

## SHARED EQUITY AMENDMENT

***[For use with shared equity properties (other than Community Land Trust leaseholds) that are subject to income and resale price restrictions]***

This Shared Equity Amendment (“**Amendment**”), dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, is by and among \_\_\_\_\_, as mortgage lender (together with its successors, assigns and loan servicers, the “**Lender**”), \_\_\_\_\_, as mortgagor(s) or grantor(s) under a deed of trust (“**Borrower**”), [and] \_\_\_\_\_, a \_\_\_\_\_ (together with its successors, assigns or permitted replacements, “**Program Manager**”), [and INSERT ALL OTHER PARTIES, IF ANY, TO SHARED EQUITY DECLARATION] and amends that certain \_\_\_\_\_, dated \_\_\_\_\_, by and [among][between] Borrower, [INSERT ANY OTHER PARTIES] and Program Manager (hereinafter called the “**Shared Equity Declaration**”).

The Shared Equity Declaration places certain restrictions on use and conveyance of the land and residential improvements located at \_\_\_\_\_, referred to herein as the “**Property**”.

This Amendment amends the Shared Equity Declaration for the purpose of enabling the Lender to provide the Borrower with Fannie Mae-eligible financing secured by a mortgage or deed of trust dated the \_\_\_ day of \_\_\_\_\_, 20\_\_, granted by Borrower to, or for the benefit of, Lender (the “**Specified Mortgage**”, which term includes all amendments and modifications thereto). The Specified Mortgage is recognized by Borrower and Program Manager as a “Permitted Mortgage” (or as such concept is otherwise defined) under the Shared Equity Declaration, and the Lender is recognized as a “Permitted Mortgagee” (or as such concept is otherwise defined) under the Shared Equity Declaration.

ADDITIONAL COVENANTS. Notwithstanding anything to the contrary contained in the Shared Equity Declaration, and in addition to the covenants and agreements made in the Shared Equity Declaration, the Borrower and the Program Manager further covenant and agree, so long (but only so long) as the Lender shall have an interest in the Property, as a holder or servicer of the Specified Mortgage or as an owner of the Property pursuant to foreclosure or a deed in lieu of foreclosure, the following provisions shall apply to the Shared Equity Declaration as modifications thereof:

1. Duration. Except as provided herein, this Amendment shall terminate, and its provisions of no further force and effect, when the indebtedness secured by the Specified Mortgage shall have been satisfied in full or otherwise discharged, and the lien of the Specified Mortgage is released of record by the Permitted Mortgagee or otherwise by operation of law.
2. No Amendment. No amendment, modification, or termination of the Shared Equity Declaration shall be permitted or given effect unless, and only to the extent, expressly consented to in writing by the Lender.
3. Lien Position and Proceeds. All funds or other proceeds from the sale, foreclosure, or transfer of, or in respect of the taking by eminent domain or following any casualty affecting, the Property

("Property Proceeds") shall be in all respects subject to application and distribution in accordance with the terms of the Specified Mortgage, and at the direction of the Lender in accordance therewith. The Program Manager shall have no interest in, and shall receive no portion of such Property Proceeds, until the indebtedness secured by the Specified Mortgage shall be repaid in full.

4. Foreclosure and Purchase Options. If the Specified Mortgage shall be foreclosed upon (or a deed-in-lieu of foreclosure shall be granted to Lender), then if the Shared Equity Declaration provides the Program Manager with an option or right of first refusal to purchase the Property (each, a "**Purchase Option**"), then notwithstanding any longer periods for the giving of notices or the completion of the purchase of the Property, the Program Manager shall have no more than 60 days after title transfers to exercise such Purchase Option and no more than 90 days to complete the purchase. If Program Manager shall fail to give notice or advance funds to complete the purchase within such periods, the Purchase Option shall be without further effect or validity following such foreclosure or deed-in-lieu of foreclosure.
5. Excess Proceeds. The Lender understands and acknowledges that the Shared Equity Declaration, before this Amendment, may provide that if the Property is sold for a price that is in excess of the maximum resale price established in accordance with the Shared Equity Declaration, as amended hereby, then the Borrower is not entitled to receive such excess proceeds.
  - a. Whether or not the Shared Equity Declaration contains such a prohibition, any excess proceeds shall not be paid in accordance with the Shared Equity Declaration to any person unless and until the indebtedness secured by the Specified Mortgage shall have been repaid in full from sales proceeds or otherwise.
  - b. To the extent such excess proceeds are payable exclusively to or at the direction of the Program Manager, the Lender agrees to cooperate with the Program Manager in assuring that such excess proceeds after the repayment in full of the indebtedness secured by the Specified Mortgage are paid to or at the direction of the Program Manager in accordance with terms of the Shared Equity Declaration.
6. Program Manager Obligations During Specified Mortgage Delinquency. In the event that the Borrower shall be more than 30 days delinquent in the timely repayment of the indebtedness secured by the Specified Mortgage, the Lender may give notice of such delinquency to the Program Manager ("**Delinquency Notice**") in accordance with this Amendment.

