

**DUDLEY NEIGHBORS INCORPORATED
EXTENDED PERIOD GROUND LEASE**

to

for

_____, MASSACHUSETTS _____

EXTENDED PERIOD GROUND LEASE

THIS INDENTURE OF GROUND LEASE is made and entered into as of this ____ day of October, 2002 (the or this "Lease"), by and between DUDLEY NEIGHBORS, INCORPORATED ("DNI" or "Lessor"), a Massachusetts not-for-profit corporation with a principal office at 504 Dudley Street, Boston, Massachusetts 02119, as Lessor, and _____ with an address at _____, _____, Massachusetts _____ ("Lessee").

WHEREAS, DNI is organized exclusively for charitable purposes, including: facilitating the development and preservation of decent, affordable housing for low- and moderate- income people in the Dudley Triangle area of Boston; the conservation of land and natural resources by fostering responsible long-term occupancy; the promotion of neighborhood stability and improvement of low-income communities in the Dudley Triangle area of Boston; and the creation of home-ownership opportunities for low- and moderate- income people, who otherwise would be denied such opportunities because of limited financial resources; and

WHEREAS, the goal of DNI is to stimulate the ownership 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 hereunder have been acquired and are being leased by DNI in furtherance of these charitable purposes and of DNI's rights and responsibilities as a corporation acting pursuant to Chapter 121A of the Massachusetts General Laws; and

WHEREAS, the Lessee shares the purposes and goals of DNI and has agreed to enter into this Lease not only to obtain those certain benefits provided hereunder, but also to further the charitable purposes of the Lessor; and

WHEREAS, Lessor and Lessee recognize the special nature of the terms and conditions of this Lease, and each of the parties hereto, with the independent and informed advice of legal counsel freely accepts said terms and conditions, including, without limitation, such terms and conditions as might affect the marketability or resale price of any residential structures or other improvements on the Leased Premises and the units therein; and

WHEREAS, it is mutually understood and accepted by Lessor and Lessee that the terms and conditions of this Lease further the parties' shared goal of preserving access to land and the availability of decent, affordable housing and home ownership opportunities for low- and moderate- income people over an extended period of time and through a succession of residents and owners;

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

ARTICLE I

LETTER OF ACKNOWLEDGMENT

Attached hereto as Exhibit A and made part of this Lease by reference are (i) form of letter titled Letter(s) of Mutual Goals and Purposes of each prospective original owner/resident of the Leased Premises ("Letter of Stipulation"), and (ii) if applicable, a Letter of Acknowledgment of legal counsel of each prospective resident setting forth his or her review and understanding of this Lease (in particular, Article X hereof), the terms and conditions contained herein, and related documents for this transaction.

ARTICLE II

DEMISE OF LEASED PREMISES

In consideration of the rents reserved and the terms, conditions, covenants and agreements herein, Lessor does hereby demise and lease unto Lessee, and Lessee does hereby take and hire from Lessor, the land in the Roxbury section of Boston (referred to in this Lease as the "Leased Premises") as described in Exhibit PREMISES attached hereto. Lessee accepts title to the Leased Premises in their condition "as is" as of the execution hereof.

ARTICLE III

DURATION OF LEASE

3.1 Term. The term of this Lease shall be approximately 99 years, commencing on the ____ day of _____, 200____, and terminating on the 31st day of December, 210____, unless terminated sooner as provided herein.

3.2 Change of Lessor: Lessee's Right to Purchase. If the ownership of or title to the land on which the Leased Premises are located (the "Land") is conveyed by Lessor to any other person or entity, this Lease shall not cease, but shall remain in full force and effect. However, if Lessor desires to sell or convey the Land or otherwise transfers or attempts to transfer the Land or its rights hereunder, whether voluntarily or involuntarily, to any person or entity other than to a non-profit corporation, charitable trust, governmental agency or other similar entity sharing the goals and objectives set forth in the Recitals above (or as security for a mortgage loan), Lessee shall have a right of first refusal to purchase the Land. This right shall be as specified in Exhibit FIRST REFUSAL annexed hereto and incorporated herein. Any sale or transfer by Lessor

which does not comply with this Section shall be null and void.

ARTICLE IV

USE OF LEASED PREMISES

4.1 **Primarily Residential Use.** Lessee shall use, and shall cause all occupants thereof to use, the Leased Premises and any buildings, structures or other improvements now or in the future thereon (the "Improvements") only for residential purposes and incidental activities related to residential use (to the extent such activities are from time to time permitted by then applicable zoning law) ("Permitted Uses"). In addition, transfers of Lessee's interest in the Leased Premises shall be subject to the restrictions hereof, including Articles X and XI. Lessee agrees and acknowledges that the foregoing limitations, all other conditions and restrictions contained herein, and any conditions and restrictions set forth in Exhibit RESTRICTIONS (which Exhibit is annexed hereto and incorporated herein by reference), are essential to the fulfillment of the charitable purposes of Lessor and are conditions and restrictions on the use of the Leased Premises intended to run the full term of this Lease.

4.2 **Responsible Use.** Lessee shall use the Leased Premises and the Improvements in a manner so as not to cause actual harm to others nor create any nuisances, public or private; and shall dispose of any and all waste in a safe and sanitary manner.

4.3 **Responsible for Others.** Lessee shall be responsible for the use of the Leased Premises and the Improvements by any residents thereof, their friends or visitors, or anyone else using the Leased Premises with their consent, and shall make such persons aware of the spirit, intent and terms of this Lease.

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

4.5 **Inspection.** Lessor may inspect any portion of the Leased Premises at any reasonable time and in any reasonable manner, upon at least twenty-four (24) hours oral notice to Lessee. No notice shall be required in an emergency.

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 terms, covenants, conditions, provisions, restrictions, or reservations of this Lease.

4.7 **Condition of Leased Premises; Compliance with Law.** Lessee agrees that Lessee shall maintain the Leased Premises and Improvements in good, safe, and habitable condition in

all respects, in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Leased Premises or Improvements, and in full compliance with all the terms and conditions of this Lease and its related documents.

ARTICLE V

GROUND RENT

5.1 **Ground Rent.** Lessee shall pay to Lessor a monthly Ground Rent (the Ground Rent”) equal to:

(a) an Administrative Fee (hereinafter defined) of \$49.00, as adjusted pursuant to Section 5.4 below; plus

(b) one twelfth (1/12) of (i) the annual real estate or excise taxes (such as the 6A payments defined in Section 6.2 below) or other payments in lieu of taxes and (ii) any other municipal charges whatsoever (such as water and sewer charges), applicable to the ownership or use of the Land, Leased Premises or Improvements; plus

(c) special assessments or tax adjustments against the Land, Leased Premises or Improvements prorated over the period for which said assessments or adjustments apply; plus

(d) one-twelfth (1/12th) of the insurance premiums for such insurance as Lessor may from time to time carry with respect to the Land or the Leased Premises.

5.2 **Calculation of Ground Rent.** Promptly after the receipt by Lessor of bills for the upcoming year for such taxes, special assessments, insurance, and other items which constitute portions of the Ground Rent, but in any event not later than December 15th of each year, Lessor shall give Lessee notice of the estimated total amount of the Ground Rent for the then coming calendar year. If a bill for the coming year for any item included in the Ground Rent is not available as of the time Lessor gives such notice, Lessor shall make a projected computation based upon the charge for such item for the immediately prior year. A final adjustment shall be made in the Ground Rent and Lessee notified thereof promptly after Lessor receives the applicable bill for the then current year.

