



COULEE COMMUNITY
— LAND TRUST —

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Developing and providing permanently affordable housing.

Coulee Community Land Trust
Homebuyer Policies and Procedures
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(Final revision February 24, 2011)

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Coulee Community Land Trust Homebuyer Policy and Procedures

A. CCLT History and Mission

A1. CCLT History

The idea to create a local land trust came from the La Crosse County Housing Commission and its Community Needs Survey, which determined there was a great need for more local affordable housing options for low- and moderate-income households. The Commission, which is made up of non-profit agencies, city and county governmental representatives, and others devoted to serving this population, identified the creation of a land trust as a priority for the group due to its long-term affordability. Couleecap, Inc., a non-profit member of the La Crosse County Housing Commission, took the lead to create the Coulee Community Land Trust (hereinafter “CCLT”) in 2008 and the first CCLT home was sold November 3, 2009.

A2. CCLT Mission

The mission of the CCLT is to provide permanently affordable home- ownership opportunities for low- and moderate-income households in La Crosse, Vernon, Monroe and Crawford Counties.

B. Anti-Discrimination and Education

B1. Non-Discrimination Policy

CCLT embraces the Fair Housing Act and works to ensure equitable access to housing for all. The CCLT Non-discrimination Policy states the CCLT will not discriminate in its marketing or applicant selection when it comes to the following federally-protected classes: race, color, religion, national origin, sex, handicap or familial status; and the state-protected classes: race, color, religion, national origin, sex, disability, family status, marital status, lawful source of income, age, ancestry and sexual orientation.

The CCLT also strives to target marketing toward potential CCLT buyers by listing homes on the MLS and its Web site at www.couleehomes.org, and by developing individual Project Marketing Plans for its target audience.

The Appendix includes:

- *Sample Project Marketing Plan*

B2. Homebuyer Orientation Policy

Homebuyer Orientation exists to ensure that potential homebuyers are educated when they purchase a home in addition to being protected from discrimination so that they:

- Understand the home buying process in general.
- Understand the difference between the tradition purchase and a land trust purchase.
- Understand ground lease restrictions.
- Can determine if they meet program income and affordability parameters.
- Can ask questions and provide needed documentation.

The CCLT Homebuyer Orientation Policy includes the following requirements for each applicant:

1. Upon receipt of the CCLT application, potential buyers are sent a letter detailing if they are income-eligible and can afford the required mortgage.
2. If eligible, the household will also receive a Program Checklist detailing the next steps in the process.
3. If they are not eligible, they will be referred to another program or advised on steps they can take to become eligible in the future.
4. Eligible applicants are directed to make an appointment to tour the house.
5. Eligible applicants are required to attend Couleecap’s six-hour Homebuyer Education Class.
6. Eligible applicants are required to attend a CCLT Land Trust Basics Class.

7. Interested applicants receive details needed to create an Offer to Purchase, and are encouraged to submit an offer prior to the next scheduled meeting of the Homeowner Selection Committee.
8. Applicants are encouraged to meet with a land trust lender to apply for financing and get a pre-approval letter.
9. The household chosen by the Homeowner Selection Committee is then required to meet with a local attorney to review the ground lease independently of the CCLT.
10. Once the orientation steps are complete, the closing is scheduled and the applicant may purchase the home.

The Appendix Section includes

- *Application*
- *Sample Eligibility Letter*
- *Sample Denial Letter*
- *Sample Program Checklist detailing the steps in the process*

B3. Homebuyer Selection Policy

To ensure equitable treatment of applicants in the homebuyer selection process, the CCLT will follow its established policies and procedures outlined in our Homebuyer Selection Policy. This process involves an independent Homeowner Selection Committee, which makes a recommendation. This volunteer committee is comprised of professional advocates for low- and moderate-income populations. Only factual information that is non-discriminatory is provided to Committee members, who then make a recommendation based on those facts. Committee members are not provided any names or information that is protected until Fair Housing laws. The recommendation is then provided to the Board of Directors of the Coulee Housing Development Corporation, which makes the final decision.

B4. Purchase and Closing Policy

The purchase process is coordinated by CCLT staff and the homebuyer's lender and/or title company. As noted above, the CCLT works to ensure equitable treatment of its applicants in accordance with its Non-discrimination Policy.

The Ground Lease document includes in it a list of addendums required to be added to it:

- The Letter of Stipulation must be signed by the independent attorney and homebuyer
- The deed is provided by the CCLT attorney or title company agent
- The title work is provided by a title company
- The appraisal is generated by the homeowner's lender

The Appendix Section includes

- *Sample Ground Lease*

C. Qualification Process

C1. Income-Eligibility

To qualify to purchase a CCLT home, a household must be at or below the required gross income for the project, which will either be 50 percent or 80 percent of the county median income. The level of income needed for each project is determined by the funding used in the development of the project. Income limits are determined annually by the U.S. Department of Urban Development. The CCLT uses the State of Wisconsin Department of Commerce HOME income determination rules, "IRS Form 1040 Adjusted Gross Income."

C2. Affordability

In addition to being income-eligible, households must be able to afford the required first mortgage for the CCLT home in question. The CCLT uses a front end ratio of 28 percent of the household's gross annual income and a back end ratio of 36 percent of gross income. The CCLT uses the lower of the two numbers to determine how much of a PITI payment that household can afford. The CCLT also assumes the taxes and insurance are 20 percent of the monthly payment, and subtracts the amount of the monthly Ground Lease payment and Reserve Replacement payment before determining the final amount of mortgage that the household can afford. The interest rate used in

determining the mortgage is the interest rate successful homebuyers are receiving at that time. If CCLT staff is uncertain of prevailing interest rates, they may use the rate listed on www.wheda.com.

C3. Denial Letter

If potential purchasers do not qualify for currently available housing, they will be notified via a letter and CCLT staff may provide tips or advice on how the potential purchaser may improve financial or other obstacles to a successful application. Potential purchasers may also consider meeting with local lenders to determine a successful strategy for a future purchase.

If purchasers are eligible, but are not selected by the Homeowner Selection Committee, they will be considered for any future housing.

C4. Homebuyer Education

Purchasers are required to attend a six-hour Homebuyer Counseling Class, provided by Couleecap, Inc., which includes the following topics:

- Are you ready to buy a home?
- How much is affordable for your household?
- How to create a successful household budget.
- How to select a Realtor.
- How to read bank documents, including the Settlement Statement, Good Faith Estimate, Truth in Lending forms and the Note and any Riders.
- How to compare mortgages.
- Why home inspections are important.
- How do I maintain a home?

Purchasers are also required to attend a Land Trust Basics class, which includes the following topics:

- Who is the CCLT (mission).
- How a community land trust works.
- An explanation of the resale formula.
- Benefits, services roles and responsibilities as a leaseholder .
- A comparison of renting to homeownership.
- Review of the ground leases rights responsibilities and requirements.
- Resale formula worksheet (where examples are walked through).
- A review of the application process.

C5. Mortgage Pre-Approval

Upon completion of income verification by CCLT staff, purchasers are encouraged to apply to a CCLT participating lender for a mortgage. A participating lender contact list is provided to purchasers once they income qualify.

C6. Submit Offer to Purchase

Eligible potential buyers are encouraged to submit a mortgage pre-approval letter and offer to purchase before the next meeting of the Homeowner Selection Committee. Homebuyers receive the details needed in the offer, and are allowed to write their own offer to purchase, hire an attorney to write and/or review their offer to purchase or have a Realtor write the offer to purchase.

C7. Offers Submitted to Homeowner Selection Committee

Once an offer to purchase is received, the Criteria Selection document is created and submitted to the Homeowner Selection Committee. If there is a positive recommendation from the Homeowner Selection Committee, the recommendation will be forwarded to the Coulee Housing Development Corporation Board for final approval. If there is more than one applicant, the households will be ranked, and those who are not eligible will be informed via letter, but kept in a pool for future land trust homes.

C8. Independent Legal Review

Applicant must retain, at applicant's expense, an attorney to review all the CCLT legal documents on behalf of applicant and to provide independent advice and counsel regarding the transaction. The CCLT has developed a list of local attorneys who have agreed to provide this service at a steep discount (\$150) as part of their community service.

D. Selection of Homeowners

D1. Overview

This document is intended to guide the development and implementation of the selection procedures administered by the CCLT. This policy shall be reviewed from time to time by the Homeowner Selection Committee for effectiveness in guiding the CCLT in the pursuit of its mission. This policy may be amended by a majority.

D2. Goal

The CCLT's goals, which these policies are intended to support, are:

- a) To ensure the preservation of the quality and affordability of housing for future low-and moderate-income residents of the community;
- b) To preserve and encourage economic diversity in Crawford, La Crosse, Monroe, and Vernon counties; and
- c) To find the best match between households and housing units that is the right price and the right size.

D3. Selection Criteria

1. THRESHHOLD SELECTION CRITERIA

The following criteria reflect the CCLT's goal to reasonably match household size to unit size and household income to housing costs. Note: some funding sources which the CCLT may rely on to develop its housing establish maximum eligible incomes of between 50% to 80% of the county median income.

- a. **Majority Age** - must be 18 in Wisconsin to qualify for a mortgage.
- b. **Citizen of USA or Registered Alien.**
- c. **Income Eligibility** – **Maximum Income**: To be considered for selection, a household must have an annual income which does not exceed 80% of the median income of households of equal size residing in the county within which the housing unit is located.
- d. **Creditworthiness**: In all cases, a household must be able to demonstrate a sense of ownership of its financial obligations, and a history of responsible effort to meet them. The household must be "pre-qualified" through the CCLT's application process to determine whether mortgage financing is likely to be obtained by the household based on the applicant's available cash resources and the known requirements of various mortgage programs for which the household may be eligible.

- e. **Affordability** - In general, affordable means that the monthly cost of occupying particular housing unit does not exceed 28% of the household’s gross annual income or 36% of monthly gross income including debt.

D4. Secondary Selection Criteria (If More than One Applicant)

The following circumstances, not necessarily in order of priority or importance, will be considered in those instances when there are two or more households expressing interest in a particular unit and who meet the Threshold Eligibility Criteria outlined above:

1. **Residency:** Residents of the community within which the housing unit is located, residents of the county, and residents of the state - in this order. Length of residency will be considered.
2. **Community involvement:** Residents having demonstrated involvement with and commitment to the community as evidenced by organizational memberships and/or participation in, support for, or sponsorship of non-profit, church or civic groups/events, etc.
3. **Heirs.** If “heir property” is sold to the CCLT, any heir of the former owner(s) that meets the Threshold Eligibility Criteria outlined above, and who has properly filed a CLT homeownership application will be given special consideration.
4. **Need:** In general, the CCLT will give consideration to the lower-income household. The CCLT will give special consideration to households facing immediate or near-term displacement, especially if children are involved.
5. **Application on File.** Length of time which a household's application for home ownership has been on file.
6. **First-time homebuyers.** Defined as someone who has not owned a principal residence in the past three years.
7. **Appropriate Size** - (i.e. matching household size to unit size). In general, households consisting of the number of persons appropriate for the unit size will be given preference as follows:

Unit Size		Household Size
0 – BR		1 person
1 – BR		1-2 persons
2 – BR		1-3 persons
3 – BR		3-5 persons
4 – BR		4-6 persons
5 - BR		5-7persons

The Appendix includes:

- *Sample Homebuyer Selection Criteria document*

D5. Final Considerations

1. **Regarding Threshold and Secondary Eligibly Criteria** – Using the definitions found in Appendix 1, CCLT staff will review both project-specific applications and general interest applications to determine whether the Threshold Criteria outlined above have been met. Applicants to be selected will come from among those who meet *all* of the Threshold Eligibility Criteria.

Once this pool of applicants is used up, or if there are more eligible and qualified applicants than housing opportunities available, applications will be considered based on a review of the Secondary Selection Considerations.

2. **Regarding Secondary Selection Considerations** - The Selection Committee may, at its discretion, and on a case by case basis, elect to either rank the Secondary Eligibility Criteria, or conduct a lottery among those eligible and qualified applicant households meeting one or more of the Secondary Selection Criteria.

Staff will provide to the Selection Committee a summary of its findings along with each applicant's application.

APPENDIX 1 - DEFINITIONS

The CCLT has adopted the following definitions for the purposes of assessing affordability and monitoring its ability to achieve its goals.

"Affordable" means that the monthly Occupancy Cost of a particular housing unit generally does not exceed 28% of gross monthly household income. (See discussion of Housing Costs, defined below, for exceptions regarding single-family ownership housing.)

"Debt-to-Income Ratio" (DTI) means the maximum percentage of income which a particular lender will allow a household to spend on Housing Costs.

"Household" means a person, or group of persons who occupy the same housing unit as their primary residence.

