

Native American Mortgage Loan Comparisons For Tribal Trust and Restricted Land (January 2024v6)

Please see page 5 for website links.

Details	USDA Rural Housing 502 Guaranteed Loan	USDA Rural Housing Service 502 Direct	VA Native American Direct Loan	HUD Section 184 Indian Home Loan	Freddie Mac HeritageOne SM *See Selling Guide for up to date guidelines	Fannie Mae HomeReady (Affordable Product) *See Selling Guide for up to date guidelines	Fannie Mae Conventional (LTV 95-97%) *See Selling Guide for up to date guidelines
Income Restrictions	Yes	Yes	No	No	No Income Limits	80% of area median income (AMI)	No Income Limits
Max Loan Amount	None	Based on County limits	None	Based on State and County limits	\$726,200 (1 Unit) \$1,089,300 High Cost Area (1 Unit)	\$647,200 (1 Unit) \$970,800 High Cost Area (1 Unit)	\$647,200 (1Unit) \$970,800 High Cost Area (1 Unit)
Purchase Maximum LTV and Down Payment Requirement	Not typically required	Not typically required	100% LTV plus (funding fee finance) Down Payment not typically required	2.25% of Acquisition Cost 1.25% for loans under \$50k	Primary Residence 1 Unit ≤ 97% including CHOICEHome® 2-4 Unit and Manufactured ≤ 95%	Principal Residence Transactions 1 Unit Purchase 5% or 95% LTV OR 3% or 97% with DU® Approval 2 Unit Purchase 15% or 85% LTV 3 and 4 Unit Purchase 25% or 75% LTV No First Time Home Buyer (FTHB) Requirement	Principal Residence Transactions 1 Unit Purchase 5% or 95% LTV 3% or 97% with DU® Approval* 2 Unit Purchase 15% or 85% LTV 3 and 4 Unit Purchase 25% or 75% LTV *At least one borrower must be a First Time Home Buyer
Refinance Maximum LTV and Down Payment Requirement	No	Yes, subject to eligibility- NO cash-outs	No	Yes, subject to eligibility-97.75% LTV for Rate/Term and 85% LTV for cash-out	No cash-out refinances allowed Primary Residence 1 Unit ≤ 97% including CHOICEHome® 2-4 Unit and Manufactured ≤ 95%	Principal Residence, Limited Cash-Out Refinance Transaction 1 Unit Purchase 5% or 95% LTV OR 3% or 97% with DU® Approval* AND existing Fannie Mae loan 2 Unit Purchase: 15% or 85% LTV 3 to 4 Unit Purchase: 25% or 75% LTV *Existing mortgage must be owned or securitized by Fannie Mae	Principal Residence, Limited Cash-Out Refinance Transactions 1 Unit Purchase 5% or 95% LTV OR 3% or 97% with DU® Approval AND existing Fannie Mae loan* 2 Unit Purchase 15% or 85% LTV 3 to 4 Unit Purchase 25% or 75% LTV *Existing mortgage must be owned or securitized by Fannie Mae
Construction –to - Perm Permitted	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rehab	Yes	Yes	Yes	Yes	Yes, when combined with CHOICERenovation® or CHOICEReno eXPress® guidelines	Yes, in accordance with HomeStyle® Renovation guidelines* *(Special Lender Approval; Max 97% LTV with DU® Approval, limited to 1 Unit principal residence)	Yes, in accordance with HomeStyle® Renovation guidelines* *(Special Lender Approval; Max 97% LTV with DU® Approval for 1 Unit principal residence)
Refinance	Subject to eligibility- NO cash-outs	Subject to eligibility- NO cash-outs	Interest Rate Reduction Refinancing Loan (IRRRL) only	Yes, including cash-outs	Yes, no cash-out	See Refinance Information Above	See Refinance Information Above

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Manufactured Hsg	New w/permanent foundation	New on permanent foundation; Approved Dealer/Contractor	New on permanent foundation, Approved Dealer	New/Existing with permanent foundation	Yes: 1 Unit Principal Residence in accordance with standard MH guidelines 1 Unit ≤ 97% CHOICEHome® (manufactured home) <u>Standard Manufactured Homes</u> ≤ 95%	Yes: 1 Unit Principal Residence in accordance with standard MH guidelines (Max 95% LTV; 7/6 mos or 10/6 mos ARM)	Yes: 1 Unit Principal Residence in accordance with standard MH guidelines (Max 95% LTV; 7/6mo or 10/6mo ARM). Second Homes acceptable at 90% LTV (1 Unit)
Housing and Debt Ratios	29/41	33/41	41 Subject to Underwriting	41, 43 with compensating factors	Maximum ratio determined by Loan Product Advisor (LPA), except for manually underwritten mortgages with non-occupying borrowers 1 Unit 45% <u>Manufactured Homes that are Caution Mortgages</u> 36%	Up to 50% with DU® Approve/Eligible Recommendation	Up to 50% with DU® Approve/Eligible Recommendation
Guarantee Fee Private Mortgage Insurance	1% of mortgage Guar Fee & .35% annual fee	None	1.25% of Base Loan Amount 0.5% for IRRRL Refinance (exemptions apply)	1% of Base Loan Guar Fee .0% annual premium	Information related to MI will be detailed in the seller's purchase documents	No Upfront Guarantee Fee Reduced MI Premiums	No Upfront Guarantee Fee Standard MI Premiums Minimum MI Coverage available subject to LLPA

