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Chapter 6 of consultation document:
Draft General Conditions for perpetual ground lease (leasehold) 2016

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I GENERAL

artikel 1 Leasehold (ground lease) in Amsterdam

The Municipality of Amsterdam releases parcels for perpetual ground lease. The municipality observes these General Conditions and declares them to be applicable. Complementary or in contrast to these, the municipality will agree on special conditions for each release with the leaseholder (ground lessee). These concern, among other things, the purpose and permitted use of the parcel.

artikel 2 Definitions

1 The following terms have the following meanings in these General Conditions:

a. **lump sum:**
a one-off payment to be made in lieu of the ground rent that has not yet become due;

b. **General Conditions:**
the General Conditions for perpetual ground lease (leasehold) 2016 Amsterdam;

c. **article:**
an article of the General Conditions;

d. **special conditions:**
the conditions that apply in addition to or in contrast to the General Conditions as mentioned in the leasehold deed;

e. **ground rent:**
the amount that is due to the municipality by the leaseholder, whether or not periodically, as compensation for the leasehold right;

f. **ground rent percentage:**
the percentage used to calculate the ground rent. This percentage is periodically calculated and communicated by the municipality;

g. **leasehold deed:**
the notarial deed in which the rights and obligations associated with the leasehold right are set out. These include:
- the deed of establishment in which the leasehold right is established;
- all subsequent notarial deeds in which the rights and obligations associated with the leasehold right are amended, including the conversion deed in which the general conditions are declared applicable to an existing leasehold right;

h. **leasehold land value:**
the value of the parcel, calculated on the basis of the purpose, the permitted use and the maximum permitted floor area of the parcel included in the leasehold deed, on which the calculation of the ground rent is based. This does not include the value of any buildings on the parcel;

i. **leasehold right:**
the right in rem of ground lease as described in the leasehold deed (as well as the undivided share therein);

j. **immovable property:**
the land with any buildings already constructed or to be constructed thereon or the apartment right;

k. **public registers:**
the public registers in which the Land Registry Office and Public Registers (Cadastre) registers rights in rem, among other things;

l. **buildings:**
development/construction, works and plantings;

m. **parcel:**
the immovable property that has been or is released;

n. **release of leasehold land:**
the first time that a parcel is released in leasehold;

o. **floor area:**
the floor area of the buildings, calculated using standard sheet NEN 2580. For residences, this is specified as "usable area", for other purposes as "gross floor area".

II RELEASE

artikel 1 Release of leasehold land

1 *Establishing the leasehold right*

The release of a parcel in perpetual leasehold takes place with a deed of establishment. The deed is executed by a civil law notary established within the city limits of Amsterdam. The municipality chooses the notary after consultations with the leaseholder.

2 *Contents of the deed of establishment*

In all cases, the deed of establishment contains the following:

a. the area of the parcel, the land register indication and, if known, the local indication of the parcel;
b. a reference to the General Conditions;
c. the special conditions that apply to the leasehold right, including:
   - the acceptance of the parcel;
   - the purpose, permitted use and maximum permitted floor area;
   - the date on which, or the period within which the building(s) must be completed;
   - the authority of the municipality as mentioned in article 32, evacuation by virtue of the copy of the leasehold deed;
d. the financial conditions, including:
   - the amount of the ground rent,
   - the associated ground rent percentage and
   - the leasehold land value;
e. the start date of the lease;
f. the dates on which the ground rent must have been paid;
g. the choice of domicile at the office of a notary who is established within the city limits of Amsterdam, if the leaseholder has no actual or elected domicile in the Netherlands.
h. the lump sum, if the ground rent is bought out in accordance with article 8.

3 *Soil investigation report to be attached to the deed of establishment*

A soil investigation report will be attached to the deed of establishment, which will at least meet the requirements of a baseline investigation according to standard sheet NEN 5740. The investigation provides insight into the environmental soil conditions of the parcel on the date:

a. the leasehold right is established, or
b. of the economic acquisition of the leasehold right; this is the case if the leaseholder has taken the parcel into use before the establishment of the leasehold right.

During the lease period, this soil investigation will serve as a starting point for the application of article 14 and article 15.

4 *Obligation of delivery*

Unless stated otherwise in the written offer preceding the release of leasehold land and/or in the special conditions, the municipality is obliged to:

a. deliver to the leaseholder a leasehold right that:
   - is unconditional and cannot be restricted, terminated or in any way declared void;
   - is not encumbered with attachments, mortgages or registrations thereof, with the exception of the limited rights specified;
   - is free from rent, lease or any other right of use;
   - is free from other special liabilities and limitations which hinder or restrict the agreed development/construction, the subsequent design and commissioning of the parcel;
b. ensure that the site to which the leasehold right applies:
   - is suitable for the agreed purpose and use from an environmental hygiene point of view. That is to say that the parcel is sufficiently free from substances which in generally accepted views at the time of delivery, taking into account the intended purpose would pose a serious risk to public health or the environment;
   - has been adequately drained;
   - has been raised, should that be necessary.

