

**Results of *The 2011 Comprehensive CLT Survey***

By

Emily Thaden

**The Housing Fund  
Vanderbilt University**

In partnership with the

**National Community Land Trust Network**

and the

**Lincoln Institute of Land Policy**

**January 11, 2012**

## Table of Contents

<b>Introduction</b>	<b>1</b>
The Survey	1
Terminology	2
<b>Prevalence &amp; Growth of CLTs &amp; Resale-Restricted Homeownership Units</b>	<b>3</b>
CLTs & Organizations with Resale-Restricted Homeownership Programs	3
Geographical Spread of CLTs & the Sample	4
Real Estate Holdings of Organizations in the Sample	6
Resale-Restricted Homeownership Units	6
Pathways to Obtain Resale-Restricted Homeownership Units	8
<b>Organizational &amp; Structural Characteristics</b>	<b>9</b>
Organizational Type & Affiliations	9
Service Area	9
Year of Establishment	10
Year of First Sale	11
Staffing & Diversity	12
Characteristics of Board	13
Organization's Membership	13
<b>Design of Homeownership Programs: Contracts, Programming, &amp; Funding</b>	<b>15</b>
Contractual Documents of Resale-Restricted Programs	15
<i>Characteristics &amp; Use of Various Contractual Documents</i>	15
<i>Incidence of Use of Various Versions of the Model Ground Lease</i>	17
<i>Rights in Contractual Documents</i>	18
<i>Resale Restricted Formula in Contractual Documents</i>	19
<i>Income Eligibility of Buyers in Contractual Documents</i>	20
Stewardship	21
<i>Pre-purchase education</i>	21
<i>Post-purchase Education &amp; Support</i>	22
<i>Promoting Sound Maintenance</i>	23
<i>Resale Transactions</i>	25
<i>Innovations in Stewardship</i>	26
Funding	27
<i>External Sources of Funding</i>	27
<i>Challenges Accessing External Funding</i>	29
<i>Internally-Generated Sources of Income</i>	29
<i>Challenges Generating Internal Funding</i>	31
<b>Characteristics of Beneficiaries</b>	<b>33</b>
Households	33
<i>Annual Income</i>	33
<i>Duration of Tenure</i>	33
Purchasers	33
<i>First-time Homebuyers</i>	33
<i>Ethnicity &amp; Race</i>	34
<i>Children &amp; Female-headed Households</i>	34

<b>The First Mortgage Lending Landscape</b>	<b>35</b>
Pros & Cons of Being a Lending Partner to CLTs	35
<i>Pros</i>	35
<i>Cons</i>	36
Access to First Mortgages	37
<i>Partnering Lenders</i>	37
<i>Loss of Partnering Lenders</i>	37
<i>Start-ups</i>	38
The Role of State Housing Finance Agencies	38
Loan Characteristics Available to Homebuyers	39
<i>Loan Products</i>	39
<i>Loan Type</i>	40
<i>Interest Rates</i>	40
<i>Down Payment Requirements</i>	41
<i>Debt-to-Income Ratios</i>	42
<i>Underwriting Standards</i>	42
<i>Refinancing</i>	44
The Secondary Market	45
Current Challenges with First Mortgages	46
<b>Conclusion</b>	<b>47</b>
<b>References</b>	<b>49</b>
<b>Appendix A. Survey Administration</b>	<b>51</b>
<b>Appendix B. Community Land Trust First Mortgage Lender List</b>	<b>50</b>

## **Results of the 2011 Comprehensive CLT Survey**

### **Introduction**

The purpose of this report is to provide information on Community Land Trusts in the United States based upon a comprehensive survey of 96 CLTs conducted at the start of 2011. The survey captured information on these CLT's portfolios and organizational characteristics. Additionally, data was gathered on their resale-restricted homeownership programs that provide affordable homes in perpetuity, including the program's contractual mechanisms, policies, and stewardship practices. Furthermore, data from the survey collected characteristics of owners of CLT homes as well as the first mortgage lenders and the loans that enable low-to-moderate income households to purchase homes through CLTs. While the survey was by no means a census of all U.S. CLTs, it is the largest and most comprehensive portrait of the CLT movement to date.

A Community Land Trust is one of several resale-restricted, owner-occupied housing models, collectively known as "shared equity home ownership," which are being used in communities throughout the United States to help low- and moderate-income households attain—and *retain*—homeownership. CLTs own the land where owner-occupied homes are located. Homeowners purchase only the structural improvements, while paying a modest monthly fee to lease the underlying land from the CLT. Therefore, homeowners carry a significantly smaller mortgage than if they had bought both the home and land in the conventional market. At the time of purchase, a CLT's homeowners agree to resale restrictions set out in the ground lease that limits the future resale price of their homes in order to keep them affordable for the next generation of lower income buyers. On occasion, when a CLT is involved with a condominium project, these same resale restrictions are set out in an affordability covenant, appended to the deed to each condominium. The CLT acts as the long-term steward for the homes *and* their newly minted owners, providing pre-purchase and post-purchase guidance, oversight, and support to preserve affordability, promote sound maintenance, prevent foreclosures, and ensure the longevity and success of the homeownership opportunity that the CLT has created.

### **The Survey**

*The 2011 Comprehensive Community Land Trust Survey* (hereinafter "CLT Survey") aimed to holistically capture the current landscape of CLTs in the United States. The CLT Survey was administered to U.S. community land trusts or shared equity home ownership programs (collectively referred to as "CLTs") included in the National Community Land Trusts directory as of March 1, 2011 that had working e-mail addresses (n=216). The directory comprises all the CLTs that are known to exist in the United States. It included an additional 26 organizations that did not have electronic communication or working e-mails, which were removed from the database prior to recruitment. Shared equity home ownership programs that do not use a ground lease to preserve affordability (and are, therefore, not technically CLTs) are included in the directory if they have elected to become a member of the Network and subscribe to the CLT model in terms of affordability and stewardship practices. Out of the 216 organizations recruited for participation, 96 organizations completed and submitted a survey, a response rate of 44% (96/216).

The survey was comprised of eight sections: 1. Preliminary Information (i.e. contact information), 2. Your Organization & Homeownership Program, 3. Your Resale Controls: Policies & Practices, 4. Sources of Funding, 5. Your Organization's Portfolio, 6. First Mortgage Loans, 7. Delinquencies & Foreclosures, and 8. Characteristics of Current Homeowners. See Appendix A for information on survey administration.

### **Terminology**

Community Land Trusts, or “CLTs” will be used throughout this report to refer to both: 1) Organizations that are—in and of themselves—CLTs with homeownership units, and 2) Programs that provide homeownership through a CLT or other shared equity model, which are housed within organizations that have lines of business not associated with the homeownership program.

The term “resale-restricted homeownership program,” or “homeownership program” for short, is used throughout the report to refer to programs that offer affordable homeownership units that have *lasting* affordability due to their resale restrictions (i.e. homeownership offered through CLTs or other shared equity homeownership programs). This term *excludes* homeownership programs that use resale restrictions for affordability periods of less than 30 years, which is commonly found in many programs using state or federal funding. Lasting or permanent affordability is one of the crucial differences between affordable homeownership offered through CLTs and other shared equity homeownership programs versus other publicly funded programs helping lower-income households to become homeowners.

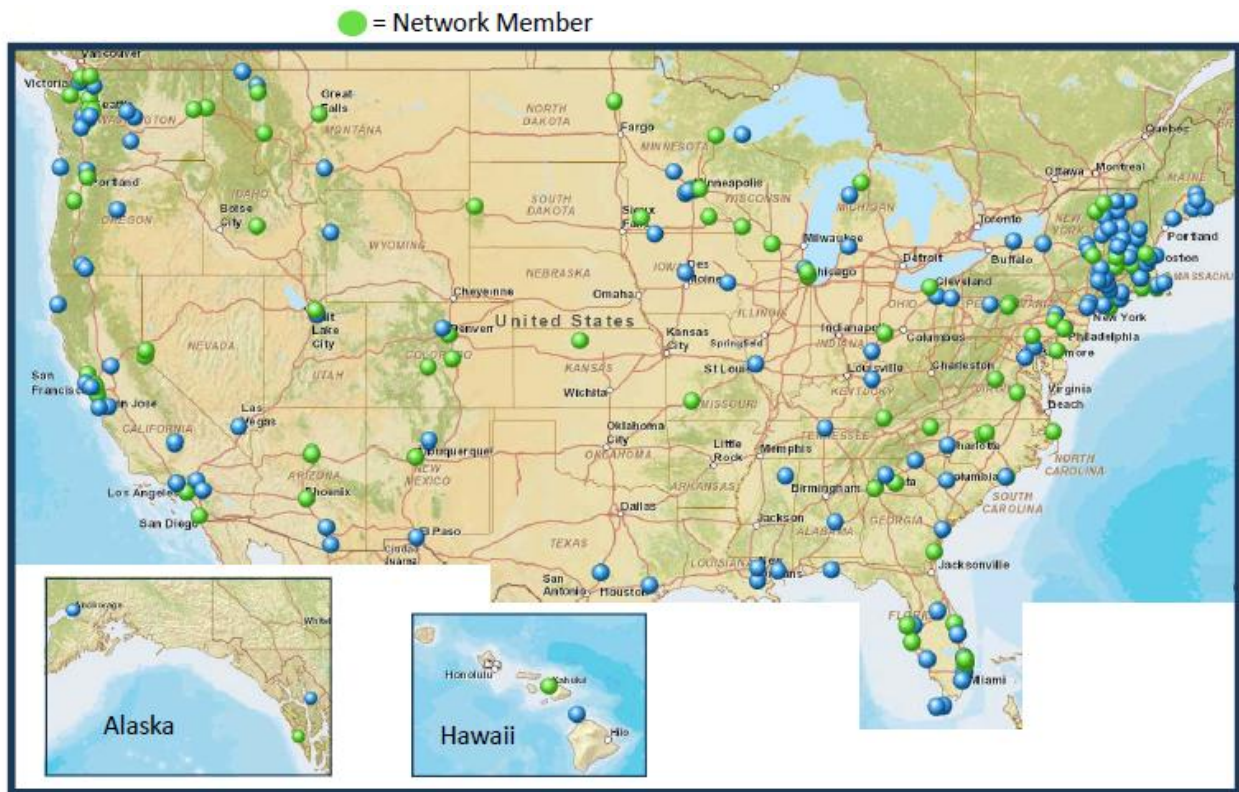
## Prevalence & Growth of CLTs & Resale-Restricted Homeownership Units

This section will present the prevalence and growth of CLTs units according to information provided by the Network and the survey. Additionally, information on what is known about the number and development of resale-restricted homeownership units and the pathways CLTs use to obtain new units will be reviewed.

### CLTs & Organizations with Resale-Restricted Homeownership Programs

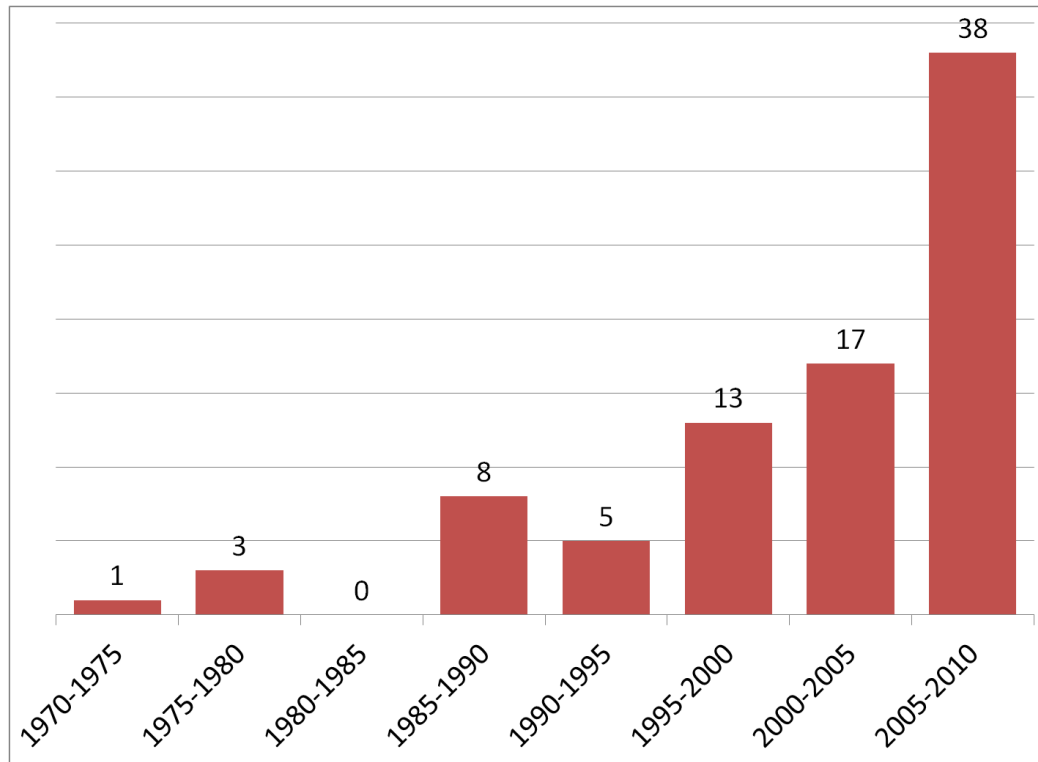
According to the Network's database of all known CLTs in the United States, a total of 242 CLTs were operating as of March 1st, 2011 (124 of these were members of the Network). Figure 1 presents a map of where these CLTs are located.

Figure 1. Location of CLTs in the United States by Network membership status.



The sample consisted of 96 out of the 216 organizations that had working e-mail addresses. Thirty organizations in the sample were designated as “start-ups” because they had yet to sell a resale-restricted unit by the end of 2010, meaning that their homeownership programs (and sometimes their organizations) were relatively new. Figure 2 presents the year when CLTs in the sample were established. Based upon the trends in the sample, the number of organizations with resale-restricted homeownership is growing at a faster rate over time.

Figure 2. Number of CLTs in sample by year their resale-restricted homeownership programs were established (n =85).



### Geographical Spread of CLTs & the Sample

CLTs are located in 46 states and the District of Columbia. The participating organizations in the survey were located in 35 states. In the sample, the range of the number of organizations per state was 1 to 15 (median= 1, mean= 2.74). The states most represented by the sample of organizations were WA (n= 15), FL (n= 8), CA (n= 8), MA (n= 6), NY (n= 5), MN (n= 5), and MT (n= 5). These CLTs accounted for 54.17% of the total sample. All other states were represented by no more than four organizations in the sample, and 18 states were represented by only one organization. The number of organizations in the sample and the total number of active CLTs by state and U.S. region are presented in Table 1. The sample had more CLTs located in the west and less CLTs located in the northeast than the overall population of CLTs.

Table 1. Number of Active CLTs and those in the sample by state and U.S. region.

U.S. Region	State	Number in Sample	Number of Active CLTs
Midwest	IA	1	3
Midwest	IL	3	4
Midwest	IN	0	0
Midwest	KS	1	1
Midwest	MI	1	3
Midwest	MN	5	10

Midwest	MO	1	2
Midwest	ND	1	1
Midwest	NE	0	0
Midwest	OH	2	5
Midwest	SD	0	1
Midwest	WI	2	3
<b>Subtotal</b>	<b>12</b>	<b>17</b>	<b>33</b>
<b>Percent of Total</b>	<b>24%</b>	<b>18%</b>	<b>14%</b>
Northeast	CT	0	8
Northeast	DC	1	2
Northeast	DE	1	1
Northeast	MA	6	15
Northeast	MD	0	3
Northeast	ME	1	5
Northeast	NH	0	6
Northeast	NJ	0	1
Northeast	NY	5	15
Northeast	PA	2	6
Northeast	RI	1	6
Northeast	VT	1	10
<b>Subtotal</b>	<b>12</b>	<b>18</b>	<b>78</b>
<b>Percent of Total</b>	<b>24%</b>	<b>19%</b>	<b>32%</b>
Southeast	AL	1	1
Southeast	AR	0	0
Southeast	FL	8	19
Southeast	GA	3	7
Southeast	KY	0	1
Southeast	LA	1	4
Southeast	MS	0	2
Southeast	NC	4	7
Southeast	SC	0	2
Southeast	TN	2	2
Southeast	VA	1	2
Southeast	WV	0	0
<b>Subtotal</b>	<b>12</b>	<b>20</b>	<b>47</b>
<b>Percent of Total</b>	<b>24%</b>	<b>21%</b>	<b>19%</b>
Southwest	AZ	2	6
Southwest	NM	1	4
Southwest	OK	0	0
Southwest	TX	1	4
<b>Subtotal</b>	<b>4</b>	<b>4</b>	<b>14</b>
<b>Percent of Total</b>	<b>8%</b>	<b>4%</b>	<b>6%</b>
West	AK	0	2
West	CA	8	19
West	CO	3	5
West	HI	1	2
West	ID	1	2
West	MT	5	6
West	NV	0	3
West	OR	3	9
West	UT	1	2



West	WA	15	19
West	WY	0	1
<b>Subtotal</b>	<b>11</b>	<b>37</b>	<b>70</b>
<b>Percent of Total</b>	<b>22%</b>	<b>39%</b>	<b>29%</b>
<b>TOTAL</b>	<b>51</b>	<b>96</b>	<b>242</b>
<b>PERCENT TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Real Estate Holdings of Organizations in the Sample

While some organizations have missions specific to affordable homeownership, others have missions that more broadly encompass community development. Consequently, many CLTs also provide additional types of housing and some provide commercial spaces or conserved land. The survey asked participants about the various types of real estate they held in their portfolios. Table 2 presents the number and types of housing units maintained by the sample at the end of 2010.

