



**SECTION 184 INDIAN HOUSING LOAN GUARANTEE
PROGRAM
Spokane WA
February 7-8, 2017**

U.S. Department of Housing and Urban Development

PROGRAM OVERVIEW

- 1992 Housing and Community Development Act
- Annual funding by Congress
 - In excess of \$1.2 Billion
- Nationwide Program

LENDING IN INDIAN COUNTRY IS UNIQUE

- Unique land status
 - Tribal Trust Land
 - Allotted Trust Land
 - Unrestricted Land
- Underserved markets
 - Non-traditional credit
 - Limited access/exposure to financing
 - Manual underwriting

184 PARTNERS

- HUD 184 Program Staff
- Lenders
- Tribes
- TDHEs (Tribally Designated Housing Entities)
- BIA (Bureau of Indian Affairs)

WHAT DOES HUD DO?

- Develops and implements policies
- Conducts training and marketing
- Lender/Tribal Approval
- Issue loan guarantee certificate
- Quality Control
- HUD Underwrite
 - Environmental Assessment
- Underwriter Test Case Approval
- Assistance with Tribe/TDHE Loans

WHAT DOES THE LENDER DO?

- Lends the money!
- Explains the 184 mortgage loan process
- Originate and Underwrite the Loan
- Serves as liaison between borrower and HUD

WHAT DOES THE TRIBE DO?

- Implements foreclosure, eviction, lien & leasing procedures
- **Conducts environmental reviews**
- Lease approval
- Land
- **Homeownership counseling**
- Financial Assistance
 - Down Payment
 - Second Mortgage
 - Gifts
- **Infrastructure**

WHAT DOES BIA DO?

- Serves as a trustee for tribal trust land
- Approves lease/mortgage
- Provides/updates title status reports
 - Records mortgage/lease
- Underwrites/reviews loan package (allotted/restricted)



PROGRAM FEATURES AND REQUIREMENTS

ELIGIBLE APPLICANT

- Indian or Alaska Native individual enrolled in a Federally recognized tribe. **Copy of enrollment card/enrollment letter required**
- TDHE/IHA (Indian Housing Authority)
- Tribe
- BIA List of Federally Recognized Tribes

www.bia.gov

LOAN FEATURES

- Term: 30 years or less
- Fixed interest rate determined by lender (market rate)
- 1.5% upfront guarantee fee***
- Monthly MI
- Minimal down payment requirement
- No Adjustable Rate Mortgages
- No commercial structures

HOMEOWNERSHIP OPPORTUNITIES

- Purchase existing house
- Rehabilitation of existing house
- Purchase and rehabilitation
- New construction
 - Manufactured
 - Modular/stick built
- Refinancing
 - Rate/Term
 - Streamline
 - Cash Out (limited to 85% of appraised value)

PROPERTY REQUIREMENTS

- Trust land or land within an Indian operating area
- Meet construction and safety codes
- Single family (1-4 units)
- Manufactured Housing
 - Affixed to a permanent foundation
 - Manufactured after 6/15/76

ACCEPTABLE LAND TYPE

- Tribal trust land
- Allotted individual trust land
- Fee simple land in a defined Indian operating area

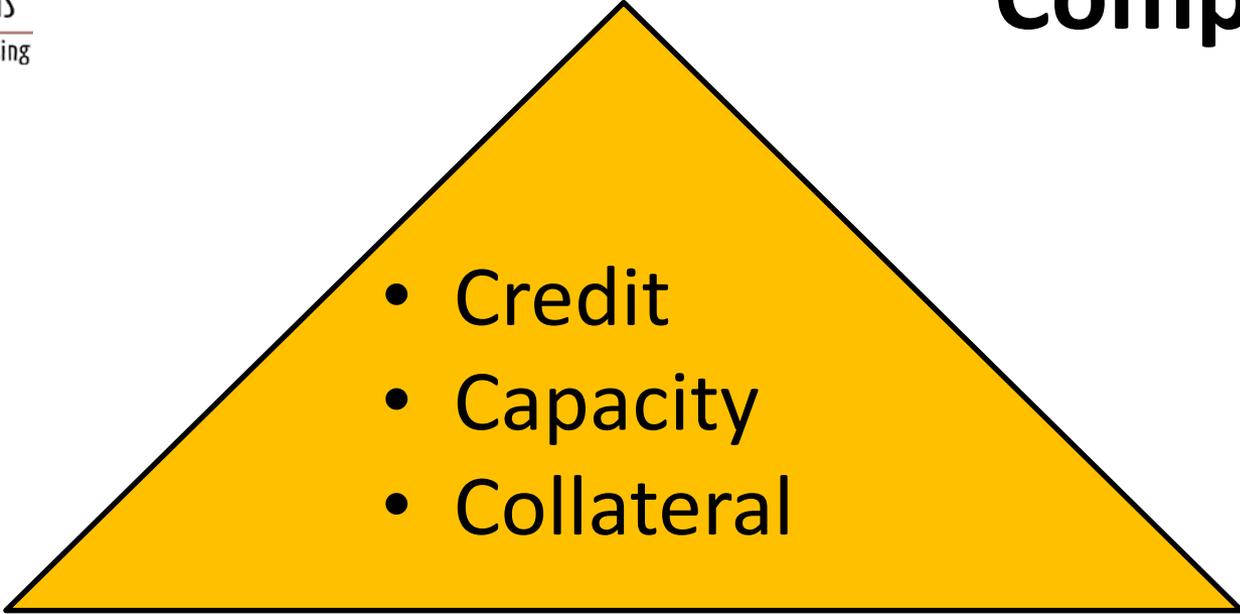
LOAN ORIGINATION

- Borrower contacts approved lender
- Lender determines if borrower meets program eligibility
 - Native American (ID/Enrollment Card)
 - Tribe on 184 approved list/BIA List
 - Indian operating area

LOAN ORIGINATION

- Lender obtains loan documents and construction/purchase documents; if applicable
- **Lender orders an appraisal**
 - HUD Manual 4150.2
 - NOTE: Cost approach an option
 - FHA approved Appraiser
 - Appraisal good for 120 days
- **Lender DG Approved Underwriter underwrites**

Underwriting Components

- 
- Credit
 - Capacity
 - Collateral

The underwriting review determines the borrower's ability and willingness to repay the mortgage debt.

Underwriting Components

- The borrower's ability to repay the debt is assessed by considering:
 - *Income history and stability;*
 - *Employment history and stability*
 - *Debts*
- The borrower's willingness to repay the mortgage debt is assessed by considering
 - *Credit*
 - *Pay history*

Loan Amount

- The maximum allowable mortgage amount is determined as the lower of these 3 factors:
 - Loan limits (06/01/2016) for the County where the property is located published by OLG
 - Loan to *Appraised* Value Ratio:
 - 97.75% when \$50,000 or greater
 - 98.75% when \$49,999 or less
 - **Acquisition cost:**
 - 97.75% when \$50,000 or greater
 - 98.75% when \$49,999 or less

TRIBE/TDHE ASSISTANCE

- Provide a gift or loan to borrower:
 - Gift letter
 - 2nd mortgage letter/**DEED RESTRICTION**
 - Recorded documents with the endorsement package
- Tribal funds:
 - No restriction on use/amounts

SECONDARY MARKETS

- Ginnie Mae
- Fannie Mae
- Freddie Mac
- Local Markets





THANK YOU!