

## Leaseholder Purchase and Lease Options

### **Per HB3031**

Each Leaseholder shall have the opportunity to buy such Leaseholder's individual Leased Tract from PPKLP or to continue leasing the applicable Leased Tract from PPKLP in accordance with the following purchase or lease options. PPKLP shall:

(A) Permit the Leaseholder to purchase such Leaseholder's individual Leased Tract in cash or through lender financing for 90% of land only assessed value without any exemptions (as determined by the appraisal district) for the year 2008, such option to be available at Closing as set forth in Subdivision (2) and for a period of at least one year from Closing.

(B) Permit the Leaseholder to purchase for the percent of assessed value only as set forth in Paragraph (A) such Leaseholder's individual Leased Tract via seller financing, with a down payment of ten percent (10%) and an interest rate of six percent (6%), with a 30-year amortization, such option to be available at Closing as set forth in Subdivision (2) and for a period of at least one year from Closing. The leaseholder shall not be charged any origination fees or points by purchaser as a part of the closing costs involved in the seller financing option.

(C) Offer a new 99-year lease at a rental rate of 6% of the land only assessed value without any exemptions (as determined by the appraisal district) for the year 2008, with annual Consumer Price Index increases or decreases, such option to be available for a period of at least one year from Closing. The 99-year lease will include an option to purchase the applicable Leased Tract at the land only assessed value without any exemptions (as determined by the appraisal district) at the time of purchase (but not less than the 2008 land only assessed value without any exemptions).

(D) Offer a new 20-year lease with a rental rate as determined by the current Authority lease rate methodology or other lease rate structure as set forth in the Ground Lease as applicable (and including increases and adjustments to such rates) with annual Consumer Price Index increases or decreases, to Leaseholders who are over the age of 65 and who receive an ad valorem tax exemption under Section 11.13, Tax Code, for a structure on the Leaseholder's individual Leased Tract, such option to be available for a period of at least one year from the date of Closing. The Leaseholder must have received the ad valorem tax exemption for a structure on the Leaseholder's individual Leased Tract by January 1, 2009. The 20-year lease will include an option to purchase the applicable Leased Tract at the land only assessed value without any exemptions (as determined by the appraisal district) at the time of purchase (but not less than the 2008 land only assessed value without any exemptions).

(E) Ratify the existing Ground Lease of any Leaseholder who does not timely exercise one of the foregoing options, such ratification to include:

- (i) adoption of the current Authority lease rate methodology or other lease rate structure as set forth in the Ground Lease, as applicable (and including increases and adjustments to such rates) for a period of 8 years from Closing;
- (ii) an option permitting the Leaseholder to purchase such Leaseholder's individual Leased Tract for the land only assessed value without any exemptions (as determined by the appraisal district) at the time of purchase, or for the year 2008, whichever is greater, for a period of 8 years from Closing; and
- (iii) an agreement to extend Ground Leases as necessary to allow for this full 8-year purchase option period. Nothing in this subsection shall preclude PPKLP from offering additional purchase or lease options to the Leaseholders, provided any additional options are made available to all Leaseholders on an equal basis.

### **Additional Purchase Option**

Leaseholder may elect to close "contemporaneously" with PPKLP's purchase from the Brazos River Authority at a sales price equal to 85% of the 2008 assessed land only value. **AT LEAST 50% OF THE PURCHASE FUNDS MUST COME FROM LOAN PROCEEDS FROM A PREFERRED LENDER. "Preferred Lenders" are those lenders that assist PPKLP in PPKLP's acquisition of the Property from the Brazos River Authority or otherwise designated by PPKLP in PPKLP's sole discretion. The "Preferred Lender" list will be available on or about January 1, 2010 and may be amended from time to time.** If the Closing is not "contemporaneous" Leaseholder must have at least signed their Contract and satisfied all closing conditions.