

**RESOLUTION NO. 19-04-21**

**A RESOLUTION OF THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA APPROVING THE GROUND LEASE AGREEMENT BETWEEN ISLAMORADA, VILLAGE OF ISLANDS AND CARYSFORT HOMES, LLC FOR THE DEVELOPMENT OF EIGHT (8) WORKFORCE/AFFORDABLE HOUSING UNITS ON VILLAGE-OWNED REAL PROPERTY LOCATED AT CORNER OF WOODS AVE / GARDENIA ST ON PLANTATION KEY; AUTHORIZING VILLAGE OFFICIALS TO IMPLEMENT THE TERMS AND CONDITIONS OF THE GROUND LEASE AGREEMENT; AUTHORIZING THE VILLAGE MANAGER TO EXPEND BUDGETED FUNDS; AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE**

**WHEREAS**, the Village Council of Islamorada, Village of Islands (the “Village”) expressed a desire to enter into a ninety-year (99) year Ground Lease Agreement with CARYSFORT HOMES, LLC, a Florida limited liability company and wholly-owned subsidiary of THE LEBEN FAMILY LLLP (“Lessee”) with the intent that the Village-owned property located at and located at the corner of Woods Avenue and Gardenia Street on Plantation Key within the Village and identified with Real Estate Number identified by Real Estate Numbers 00418280-000000, 00418090-000000, 00418270-000000, 00418100-000000 (the “Property”); be leased to Lessee and developed to provide eight (8) workforce/affordable housing units for the Village (the “Project”); and

**WHEREAS**, the attached Ground Lease Agreement (“Lease”) defines all terms and provisions of the ninety-nine (99) year Lease with Lessee, including development and financing of the Project and affordability restrictions on the Property; and

**WHEREAS**, the Village Council finds that approval of the Lease between the Lessee and the Village attached hereto is in the best interest of the Village.

**NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF  
ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, AS FOLLOWS:**

**Section 1.**    **Recitals.**    The above recitals are true and correct and incorporated into this Resolution by this reference.

**Section 2.**    **Approval of Lease Agreement.**    The Village Council of Islamorada, Village of Islands hereby ratifies and approves the Ground Lease Agreement (the "Lease") between the Village and Carysfort Homes, LLC, a copy of which is attached as Attachment "1," together with such non-material changes as may be acceptable to the Village Manager and approved as to form and legality by the Village Attorney.

**Section 3.**    **Authorization of Village Officials.**    The Village Manager and/or his designee and the Village Attorney are authorized to take all actions necessary to implement the terms and conditions of the Lease.

**Section 4.**    **Authorization of Fund Expenditure.**    Notwithstanding the limitations imposed upon the Village Manager pursuant to the Village's Purchasing Procedures Ordinance, the Village Manager is authorized to expend budgeted funds to implement the terms and conditions of the Lease.

**Section 5.**    **Execution of Lease Agreement.**    The Village Mayor is authorized to execute the Lease on behalf of the Village, to execute any required agreements and/or documents to implement the terms and conditions of the Lease, and to execute any extensions and/or amendments to the Lease, subject to the approval as to form and legality by the Village Attorney.

**Section 6.**    **Effective Date.**    This Resolution shall take effect immediately upon adoption.

The foregoing Resolution was offered by Councilman Jim Mooney, who moved for its adoption. This motion was seconded by Vice Mayor Mike Forster, and upon being put to a vote, the vote was as follows:

**FINAL VOTE AT ADOPTION**

**VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA:**

Mayor Deb Gillis	YES
Vice Mayor Mike Forster	YES
Councilman Ken Davis	YES
Councilwoman Cheryl Meads	YES
Councilman James Mooney	YES

**PASSED AND ADOPTED THIS 4<sup>TH</sup> DAY OF APRIL, 2019.**



DEB GILLIS, MAYOR

ATTEST:



Kelly S. Toth  
KELLY TOTH, VILLAGE CLERK

APPROVED AS TO FORM AND LEGALITY  
FOR THE USE AND BENEFIT OF ISLAMORADA,  
VILLAGE OF ISLANDS ONLY:



ROGET V. BRYAN, VILLAGE ATTORNEY

**LEASE**  
**BETWEEN**  
**ISLAMORADA, VILLAGE OF ISLANDS**  
**“LESSOR”**  
**AND**  
**CARYSFORT HOMES, LLC**  
**“LESSEE”**  
**DATED April 4, 2019**

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## **GROUND LEASE AGREEMENT**

THIS GROUND LEASE AGREEMENT (this “Lease”) is made and entered into in Islamorada, Monroe County, Florida, on this \_\_\_\_ day of \_\_\_\_\_, 2019, by and between **ISLAMORADA, VILLAGE OF ISLANDS** (referred to as the “Lessor” or the “Village”) and **CARYSFORT HOMES, LLC**, a Florida limited liability company and wholly-owned subsidiary of **THE LEBEN FAMILY LLLP**, authorized to do business in the State of Florida (referred to as the “Lessee”).

### **RECITALS**

WHEREAS, Lessor is the owner in fee simple of the real property located on Woods Avenue between Overseas Highway and Gardenia Street on Plantation Key, Islamorada, Village of Islands, within Monroe County, Florida, and more particularly described on the attached Exhibit “A” (hereinafter “Demised Premises”); and

WHEREAS, it is Lessor’s intent that the Demised Premises be developed to provide affordable housing for the Village and Monroe County; and

WHEREAS, Lessee desires to develop the Demised Premises for both ownership and rental use of Eight (8) attached deed-restricted affordable housing units (provided allowed by Village regulations and hereinafter the “Affordable Housing Units”) for qualified tenant occupants or owners at the Demised Property; and

WHEREAS, in order to preserve the affordability of the Units to be developed on the Demised Premises, Lessor desires to lease the Demised Premises to Lessee for ninety-nine (99) years, subject to the Affordable Restrictions as set forth and further defined herein; and

NOW THEREFORE, in consideration of the mutual covenants and obligations contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### **ARTICLE I**

#### **Definitions**

“Affordable Housing Unit” shall mean a residential housing unit that meets the moderate or lesser income requirements as set forth in Chapter 30, Land Development Regulations, Article II, Rules of Construction and Definitions, and Article IV, Administrative Procedures, Division 11, Building Permit Allocation System, and any other applicable sections of the Village Charter and Code of Ordinances and Regulations, as may be amended from time to time, without limitation of Lessor’s complete legislative prerogatives, said restrictions to encumber the Demised Premises for the term of the ninety-nine (99) year lease. However, nothing in this Lease shall (a) permit the Lessor to require the Lessee to comply with provisions of local ordinances that are in conflict with Affordable Housing Tax Credits (“AHTC”) requirements as may be applicable to the financing and leasing of the Project, or (b) materially and adversely alter the obligations or rights of Lessee under this Lease.

“Affordable Restrictions” shall mean the affordable or employee housing regulations as set forth in Chapter 30, Land Development Regulations, Article II, Rules of Construction and Definitions, and Article IV, Administrative Procedures, Division 11, Building Permit Allocation System, and any other applicable sections of the Village Charter and Code of Ordinances and Regulations, as may be amended from time to time, without limitation of Lessor’s complete legislative prerogatives, except that in no event shall the Lessor materially and adversely alter the obligations or rights of Lessee under this Lease or decrease the lawfully permissible sales price or rental rate for an Affordable Housing Unit to less than the specified sales price or rental rates for moderate income housing as set forth in the land development regulations in effect at the time of execution of this Lease where the effect upon an owner/Sublessee/mortgagee would be to divest such person or entity of value upon which such person reasonably and fairly relied to their detriment. The substance of the Affordable Restrictions may be freely amended in the Lessor’s legislative discretion, particularly with respect to administrative, monitoring and enforcement mechanisms, but any such amendment shall not materially diminish the lawfully established and equitably vested resale value or the reasonable alienability of “home-ownership” of the Affordable Housing Units, or in the case of rental-only units or projects, such as the one contemplated herein, shall not materially and adversely diminish or interfere with the Lessee’s substantive benefits conferred under this Lease or any of its non-administrative terms. It is the intent and purpose and shall be the effect of this Lease and any Affordable Restrictions to ensure that the affordability of Affordable Housing Units and dedicated real property upon which they are located is maintained and enforced such that any administrative rule, policy or interpretation thereof, made by Lessor or its designees relating to the maximum total amount of consideration and cost permitted to be in any way involved in a purchase or rental transaction (including but not limited to purchase price, lease assignment fees, rents or any other compensation given or received in or “outside” of a related transaction) shall never exceed the affordability criteria reasonably established by the Village for the dwelling units involved. In every case, the construction and interpretation of terms, conditions and restrictions imposed by this Lease and the Affordability Restrictions shall be made in favor of ensuring that long term affordability benefits for the respective housing resources inure to the benefit of the Village, its economy and its community character. In all cases of conflict between local and federal rental, tenant eligibility and other guidelines, Lessee shall be entitled to adhere to governing federal requirements without being deemed in breach of this Lease or the Affordable Restrictions.

“Association” shall mean any condominium, homeowners or similar community association customarily used in planned developments (whether or not expressly contemplated or authorized herein) to manage certain aspects of community or planned development living (e.g., infrastructure management, rules and regulations, enforcement mechanisms and recreational facilities).

“Commencement Date” shall mean the date when Initial Lessee receives a Certificate of Occupancy for the first Affordable Housing Unit.

“Demised Premises” shall mean the property leased pursuant to this Lease for development of the Affordable Housing Units. The Demised Premises are legally described on attached Exhibit “A” and shall be developed and constructed in substantial compliance with the approved Site Plan and depiction of the improvements as reflected on attached Exhibit “B” as may be amended from time to time (the “Improvements”). Demised Premises, where the context requires and the construction is most appropriate, shall also mean portions of the Demised Premises and any Improvements erected thereon.

“Effective Date” shall mean the date this Lease is fully executed and delivered by all parties.

“Initial Lessee” means CARYSFORT HOMES, LLC., a Florida limited liability company authorized to do business in the State of Florida, developer of the Affordable Housing Units.

“Investor” or “Investor Member” means any individual or entity admitted as a member of Initial Lessee and any substitutes or replacements for that member.

“Lease” shall mean this lease for the development of the Affordable Housing Units on the Demised Premises, as may be amended from time to time by the parties. It is expressly contemplated and intended by Lessor, as fee title holder to the Demised Premises, and agreed to and accepted by Lessee, that any limitations, restrictions and/or other covenants of any nature, whether established pursuant to this Lease or by the Affordable Restrictions, be given the full force and effect of enforceable covenants running with the land, equitable servitudes and all other cognizable legal and equitable real property conventions so as to ensure the overall public affordable housing purposes intended to be served.

“Lease Year” shall mean the twelve (12) month period beginning on the Commencement Date and each twelve (12) month period thereafter throughout the Term of this Lease.

“Lessor” means ISLAMORADA, VILLAGE OF ISLANDS, or its assigns or designees. Lessor as used herein and where the context requires, shall mean an agency or party designated by the Lessor, by written notice to all parties, to administer or enforce some or any portion of the provisions of this Lease or the Affordable Restrictions.

“Lessee” means the Initial Lessee and its successors and assigns, including an Association which may be created by Initial Lessee for the Unit Owners, if any, as well as the individual Unit Owners.

“Managing Member” means CARYSFORT HOMES MM, LLC, a Florida limited liability company authorized to do business in the State of Florida, the managing member of the Lessee responsible for the day-to-day management and operations of the Lessee and the Project, including development and construction of the Project.

“Possession Date” shall mean the date that the Lessee occupies and takes possession of the Demised Premises, but in no event later than December 31, 2019.

“Project” shall mean the required development of the Demised Premises, primarily the required construction of Affordable Housing Units as set forth in Article XIV, but also including related infrastructure, securing of required development approvals and permits, financing for the construction of the Affordable Housing Units, marketing/renting of the Affordable Housing Units and creation of any required governing Association.

“Rent” shall mean any sum of money due to the Lessor under this Lease for any reason. The term Rent as used herein, should not be misconstrued to preclude definition and distinguishing of rent, rental rates and other such other terms as may be provided for in Subleases and/or the Affordable Restrictions.

“Sale” and “Sell” as used herein shall be broadly and liberally construed so as to encompass,

where contextually appropriate, any ground subleasing, sale, grant, assignment or other conveyance of an interest in any portion of the Demised Premises authorized pursuant to this Lease, but excluding any rental of an Affordable Housing Unit (which may be more particularly discussed herein or in the Affordable Restrictions) and any granting of any security, mortgage, note or other interest of a form and type customarily used with purchase money or home equity loans.

“Site Plan” shall mean the approved Site Plan for the Demised Premises as approved by the Village and consistent with the preliminary site plan attached hereto as Exhibit “B” governing the development and construction of the Demised Premises and imposing conditions for development, together with any amendments thereto. Lessee shall receive site plan approval from the Village prior to the Possession Date as defined herein.

“Sublease” shall mean any combination of instruments that grant, convey or otherwise transfer a possessory use to any portion of the Demised Premises, including rental agreements with tenants or renters of an Affordable Housing Unit (which may be more particularly discussed herein or in the Affordable Restrictions). The title or exact nomenclature used to describe such instruments may vary to suit particular circumstances and shall lie within Initial Lessee’s reasonable discretion and still remain within the meaning herein intended. It is intended that the term Sublease encompasses such instruments that effectuate qualified end-user, possession and/or use of Affordable Housing Units developed on the Demised Premises. A Sublease, as used herein, regardless of final form and substance, must be approved by the Lessor, which approval shall not be unreasonably withheld. However, sublease forms which conform to AHTC or Florida Housing Finance Corporation requirements and that otherwise conform to the Affordable Restrictions need not be approved by the Lessor.

“Sublessee” or “Owner” shall be broadly and liberally construed so as to mean an individual Affordable Housing Unit tenant or owner who, as of the date such person(s) acquire(s) or renews their interest(s) in the Affordable Housing Unit, qualifies for “Affordable Housing” as defined under Chapter 30, Land Development Regulations, Article II, Rules of Construction and Definitions, and Article IV, Administrative Procedures, Division 11, Building Permit Allocation System, and any other applicable sections of the Village Charter and Code of Ordinances and Regulations, as may be amended from time to time, and who is gainfully employed at the time of their rental. Additionally, except as may be otherwise permitted by this Lease, in order to remain eligible to renew their sublease or rental agreement and to reside in their Affordable Housing Unit into retirement, in addition to complying with any otherwise applicable provisions in the Affordable Restrictions, renters or tenants of all Affordable Housing Units shall be encouraged to be and must remain gainfully employed. However, no gainful employment aspiration or requirement expressed herein or expressed in the Affordable Restrictions shall preclude or inhibit Lessee’s compliance with AHTC or other state or federal requirements or obligations.

“Term” shall mean the Commencement Date, and continuing for ninety-nine (99) years thereafter, plus any agreed upon extension of this Lease, and unless otherwise permitted by Lessor, all Subleases and rights or interests granted thereunder shall terminate at the end of the Term.

## **ARTICLE II** **Demised Premises**

**Section 2.01 Lessor's Demise.** Upon the terms and conditions hereinafter set forth, and in consideration of the payment of Rent and the prompt and full performance by the Initial Lessee of these covenants, to be kept and performed by the Initial Lessee, the Lessor does lease, let, and demise to the Initial Lessee (and permitted successor Lessees) and the "Initial Lessee" hereby leases from the Lessor, the following described premises, situate, lying and being in the Islamorada, Village of Islands, Monroe County, Florida:

See attached Exhibit "A"

**Section 2.02 Conditions.** The demise is likewise made subject to the following:

- (a) Conditions, instruments, restrictions and limitations, if any, appearing of record;
- (b) Laws, statutes, codes, regulations, resolutions, ordinances and zoning ordinances of the Village, and any other applicable governmental authority, and the Monroe County Comprehensive Plan Land Authority Ordinance, now existing or which may hereafter exist by reason of any legal authority during the Term of this Lease;
- (c) Site Plan Approval from the Village approving the Site Plan with conditions imposed on the development of the Demised Premises, together with any amendments thereto;
- (d) The conditions, restrictions and limitations set forth in the Warranty Deed from to the Village, together with the Affordability Covenants attached thereto, recorded on, in Official Records Book, Page, of the Public Records of Monroe County, Florida;
- (e) The proper performance by the Lessee of all of the terms and conditions contained in this Lease and the Affordable Restrictions.

