



# Native American Direct Loan Program

**Date: May 10, 2016**

**Veterans Benefits Administration**

**VA**



**U.S. Department  
of Veterans Affairs**

# Program Highlights

- **What is a Native American Direct Loan (NADL).**
- **Why we have a NADL program.**
- **Who is Eligible?**
- **Loan Purposes.**
- **The Approval Process.**



# What is a VA Direct Loan?

- The VA is the principal lender and directly lends the funds to an eligible Native American Veteran for the purpose of *purchasing, constructing or improving a home* on trust lands.



# Why we have a NADL Program

- **Mortgage Lenders will not make loans on Trust Land**
  - Tribes are Sovereign Nations.
  - State Laws do not control Real Estate Transactions on Federal Trust Land.
  - Obtaining a Security Interest on Trust Lands is difficult.

# Benefits of the NADL Program

- **Frees up Tribal Funds to use in other important areas.**
- **Brings local jobs i.e. builders, inspectors, workers.**
- **NADL loans are assumable to any qualified borrower.**



# Direct Loan Benefits

- No down payment required.
- No private mortgage insurance, ever.
- Easy loan qualification.
- Minimal closing costs. No middle man.
- Freddie Mac single-family conventional conforming loan limit (currently \$424,100).
- Interest rate may be lower than conventional mortgages.
  - Current fixed interest rate is a low 4.25%.

# Comparing VA Home Loan Programs

## VA NADL vs VA Guaranteed Loan

- Native American Veterans may use either loan
- No down payment on either type loan

NADL Loan	VA Guaranteed Loan
<input type="checkbox"/> VA is the lender and processes the loan	<input type="checkbox"/> VA approved lender processes the loan
<input type="checkbox"/> 4.25% fixed rate	<input type="checkbox"/> Interest rate is negotiated with the lender
<input type="checkbox"/> Low closing costs	<input type="checkbox"/> Closing costs are negotiated with the lender
<input type="checkbox"/> VA is here to assist you through the entire process.	<input type="checkbox"/> VA guarantees the loan

# Memorandum of Understanding (MOU)

- **Prior to VA making a loan, the law requires that the Tribe and VA sign a memorandum of understanding (MOU).**
- **97 MOUs have been made with Federally Recognized Tribes.**
- **1,010 active and paid off loans have been made to Native American Veterans totaling \$120,000,938.29.**

# Memorandum Of Understanding

- **Tribe must adopt foreclosure, eviction , priority of lien procedures, and leasing procedures.**
- **Tribal court must acknowledge that the tribe has enacted the required legal procedures and that it will enforce these procedures.**
- **Must provide for the acquisition by the Veteran of a meaningful interest in the lot and/or dwelling on trust land.**
- **Must provide for conveyance of the Veteran's meaningful interest as security for the loan.**

# MOU Procedures

- **MOU is submitted by the tribe to the Regional Loan Center (RLC) of jurisdiction.**
- **Review process begins.**
- **VA Central Office gives final approval and signatures.**
- **Regional Loan Center (RLC) begins taking NADL loan applications.**

# Determining Veteran Eligibility

- Native American Veterans with sufficient entitlement i.e. time in service, character of service.
- The tribal organization has a *standing Memorandum of Understanding* with the Secretary of Veterans Affairs.
- The home is on trust/lease/allotted land.
- The Veteran is a member of the tribe.

# Eligible Loan Purposes



- To purchase, construct, or improve a home on Native American trust land.
- To simultaneously purchase and improve a home.
- To refinance another NADL direct loan and lower the interest rate.

