



HeritageOne® and Manufactured Homes: Get the Facts

The Solution for Lending in Indian Country

Freddie Mac's HeritageOne® mortgage offering is an innovative financing solution designed to meet the borrowing needs of enrolled members of federally recognized Native American tribes living within tribal areas. With this offering, borrowers have access to conventional financing for manufactured homes located on various types of tribal lands (e.g., tribal trust, allotted trust, and fee simple lands).

According to the Center for Indian Country Development, Federal Reserve Bank of Minneapolis, about 17% of reservation households currently reside in manufactured homes, on par with the rate in rural America generally. Close to half of the Native Americans who borrowed to buy homes on reservation land in 2016 secured their loan with a manufactured home.

Key Lender Benefits

- Expand your reach and grow your business by offering conventional, fixed-rate mortgage financing to members of federally recognized Native American tribes living in tribal areas.
- Access standardized mortgage guidelines and guidance from Freddie Mac to navigate the complexities of mortgage lending in tribal areas.
- Offer financing for manufactured homes titled as real property.
- Meet market demand for more financing solutions for this historically underserved market and contribute to making housing more affordable and accessible.
- Have the potential to work with more than 200 eligible tribes.
- Provide standard servicing, with some exceptions.
- Receive appraisal flexibilities and appraisal training.

Key Borrower Benefits

Help homebuyers:

- Attain homeownership with a conventional mortgage solution.
- Gain more home financing options
- No income limits to be eligible for HeritageOne.
- Use funds from a variety of sources for the down payment, reserves and closing costs.
- Receive a credit to offset appraisal costs.
- Make a down payment as low as 5% of the manufactured home's sales price (3% for CHOICEHome®).
- Access homeownership education programs.



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- To use HeritageOne for a manufactured home:
- At least one borrower must be an enrolled member of a federally recognized Native American tribe who will occupy the property as a primary residence.
- A federally recognized Native American tribe is eligible if it either is on HUD's most recent Section 184 Participating Tribes List or has entered into a memorandum of understanding (MOU) with Freddie Mac.
 - **Note:** Freddie Mac does not require an MOU if the tribe is included in HUD's most recent Section 184 Participating Tribes List.
 - **Note:** The mortgaged premises must be located in the tribal area of an eligible Native American tribe.
- For purchase transaction mortgages where all occupying borrowers are first-time homebuyers, at least one occupying borrower must complete a homeownership education program before the mortgage's note date.

HeritageOne Manufactured Home Eligibility Features

Manufactured Home Requirements	<ul style="list-style-type: none">• Built on or after June 15, 1976, to meet or exceed the National Manufactured Construction and Safety Standards Act as promulgated by HUD (HUD Code).• Single- or multi-section homes and CHOICEHome-certified CrossMod® homes.• Affixed to a permanent foundation with wheels, tongue and axels removed.
Titling Requirements	<ul style="list-style-type: none">• Mortgage must be secured by a perfected first lien on real estate that consists of the manufactured home and the land on which the manufactured home is permanently affixed.• The manufactured home must be legally classified as real property under applicable state law, including relevant statutes, regulations and judicial decisions.
Leasehold Requirements	<ul style="list-style-type: none">• A manufactured home on a leasehold estate must be in a state that permits surrender of a certificate of title, regardless of whether the land on which the manufactured home is located is owned by the owner of the manufactured home.
Eligible Mortgage Products	<ul style="list-style-type: none">• First lien, conventional, fixed-rate mortgage that is fully amortizing, with a term not greater than 30 years.
Mortgage Purposes	<ul style="list-style-type: none">• Purchase• "No cash-out" refinance
Maximum LTV Ratios	<ul style="list-style-type: none">• Up to a 97% LTV ratio for mortgages secured by a CHOICEHome.• Up to a 95% LTV ratio for mortgages secured by a standard manufactured home.
Eligibility/Underwriting	<p>A mortgage secured by a manufactured home must be submitted to Loan Product Advisor® (LPASM). A mortgage secured by a single-section manufactured home or a CHOICEHome or a mortgage secured by a manufactured home on a leasehold estate must receive a risk class of Accept.</p> <p>A mortgage secured by a multi-wide manufactured home that has been submitted to LPA and receives a risk class of Caution or an assessment status of invalid, ineligible or incomplete must be manually underwritten in accordance with the requirements of Topics 5100 through 5500 and must have the Minimum Indicator Scores required on Exhibit 25.</p> <p>A mortgage secured by a multi-section manufactured home that is submitted to LPA and receives a risk class of Caution or an assessment status of invalid, ineligible or incomplete must be manually underwritten in accordance with the requirements of Topics 5100 through 5500.</p>
Appraisal	<p>For market areas without a sufficient number of comparable sales to develop a fully supported and sufficiently documented opinion of market value using the sales comparison approach, an appraisal that relies solely on the cost approach for the opinion of market value is acceptable, under certain conditions.</p> <p>Freddie Mac provides an appraisal cost offset credit if an appraisal is obtained, which must be passed to the borrower.</p>
Income Limits	Borrowers are not subject to maximum income limits.

More Information

- Review Guide Chapter 4504 for comprehensive information on HeritageOne requirements: <https://guide.freddiemac.com/app/guide/section/4504>
- Review Guide Chapter 5703 for comprehensive information on manufactured home requirements: <https://guide.freddiemac.com/app/guide/section/5703>
- Review Guide Chapter 5706 for comprehensive information on manufactured home on leasehold estate requirements: <https://guide.freddiemac.com/all/guide/section/5706>
- Visit SF.FreddieMac.com/HeritageOne for resources, training and more.