

**THE KENNEBUNKPORT HERITAGE HOUSING TRUST  
LAND LEASE AGREEMENT AND HOME  
OWNERSHIP COVENANTS**

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The following Exhibits are attached hereto and made a part of this Lease:

**Exhibit A: Letter of Stipulation of Homeowner**

**Exhibit B: Permitted Mortgage Provisions**

**Exhibit C: Leased Land (Legal Description of Property)**

**Exhibit D: First Refusal**

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**Exhibit H: Memorandum of Lease**

THIS LEASE entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between THE KENNEBUNKPORT HERITAGE HOUSING TRUST, a Maine not-for-profit corporation with a place of business in Kennebunkport, Maine (KHHT) and

\_\_\_\_\_  
of  
\_\_\_\_\_  
\_\_\_\_\_

RECITALS:

A. KHHT is organized exclusively for charitable purposes, including the purpose of providing homeownership opportunities for lower income households who would otherwise be unable to afford homeownership in Kennebunkport.

B. A goal of KHHT is to preserve affordable homeownership opportunities through the long-term leasing of land under owner-occupied homes

C. The Leased Land described in this Lease has been acquired by KHHT by lease from Kennebunkport Heritage Housing Trust 2, and is being leased by KHHT in furtherance of these charitable purposes.

D. The Homeowner shares the purposes of KHHT and has agreed to enter into this Lease not only to obtain the benefits of homeownership, but also to further the charitable purposes of KHHT.

E. The Homeowner and KHHT recognize the special nature of the terms and conditions of this Lease, and each, with the independent and informed advice of legal counsel, freely accepts these terms and conditions, including those that may affect the marketing and resale price of the property now being purchased by the Homeowner.

F. The Homeowner and KHHT agree that the terms and conditions of this Lease further their shared goals over an extended period of time and through a succession of owners.

NOW THEREFORE, Homeowner and KHHT agree on all of the terms and conditions of this Lease as set forth below.

DEFINITIONS: Homeowner and KHHT agree on the following definitions of key terms used in this Lease.

**Leased Land:** the parcel of land, described in Exhibit C, that is leased to the Homeowner.

**Home:** the residential structure(s) and other permanent improvements located on the Leased Land and owned by the Homeowner, including both the original home described in Exhibit C, and all permanent improvements added thereafter by Homeowner at Homeowner's expense.

**Duplex Home:** In a Duplex Home, the "Home" shall be that portion of the Duplex Structure owned by the Homeowner together with all appurtenant rights and easements as set forth herein.

**Party Structures:** Each wall, roof, fence, plumbing, sewer, or other element which is placed on the dividing boundary line between the Duplex Homes themselves or the line extending straight from the dividing boundary line between the Duplex Homes to the front and rear lot lines and used jointly by each Homeowner shall constitute and be referred to individually as a "Party Wall," or "Party Roof," or "Party Element," et cetera, as the case may be, and collectively as "Party Structures."

**Base Price:** the total price that is paid for the Home by the Homeowner (including the amount provided by a first mortgage loan but not including subsidy in the form of deferred loans to the Homeowner.)

**Maximum Resale Price:** the maximum price the Homeowner is allowed to receive for the sale of the Home and the Homeowner's right to possess, occupy and use the Leased Land, as defined in Article 10 of this Lease.

**Lease Fee:** the annual fee that the Homeowner pays to KHHT for the continuing use of the Leased Land and any additional amounts that KHHT charges to the Homeowner for reason permitted by this Lease

**Permitted Mortgage:** A mortgage on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with KHHT's express written permission. The Homeowner may not mortgage KHHT's interest in the Leased Land and may not grant any mortgage without KHHT's permission.

**Event of Default:** Any violation of the terms of the Lease unless it has been corrected ("cured") by Homeowner or the holder of a Permitted Mortgage in the specified period of time after a written Notice of Default has been given by KHHT.

#### **ARTICLE 1: LETTERS OF STIPULATION AND ACKNOWLEDGEMENT**

Attached and made part of this Lease by reference is Exhibit A, Homeowner's Letter of Agreement, , setting forth their respective review and understanding of this Lease (in particular, the parts of the Lease that affect the transfer, sale, or disposition of the Home) and related documents for this transaction.

#### **ARTICLE 2: LEASING OF RIGHTS TO THE LAND**

2.1 KHHT LEASE OF LAND TO HOMEOWNER: KHHT hereby leases to the Homeowner, and Homeowner hereby accepts, the right to possess, occupy and use the Leased Land (described in attached Exhibit C) in accordance with the terms of this Lease. KHHT furnished the Homeowner a copy of the most current title report, if any, obtained by KHHT for the Leased Land, and Homeowner accepts copy of title to the Leased Land in its condition "as is" as of the signing of this Lease. For Duplex Homes, a portion of the Lot on which the Homes are located is to be used in common, and maintained by, both Homeowners, said common area being set forth in Exhibit C.

2.2 MINERAL RIGHTS NOT LEASED TO HOMEOWNER: KHHT does not lease to Homeowner the right to remove from the Leased Land any minerals lying beneath the Leased Land's surface. Ownership of such minerals remains with KHHT, but KHHT shall not remove any such minerals from the Leased Land without the Homeowner's written permission.

2.3 RESERVATION OF RIGHTS FOR COMMON USES: KHHT reserves the right to provide for certain common uses of the Leased Land at a reasonable distance from any Home in order to enable the installation of trails, walkways, recreational areas and the like; provided, however, that any such use shall require the prior approval of a majority of the Homeowners in Heritage Woods (with each Home constituting one vote).

#### ARTICLE 3: TERM OF LEASE, CHANGE OF LANDOWNER

3.1 TERM: The term of this Lease shall be ninety nine (99) years, commencing on the day of \_\_\_\_\_, 20\_\_\_\_, and terminating on the \_\_\_\_\_ day of \_\_\_\_\_, 21\_\_\_\_, unless terminated sooner as provided herein.

3.2 CHANGE OF LANDOWNER; HOMEOWNER'S RIGHT TO PURCHASE: In the event that ownership of the Leased Land is conveyed or transferred (whether voluntarily or involuntarily) by KHHT to any other person or entity, this Lease shall not cease but shall remain binding and unaffected. However, in the event KHHT desires or attempts to convey the Land to any person or entity other than a nonprofit corporation, charitable trust, municipality, governmental agency, or other similar entity sharing the goals described in the Recitals above (or as security for a mortgage loan), the Homeowner shall have a right of first refusal to purchase the Land. This right shall be as specified in the attached Exhibit D. Any sale or other transfer contrary to this section, when applicable, shall be null and void.

#### ARTICLE 4: USE OF LEASED LAND

4.1 RESIDENTIAL USE ONLY: Homeowner shall use, and allow others to use, the Home and Leased Land only for residential purposes and any incidental activities related to residential use that are permitted by applicable zoning laws and regulations.

4.2 RESPONSIBLE USE AND COMPLIANCE WITH LAW: Homeowner shall use the Home and Leased Land in a manner so as not to cause harm to others or create any nuisances, public or private. Homeowner shall dispose of any and all waste in a safe and sanitary manner; shall not permit elevated tanks of any kind to be placed or erected on any part of the Leased Land (except tanks for the storage of propane); shall not allow the Leased Land to be used in whole or in part for the storage of rubbish, disabled motor vehicles, machinery, or other property that will cause the premises to appear in an unclean or untidy condition or that will be obnoxious to the eye, the sense of smell, or cause noise that disturbs the peace, quiet, comfort, or serenity of the neighbors. Homeowner shall maintain the Home and Land in good, safe, and habitable condition in all respects, in full compliance with all applicable laws and regulations and in such condition as is required to maintain the insurance coverage required by Section 9.4 herein. Homeowner shall also comply with all Protective Covenants set forth in Exhibit F attached hereto; and shall further comply with the terms and conditions of the Maine State Housing Authority Declaration of Covenants and Restrictions as set forth in the Agreement for Purchase and Sale between Homeowner and KHHT.

4.3 RESPONSIBLE FOR OTHERS: Homeowner shall be responsible for the use of the Home and Leased Land by all residents and their families, friends, and visitors and anyone else using the Home with Homeowner's consent and shall make all such people aware of the spirit, intent, and appropriate terms of this Lease.

4.4 OCCUPANCY: Homeowner shall occupy the Home for twelve (12) months of each year of this Lease unless otherwise agreed in writing by KHHT.

4.5 INSPECTION: KHHT may inspect any portion of the Home and Leased Land except the interior(s), at any reasonable time, upon at least forty eight (48) hours' oral notice to Homeowner. In the event of an emergency, KHHT may inspect any portion of the Leased Land except the interior(s) without notice provided KHHT has made reasonable efforts to give advance notice to the Homeowner.

