

1/29/11

**PROPRIETARY GROUND LEASE AGREEMENT**

This Proprietary Ground Lease Agreement (hereinafter "the Agreement"), made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between Lost Meadow Land Cooperative, a Vermont cooperative corporation (hereinafter "the Co-op"), and

\_\_\_\_\_ of \_\_\_\_\_ (hereinafter "Lessee(s)"),  
witnesseth:

**SECTION 1: TRANSFER, TERM AND RESERVATIONS**

(a) The Co-op hereby leases to Lessee(s), as joint tenants with the right of survivorship / tenants in common [select one if there is more than one lessee, otherwise cross out both alternatives], and Lessee(s) hereby accept from the Co-op, upon the terms and conditions set forth in this Agreement, the possession, occupancy and use of the following described leasehold premises (hereinafter "the Homesite"):

Being the premises located at \_\_\_\_\_ Lost Meadow Road, West Corinth, Vermont.

Also included as a part of the leasehold premises are the following:

(1) An easement on a margin of land immediately surrounding the Homesite to the extent necessary to facilitate the possession, occupancy and use of the Homesite, provided such uses are consistent with this Agreement. Such easement shall not unduly encroach upon the Homesites of other lessees or upon Common Lands.

(2) An easement upon contiguous land which is owned by the Co-op and which is not subject to other ground lease agreements (herein "Common Lands"). Such easement shall be

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identical, or as nearly so as is practicable, with similar easements granted to other lessees and shall be for shared uses of the Common Lands, provided such uses are consistent with this Agreement.

(3) Rights of access to and use of the Class III and Class IV town roads, to sources of water supply, and to the main telephone line serving the Co-op.

(4) An easement for the installation, use, maintenance, repair, and replacement of water systems, septic disposal systems, fuel tanks, and telephone lines serving the Homesite, plus any other services necessary to the functioning of the Homesite. The initial placement of such utilities shall be subject to review and approval by the Co-op. Compliance with any regulations governing these utilities required by State or local authorities, together with the costs of such compliance, shall be the responsibility of Lessee(s).

EXCEPTING AND RESERVING unto the Co-op, however, all rights of any kind to natural resources in or upon the Homesite including, but not limited to, minerals and other extractive resources, timber, water, etc., with the specific exceptions set forth above and in Section 3(b) hereof. However, the Co-op agrees not to remove or extract natural resources from the Homesite without the permission of Lessee(s). If such permission is granted, the Co-op agrees to conduct such activities in a manner consistent with sound ecological and conservation principles and the land management plan required by Section 3(h) hereof and with as little disruption to Lessee(s) as possible.

(b) This Agreement shall commence on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, run indefinitely unless terminated sooner under the provisions of this Agreement.

(c) Lessee(s) shall have the right to renew this Agreement for an unlimited number of additional terms. Such right shall be exercisable through a written notice provided to the Co-op during the twelve months prior to the expiration of this Agreement, but the inadvertent failure to provide such notice shall not constitute a forfeiture of the right to renew. No provision of this Agreement shall be construed as a limitation on the express intent of the Co-op to endow

Lessee(s) with the right of renewal for an unlimited number of terms.

## SECTION 2: CARRYING CHARGES AND ASSESSMENTS

(a) In consideration of the possession, occupancy and use of the Homesite and related easements and rights, Lessee(s) agree to pay Carrying Charges to the Co-op during the term of this Agreement. Carrying Charges shall consist of the portion of operating costs and expenses of the Co-op related to the property of which the Homesite is a part which is fairly and reasonably allocated by the Co-op to the Homesite, plus any additional amounts owing in accordance with the terms of this Agreement. It shall be understood that Carrying Charges may be increased or decreased from time to time for shortfalls and excesses in estimates of expenditures and cash requirements, whether attributable to foreseen or unforeseen events. Carrying charges shall be paid in such amounts and at such intervals as determined by the Co-op.

(b) Lessee(s) agree to share in the costs of building and maintaining improvements to Common Lands, as determined by the Co-op, by payment of Assessments during the term of this Agreement. Assessments shall consist of the portion of capital expenditures of the Co-op related to the property of which the Homesite is a part which is fairly and reasonably allocated by the Co-op to the Homesite, plus any additional amounts owing in accordance with the terms of this Agreement. Assessments shall be paid in such amounts and at such intervals as determined by the Co-op.