The municipality does not guarantee the absence of defects that it is not aware of.

artikel 2 Development/construction, design and commissioning of the parcel

1 Subject to the conditions and the terms stated in the leasehold deed, the leaseholder is required to do the following:

a. build on the parcel in accordance with the building plan approved by the municipality;
b. lay out and maintain the part of the parcel which is not built on in an appropriate manner in accordance with the purpose and the permitted use as specified in the leasehold deed;
c. take the parcel into use. This use must concur with the purpose and the permitted use as specified in the leasehold deed;
d. separate the parcel from the public road and/or the adjacent parcels in an appropriate manner and to keep it separated.

2 Upon a request in writing from the leaseholder, the municipality may grant the leaseholder exemption from one or more of the obligations specified in paragraph 1 under a to c. Any exemptions are subject to the provisions in article 20.

artikel 3 Transfer before commissioning

1 The leaseholder is not entitled to transfer his leasehold right in whole or in part or to assign it before he has fulfilled the obligations specified in article 4 paragraph 1. Nor is the leaseholder entitled to establish a limited rights through which third parties obtain the use of the parcel.

2 Upon a request in writing from the leaseholder, the municipality may grant the leaseholder permission for one or more of the acts mentioned in paragraph 1. Such permission is subject to the provisions in article 20.

artikel 4 Charges and taxes

All charges and taxes in relation to the parcel are at the expense of the leaseholder from the date the deed of establishment was executed. If the leaseholder has occupied the parcel before the deed of establishment was executed, these charges and taxes will be at the expense of the leaseholder from the date the parcel was occupied.

III FINANCIAL

artikel 1 Ground rent

1 The ground rent is due from the date the leasehold right comes into force. Payment of the ground rent is subject to the provisions in article 28.

2 the ground rent for the allocation of perpetual leasehold is determined by the leasehold land value calculated at the time of release, to be multiplied by the ground rent percentage. This percentage is periodically established and announced by the municipality.

3 After the ground rent has been calculated, the level of the ground rent can be adjusted as a result of changes in the leasehold right as meant in article 20.

4 Each year, the ground rent is adjusted to the rate of inflation. The rate of inflation is established using the Consumer Price Index (CPI) with regard to the category 'All households'. This index reflects the price changes of the package of goods and services purchased by all households in the Netherlands on average. The municipality calculates the indexed ground rent by multiplying the applicable ground rent with an adjustment factor.

$$\text{Adjustment factor} = \frac{CPI_{\text{June last year}}}{CPI_{\text{June year before last year}}}$$

In this formula, the following terms are defined as stated below:

$CPI_{\text{June last year}}$ ..... : the consumer price index for the month of June of the first year before indexing

$CPI_{\text{June year before last year}}$ ... : the consumer price index for the month of June of the second year before indexing

5 if the calculations result in a lower ground rent than mentioned in the previous paragraph (deflation), the ground rent will not be adjusted. The leaseholder will have to pay the ground rent at the existing level.

6 The municipality establishes the adjustment factor each year and publicly announces this. This adjustment factor applies to one calendar year in principle.

7 In establishing the adjustment factor, the municipality uses consumer price indices. Statistics Netherlands (the Dutch Statistical Agency) or, in its absence, another independent institute announces the consumer price indices.

8 If one consumer price index or both indices is/are not published or not published in time, the municipality calculates the adjustment factor in a way that matches the calculation method described in this article as closely as possible.

9 The municipality will notify the leaseholder about the adjusted ground rent as soon as possible. Late notification does not relieve the leaseholder from his obligation to make extra payments nor does it annul his entitlement to a refund.

artikel 2 Buying out the ground rent

1 The municipality may agree with the leaseholder that the leaseholder can pay all the ground rent that has not become due yet for the perpetual leasehold by paying a lump sum.

2 The municipality sets the lump sum at such a level as it deems necessary to compensate the municipality for the fact that it will no longer receive the ground rent that has not become due yet.

3 The municipality will calculate the lump sum using a generally published instruction.

4 The lump sum paid by the leaseholder will be recorded in a notarial deed. In any case, this deed will contain the following:
   a. the area of the parcel, the land register indication and, if known, the local indication of the parcel;
   b. the amount of the ground rent;
   c. the amount of the lump sum;
   d. the discharge granted by the municipality to the leaseholder for paying the lump sum.