**Section 2.03 Affordable/Employee Housing – 50% Rental Use.** Notwithstanding any contrary provisions contained in the Lease, the Demised Premises shall be used only for Affordable/Employee Housing uses and no less than fifty percent (50%) Affordable/Employee Housing rental uses throughout the Term, unless the parties to this Lease otherwise agree to sale of additional units in a publicly recorded amendment to this Lease. In all cases of conflict between local and federal rental, tenant eligibility and other guidelines, Lessee shall be entitled to adhere to governing federal requirements without being deemed in breach of this Lease or the Affordable Restrictions.

## **ARTICLE III** **Term**

**Section 3.01 Term.** To have and to hold the Demised Premises for a term of ninety-nine (99) years commencing on the Commencement Date, and ending ninety-nine (99) years thereafter, both dates inclusive, unless sooner terminated, or extended, as hereinafter provided (the "Termination Date"). The terms and conditions of this Lease set forth herein shall be binding on the

parties as of the Effective Date. Lessee shall be given possession of the Demised Premises on the Possession Date and Lessee shall occupy the Demised Premises as of the Possession Date in order to allow Lessee to commence construction, as well as other activities related to the development and construction of the Project. As herein set forth, the Term will not commence until the first Affordable Housing Unit is completed and a Certificate of Occupancy has been issued for that Affordable Housing Unit, said date to be evidenced by the Commencement Date Agreement that the parties will, upon completion of construction of the first Affordable Housing Unit, execute in substantially the same form as that set forth in Exhibit "C" hereto.

Notwithstanding the foregoing, in the event that the Lessee does not commence construction by December, 2019 (the "Construction Start Date"), the parties agree to enter into a Termination Agreement terminating this Lease, and Lessee hereby appoints the Village Manager or his designee of the Lessor as its attorney-in-fact solely for the purpose of entering into and recording such termination agreement.

## **ARTICLE IV**

### Rent

#### Section 4.01 Payment of Rent.

(a) Annual Rent Payments. Lessee shall pay Lessor Rent in the total amount of One Thousand Six Hundred Dollars (\$1,600.00) payable annually as set forth in this Section. Lessee covenants and agrees that, prior to the disbursement of any funds to the Managing Member of Lessee, Lessee shall pay to Lessor, promptly when due, without notice or demand, commencing on the first day of the third month following the first anniversary of the Commencement Date, and annually thereafter for the initial fifteen (15) years of the Lease (the "Payment Date"), annual rent in an amount calculated to be up to the first \$1,600.00 of Available Cash Flow, per year (the "Annual Rent Payment"). Available Cash Flow is defined as the amount of cash derived by subtracting all Project expenses, including but not limited to, operating expenses, debt service, capital expenditures (to the extent not paid from an applicable reserve), funds applied to establish, maintain or replenish any reserves as may be required by the Investor Member, any lender or agency, or for anticipated obligations, contingencies capital improvements or working capital, direct maintenance and management costs, asset management fees to the Investor and Managing Members, utilities, payments due the Investor Member of the Lessee pursuant to its Operating Agreement and such other direct costs and expenses incurred in operating, maintaining and repairing the Project, from all Operating Revenue (as defined by the applicable Operating Agreement of which Lessee and Investor Member are parties). Notwithstanding the foregoing, it is the intention of the parties that the Annual Rent Payment to Lessor shall take priority and preference over distributions due the Managing Member of Lessee. The Managing Member shall receive no payment from Operating Revenue, except as referenced above, until Lessor receives the full extent of the Annual Rent Payment then due. The determination of Available Cash Flow shall occur annually at least (30) days prior to the Payment Date and shall be subject to verification by the Lessor. Notwithstanding the foregoing, should Available Cash Flow be insufficient to allow for the payment of an Annual Rent Payment to the Lessor on the Payment Date during any year of the initial fifteen (15) year payment term of the Lease as required above, such Annual Rent Payment(s) shall continue to accrue so that any and all outstanding amounts and the balance of the total amount of Annual Rent Payments in the sum of \$1,600.00 shall be payable to Lessor by no later than the earlier of the 20<sup>th</sup> anniversary date of the Commencement Date or December 31, 2039.

Section 4.02. All amounts payable under Section 4.01 hereof, as well as all other amounts payable by Lessee to Lessor under the terms of this Lease, shall be payable in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, each payment to be paid to Lessor at the address set forth herein or at such other place within the continental limits of the United States as Lessor shall from time to time designate by notice to Lessee. Lessee shall pay any and all taxes, including any local surcharge or other taxes, on the Rent payable pursuant to this Lease in addition to the sums otherwise set forth herein.

Section 4.03. It is intended that the Rent shall be absolutely net to Lessor throughout the Term, free of any taxes, costs, utilities, insurance expenses, liabilities, charges or other deductions whatsoever, with respect to the Demised Premises and/or the ownership, leasing, operation, maintenance, repair, rebuilding, use or occupation thereof.

Section 4.04. All amounts payable by Lessee to Lessor under any of the provisions of this Lease, if not paid when due as provided for in this Lease, shall bear interest at the highest rate allowable under Florida law from the time they become due until paid in full by Lessee. In addition, Lessee shall pay a late fee in the amount of ten (10%) percent of any amount due from Lessee to Lessor which is not paid within ten (10) days of the payment due date for any sums due for Rent and within thirty (30) days for any other sums due from Lessee pursuant to this Lease; provided, however, such payment shall not excuse or cure any default by Lessee under this Lease. It is agreed by the parties hereto that Lessee shall reimburse Lessor for collection charges incurred as a result of the overdue Rent which may include, but shall not be limited to, related attorneys' fees and costs, regardless of whether suit is brought. Such late fee shall be in addition to any interest payable by Lessee as set forth herein from Lessee's failure to pay any Rent due hereunder. In the event that any check, bank draft, order for payment or negotiable instrument given to Lessor for any payment under this Lease shall be dishonored for any reason whatsoever not attributable to Lessor, Lessor shall be entitled to charge Lessee an administrative charge for dishonored checks pursuant to Section 125.0105, Florida Statutes, and/or any other applicable law. In addition, Lessor shall be reimbursed by Lessee for any costs incurred by Lessor as a result of a payment instrument being dishonored (e.g., legal fees and costs).

## ARTICLE V

### Non-Subordination

Section 5.01 Non-Subordination. Notwithstanding anything to the contrary contained in this Lease, the fee simple interest in the Demised Premises shall not be subordinated to this Lease, or any leasehold mortgage, lien or encumbrance of any nature. Furthermore, the Lessor's right to receive payment or performance under the terms of this Lease or adherence to any of its conditions or to the Affordable Restrictions (or performance under or adherence to the terms of any Sublease or related instrument) shall not be subordinated to any debt or equity financing, leasehold mortgage, lien, encumbrance or obligation of any nature whatsoever.

## ARTICLE VI

### Payment of Taxes and Utilities

Section 6.01 Lessee's Obligations. As additional Rent, the Lessee shall pay and discharge, as they become due, promptly and before delinquency, all taxes, assessments, water and wastewater fees and assessments, rates and charges, transit taxes, charges for public utilities, excises, levies, licenses and permit fees and other governmental charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever, which at any time from the Possession Date of this Lease and during the Term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on, the Demised Premises, or otherwise arise out of the revenues received by the Lessee from the rental of the Affordable Housing Units to Sublessees, or be associated with any document (to which the Lessee is a party) creating or transferring an interest or estate in the Demised Premises (hereinafter collectively, the "Charges"). With regard to special assessments, if the right is given to pay either in one sum or in installments, Lessee may elect either mode of payment and Lessee's election shall be binding on Lessor.

Lessor has represented to Lessee and Lessee acknowledges and agrees that the Village has adopted wastewater assessment(s) for the construction of centralized wastewater collection and treatment facilities to service properties within the Village. The Demised Premises and its development for eight (8) affordable housing units shall be subject to the wastewater assessment(s) and any subsequent phases or assessment programs adopted to fund the costs of the centralized wastewater collection and treatment facilities.

Section 6.02 Sublessee's Obligations. As additional Rent, any Sublessee, unless Lessee fulfills all such obligations pursuant to Section 6.01, above, shall pay and discharge, as they become due, promptly and before delinquency, all Charges, including taxes, assessments, water, sewer and wastewater charges and assessments, rates and charges, transit taxes, charges for public utilities, excises, levies, licenses and permit fees and other governmental charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever, which at any time during the term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on, the Sublessee's interest in the Demised Premises, or otherwise arise out of the revenue received by Sublessee from the sale of their Affordable Housing Unit (if authorized under this Lease or the Affordable Restrictions), or be associated with any document (to which the Sublessee is a party) creating or transferring an interest or estate in the respective portion of the Demised Premises. Notwithstanding the foregoing, in the event that Sublessee fails to pay the Charges, Initial Lessee shall be required to timely pay and discharge all Charges.

Section 6.03 Obligations Altered. Nothing herein shall require the Lessee to pay municipal, state, or federal income taxes assessed against the Lessor, municipal, state, or federal capital levy, estate, gift, succession, inheritance or transfer taxes of the Lessor, or Lessor's legal representative, corporate franchise taxes imposed upon any corporate owner of the fee of the Demised Premises; provided, however, that if at any time during the Term of this Lease the methods of taxation prevailing at the commencement of the Term hereof shall be altered so as to cause the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed and imposed,

wholly or partially as a capital levy, or otherwise, on the rents received therefrom, or of any tax, corporation franchise tax, assessments, levy (including, but not limited to any municipal, state or federal levy), imposition or charge, or any part thereof, shall be measured by or based in whole or in part upon the Demised Premises and shall be imposed upon the Lessor, then all such taxes, assessments, levies, impositions or charges, or the part thereof so measured or based, shall be paid and discharged by the Lessee. All rebates on account of any taxes, rates, levies, charges or assessments required to be paid shall belong to Lessee.

Section 6.04 Mode of Payment. The Lessee (and any Sublessee, as to their specific interests in the Demised Premises) shall promptly pay the taxes and Charges as enumerated in this Article VI and shall deliver official receipts evidencing such payment to the Lessor (Sublessees shall only deliver receipts as may be required by the Affordable Restrictions), which payment of taxes or Charges shall be made and the receipts delivered, at least thirty (30) days before the tax, itself, would become delinquent in accordance with the law then in force governing the payment of such tax or Charges. If, however, the Lessee desires to contest the validity of any tax or tax claim, the Lessee may do so without being in default hereunder, provided the Lessee gives the Lessor notice of the Lessee's intention to do so and furnishes the Lessor or the applicable governmental agency with a bond with a surety made by a surety company qualified to do business in the State of Florida or pays cash to a recognized escrow agent in Monroe or Miami-Dade County, one and one half (1 ½) times the amount of the tax item or items intended to be contested, conditioned to pay such tax or tax items when the validity thereof shall have been determined, and which written notice and bond or equivalent cash shall be given by the Lessee to the Lessor, not later than sixty (60) days before the tax proposed to be contested would otherwise become delinquent.

Section 6.05 Lessee's Default. If the Lessee shall fail, refuse or neglect to make any of the Charges required in this Article, then the Lessor may, but shall not be required to, pay the same and the amount or amounts of money so paid, including reasonable attorneys' fees and expenses which might be reasonably incurred because of or in connection with such payments, together with interest on all such amounts, at the highest rate allowed by law shall be repaid by the Lessee to the Lessor, upon the demand of the Lessor, and the payment thereof may be collected or enforced by the Lessor in the same manner as though such amount were an installment of Rent specifically required by the terms of this Lease to be paid by the Lessee to the Lessor, upon the day when the Lessor demands repayment thereof or reimbursement therefor of and from the Lessee; but the election of the Lessor to pay such Charges shall not waive the default thus committed by the Lessee. Notwithstanding the foregoing, Lessee shall have the right to contest any taxes and assessments levied against Lessee in accordance with paragraph 6.04, above; and provided Lessee files the appropriate documentation to contest said tax or assessment and furnishes the required bond or cash escrow, Lessee shall not be in default of this Lease or obligated to pay any interest or other penalties to Lessor. Nothing herein shall be construed to prevent or inhibit the tax or assessment measures and collection remedies lawfully available to any taxing authority.

Section 6.06 Sublessee's Default. If a Sublessee shall fail, refuse or neglect to make any of the Charges required in this Article, then the Lessor shall be required to pay the same, and the amount or amounts of money so paid, including reasonable attorneys' fees and expenses which might be reasonably incurred because of or in connection with such payments, together with interest on all such amounts, at the highest rate allowed by law shall be repaid by the Sublessee to the Lessor, upon the demand of the Lessor, and the payment thereof may be collected or enforced by the Lessor in the same manner as though such amount were an installment of Rent specifically required by the terms

of this Lease to be paid by the Sublessee to the Lessor, upon the day when the Lessor demands repayment thereof or reimbursement therefor and from the Sublessee; but the election of the Lessor to pay such taxes shall not waive the default thus committed by the Sublessee. Notwithstanding the foregoing, Sublessee shall have the right to contest any taxes and assessments levied against Sublessee; and provided Sublessee files the appropriate documentation to contest said tax or assessment, Sublessee shall not be in default of this Lease or obligated to pay any interest or other penalties to Lessor, provided the Sublessee gives the Lessor notice of the Sublessee's intention to do so and furnishes the Lessor or the applicable governmental agency with a bond with a surety made by a surety company qualified to do business in the State of Florida or pays cash to a recognized escrow agent in Monroe or Miami-Dade County, one and one half (1 ½) times the amount of the tax item or items intended to be contested, conditioned to pay such tax or tax items when the validity thereof shall have been determined, and which written notice and bond or equivalent cash shall be given by the Sublessee to the Lessor, not later than sixty (60) days before the tax proposed to be contested would otherwise become delinquent. Nothing herein shall be construed to prevent or inhibit the assessment measures and collection remedies lawfully available to any taxing authority.

Section 6.07 Proration. The foregoing notwithstanding, the parties hereto understand and agree that the taxes, if any, for the first year of this Lease, beginning on the Possession Date and the last year of the Term shall be prorated proportionately between the Lessor and the Lessee.

Section 6.08 Appraiser to Respect Effect of Affordable Restrictions. It is the intent of the parties that any appraisal of any portion of the Demised Premises and the Improvements for taxation, public assessment or utility service purposes fully reflect the effect of this Lease and the Affordable Restrictions on the lawfully realizable value of relevant portion(s) appraised, or where permissible by state law, "income approach" or other method of calculation.

## ARTICLE VII

### Mechanic's Liens

Section 7.01 No Lien. Neither the Lessee nor any Sublessee shall have the power to subject the interest of the Lessor in the Demised Premises to any mechanic's or materialmen's lien of any kind unless such improvements are made with the written consent of the Lessee and Lessor.

Section 7.02 Release of Lien. Neither the Lessee nor any Sublessee shall permit or suffer to be filed or claimed against the interest of the Lessor in the Demised Premises during the continuance of this Lease any encumbrance, lien or claim of any kind, and if such lien or claim be claimed or filed, it shall be the duty of the Lessee, or the Sublessee, to which the lien or claim is attributable, or both where the Affordable Housing Unit is a rental unit, within thirty (30) days after the filing of the lien or claim or within thirty (30) days after the Lessor shall have been given written notice of such claim and shall have transmitted written notice of the receipt of such claim unto the Lessee or Sublessee, as the case may be, (whichever thirty (30) day period expires earlier) to cause the respective portion of the Demised Premises to be released from such lien or claim, either by payment or by the posting of bond or by the payment to a court of competent jurisdiction of the amount necessary to relieve and release the relevant portion of the Demised Premises from such lien or claim, or in any other manner which, as a matter of law, will result, within such period of thirty

(30) days, in releasing the lien or claim, and the Lessor and the title of the Lessor from such lien or claim; and the Lessee covenants and agrees, with respect to any lien or claim attributable to it, within such period of thirty (30) days, so as to cause the affected portion of the Demised Premises the lien or claim to be released and the Lessor's interest therein to be released from the legal effect of such claim.

