**Lease Number**

**LEASE**

**THIS LEASE AGREEMENT** is made and executed on      , by and between Regents of the University of Minnesota (the “**Lessor**”), a Minnesota constitutional corporation, and       (the “**Lessee**”),      .

**WITNESSETH:**

**1. Term and Premises; Renewal Right.** That the **Lessor**, for and in consideration of the covenants hereinafter expressed, and the rents reserved, does by these presents, hereby demise and lease unto the Lessee, for and during the full term of forty (40) years, commencing on      , and ending on      , that certain lot or parcel of land situated on the lands known as the “**University Grove**” and being the grounds of the University of Minnesota, in the County of Ramsey, State of Minnesota, and more particularly described as follows (the “**Premises**”):

 See **Exhibit A** attached hereto.

Lessee shall have the right to renew this Lease, on the same terms and conditions, for an additional term of forty (40) years commencing on the expiration date of this Lease. Any such renewal shall be effective if Lessee shall give written notice to Lessor prior to the expiration of the current term. Lessor shall give written notice to Lessee not less than sixty (60) days prior to the expiration of the term of this Lease of the fact that the Lease will terminate unless renewed. If Lessor shall fail to give such notice, Lessor shall not be permitted to terminate this Lease until it shall give sixty days’ written notice to Lessee of the expiration of the term, during which period Lessee shall be entitled to exercise the renewal right herein contained.

**2. Rent.** The Lessee covenants and agrees to pay to the Lessor at Regents of the University of Minnesota, NW 5960 P.O. Box 1450, Minneapolis, MN 55485-5960, the annual ground rent or sum of One Hundred Dollars and no/100 ($100.00), payable in advance on the above commencement date and each one-year anniversary of said commencement date thereafter during the term hereby created and during any renewal terms, without demand therefor. If any rental payment is more than fifteen (15) days delinquent, a Twenty-five and no/100 Dollar ($25.00) late fee will be added to the rental account. Rental payments received will be applied first to the late charge, then to the base rent due. A fee of Twenty Dollars and no/100 ($20.00) shall be paid by Lessee for all checks returned by the bank due to insufficient funds, account closed, or for any other reason. If this Lease is terminated prior to the expiration date for any reason other than Lessor’s default, including, without limitation, an Assignment, Lessor shall retain all pre-paid rent, and Lessee shall not be entitled to any refund therefor.

**3. Use of Premises.** The Lessee further covenants and agrees to and with the Lessor that any building or buildings upon said Premises will be used in compliance with the building and zoning ordinances of the City of Falcon Heights and the State of Minnesota and all other applicable codes and ordinances; and, that the Lessee will use said Premises solely for the construction and use of a single family residence or dwelling and, if desired, a private garage in the rear of or attached to said dwelling and that no apartment house, or flat building, or building for the use of more than one family will be constructed or used without the written consent of the Lessor. The Premises shall be occupied by the Lessee except as provided in sections 7.4 and 7.5 hereof.

**4. Approval of Plans and Specifications by Lessor.** The Lessee covenants and agrees before the commencement of any exterior Improvements to deliver to the Lessor a complete and final set of plans and specifications of all Improvements proposed to be erected or made on the Premises, and not to erect or commence work on any of the same until the proposed Improvements and their location upon said land shall have been first approved by Lessor. The Lessor shall have the right at all times during the construction of all Improvements to examine and inspect the same to see whether they are being constructed in strict accordance with the approved plans and specifications, and, if not being so constructed, the Lessor shall have the right, at its option, to forthwith cancel and annul this Lease and terminate the term hereby created in accordance with Section 13 hereof. For purposes of this Section 4, “**Improvements**” shall mean any proposed additional structures, constructions, additions, improvements, or modifications to be located on the Premises or changes to the exterior of structures that exist on the Premises at the date hereof and shall include any replacement improvements if the existing improvements shall be destroyed or demolished. All Improvements shall be made in conformity to the rules and standards attached hereto as **Exhibit B** and made a part hereof, or such different rules and standards as may be adopted by Lessor after consultation with the Grove Association. Lessor agrees that, at the request of the Grove Association, it may assign to the GroveAssociation all rights and obligations to approve plans and specifications and supervise construction as herein provided, and, upon such assignment, Lessor shall have no further rights or obligations under this Section 4. The “**Grove Association**” shall mean an association of Grove Lessees who have identified themselves as the Grove Association by giving written notice to Lessor of their existence and providing to Lessor an address for the giving of notices. If Lessor shall be required to consult with or give notice to the Grove Association under this Lease, it shall initiate such consultation and give such notice in writing addressed to any such Association at the address so furnished. “**Grove Lessees**” shall mean the lessees named in those certain 103 leases (including this Lease) of the properties known as University Grove, legally described as all of the residential lots within Auditor’s Subdivision 71 and Auditor’s Subdivision 90, as on file in the office of the County Recorder, Ramsey County, Minnesota. Where two or more individuals are named as lessees under a Grove lease, such individuals shall collectively be a single Grove Lessee hereunder. So long as the Lessor is exercising approval rights hereunder, it will do so through a University Grove Committee whose members shall include the Director of Housing & Residential Life (who shall act as secretary) and one Grove Lessee who shall be elected annually by the Grove Lessees.

