

CUSTOMER ANNOUNCEMENT

CUA 2023-03 | JULY 10, 2023

► Freddie Mac's HeritageOne Program

Arch MI Announces Support of New Loan Program for Eligible Native American Borrowers

Freddie Mac recently issued Bulletin 2023-13 to introduce a new loan program that will be available October 2, 2023. The program is designed to meet the borrowing needs of enrolled members of Native American tribes living within eligible Native American tribal areas. This announcement addresses our alignment with the HeritageOneSM program subject to certain restrictions.

HeritageOne Mortgages

To be eligible for this program, at least one borrower must be an enrolled member of an eligible Native American tribe. The property must be located in an eligible tribal area and be owner-occupied.

Highlights of this program include no maximum income limits, and funds from a variety of sources may be used for down payment, including funds from a tribe. In addition, an appraisal flexibility permitting reliance on the cost approach to support value is acceptable when certain conditions are met. When an appraisal is obtained, an appraisal offset credit is issued by Freddie Mac that must be passed on to the borrower. Loans can be submitted to Loan Product Advisor[®] (LPASM) or manually underwritten.

Arch MI supports this affordable loan program and will align under our EZ DecisioningSM and Standard Underwriting requirements subject to the following overlays:

EZ Decisioning:

- The maximum LTV/CLTV for 2-unit properties is 95%/100%.
- The maximum LTV/CLTV for 3- to 4-unit properties is 95%/95%.
- The maximum LTV/CLTV for manufactured homes, including CHOICEHomes[®], is 95%/95%.
- Single-wide manufactured homes are ineligible.
- When sweat equity is being used as a credit for down payment or closing costs the following applies:
 - The member must make a minimum 3% contribution from their own funds (gifts/grants may not satisfy this amount).
 - The maximum LTV is 95%.
 - Sweat equity credit must not exceed 2% of the purchase price.

Standard Underwriting:

- The maximum LTV/CLTV for 2-unit properties is 95%/100%.
- The maximum LTV/CLTV for 3- to 4-unit properties is 90%/90%.
- The maximum LTV/CLTV for manufactured homes, including CHOICEHomes, is 90%/90%.
- Single-wide manufactured homes are ineligible.
- Cash on hand and sweat equity credit for down payment or closing costs are not allowed.

For the complete HeritageOne eligibility and underwriting requirements, including a link to a list of eligible Native American tribes, refer to the Freddie Mac Selling Guide, Chapter 4504.

For more information, contact your Arch MI Account Manager.