5.3 **Payment of Ground Lease Fee.** Subject to the provisions of Section 6.2 below, the Ground Rent shall be payable at Lessor’s principal address specified herein on the first day of each month of each year of the term hereof. If this Lease commences between any of the aforesaid payment dates, a pro-rata portion of the Ground Rent shall be paid for the balance of such month at the time of the execution hereof.

5.4 Calculation of Administrative Fee. The amount of the Administrative Fee specified in Section 5.1(a) above has been calculated to approximate one-twelfth (1/12) of the total costs and expenses Lessor reasonably anticipates incurring in connection with the administration, enforcement and monitoring of this Lease (collectively, "Monitoring"), based upon the portion of Lessor's budgeted amounts for all of Lessor's Monitoring for the various parcels involved in the Dudley Triangle area which is fairly allocable to the Leased Premises. Such amounts shall include, without limitation, Monitoring costs for any parks or other common recreation areas serving the Dudley Triangle area, but shall not include costs of social services which Lessor may provide in addition to its Monitoring. The Administrative Fee shall be recalculated each year based upon Lessor's anticipated budget for the coming year, including an increase or credit (if any) to account for any variance between the budgeted and the actual amounts spent. Lessor shall notify Lessee promptly upon such recalculation of the new Administrative Fee amount.

ARTICLE VI

TAXES AND ASSESSMENTS

6.1 Payment of Taxes by Lessor with Ground Rent Proceeds. Provided that Lessee has paid the Ground Rent promptly and fully in accordance with the foregoing Article V, Lessor shall pay all taxes or assessments owed for its ownership of the Land with the proceeds generated from the Ground Rent. Lessor shall keep that portion of the Ground Rent designated for taxes or assessments in a tax escrow account. Such tax escrow account may contain funds collected for such purpose from other lessees of Lessor. Lessee shall not be entitled to any interest on the payments made. Lessor may from time to time at its discretion change the number and/or location of said tax escrow account. Lessor and Lessee shall cooperate in securing any discount that may be available for early payment of taxes or assessments.

6.2 Lessee's Responsibility for Taxes and Assessments Related to Improvements. Notwithstanding the generality of Section 6.1 nor the provisions of Section 5.1 specifying the components of the Ground Rent, Lessee shall be solely liable and responsible for payment of all taxes and assessments, no matter how designated, that relate to the Improvements and/or the Leased Premises (any and all of the foregoing, "Taxes"); in particular, Lessee shall be responsible for payment of its proportional share of the payments (the "6A Payments") due from Lessor to the City of Boston pursuant to a so-called 6A agreement entitled DUDLEY NEIGHBORS, INCORPORATED, Contract Required by Section 6A of Chapter 121A of the General Laws, dated April 30, 1990, governing the payment of excise taxes by Lessor pursuant to Section 10 of Chapter 121A of the Massachusetts General Laws.

So long as Lessee shall not be in default hereunder, Lessee shall be permitted to pay directly to the taxing or assessing authority the portions of the Ground Rent described in

Sections 5.1(c) and (d) above relating to the Improvements of this Lease (but not the Land) in lieu of paying such portions of the Ground Rent to Lessor; provided, however, that the portion thereof consisting of 6A Payments shall only be paid directly with the written consent of the Assessor's Office of the City of Boston (or its successor). From and after notice of a default to Lessee so stating, Lessor may require that some or all of such payments be made to Lessor as part of the Ground Rent specified in Article V.

To the extent any Taxes are not accounted for in the Ground Rent, Lessee shall pay promptly when due such Taxes directly to the taxing or assessing authority. Lessee shall also pay directly, when due, all service bills, utilities charges, or other governmental assessments charged against the Leased Premises, unless otherwise directed by Lessor after Lessee shall be in default hereunder with respect to any monetary obligation.

6.3 Lessee's Right to Contest. Subject to the last sentence of this Section 6.3, Lessee shall have the right to contest the amount or validity of any Taxes. Lessor shall, upon written request by Lessee, join in any such proceedings if Lessee shall reasonably determine that it shall be necessary or convenient for Lessor to so join in order for Lessee to prosecute such proceedings. Lessor shall pay the costs of its own counsel if Lessor chooses to retain an attorney; all other costs and expenses of such proceedings shall be paid by Lessee. Notwithstanding the foregoing, Taxes or assessments against or including the Land (including 6A Payments) shall be contested only with the concurrence of Lessor in its sole discretion.

6.4 Payments in Event of Delinquency. If Lessee fails to pay the Taxes or other charges specified in Section 6.2 above which are not otherwise part of the Ground Rent, Lessor may (i) make such payments directly and then charge Lessee such amounts paid as additional rent, or (ii) increase Ground Rent payments in amounts such that the total sum collected will offset the cost of any such delinquent and current Taxes and other such charges, and thereafter make such payments in a timely manner.

6.5 Proof of Compliance. Concurrently with the payment thereof, each party shall furnish evidence satisfactory to the other documenting the payment of all taxes, assessments, and charges paid by such party as required or permitted by the provisions of this Lease. A photocopy of a paid receipt for such charges showing payment prior to the due date thereof shall be the usual method of furnishing such evidence.

ARTICLE VII

IMPROVEMENTS

7.1 Ownership. It is expressly understood and agreed that any and all Improvements and fixtures purchased by Lessee or constructed, placed, or maintained by Lessee (or its predecessor hereunder) upon any part of the Leased Premises at any time during the term of this

Lease shall be and remain the property of Lessee. Fee simple determinable title to such Improvements and fixtures shall be and remain vested in the Lessee during the term hereof. Lessee's exercise of the rights of ownership is subject and subordinate, however, to the provisions hereof, in particular Section 7.6 and Article X below regarding the disposition of Improvements by Lessee and Lessor's option to purchase the Improvements. In addition, Lessee shall not sever or move the Improvements from the Land.

7.2 Purchase of Improvements by Lessee. Lessee is simultaneously acquiring the Improvements now located on the Leased Promises and described in a Bill of Sale and Deed of even date, from Dudley Street Neighborhood Initiative, Inc., to Lessee, as purchaser, to be recorded herewith, the form of which is attached hereto as Exhibit BILL OF SALE AND 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 Lessee; (b) all construction shall be performed in a good and workmanlike manner and shall comply with all applicable laws, ordinances and regulations, including the requirements of local and state public health authorities; (c) all construction must be consistent with the permitted uses set forth in Article IV and (d) the exterior (including height) of such Improvements shall not be increased or expanded without the prior written consent of Lessor.

7.4 Prohibition of Liens. No lien for services, labor or materials resulting from Lessee's capital improvements shall attach to the Land or Lessor's interest in this Lease or the Leased Premises or to any other property owned by the Lessor. Lessee shall not suffer or permit any vendor's, mechanic's, laborer's, or materialman's statutory or similar lien to be filed against the Leased Premises, the Improvements, or any interest of Lessor or Lessee. If any such lien shall at any time be filed against the Leased Premises, or any improvements thereof, Lessee shall within sixty (60) days after notice of the filing thereof cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or as otherwise permitted by law. If Lessee shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, discharge the same by paying the amount in question. Lessee in good faith and at Lessee's expense may contest the validity of any such asserted lien, provided Lessee has furnished a bond in an amount set by statute or otherwise sufficient to release the Leased Premises from such lien. Any amounts paid by Lessor hereunder in respect of such liens shall be deemed to be an additional Ground Rent payable by Lessee upon demand.

