

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

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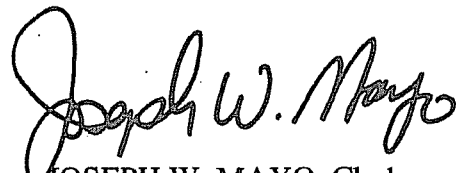
H.P. 920

House of Representatives, April 12, 1993

**An Act to Protect Leaseholders.**

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Reference to the Committee on Energy and Natural Resources suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative TUFTS of Stockton Springs.  
Cosponsored by Representatives: DONNELLY of Presque Isle, KNEELAND of Easton.

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 33 MRSA c. 41 is enacted to read:

CHAPTER 41

LEASEHOLDERS ON RECREATIONAL LAND

SUBCHAPTER I

GENERAL PROVISIONS

§2001. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Fair market value. "Fair market value" means that amount of money that a purchaser willing, but not obliged, to buy or lease an interest in land would pay an owner willing, but not obliged, to sell or lease that interest in land, taking into consideration all uses for which the land is adapted or might be used.

2. Lease. "Lease" means a conveyance of land or an interest in land, by a fee simple owner as lessor or by a lessee or sublessee as sublessor, to any person in consideration of a return of rent or other recompense.

3. Lessee. "Lessee" means any person to whom land is leased and the lessee's heirs, successors, legal representatives and assigns.

4. Lessor. "Lessor" means any person who leases land to another and the lessor's heirs, successors, legal representatives and assigns.

5. Lot. "Lot" means a parcel of land, 2 acres or less in size, that is developed, devoted, intended or permitted to be used or occupied as a seasonal, recreational residence or a full-time residence in an area normally associated with seasonal recreational activities.

6. On-site improvements. "On-site improvements" means all physical improvements placed on a leased lot intended for occupancy that are for the benefit of occupants of the lot, including, but not limited to, dwelling units, garages, service buildings, stairs, walkways, driveways, walls, trees, shrubs, landscaping and pools.

2           **§2002. Applicability**

4           Except as otherwise provided, this chapter applies to all  
6           leases of lots existing and in force on the effective date of  
8           this section and to all leases of lots executed thereafter.  
          Notwithstanding any term, condition or provision in any lease to  
          the contrary, the lessee of a lot has all of the rights  
          enumerated in this chapter.

10           **§2003. Lease terms**

12           Leases on all lots must be for a minimum of 5 years.

14           **§2004. Lease rates**

16           Lease rates must be determined on the fair market value of  
18           lease rates for property within a 10-mile radius of the property  
          being leased.

20           **§2005. Termination of lease**

22           Upon termination of a lease for any reason, the lessor shall  
24           compensate the lessee for the current fair market value of all  
26           on-site improvements placed on the lot by the lessee if the  
          lessee is not in default under the terms of the lease.

**1. Appraisal of improvements.** On-site improvements must be  
28           appraised at the expense of the lessee. The lessor and the  
30           lessee must mutually agree on the appraiser selected or the  
32           appraiser must be selected in conformity with Title 14, chapter  
34           706. The lessor and the lessee must mutually agree on the  
          compensation for on-site improvements or the compensation must be  
          determined in conformity with Title 14, chapter 706.

**2. Payment.** Payment must be made within 60 days of the  
36           agreement reached under subsection 1.

38           **3. Arbitration.** Absent a written agreement on the lease  
40           required under Title 14, section 5927, the lessor and lessee must  
          agree on an arbitrator to arbitrate the termination of the lease.

42           **4. Expenses of arbitration.** The lessor and the lessee must  
44           share equally the expenses of arbitration.

46           **5. Application.** This section applies if the lease does not  
48           contain a provision limiting the extent of reimbursable on-site  
          improvements.

50                           **SUBCHAPTER II**

**TRANSFER OF LEASED LOTS**

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**§2011. Notice**

The fee owner of any leased lot must give the lessee of that lot a notice of at least 180 days of the owner's intent to sell or transfer ownership of that leased lot to a 3rd party.

**§2012. Right of first refusal**

The lessee of any leased lot that is being sold or transferred has a right of first refusal to purchase that lot at fair market value. Fair market value must be determined by the fair market value of lots sold or transferred within a 10-mile radius of the leased lot being sold or transferred.

**STATEMENT OF FACT**

This bill requires the owners of leased recreational lots to give the current lessee 180 days' notice of any transfer or sale of that leased lot and the right of first refusal. Any sale must be at the fair market value based on sales and transfers within 10 miles of the property.

This bill also requires that lease rates be determined by the fair market value of lease rates within 10 miles of the leased lot. If a lease is terminated, a lessee must be reimbursed for on-site improvements. The bill requires that leases on recreational lots be for a minimum of 5 years.