

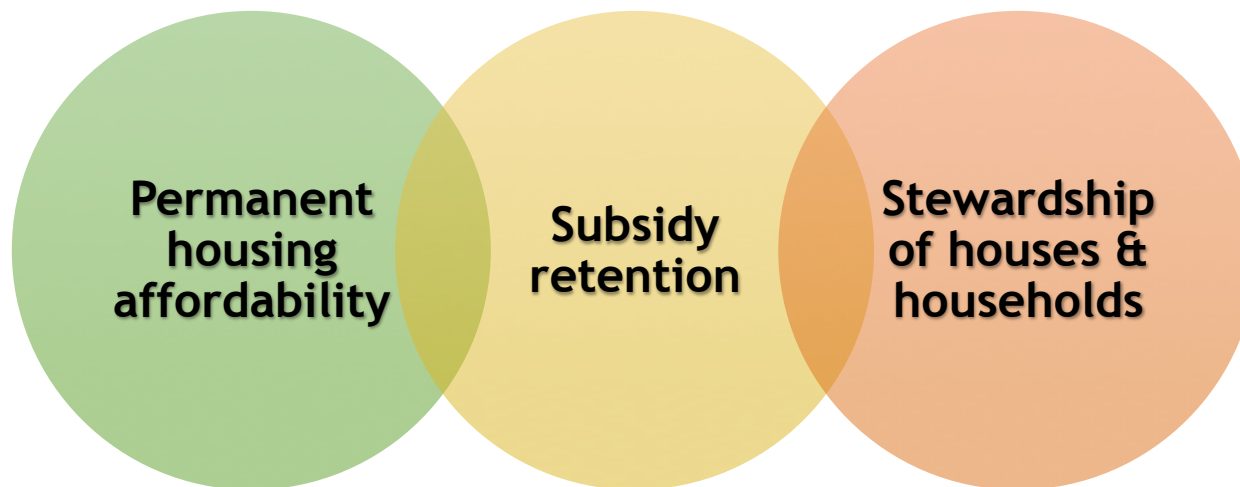
“The CLT concept, A SHARED VISION that is creating a CHANGE”



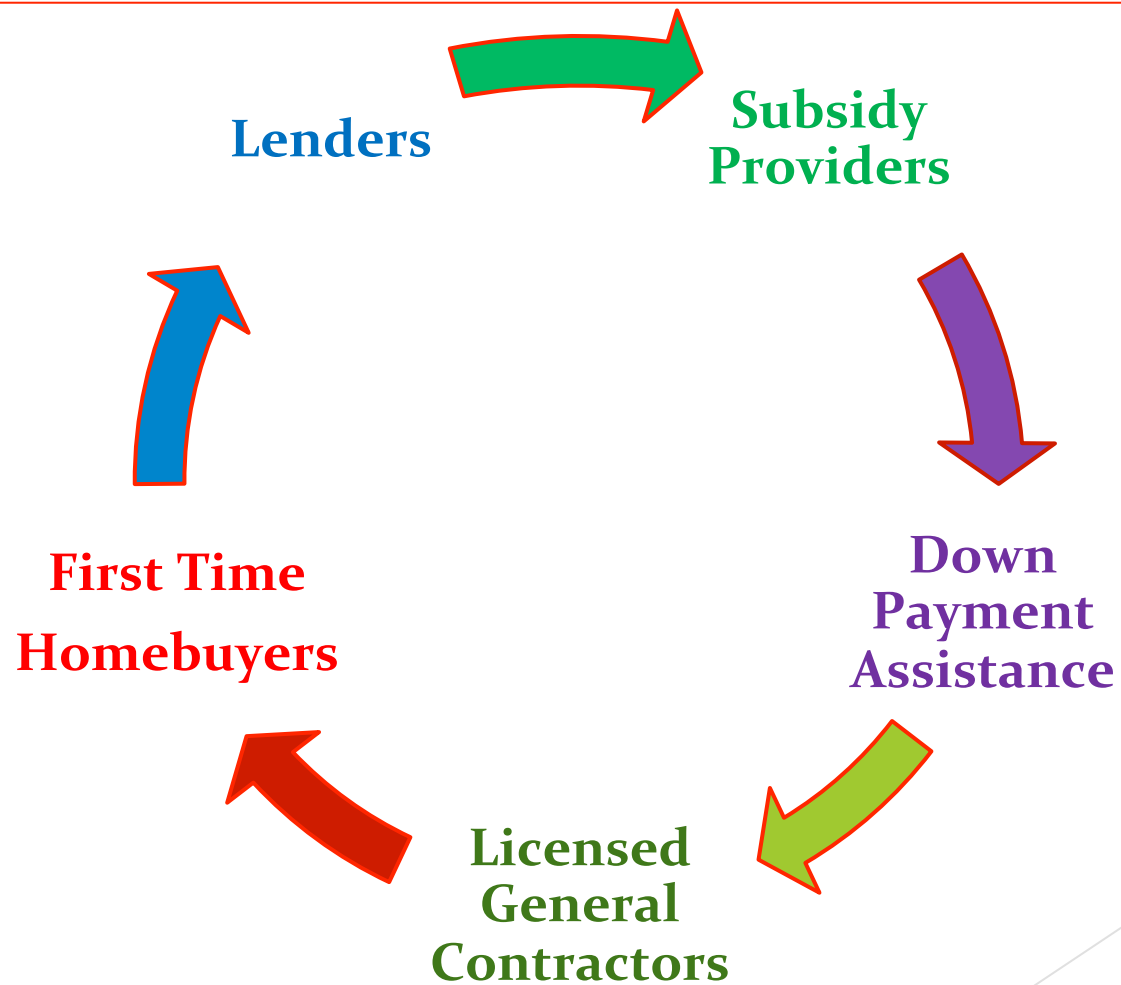
Marcia Barry-Smith
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CLT Network's Shared Values