(c) If Lessee(s) fails to pay any Carrying Charge or Assessment provided for in this Agreement within such stated amount of time after the date when due as is determined by the Co-op, Lessee(s) shall pay such late charge for each period of delinquency or part thereof as is determined by the Co-op. Such late charge shall be added to the Carrying Charges due from Lessee (s).

(d) Carrying Charges and Assessments provided for in this Agreement shall be paid by check or money order made payable to "Lost Meadow Land Cooperative" and mailed or hand delivered to the Treasurer of the Co-op. Lessee(s) shall pay all charges to the Co-op upon the terms and at the times

herein provided without any deduction on account of any set-off or claim which Lessee(s) may have against the Co-op, except as otherwise provided in this Agreement.

(e) The Co-op may, in its sole discretion, reduce, delay or waive all or part of a Carrying Charge or Assessment at any time if it determines that Lessee(s) are unable to pay such amount by reason of personal hardship or incapacity.

### SECTION 3: USE OF HOMESITE

(a) Lessee(s) agree to use the Homesite only for the purposes of residence and other activities incidental to residency, including gardening and other production for use or consumption. Business activities may be conducted on the Homesite only with the express consent of the Co-op, but the Co-op agrees to permit such activities unless they pose a threat to the peace and harmony of other lessees or are inconsistent with the terms and conditions of this Agreement. If such consent is given, the Co-op reserves the right to unilaterally revoke such consent at any time that actual business activities do, or are perceived by the Co-op to, pose such a threat.

(b) Lessee(s) may, for their personal use on the Homesite only, cut and use a reasonable amount of timber for firewood, construction upon their Homesite, etc., and extract a reasonable amount of water. Other natural resources may be extracted only under the following conditions. Any such activity on the Homesite or on Common Lands may occur only after agreement has been reached on the land management plan required by Section 3(h) hereof and express permission to do so has been granted by the Co-op. Any such activity on Common Lands may proceed only with the express permission of, and under terms and conditions determined by, the Co-op. Any such activities on the Homesite or on Common Lands must be conducted in a manner consistent with sound ecological and conservation principles and the above-described land management plan so that the Homesite and its resources are protected and the ecological balance is maintained or restored.

(c) Lessee(s) agree to use the Homesite and Common Lands only in an ecologically sound manner, maintaining the purity

of water and air, the productivity of the soil, and the integrity of the landscape, and disposing of any wastes in a safe and sanitary manner. Lessee(s) further agree to use the Homesite and Common Lands only in a manner that is respectful of other lessees and the surrounding community, causing no harm or nuisance to any of them.

(d) Lessee(s) agree to safeguard the Homesite against damage, waste or trespass and to maintain the Homesite and Improvements in good, safe, and habitable condition in all respects and in full compliance with all applicable laws, ordinances, rules, regulations and orders of any governmental authority with jurisdiction over matters concerning the condition, use or occupancy of the Homesite and all insurance companies insuring all or any part of the Homesite or Improvements.

(e) Lessee(s) agree to obtain the consent of the Co-op for any use of the Homesite or Common Lands for which there is any reasonable doubt as to its consistency with the terms and conditions of this Agreement.

(f) Lessee(s) agree to take responsibility for the use of the Homesite and Common Lands by members of their family or household and visitors and shall, as appropriate, make them aware of the terms, intent and spirit of this Agreement.

(g) Lessee(s) shall have the right to undisturbed enjoyment of the Homesite. The Co-op shall not interfere with the personal lives, associations, expressions or actions of Lessee(s), except to the extent necessary to enforce the terms and conditions of this Agreement.

(h) Lessee(s) agree to participate in the development, adoption and periodic review and update of a land management plan by the Co-op that sets forth the natural characteristics of the Homesite and Common Lands and ecologically sound principles and practices for its use and improvement. This requirement shall be fulfilled by the adoption of and adherence to a forestry plan approved by the State of Vermont's Current Use Program, for as long as that program shall be in effect, as well as any other requirements and plans agreed upon by the Coop.

(i) The Co-op shall have the right to inspect the Homesite and the use thereof by Lessee(s) at any reasonable time and in any reasonable manner, but only for a legitimate purpose related to the terms and conditions of this Agreement.

