Mortgage Lending on Tribal Land:

A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs

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A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs

Prepared by

David Listokin
Kenneth Temkin
Nancy Pindus
David Stanek

Urban Institute

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Foreword

In response to Congress's mandate to assess Native American housing needs, the U.S. Department of Housing and Urban Development (HUD) commissioned the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs. The study produced five separate reports, which together contain a comprehensive and authoritative body of information on the current state of housing conditions and resources in Native American communities. This report, *Mortgage Lending on Tribal Land*, describes the Section 184 Indian Home Loan Guarantee Program (Loan Guarantees for Indian Housing 24 CFR Part 1005) that was established in 1992 to encourage private lenders to make home loans to Native Americans. Section 184 loans are 100 percent guaranteed and can be made to Native Americans for homes in eligible areas, which are defined by participating tribes. This study is based on the analysis of Section 184 loan originations from 1994 through May 2015 and a survey of lenders and other key informants on barriers and facilitators of mortgage lending in Indian Country.

The authors of this report argue that mortgage lending in Indian Country is made difficult by factors common to underserved markets and rural areas and point out that lending in Indian Country is even more difficult because tribal trust land cannot be alienated or encumbered. The Section 184 Program was designed to overcome this barrier by providing a 100 percent guarantee to lenders. Most Section 184 loans, however, are made for homes on fee-simple land. Lenders surveyed for this study stated that the Section 184 Program, in fact, does enable lending on tribal trust land, but that daunting administrative barriers to establishing the leases and title records that lenders need to make a home loan still exist. The report also highlights actions that tribes, lenders, and the federal government can take to facilitate mortgage lending in Indian Country.

The household surveys of American Indians, Alaska Natives, and Native Hawaiians conducted as part of the overall assessment of housing needs show that the vast majority of Native Americans would prefer to own their own home. This study shows that the Section 184 Program makes a critical contribution to the realization of these aspirations.

Katherine M. O'Regan
Assistant Secretary for Policy
Development and Research

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Executive Summary

American Indians and Alaska Natives (AIANs), like other racial and ethnic minorities and low- and moderate-income households in the United States, historically have been underserved regarding securing home mortgages. Mortgage lending to any traditionally underserved market is challenging for a variety of reasons. Prospective homeowners are likely to have limited experience dealing with mainstream financial institutions and to have limited incomes, assets, and credit histories. Although Native Americans share characteristics of other members of traditionally underserved markets, originating mortgages in Indian Country includes unique challenges (Pettit et al., 2014).[1] Property in Indian Country is held in varying complicated arrangements that lenders may not fully understand (exhibit ES.1). One significant hurdle is that Indian land may be held in trust by the federal government, a situation that stands in contrast with the rest of the United States, where the vast majority of land is in fee simple ownership, which can be readily mortgaged. Indian Country also confronts other unique mortgage challenges, including fractionated landownership (when a trust parcel is owned by more than one owner as undivided interests). The remote rural location of many reservations inhibits the development of a lending infrastructure, such as branches and loan servicers that support mortgage lending. Also, real estate transactions in Indian Country may involve the specialized situation of dealing with tribal courts and tribes, because tribes are sovereign nations, and also dealing with the Bureau of Indian Affairs in certain situations.[2]

This report, largely based on lender interviews, provides up-to-date information about challenges that remain for lenders when originating mortgages on reservations and other AIAN tribal areas. This study does not touch on mortgage lending that affects the sizeable share of the AIAN population that lives in cities and other rural areas. It updates the Kingsley et al. (1996) study of Native American housing conditions that reported the extreme difficulty in using tribal trust land as collateral as a major impediment for mortgage lending activity on such land. The current investigation focuses on the lending experience on tribal trust land. Since the 1996 study, the U.S. Department of Housing and Urban Development implemented the Section 184 Indian Home Loan Guarantee Program (Loan Guarantees for Indian Housing 24 CFR Part 1005) that provides lenders with a 100 percent guarantee for mortgages to AIAN borrowers originated on tribal trust land, which essentially eliminates problems with the unique nature of tribal trust land used as collateral. (As shown in exhibit ES.2, the Section 184 Program serves AIAN borrowers both on and off trust lands.) The research team interviewed lenders and other mortgage market observers to determine the factors that now affect tribal trust lending volumes and to ascertain lender practices to facilitate such lending. This study describes the contemporary mortgage program availability and activity in Indian Country (focusing on Section 184) and examines how today's lenders view challenges to and best practices for mortgages in Indian Country; much of the report reflects the perspectives of the interviewed lenders. The analysis also examines the Section 184 Program's effect on lending activity during the recent financial crisis.

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[1] Indian Country collectively describes land under the jurisdiction of tribal governments throughout the United States, communities made up mainly of Indians, and Indian trust and other land. The phrase "Indian Country" is used here in the common colloquial sense to mean tribal areas, including Alaska Native Villages, and is not used as a legal term in this report.

[2] "The tribes possess nationhood status and retain inherent powers of self-government" (U.S. Department of the Interior BIA, 2015).

Exhibit ES.1. Overview of Land Ownership in Indian Country

I. TRIBAL TRUST LAND

Tribal trust lands are held in trust for the tribe by the federal government. The Department of the Interior, through the Bureau of Indian Affairs (BIA), administers the federal government's trust responsibilities:

1. Tribal trust land cannot be alienated (taken out of trust) or encumbered without BIA approval.
2. Tribes may lease or otherwise assign portions of the tribal trust land for the use of specific individuals or purposes, but ownership, through the federal trust, remains with the tribe.
3. Generally, tribal courts, together with BIA, have jurisdiction over key real estate transactions (lien recording, eviction and foreclosure procedures) on tribal trust lands.

II. INDIVIDUAL ALLOTED TRUST LAND

Individual Allotted trust land is held in trust by the federal government for individual Native Americans or held by individual Indians subject to federal restrictions against alienation or encumbrance:

1. Tribes generally have no property interest in allotted trust lands. However, like tribal trust land, allotted trust lands cannot be alienated or encumbered without BIA approval.
2. Real estate transactions (lien recording, eviction, and foreclosure) are sometimes governed by tribal law but in other areas may be under the jurisdiction of state/local government laws.

III. FEE SIMPLE LAND

Unrestricted (Fee) Land within Indian Areas. The term "fee title" or "fee simple title" generally denotes an estate in land in which the owner has an interest that entitles the owner to dispose of the entire property or various interests in the property without hindrance. In other words, the interest is absolute and unrestricted:

1. Tribes generally have no property interest in fee simple land and this land maybe alienated or encumbered without BIA approval.
2. Real estate transactions (lien recording, eviction, and foreclosure) are generally under the jurisdiction of state/local government laws. However, in some areas, fee land within the Indian area may be under the jurisdiction of tribal courts.

IV. FRACTIONATED OWNERSHIP

The term used to note ownership of a property in the name of more than one individual. The term is typically used in conjunction with allotted or individual trust lands to describe situations where, over time and through division of inheritance, multiple parties have claim to a single property.

Source: U. S. Department of Housing and Urban Development, "Section 184 Indian Housing Loan Guarantee Program," Processing Guidelines, February 2003; Section 1.4 "Land Ownership in Indian Country" and Section 1.6 "Definitions." http://www.hud.gov/offices/pih/ih/homeownership/184/processing/chap1.htm

Note: *Restricted land* in Indian country is technically different from, yet related to, trust land. The legal title for restricted land is held by the tribe or an individual Native American. Restricted land, however, comes with legal "restrictions" against alienation or encumbrance (they can only be alienated or encumbered with the approval of the Secretary of the Interior because of limitations contained in the conveyance instrument pursuant to federal law), so there is little practical difference between restricted land and trust land. See George Russell, *American Indians' Facts of Life: A Profile of Today's Tribes and Reservations*, Phoenix: Russell Publications, p.34.

Overall, the survey results indicate that the extreme difficulty in using tribal trust land as collateral is no longer a huge issue, given the Section 184 Program's 100 percent guarantee. Rather than pointing to collateral as a major tribal trust land issue, the lenders indicated that mortgage lending on tribal trust land remains a time-consuming process that reduces the appeal of lending on tribal trust land, even with the federal guarantee. It is time consuming because of the process involved in securing appropriate land leases, title status reports, and environmental clearances. Lenders report that Section 184 Program loans can take up to 6 to 8 months to process and close; in some cases, it can take even longer. This process is so long, in part, because of the requirements under the Section 184 Program for tribes to develop and execute leases for land on which the mortgaged property is located. Therefore, lenders indicate that they prefer to work with tribes that have the capacity to develop leases and get them approved relatively quickly.

In addition to facing processing issues, many potential borrowers have creditworthiness issues and insufficient incomes and savings to qualify for mortgages, even those guaranteed under the Section 184 Program that have more flexible underwriting standards than Federal Housing Administration (FHA) or conventional loans. Lenders report that prepurchase homebuyer, credit, and other counseling, particularly counseling provided by organizations familiar with the unique challenges of lending on tribal trust land, is critical to getting borrowers mortgage ready. Moreover, downpayment assistance programs can help borrowers with insufficient savings to qualify for Section 184 Program mortgages.

The Section 184 Program had a cumulative dollar volume of $4.7 billion from 1994 through May 2015, providing 28,840 mortgages, with an average loan value of $163,000 (exhibit ES.3).

Overall, the lenders interviewed agreed that Section 184 helped maintain lending to Native Americans during the recent financial crisis, because the program's volume increased after 2005. Moreover, Section 184 Program loans are a useful alternative to FHA and conventional products for eligible homebuyers purchasing homes on fee simple land because of Section 184 characteristics such as low downpayments and flexible underwriting. The lenders, in summary, reported that the landscape regarding mortgage lending in Indian Country is changing, with greater lending activity and a lessening of once seemingly intractable problems, such as those related to tribal trust land. At the same time, difficult challenges linger, some of which are unique to tribal lands (for example, fractional landowners) and some of which are hurdles related to economic and social constraints (for example, lower borrower incomes and limited or blemished credit histories) that more broadly impede the expansion of mortgage credit to underserved populations. A menu of lender-recommended strategies to foster enhanced mortgage lending in Indian Country is summarized in exhibit ES.4.

Exhibit ES. 2. The Section 184 Program in Brief

Purpose: To provide access to mortgage financing to American Indian and Alaskan Native tribal members.

Guarantee and Type: Loans are guaranteed 100% and can be used for new construction, rehabilitation, purchase of an existing home, or refinance.

Availability: Loans are for single-family housing of 1-4 units located both on and off native lands in designated Eligible Areas (EAs), of which there are many, including 23 entire states.

Characteristics:

- Down Payment: 2.25% on loans over $50,000 and 1.25% on loans under $50,000.
- Interest Rates: based on market rates, not on applicant's credit scores. Cannot be used for Adjustable Rate Mortgages (ARMs).
- Loan term: Generally for 30 years or less.
- Manual Underwriting: hands-on approach to underwriting and approval as opposed to automated decision-making tools.
- Debt Ratio: Generally, the borrower's total debt-to-income ratio may not exceed 41%
- Fees and Mortgage Insurance: A one-time 1.5% up front guarantee fee is paid at closing and can be financed into the loan. In addition, loans with a loan to value of 78% or greater will be subject to an annual .15% mortgage insurance premium.
- Borrower income: No income limits or minimum income required to participate, but borrowers must qualify for the loans.

Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP)

Exhibit ES. 3. Section 184 Program Quick Numbers (1994-May 2015)

- Total number of loans insured: 28,840
- Total dollar value of loans: $4.7 billion
- Total fee simple lending: $4.3 billion
- Total tribal trust lending: $340 million
- Total allotted trust lending: $85 million
- 95% of the loan activity by dollar value has taken place since 2005
- Cumulative claims rate: 2.4%
- 74% of lending takes place in five states: Oklahoma, Alaska, California, Washington, and Arizona. (Oklahoma alone comprises 45%)

Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP)

Exhibit ES. 4. Lender Perceptions Concerning Mortgage Lending in Indian Country

I. MAJOR CHALLENGES TO MORTGAGE LENDING

a. Blemished borrower credit

b. Fractional property ownership

c. Challenged borrower finances (lower income and savings and higher debt)

d. Processing hurdles (delays in environmental review and land title reports)

II. HIGHLY RECOMMENDED STRATEGIES FOR FOSTERING LENDING

a. Homebuyer education and prepurchase credit and other counseling

b. Working with Tribes, TDHEs, and other tribal-linked entities (CDFIs and credit unions)

c. Providing affordable and flexible lending products (e.g., low downpayments and higher debt ratios) and assistance where needed (e.g., downpayment aid)

d. Using flexible and culturally-sensitive underwriting (related to credit; property standards and appraisal; and employment, income, and asset verification)

e. Senior management commitment to lending in Indian country and providing attendant workforce development and education

f. Lender presence in/near Indian country

g. Expedite mortgage processing on tribal trust and allotted lands (e.g., faster Title Status Reports and environmental reviews).

Source: Urban Institute Lender Survey, 2013

1. Introduction

This report summarizes findings from a survey of lenders, housing finance agencies (HFAs), and Native American Community Development Financial Institutions (CDFIs) on the challenges associated with originating mortgages on land under the jurisdiction of tribal communities. This study does not touch on mortgage lending that affects the sizeable share of the American Indian and Alaska Native (AIAN) population that lives in cities and other rural areas that are outside tribal jurisdiction. Although this study does consider lending across the range of landownership arrangements noted in exhibit ES.4 in the Executive Summary, this report focuses on tribal trust lands. The reason for this focus is that lending on tribal trust land presents a unique combination of challenges that make it difficult for lenders to serve homebuyers of properties located on such land. What makes mortgage lending problematic on tribal trust land is that the United States holds such land in trust for a tribe and the land cannot be readily sold or mortgaged. As a result, mortgages are secured by a leasehold interest in the trust.

The legal status of land in Indian Country has an important bearing on the ability to secure a mortgage. This subject is complicated, and the following paragraphs summarize important Indian Country land characteristics.

As a result of the General Allotment Act of 1887 (often referred to as the Dawes Act after one of its sponsors) and other historical developments, land in Indian Country may be held in trust by the federal government for the tribe or individual Native Americans.[3] That stands in contrast with the rest of the United States, where the vast majority of land is in fee simple ownership. Although trust status offers some advantages to Native communities (for example, trust land is not subject to local, state, or federal taxation), trust lands can be difficult to use for collateral for financing homes or economic enterprises, and they are subject to enormous oversight by the federal government. Although other legal issues in Indian Country impede the ready use of land for homeownership and other purposes (for example, the legacy of allotment sometimes results in fractionation of ownership),[4] trust land status is a major hurdle. Such status is summarized in a U.S. Department of Housing and Urban Development (HUD) and U.S. Department of the Treasury (Treasury) study:

> Outside of Indian country, private landholders throughout the United States hold title to their land in fee simple status, which simply means that the landowner holds both the legal and equitable title to the land. Accordingly, private landowners may mortgage or sell their land on their own initiative. The real estate market has grown up around such transactions, and is thriving in today's climate of low-interest mortgage financing…As modern real estate transactions became more dependent on the use of land as collateral and the free transfer of title between parties, the legal restrictions associated with tribal and individual trust

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[3] With the vast territorial expansion of the United States during the mid-1800s, the notion of placing American Indians beyond the bounds of White civilization became untenable. So, the federal government developed and refined a reservation policy. One central legislative piece of the period was the General Allotment Act of 1887 (the Dawes Act), which authorized the breakup of communal tribal lands on reservations into individual ownership parcels. The individual parcels were to be placed under federal trust for a period of time, and lands remaining after allotment (the "surplus" lands) could then be sold off to non-Indian homesteaders.

[4] Some 4.1 million fractionated interests are in 99,000 land parcels on 10 million acres of Indian trust land (Kendall, 2011).

> land became an impediment to…securing private mortgage financing in Indian country (HUD and Treasury, 2000: 5).

Although a number of federal initiatives have been implemented to increase mortgage lending on tribal trust land, mortgage origination volume remains low. Through interviews with mortgage market participants, this study highlights some of the challenges that affect lending volume on tribal trust land and practices that can help lenders overcome these challenges.

