

"**Default**": (i) The failure to pay any Payment on the date it is due, (ii) a breach of any other representation, warranty, covenant, requirement, restriction, obligation or agreement in the Declaration, (iii) the failure to pay any other amount secured by this Security Instrument on the date it is due, (iv) a breach of any representation, warranty, covenant, requirement, restriction, obligation or agreement in this Security Instrument, (v) a breach of any representation, warranty, covenant, requirement, restriction, obligation or agreement in the first lien security instrument that is secured by the Property, or (iv) the commencement of any action or proceeding described in Section 7(d).

"**Obligations**": Payment of all monetary obligations evidenced by the Declaration, including Program Fees, Excess Proceeds, and Unpaid Amounts (as defined in the Declaration) plus any interest, prepayment charges, costs, expenses and late charges due under the Declaration,

[FULL NAMES OF HOMEBUYERS], [each]

([together,]

[Home Address]

[FULL NAME OF ENTITY/GOVERNMENT WITH FINANCIAL INTEREST IN

PROPERTY]

[Office Address],

[Month Date]

and all sums due under this Security Instrument, plus any interest, together with performance of all non-monetary obligations evidenced by the Declaration.

"**Payment**": (i) The regularly scheduled amounts due under the Declaration, and (ii) any other amounts due from time to time under the Declaration, including, without limitation, Program Fees, Excess Proceeds, and Unpaid Amounts and all other amounts payable by Mortgagor under the terms of the Declaration.

"**Property**": The property described below under the heading "TRANSFER OF RIGHTS IN THE PROPERTY."

"**Successor in Interest of Mortgagor**": Any party that has taken title to the Property, whether or not that party has assumed Mortgagor's obligations under the Declaration and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Mortgagee: (i) the payment of the Obligations; and (ii) the performance of Mortgagor's covenants and agreements under this Security Instrument and the Declaration. For this purpose, Mortgagor mortgages, grants and conveys to Mortgagee the Property, which is located in [County, State] and has an address of the Property Address.

TOGETHER WITH all the improvements now or subsequently erected on the Property, including replacements and additions to the improvements on such Property, all property rights, including, without limitation, all easements, appurtenances, royalties, mineral rights, oil or gas rights or profits, water rights, and fixtures now or subsequently a part of the property. All of the foregoing is referred to in this Security Instrument as the "**Property**".

MORTGAGOR REPRESENTS, WARRANTS, COVENANTS AND AGREES that: (i) Mortgagor lawfully owns and possesses the Property in fee simple or lawfully has the right to use and occupy the Property under a leasehold estate; (ii) Mortgagor has the right to mortgage, grant and convey the Property; and (iii) the Property is unencumbered, and not subject to any other ownership interest in the Property, except for encumbrances and ownership interests of record. Mortgagor warrants generally the title to the Property and covenants and agrees to defend the title to the Property against all claims and demands, subject to any Permitted Mortgages (as defined in the Declaration).

COVENANTS

Mortgagor and Mortgagee covenant and agree as follows:

1. Payment of Program Fees, Excess Proceeds, Unpaid Amounts, Interest, and Other Amounts. Mortgagor will make each Payment when due. All Payments must be made in U.S. currency.

Payments are deemed received by Mortgagee when received at the location designated in the Declaration, or at such other location as may be designated by Mortgagee in accordance with the notice provisions in Section 11.

Any offset or claim that Mortgagor may have now or in the future against Mortgagee will not relieve Mortgagor from making the full amount of all payments due under the Declaration and this Security Instrument or performing the covenants and agreements set forth in the Declaration and this Security Instrument and secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted by Mortgagee will be applied in the following order of priority: (a) interest due under the Declaration or Security Instrument (if any); and (b) amounts due under the Declaration or this Security Instrument, as applicable. Such payments will be applied to each Payment in the order in which it became due. Any remaining amounts will be applied first to late charges, second to any other amounts due under the Declaration, and third to any other amounts due under this Security Instrument.

3. Prior Security Instruments; Charges; Liens. Mortgagor will perform all of Mortgagor's obligations under any security instrument with a lien which has priority over the lien of this Security Instrument, including Mortgagor's covenants to make payments when due. Mortgagee and Mortgagor each recognize that provisions in the Declaration and in this Security Instrument give Mortgagee certain rights with respect to the Property and to the receipt of certain funds, including the right to receive payment of insurance proceeds, condemnation and other Miscellaneous Proceeds and the use and application of the proceeds, including the right to hold and disburse the proceeds, and that these rights are subject to the terms of any Permitted Mortgage.