**5. Bond for Protection Against Liens.** Every building contract entered into by the Lessee, by recital or by reference to this Lease, shall show the extent of the interest of the Lessee in the Premises, and the Lessee covenants and agrees to hold harmless the Lessor of and from, and protect the Premises against, any and all liens occasioned by the erection of said building or Improvements thereon. Before work on any such buildings or Improvements is commenced, the Lessor may require that the Lessee and the Contractor or other person erecting the same, or either of them give, and they shall give, a good and sufficient bond protecting the Lessor and the Premises against all mechanic’s and other liens growing out of or incident to the erection or making of such Improvement, but the Lessor may waive the giving of such bond or bonds. The Lessor shall have the right at all times during the erection of Improvements thereon to post and maintain on said Premises or on the Improvements in course or erection thereon such notice or notices of non-liability as it may desire to post thereon.

**6. Compensation Insurance.** The Lessee shall, before any such building or Improvement is commenced, take out and maintain in force and effect builder’s risk, liability and comprehensive insurance with an insurance carrier, covering the liability of the Lessor and/or Lessee to any persons injured during the erection of such building or Improvements, or their dependents, under the present or any future acts or laws which shall or may impose liability upon the Lessor for such injuries; and in the event of the Lessee’s failure so to do, the Lessor may take out and maintain such insurance, and in such event the Lessee agrees to repay to Lessor the full amount of premium, which it shall pay to such insurance carrier with interest at the rate of six (6) percent per annum from date of payment thereof by the Lessor until the repayment thereof to the Lessor by the Lessee.

**7. Restriction to Assignment of Lease.** The Lessee hereby agrees that Lessee will not let, sublet, or underlet the whole or any part of said Premises, nor sell, assign, or transfer (hereinafter collectively referred to as an “**Assignment**”) this Lease for any part or portion of the term hereby created, or the Improvements on said Premises, except for an Assignment expressly permitted under this Section 7, and then only with the prior written consent of Lessor. Lessor shall not be required to consent to any Assignment that is not specifically provided for under this Section 7, and Lessee acknowledges and agrees that it has no vested right to any Assignment; that any Assignment without first obtaining the prior written consent of Lessor shall be void and a breach of covenant and need not be consented to; and that Lessor shall not be required to consent and shall be free to withhold its consent to any Assignment not permitted by this Section 7. Lessor shall not be liable for the failure or refusal to consent to an Assignment not permitted under this Section 7, nor shall Lessor be required to purchase any Improvements or pay any money to Lessee if Lessor shall not consent to any Assignment not permitted under this Section 7. Lessor shall have the right, but not the obligation, to terminate this Lease in accordance with Section 13 hereof if Lessee shall attempt an Assignment not permitted under this Section 7. Lessor’s response to a request by Lessee for consent to an Assignment shall be in writing, shall be provided to Lessee, and a copy shall be provided to the GroveAssociation. In case any Assignment shall be consented to, no subsequent Assignment can be made except as herein provided and without again obtaining the prior written consent of the Lessor thereto. The following Assignments or subleases shall be permitted, and Lessor’s consent shall be given and not withheld in the following circumstances:

 7.1 an **Assignment** to an individual who is (i) a member of the academic staff, tenure or tenure track, or administrative staff eligible for the Faculty Retirement Program of the University of Minnesota or a federal retirement plan; (ii) a current civil service or union-represented employee of the University of Minnesota whose employment is at least seventy-five percent (75%) time per year, or academic or contract year, excluding probationary employees or employees normally referred to as “temporary” whose employment is for a non-renewable period; (iii) a retired employee of the University of Minnesota who has been certified as eligible for continued coverage under the retiree provisions of the University of Minnesota health and dental benefits program; (iv) a surviving spouse of an eligible individual; or (v) an individual who has accepted in writing an offer of employment in a position described in Section 7.1 (i), but has not yet begun that employment (hereafter collectively referred to as “**Eligible Lessee**”). In the event of an Assignment to an Eligible Lessee, Lessor shall enter into a new lease with such Eligible Lessee on the same terms and conditions as herein provided, and such Eligible Lessee shall agree to be bound by all the conditions and covenants of the new lease. Upon entering into such new lease, this Lease shall terminate without any further obligations to Lessee hereunder;

 7.2 an Assignment to a surviving spouse of an Eligible Lessee or an Assignment pursuant to a Decree of Dissolution or legal separation of a marriage;

 7.3 an Assignment for the purpose of allowing an existing family or a surviving domestic partner (as recognized by the Employee Benefits Office of Lessor) of an Eligible Lessee to continue in residence;

 7.4 an Assignment to a responsible person for a term equal to the period of academic leave, or equivalent absences on the part of an Eligible Lessee, but in any event not more than two years;

 7.5 an Assignment to a child of an Eligible Lessee (one generation);

 7.6 an Assignment to a current spouse or a domestic partner (as recognized by the Employee Benefits Office of Lessor) of an Eligible Lessee for estate planning purposes;

 7.7 an Assignment to qualifying trust(s) created for estate planning purposes, provided, however, that under the terms of the trust(s), an Eligible Lessee or Approved Assignee will reside in the Leased Premises;

 7.8 such other Assignment as the Lessor shall determine (after consultation with any GroveAssociation) to be just, equitable, or appropriate to avoid a hardship and consistent with the spirit of the limitation on Assignment herein provided;

 7.9 an Assignment to a LeaseholdMortgagee pursuant to Section 18 hereof.