Following this introduction, section 2 provides a brief literature review that describes previous research conducted on this topic. Section 3 provides an overview of the three major loan programs (HUD Section 184 Indian Home Loan Guarantee Program, U.S. Department of Agriculture (USDA) Rural Housing Service [RHS] Section 502 Direct Loan Program, and the U.S. Department of Veterans Affairs [VA] Native American Veteran Direct Loan [NADL] program) that are used to support mortgage lending on tribal trust land. After this background discussion, section 4 presents the analysis of the Section 184 Program's volume between 1994 and May 2015. Section 5 describes the survey of lenders, including a description of the methods used to sample lenders and other organizations, and presents the survey findings on challenges to mortgage lending on Indian land and also the lender recommendations to address these challenges. Section 6 presents concluding observations.

Key findings of this report are incorporated into *Housing Needs of American Indians and Alaska Natives in Tribal Areas* (Pindus et al., 2016) also includes perspectives on homeownership and mortgage lending informed by household surveys and interviews with Tribally Designated Housing Entities (TDHEs) and other entities that are involved in housing production on Indian land.

2. Literature and Previous Credit Availability—Historical Context

The housing finance system in the United States historically was designed to serve the needs of mainly White middle- or upper-income, nuclear families (Wright, 1981). In contrast were severe mortgage challenges and lower mortgage attainment that racial and ethnic minorities, recent immigrants, and low- to moderate-income households—popularly referred to as "traditionally underserved populations" or "underserved markets"—faced. Racial discrimination and cultural barriers contributed to the homeownership and mortgage attainment challenges that the traditionally underserved faced. For example, the Federal Reserve Bank of Boston concluded that, although "overt discrimination in mortgage lending is rarely seen today, discrimination is more likely to be subtle…or unintentional," citing such examples as failing to market mortgages to potential minority borrowers or adhering to underwriting criteria that "contain arbitrary or outdated criteria that effectively disqualify" such potential borrowers (Federal Reserve Bank of Boston, 1993: 9; Hunter and Walker, 1996; Listokin et al., 1998; Listokin et al., 2001; Listokin and Wyly, 2000; Ratner, 1996; Squires, 1992; Turner, 1992; Wyly and Holloway, 1999). Economic barriers, including the lower income and wealth of the traditionally underserved; low levels of intergenerational wealth transfers; and limited upward mobility also suppressed minorities' homeownership and mortgage access rates. A rich literature has considered these multifaceted mortgage finance challenges confronting traditionally underserved populations (Federal Reserve Bank of Boston, 1993).

One component of the traditionally underserved mortgage attainment challenge concerns that of AIANs in tribal lands. Starting about two to three decades ago, an analytic and policy literature began to consider this subject, and some of the more prominent examples of such studies that considered the mortgage situation in Indian Country are mentioned here. One chapter of *Assessment of American Indian Housing Needs and Programs: Final Report* considered mortgage lending in Indian areas (Kingsley et al., 1996). Kingsley et al. conducted a lender survey in which private mortgage lenders were randomly selected in each of 36 AIAN areas where study-related research (for example, interviews with tribal leaders and Indian Housing Authority directors) had previously been conducted. Telephone interviews with mortgage originators or Community Reinvestment Act (CRA) officers at the identified lenders revealed a trace level of private mortgage activity in tribal areas. The nascent volume was attributed to issues related to the inability to use tribal trust land as collateral, lack of demand for homeownership among tribal trust land residents, and, to a much lesser extent, borrower income and credit problems (Kingsley et al., 1996).

Shortly after the Kingsley et al. (1996) study, a report from HUD and Treasury (HUD and Treasury, 2000) spoke of daunting housing conditions and mortgage availability challenges in Indian Country and attributed private lender disengagement from that area to a constellation of constraints including—

1. Tribal trust land status.
2. Limited knowledge by lenders of tribal governments and tribal laws.
3. Higher lender transaction costs.
4. Higher predevelopment (for example, environmental assessment) and infrastructure costs.

5. Poor or no homebuyer credit or familiarity with financing skills.[5]
6. Limited savings and assets in tribal areas.

A report by the U.S. Government Accountability Office (GAO) concluded that, during the 5 years of 1992 through 1996, lenders made a total of only 91 conventional loans to Native Americans on trust lands (GAO, 1998). As in the Kingsley et al. (1996) and HUD and Treasury (2000) studies, the GAO study attributed the negligible mortgage activity to a host of challenges, ranging from tribal trust land restrictions that made it problematic for such land to serve as collateral to pervasive joblessness and high poverty on reservations (GAO, 1998).

After conducting a survey of Native Americans and Native Hawaiians, the Native American CDFI Fund in a 2001 study reported that 65 percent of respondents found conventional mortgages “difficult” or “impossible” to attain (Treasury, 2001). As part of this study, CDFI administered a financial survey to tribal governments and private financial service organizations located on or near Native lands. That survey identified 17 barriers to capital access, including limited use of trust land as collateral; income, infrastructure, and other economic challenges in Native communities; and a paucity of financial institutions on or near Indian lands.

Listokin, Leichenko, and King (2006), in a study by Rutgers University for the Fannie Mae Foundation, explored the history and the land, population, economic, and housing characteristics of Indian Country. It examined as well the modest mortgage activity in Indian Country and the myriad reasons for the relatively fewer loans, including trust land, economic, regulatory, and cultural impediments. For example, according to Listokin, Leichenko, and King (2006), of the 15.7 million total acres comprising the Navajo Nation, almost all (14.7 million acres or 94 percent) was in tribal trust status, thus hard to collateralize for mortgage purposes. About four-tenths (44 percent) of the reservation’s population was in poverty as of 2000, thus making it harder to income-qualify for a mortgage. In addition, the analysis found that many would-be Navajo borrowers either had no formal credit established, had blemished credit, or were wary about dealing with non-Indian institutional lenders (Listokin, Leichenko, and King, 2006). Sometimes credit issues arose because of cultural or other miscommunication. For example, if a medical payment was late, was it the result of financial tardiness on the part of the Navajo patient receiving the service—as might be interpreted by a mortgage underwriter—or was it simply due to a backlog of medical reimbursement by the Indian Health Service (IHS) on the Navajo Nation? The paucity of financial institutions in the Navajo Nation made it difficult to secure home loans from local lenders, who would tend to be most knowledgeable of housing and household conditions on the reservation. Finally, lender practices, such as paying loan officers on commission, discouraged these officers from working on Navajo mortgage loans, which were typically of modest size and harder to qualify.

A 2007 study of Section 184, prepared for HUD by ACKCO, Inc., and Abt Associates Inc. (ACKCO and Abt), found that “lenders often experienced a cluster of difficulties in making mortgage loans to tribal members living on reservations” (ACKCO and Abt, 2007: 2), including such challenges as—

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[5] A study of homeownership constraints on the Blackfeet Indian Reservation in northwest Montana identified weak credit histories of potential mortgage borrowers and other challenges, such as low income (Federal Reserve System and The Brookings Institution, 2008).

1. Trust status of tribal and allotment lands.
2. Tribal attitudes toward land.
3. Meager housing markets in many Native communities.
4. Difficulties in performing appraisals.
5. Limited available resources for downpayments.
6. Poor credit histories for many tribal members.
7. The issue of tribal sovereignty as a factor in enforcing contracts (ACKCO and Abt, 2007).

The similarities of findings in the studies of ACKCO and Abt (2007), GAO (1998), HUD and Treasury (2000), Kingsley et al. (1996), and Listokin, Leichenko, and King (2006) summarized in this section are evident: mortgage activity is extraordinarily limited in Indian Country, and the near absence of credit is due to a constellation of legal, economic, social, cultural, institutional, and other forces.

The current investigation builds on the studies just reviewed and other related literature (Barbier, 1998; Federal Reserve System and The Brookings Institution, 2008; GAO, 2011, 2014; Kolluri and Rengert, 2000). This literature, for the most part, reports on a mortgage situation in Indian Country of a decade ago or longer back in time. For instance, when the Kingsley et al. (1996) study was completed, the HUD Section 184 Program, specifically designed to address the trust land and other challenges to mortgages in such areas, was in its infancy. What is the contemporary mortgage program availability and activity, and how do today's lenders view challenges to and best practices for mortgages in Indian Country? To address these questions, the research team surveyed lenders that originate mortgages on tribal trust land and also other mortgage market participants (such as housing finance agencies and Native CDFIs). The methods for selecting survey participants and the results of the survey are discussed later in this report. Before that discussion, the next section presents an overview of the programs lenders use to originate mortgages on tribal trust land.

3. Loan Programs Used on Tribal Trust Land

Three main federal programs support mortgage lending on tribal trust land: the HUD Section 184 Indian Home Loan Guarantee Program, the USDA RHS Section 502 Direct Loan Program, and the VA Native American Veteran Direct Loan program. According to this study's respondents, other, smaller-scale loan products are originated on tribal trust land (in some cases by CDFIs), but these three federal programs constitute the bulk of mortgages originated on tribal trust land (Pierson, 2013). Moreover, among the three federal programs, respondents indicated that the Section 184 Program is, by far, the program most often used by lenders to support tribal trust mortgage lending.[6]

Section 184 Indian Home Loan Guarantee Program

The Section 184 Indian Home Loan Guarantee Program provides lenders with a 100 percent guarantee in the event of a borrower's foreclosure. It is available for single-family housing of one to four units located on tribal trust land, individual allotted trust land, or fee simple land in an Indian area. The borrower may be an individual tribal member, tribe, or TDHE. Unlike the RHS Section 502 Program, Section 184 guarantees are not reserved for moderate- and low-income homebuyers. Section 184 loans can be made only to borrowers who are members of a federally recognized tribe, a regional or village corporation as defined in the Alaska Native Claims Settlement Act, or one of the following five state (and not federally recognized) tribes: Coharie Tribe (North Carolina), Haliwa-Saponi Tribe (North Carolina), Lumbee Tribe (North Carolina), Waccamaw Siouan Tribe (North Carolina); MOWA band of Choctaw Indians (Alabama). Tribes interested in participating in the Section 184 Program must have leasing, eviction, foreclosure, and other procedures and provisions in place (for example, tribal court jurisdiction over real property).

The Section 184 Program can be used only for mortgages on properties located in an approved Indian Operating Area (also called eligible areas [EAs]). Exhibit 3.1 shows the location of EAs by state. As the map indicates, some states contain no EAs, and, in 23 states, the entire state is an EA. For the remainder, EAs are restricted to certain counties.

Because some EAs constitute an entire state, the Section 184 Program is not used for mortgage lending on only tribal trust land. As long as a property is located in an EA, a Section 184 loan can be originated for properties located on fee simple, tribal trust, or allocated land. Moreover, in late 2004, HUD issued guidance that enabled tribes to have more flexibility in designating EAs so they correspond to their Indian Housing Block Grant formula area. As a result, the size of EAs increased around 2005 or 2006, thereby creating a larger potential market for Section 184 loans, particularly for areas where fee simple lending was the predominant type of transaction.

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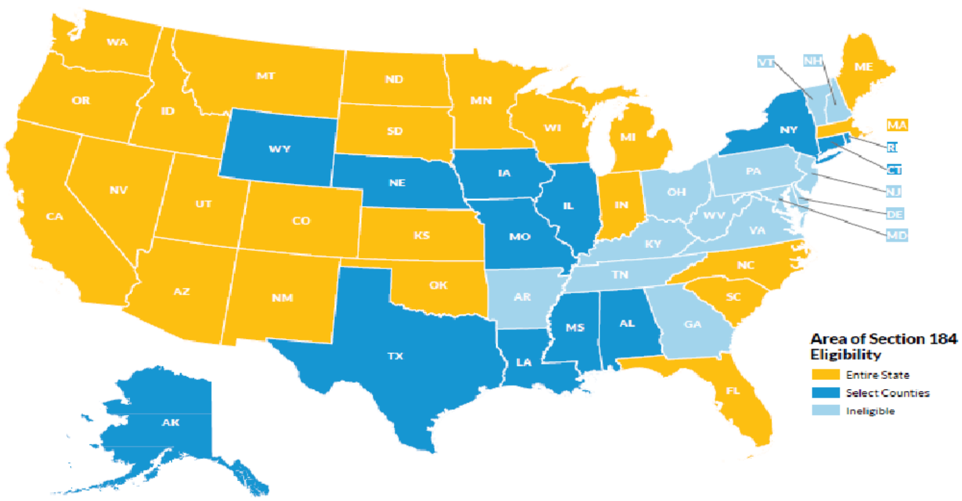
[6] The research team could not find data on tribal trust lending volume for the Section 502 Direct Loan Program or the VA Native American Veteran Direct Loan program. The Housing Assistance Council reported that 7 loans were originated under the Section 502 Direct Loan Program on tribal trust land in fiscal year (FY) 2009, suggesting very low volumes for this program on tribal trust land (Housing Assistance Council, 2010). The Housing Assistance Council reported that the USDA Office of Rural Development made 1,213 direct Section 502 loans from FY 2000 through FY 2004. Of the loans made, 196, or 16 percent, of the Section 502 loans were made to Native Americans living on restricted lands (Housing Assistance Council, 2006)

Exhibit 3.1 Map of Eligible Areas for Section 184 Loans



Source: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/ih/homeownership/184. Accessed February 3, 2014.

Under the Section 184 Program, HUD charges a 1 percent guarantee fee (recently increased to 1.5 percent) and requires homebuyers to make a downpayment ranging from 1.25 to 2.25 percent, based on the lower of the appraised value and the cost of the home. The funds for downpayment can come from private funds or can be a gift from the tribe or the TDHE. If the borrower's income is less than 80 percent of Area Median Income (AMI), Native American Housing Assistance and Self-Determination Act (NAHASDA) funds can be used to cover the downpayment. The lender must evaluate the borrower's ability to repay the loan, considering income history and stability, credit history, and other factors. The borrower's total debt-to-income ratio (back-end ratio), in general, may not exceed 41 percent, although HUD may make exceptions in appropriate circumstances. Until 2014, the Section 184 Program did not require mortgage insurance, but, as of late 2014, a .175 percent yearly insurance premium was instituted (Fogarty, 2014). Section 184 has maximum loan limits, which are established by HUD for all counties in the EAs (for example, the maximum single-family loan limit in 2015 is $271,050 in Navajo County, Arizona).

Section 502 Direct Loan Program

Under the Section 502 Direct Loan Program, USDA RHS provides loans at below-market interest rates to homebuyers whose household incomes do not exceed 80 percent of AMI.[7] Loan terms are up to 33 years and, for households with incomes of less than 60 percent of AMI, terms may extend for a longer period. The program offers subsidies, based on the homebuyer's income, that reduce the interest rate to as low as 1 percent. Although the monthly payment rises as the homeowner's income rises, the note rate establishes a cap on monthly payments. Loans may cover 100 percent of the cost of purchasing a new or existing home and also appraisal, title insurance, and other closing costs. Funds may also be used to repair or relocate a home, prepare a site, or provide water and sewer facilities.

Homebuyers must show they are unable to obtain financing from conventional sources on reasonable terms but can afford to repay the loan. A low-income applicant's repayment ability, in general, is demonstrated if principal, interest, taxes, and insurance do not amount to more than 29 percent of income (front-end ratio) and total monthly debt (for housing and all other purposes) does not exceed 41 percent of income (back-end ratio). For low-income borrowers, the percentages are 33 percent (front-end ratio) and 41 percent (back-end ratio). The homebuyer signs a note promising to repay the RHS loan at the "note rate" (a current rate of interest) and gives RHS a mortgage on the home. As discussed previously, actual monthly payments are subsidized. The homebuyer also enters into a retention agreement under which, when title is transferred to a third party, the homebuyer must repay the amount of the interest assistance or 50 percent of the value of the appreciation of the home, whichever is less.

VA Native American Veteran Direct Loan Program

Since 1992, the Native American Veteran Direct Loan, or NADL, program has provided eligible Native American veterans and their spouses the opportunity to use their VA home loan guaranty benefit on federal trust land. By statute, before VA may make a loan to any Native American veteran, the veteran's tribal or other sovereign governing body must enter into a memorandum of understanding (MOU) with VA. The MOU details the conditions under which the program will operate on trust lands (for example, that the tribe has established standards and procedures that apply to the conveyance of a leasehold interest in real property by a Native American borrower to a lender).

