



SECTION 184 INDIAN HOUSING LOAN GUARANTEE PROGRAM

U.S. Department of Housing and Urban Development



HOMEOWNERSHIP OPPORTUNITIES

- Purchase existing house
- Rehabilitation of existing house
- Purchase and rehabilitation
- New construction
 - Manufactured
 - Modular/stick built
- Refinancing



PROPERTY REQUIREMENTS

- Trust land or land within an Indian area
- Meet construction and safety codes
- Single family (1-4 units)
 - *Examples include: house, duplex, tri-plex, four-plex, town home, manufactured/modular home*
- Manufactured Housing
 - Affixed to a permanent foundation
 - Manufactured after 6/15/76



LAND OWNERSHIP

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



LAND OWNERSHIP

- Program requirements and processing procedures vary depending upon how land is held
- Land in an Indian Area = area in which a Tribe/TDHE is authorized to provide housing



LAND CHARACTERISTICS

Tribal Trust Land

- Land or interest in land held in trust by BIA for a Tribe
- Land may not be encumbered or alienated (leasehold)

LAND CHARACTERISTICS

Allotted Individual Trust Land

- Land or interest in land held in trust by the BIA for an individual Indian
- **Tribe has no interest in land**
- Subject to restrictions against alienation or encumbrance

LAND CHARACTERISTICS

Fee Simple Land

- Estate in land that is absolute or unrestricted
- Owner can dispose of land
 - *Subsequent sale of home and/or foreclosure; land and home sold together*
- Located on reservation or within Tribe's operating area for housing



184 LENDING ON TRIBAL TRUST LAND

- Leasehold interest must be established between borrower and tribe
- Title Status Report from BIA
 - Certified TSR with lease
 - Certified final with lease/mortgage
- Parties to lease: BIA, Tribe, and Borrower
 - HUD approval/review



184 LENDING ON TRIBAL TRUST LAND (cont.)

Note: Leasing instrument normally approved when tribe submits documentation to participate in 184 program



184 LENDING ON INDIVIDUAL ALLOTTED TRUST LAND

- Generally no lease
- BIA approval required
- BIA issues Certified Title Status Report with recorded mortgage & approval



184 LENDING ON INDIVIDUAL ALLOTTED TRUST LAND

- Fractionated ownership
- Lease (due to fractionated ownership)
- Foreclosure can result in loss of land
- Excess land



184 LENDING ON FEE SIMPLE LAND

- Lease not required
- Title policy required
- Property must be in a designated Indian Operating Area (Tribal certification on Land Status and Jurisdiction Form)



184 LEASE REQUIREMENTS

- Not to exceed 50 year term
- Provision preventing termination without HUD approval
- Language indicating lessee can mortgage the leasehold, and foreclosure is allowed
- Language preventing transfer or assignment of leasehold interest without HUD/Tribe approval



LOAN PROCESS FOR TRUST TRANSACTIONS



LOAN PROCESS For TRUST TRANSACTIONS

- Land status verified with tribe and/or BIA:
 - Title Status Report needed to verify individual allotment ownership
 - Land Status and Jurisdiction Form



LOAN PROCESS For TRUST TRANSACTIONS

Underwriting the Title Status Report

- Documentation required from the Bureau of Indian Affairs
 - Tribal Trust
 - Certified TSR (1 years or less) with/without recorded lease
 - Executed lease



LOAN PROCESS For TRUST TRANSACTIONS

Underwriting the Title Status Report (Cont.)

- Individual Allotted Trust land
 - Certified TSR (6 months or less)
 - BIA approval to mortgage

- Individual Allotted Trust Land with lease
 - Title Status Report with recorded lease
 - NO BIA approval to mortgage



LOAN PROCESS For TRUST TRANSACTIONS (Cont.)

- Borrower works with Tribe/BIA to obtain 184 lease if tribal trust land
 - Lease is recorded with BIA and TSR issued
- Borrower works with Tribe/BIA to get environmental review completed. *REQUIRED ON ALL LOANS*



LOAN PROCESS For TRUST TRANSACTIONS (Cont.)

- Lender submits simultaneously:
 - Complete underwriting package to HUD (fee simple, tribal trust and individual allotment)
 - Copy of proposed mortgage/DOT to BIA for approval (trust land)
 - Complete underwriting package to BIA (individual allotted land)



LOAN PROCESS For TRUST TRANSACTIONS (Cont.)

- Lender receives commitment for BIA (individual allotment)
- Lender receives commitment from HUD
- BIA Issues Certificate of Mortgage Approval (trust land)
- BIA Title Plant completes certified Title Status Report for lender (trust land)
- Guarantee Package to HUD for Loan Guarantee Certificate



THE TRIBE OR TDHE AS BORROWER

UNDEVELOPED MARKETS

- Limited Housing Supply
 - Low turnover, vacancy rate
 - Limited availability of developed lots
 - Limited sales
- Modest homes
- Tribal developers
 - Financing generally grant based
 - Limited exposure/access to financial markets
- Subsidies
 - Construction (grants, guarantees, interest rate)
 - Down payment & closing costs



TRIBE/TDHE LOANS

- When the Tribe or TDHE borrowers for the construction/purchase of rental property, they must demonstrate:
 - Property management skills
 - Rental and maintenance plan
 - Renters able to pay

TRIBE/TDHE LOANS (Cont.)

- These properties are eligible for assumption by qualified borrowers:
 - Tribe/TDHE pays cash investment and loan payments during construction
 - Qualified Borrowers able to assume
 - After qualifying assumption, Tribe or TDHE is released from liability

TRIBE/TDHE LOANS(Cont.)

Financial Capacity

- Demonstrated ability to pay mortgage loan:
 - Credit History (Dunn & Bradstreet)
 - Sources of funds to close
 - Income
 - Liabilities



TRIBE/TDHE LOANS (Cont.)

- Coverage of debt service
- Skills, experience to undertake project
- Demonstration of need
- Marketing plan
- Audited financial statements



TRIBE/TDHE LOANS (Cont.)

- Evidence of authority to borrow
- Evidence of ability to obtain deficiency judgment
- Plans for projects exceeding 20 homes must be built in phases



LOAN CLOSING and THE GUARANTEE CERTIFICATE

LOAN CLOSING

- Lender closes loan
 - All commitment conditions met
 - All closing documents including specific to 184
 - 1% guarantee fee sent
 - Lender sends Mortgage/DOT for recording to BIA and/or county/tribe and requests final TSR/Title Policy



ENDORSEMENT PACKAGE

- Received within 60 days after closing
- Reviewed
 - 184 required documents
 - Commitment conditions
 - Closed as underwritten
- Late endorsement (more than 60 days after closing)
 - Special processing requirements , fees may apply



GUARANTEE FEE

- HUD 53038, Guarantee Fee Transmittal Form
- Check to lock box in Atlanta, GA
 - Must be received 15 calendar days after closing
 - Late charge/interest



TRUST LOANS

- Final certified TSR with evidence:
 - Mortgage
 - Lease
- Removal of old mortgages
 - Via satisfaction

SECONDARY MARKETS

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





THANK YOU!

- More information on the 184 program:
 - <http://www.codetalk.fed.us/loan184.html>