Section 7.03 Lessee's Default. If the Lessee shall fail, refuse, or neglect to perform its obligations as required in this Article, then the Lessor may, but shall not be required to, pay any sums required to cause the lien or claim to be released or discharged, and the Demised Premises and the Lessor's interest therein to be released from the legal effect of such lien or claim and the amount or amounts of money so paid, including reasonable attorneys' fees and expenses which might be reasonably incurred because of or in connection with such payments, together with interest on all such amounts at the highest rate allowed by law, shall be repaid by the Lessee to the Lessor, upon the demand of the Lessor, and the payment thereof may be collected or enforced by the Lessor in the same manner as though such amount were an installment of Rent specifically required by the terms of this Lease to be paid by the Lessee to the Lessor, upon the day when the Lessor demands repayment thereof or reimbursement therefor of and from the Lessee; but the election of the Lessor to pay such amount shall not waive the default thus committed by the Lessee.

## ARTICLE VIII

### Governing Law, Cumulative Remedies

Section 8.01 Governing Law. All of the rights and remedies of the respective parties relating to or arising under this Lease and any related documents shall be governed by and construed under the laws of the State of Florida.

Section 8.02 Cumulative Remedies. All rights and remedies accruing to the Lessor shall be assignable in whole or in part and be cumulative; that is, the Lessor may pursue such rights as the law and this Lease afford to it in whatever order the Lessor desires and the law permits. Lessor's resort to any one remedy in advance of any other shall not result in waiver or compromise of any other remedy.

## ARTICLE IX

### Indemnification of Lessor

Section 9.01 Indemnification by Lessee. Lessee hereby agrees that the Lessor shall not be (and Lessee hereby waives any rights to claim that the Lessor is) liable for any loss, injury, death or damage to any person or any property which at any time may be suffered or sustained by Lessee or by any person performing work or otherwise occupying or visiting the Demised Premises. From and after the Effective Date of this Lease and throughout the Term of this Lease during which time Affordable Housing Units are rented, Lessee will indemnify, defend and save harmless the Lessor against any and all suits, claims, debts, demands, liabilities, or obligations which may be made against the Lessor or against the Lessor's title in the Demised Premises, arising out of, or in connection with, or in any way related to this Lease or the Demised Premises, and/or arising out of, or in connection with, or in any way related to the Project by a third party through legal proceedings

or otherwise, except to the extent such claims may be caused by the gross negligence or intentional misconduct of the Lessor with respect only to any duty or obligation Lessor expressly assumes with respect to any portion of the Demised Premises, none of which duties and obligations are so assumed herein. If it becomes necessary for the Lessor to respond to any suit, claim, demand or unanticipated matter or to defend any action seeking to impose any such liability, the Lessee will pay the Lessor all costs of court and reasonable attorneys' fees incurred by the Lessor in effecting and preparing for such response or defense in addition to any other reasonable sums which the Lessor may be called upon to pay by reason of the filing of a claim or the entry of a judgment against the Lessor in any proceeding in which such claim is asserted.

Notwithstanding the foregoing, it is hereby acknowledged that, except as otherwise provided in Section 12.01, upon the sale of the Project and Affordable Housing Units to Owners as home ownership in accordance with this Lease if authorized as a home-ownership project, Initial Lessee shall be released from any and all liability related to such transferred portions of the Demised Premises and the subsequent use thereof by the Owner, their employees, agents, contractors, guests or invitees, including without limitation any death, injury or damage to person or property in or about the transferred portions of the Demised Premises, except as otherwise set forth herein. However, this release shall not constitute a release or waiver of Lessor's rights, if any, or possible entitlement to insurance coverages required by this Lease.

Lessor shall not be liable to Lessee, or to Lessee's assignees or Sublessees or owners or their employees, agents, contractors, guests or invitees for any death, injury or damage to person or property in, about or relating to the Demised Premises. Lessee, on its and its assignees' and their successors in interests' behalves, including any future Sublessees, or grantees or licensees of the Initial Lessee or the Association, or any guests, invitees or tenants of any of the foregoing, hereby assumes and covenants for its own and their own acceptance of sole responsibility and liability to all persons for death, injury or damage related to or arising from the ownership, possession, occupancy and for use of any portion of the Demised Premises, and also, for all such future occupants, owners, Lessees, Sublessees, owner, tenants, guests, invitees and licensees, waives and releases forever all claims, demands and causes of action against Lessor and its officers, employees, agents, successors, assigns, contractors and representatives for loss of life or injury to person or property, of whatever nature.

**Section 9.02 Insurance.** From and after the Possession Date of this Lease, the Lessee shall cause to be written and put in full force and effect a policy or policies of builder's risk and comprehensive liability and other insurances as noted in Article X insuring the Lessee against any and all claims and demands made by any person or persons whomsoever for death, injuries or damages received in connection with the possession, operation and maintenance of the Demised Premises. All such policies shall name the Lessee and the Lessor as additional insured (and any lender holding a mortgage on the Demised Premises), as their respective interests may appear, as the persons insured by such policies. Any loss adjustment shall require the written consent of both the Lessor and Lessee.

**Section 9.03 Policy Limit Changes.** The policy limits for the comprehensive liability insurance may be reviewed by Lessor every five (5) years and adjusted upward, if, in the reasonable discretion of Lessor such increase in coverage is prudent or if similar projects have begun to require greater insurance coverage.

## ARTICLE X

### Insurance

Section 10.01 Property Insurance. From and after the Possession Date, the Lessee will keep insured any and all buildings and improvements upon the Demised Premises against all loss or damage by fire, flood and windstorm, together with "all risks" "extended coverage," which said insurance will be maintained in an amount sufficient to prevent any party in interest from being or becoming a co-insurer on any part of the risk, which amount shall not be less than the full Replacement Cost value of the relevant portions of the Demised Premises, and all of such policies of insurance shall include the name of the Lessor as an additional insured and shall fully protect both the Lessor and the Lessee as their respective interests may appear.

In the event of the destruction or damage of the improvements located on the Demised Premises, or any part thereof, and as often as any portion of said Demised Premises shall be destroyed or damaged by fire, flood, windstorm or other casualty, the Lessee shall, within fifteen (15) months (or twenty-four (24) months for a substantially total loss) from the date of such damage or destruction, rebuild and repair the same in such manner that the buildings or improvements so rebuilt and repaired, and the personal property so replaced or repaired, shall be of the same or of a value higher than were the buildings or improvements and the personal property prior to such damage or destruction, and Lessee shall diligently prosecute the reconstruction or repairs without delay and have the same rebuilt and ready for occupancy as soon as reasonably possible after the time when the loss or destruction occurred. The 15-month period (or twenty-four (24) month period for a substantially total loss) for reconstruction shall be enlarged for delays caused without fault or neglect on the part of the Lessee, by act of God, strikes, lockouts, or other force majeure conditions (other than matters of refinancing the property) beyond the Lessee's control. Notwithstanding the foregoing, and only with respect to insurance proceeds, the provisions of any leasehold mortgage substantially comporting with customary institutional lending industry standards and the foregoing Lessor's interests shall control as to the use and disbursement of insurance funds for reconstruction of the improvements in the event of any casualty or damage to such improvements.

While the Project, or any replacement thereof, is in the course of construction, and whenever appropriate while any alterations are in the course of being made, the aforesaid fire and extended coverage insurance shall be carried by Lessee in builder's risk form written on a completed value basis. During the course of construction or any alterations or improvements to the Demised Premises, Lessee shall also maintain worker's compensation insurance, with limits and coverage as required by Florida law.

Notwithstanding anything to the contrary in the immediately preceding paragraph, in case of destruction of all of the improvements on the Demised Premises from any cause so as to make all Affordable Housing Units untenantable occurring during the last ten (10) years of the Term of this Lease, Lessee, if not then in default under this Lease and if there is no leasehold mortgage or other similar encumbrance on the Lessee's interest in the Demised Premises, may elect to terminate this Lease by written notice to Lessor within thirty (90) days after the occurrence of the destruction. In the event this Lease has been assigned to an Association authorized under this Lease or the Affordable Restrictions, the Association must obtain any necessary vote to terminate. In the event of termination, there shall be no obligation on the part of Lessee to restore or repair the improvements on the Demised Premises, nor any right of the Lessee to receive any proceeds collected under any insurance policies covering the improvements and all insurance proceeds shall be payable to the

Lessor. If Lessee elects not to terminate this Lease in the event of destruction during the last ten (10) years of this Lease, the proceeds of all insurance covering the improvements shall be made available to Lessee for repairs, and Lessee shall be obligated to repair as set forth above.

Section 10.02 Commercial General Liability Insurance. The Initial Lessee and the Association (upon assignment to the Association as authorized by this Lease and in the event of home ownership) shall maintain Builder's Risk and Commercial General Liability Insurance beginning on the Possession Date and continuing during the entire Term of this Lease. The Commercial General Liability Insurance shall cover those sources of liability which would be covered by the latest edition of the standard Commercial General Liability Coverage Form [ISO Form CG 00-01] as filed for use in Florida without the attachment of restrictive endorsements other than the elimination of medical payments and fire damage legal liability.

General Aggregate	\$2,000,000
Products/Completed Operations	\$1,000,000
[coverage for one (1) year after project completion]	
Each Occurrence	\$1,000,000
Contractual Liability	\$1,000,000

Additional Named Insured: Lessor, or its assigns or designees, as from time to time designated by written notice to Lessee, shall be included as additional insureds for Commercial General Liability.

Section 10.03 Environmental Impairment Responsibility. The Lessee and/or its contractors acknowledge that the performance of this Lease is, or may be, subject to Federal, State and local laws and regulations enacted for the purpose of protecting, preserving or restoring the environment. The Lessee shall, at the sole cost of the Lessee or its contractors, be responsible for full compliance with any such laws or regulations.

Section 10.04 Other Insurance. Lessee shall maintain such other insurance and in such amounts as may from time to time be reasonably required by the Lessor against other insurable hazards which at the time are commonly insured against in the case of construction of buildings and/or in the case of premises similarly situated, due regard being or to be given to the location, construction, use and occupancy. In the event that the Lessee believes that Lessor's requirement for such additional insurance is unreasonable, the reasonableness of Lessor's request shall be determined in accordance with the rules of the American Arbitration Association. Such determination as to the requirement of coverage and the proper and reasonable limits for such insurance then to be carried shall be binding on the parties and such insurance shall be carried with the limits as thus determined until such limits shall again be changed pursuant to the provisions of this Section. The expenses of such determination shall be borne equally by the parties. This procedure may only be requested after the five (5) year anniversary date of the Lease.

Section 10.05 Proceeds Payable to Mortgagee. If any mortgagee holding a leasehold mortgage created pursuant to the provisions of Article XV elects, in accordance with the terms of such mortgage, to require that the proceeds of any casualty insurance be held by and paid out by the mortgagee, then such payment may be made, but in such event, it shall still be obligatory upon the Lessee to create the complete fund with the leasehold mortgagee in the manner set forth in this Article to assure complete payment for the work of reconstruction and repair. Any mortgagee

holding insurance proceeds shall require that such proceeds are properly used to ensure repairs, but no mortgagee shall be liable for misuse of funds by Sublessee or Lessee.

**Section 10.06 Damages; Insurance Proceeds.** Any excess of money received from insurance remaining in the joint bank account after the reconstruction or repair of such building or buildings, if the Lessee is not in default, shall be paid to the Lessee. Absent circumstances reasonably excused under the conditions set forth in paragraph 14.03, in the case of the Lessee not entering into the reconstruction or repair of the building or buildings within a period of six (6) months from the date of payment of the loss, after damage or destruction occasioned by fire, windstorm, flood or other cause, and diligently prosecuting the same with such dispatch as may be necessary to complete the same in as short a period of time as is reasonable under the circumstances after the occurrence of such damage or destruction, then the amount so collected, or the balance thereof remaining in the joint account, as the case may be, shall be paid to the Lessor and it will be at the Lessor's option to terminate the Lease, unless terminated by Lessee within the last ten (10) years of the Lease as set forth above, and retain such amount as liquidated and agreed upon damages resulting from the failure of the Lessee to promptly, within the time specified, complete such work of reconstruction and repair.

**Section 10.07 Direct Repayment.** The foregoing notwithstanding, in the event the insurance proceeds are the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) or less, then such proceeds shall be paid directly to the Lessee, and Lessee shall use such funds to make the replacements or repairs. Lessee shall provide proof satisfactory to Lessor that repairs are completed as required within fifteen (15) months from the date of such damage or destruction, unless said period is enlarged by delays caused without fault or neglect on the part of the Lessee.

**Section 10.08 General Requirements.** All insurance to be provided by Lessee under this Lease shall be effected under valid and enforceable policies in such forms, issued by insurers of recognized financial responsibility and qualified to do business in Florida which have been approved by Lessor, which approval shall not be unreasonably withheld. All policies of insurance provided for in this Article shall, to the extent obtainable, contain clauses or endorsements to the effect that (i) no act or negligence of Lessee or anyone acting for Lessee or for any Sublessee or occupant of the Demised Premises which might otherwise result in a forfeiture of such insurance or any part thereof shall in any way affect the validity or enforceability of such insurance insofar as Lessor, and that (ii) such policy of insurance shall not be changed or cancelled without at least thirty (30) days written notice to the Lessor, and that (iii) the Lessor shall not be liable for any premiums thereon or subject to any assessments thereunder.

**Section 10.09 Subsequent Lessees, Assignees, Sublessees and Grantees.** Notwithstanding anything contained herein to the contrary, in the event an authorized Association fails to obtain insurance coverage to protect against loss or damage by fire, flood and windstorm for the individual Affordable Housing Units and therefore does not charge the Sublessees for said coverage as part of the Association fees to be paid by the individual Unit Owners (only in the event that this Project is expressly authorized as a home-ownership project); then, in such event Sublessees shall secure the above-described insurance coverage for their individual Affordable Housing Units. Therefore, Lessor shall be entitled to require replacement cost and other customary and reasonable insurance coverage(s) at least but only to the full replacement value of any Sublessees' and/or any governing Association's insurable interest in the Demised Premises. Any parties who subsequently become holders of any title or possessory interest to a portion of the Demised Premises, shall upon request

provide, in a form satisfactory to Lessor, proof of customary and reasonable insurance adequate and sufficient to cover and protect all interests of the Lessor as set forth in this Article X, at least to the extent and value of that subsequent interest holder's insurable interest. The same or similar procedures for the use and application of insurance proceeds as set forth above may be required for subsequent interest holders and the same remedies available to Lessor for Initial Lessee's failure to comply with such insurance requirements shall be available to Lessor with respect to any future interest holders. Future interest holders (including all Sublessees) shall name Lessor as an additional insured on any required insurance policies.

## **ARTICLE XI**

### Insurance Premiums

**Section 11.01 Insurance Premiums.** The Lessee shall secure and maintain all of the insurance policies which the Lessee is obligated to carry under the terms of this Lease. In the event that Lessee fails to obtain and pay for the necessary insurance, or a future subsequent partial interest holder (e.g., Sublessee, Association) fails to obtain and pay for necessary insurance as required by Lessee, Lessor shall have the right, but not the obligation, without notice to Lessee, to procure such insurance and/or pay the premiums of such insurance, in which case Lessee shall repay Lessor immediately upon demand by Lessor as additional Rent.

## **ARTICLE XII**

### Assignment/Transfer

**Section 12.01 Assignment by Initial Lessee.** Notwithstanding anything in this Lease to the contrary, without the written consent of Lessor, which consent shall not be unreasonably withheld or delayed, Initial Lessee shall not assign or sublet any portion of the Demised Premises, or change the management of the Demised Premises or the Managing Member of the Lessee, except as otherwise provided herein. However, Lessor acknowledges and agrees that the Affordable Housing Units are to be initially developed as units for rent to moderate or lesser income qualified third parties, as defined in the Affordable Restrictions. Therefore, the Affordable Housing Units may be rented and occupied without the Initial Lessee obtaining consent from Lessor for such subletting, provided that Initial Lessee shall follow the guidelines set forth herein. In the event an Affordable Housing Unit is to be rented to a qualified third party by Initial Lessee, said Unit shall only be rented at rates allowable under the Affordable Restrictions for moderate or lesser income-qualified third parties. Additionally, Initial Lessee shall have the right to assign its duties as property manager for said Units to a third party with the written consent from Lessor, which consent shall not be unreasonably withheld or delayed, but shall ultimately remain responsible for performance of such duties by any designated property manager.