4. Property Insurance. Mortgagor must keep the improvements now existing or subsequently erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes, winds and floods. Mortgagor must maintain the types of insurance Mortgagee requires, all in accordance with the terms of any Permitted Mortgage. This insurance must be maintained in the amounts (including deductible levels) and for the periods that Mortgagee requires. What Mortgagee requires pursuant to the preceding sentences can change during the term of the Declaration, and may exceed any minimum coverage required by Applicable Law. Mortgagor may choose the insurance carrier providing the insurance, subject to Mortgagee’s right to disapprove Mortgagor’s choice, which right will not be exercised unreasonably.

If Mortgagee has a reasonable basis to believe that Mortgagor has failed to maintain any of the required insurance coverages described above, Mortgagee may obtain insurance coverage, at Mortgagee's option and at Mortgagor's expense. Mortgagee is under no obligation to purchase

any particular type or amount of coverage. Any such coverage will insure Mortgagee, but might not protect Mortgagor, Mortgagor's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect.

All insurance policies required by Mortgagee and renewals of such policies: (i) will be subject to Mortgagee's right to disapprove such policies; (ii) must include a standard mortgage clause; and (iii) must name Mortgagee as mortgagee and/or as an additional loss payee in the order of the priority of its lien.

5. Preservation, Maintenance and Protection of the Property. Mortgagor will not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Mortgagor must maintain the Property in accordance with the Declaration and in order to prevent the Property from deteriorating or decreasing in value due to its condition.

6. Protection of Mortgagee's Interest in the Property and Rights Under this Security Instrument.

(a) Protection of Mortgagee’s Interest. If: (i) Mortgagor fails to perform the covenants and agreements contained in the Declaration and/or this Security Instrument; (ii) there is a legal proceeding or government order that might significantly affect Mortgagee's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien that has priority or may attain priority over this Security Instrument or to enforce laws or regulations); or (iii) Mortgagee reasonably believes that Mortgagor has abandoned the Property, then Mortgagee may do and pay for whatever is reasonable or appropriate to protect Mortgagee's interest in the Property and/or rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property, and may enter the Property for purposes of performing same.

Mortgagee's actions may include, but are not limited to: (I) paying any sums secured by a lien that has priority or may attain priority over this Security Instrument; (II) appearing in court; and (III) paying (A) reasonable attorneys' fees and costs, (B) property inspection and valuation fees, and (C) other fees incurred for the purpose of protecting Mortgagee’s interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, inspections of the Property, entering the Property to make repairs, changing locks, replacing or boarding up doors and windows, draining water from pipes, eliminating building or other code violations or dangerous conditions, and having utilities turned on or off. Although Mortgagee may take action under this Section 6, Mortgagee is not required to do so and is not under any duty or obligation to do so. Mortgagee will not be liable for not taking any or all actions authorized under this Section 6.

(b) Additional Amounts Secured. Any amounts disbursed by Mortgagee under this Section 6 will become additional Obligations of Mortgagor secured by this Security Instrument. If not paid by Mortgagee to Mortgagor within 30 days after issuance of an invoice reflecting amounts disbursed by Mortgagee, these amounts shall bear interest at the rate specified in the Declaration for late payments under Article IV of the Declaration.

(c) DeclarationTerms. MortgagorwillcomplywithalltheprovisionsoftheDeclaration.

(d) Leasehold Terms. If this Security Instrument is on a leasehold, Mortgagor will comply with all the provisions of the lease. If Mortgagor acquires fee title to the Property, the leasehold and the fee title will not merge unless Mortgagee agrees to the merger in writing.

7. Assignment of Miscellaneous Proceeds; Forfeiture.

(a) Assignment of Miscellaneous Proceeds. Mortgagor unconditionally assigns the right to receive all insurance, condemnation, and other proceeds arising from a casualty or condemnation impacting the Home ("**Miscellaneous Proceeds**") to Mortgagee and agrees that, subject to the requirements of any Permitted Mortgagee, such amount will be paid to Mortgagee.