Upon the giving of a Delinquency Notice, and until a notice is given in accordance with clause a. below, then without the prior written consent of the Lender, the Program Manager shall not exercise any of its rights under the Shared Equity Declaration, or any lien instrument securing the Borrower's performance thereunder, to exercise any option to purchase the Property or the loan secured by the Permitted Mortgage (except upon the Borrower's stated desire to sell the Property, as provided in clause b. below), to compel the Borrower's compliance with the terms of the Shared Equity Declaration (as amended hereby) or to take action to enforce any lien securing the Shared Equity Declaration.

- a. if the delinquency has been cured (whether through workout efforts or otherwise), or once any workout efforts to address the delinquency have concluded unsatisfactorily, the Lender shall promptly notify the Program Manager, and the Program Manager may exercise any purchase option or any of its other rights under the Shared Equity Declaration, or any lien instrument securing the Borrower's performance thereunder, to, as the case may be, require the sale of the Property or the indebtedness secured by the Permitted Mortgage or to compel the Borrower's compliance with the terms of the Shared Equity Declaration (as amended hereby).
  - b. this Section 6 shall not prohibit Program Manager from exercising or performing under any purchase option granted in the Shared Equity Declaration that is triggered by the Borrower's stated intent to sell the Property.
7. No Additional Escrow Accounts. So long as the Lender requires or offers an escrow account for the payment of property taxes, special assessments, and insurance premiums, the Borrower shall not be required or permitted to make payments intended for deposit into, and the Program Manager shall not require or permit the Borrower to make payments into, an account maintained by any person other than the Lender for the payment of taxes, special assessments, or insurance premiums. If the Program Manager does maintain an escrow account, the Borrower acknowledges and agrees that any failure by the Program Manager to pay any taxes, special assessments or insurance premiums then due will not excuse Borrower's obligations to make such payments under the terms of the Permitted Mortgage, and understands that the Lender may elect to make such payments on the Borrower's behalf and seek reimbursement from the Borrower.
8. Limit on Repair Reserves. If offered by the Program Manager, the Borrower shall have the option to make payments for deposit into an account maintained by the Program Manager from which all or part of future maintenance of, or repairs to, the Property (or other properties under the supervision of the Program Manager) are intended to be made (such account hereinafter called "**Repair Reserve**"). The Program Manager may require the Borrower to make payments for deposit into a Repair Reserve if the Repair Reserve will only be used for the maintenance or repair of the Property (and no other property) either (a) at the request of the Borrower with Program Manager consent or (b) as determined as necessary by the Program Manager.
9. Compliance with Shared Equity Declaration.
  - a. The Lender shall have no obligation to monitor or enforce the terms and conditions of the Shared Equity Declaration except when expressly required by this Amendment to do so.
  - b. The Lender shall have the right, but not the obligation, to cure any Borrower default under the Shared Equity Declaration, and participate in any arbitration or mediation between the Borrower and the Program Manager related to the Shared Equity Declaration.

- c. Neither Borrower's nor Program Manager's failure to comply with the terms of the Shared Equity Declaration shall impair Lender's ability to carry out its rights or obligations under the Specified Mortgage in accordance with the requirements of the Fannie Mae *Servicing Guide* or applicable law.
- d. The Lender has no obligation to collect any fees or other payments owed by Borrower to the Program Manager under or in relation to the Shared Equity Declaration.
- e. The Lender may be required to recognize transfers of interests in the Property to relatives of the Borrowers in accordance with the Fannie Mae *Servicing Guide* and applicable law regardless of the terms of the Shared Equity Declaration.