IV ADMINISTRATION

artikel 1 Use according to purpose

1 The leaseholder is required to use the parcel according to the purpose and the permitted use as specified in the leasehold deed.

2 At any rate, the leaseholder is not allowed to:
   a. make no use or hardly any use of the parcel in whole or in part for more than one year;
   b. engage in activities that could lead to a decrease in the value of the parcel;
   c. carry out activities in or work on the parcel, or fail to carry out such activities or work or to run a business which would endanger, damage, hinder or harm the public health and/or the environment.

3 If the leaseholder acts in breach of paragraph 1 and/or paragraph 2, the municipality has the authority to demand from the leaseholder that he:
   a. immediately ceases the activity which constitutes the breach and
   b. compensates the damage that was caused.

4 The leaseholder will be liable for any and all damage that directly or indirectly ensues from any act or omission on the part of the leaseholder in contravention of paragraph 1 and/or paragraph 2.

5 Upon written request from the leaseholder, the municipality may grant the leaseholder exemption from one or more of the obligations and prohibitions mentioned in paragraph 1 and paragraph 2. Any exemptions are subject to the provisions in article 20.

artikel 2 Maintaining the buildings

1 The leaseholder is required to maintain the parcel and the buildings in such a state that they are fit for the purpose and the permitted use specified in the leasehold deed.

2 The leaseholder is not allowed to demolish the buildings partly or completely or to change the floor area of the buildings.

3 The leaseholder is required to restore the buildings fully if they have been damaged or destroyed, irrespective of the cause.

4 Upon written request from the leaseholder, the municipality may grant the leaseholder exemption from one or more of the obligations and prohibitions mentioned in paragraph 1 to paragraph 3. Any exemptions are subject to the provisions in article 20.

5 The exemption referred to in paragraph 4 for an enlargement of the floor area stated in the leasehold deed will be granted in principle if:
   a. the leasehold right is designated in the leasehold deed as exclusively intended for 'living', and
   b. the residence is not used commercially, and
   c. the residence has been occupied for at least four years,

   without there being a change in the number of residences too. The ground rent will not be revised with this exemption.

artikel 3 Dividing and merging the leasehold right

1 Regarding the leasehold right, the leaseholder is not entitled to:
   a. divide the leasehold right into leasehold rights;
   b. divide the leasehold right into apartment rights;
   c. merge the leasehold right with another leasehold right;
   d. create membership rights of associations or cooperatives or
   e. grant participation or membership rights or holdings.

   What has been included in 1a to 1e also applies to the rights related to the (virtually) exclusive use of (a part of) the ground and/or the buildings which, as the layout shows, is/are designed to be used as (a) separate entity/entities.

2 Upon a written request from the leaseholder, the municipality may grant the leaseholder permission for one or more of the acts mentioned in paragraph 1. Such permission is subject to the provisions in article 20.

3 If the municipality grants permission for division as referred to in paragraph 1, the municipality also establishes the division of the ground rent according to a generally published instruction.

4 If the leasehold right has been divided into apartment rights, the apartment owners are jointly and severally liable for the ground rent that is due by one or more apartment owners.

5 The contents of this article also applies to the apartment owner mutatis mutandis.

artikel 4 Sublease

1 The leaseholder is not entitled to sublease the property to which the leasehold applies either in part or in full.

2 Upon written request from the leaseholder, the municipality may grant the leaseholder permission for the act mentioned in paragraph 1. Such permission is subject to the provisions in article 20.

artikel 5 @Obligations of tolerance

1 The leaseholder is required to tolerate and permit the following on, in, and above the parcel:
   a. the presence of structures and facilities for public and/or communication purposes such as public lighting, sewers and pipes/networks for the transport of gas, water, heat/cold, electricity, telephony, cable television, data and suchlike;
   b. the installation, maintenance and renovation of these facilities if the municipality orders this.
   This concerns structures and facilities that have been or are installed by the municipality, on behalf of the municipality or its designated third parties.

2 Damage which is the immediate consequence of the work as referred to in the previous paragraph, will be repaired or compensated after consultations with the leaseholder. This also applies to damage that is the result of the presence of structures and facilities installed after the release of the parcel. Repairs will be carried out by the municipality or by a third party on behalf of the municipality. The costs of these repairs will be borne by the municipality or this third party. If the municipality and the leaseholder cannot agree on the nature and the amount of the compensation, it will be established by experts.

artikel 6 Risk in the case of a deteriorated immovable property

If the immovable property has deteriorated, this will be at the risk of the leaseholder if this has been caused after the start date of the lease by either:
   a. soil pollution, or
   b. another factor

that cannot be attributed to the municipality.

artikel 7 Liability and support in legal proceedings

1 After the start date of the lease, the leaseholder is liable for the damage to third parties that is the result of or is directly related to:
   a. soil pollution, or
   b. another factor
   This only applies if the soil pollution or other cause is at the risk of the leaseholder. In this respect, it is irrelevant whether the leaseholder or the municipality is held liable.

