

FISCAL YEAR 2024
PROGRESS ON SECTION 184 LOAN PROCESSING
(SECOND UPDATE)



April 2025

Department of Housing and Urban Development
Office of Public and Indian Housing
Office of Native American Programs

I. BACKGROUND

This is the sixth report to Congress on the U.S. Department of Housing and Urban Development's (HUD) implementation of the legislative amendments included in the Consolidated Appropriations Act, 2021, (Act) (Public Law No. 116-260) that authorized HUD to guarantee loans under the Section 184 Indian Home Loan Guarantee (Section 184) program prior to receiving all required trailing documents. The Committee's request is that:

(c) The Secretary of Housing and Urban Development shall (1) report to the Committee on Banking, Housing, and Urban Affairs and the Committee on Indian Affairs of the Senate and the Committee on Financial Services and the Committee on Natural Resources of the House of Representatives on a semi-annual basis on the progress that the Secretary is making to accelerate the processing of loan applications on fee simple and Indian trust land under section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a); and (2) if there is no improvement in accelerating those processing timelines, submit to the committees described in paragraph (1) a report explaining the lack of improvement.¹

II. INTRODUCTION

Many Native Americans aspire to become homeowners. However, various barriers make lending in Indian Country difficult. Access to financial and mortgage products in rural and Tribal markets are commonly impacted by a lack of lender participation. In addition, the land may be held in trust by the Federal Government and cannot be sold or readily mortgaged.

One of the primary tools available to address these barriers is HUD's Section 184 program. Established in 1992, the program encourages Lenders to make home loans to Native Americans in eligible Indian areas. Under the program, HUD provides a 100 percent guarantee on the unpaid principal and interest to make Lender's whole in the event of a Borrower's default. The loan guarantee incentivizes Lenders to provide mortgage capital in areas such as Indian reservations, which historically face difficulty attracting private capital because of their remoteness and the status of the land. Ultimately, the Section 184 program helps Tribes promote the development of sustainable communities and create economic opportunity by providing a mechanism for housing development on Tribal trust land and making homeownership a realistic option for Tribal members.

Mortgage lending on Trust Land can be a time-consuming process that reduces the appeal of lending on Trust Land, even if the loan is guaranteed under the Section 184 program. This is in part because the process can be complex and requires various actions from the Bureau of Indian Affairs (BIA). These BIA actions include recording certain loan documents and providing a final certified Title Status Report ("trailing loan documents"). For various reasons, Tribes, Lenders, and Borrowers experience delays in obtaining these trailing loan documents. Before passing the Act, the Section 184 program could not guarantee a loan without first receiving these documents.

Delays in receiving trailing loan documents – and receiving the guarantee from HUD – can also be a barrier for Lenders wanting to participate in the program and is a current issue for participating Lenders when they sell Section 184 loans on the secondary mortgage market to maintain liquidity. The

¹ Sec. 105(c), Title I of Division Q of the Consolidated Appropriations Act, 2021

Government National Mortgage Association (Ginnie Mae) is the largest purchaser of Section 184 loans on the secondary market. Prior to 2019, Ginnie Mae purchased Section 184 loans pending receipt of trailing loan documents and a HUD loan guarantee, if the Lender could provide a final certification of these documents, and the HUD guarantee, within 36 months. Based on recommendations from the HUD Office of Inspector General in 2019, Ginnie Mae shortened this time frame to 12 months. As a result, some Section 184 Lenders providing mortgage financing on trust land have at various times been in danger of having to buy back Section 184 loans out of pools backing Ginnie Mae securities because they could not provide the trailing loan documents and the Section 184 loan guarantee, which resulted in a significant cost to the lenders and a disincentive for Lenders to continue participating in the Section 184 program.

III. ANALYSIS

A. AMENDMENTS TO SECTION 184 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992

To increase stability and reduce barriers to trust land lending, in 2021 Congress provided new statutory authority to HUD to issue loan guarantees prior to receiving the trailing loan documents. In Section 105 of the Act, Congress amended the Housing and Community Development Act of 1992 (the Section 184 program's authorizing statute) (12 U.S.C. 1715z-13a(c)(5)) authorizing HUD to guarantee a trust land loan prior to the Lenders' submission of the required trailing loan documents, if the Lender agrees to indemnify the Secretary for any losses that may occur before the receipt of these documents.

The Act also required HUD to report to Congress semi-annually on progress made on accelerating the processing of trust land and fee simple loan applications. See section 105(c) of the Act.

B. IMPLEMENTATION OF IMPROVEMENTS

Overall Loan Processing and Other Efforts to Improve Loan Processing

It is important to note that HUD has a small role in the processing of loan applications on trust and fee land. The pace of the loan application process is mainly driven by the Lender and the Borrower. HUD's role in the loan application process is to issue case numbers and firm commitments. HUD maintains a 24-hour turnaround time on these requests (except for requests received over the weekend). After the loan closes, the Lender submits to HUD a request for a Loan Guarantee Certificate (LGC), which confirms HUD's guarantee on the loan.

1. **There is no Loan Guarantee Requests Backlog.** As of December 31, 2024, there was no backlog of LGC requests.
2. **Reduced Loan Guarantee Certificate Processing Times.** Previously, HUD took on average 120 days to issue an LGC. HUD continues to accelerate LGC processing to within 30 days or less of the Lenders' request.
3. **Publication of the Final Rule to Strengthen the Section 184 program.** On March 20, 2024, HUD published the Final Rule titled "Strengthening the Section 184 Indian Housing

Loan Guarantee Program”.² The final rule amended the regulations governing the Section 184 program by clarifying rules for stakeholders. The changes made by the final rule promote program sustainability, increase Borrower protections, and provide clarity for new and existing Lenders. The final rule took into consideration comments received during Tribal consultations and in response to the proposed rule.

On January 17, 2025, HUD announced the extension of the final rule compliance date from March 1, 2025, to December 31, 2025.³ The extension of the compliance date is to allow HUD to develop and implement a comprehensive handbook, to prepare new forms, and to allow Tribes, lenders, servicers, and other participants time to conform their policies, procedures, and systems to comply with the final rule.

IV. CONCLUSION

Indemnification Authority

On September 14, 2021, HUD issued [Dear Lender Letter 2021-10](#), which instructs Lenders on the steps required to receive a guarantee from HUD prior to their receipt of the trailing loan documents from the BIA. HUD also provided a model indemnification agreement to ensure that Lenders seeking to exercise this new option could do so with ease. These documents are available on HUD’s website and have been shared with all Lenders through an Office of Loan Guarantee Info announcement. HUD continues to work with the BIA to improve the timing of processing the Section 184 trailing loan documents and to find ways to share information and data to streamline processing times.

As of December 31, 2024⁴, HUD entered into a total of 362 indemnification agreements with Lenders and has released 328 of those indemnifications.

With this report, HUD believes it has satisfied the legislative amendments included in the Consolidated Appropriations Act, 2021, (Act) (Public Law No. 116-260).

² See Strengthening the Section 184 Indian Housing Loan Guarantee Program Final Rule at <https://www.federalregister.gov/documents/2024/03/20/2024-05515/strengthening-the-section-184-indian-housing-loan-guarantee-program>

³ 90 FR 5604.

⁴ ONAP intends on reporting total indemnifications and total released indemnifications on a fixed cycle period from January 1 through June 30 and from July 1 through December 31st.