

## Proposal for protecting Corn Hill from over-investment

### 1. Limit ownership by one entity (individual, LLC, etc.) to no more than two units

Rationale:

a. Financing choices for condo loans are limited by FNMA and many other banks and mortgage companies. Some examples:

- FNMA Project standards (guidelines): "A specific list of requirements that must be fulfilled by the condominium in order to obtain certain financing set forth by FNMA (Federal National Mortgage Association). They include **a requirement with regard to...whether any unit owner owns more than 10% of the units in the Association...**"
- Rocket mortgage (<https://www.rocketmortgage.com/>): "No single entity can own more than two units in projects consisting of five to 20 units, or 20% of units in projects consisting of 21 or more"
- Paraphrased from <https://merrimackvalleymarealestate.com/owner-occupancy-ratio-for-condominium-purchase/>: Many banks have criteria concerning the percentage that can be investor owned for them to lend on a condominium unit...often banks will not lend on condominiums when one person owns more than 10% of the units in a project...**The rationale for this is that traditionally, investor owned properties have a higher rate of default on mortgages and typically do not maintain a home as well as a homeowner would...The harder it is to finance a unit, the smaller the buying pool becomes, making each unit less salable.**

b. The CHCCA has traditionally been a family-owned and family-oriented association. Allowing for investor-owners changes the tradition and the current atmosphere, where owners come together as a community and enjoy joint proprietorship. The continuity provided by the community of individual owners and long-term generational renters ensures that the best interests of the Association and preservation of the low-key atmosphere of the Hill are maintained.

c. One entity with near or more than majority control would have the power to dictate the direction of the Association and its upkeep, as well as the maintenance and consistent look and feel of the historical cottages. Such an entity would have the power to change the condo documents to reflect their wishes regardless of the opinion of the remaining owners.

### 2. Pursue historic preservation of Corn Hill

This proposal follows on from the proposal to limit ownership and aims to provide a different kind of protection for the Corn Hill Cottages, by ensuring that a developer or developers cannot buy out the units and potentially demolish or dramatically modify them. Based on the recommendation of Charles Steinman (Vice Chair of the Truro Historical Commission), seeking a Conservation Easement appears to be the best option among those available to us (see item 1, below). It is the easiest to pursue, less expensive, may have some tax relief benefits, and does not affect how we operate or prohibit any changes we may opt to make in the future. It may involve some initial expense to talk to an attorney, but the Conservation Commission or Trust takes it from there.

Note that we have been corresponding with Fred Gaechter (Chairman, Truro Conservation Trust) and have arranged a meeting for the morning of Friday October 13 to discuss further what the

possibilities for protection through TCT and the Historical Commission are, what sorts of restrictions would be suggested, etc. Therefore, we will have additional information about this option at the owners' meeting.

**Supporting documents (google drive folder - click to access)**

<https://drive.google.com/drive/folders/1uLMwY8PAzHj28PxISwADXkLavXu7BTV9?usp=sharing>

**Contents:**

1. Letter from Charles Steinman (Vice Chair of the Truro Historical Commission) outlining options for historic preservation
2. Letter from Eric Dray (Historical Commission's preservation consultant) discussing the process for pursuing eligibility for the National Register of Historic Places
3. TRU.E Area Form (1984)
4. TRU.84 Building Form