Table 2. Organizational portfolios of residential units & unit additions during 2010 (n=96).

<b>Housing Type</b>	<b>Total # of Units</b>	<b>Range of # of Units per Org</b>	<b># Added in 2010</b>
Home ownership units with resale-restrictions	3,669	0-488	405
Home ownership units without resale-restrictions	273	0-150	7
Cooperative units	156	0-58	0
Lease-purchase units	54	0-19	6
Rental Units	5,391	0-1,449	222
<b>Total</b>	<b>9,543</b>	<b>0-1,995</b>	<b>640</b>

Respondents were asked what types of homes comprised their portfolio of resale-restricted homeownership units. While responses only accounted for 71% of the resale-restricted units (n=2,603), 58% were single-family detached homes, 7% were town homes, 7% were duplexes, and 28% were condominiums.

In addition to residential units, 13 organizations reported having 96 commercial spaces within their portfolios. Respondents indicated that these spaces were used as office space for their organizations, offices for other non-profits, or small local businesses. More specifically, responses included homeless shelter, child development centers, adult day care center, legal aid services, non-profit utility provider, community garden sites, retail companies, storage space, photo gallery, artist cooperative, food cooperative, and arts and crafts store.

Lastly, 12 organizations reported land conservation as a part of their missions. Ranging from .5 to 16,035 acres, these organizations steward a total of 17,431.5 acres of land in both urban and rural localities.

### Resale-Restricted Homeownership Units

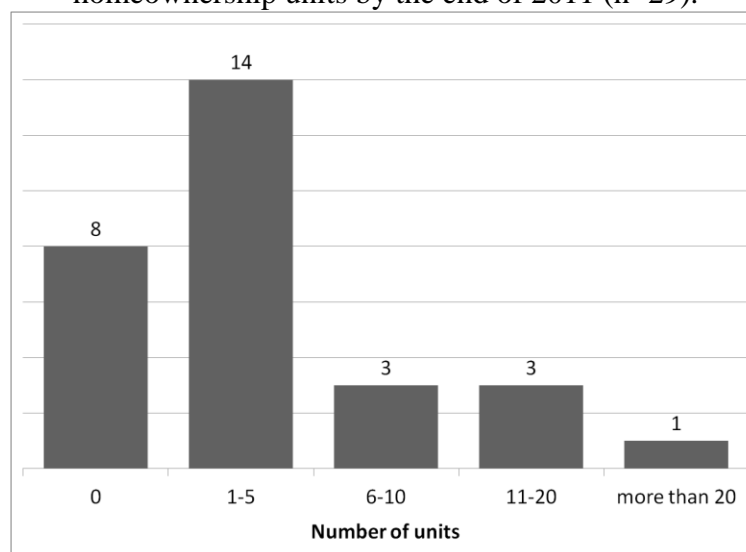
The total number of resale-restricted homeownership units that are held in the portfolios of CLTs in the U.S. is unknown. Based upon the Network's Directory of CLTs, 137 CLTs reported a total of 10,468 residential units, including 3,654 rental units, 513 manufactured homes or mobile

home units, 189 cooperative units, 4,963 single-family homes, 672 condominiums, and 477 townhomes. Roughly half of the CLTs within the directory did not provide information on their portfolios, rendering the unit count an underestimate. Additionally, it is unknown how many of these units are resale-restrict, owner-occupied homes. As presented above, the total number of resale-restricted homeownership units in the sample was 3,669. When start-up CLTs were removed (30 organizations that accounted for 89 units but had not sold a unit by the end of 2010), the median number of units per respondent was 29.5 (mean = 54.2), where 25% of the 66 established CLTs reported less than 11 units, and 75% of these CLTs reported having less than 57 units.

Based upon the survey, a very rough estimate of the number of resale-restricted homeownership units held by CLTs in the U.S. may be derived from multiplying the median number of units/CLT by the number of CLTs ( $29.5 \times 242$ ), equaling 7,139. This approximation assumes that the sample was representative of the entire known population of 242 CLTs, but this calculation is also likely to overestimate the number of units since many CLTs appear to be start-ups. Furthermore, CLTs with large portfolios of resale-restricted homeownership units may be overrepresented in the survey. A national census of CLTs and homeownership programs is needed to accurately and reliably measure the existing universe of resale-restricted homeownership units.

In terms of growth in the number of resale-restricted units, the total sample reported 405 resale-restricted homeownership units were added to CLT portfolios during 2010. The 30 start-ups in the sample ( $n = 30$ ) expect to produce anywhere from 86 to 181 units in 2011, either through new construction or through the acquisition, rehab, and resale of existing homes. Figure 3 presents their responses for how many resale-restricted homeownership units the start-ups reasonably anticipated having for sale by the end of 2011.

Figure 3. Number of start-ups that plan to have various numbers of resale-restricted homeownership units by the end of 2011 ( $n=29$ ).



### **Pathways to Obtain Resale-Restricted Homeownership Units**

Table 3 presents how organizations have brought residential units into their homeownership program's portfolio. The most prevalent response was through direct acquisition and development of affordable homes. Roughly one quarter also endorsed they partner with non-profits to do the development, or they have purchased homes through bargain sales. Additionally, one quarter had homebuyer-initiated programs, where eligible homebuyers identify properties and— with the help of the CLT/program—they purchase and sometimes rehab the homes.

Table 3. Number and percentage of organizations by the ways they have obtained homeownership units (n=96).

<b>Ways units have been obtained</b>	<b>Number</b>	<b>Percentage</b>
Have not obtained units yet	15	16%
Directly conducted development	59	61%
Bargain sale purchases	24	25%
Buyer-initiated program	24	25%
Partnered with non-profit developers	23	24%
Partnered with Habitat for Humanity	20	21%
Private or corporate unit donations	18	19%
Partnered with for-profit developers	17	18%
State of municipal unit donations	15	16%
From inclusionary zoning program	13	14%

Three organizations reported that land was donated through the government and residents helped build the homes. Respondents were also asked whether they partnered with local Habitat for Humanity affiliates. Of the 30 start-up organizations, eight reported working with Habitat and one reported being a Habitat affiliate. Of the 66 established CLTs, 28 reported sometimes working with Habitat.

## Organizational & Structural Characteristics

This section will review characteristics of both the organizations and resale-restricted homeownership programs that comprise the sample. First, the types of organizations that provide resale-restricted homeownership will be presented. Next, the geographical spread, service areas of the sample, and their years of establishment will be reviewed. Lastly, information on staffing, board composition, and memberships will be described.

### Organizational Type & Affiliations

Respondents were asked about their organizational types and affiliations. As shown in Table 4, almost all organizations self-identified as a Community Land Trust, and almost all were tax exempt non-profits. Close to half of the organizations in the sample were Community Housing Development Organizations (CHDO). CHDO designation enables a CLT to be eligible under HUD for HOME set-aside funds.

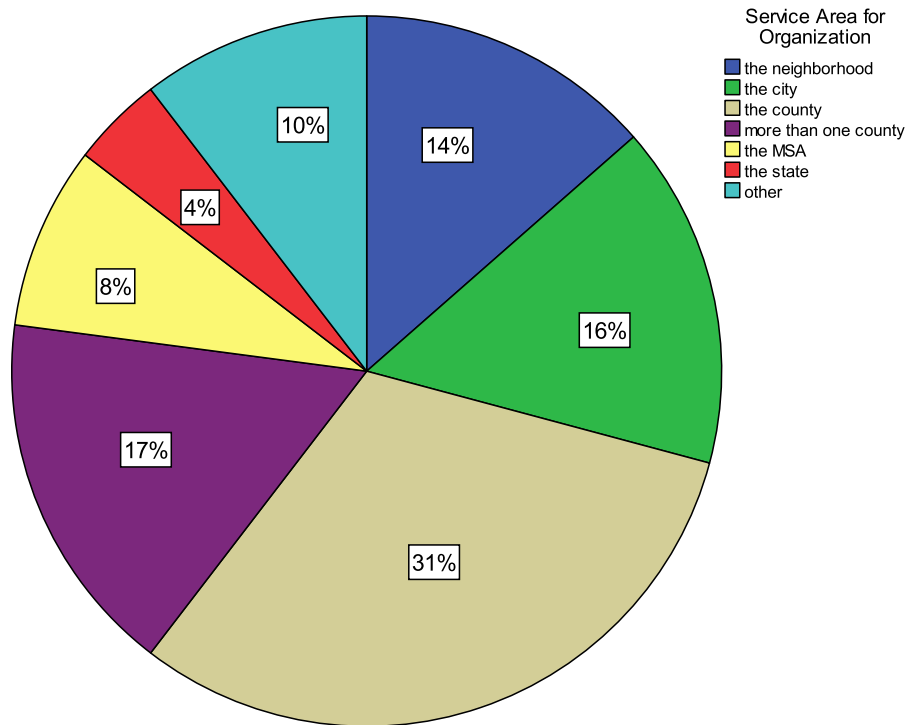
Table 4. Number and percentage of organizations by types & affiliations (n =96).

Organizational Type or Affiliations	Number	Percentage
Community Land Trust (CLT)	92	96%
Tax exempt nonprofit with a 501(c)(3) designation	92	96%
Community Housing Development Org. (CHDO)	42	44%
Community Development Corporation (CDC)	19	20%
Other affiliations	9	9%
NeighborWorks organization (NWO)	4	4%
Local Initiatives Support Coalition (LISC) affiliate	3	3%
Community Development Financial Inst. (CDFI)	2	2%
Department or agency of municipal government	2	2%
Public housing authority	2	2%
Habitat for Humanity affiliate	1	1%
Other governmental organization	1	1%
State Housing Authority/Agency	0	0%

### Service Area

Close to half of respondents (n = 45) reported their county or city as their organization's service area. Four organizations served an entire state.

Figure 4. Percentage of organizations by geographical service areas (n=96).

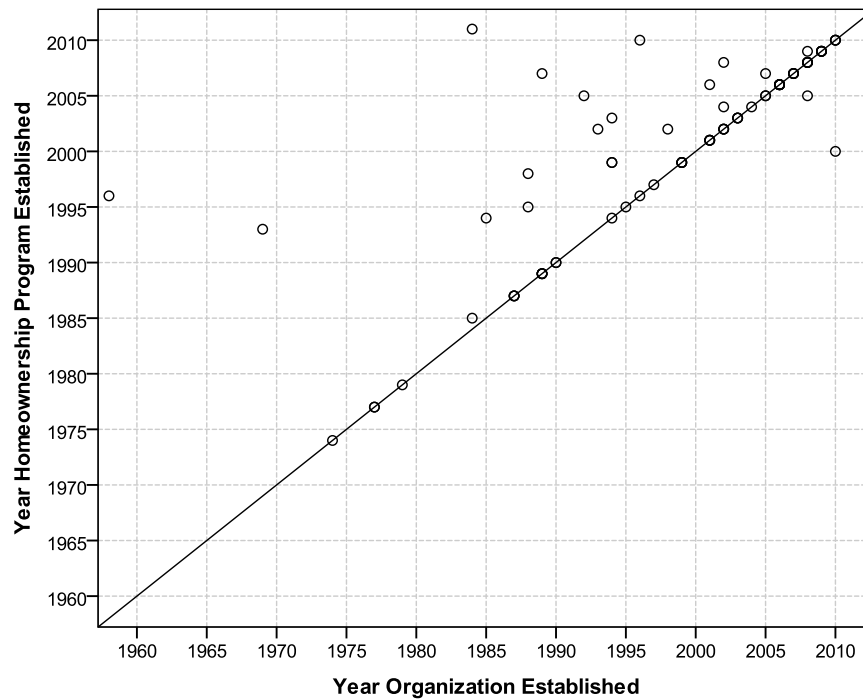


Ten organizations reported a different service area that was different for their resale-restricted homeownership program than for their organization as a whole. In five of these cases, the service area was smaller for the homeownership program. In the remaining five cases, “other” was selected as the service area for the organization or the program, and consequently, the difference between the service areas is unknown.

### Year of Establishment

Figure 5 presents a scatterplot of the year each organization in the sample was established by the year the homeownership program was established. Out of the 82 organizations that provided information, the range of years for organizational establishment was 1958-2010 (median = 2002). Out of 85 organizations providing information on the year their homeownership program was established, the range was 1974-2011 (median = 2003). Roughly one fourth of the organizations established a homeownership program after the organization was established; however, the majority established them concurrently.

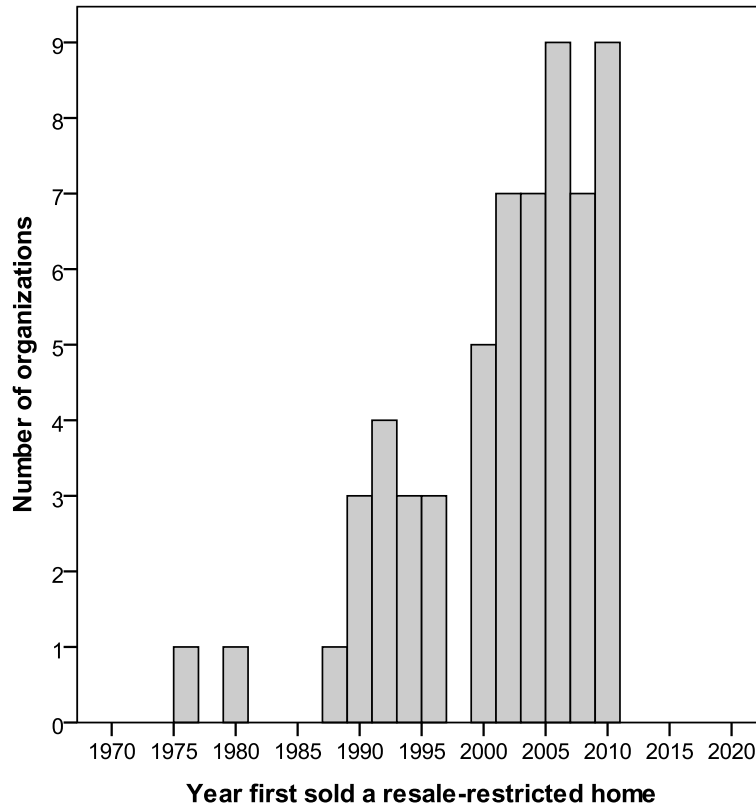
Figure 5. Year of organizational establishment by and homeownership program establishment (n=82).



### Year of First Sale

The sample comprised 30 “start-ups,” defined as not having sold a resale-restricted unit by the end of 2010. Consequently the remaining 66 organizations were asked in what year they sold their first resale-restricted home. Based on 60 respondents, the median was 2003, the mean was 2001, and the range was 1976-2010. Notably, 25% of the sample had sold a unit before 1996 and 75% had sold a unit before 2007. Hence, the majority of the sample was likely to have some seasoned homeowners who had owned their homes for at least three years.

Figure 6. Frequencies of organizations reporting the year they sold their first resale-restricted unit (n=60).



### Staffing & Diversity

Out of the 95 organizations that provided information, they employed a total of 1,390 workers (median = 3, mean = 15, range = 0-900); of which, 282 were part-time employees. Fifteen organizations did not have a staff person (13 of which were start-ups). Three quarters of the organizations reported five or less employees; hence, the majority of the organizations were small. The largest organization, a municipal agency, employed 900 staff members followed by the next largest organization of 90 employees (a non-profit CHDO).

Ninety organizations provided information on the number of staff who were persons of color, defined as “persons who identify as Hispanic/Latino/Spanish Origin, Black/African American, Asian, Hawaiian Native or Pacific Islander, American Indian/Alaskan Native, or as more than one race.” The sample had a total of 147 full-time or part-time employees who were persons of color (mean = 2, median = 0, range = 0-70). Out of the 76 organizations that had at least one staff person, the average percentage of employees who were persons of color was 22%. Forty-five of these 76 organizations had no employee who was a person of color, while one organization reported that 70 of their 90 employees were persons of color.

When respondents were asked about the number of staff in their homeownership program, 94 organizations reported a total of 234 employees (57 of which were part-time employees). The

median was 2, the mean was 2.5, and the range was 0-17. The respondent with the largest number of staff was a longstanding organization that did not have 5013c status but provides over 300 units of housing through Mutual Housing Associations and cooperatives in a major northeastern city. The next largest homeownership program had 12 employees at the largest CLT in the United States, Champlain Housing Trust. Seventeen organizations had no staff (13 of which were start-ups), 25% of organizations had one staff member or less, and 75% had 3 staff members or less. Hence, a relatively small number of employees in these organizations are maintaining resale-restricted, homeownership programs.

