



CRANBERRY ISLES REALTY TRUST HOME OWNERSHIP OPPORTUNITY

Cranberry Isles Realty Trust (CIRT) is seeking eligible applicants who are interested in applying to purchase a home for year-round occupancy located at 88 Cranberry Road, Cranberry Isles, Maine, that is currently owned by CIRT. To be eligible for this opportunity, applicants must meet CIRT's Eligibility Requirements (see Exhibit A). The asking price for the property is \$205,000.

How to Apply

1. Review CIRT's Eligibility Requirements (Exhibit A). You must meet these requirements to be considered for this program.
2. Read CIRT's Covenants and Restrictions (Exhibit B), which will be attached to the property. You must agree to all covenants and restrictions, which include a maximum resale value provision. You also must agree to sign a Right of First Offer, which will allow CIRT to purchase the home if you later wish to sell the property. Both documents will be signed at closing.
3. Complete and sign an offer.
4. Fill out the Personal Data Sheet and attach income verification (recent pay stubs or most recent federal tax return). This step is required to ensure that the applicant meets CIRT's Eligibility Requirements.
5. Go to the financial institution of your choice and obtain a **certificate of pre-qualification**. (This is a form, sometimes a letter, from the bank that states you are qualified to obtain a mortgage loan of up to a certain amount, for example, \$200,000.)
6. Mail your completed application and the certificate of pre-qualification to:
Cranberry Isles Realty Trust
c/o Brian W. Thomas
Thomas Law, LLC
101 Coley Cove Road
Lamoine, ME 04605

To be complete, your application must include:

- Completed Personal Data Sheet/Application, including the required proof of income documentation;
- Certificate of pre-qualification (or letter of pre-qualification) from a lender;
- A signed/dated Confidential Disclosure Agreement;
- A completed Purchase and Sale Agreement containing an offer for the purchase. You can obtain a Purchase and Sale Agreement from your real estate professional. Please note: CIRT will set aside 2% of the purchase price as a commission for the Buyer's real estate agent's commission.

All completed applications will be reviewed by the Mr. Thomas, who will make a formal pre-qualification determination of which you will be notified in writing, by post or email.

Applications must be received no later than April 15, 2020.

CIRT will evaluate the offers received and will rank all qualified offers based on offered price. In cases where multiple offers at the same price are submitted, preference will be given to individuals with ties to the Cranberry Isles.

CIRT is under no obligation to accept any offer, and retains the right to reject any and all offers if the offered price is below what CIRT determines to be a fair market value offer.

If you have questions, please contact Brian Thomas at (207) 669-4516 or bthomas@bwt-law.com

PERSONAL DATA SHEET – Confidential



PO Box 4, Cranberry Isles, ME 04625

(Please write legibly)

Applicant Name: _____

Date of Birth: _____

Spouse/Partner: _____

Date of Birth: _____

Address: _____

E-mail Address: _____

Telephone Daytime: _____ Evening: _____ Cell: _____

Number of dependents (indicate if partner is included, using IRS rules): _____

Dependent(s) Date of Birth:

(If applicable) Children attend what school(s)? _____

Applicant's current employer, address, and name of contact person:

Applicant's places of employment for past 5 years:

PERSONAL DATA SHEET – Confidential

Spouse's/partner's current employer, address, and name of contact person (if applicable):

Spouse/partner places of employment for past 5 years (if applicable):

Do you or your spouse/partner currently own or partly own real estate property?

Yes ____ No ____

IF YES:

Type: _____ Location: _____

Value: _____ Mortgage: _____

Are you or your spouse/partner currently pre-approved for any type of land/house loan?

Yes ____ No ____

Amount: \$ _____ Name of Institution: _____

Contact Name: _____

Down payment requirement, if any? \$ _____

Gross annual household income: \$ _____

Gross annual income of spouse/significant other (if applicable): \$ _____

PROOF OF INCOME: Please attach copies of: 1) most recent tax return, and 2) two recent paystubs, for household.

Other comments or explanations (continue on separate page if necessary):

CONFIDENTIAL DISCLOSURE AGREEMENT

WHEREAS the Applicant has provided Cranberry Isles Realty Trust (CIRT) certain personal information related to this Application for Qualification; and

WHEREAS CIRT has required submission of the information contained on the attached Personal Data Sheet, including certain information pertaining to the Applicant's qualification for bank financing;

NOW THEREFORE, in consideration for the mutual purposes of the Applicant and CIRT, the parties agree as follows:

- 1) Disclosure. The Applicant agrees to disclose and CIRT agrees to receive certain Confidential Information.
- 2) Confidentiality. CIRT agrees to use its best efforts to prevent and protect the Confidential Information, or any part thereof, from disclosure to any person other than the employees of CIRT, members of the Board of Directors of CIRT or any of the Board's committees or subcommittees, and certain consultants having a need for disclosure in connection with CIRT's authorized use of the Confidential Information.
- 3) Limits on Confidential Information. CIRT shall have no obligation with respect to such information where the information:
 - (a) was known to Cranberry Isles Realty Trust prior to receiving any confidential information from Applicant;
 - (b) has become publicly known through no wrongful act of Cranberry Isles Realty Trust;
 - (c) was received by Cranberry Isles Realty Trust without breach of this Agreement from a third party without restriction as to use and disclosure of the information;
 - (d) was ordered to be publicly released by the requirement of a government agency.
- 4) Ownership of Confidential Information. Applicant agrees that all Confidential Information included in this Application shall remain the property of Cranberry Isles Realty Trust, (CIRT), and that CIRT may use such Confidential Information for purposes related to the determination of the qualifications of the Applicant pursuant to this Application.

