

## Community Land Trusts

June 2015

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

An update to Desktop Underwriter® (DU®) Version 9.2 to be implemented the weekend of August 15, 2015, will add an “affordable LTV ratio determination” to make it easier for lenders to underwrite CLT transactions.

Following the update, lenders will be able to 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. When this indication is made, 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

- [CLT Checklist](#)
- Fannie Mae *Selling Guide* [Section B5-5.1-04: Community Land Trusts](#)
- Fannie Mae *Selling Guide* [Section B4-1.4-06: Community Land Trust Appraisal Requirements](#)
- [Form 2100](#), Community Land Trust Ground Lease Rider
- [DU Version 9.2 August Update Release Notes](#)

### More Information

For more information on the CLT product feature, contact your Fannie Mae Account Team.

Information on CLTs can also be found at the National Community Land Trust Network’s (NCLTN) [web site](#). NCLTN provides training resources, technical assistance, and other information to new and existing CLTs.