7.5 Maintenance. Lessee shall, at Lessee's sole expense, maintain the Leased Premises and all buildings and Improvements in accordance with all applicable laws, rules, ordinances, orders and regulations of all governmental agencies and entities with jurisdiction and all insurance companies insuring all or any part of the Leased Premises or Improvements. 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 full and sole responsibility for furnishing all services or facilities.

7.6 Disposition of Improvements Upon Expiration of Lease Term. Upon the expiration of the term hereof, as such term may be extended or sooner terminated in accordance with this Lease, Lessee shall yield up and surrender the Improvements together with the Leased Premises to Lessor. The Improvements shall thereupon revert in title to Lessor; provided, however, upon such reversion of the title of the Improvements to Lessor at the time of the expiration of the term hereof, Lessor shall promptly pay to Lessee as consideration for the Improvements an amount equal to the Lessor's Option Price calculated in accordance with Section 10.7 hereof as of the time of such reversion in title. In anticipation of such reversion of title and Lessor's obligation to pay Lessee for the Improvements as aforesaid not later than ten (10) years prior to the expiration of the term hereof, Lessor shall present to Lessee a plan specifying in reasonable detail Lessor's intended means of satisfying its obligations under this Section 7.6.

ARTICLE VIII

FINANCING

8.1 Permitted Mortgage(s) Only. Lessee may mortgage pledge, or encumber the Leased Premises or any portion thereof or interest therein only pursuant to a Permitted Mortgage. A "Permitted Mortgage" shall be a mortgage which shall:

- i. 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 a savings and loan association), an insurance company, a pension and/or profit-sharing fund or trust, a federal, state or municipal entity or agency or any combination of the foregoing, the policies and procedures of which institutional lender are subject to direct governmental supervision, or (b) a "community loan fund" or similar non-profit lender to housing projects for low- and moderate- income persons (as defined by reference to the membership criteria for the National Association of Community Development Loan Funds, a non-profit corporation, with its principal office in Philadelphia), such as the Revolving Loan Fund of the Institute for Community Economics of Greenfield, MA, and which is a first, second or third lien on the Leased Premises, Lessee's leasehold interest hereunder, or the Improvements (all of such interests subject to such lien being collectively the "Security");
- ii. provide that in the event of a default in any of the mortgagor's obligations thereunder, the holder of the Permitted Mortgage (the "Permitted Mortgagee") shall notify Lessor of such fact and Lessor shall have the right (but shall not have the obligation), within 90 days after its receipt of such notice, to cure such default in the

mortgagor's name and on mortgagor's behalf provided that then current payments due the holder during (but not prior to) such 90 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 during such 90 day time period to accelerate the note secured by such Permitted Mortgage or otherwise to commence to foreclose under the Permitted Mortgage on account of such default;

iii. provide that if after such cure period the holder intends to accelerate the note secured by such Permitted Mortgage or initiate foreclosure proceedings under the Permitted Mortgage, all in accordance with this Section 8.1, 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 the Permitted Mortgage and to acquire the Security; and

iv. provide that such holder will use reasonable efforts to sell the Security pursuant to any sale or transfer after or in lieu of a foreclosure to a purchaser who is a Low- or Moderate- Income Resident as defined herein.

8.2 Lessor's Consent to Permitted Mortgage. Not less than thirty (30) days prior to the date on which Lessee shall request Lessor's consent to a mortgage to be effective, Lessee shall furnish to Lessor and to the Public Facilities Department of the City of Boston true and correct copies of each and every document and instrument to be executed in connection with the transaction represented by such mortgage. Notwithstanding anything to the contrary contained herein, Lessor shall not be required to consent to such mortgage unless:

i. the mortgage shall be a Permitted Mortgage;

ii. at the time of such submission and at the time proposed by Lessee for the execution of such documents, no default under this Lease shall then be outstanding;

iii. such Permitted Mortgage and related documentation shall not contain provisions other than provisions generally contained in mortgages used for similar transactions in the Commonwealth of Massachusetts by institutional mortgagees or as may be required by applicable federal or state laws, regulations or statutes;

iv. such Permitted Mortgage and related documentation shall not contain provisions which shall or 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 Permitted Mortgage or any part thereof;

v. such Permitted Mortgage and related documentation shall contain provisions to the effect that the Permitted Mortgagee shall not look to Lessor nor Lessor's interest in this Lease or the Leased Premises, but will look solely to Lessee, the Lessee's leasehold estate created hereby, 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 shall consent to such Permitted Mortgage for the sole and exclusive purpose of allowing Lessee to obtain financing for the acquisition, construction, or rehabilitation of the Security without any liability on the part of Lessor for any deficiency judgment;

vi. 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 by the Permitted Mortgagee in accordance with the provisions of ARTICLE IX hereof;

vii. nothing contained in the Permitted Mortgage or such related documentation shall obligate Lessor to execute an assignment of the rent payable by Lessee to it under the terms of this Lease.

8.3 Rights of Permitted Mortgagee. Any Permitted Mortgagee shall have the right, but not the obligation, without requirement of consent by the Lessor to:

i. cure any default under this Lease, and to perform any obligation required hereunder, and any such cure or performance by a Permitted Mortgagee shall be effective as if the same had been undertaken and performed by Lessee; and

ii. 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, limiting any exercise of any such right, remedy or privilege; and

iii. rely upon and enforce any provisions of this Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.

A Permitted Mortgagee shall not, as a condition to the exercise of its rights hereunder, be required to assume personal liability for the payment and performance of the obligations of Lessee hereunder. Any such payment or performance or other act by a Permitted Mortgagee hereunder shall not be construed as an agreement by the Permitted Mortgagee to assume such personal liability except to the extent the Permitted Mortgagee actually takes possession of any of the Security or collects fees or rentals from the Leased Promises; provided, however, if Permitted Mortgagee transfers the Security, any such transferee shall be required to enter into a written agreement assuming such personal liability. Upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability hereunder.

If the titles to the estates of both Lessor and Lessee shall be acquired at any time by the same person or persons, no merger of said estates shall occur without the prior written declaration of Permitted Mortgagee, so long as the Permitted Mortgagee owns any interest in the Security or in said mortgage. If 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, the Permitted Mortgagee shall not be obligated to cure any default of the Lessee hereunder as a condition to the forbearance by Lessor in the exercise of Lessor's remedies as herein provided.

8.4. Approval of Amendments. Any amendments to this Lease shall be subject to the written approval of the Permitted Mortgagee, which approval shall not be unreasonably withheld or delayed. The passage of thirty (30) days after submittal to a Permitted Mortgagee of a proposed amendment without approval or disapproval by such Permitted Mortgagee shall be deemed approval thereof.

8.5 New Lease to Permitted Mortgagee. If this Lease shall be 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 will 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 this Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in this 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 this 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 Leased Premises as this Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of this 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.

8.6 No Termination During Foreclosure. Lessor shall have no right to terminate this Lease if the Permitted Mortgagee has commenced foreclosure in accordance with the provisions hereof and is diligently pursuing the same.

8.7 Provisions Subject to Foreclosure. In the event of a foreclosure by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure carried out in accordance with the provisions hereof, at the election of the Permitted Mortgagee, the provisions of Article X, Sections 10.1 through 10.13 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.

8.8 Notice. Whenever in this Lease notice is to be given to a Permitted Mortgagee, such notice shall be given in the manner set forth in Article XIV hereof to the Permitted Mortgagee at the address given by the Permitted Mortgagee to Lessor by written notice to Lessor sent in the manner set forth in said Article XIV.