"Median Income" shall be as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development (HUD) pursuant to 42 U.S.C. Sec. 1437 *et seq.*

"Moderate Income" shall mean a household whose combined gross annual income, adjusted for Household Size (defined below), does not exceed 80% of the Median Income for the Statistical Area within which the housing is located as defined by HUD or a successor agency.

"Low Income" shall mean a household whose combined gross annual income, Adjusted for Household Size, does not exceed 50% of the Median Income for households of that size residing in the Statistical Area within which the housing is located.

"Very Low Income" shall mean a household whose combined gross annual income, Adjusted for Household Size, does not exceed 30% of the Median Income for households of that size residing in the Statistical Area within which the housing is located

"Statistical Area(s)" shall be as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development (HUD) pursuant to 42 U.S.C. Sec. 1437 *et seq.*

"Housing Cost": shall mean:

1. When measuring the affordability to a known household of a known unit size:
 - a. for "Single-Family" Ownership: the sum of the monthly payments due on:
 - the mortgage (principal & interest); plus
 - the property taxes due on the property; plus
 - the hazard insurance policy and private mortgage insurance; plus
 - the condominium or townhouse association fee, if applicable; plus
 - the Ground Lease Fee, if applicable.
2. When calculating the affordability of *projected* occupancy costs for a particular unit, (for example to determine or establish a purchase price), the CCLT will make the following calculations:

- a. The controlling Debt-to-Income Ratio for households of the appropriate size will be determined using the lower of 28% of the gross monthly income or 36% of gross monthly income including debt.
- b. Prevailing property tax assessments, insurance rates and condominium association fees (as applicable) for comparable properties will be examined and deducted from the controlling percentage of income allocable to occupancy costs in order to determine the amount of household income remaining to make a mortgage payment. The standard assumption is 20% of each monthly payment is for taxes and insurance. Amounts dedicated to the ground lease fee and reserve replacement fund will also be included.
- c. Prevailing loan terms and interest rates of the state housing finance agency, WHEDA, will be used to calculate the maximum mortgage amount which could be amortized by a payment of this size.
- d. The amount resulting from these calculations will be the maximum purchase price considered to be affordable to the desired household income level.

APPENDIX 2 – SAMPLE PROJECT MARKETING PLAN

Marketing Plan
456 Second Ave. N., Onalaska
\$108,000

Goals

- Develop a list of 10 prospective land trust homebuyers.
- Educate the community about land trusts through media campaign. This goal will be met when information has been published in two publications or has been broadcast twice.

Target Market

- Who are they? Couples, families and individuals who are looking for their first home; pet owners. They were likely refused a first mortgage from a lender due to lack of down-payment or lower credit score.
- Where are they? At the Laundromat, grocery stores; in our old CCLT homebuyer applications; attending homebuyer education classes at Couleecap and at lender sites; “graduating” from supportive housing programs; applying for loans; shopping at pet stores
- What do they want? A new home that’s better than they can otherwise afford. Lakeview property; good schools; convenient transportation options; green/energy efficient; safe neighborhoods; bike trails.

Product Benefits

- What are we selling? Brand new homes that are energy-efficient (get specifics from builder/bid specs), overlooking Lake Onalaska; close to bike trails and revitalized Onalaska downtown. Home is low-cost, on the bus line and right on Hwy. 35 close to Valley View Mall/Onalaska retail development. Can qualify even if been turned down for a mortgage before.

Marketing Messages

- Brand new energy-efficient home overlooking Lake Onalaska for half the cost of new construction. Even if you’ve been turned down by a bank before, you may qualify. There are three bedrooms; large closets and bathrooms; full basement and garage. Add from bid specs here, too. Talk about restoration of Onalaska downtown.

Marketing Strategies

- Develop an MLS sheet for each unit.
- Publicize on MLS and other real estate Web sites, including the CCLT Web site and For Sale By Owner.
- Develop brochures to mail out with homebuyer applications.
- Develop packets to hand out at homebuyer education sessions.
- Talk to industry professionals: Lenders, real estate professionals, other non-profits that work in housing about this new housing option.
- Contact the La Crosse Tribune for a feature story as the house is being finished.
- Write a press release to provide to local publications, as well as radio and television stations.
- Develop specialized, quick-hit “phone number” sheets for Laundromat and grocery stores. Examples: Tired of bringing your laundry here? Wish you could do it at home? Wish you lived in this neighborhood? Etc.
- Contact area secondary schools; Western Technical College.
- Develop materials for Human Resources Departments for mailings to area school districts, health care employees and other large employers.
- Invite local Realtors to tour. Offer incentive bonus if necessary to find clients?
- Create signs thanking partners with phone numbers and put them in the yard.

Evaluation Techniques

- Include on application, “Where did you hear about us?”
- Discuss how they discovered us with each successful homebuyer.

APPENDIX 3- APPLICATION

APPLICATION					
<p><i>Complete the application including all appendices. Failure to complete all sections of the application will delay the process. Submitting an application does not automatically qualify you for funds or homebuying assistance. Available assistance is dependent on funds availability and program guidelines.</i></p>					
APPLICANT	FULL NAME (LAST, FIRST, MI)	MAILING ADDRESS (ADDRESS, CITY, STATE, ZIP)	HOME PHONE	CELL PHONE	
	DATE OF BIRTH	SOCIAL SECURITY NUMBER	MARITAL STATUS <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Separated <input type="checkbox"/> Widowed		
	E-MAIL ADDRESS				
	EMPLOYER	EMPLOYER'S ADDRESS		EMPLOYER'S PH #	
	POSITION/JOB TITLE		WAGE INFORMATION \$ _____ PER <input type="checkbox"/> HOUR <input type="checkbox"/> WEEK <input type="checkbox"/> BI-WEEK <input type="checkbox"/> YEAR _____ Number of hours per week		
CO-APPLICANT OR SPOUSE	FULL NAME (LAST, FIRST, MI)	MAILING ADDRESS (ADDRESS, CITY, STATE, ZIP CODE)	HOME PHONE	CELL PHONE	
	DATE OF BIRTH	SOCIAL SECURITY NUMBER	MARITAL STATUS <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Separated <input type="checkbox"/> Widowed		
	E-MAIL ADDRESS				
	EMPLOYER	EMPLOYER'S ADDRESS		EMPLOYER'S PH #	
	POSITION/JOB TITLE		WAGE INFORMATION \$ _____ PER <input type="checkbox"/> HOUR <input type="checkbox"/> WEEK <input type="checkbox"/> BI-WEEK <input type="checkbox"/> YEAR _____ Number of hours per week		
CHILDREN OR OTHER INDIVIDUALS LIVING IN THE HOME					
<p><i>List all individuals, other than the applicant and co-applicant, who live in the house for six or more months per year. This includes children, step-children, family members, and live-in unmarried partners or significant others.</i></p>					
NAME	AGE	DATE OF BIRTH	RELATIONSHIP		
NAME	AGE	DATE OF BIRTH	RELATIONSHIP		
NAME	AGE	DATE OF BIRTH	RELATIONSHIP		
NAME	AGE	DATE OF BIRTH	RELATIONSHIP		
NAME	AGE	DATE OF BIRTH	RELATIONSHIP		
Where did you hear about us? _____ _____ _____					

HOUSING AND HOUSEHOLD INFORMATION

Do you presently rent? Yes No

If yes, please answer the following:

Current Landlord _____ Phone Number _____

Landlord's Address _____

Amount of Monthly Rent _____ Dates of Tenancy (From) _____

(To) _____

Are you currently at risk of being displaced from your home? Yes No

If yes, when will you have to move? _____

Reason for displacement: _____

Within the last three years, have you been evicted or been asked by your landlord to move out of your rented home?

Yes No If yes, please explain: _____

Is your current housing substandard in any way? Yes No

If yes, please explain: _____

Does anyone in your household have special needs or serious medical problems aggravated by your current housing?

Yes No If yes, please explain: _____

Have you ever owned or do you presently own property? Yes No

If yes, please explain: _____

Are you a United States resident? Yes No

If no, are you a permanent resident alien? Yes No

If no, please explain your status: _____

Total number of persons residing in your household: _____

PROPERTY SPECIFIC INFORMATION

What amount of money do you have available for a down payment?

Today \$ _____ In 6 Months \$ _____

Have you found a house you wish to purchase? Yes No

If yes, what is the address? _____

If no, what community or communities are you considering? _____

WISCONSIN MARITAL PROPERTY ACT CREDIT APPLICATION FORM

In order to comply with the provisions of the Wisconsin Marital Property Act, it is necessary for you to provide the following information:

1. Marital Status: _____ Married _____ Unmarried _____ Legally Separated (Date of Decree) _____

2. If married:

a. Spouse's name: _____

b. Spouse's address: _____

3. **Notice to married applicants:** No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to s. 766.587, Wis. Stats.), a unilateral statement classifying income from separate property under s.766.59, or court decree under s.766.70 Wisconsin Statutes adversely affects the creditor unless the creditor is furnished a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.

If you wish to have a marital property agreement, unilateral statement or court decree considered in connection with your application, you may enclose a copy of it with this form.

Updated 06/10/2009

FINANCIAL HISTORY INFORMATION

	Borrower	Co-Borrower
Do you have any judgments or collection accounts currently outstanding?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have you ever had a vehicle repossessed? If "yes" indicate year _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you currently a party to a lawsuit, or do you have reason to believe that you will become party to a lawsuit in the next 12 months?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you a United States citizen or a qualified alien?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have you ever declared bankruptcy? If "yes" indicate year _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you presently delinquent or in default on any Federal debt or any other loan mortgage, financial obligations, or loan guarantees?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

AGREEMENTS & ACKNOWLEDGEMENTS

The undersigned specifically acknowledge that:

Grant/Loan Agreements:

1. The property will not be used for any illegal or prohibited purpose or use;
2. All statements made in this application are made for the purpose of obtaining the loan/grant herein;
3. The property will be used as the primary residence of the applicants;
4. Verification or re-verification of any information contained in the application may be made at any time by CCLT or its agents, either directly or through a credit reporting agency, from any source named in this application, and the original copy of this application will be retained by CCLT, even if the loan/grant is not awarded.
5. CCLT, its agents, successors, and assigns will rely on the information contained in the application. I have a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts which I have represented herein should change.

Additional Loan Agreements:

1. If there is a loan involved the loan requested by this application will be secured by a mortgage or deed of trust on the property purchased with the assistance of this application;
2. In the event payments on the loan indicated in this application become delinquent, CCLT, its agents, successors, an assigns may, in addition to all their other rights and remedies, report my name and account information to a credit reporting agency;
3. Ownership of the loan may be transferred to successors or assigns of CCLT without notice to me and/or the administration of the loan account may be transferred to an agent, successor, or assign of CCLT without prior notice to me.
4. CCLT, its agents, successors, and assigns make no representations or warranties, express or implied, to the Borrower(s) regarding the property, the condition of the property, or the value of the property.

Certification:

I certify that the information provided in this application is true and correct as of the date of my signature on this application. I acknowledge my understanding that any intentional or negligent misrepresentation of the information in this application may result in civil liability and/or criminal prosecution.

Applicant Signature

Date

Co-Applicant Signature

Date

Applicant Name (printed)

Co-Applicant Name (printed)

If applicant or co-applicant has been employed by the above for less than two years, fill out the following and attach copies of your 1040 federal tax forms for the last three years:

Applicant's Previous Employer		Employer's Address	
Position		Length of Employment	Employer's Phone #
Hourly Wage:	Hours per week:	(Or Annual Salary):	
Co-Applicant's Previous Employer		Employer's Address	
Position		Length of Employment	Employer's Phone #
Hourly Wage:	Hours per week:	(Or Annual Salary):	
Other Household Member's Present Employer		Employer's Address	
Position		Length of Employment	Employer's Phone #
Hourly Wage:	Hours per week:	(Or Annual Salary):	
<p>If any of the above applicants are SELF-EMPLOYED, please attach copies of 1040 tax return forms from the past three years. _____ Check if attached, along with a profit and loss statement showing income and expensed for each month so far for the current year</p>			
List three people who can give personal references (sit only one relative):			
Name _____		Relationship to applicant _____	
Address _____		Phone Number _____	
Name _____		Relationship to applicant _____	
Address _____		Phone Number _____	
Name _____		Relationship to applicant _____	
Address _____		Phone Number _____	

CCLT, Inc. Conflict of Interest Addendum—Applicant

Please indicate the nature of any relationship you have with the following people. Having a prior relationship with any of the persons listed does not disqualify you from participation in the program.

