



# Community Land Trust Checklist

A lender should use this checklist (Option 1&2) to help determine whether a mortgage on a CLT property will comply with Fannie Mae eligibility requirements. This document does not modify the provisions of *Selling Guide*.

For more information, please refer to Selling Guide Section B5-5.3: Shared Equity Transactions.

#	<b>CLT Ground Lease Checklist (Option 1)</b> If a CLT program that has been identified in the “ <a href="#">Shared Eq - Model Forms</a> ” tab of the Certified Shared Equity Program List, you have reviewed the CLT’s ground lease and can confirm:
1	The subject property is associated with a program included on the “Shared Eq – Model Forms” tab of the Certified Shared Equity Program List. <i>(This requirement applies only to programs in the Certified Shared Equity Program List)</i>
2	The ground lease being used at the time of the transaction matches the Model Form type as identified within the Certified Shared Equity Program List. <i>(This requirement applies only to programs in the Certified Shared Equity Program List)</i>
3	The Community Land Trust Ground Lease Rider (Fannie Mae <a href="#">Form 2100</a> ) has been executed by the borrower and the ground lessor and recorded along with the ground lease to modify the ground lease.
	Any loan secured by a community land trust property and delivered to Fannie Mae is supported by the appropriate leasehold interest documents, including the community land trust ground lease and the Community Land Trust Ground Lease Rider (Fannie Mae <a href="#">Form 2100</a> ).
<b>** Go to additional requirements, see the “CLT Eligibility, Underwriting and Collateral Checklist” below</b>	

#	<b>CLT Ground Lease Checklist (Option 2)</b> If you are working with a CLT program that is NOT listed in the “ <a href="#">Shared Eq - Model Forms</a> ” tab of the Certified Shared Equity Program List, you have reviewed the CLT’s ground lease and can confirm the following in addition to the above items #3 & 4:
5	The subject CLT’s ground lease is based upon either Grounded Solutions Network 2011 CLT Network Model Ground Lease or the Institute for Community Economics (ICE) Model Ground Lease. The lender can request a copy of either model ground lease from the <a href="#">Grounded Solution Network</a> organization. If the ground lease is not based on either of these model leases, the lender must obtain Fannie Mae approval of the ground lease.
6	The ground lease includes restrictions limiting future property buyers to those with specified income levels and limits the subsequent sales price of the property.
7	The resale restrictions in the ground lease must terminate automatically upon foreclosure (or the expiration of any applicable redemption period) of the leasehold mortgage, or acceptance of a deed-in-lieu of foreclosure.
8	Any additional terms added to the ground lease do not conflict with or adversely alter the rights of the consumer provided under the model form.
9	For shared equity loans secured by properties subject to private transfer fee covenants and with note dates on or after July 1, 2023, the recorded instrument containing the private transfer fee covenant must: <ul style="list-style-type: none"> <li>include restrictions on the terms of transfer of the subject property limiting both the maximum income of the transferee(s) and the maximum permissible sales price that will apply for at least 30 years after recordation; and</li> <li>provide that the entity entitled to enforce the private transfer fee covenant has:</li> </ul>



	<ul style="list-style-type: none"> <li>○ a preemptive option to purchase the property from the homeowner at resale; and</li> <li>○ the power to review and approve all refinance loans and home equity lines of credit to be secured by the property.</li> </ul>	
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**\*\* Go to additional requirements, see the “CLT Eligibility, Underwriting and Collateral Checklist” below**

