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