



Heritage One and the Native American Homeownership Initiative

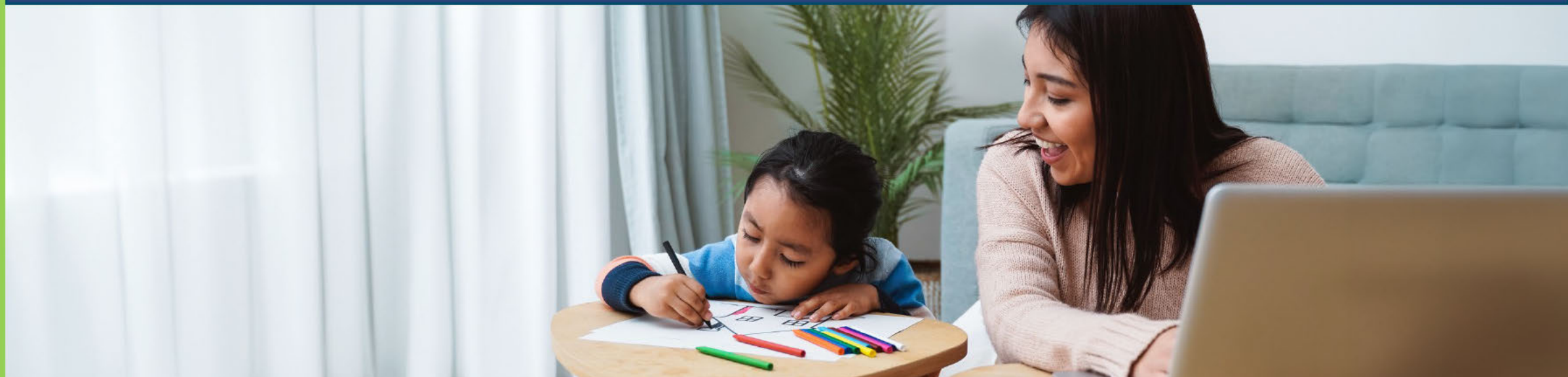
Presentation Agenda

- **Introductions**
- **Heritage One Presented by Kimberley Carr, Freddie Mac**
- **Native American Homeownership Initiative (NAHI) presented by Melody Dawe, Federal Home Loan Bank of Des Moines**
- **Questions**



Financing Native Homeownership with HeritageOne®

December 3, 2024





Freddie Mac Overview

Making Home Possible for More Than 50 Years



Freddie Mac was chartered by Congress in 1970 with a mission to promote housing market liquidity, stability and affordability – nationwide and in all economic conditions

Our community goals expand on our mission:



Stabilize
communities



Prevent
foreclosures



Expand credit
responsibly



Educate future
homebuyers and
counsel current
homeowners



Preserve
affordable
housing

Freddie Mac's Role in the Housing Market



A continuous cycle involving trillions of dollars to make home possible



HeritageOne

What Is HeritageOne?



HeritageOne is Freddie Mac's conventional financing solution designed to help enrolled members of federally recognized American Indian and Alaska Native 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 standard 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



Key Lender Benefits



- Expand your reach and grow your business
- Use standardized mortgage guidance
- Offer financing for multiple residential property types
- Eliminate credit fee caps
- Pair with other Freddie Mac financing options to provide additional support:
 - Affordable Seconds[®]
 - CHOICEHome[®]
 - CHOICERenovation[®]
 - GreenCHOICE Mortgages[®]
- Make homeownership more affordable and accessible for more Native Americans

HeritageOne Eligibility – Tribes and Borrowers



Eligible tribes

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

Eligible borrowers

- Enrolled as a member of an American Indian or Alaska Native tribe
- Occupy the mortgaged premises as the primary residence
- Not a Native American tribe

To Find Contact Information for Federally Recognized Tribes



Visit the Bureau of Indian Affairs'
Tribal Leaders Directory

<https://www.bia.gov/service/tribal-leaders-directory>



HeritageOne Eligibility – Land and Property Types



Eligible land types

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

Eligible property types

- Located in the tribal area of an eligible Native American tribe
- 1- to 4-unit primary residence
- Manufactured home, including CHOICEHome
- Condominium unit
- Unit in a planned unit development
- Property with an accessory dwelling unit (ADU)