4.6 RIGHT TO PEACEFUL ENJOYMENT: Homeowner has the right to undisturbed enjoyment of the Home and Leased Land, and KHHT has no desire or intention to interfere with the personal lives, associations, expressions, or actions of the Homeowner, subject to the provisions of this Lease.

#### ARTICLE 5: LEASE FEE

5.1 LEASE FEE: The Homeowner shall pay to KHHT an annual Lease Fee of Three Hundred Thirty and 00/100 Dollars (\$330.00) per year to be paid in return for the continuing right to possess, occupy and use the leased land.

5.2 PAYMENT OF LEASE FEE: The Lease Fee shall be payable to KHHT's specified bank account by automatic Electronic Funds Transfer from the first date of homeowner's

Permitted Mortgage payment date and each month thereafter as long as this Lease remains in effect, unless, with KHHT's prior written consent, the Lease Fee is to be escrowed by a Permitted Mortgagee, in which case payment shall be made as specified by that Mortgagee.

In the event that any amount of payable Lease Fee remains unpaid when the Home is sold and this Lease is terminated or assigned to another party, the amount of payable Lease Fee plus interest shall be paid to KHHT out of any proceeds from the sale of the Home otherwise due to Homeowner at the time of such sale.

5.3 CALCULATION OF LEASE FEE: The Ground Lease Fee specified in Section 5.1 above has been calculated as follows. First, the amount of the sale price of the House at the purchase multiplied by .0015; yields the annual Lease Fee, divided by 12 for the monthly Lease Fee, recognizing that the use of the Leased Land is restricted by some of the provisions of this Lease. Then, the affordability of this amount for Homeowner has been analyzed and, if necessary, the amount has been reduced to yield the amount stated in Section 5.1 above, which has been determined to be affordable for the Homeowner.

5.4 REDUCTION, DELAY, OR WAIVER OF LEASE FEE: KHHT may reduce, delay, or waive entirely the Lease Fee at any time and from time to time for the purpose of ensuring affordable housing costs for the Homeowner. Any such reduction, delay, or waiver must be in writing and signed by KHHT before being effective, and no such adjustment or waiver in one instance will be binding in other instances.

5.5 INCREASE OF LEASE FEE: KHHT may increase the amount of the Lease Fee from time to time, but not more often than once every five (5) years. Each time such fees are increased, the total percentage of increase since the signing of this lease shall not be greater than the Consumer Price Index over the same period of time.

5.6 LATE PAYMENT OF LEASE FEES: KHHT may require Homeowners to pay interest on unpaid Lease Fees at the then prime rate charged by the deposit institution of KHHT.

## ARTICLE 6: TAXES AND ASSESSMENTS

6.1 TAXES AND ASSESSMENTS: Homeowner shall be responsible for payment of all taxes and governmental assessments that relate to the Home and to the Leased Land (if any). Homeowner shall also pay directly, when due, all other service bills, utility charges, and other governmental assessments charged against the Leased Land.

6.2 TAX BILLS: The Homeowner shall pay the taxes on the Home directly to the Town when due. Notwithstanding the foregoing, Homeowner shall pay monthly tax escrow payments to the Homeowner's mortgage holder, in lieu of direct payments to the Town, if such escrow payments are required as a part of the Homeowner's mortgage transaction; and shall provide notice of such payment to KHHT. KHHT and the Town

have agreed that the Land, while owned by KHHT, is exempt from real property taxation. If at any point KHHT is required to pay taxes on the Land, the Homeowner shall be responsible for payment of such tax along with the tax on the Home.

**6.3 HOMEOWNER'S RIGHT TO CONTEST:** Homeowner shall have the right to contest the amount or validity of any taxes relating to the Home. KHHT shall, upon written request by Homeowner, join in any such proceedings if Homeowner reasonably determines that it is necessary or convenient for KHHT to do so. All costs and expenses of such proceedings shall be paid by Homeowner.

**6.4 PROOF OF COMPLIANCE:** When either party pays taxes relating to the Home or Leased Land, that party shall furnish satisfactory evidence of the payment to the other party. A photocopy of a receipt shall be the usual method of furnishing such evidence.

**6.5. COMMON EXPENSES.** Each Homeowner will be responsible for his/her proportionate expenses for maintenance and management of the common areas of Heritage Woods subdivision, including landscaping, plowing and sanding, paving and road repair, and other items of general maintenance and management, including all insurances obtained by KHHT. On or before November 1 of each year, KHHT will prepare a budget of such common expenses for the ensuing calendar year; and shall provide a copy thereof to each Homeowner on or before November 15 of each year, setting forth what each Homeowner will owe on a monthly basis for the ensuing year. The monthly payments of common expenses shall be due and payable of the first day of each month, commencing on January 1. A Lease Agreement that commences on a date other than January 1 shall have said common expenses prorated for the portion of the year covered by the Lease Agreement.

**6.6. FAILURE TO PAY COMMON EXPENSES.** A failure by a Homeowner to pay the monthly common expense assessment as set forth in Section 6.5 above shall constitute an event of default pursuant to Article 12 below.

## **ARTICLE 7: THE HOME**

**7.1 OWNERSHIP:** All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Homeowner on any part of the Leased Land at any time during the term of this Lease (collectively, "the Home") shall be property of Homeowner. Title to the Home shall be and remain vested in Homeowner. However, Homeowner's rights of ownership are limited by certain provisions of this Lease, including provisions regarding the sale and occupancy of the Home by the Homeowner and KHHT's option to purchase the Home. In addition, Homeowner shall not remove any part of the Home from the Leased Land without KHHT's prior written consent.

**7.2 PURCHASE OF HOME BY HOMEOWNER:** In signing this Lease, Homeowner is simultaneously purchasing the Home now located on the Leased Land as described in the Bill of Sale the form of which is annexed to this Lease as Exhibit E.

7.3 ALTERATIONS AND ADDITIONS TO THE HOME: All alterations and additions to the home (“Modifications”) are subject to the following conditions:

1. All costs shall be borne and paid for by the Homeowner;
2. All construction shall be performed in a good and workmanlike manner and shall comply with all applicable laws, ordinances and regulations, including the requirements of local and state public health authorities;
3. All construction must be consistent with the permitted uses;
4. If Homeowner expects the proposed Modifications to be included in the Home’s Maximum Resale Price Formula (Section 10:10), Homeowner shall furnish to KHHT a copy of all plans for construction of any Modifications and copies of all building permits for such construction prior to commencing construction for review by KHHT;
5. KHHT, at KHHT’s sole discretion, shall determine whether to approve the entire cost, part of the cost, or none of the cost of the Modifications for inclusion in the Maximum Resale Price Formula;
6. Design and construction shall be done in a manner that will keep the building marketable Inclusion of Modification Costs in the Maximum Resale Price Formula is subject to limitations imposed in Section 10.10 of this Lease. Modifications that meet the criteria are deemed “Qualified Improvements.” Qualified Improvements include adaptation of an existing space for a new purpose, construction of additional areas, and structural improvements that lower long- term operational costs (e.g. replacing old windows with new energy efficient windows and installing insulation with a much higher R-value than existing insulation). Structural improvements that lower long-term operational costs are valued because they reduce long-term utility costs to homeowners. If Modifications do not meet one of these three criteria, they cannot be included as Qualified Improvements in the resale formula.

In order for Modifications to be considered as Qualified Improvements, Homeowner must submit a plan in advance describing fully the proposed construction and its potential impact on surrounding lands. All Modifications for which reimbursement was, could be, or could have been obtained from insurance or other third party payer will not be considered Qualified Improvements at the time of resale.

Homeowner is responsible for approaching KHHT for clarification and specific information about Qualified Improvements. Modifications that are not normal maintenance in nature or are considered luxury will not be deemed “Qualified” in keeping with KHHT’s goal to keep properties affordable for future owners.



For Qualified Improvements, Homeowner shall document the costs and expenses of the improvements by means of detailed receipts and invoices for materials and labor, including receipts for barter goods and services, or by other documentation reasonably acceptable to KHHT. If Homeowners perform work themselves, Homeowner shall keep detailed records of the hours spent. The costs of labor performed by the Homeowner may not exceed the rate charged by individuals of comparable skills and experience as determined by KHHT in KHHT's sole discretion. KHHT may inspect the Modifications to verify the quality and state of completion of work. KHHT reserves the right to use an independent appraisal of work where costs are in excess of the trade or other reasonable standards for similar work in the local area. Homeowner shall present such documentation to KHHT by the close of the year in which the Modification becomes functional. KHHT shall determine by April 1 of the following year the amount to be allowed as a Qualified Improvement, and shall communicate its decision to the Homeowner in writing. Only amounts so allowed shall be used in the Maximum Price Formula described in Section 10.