8.9 Costs of Permitted Mortgage. Lessee shall pay to Lessor at Lessor's option, as Ground Rent hereunder, all fees, costs and expenses, including, without limitation, reasonable attorneys' fees incurred by Lessor in connection with any Permitted Mortgage, including the initial review thereof pursuant to Section 8.2.

ARTICLE IX

LIABILITY INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN

9.1 Lessee's Liability. From and after the date hereof, Lessee assumes sole responsibility and liability to any and all persons and authorities for any and all loss, cost, damage or liability related to possession, occupancy and use of the Leased Premises and/or the Improvements.

9.2 Indemnification of Lessor. Lessee shall defend, indemnify and hold Lessor harmless against all liability and claims of liability for damage or injury to person or property from any cause on or about the Leased Premises. Lessee waives all claims against Lessor for damage or injury to person or property on or about the Leased Premises arising, or asserted to have arisen, on or about the Leased Premises from any cause whatsoever. Notwithstanding the foregoing two sentences, Lessor shall remain liable (and Lessee shall not indemnify and defend Lessor against nor waive such claims of liability) for damage or injury due to the negligent or intentional wrongful acts or omissions of Lessor or Lessor's agents or employees for whose acts Lessor is legally liable.

9.3 Payment by Lessor. If Lessor shall be required to pay any sum whatsoever which sum is Lessee's responsibility or liability, Lessee shall reimburse the Lessor therefor and for reasonable expenses caused thereby.

9.4 Insurance. Lessee shall, at Lessee's expense:

(a) Insurance Coverage of Improvements: Keep all Improvements continuously insured against loss or damage by fire and the extended coverage hazards for the full replacement value of such Improvements.

(b) Bodily Injury Liability Insurance: Maintain continuously in effect bodily injury liability insurance covering the Leased Premises and its appurtenances in the amounts of not less than Three Hundred Thousand and 00/100 dollars (\$300,000.00) for injury to or death of any one person; and Three Hundred Thousand and 00/100 dollars (\$300,000.00) for injury to or death of any number of persons in one occurrence; and Three Hundred Thousand and 00/100 dollars (\$300,000.00) for property damage.

The dollar amount of each such coverage shall be adjusted at least every 2 years from the date hereof or upon Lessor's demand given not more often than annually, upon 30 days' notice to Lessee. This adjustment shall be equal to the percentage of change (positive or negative) over the period since the last adjustment in the Consumer Price Index for urban areas the size of the City of Boston. Such index is maintained by the Office of Prices and Living Conditions of the Bureau of Labor Statistics, of the U. S. Department of Labor.

Such insurance shall specifically insure Lessee against all liability assumed hereunder, 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.

(c) Lessee shall provide Lessor with copies of all policies and renewals thereof. All policies shall also contain endorsements providing that they shall not be canceled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without not less than thirty (30) days' prior written notice being given 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. If the Improvements are damaged or destroyed by fire or other hazard, Lessee shall forthwith commence, and thereafter diligently and continuously prosecute to completion, the repair of such damage and the restoration of such Improvements to their condition immediately prior to such damage. All such repairs and restoration shall be completed as promptly as possible. Lessee shall also promptly take all steps necessary to assure that the Leased Premises shall be and remain safe and the damaged Improvements not constitute a hazard or danger to persons or property from the time of the fire or other casualty.

In no event shall the Ground Rent be suspended or abated unless Lessor, in its sole discretion, decides to do so in consideration of the personal hardship or incapacity of Lessee. The intent of this section is to foster perpetual occupancy by Low- or Moderate- Income Residents (as defined below) despite the occurrence of unforeseeable financial and personal hardship.

If not later than sixty (60) days after the occurrence of a fire or other casualty which

causes substantial damage to the Improvements, Lessee, using reasonable judgment and in reliance upon professional estimates and advice, determines that such full repair and/or restoration is either (a) physically impossible, or (b) provided that Lessee has fulfilled all of the hazard insurance requirements set forth in Section 9.5 hereof, the available insurance proceeds are less than eighty percent (80%) of the cost of such repair and/or restoration, then Lessee may terminate this Lease by written notice to Lessor given within such sixty (60) day time period. Such termination notice shall not, however, be effective until sixty (60) days after the date upon which it is received by Lessor, during which time Lessor shall have the opportunity to seek an adjustment from the insurer so as to increase the amount of available insurance proceeds, arrange for such repair and/or restoration at a cost sufficiently low so as to avoid condition (b) of the preceding sentence, or design a partial restoration of the Improvements which would be sufficient to provide Lessee with Improvements of reasonably equivalent quality and floor area to not less than eighty percent (80%) of the Improvements as they existed immediately prior to such fire or other casualty; and in any of the foregoing cases by written notice of such action to Lessee within such additional sixty (60) day period the Lessor may render Lessee's termination notice null and void. If Lessor shall fail to so nullify the termination notice, then this Lease shall terminate at the expiration of such sixty (60) day period after Lessor's receipt of Lessee's termination notice, and any proceeds of insurance payable to Lessee on account of such fire or other hazard shall be paid as provided in the following paragraph.

Such insurance proceeds shall be allocated between Lessee and Lessor in the same proportion as that of the relative fair market values of: (i) the Improvements prior to such casualty, as encumbered by this Lease (including the limitation on sale price set forth in Article X hereof), to (ii) the Land, Improvements and other property located on the Leased Premises (also measured prior to such casualty and as encumbered by this Lease), less the value of the Land, Improvements and other property located on the Leased Premises measured after such casualty as of the time of termination and as encumbered by this Lease. For example, if the value of the Improvements as permitted by this Lease prior to such casualty would have been \$100,000, the value of said Land, Improvements and other property prior to such casualty would have been \$180,000, and the value of the Land, Improvements and other property as of the date of termination would have been \$120,000, then the proceeds would be split in the proportion of \$100,000 to \$60,000 (\$180,000 minus \$120,000 = \$60,000), or 62.5% to Lessee, and 37.5% to Lessor. Notwithstanding the generality of the foregoing, Lessee shall not in any event receive an amount of such proceeds in excess of the value of the Improvements permitted hereunder such that if, in the preceding example, the available amount of insurance proceeds had been \$170,000 (and 62.5% of \$170,000 is \$106,250), the Lessee would still only receive \$100,000 (the value of the Improvements as permitted by this Lease prior to the casualty) and the Lessor would receive the \$70,000 balance thereof.

9.6 Eminent Domain and Public Dedication. If the entire Leased Premises are taken by reason of eminent domain or other action of public authority prior to the expiration of the term of this Lease, this Lease shall terminate as of the date Lessee is thereby required to give up

possession of the Leased Premises, and the entire amount of any award(s) paid shall be allocated as provided in the following paragraph.

Said award(s) shall be allocated between Lessee and Lessor in the same proportion as that of the relative fair market values of: (i) the Improvements prior to such taking, as encumbered by this Lease (including the limitation on sale price set forth in Article X hereof), to (ii) the Land, Improvements and other property located on the Leased Premises (also measured prior to such taking and as encumbered by this Ground Lease), less the value of the Land, Improvements and other property located on the Leased Premises measured after such taking as of the time of termination and as encumbered by this Lease. Notwithstanding the generality of the foregoing, Lessee shall not in any event receive an amount of such award in excess of the value of the Improvements permitted hereunder.