2 If the leaseholder, by virtue of paragraph 1, is liable and legal action is brought against the municipality, the leaseholder is required to enter the proceedings so as to defend the interests of the municipality.

artikel 8 Transfer of leasehold right

In the event of transferring or assigning the leasehold right, the leaseholder is required to include the following in the notarial deed:
   a. that which is established with regard to article 3, paragraph 2, under a to h;
   b. changes recorded in the leasehold deed(s) after the establishment of the leasehold right, and

c. any obligations of the leaseholder as referred to in article 33.

artikel 9 Failure on the part of the leaseholder to fulfil his obligations

1 If the leaseholder does not fulfil his obligations, or does not do so in time or properly, the municipality can use its powers mentioned in the General Conditions or the special conditions. If necessary, the municipality can use these powers to sign simultaneously or consecutively. The municipality retains its powers by virtue of the law notwithstanding the provisions in the General Conditions or special conditions.

2 Insofar as the leaseholder is not in default by operation of law, the municipality declares the leaseholder to be in default in writing before it uses any of its powers mentioned in the law, the General Conditions or the special conditions. It will set the leaseholder a time within he can still honour his obligations.

3 With a view to maintaining what is included in the leasehold deed, the municipality has the right at all times to enter the parcel (with equipment) and to inspect it both internally and externally. The disruption of business operations will be kept to a minimum. The municipality will inform the leaseholder of its intention to carry out an inspection. The municipality will offer the leaseholder the opportunity for consultation.

4 If the leaseholder does not fulfil his obligation of payment, the costs of recovery will be borne by the leaseholder.

artikel 10 Fine

1 The municipality may impose a fine on the leaseholder if the leaseholder does not fulfil his obligations arising from the General Conditions or special conditions, or if he or does not do so in time or properly. The fine will be at most ten times the amount of the ground rent that is applicable at the time. The leaseholder must pay the fine within one month after it has been imposed.

2 In addition to the fine as referred to in paragraph 1, the municipality can impose a fine for each day or part of a day that the leaseholder persists in his failure to fulfil his obligations, or to do so in time or properly. This daily fine amounts to three percent (3%) of the ground rent at most.

3 If the ground rent has been bought out in perpetuity, the fine is determined as if there was a periodic ground rent.

4 The municipality may waive a fine in whole or in part or refund it if it thinks that that is justified.

5 The costs of collecting the fine will be borne by the leaseholder.

artikel 11 Remedy by the municipality

1 If the leaseholder does not fulfil an obligation arising from the General Conditions or the special conditions, or fails to do so in time or properly, the municipality can have this obligation fulfilled at the expense of the leaseholder. The General Conditions explicitly authorise the municipality to do that. It is also authorised to undo anything the leaseholder has done in breach of the obligations, at the expense of the leaseholder.

2 The municipality will notify the leaseholder in writing of its intention to use this authority as referred to in paragraph 1. The leaseholder will be given a period of time within which he can still fulfil his obligations. With this notice, the municipality will enclose a specification of the likely amount of the expenses associated with this work.

3 The leaseholder is required to pay the costs associated with the remedial work upon first demand from the municipality. The municipality will include a specification of the costs with this demand notice.

4 If the leaseholder rejects the charges as too high, he will inform the municipality about this in writing within two months after receipt of the aforementioned notice. If no agreement can be reached about the level of this amount, experts will calculate the amount.

V Changing the leasehold

artikel 1 Conditions for granting exemption or permission

1 a. The leaseholder will need prior written exemption or permission from the municipality to derogate from obligations, prohibitions and periods mentioned in the following articles:
- article 4 - Development/construction, design and commissioning of the parcel;
- article 5 - Transfer before commissioning;
- article 9 - Use according to purpose;
- article 10 - Maintaining the buildings;
- article 11 - Dividing and merging the leasehold right, and
- article 12 - Sublease..

b. The municipality may impose conditions and/or a time limit with regard to granting this exemption or permission. These conditions also apply to an adjustment of the ground rent as referred to in this article.

2 The municipality only grants the requested exemption or permission if:
a. granting it is compatible with the current public law provisions and it is not contrary to any municipal interest, and
b. full agreement has been reached with the leaseholder about the conditions attached to the exemption or permission. This agreement must be reflected in an unconditional acceptance in writing of a municipal offer to grant the requested exemption or permission.