Should Initial Lessee offer the Affordable Housing Units for-sale as fee simple condominiums or townhouses, as set forth in Section 12.05, Initial Lessee may subsequently be authorized by Lessor, which authorization must be in writing and shall not be unreasonably withheld or delayed, to assign its interest in this Lease for any portions of the Demised Premises to a homeowners', condominium or similar Association to be created by the Initial Lessee that shall assume the obligations with respect to the Demised Premises, including maintenance and insurance obligations. Any such Association and its related declaration, articles of incorporation, bylaws and

any other governing documents, as may be amended, shall first be approved by Lessor or its designee for compliance with the goals, purposes and intent of this Lease and the Affordable Restrictions, which approval shall not be unreasonably withheld or delayed. Where such documents comply with the foregoing, Lessor shall join in any community ownership governing documents as may be required by Initial Lessee in order to conform its planned unit community governance to state law. No governing document related to such Association shall materially alter or impair the terms and conditions of this Lease or the applicability of the Affordable Restrictions. With regard to any act in this Article which requires the consent of Lessor, Lessor shall have fifteen (15) business days from receipt of request for consent from Lessee to review and consider the request. In the event Lessor fails to provide written notice of its consent within fifteen (15) business days of receipt, said failure shall be deemed the affirmative written consent of Lessor.

Lessor shall have the right to assign any of its duties and rights related to this Lease or the assignment of Subleases to any other governmental entity or profit or non-profit organization designated and approved by Lessor, including the right, but not the obligation, to find qualified renters in the case of rental of the Affordable Housing Units (unless the rental units are owned by Initial Lessee or a Lessor-approved subsequent assignee of Initial Lessee's interests and Initial Lessee chooses to manage the retained units, then in such event Initial Lessee shall have the right to find qualified renters for said rental units where that right is not in conflict with the Affordable Restrictions, as they may be automatically subordinated to AHTC requirements per other provisions of this Lease). In the event such duties or rights are assigned, reference to "Lessor" in this Section 12.01 shall also refer to any assignee.

Section 12.02 Initial Sale/Lease of Unit By Developer/Initial Lessee. Initial Lessee shall be authorized to sell the Affordable Housing Units to individuals qualified to own/occupy the Affordable Housing Units and subject to all other affordable housing covenants of record only where permitted by the Affordable Restrictions. Notwithstanding anything contained herein to the contrary, all purchasers/Owners of such Affordable Housing Units shall meet the Village's requirements of moderate or lesser income affordable housing, adjusted for family size, and any other applicable Affordable Restrictions. In all cases of conflict between local and federal AHTC rental, tenant eligibility and other guidelines, Lessee shall be entitled to adhere to governing federal requirements without being deemed in breach of this Lease or the Affordable Restrictions. Initial Lessee shall upon Lessor's request, provide verification in a form and manner reasonably determined by Lessor that purchasers/Owners/Sublessees/tenants for all Affordable Housing Units meet the requirements herein

Section 12.03 Assignment/Transfer by Sublessees. When Lessee the Affordable Housing Units will be sold as homeownership units as provided for herein, at such time as any individual Unit Owner or Sublessee desires to sell, assign or otherwise transfer their Affordable Housing Units and interests, the Sublessee shall be required to follow the procedures set forth herein and any procedure that may be set forth in the Affordable Restrictions, and any conveyance, transfer or other disposition and the acceptance of such transfers shall be automatically deemed an agreement to the conditions set forth herein.

Section 12.04 Required Notice of Restrictions. Any conveyance, lease, assignment, grant or other disposition of any interest made with respect to any portion of the Demised Premises, including but not limited to any recorded Association governing documents, other than those mortgage interests provided for in Article XV, shall contain the following required Notice of Restrictions in a

conspicuous location on the upper one-half of the first page of the relevant instrument effectuating the interest in bold capital typed letters greater than or equal to 14 point font:

**NOTICE OF RESTRICTIONS**

**ANY INSTRUMENT OF CONVEYANCE, LEASE, ASSIGNMENT, GRANT OR OTHER DISPOSITION OF ANY INTEREST IN OR TO ANY PORTION OF THE DEMISED PREMISES OR TO ANY IMPROVEMENTS ERECTED THEREON WILL BE SUBJECT TO CERTAIN RESTRICTIONS INCLUDING BUT NOT LIMITED TO RIGHTS OF FIRST REFUSAL, USE, OCCUPANCY, INCOME, MEANS, RESALE PRICE, RENTAL AND MORTGAGE LIMITATIONS, INCLUDING BUT NOT LIMITED TO THOSE SET FORTH IN OFFICIAL RECORDS BOOK \_\_, PAGE \_\_ OF THE PUBLIC RECORDS OF MONROE COUNTY, FLORIDA.**

The book and page numbers of the first recorded page of this Lease and the first recorded page of any recorded Association governing documents affecting the respective portion of the Demised Premises shall be set forth in the Notice of Restrictions. Any instrument of conveyance, lease, assignment or other disposition made without following the notice procedures set forth herein shall be void and confer no rights upon any third person, though such instruments may in some cases be validated by fully correcting them according to procedures established by Lessor, as determined in Lessor's sole discretion, so as to ensure compliance with the public affordability purposes furthered by this Lease and the Affordable Restrictions.

**Section 12.05 Sales and Assignments; Ground Lease Requirements; Right of First Refusal.**

Unless otherwise subsequently authorized in writing by Lessor and by the Affordable Restrictions or unless otherwise as set forth in subsection e. below, or in another provision herein, only rentals and of the Affordable Housing Units are initially contemplated and permitted under this Lease pursuant to the the Affordable Restrictions. However, if Lessee, subject to the written consent of Lessor, elects to offer any of the Affordable Housing Units for sale and Lessee subsequently designates in writing to Lessor which of the units will be sold as homeownership units, Lessee shall be required to comply with the following:

- a. The total sales price for all interests to be transferred shall not exceed the highest price permitted under the Affordable Restrictions. All additional terms of the contract shall be consistent with the Affordable Restrictions. Lessee hereby agrees to execute a contract with a pre-qualified purchaser and to cooperate with reasonable closing procedures not in conflict with the Affordable Restrictions.
- b. All purchase and sale contracts shall be deemed to be contingent on the buyer and transaction being qualified under the Affordable Restrictions. Lessee and the proposed parties to a transfer transaction may agree to additional time periods necessary to verify full compliance with all aspects of the Affordable Restrictions. In no case shall Lessor, or its designees, be deemed to waive with respect to any party any requirement applicable to that party under the Affordable Restrictions where it turns out that such requirement was not in fact met, true or complied with. Lessor reserves, to itself and to its designees, all legal and equitable rights it deems necessary or appropriate to ensure that all portions of the Demised Premises are used for Affordable Housing, the purpose for which they were intended, including but not

limited to termination of the sublease for any portion of the Demised Premises and forcing sale and reassignment of any improvements thereon.

- c. Lessor shall be deemed reasonable in withholding its approval for any proposed sale if the contract terms and proposed purchaser do not meet requirements set forth herein or in the Affordable Restrictions. After the Lessee has reviewed and approved a contract, Sublessee shall not have the ability to amend the terms of the contract unless Sublessee obtains Lessor's approval of the amendment as set forth in Paragraph c., above. The Sublessee shall only transfer their interest to approved persons, as defined by the Affordable Restrictions for moderate or lesser income, or to Lessor in the event Lessor and Sublessee are unable to find a qualified purchaser, so long as Lessor chooses to purchase the Affordable Housing Unit, in Lessor's sole and absolute discretion.
- d. Lessee and Sublessees are deemed to understand and agree that Lessor may, in its absolute discretion, require that any Affordable Housing Unit sold as an affordable "ownership" and "occupancy" Affordable Housing Unit which is made the subject of any unauthorized offer to rent, or which is attempted to be or is actually rented absent specific written Lessor authorization or as authorized in the Affordable Restrictions, be deemed to have become the subject of an irrevocable offer to sell the Affordable Housing Unit and thus subject to the right of first refusal provisions of this Article XII and allow Lessee or its designee to purchase the Affordable Housing Unit at the lesser of (i) the purchase price paid by the offeror, or (ii) the highest price permitted under the Affordable Restrictions. All rental agreements follow the guidelines and procedures set forth herein and in the Affordable Restrictions and any AHTC requirements, including but not limited to, providing the Village with a copy of the proposed rental agreement for review and approval, unless this requirement is otherwise waived or modified in writing by Lessor. Additionally, the rental agreement must include a copy of any Association rules and regulations, as well as an acknowledgement by the tenant that they will abide by the rules and regulations of the Association, and Sublessee shall provide the Association with a copy of said rental agreement to ensure compliance. Furthermore, no Sublessee shall be authorized to enter into a rental agreement for an Affordable Housing Unit containing a term greater than one (1) year, or containing an automatic renewal term that would frustrate Lessor's and Lessee's rights or continued affordability expectations established under this Lease or the Affordable Restrictions. Additionally, in the event a tenant has been cited for a violation of the rules and regulations of the Association more than twice in any calendar year, Lessee hereby agrees not to renew said lease without first obtaining the approval of the Association Board of Directors, and said approval may be withheld in their sole and absolute discretion. Any rental agreement shall contain the following warning prominently set forth in writing:

**BY SIGNING THIS RENTAL AGREEMENT THE TENANT AGREES THAT UPON SURRENDER OR ABANDONMENT, AS DEFINED BY CHAPTER 83 FLORIDA STATUTES, THE LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR STORAGE OR DISPOSITION OF THE LESSEE'S PERSONAL PROPERTY.**

**Section 12.06 Assignment by Lessor.** This Lease shall be freely assignable by the Lessor, and upon such assignment, the Lessor's liability and obligations shall cease and Lessor shall be released from any further liability or obligations. In the event the ownership of the land comprising the Demised Premises is conveyed or transferred (whether voluntarily or involuntarily) by Lessor to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. In the event the Demised Premises are sold, transferred or conveyed, or the Lease is assigned by Lessor, Lessor shall require any purchaser, transferee or assignee to assume in writing all of Lessor's obligations and responsibilities relating to this Lease.

**Section 12.07 Death of a Unit Owner.** In the event the Owner of an Affordable Housing Unit dies, Lessee shall, unless for good cause shown, consent to a transfer of the leasehold interest to the spouse, child(ren) or other heirs, devisees, legatees or beneficiaries of the Affordable Housing Unit Owner provided that such persons state, in writing, under oath that they have reviewed the terms of this Lease and any related documents, and that they understand and accept the terms of this Lease by signing an acknowledgement, which is substantially in a form similar to that attached hereto as Exhibit "D". All spouses, heirs, devisees, legatees or other beneficiaries must demonstrate to the Lessee's reasonable satisfaction that they qualify for ownership and/or occupancy of an affected Affordable Housing Unit as provided for under this Lease and in the Affordable Restrictions. All estates and leasehold or other interests granted in or conveyed with respect to any of the Demised Premises do not extend to any degree so as to limit or inhibit the intent and operation of this Lease and the Affordable Restrictions, it being expressly and irrevocably accepted on behalf of all future Sublessees and all those who would or might succeed to their interests, that these Demised Premises and each and every portion thereof, for the entire Term of this Lease, are to be used as affordable housing according to the Affordable Restrictions. In the event the spouse, heirs, devisees, legatees or beneficiaries of a deceased Owner do not meet the requirements for affordable housing, such persons shall not occupy the premises and shall not be entitled to possession, except and only to the extent that the Lessor permits same, under conditions that it determines furthers the goals and public purposes of this Lease and the Affordable Restrictions. Therefore, in such event, the heirs of the decedent shall, if required by Lessee, transfer their interest in the Affordable Housing Unit in accordance with the provisions of this Article XII and cooperate with the Lessor in accomplishing same. It is the intent of this Lease, to the full extent Florida law permits, that constitutional homestead rights not be construed to inhibit or limit the intended operation of this provision.

**Section 12.08 Administrative Fees.** With the exception of the initial sales by Initial Lessee, where the Lessor authorizes sales of units for individual home-ownership purposes, the Lessor or its designee shall be entitled to charge three and one-half percent (3 ½ %) of the Purchase Price (gross compensation however described) for any transferred interest (other than simple security mortgage interests or rental agreements) in which Lessor identified the purchaser, as an administrative fee for coordinating the closing on any Affordable Housing Unit, said fee to be paid by the selling Unit Owner at the time of closing. This fee does not include other seller and buyer closing related costs such as title insurance, documentary stamps, intangible taxes, prorated taxes, real estate commissions, insurance, homeowners' assessments, loan expenses and the like, or rental management or processing fees for rental units. In the event that Lessor was unable to identify a purchaser, Lessor shall still be entitled to an administrative fee of one and one-half percent (1 ½ %) of the Purchase Price for review of the contract and assistance with coordinating the closing on the Affordable Housing Unit. After the initial sales by Initial Lessee, the Lessor or its designee shall be authorized to designate closing, escrow and title agents involved in all transactions involving interests subject to this Lease. After the initial sale of each Affordable Housing Unit by Initial

Lessee, Lessor or its designee may, initially and from time to time, establish, promulgate, revise and/or waive all or part of such fees related to the administration of this Lease and any Subleases, but in no event may Lessor increase the amount of the administrative fee to an amount in excess of three and one-half percent (3½ %) for an owner who purchased his or her Affordable Housing Unit without actual, constructive or regulatory notice of the potential applicability of a greater percentage fee.

## ARTICLE XIII

### Condemnation

Section 13.01 Eminent Domain; Cancellation. If, at any time during the continuance of this Lease, the Demised Premises or any portion thereof is taken, appropriated or condemned by reason of eminent domain, there shall be such division of the proceeds and awards in such condemnation proceedings and such abatement of the Rent and other adjustments made as shall be just and equitable under the circumstances. If the Lessor and the Lessee are unable to agree upon what division, annual abatement of Rent or other adjustments as are just and equitable, within thirty (30) days after such award has been made, then the matters in dispute shall be determined in accordance with the rules of the American Arbitration Association. Such determination made by the arbitration shall be binding on the parties. If the legal title to the entire Demised Premises be wholly taken by condemnation, the Lease shall be cancelled.

Section 13.02 Apportionment. Although the title to the building and improvements placed by the Lessee upon the Demised Premises will on the Termination Date pass to the Lessor, nevertheless, for purpose of condemnation, the fact that the Lessee placed such buildings on the Demised Premises shall be taken into account, and the deprivation of the Lessee's use (and any use of a Sublessee) of such buildings and improvements shall, together with the Term of the Lease remaining, be an item of damage in determining the portion of the condemnation award to which the Lessee or Sublessee is entitled. In general, it is the intent of this Section that, upon condemnation, the parties hereto shall share in their awards to the extent that their interests, respectively, are depreciated, damaged, or destroyed by the exercise of the right of eminent domain. In this connection, if the condemnation is total, the parties agree that the condemnation award shall be allocated so that the then value of the property, as though it were unimproved property, shall be allocated to the Lessor, and the then value of the building or buildings thereon shall be allocated between the Lessee and any Sublessee or Affordable Unit Owner, after giving due consideration to the number of years remaining in the Term of this Lease and the condition of the buildings at the time of condemnation. The Lessee shall not be precluded from any condemnation remedy otherwise available to it by law.

## ARTICLE XIV

### Construction

#### Section 14.01 Requirement to Construct Project.

(a) Initial Lessee shall commence construction of the Project by the earlier of i) one hundred twenty (120) days after the issuance of the building permits for the construction of the

Project, or ii) by December 31, 2019, and shall substantially complete construction and obtain Certificates of Occupancy for all Affordable Housing Units within eighteen (18) months thereafter, but in no event later than June 30, 2021. The foregoing limitation of time for the completion of the Project may be extended by written agreement between the parties hereto.

(b) During the course of construction of the Project, Initial Lessee shall provide to the Lessor quarterly written status reports on the Project. The Lessor and Initial Lessee shall allow and permit reasonable access to, and inspection of, all documents, papers, letters or other materials in their possession or under their control where such information is subject to public disclosure under the provisions of Chapter 119, F.S., or successor or supplemental statutes. However, nothing contained herein shall be construed to render documents or records of Initial Lessee or any other persons that would not be deemed public records under Chapter 119 to be such records only because of this provision. The Lessee (but not individual Sublessees occupying an Affordable Housing Unit as their primary residence) shall maintain all books, records, and documents directly pertinent to performance under this Lease in accordance with generally accepted accounting principles consistently applied. The Village Clerk, Village Auditor, or a designee of said officials or of the Lessor, shall, during the term of this Agreement and for a period of five (5) years from the date of termination of this Agreement, have access to and the right to examine and audit any Records of the Lessee involving transactions related to this Lease upon reasonable request and with reasonably sufficient advance notice.

