Montana Board of Housing

Terms and Conditions Habitat Homes With Community Land Trust Program

June 2026

Purpose

The Montana Board of Housing allows for Habitat for Humanity Mortgage Loans within a Community Land Trust. The loan must be at 80% loan-to-value or lower and meet MBOH's criteria for a Mortgage Loan without mortgage insurance.

Program Details

1. The local Habitat for Humanity chapter must provide a letter verifying that the Borrower is a Habitat for Humanity client.

2. The 30-year fixed rate of interest on Habitat Homes with CLT Program Mortgage Loans shall be one half of one percent (0.50%) less than the MBOH MBS Regular Bond Loan Program rate, as posted on the Board's website and subject to change from time to time.

3. The term of all first lien mortgages is 30 years and will provide for complete amortization to maturity by equal monthly payments of principal and interest.

4. Funds are available on a loan-by-loan, first-come, first-served basis. Participants reserve funds for eligible Mortgage Loans electronically using the MBOH Lender Online portal. All MBOH Program documents are maintained on Lender Online.

5. Homebuyer education must be completed prior to the closing of the loan.

6. All Residences must be appraised according to Fannie Mae Community Land Trust Appraisal requirements by an appraiser who is knowledgeable and experienced in the Appraisal techniques, namely the direct capitalization and the market derivation of capitalization rates that are necessary to appraise a Residence subject to a leasehold estate held by a CLT.

7. The Habitat Homes with CLT Program requires approval of the Conventional Conforming Mortgage Loan via Fannie Mae's Desktop Underwriter AUS system. "Refer with Caution" findings will **not** be accepted. When using DU, the Participant must enter "Affordable LTV" in the Product Description field in the Additional Data section on the online loan application, which will result in DU calculating the LTV ratio passed solely on the appraised value for purchase transactions, not the lesser of the sales price or appraised value.

8. Habitat Homes with CLT Program Mortgage Loans must be reserved in Lender Online using Program Code 585 Habitat Community Land Trust Program.

9. The leasehold estate created by the Community Land Trust ground lease constitutes real property under applicable law. In all respects, the ground lease must be valid, enforceable and in full force and effect. Lenders must ensure that any Mortgage secured by a CLT is supported by the appropriate leasehold and any applicable Land Trust Ground Lease Rider as required by Fannie Mae.

10. Condominiums will be held to the MBOH 25% rule for number of units financed by MBOH as outlined in Exhibit L of the Guide.

11. There shall be no cash back allowed at closing. Excess funds from the transaction must be applied as principal reductions. No discount points are allowed. In the case of gift funds, excess gift funds must be returned to the gifter of said gift funds at the time of closing.

12. All first Mortgage Loan Notes and Trust Indentures must be on either Fannie Mae or Freddie Mac accepted loan documents.

Habitat Homes with CLT Program Title Insurance Requirements

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

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

Compliance Review, Reservation and Loan Delivery

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

Other Provisions

In addition to the Habitat Homes with CLT Program terms outlined above, all terms, conditions, definitions and program criteria, as set out in the MBOH Mortgage Purchase

and Servicing Guide and the associated MBOH MBS Regular Bond Loan Program Terms and Conditions apply.