



U.S. Department of Housing and Urban Development  
WASHINGTON, DC 20410-5000



## **Title VI Loan Guarantee Program Benefits to Tribes and TDHEs**

### **Create more housing now by leveraging:**

The annual Indian Housing Block Grant (IHBG) is insufficient to meet most tribes'/TDHEs' current affordable housing needs, let alone future needs. The Title VI Loan Guarantee Program enables tribes/TDHEs to increase funding to five times the "need portion" of their annual IHBG allocation. In effect, Title VI expands the number of units or sites that can be developed at today's costs, lowers the unit costs, and increases the opportunities for additional funding sources.

### **Continued availability of pledged funds:**

The need portion of a tribe's/TDHE's annual IHBG is pledged to HUD for the guarantee; however, it remains available to use for affordable housing activities. The need portion is only obligated if the loan goes into default.

### **Unencumbered land:**

Tribes/TDHEs do not use land as collateral when using a Title VI loan guarantee. The need portion of the IHBG allocation is used instead of land. HUD's 95% guarantee of the outstanding principal and interest of the loan is the lender's collateral.

### **Improved financial services:**

Many lenders are seeking to expand their banking relationships with customers. A Title VI loan encourages lenders to offer a range of financial products and expertise to tribes, TDHEs, and tribal members.

### **Flexible financing terms:**

A Title VI loan guarantee assures the lender that the loan will be repaid. This assurance enables the lender to structure the repayment terms to fit the needs of the project and preferences of the tribe/TDHE.

### **Familiar requirements:**

In general, the Title VI Loan Guarantee Program has the same rules and requirements as the IHBG program. There are no additional HUD regulations. However, there are additional documentation and lender requirements to fulfill.