The decision of the Lessor as to whether or not the requirements of 7.1 through 7.9 above have been met shall be in the sole discretion of the Lessor, and the decision of Lessor shall be controlling on all Grove Lessees. This Section is for the benefit of Lessor and Lessee and no third party shall be entitled to any rights hereunder. Any individual who acquires an interest pursuant to 7.1 through 7.9 above shall be deemed an “**Approved Assignee**.”

**8. Eviction for Disorderly Conduct.** The Lessee and all occupants of the Premises shall at all times during the term hereof be subject to all the rules of discipline and other regulations of every kind prescribed or adopted by the Lessor, and if any occupant or occupants of said Premises shall be objectionable to the Lessor, or if said occupant or occupants shall permit or allow any disorderly or objectionable conduct on said Premises or in any of the buildings erected thereon, the Lessee shall and will on demand cause all such persons to be forthwith evicted and removed from said Premises, and a failure so to evict and remove shall constitute a breach of the covenants hereof.

**9. Lessee to Pay All Water and Sewer Rates, Taxes, etc.** The Lessee shall pay (in addition to the rent above specified) all water and sewer rates, taxes, assessments, and all other impositions, general and special, ordinary and extraordinary, of every kind and nature whatsoever, levied, assessed, or imposed upon said Premises, or any part thereof, or upon any building or Improvements at any time situated thereon or levied, assessed, or imposed upon the interest of the Lessor or the Lessee in or under this Lease during the term of this Lease, for and during the term of this Lease, and also all special assessments that may have heretofore been levied or assessed against said Premises for Improvements not yet made, all which said water and sewer rates, taxes, assessments, or other impositions shall be paid by the Lessee before the same become delinquent.

**10. Lessor’s Right to Pay Taxes, Assessments, and Water and Sewer Rates.** It is further agreed that the Lessor shall, at its option, have the right at all times during the said demised term to pay any taxes, assessments, water and sewer rates, or other charges upon or against said Premises, or any part thereof, or any Improvements at any time situated thereon, or against the interest of the Lessor or the Lessee in or under this Lease, remaining unpaid after the same shall become delinquent, and to pay, cancel, and clear off all liens, charges, and claims upon or against said Premises, or any part thereof, or the Improvements at any time situated thereon, or against the interest of the Lessor or the Lessee in or under this Lease, and to redeem said Premises and the Improvements at any time situated thereon, from the same, or any of them, from time to time, and the amount so paid, including reasonable expenses, shall be so much additional rent due from the Lessee to the Lessor at the end of the next rent day after such payment, with interest at the rate of six percent (6%) per annum from the date of the payment thereof by the Lessor until the repayment thereof. The Lessor shall not be required to ascertain or inquire into the existence or validity of any tax, assessment, rate, charge, lien, or claim upon or against said Premises before paying the same. The Lessee shall not be required to pay, discharge, or remove any tax, assessment, tax lien or other lien, imposition or charge upon or against said Premises, or any part thereof, or the Improvements at any time situated thereon, so long as the Lessee shall in good faith contest the same or the validity thereof, by appropriate legal proceedings which shall operate to prevent the collection of the tax, assessment, lien, or other impositions so contested, or the sale of said Premises, or any legal proceeding and the Lessor shall not have the right to pay, remove, or discharge the tax, assessment, lien, or other imposition thereby contested.

**11. Destruction by Fire, etc.** In case of the partial or total destruction of the Improvements on said Premises by fire, earthquake, or other action of the elements, the Lessee shall restore or replace the same by other Improvements of similar nature and value within one (1) year after such destruction, in default of which the Lessor may cancel and annul this Lease, at its option, at the expiration of said year after such destruction. Any such restoration or replacement shall be subject to the restrictions of Section 4 hereof.

**12. Conditions of Premises.** The Lessee agrees at all times during the continuation of the term hereof to keep and maintain said Premises and all buildings erected thereon in good order and condition, and neat and clean in appearance, and to allow no weeds to grow or rubbish or debris to accumulate upon the Premises, and to allow no snow or ice to accumulate on the sidewalks in front of said Premises, but agrees to promptly remove any snow or ice from the sidewalks after each fall of snow, and to allow no nuisance to be maintained thereon and, in case of a breach of any of the covenants in this Section contained, the Lessor may enter upon said Premises and buildings and perform any work in its judgment necessary to comply with said covenants and charge the expense thereof to the Lessee as additional rent due from the Lessee to the Lessor. The Lessee hereby agrees to repay to the Lessor on demand the cost thereof together with interest at the rate of six percent (6%) per annum from the date of the payment thereof by the Lessor until the repayment thereof by the Lessee.