### **Characteristics of Board**

For 92 responding organizations, their boards ranged from 0-22 individuals (median = 9, mean = 9.5). Three quarters of the organizations had boards with 12 or fewer members. Thirty-eight organizations did not have residents of units in their portfolios on their board (41%), of which, 17 were established CLTs. Forty organizations did not have a person of color on their board (42%). The median percentage of board members who were persons of color was 11% (mean = 20%, range = 0-100%). The median percentage of resident board members was 11% (mean = 17%, range = 0-81%).

The definition of a CHDO includes that at least one third of the board is represented by low-income individuals or residents of low-income census tracts. Notably, CHDO status enables CLTs to be eligible for HOME funding that is set-aside for CHDOs (a minimum of 15% allocated to Participating Jurisdictions). Eighteen out of the 41 CHDOs reported that at least one third of their boards were comprised of residents served by their organization (44%). Hence, the remaining 23 CHDOs in the sample could potentially fulfill this requirement with a combination of low-income residents in their housing as well as residents in the community who are low-income or reside in low-income census tracts. More information is needed to evaluate whether and how CLTs are meeting this CHDO requirement.

### **Organization's Membership**

Twenty-nine organizations in the sample had organizational memberships; however, only 23 provided the total number of members they had at the end of 2010, equaling 7,906 members (median = 79, mean = 344, range = 0-5000). Champlain Housing Trust had the largest membership of 5,000 individuals, which is also the largest CLT in the United States. The next largest membership was 500 individuals. Table 5 presents the prevalence of various membership activities in CLTs with members.

Table 5. Number and percentage of organizations by activities conducted by their membership (n = 29).

<b>Membership Activity</b>	<b>Number</b>	<b>Percentage</b>
Elect a majority of the governing board	29	100%
Help with community outreach and public relations	27	93%
Help to raise money for the organization	19	66%
Other activities	14	48%
Nominate a minority percentage of the governing board	5	17%
Elect a minority percentage of the governing board	3	10%



For “other activities,” four respondents indicated that their members vote on key organizational decisions (e.g. changes to bylaws, resale formula changes, sale of land). Additional activities included participating in annual meetings and working on active committees. Three respondents indicated that their membership did not participate in their organizations. Others reported that their members donated time, services, and goods are crucial to their organization’s functioning; one respondent wrote, “We are volunteer run. They do everything!”

## **Design of Homeownership Programs: Contracts, Programming, & Funding**

This section will review characteristics of the contractual documents that CLTs utilize to restrict the use and resale of their properties and to assign certain rights and responsibilities to their homeowners. Next, it will review the prevalence of program components that are involved in the stewardship of homes and homeowners, and highlight various innovations in stewardship. This section will end by reviewing the funding received by CLTs from external sources, as well as revenues that are internally generated by CLTs.

### **Contractual Documents of Resale-Restricted Programs**

Contractual documents, signed by the homebuyer and the stewarding organization, are used to set forth the rights, responsibilities, risks, and rewards that come with owning a home that has lasting affordability. These contractual documents may take the form of a ground lease, a deed covenant, or some other legal instrument. However, programs committed to promoting successful homeowners and lasting affordability of homes will traditionally include common elements in these contractual documents. Three key elements include: 1) a CLT's right to oversee and to approve financing and refinancing of the home, 2) a formula used to set the resale price of the home, and 3) eligibility criteria for future buyers to ensure the home will be resold to a low-to-moderate income buyer.

The survey focused on these three elements, but the contractual documents used by CLTs include an array of additional restrictions and regulations that relate to use, occupancy, capital improvements, and property upkeep. This section will first review the characteristics and prevalence of various contractual documents. Next, the usage of different versions of the Model Ground Lease by survey respondents will be reviewed. Then additional information on the key elements within these contractual documents will be presented.

### ***Characteristics & Use of Various Contractual Documents***

CLTs by their definition traditionally utilize ground leases to preserve the lasting affordability of their homeownership units. However, some CLTs utilize alternative contractual mechanisms to preserve affordability. The most common alternative is a deed covenant that delineates use, occupancy, and resale restrictions similar to those set forth in the CLT Model Ground Lease. The deed covenant is often accompanied by a promissory note and deed of trust to secure the substantial subsidy that makes the home affordable to an income-eligible buyer.

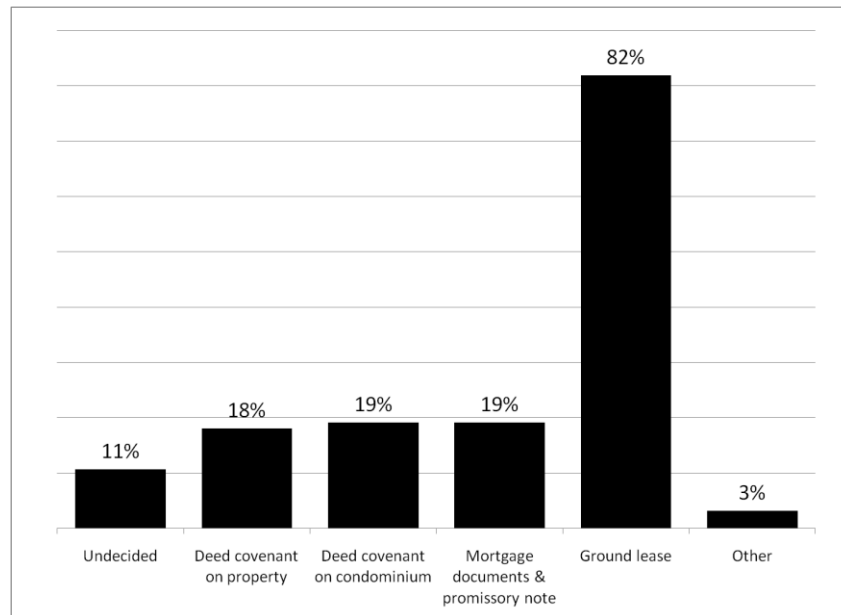
There are cultural, political, legal, and economic factors that may influence the type of contractual mechanism that is used by a particular resale-restricted homeownership program. For instance, many CLTs have traditionally utilized ground leases because they prioritize the importance of actual land ownership in their local communities. However, CLTs sometimes may be legally required to utilize deed covenants on condominiums, either because a public funder requires it or because the CLT does not own the land beneath a multi-unit condominium project. Alternatively, some programs have opted to solely utilize deed covenants because they are more familiar to mortgage lenders, housing developers, and closing attorneys.

These contractual mechanisms have different strengths and weaknesses. Below is a synopsis of the key technical differences between ground leases and deed covenants (For additional information see Abromowitz & White, 2010).

- Ground leases offer the stewardship of land that is *owned* as a community asset, while owners of deed-restricted homes are full owners of the land and improvements (which may be more acceptable to some homebuyers).
- Ground leases may typically last for longer periods of time (e.g. 99 years), while deed covenants may be limited to a certain period by state law (often 30 years or less). Shorter periods compromise lasting affordability.
- Ground leases may be renewable, while deed covenants—along with their restrictions—expire at the end of the term.
- The enforcement of deed covenants is not as well established as the enforcement of leases.
- During instances of foreclosure, the ground leases used by some CLTs allow the landowner to charge a market-rate rent to the next owner, if s/he does not meet the CLT's eligibility requirements. This provides an incentive to the first mortgage holder to work cooperatively with the CLT, either by selling the home back to the CLT or by selling to another income-eligible buyer. The affordability controls contained in deed covenants lapse entirely in a foreclosure situation and the CLT has no leverage to negotiate an affordable disposition of the property.
- Deed covenants do not have separate ownership interests in the land and improvements and, consequently, avoid complications in separate tax assessments. However, homeowners are more likely to pay property taxes on both the land and improvements. In CLTs, homeowners are sometimes able to pay taxes solely on the improvements (since they do not own the land).
- Deed covenants maybe required in some places for resale-restricting condominiums.
- Deed covenants that are secured by a note and deed of trust are structured as a “second mortgage,” which is more accepted by lenders than “leasehold mortgages.”

Figure 7 presents the contractual mechanism(s) that survey respondents reported (n=94). Three organizations endorsed using “other” mechanisms to preserve affordability, which included using a unique non-monetary legal agreement recorded on the property, development documents, or conducting “handshake” deals. Eleven of the 77 organizations that used ground leases also used deed covenants attached to the property on some units, 15 used deed covenants attached to condominiums for some units, and 14 used mortgage documents as well.

Figure 7. Percentage of respondents using various contractual mechanisms to restrict resale price.



#### ***Incidence of Use of Various Versions of the Model Ground Lease***

The National CLT Network and, earlier, the Institute for Community Economics (ICE) have created model documents for CLTs, which have been updated over time based on lessons learned and trends in housing. Each Model Ground Lease has been designed by a team of experts in order to ensure that the ground leases comprise best practices, legal rights, and an array of restrictions to promote the success of homeowners and the lasting affordability of homes. ICE developed the 1991 and 2002 Model Ground Leases. Recently, the 2011 CLT Network Model Ground Lease was officially published, which emphasized making the lease more consumer-friendly for homebuyers, more enforceable for CLTs, and more acceptable to lenders. Drafts of 2011 model lease were made available to many Network members and start-up CLTs throughout 2010.

The provision of model documents is able to save organizations significant costs associated with legal preparation of their contracts as well as potential programmatic costs that could result from poorly planning their programs or overlooking important contractual rights. Organizations that do not use ground leases still often copy various provisions from these model ground leases and incorporate them into deed covenants, mortgages, and other legal documents. Table 6 presents information on the origins of the contractual documents used by survey respondents.

Table 6. Number and percentage of respondents by origin of contractual mechanism (n=91).

<b>Origins of Legal Documents</b>	<b>Number</b>	<b>Percentage</b>
Documents not developed yet	8	9%
Don't know	6	7%
2002 Model Ground Lease	58	64%
2011 Model Ground Lease	8	9%
1991 Model Ground Lease	6	7%
Ground lease borrowed from another organization	3	3%
No ground lease was the basis for documents	1	1%
Ground lease of unknown origin	1	1%

### ***Rights in Contractual Documents***

According to best practices prescribed by the National CLT Network, respondents were asked what contractual rights they had in place at the end of 2010. These rights are delineated in the 2002 and 2011 versions of the Model Ground Lease, as well as in another model document called the “Permitted Mortgage Agreement” (PMA). The PMA is an agreement between the CLT and first mortgage lender, which specifies unique rights that the CLT has with regard to notification by the lender and intervention on the homeowner’s behalf in a case of mortgage default. Table 7 presents the prevalence of such rights in CLTs. Two organizations did not provide information and fourteen had not completed the development of their legal documents at the time of the survey (n=80).

When these rights are not established, it may be due to poor program implementation by the CLT; alternatively, it may also be due to the unwillingness of first mortgage lenders to sign a PMA. By bringing in notification requirements and intervention rights for the CLT, the PMA asks lenders or servicers to adhere to an agreement that is not a typical aspect of their habitual practice. While it may place more of an administrative burden on lenders, the PMA significantly benefits the lender as it ensures that CLTs are able to identify distressed homeowners and to intervene in delinquencies to prevent foreclosure, and, ultimately, to prevent the loss of a permanently affordable home if foreclosure occurs. (For additional information on first mortgage lending, see the “First Mortgage Lending” section below).

Table 7. Number and percentage of respondents by rights in their contractual documents (n=80).

<b>Rights</b>	<b>Number</b>	<b>Percentage</b>
To purchase home first or match another offer if unit becomes REO	72	90%
To approve/reject first mortgages for purchase	69	86%
To approve/reject home equity lines of credit	66	83%
To approve/reject refinancing	62	78%
To cure delinquencies on owner’s behalf	59	74%
To increase ground lease fee if unit sold by REO to ineligible buyer	44	55%
To receive 30 or 60 day notice of delinquency from mortgage lender	35	44%
To communicate directly with mortgage servicer	34	43%
To receive any notifications sent to owner from mortgage lender	28	35%

### ***Resale-Restricted Formulas in Contractual Documents***

A resale formula is set forth in the contractual documents between the homebuyer and the organization to establish the maximum price for which a home may be resold (whether it is sold back to the organization or directly to an eligible household). These formulas aim to balance a fair return for the homeowner's investment and the preservation of affordability for the next homeowner. There are various formulas that may be used to reach these ends, which have different strengths and weaknesses. Below is a brief overview of the differences and relative merits of various resale formulas. (For more information see *The CLT Technical Manual*, 2010).

- **Appraisal-based formula**, where the seller is given a percentage of the difference between the home's appraised value at time of purchase and the home's appraised value at time of resale.
  - Pros:** It may incentivize maintenance and improvements; it is proportional to housing value trends in the market, which may guard against the need for additional subsidization by the organization at resales.
  - Cons:** It requires the cost of an appraisal and potentially evaluations of improvements; the homeowner's share of appreciation is based on the conditions of the market, which may provide high returns in hot markets and low (or no) returns in cold markets.
- **Index-formula**, where an upward adjustment in the original price is linked to increases in an index like Area Median Income, Wage index, or Cost of Living in setting the resale price.
  - Pros:** It provides a return to the homeowner that can be regularly calculated without the need for costly appraisals; it is less affected by hot market conditions.
  - Cons:** It does not incentivize maintenance and repairs; it yields an inappropriately high rate of return for short-term owners; in cold markets, the resale price may increase faster than the market price.
- **Fixed-percentage formula**, where the original price of the home is increased by a set percentage that remains the same year after year.
  - Pros:** It provides a return to the homeowner that can be regularly calculated; it is administratively easy and does not require an appraisal; it does not depend on the generation or publication of indices.
  - Cons:** It does not incentivize maintenance and repairs; it yields an inappropriately high rate of return for short-term owners; in cold markets, the resale price may increase faster than the market price.
- **Mortgage-based formula**, where the resale price is determined by calculating the maximum mortgage financing a buyer can afford at a targeted level of household, taking into account mortgage interest rates, property taxes, and insurance rates on the date the home is resold.
  - Pros:** It guarantees that the home will remain affordable upon resale to households at a targeted level of income eligibility.
  - Cons:** If mortgage interest rates are higher at the time of resale than they were at the time of the home's initial sale, the seller is unlikely to realize a fair return on his/her investment; lenders may not be willing provide mortgages since the resale price could be lower than the amount owed on the mortgage.

Organizations were asked what type of resale formula they use to restrict the resale price of homes in their homeownership program, and 93 organizations responded (13 of which had yet to decide on their formula). Of the 80 organizations with an established formula, 58% used an

appraisal-based formula, 19% used an indexed formula, and 13% used a fixed-percentage formula. For respondents that chose “other,” they had more complicated formulas that included combinations of the formulas, flat financial returns to owners, and/or credits for capital improvements. The survey did not ask participants whether they provided credits for capital improvements; however, some CLTs utilize one of these formulas along with some form of credit for capital improvements conducted by homeowners to promote sound maintenance.

Table 8. Number and percentage of CLTs by resale formula (n=80).

<b>Resale Formula</b>	<b>Number</b>	<b>Percentage</b>
Appraisal-based formula	46	58%
Index-formula	15	19%
Fixed-percentage formula	10	13%
Other	8	10%
Mortgage-based formula	1	1%

### ***Income Eligibility of Buyers in Contractual Documents***

Included in the mission of almost every CLT is a commitment to provide low-to-moderate income households with permanently affordable homeownership opportunities. Typically, household income limits are defined by HUD’s Area Median Income (AMI) levels by household size. Different sources of funding target different beneficiaries by AMI levels, such as 80% of AMI or 120% of AMI. Consequently, it is not uncommon for a CLT to serve households at various income levels depending upon the funding sources used to develop or subsidize the homes. While income eligibility is established at purchase, household income limits for future buyers of the resale-restricted home are established in the ground lease (or other contractual documents) to ensure the unit is sold to another low-to-moderate income household.

Out of the 92 organizations that provided information, the maximum household income allowed for the purchase of any resale-restricted home in the organization’s portfolio is presented in Table 9 (after removing four organizations that had yet to establish their income limits). Many CLTs noted that they have some homes restricted to lower AMI levels as well, and respondents reported serving households with incomes significantly below their maximum allowable income limits (see the “Characteristics of Beneficiaries” section),

Table 9. Number and percentage of CLTs by maximum Area Median Income level served (n=88).

<b>Maximum Income Eligibility</b>	<b>Number</b>	<b>Percentage</b>
50% AMI	0	0%
80% AMI	48	55%
100% AMI	9	10%
120% AMI	26	30%
Greater than 120% AMI	5	6%

## **Stewardship**

At the heart of the CLT model is a commitment to protecting both the homes and the homeowners. “Stewardship” is the term used by CLTs to describe the gamut of activities they conduct to promote the success of their homeowners and to preserve permanently affordable homeownership opportunities. Stewardship includes providing pre-purchase education, post-purchase education and assistance; monitoring and supporting sound maintenance; and facilitating sales and resales. While other affordable homeownership programs provide opportunities for low-to-moderate income households to *attain* homeownership, CLTs provide additional services to help households to *retain* homeownership, along with the monitoring necessary to ensure ongoing affordability for future generations.

