

# Section 184A Native Hawaiian Housing Loan Guarantee Program

Homeownership and Housing Rehabilitation  
Opportunities for Native Hawaiians



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U.S. Department of Housing and Urban Development  
Office of Native American Programs  
Office of Loan Guarantee



## What is the Section 184A Loan Guarantee Program?

The Section 184A Native Hawaiian Housing Loan Guarantee program is a mortgage product specifically for Native Hawaiians on Hawaiian home lands. Congress established this program in 2000 to facilitate homeownership on Hawaiian home lands.

The 184A loan gives Native Hawaiians another financing option to purchase and/or rehabilitate an existing home on Hawaiian home lands. The borrower must apply for the 184A loan with an approved 184A lender. If the loan is approved, HUD guarantees the 184A loan to protect the lender from loss in the event of borrower default.

With Section 184A financing you can get into a home with a low down payment, no mortgage insurance, and flexible underwriting. If you are a first time homebuyer, Section 184A financing is a great product — thanks to the low down payment requirement of 2.25% for loans over \$50,000. If your loan amount is under \$50,000 your down payment is 1.25%. Also, you don't have to worry about paying a mortgage insurance premium. Instead, a one-time, 1% loan guarantee fee can be added to your final loan amount.



## The Section 184A loan provides you with options to suit your needs

### Purchase of an existing home

#### Rehab loans

#### Purchase & Rehab

Consider 184A financing if you're looking to purchase an existing home. If you've outgrown your current home and are looking to add on an additional room or make improvements, Section 184A financing gives you the option of paying off your old loan and combining it with a rehabilitation loan. The key point to remember is that this is a loan product.



## Getting Started

To qualify for a home loan, you should first find out if there are any homebuyer education classes that you can attend. Homebuyer classes prepare you for the home buying process, so that when you go in to meet with a lender you'll have a better understanding of what it takes to qualify for a home loan.

To find out more about homebuyer education, visit the HUD website at: [www.hud.gov/codetalk](http://www.hud.gov/codetalk).

## Meeting with a Lender

To get a loan, you must submit an application with a HUD-Approved Section 184A lender. Approved 184A lenders are listed on the HUD website at: [www.hud.gov/codetalk](http://www.hud.gov/codetalk).

## PROGRAM OVERVIEW

### Homeownership for Native Hawaiians

In 2000, Congress established the Section 184A Native Hawaiian Housing Loan Guarantee Program. The program was designed to offer homeownership and housing

rehabilitation opportunities for eligible Native Hawaiian families on Hawaiian home lands. Thus, the 184A loan guarantee program increases the availability of mortgage lending for homes located on Hawaiian home lands.

### Why a Loan Program Specific to Native Hawaiians?

The Hawaiian Homes Commission Act of 1920, as amended, set aside lands in Hawaii known as Hawaiian home lands. These lands

are held in trust for the benefit of eligible Native Hawaiians. Because of the unique status of Hawaiian home lands, the Section 184A program was designed to provide increased access to sources of private financing for Native Hawaiians.

### How Does Section 184A Work?

HUD guarantees each mortgage loan made to eligible borrowers. The loan guarantee assures the lender that its investment will be repaid in the event of a foreclosure. The borrower pays a 1% loan guarantee fee at closing, which may be financed



in the mortgage or paid in cash. The borrower applies for the loan with a participating lender. The lender then evaluates the necessary loan documentation and submits the loan for approval to the HUD Office of Loan Guarantee (located in Washington, DC). After the loan is approved and closed, the borrower is responsible for abiding by the terms of the loan agreement with the lender.



## Who is Eligible for a Section 184A Loan?

- ▶ Native Hawaiians eligible to reside on Hawaiian home lands
- ▶ The Department of Hawaiian Home Lands
- ▶ The Office of Hawaiian Affairs
- ▶ A private nonprofit organization experienced in the planning and development of affordable housing for Native Hawaiians

The Loan Guarantee program is intended to increase the availability of mortgage lending for single-family homes on Hawaiian home lands. This brochure describes the Section 184A financing options available to individual Native Hawaiian borrowers and to the Department of Hawaiian Home Lands as an institutional borrower.

## How can you use the Section 184A Loan Guarantee?



Individuals can use the Section 184A Loan for acquisition and/or rehabilitation of existing housing.

Eligibility is limited to single-family housing (1-4 units), and loan guarantees are limited to fixed-rate loans for 30 years or less. Section 184A cannot be used for commercial structures or with Adjustable Rate Mortgages (ARMs).

The Department of Hawaiian Home Lands can borrow funds to develop rental housing or to build single-family homes that are subsequently sold or assumed by eligible borrowers.

## LENDER PARTICIPATION

### How Can Lenders Participate?

Loans are originated and serviced by lenders that have completed Section 184A training, and participating lenders are:

- ▶ Approved by HUD/ONAP to originate Section 184A loans
- ▶ Approved by HUD/FHA for participation in the single-family mortgage insurance program
- ▶ Authorized by the Veterans Administration (VA) to originate automatically guaranteed housing loans
- ▶ Approved by the Department of Agriculture to make loans for single-family housing
- ▶ Supervised, approved, regulated or insured by any agency of the Federal government



### Are Guaranteed Loans Marketable?

Yes! A Section 184A guaranteed loan, including the security given for the loan, may be sold or assigned by the lender to any financial institution. However, it is subject to examination and supervision by an agency of the Federal Government or of any state.

A strong secondary market exists for Section 184A loans. Fannie Mae, Freddie Mac, Ginnie Mae, and some federal home loan banks can purchase Section 184A loans.

#### PHOTOGRAPHS

Front Cover: L to R: Hawaiian home land homes in Kapolei, Oahu; Waiohuli, Maui; and Nanakuli, Oahu

Page 1: A home under construction in Waiohuli, Maui

Page 2: Two homes in Princess Kahanu Estates on Oahu

Page 3: Homes under construction in Kapolei, Oahu

Page 4: Nanakuli, Oahu and Waiohuli, Maui

Page 5: Kapolei, Oahu

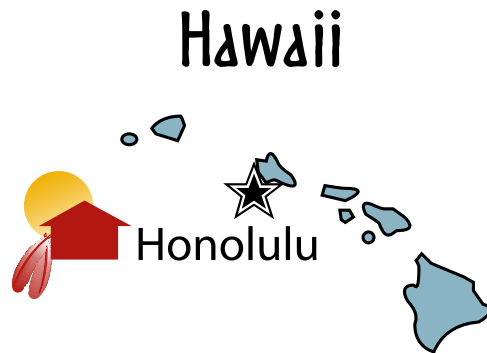
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**About Code Talk**

Code Talk is a federal inter-agency Native American Web site hosted by the U.S. Department of Housing and Urban Development, Office of Native American Programs. The site is linked to key federal agencies and resources important to Native American issues, key topics and events and American Indian, Alaska Native and Native Hawaiian resources.



**Information about any HUD and ONAP program can  
be accessed through our  
Web site: [www.hud.gov/codetalk](http://www.hud.gov/codetalk).**

**Office of Native American Programs  
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