

Community Land Trust Mortgage Conversation Guide

FreddieMac
Single-Family

ALL FOR
HOME

This conversation guide is designed to help you speak with your clients about our Community Land Trust (CLT) mortgage product.

What are community land trusts?

Community land trusts (CLTs) are typically established and managed by non-profits, state or local governments, to provide permanently affordable homeownership opportunities for people with very low, low, and moderate incomes through a shared equity model, which helps improve communities through investment, empowerment, and lasting affordability.

How do community land trusts operate?

A CLT buys – or receives the donation of – a plot of land with a house on it.

The CLT sells the house to a low- or moderate-income household, typically subsidizing the sales price. The CLT then rents the land that the house sits on to the homebuyer through a long-term lease at below market rates.

In return, the homebuyer agrees to certain restrictions on the future resale of the home that allow the CLT to keep the home affordable for the next income-eligible homebuyer.

Why should you consider the Freddie Mac CLT mortgage solution?

- Additional options to finance homes for sustainable homeownership
- Access to housing counseling and support before and after purchase
- Access to Freddie Mac low down payment mortgage products allowing higher loan-to-value ratios
- Expand options for affordable homeownership
- Achieve homeownership with a down payment as low as 3%
- Pay the homeownership opportunity forward when the home is sold

Do I have to submit the CLT Mortgage through Loan Product Advisor® (LPASM)?

You don't have to submit *CLT mortgages* through LPA.

CLT mortgages may be submitted through LPA or manually underwritten. Select the new Community Land Trust loan program identifier. With this loan program identifier, the loan-to-value (LTV)/ total LTV (TLTV)/home equity line of credit (HELOC) TLTV ratios will be calculated automatically without having to enter the appraised value in the purchase price field.

How are CLT Mortgages delivered through Freddie Mac?

CLT Mortgages may be delivered under the fixed-rate Cash Program or Guarantor Execution.

See *Guide* sections 6302.42 for special delivery instructions for *CLT mortgages*.

Get started

We recommend completing the Freddie Mac CLT mortgage overview training available on demand on Freddie Mac Learning.

Training is open to loan officers and/ or other personnel via recorded training sessions.

To start delivering community land trust mortgages:

1. Prepare your systems or work with your loan origination system (LOS) software partners to implement the new loan program identifier.
2. Update your documentation and internal resources to include guidance on the Community Land Trust loan program identifier.
3. Manually underwrite or underwrite loans in LPA, evaluate loan data to determine sale eligibility to Freddie Mac in Loan Quality Advisor[™], and deliver CLT mortgage loans to Freddie Mac via Loan Selling Advisor[™].

For more information, visit our [CLT mortgages product page](#).