

HeritageOneSM Mortgage

The solution for financing homes in Tribal Land

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About Freddie Mac

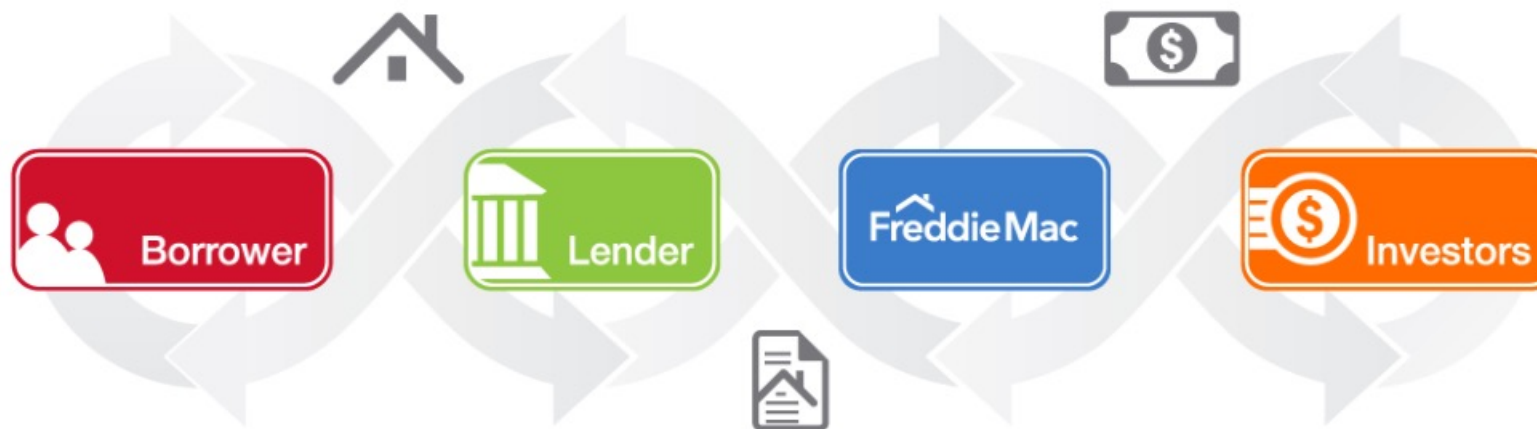
Our Mission & Role in the Housing Market



Freddie Mac Mission:

To promote liquidity, stability, & affordability in housing

Freddie Mac Role:



A continuous cycle involving trillions of dollars to make home possible

The Housing Ecosystem





HeritageOne Overview

Together, step by step



Built relationships



Created and participated in forums for exchanging ideas



Listened to industry experts



Conducted extensive research and outreach



Helped prepare people for sustainable homeownership

What is HeritageOne?



- HeritageOne is a conventional financing solution designed to meet the borrowing needs of enrolled members of federally recognized American Indian and Alaska Native (AIAN) tribes living within tribal areas
- Borrowers have access to financing for homes located in various types of Native tribal lands such as:
 - Tribal trust land,
 - Allotted trust land
 - Unrestricted or restricted fee simple land



HeritageOne Eligibility

HeritageOne Participation – Tribe & Borrower



Eligible Native American Tribe

- Participating tribe in HUD's latest Section [184 Participating Tribes List](#) or
- Entered into a memorandum of understanding with Freddie Mac

Eligible Borrower

- Enrolled member of a federally recognized Native American or Alaska Native tribe
- Occupy the mortgaged premises as the primary residence
- No Maximum Area Median Income (AMI) Limits

Tribal Leaders Directory



The Bureau of Internal Affairs directory includes contact information to identify each federally recognized tribe [Click here](#)

HeritageOne Participation – Land & Property Types



Property Eligibility

The mortgaged premises must be located in an eligible tribal area

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)

HeritageOne Participation - Lender



Lender Eligibility:

For Freddie Mac approved lenders:

- Obtain Freddie Mac's Term of Business and approval to sell HeritageOne mortgages to us: [HeritageOneSM Seller Eligibility Application](#)
- Complete the [HeritageOneSM training tutorial](#)
- Contact a Freddie Mac representative or Customer Support Contact Center (800-FREDDIE) for more information
- Contact [Kimberley Carr@freddiemac.com](mailto:Kimberley_Carr@freddiemac.com)



HeritageOne Product Features

How can HeritageOne be used?