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Rates and Terms	The term is for 30 years and the fixed interest rate is a market rate negotiated by the applicant and the lender.	<p>The interest rate is fixed, and based on current market rates at loan approval or closing, whichever is lower.</p> <p>When modified by payment assistance, the monthly mortgage payment can be reduced to as low as an effective 1 percent interest rate.</p> <p>The payback period is 33 years</p>	<p>The interest rate is determined by VA after considering yields on comparable mortgages in the secondary market, including bid and ask prices on mortgage-backed securities. (Interest Rate set at 2.5% until March 2025)</p> <p>The maturity date at origination shall not be more than 30 years and 32 days.</p> <p>For refinancing loans, the term cannot exceed the original term of the loan being refinanced plus ten years.</p>	Rates are pricing based on market rates and not credit score	Interest rates can vary and are based on a number of factors, including loan term and type, credit score, down payment, points, and home price. For current interest rates, visit your local bank, credit union, mortgage company, or check online.	<p>Interest rates can vary and are based on a number of factors, including loan term and type, credit score, down payment, points, and home price. For current interest rates, visit your local bank, credit union, mortgage company, or check online.</p> <p>HomeReady pricing uses the lender's base guaranty fee. LLPAs are waived for HomeReady loans that have an LTV ratio greater than 80 percent and a credit score of 680 or higher. For other HomeReady loans, Fannie Mae's standard LLPAs apply, with a cap of 1.50%.</p>	Interest rates can vary and are based on a number of factors, including loan term and type, credit score, down payment, points, and home price. For current interest rates, visit your local bank, credit union, mortgage company, or check online.
Appraisals	<p>Appraisals are completed by state-certified or licensed appraisers who follow USPAP in arriving at their opinions of value.</p> <p>Pilot programs may be made available to demonstrate alternative appraisal methodologies.</p>	<p>Appraisals are completed by a State-Certified or licensed appraiser using nationwide contracts with Appraisal management Companies</p> <p>Appraisal methodology Sales Approach or Cost Approach (new construction or <1 year old)</p>	<p>Appraisals are completed by state-certified, licensed appraisers who belong to VA's fee panel of appraisers.</p> <p>Appraisal Methodology Cost Approach and Market Approach, when applicable</p>	<p>Must be performed by a licensed appraisers listed on FHA's Roster of Appraisers and must be State-Certified.</p> <p>Appraisal Methodology: Sales Comparison Approach, Cost Approach, and Income Approach</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 values is acceptable, under certain conditions.	Please see resource titled " Appraising properties on Tribal Lands "	Please see resource titled " Appraising properties on Tribal Lands "
Closing Costs Financed?	Yes	Yes	No (Purchase) Yes (IRRRL)	Yes	A TLTV ratio not exceeding 105% is permitted when secondary financing is an Affordable Second®	Up to 105% CLTV if the subordinate lien is a "Community Second"	Up to 105% CLTV if the subordinate lien is a "Community Second"

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Fees and Closing Costs	Standard closing costs and fees	Standard closing costs and fees	Reasonable and customary loan fees and closing costs (exceptions apply)	Standard closing costs and fees	Credit Fees related to HeritageOne SM Mortgages will be detailed in the Seller's Purchase Documents.	While every transaction is unique, services paid for at closing would typically include lender fees, a pass-through of the cost of items required for the mortgage — such as an appraisal and lender title insurance — and various fees charged by the settlement agent or attorney conducting the closing. In addition to these fees, a buyer must pay taxes, fund escrow accounts for future taxes and insurance, and prepay various other charges.	While every transaction is unique, services paid for at closing would typically include lender fees, a pass-through of the cost of items required for the mortgage — such as an appraisal and lender title insurance — and various fees charged by the settlement agent or attorney conducting the closing. In addition to these fees, a buyer must pay taxes, fund escrow accounts for future taxes and insurance, and prepay various other charges.
ARMs allowed?	No	No	No	No	No	Yes 5/6 months, 7/6 mos , 10/6 mos.	Yes All standard ARMs permitted
Down payment/Closing Cost Assistance	Allowable	Allowable	Allowable (conditions apply)	Allowable	Yes; No minimum contribution from borrower's personal funds (1Unit) including MH; Minimum 3% of value borrower contribution on 2-4 unit when LTV/TLTV is >80%	Yes; No minimum contribution from borrower's own funds (1 Unit); Minimum 3% borrower contribution on 2-4-unit	Yes; No minimum contribution from borrower's own funds (1 Unit); Minimum 5% borrower contribution on 2-4-unit
Gift Restrictions	None	None	None	None	Yes, a gift or grant may not be funded through the mortgage transaction (i.e., through premium pricing)	Yes; Interested Party Gifts Not Allowed	Yes; Interested Party Gifts Not Allowed and No Gifts Allowed on Investment Properties
Assumable	Yes, subject to eligibility	Yes, subject to eligibility	Yes, subject to eligibility	Yes, Credit qualified subject to eligibility	Yes, subject to eligibility	No	No
Reserve Requirements	None	None	None	Multi-Unit None except for construction/ perm	Not required for 1-unit properties including manufactured homes unless they may offset other underwriting factors	DU [®] - Reserve Requirements will be determined by DU [®] Manual underwriting – Reserves determined based on Eligibility Matrix	DU [®] -Reserve Requirements will be determined by DU [®] Manual underwriting – Reserves determined based on Eligibility Matrix
Credit Standards	Good Credit: >640 or waiver (alternative sources allowable)	Good Credit: (alternative credit sources allowable)	Good Credit (alternative credit sources allowable)	Good Credit (alternative credit sources allowable) No minimum Credit Score	Credit standards determined by Loan Product Advisor (LPA), except for manually underwritten mortgages <u>Purchase 1-unit</u> 660 <u>No cash-out refinance 1-unit and Manufactured Homes</u> 680	620 Minimum Credit Score Nontraditional credit; Manual Underwriting Acceptable	620 Minimum Credit Score Nontraditional credit; Manual Underwriting Acceptable

