

## **LIST OF INFORMATION TO PROVIDE LENDER**

Written summary and accompanying documents – in professional ‘packet’

### **Corporate information**

CLT organization

- Nonprofit organization, community-based organization
  - Charitable 501(c)(3) organization
  - In ‘good standing’ with state
- Organizational capacity
  - Roster of board of directors (and affiliations)
  - Staff roster (including responsibilities and experience)
  - Track record and accomplishments
- Annual report
- Brochures, website printouts, etc.
- Testimonials from homeowners, if available
- Housing projects-in-the-works: short-term and long-term

### **Community Land Trust information**

- Separation of land from improvements
  - Homeowner buys and owns improvements outright
  - Receives a 99-year, inheritable, renewable lease
  - Allows CLT to control future use and disposition – and affordability – of improvements
- Homeowner requirements stipulated in ground lease [*Attach copy of CLT ground lease*]
  - Responsible use
  - Owner-occupancy
  - No subletting
  - CLT inspection rights
  - Monthly fee(s)
  - Taxes and insurance
  - Prior approval for capital improvements
- Transfer restrictions
  - Transfer allowed to designated heirs regardless of income
  - All other subsequent owner-occupants must be income-qualified
  - CLT retains preemptive option to purchase
  - Resale formula is designed to allow homeowners to build equity, based on their investment, while keeping the purchase price affordable to subsequent limited-income homebuyer

### **CLT leasehold mortgage financing**

- CLT has non-negotiable right to approve all mortgage financing for its homebuyers/homeowners

- Amount of debt, rate and term, repayment schedule must be reasonable
- Mortgage must meet “Permitted Mortgage” requirements stipulated in the lease agreement
- Collateral is leasehold estate (improvements and leasehold interest in land)
- Occupancy requirements and resale restrictions further affect value of collateral
- CLT is not party to mortgage but is committed to stewardship: ‘backstopping’ support and assistance to help ensure success of homeowner/mortgagor and to ensure collateral is kept in good repair
- In event of mortgage default, CLT will have every opportunity to prevent foreclosure
  - to support homeowner
  - to protect affordability of home
  - to preserve and leverage subsidies invested to create initial affordability of home
- CLT’s options in mortgage default and foreclosure:
  - CLT receives notice of homeowner mortgage default
  - CLT has same, time-limited ‘right to cure’ as homeowner
  - If, after cure period, bank chooses to accelerate the note or begin foreclosure proceedings, CLT receives notice of option to acquire mortgage
  - If bank acquires CLT property through foreclosure or acceptance of deed in lieu, the CLT shall be notified and have time-limited opportunity to purchase the home for the full amount owed
- Summary of CLT mortgage performance (your CLT; national)

*Attach:*

- Written overview of CLT leasehold mortgage financing
  - Article 8 of ground lease, “Financing”
  - Exhibit: “Permitted Mortgage”
- *If meeting with Fannie Mae lender, bring:*
    - Written summary of Fannie Mae’s CLT lending requirements
    - Fannie Mae-approved CLT ground lease rider
    - Fannie Mae appraisal methodology handout

## **CLT TALKING POINTS FOR FIRST MEETING WITH LENDER**

1. Our mission and purpose, as CLT:
  - a. To help homeowner be successful
    - i. as homeowner
    - ii. as mortgagor
  - b. To leverage taxpayer \$\$ used to make home affordable and available
  - c. To ensure home is well-maintained and retains its value (even as we keep its resale price affordable)
2. CLT ownership structure requires leasehold mortgage (as is case in commercial lending)
3. Purchase price write-down is equity, resulting in favorable Loan-To-Value ratios for you as mortgagee (e.g., LTV <80%)
4. We monitor and support homeowner performance and are willing to provide additional assistance, when needed
5. We'll do whatever we can to prevent foreclosure and, if it ever gets to foreclosure, we'll buy it back