#### SECTION 4: TAXES

(a) Lessee(s) agree to bear full and sole responsibility for any real estate taxes or other governmental charges due with respect to Improvements and to pay such amounts directly to taxing authorities. The Co-op agrees to bear principal responsibility for any real estate taxes or other governmental charges due with respect to the Homesite and Common Lands and to pay such amounts directly to taxing authorities, such payments being chargeable to Lessee(s) as Carrying Charges under Section 2(a) hereof.

(b) In the event that Lessee(s) fail to pay real estate taxes or other governmental charges for which they are responsible, the Co-op may, but shall not be obligated to, pay such amounts and increase the Carrying Charges allocated to Lessee(s) by an equal amount.

(c) In the event that the Co-op fails to pay real estate taxes or other governmental charges for which it is responsible, Lessee(s) may, but shall not be obligated to, pay such amounts and decrease the Carrying Charges allocated to Lessee(s) by an equal amount.

#### SECTION 5: BUILDINGS AND IMPROVEMENTS

(a) It is the express intention of the parties that Lessee(s) shall own all buildings and other improvements made to or on the Homesite by them or on their behalf (herein "Improvements"), subject to the terms and conditions set forth in this Agreement.

(b) Building plans for Improvements shall comply with building principles and policies adopted by the Co-op, and such plans shall be submitted to and approved by the Co-op prior to the commencement of any construction. All Improvements shall be constructed in compliance with local zoning ordinances and any zoning permits issued to the Co-op.

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Compliance with any regulations (such as water supply or septic) required by State or local authorities, together with the costs of such compliance, shall be the responsibility of Lessee (s). Lessee(s) shall, at Lessee(s)' sole expense, maintain the Homesite and Improvements in accordance with the provisions of this Agreement. Except as otherwise described in this Agreement, the Co-op shall not be required to furnish any services or facilities or to make any other repairs to the Homesite or Improvements, and Lessee(s) hereby assume the full and sole responsibility for furnishing all such services or facilities.

(c) Lessee(s) shall have the right to construct outbuildings which are consistent with the permitted uses of the Homesite and otherwise in compliance with this Agreement, provided that plans for such Improvements are submitted to and approved by the Co-op prior to the commencement of any construction. Such approval may be made contingent on any reasonable conditions or restrictions.

(d) Lessee(s) agree to adequately insure their Improvements against loss and damage and against liabilities related to its use, except as otherwise agreed to by the Co-op.

(e) Lessee(s) shall have the right to sever and remove their Improvements upon termination of this Agreement, irrespective of the extent to which they may be attached to the Homesite. The parties acknowledge that some damage or defacement may occur as a result of Lessee(s)' exercise of the right of severance and removal of Improvements. The potential of such damage shall in no way infringe on Lessee(s)' right of removal, but Lessee(s) shall be under an affirmative obligation to minimize such damage and to make every reasonable effort to return the Homesite to its original contours and vegetation. Lessee(s) shall provide the Co-op a reasonable opportunity to review and approve all removal plans prior to initiation.

## SECTION 6: LIENS

(a) No lien for services, labor or materials resulting from Lessee(s)' construction or alteration of Improvements shall attach to the Co-op's title to the Homesite, Common

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Lands or other property owned by the Co-op. Lessee(s) shall not suffer or permit any such lien to be filed against such property. If any such lien shall at any time be filed, Lessee(s) shall within sixty (60) days after notice of the filing thereof cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or as otherwise permitted by law. If Lessee(s) shall fail to cause such lien to be discharged within such period, then, in addition to any other right or remedy of the Co-op, the Co-op may, but shall not be obligated to, discharge the same by paying the amount at issue. Lessee(s) in good faith and at their own expense may contest the validity of any such asserted lien, provided Lessee(s) have furnished a bond in an amount set by statute or otherwise sufficient to release the property from such lien. Any amounts paid by the Co-op hereunder in respect of such liens shall be deemed to be an additional Carrying Charge payable by Lessee(s) upon demand.

(b) No lien for services, labor or materials resulting from the Co-op's construction or alteration of improvements to Common Lands shall attach to Lessee(s)' title to Improvements, interest in the Homesite or other property owned by Lessee(s). The Co-op shall not suffer or permit any such lien to be filed against such property. If any such lien shall at any time be filed, the Co-op shall within sixty (60) days after notice of the filing thereof cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or as otherwise permitted by law. If the Co-op shall fail to cause such lien to be discharged within such period, then, in addition to any other right or remedy of Lessee(s), Lessee(s) may, but shall not be obligated to, discharge the same by paying the amount at issue. The Co-op in good faith and at its own expense may contest the validity of any such asserted lien, provided the Co-op has furnished a bond in an amount set by statute or otherwise sufficient to release the property from such lien. Any amounts paid by Lessee(s) hereunder in respect of such liens shall be deemed to be a reduction of Carrying Charges payable by Lessee(s).

