



MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

CABIN OR HOME SITE

LEASE NO. XXXXX

The STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES & CONSERVATION (hereinafter referred to as Department) as lessor, whose address is P. O. Box 201601, Helena, MT 59620-1601, herein grants to the person(s) or entity named below (hereinafter referred to as "Lessee") a Cabin or Home Site Lease (hereinafter referred to as the Lease), covering the following real property, subject to all of the terms and conditions herein.

Table with 2 columns: Effective Date, Expiration Date. Values: March 1, February 28,

Name of Lessee(s):
Mailing Address:
City/State/Zip:
Email Address(es):
Phone Number(s):

The above address is the address of record, and the only address to which Department is obligated to send any notification. To change this address of record, Lessee must notify Department in writing.

Lease Premises (and as further described in Exhibit A):

Table with 6 columns: Description, County, Sec., Twp., Rge., Acres. Includes +/- symbol in Acres column.

Physical Address of Lease Site:

Billing Schedule:

Annual []
Full annual rent is due postmarked on or before March 1.

Semi-Annual []
One-half the annual rent is due postmarked on or before March 1 and one-half is due postmarked on or before September 1.

Tenant Type (if multiple non-entity Lessees):

Joint Tenants with Right of Survivorship []
A form of ownership whereby each Lessee holds an undivided interest in the Lease Premises, and upon death, the individual interest of the deceased Lessee automatically passes to the surviving Lessee(s).

Tenants-in-Common []
A form of ownership whereby each Lessee holds an undivided interest in the Lease Premises. The interest of a Lessee in common does not terminate upon his or her death.

Purpose:

The Lease is issued for the sole purpose of single family residential use. This means only personal residential use of a non-commercial nature by Lessee, members of Lessees' immediate family, guests, or, if applicable, a ranch manager. No part of the Lease Premises may be used, or permitted to be used, for any purpose contrary to single family residential use.

1. LEASE TERM

1.1 Duration

The Lease is issued for the limited duration between the Effective Date and the Expiration Date listed on Page 1 of the Lease. A longer term may be available for loan security purposes, pursuant to Administrative Rule 36.25.1010.

1.2 Renewal Option

If all rent due under the Lease has been paid when due, and no terms and conditions of the Lease have been violated, Lessee may apply to renew the Lease prior to expiration, for an additional 15 years, without competitive bidding. Applications for renewal will be accepted after December 1 of the year preceding expiration, and must be postmarked by January 28 of the expiring year. If the application for renewal is approved, a new lease will be issued at the time of renewal, and will be subject to all applicable laws, rules and regulations, and any modified lease terms adopted by the Land Board at the time of renewal.

2. RENT

2.1 Rent Schedule

Lease Year	Calendar Period		Rent
1	Effective Date	End of February	\$ xxx (Prorated Amt)
	Start Date	(year)	
	March 1	End of February	
2	(year)	(year)	\$ xxx
3	(year)	(year)	\$ xxx
4	(year)	(year)	\$ xxx
5	(year)	(year)	\$ xxx
6	(year)	(year)	\$ xxx
7	(year)	(year)	\$ xxx
8	(year)	(year)	\$ xxx
9	(year)	(year)	\$ xxx
10	(year)	(year)	\$ xxx
11	(year)	(year)	\$ xxx
12	(year)	(year)	\$ xxx
13	(year)	(year)	\$ xxx
14	(year)	(year)	\$ xxx
15	(year)	(year)	\$ xxx

2.2 Annual Lease Fee

The first year annual Lease fee (Lease Year 1) will be the amount competitively bid by Lessee. In no instance will the annual lease fee be below \$800.

After the first lease year, the annual lease fee will be the previous year's rent plus an annually compounded escalator of 2%. No escalator will apply in instances where the first year's annual Lease fee is set at \$800. The annual lease fees for the first 15 years of the Lease are provided in section 2.1. Long-term leases issued for loan purposes will have lease fee review at year 15, with new fees and a new Rent Schedule effective in lease year 16. Any renewal upon expiration of this Lease will begin a new Rent Schedule. The lease rate at renewal, and/or 15 year lease fee review if applicable, will be the rate set by Land Board at the time of expiration.