Some stewardship activities may be written into the contractual documents. For instance, a CLT may define in their ground lease that eligible buyers must complete education requirements or must notify the CLT if they become delinquent on the first mortgage. However, many stewardship activities are a part of the program’s policies and practices, which may be modified over time to address the needs of homeowners and the changing social, economic, and political landscape.

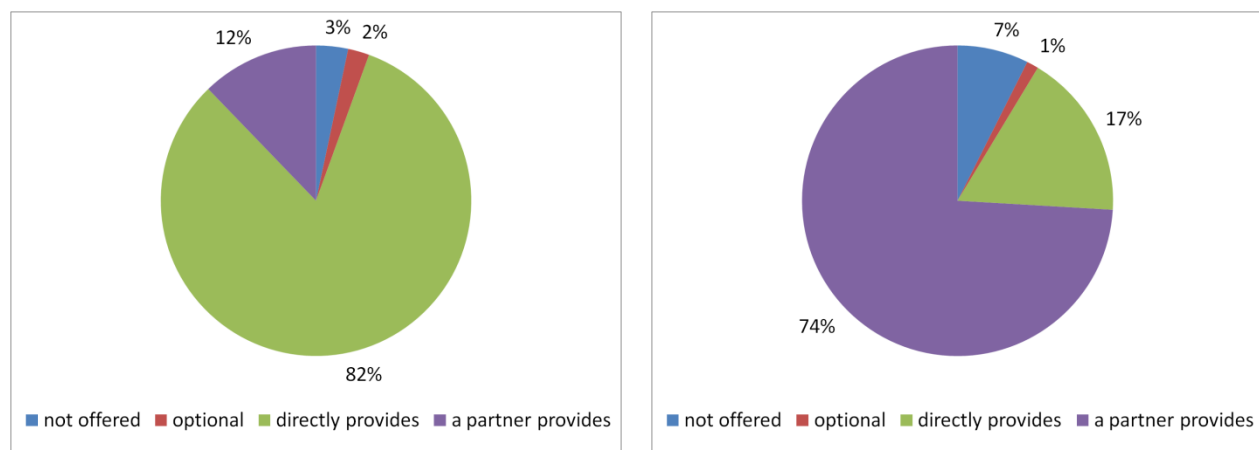
Organizations vary in the stewardship activities that they implement. Part of this variation is due to different approaches to stewarding homes and homeowners. For instance, some programs may conduct annual inspections of homes to assess the need for repairs (promoting homeowner education and ensuring the home is maintained as an asset to the community), while other CLTs may refrain from inspections, believing regular appearances by the landowner will detract from their homeowners’ autonomy, control, and sense of ownership. Variation is also due in part to the availability of resources, as stewardship activities take ample staff time to implement. This section will present the prevalence of an array of stewardship activities, while the section that follows will shed light on the kinds of funding that CLTs commonly access to support their operations, including their stewardship programs.

### ***Pre-purchase education***

Pre-purchase education of prospective homebuyers and the detailed disclosure of special conditions and restrictions that come with owning a CLT home has long been required by most CLTs. The survey found that 91% provided general homebuyer education (e.g. HUD or NeighborWorks curricula) and 94% provided CLT-specific education, either directly or through a partner.



Figure 8. Percentage of CLTs that provide general homebuyer education (left) & homeownership education specific to program (right).



### *Post-purchase Education & Support*

Ongoing support and education through post-purchase stewardship is conducted by CLTs to proactively promote the success of their homeowners. Table 10 presents a list of these post-purchase stewardship activities that CLTs had in place by the end of 2010 (n = 68). Twenty-six start-ups did not yet have their stewardship policies and practices in place and two organizations did not provide information.

Table 10. Number and percentage of CLTs by policies and practices to promote successful homeownership and prevent foreclosure (n=68).

Policies & Practices to Promote Successful Homeownership	Number	Percentage
Provide foreclosure prevention counseling	42	62%
Post-purchase financial literacy education	33	49%
Ongoing education classes or events	32	47%
Formal communication about policies	32	47%
Referrals to contractors, repair services, etc	31	46%
Staffed position for outreach and homeowner support	29	43%
Require meeting with delinquent homeowners	28	41%
System to identify delinquencies prior to 90 days	26	38%
Formal check at least once a year	22	32%
Periodic inspections	19	28%
Maintain repair fund	16	24%
Maintain emergency or reserve fund (separate from repairs)	15	22%
Ongoing homeowner saving programs	5	7%

Respondents were also asked to report additional stewardship activities they conducted to promote the success of their homeowners. These included requiring (not simply offering) 8-hours of post-purchase education within the first year of homeownership, participating in homeownership associations as a voting member, having board members build relationships with

homeowners more at risk of delinquency, and contacting homeowners who become delinquent on ground lease payments (as this is often a sign that an owner is facing financial problems).

When owners of CLT homes become delinquent on their mortgages, many CLTs have policies and practices in place to intervene so foreclosures may be prevented. Table 11 presents these stewardship activities that CLTs had in place at the end of 2010 (n = 64). Thirty organizations did not yet have any stewardship policies and practices in place and two organizations did not provide information. Multiple respondents additionally reported that they defer or waive monthly ground lease fees for homeowners at risk of foreclosure.

Table 11. Number and percentage of CLTs by policies and practices in place to help delinquent homeowners or prevent foreclosure (n=64).

<b>Policies &amp; Practices to Help Delinquent Homeowners or Prevent Foreclosure</b>	<b>Number</b>	<b>Percentage</b>
Help owner sell home to eligible buyer	40	63%
Refer owner to foreclosure prevention counseling	36	56%
Contact owner's lender	36	56%
Refer owner to financial counseling	29	45%
Purchase home from owner before foreclosure	27	42%
Directly provide foreclosure prevention counseling	21	33%
Directly provide financial counseling	20	31%
Provide emergency/rescue funds	12	19%
Allow owner to sublet home	6	9%
Pay mortgage and defaulted amount while home is put on market	6	9%
Find donations to cure delinquency	4	6%
Convert property to lease-purchase with existing occupants	0	0%

### ***Promoting Sound Maintenance***

CLTs not only have a vested interest in the success of the homeowner; they also have a vested interest in the land and its improvements. Homes in CLTs are meant to be community assets in perpetuity, and therefore, CLTs want these homes to be well maintained. While ensuring the homes are affordable for the household is the first step to promote sound maintenance, inevitably repairs require savings, which may still be difficult for low-to-moderate income homeowners to afford. Therefore, CLTs often establish additional policies and practices to ensure major repairs are completed over time.

Outside of conducting periodic inspections (reported above), which allows CLT staff to check in with owners and examine the condition of the properties, CLTs also conduct numerous activities to promote maintenance. Table 12 presents these activities (n = 66). Twenty-eight organizations had yet to establish any practices for maintenance and two did not provide information.

Table 12. Number and percentage of CLTs by their actions to promote maintenance and repairs (n=66).

<b>Actions to Promote Maintenance &amp; Repairs</b>	<b>Number</b>	<b>Percentage</b>
No support for repairs is offered	18	27%
Provide education on how to conduct repairs	37	56%
Provide referrals for repair providers	20	30%
Offer loans to homeowners for repairs	16	24%
Conduct repairs at sale and subtract cost from seller's proceeds	15	23%
Require homeowner savings for repairs	15	23%
Other actions	14	21%
Conduct repairs at sale, funded through CLT's proceeds/fees from sale	12	18%
Incentivize homeowner savings for repairs	5	8%
Facilitate discounts on some repairs	4	6%
Cover some or all of the cost of some repairs	4	6%
Offer grants to homeowners for repairs	4	6%

CLTs reported an array of other innovative ways to support sound maintenance and repairs. These included:

- Providing home warranties
- Charging a monthly fee for a home repair reserve fund
- Having an escrow account for repairs that is based on depreciation schedules
- Organizing the community to voluntarily conduct necessary repairs
- Partnering with non-profit programs to provide repair services to homeowners
- Helping homeowners apply to a maintenance loan program funded by CDBG
- Maintaining a "how to" website on repairs and maintenance
- Incentivizing the homeowner to make necessary repairs via a penalty or reward required by the resale formula
- Conducting repairs after sale, funded through a maintenance reserve fund

To address deferred maintenance, CLTs are increasingly developing reserve funds for necessary repairs. Sometimes these funds are developed as a pooled reserve for the entire portfolio of resale-restricted homes, and sometimes the funds are developed individually for each property. Only 46 CLTs reported having some form of a reserve fund in place, however. Table 13 presents the form of reserve funds that these CLTs use. CLT programs also vary by their policies for the use of these reserves. For instance, some may allow homeowners to access them for particular major repairs, while others may conduct needed maintenance during resales. Funding for these reserves may come from grants, fundraising, or a monthly fee charged to homeowners.

Table 13. Number and percentage of CLTs with established reserves for major repairs (n=46).

<b>Reserves for Major Repairs</b>	<b>Number</b>	<b>Percentage</b>
Decided not to establish reserves	15	33%
Established a pooled reserve fund	14	30%
Established a property-by-property escrows or accounts	11	24%

Established pooled reserve funds and property-by-property accounts	6	13%
--	---	-----

### ***Resale Transactions***

When a homeowner is ready to sell the home, CLTs manage the transaction to ensure that the home is transferred at an affordable price to an income-eligible household. For those respondents who provided data, Table 14 presents the number of resales that occurred in 2010 and the number of resales that occurred since the CLT's establishment.

Table 14. Number of resales in 2010 and since CLT establishment.

<b>Period</b>	<b>Number of CLTs responding to survey question</b>	<b>Number of CLTs that resold at least one home</b>	<b>Total Resales</b>	<b>Range of Resales reported by CLTs</b>
2010	78	29	99	1-16
Since CLT's establishment	76	46	951	1-251

Almost all of the start-up organizations had yet to design their strategies for managing resales (n=29). An additional three respondents did not provide information. In terms of practice, half of the responding 62 CLTs report that nearly every resale is a direct seller-to-buyer transaction, where the CLT oversees the transaction but does not reenter the chain of title. Roughly one quarter reported that they almost always re-purchase the home from the seller in order to make necessary repairs and to control more directly the home's resale to another income-eligible buyer selected according to the CLT's policies. The remaining quarter reported they sometimes repurchase the home and sometimes oversee direct seller-to-buyer transactions.

It can be challenging for CLTs to identify prospective homebuyers who are immediately interested and mortgage-ready to buy a CLT home when it is offered for sale or resale. As with any residential developer, CLTs are motivated to sell their homes quickly in order to minimize carrying costs and the risks associated with vacant properties. More established CLTs often keep a waitlist of ready and eligible buyers for new units or upcoming resales. Some CLTs sell and resell homes using their own staff. This in-house staff may or may not be a licensed real estate broker. Other CLTs partner with external real estate brokers to facilitate sales and recruit buyers. Table 15 presents how CLTs reported selling and reselling their homes. Ninety-two CLTs provided information, but 18 had yet to decide how they plan to work with brokers (n=74). In open-ended responses, multiple CLTs acknowledged that they typically work with external brokers on the initial sales of new developments. Others mentioned that external real estate brokers are instrumental in making referrals to the CLT. For instance, when brokers have a client who cannot qualify for a large enough mortgage loan to feasibly purchase a market-rate home, brokers may recommend that the interested buyer contacts the CLT for potential homeownership opportunities.

Some CLTs do not work with brokers at all while some have in-house brokers. The benefit of these approaches is the ability of the CLT and the homebuyer to save costly realtor fees for the seller.

Table 15. Number and percentage of CLTs by role of real estate brokers (n=74).

<b>Role of real estate brokers</b>	<b>Number</b>	<b>Percentage</b>
In house broker	10	14%
Never a broker	16	22%
Sometimes a broker	37	50%
Almost always a broker	11	15%

### ***Innovations in Stewardship***

CLTs are constantly finding innovative ways to improve their stewardship programs. While the survey asked respondents about commonly used stewardship policies and practices in CLTs, some CLTs go beyond this standard menu of services, engaging in innovative stewardship activities that promote the human and economic development of their homeowners, communities, and programs. Below are a few examples of unique stewardship services and activities being performed by local CLTs, including investment in the human and economic development of residents and neighborhoods, financial intervention with owners, and public policy advocacy to enable better financial outcomes.

City of Lakes Community Land Trust, Minneapolis, MN. This CLT supports the human and financial development of their homeowners after they purchase a home. In the Spring of 2010, “The CLCLT Opportunity Fund” was established, which offers homeowners or their spouses, partners or dependents financial support to advance personal goals that may result in asset or wealth creation for their households. Individuals may apply once a year for up to \$500 to cover the costs of “trainings, conferences, books, tuition, and business development that provide an opportunity for the applicant to work toward a goal that would further their ability to create wealth or build assets for their household or better the community” (see <http://clclt.org/homeowners>). Examples of what the fund has supported include books for summer school, assistance for college tuition, fees for a visa application to study abroad, career certifications, registration to an industry-based conference, public relations for a small business, and equipment for a small business.

Housing Land Trust of Sonoma County, Petaluma, CA. This CLT has proactively contacted and assisted their homeowners in refinancing their homes when mortgage interest rates in their area decline. Research supports that low-to-moderate income homeowners are significantly less likely to advantageously refinance than higher income homeowners. As interest rates have dropped in recent years, HLTSC took the opportunity to facilitate wealth building amongst their existing homeowners by educating and guiding owners through the refinance process. In some instances, their homeowners had faced financial challenges due to the economic downturn and high rates of unemployment; consequently, helping these households to obtain lower monthly mortgage payments also helped to prevent delinquency or foreclosure.

Champlain Housing Trust, Burlington, VT. CHT and The Vermont Housing and Conservation Board (VHCB), a publicly funded organization that supports and monitors CLTs throughout the state, are cooperating in addressing one of the most challenging public policy issues faced by CLTs across the nation: inequitable property taxes. A long-standing state statute declares that, in assessing the fair market value of residential property, local assessors should account for “a decrease in value in non-rental residential property due to a housing subsidy covenant.” In 2005, CHT worked with the City of Burlington to come into compliance with this statute. Burlington took leadership and determined through analysis of the data provided by CHT that a reduction in assessed value of 37%, across both land and improvements, was a simple and equitable resolution. Consequently, owners of CLT homes in Burlington pay lower property taxes than the owners of comparable market-rate homes, who own both the land and improvements, with no resale restrictions on either. There are other towns in Vermont, however, that have disregarded the state statute, despite clear guidance from the State Department of Taxes, spelled out in a 2008 Memorandum (developed with extensive input from CLTs and VHCB). CHT has supported several of its homeowners with property tax appeals in towns outside of Burlington. One case, where the owner of one of CHT’s resale-restricted condominiums has appealed her tax assessment from the Town of Essex, is now headed to the Vermont Supreme Court. CHT and VHCB are covering the homeowner’s legal expenses with some help from private donors.

## **Funding**

This section reviews survey results on sources of external and internal funding for a CLT’s operations in providing stewardship services and for a CLT’s expenses in developing and marketing resale-restricted homes. “External” sources of funding are defined as funds that come from outside of the organization or the homeownership program, such as federal grants or private donations. “Internally-generated” sources of funding are revenues that are generated by the program, such as fees charged to homeowners. External sources of funding are necessary to increase the number of resale-restricted homeownership units through the provision of funding to purchase the land or subsidize the home, and often, to rehabilitate or build homes. As the results presented below illustrate, while internally-generated sources of revenue help to off-set costs, external funding is vital to support ongoing operating expenses and expansion.

### ***External Sources of Funding***

Perhaps the single greatest challenge for CLTs is to obtain funding for homeownership production and ongoing program sustainability. Affordable housing is a far more costly endeavor than the provision of other social services, as real estate and its development is expensive. Consequently, public funding is crucial for affordable housing development, as private grants and donations typically cannot offer adequate capital. Traditional affordable homeownership development has relied on public funding to subsidize homes in order to make them affordable to the first homebuyer; however, the affordability periods have been short or the subsidy has been forgivable over time. The outcome has been that public investment in affordable housing has been lost after the first sale or expiration of the affordability period. By contrast, CLTs *permanently* preserve public investment through their provision of permanently affordable resale-restricted, owner-occupied homes. Hence, homeownership through CLTs provides a frugal, effective, and ongoing use of public funds. Unfortunately, the current economic climate and budget cuts in Washington threaten not only the growth of housing through CLTs but the ongoing sustainability of existing CLTs.

Table 16 presents the external sources of funding that CLTs received during 2010 for development, land acquisition, unit subsidies, or stewardship services and operating expenses. The median number of funding sources reported in the total sample was 3 sources (mean = 3.25, range = 0-12). The largest CLT, Champlain Housing Trust, reported the maximum number of sources.

Table 16. Number and percentage of CLTs by 2010 sources of funding.