(c) The Project shall be constructed in accordance with the Site Plan, and all requirements of all laws, ordinances, codes, orders, rules and regulations of all governmental entities having jurisdiction over the Project, including, but not limited to, the Village. Notwithstanding its applicability to this Project, Initial Lessee agrees to use its best efforts to honor all preferences for local businesses for the purchase of or contract for, materials, supplies, equipment, improvements, labor or services, as set forth in Islamorada, Village of Islands' Ordinances No. 11-09, passed and adopted on March 24, 2011.

(d) The Initial Lessee shall, at its sole cost and expense, apply for and prosecute, with reasonable diligence, all necessary approvals, permits and licenses and impact fees required by applicable governmental authorities for the construction, development, zoning, use and occupation of the Project. Lessor agrees to cooperate with and publicly support the Initial Lessee's effort to obtain such approvals, permits and licenses, provided that such approvals, permits and licenses shall be obtained at Initial Lessee's sole cost and expense. Nothing in this Lease is intended to or shall be construed to obviate or lessen any requirements for customary development approvals from any permitting authority, including the Village. Nothing in this Lease shall be construed as the Village's delegation or abdication of its zoning authority or powers and no zoning approval that Initial Lessee may require to complete its performance under this Lease has been or shall be deemed agreed to, promised or contracted for by this Lease.

(e) Construction of the Project on the Demised Premises prior to and during the Term of this Lease shall be performed in a good and workmanlike manner, pursuant to written contracts with licensed contractors and in accordance with any and all requirements of local ordinances and with all rules, regulations and requirements of all departments, boards, officials and authorities having jurisdiction thereof. It is understood and agreed that the plans and specifications for all construction shall be prepared in accordance with the Site Plan and by duly qualified architects/engineers licensed in the State of Florida.

(f) Prior to commencement of construction on the Demised Premises, Lessee shall obtain, or cause its general contractor to obtain, a payment and performance bond in favor of the Village as dual obligee from a surety in an amount equal to the cost of construction of the Improvements and in form consistent with industry standards and reasonably satisfactory to the Lessor.

(g) At all times and for all purposes hereunder, the Initial Lessee is an independent contractor/lessee and not an employee of the Village or any of its agencies or departments. No statement contained in this Lease shall be construed as to find the Initial Lessee or any of its employees, contractors, servants or agents to be employees of the Village, and they shall be entitled to none of the rights, privileges or benefits of Village employees. No covenant or agreement contained herein shall be deemed to be a covenant or agreement of any member, officer, agent or employee of the Village or the Initial Lessee or Lessee in his or her individual capacity, and no member, officer, agent or employee of the Village or the Initial Lessee or Lessee shall be liable personally on this Lease or be subject to any personal liability or accountability by reason of the execution of this Lease.

(h) Initial Lessee agrees that it will not discriminate against any employees, applicants for employment, prospective Sublessees or other prospective future subinterest holders or against persons for any other benefit or service under this Lease because of their race, color, religion, sex, sexual orientation, national origin, or physical or mental handicap where the handicap does not affect the ability of an individual to perform in a position of employment, and to abide by all federal and state laws regarding non-discrimination.

(i) Lessee shall be entitled during the full term of this Lease to make alterations to the Demised Premises in accordance with the requirements set forth in this Section 14.01.

14.02 Access to the Project and Inspection. The Lessor and/or its duly appointed agents shall have the right, at all reasonable times upon the furnishing of reasonable notice under the circumstances (except in an emergency, when no notice shall be necessary), to enter upon the common areas of the Demised Premises to examine and inspect said areas to the extent that such access and inspection are reasonably justified to protect and further the Lessor's continuing interest in the Demised Premises, as determined in Lessor's reasonable discretion. Lessor's designees, for purposes of this Article 14.02, shall include Village, County or State code or building inspectors, and the like, without limitation. Initial Lessee shall permit building and code inspectors' access customary to the performance of their duties related to projects of the nature contemplated herein, said notice requirements notwithstanding.

14.03 Forced Delay in Performance. Notwithstanding any other provisions of this Lease to the contrary, the Initial Lessee shall not be deemed to be in default under this Lease where delay in the construction or performance of the obligations imposed by this Lease are caused by war, revolution, labor strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, labor disputes, embargoes, tornadoes, hurricanes, tropical storms or other severe weather events, or inability to obtain or secure necessary labor, materials or tools, or unreasonable acts or failures to act by the Lessor, or any other causes deemed Force Majeure Events beyond the reasonable control of the Lessee. The time of performance hereunder shall be extended for the period of any forced delay or delays caused or resulting from any of the foregoing Force Majeure Events.

**14.04 Easements.** Lessee is authorized to grant reasonable and necessary easements for access and utilities customary for similar land uses and construction projects in the Village subject to Lessor's attorney's review and approval for substance and form of easement instruments, which approval shall not be unreasonably withheld or delayed. Lessor shall make objection to any proposed easement instruments within fifteen (15) business days of receipt of copies thereof, or Lessor's approval shall be deemed granted.

## **ARTICLE XV**

### **Mortgage Financing**

**Section 15.01 Construction Financing By Initial Lessee.** Initial Lessee shall have the right to mortgage its leasehold interests in the Demised Premises.

(a) The Initial Lessee shall have the right to encumber by leasehold mortgage or other proper instrument Initial Lessee's interest under this Lease, together with all buildings and improvements placed by Initial Lessee on the Demised Premises, to any Investor, funding group or entity formed and lawfully authorized to participate in a AHTC financing arrangement, a Federal or State Savings & Loan Association, Bank or Trust Company, Insurance Company, Pension Fund or Trust (or to another private lender so long as the terms and conditions of the financing from private lender are on substantially similar terms to those then existing by the other lenders referred to in this Section), or to similar lending institutions authorized to make leasehold mortgage loans in the State of Florida, or to any public or quasi-public lender.

(b) Until the time any leasehold mortgage(s) shall be satisfied of record, when giving notice to the Initial Lessee with respect to any default under the provisions of this Lease, the Lessor shall also serve a copy of such notice upon the Initial Lessee's leasehold mortgagee(s) at addresses for notice set forth in the mortgage instrument(s) (including assignments thereof) as recorded in the Public Records of Monroe County, Florida. No such notice to the Initial Lessee shall be deemed to have been given unless a copy of such notice has been mailed to such leasehold mortgagee(s), which notice must specify the nature of each such default. Initial Lessee shall provide Lessor with written notice of the book and page number of the Public Records of Monroe County, Florida for each mortgage by which it encumbers the Demised Premises, including modifications and assignments thereof.

(c) In case the Initial Lessee shall default under any of the provisions of this Lease, the Initial Lessee's leasehold mortgagee(s) shall have the right to cure such default whether the same consists of the failure to pay Rent or the failure to perform any other matter or thing which the Initial Lessee is required to do or perform and the Lessor shall accept such performance on the part of the leasehold mortgagee(s) as though the same had been done or performed by the Initial Lessee. The leasehold mortgagee(s), upon the date of mailing by Lessor of the notice referred to in subparagraph (b) of this Section 15.01 shall have, in addition to any period of grace extended to the Initial Lessee under the terms and conditions of this Lease for a non-monetary default, a period of sixty (60) days within which to cure any non-monetary default or cause the same to be cured or to commence to cure such default with diligence and continuity; provided, however, that as to any default of the Initial Lessee for failure to pay Rent, or failure to pay any amount or Charges otherwise required under the terms of this Lease (e.g., including, but not limited to, taxes or assessments), the leasehold mortgagee(s) shall have thirty (30) days from the date the notice of default was mailed to the mortgagee(s) within which to cure such default.

(d) In the event of the termination of this Lease with Initial Lessee for defaults described in this Article XV, or of any succeeding Lease made pursuant to the provisions of this Section 15.01(d) prior to the cure provisions set forth in Section 15.01(c) above, the Lessor will enter into a new Lease of the Demised Premises with the Initial Lessee's leasehold mortgagee(s), or, at the request of such leasehold mortgagee(s), to a corporation or other legal entity formed by or on behalf of such leasehold mortgagee(s) or by or on behalf of the holder of the note secured by the leasehold mortgage, for the remainder of the Term, effective on the date of such termination, at the Rent and subject to and upon the covenants, agreements, terms, provisions and limitations contained in this Lease, including the Affordability Restrictions, provided that such leasehold mortgagee(s) make written request and execute, acknowledge and deliver to the Lessor such new Lease within thirty (30) days from the date of such termination and such written request and such new Lease is accompanied by payment to the Lessor of all amounts then due to the Lessor, including reasonable attorneys' fees and costs, court costs and disbursements incurred by the Lessor in connection with any such default and termination as well as in connection with the execution, delivery and recordation of such new Lease, less the net income collected by the Lessor subsequent to the date of termination of this Lease and prior to the execution and delivery of the new Lease, and any excess of such net income over the aforesaid sums and expenses to be applied in payment of the Rent thereafter becoming due under such new Lease.

Any new Lease referred to in this Section 15.01(d) shall require execution, acknowledgement or delivery by the Lessor in order to become effective as against the Lessor (or any Sublessees) and the Lessor (and any Sublessees) shall be deemed to have executed, acknowledged and delivered any such new Lease immediately upon execution by the Lessor; and such new Lease shall be accompanied by (i) payment to the Lessor of all amounts then due to the Lessor of which the leasehold mortgagee(s) shall theretofore have received written notice; and (ii) an agreement by the leasehold mortgagee(s) to pay all other Charges then due to the Lessor of which the leasehold mortgagee(s) shall not theretofore have received written notice. In addition, immediately upon receipt by the Lessor of such new Lease, as provided in this Section 15.01(d), the Lessor, where appropriate to the circumstances, shall be deemed to have executed, acknowledged and delivered to the leasehold mortgagee(s) an assignment of all Subleases covering the Demised Premises which theretofore may have been assigned and transferred to the Lessor and all Subleases under which Sublessees shall be required to attorn to the Lessor pursuant to the terms and conditions of such Subleases or this Lease. Such assignment by the Lessor shall be deemed to be without recourse as against the Lessor. Within thirty (30) days after a written request therefore by the leasehold mortgagee(s), such assignment or assignments shall be reduced to a writing in recordable form and executed, acknowledged and delivered by the Lessor to the leasehold mortgagee(s).

(e) The Initial Lessee's leasehold mortgagee(s) may become the legal owner and holder of this Lease by foreclosure of its (their) mortgage(s) or as a result of the assignment of this Lease in lieu of foreclosure, which shall not require Lessor's consent, whereupon such leasehold mortgagee(s) shall immediately become the Lessee and remain liable under this Lease as provided in Section 15.01(f) below.

(f) In the event that a leasehold mortgagee(s) shall become the owner or holder of the Lessee's interest by foreclosure of its(their) mortgage(s) or by assignment of this Lease in lieu of foreclosure or otherwise, the term "Initial Lessee," as used in this Lease, means only the owner or holder of the Lessee's interest for the time period that such leasehold mortgagee(s) is(are) the owner

or holder of the Lessee's interest. Accordingly, in the event of a sale, assignment or other disposition of the Initial Lessee's interest in this Lease by the leasehold mortgagee(s), where leasehold mortgagee(s) took title or ownership of or to any or all of the Initial Lessee's interest in the Lease and/or any portion of the Demised Premises as a result of foreclosure or acceptance of an assignment in lieu thereof, the leasehold mortgagee(s) shall be entirely freed and relieved of all covenants and obligations of performance relating to construction, marketing and transfer to Sublessees and it shall be deemed and construed, without further agreement between the Lessor and the mortgagee(s), or between the Lessor, the mortgagee(s) and the mortgagees' purchaser(s) or assignee(s) at any such sale or upon assignment of Initial Lessee's interest by the leasehold mortgagee(s), that the purchaser(s) or assignee(s) of Initial Lessee's interest has assumed and agreed to carry out any and all covenants and obligations of Initial Lessee, including but not limited to the construction, infrastructure, maintenance and management of the Affordable Housing Units contemplated herein. In no event shall any protections afforded a leasehold mortgagee(s) under this Lease be construed to permit eventual use of the Demised Premises for purposes inconsistent with this Lease or the Affordable Restrictions.

(g) Within ten (10) days after Lessor's receipt of written request by Initial Lessee or by Initial Lessee's leasehold mortgagee(s), or after receipt of such written request in the event that upon any sale, assignment or mortgaging of Initial Lessee's interest in this Lease by Initial Lessee or Initial Lessee's leasehold mortgagee(s), an offset statement shall be required from the Lessor, and the Lessor agrees to deliver in recordable form a certificate to any proposed leasehold mortgagee(s), purchaser(s), assignee(s) or to Initial Lessee, certifying (if such be the case) (i) that this Lease is in full force and effect; (ii) that the Lessor has no knowledge of any default under this Lease, or if any default exists, specifying the nature of the default; and (iii) that there are no defenses or offsets which are known and may be asserted by the Lessor against the Lessee with respect to any obligations pursuant to this Lease.

(h) So long as the Initial Lessee's interest in this Lease shall be mortgaged to a leasehold mortgagee(s), the parties agree for the benefit of such leasehold mortgagee(s), that they shall not surrender or accept a surrender of this Lease or any part of it, nor shall they cancel, abridge or otherwise materially modify this Lease or accept material prepayments of installments of Rent to become due without the prior written consent of such mortgagee(s) in each instance.

(i) Reference in this Lease to acquisition of the Initial Lessee's interests in this Lease by the leasehold mortgagee(s) shall be deemed to refer, where circumstances require, to acquisition of the Initial Lessee's interest in this Lease by any purchaser at a sale of foreclosure by the leasehold mortgagee(s) and provisions applicable to the leasehold mortgagee(s) in such instance or instances shall also be applicable to any such purchaser(s).

(j) So long as the Initial Lessee's interest in this Lease shall be mortgaged to a leasehold mortgagee(s), the parties agree for the benefit of such leasehold mortgagee(s) that the Lessor shall not sell, grant or convey to the Initial Lessee all or any portion of the Lessor's fee simple title to the Demised Premises without the prior written consent of such leasehold mortgagee(s), which consent shall not be unreasonably withheld, delayed or conditioned. In the event of any such sale, grant or conveyance by the Lessor to the Initial Lessee, the Lessor and the Lessee agree that no such sale, grant or conveyance shall create a merger of this Lease into a fee simple title to the Demised Premises. This subparagraph (j) shall not be construed to prevent a sale, grant or conveyance of the Lessor's fee simple title by the Lessor to any person, firm or corporation other

than the Initial Lessee, its successors, legal representatives and assigns, so long as this Lease is not terminated.

(k) Reference in this Lease to the Initial Lessee's leasehold mortgagee(s) shall be deemed to refer where circumstances require to the leasehold mortgagee(s)'s assignee(s); provided that such assignee(s) shall record proper assignment instruments in the Public Records of Monroe County, Florida, together with written notice setting forth the name and address of the assignee(s).

(l) In conjunction and contemporaneously with the sale or transfer of each Affordable Housing Unit, leasehold mortgagee(s) shall make arrangement to ensure the release of any and all applicable portions of its (their) mortgage(s) on the entire Demised Premises so as to grant clear title to the Sublessee. The details and release payment requirements shall remain within the reasonable business discretion of the Initial Lessee and the leasehold mortgagee(s).

(m) Lessee shall be entitled, in the event of any of the foregoing circumstances or events set forth in this Paragraph 15.01, to elect to deal primarily or exclusively with a mortgagee whose position is primary or in first order of priority with respect to foreclosable interests or rights according to the laws of the State of Florida or as contractually agreed by and among multiple mortgagees, where there are such.