2.3 Terms of Payment

The lease year is March 1st – February 28th. Rent for the lease year will be payable annually or semi-annually at the Lessees' election. Lessee may request to change their billing schedule at any time by submitting the request to Department in writing. Annual rent will be payable in advance on or before March 1st of each year. Semi-annual rent will be payable in two equal installments, in advance, on or before March 1st and September 1st of each year. Rent payments required by the Lease will be made to Department at P.O. Box 201601, Helena, MT 59620-1601, or to the local field office. Payments will be credited on the date they are received by Department.

If payment is not received or postmarked by the due date, a late fee of \$25 will be assessed. Late payment of annual rent must be submitted, along with the late fee, by April 1. Late payment of semi-annual rent must be submitted, along with the late fee, by April 1 for the first half payment and by October 1 for the second half payment. If any due date falls on a non-business day, the effective due date will be the next business day.

Failure of Lessee to pay rent due under the Lease, including late fees will result in cancellation of the Lease. Department may, within 30 days of cancellation for non-payment, reinstate the Lease upon payment of the past due rent plus a minimum reinstatement fee of \$500. Department will have a right to file a lien upon all buildings, structures, and other improvements on the Lease Premises in the amount of the rent due under the Lease.

3. CANCELLATION AND ABANDONMENT

3.1 Cancellation by Department

The Lease may be cancelled by Department upon breach of any of the terms of the Lease or any violation by any Lessee of any applicable Administrative Rule or law. Prior to such cancellation, Lessee will be given written notice and provided a reasonable time, not to exceed 90 days, within which to correct the breach.

Department may cancel the Lease for fraud, misrepresentation, or concealment of facts, which if known would have prevented the issuance of the Lease; or for any other cause which in the judgment of Department makes the cancellation of the Lease necessary to protect the interest of Department.

Any cancellation under this section will not entitle Lessee to any refund of rent or exemption from the payment of any rent, penalties, or other compensation due to Department. Lease cancellation is subject to appeal as provided in Section 77-6-211, MCA.

3.2 Lessee Abandonment

Lessee may request to abandon the Lease by writing to Department at least 60 days prior to the end of any rental year. Department may grant or deny the request and may condition the right to abandon upon the payment of reasonable damages caused by the abandonment.

3.3 Lessee Peaceably Surrender

Lessee will, upon the cancellation, expiration, or abandonment of the Lease peaceably yield and surrender possession of the Lease Premises to Department, its agents, or subsequent Lessees.

4. IMPROVEMENTS

4.1 Approval

Any Lessee wishing to install, construct, alter, or remove improvements upon the Lease Premises must apply to Department on a form prescribed by Department. The application for the activity upon the Lease Premises is subject to approval by Department prior to commencement of work; Department reserves the right to deny any application. Failure of Lessee to obtain written approval from Department may result in limited or no compensation paid to Lessee for the unauthorized improvements upon Lease termination or Department may require the lessee to remove unauthorized improvements at Lessees' expense.

It is Lessees' sole responsibility to ensure that all improvements comply with any applicable laws and regulations. All expenses related to improvements are the sole responsibility of Lessee, and Lessee is responsible for any maintenance of improvements. Any and all improvements installed or constructed upon the Lease Premises by Lessee are done at Lessees' own risk.

4.2 Utilities

Any Lessee wishing to install utilities to the Lease Premises must make application under section 4.1. Upon approval, Lessee, at its sole expense, is responsible for the installation and maintenance of any facilities necessary for water, sewer, gas, electricity, telephone and other like services to the Lease Premises. Lessee is responsible for any and all initial or recurring utility company charges or taxes resulting from the installation.

4.3 Security Bond

At Department's discretion, Lessee may be required to submit a security bond for up to \$5000, to be held by Department throughout the term of the lease to secure costs incurred by Department as a result of activity or improvements upon the lease site. The bond will be released to Lessee only upon purchase of the improvements by a new Lessee, or in the instance that Department no longer owns the Lease Premises.

4.4 Ownership

Any improvements upon the Lease Premises must be legally owned by Lessee.

4.5 Taxes and Fees

Lessee will timely pay all taxes, special assessments, levies, fees, and other governmental charges that may be levied upon the improvements and property owned by Lessee upon the Lease Premises.