3 The municipality may revise the ground rent, or the paid lump sum if the ground rent has been bought out in perpetuity, if the value of the leasehold changes as a consequence of the change for which the leaseholder requests exemption or permission on the grounds of these General Conditions.

4 If the derogation from the obligations, prohibitions and periods as referred to in paragraph 1 relates to:
a. a request for exemption or permission regarding a modification of the buildings, purpose or use or with regard to a division as meant in article 11, the adjusted ground rent will be calculated by applying the formula:

A + (B - C) x D, where:

A stands for the ground rent that applies at the time of revision. If this ground rent has been bought out in perpetuity, it is assumed for factor A that the ground rent has not been bought out.

B stands for the leasehold land value that applies at the time of revision for the requested, amended leasehold;

C stands for the leasehold land value that applies at the time of revision for the existing

leasehold;

D stands for the ground rent percentage that applies at the time of revision.

b. a request for exemption or permission other than meant under paragraph 4a, the new ground rent will be calculated with the formula:

X x Y, where:

X stands for the leasehold land value that applies at the time of revision for the permitted development/construction, purpose and use;

Y stands for the ground rent percentage that applies at the time of revision.

5 If the calculation mentioned in the previous paragraph results in a lower ground rent, the ground rent will not be adjusted. The leaseholder will remain liable for the ground rent that is due at that time, unless the municipality takes the view that the municipal interests require something else.

6 The revised ground rent is due from the date on which:

a. the modification of the development/construction, the purpose and/or the use is started, or

b. the granted exemption or permission can be turned to use.

artikel 2 Arbitration committee 'Application of method for calculating ground rent'

1 If the leaseholder believes that the method calculated by the municipality to determine the change in the ground rent has not been applied correctly arithmetically, the leaseholder may turn to the arbitration committee 'Application of method for calculating ground rent'.

2 In that case, the leaseholder must provide his reasons in writing as to why he believes the ground rent hast been calculated incorrectly from an arithmetical point of view.

3 The arbitration committee only checks whether the method for calculating ground rent as established by the municipality has been applied correctly, arithmetically.

4 The arbitration committee informs parties in writing of its advice, providing its reasons, within six months after the leaseholder applied to the arbitration committee.

5 The advice of the arbitration committee is not binding. Advice from the arbitration committee does not preclude an appeal to the competent court.

6 The arbitration committee is appointed by the municipality.

artikel 3 Modification of leasehold right

1 The municipality may include a section about integrity in the agreement entered into with the leaseholder prior to a modification of the leasehold right. This section will include, among other things, the municipality's authority to suspend, dissolve either in whole or in part or terminate the agreement to modify the leasehold right.

2 Any modification of the leasehold right as referred to in article 20 paragraph 1 under a will be recorded in a notarial deed. The deed is executed by a notary established in the municipality of Amsterdam.

3 The notarial deed referred to in paragraph 2 will at any rate state:

a. the area of the parcel, the land register indication and, if known, the local indication of the parcel;

b. the increase in ground rent, if any, and in the additional lump sum if the increase in the ground rent has been/is bought out in perpetuity;

c. the increase in the leasehold land value, if any;
d. the ground rent after adjustment;
e. the start date of the modification of the leasehold right;
f. the purpose and permitted use;
g. the maximum permitted development/construction.

VI TERMINATION

artikel 1 No termination by the leaseholder

The leaseholder is not entitled to terminate the leasehold.

artikel 2 Termination because of a shortcoming on the part of the leaseholder and/or non-payment of the ground rent

1 The municipality may terminate the leasehold if the leaseholder:
a. seriously fails to fulfil any obligation arising from the General Conditions and/or the special conditions and has been given the opportunity to fulfil those obligations, or
b. has defaulted on his payments of the ground rent for two years running.

2 Termination takes place by cancelling the leasehold right after the municipality has made a decision to that effect. The municipality also has the right in that case to claim compensation from the leaseholder for all the costs, (any) fines, interest and damage.

3 The municipality will inform the leaseholder and those persons who are listed in the public registers as having limited rights or as parties levying an attachment on the leasehold in writing of its intention to terminate the leasehold. The municipality will state its reasons for termination. The municipality will also publicly announce its intention to terminate the leasehold.

4 The municipality will not make the decision to terminate the leasehold until at least two months after the notification in writing as referred to in paragraph 3.

5 Cancellation subsequently takes place through notification by bailiff service, where the municipality observes a period of at least six months. After the notification has been served on the leaseholder, the cancellation must be served within eight days on those persons who are listed in the public registers as having limited rights or as parties levying an attachment on the leasehold. The municipality will have the cancellation recorded in the public registers.