**Section 15.02 Permitted Mortgages for Sublessees (Unit Owners).** The individual Affordable Housing Unit Owners (in the event that home ownership is authorized and approved by the Lessee) shall have the right to encumber by mortgage their interests in any Sublease, improvements or any associated portions of the Demised Premises related to their interests in the individual Affordable Housing Units to a Federal or State Savings Loan Association, Bank, Trust Company or similar lending institution, subject to the following requirements:

(a) The mortgage(s) encumbering the Affordable Housing Unit shall not exceed 100% of the maximum allowable sale price of the Affordable Housing Unit as set forth in the Affordable Restrictions;

(b) Owners shall not be entitled to mortgage their respective leasehold interests in the event the terms of the note, which is secured by the mortgage, may result in negative amortization, unless otherwise approved by Lessee;

(c) For informational and record keeping purposes, Owners shall present to Lessee (i) a copy of approval(s) for loans encumbering their Affordable Housing Unit within five (5) business days after such loans are approved, and (ii) no sooner than five (5) business days before the scheduled loan closing date, a copy of the owner's and/or any lender's title insurance commitment. Lessee's failure to approve or object to any of the foregoing documents prior to the closing of a relevant loan shall not preclude closing of the relevant loan and shall not constitute an opinion or confirmation by Lessee that the corresponding loans or title insurance policies comply with or conform to the requirements of this Lease or the Affordable Restrictions, nor constitute any waiver or relinquishment of Lessor's rights to enforce same;

(d) In the event of a foreclosure sale by an Owner's mortgagee or the delivery of an assignment or other conveyance to a Owner's mortgagee in lieu of foreclosure with respect to any real property subject to the provisions of this Lease, said mortgagee, or the purchaser at foreclosure, shall comply with the provisions of Article XII. No sale of any Affordable Housing Unit shall be permitted at an amount in excess of that allowed under the Affordable Restrictions and shall otherwise fully comply with all applicable Affordable Restrictions. Any Affordable Housing Unit accepted in lieu of foreclosure or as to which a mortgagee intends to foreclose shall be subject to the Lessee's right of first refusal as set forth in Article 12.05. Nothing herein shall preclude potential purchasers approved by Lessee from bidding at any foreclosure sale and, where successful, purchasing the subject Affordable Housing Unit at the foreclosure sale price in accordance with Article XII; and

(e) The parties recognize that it would be contrary to the fundamental affordable housing concept of this Lease and an incentive to abuse Owner's authorization to encumber its leasehold interest with a mortgage if Owner could realize more in loan or sale proceeds than their permitted purchase or resale price as a result of any transaction. Accordingly, Owner hereby irrevocably assigns to Lessee any and all net proceeds from the sale of any interest in the Demised Premises remaining after payment of costs of foreclosure and satisfaction of the lien of any mortgage which would have otherwise been payable to Owner, to the extent such net proceeds exceed the net proceeds that Owner would have received had the interests been sold pursuant to the Affordable Restrictions. Owner hereby authorizes and instructs the mortgagee or any party conducting the closing of a sale or through an unauthorized transfer to pay the amount of said excess directly to Lessee. In the event, for any reason, such excess proceeds are paid to Owner, Owner hereby agrees to promptly pay the amount of such excess to Lessee.

## ARTICLE XVI

### Default

Section 16.01 Notice of Default. Lessee shall not be deemed to be in default under this Lease in the payment of Rent or the payment of any other Charges or monies as herein required unless Lessor shall first give to Lessee, any mortgagees for which Lessor has previously been provided requests for such notice and current detailed contact information in the manner set forth for recording and communicating to Lessor a "Certificate of Notice" as set forth in Section 20.03, hereof, and up to one specifically designated Investor Member for which Lessor has previously been provided a request for such notice and detailed contact information, fifteen (15) days written notice of such default and Lessee or any other party on its behalf fails to cure such default within fifteen (15) days of receipt of said notice.

Except as to the provisions or events referred to in the preceding paragraph of this Section, Lessee, Mortgagees and the Investor Member shall not be deemed to be in default under this Lease unless Lessor shall first give to Lessee, Mortgagees and the Investor Member (who have provided Lessor with current contact information and who are recognized under this Lease as being entitled to notice) thirty (30) days written notice of such default, and Lessee fails to cure such default within the immediate thirty (30) day period thereafter, or, if the default is of such a nature that it cannot be cured within thirty (30) days, Lessee fails to commence to cure such default within such period of thirty (30) days or fails thereafter to proceed to the curing of such default with all possible diligence.

Mortgagees and the Investor Members shall be entitled to cure Lessee defaults on the same terms and conditions as the Lessee.

Regardless of the notice and cure periods provided herein, in the event that more rapid action is required to preserve any right or interest of the Lessor in the Demised Premises due to any detrimental event or occurrence (such as, but not limited to, payment of insurance premiums, actions to prevent construction or judgment lien foreclosures or tax sales), then the Lessor is empowered to take such legal or other action and to request reimbursement or restoration from the Lessee as appropriate.

**Section 16.02 Default.** In the event of any material breach of this Lease by Lessee, Lessor, and after the necessary notice and cure opportunity provided to Initial Lessee and other parties, in addition to the other rights or remedies it may have, shall have the immediate right to terminate this Lease according to law. Any determination of "material breach" for termination of this Lease by Lessor shall be judicially made in a court of competent jurisdiction in Monroe County, Florida. However, notwithstanding the prior two sentences, during the initial eighteen (18) years of the Term, Lessor shall have no right to terminate this Lease, but shall have all other rights and remedies available at law or in equity including, without limitation, specific performance and injunction (the Lessor's exercise of its other rights at law or equity, including specific performance and injunctive relief, shall not require a material breach of this Lease). In any action by Lessor asserting a violation of the Affordable Restrictions, Lessor shall have the burden of reasonable proof with respect to such matter. Termination of the Lease, under such circumstances, shall constitute effective, full and immediate conveyance and assignment to Lessor of all of the Demised Premises, improvements and materials and redevelopment rights to and associated with the Demised Premises and the Project, subject to mortgagee protection as provided herein. Furthermore, in the event of any breach of this Lease by Lessee, Lessor, in addition to the other rights or remedies it may have, shall have the immediate right of re-entry (as may be lawfully conditioned per application of Chapter 83, Florida Statutes, as amended) and may remove all persons and personal property from the affected portions of the Demised Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Lessee, or where statutory abandonment or unclaimed property law permits, disposed of in any reasonable manner by Lessor without liability or any accounting therefore.

Included in this right of reentry, and subject to Initial Lessee's rights, if any, shall be any instance wherein a Sublessee renounces the Lease or a Sublease or abandons all or any portion of the Demised Premises, in which case Lessor may, at its option, in an appropriate case and subject to any rights of a mortgage holder, obtain possession of the abandoned property in any manner allowed or provided by law, and may, at his option, re-let the repossessed property for the whole or any part of the then unexpired term, receive and collect all Rent payable by virtue of such reletting, and hold Sublessee liable for any difference between the Rent that would have been payable under this Lease and the net Rent for such period realized by Lessor, by means of such reletting. However, such Lessor rights shall not abrogate a mortgagee's rights to the extent those rights do not conflict with or injure Lessor's interests as established under this Lease. Personal property left on the premises by a Sublessee may be stored, sold, or disposed of by Lessor, and Lessor accepts no responsibility other than that imposed by law.

Should Lessor elect to re-enter, as herein provided, or should Lessor take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Lessor may either terminate this Lease or it may from time to time, without terminating this Lease, re-let the Demised Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term of this Lease) and at such Rent or Rents and on such other terms and conditions as Lessor in its sole reasonable discretion may deem advisable with the right to make alterations and repairs to the Demised Premises. On each such re-letting, Lessee shall be immediately liable to pay to Lessor, in addition to any indebtedness other than Rent due under this Lease, the expenses of such re-letting and of such alterations and repairs, incurred by Lessor, and the amount, if any, by which the Rent reserved in this Lease for the period of such re-letting (up to but not beyond the term of this Lease) exceeds the amount agreed to be paid as Rent for the Demised Premises for such period of such re-letting. (subject to the requirements of Chapter 83, Florida Statutes.)

Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach. Should Lessor at any time terminate this Lease for any breach, in addition to any other remedy it may have, Lessor may recover from Lessee all damages incurred by reason of such breach, including the cost of recovering the Demised Premises, which amounts shall be immediately due and payable from Lessee to Lessor.

**Section 16.03 Lessor's Right to Perform.** In the event that Lessee, by failing or neglecting to do or perform any act or thing herein provided by it to be done or performed, shall be in default under this Lease and such failure shall continue for a period of thirty (30) days after receipt of written notice from Lessor specifying the nature of the act or thing to be done or performed, then Lessor may, but shall not be required to, do or perform or cause to be done or performed such act or thing (entering on the Demised Premises for such purposes, with notice, if Lessor shall so elect), and Lessor shall not be or be held liable or in any way responsible for any loss, inconvenience or annoyance resulting to Lessee on account thereof, and Lessee shall repay to Lessor on demand the entire expense thereof, including compensation to the agents and employees of Lessor. Any act or thing done by Lessor pursuant to the provisions of this section shall not be construed as a waiver of any such default by Lessee, or as a waiver of any covenant, term or condition herein contained or the performance thereof, or of any other right or remedy of Lessor, hereunder or otherwise. All amounts or Charges payable by Lessee to Lessor under any of the provisions of this Lease, if not paid when the amounts become due as provided in this Lease, shall bear interest from the date they become due until paid at the highest rate allowed by law. Lessor shall have the same rights set forth in this Section with respect to any future subinterest holder's respective portion of the Demised Premises.

**Section 16.04 Default Period.** All default and grace periods shall be deemed to run concurrently and not consecutively.

**Section 16.05. Affordable Restrictions.** In the event that four (4) or more of the Affordable Housing Units are failing to comply with the Affordable Restrictions at any given time, such an occurrence will be considered a material default by the offending party, subject to Lessor's compliance with any applicable default notice provisions provided elsewhere in this Lease and Lessee's Mortgagees and Investor Members applicable cure rights, if any. Lessee hereby agrees that all occupants shall use the Leased Premises and Improvements in accordance with the Affordable Restrictions for affordable residential purposes only and any incidental activities related to the residential use as well as any other uses that are permitted by applicable zoning law and approved by Lessor.

## ARTICLE XVII

### Repair Obligations

Section 17.01 Repair Obligations. From and after the Possession Date of this Lease, the Lessee, and every Sublessee or Owner with respect to their leased or purchased portions of the Demised Premises, shall keep in good state of repair the Demised Premises, any and all buildings, furnishings, fixtures, landscaping and equipment which are brought or constructed or placed upon the Demised Premises by the Lessee, and the Lessee shall not suffer or permit any strip, waste or neglect of any building or other property to be committed, except for that of normal wear and tear. The Lessee will repair, replace and renovate such property as often as it may be necessary in order to keep the buildings and other property which is the subject matter of this Lease in reasonable condition. Additionally, 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 Demised Premises or to the Affordable Housing Units.

## ARTICLE XVIII

### Additional Covenants of Lessee/Lessor

Section 18.01 Legal Use. The Lessee covenants and agrees with the Lessor that the Demised Premises will be used for the construction and operation of a multi-unit affordable housing complex and the other matters as may be set forth in this Lease, with related amenities and facilities, and for no other purposes whatsoever without Lessor's written consent.

Section 18.02 Termination. Upon termination of this Lease, the Lessee will peaceably and quietly deliver possession of the Demised Premises, unless the Lease is extended as provided herein. Therefore, Lessee shall surrender all improvements together with the Demised Premises. Ownership of all improvements shall thereupon revert to Lessor.

Section 18.03 Recovery of Litigation Expense. In the event of any suit, action or proceeding, at law or in equity, by either of the parties hereto against the other, or any other person having, claiming or possessing any alleged interest in the Demised Premises, by reason of any matter or thing arising out of or relating to this Lease, including any eviction proceeding, the prevailing party shall recover not only its legal costs, but reasonable attorneys' fees and costs, including appellate, bankruptcy and post-judgment collection proceedings for the maintenance or defense of said action or suit, as the case may be. Any judgment rendered in connection with any litigation arising out of this Lease shall bear interest at the highest rate allowed by law

Section 18.04 Condition of the Demised Premises; Lessee's Rights to Inspect the Demised Premises. Lessee agrees to accept the Demised Premises in its presently existing "As-Is" condition, "Where-Is" condition and "with all faults" as of the Possession Date, and without any warranties or representations of any kind whatsoever from the Lessor, and subject to all matters of record or applicable to the Demised Premises. It is understood and agreed that the Lessee as of the Possession Date will have inspected the Demised Premises and performed all appropriate due diligence investigations and will have determined that the Demised Premises are acceptable for its purposes.

Lessee, at its sole cost and expense, shall bring or cause to be brought to the Demised Premises adequate connections for all utilities, including water, electrical power, telephone, stormwater and wastewater and shall arrange with the Village or the appropriate utility companies for furnishing such services with no obligation therefore on the part of Lessor. The Lessor makes no express warranties and disclaims all implied warranties. Lessee accepts the property in "As-Is" and "Where-Is" condition in which it currently is without representation or warranty, express or implied, in fact or by law, by the Lessor, and without recourse to the Lessor as to the nature, condition or usability of the Demised Premises, or the uses to which the Demised Premises may be put. From and after the Possession Date, the Lessor shall not be responsible for any latent defect or change of condition in the improvements and personality, or of title, and the Rent hereunder shall not be withheld or diminished on account of any defect in such title or property, any change in the condition thereof, any damage occurring thereto, or the existence with respect thereto of any violations of the laws or regulations of any governmental authority.

Lessee or its appointed agents or independent contractors shall have, at all reasonable times prior to the Financing Contingency Termination Date, the right of going upon the Demised Premises, at Lessee's sole cost and expense, to inspect, examine, test, investigate, appraise and survey the Demised Premises, including, without limitation, soil and environmental tests and inspections; provided, however, in the case of any intrusive inspection or test (e.g., core sampling), Lessee must obtain Lessor's prior written consent (which consent shall not be unreasonably withheld or delayed). In exercising the rights granted pursuant to this subsection 18.04, Lessee shall restore the Demised Premises to the condition existing prior to such activities on the Demised Premises. In consideration of Lessee's right to inspect the Demised Premises as described in this subsection 18.04, Lessee agrees to indemnify, defend and hold Lessor harmless from any actions, suits, liens, claims, damages, expenses, losses and liability for damage of any kind arising from or attributable to any acts performed by Lessee or its appointed agents or independent contractors in exercising Lessee's rights under this subsection 18.04 (including, without limitation, any rights or claims of materialmen or mechanics to liens on the Demised Premises, but excluding any matter to the extent arising out of the gross negligence or misconduct of Lessor). This agreement to indemnify Lessor shall survive any termination of this Lease. In conducting any inspections, investigations or tests on the Demised Premises, Lessee and its agents and representatives shall: (i) not interfere with the operation and maintenance of the Demised Premises; (ii) not damage any part of the Demised Premises or any personal property located thereon; (iii) maintain comprehensive general liability (occurrence) insurance in an amount of not less than Two Million And 00/100 Dollars (\$2,000,000.00) covering any accident arising in connection with the presence of Lessee, its agents and representatives on or relating to the Demised Premises, and listing Lessor as an additional insured under such policy and shall deliver a certificate of insurance verifying such coverage to Lessor prior to entry upon the Demised Premises; (iv) not injure or otherwise cause bodily harm to Lessor, or its respective agents, guests, invitees, contractors and employees or their guests or invitees; (v) comply with all applicable laws; (vi) promptly pay when due the costs of all tests, investigations, and examinations done with regard to the Demised Premises; (vii) not permit any liens to attach to the Demised Premises by reason of the exercise of its rights hereunder; and (viii) repair any damage to the Demised Premises resulting directly or indirectly from any such inspection or tests.

**Section 18.05 Hazardous Materials.** Lessee, its Sublessees, Owners and assignees shall not permit the presence, handling, storage or transportation of hazardous or toxic materials or medical waste ("Hazardous Waste") in or about the Demised Premises, except in strict compliance with all laws, ordinances, rules, regulations, orders and guidelines of any government agency having

jurisdiction and the applicable board of insurance underwriters. In no event shall Hazardous Waste be stored or disposed of in or about the Demised Premises. For purposes herein, the term Hazardous Waste or Hazardous Materials or Substances shall mean any hazardous, toxic or radioactive substance material, matter or waste which is or becomes regulated by any federal, state or local law, ordinance, order, rule, regulation, code or any other governmental restriction or requirement and shall include petroleum products and asbestos as well as improper or excessive storage or use of common household cleaning and landscaping chemicals, pesticides, batteries and the like, and those materials defined as hazardous substance or hazardous waste in the Comprehensive Environmental Response Compensation and Liability Act and/or the Resource Conservation and Recovery Act.

Lessee shall notify Lessor immediately of any known storage, discharge or discovery of any Hazardous Waste at, upon, under or within the Demised Premises. Lessee shall, at its sole cost and expense, comply with all remedial measures required by any governmental agency having jurisdiction, unless such discharge is caused by Lessor or any of its agents or employees.