CLT Creates Partnerships



CLT Financing Options

End Loans (Option 1):

Portfolio product

- ▶ Lender originates CLT mortgage via 'in-house' loan product that is designed with guidelines which (a) comply with Safety and Soundness requirements, (b) allow for the Bank's policies on interest-rate and default risk and (c) support the second chance features many LMI buyers need in order to qualify. These loans - and the servicing - are retained (usually as Held-to-maturity) and not sold in the secondary market Ex. To Fannie Mae/Freddie Mac.

CLT Financing Options (...cont)

- ▶ End Loans (Option 2):

- Fannie/Freddie/My Community Loan:

- ▶ While these agencies do not originate mortgage home loans, the Mortgages purchased and guaranteed by them **must** meet agency guidelines and are called conforming loans. They are underwritten through the Desktop Underwriter (Fannie Mae) and Loan Prospector (Freddie Mac)
 - ▶ Fannie Mae mortgage products have become an excellent source of homebuyer financing for CLT homes -- both for initial purchase and refinancing.
 - ▶ Effective August 2015 Fannie added the CLT Loan Application to its Automated Desktop Underwriter.
 - ▶ If the ground lease used by a community land trust is modeled off of the “2011 CLT Network Model Ground Lease” or the “ICE Model Ground Lease,” then the Fannie Mae Selling Guide approves the ground lease with Form 2100.

CLT Financing Options

- ▶ Below are websites that contain the primary documents that a mortgage lender must review and use to sell mortgages on community land trust homes to Fannie Mae.
- ▶ https://www.fanniemae.com/content/fact_sheet/community-land-trust-checklist.pdf

Community Land Trust Checklist

- ▶ Selling Guide: Fannie Mae (Single Family)
- ▶ Fannie Mae Form 2100: Community Land Trust Ground Lease Rider (3/2006 rev. 12/2010)

▶ **Other Fannie Mae Resources**

- ▶ Fannie Mae “Announcement SEL-2011-01: Selling Guide Update” (1/27/2011)
This announcement explains changes made to the Community Land Trust section of the Selling Guide and references new changes made to the Ground Lease Rider.

Fannie Mae “Information on Community Land Trusts” (1/2011)

- ▶ The “Mortgage Products, Features, and Options” website of Fannie Mae provides a link to “Community Land Trusts,” which provides an explanation of community land trust and provides links to CLT Product Features (Form 2100, Checklist, and Announcement SEL-2011-01).



