



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

March 9, 2020

Dear Section 184 Program Lender:

As you know, the Section 184 program allows borrowers to purchase, construct or refinance a home. The guidelines for each transaction type are addressed in the Section 184 Indian Housing Loan Guarantee Program Processing Guidelines (Guidelines), which can be found here:

https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/184/guidelines

This letter reminds all approved Section 184 lenders, tribes and tribally designated housing entities (TDHES) of the current Cash-Out Refinances guidelines outlined in Chapter 11 of the Guidelines. The Guidelines provide as follows:

Maximum Loan Amount- The maximum allowable mortgage amount for a cash-out refinance is 85% of the appraised value of the subject property.

Maximum Cash to Borrower- Refinances that include a *cash distribution* directly to the borrower are limited to \$25,000.

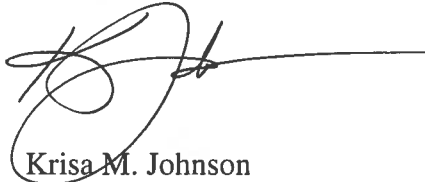
In the past, the Office of Native American Programs (ONAP) granted exceptions to tribes and TDHES that are Section 184 borrowers and allowed the maximum loan amount to exceed the 85% limit for cash out refinance transactions. ONAP authorized this practice to allow tribes and TDHES to reinvest in housing in their communities.

This letter formally recognizes this practice and affirms ONAP's policy to continue this practice and allow tribes and TDHES to access the equity in their housing stock up to the 97.75% maximum loan to value ratio, provided that the Tribe or TDHE's purpose of the cash-out refinance is to rehabilitate existing or construct additional housing in their communities. Direct Guarantee lenders must document the Section 184 loan file accordingly. The lenders documentation must clearly show that a determination was made that the tribe or TDHE intended to use the cash-out refinance process for these housing-related purposes.

ONAP looks forward to your continued relationship and exceeding your expectations as we process Section 184 loans under these guidelines.

Thank you for your dedication to expanding access to mortgage capital in Indian country.

Best regards,

A handwritten signature in black ink, appearing to be 'Krisa M. Johnson', with a long horizontal line extending to the right.

Krisa M. Johnson
Director, Office of Loan Guarantee

Cc: Heidi Frechette