Native American veterans who are eligible for VA home loan benefits and whose tribal or other sovereign governments have signed a MOU may then apply directly to VA for a 30-year fixed-rate loan to purchase, build, or improve a home located on federal trust land. They may also refinance a direct loan already made under this program to lower their interest rate. If the property is not located on federal trust land, the veteran can use the traditional VA Home Loan Guaranty Program.

[7] USDA RHS also has a Section 502 Guaranteed Rural Housing Loan Program. This program generally is not used to support lending on tribal trust land.

4. Analysis of Section 184 Program Origination Volume

This section presents an analysis of Section 184 data covering the period of federal fiscal year (FY) 1994 through May 2015 (the latest period covered in the data received from HUD). The analysis summarizes program activity over time by number of loans, loan volume, and land status. The Section 184 Program activity is summarized in exhibit 4.1. Between FY 1994 and May 2015, the Section 184 Program provided guarantees for about 28,800 mortgages for an aggregate amount of $4.709 billion, or an average of about $163,000 per loan.[8] The program overwhelmingly insures loans originated on properties located on fee simple land: 88 percent of the number of loans representing about 91 percent of the dollar volume of loans insured from the start of the program through May 2015 were located on such land. Properties located on tribal trust land account for a small share of all mortgages insured by the program: about 10 percent of all loans and 7 percent of the aggregate dollar volume insured under the program. In a similar way, properties located on individual allotted trust land also account for a minor share of all Section 184 activity, about 2 percent of all loans and 2 percent of the program's aggregate dollar value. As these summary statistics demonstrate, the number of loans and dollar volume track each other quite closely during the study period. The rest of this section focuses exclusively on the number of loans. Information about the dollar volume of loans is in appendix B. The analysis also compares program activity and participation of lenders before and after the expansion of EAs in late 2004 and examines program activity during the period of the financial crisis.

Exhibit 4.1. Summary of Section 184 Lending Volume by Land Status, FY1994 – May 2015, Nominal Value

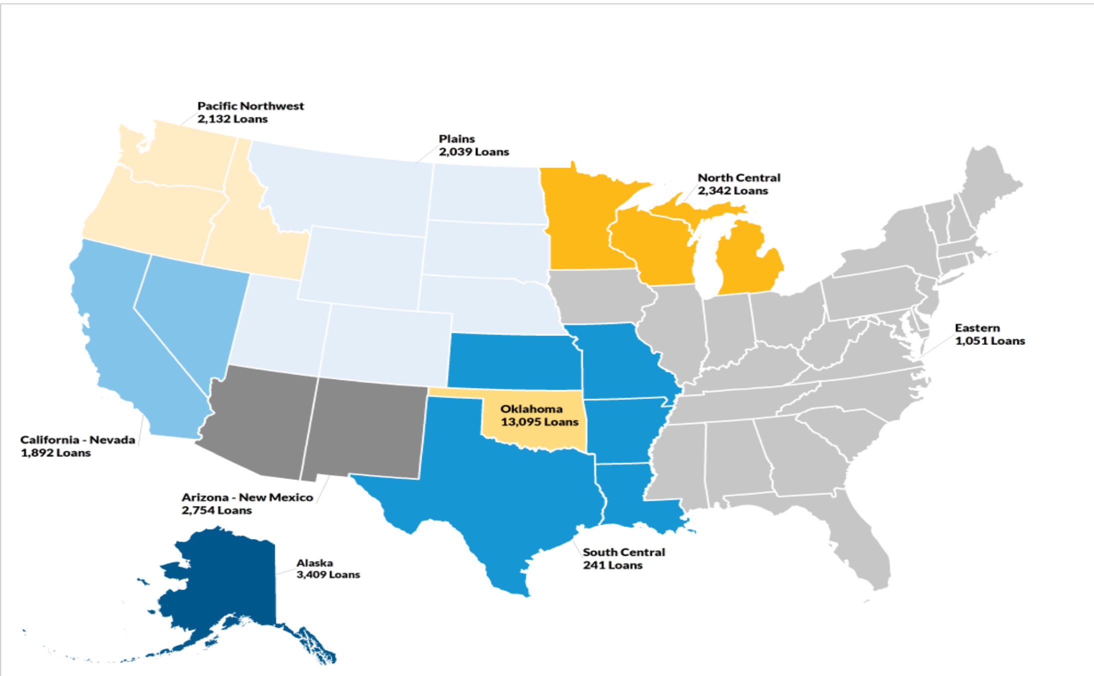
	FY1994 - May 2015			FY1994 - FY2004			FY2005 - May 2015		
Number of Loans	Total	Share of Total (%)	Average per Year	Total	Share of Total (%)	Average per Year	Total	Share of Total (%)	Average per Year
Fee Simple	25,221	87.5	1,178	1,131	52.4	103	24,090	90.3	2,313
Allotted/Individual Trust	601	2.1	28	118	5.5	11	483	1.8	46
Tribal Trust	3,011	10.4	141	911	42.2	83	2,100	7.9	202
Other*	4	0	0	-	0	-	4	0	0
Total	28,837	100	1,346	2,160	100	196	26,677	100	2,561
Dollar Volume of Loans	Total ($)	Share of Total (%)	Average per Year ($)	Total ($)	Share of Total (%)	Average per Year ($)	Total ($)	Share of Total (%)	Average per Year ($)
Fee Simple	4,283,268,578	91	212,393,483	128,795,858	59.6	11,708,714	4,154,472,720	92.5	398,829,381
Allotted/Individual Trust	84,667,428	1.8	4,198,385	12,223,575	5.7	1,111,234	72,443,853	1.6	6,954,610
Tribal Trust	339,893,109	7.2	16,854,204	75,113,861	34.8	6,828,533	264,779,248	5.9	25,418,808
Other*	762,985	0	37,834	-	-	-	762,985	0	73,247
Total	4,708,592,100	100	233,483,906	216,133,294	100	19,648,481	4,492,458,806	100	431,276,045
Average Loan Amount									
Fee Simple	169,829			113,878			172,456		
Allotted/Individual Trust	140,878			103,590			149,987		
Tribal Trust	112,884			82,452			126,085		
Other*	190,746			0			190,746		
Total	163,283			100,062			168,402		

Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data.
Notes: "Nominal" denotes not adjusted for inflation. All of the exhibits in the text portion of this report have nominal dollar values; Appendix B contains some inflation-adjusted exhibits.
"Other" includes assignment and leasehold land types.

[8] All dollar values in this report are in nominal terms. When adjusted for inflation, the aggregate value of all Section 184 loans is $5.052 billion and the average value per loan is $175,000. See appendix B, exhibits B.1 and B.4 for inflation-adjusted tables.

Exhibits 4.2 and 4.3 provide further detail, showing the number of Section 184 loans by HUD's Office of Native American Programs (ONAP) region and land status.[9] Oklahoma (Region 3) had the most lending between FY 1994 and May 2015, with 13,095 loans (45 percent of all Section 184 loans), of which just 32 were made on trust land (both tribal and allotted/individual trust). Alaska (Region 9) had the next highest amount of lending, with 3,409 loans (12 percent of all loans), with 23 of those loans on trust land. The Arizona-New Mexico region (Region 6) had 2,754 total loans (10 percent of all loans), 1,040 of which were on trust land, followed by the North Central region (Region 1), which had 2,342 loans (8 percent of all loans), 812 of which were on trust land.[10]

Exhibit 4.2. Map of Number of Section 184 Loans Guaranteed, by ONAP Region FY1994-September 2014



Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

In part because the EA definition was made more flexible in late 2004, between FY 2005 and May 2015, the program had considerably higher average annual volume than in the previous decade: 2,561 loans per year were insured under the Section 184 Program between 2005 and May 2015 compared with the average of about 196 loans per year from FY 1994 to FY 2004.

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[9] For the overall study of American Indian, Alaska Native and Native Hawaiian housing, regions are defined by the service areas of HUD's six ONAP area offices. Three of these areas were considered to be too heterogeneous and so were split, which results in a total of nine study regions. Two regions, Oklahoma and Alaska, consist of a single state.

[10] The number of Section 184 loans guaranteed by state is shown in exhibit B.2 in appendix B. This study did not analyze factors that might explain the differences in Section 184 loans by ONAP region or state, such as differences in potential AIAN demand.

The share of insured loans originated on properties located on fee simple land (exhibit 4.1) was also higher during the FY 2005-to-May 2015 period (90 percent of loans) when compared with the FY 1994-to-FY 2004 period (52 percent of loans).

Exhibits 4.4 and 4.5 display additional detail on the year-by-year Section 184 Program activity by land status between FY 1994 and May 2015. As exhibit 4.4 demonstrates graphically, the annual Section 184 volume for transactions on fee simple land increased dramatically after FY 2004. The increase in Section 184 loans after the expansion of the EAs was almost entirely due to increases in the number of loans insured on fee simple land. Before the expansion of EAs in late 2004, both the number of loans insured on trust land (both tribal and allotted/individual trust) and fee simple land were roughly similar (323 loans on fee simple land versus 261 loans on trust land).[11] Beginning in 2005, however, the number of loans insured on fee simple land began to outstrip those insured on trust land, increasing by approximately 30 percent annually until reaching a high point of 3,977 fee simple loans in 2012, a peak almost 40 times higher than the annual average number of loans on fee simple land insured before 2005 (103). In the most recent full year of lending (2014), the number of loans on fee simple land decreased slightly from its 2012 peak (3,997) to 3,622. Lending on trust land remained relatively constant during this same period.

The Section 184 Program's volume *did not decline* during the financial crisis that started at the end of 2007. Indeed, the program's total volume, particularly on fee simple land, increased from 1,380 total loans in 2007 (1,122 fee simple loans) to 4,302 total loans in 2012 (3,997 fee simple loans) (exhibit 4.5). Some of this increase may be due to increases in EAs after 2004, but the sharp uptick in volume after 2007 (particularly between 2008 and 2009) may also reflect that lenders were relying more on government guaranteed lending in the wake of the credit crisis. As discussed in more detail in the summary of discussions with lenders, the Section 184 Program is used as a complement to traditional FHA products for Native American borrowers who are either purchasing or refinancing loans on properties located in EAs.

Exhibit 4.3. Section 184 Loans by Region and Land Status, FY1994 - March 2015

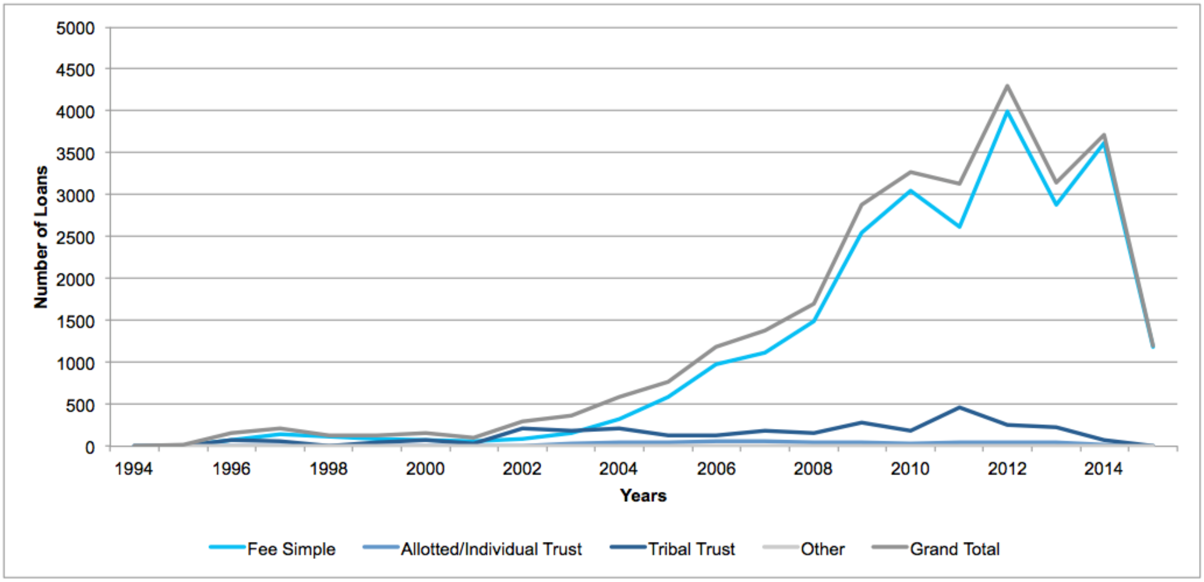
Region		Fee Simple		Allotted/Individual Trust		Tribal Trust		Total	
Name	#	# of loans	Value ($)	# of loans	Value ($)	# of loans	Value ($)	# of loans	Value ($)
Alaska	9	3,386	800,476,704	4	524,086	19	3,228,959	3,409	804,229,772
Arizona - New Mexico	6	1,714	296,490,043	25	3,084,531	1,015	96,833,213	2,754	396,408,827
California – Nevada	7	1,679	495,343,840	42	12,860,732	171	37,734,642	1,892	545,939,427
Eastern	2	1,026	186,982,145	43	5,322,447	239	63,013,212	1,308	255,318,086
North Central	1	1,530	196,329,526	55	4,873,741	757	69,182,637	2,342	270,386,716
Oklahoma	3	13,063	1,780,004,142	25	2,953,640	7	518,510	13,095	1,783,476,324
Pacific Northwest	8	1,443	315,544,318	163	24,770,766	269	28,467,128	1,875	368,782,644
Plains	5	1,334	214,128,327	246	31,011,337	459	49,456,507	2,039	294,596,876
South Central	4	215	31,755,117	2	199,474	24	2,789,474	241	34,744,091
Total		25,390	4,317,054,162	605	85,600,754	2,960	351,224,282	28,955	4,753,882,763

Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP)

Note: The totals in this chart differ slightly from the totals in the other Section 184 charts (e.g., Exhibit 2) because of minor difference in the timing of the data received.

[11] See exhibits B.3 through B.5 in appendix B for further details on lending data.