Sources of Funding	Start-ups	Established CLTs	Total Number	Total Percentage
No funding received in 2010	7	4	11	11%
HOME	6	27	33	34%
CDBG	4	27	31	32%
NSP 1	8	16	24	25%
NSP 2	2	6	8	8%
NSP 3	1	2	3	3%
CDFI	1	2	3	3%
Low Income Housing Tax Credit	0	2	2	2%
National intermediaries	3	11	14	15%
National foundations	3	8	11	11%
FHLB	0	16	16	17%
State Housing Trust Fund	0	12	12	13%
Other state government source	2	14	16	17%
Local Housing Trust Fund	1	10	11	11%
Other local government source	5	23	28	29%
Inclusionary Zoning	0	9	9	9%
CRA	3	6	9	9%
Local foundations	9	27	36	38%
Individual or corporate donations	8	38	46	48%

Three CLTs received funding from a regional intermediary called Community Frameworks, which provides 0% interest loans to nonprofit developers in the Northeast. Two reported receiving Self-help Homeownership Program (SHOP) funding from HUD, which provides funding for the development of homes that require sweat equity from the lower income homebuyers. Other CLTs received land donations from developers or their municipality.

The Neighborhood Stabilization Program provided a unique funding opportunity for CLTs. The purpose of the program is to purchase foreclosed and vacant properties in areas hit hardest by the foreclosure crisis. One quarter of CLTs in the survey received NSP 1 dollars, which may have enabled portfolio growth and organizational sustainability during the economic recession and housing market crisis. Notably, five organizations across the U.S. said they were able to establish resale-restricted homeownership programs due to the receipt of NSP funds.

### ***Challenges Accessing External Funding***

Because CLTs provide stewardship and ongoing resale-restrictions through their unique delivery of affordable homeownership, some CLTs face challenges obtaining public funding from traditional sources that regularly support affordable housing. Respondents were asked whether there are sources of funding for affordable housing in their area that exclude resale-restricted homeownership as an eligible activity or permitted use of funds. Notably, 27 respondents did not know enough about the funding sources to respond (of which, only 4 were start-ups). Table 17 presents the results for the remaining 69 organizations. Based upon respondents' explanations, it appears that Housing Trust Funds (HTF) and Federal Home Loan Bank Affordable Homeownership Programs (AHPs) are sometimes designed in ways that do not work for CLT homeownership. For instance, one respondent noted that the HTF in their area was structured to recapture the funds at sale, which cannot work for the CLT to produce a permanently affordable home. Others explained that AHPs (which vary by each FHLB) provided too little subsidy to purchase the land underneath resale-restricted homes or provided homebuyer grants that are structured to be forgivable over time (and, consequently, do not stay with the home for permanent affordability).

Participating Jurisdictions (PJs) set priorities for the use of HUD funding through their Comprehensive Plans. Depending upon the priorities of their plan, the majority of HOME funds could be earmarked for affordable rental development, making it difficult for CLTs to obtain funding to produce more units. More information is needed to fully understand how and why so many jurisdictions are excluding resale-restricted homeownership as an eligible activity under various programs.

Table 17. Number and percentage of CLTs reporting that their jurisdictions exclude resale-restricted homeownership as an eligible activity, by funding source (n=69).

<b>Funding Sources</b>	<b>Number of CLT</b>	<b>Percentage</b>
HOME	11	16%
CDBG	8	12%
NSP 1	3	4%
NSP 2	1	1%
NSP 3	3	4%
FHLB	6	9%
State Housing Trust Fund	9	13%
Local Housing Trust Fund	4	6%
Inclusionary Zoning	4	6%

### ***Internally-Generated Sources of Income***

Unlike other affordable homeownership programs, CLTs commit to affordability periods that are intended to keep homes affordable in perpetuity; they also accept responsibility for the permanent stewardship of both the home and its owners. These commitments come with costs associated with monitoring the permanent affordability of the units and staffing the gamut of stewardship services. When federal funding is used to develop new homeownership units, CLTs are typically able to recoup their costs for “administration” or “project delivery” during the period when the homes are developed; however, it is far more difficult to support the ongoing



expenses related to staffing stewardship services and providing reserve funds for repairs. Consequently, CLTs rely on internally-generated sources of income to help off-set their expenses.

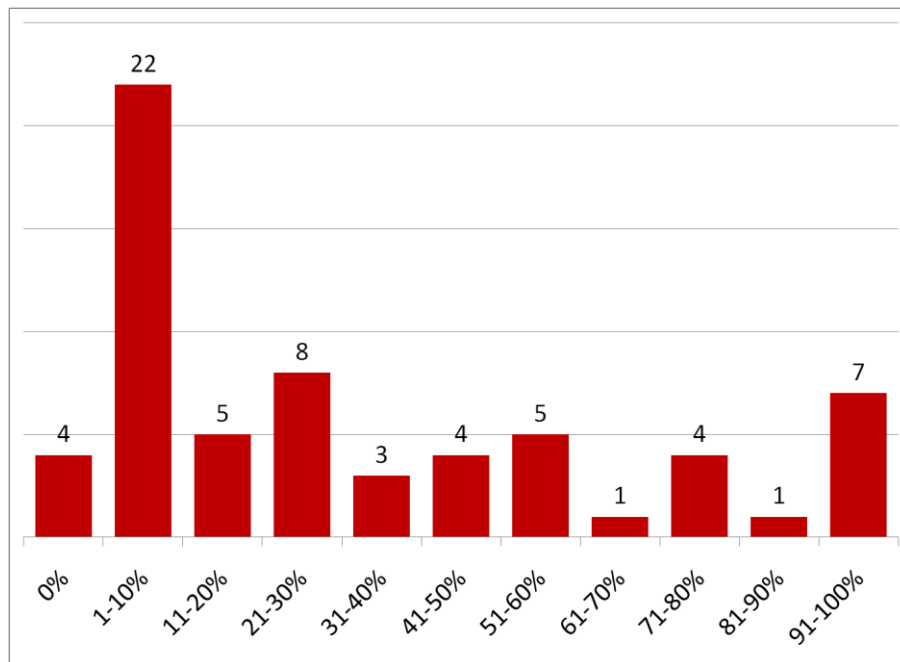
Table 18 presents the sources of internal income and the prevalence of CLTs that collect these sources of income. Eighteen organizations had not yet developed their financial model and policies for internally generating income. Out of the 78 organizations, the median number of internally generated sources was 3 (mean 3.34, range = 1-9). Additional sources of internal income noted by CLTs included revenue from rental property development and management used to offset the homeownership program, interest on development loans to developers of resale-restricted homes, selling property, management of HOAs, and technical assistance consulting fees.

Table 18. Number and percentage of CLTs by source of internally-generated income (n=78).

Sources of Income	Number	Percentage
Ground lease or program fee	71	91%
Developer's fee when adding resale-restricted homes to portfolio	46	59%
Transfer fee or lease reissuance fee during resales	37	47%
Membership dues paid by others (not your homeowners)	27	35%
Application fee from prospective homebuyers	22	28%
Monthly or annual repair/reserve fund fee paid by homeowners	15	19%
Marketing fee during initial sale of a resale-restricted home	12	15%
Other	12	15%
In-house realtor fee	10	13%
Homebuyer counseling fees	9	12%
Interest on loans to the owners of resale-restricted homes	5	6%
Refinancing fee	3	4%
Loss mitigation or foreclosure prevention counseling	2	3%

Next, respondents were asked what percentage of their administrative/operating budgets came from these internally-generated sources of income during 2010. Excluding start-up CLTs and two other organizations that did not provide information, the vast majority of established CLTs are covering less than 50% of their operating costs through internally-generated sources of income (n=64).

Figure 9. Number of CLTs by percentage of operating budget covered by internally-generated income in 2010 (n=64).



### ***Challenges Generating Internal Funding***

Few CLTs are covering a majority of their operating costs through internally-generated sources of revenue. The number of resale-restricted homeownership units was significantly associated with the percentage of the program's operating budget covered by internal sources of revenue, meaning that CLTs with higher unit counts was correlated reported a greater proportion of their operating budget coming from internally-generated income (Pearson corr = .274,  $p = .03$ ,  $n = 63$ ). Since most CLTs have small portfolios – and are finding it increasingly difficult to get public funding to expand their portfolios – they are not approaching the number of units they will need to cover their stewardship costs through internally generated revenues. Most federal funding for the production of affordable housing, moreover, does not allow ongoing stewardship as an eligible use of funds. This presents a significant challenge for CLTs that are looking for additional sources of funding for these operating expenses.

Adding to this challenge in recent years is that more financial counseling and loss mitigation counseling has been necessary for many homeowners of CLT homes. Sixty-three out of the 66 established CLTs provided information on whether they have hired more staff or dedicated more time to post-purchase stewardship activities that have dealt specifically with mortgage delinquencies or foreclosure prevention in the past three years: 43% reported they have devoted more staff time in the past three years, 43% reported the same amount of time, and 14% reported less staff time. It is unclear whether CLTs reporting less or the same staff time for these services was a function of no need for additional services in their owners or no additional funding to staff servicing owner needs.

As presented above, the vast majority of CLTs charge a monthly ground lease fee or program fee. The ground lease fee is not meant to compromise the affordability of housing costs for homeowners; therefore, the ground lease or program fee is incorporated into the first lenders' assessment of housing costs for back-end debt-to-income ratios. Because CLTs may vary the amount they charge by their units or developments, respondents were asked to report the *maximum* amount of any of their monthly ground lease fee at the end of 2010. Eighteen organizations had yet to decide their fee and an additional three did not respond to this question. The range of fees was from \$0-400 (median = \$35, mean = \$51). Seventy five percent of the sample had monthly fees that were no more than \$50, while a few CLTs had much larger fees such as \$150, \$237, and \$400. The two highest fees belonged to unique programs: One program owns their homes outright; hence, homeowners do not need to obtain first mortgages and consequently the larger monthly fee covers the majority of their housing cost. The other program is a deed-restricted housing program that diverts from the traditional shared equity model by charging interest on their second loans, which functions as a "subsidy" to make the home more affordable but results in a higher monthly fee.

While modest ground lease fees cover a portion of a CLT's operating expenses, they are not enough. Roughly 50% of CLTs charge a resale or transfer fee. Some CLTs do not collect the resale fee from the seller at resale but, instead, build the fee into the sales price of the resold home, passing along the cost to the next buyer (as it increases the sale price of the home). Alternatively, other CLTs collect the transfer fee from the seller at resale.

CLTs often offer sales and marketing support to the seller. The CLT may buy the home directly from the seller (and assume the risk of reselling the unit to an income-eligible buyer) or the CLT may have a waitlist of ready and eligible buyers from which the seller can select a prospective buyer. In the latter case, the CLT oversees the sale directly from the seller to the buyer. Under both resale strategies, the seller does not need to use and pay for a realtor. The transfer fee paid to the CLT is usually less than what a realtor's fee would have been (improving the bottom line returns for the seller).

In 2010, the Federal Housing Finance Agency issued guidance to restrict Government Sponsored Enterprises like Fannie Mae and Freddie Mac from investing in mortgages with private transfer fee covenants. FHA proposed these rules in February, 2011 (FHFA 12 CFR Part 1228 RIN 2590-AA41, 2011). The intention of the legislation is to prevent for-profit developers from attaching a predatory, recurring resale fee upon each sale of a property over long periods of time (up to 99 years), which many homebuyers have been unaware of at purchase. The national proposal explicitly states that the legislation "would exempt private transfer fees paid to...certain tax-exempt organizations that use the private transfer fees to provide a direct benefit to the owners of the encumbered real property." To date, 36 states have passed similar state laws prohibiting these fees that have been termed "Wall Street Home Resale Fees" (for more information, see <http://stophomeresalefees.org>). However, if state legislation does not provide appropriate exemptions, then CLTs may be at risk of losing an important and justified source of income that enables them to provide ongoing stewardship services.

## **Characteristics of Beneficiaries**

This section will review information on the characteristics of the households who had outstanding residential mortgages on CLT homes at the end of 2010. Many respondents did not provide information on any or all of the beneficiary questions asked in the survey. Furthermore, some acknowledged that they did not have complete information on all of their beneficiaries. Consequently, the results presented herein should largely be considered rough approximations with questionable accuracy and weak reliability.

Information on the loan performance of owners of CLT homes that was derived from the *2011 Comprehensive CLT Survey* can be found in a separate report, *Stable Home Ownership in a Turbulent Economy: Delinquencies and Foreclosures Remain Low in Community Land Trusts* (Thaden, 2011).

### **Households**

The total sample of households was based upon 62 CLTs reporting 3,143 outstanding residential mortgages at the end of 2010.

### ***Annual Income***

As previously reported, 95% of CLTs have adopted 120% of Area Median Income (AMI) as their *maximum* income eligibility for the households served by their homeownership programs. However, respondents were also asked the *actual* income of the households who purchased a CLT home in 2010. The average household income of these homebuyers was 65% of AMI (range = 22-100%).

### ***Duration of Tenure***

Fifty-eight CLTs reporting on 3,014 outstanding residential mortgages provided information on the duration of tenure for these households. Of those households, 59% had owned their CLT homes for less than 5 years, 29% had owned their homes for 5-10 years, and 12% had owned their homes for 10 years or longer. A relative metric may be derived from the 2009 American Community Survey (ACS), which reported that 26% of owning households had owned their homes for less than 5 years, 23% for 5-10 years, and 51% for 10 years or longer. The shorter durations of tenure among owners of CLT homes is likely to be a function of the number of new units developed within the past 5 years.

### **Purchasers**

“Purchasers” are defined as the individuals who were on the title for a home purchased through the CLT at the end of 2010, which is not the same measure as the number of households, since one or two persons are typically both legal owners of the home. The total sample of purchasers within the 62 CLTs is unknown. For the 51 CLTs that provided information on purchasers, they reported 3,941 purchasers at the end of 2010.

### ***First-time Homebuyers***

Forty-nine of the 51 CLTs—representing 3,739 purchasers—provided information on whether their purchasers were first-time homebuyers. Of those purchasers, 79% were first-time homebuyers. The majority of surveyed CLTs reported that they used the HUD definition to

identify first-time homebuyers, but five CLTs reported using a different definition and two reported identifying first-time homebuyers as those who had never owned a home.

### ***Ethnicity & Race***

Forty-nine of the 51 CLTs—representing 3,643 purchasers—reported that 7.5% of these purchasers were of Hispanic, Latino, or Spanish origin. The 2009 ACS reported that 8.43% of owning households nationally were of Hispanic, Latino, or Spanish origin. Consequently, it appears that CLTs are serving this ethnic group at a slightly lower rate than the national average.

In terms of race, information was provided on 3,402 purchasers out of the sample of 3,941. Of these purchasers, 69% were white, 14% were black or African American, 1% were American Indian or Alaskan Native, and 4.5% were Asian. The 2009 ACS reported that 8.6% of owning households nationally were black or African American. Consequently, it appears that CLTs are serving this racial group at a significantly better rate than the national average.

### ***Children & Female-headed Households***

Out of 2,054 households reported by 52 CLTs, 66% had at least one minor in the home at the time of purchase. In 2009, 34% of households that owned a home had one or more children in the household (ACS, 2009).

Out of 3,139 purchasers, 21% were single mothers and 9% were single mothers who were persons of color. In 2009, only 3.5% of households that owned were single mothers. Consequently, it appears that nationally CLTs are better serving single mothers than the overall market.

## **The First Mortgage Lending Landscape**

Resale-restricted homeownership programs cannot operate without lending partners who provide first mortgages. While the CLT covers the cost of the land, the homeowner must still obtain a first mortgage loan for the cost of the improvements. And in most deed-restricted programs, the organization contributes a subsidy in the form of a second mortgage with no monthly payment, and the homeowner must obtain a mortgage for the remaining cost of the home. Resale-restricted homeownership programs often experience challenges developing partnerships with lenders, however. Ground leases and deed covenants designed for lasting affordability, as well as the additional ownership interest of CLTs, are uncommon and unfamiliar to many originators of residential mortgages. Some mortgage lenders have been reluctant to lend to CLT homebuyers.

Because of the tightening of mortgage lending that has ensued as a consequence of the national foreclosure debacle among market-rate homes, the CLT survey sought detailed information on whether the lending landscape has changed for CLTs. The subsample used for analysis of first mortgage information included 63 out of 66 established CLTs (two were excluded because they did not have first mortgages on their resale-restricted units and one did not complete the section) and 6 out of 30 start-ups that had secured at least one first mortgage by the end of 2010 (the remaining 24 start-ups were still working to secure partnerships with lenders). Hence, 69 organizations were included in the subsample.

This section will present information on the lending partnerships that CLTs had in place at the end of 2010 as well as the loan products and terms offered by these partners to the buyers of CLTs homes. First, the pros and cons of lending to CLTs will be reviewed.