APPLICANT

CRANBERRY ISLES REALTY TRUST

Printed Name: _____

By: _____

Its: _____

Date: _____

Date: _____

Exhibit A: Eligibility Requirements

Following are the five criteria for eligibility to qualify as an applicant to a CIRT program.

1. Applicants must earn no more than 130% (1-member household) to 160% (4-member household) of the area median household income (AMI). For 2019, the U.S. Department of Housing and Urban Development's AMI for Hancock County, Maine, is \$68,400. Income guidelines based on AMI and household size are listed below.
 - A. \$108,960 (160% of AMI) or less for a 4-person household
 - B. \$102,150 (150% of AMI) or less for a 3-person household
 - C. \$95,350 (140% of AMI) or less for a 2-person household
 - D. \$88,530 (130% of AMI) or less for a 1-person household
2. Applicants must agree to live in the house year-round.
3. Applicants must be capable of obtaining bank financing.
4. Applicants must have at least one adult in the household who has earnings or will have earnings from employment on Cranberry Isles, MDI, or Hancock County equal to or greater than 20% of the area median household income (equal to or greater than \$13,620 for a family of four or fewer for 2019).
5. Applicants must agree to accept and be bound by the affordability Covenants and Restrictions (Exhibit B), which contains a resale formula, along with a Right of First Offer.

Exhibit B: Covenants and Restrictions

The following covenants and restrictions, which includes the setting of a maximum resale value, will be placed on all property to be sold or for which down-payment assistance is provided.

ARTICLE 1. RESTRICTIVE COVENANTS

1. The Premises shall not be further divided, or subdivided, EXCEPT by prior written approval of CIRT and the appropriate governmental authority.
2. The Premises shall be used primarily for single family residential purposes. Any commercial or industrial use shall be subject to the provisions of the Land Use Zoning Ordinance of the Town of Cranberry Isles. Owner shall maintain the residence as his year-round primary residence for a minimum of eleven (11) months per year.
3. No travel trailers or camper trailers or inoperable motor vehicles shall be allowed to remain on the premises for any period in excess of thirty (30) days in any given year.
4. All household trash, refuse, and garbage shall be stored in secured containers, and it shall be the responsibility of the owner of the Premises to provide for the removal of such trash, refuse, or garbage no less frequently than weekly.
5. Owner shall maintain the home on the Premises in good, safe and habitable condition, except for normal wear and tear, and in compliance with any governmental authority that has jurisdiction over matters concerning the construction, condition and use of the home. The owner may make improvements to the home in keeping with rules and regulations of the appropriate governmental authority.
6. As a condition of, and simultaneously with, the acquisition of the Premises, each buyer of the Premises shall duly execute and acknowledge and deliver to CIRT a right of first offer in substantially the form as herein.
7. Except for the first mortgage to acquire the Property, the Owner may not lease or refinance the home without the permission of CIRT, its successors and assigns. Proceeds from any prohibited lease or encumbrance must be paid to and shall become the property of CIRT.
8. Owner agrees that CIRT may publicize their home acquired with CIRT support as a "CIRT house."

Article 2. Maximum Resale Price

The Owner of the Premises shall not sell or otherwise transfer or convey the Premises, or any portion or interest, to any person or entity, except in accordance with the procedures and provisions described below.

A. Maximum Resale Price

Owner agrees that he shall not receive more than the Maximum Resale Price (hereinafter “MRP”) and that Owner shall pay to CIRT at closing any amount greater than the MRP should Owner sell the property for a price higher than that calculated as the MRP.

B. Calculation of the Maximum Resale Price

The MRP shall be calculated by CIRT as described in the steps below. See Maximum Resale Price Calculation Form below, which shall be used as a calculation sheet to determine MRP.

1. Calculate the Owner’s Purchase Price. Calculate the **Owner’s Purchase Price** by subtracting from the original purchase price of the Premises that portion of the purchase price provided by CIRT.

2. Determine Changes in the Consumer Price Index over the Ownership Period. The Owner’s Purchase Price will be adjusted based on changes to the consumer price index (CPI) as calculated by the U.S. Bureau of Labor Statistics for the Northeast region. Determine the percentage of change in the CPI from the year the Premises was purchased to the year the Premises is to be sold (hereinafter “Ownership Period”). For purposes of this calculation, one should use following categories for the CPI:

- Area: Northeast urban
- Base: Current
- Item: Housing
- Periodicity: Semi-annual data
- Not Seasonally Adjusted

If there was an increase in the CPI over the Ownership Period, the **CPI Increase** will be the number 1 added to the percentage of increase calculation to the CPI.

