



Community Land Trusts

Community land trusts (CLTs) are nonprofit organizations developed by communities or public entities to create and preserve long-term, affordable housing for low- to moderate-income residents. CLTs purchase homes in their communities and create a long-term ground lease under which low- to moderate-income families can become homeowners at affordable monthly ground rents. The ground lease includes provisions that require the continued use of the property for low- to moderate-income households in the future.

Fannie Mae purchases or securitizes first mortgage loans secured by these ground leases.

CLT Product Feature Underwriting

The CLT product feature is available to lenders as a standard *Selling Guide* product feature. Fannie Mae allows the LTV ratio determination to be based solely on the appraised value for a purchase transaction.

The Desktop Underwriter® (DU®) “Affordable LTV” ratio determination makes it simple for lenders to underwrite CLT transactions.

Lenders must inform DU that the loan casefile will be underwritten using the CLT product feature by entering “Affordable LTV” in the Product Description field in the Additional Data section of the online loan application. With this indication DU will determine the LTV, CLTV, and HCLTV ratios solely on the appraised value for purchase transactions, and not the lesser of the sales price or the appraised value. DU will then issue a message that specifies what lenders need to confirm when indicating the use of the CLT product feature.

CLT Product Feature Resources

- [Community Land Trust Checklist](#)
- *Selling Guide* [section B5-5.1-04: Community Land Trusts](#)
- *Selling Guide* [section B4-1.4-06: Community Land Trust Appraisal Requirements](#)
- [Form 2100](#), Community Land Trust Ground Lease Rider

Learn more

For more information on the CLT product feature, contact your Fannie Mae Account Team. You can also find information on CLTs on the Grounded Solutions Network [website](#). Grounded Solutions Network provides training resources, technical assistance, and other information to new and existing CLTs.