7.3.A ALTERATIONS AND ADDITIONS TO A DUPLEX HOME: In addition to the foregoing provisions in Section 7.3 above, all alterations and additions to a Duplex Home are subject to the following provisions:

1. Alterations and/or Additions Generally. Homeowners may make additions and/or alterations ("Modifications") to their Duplex Home subject to the conditions of this Section. Modifications are not routine repair and maintenance. Modifications include, but are not limited to, changing exterior colors or not replacing materials in-kind.

2. Duplex Home Modifications Not Impacting Party Structures.

(a) Adjoining Homeowner Approval. Modifications to the exterior of a Duplex Home but not impacting a Party Structure must receive the prior written consent of the adjoining Duplex Home's Homeowner. The adjoining Duplex Home's Homeowner shall not unreasonably withhold consent. Such Modifications shall not encroach beyond the line extending straight from the dividing boundary line between the Duplex Homes to the front and rear lot lines.

(b) Costs. The Homeowner of the Duplex Home subject to the Modifications shall bear and pay all costs thereof.

3. Duplex Home Modifications Impacting Party Structures.

(a) Adjoining Homeowner Approval.

(i) Generally. Modifications to a Duplex Home's interior or exterior that impact a Party Structure must receive the prior written consent of the adjoining Duplex Home's Homeowner. The adjoining Duplex Home's Homeowner shall not unreasonably withhold consent. Party Structure Modifications shall not interfere with the adjoining Homeowner's equal use thereof nor shall the Modifications adversely impact a Party Structure's structural integrity permanently.

(ii) Openings. Modifications to a Party Wall, Party Fence, or Party Roof shall not include openings without consent of the adjoining Duplex Home's Homeowner, per Section (i) above. If

such consent is given, and the openings are made, the consent is subject to the right of the adjoining Homeowner to close the openings at any time to use any part of the Party Wall, Party Fence, or Party Roof. Notwithstanding Section (c) below, the adjoining Homeowner shall bear the full cost of closing such openings.

(b) Right of Use. Each Homeowner has the right to use Party Structure Modifications effected by the adjoining Homeowner, provided that the costs outlined in Section (c) are paid.

(c) Costs. The Homeowner of the Duplex Home effecting the Party Structure Modifications shall bear and pay all costs thereof, provided that, should the adjoining Duplex Home's Homeowner then use the Party Structure Modifications, that Homeowner shall pay to the Homeowner effecting the Party Structure Modifications one-half of the cost of construction of the Party Structure so used. Should ownership of the modified Duplex Home change by the time the adjoining Homeowner uses the Party Structure Modification, the adjoining Homeowner shall pay the costs owed to the owner of the Leased Land.

(d) Resolution of Disputes. In the event of a dispute between the Duplex Homeowners as to any issues involving the Duplex Homes, including the provisions set forth about, the Board of Directors of KHHT shall be the arbiter of such disputes, with the decision of said Board to be final and binding on both Duplex Homeowners.

**7.4 PROHIBITION OF LIENS:** Except for Permitted Mortgages, as defined herein, no lien of any type shall attach to KHHT's title to the Leased Land. Homeowner shall not permit any statutory or similar lien to be filed against the Home, the Modifications, or any interest of KHHT or Homeowner that remains more than sixty (60) days after it has been filed. Homeowner shall cause any such lien to be discharged by payment, deposit, bond, order of a court of competent jurisdiction, or as otherwise permitted by law. If Homeowner fails to discharge such lien within the 60-day period, then Homeowner shall notify KHHT of the failure immediately. KHHT may, but shall not be obligated to, discharge the lien by paying the amount in question. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien provided Homeowner has furnished a bond in an amount sufficient to release the Leased Land from such lien. Any amounts paid by KHHT to discharge such lien shall be deemed to be an additional Lease Fee payable by Homeowner upon demand.

**7.5 MAINTENANCE AND SERVICES:** KHHT shall not be required to furnish any services or facilities, including but not limited to heat, electricity, air conditioning, or water, or to make any repairs to the Leased Land or Home, and Homeowner hereby assumes the sole responsibility for furnishing all services or facilities. Homeowner shall, at Homeowner's sole expense, maintain the Leased Land and Home as required by Section 4.2 above. Maintenance includes, but is not limited to, tasks such as lamp replacement, painting, carpet and tile repair, carpentry and roof repair, door and lock adjustments, cosmetic work, plumbing and electrical repair, servicing of HVAC control systems, grounds maintenance, pest control, and maintenance of the septic system for the Home. In general, these tasks are related to the maintenance of the integrity of the components of the Home and Leased Land.

7.6 WHEN LEASE ENDS, OWNERSHIP REVERTS TO KHHT WHICH SHALL REIMBURSE HOMEOWNER: Upon the expiration or termination of this Lease, ownership of the Home shall revert to KHHT. Upon thus assuming title to the Home, KHHT shall pay Homeowner and Permitted Mortgagee(s), as follows: FIRST, KHHT shall pay any Permitted Mortgagee(s) the full amount owed to each by Homeowner. SECOND, KHHT shall pay the Homeowner the balance of the Maximum Resale Price calculated in accordance with Article 10 below, as of the time of reversion of ownership less the total amount of any unpaid Lease Fee and any other amounts owed to KHHT under the terms of this Lease. The Homeowner shall be responsible for any costs necessary to clear any additional liens or other charges related to the Home which may be assessed against the Home. If the Homeowner fails to clear such liens or charges, the balance due the Homeowner shall also be reduced by the amount necessary to release such liens or charges, including reasonable attorney fees incurred by KHHT. In pursuance of the foregoing, KHHT shall have a period of up to ninety (90) days following termination of the Lease in which to market the Home, and an additional sixty (60) days thereafter in which to complete the sale/purchase of the Home and make payment to the Mortgagee and Homeowner as set forth above.

#### ARTICLE 8: FINANCING

8.1 PERMITTED MORTGAGE: The Homeowner may mortgage the Home or grant a security interest therein only with the written permission of KHHT. Any mortgage permitted in writing by KHHT is defined as a Permitted Mortgage, and the holder of such a mortgage is defined as a Permitted Mortgagee.

8.2 SIGNING OF LEASE ESTABLISHES PERMISSION: By signing this Lease, KHHT gives written permission for any mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the Home.

8.3 KHHT'S PERMISSION REQUIRED FOR REFINANCING OR SUBSEQUENT MORTGAGES: If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform KHHT, in writing, of the proposed terms and conditions of such mortgage loan at least 15 business days prior to the expected closing of the loan. The information to be provided to KHHT must include: a) the name of the proposed lender; b) Homeowner's reason for requesting the loan; c) the principal amount of the proposed loan and the total mortgage debt that will result from the combination of the loan and existing mortgage debt, if any; d) expected closing costs; e) rate of interest; f) repayment schedule; and g) a copy of the appraisal commissioned in connection with the loan request.

KHHT may also require Homeowner to submit additional information. KHHT will not permit such a mortgage loan if the loan increases Homeowner's total mortgage debt to

an amount greater than 80% of the then current Maximum Resale Price, calculated in accordance with Article 10 below, or if the terms of the transaction otherwise threatens the interests of either the Homeowner or KHHT.

8.4 IN THE EVENT OF FORECLOSURE: Homeowner and KHHT recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Maximum Resale Price as a result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to KHHT all net proceeds of sale of the Home that would otherwise have been payable to Homeowner and that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Maximum Resale Price as described in Section 10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to KHHT. If for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to KHHT.

#### ARTICLE 9: LIABILITY, INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN

9.1 HOMEOWNER'S LIABILITY: Homeowner assumes sole responsibility and liability to all persons and authorities related to its possession, occupancy, and use of the Leased Land and the Home.

9.2 INDEMNIFICATION OF KHHT: Homeowner shall defend, indemnify, and hold harmless KHHT against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against KHHT for such injury or damage. However, KHHT shall remain liable (and Homeowner shall not indemnify and defend KHHT against such liability or waive such claims of liability) for injury or damage due to the negligent or intentional acts or omissions of KHHT or KHHT's agents or employees.

9.3 PAYMENT BY KHHT: In the event KHHT shall be required to pay any sum that is Homeowner's responsibility or liability, Homeowner shall reimburse KHHT for such payment and for reasonable expenses caused thereby.

9.4 INSURANCE: Homeowner shall, at Homeowner's sole expense, keep the Home continuously insured against loss or damage under a comprehensive special form of insurance for the full replacement value of the Home. The dollar amount of such replacement value insurance shall be approved by KHHT prior to the commencement of the Lease. This coverage shall be adjusted at intervals of two (2) years, beginning on the date this Lease is signed or upon KHHT's demand, given not more often than annually, upon thirty (30) days' notice to Homeowner. This adjustment to the coverage shall be equal to the adjusted building replacement cost, excluding design or permit fees, excavation, site prep, and other underground work Homeowner shall, at Homeowner's sole expense, maintain continuously in effect personal liability insurance covering the Leased Land and Home in the amount of not less than one million dollars (\$1,000,000) for injury or death to persons or property damage to

property of others. Homeowner shall name KHHT as an additional Insured on said personal liability policy.