No relationship	Family (list relationship)	Business	Name	Position
<i>CCLT Executive & Housing Programs Staff</i>				
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Grace Jones	Executive Director
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Todd Mandel	Community Development Director
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Kahya Fox	Housing Assistant Director
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Anastasia Penchi	Housing Programs Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Michele Engh	Housing Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Ashley Lacenski	Housing Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Paul Medinger	Housing Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Jessica Kewin	Executive Aide
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Kristi Knutson	Administrative Assistant
<i>Board of Directors</i>				
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	John Young	Chairman
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Bill Rudy	Vice Chairman
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Grace Jones	Treasurer
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Celesta Leis	Secretary

Name: _____
Applicant

Applicant Co-

Signature: _____

Date: _____

Applicant and Co-Applicant must complete separate addendums

CCLT, Inc. Conflict of Interest Addendum—Co-Applicant

Please indicate the nature of any relationship you have with the following people. Having a prior relationship with any of the persons listed does not disqualify you from participation in the program.

No relationship	Family (list relationship)	Business	Name	Position
<i>CCLT Executive & Housing Programs Staff</i>				
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Grace Jones	Executive Director
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Todd Mandel	Community Development Director
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Kahya Fox	Housing Assistant Director
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Anastasia Penchi	Housing Programs Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Michele Engh	Housing Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Ashley Lacenski	Housing Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Paul Medinger	Housing Specialist
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Jessica Kewin	Executive Aide
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Kristi Knutson	Administrative Assistant
<i>Board of Directors</i>				
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	John Young	Chairman
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Bill Rudy	Vice Chairman
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Grace Jones	Treasurer
<input type="checkbox"/>	<input type="checkbox"/> _____	<input type="checkbox"/>	Celesta Leis	Secretary

Name: _____
Applicant

Applicant Co-

Signature: _____

Date: _____

CCLT, Inc. Fair Housing Act Information Form

Statement of Purpose:

CCLT, Inc. requests the following information in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to furnish this information, but you are encouraged to do so.

CCLT may neither discriminate on the basis of this information, nor on the basis of whether or not you choose to furnish it. Under Federal regulations CCLT is required to note race and gender on the basis of visual observation or surname even if you do not choose to supply such information.

	Applicant	Co-Applicant
Race/National Origin	<input type="checkbox"/> White	<input type="checkbox"/> White
	<input type="checkbox"/> Asian	<input type="checkbox"/> Asian
	<input type="checkbox"/> Black/African American	<input type="checkbox"/> Black/African American
	<input type="checkbox"/> American Indian/Alaskan Native	<input type="checkbox"/> American Indian/Alaskan Native
	<input type="checkbox"/> Native Hawaiian/Other Pacific Islander	<input type="checkbox"/> Native Hawaiian/Other Pacific Islander
	<input type="checkbox"/> American Indian/Alaskan Native & White	<input type="checkbox"/> American Indian/Alaskan Native & White
	<input type="checkbox"/> Black/African American & White	<input type="checkbox"/> Black/African American & White
	<input type="checkbox"/> American Indian/Alaskan Native and Black/African American	<input type="checkbox"/> American Indian/Alaskan Native and Black/African American
	<input type="checkbox"/> Other/Multi-racial	<input type="checkbox"/> Other/Multi-racial
Gender	<input type="checkbox"/> Male	<input type="checkbox"/> Male
	<input type="checkbox"/> Female	<input type="checkbox"/> Female
Ethnicity	<input type="checkbox"/> Hispanic or Latino	<input type="checkbox"/> Hispanic or Latino
	<input type="checkbox"/> Not Hispanic or Latino	<input type="checkbox"/> Not Hispanic or Latino

Applicant: I do not wish to furnish this information

Co-Applicant: I do not wish to furnish this information

CCLT, Inc. General Release of Information

To Whom It May Concern:

I/We have applied for a loan/grant and hereby authorize you to release to the CCLT, Inc. the requested information listed below:

1. Previous and past employment history including employer, period employed, title of position, income, and hours worked.
2. Disability payments, social security, and pension funds.
3. Any information deemed necessary in connection with a consumer credit report or a real estate transaction.

This information will be for the confidential use of the CCLT, Inc. in determining my/our eligibility for a grant or to confirm information I/we have supplied. Please complete the attached verification request. A photo or fax copy of this document may be deemed to be the equivalent of the original and may be used as a duplicate original. The original signed release of information form will be kept on record with CCLT, Inc.

Applicant

Co-Applicant

Last Name, First Name, MI

Last Name, First Name, MI

Social Security Number

Social Security Number

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

Signature

Date

Signature

Date

NOTICE TO BORROWERS: the Right to Financial Privacy Act of 1978 requires this notice to you. The Department of Housing and Intergovernmental Relations/Department of Housing, Federal Housing Administration or Veterans Administration have a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to DHIR/DOH, FHA, or VA without further notice or authorization but will not be disclosed or released by this institution to another government agency without your consent except as required by law.

NOTICE TO BORROWERS: You are not required to provide CCLT, Inc. or any of its agents, officers, or employees with your social security number. Failure to provide your social security number may limit your participation in programs or make you ineligible for programs.

CCLT, Inc. Hold Harmless Agreement

In applying for purchase financing from CCLT, Inc. I understand that it is strongly recommended that I secure the services of both a fully insured, private property inspector in order to determine whether or not to submit an offer to purchase on a property, and a qualified real estate attorney or broker to assist in the negotiation and closing process. I understand that it is important to consult with CCLT regarding possible repairs and to include any related contingency. I understand that these steps are of utmost importance in protecting me from future problems.

I(We) understand and agree that CCLT is not in any way responsible or qualified to act as a pre-purchase property inspector OR attorney OR broker in that regard, and I (we) agree to fully indemnify and hold harmless CCLT for any problems arising from my (our) decision not to secure the services of a fully-insured private property inspector or qualified real estate attorney or broker.

Applicant

Date

Co-Applicant

Date

**CCLT, Inc. and/or Couleecap, Inc.
Homebuyer Counseling & Credit Report
Agreement**

I UNDERSTAND THAT THE PURPOSE OF CCLT, Inc. and/or Couleecap, Inc., homeownership counseling is to advise and assist me as a potential home buyer in making financing and purchasing decisions.

I ALSO UNDERSTAND the information obtained in counseling sessions is confidential and will be used only for the purpose of assisting with my home purchase and any applicable rehabilitation work. It may be shared with mortgage lenders and others for the purposes of obtaining financing.

I ALSO UNDERSTAND AND AUTHORIZE CCLT, Inc. and or Couleecap to obtain a copy of my credit report from any of the three recognized credit bureaus. This credit report is obtained to establish my creditworthiness and to allow for more effective home purchase counseling and advice.

Applicant

Date

Co-Applicant

Date

CCLT Homebuyer Program Assets & Liabilities Worksheet

Applicant Name:
Co-applicant Name:

Please list all assets and liabilities in the spaces available below. Disclosing all assets allows staff to make better risk management assessments relating to your financial situation.

Asset Type	Value	Monthly Contribution	Belongs to
Savings Account			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Checking Account			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Money Market Account			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
IRA			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
IRA			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
401K or retirement account			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Real property (land, home you rent to someone, commercial property)			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant

Liability Type	Total Amount Owed	Monthly payments	Owed by
Car loan Year/Make/Model:			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Car loan Year/Make/Model:			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Credit Card: Type:			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Credit Card: Type:			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Credit Card: Type:			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Credit Card: Type:			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Credit Card: Type:			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Child Support			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Collection account			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Collection account			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Student loans			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Other loans or debts			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant
Other loans or debts			<input type="checkbox"/> Applicant <input type="checkbox"/> Co-applicant

CCLT, Inc.
Media Release

Applicant Name _____

Co-Applicant Name _____

Address _____

City _____ State _____ Zip _____

I hereby authorize CCLT, Inc. to use my photo, photos of my home and/or information related to my experiences with CCLT's First-Time Homebuyer Program. I understand this information may be used in publications (including electronic publications), audiovisual presentations, promotional literature, advertising, community presentations, letters to area legislators and media and/or other similar ways.

I would be interested in speaking to media and/or other interested parties about my experiences:

Yes

No

I prefer that:

my complete name to be used

no name be used

Applicant Signature

Date

Co-Applicant Signature

Date

CCLT, Inc. Household Financial Relationships Disclosure

Applicant Name _____ Date _____

CCLT must consider all income earned by residents of the household. Please complete this questionnaire. Providing false information may be cause for disqualification from the program.

1. Are you married? Yes No

For purposes of this question, if you were married and do not have a final divorce decree you are still considered married under the provisions of CCLT's programs.

2. Does anyone, age 18 or over, live in your household with you presently, or will they live in the household once a home is purchased? Yes No

If someone you consider a "significant other" is living with you now, or will live with you after purchasing a home that person must be listed below. Also include any children, age 18 and over, who live with you or will be living with you.

Place additional names on the back of this form

Failing to completely disclose all income-earning household members is one of the top reasons for disqualification from CCLT's homebuyer programs. Failure to disclose all individuals can place you at risk to lose earnest money and/or face additional financial penalties.

Statement of Understanding

I hereby state that the above information is true and accurate to the best of my knowledge. I understand that failure to disclose household members and/or to provide accurate marriage status information may place me at jeopardy of losing earnest money, may cause me to incur fees, and may place me at risk for immediate repayment of any homebuyer assistance I may receive. I further agree to not hold CCLT, its officers, employees, or assigns responsible for any financial or other loss that I incur by providing false information.

Applicant Signature

Date

CCLT, Inc. Asset Calculation Worksheet

Please complete the following information and return any required documentation.

1. SAVINGS ACCOUNT

- No, we do not have a savings account (no documentation required)
- Yes, we have a savings account*

Name of Financial Institution(s) _____

*Required documentation (submit documentation for all savings accounts maintained)

- Print-out showing current account balance, including the interest rate

OR

- Copy of 1099 form showing interest accrued in the previous year

2. CHECKING ACCOUNT

- No, we do not have a checking account (no documentation required)
- Yes, we have a checking account*

Name of Financial Institution(s) _____

*Required documentation (submit documentation for all checking accounts maintained)

- Average gross income per month (income after deductions)

\$ _____

3. STOCKS, BONDS, SAVINGS CERTIFICATES, MONEY MARKET FUNDS, OR OTHER INVESTMENT ACCOUNTS

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*

*Required documentation

- List all investment items below. Include all assets earnings made on the investments within the past 12 months (i.e. amount made outside of personal contributions: interest, dividends, etc.) —*also include written documentation*

Investment Type	Net worth of Investment	12 month earnings

4. EQUITY IN REAL PROPERTY OR OTHER PRINCIPAL INVESTMENTS

Equity is the estimated current market value of the asset minus the unpaid balance on all loans against the asset and any reasonable costs associated with selling the asset (i.e broker fees).

Your primary residence is NOT considered as an asset.

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*

*Required documentation

- List all investments below, include fair market value minus any loans attached to the investment and costs associated with selling the asset—*also include written documentation*

Asset Description	Fair Market Value	Balance of Loan(s)	Estimated cost to sell

5. CASH VALUE OF TRUSTS THAT ARE AVAILABLE TO THE HOUSEHOLD

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*

*Required documentation

- Please list current balance available in all trusts held by your or any family member—*also include written documentation*

\$ _____

6. IRA, KEOGH, OR SIMILAR RETIREMENT SAVINGS ACCOUNTS, EVEN IF WITHDRAWAL WOULD RESULT IN A PENALTY

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*
 - *Required documentation
 - Provide documentation showing balance of funding available in all retirement savings accounts. Also include documentation outlining penalties issued for early withdrawal.

7. CONTRIBUTIONS TO COMPANY RETIREMENT/PENSION FUNDS THAT CAN BE WITHDRAWN BEFORE RETIREMENT OR TERMINATING EMPLOYMENT

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*
 - *Required documentation
 - Provide documentation showing balance of funding available in all retirement/pension funds. Also include documentation outlining penalties issued for early withdrawal. **This information can be obtained from your employer.**

8. ASSETS THAT, ALTHOUGH OWNED BY MORE THAN ONE PERSON ALLOW UNRESTRICTED ACCESS BY THE APPLICANT(S)

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*
 - *Required documentation
 - List all shared assets below, include fair market value minus any loans attached to the investment and costs associated with selling the asset—*also include written documentation*

Asset Description	Fair Market Value	Balance of Loan(s)	Estimated cost to sell

9. LUMP SUM RECEIPTS, INCLUDING INHERITANCE, CAPITAL GAINS, LOTTERY WINNINGS, INSURANCE SETTLEMENTS, AND/OR OTHER CLAIMS

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*
 - *Required documentation
 - List and provide written documentation of all lump sum payments made to you or any member of your family within the past 12 months

Type of Payment	Amount

10. PERSONAL PROPERTY HELD AS AN INVESTMENT (GEMS, JEWELRY, COIN COLLECTIONS, ANTIQUE CARS, ETC.)

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*
 - *Required documentation
 - List all property below, include fair market value minus any loans attached to the investment and costs associated with selling the asset—*also include written documentation*

Asset Description	Fair Market Value	Balance of Loan(s)	Estimated cost to sell

11. CASH VALUE OF LIFE INSURANCE POLICIES

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*

*Required documentation

Provide documentation showing money available through cash-out of any insurance policies held by you or a family member. **This information can be obtained from your insurance provider.**

12. ASSETS DISPOSED OF FOR LESS THAN FAIR MARKET VALUE IN THE LAST 24 MONTHS

- No, we have no assets under this category (no documentation required)
- Yes, we have assets under this category*

*Required documentation

List all assets sold for less than fair market value in the past 24 months. Provide written documentation for all sales.