(b) Application of Miscellaneous Proceeds upon Damage to Property. If the Property is damaged, any Miscellaneous Proceeds will be applied to restoration or repair of the Property, if Mortgagee deems the restoration or repair to be economically feasible and Mortgagee's security will not be lessened by such restoration or repair. During such repair and restoration period, Mortgagee will have the right to hold such Miscellaneous Proceeds until Mortgagee has had an opportunity to inspect the Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection must be undertaken promptly. Mortgagee may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Mortgagee may make such disbursements directly to Mortgagor, to the person repairing or restoring the Property, or payable jointly to both. Unless Mortgagee and Mortgagor agree in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Mortgagee will not be required to pay Mortgagor any interest or earnings on such Miscellaneous Proceeds. If Mortgagee deems the restoration or repair not to be economically feasible or Mortgagee's security would be lessened by such restoration or repair, the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Mortgagor.

(c) Application of Miscellaneous Proceeds upon Total Taking of Property. In the event of a total taking, destruction, or loss in value of the Property, all of the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Mortgagor. Notwithstanding the foregoing, any Excess Proceeds shall be paid to Mortgagee in accordance with Section 1.03 of the Declaration.

(d) Proceeding Affecting Mortgagee's Interest in the Property. Mortgagor will be in Default if any action or proceeding begins, whether civil or criminal, that, in Mortgagee's judgment, could result in forfeiture of the Property or other material impairment of Mortgagee's interest in the Property or rights under this Security Instrument. Mortgagor can cure such a Default by causing the action or proceeding to be dismissed within sixty (60) days after commencement with a ruling that, in Mortgagee's judgment, precludes forfeiture of the Property or other material impairment of Mortgagee's interest in the Property or rights under this Security Instrument. Mortgagor unconditionally assigns to Mortgagee the proceeds of any award or claim for damages that are attributable to the impairment of Mortgagee's interest in the Property, which proceeds will be paid to Mortgagee.

8. Mortgagor Not Released; Forbearance by Mortgagee Not a Waiver. Mortgagor or any Successor in Interest of Mortgagor will not be released from liability under this Security Instrument if Mortgagee extends the time for payment or modifies the amortization of the sums secured by this Security Instrument. Mortgagee will not be required to commence proceedings against any Successor in Interest of Mortgagor, or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Mortgagor or any Successors in Interest of Mortgagor. Any forbearance by Mortgagee in exercising any right or remedy including, without limitation, Mortgagee's acceptance of payments from third persons, entities or Successors in Interest of Mortgagor or in amounts less than the amount then due, will not be a waiver of, or preclude the exercise of, any right or remedy by Mortgagee.

9. Joint and Several Liability; Signatories. Mortgagor's obligations and liability under this Security Instrument will be joint and several. However, any Mortgagor who signs this Security Instrument but does not sign the Declaration: (a) signs this Security Instrument to mortgage, grant and convey such Mortgagor’s interest in the Property under the terms of this Security Instrument; (b) signs this Security Instrument to waive any applicable inchoate rights such as dower and curtesy and any available homestead exemptions; (c) signs this Security Instrument to assign any Miscellaneous Proceeds, Rents or other earnings from the Property to Mortgagee; (d) is not personally obligated to pay the sums due under the Declaration or this Security Instrument; and (e) agrees that Mortgagee and any other Mortgagor can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument without such Mortgagor’s consent and without affecting such Mortgagor’s obligations under this Security Instrument.

Subject to the provisions of Section 14, any Successor in Interest of Mortgagor who assumes Mortgagor's obligations under this Security Instrument in writing, and is approved by Mortgagee, will obtain all of Mortgagor's rights, obligations and benefits under this Security Instrument. Mortgagor will not be released from Mortgagor's obligations and liability under this Security Instrument unless Mortgagee agrees to such release in writing.

10. Charges. If permitted under Applicable Law, Mortgagee may charge Mortgagor fees for services performed in connection with Mortgagor's Default to protect Mortgagee's interest in the Property and rights under this Security Instrument, including, (i) reasonable attorneys' fees and costs, (ii) property inspection, valuation, mediation and loss mitigation fees, and (iii) other related fees.

If Applicable Law sets maximum interest rates or other charges, and that law is finally interpreted so that the interest or other charges collected or to be collected in connection with the Obligations exceed the permitted limits, then: (i) any such charge will be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from Mortgagor which exceeded permitted limits will be refunded to Mortgagor. Mortgagee may choose to make this refund by reducing the obligations owed under the Declaration or by making a direct payment to Mortgagor. To the extent permitted by Applicable Law, Mortgagor’s acceptance of any refund made by direct payment to Mortgagor will constitute a waiver of any right of action Mortgagor might have arising out of such overcharge.