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 (1 unit)

- No minimum requirement for contributions from personal funds
- No reserves required, unless to offset other underwriting factors
- Flexible sources of funds accepted – **including funds available through your FHLB's Native homeownership down payment assistance program**



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

For a Mortgage on Trust Land



Leasehold Agreement Requirements

- **Recommended:** Use the most recent version of the standard lease form in HUD's Section 184 Program
- Has a term of ≥ 25 years with automatic 25-year renewal
- Expires (before renewal) ≥ 5 years after the mortgage term ends
- Receives approval from the U.S. Secretary of the Interior or the BIA to extend the term beyond 25 years, as applicable and necessary

Additional Requirements for Manufactured Homes

- Is in a state that permits surrender of a certificate of title
- Is a one-unit home comprising multiple sections
- May not include an ADU

HeritageOne Servicing: Two Options



Servicing Released

or

Servicing Retained

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

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 holds jurisdiction, which may include tribal court
- The tribe has right of first refusal



Resources

For More Information



- **Check out our resources on the Freddie Mac Single-Family web site**
 - HeritageOne mortgage product page
 - Native American Homeownership Preparedness page
- **Contact us**
 - Kim Carr: [Kimberley Carr@FreddieMac.com](mailto:Kimberley_Carr@FreddieMac.com)
 - Erin Persons: [Erin Persons@FreddieMac.com](mailto:Erin_Persons@FreddieMac.com)

