



Financing Native Homeownership with HeritageOne[®]



Introductions



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Topics

1. What is HeritageOne®?
2. Product Requirements?
3. Where Can I Learn More?

What Is HeritageOne®?

HeritageOne® is a conventional financing solution, designed to help enrolled members of federally recognized Native American tribes living in tribal areas attain and sustain affordable homeownership.



Key Borrower Benefits



- Gain more home financing options
- Attain homeownership with a conventional mortgage solution
- Make a down payment as low as 3%, 5% for manufactured homes
- Use funds from various sources for the down payment, reserves and closing costs
- Receive a credit to offset appraisal costs
- For first-time homebuyers, take advantage of homeownership education programs

How Can HeritageOne Be Used?



Factor	Requirement
Borrower income	No maximum income limit
Loan type	<ul style="list-style-type: none">• Fixed rate• Purchase, no cash-out refinance• Construction and renovation transactions• No second homes, investment properties, or cooperative units
Loan-to-Value Ratio	<ul style="list-style-type: none">• Up to 97% for mortgages secured by a 1-unit property, including CHOICEHome• Up to 95% LTV for mortgages secured by a 2- to 4-unit property or a manufactured home
Occupancy	<ul style="list-style-type: none">• At least 1 borrower must occupy as primary residence• Non-occupying co-borrower allowed
Property ownership	Borrower may own up to 2 financed properties including subject property
Underwriting	<ul style="list-style-type: none">• Loan Product Advisor[®] Accept• May be manually underwritten

Borrower Contributions



Down payment, closing costs, reserves *(for a 1-unit home, including a manufactured home)*

- No minimum borrower contributions from personal funds required
- No reserves required (unless they may offset other underwriting factors)
- Flexible sources of funds accepted and may come from multiple sources

HeritageOne® Eligibility – Tribes and Borrowers



Eligible Tribe

- Listed as a participating tribe in HUD's latest Section 184 Participating Tribes List

or

- Enter into a memorandum of understanding with Freddie Mac

Eligible Borrower

- Enrolled member of a Native American tribe
- Occupies the mortgaged premises as their primary residence



Homebuyer Education



Homebuyer

- At least one borrower must complete a homebuyer education program when all occupying borrowers are first-time buyers
- May be provided a Native CDFI, even if it is the originating lender and/or the seller

Landlord (2-4 units)

At least one qualifying borrower must either:

- Complete a landlord education program or
- Have at least one year of previous landlord experience

HeritageOne Participation – Land & Property Types



Property Eligibility

The mortgaged premises must be located in an eligible tribal area¹

Eligible Land Types

- Tribal trust lands
- Allotted trust lands
- Fee-simple lands

Eligible Property Types

- 1- to 4 unit primary residence
- Manufactured home including [CHOICEHome®](#)
- Condominium unit
- Unit in a planned unit development (PUD)
- Property with an accessory dwelling unit (ADU)

¹The mortgaged premises must be located in an eligible tribal area. What we consider tribal area is a census tract, or any portion thereof, that is designated as both a HUD Indian Housing Block Grant (IHBG) Area **and** a rural area under FHFA's Duty to Serve Regulation **and** is identified as an "Indian area" in the current version of FHFA's Indian Areas File

Manufactured Home Eligibility for HeritageOne®



Manufactured home property eligibility

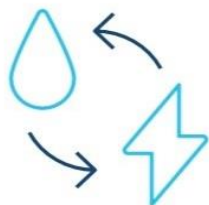
- Must be in a state that permits surrender of a certificate of title
- Must be classified as real property under applicable state law
- Must be a 1-unit one-unit dwelling comprised of multiple sections (a “multi-wide manufactured home”)
- Wheels, axles and towing hitch must be removed
- Any structural modifications must be approved by a licensed professional engineer or the local, state or federal authority
- Cannot include an ADU



GreenCHOICE MortgagesSM

Our Solution for Energy-Efficient Home Improvements

GreenCHOICE Mortgage offers new flexibilities, including:

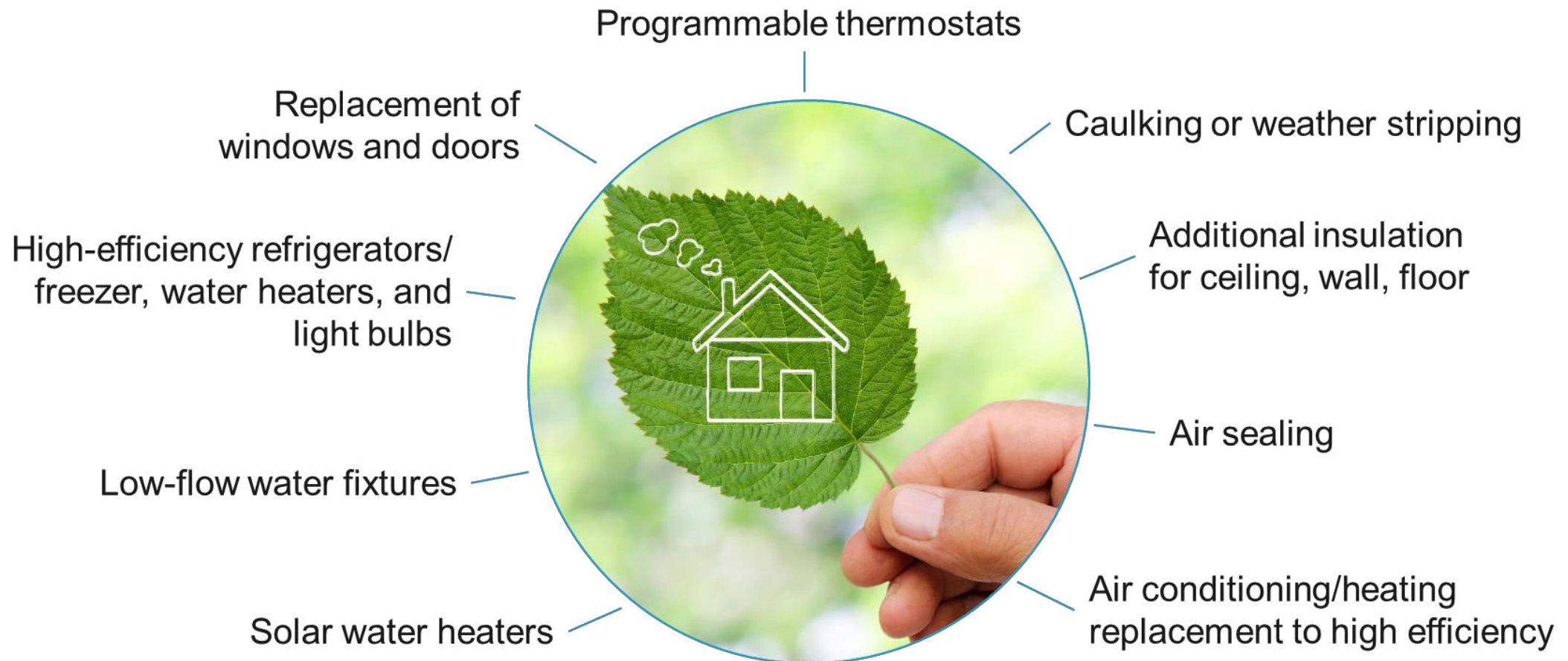


Ability to finance the cost of energy and/or water efficiency improvements up to 15 percent of the “as completed” value of the property.



Ability to close the mortgage prior to the completion of the improvements.

Eligible Basic Energy-efficiency Improvements



Register for the Appraisal Institute Curriculum for Appraising Homes on Tribal Lands



<https://www.appraisalinstitute.org/education/search>



Appraising Residential Property on Tribal Lands in Closed Market Areas

[More Info](#)

REGISTER

There has been increased focus on mortgage lending in underserved areas, including residences in rural areas and properties on tribal land with leasehold interests. Appraising Residential Property on Tribal Lands in Closed Market Areas was developed to educate appraisers on the issues, realities, principles, and procedures of appraising residential property within Native American reservati ...

HeritageOne® Servicing: Two Options



Servicing Released

The lender transfers servicing of HeritageOne mortgages to a Freddie Mac-designated servicer

or

Servicing Retained

The lender retains servicing of HeritageOne mortgages with Freddie Mac's explicit approval

HeritageOne® Servicing: If Foreclosure Is Unavoidable



- The servicer must complete all required communications and notifications
- Foreclosure processing may proceed in the court that has jurisdiction, which may include tribal court
- The tribe has right of first refusal



Where Can I Learn More?

Next Steps Toward Offering HeritageOne®



- **If you're an approved Freddie Mac seller/servicer**
 - Obtain Freddie Mac's term of business and approval, starting with the HeritageOne Seller Eligibility Application: https://sf.freddiemac.com/docs/pdf/heritageone-seller-eligibility-form_fillable.pdf
 - Complete the HeritageOne Mortgage tutorial at Freddie Mac Learning: <https://sf.freddiemac.com/tools-learning/freddie-mac-learning/overview>
 - Contact your Freddie Mac representative or the Customer Support Contact Center at (800-FREDDIE)
- **If you're not an approved Freddie Mac seller/servicer**
 - To start the process, go to <https://sf.freddiemac.com/working-with-us/become-a-seller-servicer/overview>
 - Sell loans through an aggregator as a third-party originator; if you're not already a registered TPO, call the Customer Support Contact Center at (800-FREDDIE)

Offer HeritageOne to Your Borrowers



Freddie Mac-approved lender

1. Obtain Freddie Mac's term of business and approval, starting with the HeritageOne Seller Eligibility Application:
https://sf.freddiemac.com/docs/pdf/heritageone-seller-eligibility-form_fillable.pdf
2. Complete the HeritageOne Mortgage tutorial at Freddie Mac Learning:
<https://sf.freddiemac.com/tools-learning/freddie-mac-learning/overview>
3. For more information, contact:
 - Your Freddie Mac representative
 - Customer Support Contact Center (800-FREDDIE)
 - Kim Carr at Kimberley_Carr@FreddieMac.com

Explore Freddie Mac's On-line Resources



HeritageOne Webpage



Native American
Homeownership
Preparedness



CreditSmart® Homebuyer U



Housing Counselor
Resource Center



HeritageOne Guide Bulletin: guide.freddiemac.com/app/guide/bulletins



Together, We Help Make Homeownership Possible for More Native American Households Living in Tribal Areas

