

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PUBLIC AND INDIAN HOUSING  
INDIAN HOUSING LOAN GUARANTEE FUND (SECTION 184)  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental / Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	1,000	8,879	-	9,879	2,450	2,450
2019 Annualized CR	1,000	7,751	-	8,751	3,000	3,000
2020 Request	2,500	6,500	-	9,000	2,000	2,000
Change from 2019	1,500	(1,251)	-	249	(1,000)	(1,000)

Note: The table above reflects only discretionary budget authority; mandatory authority for upward reestimates and interest is excluded.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget request for the Indian Housing Loan Guarantee program (also known as the Section 184 program) is \$2.5 million, which is \$1.5 million more than the 2019 Annualized Continuing Resolution (CR) level. When combined with prior-year balances, HUD will be able to support the demand for Section 184 loans.

The Section 184 program is a loan guarantee program that facilitates homeownership and increases access to capital for Native Americans, Indian tribes, and tribally designated housing entities (TDHEs).

**2. Request**

The budget requests \$2.5 million in budget authority and \$1.0 billion in new commitment authority to support new loan guarantees. Through the Section 184 program, HUD provides an incentive for private lenders to make market-rate home mortgages available to Native Americans by guaranteeing 100 percent of the unpaid principal and interest due in the event of a loan default. Section 184 also increases the supply of housing in Indian Country, which helps relieve overcrowding.

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The request also includes \$500,000 for administrative contract expenses, including management processes and systems, to carry out the program.

### **3. Justification**

The Section 184 program is the primary vehicle to access mortgage capital in Indian Country. The program allows eligible borrowers from across the income spectrum the opportunity to purchase quality housing by guaranteeing home mortgages provided by private lenders. Indian tribes and TDHEs can also use the program to diversify the type of housing in Indian Country by developing housing for homeownership or as long-term rentals, without affordability restrictions.

The Section 184 program maximizes a relatively minimal federal investment by insuring approximately 4,000 loans each year and by expanding markets for lenders. The program provides an incentive for private lenders to market loans to this traditionally underserved population by guaranteeing 100 percent repayment of the unpaid principal and interest due in the event of default. Lenders get the guarantee by making mortgage loans to purchase, construct, refinance, and rehabilitate single-family homes on trust or restricted land, in tribal areas of operation, as well as on fee simple land.

In January 2017, HUD published *Mortgage Lending on Tribal Land*, a report showing that the Section 184 program has helped address the functional market barrier to private lending presented by tribal trust land. Historically, Native Americans have had limited retail banking opportunities and limited access to private mortgage capital primarily because much of the land in Indian Country is held in trust by the federal government. Before a lien can be placed on a property, it must receive federal approval through the Department of the Interior's Bureau of Indian Affairs.

To meet program demand and reduce reliance on federal appropriations, HUD started collecting a 1.5 percent up-front fee in 2014 and a 0.15 percent annual fee starting in 2015. In 2017, HUD increased the annual fee to 0.25 percent while keeping the up-front fee at 1.5 percent.

In 2018, almost 3,200 loans worth approximately \$583.0 million were guaranteed. As of September 30, 2018, a cumulative total of over 43,000 loans worth over \$7.1 billion have been guaranteed.

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### **Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process. This legislative change will support added authority to improve the performance and accountability of the Section 184 program, including indemnification from lenders participating in the direct loan guarantee program and to allow lenders to be terminated from the program. Lenders participating in the Section 184 program are able to underwrite loans for closing without prior HUD review. When lenders close loans that do not comply with Section 184 requirements, indemnification authority would give HUD the option of requiring them to indemnify HUD for any losses suffered. Lenders could also be terminated from the program if it is determined that they pose an unacceptable risk to the program. HUD will seek the above changes, as part of the ongoing Native American Housing Assistance and Self-Determination Act reauthorization process, for sound business reasons and to address outstanding Office of Inspector General findings.

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Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Loan Guarantee Credit Subsidy	250	5,664	5,914	2,139	250	3,987	4,237	2,000
Land Title Report Commission	-	99	99	-	-	99	99	-
Loan Guarantee Contracts	750	3,116	3,866	201	750	3,665	4,415	500
<b>Total</b>	<b>1,000</b>	<b>8,879</b>	<b>9,879</b>	<b>2,340</b>	<b>1,000</b>	<b>7,751</b>	<b>8,751</b>	<b>2,500</b>

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**PUBLIC AND INDIAN HOUSING**  
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**Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), \$2,500,000, to remain available until expended: Provided, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, up to \$1,000,000,000, to remain available until expended: Provided further, That up to \$500,000 of this amount may be for administrative contract expenses including management and systems to carry out the loan guarantee program.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*