6 The decision by the municipality to terminate the leasehold and the notice of cancellation to the leaseholder will not have legal effects if:
a. the cause of the termination is removed before the date on which the leasehold ends and
b. all the costs, fines, interest and damage mentioned under paragraph 2 have been compensated to the municipality before that date.

7 If the parcel has not been vacated on the date on which the leasehold ends, the municipality can start evacuation without further notice of default, with due observance of the rights of use legally obtained by third parties and the lien the leaseholder may have.

artikel 3 Effects of termination on the grounds of a shortcoming on the part of the leaseholder and/or non-payment of the ground rent

1 The leaseholder can only claim compensation for the value of the leasehold from the municipality on the basis of what is established in this article.

2 As from the date on which the leasehold ended, the municipality has the right to all proceeds from and the use of the parcel. Also, all ordinary and extraordinary costs will then be borne by the municipality. Among other items, these costs include the taxes and levies related to the parcel.

3 Unless otherwise agreed with the leaseholder and mortgage holder(s), the municipality is required to sell a leasehold right to be established on the parcel within six months after the date the leasehold right ends. The sale takes place in public, in the presence of a qualified notary and under the conditions for auction which are in effect at that time. The sale can also be private in accordance with Book 3 Article 268 of the Dutch Civil Code.

4 The leasehold right is established under the General Conditions, specific conditions and the ground rent that applied for the terminated leasehold. If the ground rent for the terminated leasehold was bought out, the ground rent of the new leasehold to be established will be deemed to have been bought out. The rights of use that were legally obtained by third parties will be observed.

5 If no offers are made at the public sale, experts will establish the compensation. Payment will take place in accordance with paragraph 6 and paragraph 7 and with due observance of paragraph 8.

6 The municipality will pay the proceeds of the sale or the amount as established by experts – should paragraph 5 be applicable – to the leaseholder after the deduction of:
   a. all that the leaseholder still owes the municipality with regard to the leasehold by virtue of the General Conditions and the special conditions,
   b. the costs incurred by the municipality with regard to demanding from the leaseholder to honour his obligations/make the required payments,
   c. the costs incurred by the municipality in undoing what was created in breach of the General Conditions and special conditions, and
   d. the costs incurred by the municipality with regard to the sale.

7 If the ground lease is encumbered with a mortgage at the time of termination, the municipality is authorised to pay the mortgage holder(s) the proceeds of the sale minus:
   a. all that the leaseholder still owes the municipality with regard to the leasehold by virtue of the General Conditions and the special conditions, and
   b. the costs incurred by the municipality as mentioned in paragraph 6.

   The amount to be established by the municipality on this basis is at most equal to the amount that the mortgage holder(s) would receive if there were a division of the sale price in the event of a compulsory sale of the leasehold.

8 So long as the parcel has not been made freely available to the municipality, with the exception of rights of use legally obtained by third parties and the lien the leaseholder may have, the municipality is authorised to suspend payment of the compensation.

9 If third parties have legally obtained rights of use, the leaseholder will ensure that guarantees and/or securities (including interest) that have been provided or deposited on the basis of these rights of use will be immediately made available to the municipality.

10 So long as the parcel has not been placed at the municipality's disposal after the termination of the leasehold, everything that is provided in article 15 remains in full force.

artikel 4 Termination of the leasehold in the public interest

1 The municipality may terminate the leasehold in the public interest.

2 Termination takes place by cancelling the leasehold after the municipal council has made a decision to that effect.

3 The municipal executive will submit a proposal to the municipal council to terminate the leasehold. They will explain in this proposal the reasons for termination as something which is in the public interest. The municipal executive will inform the leaseholder and those persons who are listed in the public registers as having limited rights or as parties levying an attachment on the leasehold in writing the proposal to terminate the leasehold. The municipal executive will also publicly announce its intention to terminate the leasehold.

4 The municipal council will not make a decision to terminate the leasehold until at least six months after the date of the communication in writing as referred to in paragraph 3.. The leaseholder, those who are listed in the public registers as having limited rights or as parties levying an attachment on the leasehold as well as interested third parties may lodge objections to the proposal with the municipal executive during this period.
The municipal council will make a decision within one year after the proposal from the municipal executive to terminate the leasehold was dated.

5 Cancellation takes place through notification by bailiff service, where the municipality observes a period of at least one year. After the notification has been served on the leaseholder, the cancellation must be served within eight days on those persons who are listed in the public registers as having limited rights or as parties levying an attachment on the leasehold. The municipality will have the cancellation recorded in the public registers.