Asset Description	Fair Market Value	Amount sold for

Also provide a copy of your most recent 1040 Federal Tax Return form.

APPENDIX 4 – SAMPLE ELIGIBILITY LETTER

Sept. 23, 2010

Joe and Sue Smith
555 S. Losey Blvd.
La Crosse, WI 54601

Dear Joe and Sue,

I am contacting you regarding your application to the CCLT. We appreciate your interest in purchasing the home at 1407 Kane St. La Crosse.

The CCLT is committed to providing permanent, affordable housing for low- and moderate-income families in the Coulee Region. We have strict formulas that determine how much of a mortgage each individual household can afford based on their monthly income and debt.

A preliminary review of your application shows you are likely income-eligible to apply for the home. And given the financial information you have provided, the two of you can likely afford an \$112,006 mortgage loan at 4.5% interest. The required first mortgage for this home is \$95,000.

Please keep in mind these numbers are dependent on you providing the following income proof as verification:

- The last three paystubs for Joe
- The last three paystubs for Sue

I have enclosed a document that lists all the steps for a successful CCLT purchase. Please note we will need a new Offer to Purchase prior to the Homeowner Selection Committee meeting, as the previously submitted offer does not meet the purchase requirements. The next Committee meeting has not yet been scheduled, but it is likely to take place the week of Oct. 15.

Please take this letter to the lender, and tell the lender to contact me if there are any questions.

Again, thank you for your application. Please call me if you have any questions.

Sincerely,

Anastasia Penchi
Housing Programs Specialist
(608) 782-5525

APPENDIX 5 – SAMPLE DENIAL LETTER

Sept. 23, 2010

Joe and Sue Smith
111 Caledonia St.
La Crosse, WI 54603

Dear Joe and Sue,

Thank you for submitting an application to the CCLT. We appreciate your interest in purchasing the home at 1407 Kane St., La Crosse, WI.

The CCLT is committed to providing permanent, affordable housing for low- and moderate-income families in the Coulee Region. We have strict formulas that determine how much of a mortgage each individual household can afford based on its gross monthly income and debt.

Using the information provided on your application, you are unable to purchase the home at 1407 Kane St., La Crosse, at this time. Under our required affordability calculations, your total house payment and debt should be no more than \$424 per month. Based on an interest rate of 4.25 percent, you can only afford to borrow \$68,951 to buy a house. That is not enough to purchase this home, which requires a \$95,000 mortgage.

In addition, a bank is unlikely to approve you for a home mortgage until you have paid off all outstanding collections and judgments.

Please know that once you've paid off your collections and judgments, you might be able to get approved for a mortgage. Please see the enclosed attachment on pulling copies of your free credit reports. Sometimes, it can take six months to one year to repair your credit (paying minimum payments on time for all loans and credit cards) before a bank will give you a loan. Repairing your credit may allow you to apply for a CCLT home in the future.

Again, thank you for your application. Please call me if you have any questions.

Sincerely,

Anastasia Penchi
Housing Programs Specialist
(608) 782-5525

APPENDIX 6 – SAMPLE CHECKLIST

Steps to becoming a CCLT homeowner: 1407 Kane St., La Crosse

1. Submit application
 - If the mortgage is not affordable or household is not income-eligible, application will be denied.
2. If approved, schedule a tour of the house with Jenny Delo, (608) 796-9062. If you have a Buyer's Agency Agreement signed with a Realtor, that Realtor must conduct the showing.
3. Make an appointment with Anastasia Penchi at (608) 782-5525 to complete the Land Trust Basics class (one hour).
4. Complete Couleecap's Homebuyer Counseling Class. Next class will be 9 a.m. to 3 p.m. Friday, Oct. 22, at Couleecap's La Crosse Office, 2101 Victory St., Suite C, La Crosse, WI 54601. Call Paul at (608) 634-7826 to register.
5. Complete an Offer to Purchase and submit it to the CCLT Homeowner Selection Committee (the offer can be done by the applicant, a Realtor or an attorney, and should include the following information:
 - Address: 1407 Kane St., La Crosse
 - Purchase price: \$158,000
 - Recommended contingency: Applicant will receive \$51,000 in HOME funds and \$12,000 in HCRI funds as instantly forgiven grants.
6. Meet with a leasehold mortgage lender to apply for land trust financing:
 - Tina Mueller, Merchants Bank, 3140 Market Place, Onalaska: (608) 779-8294.
7. Offer submitted to CCLT Homeowner Selection Committee. If approved, closing will be scheduled (homebuyer must put a minimum of 1% down on house: \$1,580).
8. Once the offer is approved, you will meet with Heidi Eglash at (608) 406-4356 or heidi@eglashlawoffice.com to review the ground lease. Her office is at:
 - Law Office of Heidi M. Eglash, LLC
 - Spruce Center
 - 1212 Horton Street, Suite 100
 - La Crosse, WI 54601
9. Close on house and move in.

APPENDIX 7 – SAMPLE GROUND LEASE

Document Number	GROUND LEASE Title
Name and Return Address: Todd Mandel 201 Melby Street Westby, Wisconsin 54667	
Parcel Identification Number	

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GROUND LEASE

THIS GROUND LEASE (“**Lease**”) is made and entered into the _____ day of _____, _____, by and between COULEE HOUSING DEVELOPMENT CORPORATION, a Wisconsin nonstock corporation and its successors and assigns (“**Lessor**”) and _____, [jointly and severally] and his, her or their heirs, personal representatives, legatees, devisees, successors and assigns (“**Lessee**”).

PREFACE:

This Ground Lease is adapted from the model ground lease written by the Institute for Community Economics, 57 School Street, Springfield, Massachusetts and included in its Community Leased Premises Trust Legal Manual published in 2002. See www.iceclt.org. The Institute for Community Economics provides technical assistance for community land trusts throughout the United States, one of which is Coulee Housing Development Corporation, a Wisconsin nonstock corporation (“**CHDC**”). CHDC is the original Lessor under the terms of this Ground Lease. This Ground Lease was also drafted with reference to the Federal National Mortgage Association Announcement 06-03, dated March 22, 2006, which amends its Selling and Servicing Guides and is entitled Properties Subject to Resale Restrictions or Located on Leased Premises Owned by Community Leased Premises Trusts. These two resources will provide context and background useful to a reader of this Ground Lease.

This is a lease for a term of less than ninety-nine years.

RECITALS:

WHEREAS, CHDC is organized exclusively for charitable purposes, including: the development and preservation of decent, affordable housing and the creation of homeownership opportunities for low- and moderate-income people who otherwise would be denied such opportunities because of limited financial resources; and

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

WHEREAS, the Leased Premises described in this Lease have been acquired and are being leased by CHDC in furtherance of these charitable purposes; and

WHEREAS, Lessee shares the purposes and goals of CHDC and has agreed to enter into this Lease not only to obtain those benefits to which the Lessee is entitled under this Lease, but also to further the charitable purposes of Lessor; and

WHEREAS, Lessor and Lessee recognize the special nature of the terms and conditions of this Lease, and each of them, with the independent and informed advice of legal counsel, freely accept these terms and conditions, including those terms and conditions that may affect the marketing and resale price of any Improvements on the Leased Premises; and

WHEREAS, it is mutually understood and accepted by Lessor and Lessee that the terms and conditions of this Lease further their shared goals over an extended period of time and through a succession of owners;

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

ARTICLE 1: Letters of Stipulation and Acknowledgment

Attached as Exhibit A LETTERS OF STIPULATION AND ACKNOWLEDGMENT and made part of this Lease by reference are (a) a Letter of Stipulation of Lessee, and (b) a Letter of Acknowledgment of legal counsel of Lessee, setting forth their respective review and understanding of this Lease (in particular, Article 10, regarding the transfer, sale, or disposition of the Improvements) and related documents for this transaction. Prior to entering into this Lease and acquiring the buildings, structures and improvements located or to be located on the Leased Premises (“**Improvements**”), Lessee reviewed this Lease and all documents related to the acquisition of the Improvements with Lessee’s attorney, and Lessee and Lessee’s attorney have completed, executed and delivered to CHDC the letters of stipulation and acknowledgement.

ARTICLE 2: Demise of Leased Premises

2.1 **PREMISES:** The Lessor, in consideration of the rents reserved and the terms and conditions of this Lease, does hereby demise and leave unto Lessee, and Lessee does hereby take and hire from Lessor, the property (referred to in this Lease as the “**Leased Premises**”) described in the attached Exhibit B PREMISES. Lessor has furnished to Lessee a copy of the most current, if any, title report previously obtained by Lessor for the Premises, and Lessee accepts title to the Leased Premises in their condition “as is” as of the execution of this Lease.

2.2 **RESERVATION OF MINERAL RIGHTS:** Lessor reserves to itself all the minerals and other extractive resources of the Leased Premises. This reservation shall not diminish the right of the Lessee under this Lease to occupy and freely use the Leased Premises. Any eventual extraction by the Lessor of minerals or other extractive resources shall be carried out with as little disruption to the Lessee as is reasonably possible. In instances requiring a material disruption of the Lessee’s right of use and occupancy of the Leased Premises, the Lessor shall not make such extraction without the consent of the Lessee.

ARTICLE 3 Duration of Lease

3.1 **PRINCIPAL TERM:** The term of this Lease shall be ninety-eight (98) years, commencing on the ___ day of _____, _____, and terminating on the _____ day of _____, _____, unless terminated sooner or extended as provided below.

3.2 **LESSEE’S OPTION TO EXTEND:** Lessee may extend the principal term of this Lease for one (1) additional period of ninety-eight (98) years, subject to all the provisions of this Lease; provided that Lessor may make changes to the terms of the Lease for the renewal period prior to the beginning of such renewal period but only if these changes do not materially and adversely impair Lessee’s rights under the Lease. Not more than 365 nor less than 180 days before the last day of the current term, Lessor shall give Lessee written notice, stating the date of

expiration of the Lease, describing any changes that Lessor intends to make to the terms of the Lease as permitted above, and reiterating the conditions for renewal as set forth immediately below (“**Expiration Notice**”). Lessee’s right to exercise the option to extend is subject to the following conditions: (a) within sixty (60) days of receipt of the Expiration Notice, Lessee shall give Lessor written notice, irrevocably exercising the option to extend (“**Extension Notice**”); (b) this Lease shall be in effect at the time the Extension Notice is given and on the last day of the term, and (c) there shall not be an Event of Default by Lessee under this Lease or under any loan documents between Lessee and any Permitted Mortgagee at the time the Extension Notice is given and on the last day of the term.

When Lessee has rightfully exercised the option to extend, each party shall execute a memorandum, in mutually agreeable recordable form, acknowledging the fact that the option has been exercised and otherwise complying with the requirements of law for an effective memorandum or notice of lease, and such memorandum or notice of lease shall be recorded in accordance with the requirements of law on or promptly after the commencement of such renewal period of the Lease.

3.3 CHANGE OF LESSOR; LESSEE’S RIGHT TO PURCHASE: In the event that ownership of the Leased Premises is conveyed or transferred (whether voluntarily or involuntarily) by Lessor to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. However, in the event Lessor desires or attempts to convey the Leased Premises to any person or entity other than a nonprofit corporation, a subsidiary or affiliate of a nonprofit corporation (including, without limitation, a limited liability company in which the members are nonprofit corporations, charitable trusts or government agencies), charitable trust, governmental agency or other similar entity sharing the goals described in the Recitals above (or as security for a mortgage loan or to a mortgagee upon foreclosure or deed in lieu of foreclosure), the Lessee shall have a right of first refusal to purchase the Leased Premises. This right shall be as specified in the attached Exhibit C FIRST REFUSAL. Any sale or other transfer contrary to this section 3.3 shall be null and void.

Any sale, transfer, assignment, mortgage or other conveyance by Lessor shall at all times be subject and subordinate to the terms of this Lease. Any transfer of title to the Leased Premises shall automatically be deemed to be an assignment to, and assumption by, the transferee of all of Lessor’s rights, titles, interests, obligations and liabilities in, to and under this Lease. The transferor and transferee shall provide written notice of any such transfer to Lessee promptly upon any such transfer, together with the full name and address of the transferee. Notwithstanding the foregoing, Lessor shall not assign this Lease, except to the holder of a mortgage on the Leased Premises or upon transfer of the Leased Premises. Upon assignment of this Lease to any transferee of the Leased Premises, the transferor shall automatically be released from any and all liability hereunder.