Homeowner shall provide KHHT with copies of all policies and renewals of policies. All policies shall also contain endorsements providing that they shall not be cancelled, reduced in amount or coverage, or otherwise modified by the insurance carrier involved without at least thirty (30) days' prior written notice to Homeowner. KHHT shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance.

In the event that the Homeowner fails to maintain the aforesaid insurance or allows it to lapse, KHHT2 may, within the 30-day notice period, reinstate the insurance and assess the cost thereof to the delinquent Homeowner. Thereafter, KHHT2 may require said Homeowner to pay the insurance premium to KHHT2 in escrow in monthly payments due on the first day of each month. KHHT2 shall then pay the annual insurance premium when due.

9.5 DAMAGE OR DESTRUCTION: Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to ensure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to ensure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner, using reasonable judgment and relying on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and restoration (provided Homeowner has fulfilled all the insurance requirements set forth in section 9.4 above) and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify KHHT of this problem and KHHT may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and KHHT.

If Homeowner and KHHT cannot agree on a way to restore the Home in the absence of adequate insurance proceeds, then Homeowner may give KHHT written notice of intent to terminate the Lease. The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows. FIRST, to the expenses of their collection; SECOND, to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s); THIRD, the expenses of enclosing or razing the remains of the Home and clearing debris; FOURTH,

to KHHT for any amounts owed under this Lease; FIFTH to the Homeowner, up to an amount equal to the Maximum Resale Price as to the day prior to the loss, less any amounts paid with respect to the second, third and fourth clauses above, SIXTH, the balance, if any to KHHT.

9.6 EMINENT DOMAIN AND PUBLIC DEDICATION: In the event of a taking of the Leased Land, either in its entirety or to such extent that the Home is lost or damaged beyond repair, by reason of eminent domain or other action of public authority prior to the expiration of this Lease, this Lease shall terminate as of the date Homeowner is required to give up possession of the Leased Land and Home, and the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or substantial reduction in the usefulness or desirability of the Home for residential purposes, then any monetary compensation for such taking shall be allocated entirely to KHHT.

In the event of a taking of a portion of the Leased Land that results in damage to the Home, only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, KHHT may, in its sole discretion, allocate some or all the monetary compensation to enable Homeowner to accomplish such a restoration and such compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.

Any and all proceedings brought by a party in connection with any damages as a result of any taking referred to in this Section shall be conducted at the sole expense of such party. If any provision of law requires that such proceedings be brought by or in the name of any owner or Homeowner of the premises, such party shall join in such proceedings or permit the same to be brought in its name. Each party agrees to do all acts and to execute all documents that may be required to enable the other to maintain such proceedings. If the party required to join in the proceedings incurs any cost or expense in doing so, such party shall be entitled to reasonable reimbursement and this entitlement shall constitute a first charge against any award.

9.7 REASSESSMENT OF RENTAL VALUE: In the event of any taking that reduces the size of the Leased Land but does not result in the termination of this Lease, KHHT shall reassess the fair rental value of the remaining Leased Land and shall adjust the Lease Fee if necessary to ensure that the monthly fee does not exceed the monthly fair rental value of the Land for use as restricted by this Lease.

9.8 RELOCATION OF HOMEOWNER: In the event of a termination of this Lease as a result of damage, destruction, or taking, KHHT may, but shall not be obligated to, grant Homeowner a leasehold interest similar to the interest created by this Lease in another tract that it owns if such other tract can reasonably be made available. In accepting such

a leasehold interest, Homeowner agrees to contribute any proceeds or award received by Homeowner to purchase or develop the Home on such tract. KHHT's inability or failure to supply such a leasehold interest shall not give rise to any cause of action by Homeowner against KHHT.

#### ARTICLE 10: SALE, TRANSFER, OR DISPOSITION OF THE HOME

10.1 INTENT: Homeowner and KHHT agree that the provisions of this Article 10 are intended to preserve the affordability of the Home for lower-income households and expand access to homeownership opportunities for such households.

10.2 TRANSFERS TO INCOME-QUALIFIED PERSONS: Homeowner may sell, transfer, or otherwise dispose of its interest in the Leased Land and Home only to KHHT or an Income-Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such sales, transfers, and other dispositions shall be subject to the price limitations set forth herein, including, without limitation, those set forth in Article 11, and to KHHT's review and purchase option rights, as hereinafter set forth in this Article 10. Any purported sale, transfer, or other disposition made without following the procedures set forth below or in violation of such price limitations shall be null and void.

"Income-Qualified Person" shall mean a person or group of persons where the total household income does not exceed 80% of the median household income for the portion of York County (Maine) including the Town of Kennebunkport as calculated and adjusted for the household size from time to time as published by the U.S. Department of Housing and Urban Development; provided that, should the sale or transfer be occurring within nine (9) years of the Homeowner's purchase, the income of the purchaser may not exceed the then current income under the Maine Housing First Home Loan Program as adjusted for household size..

The Purchaser of the Home must also have the intent of occupying the Home for twelve (12) months of each year of this Lease and the ability to qualify for conventional financing from a bank, credit union or other lending institution.

10.3 TRANSFER UPON DEATH. Upon receipt of notice from the personal representative of the decedent Homeowner's estate given within ninety (90) days of the death of Homeowner (or the last surviving co-owner of the Home), KHHT may consent, in its sole discretion, to the transfer of the Home and the Homeowner's right to the Leased Land to the then qualified occupant of the Home. If such a person does not exist, then KHHT shall offer the Home to the next qualified applicant on the KHHT applicant list.

10.4 HOMEOWNER'S NOTICE OF INTENT TO SELL: In the event that Homeowner wishes a sale, transfer, or other disposition of the Home to a third party, Homeowner shall give written notice to KHHT of such wish (the "Intent-to-Sell Notice"). Such

Intent-to-Sell Notice shall include a statement as to whether Homeowner wishes to recommend a prospective buyer as of the date of the Notice.

10.5 KHHT'S PURCHASE OPTION: Upon receipt of an Intent-to-Sell Notice from Homeowner, KHHT shall have the option to purchase the Home (the "Purchase Option") at the Maximum Resale Price calculated as set forth below.

The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Income-Qualified Persons while fairly accounting for any investment by Homeowner.

If KHHT elects to purchase the Home, KHHT shall exercise the Purchase Option by giving written notice to Homeowner of such election (the "Notice of Exercise of Option") within forty five (45) days of the receipt of the Intent-to-Sell Notice or forty five (45) days following KHHT's receipt of an appraisal carried out in accordance with section 10.9 herein, whichever shall be the later to occur, or the Purchase Option shall expire. Having given such notice, KHHT may either proceed to exercise the Purchase Option directly by purchasing the Home or may assign the Purchase Option to an Income-Qualified Person.

KHHT shall have a period of up to ninety (90) days following its Notice of Exercise of Option in which to market the Home. The purchase by KHHT or KHHT's assignee must be completed within one hundred fifty (150) days of KHHT's Notice of Exercise of Option or Homeowner may sell the Home as provided in Section 10.6 below. The time permitted for the completion of the purchase may be extended by mutual agreement of KHHT and Homeowner.

Homeowner may recommend to KHHT a prospective buyer who is an Income-Qualified Person and is prepared to submit Letters of Stipulation and Acknowledgment indicating informed acceptance of the terms of this Lease. KHHT may, but shall not be obligated to, accept, in its sole discretion, such recommendation from Homeowner.

10.6 IF PURCHASE OPTION EXPIRES: If the Purchase Option has expired or if KHHT has failed to complete the purchase within the 150-day period allowed by Section 10.5 above, Homeowner may sell the Home to any Income-Qualified Person for not more than the then applicable Maximum Resale Price. If, twelve (12) months after the expiration of the Purchase Option or the expiration of said 150-day period, the Home has not been sold, Homeowner may sell the Home and this Lease for not more than the then applicable Maximum Resale Price to any party regardless of whether that party is an Income-Qualified Person.

10.7 KHHT'S POWER OF ATTORNEY TO CONDUCT SALE: In the event KHHT does not exercise its Purchase Option and complete the purchase of the Home as set forth above, and Homeowner (a) is not then residing in the Home and (b) continues to hold the



Home out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year of the giving of the Intent-to-Sell Notice, Homeowner does hereby appoint KHHT its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the goals set forth in this Lease, sell the Home, and distribute the proceeds of sale minus KHHT's costs of sale and reletting and any other sums owed KHHT by Homeowner. KHHT may sell the Home to a non-Income Qualified Person if such a sale is commercially reasonable based upon market conditions then existing.

10.8 PURCHASE OPTION PRICE: In no event may the Home be sold for a price that exceeds the Maximum Resale Price. The Maximum Resale Price shall be equal to the lesser of (a) the value of the Home as determined by the Appraisal commissioned and conducted at the discretion of KHHT as provided in Section 10.9 below or (b) the price calculated in accordance with the Maximum Resale Price formula described below.

10.9 APPRAISAL: No later than ten (10) days after KHHT's receipt of Homeowner's Intent-to-Sell Notice, a market valuation of the Leased Land and the Home (the "Appraisal") may be commissioned at the sole discretion of KHHT, to be performed by a duly licensed appraiser selected by KHHT in its sole discretion. Said appraiser shall be experienced in the valuation of properties with similar ownership and lease situations. KHHT shall commission and pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties, taking into consideration the restrictions of this Lease on the use of the Land and the sale of the Home. The Appraisal shall state the values contributed by the Land and by the Home as separate amounts. Copies of the Appraisal must be provided to both KHHT and Homeowner.

10.10 CALCULATION OF MAXIMUM RESALE PRICE:

1. Enter the original purchase price paid by the Homeowner to KHHT Line 1
2. Enter the Compound Annual Change in the Personal Income Growth Factor for the State of Maine (<https://www.maine.gov/dafs/economist/annual-income-growth-factor>) for the period that the Leased Land was leased by the Homeowner on Line 2 (based on HUD Income Limits). Line 2
3. Multiply Line 1 by Line 2 and enter it on Line 3. Line 3
4. Enter the value of the Qualified Improvements. Line 4
5. Enter the compound annual change in State of Maine median wage multiplier since completing the Qualified Improvements. Line 5

6. Multiply Line 4 by Line 5 and enter it on Line 6. Line 6

7. Add Line 3 and Line 6 and enter the sum on Line 7. Line 7

8. Enter the Appraised Value of the Home on Line 8. Line 8

Note: An appraisal is done at the option of either KHHT or Homeowner. It is not required of either party. If no appraisal is done, enter "No Appraisal" on Line 8.

9. If Line 8 is less than or equal to Line 7, enter the Line 8 amount on Line 9. If Line 8 is more than Line 7, enter the Line 7 amount on Line 9.

This amount on Line 9 is the Maximum Resale Price.

Maximum Resale Price Formula determines the maximum price for which a home can be sold and is NOT a guarantee of expected sale price. The Homeowner and KHHT2 may at any time mutually agree to accept an offer that is less than the Maximum Resale Price.

10.11 NEW LEASE: An Income-Qualified Person who purchases the Home in accordance with the provisions of this Article 10 shall enter into a new Lease from KHHT, which new Lease shall be substantially the same as this Lease in the rights, benefits and obligations assigned to Homeowner and KHHT.

10.12 DEFERRED MAINTENANCE AND CONDITION OF HOME AT TIME OF SALE: It is expected and understood that Homeowner maintain the Home in good, safe, and habitable condition (as outlined in Sections 4.2 and 7.5) throughout the term of this Lease. At the time of sale, Homeowner agrees to sell the Home in good, safe, and habitable condition.

KHHT shall use the mortgage lender's requirements for the buyer of Homeowner's interest ("Buyer") as the basis for identifying deferred maintenance problems, if any, that must be corrected prior to the sale of the Home. Homeowner shall complete, or cause to be completed, all required repairs identified by the mortgage lender's requirements. All work must be completed in a professional and workmanlike manner and prior to closing. Homeowner shall bear the full cost of said repairs. All costs that cannot be paid in advance by Homeowner shall be paid from Homeowner's proceeds at closing.

10.13 MONITORING FEE: KHHT shall be entitled to a fee of one-half of one percent (0.5%) of the established sale price of the Homeowner's ownership interests for the services performed monitoring the resale and transfer of this Lease. This fee shall be paid half by Homeowner and half by the Buyer as a closing cost at the time of closing.

ARTICLE 11: ASSIGNMENT AND SUBLEASE

Except as otherwise provided in Article 8 (including Exhibit F) and Article 10, Homeowner shall not assign, sublease, sell, or otherwise transfer or convey any of Homeowner's rights pursuant to this Lease without the prior written consent of KHHT. Homeowner agrees that KHHT shall have broad and full discretion to withhold such consent in order to further the mutual purposes and goals set forth herein. If permission is granted, any assignment or sublease or other transfer shall be subject to the following conditions.

1. Any such assignment or sublease shall be subject to all the terms of this Lease, including, without limitation, all prohibitions, restrictions, and other provisions applicable to the sale, assignment, sublease, or other transfer of the Home or this Lease as provided herein.

2. In the event of a sublease, the Leased Land and Home shall not be leased or subleased to any third party who is not qualified by KHHT or KHHT's agent for affordable housing, as defined in Section 10.2. The rental or occupancy fee charged to the sub-lessee shall not be more than that amount charged to Homeowner by KHHT, plus an amount approved by KHHT to cover cost to Homeowner for the Improvements. All rents, profits, or proceeds from such transaction which exceed the carrying costs of the Home as determined by KHHT in its sole and absolute discretion shall be paid to and be the property of KHHT.

In the event of an assignment, the total consideration for such assignment and the related sale or transfer of the Home shall not exceed the Maximum Resale Price as calculated in accordance with Article 10 above.

## ARTICLE 12: DEFAULT

12.1 MONETARY DEFAULT BY HOMEOWNER: It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after KHHT gives notice of such failure to Homeowner and Permitted Mortgagee. However, if Homeowner shall make a good faith partial payment of at least two thirds (2/3) of the amount owed during such initial 30-day period, then such period shall be extended one additional 30-day period. The full amount of the delinquent Lease Fee or other charges must be paid at the end of this additional period.

12.2 NONMONETARY DEFAULT BY HOMEOWNER: It shall be an event of default if Homeowner fails to abide by any other material term or condition in this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after KHHT gives notice of such failure to Homeowner and Permitted Mortgagee. However, in the case where Homeowner or Permitted Mortgagee has commenced to cure such default within such 60-day

period and is continuing such cure with all due diligence but cannot by the exercise of due diligence cure such default within such period, the 60-day period shall be extended as may be reasonably required under the circumstances to cure the default.

**12.3 DEFAULT BY HOMEOWNER RESULTING FROM JUDICIAL PROCESS:** It shall be an event of default if the estate hereby created is taken on execution or by other process of law; if Homeowner is judicially declared bankrupt or insolvent according to law; if any assignment is made of the property of Homeowner for the benefit of creditors; if a receiver, trustee in involuntary bankruptcy, or other similar officer is appointed to take charge of any substantial part of Homeowner's property by a court of competent jurisdiction; if a petition is filed for the reorganization of Homeowner pursuant to any provisions of the Bankruptcy Act now or hereafter enacted; or if Homeowner files a petition for such reorganization or for arrangements pursuant to any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy, or extend the time for payment of debts. Rights exercised by a Permitted Mortgagee shall not constitute a default pursuant to this Section 12.3.

**12.4 TERMINATION:** In the case of any of the events of default described above, KHHT may terminate this lease and initiate summary proceedings against Homeowner pursuant to 14 MRSA Section 6002, and KHHT shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, KHHT shall have such additional rights and remedies to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by KHHT pursuant to an Event of Default, then, as provided in Section 7.6 above, upon thus assuming title to the Home, KHHT shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Article 10 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the KHHT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by KHHT in pursuit of its remedies under this Lease.

If KHHT elects to terminate this Lease, a Permitted Mortgagee shall have the right (subject to Article 8 above) to reinstate this Lease to the maximum extent necessary to enable that Permitted Mortgagee to exercise any or all of its rights pursuant to its mortgage.

**12.5 DEFAULT BY KHHT:** KHHT shall in no event be in default in the performance of any of its obligations pursuant to this Lease unless and until KHHT has failed to perform such obligations within sixty (60) days after Homeowner has given notice to KHHT properly specifying KHHT's failure to perform any such obligation or such additional time as is reasonably required to correct any default.

#### **ARTICLE 13: DISPUTE RESOLUTION PROCESS**

Any controversy or claim between KHHT and Homeowner arising out of or relating to this Lease or the breach thereof (hereinafter a "Dispute") shall be resolved as follows:

**13.1 SMALL CLAIMS COURT:** Disputes that fall within the jurisdiction of Maine’s small claims courts shall be brought only in the District Court in York County. The parties are encouraged to seek mediation through the small claims court if mediation is offered to them.

**13.2 SUMMARY PROCESS:** Notwithstanding the provisions of Sections 13.1 and 13.3 herein, if KHHT claims a right of possession of the Leased Land, KHHT may elect to bring an action for forcible entry and detainer pursuant to 14 M.R.S. § 6002 in any court of competent jurisdiction.

**13.3 ARBITRATION:**

Disputes that are not submitted to small claims pursuant to Section 13.1 above and are not brought pursuant to a forcible entry and detainer action shall be settled by final and binding arbitration pursuant to the Maine Uniform Arbitration Act, 14 MRSA Section 5927 et seq., as the same may be amended from time to time. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

The parties shall select and appoint an Arbitrator by agreement. If they cannot agree on the appointment of an Arbitrator, then each party shall select an arbitrator; and those two arbitrators shall select a third arbitrator, who shall be the Arbitrator for the purposes hereunder.