# Requirements for Loan Approval

- **Loan approval requires the Veteran to meet the following requirements:**
  - **The loan must be for an eligible purpose.**
  - **The Veteran intends to occupy the home as his/her primary residence. Rentals and/or investment properties are not allowed.**

# Requirements for Loan Approval cont'd

- **The Veteran and, if applicable, the spouse are satisfactory credit risks.**
- **The Veteran and, if applicable, the spouse have stable and reliable income that is sufficient to meet payment obligations and provide enough left over for family support.**

# Costs

- Funding fee—which may be included in the loan amount—must be paid to VA.
  - Active duty = 1.25% of the total loan amount
  - Guards/Reserves = 2.00% of the total loan amount
  - Interest Rate Reduction = 0.5% of the total loan amount

**Veterans in receipt of service-connected disability pay are exempt from the funding fee.**

# Additional Low Costs

- VA appraisal
- Title review fees, if applicable.
- State and/or local transfer taxes, if applicable.
- Recording fees, if applicable.
- Survey, if applicable.
- Hazard insurance premium.



# Required Documents

- **Certified Title Status Report.**
- **Lease Agreement (heirs must approve).**
- **Proof of Tribal Membership.**
- **IHS/Water/Sewer Report.**
- **Environmental/Archeological Survey.**



# Steps to a Quality Home

- Determine if your Tribal organization or appropriate Native American group has a standing *Memorandum of Understanding (MOU)* with the Secretary of Veterans Affairs.
- The Veteran will need to submit or apply for a Certificate of Eligibility (COE). If the Veteran does not have a COE, then they may apply by completing and submitting VA Form 26-1880 to the Regional Loan Center of jurisdiction or apply on [ebenefits.va.gov](http://ebenefits.va.gov).

# Steps to a Quality Home, cont'd

- **Contact the VA Regional Loan Center of jurisdiction for a loan package.**
- **Find a home to buy and sign a purchase agreement and/or a construction contract with the builder to build the home.**
- **If approved, close the loan and move into the new home.**
- **We will assist you through the whole process.**

# Approved Tribes

## ALASKA (1)

Metlakatla Indian Community

## COLORADO (2)

Southern Ute Tribe

Ute Mountain Ute Tribe

## IDAHO (2)

Nez Perce Tribe

Shoshone-Bannock Tribes

## MONTANA (7)

Assiniboine-Sioux of the Fort Peck Reservation

Blackfeet Nation

Chippewa Cree Tribe of Rocky Boy Montana

Confederated Salish and Kootenai Tribes

Crow Agency

Fort Belknap Assiniboine & Gros Ventre Tribes

Northern Cheyenne Tribe

## OREGON (2)

Confederated Tribes of the Umatilla Indian Reservation

The Confederated Tribes of the Warm Springs

## UTAH (1)

Ute Indian Tribe Uintah and Ouray Reservation

## WASHINGTON (10)

The Confederated Tribes of the Colville Reservation

Lummi Nation

Makah Tribe

Nooksack Indian Tribe

Spokane Tribe of Indians

Quinault Indian Nation

Tulalip Tribes

Yakama Nation

Swinomish Tribe

Suquamish Tribe of Indians Of the Port Madison Reservation

# Your Regional Loan Centers

<b>Atlanta- 1-888-768-2132</b>  GA, NC, SC, TN	<b>Phoenix- 1-888-869-0194</b>  AZ, CA, NM, NV
<b>Cleveland- 1-800-729-5772</b>  CT, DE, IN, ME, MA, MI, NH, NJ, NY, OH, PA, RI, VT	<b>Roanoke- 1-800-933-5499</b>  DC, KY, MD, VA, WV
<b>Denver- 1-888-349-7541</b>  AK, CO, ID, MT, OR, UT, WA, WY	<b>St. Paul- 1-800-827-0611</b>  IL, IA, KS, MO, MS, NE, ND, SD, WI
<b>Honolulu- 1-808-433-0483</b>  HI, GU, AS, CNMI	<b>St. Petersburg- 1-888-611-5916</b>  AL, FL, MS, PR, VI
<b>Houston- 1-888-232-2571</b>  AR, LA, OK, TX	

# Important Websites

- **Native American Direct Loans (On-line version)**  
<http://www.benefits.va.gov/homeloans/nadl.asp>
- **VA-Guaranteed Home Loan Program**  
<http://www.benefits.va.gov/homeloans/>