If there was a decrease in the CPI over the Ownership Period, the **CPI Decrease** will be the percentage of that decrease (i.e., without adding 1 to the calculation).

3. Calculate the Adjusted Property Value. If there was an increase in the CPI over the Ownership period, multiply the Owner’s Purchase Price by the **CPI Increase** from Step 2 above to calculate the **Adjusted Property Value**.

If there was a decrease in the CPI, the Adjusted Property Value will be calculated in two steps as follows:

- a. $\text{Owner Purchase Price} \times \text{CPI Decrease} = \text{CPI Decrease Factor}$
- b. $\text{Owner Purchase Price} - \text{CPI Decrease Factor} = \text{Adjusted Property Value}$

4. Calculate the Value of Improvements. The Adjusted Property Value can be adjusted upwards based on documented improvements made by Owner to the Premises. Documentation will include retaining receipts for the improvements. **Improvements** are defined as an addition to or partial replacement of property that is a betterment to the property, restores

the property, or adapts it to a new or different use. Reference is made to IRS regulations at 26 CFR 1.263(a)-3 and IRS Publication 527, or successor regulations and publications. Examples of improvements are provided in Table 1 below. CIRT has final decision-making authority to determine what qualifies as an improvement, basing its decisions on IRS regulations and publications.

Table 1. Examples of Improvements (from IRS Publication 527, Table 1-1.)

Additions	Miscellaneous	Plumbing
Bedroom	Storm windows, doors	Septic system
Bathroom	New roof	Water heater
Deck	Central vacuum	Soft water system
Garage	Wiring upgrades	Filtration system
Porch	Satellite dish	
Patio	Security system	Interior Improvements
		Built-in appliances
Lawn & Grounds	Heating & Air Conditioning	Kitchen modernization
Landscaping	Heating system	Flooring
Driveway	Central air conditioning	Wall-to-wall carpeting
Walkway	Furnace	
Fence	Duct work	Insulation
Retaining wall	Central humidifier	Attic
Sprinkler system	Filtration system	Walls, floor
Swimming pool		Pipes, duct work

For any improvements that are not additions (i.e., do not add to the gross square footage of the building), the costs for those improvements will be depreciated over time based on the Modified Accelerated Cost Recovery System (MACRS) and using a 27.5-year lifespan. For properties that are additions (i.e., add gross square footage to the building), there will be no depreciation of the value over time.

5. Calculate the Final Property Value. Add the Adjusted Property Value from Step 3 and the Improvements as calculated in Step 4 to determine the **Final Property Value**.

6. Calculate the Maximum Affordable Cost. Calculate the **Maximum Affordable Cost** of a house for the most recent calendar year. Begin with the median family income (“MFI”) for Hancock County, Maine, for the most recent calendar year, as calculated by the U.S. Department of Housing and Urban Development (HUD) for a family of four. Multiply the MFI by 120%. Then multiply that calculated value by 2.5, which provides the MAC.

7. Appraised Value. An appraisal may be done at the option of either the CIRT or the seller, but is not required of either party. Any appraisal conducted must be done by an appraiser who is licensed by the Maine Board of Real Estate Appraisers.

8. Determine the Maximum Resale Price. The MRP will be the lowest of the following:

- a. Final Property Value (Step 5)
- b. Maximum Affordable Cost (Step 6)
- c. Appraised Value (Step 7), if an appraisal has been done.

MAXIMUM RESALE PRICE CALCULATION FORM

1.	Enter the Owner's Purchase Price (i.e., the original purchase price of the Premises less the portion thereof provided by CIRT) on Line 1.	Line 1 _____
2.	Enter the CPI Increase or the CPI Decrease over the Ownership Period on Line 2.	Line 2 _____
3.	If the CPI increased over the Ownership Period, multiply Line 1 by Line 2 and enter it on Line 3. This figure represents the Adjusted Property Value . If the CPI decreased, see instructions in Article 2.B. above for calculating the Adjusted Property Value.	Line 3 _____
4.	Enter the value of Improvements on Line 4.	Line 4 _____
5.	Add Line 3 and Line 4 and enter it on Line 5. This figure is the Final Property Value .	Line 5 _____
6.	Enter on Line 6 the Maximum Affordable Cost of a house for the most recent calendar year.	Line 6 _____
7.	Enter the Appraised Value of the subject property on Line 7. <i>Note: An appraisal is done at the option of either the CIRT or the seller. It is not required of either party. If no appraisal is done, enter "No Appraisal" on Line 7.</i>	Line 7 _____
8.	Enter on Line 8 the lowest number from Lines 5, 6, and 7. This value is the Maximum Resale Price .	Line 8 _____