Notice of the demand for arbitration shall be filed in writing with the other party and, after appointment, with the Arbitrator. The demand for arbitration shall be made within a reasonable time after a claim, dispute or other matter in question has arisen, and in no event shall be made after the date when institution of legal proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations or other principal of law and equity, but, notwithstanding the foregoing, in no event shall any demand for arbitration be made later than one (1) year after the claim or dispute arises.

As part of the arbitration award, legal costs, attorneys' fees, expert witness fees and any other cost or expense, including the expense of the Arbitrator, may, in the discretion of the Arbitrator, be awarded against either party. If the award of fees, costs and expenses is not made by the Arbitrator, all of the costs, fees and expenses shall be shared equally by the parties.

**ARTICLE 14: GENERAL PROVISIONS**

**14.1 NOTICES:** Except as provided in Section 12.4 herein for notice of termination of this Lease, notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by written notice. If to

KHHT: Kennebunkport Heritage Housing Trust, P.O. Box 333 Kennebunkport, ME 04046.

If to Homeowner:

Homeowner) with a copy to:  
(Homeowner’s attorney)

(name of

Except as provided in Section 12.4 herein, all notices, demands, and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

14.2 NO BROKERAGE: Homeowner warrants that it has not dealt with any broker in connection with the consummation of this Lease, and in the event any claim is made against KHHT relative to dealings with brokers, Homeowner shall defend the claim against KHHT with counsel of KHHT's selection and indemnify and hold harmless KHHT on account of loss, cost, or damage which may arise by reason of any such claim.

14.3 SEVERABILITY AND DURATION OF: If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or KHHT against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. Without limiting the generality of the foregoing, it is the intention of the parties that their respective options to purchase and all other rights pursuant to this Lease shall continue in effect for the full term of this Lease and any renewal thereof, and such options and other rights shall be considered to be coupled with an interest. In the event any such option or right shall be construed to be subject to any rule of law limiting the duration of such option or right, the time period for the exercising of such option or right shall be construed to expire not later than twenty one (21) years after the death of the last survivor of the children living as of the date hereof of any of the directors or employees of KHHT.

14.4 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION: If the provisions of the purchase option set forth in Article 10 of this Lease shall become unenforceable for any reason other than termination following the exercise of rights of a Permitted Mortgagee pursuant to its mortgage, KHHT shall nevertheless have a right of first refusal to purchase the Home. This right shall be as specified in the attached Exhibit D. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

14.5 WAIVER: The waiver by KHHT at any given time of any term or condition of this Lease or the failure of KHHT to take action with respect to any breach of any such term or condition shall not be deemed to be a waiver of such term or condition with regard to any subsequent breach of such term or condition or of any other term or condition of this Lease. KHHT may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by KHHT before being effective.

The subsequent acceptance of the Lease Fee payments by KHHT shall not be deemed to be a waiver of any preceding breach by Homeowner of any term or condition of this Lease, other than the failure of Homeowner to pay the particular Lease Fee so accepted, regardless of KHHT's knowledge of such preceding breach at the time of acceptance of such Ground Lease Fee payment.

14.6 KHHT'S RIGHT TO PROSECUTE OR DEFEND: KHHT shall have the right, but shall be under no obligation, to prosecute or defend, in its own or Homeowner's name, any actions or proceedings appropriate to the protection of its title to and Homeowner's interest in the Leased Land. Whenever requested by KHHT, Homeowner shall give KHHT all reasonable aid in any such action or proceeding.

14.7 CONSTRUCTION: Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand.

14.8 HEADINGS AND TABLE OF CONTENTS: The captions and table of contents appearing in this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms or conditions of this Lease.

14.9 PARTIES BOUND: This Lease sets forth the entire agreement between KHHT and Homeowner with respect to the subject matter herein; it is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Lease, their respective successors in interest. This Lease may be altered or amended only by written notice executed by KHHT and Homeowner or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

14.10 GOVERNING LAW: This Lease shall be interpreted in accordance with and governed by the laws of Maine. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against KHHT or Homeowner.

14.12 RECORDING: The parties agree that a Memorandum of Lease and a Certificate of Personalty shall be recorded at the York County Registry of Deeds as shown in Exhibit H and Exhibit G attached hereto.

14.13 HOMEOWNERS: Notwithstanding anything herein to the contrary, Homeowner shall at all times be one or more natural persons and any transfer by Homeowner of its interest hereunder to a corporation, trust, partnership, or any other entity in violation of the foregoing prohibition shall be deemed null and void.

*[signatures on following page]*

IN WITNESS WHEREOF, the parties have executed this as of the day and year first above written.

KENNEBUNKPORT HERITAGE HOUSING TRUST

By:  
Witness

, its  
, Duly authorized

HOMEOWNER

Witness

STATE OF MAINE

20

York County

Personally appeared before me the above named \_\_\_\_\_,  
of Kennebunkport Heritage Housing Trust, and acknowledged the  
foregoing instrument to be his/her free act and deed in his/her said capacity and the  
free act and deed of said corporation.

Notary Public/ Maine Attorney at Law

Print or type name as signed

STATE OF MAINE

, 20\_\_

County

Personally appeared before me the above named \_\_\_\_\_ and acknowledged the  
foregoing instrument to be his/her free act and deed.



Notary Public/ Maine Attorney at Law

Print or type name as signed

EXHIBIT A

Letter of Stipulation of Homeowner

To: Kennebunkport Heritage Housing Trust ( "KHHT" )

Date: \_\_\_\_\_, 20\_\_\_\_

This letter is given to KHHT to become an exhibit to a Lease between KHHT and me. I will be leasing a parcel of land from KHHT and will be buying the home that sits on that parcel of land. I will therefore become what is described here as an "KHHT homeowner."

I understand that the terms and conditions of this Lease and other legal documents will affect my rights as an KHHT homeowner, now and in the future. I HAVE BEEN ADVISED THAT I SHOULD CONSULT AN ATTORNEY TO EXPLAIN MY RIGHTS AND OBLIGATIONS PURSUANT TO THESE DOCUMENTS.

In particular, I understand and agree with the following points.

One of the goals of KHHT is to keep KHHT homes affordable for middle-income households from one KHHT homeowner to the next. I support this goal as an KHHT homeowner.

The terms and conditions of my Lease will keep my home affordable for future "Income-Qualified Persons" (as defined in the lease). If and when I want to sell my home, the lease requires that I sell it either to KHHT or to another Income-Qualified Person. The terms and conditions of the lease also limit the price for which I can sell the home in order to keep it affordable for such Income-Qualified Persons.

It is also a goal of KHHT to promote resident ownership of KHHT homes. For this reason, my Lease requires that if I and my family move out of our home permanently, we must sell it. We may not be absentee owners.

As an KHHT homeowner, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to me and others.

Sincerely,

## EXHIBIT B

### Exhibit B: PERMITTED MORTGAGES

The rights and provisions set forth in this Exhibit shall be understood to be provisions of Section 8.1 of the Lease. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

**A. OBLIGATIONS OF PERMITTED MORTGAGEE.** Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and KHHT to modify the terms of the Lease during the term of the Permitted Mortgage.

1. If Permitted Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Mortgage, the Permitted Mortgagee shall, at the same time, send a copy of that notice to KHHT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), KHHT shall have the right to cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Permitted Mortgagee.
2. If, after the cure period has expired, the Permitted Mortgagee intends to accelerate the note secured by the Permitted Mortgage or begin foreclosure proceedings under the Permitted Mortgage, the Permitted Mortgagee shall first notify KHHT of its intention to do so, and KHHT shall then have the right, upon notifying the Permitted Mortgagee within thirty (30) days of receipt of such notice, to acquire the Permitted Mortgage by paying off the debt secured by the Permitted Mortgage.
3. If the Permitted Mortgagee acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Mortgagee shall give KHHT written notice of such acquisition and KHHT shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, KHHT must give written notice to the Permitted Mortgagee of KHHT's intent to purchase the Home within thirty (30) days following KHHT's receipt of the Permitted Mortgagee's notice. KHHT must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If KHHT does not complete the purchase within this 60-day period, the Permitted Mortgagee shall be free to sell the Home to another person.
4. Nothing in the Permitted Mortgage or related documents shall be construed as giving Permitted Mortgagee a claim on KHHT's interest in the Leased Land, or as assigning any form of liability to KHHT with regard to the Leased Land, the Home, or the Permitted Mortgage.
5. Nothing in the Permitted Mortgage or related documents shall be construed as rendering KHHT or any subsequent Mortgagee of KHHT's interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.
6. The Permitted Mortgagee shall not look to KHHT or KHHT's interest in the Leased Land, but will look solely to Homeowner, Homeowner's interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that KHHT's consent to such the Permitted Mortgage shall be without any liability on the part of KHHT for any deficiency judgment.)
7. In the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Mortgagee in accordance with the provisions of ARTICLE 9 hereof.