Benefits to Lenders

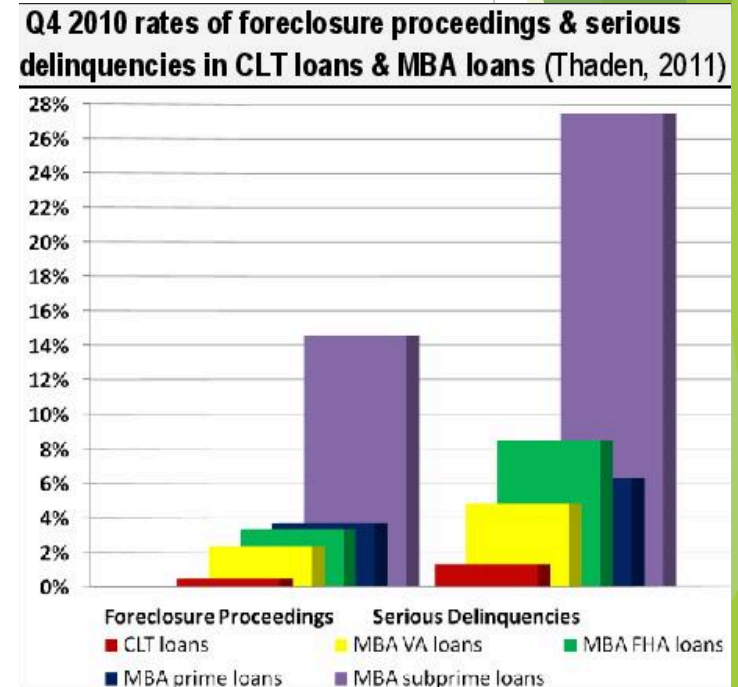
Low Risk Mortgages

As a lender you want to provide loans to homeowners who are low risk - those who will make timely payments and properly maintain their properties. This minimizes risk for delinquency, or foreclosure, while maximizing the ability to easily sell the home if needed.

A study done of 2010 loans, comparing the performance of loans for conventional home purchases to loans for CLT purchases indicates a very favorable trend for lower income households.

The CLT Model for homeownership supports these factors, which make an owner “low risk”, in the following ways:

- Home loans are required to be affordable
- Loans that can compromise a first mortgage, refinance & HELOCs, are not allowed
- Buyers receive ongoing financial education and counseling
- Maintenance of the property is monitored
- CLTs typically have a waitlist of eligible buyers in the event of a resale or foreclosure



Benefits of CLT for Lenders

Creating Stability and Stewardship for LMI Families

Steward Successful Homeowners & Well-maintained Homes!

To help owners not only attain but retain homeownership, CLTs provide pre- and post-purchase education and support. While the policies and practices of CLTs vary, these stewardship activities target five major areas:

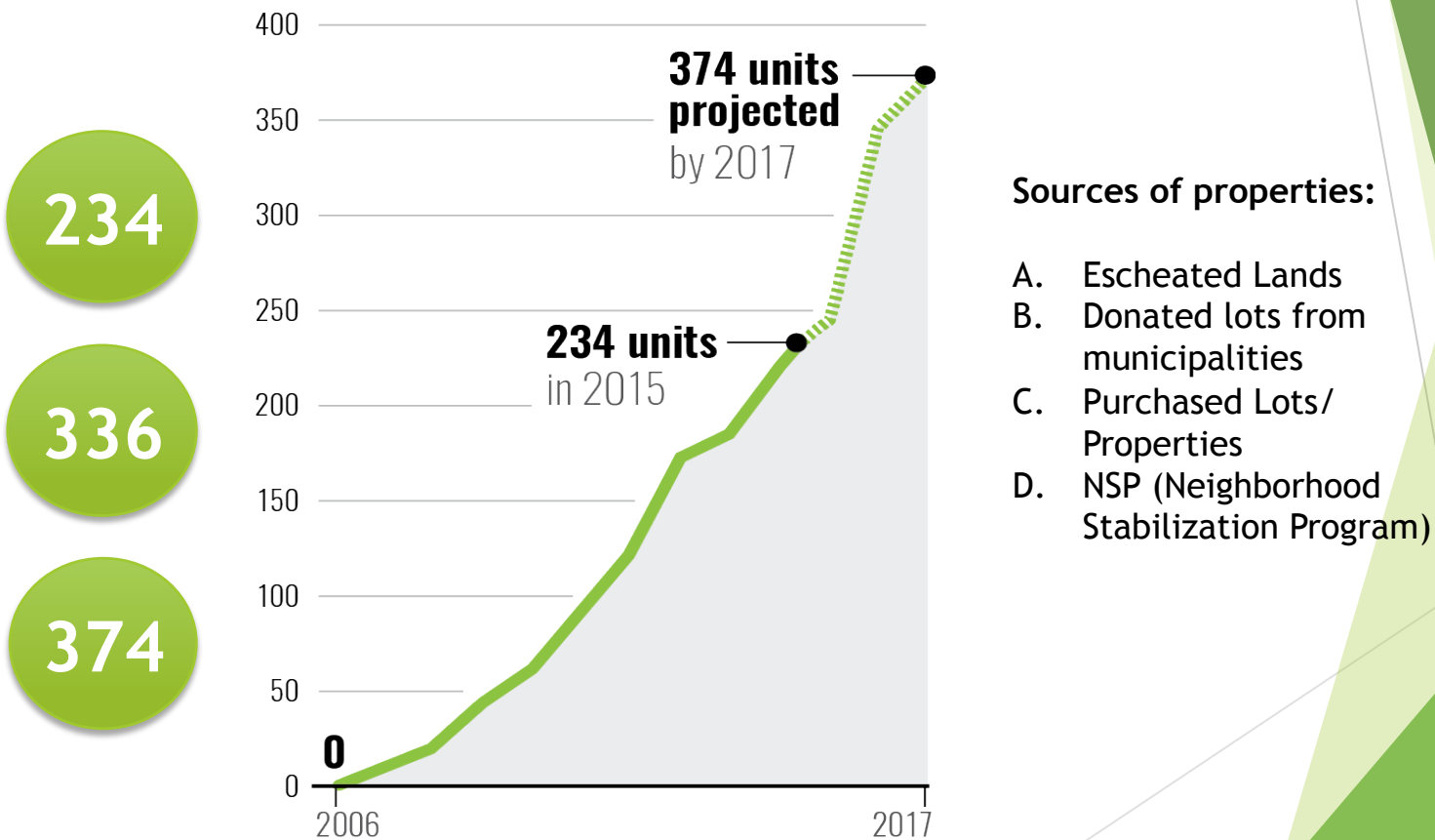
- ❖ Educating buyers pre- and post-purchase
- ❖ Overseeing loan acquisition for purchase
- ❖ Promoting sound maintenance and repairs
- ❖ Detecting and intervening with homeowners at risk of default or foreclosure
- ❖ Interacting with first mortgage lenders



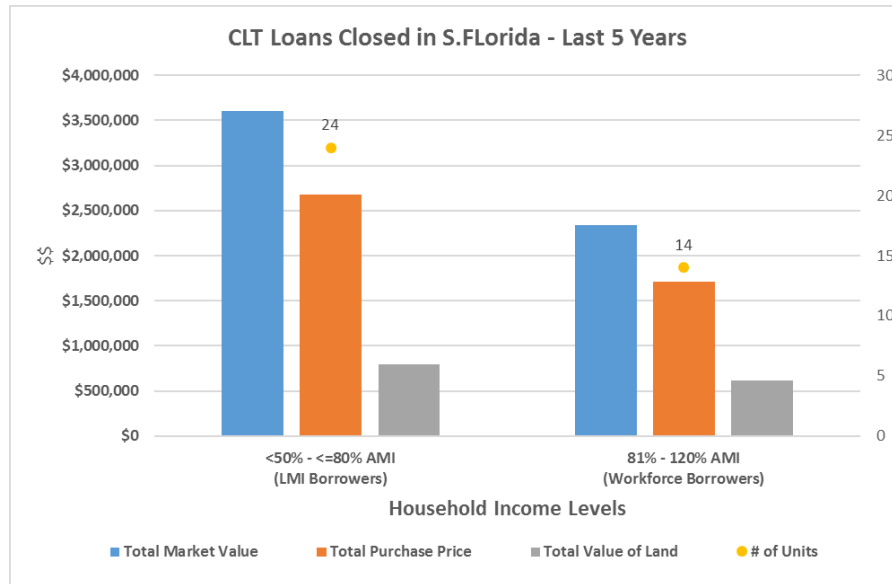
Benefits of CLT Model to CRA

- ▶ Lenders may receive the benefit of CRA credit for providing loans for the purchase of a CLT home.
- ▶ *“The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.” (Definition - § 11.22(b)(5) Innovative or flexible lending practices – <http://www.ffiec.gov/cra/default.htm>)*
- ▶ Banks engaged in supporting the stewardship model of the Community Land Trust may find additional opportunity for CRA credit. Supporting efforts in pre- and post-financial counseling, and homebuyer education workshops, can qualify as ‘CRA Technical Service’ based on CRA regulations.