6 If the parcel has not been vacated on the date on which the leasehold ends, the municipality can start evacuation without further notice of default, with due observance of the rights of use legally obtained by third parties and the lien the leaseholder may have.

artikel 5 Effects of the termination in the public interest

1 If the leasehold is terminated in the manner referred to in article 26, compensation will be paid in accordance with the Compulsory Purchase Act. If the ground rent of the terminated leasehold was bought out, this will be set off in the amount of compensation.

2 As from the date on which the leasehold ended, the municipality has the right to all proceeds from and the use of the parcel. Also, all ordinary and extraordinary costs will then be borne by the municipality. Among other items, these costs include the taxes and levies related to the parcel.

3 No compensation will be paid to the leaseholder for:
   a. the value of all that has been created in breach of the General Conditions and special conditions;
   b. the damage sustained by the leaseholder as a result of the termination of an activity carried out in breach of the General Conditions and special conditions.

4 Based on the principles referred to in paragraph 1 and paragraph 3, the municipality will make an offer in writing to the leaseholder. If the leaseholder does not agree with the compensation offered by the municipality, he will inform the municipality about this in writing within two months. The municipality and the leaseholder will then enter into consultations. If they cannot reach an agreement about the level of compensation, this will be established by experts.

5 The municipality will pay compensation to the leaseholder after deduction of all that the leaseholder still owes the municipality with regard to the leasehold by virtue of the General Conditions and the special conditions.

6 If the ground lease is encumbered with a mortgage at the time of termination, the municipality is authorised in derogation of paragraph 5 to pay the mortgage holder(s) the proceeds of the sale minus all that the leaseholder still owes the municipality with regard to the leasehold.
The amount to be established by the municipality on this basis is equal to, or less than, the amount that the mortgage holder(s) would receive if there were a division of the sale price in the event of a compulsory sale of the leasehold.

7 So long as the parcel has not been made freely available to the municipality, with the exception of rights of use legally obtained by third parties and the lien the leaseholder may have, the municipality is authorised to suspend the payment of the compensation.

8 If third parties have legally obtained rights of use, the leaseholder will ensure that guarantees and/or securities (including interest) that have been provided or deposited on the basis of these rights of use will be immediately made available to the municipality.

9 So long as the parcel has not been placed at the municipality's disposal after the termination of the leasehod, everything that is provided in article 15 remains in full force.

VII FINAL PROVISIONS

artikel 1 Payments

1 All payments by the leaseholder should be made in the manner instructed by the municipality.

2 If the municipality has made a payment that should be at the expense of the leaseholder, pursuant to the General Conditions or the special conditions, the leaseholder must refund the municipality.

3 Reducing or offsetting payments to be made by the leaseholder is only allowed if they involve claims against the municipality that are directly related to the leasehold right.

4 If the leaseholder does not pay or does not pay on time, he will owe arrears interest as from the due date. This arrears interest amounts to six percent (6%) per annum on the outstanding amount. If the statutory interest is higher than six percent (6%), the arrears interested equal to the statutory interest. At the end of each year, the amount on which arrears interest is calculated will be increased with the arrears interest due for the past year (compound interest).

5 Irrespective of the description given to the payment by the leaseholder, the municipality will offset each payment with his debts in the following order:
   a. fine(s) owed in accordance with article 18;
   b. interest owed in accordance with paragraph 4 of this article;
   c. other debts than the ones mentioned before under a and b and hereafter under d that the leaseholder has as a result of the leasehold;
   d. the ground rent or the lump sum.

artikel 2 Experts

1 Where these conditions refer to experts, they involve three parties.

2 If the municipality or the leaseholder intends to submit a dispute as referred to in article 13, article 19, article 25 and article 27 to experts, it or he will notify the other in writing about this. If the municipality wishes to submit the dispute to experts, the leaseholder will be given the opportunity to choose to have the dispute settled by a competent court for one month after the written communication as referred to in paragraph 2 was dated. If he does not use this opportunity during this period, he agrees to having the dispute settled by experts.

3 The party that wishes to submit the dispute in question to experts must request the court in Amsterdam to appoint the three experts as soon as possible.

4 The experts will give both parties the opportunity to be heard. Parties will also be given the opportunity to be heard about the draft advice. if so desired, they can be represented by a proxy. The experts will then formulate their advice with due regard for:
   a. the General Conditions and special conditions that apply to the leasehold, and:
   b. the policy established by the municipality for the implementation of the General Conditions and special conditions.

5 The experts will inform the parties in writing of their advice, providing their reasons, within six months after they have been appointed. The advice of the experts is binding.

