

**B4-1.4-08, Appraisal Report Review: Off-Site Improvements (04/01/2009)**

**Introduction**

**Community-Owned or Privately Maintained Streets**

[Pertinent part-with highlighted emphasis]

If the property is located on a community-owned or privately-owned and maintained street, an adequate, legally enforceable agreement or **covenant** for maintenance of the street is required. The agreement or covenant should include the following provisions and be recorded in the land records of the appropriate jurisdiction:

- responsibility for payment of repairs, including each party's representative share,
- default remedies in the event a party to the agreement or covenant fails to comply with his or her obligations, and
- The effective term of the agreement or covenant, which in most cases should be perpetual and binding on any future owners.

**Note:** 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. **If the property is not located in a state that imposes statutory requirements for maintenance, 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.**