4.6 Upon Lease Cancellation

A former Lessee may not access the Lease Premises, including improvements thereupon, after cancellation or expiration of the Lease for any reason without prior written authorization by Department.

4.6.1 Removal of Improvements

The removal of improvements requires a Land Use License (LUL) from Department. The LUL may be for a term up to 60 days. However, the term of the LUL may be extended by Department for good cause. The LUL will have an associated fee that will be determined by the duration and extent of the work involved. Removal of improvements may require site reclamation.

4.6.2 Abandon and Transfer Improvements

The title to the improvements may be transferred to Department, if Department consents to such transfer. Department may keep any portion of the Security Bond to cover cost of removing, maintaining, or marketing the improvements.

4.6.3 Attempt to Market Improvements

An improvement owner must obtain a LUL from Department for the limited purpose of maintenance and marketing of improvements for sale to a new lessee. The LUL will have an associated fee. The former Lessee will have **3 years** to attempt to sell their improvements to a potential new lessee. Department may also attempt to find a new Lessee and purchaser for the improvements during this period. The former Lessee will not inhibit the ability of Department to re-lease the Lease Premises in any way, including withholding information regarding the improvements thereupon. The former Lessee must provide Department details for the marketing of improvements, including the sale price. The maximum sale price for the improvements will be the most recent DOR valuation for the improvements. If the improvements owner disagrees with the DOR valuation for the improvements, they may request an appraisal of the improvements for the sale price. Any appraisal of the improvements after lease cancellation must be contracted by Department, to Department's scope of work, and paid for by the improvements owner. If the improvements owner does not request an appraisal in writing, or fails to submit payment for an appraisal contract, the improvements sale price will default to the most recent DOR value.

The improvement owner will be afforded notice and opportunity for an informal administrative hearing before Department to contest the appraisal valuation. Upon final determination of the improvement value, the former Lessee or improvement owner is obligated to transfer its interest in the improvements at that value to a willing buyer.

The former Lessee must continue to pay taxes upon the improvements until they are sold, removed, or transferred to Department. Upon delinquency of any taxes assessed upon the improvements, the LUL will be cancelled, and the

improvements will become property of Department.

At conclusion of the 3 year term, the improvements, unless removed, will become the property of Department. This condition applies to all improvements, including personal property remaining on the Lease Premises.

The improvements owner may request a LUL to remove the improvements at any time during the 3 year term; however, Department reserves the right to withhold authorization to remove the improvements during any time that the Lease Premises are being actively bid by Department.

4.7 Reversion of Ownership of Improvements to the State

Improvements are subject to reversion to Department if: a) Lessee voluntarily abandons or transfers improvements to Department; b) 3 years have passed since cancellation or expiration of the Lease; c) Lessee fails to pay taxes due for improvements upon the Lease Premises; or d) the improvements are condemned or otherwise deemed a hazard by any governing body that has the authority to do so. Items c) and d) will result in associated lease cancellation for cause where applicable.

Lessee or former Lessee will be sent notice by Department of the impending reversion of ownership of improvements to Department, applicable lease cancellation, and any remedies available to Lessee or former Lessee. Upon reversion, the former Lessee will have no further rights to the improvements or the Lease Premises.

4.8 Water Rights

Any water right appropriated or secured on the Lease Premises will be in the name of the State Board of Land Commissioners, Department of Natural Resources and Conservation.

5. ASSIGNMENT, TRANSFER, AND SUBLETTING

5.1 Assignment

Provided that the Lease is current and in good standing, the Lease may be assigned on forms provided by Department. No assignment will be effective until it is approved by Department, and the assignment fee has been paid. Prior to assignment, the Lease may be inspected by Department to ensure compliance with the Lease. Department reserves the right to withhold or deny approval of an assignment. Upon transfer or sale of improvements, Lessee will provide Department written notification of the transfer and sale price of the improvements. This notification is required even if there is no monetary exchange.

5.2 Transfer through Divestiture of Ownership

If Lessee, through enforcement of contract, foreclosure, tax sale, or other legal proceeding, ceases to be the owner of the improvements, Department may assign the Lease to the party to which title has been transferred, at Department's discretion.

