



Mortgages Secured by Property Located on Community Land Trusts

Mortgages secured by properties located on a community land trust are subject to a ground lease, which may include provisions that require the continued use of the property for low- and moderate-income families, and may limit the maximum sales price of the property.

Fannie Mae has developed a standard ground lease rider for community land trusts when the ground lease developed by the lessor is based on the model developed by the NCLTN or the ICE. In these instances, the lessor and the borrower must execute a *Community Land Trust Ground Lease Rider* ([Form 2100](#)) that was developed for use with the NCLTN 2011 CLT Network Model Ground Lease (or the ICE Model Ground Lease).

The purpose of the rider is to ensure that the ground lease conforms to Fannie Mae's guidelines for community land trust mortgage loans without the delay that would result from the lender's obtaining Fannie Mae's approval of each ground lease. Fannie Mae's approval is required, however, if the rider is modified or is not executed. In addition, if the lender determines that the ground lease does not conform to the NCLTN 2011 CLT Network Model Ground Lease or to the ICE Model Ground Lease, Fannie Mae's approval of the ground lease is required prior to delivery of the mortgage loan(s). See [B5-5.1-04, Community Land Trusts \(06/05/2018\)](#), for more information.

Related Announcements

The table below provides references to the Announcements that have been issued that are related to this topic.

Announcements	Issue Date
Announcement SEL-2011-01	January 27, 2011
Announcement 08-35	December 18, 2008

B8-5-05, Requirements for Use of a Power of Attorney (06/05/2019)

Introduction

This topic contains information on requirements for use of a power of attorney, including:

- [Overview](#)
- [Allowable Attorneys-in-Fact or Agents Under a Power of Attorney](#)
- [Restrictions on the Use of a Power of Attorney](#)
- [Additional Requirements](#)



Overview

Except as provided below, an attorney-in-fact or agent under a power of attorney may sign the security instrument and/or note, as long as the lender obtains a copy of the applicable power of attorney. In jurisdictions where a power of attorney used for a signature on a security instrument must be recorded with the security instrument, the lender must ensure that recordation has been effected. The name(s) on the power of attorney must match the name(s) of the person on the affected loan document, and the power of attorney must be dated such that it was valid at the time the affected loan document was executed. The power of attorney must be notarized and, unless otherwise required by applicable law, must reference the address of the subject property. If applicable law requires an original power of attorney for enforcement or foreclosure purposes, an original (rather than a copy) must be forwarded to the document custodian.

Allowable Attorneys-in-Fact or Agents Under a Power of Attorney

Except as otherwise required by applicable law, or unless they are the borrower's relative, none of the following persons connected to the transaction shall sign the security instrument or note as the attorney-in-fact or agent under a power of attorney:

- the lender;
- any affiliate of the lender;
- any employee of the lender or any other affiliate of the lender;
- the loan originator;
- the employer of the loan originator;
- any employee of the employer of the loan originator;
- the title insurance company providing the title insurance policy or any affiliate of such title insurance company (including, but not limited to, the title agency closing the loan), or any employee of either such title insurance company or any such affiliate; or
- any real estate agent with a financial interest in the transaction or any person affiliated with such real estate agent.

As used herein, the borrower's relative includes any person defined as a relative in this Guide, or a person who is a fiancé, fiancée, or domestic partner of the borrower.

For refinance transactions, an individual who would otherwise be prohibited from serving as an attorney-in-fact or agent under the restrictions above may execute the required loan documents on behalf of the borrower(s), provided all of the following conditions are met:

- The attorney-in-fact or agent is not an employee of the lender.
- The power of attorney expressly states an intention to secure a loan not to exceed a stated amount from a named lender on a specific property.
- The power of attorney expressly authorizes the attorney-in-fact or agent to execute the required loan documents on behalf of a borrower only if the borrower has, to the satisfaction of the attorney-in fact or agent in a recorded, interactive session conducted via the Internet, both
 - confirmed his or her identity; and



- reaffirmed, after an opportunity to review the required loan documents, his or her agreement to the terms and conditions of the required loan documents evidencing such transaction and to the execution of such required loan by such attorney-in-fact or agent.
- The lender must produce at Fannie Mae's request at any time during the term of the related loan, within a commercially reasonable time following such request and without additional expense to Fannie Mae, a recording and other documentary media memorializing the entirety of the interactive session.

Restrictions on the Use of a Power of Attorney

Except as required by applicable law, a power of attorney may not be utilized to sign a security instrument or note if either (or both) of the following applies:

- No other borrower executes such loan document in person in the presence of a notary public. Exceptions: A power of attorney may be utilized to sign such loan document for each borrower:
 - as permitted in connection with a refinance transaction conducted in a recorded, interactive session on the Internet as described above in Allowable Attorneys-in-Fact or Agents Under a Power of Attorney;
 - as long as the attorney-in-fact or agent under the power of attorney is either the borrower's attorney-at-law or the borrower's relative; or
 - as long as the attorney-in-fact or agent under the power of attorney signs the security instrument in their own capacity as an owner of the mortgaged property.
- The transaction is a cash-out refinance.

Additional Requirements

If a power of attorney is used because the lender determines such use is required by applicable law, the lender must include in the mortgage loan file a written statement that explains the circumstances. Such statement must be provided to the document custodian with the power of attorney.

Related Announcements

The table below provides references to the Announcements that have been issued that are related to this topic.

Announcement	Issue Date
Announcement SEL-2019-05	June 05, 2019
Announcement SEL-2016-03	March 29, 2016
Announcement SEL-2014-06	May 27, 2014
Announcement SEL-2013-08	October 22, 2013