Exhibit 4.4. Graph of Number of Section 184 Loans by Year and Land Status, FY1994 – May 2015



Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

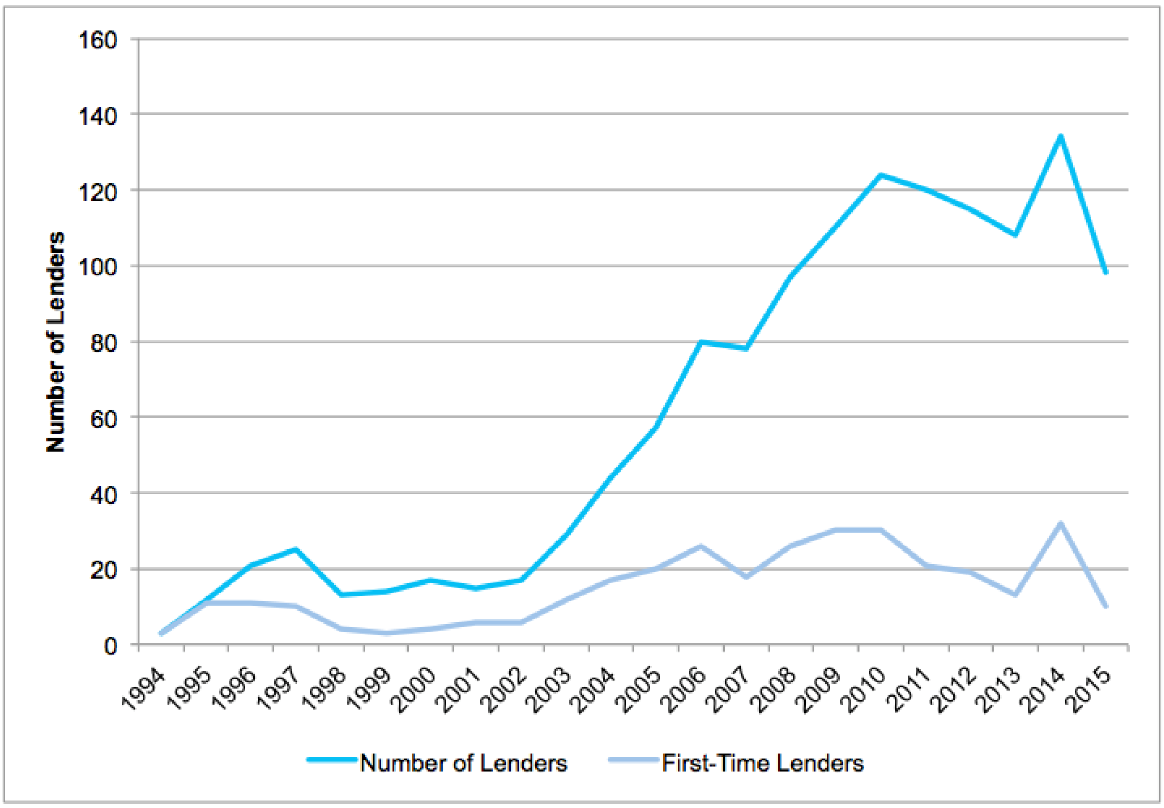
Exhibit 4.5. Number of Section 184 Loans by Year and Land Status, FY1994 – May 2015

Year	Fee Simple		Allotted/ Individual Trust		Tribal Trust		Other		Grand Total	
	# of Loans	Cum # of Loans	# of Loans	Cum # of Loans	# of Loans	Cum # of Loans	# of Loans	Cum # of Loans	# of Loans	Cum # of Loans
1994	0	-	2	2	1	1	0	-	3	3
1995	6	6	5	7	11	12	0	-	22	25
1996	76	82	3	10	77	89	0	-	156	181
1997	148	230	5	15	60	149	0	-	213	394
1998	119	349	2	17	9	158	0	-	130	524
1999	86	435	2	19	44	202	0	-	132	656
2000	72	507	7	26	81	283	0	-	160	816
2001	58	565	11	37	31	314	0	-	100	916
2002	88	653	3	40	207	521	0	-	298	1,214
2003	155	808	27	67	183	704	0	-	365	1,579
2004	323	1,131	53	120	208	912	0	-	584	2,163
2005	589	1,720	50	170	135	1,047	0	-	774	2,937
2006	980	2,700	67	237	136	1,183	0	-	1,183	4,120
2007	1,122	3,822	66	303	192	1,375	0	-	1,380	5,500
2008	1,493	5,315	45	348	156	1,531	0	-	1,694	7,194
2009	2,554	7,869	50	398	278	1,809	0	-	2,882	10,076
2010	3,054	10,923	38	436	183	1,992	0	-	3,275	13,351
2011	2,612	13,535	52	488	465	2,457	1	1	3,130	16,481
2012	3,997	17,532	51	539	254	2,711	0	1	4,302	20,783
2013	2,876	20,408	41	580	224	2,935	2	3	3,143	23,926
2014	3,622	24,030	19	599	68	3,003	1	4	3,710	27,636
2015	1,191	25,221	4	603	9	3,012	0	4	1,204	28,840
Total	25,221		603		3,012		4		28,840	

Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data.
Notes: "Other" includes assignment and leasehold land types.

Exhibit 4.6 shows the total number of lenders and first-time lenders under the Section 184 Program from FY 1994 to May 2015. During this period, 332 different lenders have issued loans in EAs. As with the overall amount and number of loans insured, the number of active lenders involved in the lending market increased after the changes in the Section 184 Program in 2004. Before 2005, an average of 19 lenders each year issued loans under Section 184, with 87 lenders involved in the market between 1994 and 2004. During this same period, about 8 new lenders entered the market each year. After 2005, an average of 108 lenders issued loans annually, with about 24 new lenders entering the market each year. Also since 2005, a total of 245 active lenders have been involved in the market.[12]

Exhibit 4.6. Total Lenders and First-time Lenders Annually, FY1994-May 2015



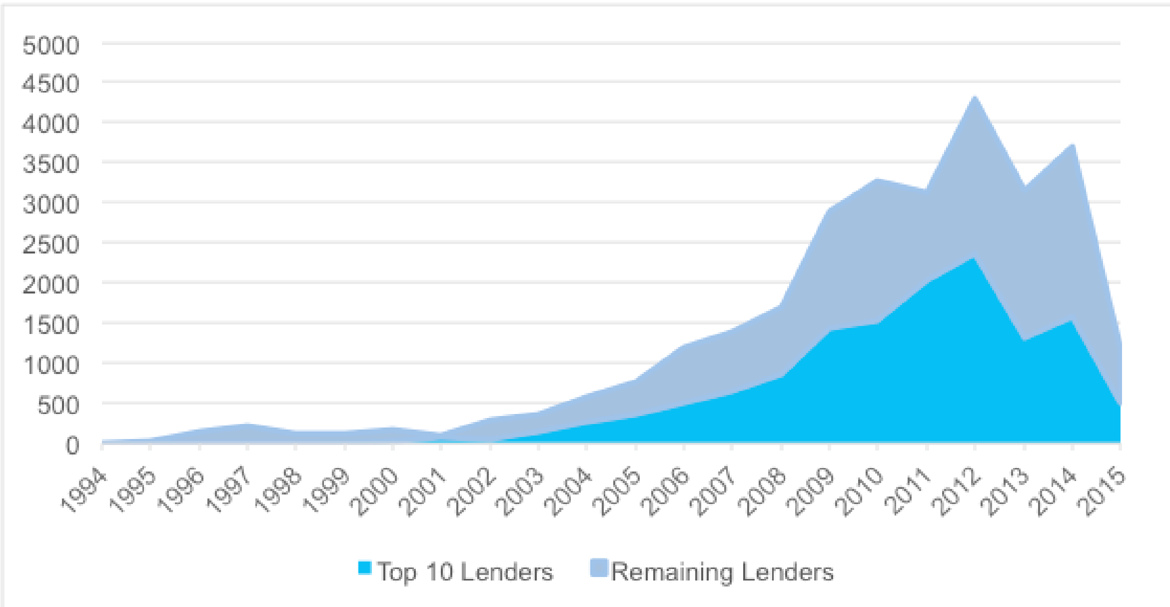
Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

The changes in the Section 184 Program rules also encouraged several lending institutions to increase their overall lending portfolio in EAs. Exhibit 4.7 shows the number of Section 184 loans issued by the 10 institutions that generated the greatest number of loans compared with the number of loans issued by the rest of the lending institutions.[13] Overall, the 10 lenders that carried the most Section 184 loans constituted about one-half of the overall lending between FY

[12] A detailed table is provided in appendix B, exhibit B.6.
[13] A detailed table is provided in appendix B, exhibit B.7.

1994 and May 2015, insuring 13,758 loans (of a total of 28,840 loans). Before 2005, however, these top 10 lenders were less robustly active in the market, accounting for just 28 percent (604 loans) of the total number of loans (2,163) issued in that period.

Exhibit 4.7. Number of Section 184 Loans by Top 10 Lenders and Remaining Lenders, FY1994 – May 2015



Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

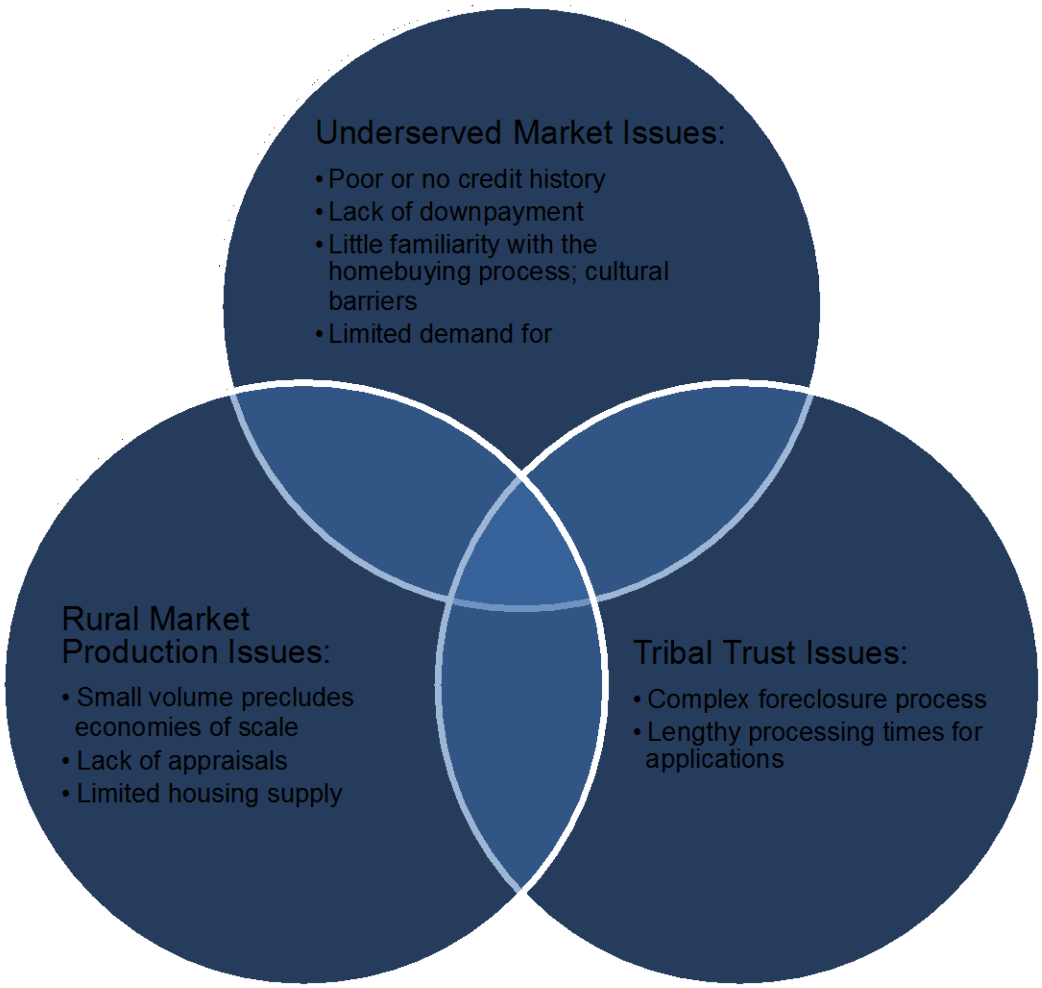
5. Survey of Lenders

This section provides a framework for understanding the lender survey structure and responses, describes the methods used to select and survey lenders, and presents an analysis of survey findings.

Background: Factors Influencing Mortgage Lending on Tribal Trust Land

The brief literature overview in section 2 identified challenges to mortgage lending in Indian Country. These hurdles can best be understood in a broader conceptual framework, shown in exhibit 5.1.[14]

Exhibit 5.1. Analytic Framework Related to Understanding Tribal Trust Land Mortgage Lending



[14] The issues included in exhibit 5.1 are also discussed in Laderman and Reid (2010).

Originating mortgages on tribal trust land presents enormous challenges for lenders. Native Americans can be classified as members of traditionally underserved markets. Mortgage lending to any traditionally underserved market is challenging for a variety of reasons. Prospective homeowners are likely to have limited experience dealing with mainstream financial institutions and to have limited incomes, assets, and credit histories. Mainstream lenders may have limited cultural understanding of the traditionally underserved population, and the latter, in turn, may be wary of conventional lenders.

Although Native Americans share characteristics of other members of traditionally underserved markets, originating mortgages on Indian land includes unique challenges related to the legal status of lands on reservations (exhibit ES.3 in the Executive Summary). Another challenge arises from the disproportionately rural location of Indian Country. In general, rural areas have considerable "housing distress" (affordability, structural inadequacy, and overcrowding), especially among low-income and minority households, and rural areas further confront "substantial problems" as described by the Housing Assistance Council regarding mortgage access and credit cost (Housing Assistance Council, 2012). Therefore, successfully originating mortgages on tribal trust land requires lenders to work within an environment in which three types of issues intersect: those related to (1) underserved markets, (2) tribal trust land, and (3) rural mortgage production. The telephone survey of lenders conducted for this study was designed to elicit information about the experiences of lenders and others regarding these challenges.

Lender Survey: Methods

This subsection details the methods used to develop a sampling frame for the lender survey and the process used to contact lender respondents and administer the survey. The primary objective was to survey representatives of lenders that were familiar with the challenges associated with originating mortgages on tribal trust land. Given that such lending is a specialized activity, the sampling frame was developed using HUD's data on origination volumes by lender. This database includes information on the number of Section 184 Program loans originated by lender in each year between 1995 and August 2011.[15] The data also provide further breakdowns, including totals by lender by loan purpose (purchase or refinance) and the land status (fee simple, tribal trust, or individual allotted trust land) on which the mortgaged property is located.

Using this information, lender volume was aggregated for purchase loans by land status for the period from 2009 to August 2011 (based on the assumption that the process for originating purchase loans, as compared with refinance loans, presented the most challenges for a lender). The sampling frame developed included the 10 lenders with the largest number of Section 184 Program purchase loans originated in tribal trust land, referred to as the "tribal trust" frame.

To understand if lending to Native Americans on fee simple land (compared with tribal trust land) also presented unique challenges, another sampling frame was developed that included the 20 lenders that originated the most Section 184 Program purchase mortgages between 2009 and August 2011 on fee simple lands, referred to as the "fee simple" frame. Of those 20 lenders, 5 were already included in the tribal trust frame. When the research team started contacting the lenders included in the fee simple frame, it became apparent that nearly all were located in Oklahoma and that most conducted business in Oklahoma. This concentration of lenders in

[15] The data used in the discussion of the Section 184 Program include loans up through May 2015. The data for loan activity from August 2011 through May 2015 were not available at the time the sampling approach was developed.

Oklahoma is likely related to the unique circumstances in that state: the entire state is an EA for the Section 184 Program and many Native Americans live in Oklahoma. Rather than have a large number of lenders in the survey originating loans on fee simple land in Oklahoma, six Oklahoma-based lenders were removed from the fee simple frame, and the resources saved from attempting to interview those lenders were used to support interviews with representatives of Native CDFIs and HFAs that participate or analyze tribal trust land lending.

Using the Section 184 Program data ensured that the survey would include lenders that were familiar with the challenges associated with originating mortgages on tribal trust land. To gain the perspectives of lenders that did not participate in the Section 184 Program, another sampling frame was developed that included the top 10 originators of purchase mortgages to Native Americans in 2011. This list included 5 lenders already included in the fee simple and/or tribal trust frames. In addition, the frame included 2 lenders (Farm Credit Services of Mid-America and United Services Automobile Association [USAA]) that were removed from the frame because they served narrowly defined markets.[16]

Using the initial set of interviews, the research team identified Native CDFIs and HFAs that support mortgage lending on tribal trust land and included such organizations in the sampling frame. Initial interviews also identified the USDA RHS, through its Section 502 Direct Loan Program, and the VA, through its Native American Veteran Direct Loan program, as important potential sources of information about tribal trust lending; thus, the team added these organizations to the sampling frame, along with other entities (other than Native CDFIs, HFAs, RHS, and VA) that either participate in or observe lending on Indian land.

As detailed in exhibit 5.2, 30 unique organizations were included in the sampling frame. A representative of each organization was contacted at least three times through a combination of e-mails and telephone calls. Interviews, conducted from August through December 2013, were completed with representatives of slightly less than one-half of the entities in the sample.

The survey instrument (appendix A) was used in all the interviews but was tailored by the interviewer so that the conversation provided an appropriate level of detail, given the respondent's organization. The survey was designed to cover the topics identified earlier in this report related to the three types of issues (underserved markets, tribal trust land, and rural mortgage production) lenders face when making mortgage loans on Indian land. As is explained in detail below, lenders were asked to rate the severity of different problems and the effectiveness of potential ameliorative strategies. Interview times ranged from 45 minutes to 2 hours. Longer interviews were completed in more than one session, because respondents typically did not have more than an hour in their schedule on any given day for the interview.