**13.** **Violation of Terms of Lease; Lessor Option to Terminate.** If the Lessee shall violate the terms, covenants, or conditions of this Lease or fail to perform its obligations hereunder, then in addition to any other rights, Lessor shall have the right to terminate this Lease; provided, however, that if Lessor shall elect, in its sole discretion, to terminate this Lease, it shall purchase the Improvements then located on the Premises from the Lessee in accordance with Section 15 hereof. Whether or not Lessor shall elect to terminate this Lease, in the event of default by Lessee, Lessor shall have the right to re-enter upon said Premises, take possession of the same and remove all parties therefrom; and a failure of the Lessor to terminate this Lease or exercise the rights hereunder for the violation of any covenant or condition hereof shall not be, or be construed to be, a waiver of the right to exercise such rights or terminate the same for a continuation or repetition of such violation, or for a violation of any other covenant or condition.

**14. Quiet Enjoyment.** The Lessor covenants that the Lessee, paying the said rent and observing and fulfilling the said conditions and covenants to be paid, observed, and fulfilled, shall and may peaceably hold, possess, and enjoy said Premises during the continuance of this Lease without molestation or hindrance.

**15. Expiration of Lease.** At the expiration of the term of this Lease, or if Lessor elects to terminate this Lease as herein provided, Lessor agrees to purchase from the Lessee, or the heirs or representatives of Lessee, the Improvements then located on the Premises at a price equal to the fair market value of such Improvements. Such fair market value shall be determined by agreement of the parties in interest, but if no agreement shall be reached, shall be determined by arbitration of a panel of qualified real estate appraisers in accordance with Section 16 hereof. For purposes of this Lease, a “**Qualified Appraiser**” is an individual licensed as an appraiser in the State of Minnesota, holding the MAI designation and having not less than ten (10) years’ experience in appraising single-family residences in the Twin Cities metropolitan area. For purposes of determining fair market value, it shall be assumed that the Improvements may continue to be located on the Premises in accordance with this Lease, but any value attributed solely to land shall be excluded.

**16. Arbitration.** It is further understood and agreed that any arbitration herein provided for shall be conducted in the following manner: Each party shall choose and designate one qualified person to serve and act as arbitrator, and in case the two arbitrators so chosen cannot agree, these two shall select a similarly qualified umpire, and the decision of any two of them shall be binding on all parties. The costs of such arbitration shall be equally shared by the Lessor and the Lessee.

**17. Lessor May Take Possession in Case of Bankruptcy or Attachment.** It is especially covenanted, agreed, and understood by and between the parties hereto that in case the Lessee shall be adjudged bankrupt, or if this leasehold, or said Improvements, or the equity therein, shall be subjected to attachment or execution, same or either of the same shall be and be taken to be a breach of the covenants hereof, and the Lessor may thereupon enter upon and take possession of said Premises and oust all persons therefrom and this Lease and agreement shall be terminated at Lessor’s option; and in such event the Lessor shall purchase the Improvements then located on the Premises from the Lessee or the person who may be by law entitled to the same in accordance with Section 15 hereof.

**18. Leasehold Financing.** In order to facilitate and permit the Lessee the opportunity to obtain a Leasehold Mortgage from a LeaseholdMortgagee (both terms as hereinafter defined), the Lessor and Lessee hereby make the following additional agreements for the benefit of such LeaseholdMortgagee. To the extent the provisions of this Section 18 are inconsistent with other provisions of this Lease, the provisions of this Section 18 shall control for the term of any Leasehold Mortgage.

18.1 Definitions. The following terms shall have the following meanings:

 18.1.1 “**Leasehold Mortgagee**” means the holder of a LeaseholdMortgage who is a mortgagee or lender approved or certified by the Secretary of Housing and Urban Development, or the Administrator of Veterans Affairs, or the Administrator of the Farmers Home Administration, or the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association, or any of them. LeaseholdMortgagee includes all successors and assigns and nominees acting for a LeaseholdMortgagee.

 18.1.2 “**Leasehold Mortgage**” shall mean a mortgage on the leasehold estate created hereby and held by a LeaseholdMortgagee. A LeaseholdMortgage shall be deemed to exist, and rights granted under this Lease to a LeaseholdMortgagee shall apply, only for the term of such LeaseholdMortgage which shall be the period beginning on the date when a LeaseholdMortgagee shall give written notice to the Lessor of the existence of its LeaseholdMortgage and ending on the date the LeaseholdMortgagee shall give written notice to the Lessor of Termination of LeaseholdMortgage.

 18.1.3 “**Foreclosure**” shall mean the foreclosure by any LeaseholdMortgagee of a LeaseholdMortgage in accordance with applicable laws, or a conveyance to the LeaseholdMortgagee in lieu of foreclosure.