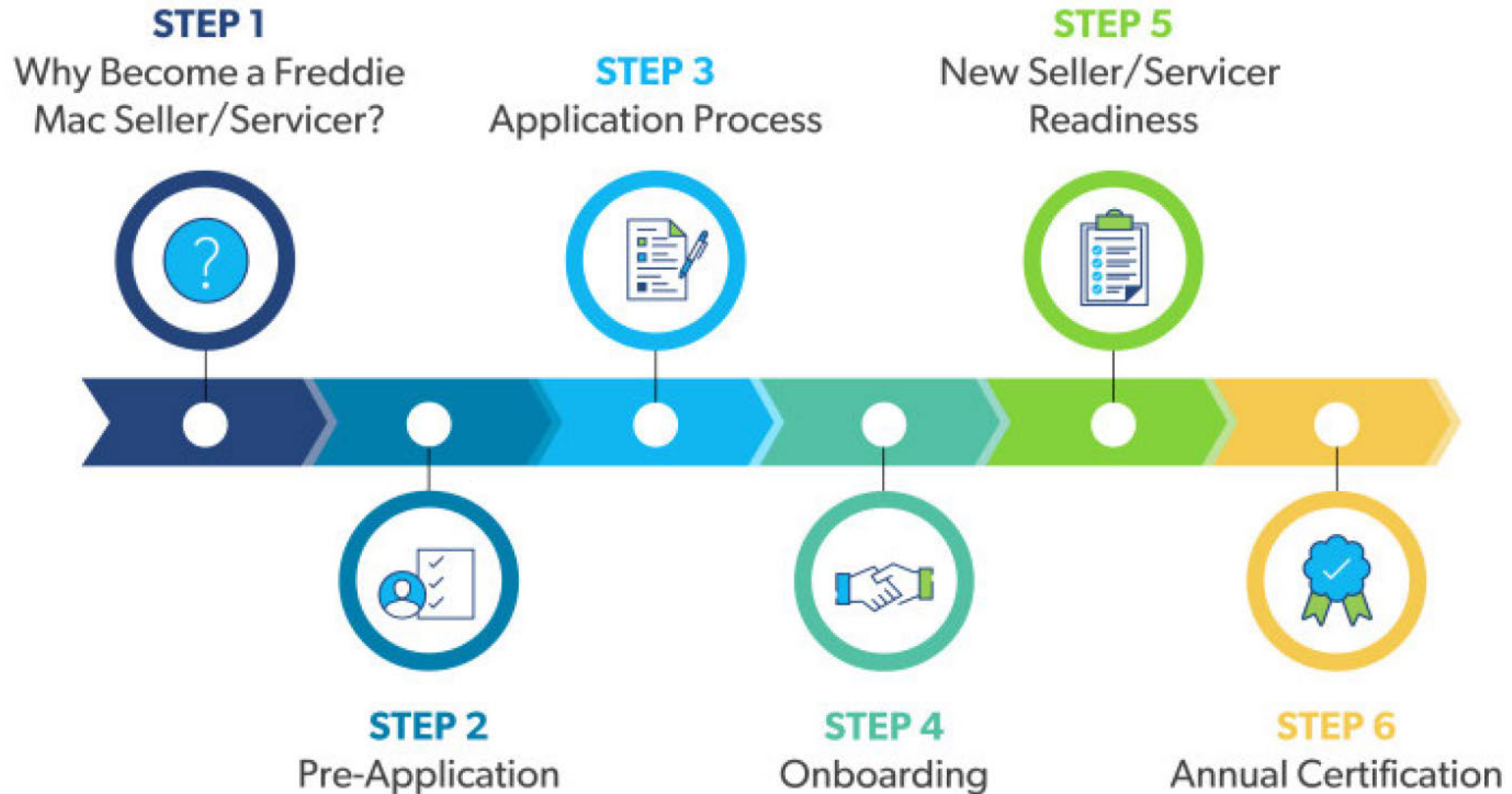


Next Steps Toward Offering HeritageOne

- **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.freddie.mac.com/docs/pdf/heritageone-seller-eligibility-form_fillable.pdf
 - Complete the HeritageOne Mortgage tutorial at Freddie Mac Learning: <https://sf.freddie.mac.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.freddie.mac.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)

The Path to Becoming a Freddie Mac Seller/Servicer



Consider Completing and/or Recommending 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 ...

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





Questions?

Contact us

Kim Carr: Kimberley_Carr@FreddieMac.com

Erin Persons: Erin_Persons@FreddieMac.com



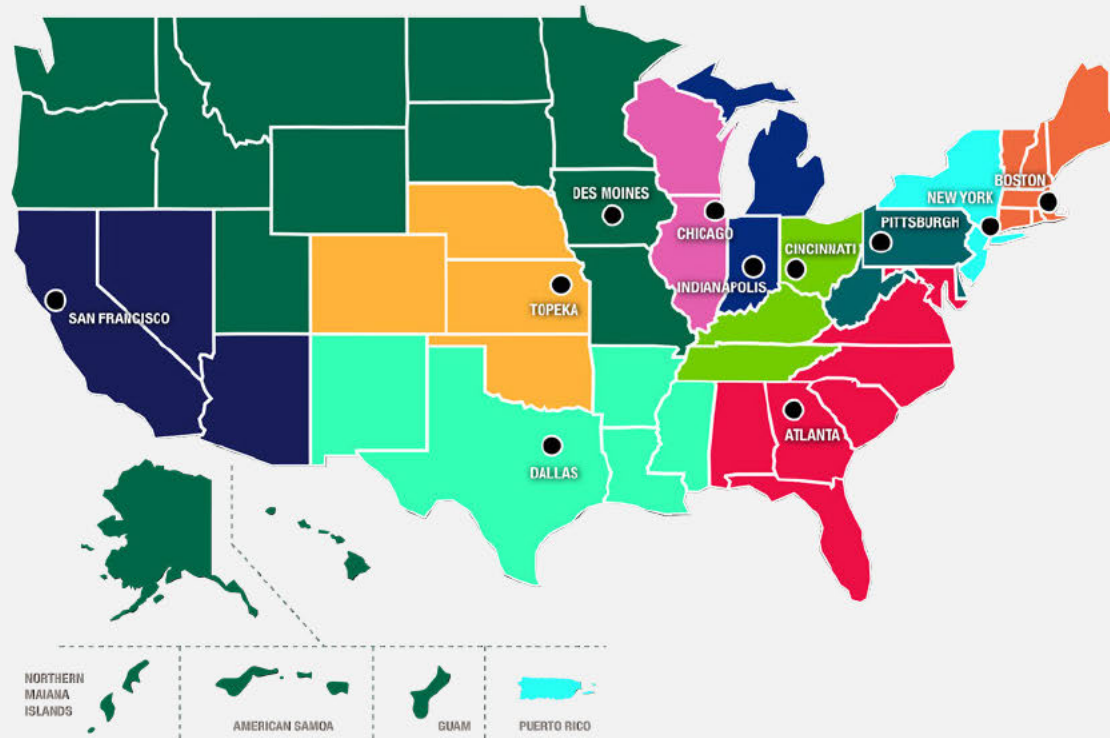
Native American Homeownership Initiative **(NAHI)**

Let's Get Started!

