



## Kennebunkport Heritage Housing Trust Land Lease & Protective Covenants Summary

The Kennebunkport Heritage Housing Trust (KHHT) has developed a Lease Agreement and Protective Covenants to ensure that Heritage Homes and neighborhoods maintain character, quality and affordability. Below is a summary of the Affordability and Ownership Covenants.

### AFFORDABILITY

The Kennebunkport Heritage Housing Trust utilizes Affordability Covenants to assure that the homes it develops remain affordable over time. These Covenants also enable homebuyers to earn some return on their investment in the property should they sell it. The following are some of the rules to which you agree:

1. **LAND LEASE:** By way of a 99-year land lease, the KHHT will lease the land on which the home is located to the Homebuyer for residential purposes.
2. **RIGHT OF FIRST REFUSAL:** The KHHT holds a Right of First Refusal that requires the homeowner, at the time of sale, to first offer to sell the property to KHHT at the Maximum Resale Price (MRP). If the KHHT declines to exercise its right of first refusal, then the homeowner may resell the home to another KHHT-qualified homebuyer at or below the MRP.
3. **MAXIMUM RESALE PRICE:** The MRP is a formula that links the property's increase in value to the change in Maine's annual income growth over the period of time that the selling party owns the property. For example, if the property is owned for 5 years and Maine's annual income growth for the State of Maine increases by 15% over the period of ownership, the base purchase price of the property is increased by that amount. Thus, a \$200,000 original purchase price would be increased to \$230,000.

The Maximum Resale Price is not the price the property must be sold for, but rather the *maximum* it can be offered for. The seller can sell the property for less than the Maximum Resale Price, but not more.

4. The Buyer must be qualified by the KHHT before the sale. KHHT reserves the right to approve any Buyer based upon its published affordability and other criteria.

## HOME OWNERSHIP

The Kennebunkport Heritage Housing Trust (KHHT) utilizes Ownership Covenants to ensure that the property retains the characteristics and usage that aligns with the goals and objectives of the Trust to maintain quality affordable housing opportunities for full time residents of Kennebunkport. The following are some of the Ownership Covenants to which you agree:

1. The Homeowner agrees to maintain the property as their legal residence, and reside in the property on a full time, 12 month a year basis. Any exceptions must be approved by KHHT in advance.
2. The Homeowner must meet income limits at the time of purchase. At time of resale KHHT reserves the right to qualify prospective buyers based upon the stated criteria of the KHHT at that time.
3. The Homeowner understands that there are nominal fees associated with leasing the land and common expenses (i.e. road maintenance and plowing).
4. Any change in financing on the property (e.g., refinancing, home equity line of credit) must be approved by KHHT in advance.
5. The Homeowner is limited to renting out one bedroom for up to two people with Kennebunkport Zoning Board of Appeals approval.
6. The Homeowner agrees to maintain adequate property insurance on the home.
7. Any alterations or improvements to the property must be in conformance with the Kennebunkport Land Use Ordinance and approved by KHHT. All required permits will be obtained from the Town of Kennebunkport by the Homeowner.
8. The Homeowner agrees to maintain the property in accordance with the subdivision restrictions.
9. KHHT reserves the right to access the home on request to ensure compliance with maintenance covenants.
10. The Homeowner agrees to follow all [Kennebunkport Zoning requirements](#) as it relates to permitted use and Town standards.

**NOTICE: IT IS STRONGLY ADVISED THAT YOU REVIEW THE LAND LEASE AGREEMENT AND OTHER DOCUMENTS WITH AN ATTORNEY SO THAT YOU ARE FULLY AWARE OF YOUR RIGHTS AND RESPONSIBILITIES UNDER THESE DOCUMENTS.**

Complete copies of the Kennebunkport Heritage Housing Trust Land Lease Agreements can be found [HERE](#) (single story) and [HERE](#) (two story).

Principal Applicant:	Date:
Co-applicant:	Date:
KHHT Representative:	Date: