



BASIC TERMS OF TAN-TAR-A ESTATES LAND LEASE

Typically, the initial term of a Tan-Tar-A Estates land lease is 20 years, with 3 renewal periods of 10 years each, for a total of 50 years. If requested by the tenant and approved by the landlord, the initial term can be 40 years with one renewal period of 10 years, or the initial term can be 45 years with one renewal period of 5 years.

Unless the tenant gives notice of tenant's election to terminate the lease at the end of the current term, the term of the land lease will be automatically renewed for the next renewal period.

The annual rent under the land lease is payable quarterly at the beginning of each calendar quarter, in advance. The annual rent is adjusted every three years. The amount of the rent increase is tied to a nationally recognized index, the Consumer Price Index.

In addition to rent, the tenant pays an annual assessment for common area expenses which is billed semi-annually (1/2 billed in August, based on estimated costs; balance billed in February of the next year, based on actual costs). There is also a trash service fee, which is billed quarterly, by the manager of Tan-Tar-A Estates (the current amounts are available upon request). The tenant pays directly real estate taxes, insurance premiums, sewer fees to the City of Osage Beach, and other utility fees, such as electric, telephone, cable TV and high-speed internet service. Presently, water is supplied by Tan-Tar-A Resort to houses in Tan-Tar-A Estates at no charge.

If a tenant finances the purchase of a house on the leased land, a tenant may mortgage his leasehold estate as collateral for a deed of trust securing such loan, provided that such financing does not exceed 80% of the fair market value of the house based on a current appraisal mutually acceptable to the parties, and provided further that the landlord, the tenant and the tenant's lender execute the Agreement to Mortgage.

With the landlord's consent, a tenant may assign a tenant's interest in the land lease to a buyer of the house on the leased land. However, the original tenant will not be released and will remain liable under the land lease.

The land lease is subject to the terms and conditions of the Restrictive Agreement of Tan-Tar-A Estates, as amended.

Upon the expiration or earlier termination of the land lease, all improvements on the leased land will be the property of the landlord, subject to the lien of any deed of trust on the improvements.

For the complete terms and conditions of the land lease, the Tan-Tar-A Estates land lease should be reviewed.