 18.1.4 “**Termination of Leasehold Mortgage**” shall mean the satisfaction or release of any LeaseholdMortgage by payment of the mortgage debt in full, agreement, operation of law, or when Foreclosure has been completed.

 18.2 LeaseholdMortgage Permitted. The Lessee shall be authorized and permitted, notwithstanding any other provisions of this Lease to the contrary, to mortgage or otherwise encumber this Lease and the Lessee’s leasehold estate herein to any LeaseholdMortgagee under one or more LeaseholdMortgage, and to assign this Lease as security for such LeaseholdMortgage.

 18.3 Assignments of Lease for LeaseholdMortgage. Notwithstanding any provisions of this Lease to the contrary, and without any prior consent from the Lessor, (i) the leasehold created hereby may be assigned to such LeaseholdMortgagee pursuant to a LeaseholdMortgage, (ii) a LeaseholdMortgagee may effect Foreclosure, and (iii) after Foreclosure the LeaseholdMortgagee may assign this Lease only to an Eligible Lessee.

 18.4 Release of LeaseholdMortgagee. Subject to the obligations of LeaseholdMortgagees in Section 18.9, a LeaseholdMortgagee who acquires an assignment of this Lease by Foreclosure shall have no liability under this Lease for all acts and occurrences that arise or transpire before the date that the redemption period of Lessee and any junior creditors runs or the date of the filing or recording of a deed in lieu of Foreclosure and after the date of transfer or assignment from such LeaseholdMortgagee to an Eligible Lessee.

 18.5 Insurance. Any LeaseholdMortgagee shall be permitted to be insured under any policy of insurance required hereby or permitted hereunder.

 18.6 Insurance Proceeds. At the request or direction of the Lessee, all hazard insurance proceeds may be paid to such LeaseholdMortgagee, for disbursement in accordance with the terms of the LeaseholdMortgage.

 18.7 Notices. The Lessor hereby agrees that any and all notices given to the Lessee hereunder, including without limitation notices of default, shall also be given in writing to any LeaseholdMortgagee who shall have given written notice to the Lessor of the existence of its LeaseholdMortgage; provided, however, that the Lessor shall be deemed to have given notice to such LeaseholdMortgagee if it shall have deposited a copy of such notice in the United States registered or certified mail, postage prepaid, addressed to the address last furnished by such LeaseholdMortgagee.

 18.8 Right to Cure. Each LeaseholdMortgagee will have thirty (30) days after deposit of the Lessor’s notice of default within which to cure or remove the default, except that if the default cannot with diligence be cured within that thirty (30) day period, each LeaseholdMortgagee will have an additional reasonable time to effect a cure, provided that the LeaseholdMortgagee promptly commences the cure and diligently pursues it to completion. Notwithstanding any other provision of this Lease, the Lessor will not have any right pursuant to this Lease or otherwise to terminate this Lease due to a default by the Lessee unless the Lessor has first given written notice of the default to all LeaseholdMortgagees as provided above and unless the LeaseholdMortgagees have failed to cure or remove the default, or cause it to be cured or removed, within the time required by this section. Lessor will accept performance by any LeaseholdMortgagee of any covenant, agreement, or obligation of the Lessee contained in this Lease with the same effect as though performed by the Lessee.

 18.9 New Lease. If this Lease is terminated for any reason, or in the event of the rejection or disaffirmance of this Lease pursuant to bankruptcy law or other law affecting creditors’ rights, the Lessor will enter into a new lease of the Premises with a LeaseholdMortgagee, or any Eligible Lessee, not less than ten (10) nor more than thirty (30) days after the request of a LeaseholdMortgagee, for the remainder of the term, including any renewals, effective as of the date of such termination, rejection, or disaffirmance, upon all the terms and provisions contained in this Lease, provided that (i) the LeaseholdMortgagee makes a written request to the Lessor for such new lease within ninety (90) days after the effective date of such termination, rejection, or disaffirmance, as the case may be, and such written request is accompanied by a copy of the new lease, prepared at the LeaseholdMortgagee’s expense, duly executed and acknowledged by the LeaseholdMortgagee, or the party designated by the LeaseholdMortgagee to be the lessee under the new lease, and (ii) the LeaseholdMortgagee cures all defaults under this Lease that can be cured by the LeaseholdMortgagee or its agent, pays or causes to be paid any and all delinquent real estate taxes and annual installments of special assessments on the Premises, and pays to the Lessor all rent, current or delinquent, that would at the time of such execution and delivery be due and payable by the Lessee under this Lease but for such rejection, disaffirmance, or termination, notwithstanding anything herein to the contrary. If the LeaseholdMortgagee, or the party so designated by the LeaseholdMortgagee, enters into a new lease with the Lessor pursuant to this section, then any default under this Lease that, because the default is personal to the Lessee (such as bankruptcy), cannot reasonably be cured by the new lessee, will be deemed cured. Any new lease made pursuant to this section will have the same priority of lien as this Lease. The provisions of this section will survive the termination, rejection, or disaffirmance of this Lease, and will continue in full effect thereafter to the same extent as if this section were a separate and independent contract made by the Lessor, Lessee and any LeaseholdMortgagee, and from the effective date of such termination, rejection, or disaffirmance of this Lease to the date of execution and delivery of such new lease, any LeaseholdMortgagee may use and enjoy the leasehold estate created by this Lease without hindrance by Landlord.

