

Why? Who? What? When? How?

Key Issues Addressed in the CLT Ground Lease

I. WHY?

A. Recitals

1. Why has the lessor decided to use the CLT model?
2. What social/philosophical values underlie the way this CLT is to be structured and operated?
3. What are the peculiar restrictions that are part of this deal that every homeowner should know before signing on?

B. Disclosures and Stipulations

1. Disclosures required by state law or required by morality and prudence, so that every homeowner knows what he or she is getting into.
2. Stipulation of attorney's review and advice *before* buying a home.

II. WHO?

A. Rights and responsibilities of the CLT – the “lessor”

B. Rights and responsibilities of the homeowner – the “lessee”

C. Lenders

1. Consent of the CLT required *before* a homeowner may mortgage or otherwise encumber his/her property – but CLT cannot withhold consent, however, for “permitted mortgages.”
2. CLT insists on being notified (by the lender) of any default by a homeowner residing on CLT land.
3. CLT insists on having the right to cure a default on any mortgage encumbering a home, as well as the first right to re-purchase the home from the lender should a foreclosure occur.

D. Other Interested Parties

1. Heirs.
2. Sub-lessees.

III. WHAT?

- A. Homeowner's Ownership Interest in the Structural Improvements
- B. Homeowner's Leasehold Interest in the Underlying Land (the "Premises")
- C. CLT's Ownership Interest in the Land (and its Continuing Interest in the Use and Resale of the Structural Improvements Located on that Land)

IV. WHEN?

- A. Duration of the Ground Lease.
- B. Notices & Timing (inspections, lease fees, defaults, resales, etc.)

V. HOW? (Use)

- A. Residency Requirement
 - 1. Homeowner required to occupy the unit continually as his or her principal residence.
 - 2. Sub-letting -- i.e., absentee ownership -- conditionally allowed.
 - 3. Review and approval by the CLT for homeowners to vacate their units for a period of time.
- B. Responsible Use of Individual Units
- C. Maintenance and Inspection of Units
- D. Improvements

VI. HOW? (Value)

- A. Lease Fee
- B. Sublet Rent
- C. Resale Price