Income	– Borrowers are not subject to maximum income limits
Loan Type	– Fixed rate – Purchase, no cash-out refinance, construction and renovation transactions – No second homes, investment properties, or cooperative units
Loan-to-Value Ratio	– Up to 97% LTV for mortgages secured by 1-unit properties & CHOICEHomes – Up to a 95% LTV for mortgages secured by 2- to 4-unit properties and manufactured homes
Occupancy	– At least one borrower must occupy as primary residence – Non-occupying co-borrower allowed
Property Ownership	– Borrower may own up to two financed properties including subject property
Underwriting	– Loan Product Advisor [®] Accept – May be manually underwritten (See Guide 5100 & 5200 for requirements)

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

Borrower Contribution - Acceptable Sources



Down payment, closing costs, reserves

(for a 1-unit home, including a manufactured home)

- Depository accounts
- Retirement accounts
- Loan secured by borrower's assets
- Sale of borrower's real property
- Sale of borrower's assets
- Borrower's real estate commission
- Individual Development Account (IDA)
- Community Savings-borrower contribution
- Cash value of life insurance policy
- Rent credits
- Gift funds or gift of equity: related person
- Gift funds: wedding gift or graduation gift
- Gift/Grant: agency¹
- Affordable Seconds
- Employer-assisted homeownership benefit
- Unsecured loan: agency/related person, or Community Savings Systems (For Community Savings funds in excess of borrower's contribution)
- Sweat equity: eligible for up to the entire amount of down payment and closing costs

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 a 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 Form

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

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

Appraisals



- Curriculum for appraising properties on tribal lands developed in collaboration with the Coalition and the Appraisal Institute
- Appraisal cost offset credit, which is passed through to the borrower
- Option to use 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





HeritageOne Servicing

HeritageOne Servicing



Routine 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 of HeritageOne mortgages to a designated by Freddie Mac servicer;

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

Servicing: Borrower Help



Is help available to borrowers unable to maintain mortgage payments?

- Except as detailed below, a seller or servicer must provide early delinquency counseling to borrowers who have problems meeting their mortgage obligations.
- Counseling may be provided by a nonprofit, third-party homeownership counseling agency, a HUD-approved national counseling agency specified by Freddie Mac or the servicer itself.

What if the tribe offers its own Early Delinquency Counseling?

- If the servicer knows or reason to believe that the tribe, a Native CDFI, and/or a tribally designated housing entity associated with the applicable tribe has established program requirements to offer its own early delinquency counseling and/or has already offered early delinquency counseling to a delinquent borrower on a HeritageOne mortgage, then the Servicer is not required to offer early delinquency counseling. However, the servicer must document the basis for not offering early delinquency counseling in the mortgage file.



Recap & Resources

Key Lender Benefits



Expand your reach and grow your business



Standardized mortgage guidance to navigate the complexities of lending in tribal areas



Financing for multiple residential property types, including condominiums and manufactured homes



Make homeownership more affordable and accessible by combining with other financing options including [Affordable Seconds](#)[®], [CHOICEHome](#)[®], [CHOICERenovation](#)[®] and [GreenCHOICE Mortgages](#)[®]



Zero credit fee caps

Key Borrower Benefits

- Gain more home financing options
- Attain homeownership with a conventional mortgage solution
- Make a down payment as low as 3%
- 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



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



HeritageOneSM Mortgage

Help Native American tribal members **take root** and realize homeownership with HeritageOne mortgage.