 18.10 Condemnation Award. To the extent directed by the Lessee, all condemnation awards to which the Lessee may be entitled shall be payable to the LeaseholdMortgagee for disbursement in accordance with the terms of the LeaseholdMortgage. In the case of partial taking or condemnation of the Premises, the Lessee shall, in accordance with requirements of any LeaseholdMortgagee, rebuild andrestore the Improvements unless the LeaseholdMortgagee consents to the distribution of the proceeds instead.

 18.11 Nominee. A LeaseholdMortgagee shall have the right to acquire this Lease in its own name or the name of a nominee upon Foreclosure.

 18.12 Renewal. Any LeaseholdMortgagee shall have the right to exercise any renewal options or rights herein contained.

 18.13 Assignment Fees. There shall be no requirement for the payment of any fees to the Lessor in connection with any LeaseholdMortgage, Foreclosure or the immediate assignment after Foreclosure. The Lessor shall not require any credit review or impose any qualifying criteria on any such transfer.

 18.14 No Merger. Nothing herein contained shall require or permit the leasehold estate or any LeaseholdMortgage to be impaired by any merger of title between the Lessor and Lessee in the event the Lessor shall purchase the Premises.

 18.15 Amendment. No amendment to this Lease shall be effective against the LeaseholdMortgagee without the prior written consent of such LeaseholdMortgagee.

 18.16 If the provisions of this Lease shall not be adequate in the opinion of the Federal National Mortgage Association or its successors (“**FNMA**”) to permit FNMA to purchase Leasehold Mortgages made with this Lease as security, or permit such purchase only with reservation of rights against the seller of such LeaseholdMortgage, then Lessor and Lessee will either attempt to negotiate an amendment to this Lease that will permit such purchase; or attempt to provide alternative assurances to FNMA or such seller to allow them to purchase; or attempt to locate an alternative financing source or device for Lessee and its successors. The University agrees to execute a Repurchase Agreement substantially in the form attached hereto as **Exhibit C** for the benefit of any LeaseholdMortgagee who requests such Repurchase Agreement and is capable of satisfying the conditions precedent thereto.

**19. Binding Effect.** This Lease shall bind the heirs, executors, administrators, successors and assigns of the respective parties hereto.

**20. Insurance.**

 20.1 Lessee shall, at Lessee’s sole expense, obtain and keep in force for the entire Term fire and extended coverage insurance on all Improvements on the Premises. The amount of such insurance shall be 100% of the full insurable value of said Improvements. Lessor shall be named as loss payee on such insurance.

 20.2 Lessee also agrees, at Lessee’s sole expense, to obtain and keep in force for the entire Term comprehensive general liability insurance, in an amount not less than $500,000, which general liability insurance shall name Lessor as an additional insured. Not more than once during any five-year period, Lessor, at its sole option, may require Lessee to increase the coverage limits for Lessee’s general liability insurance consistent with industry standards for single-family residences.

 20.3 A certificate of insurance shall be provided to Lessor upon commencement of the Term and upon the renewal of each policy. All insurance policies hereunder shall provide that the company writing such policy will give to Lessor thirty (30) days’ notice in writing in advance of any cancellation or lapse in the policy.

 20.4 Lessee hereby waives as against Lessor any and all claims and demands of whatever nature for damages, loss or injury to said Improvements and to the property of Lessee in, upon, or about the Premises which shall be caused by or result from fire and/or other perils, events, or happenings that are the subject of such fire and extended coverage insurance. Lessee’s insurers and Lessee, on behalf of Lessee’s insurers, waive any and all rights of subrogation that any of them may have against Lessor.

**21. Notices.** Notices required under any provision hereof shall be in writing and directed to the Lessor at: c/o Real Estate Office, 451 Donhowe Building, 319 - 15th Avenue SE, Minneapolis, MN 55455-0199, with a copy to the Office of the General Counsel, 360 McNamara Alumni Center, 200 Oak Street S.E., Minneapolis, MN 55455-2006; and to the Lessee at the Premises or as specified hereafter       or to such other place either party shall designate for itself in writing from time to time.

**IN WITNESS WHEREOF,** the parties hereto have executed this LEASE on the day and year first above written.

|  |  |
| --- | --- |
| **Regents of the University of Minnesota**By: Name: Title: Date:  | **Lessee**By: Name:      Date:  |
|  | **Lessee**By: Name:      Date:  |

**EXHIBIT A**

**Premises**

**EXHIBIT B**

**1. Setback Lines.** The setback from the front boundary line shall be approximately, and not less than, thirty-five feet. Side yards shall be a minimum width of not less than six inches for each foot of height of the building above the average finished grade, and shall in no case be less than six feet from the lot line perpendicular to the outer edge of the eave. The height of the wall for gable ends shall be subject to the approval of the Lessor. On the corner lots, the side setback shall bear a relationship to the setback of other residences on adjacent lots facing the side street, but shall in no case be less than twenty-two feet.