## SECTION 7: LIABILITIES



(a) Lessee(s) agree that they shall assume sole responsibility and liability to any persons related to the possession, occupancy or use of the Homesite. The Co-op agrees that it shall assume principal responsibility and liability to any persons related to the possession, occupancy or use of Common Lands.

(b) Each party shall defend, indemnify and hold the other harmless against all liabilities and claims for damage or injury to persons or property from any cause on or about the above-described areas of their respective responsibilities. Each party waives all claims against the other for damage or injury to persons or property on or about the above-described areas of their respective responsibilities arising, or asserted to have arisen, from any cause whatsoever. Notwithstanding the foregoing, each party shall remain liable for and shall not have rights against the other party with respect to damage or injury due to its negligent or intentional acts or omissions or those of its agents.

(c) In the event that either party shall be required to pay any sum whatsoever on behalf of the other party, such other party agrees to reimburse the former for such sum and for reasonable expenses caused thereby, as a separate disbursement or an adjustment to Carrying Charges hereunder.

(e) Each of the foregoing subsections shall be subject, in the case of claims and liabilities for which the Co-op is responsible, to such amounts being chargeable to Lessee(s) as Carrying Charges under Section 2(a) hereof or as Assessments under Section 2(b) hereof.

#### SECTION 8: TRANSFERS BY LESSEE(S)

(a) Except as otherwise specifically provided in this Agreement, Lessee(s) shall not sell, convey, assign, sublease or otherwise transfer or dispose of their interests in the Homesite or Improvements, or any portion thereof, without the prior written consent of the Co-op. The Co-op agrees that it will consent to such a transfer and accept such transferee(s) into membership in the Co-op unless it shows a substantial and compelling reason why such consent would not be in the best interest of the Co-op. A substantial and compelling reason shall include, but not be limited to, personal

incompatibility, incompatibility with the values and goals of the Co-op, fiscal unreliability, or the failure of the Lessee(s) or the intended transferee(s) to make the transferee(s) reasonably available to the Co-op or to fully answer all reasonable inquiries by the Co-op. Such transfer shall be subject to the Co-op's option to purchase and right of approval (as set forth in subsections (e), (f) and (g) of this Section). Any purported sale, conveyance, assignment, sublease or other transfer or disposal that does not comply with such restrictions shall be null and void.

(b) Notwithstanding the foregoing, Lessee(s) may enter into temporary subleases or other assignments, but only with the prior consent of the Co-op, which consent shall not be unreasonably withheld. In the event of such a sublease, Lessee(s) agree that the terms and conditions of the sublease shall be consistent with the terms and conditions of this Agreement, and that sublease fees shall not exceed the portion of Carrying Charges and the rental value of the Improvements that are reasonably allocable to the subleased premises. A sublease shall not be granted for a term longer than a year. If a lease is to be extended beyond a year, approval of the coop is required. Sub-lessees shall be subject to the terms and conditions that apply to lessees under this agreement, and the original lessees shall be held responsible for sublessees' compliance with such terms.

(c) Notwithstanding the foregoing, Lessee(s) may mortgage or otherwise assign their interests in the Homesite and Improvements as security for a loan.

(d) Notwithstanding the foregoing, upon the death of Lessee(s) and the passing by will or intestate succession of their interests in the Homesite and Improvements to any natural person or persons, such legatee(s) or distributee(s) may, with the consent of the Co-op, become new lessees under this Agreement by assuming in writing its terms and conditions within one (1) year after Lessee(s)' death, such terms and conditions to include the acceptance and discharge of any financial obligations to the Co-op incurred by Lessee(s). The Co-op agrees that it will consent to such a transfer and accept such transferee(s) into membership in the Co-op unless it makes the showing required by subsection (a) above. Should such legatee(s) not become new lessees, either by choice or inadmissability, they shall be entitled to any proceeds from

the sale of the Homesite and Improvements, provided the buyer is accepted into membership by the Co-op, according to terms outlined in subsection (a) of this section.