#	CLT Eligibility, Underwriting and Collateral Checklist (Additional Requirements)	
10	<p>The CLT program provider is one of the following, so long as it is not the property seller or other interested party:</p> <ul style="list-style-type: none"> <li>• A federal agency, state, county, or similar political subdivision of a state.</li> <li>• A self-governing city, town, village, or borough of a state.</li> <li>• A housing finance agency (HFA).</li> <li>• A nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.</li> <li>• A regional Federal Home Loan Bank under one of its affordable housing programs.</li> <li>• A federally recognized Native American tribe or its Tribally Designated Housing Entity (TDHE).</li> <li>• An employer, where the borrower is an employee.</li> <li>• A lender, only in connection with an employer-guaranteed Community Seconds mortgage as part of its affordable housing program.</li> </ul> <p><b>(Note: CLT programs that have been identified within the Certified Shared Equity Program List will satisfy this requirement)</b></p>	
11	If third-party notification is required by an agreement between the CLT and the lender, the lender has in place a mechanism or procedure to ensure that proper notification can be provided as required by the CLT.	
12	All ground lease rents and other payments or assessments that have come due have been paid before the delivery of the mortgage to Fannie Mae.	
13	Any payments or assessments required to be paid by the borrower under the legal documentation (including ground lease rents for community land trusts) are not past due, and the borrower is not in default under any provisions of the ground lease and that the shared equity provider has not claimed any default.	
14	<p>The lender’s title insurance policy or an endorsement to the policy expressly confirms the six requirements stated in the Selling Guide, which are:</p> <ul style="list-style-type: none"> <li>• The recording of the complete community land trust ground lease or ground lease memorandum;</li> <li>• The recording of the Fannie Mae <a href="#">Form 2100</a>;</li> <li>• The community land trust mortgage is a first lien on the leasehold estate and the improvements;</li> <li>• There are no existing mortgages or other liens on the fee estate, except as may be permitted under the Fannie Mae <a href="#">Form 2100</a>;</li> <li>• The ground lessor’s reversionary interest is subordinate to the community land trust loan; and</li> <li>• There are no related community land trust ground lease occupancy and resale restrictions, covenants, or agreements that “run with the land,” and have been recorded apart from the ground lease, except as may be permitted under Fannie Mae <a href="#">Form 2100</a>.</li> </ul>	
15	The ground lease is valid, enforceable, and in full force and effect.	
16	The term of the estate created by the ground lease must extend for at least five years beyond the maturity date of the mortgage that is delivered to Fannie Mae.	
17	The CLT property is an owner-occupied, one- or two-unit property that is the borrower’s principal residence and is <i>not</i> a co-op unit. (Note: Manufactured homes located in a condominium project or planned unit development must have PERS approval). For limited or shared equity co-ops, the lender must ensure compliance with <a href="#">Chapter B4-2, Project Standards</a> .	
18	The lender is using an eligible Fannie Mae loan product (All Fannie Mae products described in the <i>Selling Guide</i> are eligible except adjustable-rate mortgages with an initial fixed period of five years or less.)	



#	CLT Eligibility, Underwriting and Collateral Checklist (Additional Requirements)	
19	The lender ensured that the appraiser is knowledgeable and experienced in the appraisal techniques – direct capitalization and market derivation of capitalization rates – that are necessary to appraise this type of property? Learn more about appraising CLTs <a href="#">here</a> .	
20	The appraisal is documented as required, including: <ul style="list-style-type: none"><li>• An addendum to provide any information that cannot otherwise be presented on the appraisal report form.</li><li>• Since restrictions do not survive foreclosure for CLTs, the following statement is included “This appraisal is made on the basis of a hypothetical condition that the property rights being appraised are the leasehold interest without resale and other restrictions that are removed by the Community Land Trust Ground Lease Rider.”</li></ul>	
21	If this is a refinance mortgage, the lender has documented that the CLT has approved the transaction and that it complies with all other CLT guidelines.	
22	At delivery: <ul style="list-style-type: none"><li>• Include SFC 054 as part of the delivery data on the Loan Schedule (Form <a href="#">1068</a> or Form <a href="#">1069</a>) or Schedule of Mortgages (<a href="#">Form 2005</a>) before delivering the mortgage secured by a CLT property.</li><li>• Enter the value of the leasehold (inclusive of the improvements) as the appraisal amount in Loan Delivery.</li><li>• <b>If the program appears on the Certified Shared Equity Program List</b>, include SFC 792.</li></ul>	
23	The lender is able to identify and track CLT mortgages in its systems and has sufficiently trained staff to originate and service CLT mortgages.	