ARTICLE 4: Use of Leased Premises

4.1 RESIDENTIAL USE ONLY: Lessee shall use, and shall cause all occupants, and each of their household members, tenants, guests, and invitees, to use, the Leased Premises and Improvements only for residential purposes and any incidental activities related to residential use that are currently permitted by applicable zoning law, or such other use as may be

permitted in writing by Lessor following written request by Lessee. In addition, use of the Leased Premises and Improvements shall be further limited by the restrictions set forth in the attached Exhibit D RESTRICTIONS.

4.2 **RESPONSIBLE USE AND COMPLIANCE WITH LAW:** Lessee shall use the Leased Premises and Improvements in a manner so as not to cause actual harm to others or create any nuisances, public or private; and shall dispose of any and all waste in a safe and sanitary manner. Lessee shall maintain the Leased Premises and Improvements in good, safe, and habitable condition in all respects, except for normal wear and tear, in full compliance with all applicable laws and regulations, and in such condition as is required to maintain the insurance coverage required by section 9.4 of this Lease.

4.3 **RESPONSIBLE FOR OTHERS:** Lessee shall be responsible for the use of the Leased Premises by all residents and their families, friends and visitors and anyone else using the Leased Premises with Lessee's consent and shall make all such people aware of the spirit, intent and appropriate terms of this Lease.

4.4 **OCCUPANCY:** Lessee shall occupy the Leased Premises and Improvements for at least nine (9) months of each year of this Lease, unless otherwise agreed in writing by Lessor. Occupancy by children or other immediate family members or dependents of Lessee shall be considered occupancy by Lessee.

4.5 **INSPECTION:** Lessor may inspect any portion of the Leased Premises and Improvements, including the interior(s) of Improvements, at any reasonable time, up to, but not more than, two (2) times in a single calendar year, and in any reasonable manner, upon at least twenty-four (24) hours' oral notice to Lessee. In the event of emergency, Lessor may inspect any portion of the Leased Premises and Improvements, except the interior(s) of Improvements, without notice provided the Lessor shall have made reasonable efforts to give advance notice to Lessee.

4.6 **LESSEE'S RIGHT TO PEACEFUL ENJOYMENT:** Lessee has the right to undisturbed enjoyment of the Leased Premises, and Lessor has no desire or intention to interfere with the personal lives, associations, expressions, or actions of Lessee, subject to the provisions of this Lease.

ARTICLE 5: Ground Lease Fee and Replacement Reserve

5.1 **GROUND LEASE FEE:** In consideration of the possession, continued use, and occupancy of the Leased Premises, Lessee shall pay to Lessor a monthly ground lease fee ("Ground Lease Fee") of thirty dollars (\$30.00).

5.2 **REPLACEMENT RESERVE:** As additional consideration of the possession, continued use, and occupancy of the Leased Premises, Lessee shall pay to Lessor each month in addition to the Ground Lease Fee thirty dollars (\$30.00) (the "Replacement Reserve Payment"). The aggregate amount of all Replacement Reserve Payments, plus interest, if any, allocated thereto by Lessor, minus all disbursements, including investment losses, of such funds shall be accounted for by Lessor and denominated as the "Replacement Reserve". From

time to time no more often than monthly during the term of this Lease, Lessee may make a written request to Lessor to release funds from the Replacement Reserve for application to the expenses of capital repairs and replacements to the Improvements; but not for maintenance expenses. Such requests will only be considered by Lessor if they are accompanied by all documentation required by Lessor. Lessor may, in its sole discretion, choose to honor the request or any portion thereof and release Replacement Reserve funds accordingly, or Lessor may choose to deny the request. Upon termination of the Lease, Lessor shall retain all Replacement Reserve funds. Lessor may, but shall not be obliged to, release Replacement Reserve funds at any time for application to the expenses of curing any default by Lessee under the Lease, including the expenses incurred by Lessor for its staff time and overhead devoted to administration of the Lease while Lessee is in default. Lessor may choose to credit interest to the Replacement Reserve funds, or may choose not to do so; and Lessor may comingle all Replacement Reserve funds with other of Lessor's funds. Lessor shall not be responsible for any losses resulting from investment of the Replacement Reserve funds.

5.3 PAYMENT OF GROUND LEASE FEE AND REPLACEMENT RESERVE PAYMENT: The Ground Lease Fee and Replacement Reserve Payment shall be payable in advance to Lessor, at the address specified in this Lease as Lessor's address, on the first day of each month for as long as this Lease remains in effect. If the Lease commences on a day other than the first of the month, a pro-rata portion of the Ground Lease Fee and Replacement Reserve Payment shall be paid for the balance of the month at the time the Lease is executed. In the event that any portion of the Ground Lease Fee or Replacement Reserve Payment remains unpaid when the Improvements are sold and the Lease is terminated or assigned to another party, that portion shall be paid to Lessor out of any proceeds from the sale of the Improvements otherwise due to Lessee at the time of such sale.

5.4 CALCULATION OF GROUND LEASE FEE: The Ground Lease Fee specified in section 5.1 above has been calculated as follows. First, an amount approximating the monthly fair rental value of the Leased Premises has been established, current as of the commencement of the Lease term, recognizing that use of the Leased Premises is restricted by some of the provisions of the Lease. Then the affordability of this monthly amount for the Lessee has been analyzed and, if necessary, the amount has been reduced to yield the amount stated in section 5.1 above, which has been determined to be affordable for Lessee.

5.5 REDUCTION, DELAY OR WAIVER OF GROUND LEASE FEE AND REPLACEMENT RESERVE PAYMENT: Lessor may reduce, delay or waive entirely the Ground Lease Fee or Replacement Reserve Payment at any time and from time to time for the purpose of ensuring affordable monthly housing costs for the Lessee. Any such reduction, delay, or waiver must be in writing and signed by Lessor before being effective.

5.6 ADJUSTMENT OF GROUND LEASE FEE AND REPLACEMENT RESERVE PAYMENT: The Ground Lease Fee and Replacement Reserve payment stated in sections 5.1 and 5.2 above, as adjusted in the way provided below, shall be applicable during the term of this Lease. However, in the event that, for any reason, the provisions of Article 10 or Article 11 regarding transfers of the Improvements or section 4.4 regarding occupancy are suspended or invalidated for any period of time, then during that time, the Ground Lease Fee

shall be increased to an amount calculated by Lessor to equal the fair rental value of the Leased Premises for use not restricted by the provisions of the suspended portions of the Lease, but initially an amount not to exceed \$500, and the Replacement Reserve Payment shall be double the amount it otherwise would be. In such event, Lessor shall notify Lessee of the amounts calculated in this way, and the Ground Lease Fee and Replacement Reserve Payment shall then be these amounts.

In order to keep the Ground Lease Fee and Replacement Reserve Payment reasonably current, the amounts specified in sections 5.1 and 5.2 (and the maximum amounts specified in the preceding paragraph) shall be adjusted as of January 1st of each year during the term of the Lease by increasing the Ground Lease Fee and Replacement Reserve Payment in effect by 2%. Lessor shall make good faith efforts to notify Lessee on or before each October 31st of the new Ground Lease Fee and Replacement Reserve Payment amounts, but failure to so notify Lessee shall not serve to delay or invalidate the increases.

ARTICLE 6: Taxes and Assessments

6.1 **TAXES AND ASSESSMENTS:** Lessee shall be responsible for payment of all taxes and governmental assessments that relate to the Improvements and the Leased Premises. Lessee shall also pay directly, when due, all other service bills, utility charges, or other governmental assessments charged against the Leased Premises and Improvements, as well as all premiums which become payable for the insurance policies Lessee is required to maintain hereunder. Unless such amounts are being escrowed with Lessee's mortgage lender, on or before the first day of each month during the term of this Lease, Lessee shall pay to Lessor, in addition to the Ground Lease Fee and Replacement Reserve Payment, one-twelfth of such amount as may be determined by Lessor from time to time as a reasonable estimate of the aggregate amount that Lessee is responsible to pay during that year under this section for all taxes and governmental assessments, water and sewer utilities, and insurance premiums. Lessor shall hold such funds in escrow and shall not pay interest on the escrowed funds. Lessor shall apply the escrowed fund to Lessee's obligations under this section within two weeks after Lessee presents to Lessor a copy of each invoice for such items. Any deficiency in the amount payable shall be paid to Lessor by Lessee in sufficient time to allow for timely payment of such amounts. To the extent escrowed funds exceed the aggregate amount of Lessee's obligations, Lessor shall hold the funds for application to the obligations that will accrue during the subsequent year.

6.2 **TAXES ON LEASED PREMISES:** In the event that the local taxing authority bills Lessor for the taxes on the Leased Premises, Lessor shall pass the responsibility for this expense to Lessee and Lessee shall promptly pay this bill.

6.3 **LESSEE'S RIGHT TO CONTEST:** Lessee shall have the right to contest the amount or validity of any taxes relating to the Improvements and Leased Premises. Lessor shall, upon written request by Lessee, join in any such proceedings if Lessee reasonably determines that it is necessary or convenient for Lessor to do so. All other costs and expenses of such proceedings, including all incurred by Lessor, shall be paid by Lessee.

6.4 **PAYMENTS IN EVENT OF DELINQUENCY:** In the event that Lessee fails to pay the taxes or other charges specified in section 6.1 above, Lessor may increase, but

shall not be obligated to increase, Lessee's Ground Lease Fee in an amount that will offset the cost of any delinquent and current taxes or other charges relating to the Improvements and Leased Premises, including interest, penalties, and costs of collection. Upon collecting any such amount, Lessor shall pay the amount collected to the taxing authority in a timely manner.

6.5 **PROOF OF COMPLIANCE:** Concurrently with the payment of any taxes, assessments, and charges required or permitted by the provisions of this Lease, each party shall furnish evidence satisfactory to the other documenting the payment. A photocopy of a receipt for such charges showing payment prior to the due date shall be the usual method of furnishing such evidence.

ARTICLE 7: Improvements

7.1 **OWNERSHIP:** It is agreed that all buildings, structures, fixtures, and other Improvements purchased by the Lessee or constructed or placed by the Lessee on any part of the Leased Premises at any time during the term of this Lease shall be property of the Lessee. Title to such Improvements shall be and remain vested in the Lessee. However, Lessee's exercise of the rights of ownership is subject to the provisions of this Lease, including but not limited to provisions regarding the disposition of Improvements by the Lessee and the Lessor's option to purchase the Improvements. In addition, Lessee shall not sever or move the Improvements from the Leased Premises.

7.2 **PURCHASE OF IMPROVEMENTS BY LESSEE:** Lessee is simultaneously purchasing the Improvements now located on the Leased Premises and described in the Deed, the form of which is annexed to this Lease as Exhibit E DEED.

7.3 **CONSTRUCTION AND ALTERATION:** Any construction in connection with an existing or new Improvement is subject to the following conditions: (a) all costs shall be borne and paid for by the Lessee; (b) all construction shall be performed in a worker-like manner and shall comply with all applicable laws and regulations; (c) all construction shall be consistent with the permitted uses set forth in Article 4; (d) the exterior (including height) of such Improvements shall not be increased or expanded without the prior written consent of Lessor; and (e) Lessee shall furnish to Lessor a copy of any plans and all building permits for such construction prior to commencing construction.

7.4 **PROHIBITION OF LIENS:** Except for liens in effect on the effective date of this Lease, no lien of any type shall attach to the Lessor's title to the Leased Premises or to Lessor's interest in the Leased Premises or to any other property owned by the Lessor. Lessee shall not permit any statutory or similar lien to be filed against the Leased Premises, the Improvements, or any interest of Lessor or Lessee that remains more than sixty (60) days after it has been filed. Lessee shall cause any such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction, or as otherwise permitted by law. If Lessee fails to cause such lien to be discharged within the 60-day period, then, in addition to any other right or remedy, Lessor may, but shall not be obligated to, discharge the lien by paying the amount in question. Lessee may, at Lessee's expense, contest the validity of any such asserted lien, provided Lessee has furnished a bond in an amount sufficient to release the Leased Premises

from such lien. Any amounts paid by Lessor to discharge such liens shall be deemed to be an additional Ground Lease Fee payable by Lessee upon demand.

7.5 MAINTENANCE AND SERVICES: Lessee shall, at Lessee's sole expense, maintain the Leased Premises and all Improvements as required by section 4.2 above. Lessor shall not be required to furnish any services or facilities, including but not limited to heat, electricity, air conditioning, or water, or to make any repairs to the Leased Premises or Improvements, and Lessee hereby assumes the sole responsibility for furnishing all services or facilities.

7.6 DISPOSITION OF IMPROVEMENTS UPON EXPIRATION OF LEASE TERM: Upon the expiration of the term of this Lease as such term may be extended or sooner terminated in accordance with this Lease, Lessee shall surrender the Improvements together with the Leased Premises to the Lessor, free and clear of all liens and encumbrances other than the Restrictions. Ownership of the Improvements shall thereupon revert to Lessor, provided, however, that Lessor shall promptly pay to Lessee as consideration for the Improvements an amount equal to Lessor's Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Ground Lease Fee and Replacement Reserve Payment including any charges that may have been added to the Ground Lease Fee in accordance with this Lease.