(e) In each event that Lessee(s) contemplate a transfer to a third party, other than that which may be permitted under subsections (a) or (d) of this Section, then Lessee(s) or their heirs shall give written notice to the Co-op ("Notice of Intent to Transfer") no less than ninety (90) days prior to the contemplated closing of such transaction. Such notice shall identify the intended transferee and the nature of the intended transfer, and shall disclose the offering price for such transfer. No sale, assignment, transfer or other disposition shall be effective unless and until such notice is received by the Co-op and the Co-op either: (i) approves the transfer or fails to respond to the Notice of Intent to Transfer within seventy-five (75) days of receipt of such notice, in which case such failure shall be deemed to constitute an approval of the transfer; or (ii) provides notice of its election to exercise its option to purchase within seventy-five (75) days of receipt of such notice and the procedures set forth in subsections (f) or (g) hereof are complied with.

(f) If the Co-op timely provides notice of its election to exercise its option to purchase following receipt of a Notice of Intent to Transfer, the Co-op shall have the option to purchase Lessee(s)' Improvements and interest in the Homesite at the bona fide offering price. The Co-op shall exercise such option within one hundred twenty (120) days of receipt of the Notice of Intent to Transfer, or its option will expire.

(g) If such option to purchase shall for any reason become unenforceable, the Co-op shall nevertheless have a right of first refusal to purchase Lessee(s)' Improvements and interest in the Homesite at the bona fide offering price. Such right shall be as specified in Section 9 hereof. Any sale or other transfer contrary to this subsection, when applicable, shall be null and void.

(h) In order to ensure the unique purposes and intended effects of this Agreement, neither this Agreement nor the leasehold estate of Lessee(s) in the Homesite shall be subject to involuntary assignment, transfer or sale, or to assignment,

transfer or sale by operation of law in any manner whatsoever, and any attempt at involuntary assignment, transfer or sale shall terminate this Agreement.

(i) Lessee(s) acknowledge that the terms and conditions of this section impose substantial restrictions on their ability to freely transfer their interests in the Homesite and Improvements. Lessee(s) further acknowledge that they knowingly and freely accept such restrictions.

#### SECTION 9: RIGHT OF FIRST REFUSAL

(a) Whenever any party under this Agreement shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale or lease ("Offering Party") shall within the term of this Agreement receive a bona fide third party offer to purchase or lease the property which such Offering Party is willing to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

(1) Offering Party shall give written notice (the "Notice") of such offer to Holder setting forth (i) the name and address of the prospective purchaser thereof, (ii) the purchase price offered by the prospective purchaser, (iii) all other terms and conditions of the sale, and (iv) all other information that may be required under this Agreement. Holder shall have a period of forty-five (45) days after the receipt of such Notice (the "Election Period") within which to elect to purchase the property on the same terms and conditions as set forth in the Notice. Such election shall be made by written notice given to the Offering Party within the Election Period.

(2) If Holder makes the election to purchase the property, such purchase shall be made within ninety (90) days after such election shall have been made by Holder (or if the Notice shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice, including payment of the purchase price provided therein.

(3) Should Holder fail to make any election within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in this

Agreement) to go forward with the sale which the Offering Party desires to accept and to sell the property within one (1) year following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice. If the sale is not consummated within such period, the Offering Party's right so to sell shall end, and all of the foregoing provisions of this Section shall be applied again to any future offer, all as aforesaid.

#### SECTION 10: TERMINATION

(a) This Agreement shall terminate upon notice by Lessee(s) of their specific intent to do so.

(b) This Agreement shall terminate if Lessee(s) attempt to sell, convey, assign, sublease or otherwise transfer or dispose of their interests in the Homesite or Improvements, or any portion thereof, in violation of the requirements of Section 8 hereof or if, upon their deaths, the interests of Lessee(s) to the Homesite and Improvements do not pass to one or more persons who become new lessees under the provisions of Section 8(d) hereof.

(c) The Co-op may terminate this Agreement if Lessee(s) have intentionally violated any material term or condition of this Agreement in such a manner as to negate or seriously compromise the intended effect of this Agreement, which represent the continuing foundation of the relationship between the parties. In such event, the Co-op may not terminate this Agreement without providing Lessee(s) thirty (30) days to correct the violation. If correction cannot reasonably be completed within such period, it shall be sufficient to begin such corrections within the 30-day period and continue them promptly to completion.