Lessee shall be liable for environmental damages according to the extent made so by law for periods following its taking possession of the Demised Premises upon the Possession Date. Lessee agrees to indemnify, defend and hold the Lessor harmless from any and all claims, liabilities, costs, losses or damages whatsoever arising out of or in any way connected with the presence of Hazardous Materials or Substances on the Demised Premises from and after the Possession Date. The Lessee's obligation to indemnify the Lessor expressly excludes any claims, liabilities, costs, losses or damages relating to Hazardous Materials or Substances in, on, under or about the Demised Premises, whether known or unknown, which existed prior to the Possession Date. Such indemnification shall survive the expiration or earlier termination of this Lease.

Section 18.06 Recordation. Lessee, within five (5) business days after the Commencement Date, at its sole cost and expense, shall record a complete, true and correct copy of the Lease and any addenda or exhibits thereto, in the Public Records of Monroe County, Florida and shall provide Lessor with the written Clerk's receipt of the official book and page number where recorded and the original Lease after recordation.

## **ARTICLE XIX**

### Representations, Warranties of Title and Quiet Enjoyment and No Unlawful or Immoral Purpose or Use

Section 19.01 Representations, Warranties of Title and Quiet Enjoyment. Except as to matters set forth in this Lease, Lessor represents and warrants that to the best of its knowledge, there are no material claims, causes of action or other proceedings pending or threatened in respect to the ownership, operation or environmental condition of the Demised Premises or any part thereof. Additionally, the Lessor and Lessee covenant and agree that so long as the Lessee keeps and performs all of the covenants and conditions required by the Lessee to be kept and performed, the Lessee shall have quiet and undisturbed and continued possession of the Demised Premises from claims by Lessor.

Section 19.02 No Unlawful or Immoral Purpose or Use. The Lessee, as long as it has any interest in or to any portion of the Demised Premises, its successors and/or assigns, and all Subleases and Owners, shall not occupy or use such portion for any unlawful or immoral purpose as defined by

Florida law and will, at Lessee's sole cost and expense, during such period of interest, conform to and obey any present or future ordinance and/or rules, regulations, requirements and orders of governmental authorities or agencies respecting the use and occupation of the Demised Premises.

## **ARTICLE XX**

### **Miscellaneous**

**Section 20.01 Covenants Running with Land.** All covenants, promises, conditions and obligations contained herein or implied by law are covenants running with the land and, except as otherwise provided herein, shall attach and bind and inure to the benefit of the Lessor and Lessee and their respective heirs, legal representatives, successors and assigns, though this provision shall in no way alter the restrictions on assignment and subletting applicable to Lessee hereunder. The parties agree that all covenants, promises, conditions, terms, restrictions and obligations arising from or under this Lease and the Affordable Restrictions benefit and enhance the communities and neighborhoods of the Village and the private and public lands thereof, and have been imposed in order to assure these benefits and enhancements for the full Term of this Lease. It is intended, where appropriate and to serve the public purposes to be furthered by this Lease, that its provisions be construed, interpreted, applied and enforced in the manner of what is commonly referred to as a "deed restriction."

**Section 20.02 No Waiver.** Time is of the essence in the performance of the obligations of the parties hereto. No waiver of a breach of any of the covenants in this Lease shall be construed to be a waiver of any succeeding breach of the same covenant.

**Section 20.03 Written Modifications.** No modification, release, discharge or waiver of any provisions hereof shall be of any force, effect or value unless in writing signed by the Lessor and Lessee, or their duly authorized agents or attorneys, and if a material modification, release, discharge or waiver signed also by any mortgagee or designated Investor Member, or their duly authorized agents or attorneys, as long as such mortgagee or Investor Member has both (i) filed with the Village and in Public Records of Monroe County, Florida, a "Certificate of Notice" of their interest in this Lease and or the Demised Premises, said certificate setting forth complete and current contact information, the real estate parcel number assigned to the Demised Premises and the Official Records Book and Page Number of the first recorded page of this Lease, and (ii) provided a copy of the recorded Certificate of Notice to the Lessor at its notice address(es) via certified mail, return receipt requested, or by national overnight tracked and delivery-receipt courier service, and unless otherwise required to be "received", it shall be deemed given when deposited in the United States mails or with the courier service with postage or courier fees prepaid.

**Section 20.04 Entire Agreement.** This Lease, including the Preamble and any written addenda and all exhibits hereto (all of which are expressly incorporated herein by this reference) shall constitute the entire agreement between the parties with respect to this instrument as of this date. No prior written lease or prior or contemporaneous oral promises or representations shall be binding.

**Section 20.05 Notices.** If either party desires to give notice to the other in connection with and/or according to the terms of this Lease, such notice shall be given by certified mail return receipt requested or by national overnight tracked and delivery-receipt courier service, and unless otherwise

required to be "received", it shall be deemed given when deposited in the United States mails or with the courier service with postage or courier fees prepaid. Nothing herein contained shall be construed as prohibiting the parties respectively from changing the place at which notice is to be given, or the addition of one additional person or location for notices to be given, but no such change shall be effective unless and until it shall have been accomplished by written notice given in the manner set forth in this Section. Notification of default or requests to modify this Lease shall also be provided according to the foregoing methods to any mortgagee or designated Investor Member of the Lessee that has complied with the provisions of Section 20.03, above. Notification to Lessor and Initial Lessee shall be as set forth herein, to both of the following offices, unless a different method is later directed as prescribed herein or by the Affordable Restrictions:

Initial Lessee:  CARYSFORT HOMES, LLC Attention: President 24 Dockside Lane, #185 Key Largo, Florida 33037 Tel. (920) 378-4156  With a copy to:	Lessor:  Islamorada, Village of Islands Attention: Village Manager 86800 Overseas Highway Islamorada, Florida 33036 Telephone: (305) 664-6460  With a copy to:  Village Attorney 86800 Overseas Highway Islamorada, Florida 33036 Telephone: (305) 664-6418
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Section 20.06 Joint Liability. If the parties upon either side (Lessor and Lessee) consist of more than one person, such persons shall be jointly and severally liable on the covenants of this Lease.

Section 20.07 Liability Continued; Lessor Liability. All references to the Lessor and Lessee mean the persons who, from time to time, occupy the positions, respectively, of Lessor and Lessee. In the event of an assignment of this Lease by the Lessor, except for liabilities that may have been incurred prior to the date of the assignment or as specifically dealt with differently herein, the Lessor's liability and obligations under this Lease shall terminate upon such assignment. In addition, the Lessor's liability and obligations under this Lease, unless specifically dealt with differently herein, shall be at all times limited to the Lessor's interest in the Demised Premises.

Section 20.08 Captions. The captions used in this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of or in any way affect this Lease.

Section 20.09 Table of Contents. The index preceding this Lease under the same cover is for the purpose of the convenience of reference only and is not to be deemed or construed in any way as part of this Lease, nor as supplemental thereto or amendatory thereof.

Section 20.10 Governing Law, Venue. This Agreement shall be construed under the laws of the State of Florida, and the venue for any legal proceeding to enforce or determine the terms and conditions of this Lease shall be Monroe County, Florida.

Section 20.11 Holding Over. Any holding over after the expiration of the Term of this Lease, with the consent of Lessor, shall be construed to be a tenancy from month to month, at twice the monthly Rent as required to be paid by Lessee for the period immediately prior to the expiration of the Term hereof, and shall otherwise be on the terms and conditions herein specified, so far as applicable.

Section 20.12 Brokers. Lessor and Lessee covenant, warrant and represent that no broker was instrumental in consummating this Lease, and that no conversations or negotiations were had with any broker concerning the renting of the Demised Premises. Lessee and Lessor agree to hold one another harmless from and against, and agree to defend at its own expense, any and all claims for a brokerage commission or other fees by either of them with any brokers.

Section 20.13 Severability; Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall at any time or to any extent be held invalid or unenforceable, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

Section 20.14 Force Majeure. If either party shall be delayed, hindered or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor trouble, inability to procure material, failure of power, riots, insurrection, severe tropical or other severe weather events, war or other reasons of like nature not the fault of the party delayed, in performing work or doing acts required under this Lease, the period for the performance of any such act shall be extended for a reasonable period.

Section 20.15 Lessor/Lessee Relationship, Non-Reliance by Third Parties. This Lease creates a lessor/lessee relationship, and no other relationship, between the parties. This Lease is for the sole benefit of the parties hereto and, except for assignments or Subleases permitted hereunder and to the limited extent thereof, no other person or entity shall be a third party beneficiary hereunder. Except as expressly provided under this Lease or under the Affordable Restrictions, no person or entity shall be entitled to rely upon the terms, or any of them, of this Lease to enforce or attempt to enforce any third-party claim or entitlement to or benefit of any service or program contemplated hereunder, and the Lessor and the Lessee agree that neither the Lessor nor the Lessee or any agent, officer, or employee of either shall have the authority to inform, counsel, or otherwise indicate that any particular individual or group of individuals, entity or entities, have entitlements or benefits under this Lease separate and apart, inferior to, or superior to the community in general or for the purposes contemplated in this Lease.

Section 20.16 Contingencies. Initial Lessee's obligations to proceed with and complete the Project under this Lease Agreement are contingent upon Lessee's timely receipt of firm commitments for all necessary financing and commitments for purchasing affordable housing tax credits and federal and state historic tax credits, if applicable, including all necessary loan commitments, investor commitments and other financial commitments necessary to finance the Project, construction, otherwise put the Demised Premises to its intended uses, and otherwise ensure that the project is economically feasible including without limitation: Initial Lessee obtaining construction financing for the Project; all necessary permits to build the Affordable Housing Units described herein; Initial Lessee obtaining adequate access or other customary easements (e.g., utility) necessary or convenient for a project of this type; and satisfactory completion of all inspections and

due diligence on the Demised Premises; all to be performed and completed on or before Construction Commencement Date. Lessor shall grant Lessee or its affiliates reasonable and customary easements required for Lessee or its affiliates to proceed with the development as contemplated herein. Lessor's obligation to grant such easements shall be subject to Lessor's attorney's review and approval for substance and form of easement instruments, which approval shall not be unreasonably withheld or delayed. Lessor shall make objection to any proposed easement instruments within fifteen (15) business days of receipt of copies thereof, or Lessor's approval shall be deemed granted. Therefore, in the event that Initial Lessee is unable to obtain financing for the Project, all necessary permits to build the Affordable Housing Units, adequate easements necessary for the Project, or is unsatisfied for any reason with the results of its inspections and due diligence on the Demised Premises, so as to commence construction as provided for herein by no later than August 30, 2019, either party may terminate this Lease by providing written notice to the other party of its election to terminate this Lease on or before the Construction Commencement Date. Termination of the Lease under such circumstances shall constitute effective, full and immediate conveyance and assignment to Lessor of all of the Demised Premises, improvements, interests in and materials and redevelopment rights to and associated with the Demised Premises and the Project, as well as the immediate turnover by the Initial Lessee (and any person or entity affiliated with it) to the Village (in any manner the Village Council may request) of any and all allocated or reserved Affordable Housing Unit allocations (commonly loosely referred to in Islamorada as "BPAS Affordable Units" and in Monroe County as "ROGO/s" and estimated here to number more or less eight (8) allocations for the Project). Initial Lessee represents and warrants that Carysfort Homes MM, LLC is the Managing Member of the Lessee and is authorized to bind any of the foregoing parties to the potential obligation to return Affordable Housing Unit allocations/reservations/ROGOs to Monroe County and/or the Village as set forth in this paragraph. Initial Lessee hereby acknowledges that in the event Initial Lessee terminates this Lease on or before the Construction Commencement Date Date, Initial Lessee will not receive a reimbursement from Lessor for costs incurred by Initial Lessee prior to such termination and the eight (8) affordable BPAS/ROGO permit allocations reserved for use and/or associated with the Property shall be deemed surrendered back to and returned to the Village.

The Lessee acknowledges and agrees that the Lessor retains ownership of the development rights on the Demised Premises in connection with eight (8) affordable unit allocations . Lessor shall retain the existing development rights on the Property for the benefit and use of Lessee for the duration of this Lease and in accordance with the terms and conditions hereof.

**Section 20.17 Radon Gas Notification.** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may pose health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings. Additional information regarding radon and radon testing may be obtained from your county health unit. Lessor shall not be responsible for radon testing for any persons purchasing, leasing or occupying any portion of the Demised Premises, and all Owners, Lessees and Sublessees shall hold Lessor harmless and indemnify Lessor for damages or claims related thereto and release Lessor from same.

**Section 20.18 Mold Disclosure.** Mold is a naturally occurring phenomenon that, when it has accumulated in a building in sufficient quantities, may pose health risks to persons who are exposed to it over time. Mold has been found in buildings in the Village. There are no measures that can guarantee against mold, but additional information regarding mold and mold prevention and health

effects may be obtained from your county health unit or the EPA or CDC. Lessee, Sublessees and Owners accept responsibility to inspect for mold and take measures to reduce mold. Lessor shall not be responsible for mold testing for any persons purchasing, leasing or occupying any portion of the Demised Premises, and all Owners, Lessees and Sublessees shall hold Lessor harmless and indemnify Lessor for damages or claims related thereto and release Lessor from same.

**Section 20.19 Subsequent Changes in Law or Regulation.** Where a change can reasonably be applied to benefit, enhance or support Lessor's affordable housing goals, objectives and policies, Lessor shall have the right to claim the benefit from any subsequent change to any applicable state or federal law or regulation that might in any way affect this Lease, the Affordable Restrictions, or their respective application and enforceability, without limitation. In such instance, this Lease shall be construed or, where necessary, may be reformed or modified to give effect to this provision, but such construction shall not permit a fundamentally inequitable result for any party or require of any party an action that would be unauthorized under or that would violate AHTC or inequitably precipitate any event of default under any financing under any financing document related to the funding of the proposed project.

**Section 20.20 Government Purpose.** Lessor, through this Lease and the Affordable Restrictions, furthers a government affordable housing purpose, and, in doing so, expressly reserves and in no way shall be deemed to have waived, for itself or its assigns, successors, employees, officers, agents and representatives any sovereign, quasi-governmental and any other similar defense, immunity, exemption or protection against any suit, cause of action, demand or liability.

**Section 20.21 Improvements.** The Improvements are and shall be the property of Lessee. Upon termination of this Lease, to the extent applicable, Lessee may convey the Improvements to Lessor and surrender the Demised Premises, except for such of Lessee's fixtures, machinery and equipment as it desires to remove, in good condition and repair, reasonable wear and tear, loss by fire or other casualty, condemnation and acts of God excepted. During the term of this Lease, Lessee alone shall be entitled to all of the tax attributes of ownership of the Improvements, including without limitation, the right to claim depreciation or cost recovery deductions and the right to claim tax credits, including under Sections 42 and 47 of the Internal Revenue Code of 1986, as amended, and Florida state law.

**Section 20.22 Supplemental Administrative Enforcement.** Lessor, or its appropriate agency, may establish under the Affordable Restrictions, as amended from time to time during the Term of this Lease, such rules, procedures, administrative forms of proceedings and such evidentiary standards as deemed reasonable within Lessor's legislative prerogative, to implement enforcement of the terms of this Lease and similar leases and the Affordable Restrictions, but such mechanisms and code enforcement proceedings, if any, shall not conflict with or require Lessee to act contrary to AHTC requirements. Such forums may include but in no way be limited to use of Code Enforcement procedures pursuant to Chapter 162, Florida Statutes, to determine, for and only by way of one example, and not as any limitation, the facts and legal effect of an allegedly unauthorized "offer to rent", or, for another example, an unauthorized "occupancy." However, nothing herein shall be deemed to limit Lessor, Initial Lessee or any mortgagee or the single allowed designated Investor Member from access to an appropriate court of competent jurisdiction where the resolution of any dispute would be beyond the competence or lawful jurisdiction of any administrative proceeding.

Section 20.23 Exceptions to Lease/Rental Prohibition. Under this Lease rental of Affordable Housing Units is not prohibited. In addition to rights recognized herein for Initial Lessee, which are not hereby restricted, Lessor or its designee, in its sole discretion, shall have the right to adopt as part of future Affordable Restrictions provisions to allow Sublessees the limited privilege to rent or lease their Affordable Housing Units to qualified persons. Requests for such approval shall be made in accordance with such procedures Lessor may in the future choose to adopt. It is contemplated, though not promised or required, that certain limited rental provisions may be adopted in the future for circumstances such as, for example, but without limitation:

- (a) A Sublessee's required absence from the local area for official military duty.
- (b) An illness that legitimately requires a Sublessee to be hospitalized for an extended period.
- (c) A family emergency legitimately requiring a Sublessee to leave the Keys for a period longer than thirty (30) days.