ARTICLE 8: Financing

8.1 PERMITTED MORTGAGE: Lessee may mortgage, or grant any other security interest in any portion of the Improvements only with the prior written consent of Lessor, which may be withheld by Lessor in its sole discretion. Not less than thirty (30) days prior to the date on which Lessee (or a prospective Lessee who has contracted to purchase the Improvements) requests Lessor's consent to a mortgage to be effective, Lessee (or prospective Lessee) shall furnish to Lessor copies of every document to be executed in connection with the transaction represented by such mortgage. Lessor may choose to consent to any mortgage, and in so doing shall designate such mortgage as a "Permitted Mortgage." However, Lessor shall not consent to a mortgage unless: (a) at the time such copies of documents are submitted and at the time proposed by Lessee (or prospective Lessee) for the execution of such documents, no default is then outstanding under the Lease; and (b) the mortgage so submitted is a Standard Permitted Mortgage as defined in the attached Exhibit F PERMITTED MORTGAGES. Lessee shall pay to Lessor at Lessor's option, as additional Ground Lease Fee, all fees, costs, and expenses, including, without limitation, reasonable attorneys' fees, incurred by Lessor in connection with any Permitted Mortgage.

8.2 RIGHTS OF PERMITTED MORTGAGEE: Any holder of a Permitted Mortgage ("Permitted Mortgagee") shall without requirement of consent by the Lessor have the rights identified and defined in the attached exhibit PERMITTED MORTGAGES.

8.3 REMOVAL OF CERTAIN PROVISIONS PURSUANT TO FORECLOSURE: In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, sections 10.1

through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.

8.4 LESSOR'S RIGHT TO PROCEEDS IN EXCESS OF PURCHASE OPTION PRICE: The parties recognize that it would be contrary to the fundamental concept of this Lease and an incentive to abuse Lessee's authorization to encumber its leasehold interest with a Permitted Mortgage if Lessee could realize more than the Purchase Option Price as the result of any foreclosure of any mortgage. Accordingly, Lessee hereby irrevocably assigns to Lessor any and all net proceeds of sale of the Improvements remaining after payment of costs of foreclosure and satisfaction of the lien of any Permitted Mortgagee which would otherwise have been payable to Lessee, to the extent such net proceeds exceed the net proceeds that Lessee would have received had the property been sold for the Purchase Option Price established in Article 10 of this Lease, and authorizes and instructs the Permitted Mortgagee or any party conducting any sale to pay the amount of said excess proceeds directly to Lessor. In the event that, for any reason, such excess proceeds are paid to Lessee, Lessee hereby agrees to promptly pay the amount of such excess proceeds to Lessor.

8.5 AMENDMENTS SUBJECT TO APPROVAL BY PERMITTED MORTGAGEE: Any amendments to this Lease shall be subject to the written approval of Permitted Mortgagee, which approval shall not be unreasonably withheld or delayed. The passage of thirty (30) days after submittal to Permitted Mortgagee of a proposed amendment without approval or disapproval by Permitted Mortgagee shall be deemed approval thereof.

ARTICLE 9: Liability, Insurance, Damage and Destruction, Eminent Domain

9.1 LESSEE'S LIABILITY: Lessee assumes sole responsibility and liability to all persons and authorities related to its possession, occupancy, and use of the Leased Premises.

9.2 INDEMNIFICATION OF LESSOR: Lessee shall defend, indemnify, and hold Lessor harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Premises. Lessee waives all claims against Lessor for such injury or damage. However, Lessor shall remain liable (and Lessee shall not indemnify and defend Lessor against such liability or waive such claims of liability) for injury or damage due to the grossly negligent or intentional acts or omissions of Lessor or Lessor's agents or employees.

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

9.4 INSURANCE: Lessee shall, at Lessee's sole expense, keep all Improvements continuously insured against loss or damage by fire and the extended coverage hazards for the full replacement value of such Improvements.

Lessee shall, at Lessee's sole expense, maintain continuously in effect liability insurance covering the Leased Premises and Improvements in the amounts of not less than one

hundred thousand dollars (\$100,000) for injury to or death of any one person; and three hundred thousand dollars (\$300,000) for injury to or death of any number of persons in one occurrence; full replacement value for property damage; and an umbrella coverage policy in an amount not less than one million dollars (\$1,000,000). All insurance policies shall have a clause or condition that requires annual adjustments in coverage values to account for inflation. The Lessee acknowledges that such a clause may cause annual premium adjustments to reflect the increased coverage amounts (_____ Lessee's initials). Such insurance shall specifically insure Lessee against all liability assumed under this Lease, as well as all liability imposed by law, and shall also insure Lessor as an additional insured so as to create the same liability on the part of insurer as though separate policies had been written for Lessor and Lessee.

Lessee shall provide Lessor with copies of all policies and renewals of policies. All policies shall also contain endorsements providing that they shall not be cancelled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without at least thirty (30) days' prior written notice to Lessor. Lessor shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance.

9.5 DAMAGE OR DESTRUCTION: Except as provided below, in the event of fire or other damage to the Improvements, Lessee shall take all steps necessary to ensure the repair of such damage and the restoration of the Improvements to their condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Lessee shall also promptly take all steps necessary to ensure that the Leased Premises are safe and that the damaged Improvements do not constitute a danger to persons or property.

If Lessee, using reasonable judgment and relying on professional estimates, determines either: (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than eighty percent (80%) of the cost of repair and restoration (provided Lessee has fulfilled all the hazard insurance requirements set forth in section 9.4 above), then Lessee may terminate this Lease by written notice to Lessor given not later than sixty (60) days after the event that caused the damage. However, such termination shall not be effective until forty-five (45) days after the date upon which the notice is received by Lessor. During this 45-day period Lessor may seek an adjustment from the insurer so as to increase the available insurance proceeds to an amount covering at least 80 percent of the cost of repair and restoration. If successful in securing such adjustment, Lessor may render Lessee's termination notice null and void by written notice to Lessee within such 45-day period. If Lessor fails to nullify the termination notice in this way, then this Lease shall terminate at the expiration of the 45-day period, and any insurance proceeds payable to Lessee on account of such damage shall be paid as provided below.

The insurance proceeds shall be paid first to cover any expenses of collecting the proceeds. Remaining proceeds shall be paid to the Lessee (or its Permitted Mortgagee to the extent required by the Permitted Mortgage) up to the then applicable Lessor's Purchase Option Price (as of immediately prior to the damage) calculated according to the provisions of Article 10 below. The balance of such proceeds, if any, shall be paid to Lessor.

9.6 EMINENT DOMAIN AND PUBLIC DEDICATION: In the event of a taking of the Leased Premises, either in its entirety or to such extent that the Improvements are lost or damaged beyond repair, by reason of eminent domain or other action of public authority

prior to the expiration of this Lease, the Lease shall terminate as of the date Lessee is required to give up possession of the Leased Premises or Improvements, and the entire amount of any award(s) paid shall be allocated in the way described in section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Premises that does not result in damage to the Improvements or substantial reduction in the usefulness or desirability of the Improvements for residential purposes, then any monetary compensation for such taking shall be allocated entirely to Lessor.

In the event of a taking of a portion of the Leased Premises that results in damage to the Improvements only to such an extent that the Improvements can reasonably be restored to a residential use consistent with this Lease, the Lessor may in its discretion allocate some or all the monetary compensation to enable Lessee to accomplish such a restoration. Any balance remaining after or in the absence of such allocation shall be allocated as provided above for a taking of the entire Leased Premises.

Any and all proceedings brought by a party in connection with any damages as a result of any taking referred to in this section shall be conducted at the sole expense of such party. If any provision of law requires that such proceedings be brought by or in the name of any owner or lessee of the premises, such party shall join in such proceedings or permit the same to be brought in its name. Each party agrees to do all acts and to execute all documents that may be required to enable the other to maintain such proceedings. If the party required to join in the proceedings incurs any cost or expense in doing so, such party shall be entitled to reasonable reimbursement and this entitlement shall constitute a first charge against any award.

9.7 REASSESSMENT OF RENTAL VALUE: In the event of any taking that reduces the size of the Leased Premises but does not result in the termination of the Lease, Lessor shall reassess the fair rental value of the remaining Premises and shall adjust the Ground Lease Fee if necessary to ensure that the monthly fee does not exceed the monthly fair rental value of the premises for use as restricted by the Lease.

9.8 RELOCATION OF LESSEE: In the event of a termination of this Lease as a result of damage, destruction or taking, Lessor shall take reasonable steps to grant Lessee a leasehold interest, similar to the interest created by this Lease, in another tract that it owns, if such other tract can reasonably be made available. In accepting such a leasehold interest, Lessee agrees to contribute any proceeds or award received by Lessee to purchase or develop Improvements on such tract. Lessor's failure to supply such a leasehold interest shall not give rise to any cause of action by Lessee against Lessor.

ARTICLE 10: Transfer, Sale, or Disposition of Improvements

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

10.2 TRANSFERS TO INCOME-QUALIFIED PERSONS: Lessee may transfer Lessee's interest in the Leased Premises or the Improvements only to Lessor or an

Income-qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers shall be subject to Lessor's review and purchase option rights set forth in this Article 10. Any purported transfer done without following the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

"Income-qualified Person" shall mean a person or group of persons whose household income does not exceed eighty percent (80%) of the median household income for the city of La Crosse County, Wisconsin (or other geographic area that includes La Crosse) as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development ("HUD") or any successor.

10.3 TRANSFER TO LESSEE'S HEIRS: Upon receipt of notice from the executor of the decedent's estate given within ninety (90) days of the death of Lessee (or the last surviving Lessee) Lessor shall, unless for good cause shown, consent to a transfer of the Improvements and an assumption of this Lease to and by one or more of the possible heirs of Lessee listed below as "a," "b," or "c," provided that any such person first executes and delivers to Lessor an assignment and assumption agreement, in form acceptable to Lessor, under which the heir assumes Lessee's obligations under the Lease, together with a Letter of Stipulation and a Letter of Acknowledgment of legal counsel (similar to those described in Article 1 of this Lease), setting forth the heirs' review, understanding and acceptance of the terms of the Lease, are submitted to Lessor to be attached to the Lease when it is transferred to the heirs.

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

Any heirs, legatees or devisees of Lessee must, in addition to submitting Letters of Stipulation and Acknowledgment as provided above, demonstrate to Lessor's reasonable satisfaction that they are Income-qualified Persons as defined above, or, if unable to do so, shall not be entitled to possession of the Leased Premises but must transfer the Leased Premises in accordance with the provisions of this Article 10.

10.4 LESSEE'S NOTICE OF INTENT TO SELL: In the event that Lessee wishes to assign its interest in the Leased Premises and sell the Improvements, Lessee shall notify Lessor, in writing, of such wish ("Intent-To-Sell Notice"). Such Notice shall include a statement as to whether Lessee wishes to recommend a prospective buyer as of the date of the Notice.

10.5 APPRAISAL: No later than ten (10) days after Lessor's receipt of Lessee's Intent-To-Sell Notice, a market valuation of the Leased Premises and the Improvements ("Appraisal") shall be commissioned to be performed by a mutually acceptable and duly licensed appraiser. Lessor shall commission and pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Leased

Premises and Improvements were held in fee simple absolute, disregarding the restrictions of this Lease on the use of the Leased Premises and the transfer of the Improvements. The Appraisal shall state the values contributed by the Leased Premises and by the Improvements as separate amounts. A copy of the Appraisal are to be provided to both Lessor and Lessee.

10.6 LESSOR'S PURCHASE OPTION: Upon receipt of an Intent to Sell Notice from Lessee, Lessor shall have the option to purchase the Improvements ("Purchase Option") at the Purchase Option Price calculated as set forth below.

The Purchase Option is designed to further the purpose of preserving the affordability of the Improvements for succeeding Income-qualified Persons while taking fair account of the investment by the Lessee.

If Lessor elects to purchase the Improvements, Lessor shall exercise the Purchase Option by notifying Lessee, in writing, of such election ("Notice of Exercise of Option") within forty-five (45) days of the receipt of the Appraisal, or the Option shall expire. Having given such notice, Lessor may either proceed to exercise the Purchase Option directly by purchasing the Improvements, or may assign the Purchase Option to an Income-qualified Person.

The purchase (by Lessor or Lessor's assignee) must be completed within sixty (60) days of Lessor's Notice of Exercise of Option, or Lessee may sell the Improvements as provided in section 10.7 below. The time permitted for the completion of the purchase may be extended by mutual agreement of Lessor and Lessee.