### **Pros & Cons of Being a Lending Partner to CLTs**

Mortgage lending institutions know all too well the devastating effects of lending to low-to-moderate income homebuyers if the loans are (or become) unaffordable for the household. As a result of the foreclosure crisis, many first mortgage lenders went out of business, and others instituted stringent underwriting criteria and greatly decreased their mortgage lending. The consequence has been that low-to-moderate-income households and minority households are once again finding it extremely difficult to enter homeownership, and first mortgage lenders are “stuck between a rock and a hard place” trying to meet CRA requirements while ensuring their mortgage loans are sound and sustainable for homeowners. The single best advantage for developing lending partnerships with CLTs is that they offer first mortgage lenders a way to do both; however, first mortgage lenders must invest time and resources to lend to buyers in CLTs. Below is a list of the pros and cons that lenders must consider while forming partnerships with CLTs.

#### ***Pros:***

- CLTs provide a pipeline of *educated* and *ready* buyers, enabling residential mortgage lending. Additionally, first mortgage lenders may refer their customers who need more “buying power” to the CLT to produce a viable candidate for a first mortgage loan.
- CLTs work with partnering lenders upfront to evaluate loan terms and set underwriting standards that will meet both parties’ policies and expectations for competitive terms,

affordability, and homebuyer readiness. Consequently, a lender will not spend time underwriting clients only to find out they do not qualify for additional assistance.

- While homebuyer counseling is required by CLTs, ongoing homeowner education and financial assistance is typically offered to homebuyers facing financial hardship, which decreases the likelihood of default or foreclosure.
- The debt-to-income (DTI) ratios prescribed by the CLT's policies may be more stringent than the first mortgage lenders, which is more likely to result in fewer delinquencies or foreclosures.
- Because CLTs typically cover at least 20% of the property's value, private mortgage insurance should not be required, which lessens the buyer's DTI ratios.
- CLTs review refinance loans or home equity loans and prohibit loans that will compromise repayment of the first mortgage.
- CLTs monitor properties and promote sound maintenance, preserving the value of the asset that is encumbered by the first mortgagees' lien.
- CLTs facilitate resales by typically purchasing the unit back from the seller or identifying an eligible buyer. Therefore, homeowners of homes in CLTs may be able to sell their homes more quickly than sellers in the traditional market.
- If a mortgage delinquency or default occurs, most CLTs are notified by the lender and given the opportunity to intervene in curing the default before the home can slide into foreclosure.
- If foreclosure occurs, the CLT has a vested interest in purchasing the home back from the first mortgagee or facilitating a sale to an eligible buyer in order to preserve the home as permanently affordable. Consequently, first mortgage lenders are less likely to carry these homes on their books for long periods of time.
- First mortgage lenders who issue loans to low-to-moderate income buyers of CLT homes are able to receive loan origination fees and CRA credit.

#### ***Cons:***

- Providing first mortgage loans to buyer of CLT homes requires an upfront investment of time from the lender to learn how CLTs work and how to structure these deals.
- CLTs will be critical of loan terms or origination fees that are not competitive – or predatory – since the CLT's priority is promoting affordability and protecting security, as well as providing an opportunity for wealth creation for their homebuyers.
- First mortgage lenders are unlikely to realize a high volume of loans to a local CLT. The number of units, number of resales, number of partnering lenders, and the competitiveness of a lender's first mortgage product will affect the volume of loans that first mortgage lenders issue to buyers of CLT homes. Some lenders have opted to make a commitment to provide a particular amount of capital for first mortgages to CLT homebuyers in return for exclusive or semi-exclusive lending rights.
- First mortgage lenders are currently limited in their ability to sell these loans on the secondary market, although Fannie Mae and some State Housing Finance Agencies will purchase first mortgage loans to CLT homebuyers. The lender must research and establish procedures to meet the investor's requirements in order to successfully sell these loans. (Notably, FHA will soon roll out policies that allow loans to buyers of CLT homes).
- CLTs often require that first mortgage lenders sign a Permitted Mortgage Agreement that ensures the CLT is notified of delinquencies and foreclosure proceedings. While the PMA is in the first mortgagee's best interest (as the PMA also gives the CLT the right to cure

delinquencies and the right of first offer and/or first refusal if the home is foreclosed upon), lenders may find these notifications difficult to implement depending upon how loan servicing is structured.

- Depending upon the contractual rights of the CLT, the first mortgagee may have challenges selling the improvements on leased land if the CLT does not forego its ownership interest when foreclosure occurs. Additionally, many CLTs reserve the right to increase the ground lease fee if the first mortgage lender sells the home through short-sale, deed in lieu, or after foreclosure to an ineligible buyer, which may increase the difficulty of selling the improvements.

### **Access to First Mortgages**

This section will review the existing mortgage lending partners that CLTs reported across the country. Next, it will present the number of CLTs that lost mortgage lenders as a result of the financial crisis. Lastly, the particular challenges faced by start-up CLTs will be reviewed.

#### ***Partnering Lenders***

The 69 organizations individually reported 183 mortgage lending partners who originated loans for their homebuyers in their programs (median = 2, mean = 2, range = 0-10). These included 106 different lending institutions. The most frequently reported lenders by CLTs were Wells Fargo (n =16), USDA Rural Development (n =15), US Bank (n=8), and Bank of America (n = 6). The majority of these loans were portfolio products, meaning that the lending institution held these loans in portfolio and did not sell them on the secondary market. See Appendix B for the list of the partnering lenders reported by CLTs.

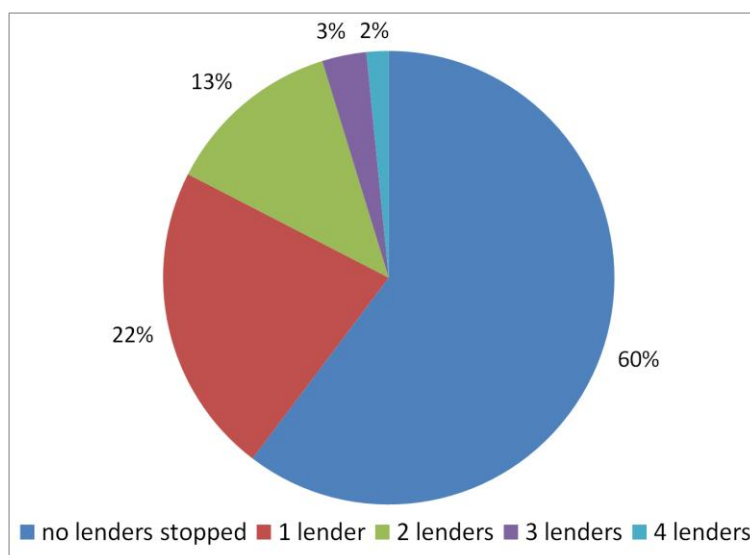
#### ***Loss of Partnering Lenders***

Forty percent of established CLTs (25 out of 63) reported that at least one of their partnering lenders had stopped lending to their homebuyers since the end of 2008. Figure 10 presents the number of partnering lenders that respondents stated had stopped lending to their homebuyers. When respondents were asked the reason that partnering lender terminated mortgage origination for their homebuyers:

- Seven CLTs reported regulatory changes such as constrained underwriting criteria, new regulations that made loans more difficult to issue, or a change in the institutions' willingness to accept the ground lease restrictions;
- Six reported that the lenders were decreasing or stopping residential mortgage lending or no longer offering portfolio products;
- Six reported that a bank they had been using to finance homes had gone through a major reorganization or had been sold to another bank;
- Three reported that their lender had had a change in personnel, where the loan officer working with the CLT had left the institution.



Figure 10. The percentage of CLTs reporting the number of lenders that stopped originating first mortgages to buyers of CLT homes since the end of 2008 (n=63).



### ***Start-ups***

At the time of the survey (March/April, 2011), 15 of the 30 start-ups reported they had a least one lender in place to make first mortgage loans to their future homebuyers of resale-restricted homes, while fifteen had yet to find a partnering lender. When start-ups were asked about the challenges they faced while trying to secure first mortgage products, they often reported a “catch-22.” Many lenders wanted to see a track record of success in the CLT’s resale-restricted homeownership program before they were willing to provide loans to buyers. Of course, start-ups cannot create this track record unless lenders are willing to finance a CLT’s homes.

Numerous start-ups also mentioned that lenders were hesitant to originate Fannie Mae loans rather than FHA loans; therefore, CLTs expressed the importance of FHAs approving mortgage loans for buyers of CLT homes. Lastly, many CLTs mentioned that lenders are skeptical or hesitant about first mortgage lending to CLT buyers because they are unfamiliar with the CLT model and the national track record of positive loan performance among the owners of CLT homes (Thaden, 2011).

### **The Role of State Housing Finance Agencies**

State Housing Finance Agencies (SHFA) are sometimes a crucial partner in resale-restricted homeownership programs for mortgage lending. A SHFA’s mission of promoting affordable housing opportunities for low-to-moderate income households aligns well with that of CLTs. Consequently, some SHFAs have found ways to offer existing FHA or Fannie Mae first mortgage loans to buyers of CLT homes, or they have created new mortgage products specifically for these buyers. Many times, they act as the investor for loans that other lenders originate to CLT homebuyers. According to the responses of the sample, the following states have SHFAs that offer or invest in first mortgage loans to CLTs: CA, CO, DC, DE, IA, MA, MN, MT, NY, OR, PA, RI, TN, UT, VT, WA, and WI. However, plenty of CLTs do not receive any support from their SHFAs; additional information is needed to understand why.

Table 19. Number and percentage of CLTs by the role of state housing finance agencies in first mortgage lending to buyers of CLT homes (n =69).

<b>Role of State Housing Finance Agencies</b>	<b>Number</b>	<b>Percentage</b>
No involvement in the first mortgages available to homebuyers	28	41%
Unwilling or unable to assist with first mortgages for homebuyers	7	10%
Purchase the loans made to homebuyers (ie. act as investor).	10	14%
Have a Fannie-based product that they make available to homebuyers	10	14%
Originate loans to homebuyers	9	13%
Have a FHA-based product that they make available to homebuyers	7	10%
Have a different product that they make available to homebuyers	6	9%
Created or modified a product for homebuyers	4	6%
Sell loans they have originated or purchased to buyers on the secondary market	1	1%

In open-ended responses, two respondents stated that their SHFA provides down payment assistance to their homebuyers (One additional respondent stated they used to offer this assistance, but it was discontinued in 2010). One respondent stated that the SHFA completed the process necessary to meet Fannie Mae underwriting criteria and provided certification of the CLT to other partnering lenders, helping the CLT to establish lending partners and helping the lenders to sell loans on the secondary market.

Two CLTs noted problems that prevented them from partnering with their SHFA. One reported that their SHFA still required FHA mortgage insurance even though the CLT was covering over 20% of the purchase. The other CLT explained that the SHFA required a rider where the property would be turned over to the SHFA if foreclosure occurred, which the CLT was unwilling to agree to.

### **Loan Characteristics Available to Homebuyers**

This section characterizes the types of loans and the loan terms that are available to buyers of CLT homes, as well as the underwriting criteria used by lenders at the end of 2010.

#### ***Loan Products***

Respondents were asked to select the loan products available to their homebuyers. The number of different loan products available to buyers in CLTs ranged from 1 to 7 (median = 2, mean = 2.65). Six out of 69 CLT's, however, did not know what loan products were available for their homebuyers.

Table 20. Number and percentage of CLTs by first mortgage loan products available to buyers (n = 63).

<b>Loan Types</b>	<b>Number</b>	<b>Percentage</b>
In-portfolio loans	39	62%
Fannie Mae Loans	34	54%
State Housing Finance Agency loans	33	52%
USDA 502 Direct loans	22	35%
USDA Guaranteed loans	13	21%
FHA loans	11	17%
Freddie Mac Loans	6	10%
VA loans	6	10%

### ***Loan Type***

Respondents were asked about the types of loans available to their buyers through their partnering lenders. Almost all respondents reported that fixed-rate loans were available to their homebuyers. Only two CLTs that had lending partners providing ARMs, balloon mortgages, or 80/20s did not also have a partner providing a fixed-rate product. Three out of the 69 CLTs did not know.

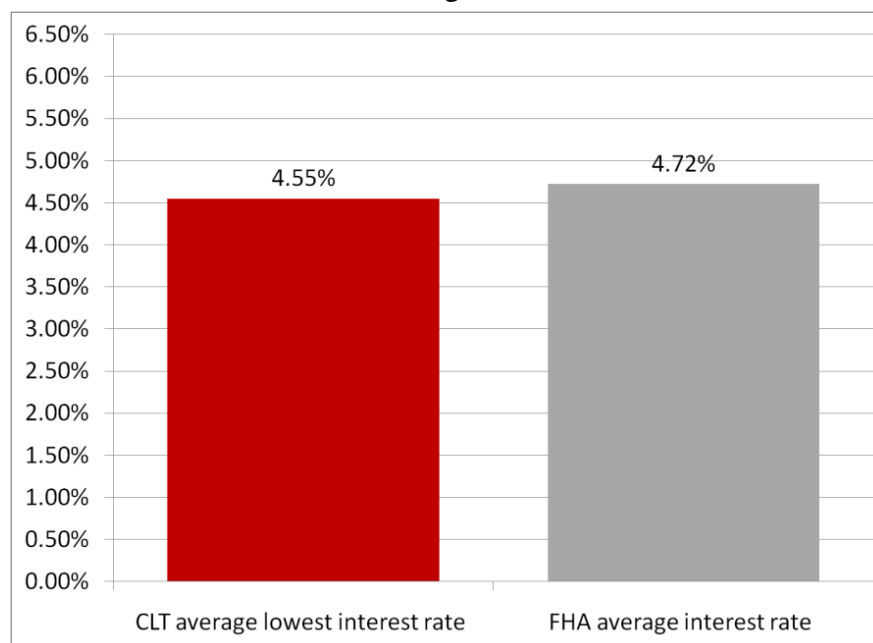
Table 21. Number and percentage of CLTs by first mortgage loan types available to buyers (n = 66).

<b>Loan Types</b>	<b>Number</b>	<b>Percentage</b>
Fixed-rate	64	97%
ARMs	9	14%
80/20s	2	3%
Balloon mortgages	1	2%

### ***Interest Rates***

Respondents were asked to report the lowest interest rate that was available from any of their lenders on fixed-rate mortgage products as of March 28<sup>th</sup> 2011. Fifty-four CLTs with homeowners using fixed-rate loans responded to this question. The mean was 4.55% and median was 4.75% with a range from 1.00% to 6.50%. According to HUD, the average interest rates for FHA-insured 30 year fixed-rate mortgages on one living unit was 4.72% at the end of March, 2011 (HUD, 2011). According to bankrate.com, the average interest rate on all fixed-rate mortgages was 4.91% at the time (Bankrate.com, 2011). The number of respondents reporting interest rates over 4.72% was 32 (59%), but only 6 CLTs reported interest rates that were a full percentage point above 4.72%.

Figure 11. Mean interest rates for fixed-rate home purchase loans available to CLT homebuyers and through FHA.



The Home Mortgage Disclosure Act (HMDA) produces lending data that defines “subprime loans” as loans 3 percentage points above a comparable Treasury APR. None of the interest rates reported by CLTs would constitute subprime lending for fixed-rate interest products. Since the survey asked what the lowest interest rate was for fixed-rate loans available to homebuyers, it is possible that other mortgage products used by CLTs had higher interest rates. Some respondents did not provide information on this question.

Typically products with higher interest rates have a trade-off. For instance, very low interest rates may be offered for a product by the State Housing Finance Agency, but underwriting may be more stringent and larger down payments may be required. CLTs may consequently partner with other lenders offering portfolio products that have higher interest rates but less stringent credit scores, credit history requirements, or smaller down payments. Ultimately, it appears that CLTs are finding competitive fixed-rate products with modest interest rates for their homebuyers and may be partnering with local lenders in helping their homebuyers to access additional loan products that meet their needs.

### ***Down Payment Requirements***

Respondents were asked about the down payment that homebuyers must personally contribute to purchase a home through the CLT. These requirements may be set by the mortgage lender or by the CLT. Sixty-eight of the 69 CLTs provided information on down payment requirements. Seventy-seven percent reported that down payment was calculated as a percentage of the Affordable Purchase Price, meaning the price of the improvements without the land (as the land is owned by the CLT), and 23% said the down payment was calculated as a percentage of the Fair Market Value of the home and the land. Table 22 presents these responses for the 56 organizations that reported a percentage of the Affordable Purchase Price or Fair Market Value was required. The remaining 13 organizations reported that homebuyers must bring a flat dollar

amount as a down payment (3 did not specify the amount, 2 reported \$500, 5 reported \$1,000, 1 reported \$1,500, and 2 reported \$2,000).

Table 22. Number and percentage of CLTs by the percentage homebuyer must bring as down payment (n=56).

Percentage for Down Payment	Number	Percentage
0%	13	23%
.5%	6	11%
1.0%	17	30%
1.5%	2	4%
2.0%	2	4%
3.0%	8	14%
3.5%	1	2%
5.0%	7	13%

### ***Debt-to-Income Ratios***

The survey asked respondents whether their program had policies that set either front-end or back-end debt-to-income ratios (DTIs). Of the 68 organizations that provided information, 46% had a policy on allowable DTIs while 52% did not (because they relied on their partnering lenders' underwriting standards).