It is important to note that this sample is *not* meant to be representative of all lenders that either originate or contemplate originating mortgages on tribal trust land. It does reflect, however, the observations and opinions of many of the largest mortgage originators that serve Native Americans in general and those purchasing homes on tribal trust land; therefore, the sample offers insights to and observations of some of the most experienced tribal trust mortgage lenders in the country.

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[16] Farm Credit Services of Mid-America targets rural borrowers, but USAA targets active and retired military personnel and their families.

Exhibit 5.2. Summary of Lender Sampling Frame and Interview Success Rate

Key Informant Category	Total Unique Organizations in Sampling Frame	Interviews Completed	Refusals*	Success Rate (%)
Tribal Trust Section 184 program Purchase Mortgage Originators: 2009-August 2011	10	6	4	60
Fee Simple Section 184 program Purchase Originators (after removing 6 from frame due to Oklahoma Location): 2009-August 2011	9	2	7	22
Overall Originators of Purchase Mortgages to Native Americans per HMDA (after removing 2 lenders from frame due to their unique markets): 2011	3	1	2	33
Total Unique Lenders	22	9	13	41
				0
Additional Key Informants				0
Native CDFIs and Credit Unions	3	2	1	67
Housing Finance Agencies	1	1	0	100
RHS	2	1	1	50
Other Organizations	2	1	1	50
Totals	30	14	16	47

Source: Urban Institute Lender Survey, 2013

*Note: Refusals include representatives of organizations that did not respond to researcher contacts or explicitly told researchers they did not want to participate in the study.

Lender Survey: Analysis of Responses

This subsection presents findings from the lender survey. The survey asked lender respondents to rate, on a 5-point Likert scale, the extent to which an issue is a problem, from 1 (not a problem) to 5 (a very big problem) and the effectiveness of potential strategies to address issues, from 1 (not effective) to 5 (very effective). In addition to being asked these close-ended questions, respondents were asked open-ended questions that enabled them to expand on their answers and provide more detail about their observations of lending on tribal trust land.

Respondents' answers to questions related to the challenges lenders face when originating mortgages on tribal trust land are presented first. These answers are followed by an analysis of questions related to challenges associated with attracting and qualifying applicants for mortgages on tribal trust land. The final two sections of the analysis address questions regarding servicing mortgages on tribal trust land and the management factors that support a lender's mortgage volume on tribal trust land.

Land Status Issues

When asked about the impact of land status issues (trust land status, fractional ownership, and recovering foreclosed mortgaged properties) on lending on tribal land, respondents would sometimes couch their answers in a *without* Section 184 versus *with* Section 184 context. Their responses accordingly are reported in a similar dichotomous fashion in exhibit 5.3. To follow the difference, recall the Likert rating scale of 1 (not a problem) to 5 (a very big problem). *Without* the Section 184 Program, land challenges loom large: trust land status is viewed as a significant problem (3.6), followed by fractional ownership (3.4), and recovering foreclosed mortgaged properties (3.1). *With* the Section 184 Program, the land status challenge is viewed as much less of a hurdle: the trust land status is now rated a 2.6 on the Likert scale (down from 3.6), and recovering foreclosed mortgage properties is now rated 2.0 (down from 3.1). The problem of fractional ownership remains unchanged, at 3.4.

Exhibit 5.3. Summary of Lender Responses to Trust Land Status Questions

Trust Land Status: Issues	Mean Response		N
	Without 184	With 184	
Tribal land status	3.6	2.6	7
Fractional ownership	3.4	3.4	7
Uncertainty about recovering mortgaged properties in the event of a foreclosure	3.1	2	7

Source: Urban Institute Lender Survey, 2013

Note: Reponses are coded on a 1 (not a problem) to a 5 (major problem) scale.

The lender respondents' comments in their discussion of land status issues on Indian lands illuminate the Likert ratings cited previously. Even with the Section 184 Program, the problem of fractional ownership may exist, because this unfortunate legacy continues from the Dawes Act of 1887 and other historical developments. As one lender respondent stated, concerning fractional ownership in one area of Indian Country: "This was an issue—the challenge here is that a lender may have to get approval of up to 200 people to get a mortgage originated. There is no simple way to do this—you have to hunt them down and get approvals." The Section 184 Program does not eliminate this "hunt."

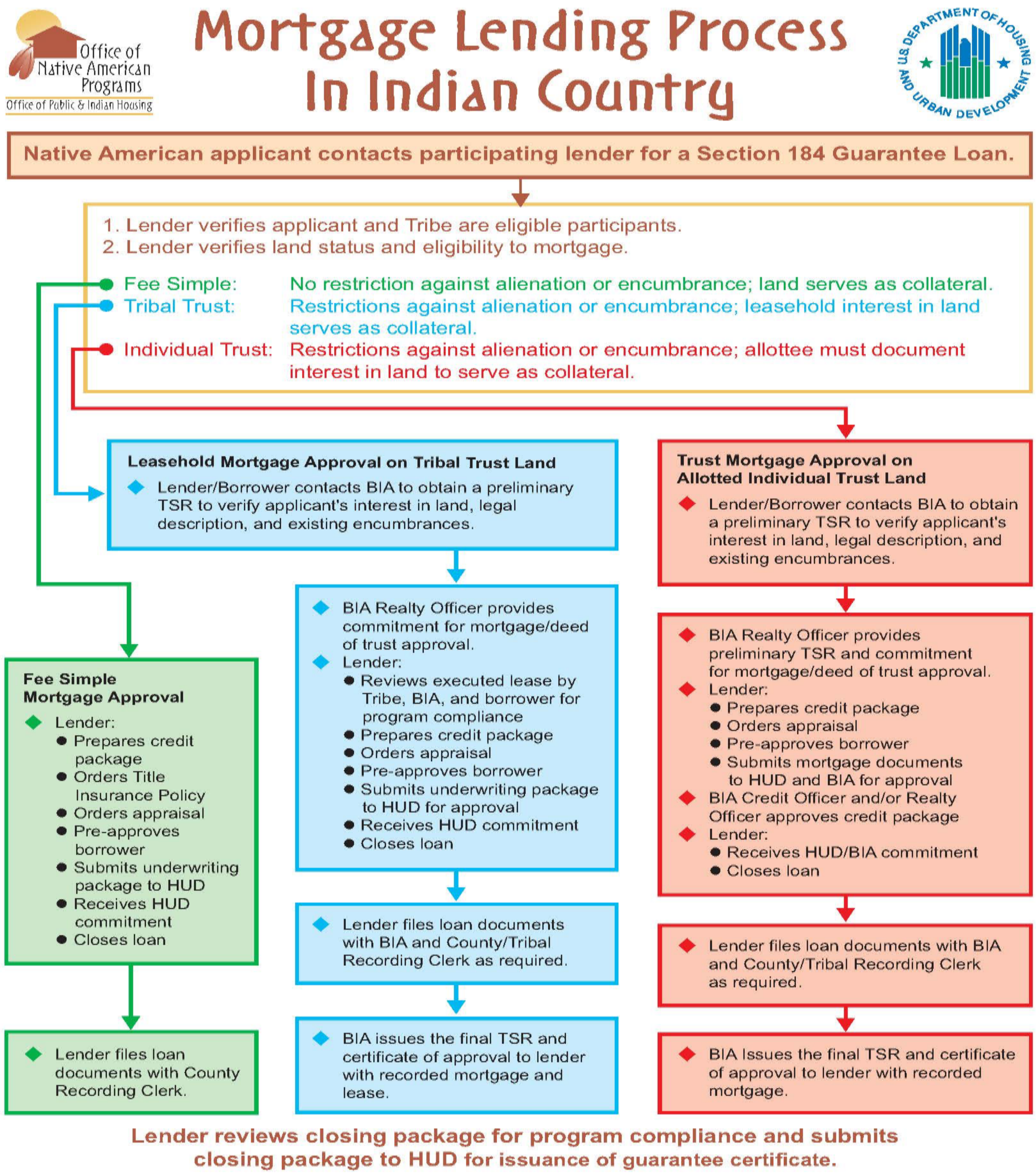
On other land issues, however, such as whether trust land status provided sufficient collateral for a mortgage, lender respondents spoke of the game-changing impact of the Section 184 Program offering a 100 percent guarantee in the event of a borrower's foreclosure. When queried about the challenge offered by trust land status, one respondent said that it would be rated as a 5 (a very big problem) without Section 184 and would be rated a 1 (not a problem) with Section 184. Although that was one respondent's opinion, the respondents as a group still viewed land status as posing some problem even with Section 184, albeit these problems were less daunting than the situation before Section 184. The respondents said these lingering land-related problems arose because of the lengthy processing times required to close Section 184 Program loans on trust and individual allotted trust land.

All Section 184 Program loans (as outlined in exhibit 5.4) originated on tribal trust or individual allotted trust land require the Bureau of Indian Affairs (BIA) to approve a lease and provide a Title Status Report (TSR). Both of these documents must be in the loan package submitted to HUD for its approval, and sometimes delays occur in securing these documents.

> [A] problem with trust land lending [is that it's] incredibly labor intensive and time consuming. The production process does not fit into lenders' origination processes because they take 6-12 months to complete an origination. The

participants in any transaction (BIA, tribal housing authorities, etc.) are different than for a typical real estate transaction—and so lenders need special skills/knowledge for successful transactions. —Lender

Exhibit 5.4. Summary of Mortgage Lending Process in Indian Country



In addition, lender respondents reported that any new lease must comply with the National Environmental Policy Act (NEPA). This environmental review, in theory, should take no longer than 30 days, but lenders report that NEPA approval often takes considerably longer, particularly because a NEPA review requires some work to be done by the tribes.[17]

Lender respondents reported that the BIA "has a big impact on a lender's volume" and that, in many cases, "[t]he process within BIA given NEPA is too slow." Respondents noted that a great deal of variation occurs in the processing times across BIA regional offices. For example, one respondent worked with two BIA offices. The respondent reported good processing times in one office but said another office "was very difficult to work with." In the more efficient BIA office, the respondent reported "[t]he Realty Department in [that] BIA office works to satisfy NEPA and TSR requests. The Land Title Recordation Office must record the deed, lease, and mortgage, and the local office has agreed to a 30-day turnaround. This is not a typical arrangement." The respondent reported that it took about a year to get a deal through the other, less-efficient BIA office. Respondents pointed out that not all the delays are within the BIA purview. One respondent noted that it takes time to develop a lease, because that process must start with the tribes and tribes differ in how promptly they approve a lease, which is then sent to BIA.

What are some of the strategies lenders use to reduce processing times? Successful tribal trust lenders indicated that they work with tribes to use leases that comply with BIA requirements and, if possible, start lease documents using templates that include language and provisions that have been approved in other transactions. One lender noted: "[The first] thing is to get a lease for the land—which is in accordance with BIA (25 years with an option for a 25 year renewal)."

> To ensure a lease complies with BIA requirements, [we] draft the lease. BIA pre-approves a package (including the lease) prior to [our] processing a loan. [We also ask] BIA to approve environmental reviews in advance for any loans originated for newly constructed units. [We] ha[ve] a good relationship with the local BIA office and [we] trained the tribal housing authority on what is needed for a package to BIA that can be pre-approved. —Lender

One lender respondent said he/she works with a tribal counsel that is required to approve a lease and then works with BIA to order a NEPA review and TSRs. Respondents also noted that some tribes have implemented a title plan, and so the tribe has no need to request BIA to develop a TSR from scratch. The tribe itself can develop a TSR for BIA approval.

Lender respondents noted that the key for any successful transaction on Indian land is to initiate procedural requirements and reviews early in the process. A typical observation from a respondent: "…[environmental] reviews are beyond the lender's control—the strategy is to start this process early. Such reviews take the longest. Best practice is to get environmental reviews prior to when the lease is contemplated." A related strategy to reduce time delays resulting from programmatic processing is to initiate the processing in parallel rather than sequentially (for example, start the TSR and NEPA processes at the same time rather than waiting to initiate

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[17] Many housing interventions in Indian Country evoke NEPA-related environmental review. For example, activities carried out with the assistance of NAHASDA must be evaluated in accordance with NEPA, thus evoking an environmental assessment or a more detailed environmental impact statement (if the NAHASDA-aided project will significantly affect the environment). A 2014 study on Native American housing reported that "several recipients seeking to combine funding for their housing projects said that different federal agency requirements, particularly mandatory environmental review requirements, posed a significant challenge" (GAO, 2014: 16).

NEPA until after the TSR is complete). One lender suggested doing a more efficient areawide NEPA review rather than a parcel-by-parcel environmental assessment.

One way to reduce processing times would be to develop standard leases that could be used by tribes when developing leases for a particular transaction. A respondent noted, however, that any effort to create a standardized template must balance the benefits of standardizing documents and procedures and, at the same time, maintain individual tribal character and authority.

Lender respondents also noted that processing times are shorter when mortgage recipients are members of tribes with high levels of capacity to support homeownership activities. A respondent noted that such high-capacity tribes can provide good information to BIA and also can develop leases that will be approved by BIA relatively quickly. Moreover, tribes that can work with the local BIA office can make the mortgage origination process go more smoothly. Lenders noted that they must perform tasks typically done by tribes for transactions when a borrower is a member of a tribe that does not have much capacity to support homeownership—which increases the lenders' time effort and processing costs. Therefore, increasing tribal capacity to support homeownership may increase the number of lenders willing to support lending on tribal trust land.

Attracting Applicant Issues and Strategies

One potential factor that could reduce demand for mortgages on Indian land is that lenders find it difficult to attract applicants, particularly given historical and cultural factors that may be barriers for Native Americans to work with mainstream financial institutions. In general, the lender respondents did not rank such factors as particularly problematic. The mean responses (exhibit 5.5) show that wariness about working with commercial lenders, language, and a lackluster interest in homeownership, in general, do not make it particularly difficult to attract applicants.

Exhibit 5.5. Summary of Lender Responses Regarding Attracting Applicants for Mortgages on Tribal Trust Land

Attracting Applicants: Issues	Mean Response	N
Potential borrowers are wary of formal institutional lenders	2.2	9
Language issues	1.1	9
Paperwork issues	2.9	9
Limited demand—minimal interest in or familiarity with homeownership and/or perceived quality of available housing stock.	2.2	9

Source: Urban Institute Lender Survey, 2013.

Note: Responses are coded on a 1 (not a problem) to 5 (a major problem) scale and are presented in the order in which they appear on the interview guide.

The one component of attracting mortgage applicants on Indian land that respondents viewed as being more problematic concerns paperwork. Borrowers who may be interested in purchasing homes on Indian land sometimes are overwhelmed by the amount of documentation required for processing a loan application. Whereas some of these documents are required for any mortgage transaction (paystubs, bank records, etc.), other required documents, particularly those needed for BIA approval, add to an already burdensome process for the borrower.

How do lenders that are relatively successful in originating mortgages on tribal trust land attract applicants (exhibit 5.6)? The most effective strategies are, according to respondents' rankings: working with tribes (4.1) and having a presence on or near Indian land (3.7). One respondent indicated that it has a presence on Indian land and also works with tribes. This lender responds to requests from tribal housing authorities to come on site and discuss homeownership. This approach, according to the respondent, provides a strong advantage over competitors. This lender also works with some Native CDFIs that offer downpayment assistance to tribal members.

Exhibit 5.6. Summary of Lender Responses Regarding Strategies used to Attract Applicants for Mortgages on Tribal Trust Land

Attracting Applicants: Strategies	Mean Response	N
Lender presence in/near Indian land	3.7	9
Advertising through media that reaches Indian land	2.4	9
Enhanced language and cultural sensitivity messages included in outreach materials	2.1	9
Outreach through informal gatherings	2.8	9
Outreach through employers of Native Americans	2	8
Working with Tribes, TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions	4.1	9

Source: Urban Institute Lender Survey, 2013.

Note: Responses are coded on a 1 (not effective) to 5 (very effective) scale and are presented in the order in which they appear on the interview guide.

Lender respondents also noted the importance of being visible within the Native American community. One respondent indicated that his/her institution sends representatives to community events and to meet with groups to make sure tribal members are aware of what the lender has to offer concerning mortgage products. The respondent noted that, because many tribal members get information via word of mouth, the lender works with tribal members so that they have accurate information.