Lessee may recommend to Lessor a prospective buyer who is an Income-qualified Person and is prepared to submit Letters of Stipulation and Acknowledgment indicating informed acceptance of the terms of this Lease. Lessor shall make reasonable efforts to arrange for the assignment of the Purchase Option to such person, unless Lessor determines that its charitable mission is better served by retention of the Improvements for another purpose or transfer of the Improvements to another party.

10.7 IF PURCHASE OPTION EXPIRES: If the Purchase Option has expired or if Lessor has failed to complete the purchase within the 60-day period allowed by section 10.6 above, Lessee may sell the Improvements and assign the Lease to any Income-qualified Person, for not more than the then applicable Purchase Option Price. If, six months after the expiration of the Purchase Option or the expiration of said 60-day period, the Improvements still have not been sold, Lessee may sell the Improvements and assign the Lease, for not more than the then applicable Purchase Option Price, to any party regardless of whether that party is an Income-qualified Person.

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

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

10.10 CALCULATION OF THE FORMULA PRICE: The “Formula Price” shall be equal to Lessee’s Purchase Price, as stated below, plus 30% of the increase in market value of the Improvements, if any, calculated in the way described below.

Lessee’s Purchase Price: The parties agree that the “Lessee’s Purchase Price” for the Improvements existing on the Leased Premises as of the commencement of the term of this Lease is \$ _____.

Initial Appraised Value: The parties agree that the appraised value of the property (Leased Premises and Improvements) at the time of Lessee’s purchase (“Initial Appraised Value”) is \$ _____, as documented by the appraiser’s report attached to this Lease as Exhibit G INITIAL APPRAISAL.

Increase in Market Value: The increase in market value of the Improvements equals the appraised value of the property (Leased premises and Improvements) at time of sale, calculated according to section 10.5 above, minus the Initial Appraised Value.

Lessee’s Share of Increase in Market Value: “Lessee’s Share of the Increase in the Market Value” of the Improvements equals thirty percent (30%) of the increase in market value as calculated above.

Summary of Formula Price: The Formula Price equals Lessee’s Purchase Price plus Lessee’s Share of Increase in Market Value.

10.11 QUALIFIED PURCHASER’S CHOICE OF NEW LEASE OR ASSIGNMENT OF EXISTING LEASE: An Income-qualified Person who purchases the Improvements in accordance with the provisions of this Article 10 shall have the option of receiving either an assignment of this Lease from the seller, with the approval of Lessor, or a new Lease from Lessor, which new Lease shall be substantially the same as this Lease in the rights, benefits and obligations assigned to Lessee and Lessor.

ARTICLE 11: Assignment and Sublease

Except as otherwise provided in Article 8 (including the Exhibit F PERMITTED MORTGAGES) and Article 10, Lessee shall not assign, sublease, sell, or otherwise convey any of Lessee’s rights under this Lease without the prior written consent of the Lessor. Lessee agrees that Lessor shall have broad and full discretion to withhold such consent in order to further the mutual purposes and goals set forth in this Lease. If permission is granted, any assignment or sublease shall be subject to the following conditions. Any such assignment or sublease shall be subject to all the terms of this Lease.

In the case of a sublease, the Ground Lease Fee and Replacement Reserve Payment charged the sublessee shall not be more than that amount charged to the Lessee by the Lessor, plus an amount approved by Lessor to cover costs to Lessee for the Improvements.

In the case of an assignment, the total consideration for such assignment and the related sale or transfer of the Improvements shall not exceed the Purchase Option Price as calculated in accordance with Article 10 above.

ARTICLE 12: Default

12.1 **MONETARY DEFAULT BY LESSEE:** It shall be an event of default if Lessee fails to pay the Ground Lease Fee and Replacement Reserve Payment or other charges required by the terms of this Lease and such failure is not cured by Lessee or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by Lessor to Lessee and Permitted Mortgagee. However, if Lessee shall make a good faith partial payment of at least two thirds (2/3) of the amount owed during such initial 30-day period, then such period shall be extended one additional 30-day period.

12.2 **NONMONETARY DEFAULT BY LESSEE:** It shall be an event of default if Lessee fails to abide by any other material term or condition in this Lease, and such failure is not cured by Lessee or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by Lessor to Lessee and Permitted Mortgagee. However, in the case where the Lessee or Permitted Mortgagee has commenced to cure such default within such 60-day period and is continuing such cure with all due diligence but cannot by the exercise of due diligence cure such default within such period, such period shall be extended for such additional period as may be reasonably required under the circumstances to complete such cure.

12.3 **DEFAULT BY LESSEE RESULTING FROM JUDICIAL PROCESS:** It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Lessee is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Lessee 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 Lessee's property by a court of competent jurisdiction, or if a petition is filed for the reorganization of Lessee under any provisions of the Bankruptcy Act now or hereafter enacted, or if Lessee 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.

12.4 **TERMINATION:** In the case of any of the events of default described above, Lessor may terminate this Lease and initiate summary proceedings against Lessee. Pursuant to such proceedings, without demand or notice, Lessor may enter any part of the Leased Premises and repossess the entire Leased Premises, and expel Lessee and those claiming rights through Lessee and remove their effects without being guilty of any manner of trespass, and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant. If this Lease is terminated by Lessor, or if Lessor reenters the Leased Premises pursuant to an Event of Default, the Lessee agrees to pay and be liable for any unpaid Ground Lease Fee and Replacement Reserve Payment, damages which may be due or sustained

prior to or in connection with such termination or reentry, and all reasonable costs, fees and expenses (including, without limitation, reasonable attorneys' fees) incurred by Lessor in pursuit of its remedies under this Lease.

If Lessor elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Lessee's interest in the Leased Premises by foreclosure of its mortgage or otherwise.

12.5 **DEFAULT BY LESSOR:** Lessor shall in no event be in default in the performance of any of its obligations under the Lease unless and until Lessor has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Lessee to Lessor properly specifying Lessor's failure to perform any such obligation.

ARTICLE 13: Mediation or Arbitration

13.1 **MEDIATION PROCESS:** Should any grievance or dispute arise between Lessor and Lessee concerning the terms of this Lease that is not resolved within thirty (30) days, either party may submit the matter for mediation under any process provided therefore by the La Crosse County Bar Association or the State Bar of Wisconsin. Each party shall cooperate with any such mediation process. Each party shall initially bear its own expenses incurred in connection with the mediation process, and the parties shall initially share evenly the charges of any mediator or Bar Association. The mediator may require the party against which a decision is made to reimburse the other party for its expenses and share of the charges. The decision of the mediator shall be binding upon the parties and may be filed with the La Crosse County Circuit Court for judgment and enforcement in accordance with Section 703.25, Wisconsin Statutes and other applicable law at the expense of the party against which the decision is made.

13.2 **ARBITRATION PROCESS:** Arbitration shall not be available unless mediation as described in section 13.1 is not available. Should any grievance or dispute arise between Lessor and Lessee concerning the terms of this Lease that cannot be resolved by mediation or by normal interaction, the following arbitration procedure shall be used.

Lessor or Lessee shall give written notice to the other of its selection of a disinterested arbitrator. Within fifteen (15) days of the receipt of this written notice, the other party may give written notice to the first party appointing a disinterested arbitrator of its own choice. These two arbitrators shall select a third arbitrator. If the other party fails to name an arbitrator within 15 days of receiving the notice from the first party, the arbitrator selected by the first party shall be the sole arbitrator.

The arbitrator or arbitrators shall hold a hearing within thirty (30) days after the initial written notice by the initiator of the arbitration process. At the hearing Lessor and Lessee shall have an opportunity to present evidence and question witnesses in the presence of each other. As soon as reasonably possible, and in no event later than fifteen (15) days after the hearing, the arbitration panel shall make a written report to the Lessor and Lessee of its findings and decisions, including a personal statement by each arbitrator of his/her decision and the

reasons for it. The arbitrators shall decide the dispute or claim in accordance with the substantive law of the jurisdiction and what is just and equitable under the circumstances. The decisions and awards of the majority of the arbitration panel shall be binding and final.

ARTICLE 14: General Provisions

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

If to Lessor: Coulee Housing Development Corporation, 201 Melby Street,
Westby, WI 54667

If to Lessee: _____

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

14.2 NO BROKERAGE: Lessee warrants that it has not dealt with any broker other than _____ in connection with the consummation of this Lease, and in the event any claim is made against Lessor relative to dealings with brokers other than _____, Lessee shall defend the claim against Lessor with counsel of Lessor's selection and save harmless and indemnify Lessor on account of loss, cost or damage which may arise by reason of any such claim.

14.3 SEVERABILITY AND DURATION OF LEASE: If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Lessee or Lessor against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that their respective options to purchase and all other rights under this Lease shall continue in effect for the full term of this Lease and any renewal thereof, and such options and other rights shall be considered to be coupled with an interest. In the event it shall have been determined by a court of competent jurisdiction that any of the interests conveyed or assigned or purported to be conveyed or assigned herein are void as against any rule against perpetuities or Chapter 700 of the Wisconsin Statutes, or its successor, the life or lives of such interest or interest shall be deemed without any further action on the part of any party to be the longest life or lives possible without violation of any such rule or statute, as it is the intention of the parties hereto that the interest conveyed herein shall not be in violation of any such rule or statute.

14.4 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION: If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, Lessor shall nevertheless have a right of first refusal to purchase the Improvements at the highest documented bona fide purchase price offer made to Lessee. Such right shall be as specified in the Exhibit C FIRST REFUSAL. Any sale or transfer contrary to this section, when applicable, shall be null and void.

14.5 WAIVER: The waiver by Lessor at any given time of any term or condition of this Lease, or the failure of Lessor to take action with respect to any breach of any such term or condition, shall not be deemed to be a waiver of such term or condition with regard to any subsequent breach of such term or condition, or of any other term or condition of the Lease. Lessor may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by Lessor before being effective.

The subsequent acceptance of Ground Lease Fee payments or Replacement Reserve Payments by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term or condition of this Lease, other than the failure of the Lessee to pay the particular Ground Lease Fee or Replacement Reserve Fee so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Ground Lease Fee payment or Replacement Reserve Payment.

14.6 LESSOR'S RIGHT TO PROSECUTE OR DEFEND: Lessor shall have the right, but shall be under no obligation, to prosecute or defend, in its own or the Lessee's name, any actions or proceedings appropriate to the protection of its title to, and Lessee's interest in, the Leased Premises. Whenever requested by Lessor, Lessee shall give Lessor all reasonable aid in any such action or proceeding.

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

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

14.9 PARTIES BOUND: This Lease sets forth the entire agreement between Lessor and Lessee with respect to the leasing of the Leased Premises; it is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Lease, their respective successors in interest. This Lease may be altered or amended only by written notice executed by Lessor and Lessee or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

14.10 GOVERNING LAW: This Lease shall be interpreted in accordance with and governed by the laws of Wisconsin. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against Lessor or Lessee.

14.11 RECORDING: The parties agree, as an alternative to the recordation of this Lease, to execute a so-called Memorandum of Lease or Short Form Lease in form recordable and complying with applicable law and reasonably satisfactory to Lessor's attorneys. In no event shall such document set forth the rent or other charges payable by Lessee under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

IN WITNESS WHEREOF, the parties have executed this lease at La Crosse, Wisconsin as of the day and year first above written.

_____[seal]
Signature

Printed Name

_____[seal]
Signature

Printed Name

COULEE HOUSING DEVELOPMENT CORPORATION

By: _____

STATE OF WISCONSIN)
) SS.
COUNTY OF LA CROSSE)

This instrument was acknowledged before me on _____, 20__ by _____, to me known to be the _____ of Coulee Housing Development Corporation and to me known to be the person who executed the foregoing instrument and acknowledged the same.

[SEAL] _____
(Signature)

(Printed Name)
Notary Public, La Crosse County, Wisconsin
My commission expires: _____

STATE OF WISCONSIN)
) SS.
COUNTY OF LA CROSSE)

This instrument was acknowledged before me on _____, 20__ by _____ and _____ to me known to be the person(s) who executed the foregoing instrument and acknowledged the same.

[SEAL] _____
(Signature)

(Printed Name)
Notary Public, La Crosse County, Wisconsin
My commission expires: _____

LETTERS OF STIPULATION AND ACKNOWLEDGEMENT

Letter of Stipulation

To: Coulee Housing Development Corporation, a Wisconsin nonstock corporation (“CHDC”)

Property: The buildings, structures and improvements located or to be located on leased ground at _____, Wisconsin

Date: _____

This letter is given to CHDC to become an exhibit to a Ground Lease between the CHDC and me. I will be purchasing the Property identified above from the CHDC. I will therefore become what is described here as a “**CLT homeowner**.”

My legal counsel, _____, has explained to me the terms and conditions of the Ground Lease between CHDC and me (“**Lease**”) and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as a CLT homeowner, now and in the future.