**2. Drainage.** Roof water shall not be discharged into the sanitary sewer lines, but shall be discharged into dry wells or on the ground surface. Lots shall be so graded that rain will, in general, not run off to neighboring lots but will run to the front and/or back of the lot. Driveways into the garages shall not slope in toward the house.

**3. Landscaping, Fences and Retaining Walls: Original Construction.** Unless otherwise approved by University, existing trees (except those within foundation limits or diseased) must be preserved. Regrading or construction work shall not be done in such a manner as to damage or expose tree roots or impair tree life. No lawn slope shall be greater than three feet horizontal to one foot vertical, and low retaining walls shall be constructed along lot lines, if necessary, to obtain suitable adjustment of finished grades. Fences and landscaping features such as heavily planted areas and garden walls will not be permitted without the approval of the Lessor, subject to Section 5 below. (This does not refer to the usual foundation planting.)

**4. Driveways.** Concrete driveways and curbing between the extended curb line and the sidewalk shall be required. This driveway shall be at least five inches thick and all sidewalk and curbings affected shall be suitably replaced.

**5. Other Exterior Improvements.** All other exterior Improvements to the premises, including landscaping features such as the heavily planted areas and garden walls referred to in Section 3 above, shall be submitted to the Lessor for approval. The Lessor shall deny approval to any proposed improvement which would constitute a nuisance, a health or safety hazard, or a similar harm. In addition, the Lessor shall deny approval to proposed improvements which would impair the aesthetic quality of the neighborhood. The Lessor shall give particular weight to the fact that the aesthetic quality of the Grove neighborhood depends upon maintaining openness and visual continuity between individual lots and between lots and Common Areas, and shall accordingly have the right to deny approval to proposed improvements which would impair patterns of openness and visual continuity.

 5.1 It is understood that application of the above aesthetic standards will result in the invariable denial of approval for certain proposed improvements, such as satellite dishes, swimming pools and tennis courts.

 5.2 With regard to fences, it is understood that:

 5.2.1 Fences that are an integral part of the design of the house and patio will be permitted;

 5.2.2 Perimeter fences enclosing lots will be denied approval; and

 5.2.3 With regard to other proposed fences, the Lessor will endeavor to maintain the general use patterns existing on the date of this provision, March 1, 1990, at which time very few fences had been built.

**6. Vehicles.** No automobiles, buses, trucks, recreational vehicles, house trailers, inoperative vehicles, trailers, boats on trailers, or vehicles on trailers shall be stored on the property except on the driveway.

**7. Maintenance of Lots.** Each lessee shall be responsible for trimming of trees, care of boulevards, and maintenance and repair of sidewalks, both public or private, within the Lessee’s leased lot.

**8. Common Areas.** The following properties are hereby designated as “**Common** **Areas**”:

 8.1 Lots A, C, D, F, H and K, Auditor’s Subdivision 71, Ramsey County, Minnesota.

 8.2 Lots 7 and 14, Block 2, and Lot E, Auditor’s Subdivision 90, Ramsey County, Minnesota.

 8.3 Property bounded by the north line of Blocks 1 and 2, Auditor’s Subdivision 71; by the north line of Block 1, Auditor’s Subdivision 90; and by the northerly line of the intercampus car line right of way, Ramsey County, Minnesota.

 8.4 A trapezoidal shaped parcel lying east of the playground area leased to the City of Falcon Heights; south of the parcel leased to University of Minnesota Retirees Housing Corporation, Inc.; north of the north line of Inter Campus car line right of way; and west of the southerly extension of the east line of the parcel leased to University of Minnesota Retirees Corporation, Inc.

With respect to the Common Areas, the Lessees of the lots which adjoin the Common Areas shall jointly share the responsibility for landscaping and maintenance. The Lessor shall be responsible for other routine maintenance, such as tree trimming and tree removal, on all Common Areas. The Lessor is granted an easement over and across the adjoining lots for the limited purpose of access to the Common Areas in order to perform its maintenance responsibilities hereunder.

**EXHIBIT C**

**REPURCHASE AGREEMENT**

 **THIS AGREEMENT** made and entered into on      , by and between Regents of the University of Minnesota, a Minnesota constitutional corporation (the “**University**”), and      , a       (the “**Lender**”).