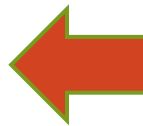
The South Florida CLT Story: 10 years of CLTs in South Florida



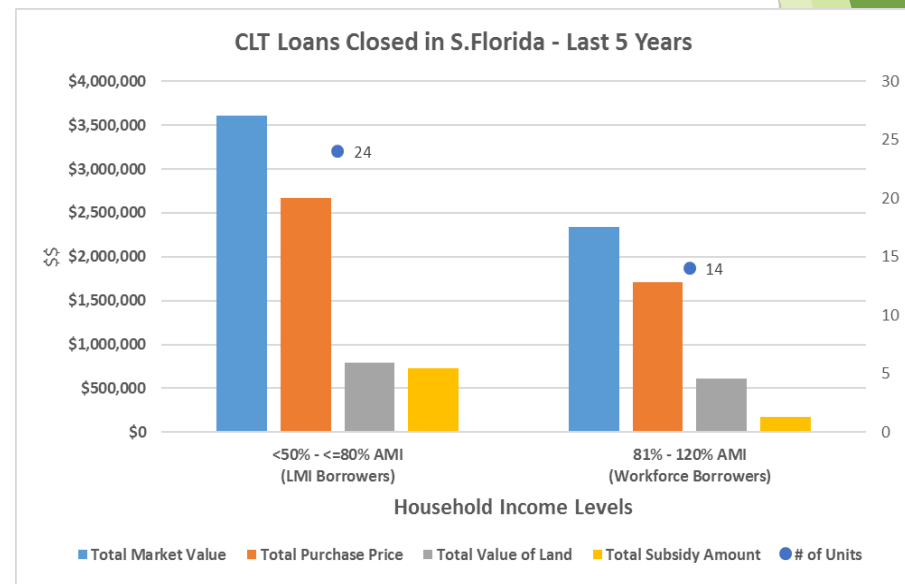
Benefits of CLT to LMI Borrowers



Benefits of CLT to LMI Borrowers



Benefits of CLT to LMI Borrowers (including subsidies)



Research provided by MBS Consulting Services



Insights from S.F. CLT Lenders and Partners

- ▶ *The CLT model has proven to be an invaluable tool in providing our LMI clients who aspire to Homeownership but need sustainable, affordable housing. With the land cost being excluded from the purchase price, even some of our H2H members who earn 50% AMI have been able to realize their dream of owning a home. - Chester Bishop: President, Housing Foundation of America / H2H Homebuyers' Club*
- ▶ *The CLT model is important in our community. The CLTs do not just create affordable homes, they create affordable neighborhoods that families can take pride in. The CLTs work closely with homebuyers on the selection of the home to make sure it's a place that homebuyers want to live – not just because they can afford it, but also because it is a nice place to live. – Kimberly Topping Morris, CRA and Fair Lending Officer, BankUnited, N.A.*
- ▶ *Our lending institution has signed up to do CLT loans because we believe that affordable housing should be available to everyone. With the prices of housing increasing at a rapid pace by taking the land out of the picture and only financing the building, this will bring the prices down for lower income families. We look forward to serving the mortgage needs of the communities in which we do business. - New recently enrolled Lender*
- ▶ *The CLT model is a strategic program that allows lower income families to be able to successfully own a home and build wealth. It is also necessary to promote the affordability of homes for future families. Our bank is proud to offer financing to families purchasing CLT homes. - A.V.P. of Affordable Housing City National Bank*
- ▶ *“The fact that the land is not counted in the price of the home, in and of itself, immediately establishes CLT homes as attainable. In addition, the fact that CLTs continue to support homeowners after homes are purchased is, to me, one of the strongest yet least visible pillars of the model.” - SFCLT Board Member*