If less than the entire Leased Premises are so taken, then the proceeds paid or payable by reason of such taking shall be allocated as follows:

- a. If the Improvements may reasonably be restored to a residential use consistent with this Lease, Lessor may in its discretion allocate some or all of the proceeds to enable Lessee to repair and restore that which may remain thereof.
- b. Any remainder after the use of such proceeds as set forth in subsection a. above shall be paid over in accordance with an allocation made as provided above in the first paragraph of this Section.

Any and all proceedings brought by Lessee in connection with the claim or claims for damages as a result of any taking referred to in this Section shall be conducted by and at the sole expense of the Lessee. If any provision of law now or hereafter in effect shall require that said proceedings be brought by or in the name of any owner of the premises, Lessor shall join in such proceedings or permit the same to be brought in its name. Lessor covenants and agrees to do any and all acts and to execute any and all documents which may be reasonably required to enable Lessee to maintain such proceedings. If Lessor shall incur any cost or expense in connection with such proceedings, Lessor shall be entitled to reimbursement for the reasonable amount thereof and same shall likewise constitute a first charge against any award.

9.7 Relocation of Lessee. If this Lease is terminated by reason of property damage or taking, Lessor may, but shall not be obligated to, grant to Lessee a leasehold interest in another tract that Lessor owns, if such other tract is available and Lessee agrees to contribute any proceeds or award received by Lessee to purchase or develop such other property and enter a ground lease substantially similar to this one. In no event shall Lessor be required to terminate the tenancy of any other lessee or withhold any property from development or rental so as to accommodate Lessee, and Lessor's failure to supply similar leasehold premises or any premises whatsoever shall not give rise to any cause of action by Lessee against Lessor for damages,

specific performance or other remedy.

ARTICLE X

TRANSFER, SALE OR DISPOSITION OF IMPROVEMENTS

10.1 **Intent and Effect.** The terms and conditions of this Article X have been freely accepted by the parties, each with the independent and informed advice of legal counsel. The provisions and restrictions contained herein exist to further the mutual purposes and goals of Lessor and Lessee set forth herein, to create and preserve access to land, decent and affordable housing and home ownership opportunities for low- and moderate-income people who are often denied such opportunities for lack of financial resources. It is the express understanding and intent of the parties that the terms and conditions hereof will enhance the marketability of any Improvements on the Leased Premises by making them affordable to low- and moderate-income families who, absent such provisions, would be unable to afford them.

10.2 **Transfers to Low- or Moderate-Income Residents.** Lessee may sell, transfer, or otherwise dispose of its interest in the Leased Premises or the Improvements directly only to someone who at the time of such transfer is a Low- or Moderate- Income Resident (hereinafter defined) who intends to occupy the Improvements as his or her principal residence. Any such sale, transfer or other disposition nevertheless shall be subject to the price limitations set forth herein, including, without limitation, those set forth in Article XI. Any purported sale, transfer or other disposition to any other person or entity which is done without following the procedures set forth below or in violation of such price limitations (except the sale, transfer or other disposition to a Permitted Mortgagee in lieu of foreclosure in accordance with the terms hereof) shall be void.

“Low-Income Resident” shall mean a person or group of persons living as a household whose combined income does not exceed fifty percent (50%), and “Moderate- Income Resident” shall mean a person or group of persons living as a household whose combined income does not exceed eighty percent (80%), of the median income for the Greater Boston Standard Metropolitan Statistical Area (“SMSA”) for such number of persons, as determined from time to time by the Department of Housing and Urban Development (HUD) or any successor thereto, or such lesser percentages of median income as required for eligibility from time to time for the so-called Section 8 rental subsidy program administered by HUD.

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 co-owner of the Improvements) 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 following:

(a) the spouse of Lessee; or

(b) the child or children of Lessee; or

(c) member(s) of Lessee's household who have resided upon the Leased Premises for at least one year prior to Lessee's death.

Any other person or persons who are heirs, legatees or devisees of Lessee must either demonstrate to Lessor's reasonable satisfaction that they meet the definition of Low- or Moderate-Income Residents herein, and if any such person is unable to do so, then such person shall not be entitled to possession of the Leased Premises but must transfer the Leased Premises in accordance with the provisions hereof

10.4 Notice to Lessor. Except in the case of a sale, transfer or other disposition to a Permitted Mortgagee in lieu of foreclosure, each time that Lessee contemplates an assignment of its interest herein or a sale, transfer or other disposition of the Improvements to a third party (any of the foregoing being a "Transfer"), Lessee shall give notice of such intention to Lessor and to the Public Facilities Department of the City of Boston as herein provided.

A. If Lessee has a specific intended buyer or transferee, then not less than sixty (60) days prior to the contemplated closing thereof, Lessee shall give Lessor notice thereof substantially in the form of Exhibit BUYER annexed hereto and incorporated herein by reference. No Transfer shall be effective unless and until (a) such notice and accompanying documentation are received by Lessor and the Public Facilities Department of the City of Boston as aforesaid; and (b) Lessor has failed timely to exercise its purchase option set forth in Section 10.5, below; and, (c) (i) Lessor confirms in writing within sixty (60) days of receipt that such Transfer is permitted under all of the terms of this Lease or (ii) Lessor fails to respond in writing within sixty (60) days of its receipt of such notice, in which case such failure on the part of Lessor shall be deemed confirmation that such Transfer is permitted under all the terms of this Lease.

B. If Lessee has no specific person intended or committed to purchase the improvements then Lessee shall give Lessor and the Public Facilities Department of the City of Boston notice that such will be offered for sale. Within sixty (60) days of Lessor's receipt of such notice Lessor shall either:

(i) exercise its option to purchase on the terms and within the time period set forth in Sections 10.5, 10.6 and 10.7 below; or

(ii) locate an interested purchaser and obtain from such purchaser a binding commitment to purchase from the Lessee; or

(iii) waive Lessor's option to purchase and notify Lessee that such party is

free to sell the Improvements in the open market (a) to any party, (b) at not more than the then applicable Actual Purchase Option Price (as defined below).

10.5 Lessor's Option to Purchase. Upon receipt of any notice given in accordance with Section 10.4 above (an "Intent to Sell Notice"), Lessor (or any assignee of Lessor) shall have the option to purchase the Improvements at the Purchase Option Price set forth in Section 10.7 below. Such price is designed to ensure the affordability to succeeding Low- and Moderate-Income Resident families while taking fair account of the investment of labor and capital by the Lessee.

10.6 Period for Exercise. Lessor may elect to exercise its purchase option set forth in Section 10.5. by: (i) notifying Lessee of its election to purchase within sixty (60) days of the receipt of the Intent to Sell Notice, which notice of election shall include Lessor's determination of the Lessor's Option Price; and (ii) exercising the foregoing option to purchase within forty five (45) days of Lessor's notice of its exercise of its option. If for whatever reason Lessor fails timely to give such notice or to complete such purchase, Lessor's option to purchase which was initiated by receipt of the immediately preceding "Intent to Sell Notice" shall, with respect to that notice, become void.

10.7 Lessor's Option Price. If Lessor believes the market value of the Improvements is, at the time of the Intent to Sell Notice, below the Adjusted Value (as defined in the following Sections), then the market value of the Improvements shall be determined by appraisal. The appraisal shall be performed by an appraiser mutually agreeable to Lessor and Lessee or, if none be mutually agreeable, by averaging two market value appraisals, one done by a licensed appraiser of the Lessee's choosing at the Lessee's expense and one done by a licensed appraiser of the Lessor's choosing at the Lessor's expense. Lessor's Purchase Option Price shall be the lesser of (a) the market value of the Improvements as so determined or (b) the Adjusted Value as determined in accordance with this Article X.