(d) Upon termination of this Agreement, it shall continue in full force and effect insofar as may be necessary to effectuate an orderly severance or transfer of interests. In such event, Lessee(s) shall leave the Homesite peacefully and quietly as soon as practicable without damaging the Homesite in any way. Until Improvements are severed, sold or otherwise transferred in accordance with this Agreement or are abandoned, Lessee(s) agree to observe all terms and conditions

of this Agreement. Upon abandonment of the Homesite which continues for ninety (90) days, the Co-op shall have the right to assume ownership of, and title to, all Improvements, subject to an obligation to convey proceeds thereof in accordance with the provisions of subsection (e)(4) hereof.

(e) If this Agreement is terminated, Lessee(s) agree to sever their Improvements or to sell or otherwise transfer their interests in the Homesite and Improvements in the following manner:

(1) Within thirty (30) days of such termination, Lessee(s) shall give written notice to the Co-op as to whether or not they intend to sever their Improvements.

(2) If Lessee(s) give notice of their intention to sever, they shall do so within a reasonable period of time and in a manner consistent with Section 5(e) hereof. If Lessee(s) give notice of their intention not to sever or fail to give such notice within the required time, the Co-op shall have the option to purchase Lessee(s) Improvements and interest in the Homesite for a price equal to the bona fide offering price. The Co-op shall have sixty (60) days after receipt of such notice or after the expiration of the time for receiving such notice within which to give written notice to Lessee(s) of its intention to exercise its option to purchase the Improvements and ninety (90) days after such time within which to exercise such option, or its option will expire.

(3) If the Co-op's option to purchase is not so exercised or expires, Lessee(s) may sell or otherwise transfer their interests in the Homesite and Improvements in accordance with Sections 8(a), 8(e) and 8(g) hereof except that the Co-op shall have no further option to purchase other than as set forth above.

(4) If no acceptable buyer is located within two (2) years of the termination of this Agreement, the Co-op shall have the right to assume ownership of, and title to, all Improvements. If the Co-op does so, it shall continue to use all reasonable efforts to sell the Improvements and convey to Lessee(s) the proceeds of such sale, but less the costs of the sale, any taxes owed on the Improvements since termination, any debts to which such Homesite is subject and any debts owed by Lessee(s) to the Co-op.

(f) If any of the following events shall occur, Lessee(s) shall have the right of first refusal to purchase the Homesite, and any part of the Common Lands that may be necessary or appropriate for reasonable use and access to the Homesite, at the market value that is reasonably and fairly allocable to such property. Such right shall be as specified in Section 10 hereof. Any sale or transfer contrary to this subsection shall be null and void. The events which shall give rise to such right shall be the following:

(1) the Co-op shall be dissolved or liquidated voluntarily or involuntarily or shall resolve to take such action;

(2) the Co-op conveys, or resolves to convey, its interest in the Homesite other than as security for a mortgage loan or other than to an organization created to succeed the Co-op; or

(3) any other events occur, or are threatened to occur, that would thwart the purposes of the Co-op or the intended effects of this Agreement.

#### SECTION 11: MEDIATION AND ARBITRATION

(a) The Co-op and Lessee(s) agree that, should any grievance or dispute arise concerning their respective rights and duties under the terms of this Agreement that cannot be resolved through normal interaction, the following procedures shall be used. This Section shall not, however, apply to any dispute that involves the legal validity of this Agreement or any portion thereof or which raises constitutional or civil rights issues, such issues being subject to binding resolution only by judicial process.

(b) Either party may notify the other by written notice of the initiation of the process of non-binding mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement of their dispute. The mediator shall be a person who is agreed upon by both parties. Efforts to achieve a resolution through mediation shall end as soon as either party announces that, despite good faith effort, the

parties are unable to resolve their dispute. Neither party may resort to the arbitration procedures below without first utilizing these mediation procedures and pursuing the resolution of the dispute in good faith.

(c) Upon failure of the mediation procedures set forth above to resolve the dispute, the parties may agree upon a disinterested arbitrator or either party may notify the other by written notice of its selection of an arbitrator. Within fifteen (15) days of receipt of such notice, the other party may by written notice to the initiator of the arbitration process select a second arbitrator. These two arbitrators shall select a third arbitrator. If the other party fails to timely name an arbitrator in response to the receiving of the notice from the initiator, the arbitrator selected by the initiator shall be the sole arbitrator.