Another respondent indicated that it has marketed mortgages at Native American pow-wows and honorings to facilitate relationships whereby tribes see the lender as a partner. One lender was on the local Indian Chamber of Commerce—an effective method that allows for interaction with local tribes. When conducting marketing and outreach, one respondent said that it was critical that lender staff who are performing such activities are qualified to talk about available financial products within the special context of Indian Country and are experienced with attending Native American events. The importance of being energetic and flexible in outreach to the Native American community was noted as well. One respondent described such flexibility: "[We] close loans in parking lots."

Lender respondents also mentioned that enhancing the supply of quality housing available in Indian Country would increase the demand for homeownership and, in turn, would encourage more households to apply for mortgages. Although respondents recognized that enhancing the supply of attractive housing on tribal lands was challenging, they suggested strategies to at least begin this process, such as training Native American building contractors. To jumpstart quality housing construction, one respondent provided construction loans on tribal lands that would then be repaid when tribal members secured Section 184 permanent mortgages.

Qualifying Applicant Issues and Strategies

Potential homebuyers for properties located on tribal trust land are likely to have similar challenges in qualifying for mortgages as are members of other traditionally underserved markets. Such borrowers typically have poor credit histories and inadequate savings and/or income to qualify for a mortgage. Lender respondents (exhibit 5.7), when asked about issues they face to qualify Native American borrowers, indicated that many potential borrowers had blemished credit histories that made it difficult to qualify for the Section 184 Program. Blemished credit of Native American borrowers averaged a ranking of 4.0 on the Likert scale (5 = a very big problem), according to the lender interviews.

Exhibit 5.7. Summary of Lender Responses to Issues Regarding Qualifying Applicants for Mortgages on Tribal Trust Land

Qualifying Applicants: Issues	Mean Response	N
No credit history	2.7	9
Blemished credit	4	9
Insufficient income	3.1	9
Low savings for downpayment	3	9
High existing household debt	2.9	9
Mortgaged property condition	1.6	9
Difficulty in appraising mortgage property (e.g., insufficient “comps”)	2.9	9
Issues with employment record	2.1	9
Land title issues	2.4	8

Source: Urban Institute Lender Survey, 2013.

Note: Responses are coded on a 1 (not a problem) to 5 (a major problem) scale and are presented in the order in which they appear on the interview guide.

The remaining potential borrower qualifying issues were not reported as being nearly as problematic as blemished credit. The next highest-ranked issues were related to applicants’ savings and income—both of which present problems, but not as severe as blemished credit. Indeed, the low downpayment requirement for Section 184 Program loans likely makes a lack of savings less problematic than blemished credit. Moreover, respondents said they often market the Section 184 Program to tribes in which incomes are sufficient to qualify for mortgages. Appraising the value of properties to be mortgaged was similarly viewed as not a major hurdle compared with blemished credit because, as one respondent stated, "HUD lending is based on a cost approach when there are no comps [comparable sales]."[18]

Given that lender respondents cited blemished credit as a key challenge in serving borrowers on tribal trust land, the Section 184 Program is well suited for such lending because it does not have a minimum Fair Isaac Corporation, or FICO, score and enables underwriters to be flexible when evaluating an applicant's creditworthiness.[19]

Despite the Section 184 Program's stated guidelines that provide for flexibility, some respondents thought that HUD's standards regarding underwriting creditworthiness had tightened after the 2008 financial crisis. Some indicated that even minimal debts that are delinquent within the past 12 months make it difficult to receive an approval from HUD. One respondent noted the following:

> HUD has reduced the 184 Program's underwriting flexibility—some 184 staff are denying loans based on a narrow reason. One applicant had $33K in credit card debt, but every payment is on time except for one 30 day late (to help an ill family member). HUD will not approve this loan based on one 30-day late on a small account—[it is] not looking at [the] overall picture. HUD is taking too narrow an approach when evaluating applications. —Lender

Another lender respondent indicated that, to be approved for a Section 184 Program loan, an applicant must clear all collections in the past 12 months and wait 12 full months to resubmit the application. One respondent noted that some applicants have higher credit scores than the minimum credit score required for FHA (620) and RHS-guaranteed loans (640), but they have their Section 184 Program applications denied.

One lender respondent had a different view, thinking that the Section 184 Program allowed for an underwriter to use flexibility when evaluating an applicant's credit history, particularly for derogatory payment histories resulting from late payments made by the Indian Health Service to healthcare providers. In fact, many respondents noted that applicants often had late payments on their credit history because IHS was slow to pay a medical provider. Because these late payments

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[18] The appraisal profession typically determines the market value of a given property ("subject property") via three approaches: sales, income, and cost. The sales approach considers the selling prices of properties comparable with the subject property; adjustments are made to these sales prices based on such considerations as the date and nature of the sale and property size and amenities. The income approach capitalizes the annual income that the subject property would generate. The cost approach values properties based on the cost of reproducing the subject property's land and improvements. For owner-occupied homes, such as those financed by the Section 184 Program, appraisers would typically emphasize the sales approach. The problem, however, is that relatively few sales may be made in Indian Country and adjustments are harder to make because of the unique qualities of these properties. Because the sales approach may be problematic in Indian Country, appraisers are allowed to rely more heavily on other valuation methods, namely the cost approach. The HUD document *Appraisal of Single Family Homes on Native American Lands* (HUD, 2006; 4150.2 appendix C) states under "Approaches to Value" that "until sufficient sales exist on a reservation or within the specific Native American area to provide a reasonable sales comparison approach for determining…value…[then] an appraisal on trust land must rely more on the cost approach" (HUD, 2006: C-2).

[19] According to the HUD Section 184 Indian Loan Guarantee Program Processing Guidelines, "…an applicant is not eligible for a Section 184 guaranteed mortgage if he or she is presently delinquent on any type of federal debt, unless there is evidence of an accepted repayment plan, and 12 months of timely payments have been made by the applicant to the federal agency owed" (HUD, 2014: 6).

are not the fault of the applicant, an underwriter should discount such late payments when underwriting a Native American's loan application.

> It is difficult to work with borrowers with little knowledge of the mortgage process—it requires a lot of work by the lender to get a deal to closing. Lenders are often criticized for issues that arise in the process that are not financing related and not under the lender's control. — Lender

Given the challenges Native American borrowers face to qualify for a loan, respondents indicated that homebuyer education is a critical element in any process to provide mortgages to homebuyers purchasing homes on tribal trust land (exhibit 5.8). Homebuyer education had an average Likert rating of 4.6 (where 5 = very effective strategy). In fact, all but one respondent indicated homebuyer counseling was a highly effective strategy to address issues related to qualifying applicants. One lender respondent noted that the average tribal trust buyer has no familiarity with mortgages and homeownership, and so the lender must train applicants and help them through the process. The lender's applicants receive homebuyer education from a local nonprofit organization that partners with the lender to provide the training. This respondent indicated that the most effective model for providing homebuyer education is to have a lender partner with a tribe and local nonprofits that serve tribal areas.

Exhibit 5.8. Summary of Lender Responses to Strategies Used to Qualify Applicants for Mortgages on Tribal Trust Land

Qualifying Applicants: Strategies	Mean Response	N
Provide homebuyer education	4.6	9
Provide affordable and flexible lending product with low down payments and higher debt ratios	4.2	9
Use flexible and culturally- sensitive underwriting related to credit, property standards and appraisals, employment and income, asset verification, and other considerations	4.1	9
Foster fair access to credit through multiple reviews and other strategies;	3.4	8
Working with Tribes, TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions	3.9	8

Source: Urban Institute Lender Survey, 2013.

Note: Responses are coded on a 1 (not effective) to 5 (very effective) scale and are presented in the order in which they appear on the interview guide.

Another lender respondent works with at least four housing authorities to offer education for potential borrowers, including credit counseling and general homeownership counseling. This respondent noted that it is difficult to get potential buyers interested in homebuyer education classes unless a person is highly motivated to purchase a home, which most often occurs after a tribal member sees a specific home. This lender partners with a Native CDFI that helps to finance new construction so that it can work with tribal members interested in a specific home.

One lender respondent provided financial literacy education for Native American adults in a series of 15 classes offered during the course of a year. This lender's institution also ran a youth camp for Native American teenagers (ages 14 to 18) that included instruction in basic financial education.

Lender respondents also noted that some tribes provide homebuyer education (particularly those that offer downpayment assistance), and that such a model was promising. Because of a lack of tribal capacity, however, tribal members often have to be referred to off-reservation agencies that may not have the capacity or expertise needed for counseling trust land buyers.

Some lender respondents mentioned downpayment assistance as a strategy to foster yet more Native American households to qualify for mortgages in Indian Country. The Section 184 Program has a modest downpayment requirement (1.25 to 2.25 percent), but one respondent bluntly noted that "most potential borrowers have no funds for downpayment." This lender spoke approvingly of a Federal Home Loan Bank that provided downpayment assistance of up to $6,000 for Indian Country mortgage borrowers. The $6,000 grant would be totally forgiven during a 5-year period of homeownership.

Very few respondents offered especially flexible portfolio mortgage products that went beyond the terms offered by the dominant government-backed mortgage programs for Indian Country, such as Section 184. When offered, the purpose of such flexibility was to stretch mortgage qualification on tribal lands. One Native American credit union, for example, offered its tribal members mortgage loans with a 50-percent back-end ratio. (The Section 184 mortgage typically has a 41-percent back-end ratio.) This Native American credit union has made available about 80 of these "last resort" loans (last resort for those not qualifying for the HUD-term loans), but all 80 of these loans have to be kept in portfolio rather than sold into the secondary market because these last resort loans with mortgage characteristics different than the HUD-term loans are not saleable on the secondary market. Keeping loans in portfolio means that the lender is unable to replenish its capital available for additional lending and must also hold capital reserves against potential losses. Moreover, holding loans in portfolio exposes the lender to credit and prepayment risks resulting from delinquencies and prepayments.

Servicing Issues and Strategies

Lender respondents indicated that the most problematic mortgage servicing issue in Indian Country (exhibit 5.9) is that borrowers will take on additional consumer debt after receiving their mortgage. In some cases, lenders said this additional debt is used to purchase items for the new home, such as furniture, or to take on a new or larger car loan.

Some lender respondents that originate loans to traditionally underserved market members indicated that they use more enhanced and proactive servicing strategies, such as having an outreach specialist periodically visit borrowers to inquire about problems with the house or personal finances (Listokin, Leichenko, and King, 2006). In that light, *A Guide to Mortgage Lending in Indian Country* recommends, under mortgage portfolio management, that: "Effective loan monitoring to minimize delinquencies is particularly important when lending in Indian Country. … To minimize delinquencies and foreclosures, some banks have adopted 'enhanced' or 'accelerated' servicing programs in which they closely monitor loans" (Office of the Controller of the Currency, 1997: 17).

Exhibit 5.9. Summary of Lender Responses to Issues Regarding Servicing Mortgages Originated on Tribal Trust Land

Servicing: Issues	Mean Response	N
Higher delinquency	1.8	6
Lack of steady income	2.2	6
Taking on subsequent additional mortgage debt (e.g., second mortgage)	1	6
Taking on subsequent consumer debt (e.g., new/larger auto loan)	2.9	6
Inexperience with homeownership (e.g., making repairs and securing insurance, etc.)	2.8	6

Source: Urban Institute Lender Survey, 2013.

Note: Responses are coded on a 1 (not a problem) to 5 (a major problem) scale and are presented in the order in which they appear on the interview guide.

This study's survey of mortgage lending in Indian Country indicated some examples of such enhanced mortgage servicing (exhibit 5.10). One lender respondent recounted that "[we] stay involved with the borrower to ensure that the borrower remains current" and another noted that the mortgage servicer "does follow up more aggressively." This enhanced oversight sometimes involves post-mortgage origination counseling and other helpful services. One lender said that its borrowers are regularly "counseled not to take on more debt." Another recounted how it worked with borrowers who were unfamiliar with homeownership to file storm-related insurance claims. Numerous respondents emphasized the importance of working with the tribe when dealing with delinquent Native American borrowers. One lender recounted that, when a delinquent borrower does not respond to its inquiries, it asks tribal officials to visit such borrowers because the "tribal officials are [a] trusted intermediary who can work with the borrower."

Exhibit 5.10. Summary of Lender Responses to Strategies used to Service Mortgages Originated on Tribal Trust Land

Servicing: Strategies	Mean Response	N
Enhanced communication and education of borrowers	2.3	6
Enhanced oversight (e.g., neighborhood "drive-throughs" and visiting borrowers)	2.3	6
Quick response to delinquency and delinquency workout	2.3	6
Working with Tribes, TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions	2.7	6

Source: Urban Institute Lender Survey, 2013.

Note: Responses are coded on a 1 (not effective) to 5 (very effective) scale and are presented in the order in which they appear on the interview guide.

Lender Management Strategies

Processing applications and originating loans on tribal trust land requires specialized knowledge about the Section 184 Program and the BIA and HUD requirements that must be satisfied to receive each organization's approval. Moreover, it can take a long time between taking an application and getting to closing. Therefore, the survey asked lenders about management strategies that they perceived to be most effective in supporting lending on tribal trust land.

The respondents indicated that having senior management support for serving tribal trust land was extremely important, as was proactive workforce development and education, such as requiring lending staff to have specialized knowledge of the HUD Section 184 Program and the complex process that must be completed to originate a mortgage on tribal trust land (exhibit 5.11).

Exhibit 5.11. Summary of Lender Responses to Questions Regarding Management Strategies to Support Tribal Trust Lending

Management Strategies	Mean Response	N
Senior management commitment	4.4	7
Specific lending goals	3.1	7
Compensation formulas that encourage working on affordable lending	2.4	7
Recruiting staff who are familiar with issues associated with originating mortgages on Indian land	3.1	7
Workforce development and education	4.3	7
Market research	2.4	7
Targeted outreach activities	3.4	7
Working with TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions	4.3	7

Source: Urban Institute Lender Survey, 2013.

Note: Responses are coded on a 1 (not effective) to 5 (very effective) scale and are presented in the order in which they appear on the interview guide.

One respondent noted the following: "…senior management is essential for tribal trust lending. If senior management doesn't have a commitment—it won't happen." In a similar fashion, one respondent described that loan officers at his/her institution were influenced by the bank president's "message from the top" of the importance of lending to tribal members. One representative underscored the importance of senior management's long-term commitment to tribal trust lending given inevitable startup delays. The company's senior management first agreed to a small pilot of originating Section 184 Program mortgages on tribal trust land. The pilot did not go well, and it took 3 years to close the first Section 184 Program loan. Senior management, however, took this delay in stride and remained committed to mortgage lending in Indian Country. This lender worked with BIA to resolve delays, and the processing time for Section 184 loans dropped to an acceptable 90 days. Enduring senior management commitment and collaboration with the BIA were vital in this case.

As noted earlier, workforce development and training of mortgage staff capable of dealing with the many special demands of Indian Country were also deemed important. One respondent said that it rigorously trained loan officers working on tribal lands during a 3-year period "to get them up-to-speed on the 184 program."

Lender Survey: Further Findings

A series of open-ended questions in the survey provided insights beyond the three considerations of attracting, qualifying, and servicing mortgages in Indian Country reported previously. The open-ended questions dealt with such subjects as lender motivations to offer mortgages in Indian Country, the repayment record of such loans, and the impact of the recent real estate crisis on the mortgage situation in Native American lands.

As indicated in the previous discussion of the lender sampling approach, the institutions contacted in the survey were those entities that were relatively active in the Section 184 Program, or, more generally, were leading originators of purchase mortgages to Native Americans throughout the United States. What were the motivations of this higher performing group of lenders? It is not surprising that the specific prompting forces varied, and, for many lenders, those forces included a mixture of economic and social objectives.

For tribal-owned lenders, the motivation was primarily service to their people. One such institution said, "[We are] 100 percent tribal-owned [and are] a mission-driven bank—help Native Americans achieve homeownership. Tribal owners are also excited to help other tribes…. A lot of tribes realize that education and jobs are good things—but homes provide a foundation for wealth creation, build a foundation for family prosperity."