10.8 Adjusted Value. The Adjusted Value shall be the amount which is equal to the actual purchase price paid by Lessee for the Improvements (which shall include adjustments for Added Value) (as set forth in the next Section) as further adjusted as of the time of exercise according to the formula set out in Exhibit VALUE annexed hereto and incorporated herein by reference.

10.9 A) Records; Original Value. Lessor and Lessee hereby agree that the price paid by Lessee for the Improvements existing on the Leased Premises as of the commencement of the term of this Lease is _____ (\$ _____) (the "Original Value"). To account for the value of Lessee's equity in the Improvements, Lessee shall keep detailed records and receipts of the actual cost of any improvements or repairs to the Improvements in the nature of those specified in Section 10.11 below (the "Work"). Promptly upon completion of any Work, Lessor shall determine a value (the "Added Value") for the

increase in the value of the Improvements attributable to the Work, and shall notify Lessee of its determination. The Added Value (subject to Section 10.11 below) shall be based upon the actual verified cost of the Work. Such Added Value shall then be added to the then Adjusted Value in accordance with Exhibit VALUE.

B) Appraisal. If, within five (5) days of receipt of Lessor's determination of Added Value, Lessee objects thereto in writing, and if Lessee and Lessor cannot arrive at a mutually agreed Added Value within thirty (30) days following Lessee's objection, Lessee may invoke arbitration pursuant to Article XIII below except that the arbitrator selected by each party and the third arbitrator selected by the first two shall each be an experienced real estate appraiser who shall determine the Added Value.

10.10 Pre-Evaluation of Increases to the Adjusted Value. To avoid any uncertainty as to allowable Added Value for such Work, prior to performing any Work, the Lessee may obtain from the Lessor a pre-evaluation of the increase in the Adjusted Value which will, with the limitation specified below, result from the Work (a "Pre-Evaluation").

To obtain a Pre-Evaluation, Lessee shall submit to Lessor detailed plans and itemize expected costs of the Work. Within twenty (20) days of receiving the plans and costs, Lessor shall notify Lessee of the Pre-evaluation. If Lessor fails to respond within such twenty (20) days, then the Pre-Evaluation will be equal to the total itemized costs contained in the submission in good faith as allowable costs hereunder.

Subject to all the other terms and conditions of this Lease, the Added Value for such Work at the time of updating the Adjusted Value shall not be less than the Pre-Evaluation amount.

10.11 Qualified Improvements and Repairs. In general, improvements and repairs qualified for consideration in calculating Added Value are ones in the nature of capital expenditures that improve the usefulness of the Land or Improvements. or increase the useful lifetime of the Improvements, and may include:

Buildings, structures and improvements, foundations, footings, driveways, roads, utilities, pavings, landscaping, fixtures, and permanently installed equipment in, upon, under or over the Land, including but without limiting the generality of the foregoing, all furnaces, piping, wiring, connections, conduits, ducts, equipment, partitions, screens, awnings, windows, doors (and, if applicable, to the party who made such improvement, interior items such as built-in cabinets, built-in appliances and the like) and blinds, together with any and all repairs, renewals and replacements thereof or additions thereto or substitutes therefor; provided, however, that if the particular item of any of the foregoing is of luxury quality, Lessor may nonetheless allow only for the usual cost of the non-luxury version of the item.

The improvements or repairs not qualified for consideration in determining the Improvements factor shall be housecleaning, yard work, routine maintenance, painting, re-pointing of masonry, cosmetic work, and all improvements and repairs for which reimbursement was, could be, or could have been obtained from insurance.

10.12 Documenting Costs of Improvements. Lessee shall document costs and expenses of Work by means of detailed receipts and invoices for materials and labor, including receipts for barter goods and services, or by other documentation reasonably acceptable to Lessor.

If Lessee contributes some or all of the labor for an improvement or repair, the documentation therefor shall state the number of hours spent on each of the major phases of the Work, and Lessee's valuation of the labor. Such labor shall be valued at a rate relative to the level of skill and experience of the person performing the work as if such person were an unrelated independent contractor less overhead.

Lessor may perform a site visit to verify the quality and status of completion of the Work. Lessor reserves the right to use an independent appraisal of the Work where costs are much in excess of the trade standards for similar work in the local area.

10.13 Lessor's Power of Attorney to Conduct Sale. If Lessor does not exercise its option to purchase as set forth above, and if Lessee continues to hold the Improvements out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within ninety (90) days of giving the Intent to Sell Notice, Lessee does hereby appoint Lessor its attorney in fact to seek a buyer, negotiate a reasonable price which furthers the goals set forth herein, sell the property and distribute the proceeds of sale. The net proceeds of sale, not to exceed the Adjusted Value reduced by the sum of (i) Lessor's costs of sale, (ii) Lessor's costs of fixing up the Improvements for sale and (iii) any other sums owed to Lessor by Lessee, shall be distributed to Lessee; any excess shall be retained by Lessor.

10.14 Right of First Refusal in Lieu of Option. If the provisions of the option set forth herein shall, for any reason, become unenforceable, then Lessor shall nevertheless have a right of first refusal to purchase the Improvements at the highest documented bona fide third party purchase price offer made to Lessee. Such right shall be as specified in Exhibit FIRST REFUSAL annexed hereto and incorporated herein. Any sale or transfer contrary to this Section, when applicable, shall be void.

10.15 Rights of Governmental Entities and Authorities. If any mortgage encumbering the Leased Premises granted to a federal, state or municipal entity or authority specifically and expressly grants said entity or authority an option or right to exercise the rights granted to Lessor pursuant to this Article X, then, if Lessor elects not to exercise its rights hereunder, such governmental entity or authority may elect to exercise any rights granted to Lessor pursuant to

this Article X, all in accordance with and subject to the terms and conditions hereof.

ARTICLE XI

ASSIGNMENT AND SUBLEASE

Except as provided in Article VIII regarding Permitted Mortgages and Article X regarding transfers, Lessee shall not assign, sublease, sell or otherwise transfer or convey any of Lessee's rights under this Lease without the prior written consent of 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 herein. If permission is granted, any assignment, sublease or other transfer shall be subject to the following conditions:

- a) any such assignment or sublease shall be subject to all of the terms and provisions of this Lease;
- b) in the case of a sublease, the rental or occupancy fee charged the sublessee shall not be more than that charged the Lessee by the Lessor; and
- c) 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 Adjusted Value as calculated in accordance with Article X hereof.

