Examples: Determining a CLT Mortgage Amount

In the examples below, borrowers are buying Community Land Trust (CLT) homes at varying sales prices & leasehold values. See the details to help understand how the mortgage amount is determined & how Virginia Housing's DPA Grant & Plus Second Mortgage affect the transaction. The DPA Grant is eligible to be used with the Conventional Bond program only, and the Plus Second Mortgage is eligible to be used with Virginia Housing's Conventional or Conventional Bond programs.

	With No Assistance	With DPA Grant[1]	With DPA Grant[1] & Other Outside Assistance[3]	With Plus Second Mortgage[2]	With Plus Second Mortgage[2] Credit score > 680	With Plus Second Mortgage[2] Credit score > 680
Leasehold Value (as found in the appraisal report)	$180,000	$260,000	$225,000	$315,000	$200,000	$160,000
Sales Price	$135,000	$156,000	$125,000	$190,000	$170,000	$156,000
Maximum LTV	97%	97%	97%	97%	97%	97%
Initial LTV (sales price / leasehold value)	$135,000 / $180,000 = 75%	$156,000 / $260,000 = 60%	$125,000 / $225,000 = 55.6%	$190,000 / $315,000 = 60.3%	$170,000 / $200,000 = 85%	$155,200 / $160,000 = 97%[4]
Borrower Down Payment Responsibility	$0	$0	$0	$0	$0	$800
Part of Assistance Applied to Down Payment (subtract from the sales price)	$0	$1,000 *(Portion of DPA Grant)*	$2,500 *(2% DPA Grant)* + $6,250 *(Portion of $10,000 soft second outside assistance)*	$0 *(All of Plus Second is being used for closing costs)*	$2,550 *(A portion of the Plus Second is being used for down payment)*	$800 *(A portion of the Plus Second is being used for down payment)*
Closing Costs (estimated at 3%)	$4,050	$4,680	$3,750	$5,700	$5,100	$4,680
Part of Assistance Applied to Closing Costs	$0	$2,120	$3,750 *(Remaining of $10,000 soft second outside assistance)*	$5,700 *(3% Plus Second)*	$5,100 *(Remaining of Plus Second)*	$4,680 *(Remaining of Plus Second)*

Examples: Determining a CLT Mortgage Amount

	With No Assistance	**With DPA Grant[1]**	**With DPA Grant[1] & Other Outside Assistance**	**With Plus Second Mortgage[2]**	**With Plus Second Mortgage[2]** Credit score > 680	**With Plus Second Mortgage[2]** Credit score > 680
Final Borrower Responsibility (closing costs + down payment)	$4,050	$2,560	$0	$0	$0	$0
Final Loan Amount (sales price – down payment assistance)	$135,000 *(same as sales price)*	$156,000 - $1,000 = $155,000	$125,000 - $2,500 - $6,250 = $116,250	$190,000 *(same as sales price)*	$170,000 - $2,550 = $167,450	$156,000 - $800 = $155,200
Final LTV Ratio (loan amount / leasehold value)	$135,000 / $180,000 = 75%	$155,000 / $260,000 = 59.6%	$116,250 / $225,000 = 51.4%	$190,000 / $315,000 = 60.3%	$167,450 / $200,000 = 83.7%	$155,200 / $160,000 = 97%
Final CLTV Ratio (loan amount / leasehold value)	75% *(LTV = CLTV)*	59.6% *(LTV = CLTV)*	$126,250 / $225,000 = 56.1%	$195,700 / $315,000 = 62.1%	$175,100 / $200,000 = 87.6%	$160,680 / $160,000 = 100.4%
Mortgage Cadence Calculated LTV / CLTV (prior to Affordable LTV system application)	100% / 100%	99.4% / 99.4%	93% / 101%	100% / 103%	98.5% / 103%	99.5% / 103%
In this example –	The borrower is financing 100% of the sales price since there is no assistance provided from elsewhere.	A portion of the DPA Grant went towards down payment and the remaining went towards closing costs.	All of the DPA Grant went towards down payment. A portion of the soft second outside assistance went towards down payment and the rest of it went towards closing costs.	All of the Plus Second Mortgage went towards closing costs.	A portion of the Plus Second Mortgage went towards down payment and the remaining went towards closing costs.	Borrower eligible for higher Plus Second of 4.5% (due to 680 or higher credit score), but full amount not used to avoid excessive cash back.

[1] The DPA Grant 2% maximum dollar amount calculation is based on the lesser of the sales price or appraised value/leasehold value. It is not based on the appraised value if it is higher than the sales price.

[2] The Plus Second Mortgage 3% / 4.5% maximum dollar amount calculation is based on the lesser of the sales price or appraised value/leasehold value. It is not based on the appraised value/leasehold value if it is higher than the sales price, but the CLTV percentage will be determined using the higher leasehold value. All borrowers must have a minimum 680 credit score to obtain greater than 3% up to 4.5% LTV on the Plus Second Mortgage (the 3% / 4.5% based on lower sales price). If the borrower is receiving cash back at closing that exceed the verified EMD &/or POC items, the loan amount must be reduced.

[3] Other outside assistance must be acceptable to the applicable GSE; if it's subordinate financing it must meet Fannie Mae Community Seconds / Freddie Mac Affordable Seconds requirements.

[4] In this example the sales price ($156,000) divided by the leasehold value ($160,000) is 97.5%, which is excessive, therefore loan amount was reduced (must be equal to / lesser than 97%).