Lessor, in its discretion, shall have the right to amend, modify, extend, rescind, decrease or terminate any such exceptions under this Section 20.23 or the Affordable Restrictions at any time.

Section 20.24 Drafting of Lease. The parties acknowledge that they jointly participated in the drafting of this Lease with the benefit of counsel, or had the opportunity to receive such benefit of counsel, and that no term or provision of this Lease shall be construed in favor of or against either party based solely on the drafting of this Lease.

Section 20.25 Lessor's Duty to Cooperate. Where required under this Lease, Lessor shall, to ensure the implementation of the public affordability purpose furthered by this Lease, cooperate with reasonable requests of Initial Lessee, Sublessees, mortgagees, title insurers, closing agents, government agencies and the like regarding any relevant terms and conditions contained herein.

Section 20.26 Initial Lessee's Transfer of Partnership Interests. Nothing herein shall limit or preclude transfers of membership interests of the Initial Lessee, or redesignation or substitution of a member of the Lessee, except that that the transfer, assignment, redesignation or substitution of the Managing Member of the Initial Lessee shall require the prior written approval of the Lessor, which approval shall not be unreasonably withheld or delayed.

Section 20.27 Reimbursement of Expenses to Village. Lessee agrees to reimburse the Village for all legal expenses reasonably incurred by the Village in connection with this Lease, including attorneys' fees and costs incurred in the review and preparation of this Lease and all local government certification forms required for AHTC financing of the Project, and all expenses incurred in connection with construction or other financing of the Project. All written requests for reimbursements by the Village pursuant to this Section shall be paid by Lessee, as additional Rent, within fifteen (15) days of receipt of a request from the Village to do so. Initial Lessee hereby acknowledges that in the event Initial Lessee terminates this Lease on or before the Financing Contingency Termination Date, Initial Lessee will not receive a reimbursement from Lessor for costs incurred to date and/or paid to the Village pursuant to this Section through the date of such termination.

IN WITNESS WHEREOF, the Lessor and the Lessee have hereunto set their hands and seals, as of the day and year above written.

LESSOR:

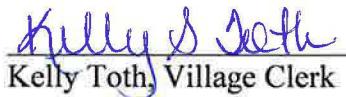
**ISLAMORADA, VILLAGE  
OF ISLANDS, a Florida municipal  
corporation**



Deb Gillis, Mayor

Date: June 10, 2019

ATTEST:

  
Kelly Toth, Village Clerk

Approved as to Form and Legal Sufficiency  
for the Use of the Village:

  
Roget V. Bryan, Village Attorney

**[LESSEE'S SIGNATURE CONTINUES ON THE NEXT PAGE]**

IN WITNESS WHEREOF, the Lessor and the Lessee have hereunto set their hands and seals, as of the day and year above written.

Signed, Sealed and Delivered  
In the presence of two witnesses:

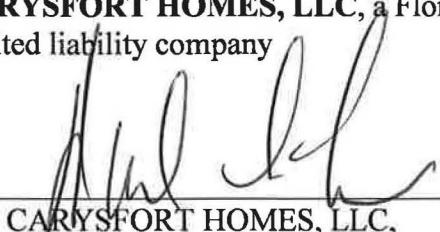
Printed Name Karla Vasquez

Printed Name Hatti Jenkins

LESSEE:

**CARYSFORT HOMES, LLC**, a Florida  
limited liability company

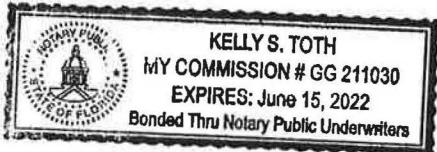
By:

  
CARYSFORT HOMES, LLC,

By: Daniel S. Leben, President

STATE OF FLORIDA  
COUNTY OF MONROE

The foregoing instrument was acknowledged before me this 28 day of June,  
2019, by Dan Leben, as President & Operating Partner for Leben Holdings, LLC  
on behalf of Carysfort Homes MM, LLC on behalf of Carysfort Homes, LLC, who is  personally  
known to me, or who [ ] has produced a \_\_\_\_\_ drivers license as  
identification.



Kelly S. Toth

Notary Public

Print Name: Kelly S Toth

My Commission expires:

(seal)

## EXHIBIT A

### LEGAL DESCRIPTION

Real Estate Parcel ID No.

00418280-000000:

*BK 1 LT 20 LAKE HARBOR PB4-84 PLANTATION KEY OR561-509 OR819-874 OR1679-595L/E OR2100-2094D/C OR2782-1129/30L/E OR2854-1288D/C OR2854-1296ORD OR2856-773D/C OR2854-1299/301*

Real Estate Parcel ID No.

00418090-000000:

*BK 1 LT 1 LAKE HARBOR PB4-84 PLANTATION KEY OR561-509 OR819-874 OR1679-595L/E OR2100-2094D/C OR2782-1129/30L/E OR2854-1288D/C OR2854-1296ORD OR2856-773D/C OR2854-1299/301*

Real Estate Parcel ID No.

00418270-000000:

*BK 1 LT 19 LAKE HARBOR PB4-84 PLANTATION KEY OR561-509 OR819-874 OR1679-595L/E OR2100-2094D/C OR2782-1129/30L/E OR2854-1288D/C OR2854-1296ORD OR2856-773D/C OR2854-1299/301*

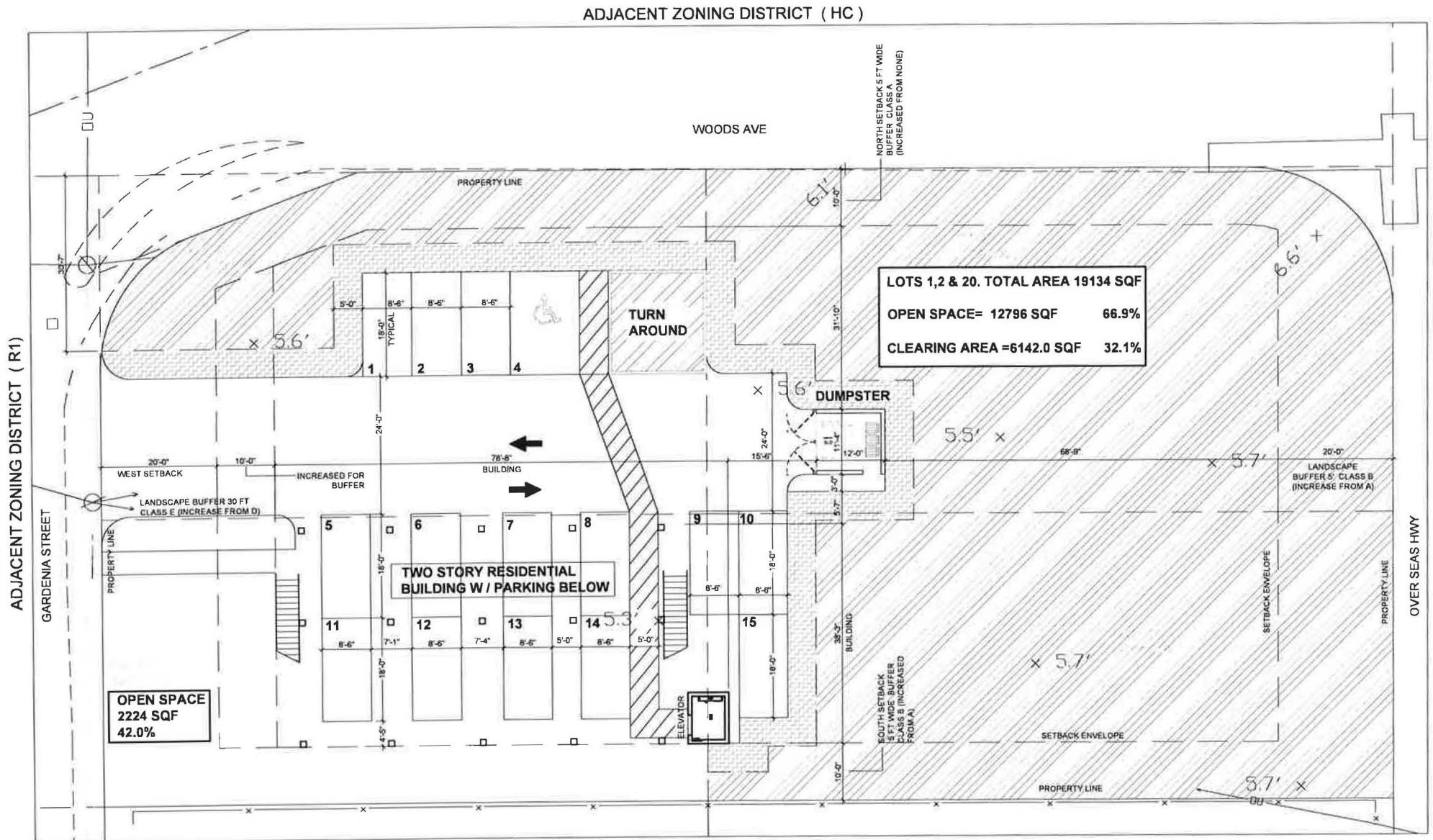
Real Estate Parcel ID No.

00418100-000000:

*BK 1 LT 2 LAKE HARBOR PLANTATN KEY PB4-84 OR561-509 OR819-874 OR1679-595L/E OR2100-2094D/C OR2782-1129/30L/E OR2854-1288D/C OR2854-1296ORD OR2856-773D/C OR2854-1288/301*

**EXHIBIT B**  
**PROPOSED SITE PLAN**

**ADJACENT ZONING DISTRICT ( HC )**

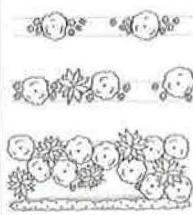


**ADJACENT ZONING DISTRICT ( PS )**

1 SITE PLAN  
SP-1 SCALE: 3/32" = 1'-0"

## **LANDSCAPE REQUIREMENTS**

**NUMBER OF PLANTS REQUIRED PER 100 LINEAR FEET ALONG THE PROPERTY LINE**



Class A				
Width	Canopy Trees	Understory Trees	Shrubs	Berm
5 ft	2	0	15	No
Class B				
Width	Canopy Trees	Understory Trees	Shrubs	Berm
5 ft	3	8	10	No
Class E				
Width	Canopy Trees	Understory Trees	Shrubs	Berm
10 ft	12	6	16	No

**NUMBER OF PLANTS PROVIDED**

BUFFER/YARD LANDSCAPING					
CLASS	LINEAR FEET ALONG PROPERTY LINE	CANOPY TREES	UNDERSTORY TREES	SHRUBS	
		PROVIDED	PROVIDED	PROVIDED	
A	206	5	0	31	
B	435	13	5	44	
C	96	12	6	35	
<b>TOTAL</b>		<b>30</b>	<b>11</b>	<b>110</b>	

OFF-STREET PARKING LANDSCAPING					
		CANOPY TREES	UNDERSTORY TREES	SHRUBS	
PARKING LOTS	AREA SQF	REQUIRED	REQUIRED	REQUIRED	
		5 / 1500 SQF	1 / 1500 SQF	12 / 1500 SQF	
15	4540	PROVIDED	PROVIDED	PROVIDED	
		15	3	35	

LOT #	AREA SQF	CLEARING MAXIMUM				OPEN SPACE			
		REQUIRED		PROVIDED		REQUIRED		PROVIDED	
%	SQF	%	SQF	%	SQF	%	SQF	%	SQF
1	7200								
2	6000	50	8567	32.0	6141	50.0	9567	66.0	12785
29	5844								
TOTAL	19034								
		10%	11.5%	10%	11.5%	10%	11.5%	10%	11.5%

19 5200 N/A N/A 20 1000 42 2224

**SITE LEGEND**

 AREA OF LOW QUALITY HAMMOCK PRESERVED (MIN OF 50%)

 5' CONSTRUCTION IMPACT ZONE

**SITE PLAN**

WOODS AVE AFFORDABLE HOUSING  
PLANTATION KEY, FL

Sheet No.

**SP1**

#### SITE LEGEND

**AREA OF LOW QUALITY HAMMOCK  
PRESERVED (MIN OF 50%)**

**SITE LEGEND**

 AREA OF LOW QUALITY HAMMOCK PRESERVED (MIN OF 50%)

 5' CONSTRUCTION IMPACT ZONE

**SITE PLAN**

**WOODS AVE AFFORDABLE  
PLANTATION KEY, FL**

Sheet No. SP1

## EXHIBIT C

This Instrument Prepared By:

### COMMENCEMENT DATE AGREEMENT

This Agreement is made as of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ ("Lessor") and \_\_\_\_\_ ("Lessee").

WHEREAS, Lessor and Lessee have entered into a Ground Lease Agreement (the "Lease") dated \_\_\_\_\_, 2019 for the Demised Premises designated on **Exhibit A** attached to the Lease, which was duly recorded at Official Records Book \_\_\_, Page \_\_\_, of the Public Records of Monroe County, Florida.

WHEREAS, the Commencement Date, as further defined in Article III of the Lease, has occurred; and pursuant to the Lease, Lessor and Lessee desire to confirm the Commencement Date of the Lease Term and the expiration of the Term relating to the Lease.

NOW THEREFORE, Lessor and Lessee agree and acknowledge that the information set forth below is true and accurate.

*Commencement Date:* \_\_\_\_\_, 20\_\_\_\_

*Term Expiration Date:* \_\_\_\_\_, 20\_\_\_\_

EXECUTED as a sealed instrument on the date first set forth above.

LESSOR:

LESSEE:

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

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

Attest: \_\_\_\_\_, Clerk

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

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

\_\_\_\_\_  
Witness 1

\_\_\_\_\_  
Witness 1

\_\_\_\_\_  
Witness 2

\_\_\_\_\_  
Witness 2

## EXHIBIT D

### LETTER OF ACKNOWLEDGEMENT

TO: Initial Lessee, or its assigns  
Address of Initial Lessee, or its assigns

DATE: \_\_\_\_\_

This letter is given to (.....Initial Lessee....) as an acknowledgement in regard to the Affordable Housing Unit that I am purchasing. I hereby acknowledge the following:

- That I meet the requirements set forth in the Affordable Restrictions to purchase an affordable unit. I understand that the unit I am buying is being sold to me at a price restricted below fair market value for my, future similarly situated persons and Islamorada, Village of Islands' benefits.
- That the Affordable Housing Unit that I am purchasing is subject to a 99-year ground lease by and between Islamorada, Village of Island, and \_\_\_\_\_ (hereinafter "Lease") and therefore I will be subleasing a parcel of land.
- That my legal counsel, \_\_\_\_\_, has explained to me the terms and conditions of the Lease, including without limitation the meaning of the term "Affordable Restrictions", and other legal documents that are part of this transaction. If I have not had legal counsel, I state here that I have had an opportunity to have obtain such counsel, understand its importance, and have knowingly proceeded to closing without it.
- That I understand the terms of the Lease and how the terms and conditions set forth therein will affect my rights as an owner of the Affordable Housing Unit, now and in the future.
- That I agree to abide by the Affordable Restrictions, as defined in the Lease, and I understand and agree for myself and my successors in interest that Islamorada, Village of Island may change some of the Affordable Restrictions over the 99-year term of the Lease and that I will be expected to abide by any such changes.
- That I understand and agree that one of the goals of the Lease is to keep the Affordable Housing Units affordable from one owner to the next, and I support this goal.
- That in the event I want to sell my Affordable Housing Unit, I must comply with the requirements set forth in the Lease, including but not limited to the price at which I might be allowed to sell it, the persons to whom I might be allowed to sell it to and that the timing and procedures for sales will be restricted.
- That my lease prohibits me from severing the improvements from the real property.
- That my family and I must occupy the Affordable Housing Unit and that it cannot be rented to third parties without the written approval of Islamorada, Village of Island.
- I understand that in the event that I die, my home may be devised and occupied by my wife, my children or any other heirs so long as they meet the requirements for affordable housing as set forth in the Lease.

- That I have reviewed the terms of the Lease and transaction documents and that I consider said terms fair and necessary to preserve affordable housing and of special benefit to me.
- I hereby warrant that I have not dealt with any broker other than \_\_\_\_\_ in connection with the consummation of the purchase of the Affordable Housing Unit.

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Occupant Signature

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Occupant Signature