Regardless of whether the DTIs were set by the program's policies or the lender's, the survey asked respondents what was the maximum allowable front-end ratio a homebuyer could have and still qualify for a mortgage. "Front end" ratios were defined as "Principal, Interest, Taxes, Insurance, Other (PITI)/ Monthly household Income." Seventeen respondents did not know the answer and one did not answer. Of the remaining 51 responding CLTs, the median front-end ratio was 33% (mean = 33%, range = 25%-45%), where only 14% of CLTs allowed front-end ratios above 35%.

In terms of "back-end ratios"—defined as "Principal, Interest, Taxes, Insurance, Other (PITI) + regular monthly payments/ Monthly household Income"—47 CLTs provided information (22 did not know the answer and one did not respond). The median back-end ratio was 41% (mean = 41%, range = 30-45%).

### ***Underwriting Standards***

Respondents were asked what underwriting standards their various loan products adhered to. While many CLTs reported that their lenders hold loans in portfolio and some reported that their lenders originate loans where the State Housing Finance Agency is the investor, both SHFAs and lenders may choose to use the same underwriting systems and standards of the major secondary market investors, such as FHA, Fannie, or Freddie. Table 23 presents the underwriting standards that are required by first mortgage lenders for the products they make available to buyers of CLT homes. Eight out of 69 respondents did not know what underwriting standards were used.

Table 23. Number and percentage of CLTs by underwriting standards used for first mortgage products that are available to buyers of CLT homes (n= 61).

<b>Underwriting Standards</b>	<b>Number</b>	<b>Percentage</b>
Fannie Mae	40	66%
Lender's standards for portfolio product	32	52%
USDA	20	33%
State Housing Finance Agency	14	23%
FHA	13	21%
Freddie Mac	3	5%
VA	3	5%

As underwriting standards have become more stringent for many secondary market investors, a result of the recent foreclosure crisis, many CLTs are facing greater difficulty obtaining first mortgage loans for their low-to-moderate income buyers. For the 63 established CLTs, the survey asked how—if at all—underwriting standards used by their partnering lenders had changed during 2010. Fifteen reported that underwriting standards had not changed, and four secured lending partners in 2010 so they could not comment on changes. Table 24 presents the underwriting changes reported by the remaining 44 respondents.

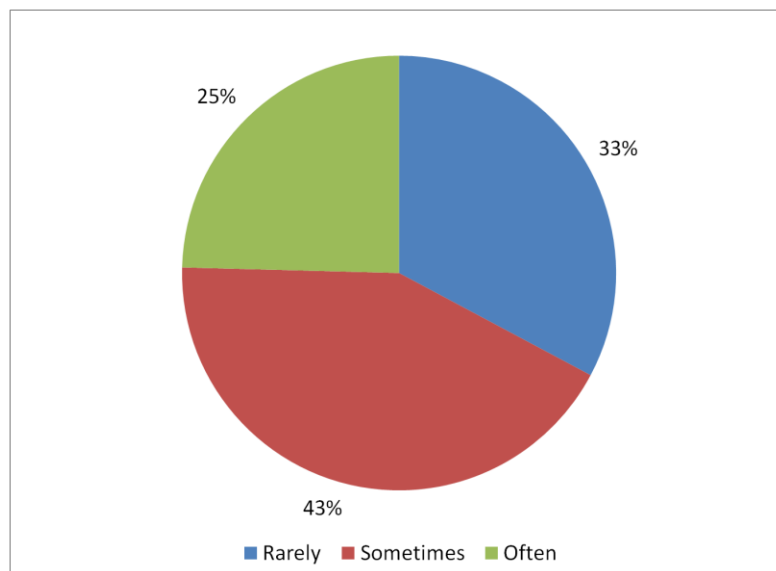
Table 24. Number and percentage of CLTs reporting underwriting changes in 2010 that are used by partnering lenders (n=44).

<b>Underwriting Criteria</b>	<b>Enabling access to first mortgages</b>	<b>#</b>	<b>%</b>	<b>Limiting access to first mortgages</b>	<b>#</b>	<b>%</b>
Fixed-rate loans became	...available.	8	18%	...unavailable.	1	2%
Interest rates	...decreased.	25	57%	...increased.	7	16%
Credit score requirements	...decreased.	1	2%	...increased.	28	64%
Down payment requirements	...decreased.	0	0%	...increased.	14	32%
Debt-to-income ratios	...increased.	0	0%	...decreased.	13	30%
Lender fees	...decreased.	0	0%	...increased.	11	25%

While some CLT homebuyers have gained access to fixed-rate products and lower interest rates due to the housing market downturn, CLT homebuyers are also faced with the difficulties of meeting more stringent qualifications in credit scores, higher down payment requirements, and smaller debt-to-income ratios.

CLTs were asked how often they were unable to serve households—who would otherwise qualify for their program—because the household could not obtain a first mortgage. Figure 12 presents these results for the 61 organizations who responded to this question.

Figure 12. The percentage of CLTs by how often homebuyers qualify for their program but cannot qualify for a mortgage (n=61).



### ***Refinancing***

Out of the 69 CLTs that had mortgage lending partners at the end of 2010, 67 reported that homebuyers were required to get permission from the CLT in order to refinance. The CLT may build in this contractual right to their agreements with their homeowners and also with the mortgage lenders. When these 67 respondents were asked how many homeowners had refinanced without their permission, 18 did not know and the remaining 49 reported that no owners had refinanced without permission. Eighteen CLTs reported a total of 123 refinances occurred with the CLTs oversight and permission during 2010 (median = 2.12, mean = 0, range = 1-38). Research has established that low-income and minority homeowners are less likely to refinance into loan terms that positively impact financial outcomes and more likely to refinance into loan terms that have adverse financial outcomes. Hence, the oversight and advising provided by CLTs enables better outcomes amongst their owners.

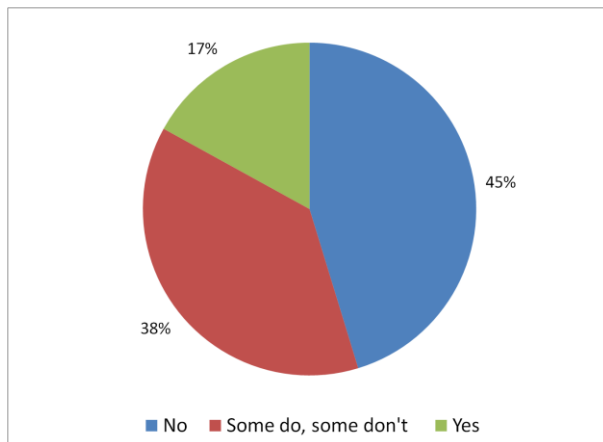
The survey also asked respondents about the challenges homeowners have faced while trying to refinance a first mortgage loan. Most respondents reported that no homeowners attempted to refinance during 2010, and 11 respondents stated that their homeowners did not face any challenges. Four CLTs reported that the original lender was no longer lending to buyers or owners in their program; 9 reported that loan products did not allow owners to refinance (a particular issue in first-time homebuyer products offered through SHFAs); 10 reported that owners did not have enough equity in their homes to refinance; and 10 reported that the lender's current underwriting standards were difficult for existing owners to meet.

Fifty-eight out of 61 responding CLTs reported that homebuyers were required to get permission from the CLT in order to take out a home equity loan. No CLT reported having a homeowner take out a home equity line of credit either with or without their permission during 2010.

### The Secondary Market

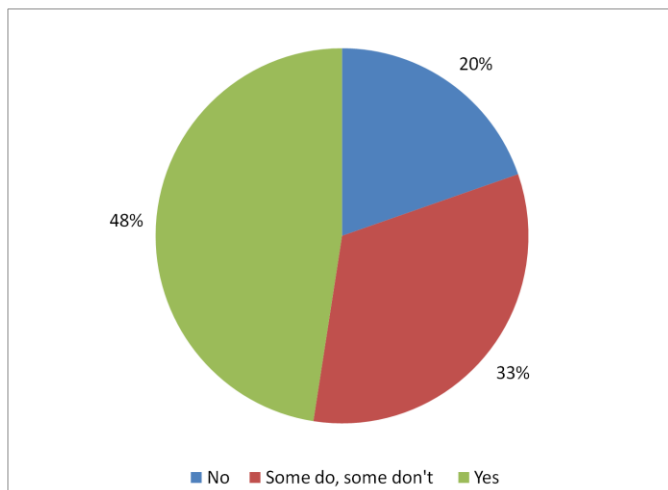
Respondents were asked whether their lenders or investors (such as SHFAs) sold the loans they originated on the secondary mortgage market. Figure 13 presents the results for the 53 respondents who knew the outcomes of their mortgages on the secondary market. One additional CLT did not respond and 15 others did not know whether their loans were being resold on the secondary market.

Figure 13. Percentage of CLTs reporting whether their partnering lenders sell first mortgages to CLT buyers on the secondary market. (n = 53).



To build partnerships with lenders and to facilitate the ability of these lenders to sell first mortgages on the secondary market, the National CLT Network has encouraged Fannie Mae to continue to provide a Mortgage Rider that enables mortgage lenders to originate loans and to sell them to Fannie Mae. The survey asked CLTs whether their lenders have used the Fannie Mae Mortgage Rider for loans to buyers in their homeownership programs. Seven respondents reported not knowing what the Rider was and one did not respond. Responses for the 61 organizations that knew whether the Rider was used are presented in Figure 14.

Figure 14. Percentage of CLTs reporting whether their partnering lenders use the Fannie Mae Mortgage Rider (n= 61).





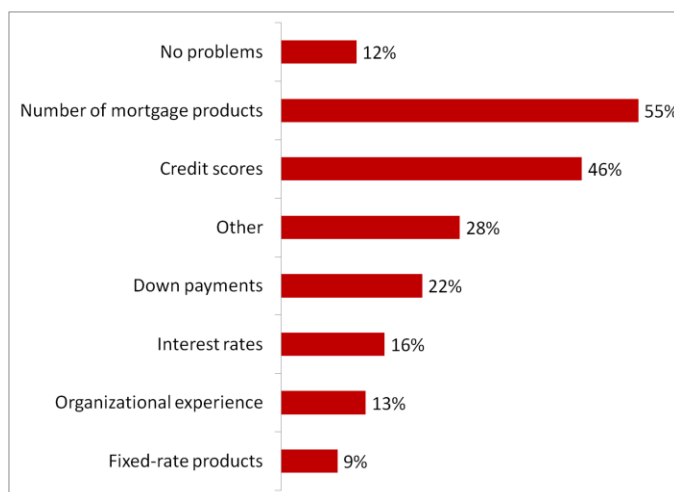
### Current Challenges with First Mortgages

Respondents were asked what challenges they currently faced in helping their homebuyers to find affordable and sound first mortgages, findings presented in Figure 15. Notably, the majority of CLTs reported that they needed a greater number of first mortgage products for their buyers. CLTs must balance two concerns as they develop partnerships with lenders: First, in order for lenders to invest resources in reviewing the legal documents of CLTs and to learn how to lend on these sales, lenders often want assurance they will see enough business. Hence, CLTs may need to limit their number of partnering lenders in order to ensure adequate business. However, CLTs are also interested in having an adequate number of partnering lenders to provide homebuyers with choices. And further, the CLT wants to protect the marketability of their homes if they lose one or more partnering lenders. CLTs, especially start-ups, are having difficulty recruiting enough lenders to work with their programs, which leaves the program vulnerable if loan officers leave or institutional policies change.

Underwriting standards have significantly tightened as a consequence of the national foreclosure crisis, so it is unsurprising that roughly half of CLTs reported that credit score requirements have become a barrier for potential buyers to obtain first mortgages. Additionally, close to a quarter report that down payment requirements have become a barrier for buyers, which may be a function of either lenders increasing their down payment requirements or the decreasing ability of low-income purchasers to accumulate enough savings for a down payment.

As presented in Figure 15, 13% of respondents acknowledged that their own lack of organizational experience with affordable housing was limiting their ability to secure partnerships with lenders. In order for a lender to sell a loan to Fannie Mae, they must “confirm that the community land trust or its affiliated organization has at least two years of experience in successfully managing affordable housing, which can be evidenced by an organizational resume or history that summarizes the organization’s experience in providing affordable housing” (Fannie Mae Announcement 06-03, 2006, p. 8). Twenty out of the 96 organizations in the total sample reported they did not have two years of experience managing or providing affordable housing.

Figure 15. Percentage of CLTs by challenges they face to provide good first mortgage products to their homebuyers (n=69).



Open-ended responses on challenges that CLTs faced to obtain affordable and sound first mortgage products for their buyers included: 1) finding lenders willing to work with the CLT and their resale-restrictions, and 2) lenders' willingness to accept non-traditional credit, few lines of credit, or inconsistent employment histories during the economic recession. Some CLTs acknowledged that more of their potential buyers have higher levels of debt, meaning they cannot meet DTIs unless the CLT subsidizes the home more.

### **Conclusion**

This report reviewed organizational and operational characteristics of approximately 40% of the CLTs in the United States as of the end of 2010. Results from the *2011 Comprehensive CLT Survey* help to chart the current landscape of CLTs in the nation, including the prevalence of organizations offering permanently affordable homeownership opportunities and the policies and practices they use to implement this mission. However, results from the survey also point to the challenges that CLTs are facing to both expand and sustain their provision of permanently affordable homes, including but not limiting to accessing first mortgage products for their homebuyers and finding adequate funding for both unit production and ongoing stewardship of both their homes and homeowners.

## References

- Abromowitz, D. & White, K. (2010). Deed-restrictions and community land trust ground leases: Two methods of establishing affordable homeownership restrictions. In J.E. Davis (Ed.), *The CLT Reader* (pp. 327-334). Cambridge, MA: Lincoln Institute of Land Policy.
- The City of Lakes Community Land Trust (2011, September). The City of Lakes Community Land Trust Opportunity Fund application. Minneapolis, MN: Author. Retrieved from <http://clclt.org/sites/clclt.org/files/CLCLT%20Opp%20Fund%20Application.pdf>
- Fannie Mae. (2006, March 22). Properties subject to resale restrictions located on land owned by community land trusts (Announcement 06-03). Washington, DC: Fannie Mae.
- Federal Housing Finance Agency (2011, February 8). Private transfer fees (12 CFR Part 1228 RIN 2590-AA41). Washington, DC: Author. Retrieved from <http://edocket.access.gpo.gov/2011/pdf/C1-2011-648.pdf>.
- National Community Land Trust Network. (2010, June). Designing a resale formula. In *CLT Technical Manual* (Chapter 12). Portland, OR: Author
- Pounds, S. (2011, March 17). Interest rate round up for March 17, 2011. Bankrate.com. Retrieved from <http://www.bankrate.com/finance/mortgages/interest-rate-roundup-for-march-17-2011.aspx>
- Thaden, E. (July, 2011). *Stable homeownership in a turbulent economy: Delinquencies and foreclosures remain low in community land trusts* (Working Paper WP11ET1). Cambridge MA: The Lincoln Institute of Land Policy.
- U.S. Department of Housing & Urban Development (October, 2011). Average Interest Rates for FHA-Insured 30 year fixed rate one living unit home mortgage. Retrieved from [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/rmra/oe/rpts/rates/irmenu](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/oe/rpts/rates/irmenu)

## **Appendix A. Survey Administration**

Using Adobe X Pro, the survey was administered as an electronic link to a fillable form that could be incrementally saved and returned to for completion from March 28<sup>th</sup>-April 22<sup>nd</sup>, 2010. The instructions, survey, and general feedback was presented in a 25-page fillable Portable Document Format (pdf) with approximately 110 questions that included up to 413 fillable fields depending on whether questions were applicable to the respondent. The majority of the questions on the survey were close-ended, including checklists and best-answer selection. Open-ended questions were predominantly seeking numeric values (e.g. number of units) or concrete textual responses (e.g. names of lenders), while a minority of questions sought comments to clarify or supplement responses.

Piloting revealed that the survey took approximately an hour and a half to complete. Respondents were able click a “submit” button once they finished the survey, which directly downloaded data to a database, minimizing data entry errors. Biweekly e-mails were sent to the recruitment sample to advance participation and offer alternative methods for administration (hand-written responses) and submission (scanning and e-mail or postal mail). Participation was promoted by raffling five \$300 registrations to the Annual National Community Land Trust Network conference and an additional five copies of *The CLT Reader* edited by John E. Davis.

## Appendix B. 2010 Community Land Trust First Mortgage Lender List

Below is a list of the institutions that originate first mortgage loans or provide conventional first mortgage loans for homebuyers of resale-restricted, owner-occupied homes at the end of 2010. This data was gathered from 96 CLTs who participated in *The 2011 Comprehensive CLT Survey*. Organizations had the option to not share the names of their organizations. For those organizations, only the state where these organizations are located is provided on the list. This list is organized by the lending institutions that were most frequently listed by organizations.