8. KHHT shall not be obligated to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

**B. RIGHTS OF PERMITTED MORTGAGEE.** The rights of a Permitted Mortgagee shall be as set forth below.

1. Any Permitted Mortgagee shall, without further consent by KHHT, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.

2. A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.

3. In the event that title to the estates of both KHHT and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Security or in a Permitted Mortgage.

4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, KHHT shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to KHHT's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to KHHT for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or the party designated by the Permitted Mortgagee to be the Homeowner thereunder. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as the Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by KHHT, Homeowner and the Permitted Mortgagee.

5. KHHT shall have no right to terminate the Lease during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.

6. In the event that KHHT sends a notice of default under the Lease to Homeowner, KHHT shall also send a notice of Homeowner's default to Permitted Mortgagee. Such notice shall be given in the manner set forth in Section 14.2 of the Lease to the Permitted Mortgagee at the address which has been given by the Permitted Mortgagee to KHHT by a written notice to KHHT sent in the manner set forth in said Section 14.2 of the Lease.

7. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.

8. Before becoming effective, any amendments to this Lease must be approved in writing by Permitted Mortgagee, which approval shall not be unreasonably withheld. If Permitted Mortgagee has neither approved nor rejected a

proposed amendment within 60 days of its submission to Permitted Mortgagee, then the proposed amendment shall be deemed to be approved.

**C. STANDARD PERMITTED MORTGAGE AGREEMENT.** A Standard Permitted Mortgage Agreement shall be written as follows, and shall be signed by Mortgagee and Homeowner.

*This Agreement is made by and among:*

\_\_\_\_\_ (Mortgagee) and  
\_\_\_\_\_ (“Homeowner”),

**Whereas:**

a) Kennebunkport Heritage Housing Trust 2 (“KHHT”) and Homeowner have entered, or are entering, into a ground lease (“the Lease”), conveying to Homeowner a leasehold interest in the Land located at \_\_\_\_\_ (“the Leased Land”); and Homeowner has purchased, or is purchasing, the Home located on the Leased Land (“the Home”).

b) The Mortgagee has been asked to provide certain financing to the Homeowner, and is being granted concurrently herewith a mortgage and security interest (the “Mortgage”) in the Leased Land and Home, all as more particularly set forth in the Mortgage, attached hereto as Schedule A.

c) The Ground Lease states that the Homeowner may mortgage the Leased Land only with the written consent of KHHT. The Ground Lease further provides that KHHT is required to give such consent only if the Mortgagee signs this Standard Permitted Mortgage Agreement and thereby agrees to certain conditions that are stipulated herein (“the Stipulated Conditions”).

**Now, therefore,** the Homeowner/Mortgagor and the Mortgagee hereby agree that the terms and conditions of the Mortgage shall include the Stipulated Conditions stated below.

**Stipulated Conditions:**

1) If Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Mortgage, the Mortgagee shall, at the same time, send a copy of that notice to KHHT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the “cure period”), KHHT shall have the right to cure the default on the Homeowner’s behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Mortgagee.

2) If, after such cure period, the Mortgagee intends to accelerate the note secured by the Mortgage or initiate foreclosure proceedings under the Mortgage, in accordance with the provisions of the Lease, the Mortgagee shall first notify KHHT of its intention to do so and KHHT shall have the right, but not the obligation, upon notifying the Mortgagee within thirty (30) days of receipt of said notice, to purchase the Mortgagee loans and to take assignment of the Mortgage.

3) If the Mortgagee acquires title to the Home and Homeowner’s interest in the Leased Land through foreclosure or acceptance of a deed in lieu of foreclosure, the Mortgagee shall give KHHT written notice of such acquisition and KHHT shall have an option to purchase the Home and Homeowner’s interest in the Leased Land from the Mortgagee for the full amount owing to the Mortgagee; provided, however, that KHHT notifies the Mortgagee in writing of KHHT’s intent to make such purchase within thirty (30) days following KHHT’s receipt of the Mortgagee’s notice of such acquisition of the Home and Homeowner’s interest in the Leased Land; further provided that KHHT shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if KHHT does not complete the purchase within such period, the Mortgagee shall be free to sell the Home and Homeowner’s interest in the Leased Land to another person;

4) Nothing in the Mortgage or related documents shall be construed as giving the Mortgagee a claim on KHHT’s interest in the Leased Land, or as assigning any form of liability to KHHT with regard to the Leased Land, the Home, or the Mortgage.

5) Nothing in the Mortgage shall be construed as rendering KHHT or any subsequent holder of KHHT's interest in and to the Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Mortgage or any part thereof.

6) The Mortgagee shall not look to KHHT or KHHT's interest in the Leased Land, but will look solely to Homeowner and Homeowner's interest in the Leased Land and the Home for the payment of the debt secured by the Mortgage. (It is the intention of the parties hereto that KHHT's consent to the Mortgage shall be without any liability on the part of KHHT for any deficiency judgment.)

7) In the event that any part of the Leased Land is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Mortgagee in accordance with the provisions of Article 9 of the Lease.

8) Nothing in the Mortgage shall obligate KHHT to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

By:

\_\_\_\_\_ for Mortgagee Date: \_\_\_\_\_  
\_\_\_\_\_ for Homeowner/Mortgagor Date: \_\_\_\_\_

EXHIBIT C

Leased Premises (Legal Description of the Property)

Property Description

Leased Land Description

## EXHIBIT D First Refusal

Whenever any party pursuant to this Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale (“Offering Party”) shall within the term of this Lease receive a bona fide, third-party offer to purchase the property that such Offering Party is willing to accept, the holder of the right of first refusal (“Holder”) shall have the following rights:

a. Offering Party shall give written notice of such offer (“Notice of Offer”) to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser, and (c) all other terms and conditions of the sale. Holder shall have a period of forty five (45) days after the receipt of the Notice of Offer (“Election Period”) within which to exercise the right of first refusal by giving notice of intent to purchase the property (“Notice of Intent to Purchase”) for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.

b. If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.

c. Should Holder fail to exercise the right of first refusal within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the Lease) to go forward with the sale which the Offering Party desires to accept and to sell the property within one (1) year following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice. If the sale is not consummated within such one-year period, the Offering Party’s right so to sell shall end, and all the provisions of Articles 3, 10, and 14 of the Land Lease shall be applied again to any future offer, all as aforesaid.



EXHIBIT E Bill of Sale

## EXHIBIT F

### PROTECTIVE COVENANTS

**Section 1:** The following protective covenants shall apply to all Lots and Homes in Heritage Woods Subdivision for the benefit of all Homeowners. These covenants shall run with the land described in any deed of conveyance or land lease, and shall be binding upon all persons claiming under KHHT, as developer or otherwise, until termination by operation of law, or as hereinafter provided. The covenants and restrictions set forth herein be referenced in any future bills of sales of Homes and leases of Lots in Heritage Woods Subdivision. Reference is hereby made to the subdivision plan entitled \_\_\_\_\_ prepared by Sebago Technics Inc., dated \_\_\_\_\_ and recorded in the York County Registry of Deeds in Plan Book \_\_\_\_\_, Page \_\_\_\_ (the "Plan").

**Section 2:** All drainage easements shown on the Plan shall be kept clear and clean of any trash, yard refuge, clippings or fill. The areas over which the drainage easements lie must not be altered and shall be left in such a condition as to facilitate natural drainage.

**Section 3:** Nothing shall be done or kept in any Home or in the common areas which will increase the rate of insurance for the Lot or Home or any part thereof applicable for normal use without the prior written consent of KHHT. No Homeowner shall permit anything to be done or kept in his/her Home or in the common areas which will result in the cancellation of insurance on the Lot or Home or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the common areas.

**Section 4:** KHHT recognizes that lawn and ornamental shrub care is a prominent and important part of the home landscaping, and that the location of this subdivision requires special attention to the environment and surrounding wetlands. Accordingly, the following practices and guidelines shall be incorporated into any contract that KHHT or any Homeowner may enter into regarding lawn, ornamental shrub and tree care, and that any Homeowner providing his or her own lawncare must follow:

- (a) When establishing new lawns, select a topsoil such that its depth, soil texture and percent organic matter are effective in absorbing fertilizers and pesticides. A soils test is suggested to determine lime and fertilizer requirements. All lawn establishments shall be in accordance with the State of Maine Department of Environmental Protection "Best Management Practices for the Application of Turf Pesticides and Fertilizers," as the same may be amended from time to time.
- (b) Calibrate fertilizer and pesticide equipment in order to assure the desired application rate is being applied.

