

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Indian Housing Loan Guarantee Fund (Section 184)

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Transfers	Total Resources	Obligations	Net Outlays
2025 Appropriation	1,500	9,664	-	-	11,164	3,438	2,485
2026 Appropriation	1,400	7,726	-	-	9,126	4,903	3,000
2027 President's Budget	400	4,223	-	-	4,623	500	3,000
Change from 2026	(1,000)	(3,503)	-	-	(4,503)	(4,403)	-

a/ The table above reflects only discretionary budget authority; mandatory budget authority for upward re-estimates and interest is excluded.

#### PROGRAM PURPOSE

The Indian Housing Loan Guarantee Fund (also known as the Section 184 program) is a loan guarantee program that facilitates homeownership and increases access to private capital for American Indian and Alaska Native families, Indian Tribes, and Tribally Designated Housing Entities (TDHEs). The Section 184 program provides an incentive for private lenders to make home mortgages available to Native Americans on favorable terms by providing a 100-percent guarantee in the event of a loan default. By providing this loan guarantee, the Section 184 program helps to address the major housing challenges for many Tribal communities, overcrowding and a lack of available housing, as noted by the 2017 HUD report, *Housing Needs of American Indians and Alaska Natives in Tribal Areas*.<sup>1</sup>

#### BUDGET OVERVIEW

The 2027 President's Budget requests \$400 thousand for administrative contract expenses for the Section 184 program, which is equal to the 2026 Enacted level. The 2027 Budget assumes the Section 184 program will operate as a zero-subsidy program, using fees on borrowers to cover the subsidy costs of loans. Thus, no new credit subsidy is requested in 2027.

The Budget also requests \$1.2 billion in loan guarantee authority, which is \$600 million less than the 2026 Enacted level.

Over its history, the Section 184 program experienced a very low claim rate of four percent. This is partly because Tribes continue to proactively provide housing counseling and support to keep families in their homes and to provide critical support to families to avoid defaults and unnecessary foreclosures.

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<sup>1</sup> <https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html>

The administrative contract expenses request will support the operation and stewardship of the Section 184 program, providing funding for data integrity efforts to improve oversight and resolve outstanding Office of Inspector General findings related to risk mitigation, costs associated with data management for subsidy rate analysis, contractual needs for legal information services, information services, underwriting, and property and preservation services.

## JUSTIFICATION

The 2017 HUD report *Mortgage Lending on Tribal Land* found that the Section 184 program has helped address the functional market barrier to private lending presented by Tribal trust land.<sup>2</sup> Historically, American Indians and Alaska Natives 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 and cannot be used as collateral. Before a lien can be placed on a property on trust land, it must receive Federal approval through the U.S. Department of the Interior's Bureau of Indian Affairs. Prospective homeowners can find mortgage lending to be challenging for properties located on fee simple land as well as some Native American families have lacked experience dealing with mainstream financial institutions and have limited credit histories.

The Section 184 program maximizes the Federal investment by insuring thousands of loans each year and enabling the private mortgage market to serve Indian Country.

### Key Assumptions

The 2027 Budget assumes that the Section 184 program will operate with a credit subsidy rate of zero, due to increased fee collections from raising borrower upfront fees from 1 percent to 1.5 percent. HUD estimates that the program will support approximately \$547 million in mortgages, serving over 1,800 borrowers in 2027.

### Stakeholders

Stakeholders include American Indian and Alaska Native borrowers, Tribes, TDHEs, and Section 184-approved lenders. ONAP works with financial institutions to encourage lending, which provides a path for Native American families to become homeowners.

### Operational Improvements and Efficiencies

HUD continues to make progress towards modernizing the Section 184 program using prior year Information Technology (IT) Fund appropriations, which will help reduce potential risk to the Federal Government. Under the Office of the Chief Information Officer's leadership, the Office of Public and Indian Housing (PIH) is developing *Native Advantage*, which is a multi-year information technology modernization initiative. The Origination Module is currently undergoing internal testing to assess core functionality of the operating system. HUD continues to work on developing the system and will continue to provide Congress with progress updates.

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<sup>2</sup> <https://www.huduser.gov/portal/publications/NAHSC-Lending.html>

INDIAN HOUSING LOAN GUARANTEE FUND

HUD is currently working on developing a comprehensive Handbook with Tribal input to implement updated Section 184 regulations. HUD anticipates publication of the Handbook in the near future and will provide all stakeholders prior notice before compliance with the updated Section 184 regulations as required.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2025 Budget Authority	2024 Carryover Into 2025	2025 Total Resources	2025 Obligations	2026 Appropriation	2025 Carryover Into 2026	2026 Total Resources	2027 President's Budget
Loan Guarantee Credit Subsidy	1,500	6,219	7,719	3,076	1,000	4,643	5,643	-
Administrative Contract Expenses	-	1,718	1,718	362	400	1,356	1,756	400
Skilled Workers Loan Credit Subsidy	-	1,727	1,727	-	-	1,727	1,727	-
<i>Indian Housing Loan Guarantee Fund (Section 184) -- Loan Guarantee Limitation Level [Non-Add]</i>	<i>[1,800,000]</i>	<i>[1,457,843]</i>	<i>[3,257,843]</i>	<i>[446,122]</i>	<i>[1,800,000]</i>	<i>[1,353,878]</i>	<i>[3,153,878]</i>	<i>[1,200,000]</i>
<b>Total</b>	<b>1,500</b>	<b>9,664</b>	<b>11,164</b>	<b>3,438</b>	<b>1,400</b>	<b>7,726</b>	<b>9,126</b>	<b>400</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

The 2027 President’s Budget includes the following general provision:

- **Eminent Domain Restrictions:** This provision makes permanent provisions prohibiting HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (Sec. 214)

**APPROPRIATIONS LANGUAGE**

The 2027 President’s Budget includes the appropriations language listed below.

*For administrative expenses, including management of the loan guarantee program as authorized by section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), \$400,000, to remain available until expended: Provided, That subject to section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a), amounts made available in prior Acts for the cost of guaranteed loans, as authorized by such section 184, that are unobligated, including recaptures and carryover, may be available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$1,200,000,000, to remain available until September 30, 2028.*