**Summary of Addendum to Ground Lease: Acknowledgment of Transfer Restrictions**

The purpose of this summary is to explain the Addendum to Ground Lease: Acknowledgment of Transfer Restrictions in plain English. It is not a substitute for legal advice.

1. **What does “Addendum to Ground Lease” mean?**

An Addendum to Ground Lease is the legal term for a document that amends and changes the terms in a ground lease. Here, the Addendum is making an important change to the inheritance provisions in the Ground Lease. The Addendum states that for 15 years after the home is first sold, the home may only be occupied by a household that makes no more than 80% of the median family income for the area. The last full paragraph of the Addendum, before the signature lines, explains that the requirement in the Addendum that the house be occupied by households making no more than 80% of median family income trumps the language in 9.3 of the ground lease about the right to transfer the home to eligible heirs regardless of income.

1. **Why isn’t the language in the ground lease just changed?**

This Addendum only applies to sales of homes that were developed using federal funding known as “HOME funds” and only applies for the first 15 years after those homes are first sold. Rather than having two different versions of its Ground Lease, GNDC uses the Addendum to change the Ground Lease only for homes developed with HOME funds and only for the first 15 years that those homes are being transferred to new occupants.

1. **What are HOME funds?**

HOME funds are funds given to local governments by the federal government to help subsidize the production of affordable housing. HOME funds come with a legal requirement that every household who lives in the home for the first 15 years is income eligible at or below 80% of the median family income for that area.