GROUND LEASE AGREEMENT

This Ground Lease Agreement (this "Lease") is made on _____ between the Landlord and the Tenant named below, so that the Tenant can build, own and operate improvements on the Landlord's land.

Landlord (the landowner): _____, mailing address _____.

Tenant: _____, mailing address _____.

1. THE LAND

The Landlord leases to the Tenant the land located at _____, in _____ County, State of _____, containing about _____ acres, legally described as _____ (or in Exhibit A) (the "Land"). Only the land is leased. The Tenant has inspected the Land and accepts it in its present condition.

The Landlord represents that it owns the Land in fee simple and may sign this Lease. If a mortgage on the Land exists, the Landlord will obtain a non-disturbance agreement from its holder within 30 days.

2. USE AND DEVELOPMENT

The Tenant will build and operate this project (the "Project"): _____. The Land may be used (check one): [ ] only for the Project and related uses; [ ] for any lawful use the zoning allows, except nuisance uses.

The Tenant obtains all zoning and permit approvals at its own cost, and the Landlord signs applications as owner. If approvals are not obtained by _____, the Tenant may end this Lease by notice given by that date and recover any prepaid rent and deposit. The Tenant will substantially complete the Project by _____, extended for events beyond its control, and will keep the Land free of construction liens.

3. TERM

The term begins on _____ (the "Commencement Date") and runs for _____ years. If not in default, the Tenant may extend it for _____ extension terms of _____ years each, by written notice at least 12 months before the term ends.

Note: in California, a lease of a town or city lot may not run more than 99 years, options included (Civil Code section 718), and a lease of 35 years or more counting options is generally a change in ownership for property tax (Revenue and Taxation Code section 61(c)).

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4. GROUND RENT

Annual Base Rent: $_____, payable (check one): [ ] monthly; [ ] quarterly; [ ] once a year, in advance. Base Rent begins on (check one): [ ] the Commencement Date; [ ] _____ months after the Commencement Date; [ ] the earlier of opening for business or _____ months after the Commencement Date.

Rent increases (check one): [ ] _____ percent every _____ years; [ ] by the change in the CPI-U every _____ years, capped at _____ percent; [ ] reset to fair market rent of the land every _____ years, by agreement or appraisal, never below the prior rent; [ ] none.

This is an absolutely net lease: the Tenant pays all costs of the Land and the Improvements. Security deposit: $_____, returned when the Project is substantially complete.

5. TAXES, INSURANCE AND MAINTENANCE

Real estate taxes are paid by (check one): [ ] the Tenant, on the Land and the Improvements; [ ] the Landlord on the bare land, and the Tenant on the Improvements and any increase they cause. The Tenant may contest taxes it pays and pays all utilities.

The Tenant keeps the Improvements insured for full replacement cost, carries liability insurance of at least $_____ per occurrence naming the Landlord as additional insured, maintains the Land and the Improvements, and indemnifies the Landlord for claims arising from its use of the Land.

6. IMPROVEMENTS

The Improvements belong to the Tenant during the term. When the term ends, the Improvements (check one): [ ] become the Landlord's property without payment; [ ] are removed by the Tenant, who restores the land; [ ] stay or are removed, as the Landlord elects at least two years before the end. Trade fixtures always stay the Tenant's.

After a casualty the Tenant rebuilds with the insurance proceeds, with no rent abatement, but may end the Lease after a major casualty in the last five years. In a condemnation, the Landlord receives the value of the Land as encumbered and its reversion, and the Tenant the value of the Improvements and its leasehold.

7. LEASEHOLD FINANCING

The Tenant [ ] may [ ] may not mortgage its leasehold to an institutional lender without consent. The Landlord's fee interest is (check one): [ ] never subordinated; [ ] subordinated to the first construction loan only.

The Landlord will copy each leasehold lender on every default notice, give it _____ extra days to cure, and [ ] will [ ] will not grant it a new lease on the same terms if this Lease ends for the Tenant's default. The Parties will not amend or cancel this Lease without the lender's consent. Each Party will sign an estoppel certificate within 20 days after request.

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8. TRANSFERS AND PURCHASE RIGHTS

The Tenant may assign this Lease (check one): [ ] freely after the Project is built, if the assignee assumes it; [ ] with consent not unreasonably withheld; [ ] only with consent in the Landlord's sole discretion. Subleases of space are allowed.

Purchase right (check one): [ ] none; [ ] right of first refusal to match a third-party offer within 30 days; [ ] option to buy the Land during the term for [ ] $_____ [ ] fair market value set by appraisal, closing within 90 days.

9. DEFAULT, END OF TERM AND GENERAL TERMS

The Tenant is in default if rent is unpaid 10 days after notice or another breach is not cured within 60 days after notice (longer if diligently pursued). The Landlord may end the Lease only through the court process the law requires and subject to any leasehold lender's rights. Holding over without consent costs 150 percent of the last monthly rent.

The laws of the State of _____ govern this Lease. Disputes are resolved (check one): [ ] in court; [ ] mediation, then court; [ ] binding arbitration, in _____ County. This Lease is the complete agreement, can be changed only in a signed writing, binds successors, and may be signed in counterparts and electronically. The Parties will sign and record a memorandum of this Lease, which does not state the rent.

Additional terms: _____

SIGNATURES

Landlord

Signature: _____ Date: _____

Printed Name: _____

Tenant

Signature: _____ Date: _____

Printed Name: _____

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