

Montana Board of Housing

Terms and Conditions for MBOH Community Land Trust Program

Revised June 2026

Purpose

The purpose of the MBOH Community Land Trust Program is to provide a first lien Mortgage Loan secured by a leasehold estate on property owned by a Community Land Trust. Community Land Trusts are created to preserve long-term affordability by building or purchasing homes in their communities, then leasing the land to lower and moderate-income families under a long-term ground lease at affordable monthly ground rents. By removing the cost of land associated with a home purchase, Borrowers can purchase homes they otherwise could not afford in higher cost areas. Eligible CLTs must be nonprofit organizations or public entities, such as state or local governments, counties, school districts, universities or colleges. The CLT Program uses a first lien Mortgage Loan that is non-insured and requires loan-to-value at 80% or lower. These are Conventional Conforming Mortgage Loans purchased by MBOH's Master Servicer for delivery to Fannie Mae.

Program Details

1. The term of all CLT Program Mortgage Loans is 30 years and will provide for complete amortization by maturity by equal monthly payments of principal and interest.
2. The 30-year fixed rate of interest on CLT Program Mortgage Loan shall be one quarter of one percent (0.25%) less than the MBOH MBS Regular Bond Loan Program rate, as posted on the Board's website and subject to change from time to time.

3. Homebuyer education must be completed prior to the closing of the loan.
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4. All Residences must be appraised according to Fannie Mae Community Land Trust Appraisal requirements by an appraiser who is knowledgeable and experienced in the Appraisal techniques, namely the direct capitalization and the market derivation of capitalization rates that are necessary to appraise a Residence subject to a leasehold estate held by a CLT.
5. Borrowers using the CLT Program must provide a minimum contribution of \$1,000 from their own funds which cannot be gift funds. No cash back is allowed at closing.

CLT Program Specifics

1. The CLT Program requires approval of the Conventional Conforming Mortgage Loan via Fannie Mae's Desktop Underwriter AUS system. "Refer with Caution" findings will **not** be accepted. When using DU, the Participant must enter "Affordable LTV" in the Product Description field in the Additional Data section on the online loan application, which will result in DU calculating the LTV ratio based solely on the appraised value for purchase transactions, not the lesser of the sales price or appraised value.
2. CLT Program Mortgage Loans must be reserved in Lender Online using the Single Family Series 006 CLT Non-Insured Program.
3. The leasehold estate created by the CLT ground lease must constitute real property under applicable law. In all respects, the ground lease must be valid, enforceable and in full force and effect. Lenders must ensure that any Mortgage secured by a CLT property is supported by the appropriate leasehold interest documents, including the CLT ground lease and any applicable Land Trust Ground Lease Rider as required by Fannie Mae.

CLT Program Title Insurance Requirements

The Participant's title insurance policy or an endorsement to the policy must expressly confirm:

- The recording of the complete CLT ground lease or ground lease memorandum;
- The recording of the applicable CLT Ground Lease Rider attached to the lease or memorandum;
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- The CLT is a first lien on the leasehold estate and the improvements;
- There are no existing Mortgage Loans or other liens on the fee estate, except as may be permitted under the acceptable and applicable rider;
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- The ground lessor's reversionary interest is subordinate to the CLT mortgage;
- There are no related CLT ground lease occupancy and resale restrictions, covenants, or agreements that "run with the land," and that have been recorded apart from the ground lease, except as may be permitted under the acceptable and applicable rider.

Compliance Review, Reservation and Loan Delivery

In addition to all MBOH MBS Regular Loan Program requirements, Participants must additionally upload a letter from the CLT confirming the eligibility of Mortgagor(s) for the Program, a copy of the title commitment for the purchase, and a copy of the proposed new lease. The lease must be based upon either the National Community Land Trust Network 2011 CLT Network Model Ground Lease or the Institute for Community Economics Model Ground Lease, and the term of the lease cannot exceed 75 years.

Other Provisions

Except as outlined above, all terms, conditions, definitions and Program criteria applicable to the CLT Program, as set out in the MBOH Mortgage Purchase and Servicing Guide and the associated MBOH MBS Regular Bond Loan Program Terms and Conditions applies to the CLT Program and must adhere to Fannie Mae criteria.