10. Notices.

- a. All notices required to be given under the Shared Equity Declaration by the Program Manager as a condition of or in relation to exercising remedies, including notice of the Program Manager's exercise of any option to purchase the Property, shall also be provided to the Lender with prominent language indicating "THIS NOTICE IS BEING PROVIDED TO [LENDER] IN CONNECTION WITH A SHARED EQUITY LOAN" at the following notice address:  
\_\_\_\_\_.
- b. The foregoing address and caption also shall be used for notices permitted or required to the Lender under this Amendment.
- c. Notices to the Program Manager permitted or required under this Amendment shall be sent to this notice address: \_\_\_\_\_.
- d. Borrower understands and agrees that the foregoing provisions do not affect the validity and timeliness of notices given to the Borrower in accordance with either the Specified Mortgage or the Shared Equity Declaration except for the timing of notices relating to options contained in the Shared Equity Declaration.
- e. The Lender or the Program Manager may change its notice address by notice to the other given in accordance with this Section 10.

11. Substitution of Program Manager. If the Program Manager is permitted to be replaced in accordance with the Shared Equity Declaration, prior written notice of such replacement and its notice address shall be given to the Lender.

12. Sharing of Information.

- a. Borrower understands and agrees that to permit the Lender and Program Manager to perform their respective duties in relation to the Specified Mortgage and the Shared Equity Declaration, each of the Lender and Program Manager shall be permitted to share with each other information regarding the Borrower, and the Borrower's compliance with the terms of the Specified Mortgage and the Shared Equity Declaration.
- b. Both the Program Manager and the Lender agree to protect such information in compliance with applicable law.

- c. Notwithstanding the foregoing, except as otherwise expressly provided herein, the Lender shall not be required to provide copies of any notices or other communications that it provides to Borrower regarding the Specified Mortgage unless specifically requested by the Borrower to do so at that time.

13. Conflict. In the event of a conflict between the terms and provisions of this Amendment and the terms and provisions of the Shared Equity Declaration, the terms and provisions of this Amendment shall control.

BY SIGNING BELOW, the parties accept and agree to the terms and conditions of this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment at \_\_\_\_\_, on the day and year first written above.

PROGRAM MANAGER:

By: \_\_\_\_\_

Title: \_\_\_\_\_

LENDER:

By: \_\_\_\_\_

Title: \_\_\_\_\_

BORROWER:

\_\_\_\_\_  
\_\_\_\_\_

[SIGNATURES OF ANY OTHER PARTIES]

(ADD NOTARIES)

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# Instructions

(updated as of July 14, 2023)

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## Shared Equity Amendment

The Shared Equity Amendment (“**Amendment**”) ensures the related Shared Equity Declaration conforms to Fannie Mae’s guidelines for loans secured by properties subject to income and resale restrictions. This form is not required, and should not be used, for Community Land Trust transactions, for which Form 2100 is required.

### Copies

Original.

### Printing Instructions

The PDF version of the form must be printed on letter size paper, using portrait format. All blanks must be completed.

### Instructions

The Amendment must be executed by the lender, the party entitled to enforce the income and resale restrictions in the Shared Equity Declaration (“Program Manager”) and borrower, and must be recorded along with the security instrument.

### Counterpart Signatures

- Lenders, at their option, may insert a new section 14 which reads as follows for all versions of the Amendment, including forms that are not signed in counterparts:
  14. Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which is an original and all of which together are one instrument.
- If the Amendment is signed in counterparts, all counterpart signature pages must be appended to the Amendment before it is presented for recordation.

### Electronic Signatures, Electronic Notarizations and Recording

The Amendment may be executed by one or more parties using an electronic signature, and such signature may be notarized electronically, as long as the electronic signatures and notarizations:

- are performed in accordance with and are legally valid under all applicable laws, and comply with all requirements imposed by the jurisdiction into whose land records this Amendment is to be recorded; and
- are done in a manner consistent with the Fannie Mae Selling Guide.