Lender	#	Organizations	City	State
Wells Fargo	1	<i>City of Flagstaff</i>	Flagstaff	AZ
	2	<i>Newtown Community Development Corporation</i>	Tempe	AZ
	3			CO
	4			CO
	5	<i>Diamond State CLT, Inc.</i>	Dover	DE
	6	<i>First Homes Properties</i>	Rochester	MN
	7	<i>City of Lakes Community Land Trust</i>	Minneapolis	MN
	8			MN
	9	<i>Northern Communities Land Trust</i>	Duluth	MN
	10	<i>North-Missoula Community Development Corporation</i>	Missoula	MT
	11	<i>Outer Banks Community Development Corporation</i>	Kill Devil Hills	NC
	12	<i>Sawmill Community Land Trust</i>	Albuquerque	NM
	13	<i>Lincoln Community Land Trust</i>	Corvallis	OR
	14	<i>Clackamas Community Land Trust</i>	Milwaukie	OR
	15	<i>Mountainlands Community Housing Trust /Mountainlands Community Land Trust</i>	Park City	UT
	16	<i>Columbia Valley Housing Association</i>	Wenatchee	WA
USDA Rural Development	1			CA
	2	<i>Chaffee Housing Trust</i>	Salida	CO
	3	<i>Lakes Community Land Trust</i>	Spirit Lake	IA
	4	<i>United Voice Community Land Trust</i>	Bath	ME
	5	<i>Outer Banks Community Development Corporation</i>	Kill Devil Hills	NC
	6	<i>Yellow Springs Home, Inc.</i>	Yellow Springs	OH
	7	<i>Mountainlands Community Housing Trust /Mountainlands Community Land Trust</i>	Park City	UT
	8	<i>Champlain Housing Trust</i>	Burlington	VT
	9	<i>Upper Valley MEND/SHARE CLT</i>	Leavenworth	WA
	10	<i>OPAL Community Land Trust</i>	Eastsound	WA

	11	<i>Columbia Valley Housing Association</i>	Wenatchee	WA
	12	<i>Homeward Bound</i>	Port Angeles	WA
	13	<i>San Juan Community Home Trust</i>	Friday Harbor	WA
	14	<i>Vashon HouseHold</i>	Vashon	WA
	15	<i>Island Affordable Housing Trust dba Saratoga Community Housing</i>	Freeland	WA
<b>US Bank</b>	1	<i>Newtown Community Development Corporation</i>	Tempe	AZ
	2	<i>City of Lakes Community Land Trust</i>	Minneapolis	MN
	3	<i>Northern Communities Land Trust</i>	Duluth	MN
	4	<i>First Homes Properties</i>	Rochester	MN
	5			MN
	6	<i>North-Missoula Community Development Corporation</i>	Missoula	MT
	7	<i>The Whitefish Housing Authority and Whitefish Area Land Trust</i>	Whitefish	MT
	8	<i>Lincoln Community Land Trust</i>	Corvallis	OR
<b>Bank of America</b>	1	<i>City First Homes, Inc.</i>	Washington DC	DC
	2	<i>Diamond State CLT, Inc.</i>	Dover	DE
	3	<i>Chicago Community Land Trus</i>	Chicago	IL
	5	<i>Worcester Common Ground, Inc.</i>	Worcester	MA
	4	<i>Austin PeopleTrust</i>	Austin	TX
	6	<i>Mountainlands Community Housing Trust /Mountainlands Community Land Trust</i>	Park City	UT
<b>HomeStreet Bank</b>	1	<i>Housing and Land Enterprise of Maui, dba: Na Hale O Maui</i>	Wailuku	HI
	2	<i>Clackamas Community Land Trust</i>	Milwaukie	OR
	3	<i>Proud Ground</i>	Portland	OR
	4	<i>Homestead Community Land Trust</i>	Seattle	WA
<b>Key Bank</b>	1			CO
	2	<i>Community Land Trust of Greater Cleveland, Inc.</i>	Cleveland	OH
	3	<i>Clackamas Community Land Trust</i>	Milwaukie	OR
	4	<i>Homestead Community Land Trust</i>	Seattle	WA
<b>Northern Trust Bank</b>	1	<i>Newtown Community Development Corporation</i>	Tempe	AZ
	3	<i>Community Housing Trust of Sarasota County, Inc.</i>	Sarasota	FL
	2	<i>Chicago Community Land Trus</i>	Chicago	IL
	4	<i>Community Partners for Affordable Housing</i>	Highland Park	IL
<b>Peoples Bank</b>	1	<i>Columbia Valley Housing Association</i>	Wenatchee	WA
	2	<i>Homestead Community Land Trust</i>	Seattle	WA
	3	<i>Kulshan Community Land Trust</i>	Bellingham	WA

	4	<i>OPAL Community Land Trust</i>	Eastsound	WA
<b>Umpqua Bank</b>	1	<i>Humboldt Bay Housing Development Corporation</i>	Arcata	CA
	2	<i>Proud Ground</i>	Portland	OR
	3	<i>Lincoln Community Land Trust</i>	Corvallis	OR
	4	<i>Clackamas Community Land Trust</i>	Milwaukie	OR
<b>Bremer Bank</b>	1			MN
	2			MN
	3	<i>City of Lakes Community Land Trust</i>	Minneapolis	MN
<b>Neighborhood Housing Services</b>	1	<i>Community Foundation Land Trust</i>	Los Angeles	CA
	2	<i>First Community Land Trust of Chicago</i>	Chicago	IL
	3	<i>Chicago Community Land Trus</i>	Chicago	IL
<b>Banner Bank</b>	1	<i>San Juan Community Home Trust</i>	Friday Harbor	WA
	2	<i>Columbia Valley Housing Association</i>	Wenatchee	WA
<b>BB &amp; T</b>	1	<i>Community Home Trust</i>	Carrboro	NC
	2	<i>Cape Fear Housing Land Trust</i>	Wilmington	NC
<b>Community Bank</b>	1	<i>Irvine Community Land Trust</i>	Irvine	CA
	2	<i>North-Missoula Community Development Corporation</i>	Missoula	MT
<b>Fifth Third Bank</b>	1	<i>Community Partners for Affordable Housing</i>	Highland Park	IL
	2	<i>Yellow Springs Home, Inc.</i>	Yellow Springs	OH
<b>First Bank</b>	1	<i>Outer Banks Community Development Corporation</i>	Kill Devil Hills	NC
	2			CO
<b>Habitat for Humanity</b>	1	<i>Island Housing Trust Corporation</i>	West Tisbury	MA
	2	<i>Adirondack Community Housing Trust</i>	Elizabethtown	NY
<b>Huntington National Bank</b>	1	<i>Community Land Trust of Greater Cleveland, Inc.</i>	Cleveland	OH
	2	<i>Yellow Springs Home, Inc.</i>	Yellow Springs	OH
<b>Merchants Bank</b>	1	<i>First Homes Properties</i>	Rochester	MN
	2	<i>Coulee Housing Development Corporation</i>	Westby	WI
<b>Meriwest Mortgage Company</b>	1	<i>Northern California Land Trust</i>	Berkeley	CA
	2	<i>Oakland Community Land Trust</i>	Oakland	CA
<b>Mountain West Bank</b>	1	<i>North-Missoula Community Development Corporation</i>	Missoula	MT
	2	<i>The Whitefish Housing Authority and Whitefish Area Land Trust</i>	Whitefish	MT
<b>PNC</b>	1	<i>Chicago Community Land Trust</i>	Chicago	IL
	2	<i>Community Partners for Affordable Housing</i>	Highland Park	IL
<b>Premier/Cherry Creek Mortgage</b>	1			CO

	2			CO
<b>RBC Bank</b>	1	<i>Cape Fear Housing Land Trust</i>	Wilmington	NC
	2	<i>Community Home Trust</i>	Carrboro	NC
<b>Suntrust</b>	1	<i>Outer Banks Community Development Corporation</i>	Kill Devil Hills	NC
	2	<i>Durham Community Land Trustees, Inc.</i>	Durham	NC
<b>W.R. Starkey Mortgage</b>	1			CO
	2			CO
<b>66 Federal Credit Union</b>	1	<i>Tenants to Homeowners, Inc.</i>	Lawrence	KS
<b>Altra Federal Credit Union</b>	1	<i>Coulee Housing Development Corporation</i>	Westby	WI
<b>Anchor Bank</b>	1	<i>Madison Area CLT Corp.</i>	Madison	WI
<b>Athens First Bank &amp; Trust (Synovus)</b>	1	<i>Athens Land Trust</i>	Athens	GA
<b>Bank Atlantic</b>	1	<i>Community Land Trust of Palm Beach County, Inc.</i>	West Palm Beach	FL
<b>Bank First</b>	1	<i>Hannibal Square Community Land Trust, Inc.</i>	Winter Park	FL
<b>Bank of Pacific</b>	1	<i>Kulshan Community Land Trust</i>	Bellingham	WA
<b>BankNewport</b>	1	<i>Church Community Housing Corporation</i>	Newport	RI
<b>Bath Savings Institution</b>	1	<i>United Voice Community Land Trust</i>	Bath	ME
<b>Bell Mortgage</b>	1	<i>City of Lakes Community Land Trust</i>	Minneapolis	MN
<b>Boulder Valley Credit Union</b>	1			CO
<b>Branch Banking &amp; Trusts</b>	1	<i>Durham Community Land Trustees, Inc.</i>	Durham	NC
<b>Capital Affordable Funding Corporation</b>	1	<i>Albany Community Land Trust</i>	Albany	NY
<b>Charter One</b>	1	<i>Chicago Community Land Trus</i>	Chicago	IL
<b>Citizens Bank</b>	1	<i>Diamond State CLT, Inc.</i>	Dover	DE
<b>City National Bank</b>	1	<i>Delray Beach Community Land Trust, Inc.</i>	Delray Beach	FL
<b>Colorado Capital Mortgage</b>	1			CO
<b>Cornerstone Lending</b>	1	<i>Columbia Valley Housing Association</i>	Wenatchee	WA
<b>Eastwood Bank</b>	1	<i>First Homes Properties</i>	Rochester	MN
<b>Elevations Credit Union</b>	1			CO
<b>Federation of Housing Enterprise</b>	1	<i>Woodland Community Land Trust</i>	Clairfield	TN
<b>First Bank of Boulder</b>	1			CO
<b>First Interstate Bank</b>	1	<i>North-Missoula Community Development Corporation</i>	Missoula	MT
<b>First National Bank</b>	1	<i>State College Community Land Trust, Inc.</i>	State College	PA
<b>First Security Bank</b>	1	<i>North-Missoula Community Development Corporation</i>	Missoula	MT
<b>Frontier Bank</b>	1	<i>Mountainlands Community Housing Trust /Mountainlands Community Land Trust</i>	Park City	UT
<b>Glacier Bank</b>	1	<i>The Whitefish Housing Authority and Whitefish Area Land Trust</i>	Whitefish	MT
<b>Golf Savings Bank</b>	1	<i>North-Missoula Community Development</i>	Missoula	MT



		<i>Corporation</i>		
<b>Guaranty Bank</b>	<b>1</b>			MO
<b>Guild Mortgage</b>	<b>1</b>	<i>Homestead Community Land Trust</i>	Seattle	WA
<b>Harrington Bank</b>	<b>1</b>	<i>Community Home Trust</i>	Carrboro	NC
<b>Home Federal</b>	<b>1</b>	<i>First Homes Properties</i>	Rochester	MN
<b>Home Funding Finders</b>	<b>1</b>	<i>Adirondack Community Housing Trust</i>	Elizabethtown	NY
<b>Islanders Bank</b>	<b>1</b>	<i>Lopez Community Land Trust</i>	Lopez Island	WA
<b>Jersey Shore State Bank</b>	<b>1</b>	<i>State College Community Land Trust, Inc.</i>	State College	PA
<b>Lake Forest Bank &amp; Trust</b>	<b>1</b>	<i>Community Partners for Affordable Housing</i>	Highland Park	IL
<b>Martha's Vineyard Savings Bank</b>	<b>1</b>	<i>Island Housing Trust Corporation</i>	West Tisbury	MA
<b>Minnesota Housing Finance Agency</b>	<b>1</b>	<i>City of Lakes Community Land Trust</i>	Minneapolis	MN
<b>Mission Hills Mortgage Bankers</b>	<b>1</b>	<i>Housing Land Trust of Sonoma County</i>	Petaluma	CA
<b>Missoula Federal Credit Union</b>	<b>1</b>	<i>North-Missoula Community Development Corporation</i>	Missoula	MT
<b>MN Housing CASA</b>	<b>1</b>			MN
<b>National Bank and Trust</b>	<b>1</b>	<i>Adirondack Community Housing Trust</i>	Elizabethtown	NY
<b>National Bank of Arizona</b>	<b>1</b>	<i>Newtown Community Development Corporation</i>	Tempe	AZ
<b>NCHFA First Time Homebuyers Program</b>	<b>1</b>	<i>Outer Banks Community Development Corporation</i>	Kill Devil Hills	NC
<b>New England Federal Credit Union</b>	<b>1</b>	<i>Champlain Housing Trust</i>	Burlington	VT
<b>Nittany Bank</b>	<b>1</b>	<i>State College Community Land Trust, Inc.</i>	State College	PA
<b>North Country Federal Credit Union</b>	<b>1</b>	<i>Champlain Housing Trust</i>	Burlington	VT
<b>North Shore Bank</b>	<b>1</b>	<i>Northern Communities Land Trust</i>	Duluth	MN
<b>Northfield Savings Bank</b>	<b>1</b>	<i>Champlain Housing Trust</i>	Burlington	VT
<b>Northwestern Bank</b>	<b>1</b>	<i>Northern Homes Community Development Corporation</i>	Boyne City	MI
<b>NY State Employees Federal Credit Union</b>	<b>1</b>	<i>Albany Community Land Trust</i>	Albany	NY
<b>Opportunities Credit Union</b>	<b>1</b>	<i>Champlain Housing Trust</i>	Burlington	VT
<b>Oregon Coast Bank</b>	<b>1</b>	<i>Lincoln Community Land Trust</i>	Corvallis	OR
<b>Palm Beach County Credit Union</b>	<b>1</b>	<i>Community Land Trust of Palm Beach County, Inc.</i>	West Palm Beach	FL
<b>Pentucket Bank</b>	<b>1</b>	<i>Bread &amp; Roses Housing, Inc.</i>	Lawrence	MA
<b>People's Credit Union</b>	<b>1</b>	<i>Church Community Housing Corporation</i>	Newport	RI
<b>Peoples United</b>	<b>1</b>	<i>Champlain Housing Trust</i>	Burlington	VT
<b>Prestige Lending</b>	<b>1</b>	<i>Austin PeopleTrust</i>	Austin	TX
<b>Prime Capital</b>	<b>1</b>	<i>City of Flagstaff</i>	Flagstaff	AZ
<b>Prime Lending</b>	<b>1</b>	<i>Northern Homes Community Development Corporation</i>	Boyne City	MI
<b>Priority Home Mortgage</b>	<b>1</b>	<i>Austin PeopleTrust</i>	Austin	TX

<b>Redwood Capital Bank</b>	<b>1</b>	<i>Humboldt Bay Housing Development Corporation</i>	Arcata	CA
<b>Rhode Island Housing</b>	<b>1</b>	<i>Church Community Housing Corporation</i>	Newport	RI
<b>Rio Grande Credit Union</b>	<b>1</b>	<i>Sawmill Community Land Trust</i>	Albuquerque	NM
<b>Shelter Mortgage</b>	<b>1</b>	<i>City of Flagstaff</i>	Flagstaff	AZ
<b>Shorebank Pacific</b>	<b>1</b>	<i>Lincoln Community Land Trust</i>	Corvallis	OR
<b>Sovereign Bank</b>	<b>1</b>	<i>Island Housing Trust Corporation</i>	West Tisbury	MA
<b>Summit Mortgage</b>	<b>1</b>			CO
<b>Taylor Mortgage</b>	<b>1</b>	<i>Columbia Valley Housing Association</i>	Wenatchee	WA
<b>TD Bank</b>	<b>1</b>	<i>Bread &amp; Roses Housing, Inc.</i>	Lawrence	MA
<b>Trident Financial</b>	<b>1</b>	<i>Diamond State CLT, Inc.</i>	Dover	DE
<b>Trust Co. Bank</b>	<b>1</b>	<i>Community Housing Trust of Sarasota County, Inc.</i>	Sarasota	FL
<b>Universal Lending</b>	<b>1</b>			CO
<b>University Federal Credit Union</b>	<b>1</b>	<i>Austin PeopleTrust</i>	Austin	TX
<b>Vectra Bank</b>	<b>1</b>			CO
<b>Vermont Federal Credit Union</b>	<b>1</b>	<i>Champlain Housing Trust</i>	Burlington	VT
<b>Wachovia</b>	<b>1</b>	<i>Outer Banks Community Development Corporation</i>	Kill Devil Hills	NC
<b>Washington Federal</b>	<b>1</b>	<i>Lincoln Community Land Trust</i>	Corvallis	OR
<b>Webster Five</b>	<b>1</b>	<i>Worcester Common Ground, Inc.</i>	Worcester	MA
<b>West Coast Bank</b>	<b>1</b>	<i>Lincoln Community Land Trust</i>	Corvallis	OR
<b>WHEDA</b>	<b>1</b>			MN