11. Notices. All notices given by Mortgagor or Mortgagee in connection with this Security Instrument must be in writing. Any written notice to Mortgagor in connection with this Security Instrument will be deemed to have been given to Mortgagor when (i) mailed by certified or registered mail, return receipt requested, or (ii) actually delivered to Mortgagor's notice address if sent by other means. Notice to any one Mortgagor will constitute notice to all Mortgagors unless Applicable Law expressly requires otherwise. The notice address for Mortgagor will be the Property Address.

Any notice to Mortgagee will be given by delivering it or by mailing it by certified or registered mail, return receipt requested, to Mortgagee's address stated in this Security Instrument unless Mortgagee has designated another address by notice to Mortgagor. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

12. Governing Law; Severability; Rules of Construction. This Security Instrument is governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence should not be construed as a prohibition against agreement by contract. If any provision of this Security Instrument or the Declaration conflicts with Applicable Law, such conflict will not affect other provisions of this Security Instrument or the Declaration that can be given effect without the conflicting provision. If any provision of this Security Instrument conflicts with the Declaration, the provisions of the Declaration shall govern and control. Any action required under this Security Instrument to be made in accordance with Applicable Law is to be made in accordance with the Applicable Law in effect at the time the action is undertaken.

As used in this Security Instrument: (a) words in the singular will mean and include the plural and vice versa, and (b) the word "may" gives sole discretion without any obligation to take any action.

13. Mortgagor's Copy. One Mortgagor will be given one copy of the Declaration and this Security Instrument.

14. Mortgagee's Successors and Assigns. Mortgagee is also the Program Manager under the Declaration. The Declaration permits the Program Manager from time to time to designate a successor or assign its rights and obligations under the Declaration, provided that such successor or assign is a governmental body, governmental agency, or non-profit entity with a charitable purpose consistent with the Program (as defined in the Declaration). Upon such a designation under the Declaration of a successor or assign by the Program Manager, all of Mortgagee's rights and obligations under this Security Instrument will likewise convey to such successor or assign.

15. Acceleration; Remedies.

(a) Notice of Default. Mortgagee will give a notice of Default to Mortgagor prior to exercising remedies under this Security Instrument following Mortgagor's Default. The notice will specify:

(i) the Default; (ii) the action required to cure the Default; (iii) a date, not less than 30 days from the date the notice is given to Mortgagor (or such longer period set forth in Article IX of the Declaration), by which the Default must be cured; (iv) that failure to cure the Default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property; (v) Mortgagor's right to reinstate after acceleration; and (vi) the right to deny in the foreclosure proceeding the existence of a Default or to assert any other defense of Mortgagor to acceleration and foreclosure. In the case of Defaults under subparagraphs (i) or (ii) of the Definition for "**Default**" set forth above, the notice and cure periods under this Section 19(a) shall run concurrently with any applicable notice and cure periods under Article IX of the Declaration.

(b) Acceleration; Foreclosure; Expenses. If the Default is not cured on or before the date specified in the notice, Mortgagee may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Mortgagee will be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 19, including, but not limited to: (i) reasonable attorneys' fees and costs; (ii) property inspection and valuation fees; and (iii) other fees incurred to protect Mortgagee's interest in the Property and/or rights under this Security Instrument.

16. Release. Upon payment and performance of all Obligations secured by this Security Instrument, Mortgagee shall release this Security Instrument. Mortgagor shall pay any recordation costs. Mortgagee may charge Mortgagor a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

17. Attorneys' Fees. As used in this Security Instrument and the Declaration, attorneys' fees shall include those awarded by an appellate court and any attorneys' fees incurred in a bankruptcy proceeding.

18. Jury Trial Waiver. The Mortgagor hereby waives any right to a trial by jury in any action, proceeding, claim, or counterclaim, whether in contract or tort, at law or in equity, arising out of or in any way related to this Security Instrument or the Declaration.

MORTGAGEE REQUESTS NOTICE OF ANY ADVERSE ACTION THAT A PRIORITY LIEN HOLDER TAKES WITH REGARD TO THE PROPERTY, INCLUDING DEFAULT AND FORECLOSURE

[Signatures appear on the following pages]

IN WITNESS WHEREOF, the parties have caused this Security Instrument to be executed as of the date first set forth above.

[INSERT MORTGAGEE SIGNATURE BLOCKS, NOTARY ACKNOWLEDGMENTS, AND IF REQUIRED BY STATE LAW, WITNESS BLOCKS]

EXHIBIT A

Legal Description of the Property