

As a part of its nonprofit mission as a 501(c)3 organization, Grounded Solutions Network is providing the HOME Rider to the 2011 Model Ground Lease and the HOME Rider Commentary as a benefit to our members to be used as a resource when Home Investment Partnership Program (HOME) funds are being used to fund development or homeownership activities.

To use these resources, organizations must input information on the Rider based upon their ground lease, program design, and use of HOME funds. Grounded Solutions Network does not guarantee the accuracy, completeness, or suitability of, and takes no responsibility and makes no warranty for, the content or information contained in the HOME Rider.

Users of the Rider should fully read the Commentary before using the Rider. The Rider should be reviewed and, if necessary approved, by the Participating Jurisdiction providing HOME funds to ensure compliance with its Consolidated Plan, Action Plan, and HOME regulations. The Rider should also be reviewed by an attorney prior to use. Grounded Solutions Network assumes no liability for the use of the Rider.

RIDER TO CLT MODEL GROUND LEASE – HOME PROGRAM

THIS RIDER TO CLT MODEL GROUND LEASE – HOME PROGRAM (“this Rider”) entered into this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ is attached to and made a part of that certain CLT Model Ground Lease dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ (“Lease”), between COMMUNITY LAND TRUST (“CLT”) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Homeowner”), for certain land (“Leased Land”) which is improved with a home owned by Homeowner having the address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Home”) as further described in the Lease.

RECITALS

1. To make the Home more affordable to the Homeowner, **[SELECT THE PROVISION THAT APPLIES]** [Homeowner received a loan/grant to finance the Leased Land and purchase of the Home in the amount of] [the CLT’s development of the Leased Land and Home were financed in whole or in part with] $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “HOME Funds”) provided by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Participating Jurisdiction”).
2. The HOME Funds were made available under the HOME Investment Partnerships Program, established pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, 42 U.S.C. Section 12701 *et seq.,* and are subject to the rules and regulations promulgated thereunder, all as amended from time to time (“HOME Program” or “HOME”).
3. Most requirements of the HOME Program are already included in the Lease, but a few HOME requirements are not. There are also a few ways in which the requirements of the HOME Program differ from the Lease. The purpose of this Rider is to point out those additional HOME requirements and to modify those Lease provisions that differ from the HOME Program to make them consistent with HOME.

**NOW THEREFORE**, Homeowner and CLT agree that the following provisions are hereby incorporated into the Lease:

1. Term of Rider:

HOME Affordability Period **(24 CFR 92.254(a)(4))**. **[SELECT THE PROVISION THAT APPLIES]** [The amount of HOME Funds is less than $15,000; as a result, the affordability provisions of this Rider shall apply for five (5) years after the project completion, which the parties agree is the date of this Rider] [The amount of HOME Funds is equal to or greater than $15,000, but does not exceed $40,000; as a result, the affordability provisions of this Rider shall apply for ten (10) years after the project completion, which the parties agree is the date of this Rider] [The amount of HOME Funds is greater than $40,000; as a result, the affordability provisions of this Rider shall apply for fifteen (15) years after the project completion, which the parties agree is the date of this Rider] (“HOME Affordability Period”). When the HOME Affordability Period expires, as long as the Homebuyer has fully complied with the terms of this Rider, this Rider shall terminate and be of no further force or effect. That said, all provisions of the Lease, including all affordability and transfer restrictions, shall continue in full force and effect.

1. Amendments to Lease: This Rider amends the terms of the Lease as follows:
2. Article 4.4 “HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST \_\_\_ MONTHS EACH YEAR:” is hereby deleted and the following is inserted in lieu thereof:

“Article 4.4. HOMEOWNER MUST OCCUPY THE HOME AS PRINCIPAL RESIDENCE: The Home must be the principal residence of the Homeowner. Occupancy by Homeowner’s child, spouse [or domestic partner, in states with such legislation] or other persons approved by CLT shall be considered occupancy by Homeowner.”

1. Article 4.5 “LEASED LAND MAY NOT BE SUBLEASED WITHOUT CLT’S PERMISSION” is hereby deleted and replaced with the following**:**

“**Subleasing Not Permitted.** As long as this Rider is in effect, the Homeowner may not sublease the Leased Land.”