ARTICLE XII

DEFAULT

12.1 Events of Default. It shall be an Event of Default if:

- (a) Lessee shall fail to pay the Ground Rent or other charges for which provision is made herein within thirty (30) days after Lessor has sent to Lessee notice of such default. However, if Lessee shall make a good faith partial payment of at least two-thirds (2/3) of the Ground Rent during such initial 30 day grace period, then such period shall be extended one additional 30 day period; or
- (b) Lessee shall fail to perform or observe any other material term or condition in this Lease, and such failure is not cured within sixty (60) days after notice thereof from Lessor to Lessee. However, in the case where the Lessee has commenced to cure such default within such sixty (60) day period and is continuing such cure expeditiously and with all reasonable 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 reasonable under the circumstances; or

(c) if the estate hereby created shall be taken on execution or by other process of law, or if Lessee shall be judicially declared bankrupt or insolvent according to law, or if any assignment shall be made of the property of Lessee for the benefit of creditors, or if a receiver, guardian, conservator, trustee in involuntary bankruptcy or other similar officer shall be appointed to take charge of all or any substantial part of Lessee's property by a court of competent jurisdiction, or if a petition shall be filed for the reorganization of Lessee under any provisions of the Bankruptcy Act now or hereafter enacted, or if Lessee shall file a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

In any of said cases, notice shall also be sent to the Public Facilities Department of the City of Boston. In any of said cases Lessor may, immediately or at any time thereafter, terminate this Lease and initiate summary proceedings against Lessee. Pursuant to such proceedings, without demand or notice, Lessor may enter into and upon the Leased Premises or any part thereof in the name of the whole and repossess the same, and expel Lessee and those claiming by, through or under Lessee and remove its or 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. Upon entry as aforesaid, Lessor shall have the right, by suitable notice to Lessee, forthwith to terminate this Lease. If this Lease is terminated by Lessor, or if Lessor re-enters the Leased Premises pursuant to an Event of Default, Lessee agrees to pay and be liable for any unpaid Lease Fee, damages which may be due or sustained prior to or in connection with such termination or re-entry, 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 shall elect to terminate this Lease pursuant to any provision thereof, then the Permitted Mortgagee shall have the right (subject to Lessor's rights under Article VIII above) to postpone and extend the specified date for the termination of this Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Lessee's interest in the Lease by foreclosure of its mortgage or otherwise.

12.2 Lessor's Default. Lessor shall in no event be in default in the performance of any of Lessor's obligations hereunder unless and until Lessor shall have failed to perform such obligations within sixty (60) days, or such additional time as is reasonable required to correct any default, after notice by Lessee to Lessor properly specifying wherein Lessor has failed to perform any such obligation.

ARTICLE XIII

ARBITRATION

13.1 Arbitration Process. Should any dispute arise between Lessor and Lessee concerning the terms of this Lease which cannot be resolved by negotiation, the following arbitration procedure shall be used:

Lessor or Lessee shall notify the other by written notice of its selection of a disinterested arbitrator. Within fifteen (15) days of receipt of this written notice the other party may by written notice to the initiator of the arbitration process appoint a disinterested arbitrator of its own choice. These two arbitrators shall select a third arbitrator. If the other party fails to timely name an arbitrator in response to the receiving of the written notice from the initiator, the arbitrator selected by the initiator 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 Lessor and Lessee of its findings and decisions, including a personal statement by each arbitrator of his/her decision and the reason 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 between Lessor and Lessee.

ARTICLE XIV

GENERAL PROVISIONS

14.1 [Intentionally Deleted]

14.2 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:	Dudley Neighbors, Incorporated
	504 Dudley Street
	Boston, MA 02119

Attention: Executive Director

with a copy to: Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, MA 02110-3333
Attention: David M. Abromowitz, Esq.

with a copy to: City of Boston
Public Facilities Department
26 Court Street
Boston, MA 02108
Attention: Director

If to Lessee: at the Leased Premises

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.

14.3 No Brokerage. Lessee warrants and represents that it has not dealt with any broker in connection with the consummation of this Lease. If any claim is made against Lessor relative to dealings with brokers, 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.

14.4 Severability and Duration of This Lease. If any Article, Section, paragraph, subparagraph or clause of this Lease shall be determined to be unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other Article, Section, paragraph, subparagraph or clause, or give rise to any cause of action of either party to this Lease against the other, and the remainder of this Lease shall be valid and enforceable to the fullest extent permitted by law. Without limiting the generality of the foregoing, it is the intention of the parties that their respective options to purchase and all other rights and options hereunder shall continue in full force and effect for the duration of the term of this Lease and any renewal thereof, and such options and other rights shall be considered to be coupled with an interest. Further, the parties intend such options and other rights to be ones arising out of a non-donative transfer within the meaning of M.G.L. c.184A, §4, as the same is now in effect, and therefore not subject to any limitations otherwise imposed by said M.G.L. c.184A. In the event any such option or right shall be construed to be subject to any rule of law limiting the duration or exercise thereof, the time period for the exercise of such option or right shall be construed to expire twenty (20) years after the death of the last survivor of the following persons:

The children living as of the date hereof of any of the directors or employees of the law firm of Rackemann, Sawyer & Brewster.

14.5 Waiver. The waiver by Lessor of or the failure of Lessor to take action with respect to any breach of any term, covenant, condition, provision, restriction, or reservation herein contained, shall not be deemed to be a waiver of such term, covenant, condition, provision, restriction, or reservation or subsequent breach of same, or of any other term, covenant, condition, provision, restriction, or reservation herein contained. Lessor may grant specific waivers of the terms of this Lease, but such waivers must be in writing, must describe with specificity the waiver granted thereby and must be signed by the Lessor before being effective.

The acceptance of Ground Rent payments hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, condition, provision, restriction, or reservation of this Lease, other than the failure of Lessee to pay the particular Ground Rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Ground Rent payment.

14.6 Lessor's Right to Prosecute or Defend. Lessor shall have the right, but shall be under no duty or obligation, to prosecute or defend, in its own or the Lessee's name, any actions or proceedings appropriate or necessary to the protection of its title to, and Lessee's occupancy, use, and possession of or interest in the Leased Premises. Whenever requested by Lessor, Lessee shall give Lessor all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending 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, covenants, conditions, provisions, restrictions, or reservations of this Lease.

14.9 Parties Bound. This Lease sets forth the entire agreement between the parties hereto with respect to the leasing of the Land; it is binding upon and inures to the benefit of Lessor, Lessee and any Permitted Mortgagee and, in accordance with the provisions hereof, their respective successors in interest, assigns and personal representatives. This Lease may be altered or amended only by a writing which has been signed by or on behalf of the parties hereto or their legal representatives or, in accordance with the provisions hereof, their successors in interest.

14.10 Governing Law. This Lease shall be interpreted in accordance with and governed by the laws of the Commonwealth of Massachusetts. 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 recordation of this Lease, to execute a so-called Notice of Lease in form recordable and complying with applicable law and reasonably satisfactory to Lessor's and Lessee's attorneys. 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.

[This page ends here.]

IN WITNESS WHEREOF, the parties have executed this Lease, as an instrument under seal, on the day and year first above written.

Witness

DUDLEY NEIGHBORS INCORPORATED

By: _____

Name: _____

Title: President

Witness

[LESSEE]:

Name: _____

Name: _____

COMMONWEALTH OF MASSACHUSETTS

Suffolk County, ss.

On this ____ day of _____, 200____, personally appeared,
_____, president of Dudley Neighbors Incorporated and acknowledged the
foregoing instrument to the free act and deed of said corporation, before me,

Notary Public

Name: _____

My commission expires: _____

COMMONWEALTH OF MASSACHUSETTS

Suffolk County, ss

On this ____ day of _____, 200____, personally appeared the
aforementioned _____, who acknowledged this instrument to be
his/her free act and deed, before me,

Notary Public

Name: _____

My commission expires: _____

COMMONWEALTH OF MASSACHUSETTS

Suffolk County, ss

On this ____ day of _____, 200____, personally appeared the
aforementioned _____, who acknowledged this instrument to be
his/her free act and deed, before me,

Notary Public

Name: _____

My commission expires: _____

EXHIBIT A

LETTER(S) OF MUTUAL GOALS AND PURPOSES/ACKNOWLEDGMENT (Letter of Stipulation)

TO: Dudley Neighbors Incorporated

This letter ("Letter of Stipulation") is given to you to become an exhibit to a long term lease ("Lease") between you and the undersigned of the home (the "Home") located at _____, _____, Massachusetts _____. We intend to purchase the Home. We are buying that Home and also freely agreeing to abide by all the terms and conditions of the Lease, without pressure from other parties, and with the intent of obtaining certain benefits and goals, as described here.