5.3 Subletting

Upon completion of a form prescribed by Department, and Department approval, Lessee may sublet the improvements for long term (monthly or longer) single family residential use. Any subletting for short term and/or recreational activity for total rentals that exceed the annual lease fee in a given year will constitute a use that is contrary to the purpose of the Lease and is therefore not permissible. Any subletting must be consistent with local zoning.

6. GENERAL TERMS

6.1 Department reserves all rights and interests to the Lease Premises other than those specifically granted by this Lease. These reservations include, but are not limited to: mineral, timber, and easements.

6.2 Department has the right to enter the Lease Premises to inspect for compliance with the terms of the Lease at any time.

6.3 Lessee is responsible, at their own expense, for maintaining all roads upon state trust land that are used to access the Lease Premises. Lessee will repair any damage, or ordinary wear to roads resulting from activity. If Department requires the formation of a Road Users' Association (RUA) to address the potential of multiple use on

access roads to the Lease Premises, Lessee will become a member of the RUA, at Lessees' expense, and comply with all requirements of the RUA.

- 6.4 Lessee will keep the Lease Premises free of fire hazards. Incinerators, fireplaces, stoves or any other type of burner must be fireproofed by use of spark proof screens. Forest litter (such as needles, twigs, or duff) must be removed ten feet from around all buildings and from roof tops. Tree limbs encroaching the roof or chimneys must be removed. The use of firearms or fireworks is not permitted on the Lease Premises. Lessee will abide by all restrictions on fires which may be in effect at any time and take all reasonable precautions to prevent and suppress fires.
- 6.5 Lessee has the responsibility of inspecting the Lease Premises, authorized rights-of-way, and adjoining areas for dangerous trees, hanging limbs, and other evidence of any hazardous objects or conditions which could affect the improvements and or pose a risk of injury to individuals, and reporting such conditions to Department in writing. After securing permission from Department to remedy such conditions, Lessee shall remove such hazards.
- 6.6 Lessee will keep the Lease Premises free of debris, garbage and any hazardous objects or conditions. Department may, at its discretion, require removal of items, including, but not limited to: junk vehicles, building materials, or improvements that are in disrepair.
- 6.7 Lessee will, at Lessees' expense, keep the land free from noxious weeds. Any chemical application or other appropriate weed control measures must occur according to state law. If noxious weeds are found on the Lease Premises, Department may seek a noxious weed management and control program at Lessees' expense. Any pesticides must be used, stored, and disposed of in accordance with applicable law.
- 6.8 Lessee will not allow livestock upon the Lease Premises, unless approved by Department in writing.
- 6.9 Lessee will not cut or otherwise remove any timber or standing trees, or soil or other vegetation upon the Lease Premises unless authorized to do so by Department.
- 6.10 Lessee will protect all land survey monuments and markers. In the event that a land marker or monument is destroyed, Department may contract to reestablish it in the same location, at Lessees' expense.
- 6.11 The Lease will not be modified or amended except as in writing signed by Department and Lessee.

7. LIABILITY AND INDEMNIFICATION

During the term of this Lease and during any period after the expiration or cancellation of this Lease in which the Lessee (come former Lessee) retains ownership of the improvements, the Lessee will: Assume all liability for any injury, property damage or loss to or by any persons resulting from any cause upon the Lease Premises; and indemnify Department and save, protect, defend, and hold harmless from any and all liability, loss, damage, expense (including legal expenses and reasonable attorney fees), causes of action, suits, claims or causes whatsoever while in or upon said premises; and satisfy, pay and discharge any and all judgments and fines that may be recovered against Department in any such action. Department disclaims any warranty of title to the Lease Premises and any improvements. Lessee enters into the Lease based solely upon Lessees' investigation of title and determination of improvements ownership upon the Lease Premises. Department has no liability of any kind related to Lessees' improvements.

LESSEE

DEPARTMENT

Lessee

JOHN E. TUBBS

Director, Montana Department of Natural Resources and Conservation

Lessee

By: _____

EXHIBIT A

This Certificate of Survey is subject to Department contracted updates.

(Survey or Site Map)

SAMPLE