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Buy downs	2/1 paid by seller or with gift	No	No	Yes	Yes, for 1-unit property; or an Accept Mortgage secured by a 2-unit property	Yes: 3-2-1 and 2-1 buydowns	Yes: 3-2-1 and 2-1 buydowns
Pre-payment Penalty?	No	No	No	No	No	No	No
Homebuyer ED	Recommended but not required	Yes	Recommended but not required	Not Required but recommended	Only required if all occupying borrowers are first-time homebuyers, then at least one occupying borrower must complete a homeownership education course.	Only required if all occupying borrowers are first-time homebuyers, then at least one borrower must take and complete homeownership education course.	1 - For purchase transactions with LTV, CLTV or HCLTV > 95%, OR 2 - If all borrowers are relying solely on nontraditional credit to qualify. In either scenario 1 or 2, then at least one borrower must take and complete homeownership education.
Foreclosure Prevention	Intervention	Intervention	Intervention	Intervention	Servicers must complete all required communication and notification 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.	As outlined in the executed Memorandum of Understanding between Fannie Mae and Tribe and Fannie Mae Servicing Guide	As outlined in the executed Memorandum of Understanding between Fannie Mae and Tribe and Fannie Mae Servicing Guide
Title Insurance	Required	Required	Required or BIA approval and certified TSR	Required or BIA approval and Certified TSR	Bureau of Indian Affairs Approval and Certified Title Status Report	Bureau of Indian Affairs Approval and Certified Title Status Report	Bureau of Indian Affairs Approval and Certified Title Status Report
Legal Documents	One Stop Docs or Negotiated	One Stop Docs or Negotiated	One Stop Docs or Negotiated	One Stop Docs or Negotiated	One Stop Docs plus additional Freddie Mac Agreements or Negotiated	One Stop Docs plus additional Fannie Mae Agreements or Negotiated	One Stop Docs plus additional Fannie Mae Agreements or Negotiated
Agreement Documents	RHS/Tribe & Investor	RHS/Tribe	MOU VA/Tribe	One Stop Docs	If Tribe is not listed on HUD's 184 participating tribes list, then tribe must enter into a MOU with Freddie Mac	As outlined in the executed Memorandum of Understanding between Fannie Mae and Tribe	As outlined in the executed Memorandum of Understanding between Fannie Mae and Tribe

For updates on the USDA Rural Housing Service 502 Direct loan program contact Brian Hudson (608) 697-7725 or email Brian.Hudson@usda.gov

For updates on the USDA Rural Housing Service 502 Guaranteed loan program contact David Corwin (717) 480-9130 or email David.Corwin@usda.gov

Online Resources

Lender	Websites
USDA Rural Housing 502 Guaranteed Loan	Income Eligibility & Rural Area Eligibility - https://eligibility.sc.egov.usda.gov/eligibility/ General Information for Lending Partners - sfhqld.lenderpartner@usda.gov
USDA Rural Housing Service 502 Direct Loan	Income Eligibility & Rural Area Eligibility – https://eligibility.sc.egov.usda.gov/eligibility/
VA Native American Direct Loan	https://www.benefits.va.gov/homeloans/nadl.asp
HUD Section 184 Indian Home Loan	https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/184
FHA	https://www.fha.com/
Fannie Mae HomeReady (Affordable Product) *See Selling Guide for up to date guidelines	https://www.fanniemae.com/singlefamily/homeready
Fannie Mae Conventional (LTV 95-97%) *See Selling Guide for up to date guidelines	https://www.fanniemae.com/singlefamily/originating-underwriting
Freddie Mac HeritageOne *See Selling Guide for up to date guidelines	https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/heritageonesm-mortgage