Agenda

- **FHLB Des Moines Overview**
- **Native American Homeownership Initiative (NAHI)**
 - Overview
 - FHLB Des Moines Member Eligibility
 - 2024 Funding Details
 - Homebuyer Eligibility
 - Reservation and Disbursement
 - Program Requirements
- **FHLB Des Moines Grant Products**
 - Home\$tart
 - Affordable Housing Program (AHP)

Agenda



- **11 Federal Home Loan Banks (FHLBs)**

- Same mission; independently owned
- 10% of annual income for affordable housing grants
- Grant funds available through partnership with a FHLB member

- **FHLB Des Moines covers 13 states**

- 40% U.S. land area
- 30% Native population
- 32 Native CDFIs

FHLB Des Moines Member Eligibility

- All FHLB Des Moines members are eligible to access down payment grant funds
- Home\$tart and NAHI programs work the same – same disclosures, guidelines and income calculation used
- FHLB Des Moines members currently participating in our down payment programs are listed on the FHLB Des Moines' website
- Get Started – if you aren't enrolled
 - Step 1 – Sign a FHLB Des Moines Agreement
 - Authorized individual signs and submits the "Down Payment Agreement"
 - Step 2 – Get FHLB Des Moines Online Access
 - The member's eAdvantage* administrator sets-up and assigns a User ID, password, and role in Down Payment (DP) Online*





2024

Funding Details

Funding Pool, Limits, and Member Cap

- **Year-round program, January 2nd – December 31st**
- **Funds are added quarterly to both NAHI and Home\$tart**
 - January 2nd, April 1st, July 1st, and October 1st
- **Funding per Down Payment Pool**
 - NAHI funded at \$1,000,000 for 2024
 - Home\$tart funded at \$11,000,000 for 2024
- **Grant amounts – flat per household amount**
 - NAHI grants \$25,000 per household
 - Home\$tart grants are \$15,000 per household
- **Member Caps**
 - Members have \$150,000 cap for each pool of funds – not a guarantee of funds, based on funding availability



Native American Homeownership Initiative (NAHI)

Program Overview

Eligible Households	Native American, Native Alaskan, and Native Hawaiian homebuyers with incomes at or below 80% of area median
Eligible Uses	Down payment, closing cost assistance and up to \$250 towards homebuyer financial counseling
Purchase Area & Homes	Primary residence purchase in the FHLB Des Moines' district, on or off tribal land – Single Family 1 – 4 units, Manufactured, Condo and Community Land Trusts
Funding Availability	Quarterly funding that is available on a first-come, first-served basis to FHLB Des Moines members
Benefits of Grant Funding	Household: Lower payment and support higher purchase price FHLB Des Moines Member: Improves loan-to-value ratio; reach new customers, enhance community profile.
Funding	FHLB Des Moines member advances grant funds and applies for reimbursement through the disbursement step post-closing

Homebuyer Eligibility

- **Native American, Native Alaskan, Native Hawaiian**
 - At least one adult member on the title/loan must be:
 - Enrolled member of a U.S. federally recognized tribe
 - Member or shareholder of an Alaska Village or Regional Corporation
 - Native Hawaiian eligible to purchase on Hawaiian Home Lands
- Income: 80% or below of area median based on household size
 - Established at the Enrollment Date using the greater of:
 - HUD State or County limits
 - NAHASDA limits
- Purchase Ready
 - Has a signed Purchase and Sale Agreement
- One Buyer on the loan must complete an approved homebuyer education course

Reservation and Disbursement

Reservation Initiation

- Members initiate a reservation in the system - funds are pulled from the NAHI pool for the household
- Member has 10 days to complete the required information, upload documents and submit the reservation or funds return to the pool

Disbursement Initiation

- Disbursement requests must be submitted up to 120 days after notification of reservation eligibility
- The Bank reviews the documentation and approves or requests corrections or clarifications
- Upon approval the member receives reimbursement in its Demand Deposit Account