- (c) Maintain soil conditions such as adequate drainage and aeration which favor microorganism activity since they are important for decomposing pesticides in the soil.
- (d) Reduce the need of pesticides by following recommended horticultural practices such as proper mowing and watering which maintain a dense vigorous lawn.
- (e) Use minimum dosage of pesticides to achieve adequate pest control. Read and follow the instruction on the label.
- (f) Select pesticides and fertilizers that are resistant to leaching. When possible, use fertilizers that have a "slow release" or less soluble sources of nitrogen.
- (g) To avoid runoff and leaching, do not apply pesticides just prior to heavy rainfall. Do not spray on windy days.
- (h) When applicable, apply fertilizers and pesticides during periods of active turf growth for improved uptake by the plant.
- (i) Neither KHHT nor any Homeowner may use, or cause to be used, anywhere on the property non-organic fertilizers, pesticides or herbicides, unless there is no reasonable alternative to the use of such non-organic product (and provided further that no Homeowner may use any such non-organic product without the approval of KHHT).

**Section 5:** Each lot shall be used for residential purposes in accordance with the Town of Kennebunkport land use ordinance. Home occupations may be allowed in accordance with the local rules, laws, and provisions. No lot may be subdivided. In any event, no buildings or additions shall be erected, placed or allowed to stand on any lot in the subdivision unless and until the plans, specifications and locations thereof have been approved in writing by KHHT.

**Section 6:** No unregistered automobiles, trucks, motorcycles, motor homes or travel trailers, snowmobiles or boats or other similar motorized vehicles shall be stored on the premises without approval of KHHT. All motor vehicles must be moved (day or night) during snow removal operations so as not to interfere with plowing.

**Section 7:** All construction on buildings needs written authorization from KHHT, excepting maintenance or emergency repairs done to maintain the main structure. Once construction of a building is commenced, work thereon must be completed within a reasonable time, and in any event, within one (1) year from commencement of said work. "Completion" shall include grading, loaming and seeding.

**Section 8:** The erection or use of any satellite dish over thirty-six inches (36") in diameter within the limits of said subdivision must be approved, in writing, by KHHT.

**Section 9:** The keeping of animals (other than domestic pets), poultry, swine, horses or livestock is prohibited. Dogs must be leashed or under voice command at all times while on the

Property, except while on the Homeowner's property. It is the Homeowner's responsibility to ensure the dog remains within the perimeter of the Homeowner's Lot when not leashed. No dog shall be left on a tether at any time. Dog owners or caretakers are required to remove pet feces when their animals foul common areas and private property of other Homeowners.

**Section 10:** Any use of the property must be in strict conformity with the provisions of any applicable zoning law, ordinance or regulation.

**Section 11:** No temporary structures shall be built upon the land without the written authorization of KHHT.

**Section 12:** All maintenance and use by Homeowners of gardens, decks, balconies, lights and other facilities shall be done so as to preserve the appearance and character of the same and of the property without modification. Fences will be allowed when constructed to preserve the appearance and character of the architectural elements of the Homes and neighborhoods. Proper fence setbacks should be obeyed as well as fence etiquette in construction.

**Section 13:** A Homeowner may not cut down, remove or substantially trim any trees on the Homeowner's Lot without the prior written consent of KHHT.

**Section 14:** KHHT shall have control over the common areas and its Directors shall enforce the aforementioned and following covenants, which shall be deemed to run with the land and is binding on all Homeowners:

A. KHHT shall arrange and provide for the proper maintenance of the roads within Heritage Woods.

B. KHHT shall prohibit any use of the property designated "Drainage Easement" on the plan for any purpose other than as a natural drainage swale, and shall arrange and provide for maintenance of said easements so that they continue to perform the function for which they are intended, but none other, including periodic cleaning, if necessary. Nothing contained herein shall allow the KHHT to enter upon said easement area for the purpose of cutting or removing any natural vegetation unless absolutely essential to the proper operation of said easement.

D. KHHT shall retain the sole right and power to grant any and all necessary easements over common areas to public utility authorities to carry out its obligations hereunder, either for installation or repair of same.

E. In addition to any other remedies provided for KHHT herein, upon the apparent breach of Protective Covenants by any Homeowner, the Directors, on behalf of KHHT, shall notify said Homeowner(s) by certified mail of such breach, and include a reasonable description of the actions necessary to correct or cure such breach. If said Homeowner (s) does not take corrective action within seven (7) days from receipt of said notice, or object to the proposed action to be taken within said time period, the Directors shall, without further notice, be entitled to take such action as set forth in the Notice and to surcharge as a special assessment to said Homeowner

(s) solely for all necessary and incidental expenses, including attorney's fees incurred in taking such corrective action. For this purpose, KHHT or any agent thereof shall and by these presents, does have the right to enter upon land of any such breaching Homeowner to clean all drainage easements of all debris, to clean and maintain the culverts required by said Covenant, or to remove drainage water in accordance with the Plan, and to ensure compliance with any other applicable covenant, restriction or condition.

**Section 15:** Enforcement shall be by KHHT as Plaintiff in a proper case, or by any Homeowner by proceeding at law or in equity against any persons violating, or attempting to violate, any covenants, restrictions or conditions, either to restrain violation or to recover damages, or both, in the sole discretion of the party so proceeding. Any party successfully enforcing any of these covenants shall be entitled to recover against the party violating such covenants, as a monetary award, for the reasonable attorney's fees and costs incurred in such enforcement proceedings.

EXHIBIT G Certificate of Personalty

This Certificate of Personalty is made by and between Kennebunkport Heritage Housing Trust (“KHHT”), having a mailing address of P.O. Box 333, Kennebunkport, ME 04046 (hereinafter “Land Owner”), and \_\_\_\_\_, with a mailing address of \_\_\_\_\_, (hereinafter “Building Owner”).

Land Owner is the owner of certain real estate situated in Kennebunkport, York County, Maine, more particularly described in deed from \_\_\_\_\_ to \_\_\_\_\_, dated \_\_\_\_\_ and recorded in the York County Registry of Deeds in Book \_\_\_\_\_, Page \_\_\_\_\_, the description therein being incorporated herein by reference (the “Real Property”).

It is the intent and agreement of Land Owner and Building Owner that the structure located upon the Real Property, together with associated improvements and fixtures related to the \_\_\_\_\_ and located upon the \_\_\_\_\_ and located upon the Real \_\_\_\_\_ are and remain the Property by the \_\_\_\_\_ personal property of the Building Owner.

NOW THEREFORE, for valuable consideration, and pursuant to the provisions of Title 33 M.R.S. §455, the parties hereto agree that the aforesaid structure, together with improvements and fixtures related thereto and located on, in or over said Real Property, shall be and remain personal property of Building Owner, its successors and assigns.

IN WITNESS WHEREOF, the parties have caused this instrument to be signed and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

KENNEBUNKPORT HERITAGE HOUSING TRUST

By:  
Witness

, its  
, Duly authorized

HOMEOWNER

Witness

STATE OF MAINE

, 20\_\_\_\_\_

York County

Personally appeared before me the above named \_\_\_\_\_,  
of Kennebunkport Heritage Housing Trust, and acknowledged the  
foregoing instrument to be his/her free act and deed in his/her said capacity and the  
free act and deed of said corporation.

Notary Public/ Maine Attorney at Law

Print or type name as signed

STATE OF MAINE

, 20\_\_\_\_\_

York County

Personally appeared before me the above named \_\_\_\_\_ and acknowledged the  
foregoing instrument to be his/her free act and deed.

Notary Public/ Maine Attorney at Law

Print or type name as signed



EXHIBIT H Memorandum of Lease

Landlord (Lessor): Kennebunkport Heritage Housing Trust

P.O. Box 333

Kennebunkport, ME 04046

Tenant (Lessee):

Date of Lease: \_\_\_\_\_,  
20 \_\_\_\_\_

Term \_\_\_\_\_, 20 \_\_\_\_\_, ending  
Term \_\_\_\_\_, ending  
commencing \_\_\_\_\_,  
20 \_\_\_\_\_.

Description of Premises: A certain lot or parcel of land situated in the Town of  
Kennebunkport, more particularly bounded and described in Exhibit A attached hereto.

Dated:

KENNEBUNKPORT HERITAGE  
HOUSING TRUST

By:  
Witness

\_\_\_\_\_, its  
, Duly authorized

HOMEOWNER

Witness

STATE OF MAINE

, 20\_\_\_\_\_

York County

Personally appeared before me the above named \_\_\_\_\_ of Kennebunkport Heritage Housing Trust, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity and the free act and deed of said corporation.

Notary Public/ Maine Attorney at Law

Print or type name as signed

STATE OF MAINE

, 20\_\_\_\_\_

County

Personally appeared before me the above named \_\_\_\_\_ and acknowledged the foregoing instrument to be his/her free act and deed.

Notary Public/ Maine Attorney at Law

Print or type name as signed