



Freddie Mac's HeritageOneSM Mortgage

8th Annual Native CDFI Capital Access Convening

Turning the Tide

Sponsored by:





Topics

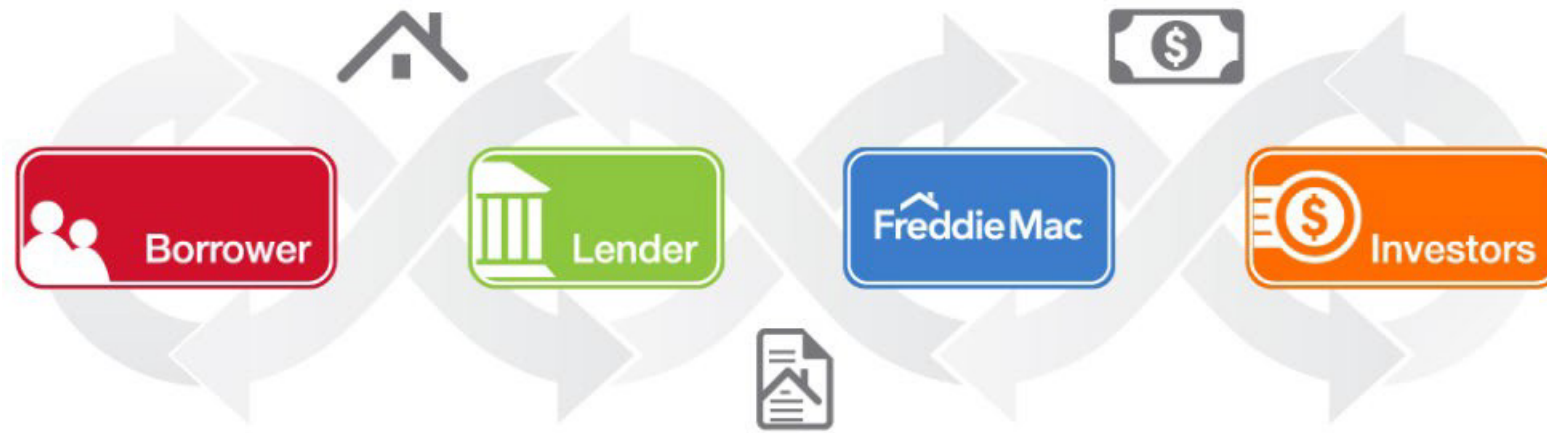
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About Freddie Mac

Freddie Mac's role in the housing market



A continuous cycle involving trillions of dollars to make home possible

The affordable lending ecosystem





HeritageOneSM Mortgage Overview

Key borrower benefits



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



Key lender benefits



- Expand your reach and grow your business
- Use standardized mortgage guidance to navigate the complexities of lending in tribal areas
- Offer financing for multiple residential property types, including condominiums and manufactured homes
- Make homeownership more affordable and accessible



Eligibility

HeritageOne participation



- **Eligible Native American tribe**

- Listed as a participating tribe in HUD's latest Section 184 Participating Tribes List
- Entered into a memorandum of understanding with Freddie Mac

- **Eligible borrower**

- Enrolled as a member of an American Indian or Alaska Native tribe; may be a tribe other than the one within whose tribal area the home is located
- Occupy the mortgaged premises as the primary residence
- Not a Native American tribe

HeritageOne Participation



- **Eligible lender**
 - Must obtain Freddie Mac's written approval before selling HeritageOne mortgages to Freddie Mac.
 - Contact a Freddie Mac representative or Customer Support Contact Center (800-FREDDIE) for more information.

HeritageOne participation



- **Eligible land types**
 - Tribal trust lands
 - Allotted trust lands
 - Fee-simple lands
- **Eligible properties**
 - Located in the tribal area of an eligible Native American tribe
 - 1- to 4-unit primary residence
 - Manufactured home
 - Condominium unit
 - Unit in a planned unit development (PUD)
 - Property with an accessory dwelling unit (ADU)



HeritageOneSM Product Features

Factor	How Can HeritageOne Be Used?
Income	Borrowers are not subject to maximum income limits
Loan-to-Value Ratio	<ul style="list-style-type: none"> • Up to a 97% LTV ratio for mortgages secured by 1-unit properties and CHOICEHomes • Up to a 95% LTV ratio for mortgages secured by 2- to 4-unit properties and manufactured homes
Property Type	1- to 4-unit primary residence
Loan Type	<ul style="list-style-type: none"> • Fixed rate • Purchase, no cash-out refinance, construction, and renovation transactions
Occupancy	<ul style="list-style-type: none"> • At least one borrower must occupy as primary residence • Non-occupying co-borrower allowed
Additional Property Ownership	Borrower may own up to two financed properties (includes the HeritageOne property)
Underwriting	<ul style="list-style-type: none"> • Loan Product Advisor® Accept • May be manually underwritten (See Guide Topics 5100 and 5200 for requirements)

Borrower contribution and reserves



- **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)
 - Funds may come from various sources

Education requirements



- **Homebuyer education**

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

- **Landlord education (for 2- to 4-unit properties)**

- At least one qualifying borrower must complete a landlord education program
- Or have at least one year of previous landlord experience

Leasehold mortgages



Lease agreement requirements

- A term of at least 25 years with an automatic 25-year renewal
- Must expire (before renewal) at least five years after the mortgage term ends
- If necessary, must receive approval from the U.S. Secretary of the Interior or the BIA, as applicable, to extend the term beyond 25 years

Lease agreement

- Recommended but not required: Use the most recent version of the standard lease form in HUD's Section 184 Program

Appraisals



- May rely on the cost approach under certain conditions
- In such cases, a qualified appraiser must provide
 - a well-developed cost approach and fully completed report
 - sufficient detail to allow the lender to replicate the cost approach
 - explanation of how the value was derived, in the reconciliation section of the report
- Eligible for an appraisal cost offset credit, which is passed through to the borrower

Appraisals

- Curriculum for appraising properties on tribal lands developed in collaboration with the Coalition and the Appraisal Institute
- Sessions will be available this fall





HeritageOne Servicing

HeritageOne Servicing



- Regular servicing applies with the following considerations:
 - Additional communication and notification to third parties, including the tribe, BIA, and any other party required according to tribal law/codes
 - Property inspections and property preservation
 - Proper handling of the artifacts or remains, if applicable, when maintaining the property
 - Annual attestation of the property's current occupancy status encouraged

Servicing: Options



1. The seller/servicer may transfer Servicing to a Servicer designated by Freddie Mac; or
2. The seller/servicer may retain servicing of HeritageOne mortgages with Freddie Mac's explicit approval.

Servicing: Foreclosure



- Prior to referring to foreclosure, Servicers must complete all required communications and notifications requirements
- Necessary contact information for the Tribe will be obtained for Servicers and Freddie Mac to work with the Tribal contacts and to operationalize the additional servicing requirements
- Foreclosure processing may proceed in the court that holds jurisdiction, which may include Tribal court
- The Tribe has right of first refusal, in accordance with the mortgage documents



Resources

Contact us



- Catherine Houlihan - catherine_houlihan@freddiemac.com
- David Westfall - david_westfall@freddiemac.com

Check out our on-line resources



**Native American
Homeownership
Preparedness**



**CreditSmart®
Homebuyer U**



**Housing Counselor
Resource Center**



HeritageOne web page: sf.freddiemac.com/HeritageOne

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



HeritageOne

*The solution for financing homes
in Indian Country*

Open Discussion