We have had explained to us by _____, our legal counsel, all the terms and conditions of the Lease and other legal documents which are part of this transaction. We understand the present and future effects of these terms and conditions our/my rights of ownership of the Home. We have discussed these terms and conditions with _____ (our known heirs) for the purpose of increasing their understanding and acceptance of these terms and conditions.

We understand that the following documents (the "Documents") reflect the special nature of the purchase of my home:

- (a) this Letter of Stipulation and the attached Attorney's Declaration;
- (b) a deed of the land on which the Home is located and other title information;
- (c) the Lease to which this is an exhibit;
- (d) the Articles of Organization and Corporate By-Laws of Dudley Neighbors, Incorporated (DNI); and
- (e) other publications by DNI.

The purpose of this Letter of Stipulation is to show to anyone who examines this transaction in the future that we understand and agree to the goals, motives, intent, terms, and conditions set out in those documents, as follows:

1. DNI was founded to develop and preserve long-term, affordable home owning opportunities for people of limited resources, which activity will result in conservation of land and natural resources, and the stability and improvement of existing neighborhoods.
2. The goal of DNI is to encourage the transfer of decent, affordable housing between people of low-to moderate-income (as defined in the Lease) through the long-term leasing of the land under

the housing.

3. That DNI is the owner of the land on which the Home we are buying is located.
4. We are purchasing the Home on a "limited equity" basis: the price at which we may resell it is very strictly limited by a formula in the Lease.
5. We freely accept the unusual terms and conditions of the transaction because we would otherwise be unable to purchase a home in the conventional real estate markets.
6. DNI and we agree that the terms and conditions of the Lease will make it more likely that if the Home is sold at some time in the future, it will be sold, either directly or indirectly, at an affordable price to another low- or moderate-income person or family.
7. We intend to occupy the Home according to the terms of the Lease. DNI will encourage this occupancy in all reasonable ways and provide us with the rights and privileges normally associated with home ownership as stated in the Lease.
8. Should we decide to sell the Home, DNI will have the right to purchase the Home before it is offered to anyone else. DNI may also approve a sale at a limited equity price to an eligible low- or moderate-income person or family.
9. The limited equity price at which DNI or another purchaser would purchase the Home is referred to as the Purchase Option Price (POP). The maximum POP is our original purchase price, adjusted for inflation, wear and tear, and improvements. The actual POP may be less than the maximum POP if the market price is lower or if there is undue wear and tear that needs to be repaired. This limited equity formula ensures fair compensation to us and the affordability of the property to another low- to moderate-income family.
10. Although DNI has the first option for repurchase of our Home, we all intend that the Home remain in continual occupancy by either ourselves or our family, household, or heirs.

It is our desire for reasons both of private motivation and sound public policy that the terms of the Documents be honored. We consider such terms fair and equitable to us.

Sincerely,

Name: _____

Name: _____

ATTORNEY'S DECLARATION

I, _____, have been independently employed by
_____ (hereinafter "Client(s)") who intend to purchase a home
("Home") located at _____, _____, Massachusetts.

In connection with the contemplated conveyance of said Home, I reviewed with Clients
the following documents relating to the transaction:

- (a) a Letter of Stipulation by Clients to which this Attorney's Declaration is attached;
- (b) a deed of the Improvements which make up the Home;
- (c) the Lease to which this is an exhibit;
- (d) the Articles of Organization and Corporate By-laws of Dudley Neighbors
Incorporated ("DNI"); and
- (e) other publications by DNI;

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

Clients have entered the aforesaid transaction in reliance on their own judgment and upon
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

EXHIBIT PREMISES

Legal Description of Real Property

EXHIBIT RESTRICTIONS

[To be inserted.]

EXHIBIT BILL OF SALE AND DEED

[See attached.]

EXHIBIT BUYER

Date: _____

Pursuant to Section 10.4 of the Lease to which this Exhibit is attached, Lessee hereby notifies Lessor of Lessee's intention to transfer its interest in the Leased Premises and the Improvements to the Buyer(s) indicated below.

Description and Address of
Lease/Improvements to be Transferred _____

Lessee _____

Potential Buyer's Name(s) _____

Address _____

Family Members _____

Places of Work _____

Combined Family Income \$ _____

[Attach copies of 1) the tax return of the potential assignee or buyer for the immediately preceding year; 2) a current verification of assignee's or buyer's employment; 3) the pay stubs of the assignee or buyer for the three months immediately preceding the month in which notice is given to the Lessor; and 4) Letter(s) of Mutual Goals and Purposes and a Letter of Acknowledgment in form shown in Exhibit A to the Lease of which this Exhibit is a part.]

EXHIBIT FIRST REFUSAL

Whenever any party under the 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 or lease or otherwise disposing of it ("Offering Party") shall within the term of the Lease receive a bona fide third party offer to purchase or lease the property which such Offering Party is willing or bound by operation of law or judicial action to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

- (a) Offering Party shall give written notice (the "Notice") of such offer to Holder setting forth (i) the name and address of the prospective purchaser thereof, (ii) the purchase price offered by the prospective purchaser, and (iii) all other terms and conditions of the sale. Holder shall have forty-five (45) days after the receipt of the Notice containing the offer (the "Election Period") within which to elect to purchase the property on the same terms and conditions, including the purchase price set forth in the Notice. Such election shall be made by a Written notice given to the Offering Party Within the Election Period.
- (b) If Holder makes the election to purchase the property, such purchase shall be made within sixty (60) days after such election shall have been made by Holder by performance of the terms and conditions of the Notice, including payment of the purchase price provided therein.
- (c) Should Holder fail to make any election within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the 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 (1) year period, the Offering Party's right so to sell shall end, and all of 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 (1) year period, the purchaser shall purchase subject to a renewed right of first refusal in said property.

EXHIBIT VALUE

Maximum transfer value of Lessee's interest in the Leased Premises and the Improvements shall not be more than the

- (a) Original Value of the Improvements as stated in Section 10.9; plus
- (b) an annual inflation adjustment equal to the product of (i) the Original Value set forth in (a) above, times (ii) the percentage change in the Consumer Price Index (CPI) for the immediately preceding year or the Applicable Percentage (defined below), whichever is less. CPI shall mean the Consumer Price Index [all urban consumers, average all items, Northeast Region, standard reference base, 1982-84 (Published by the U.S. Department of Labor, or if no longer published, an equivalent index)]; plus
- (c) the value of Work approved in accordance with Article X hereof, [which shall not exceed a certain amount annually less a depreciation allowance or a cap on the lifetime value of the improvements.]

The maximum annual percentage inflation adjustment set forth in subsection (b) above shall be increased each year, up to a maximum five percent (5%), according to the following schedule (the "Applicable Percentage"):

<u>Year</u>	<u>Applicable Percentage</u>
1	0.5%
2	1.0
3	1.5
4	2.0
5	2.5
6	3.0
7	3.5
8	4.0
9	4.5
10	5.0