

NEW WORD ON PRIVATE ROAD MAINTENANCE AGREEMENT

If the property is located on a community-owned or privately owned and maintained street, Fannie Mae will now require one of the following:

1. An adequate, legally enforceable agreement or covenant for maintenance of the street. The agreement or covenant should include the following provisions and be recorded in the land records of the appropriate jurisdiction:
 - A. Responsibility for payment of repairs, including each party's representative share.
 - B. Default remedies in the event a party to the agreement or covenant fails to comply with his or her obligations and
 - C. The effective term of the agreement or covenant which in most cases should be perpetual and binding on any future owners.
2. If the property is located within a state that has statutory provisions that define the responsibilities of property owners for the maintenance and repair of a private street, no separate agreement or covenant is required.
3. If the property is not located in a state that imposes statutory requirements for maintenance (North Carolina) and either there is no agreement or covenant for maintenance of the street or an agreement or covenant exists but does not meet the requirements listed above, the lender must indemnify Fannie Mae for any losses or expenses it may incur due to the physical condition of the street or in order to establish and/or retain access thereto.

The property must continue to meet all other requirements including any requirements related to adequate vehicular access as outlined in the Selling Guide.