Program Requirements

Native Status Documentation

- American Indians or Alaska Natives who are enrolled members of a U.S. federally recognized tribe
 - U.S. Tribal enrollment card or certification of enrollment from U.S. tribal government
- A member of an Alaska Village or Regional Corporation established pursuant to the Alaska Native Claims Settlement Act (ANCSA)
 - Certification of membership from the ANCSA corporation or other satisfactory documentation that verifies a borrower is a member or shareholder of a village or regional corporation formed pursuant to ANCSA
- Native Hawaiians eligible to reside on Hawaiian Home Lands
 - Certification of Eligibility from the Department of Hawaiian Home Lands for a Hawaiian Home Lands homestead lease*

**Department of Hawaiian Home Lands documentation may differ based on previous lot ownership/improvement*

Household Income

Program resources can be found on the Forms and Resources page

- Income Calculation Workbook all household income is captured
- Household Summary Disclosure
 - The first page of the Income Calculation Workbook
- Review Income Calculation Guidelines to find answers to questions:
 - Who to include or exclude in a household
 - What income to include and exclude
 - Required income documents for which types of income
 - How to calculate household income for each income type

Contact the team at dponline@fhlbdm.com regarding program requirements and specific questions for your buyers



Household Income – Key Information

- Income will be included and calculated differently than mortgage qualification income and possibly other down payment programs
- All household income is included, even if it isn't being used for mortgage qualification
- Income eligibility is based on a household's projected annual income assessed from current income documents at the time of enrollment date
- The Bank will be conservative in calculating income from the verification of income documentation using the higher of calculations to ensure a household is not over the income limit

Appraisal Requirements

- Appraisals are required for related party transactions, REO properties, and if grant funds are passed through to a 3rd party originator
 - Members may submit a reservation while waiting for the appraisal to be completed and the appraisal will be requested

Appraisal must:

- Be dated within six months of closing date
- Be prepared for the specific transaction, i.e., the household, member, property address, etc.
- Show the “as is” value greater than or equal to purchase price

Mortgage & Closing Disclosure

Mortgage requirements

- Conventional, USDA, FHA, VA, HUD 184, HeritageOne and portfolio mortgages
- Amortizing, minimum five-year term
- Adjustable or Fixed rate
- Must comply with HOEPA thresholds and non-predatory guidelines per the Bank's Implementation Plan
- Second mortgages permitted
- May be used with deferred and other grant programs
- Purchase price at or below the purchase price limit

Restrictions

- Members may not charge a fee for grant use
- No cash back over \$250
- No Home Equity Line of Credit at acquisition
- No "double dipping" with AHP grants

See program guidelines for more details or contact the team at dponline@fhlbdm.com



Deed Restriction Forgiveness and Repayment Terms

Deed Restriction for Native trust and fee simple transactions provided on our Forms and Resources page

- Pro-rata Forgiveness/Repayment – forgiven at a rate of 1/60th per month per the five-year term of the deed restriction
 - FHLB Des Moines provides a payoff or forgiveness approval
 - Member releases/reconveys the deed restriction as the lender
 - Member may subordinate the grant without Bank approval
- Instances of potential grant forgiveness*
 - Grant may be fully forgiven if the pro rata balance/refinance or sale net proceeds are \$2,500 or less
 - Sales price does not exceed the HUD proxy limit
 - Foreclosure, bankruptcy or death of a buyer

*Contact dponline@fhlbdm.com for more information



FHLB Des Moines Member Eligibility

The same requirements for NAHI apply to Home\$tart except:

- Home\$tart households must be first-time homebuyers
- Grants can be used anywhere a member lends
- Home\$tart maximum grant amounts are lower than NAHI maximum grant amounts*

**Maximum grant amounts and other policy provisions are reviewed at least annually*



FHLB Des Moines Member Eligibility

Competitive application for grants to build, rehabilitate, or purchase affordable rental or owner-occupied housing – round opens once a year

Native projects receive points in the AHP scoring criteria



Questions?

FHLB Des Moines is here to help!

We provide individualized technical assistance
to our members and their partners.

Contact

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Down Payment Products Manager

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**Thank
You**