In particular I understand and agree with the following points:

One of the goals of CHDC is to keep homes affordable for lower-income households from one CLT homeowner to the next. I support this goal as a CLT homeowner.

The terms and conditions of the Lease, and particularly the right of first refusal that is a part of the Lease, will keep my home affordable for future “**Income-qualified Persons**” (as defined in the Lease). If and when I want to sell the Property, the Lease requires that I sell it either to CHDC or to another income qualified person. The terms and conditions of the Lease also limit the price for which I can sell the Property, in order to keep it affordable for such Income-qualified Persons.

It is also a goal of CHDC to promote resident ownership of homes. For this reason, the Lease requires that if I and my family move out of our Property permanently, we must sell it. We cannot continue to own it as absentee owners.

I understand that I can leave my Property to my child or children or other members of my household and that, after my death, they can own the Property for as long as they want to live in it and abide by the terms of the Lease, or they can sell it on the terms permitted by the Lease.

As a CLT homeowner, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to me and others.

Sincerely,

Letter of Acknowledgement

I, _____ have been independently engaged by _____ (“**Client**”) who intends to purchase Property from Coulee Housing Development Corporation, a Wisconsin nonstock corporation (“**CHDC**”). The Property is the buildings, structures and improvements located or to be located on leased ground located at _____, Wisconsin.

In connection with the contemplated purchase of the Property, I reviewed with the Client the following documents relating to the transaction:

- this Letter of Acknowledgment and a Letter of Stipulation from the Client;
- the proposed Deed conveying the Property to the Client;
- the Ground Lease executed by the Client and CHDC; and
- other written materials provided by CHDC.

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. My advice and review has been given to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering the aforesaid transaction in reliance on his/her/their own judgment and upon his/her/their investigation of the facts. The full and complete advice and information provided by me was an integral element of such investigation.

Name _____

Date _____

Title _____

Firm/Address _____

PREMISES

The ground, but not the buildings, structures or improvements located or to be located on the ground, legally described as follows:

Tax Parcel Number: _____

FIRST REFUSAL

Whenever any party under the Ground Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale (“**Offering Party**”) shall within the term of the Ground Lease receive a bona fide, third-party offer to purchase the property that such Offering Party is willing to accept, the holder of the right of first refusal (“**Holder**”) shall have the following rights:

- a. Offering Party shall give written notice of such offer (“**Notice of Offer**”) to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer (“**Election Period**”) within which to exercise the right of first refusal by giving notice of intent to purchase the property (“**Notice of Intent to Purchase**”) for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.
- b. If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (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 the purchase price provided therein.
- c. Should Holder fail to exercise the right of first refusal within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the Ground Lease) to go forward with the sale which the Offering Party desires to accept, and to sell the property within one (1) year 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. If the sale is not consummated within such one-year period, the Offering Party’s right so to sell shall end, and all the foregoing provisions of this section shall be applied again to any future offer, all as aforesaid. If a sale is consummated within such one-year period, the purchaser shall purchase subject to a renewed right of first refusal in said property.

RESTRICTIONS

[List all matters disclosed in Schedule B – Section 2 of the Title Insurance Commitment/Policy for the Leased Property and for the Improvements.]

**BUILDING
IMPROVEMENT
WARRANTY DEED**

Document Number

Title

THIS DEED, made between COULEE HOUSING DEVELOPMENT CORPORATION, a Wisconsin nonstock corporation (“Grantor”), and _____ (“Grantee,” whether one or more).

Grantor, for a valuable consideration, conveys to Grantee the following described real estate, together with the rents, profits, fixtures and other appurtenant interests, in _____ county, State of Wisconsin (“Property”): the buildings, structures and improvements located or to be located on, but not the underlying ground, together with a leasehold interest in the ground, legally described as follows:

Name and Return Address:

Parcel Identification Number

This _____ homestead property.
(is) (is not)

It is the intention of the parties that the ground underlying the buildings, structures and improvements conveyed herein remain vested in the Grantor.

Grantor warrants that the title to the Property is good, indefeasible in fee simple and free and clear of encumbrances except:

Dated as of the ____ day of _____, _____.

COULEE HOUSING DEVELOPMENT CORPORATION

By: _____

PERMITTED MORTGAGES

The provisions set forth in this Exhibit shall be understood to be provisions of Article 8 of the Lease to which the Exhibit is attached and in which the Exhibit is referenced. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

- A. **STANDARD PERMITTED MORTGAGE:** A “**Standard Permitted Mortgage**,” as identified in section 8.1 of the Lease to which this Exhibit is attached, shall be a mortgage that meets the following requirements.
1. Such Mortgage shall run in favor of either: (a) a so-called institutional lender such as, but not limited to, a federal, state, or local housing finance agency, a bank (including savings and loan association or insured credit union), an insurance company, a pension and/or profit-sharing fund or trust, or any combination of the foregoing, the policies and procedures of which institutional lender are subject to direct governmental supervision, or (b) a “community development financial institution” as certified by the U.S. Department of the Treasury, or similar nonprofit lender to housing projects for low- and moderate-income persons.
 2. Such Mortgage shall be a first lien on all or any of the Improvements and the Lessee’s interest in the Leased Premises (“**Security**”).
 3. Such Mortgage and related documentation shall provide, among other things, that in the event of a default in any of the mortgagor’s obligations thereunder, the holder of such Mortgage shall notify Lessor of such fact and Lessor shall have the right (but shall not have the obligation) within 120 days after its receipt of such notice, to cure such default in the mortgagor’s name and on mortgagor’s behalf, provided that current payments due the holder during such 120-day period (or such lesser time period as may have been required to cure such default) are made to the holder, and shall further provide that said holder shall not have the right, unless such default shall not have been cured within such time, to accelerate the note secured by such Mortgage or to commence to foreclose under the Mortgage on account of such default.
 4. Such Mortgage and related documentation shall provide, among other things, that if after such cure period the holder intends to accelerate the note secured by such Mortgage or initiate foreclosure proceedings under the Mortgage, in accordance with the provisions of this Lease, the holder shall first notify Lessor of its intention to do so and Lessor shall have the right, but not the obligation, upon notifying the holder within thirty (30) days of receipt of said notice from said holder, to pay off the indebtedness secured by such Mortgage and to acquire such Mortgage.
 5. Such Mortgage and related documentation shall provide, among other things, that, in the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed

to a Permitted Mortgagee in lieu of foreclosure, upon acquisition of title to the Improvements and the Lessee's interest in the Leased Premises by the Permitted Mortgagee, the Permitted Mortgagee shall give the Lessor written notice of such acquisition and the Lessor shall have an option to purchase the Improvements and acquire the Lessee's interest in the Leased Premises from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage; provided, however, that the Lessor gives written notice to the Permitted Mortgagee of the Lessor's intent to purchase the Improvements and acquire the Lessee's interest in the Leased Premises within thirty (30) days following the Lessor's receipt of the Permitted Mortgagee's notice of such acquisition of the Improvements and Lessee's interest; further provided that Lessor shall complete the purchase of the Improvements and acquisition of Lessee's interest in the Leased Premises within sixty (60) days of having given written notice of its intent to purchase; and provided that, if the Lessor does not complete the purchase within such period, the Permitted Mortgagee shall be free to sell the Improvements and transfer the Lessee's interest in the Leased Premises to another person;

6. Such Mortgage and related documentation shall not contain any provisions other than provisions generally contained in mortgages used for similar transactions in the La Crosse, Wisconsin area by institutional mortgagees.
7. Such Mortgage and related documentation shall not contain any provisions which could be construed as rendering Lessor or any subsequent holder of the Lessor's interest in and to this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Mortgage or any part thereof.
8. Such Mortgage and related documentation shall contain provisions to the effect that the holder of such Mortgage shall not look to Lessor or Lessor's interest in the Leased Premises, but will look solely to Lessee, Lessee's interest in the Leased Premises, the Improvements, or such other buildings and improvements which may from time to time exist on the Leased Premises, for the payment of the debt secured thereby or any part thereof (It is the intention of the parties hereto that Lessor's consent to such Mortgage shall be without any liability on the part of Lessor for any deficiency judgment).
9. Such Mortgage and related documentation shall provide that in the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the holder of the Mortgage in accordance with the provisions of Article 9 hereof.
10. Such Mortgage and related documentation shall contain nothing that obligates Lessor to execute an assignment of the Ground Lease Fee, Replacement Reserve Payment, or other rent payable by Lessee under the terms of this Lease.

- B. **RIGHTS OF PERMITTED MORTGAGEE:** The rights of a holder of a Permitted Mortgage (“Permitted Mortgagee”) as referenced under section 8.2 of the Lease to which this Exhibit is attached shall be as set forth below.
1. Permitted Mortgagee shall without requirement of consent by the Lessor have the right, but not the obligation, to:
 - a. cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance by a Permitted Mortgagee being effective as if it had been undertaken and performed by Lessee;
 - b. acquire and convey, assign, transfer, and exercise any right, remedy or privilege granted to Lessee by this Lease or otherwise by law, subject to the provisions, if any, in said Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and
 - c. rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of Permitted Mortgagee.
 2. Permitted Mortgagee shall not, as a condition to the exercise of its rights under the Lease, be required to assume personal liability for the payment and performance of the obligations of the Lessee under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Security and the premises. In the event Permitted Mortgagee does take possession of the Security and thereupon transfers the Security, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.
 3. In the event that title to the estates of both Lessor and Lessee shall be acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Security or in a Permitted Mortgage. In the event that the estate of Lessor is owned at any time by Lessee (regardless of a merger), or by any person in which Lessee has a direct or indirect interest, Permitted Mortgagee shall not be obligated to cure any default of Lessee under the Lease as condition to the forbearance by Lessor in the exercise of Lessor’s remedies as provided in the Lease.
 4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors’ rights, Lessor shall enter into a new lease of the Leased Premises with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to Lessor’s approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the

Permitted Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection, or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to Lessor for such new lease within sixty (60) days after the effective date of such termination, rejection, or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or the party designated by the Permitted Mortgagee to be the Lessee thereunder, and the Permitted Mortgagee shall have cured all defaults under the Lease which can be cured by the payment of money. Any new lease made pursuant to this section shall have the same priority with respect to other interests in the Premises as the Lease. The provisions of this section shall survive the termination, rejection, or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this section were independent and an independent contract made by Lessor, Lessee, and the Permitted Mortgagee.

5. The Lessor shall have no right to terminate the Lease during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.
6. In the event that Lessor sends a notice of default under the Lease to Lessee, Lessor shall also send a notice of Lessee's default to Permitted Mortgagee. Such notice shall be given in the manner set forth in section 14.2 of the Lease to the Permitted Mortgagee at the address that has been given by the Permitted Mortgagee to Lessor by a written notice to Lessor sent in the manner set forth in said section 14.2 of the Lease.

INITIAL APPRAISAL

APPENDIX 8 – SAMPLE HOMEBUYER SELECTION INFORMATION

Coulee Community Land Trust
Homebuyer Selection Information
456 2nd Ave. N., Onalaska

THRESHHOLD SELECTION CRITERIA

Household #1

Age: Are potential buyers 18? Yes

Citizen or registered alien: Citizens

Income eligibility:

- Gross annual income: \$35,809
- HUD income limits: \$38,040

Creditworthiness: 771 Transunion score; no outstanding collections or judgments; no late payments

Affordability:

- Can afford to borrow \$114,085 at 6% interest

SECONDARY SELECTION CRITERIA

Not applicable as there is only one applicant.

APPLICATION PROCESS

Submit an application: Application is on file

Interview and land trust education session with CCLT representative: Completed Sept. 1, 2009

Homebuyer Education Class: Attending Sept. 19, 2009

Mortgage pre-approval: In progress with Tina Mueller at Merchants Bank

Offer to purchase:

- Submitted: Sept. 14, 2009
- Sales price: \$144,625
- Down payment assistance contingency: \$35,200
- Mortgage amount: \$108,000
- Minimum amount of cash to be supplied by buyer: \$1,425
- Closing by Oct. 31, 2009

OTHER STAFF FINDINGS

- Buyer is willing to put more cash down and/or earnest money if desired.
- Has been in current apartment since August 1, 2008, and now is on a month-to-month lease.
- Three references provided.

**APPENDIX 9 – Current AREA MEDIAN INCOMES BY HOUSEHOLD SIZE
(U.S. Department of Housing and Urban Development)**

Eligibility Requirements:

<i>Household Size</i>	<i>La Crosse County</i>	<i>Monroe, Vernon, and Crawford Counties</i>	<i>Household Size</i>	<i>La Crosse County</i>	<i>Monroe, Vernon, and Crawford Counties</i>
1	\$35,600	\$32,850	5	\$54,900	\$50,700
2	\$40,650	\$37,550	6	\$58,950	\$54,450
3	\$45,750	\$42,250	7	\$63,000	\$58,200
4	\$50,800	\$46,900	8	\$67,100	\$60,950