6 a. The municipality and the leaseholder will each pay half of the costs of the experts' advice.
   b. Notwithstanding paragraph 6a, the municipality will pay the full costs of experts in the event of termination for reasons of public interest.
   c. Notwithstanding paragraph 6a, the leaseholder will pay the full costs of experts in the event of termination because of a shortcoming on the part of the leaseholder and/or non-payment of the ground rent.

artikel 3 Several liability

1 If the leasehold is in the name of two or more persons, they are severally liable for defaulting on the obligations ensuing from the leasehold deed and the General Conditions. With regard to the ground rent, this several liability does not apply if the leasehold has been divided into apartment rights. The ground rent will then also be divided according to this division.

2 The obligations for the leaseholder ensuing from the leasehold are always indivisible with regard to the municipality.

3 After the transfer of the ground lease, the successor and his legal predecessor are both liable for unpaid ground rent that is due for the previous five years. This also applies if a part of the leasehold, a share thereof or a share in a part of the leasehold transfers to another person.

artikel 4 Representation

1 If the leasehold is in the name of two or more persons, they will appoint one of them as their representative. This representative is mentioned in the deed of establishment. Legal successors will register the representative in a statement. This statement must be drawn up in accordance with the form associated with these conditions.

2 If the representative changes, the municipality must be informed about this immediately in writing.

3 The municipality may legally address all notifications, announcements and cancellations in respect of the leasehold to the representative who last reported to the municipality. The municipality can also make all claims against the representative with regard to the leasehold.

artikel 5 Vacation/evacuation

The parcel and the buildings must be vacated voluntarily on the day the leasehold expires. If that has not happened, the municipality will be authorized to start the evacuation by virtue of the copy of the deed of establishment.

artikel 6 Perfection, qualitative obligations and perpetual clause

1 Parties will explicitly strive for perfection with regard to their rights and obligations pursuant to the General Conditions and the special conditions. The provisions in paragraph 2 and paragraph 3 of this article were drawn up to reinforce this perfection.

2 All obligations of a party mentioned in the conditions agreed on to tolerate or refrain from something and, that do not have real right effects, will be established as qualitative obligations. These obligations therefore transfer to new leaseholders. They also apply to those who obtain a right of use from the rightholder.

3 Obligations of the leaseholder that do not have real right effects by virtue of the conditions agreed on and for which there are no qualitative obligations as referred to in paragraph 2 of this article either will be imposed by the leaseholder for the benefit of the municipality by means of a perpetual clause and the leaseholder will ensure that they are accepted by his legal successor or the person with limited rights. The leaseholder applies this perpetual clause in the event of:
   a. transfer of the leasehold or a part thereof, or
   b. encumbrance of the leasehold or a part thereof with a limited right of enjoyment.

artikel 7 Communications

Unless explicitly agreed otherwise, all communications, notifications, requests and approvals related to the leasehold will be made in writing. All claims will also be made in writing.

artikel 8 Choice of domicile

1 The leaseholder or the representative as referred to in article 31 must ensure that his address is known to the municipality.

2 If the leaseholder or the representative as referred to in article 31 has no actual or elected domicile in the Netherlands, he must elect domicile at the office of a notary who is established in the municipality of Amsterdam.

3 The leaseholder or the representative as referred to in article 31 must inform the municipality in writing of the choice of domicile or any change therein.

4 The municipality may legally address all notifications, announcements and cancellations in respect of the leasehold to the place of residence that was last specified.

artikel 9 Costs relating to notarial deed

If, because of the contents of the General Conditions or special conditions, a notarial deed must be drawn up, the municipality will decide whether and to what extent the associated costs will be paid by the municipality These costs relate to the notary's fees and the cost of registering the deed in the public registers. The taxes and other charges that are due are at the expense of the leaseholder.

artikel 10 General Extension of Time Limits Act

The General Extension of Time Limits Act applies to the periods mentioned in the General

Conditions.

artikel 11 Official title

The General Conditions can be quoted as:
General Conditions for perpetual leasehold 2016 Amsterdam.

Enclosure: Representative Appointment Form [1)]

.....

notary in ....., hereby declares

that the leasehold locally known as:

address .....

postal code and place of residence.....,

recorded in the land register of:

the municipality of:....., section:..... , no.:.....

was transferred to:

names .....

address .....

postal code and place of residence .....

by deed entered in the public registers in section: ....., no. ..... .

Representative/correspondence/billing address

name .....

address .....

postal code and place of residence .....

bank account number .....

Place:.....

Date:.....

Signature ..... stamp:

1) Pertains to article 31 of the General Conditions for perpetual ground lease 2016 Amsterdam.