The societal gain of providing mortgages to a traditionally underserved population was cited by many of the majority-owned lender respondents as well. In essence, they were motivated to provide services in Indian Country because it was perceived as "the right thing to do." Lender respondents also had other motivations. Some, albeit not many, respondents cited the influence of the Community Reinvestment Act, requiring that lenders provide financing to their designated service area (which, for some institutions, included Indian Country). One respondent stated, "Biggest benefit—CRA points for many lenders. Shows outreach to underserved areas; most lenders use this service for CRA exam." Yet, this same lender acknowledged the additional benefit that lending on Indian land provided "good publicity."

In addition, some respondents also mentioned the objective of securing a profit from lending in Indian Country. An economic return was envisioned as coming less from the Indian land mortgage lending itself (which because of the lengthy time to close these loans and their relatively modest dollar amount was rarely its own profit center), but rather from the indirect or long-term business opportunities ensuing from the mortgage activity. For example, making mortgages available in Indian Country might cultivate consumer lending by tribal members for automobile purchases and other purposes. Also, mortgage lending could lead to business loans to tribes, especially to tribes that operated casinos or other business activities requiring capital for investment. One respondent said, "The biggest opportunity to lenders is that Native American communities are under-banked and underserved in general. Originating mortgages provides an opportunity to penetrate markets for business lending, particularly in commercial lending for tribes with casinos."

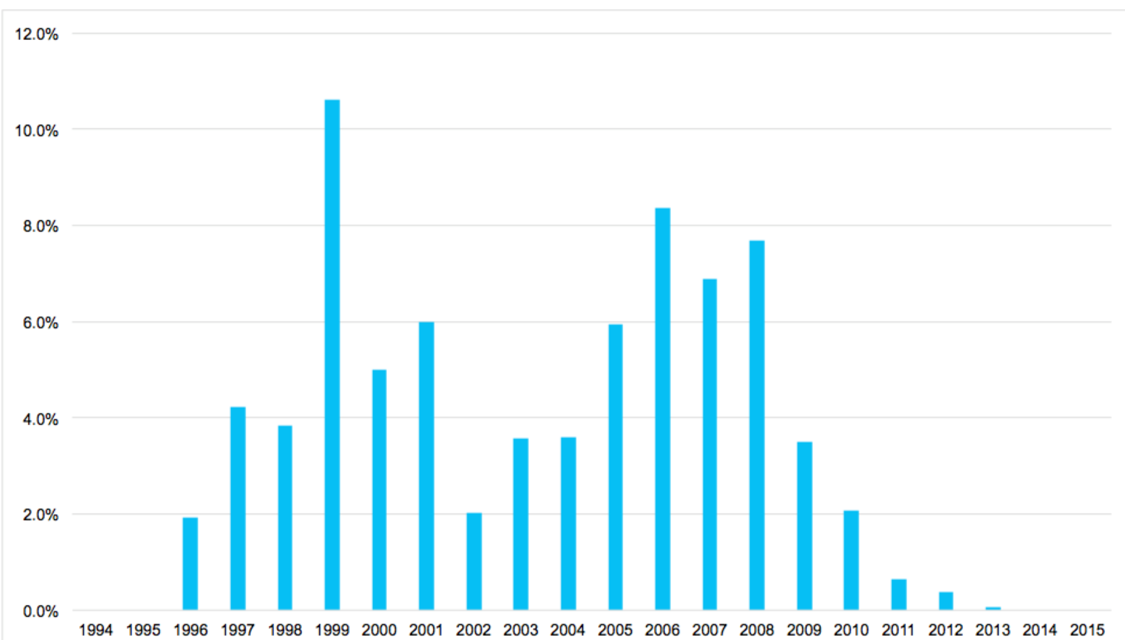
Although the lender survey and the interviews concerning Section 184 that ACKCO and Abt (2007) conducted with lenders, tribes, and other stakeholders are not the same, they echo similar findings. For instance, ACKCO and Abt found that Section 184 was "seen as a valuable tool in expanding homeownership for tribal members, but there are challenges" (ACKCO and Abt, 2007: 25). Some of these challenges included insufficient incomes and credit problems in tribal communities, limited availability of buildable land, delays in obtaining home site leases, and delays in the TSR process. Lenders that ACKCO and Abt interviewed "indicated the Section 184 Program is a good product that has allowed them to serve a market they had not previously been able to serve [and they liked many] features of the program, however, [they also found] the program complex and time-consuming, especially for purchases on trust land" (ACKCO and Abt, 2007: 38). The "learning curve" for lenders was "steep" (ACKCO and Abt, 2007: 27).

Mortgage Performance

What is the repayment record of the Section 184 mortgage lending on Indian land? Although the lender survey does not provide a valid statistical record of the loan performance, the impressionistic account from the lenders surveyed for this study is that of solid repayment, which is supported by loan performance data from HUD's ONAP. The following comments from different lender respondents speak for themselves: "delinquency rates for 184 and in-house loans are relatively low"; "foreclosure rate of less than 1 percent"; "the lack of foreclosures is a function of the homebuyer education"; and "in 16 years had 4 foreclosures (mostly sold to another tribal member); out of 60 loans [only] took a loss on 1." These lender respondents' comments of a good loan performance record comport with the data on the program's loan performance reported in the following paragraphs.

Exhibit 5.12 shows the Section 184 claims record on mortgages originated between FY 1994 and March 2015.[20] The overall cumulative claims rate was 2.4 percent regarding the number of loans with claims as a share of total Section 184 loans (662 of 28,133) and 2.5 percent regarding the

Exhibit 5.12. Cumulative Claims by Number of Section 184 Loans, FY1994-March 2015



Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

[20] This period reflects the data received from ONAP regarding claims, which differ slightly from the other Section 184 lending data used in this report.

dollar value of claims as a share of the total dollar value of Section 184 loans ($115 million of $4,582 million).[21] Cumulative claim rates spiked for mortgages originated between 2005 and 2008 and claim rates declined again after 2009. The decline in the cumulative claim rates for more recent origination cohorts could reflect more restrictive underwriting standards, which were mentioned by some respondents, or perhaps the improving economy in recent years.

The available claims data on Section 184 mortgages do not permit ready comparison with the repayment performance of other types of mortgages.[22] Nonetheless, the big picture finding is that the overwhelming share of Section 184 borrowers are making timely repayments and that the lenders surveyed, admittedly only a small sample, are satisfied with the Section 184 loan repayment to date.

Impact of Real Estate Mortgage Crisis

From about 2006 onward, housing prices, as measured by the S&P CoreLogic Case-Shiller Home Price Indices,[23] experienced significant historical deflation. This loss of value was linked to a bursting of a housing and mortgage bubble that, not coincidentally, took place during and contributed to a severe national economic recession. How did these tumultuous events affect mortgage lending on Indian lands?

Again, the lender survey provides impressionistic results on this subject. Among the respondents' comments were some that understandably reflected negative impact. A few lender respondents spoke of declining mortgage demand because Native American borrowers feared job loss or income reduction related to the economic recession. For the most part, however, the respondents described only minimal effect of the national recession and real estate downturn on the mortgage climate in Indian Country. Why the disconnect? This disconnect reflects Indian Country's history of being once removed from the overall national economy and mortgage market, so when the national economy and real estate market convulsed, Indian lands were largely insulated from the seismic national downturn. One respondent said, "Not a big impact. It's always a recession on Indian land [and] all lending was federally guaranteed—so not an issue." In a similar vein, another respondent concluded, "The downturn did not have a tremendous impact—tribal land values are insulated from downturns and construction costs actually declined."

It is interesting that, during the real estate downturn, the share of Section 184 loans that were used for refinancing rather than for purchasing increased (exhibit B.8 in appendix B). During the full span of the program (FY 1994 to May 2015), of the total 28,837 Section 184 loans, 77 percent were for home purchase and 23 percent were refinance transactions. The refinancing percentage increased during the years of the real estate mortgage crisis. From FY 2008 through FY 2012, of the total 15,283 Section 184 loans, 67 percent were for purchase and 33 percent

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[21] Exhibit B.8 in appendix B contains further detail.

[22] For example, HUD's *FHA Single Family Loan Performance Trends—Credit Risk Report* contains many FHA loan performance metrics, such as delinquency rates (30/60/90-day), seriously delinquent, and exceptions (in-foreclosure or in-bankruptcy). For example, as of March 2014, the seasonally adjusted FHA delinquency percentages were 4.28 (30-day), 1.66 (60-day), 4.18 (90-day), 7.47 (seriously delinquent), and 2.20 (in foreclosure). The FHA report, however, does not contain information on "claims" (HUD RMRA ERAD, 2015).

[23] The S&P CoreLogic Case-Shiller Home Price Indices are some of the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate both nationwide and in 20 metropolitan regions (S&P Dow Jones Indices, 2015).

were for refinance. Why the uptick of Section 184 refinancing in the real estate downturn? Perhaps the historically low interest rates in that period led to opportunistic refinancing, or perhaps the downturn dampened new housing construction and thus the use of Section 184 for home purchase purposes.

In the period of the economic downturn, the share of Section 184 loans increased considerably relative to all national AIAN mortgages, the latter as reported by the Home Mortgage Disclosure Act (HMDA). This exploratory comparison is shown in exhibit 5.13 for the period from 2001 to 2013.[24] During this 13-year span, Section 184 mortgages accounted for 4.3 percent of the total AIAN mortgages nationwide. By contrast, during the economically challenged 2008-to-2012 period, Section 184 loans accounted for a much higher 11.2 percent of the total AIAN mortgage loans nationwide.

Exhibit 5.13. Section 184 loans as Compared to Overall Mortgages to AIAN Population, 2001-2013

	National Mortgages Originated for AIAN	Number of Section 184 Loans	184 Loans as a Percent of Total National AIAN Mortgages (%)
2001	45,554	100	0.2
2002	58,436	298	0.5
2003	72,794	365	0.5
2004	60,310	584	1
2005	53,642	774	1.4
2006	47,352	1183	2.5
2007	36,751	1380	3.8
2008	24,902	1694	6.8
2009	29,914	2882	9.6
2010	25,032	3275	13.1
2011	23,920	3130	13.1
2012	32,631	4302	13.2
2013	32,175	3143	9.8
Total	543,413	23,110	4.3

Sources: National mortgages originated for AIAN—HMDA data compiled by George Taz, Urban Institute. Section 184 loans from United States Department of Housing and Urban Development, Office of Native American Programs (ONAP).

Note: HMDA data are for calendar year and the Section 184 data are by fiscal year.

[24] It is important to acknowledge the limitations of the information concerning the national mortgages originated for AIAN. For instance, HMDA reporting is quite limited in rural areas, which would likely disproportionately affect (reduce) the tally of AIAN loans derived from HMDA. Lenders operating exclusively in nonmetropolitan areas and small lenders are less likely to report their originations. Many researchers using HMDA data exclude nonmetropolitan areas from their analyses because the coverage is relatively poor in sparsely populated counties. Also, the number of loans with missing race information fluctuates from year to year.

6. Concluding Observations

This report concludes with a comparison of current results about mortgage lending in Indian Country with that of previous investigations, specifically regarding mortgage activity and lending challenges and strategies.

The Kingsley et al. (1996) study used 1990 Census data to estimate the number of AIAN households with private mortgages in tribal areas (that is, excluding the HUD Mutual Help program payments). Almost all of that private loan activity was in Oklahoma (Tribal Jurisdictional Statistical Areas—TJSA) or related designated areas (Tribal Designated Statistical Areas [TDSA] that are outside Oklahoma but resemble that state's TJSAs). On reservation and trust lands (areas outside TJSAs or TDSAs), the Kingsley et al. (1996) study found a pocket of home mortgage lending in Minnesota and Wisconsin tribal areas, some nascent mortgage activity on Navajo Nation land, and a small number of total home mortgages in all reservation and trust lands throughout the continental United States.[25] Alaska tribal areas, according to Kingsley et al. (1996), had no home mortgages. Given this information and other data, the study concluded that, although some "private lenders originate some mortgages for Indian homebuyers" in tribal areas, "the volumes remain extremely small" (Kingsley et al., 1996: 236). Other studies from that era reported similar trace-level Indian Country mortgage activity, such as the GAO (1998) report, which indicated that only 91 conventional mortgages had been made to Native Americans on trust lands during the 1992-through-1996 period.

The investigation of the Section 184 Program mortgage activity conducted in this current study suggests a heightened volume of mortgage activity in Indian Country. Although comparable current figures are not available by area to match those of Kingsley et al. (1996), and available data do not comport exactly with the findings of the GAO (1998), analysis of Section 184 data supports this finding. To recap, the 1994-through-May 2015 Section 184 Program lending accounted for 28,837 loans amounting to $4.709 billion. Although much of that total was on fee simple lands (25,221 mortgages comprising about $4.283 billion), that still leaves 3,612 mortgages amounting to $482 million on trust lands. As such, the Section 184 lending alone (not counting RHS or other loan sources that can be used) suggests enhanced mortgage presence in Indian Country compared with the situation of about 20 years ago that was reported in the Kingsley et al. (1996) study. The GAO (1998) study reported Native American mortgage activity on trust lands of about 25 mortgages per year for the period from 1992 through 1996, but annual Section 184 lending on tribal trust lands averaged 83 mortgages per year from FY 1994 through FY 2004 and rose to 202 loans annually during the more recent FY 2005-through-May 2015 period (see exhibit 4.1 in section 4).

The primary reason for expanded mortgage activity in Indian Country in the contemporary period is a lessening of the constraints to such activity. A glimpse of that change is observed by comparing the current findings with the lender survey results reported in Kingsley et al. (1996). In 1996, lenders evaluated tribal land problems (especially trust land status) as the greatest hurdle, followed closely by borrower demand constraints. On a relative basis, lenders viewed borrower economic and underwriting problems in 1996 as being far less problematic. In the

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[25] Kingsley et al. (1996) suggested that this activity was the result of the Minnesota Housing Finance Agency's offering a special Tribal Indian Housing Program funded through the state legislature and some banks in Wisconsin being proactive in tribal lending.

lender survey of 2013, presented in this report, the difficulty in using tribal trust land as collateral is viewed as far from the leading challenge to mortgage financing on tribal lands. That hurdle has been replaced by underwriting challenges due to borrower circumstances such as blemished credit and limited income. Other challenges, such as fractionated land and delayed title reports and environmental reviews, also remain. In 2013, lenders viewed issues related to borrower demand as being the least problematic. Why did lender perspective concerning the land hurdle to Indian Country mortgage activity change from 1996 to 2013? This change may be related to the stark differences in the programmatic status of the Section 184 mortgage during this time span. In 1996, Section 184 was in a gestation or launch stage compared with its status in 2013, when Section 184 was maturely operational. Section 184 provides lenders with a 100 percent guarantee in the event of a borrower's foreclosure, so it essentially neutralizes the historical problem with using land as collateral for mortgage financing on tribal lands. As summed up by one lender, although Section 184 was not an Indian Country land cure-all, because the challenge of fractional ownership remained, Section 184 was a "game changer" concerning mortgage lending in Indian Country.

Besides the more widespread implementation of the Section 184 Program post-1996, other factors may have contributed to the dramatic reduction in the land challenges to lending in Indian Country, at least as perceived by the sample of lenders interviewed in each of the studies. Possible ameliorative contributing changes include some improvement in the TSR process (though TSR issues linger, as reported earlier in this section) and greater clarification post-1996 regarding how tribal courts will deal with mortgage foreclosure situations.[26]

Nevertheless, by far, the greatest increase in Section 184 loan volume is on fee simple land, heavily concentrated in Oklahoma. Although tribal trust land status is no longer considered a major barrier, the volume of mortgage lending on tribal trust land is still quite small. In short, the landscape regarding mortgage lending in Indian Country is changing, with greater lending activity and a diminution of once seemingly intractable problems, such as those related to trust land. At the same time, difficult challenges linger, some of which are unique to tribal lands (for example, fractional owners) and others that are related to economic and social constraints that more broadly impede the expansion of mortgage credit to underserved populations. Recommended actions to foster mortgage lending in Indian Country from the perspective of the lenders interviewed in this study include—

- Expedite issuance of the TSR from BIA.
- Expedite NEPA review.
- Encourage tribes to use BIA-compliant leases or encourage tribes to implement their own title plans.
- Initiate procedures/reviews early in the mortgage process and initiate processing in parallel rather than sequentially.

