

STANDARD RESIDENTIAL LEASE TERMS AND CONDITIONS

ANNUAL LEASE FEE: A lease for the use of State Trust Land for residential purposes requires payment of an annual lease fee. For the first year of the lease the annual lease fee will be the bid amount made by the successful bidder. For the second and subsequent years, the annual lease fee will be the bid amount, the amount as calculated through the methodology in ARM 36.25.1003, or \$250, whichever is greater. The lease fee calculation methodology in ARM, termed "Alternative 3B", is explained in detail online at http://dnrc.mt.gov/trust/REMB/billing_outlook.asp. On this webpage you may also view forecasted annual lease fees for each year to 2024 as determined by the methodology.

PAYMENT SCHEDULE: The annual payment is due and payable annually or semi-annually. The first year lease fee is due upon issuance of the lease. The annual lease fee for the second and subsequent years is due March 1; for semi-annual payments, the due dates are March 1 and September 1.

LEASE TERM: A lease will be issued for a period not to exceed 15 years unless the lessee demonstrates a need for a longer period for loan security purposes, in which case a lease may be issued, at the discretion of the department, for a period up to five years longer than the term of the loan up to a maximum lease period of 35 years.

RENEWAL OF LEASE: If all rentals due the State under the lease have been paid and the terms of the lease have not been violated, a lessee may make application to the Department for an additional term not to exceed 15 years. A lease renewal is not subject to bidding if the lessee has paid all rentals and the lease is in good standing.

PERMITTED USE: A residential lease authorizes only uses of a residential, noncommercial nature by a lessee, members of a lessee's immediate family, and guests.

UNLAWFUL USE: If any part of the lands or premises under the lease are used or allowed or permitted to be used for any purpose contrary to the laws of the State of Montana or the United States, such unlawful use shall, in the discretion of the Department, constitute sufficient reason for the cancellation of the lease.

IMPROVEMENTS: All plans for development, layout, construction, reconstruction or alteration of improvements on the lot, as well as revisions of such plans, must be acceptable to the Department. Such plans must be approved by the Department before the commencement of any work.

IMPROVEMENTS OWNERSHIP: A lessee(s) shall own all improvements upon the lease premises. Ownership of the improvements by any person other than a lessee shall be grounds for cancellation for cause.

IMPROVEMENTS MAINTENANCE: A lessee is responsible for maintaining their improvements.

SUBLEASING: A lessee may only rent or sublet the use of improvements covered under the lease with the expressed written permission of the Department.

TAXES: A lessee shall pay all taxes, special assessments, levies, fees, and other governmental charges of every kind or nature that may be levied by any and all federal, state, county, municipality, and any other taxes or assessing authority upon the improvements and property owned by lessee on or about the leased premises during the term of the lease.

LOCAL LAWS AND RULES: A lessee will agree to comply with all applicable federal, state, county, and municipal laws, ordinances, and regulations. The successful bidder for a residential lease may be required to pay for the cost of any surveys, fulfillment of zoning and subdivision requirements, and other assessments, or costs related to compliance with any other local, state, and federal statutes and regulations.

UTILITY INSTALLATION: A lessee, at its sole cost and expense, shall determine the availability of, and shall cause to be installed in, on, and about the leased premises, all facilities necessary to supply water, sewer, gas, electricity, telephone or other like services required by the lessee. Lessee agrees to pay all connection assessments or charges levied by any public utility, agency or municipality with respect to their services.

A residential lease grants the lessee the right of access and the right to place necessary utility facilities within the lease premises and across specified adjacent state trust lands from the main utility to the lease premises during the term of the lease, with the prior written approval of the Department. For any such rights outside of state trust land, the lessee will be responsible for obtaining any necessary easements from the appropriate landowner(s).

NOXIOUS WEEDS AND PESTS: A lessee will agree to keep the land free from noxious weeds at his/her own expense and cost.

ROAD MAINTENANCE: A lessee is responsible for the maintenance commensurate with their lease of all state access roads to the leased premises.

LESSEE LIABILITY: A residential lease is made upon the express condition that a lessee shall assume all liability for any injury, property damage or loss by any persons and for any injury, property damage or loss to any employee or property of lessee, its agents or employees, or third persons, or to a lessee, from any cause or causes whatsoever while in or upon the said premises or any parts thereof during the terms of the lease. A lessee shall indemnify the state and save, protect, defend, and hold Department harmless from any and all liability, loss, damage, or expense.

REVOCACTION FOR CAUSE: A residential lease may be revoked for cause by the Department upon breach of any of the terms and conditions of the lease or applicable law. Prior to such revocation for cause, a lessee shall be given notice and provided a reasonable time within which to correct the breach.

REQUEST TO CANCEL LEASE: A lessee may request the right to surrender and relinquish the lease, in whole or in part, by informing the Department in writing. A lessee shall upon the termination of the lease peaceably yield up and surrender the possession of the land to the State or its agents or to subsequent lessees and grantees.

RIGHTS AND RESERVATIONS: The State reserves all rights and interests to the land under the lease other than those specifically granted by the lease. These reservations include, but are not limited to, minerals, timber, and rights-of-way such as ditches, canals, tunnels, telephone and telegraph, and power lines now constructed or to be constructed by the State of Montana. The State also reserves to itself and its representatives and lessees the right to enter upon the lands for the purpose of mining, drilling for, developing and removing such minerals and for the purpose of cutting and removing timber, wood and other forest products, and for removing gravel, sand, building stone, and other non-minerals. The State reserves the right to grant permits for advertising such as signs and billboards.

RIGHT TO ENTRY: Representatives of the State Historical Society of the State of Montana shall at all reasonable times, upon written notification to the Department of Natural Resources and Conservation prior to entry, have the right to enter into and upon the premises for the purpose of carrying out the duties assigned the Historical Society by the State Antiquities Act, 22-3-4, MCA.

PUBLIC USE: Residential lease areas are categorically closed to the public under Administrative Rule 36.25.150. For those leased properties that are contiguous, the public can only walk through the premises to access other state land. No camping, fishing, picnicking, etc. is allowed.

MISCELLANEOUS PROVISIONS:

1. The State of Montana reserves the right to enter upon the State property to inspect for compliance with the terms of the lease
2. The lease premises must be kept free of debris, garbage and any other unsightly objects. This includes lakeshores or streams when adjacent to the site. The Department may, at its discretion, require removal of junk vehicles, old building materials, improvements that are in disrepair, etc. Open pits, ditches, or other unsafe conditions must be eliminated from the site.
3. Falling of live or green trees is prohibited without permission from the Department.
4. No livestock will be kept on the area described in this lease.
5. A lessee will manage the lease to prevent resource damage and will comply with all county, state, and federal laws that may apply to the lease property.
6. Incinerators, fireplaces, stoves or any other type of burner must be fireproofed by use of spark proof screens. All fires must be extinguished prior to leaving the area.
7. The use of firearms or fireworks is not permitted on the area.
8. No buildings except boat docks may be constructed within 100 feet of shoreline on river and lakes.
9. Only one dwelling will be allowed on each lot.