 **WITNESSETH THAT:**

 **WHEREAS**, University owns certain property located in the County of Ramsey, State of Minnesota, legally described as       (the “**Property**”); and

 **WHEREAS**, the Property is leased by the University pursuant to a written lease (the “**Lease**”) in favor of       (the “**Lessee**”); and

 **WHEREAS**, Lessee has applied to Lender for a First Mortgage Loan (the “**Loan**”) to be secured by a first lien on the leasehold estate created by the Lease and the Improvements located on the Property (the “**Mortgaged Property**”), and Lender has, in accordance with its standard underwriting criteria, indicated a willingness to make the Loan to Lessee; and

 **WHEREAS**, Lender proposes to make such Loan in part based on the belief that the Loan will be salable in the Secondary Mortgage Market; and

 **WHEREAS**, certain provisions of the Lease may limit Lender’s ability to sell the Loan in the Secondary Mortgage Market; and

 **WHEREAS**, Lender is unwilling to make the Loan unless the University executes this Repurchase Agreement.

 **NOW, THEREFORE**, in consideration of the mutual promises and agreements herein contained, and as an inducement to the Lender to make such Loan to the Lessee, the parties hereto hereby agree as follows:

**1. Representations.** Each of the preambles hereto and other statements herein contained shall be deemed to be representations and covenants of the respective parties hereto.

**2. Purchase - Conditions.** The University, subject to the following conditions precedent, agrees to purchase from the Lender the Mortgaged Property after the same has been acquired by Lender pursuant to the procedures hereafter described. The conditions to purchase by University shall be as follows:

 2.1 Lender shall have made the Loan to Lessee.

 2.2 Lender shall have sold and assigned such Loan in the Secondary Mortgage Market.

 2.3 The Purchaser of the Loan shall have required Lender to repurchase the Loan.

 2.4 Lessee, or its successor in interest, shall have defaulted on the Loan, causing Lender to commence and complete proceedings to acquire title to the Mortgaged Property, pursuant to foreclosure proceedings or conveyance in lieu of foreclosure.

 2.5 All interest of Lessee, and its successors in interest, in and to the Mortgaged Property shall have been validly terminated pursuant to legal proceedings which have been fully consummated.

**3. Purchase - Procedures.** Subject to satisfaction of the conditions precedent set forth in Section 2 hereof, Lender shall have the right to require the University to purchase, and University agrees to purchase from Lender, the Mortgaged Property in accordance with the following procedures:

 3.1 Price. The purchase price payable by University to Lender shall be equal to either:

 3.1.1 In the event of foreclosure of the Loan, the total amount which would have been payable by Lessee, or its successors in interest, in order to redeem from any such foreclosure sale, which amount shall be determined and calculated in accordance with the then applicable mortgage foreclosure laws in effect in the State of Minnesota, and shall be extended through and including the date of purchase of the Mortgaged Property by the University; or

 3.1.2 In the event Lender shall have acquired the Property from Lessee, or its successors in interest, pursuant to proceedings in lieu of foreclosure, the amount equal to the total of the unpaid balance of principal plus accrued interest on the Loan through the date of such acquisition; plus reasonable attorneys’ fees, costs and expenses actually incurred in the amounts not greater than those which could have been bid at a foreclosure sale; plus interest, costs and other charges which could have been added to the redemption price had a foreclosure occurred from and after the date of acquisition through and including the date of purchase by the University.

 3.2 Closing. The purchase price shall be paid in cash or by wire transfer of collected funds to the account of the Lender in Minneapolis, Minnesota in exchange for the following documents to be delivered by Lender to the University.

 3.2.1 A Certificate executed by Lender certifying that all conditions precedent set forth in Section 2 hereof have been satisfied.

 3.2.2 An Assignment of Lease, Deed and Bill of Sale, all with limited warranties conveying all of Lender’s right, title and interest in and to the Mortgaged Property duly executed by Lender and in a recordable form.

 3.2.3 Payment in full of any deed tax, transfer tax or other assignment fees payable as a result of such conveyance.

 3.2.4 Such other documents and matters as would then be required if the Loan had been insured by the United States Department of Housing and Urban Development (“**HUD**”), and if Lender would have assigned the Mortgaged Property to HUD after foreclosure by Lender in accordance with then current HUD procedures. Included within the foregoing requirements shall be such evidence of title to the Mortgaged Property as shall then be acceptable to HUD.

 3.2.5 Such other documents and certificates as may be reasonably requested by the University or its counsel.

**4. Notices.** Any notice required or permitted to be given by any party upon the other is given in accordance with this Agreement if it is mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid, or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

 ***If to University:*** University of Minnesota

 c/o Real Estate Office

 451 Donhowe Building

 319 -15th Avenue SE

 Minneapolis, Minnesota 55455-0199

 ***With a copy to:*** University of Minnesota

 Office of the General Counsel

 Attn: Director of Transactional Law Services

 360 McNamara Alumni Center

 200 Oak Street SE

 Minneapolis, Minnesota 55455-2006

 Facsimile No.: 612.626.9624

 E-mail: contracts@mail.ogc.umn.edu

 ***If to Lender:***

 Attn:

 ***If to Lessee:***

 Attn:

Notices shall be deemed effective one day after the date of deposit as aforesaid. Any party may change its address for the service of notice by giving written notice of such change to the other party, in the manner above specified, 10 days prior to the effective date of such change.

**5. Successors and Assigns.** This Agreement shall be binding on and enforceable against the Lender and the University and their respective successors and assigns.

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| --- | --- |
| **Regents of the University of Minnesota**By: Name:      Title:      Date:  | By: Name:      Title:      Date:  |
|  | By: Name:      Title:      Date:  |