(1) The arbitrator or arbitrators shall hold a hearing as soon as reasonably possible after the initial notice by the initiator of the arbitration process. At the hearing the parties shall each have an opportunity to present evidence and question witnesses in the presence of each other.

(2) As soon as reasonably possible after the hearing, the arbitrator or arbitration panel shall make a written report to the parties of its findings and decision and the reasons for such decision. The arbitrators shall decide the dispute or claim in accordance with the substantive law of the jurisdiction and what is just and equitable under the circumstances. The decisions and awards of the arbitrator or a majority of the arbitration panel shall be binding and final between the parties.

(d) The parties shall equally share any expenses of the mediation and arbitration process.

(e) The parties acknowledge that the arbitration procedures in this Section impose substantial restrictions upon their abilities to bring a lawsuit concerning a grievance or dispute that may arise in connection with this Agreement. The parties further acknowledge that they knowingly and freely accept such restrictions in the interests of obtaining a speedy, equitable and cost-effective means of resolving their disputes.



## SECTION 12: OTHER TERMS AND CONDITIONS

(a) Lessee(s) agree to obtain membership in the Co-op, by whatever terms this status is denominated in the by-laws or organizing documents of the Co-op, and to maintain such status in good standing at all times.

(b) Full-time residence upon the Homesite by persons other than lessees for periods of more than one year shall be subject to approval by the Co-op membership.

(c) References herein to actions required or permitted to be taken by the Co-op shall be taken by the full membership of the Co-op acting through the consensus process. Lessee(s) will, however, refrain from participating in the Co-op's decision on any matter that relates particularly to a dispute between themselves and the Co-op.

(d) Whenever this Agreement requires that a party provide notice to the other party, that notice shall be given in writing and delivered in person or by registered mail to the last known address of the party to be notified. Notice shall be deemed given as of the date on which it is hand delivered or received through regular or e-mail.

(e) Whenever this Agreement requires that a party seek the consent of the other party for some proposed action, that consent must be given or refused, if possible, within thirty (30) days of a request. If a well-informed judgment reasonably requires more time, all reasonable steps will be taken to begin the decision-making process within the thirty-day period and promptly carry it to its conclusion.

(f) Whenever in this Agreement reference is made to Lessee(s) or a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand. The language in all parts of this Agreement shall be construed according to its fair meaning and not strictly for or against either party.

(g) This Agreement supersedes any prior agreement between the parties as to the same subject matter. The parties agree that the terms and conditions of this Agreement may be modified only in a written document agreed to and signed by both parties.

(h) The failure of either party to insist, in any particular instance, upon strict observation or performance of the terms and conditions of this Agreement or to exercise any rights set forth in it, shall not be construed as a waiver of the right to do so and all terms and conditions shall remain in full force and effect. No waiver of any term or condition shall be considered a waiver of any other term or condition.

(i) Acceptance by the Co-op of a Carrying Charge payment from Lessee(s), with the knowledge that Lessee(s) are failing to perform or observe any terms or conditions of this Agreement, shall not be deemed a waiver of the right of the Co-op to take action based on such failures.

(j) If any clause of this Agreement is adjudged to be invalid, such judgment shall not affect the validity of any other clause or give rise to any cause of action by one party against the other.

(k) Either party may, but shall not be required to, prosecute or defend, in its own name or in the name of the other party, any actions or proceedings necessary or appropriate for the protection of title, possession, or any other interest in or to that party's respective interests under this Agreement.

(l) This Agreement sets forth the entire agreement between the parties and is binding upon and inures to the benefit of the parties and their successors in interest.

(m) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Vermont.

(n) A memorandum of lease describing this Agreement in accordance with the requirements of Vermont law shall be recorded in the land records of the Town of Corinth.

(o) This ground lease agreement shall be consistent or uniform for all members of the Co-op, with all provisions applying to one lessee applying to all, unless the Co-op agrees to apply a specific provision to a particular homesite. Barring such exception, any revision of this agreement prior to its being signed by a new lessee shall apply as well to the

agreements previously signed by other lessees, which agreements shall be re-signed in their amended form.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as a sealed instrument as of the date first written above.

Lost Meadow Land Cooperative  
(Lessor)

by \_\_\_\_\_

as its \_\_\_\_\_

and

\_\_\_\_\_  
(Lessee)

\_\_\_\_\_  
(Lessee)