1. Article 5.1 “AMOUNT OF LEASE FEE” is hereby deleted and replaced with the following:

“5.1 AMOUNT OF LEASE FEE: The Homeowner shall pay a monthly Lease Fee in an amount equal to the sum of (a) a Land Use Fee of $ \_\_\_\_\_\_\_\_\_\_\_ to be paid in return for the continuing right to possess, occupy, and use the Lease Land. The Homeowner may choose to also pay a Repair Reserve Fee of $ \_\_\_\_\_\_\_ to be held by CLT and used for the purpose of preserving the physical quality of the Home for the long term in accordance with Section 7.6 below. As long as this Rider is in effect, the Homeowner will not be required to pay a Repair Reserve Fee. If the Homeowner wishes to participate in the Repair Reserve Fund addressed in Section 7.6 of the Lease, the Homeowner may elect to pay the Repair Reserve Fee. If the Homeowner does not pay the Repair Reserve Fee, the Homeowner will have no right to obtain funds from the Repair Reserve Fund.”

1. Article 7.3 “CONSTRUCTION CARRIED OUT BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS” is hereby amended to add the following to the end of such provision:

“Capital Improvements Definition and Approval Required. (24 CFR Sec. 92.254(a)(5)(i)). As long as this Rider is in effect, “Capital Improvements” shall mean any improvements that change the number of bedrooms or the footprint, square-footage, or height of the Home, or increase or decrease the number of structures on the Leased Land, or the installation of an in-ground pool on the Leased Land, or any other improvement with a cost that would exceed 5% of the Base Price, all of which must be approved by CLT in advance under Article 7.3 of the Lease.

These sentences are added to the end of Article 7.3 of the Lease: Homeowner must also obtain the prior written consent of CLT before commencing work on any Capital Improvements. CLT may give or withhold consent for Capital Improvements in its sole and absolute discretion, and in any event will not give consent until Homeowner and CLT have agreed in writing on the value or the method to establish the value to be ascribed to such Capital Improvements at the time of a future sale of the Home (in the event such sale takes place during the HOME Affordability Period) (the “Value Added by Capital Improvements”).”

1. Article 10.2 “HOMEOWNER MAY TRANSFER THE HOME ONLY TO CLT OR QUALIFIED PERSONS” is hereby amended to replace the definition of “Income Qualified Person” and insert the following:

“Income-Qualified Person Definition **(24 CFR Sec. 92.254(a)(3)).** As long as this Rider is in effect, the term “Income-Qualified Person” shall mean: a homebuyer whose family’s annual income, at the time of contract signing, does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, and who has received housing counseling from a HUD-certified housing counselor. Also, an individual who is a student who is not eligible to receive Section 8 assistance under 24 CFR 5.612 cannot be an “Income-Qualified Person.”

1. Article 10.3 “THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER” is hereby amended to add the following:

Inheritance of the Home by Heirs of Homeowner is Limited. As long as this Rider is in effect, the Home may only be transferred to heirs of the Homeowner if they meet the requirements of an Income-Qualified Person in Section 2e of this Rider, in addition to meeting the requirements of Section 10.3 of the Lease. Any heir who does not meet those requirements shall not be entitled to possession of the Home but must transfer the Home in accordance with the provisions of Article 10 in the Lease.

1. **[Version 1 of Article 10.9][Version 2 and Version 3 of Article 10.11][Version 4 of Article 10.10] “HOW THE FORMULA PRICE IS CALCULATED” is hereby amended to add the following:**

**How the Formula Price is Calculated (24 CFR 92.254(a)(5)(i)).** At the time of any sale during the HOME Affordability Period the Homeowner must receive a “Fair Return on Investment” (including the Homeowner's investment and any approved Capital Improvements) and ensure that the Home will remain affordable to a reasonable range of Income-Qualified Persons. As long as this Rider is in effect, the following provisions will be incorporated into the Lease:

When calculating the Purchase Option Price and Formula Price under Article 10, the Value Added by Capital Improvements shall be added to each except when using an appraisal-based formula, as the Value Added by Capital Improvements will be captured by the appraisal.

1. **[Version 1, Version 3, or Version 4 of Article 10.12][Version 2 of Article 10.13] “PURCHASER MAY BE CHARGED A TRANFER FEE” is hereby deleted and the following is inserted in lieu thereof:**

**“Transfer Fee is Not Permitted.** As long as this Rider is in effect, neither the Homeowner nor Purchaser will be charged a transfer fee or ground lease reissuance fee.”

1. **Stricter Provisions to Govern.** In the event of any inconsistency between the terms of this Rider and the terms of the Lease, the more restrictive terms shall govern and control.

 **[Signature Pages to Follow]**

**SIGNATURE PAGE – HOME RIDER**

**IN WITNESS WHEREOF,** the parties have caused this Rider to Model CLT Lease – HOME Loan to be executed on the dates indicated below for the purpose of providing notice of the Lease and to provide an instrument for recording.

CLT:

**COMMUNITY LAND TRUST**

 By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SIGNATURE PAGE – HOME RIDER**

HOMEOWNER:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

  Print Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

HOMEOWNER:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

  Print Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[INSERT NOTARY ACKNOWLEDGMENT]