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[26] HUD and BIA are working to improve TSR processing. HUD describes the following in its 2015 Summary Statement on section 184: "HUD has collaborated extensively with the BIA to streamline the processes for obtaining Title Status Reports on trust land....This effort will allow tribes to better manage their housing inventory, create better neighborhoods, and encourage economic growth. The passage of the Helping Expedite and Advance Responsible Tribal Home Ownership (HEARTH) Act has increased the role tribes can play in the approval process for leases and mortgages. Tribes' and federal agency partners' access to land records in BIA's Trust Asset Accounting Management System (TAAMS) will increase as more tribes exercise their self-governance rights."

- Encourage tribal mortgage and credit counseling and other homeownership-supportive activities.

A number of these activities are under way, such as efforts by HUD and BIA to improve TSR processing and the passage of the Helping Expedite and Advance Responsible Tribal Home Ownership Act in 2012. Recommendations from lenders support these efforts and suggest the need to assure effective implementation through ongoing interagency collaboration, technical assistance to tribes regarding land titling and leasing, and promotion of financial counseling in tribal areas.

Glossary

back-end ratio: The borrower's total debt-to-income ratio.

Community Development Financial Institutions (CDFI) Fund: The CDFI Fund of the U.S. Department of the Treasury was created for the purpose of promoting economic revitalization and community development through investment in and assistance to community development financial institutions (CDFIs). The CDFI Fund was established by the Riegle Community Development and Regulatory Improvement Act of 1994. *Native American CDFIs* and a special *CDFI Native Initiative Fund* stimulate and aid these CDFIs (Treasury OIG, 2013).

eligible area (EA) for Section 184 loans: Participating tribes determine the areas where the Section 184 loan can be used. Many states are eligible in their entirety, but, in other states, only select counties are eligible (HUD PIH, 2015).

Federal Housing Administration (FHA): FHA provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories. FHA insures mortgages on single-family and multifamily homes including manufactured homes and hospitals. FHA mortgage insurance provides lenders with protection against losses as the result of homeowners defaulting on their mortgage loans. The lenders bear less risk because FHA will pay a claim to the lender in the event of a homeowner's default. Loans must meet certain requirements established by FHA to qualify for insurance.

fractionated ownership: The term used to note ownership of a property in the name of more than one individual. It is typically used in conjunction with allotted or individual trust lands to describe situations where, over time and through division of inheritance, multiple parties have claim to a single property (HUD, 2014: chapter 1).

front-end ratio: Ratio of principal, interest, taxes, and insurance to the borrower's income.

Indian Country: The definition of "Indian Country" has changed throughout history, but the term is used here in the common colloquial sense to mean tribal areas, including Alaska Native Villages. The term "Indian Country" is not used as a legal term in this report.

Indian Housing Block Grant (IHBG): The Indian Housing Block Grant Program is a formula grant that provides a range of affordable housing activities on Indian reservations and Indian areas. The block grant approach to housing for Native Americans was enabled by the Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA).

Likert scale: A scale commonly used in questionnaires to represent people's attitudes on a topic.

National Environmental Policy Act (NEPA): NEPA requires federal agencies to integrate environmental values into their decision making processes by considering the environmental impacts of their proposed actions and reasonable alternatives to those actions. To meet NEPA requirements federal agencies prepare a detailed statement known as an *Environmental Impact Statement (EIS)* (EPA, 2015).

Native American credit unions: A credit union is a financial cooperative, owned entirely by its members. A Native American credit union typically has Native American members and provides financial services to Native American communities.

Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA): NAHASDA reorganized the system of housing assistance provided to Native Americans through the Department of Housing and Urban Development by eliminating several separate programs of assistance and replacing them with a block grant program. The two programs authorized for Indian tribes under NAHASDA are the Indian Housing Block Grant (IHBG) that is a formula-based grant program, and Title VI Loan Guarantee, that provides financing guarantees to Indian tribes for private market loans to develop affordable housing.

Section 184 Indian Home Loan Guarantee Program: Loan Guarantees for Indian Housing (see 24 CFR part 1005), commonly refereed to as the Section 184 Program, is a home mortgage program specifically designed for American Indian and Alaska Native families, Alaska villages, tribes, or Tribally Designated Housing Entities. Section 184 loans can be used, both on and off Native lands, for new construction, rehabilitation, purchase of an existing home, or refinance. The program is managed by the U.S. Department of Housing and Urban Development (HUD). Section 184 home loans are guaranteed 100 percent by the Office of Loan Guarantee within HUD's Office of Native American Programs.

Section 502 Direct Loan Program: This program, administered by the U.S. Department of Agriculture Rural Housing Service, provides loans at below-market interest rates to homebuyers whose household incomes do not exceed 80 percent of Area Median Income.

title status report (TSR): A report issued by the Land Titles and Records Office of the Bureau of Indian Affairs having administrative jurisdiction over the specific Indian land indicating the type of ownership of the land, listing any restrictions or encumbrances on the land, the current owners, and any specific conditions or exceptions. Also referred to as an Interest Report Simple or Interest Report, a TSR takes the place of a title commitment for land that is held in trust. The TSR is a necessary precursor to issuing a mortgage for a property on trust land (HUD, 2014: chapter 1; Indian Land Tenure Foundation, 2015).

Tribally Designated Housing Entity (TDHE): The entity designated by each tribe that is responsible for administering its housing assistance program that is funded by the federal government.

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Appendix A. Lender Telephone Interview Guide

OMB Number: 2528-0288
Expiration Date: 10/31/2015

Introduction/Purpose of the Study

My name is _______________ and I'm a researcher from/consulting with the Urban Institute, a non-profit research organization located in Washington, DC. As you may have learned from the advance letter that was sent, the Urban Institute, on behalf of the Department of Housing and Urban Development (HUD), is studying the housing conditions and needs of Native Americans, Alaska Natives, and Native Hawaiians across the United States. One component of the study will identify challenges and opportunities associated with making mortgage loans to Native Americans on Indian land. We define Indian land in the study as land located within reservation boundaries. We understand that land status on reservations can differ, and we will ask about that in the survey.

We have selected your organization based on data regarding Section 184 program lending volume *[or, if applicable]* your organization's presence in the Native American mortgage lending market as identified by stakeholders.

Are you responsible for taking mortgage loan applications?

[If NO]: Could you provide me the phone number of a person who does?

[If YES]:

Your participation is very important to the success of this study. These interviews will provide important information on homeownership and lending in Indian county, on the uses and benefits of the Section 184 program, and on challenges to homeownership and lending in Indian country. We will use what we learn today and from other interviews to contribute to a report on housing conditions and needs among Native Americans. This report will be submitted to HUD to inform the federal government of housing challenges.

Would you like to participate in the survey?

[If YES] Would you like to complete the survey now?

[If YES] Go through the survey with the respondent.

Confidentiality Statement [Interviewer must read this]:

Before beginning the interview, I (we) want to thank you for agreeing to participate in this study and remind you that your participation is voluntary. You don't have to participate and you can decide not to answer any specific questions. You also may end the interview at any point. I (we) know that you are busy and will try to be as brief as possible. The interview today should last about 45 minutes. This interview is not part of an audit or a compliance review. We are interested in learning about your ideas, experiences, and opinions. There are no right or wrong answers.

In addition, before we start, I want to let you know that although we will take notes during these interviews, information is never repeated with the name of the respondent in any reports or in any discussions with supervisors, colleagues, or HUD. When we write our reports and discuss our findings, information from all the people we speak with is compiled and presented so that no one person can be identified.

Do you have any questions before we begin?

INTERVIEW QUESTIONS

1. What are the main benefits or opportunities to your company that arise from mortgage lending on Indian land?

We wish to hear your insights regarding various *challenges* to lending on Indian land as well as the *strategies and programs* to overcome these challenges. For the sake of discussion, we will first consider *Native American Land issues* and then the subjects of *Attracting, Qualifying and Retaining mortgage borrowers on Indian land*.

2. On a 1 to 5 scale (1 not at all a problem to 5 a very big problem) how big a problem are the following land and title issues to your company's ability to lend on Indian land?

a. *Land and Title Issues* (1 through 5 rating)

Land and Title Issue	Problem Level (1-5)
Trust land status	
Fractional ownership	
Uncertainty about recovering mortgaged properties in the event of a foreclosure	
Other land/title issues: Specify:	

b. Which two issues are the biggest problems? Why?

What strategies and programs does your company use to address each of the following land and title issues (probe for section 184 and others)?

1.	Trust land status
2.	Fractional ownership
3.	Uncertainty about recovering mortgaged properties in the event of a foreclosure
4.	Other land/title issues: Specify

c. What two strategies and programs are the most effective for addressing land and title issues? Why?

3. On a 1 to 5 scale (1 not at all a problem to 5 a very big problem) how big a problem are the following challenges to attracting mortgage applicants on Indian land?

a. *Attracting* Applicants (1 through 5 rating)

Attracting applicant challenge	Problem Level (1-5)
1. Potential borrowers are wary of formal institutional lenders	
2. Language issues	
3. Paperwork issues	
4. Limited demand—minimal interest in or familiarity with homeownership and/or perceived quality of available housing stock.	
5. Others: Specify	

b. Which two challenges are the biggest problems? Why?

c. Do you use (yes or no) any of the following strategies to attract mortgage applicants on Indian land and how effective are each of these strategies on a 1 through 5 scale (1 not at all effective to 5 very effective)?

Strategy for attracting applicants	Use (Yes or No)	Effectiveness (1-5)
1. Lender presence in/near Indian land		
2. Advertising through media that reaches Indian land		
3. Enhanced language and cultural sensitivity messages included in outreach materials		
4. Outreach through informal gatherings		
5. Outreach through employers of Native Americans		
6. Working with Tribes, TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions		
7. Others: Specify		

d. Which two from the above list are the most effective for attracting mortgage applicants? Why?

On a scale of 1 to 5 (1 not at all a problem and 5 a very big problem) how big a problem are each of the following challenges to qualifying mortgage applicants on Indian land?

e. *Qualifying* applicants (1 through 5 rating)

Qualifying applicant challenge	Problem Level (1 to 5)
1. No credit history	
2. Blemished credit	
3. Insufficient income	
4. Low savings for down payment	
5. High existing household debt	
6. Mortgaged property condition	
7. Difficulty in appraising mortgage property (e.g., insufficient "comps")	

8. Issues with employment record
9. Land title issues
10. Others: Specify

f. Which two challenges are the biggest problems? Why?

g. Do you use (yes or no) the following strategies to qualify mortgage applicants on Indian land and how effective are each of the following strategies on a 1 through 5 scale (1 not at all effective to 5 very effective)?

Strategy for qualifying applicants	Use (Yes or No)	Effectiveness (1-5)
1. Provide homebuyer education and counseling		
2. Provide affordable and flexible lending products (e.g., low down payments and higher debt ratios)		
3. Use flexible and culturally- sensitive underwriting related to credit, property standards and appraisals, employment and income, asset verification, and other considerations		
4. Foster fair access to credit through multiple reviews and other strategies;		
5. Working with Tribes, TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions		
6. Others: Specify		

h. Which two from the above list are the most effective for qualifying mortgage applicants? Why?

On a 1 to 5 scale (1 not at all a problem to 5 a very big problem) how big a problem are the following challenges to servicing and retaining mortgage borrowers on Indian land?

i. *Serving/Retaining Mortgage Borrowers* (1 through 5 rating)

Servicing/retaining mortgage challenge	Problem Level (1-5)
1. Higher delinquency	
2. Lack of steady income	
3. Taking on subsequent additional mortgage debt (e.g., second mortgage)	
4. Taking on subsequent consumer debt (e.g.,	

new/larger auto loan)
5. Inexperience with homeownership (e.g., making repairs and securing insurance, etc.)
6. Others: Specify

j. Which two challenges are the biggest problems? Why?

k. Do you use (yes or no) the following strategies to servicing and retaining mortgages on Indian land and how effective are each of these strategies on a 1 through 5 scale (1 not at all effective to 5 very effective)?

Strategy to service mortgages	Use (Yes or No)	Effectiveness (1-5)
1. Enhanced communication and education of borrowers		
2. Enhanced oversight (e.g., neighborhood "drive-throughs" and visiting borrowers);		
3. Quick response to delinquency and delinquency workout		
4. Working with Tribes, TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions		
5. Others: Specify		

l. Which two from the list above are the most effective for servicing and retaining mortgage borrowers? Why?

m. Do you use (yes or no) the following management strategies for fostering mortgage lending on Indian land and how would you evaluate the effectiveness of each of these strategies on a 1 through 5 scale (1 not at all effective to 5 very effective)?

n. *Management* (1 through 5 rating)

Management strategy	Use (Yes or No)	Effectiveness (1-5)
1. Senior management commitment		

2. Specific lending goals
3. Compensation formulas that encourage working on affordable lending
4. Recruiting staff who are familiar with issues associated with originating mortgages on Indian land
5. Workforce development and education
6. Market research
7. Targeted outreach activities
8. Working with TDHEs and other Tribal institutions, such as Tribal CDFIs and credit unions
9. Others: Specify

o. Which two from the above list are the most effective management strategies? Why?

Which three programs do you use most frequently to originate mortgages on Indian land (such as Section 184, NAHASDA, or any other initiatives)?

Why does your company use these programs? (Probe if programs help lender meet CRA requirements)

What are some of the best features of these programs?

What are some of the things that you would like to see changed about these programs?

What would happen to your company's lending volume on Indian land if these programs did not exist?

Are there other lending programs (such as FHA, portfolio CRA products, etc.) that your company uses to serve other traditionally underserved markets? If yes: Why are these types of loans difficult to originate to Native American borrowers?

How do the Bureau of Indian Affairs' (BIA) policies and practices affect your company's ability to originate mortgages on Indian land?

What are the two most important changes that BIA could make that would increase your company's mortgage origination volume on Indian land?

What has been the impact of the recent real estate crisis on mortgage lending in Indian country?

To what extent does the Section 184 program and other government mortgage lending programs that support lending on Indian land help offset challenges associated with the real estate slowdown?

Appendix B. Supplemental Tables

Exhibit B.1: Summary of Section 184 Lending Volume by Land Status, Inflation Adjusted 2014 Dollars

	1994 - May 2015			1994 - 2004			2005 - May 2015		
Number of Loans	*Total*	*Share of Total(%)*	*Average per Year*	*Total*	*Share of Total(%)*	*Average per Year*	*Total*	*Share of Total(%)*	*Average per Year*
Fee Simple	25,221	87.5	1,178	1,131	52.4	103	24,090	90.3	2,313
Reservation - Allotted	601	2.1	28	118	5.5	11	483	1.8	46
Reservation - Tribal Trust	3,011	10.4	141	911	42.2	83	2,100	7.9	202
Other	4	0	0	-	0	-	4	0	0
Total	**28,837**	100	1,346	**2,160**	100	196	**26,677**	100	2,561
Dollar Volume of Loans ($)									
Fee Simple	4,568,994,999	97	226,561,736	174,180,260	80.6	15,834,569	4,394,814,740	97.8	421,902,215
Reservation - Allotted	95,513,682	2	4,736,216	15,969,181	7.4	1,451,744	79,544,501	1.8	7,636,272
Reservation - Tribal Trust	386,564,796	8.2	19,168,502	100,331,569	46.4	9,121,052	286,233,227	6.4	27,478,390
Other	775,085	0	38,434	-	-	-	775,085	0	74,408
Total	**5,051,848,563**	107.3	250,504,887	**290,481,009**	134.4	26,407,364	**4,761,367,554**	106	457,091,285
Average Loan Amount ($)									
Fee Simple	181,158			154,006			182,433		
Reservation - Allotted	158,925			135,332			164,688		
Reservation - Tribal Trust	128,384			110,133			136,302		
Other	193,771			0			193,771		
Total	175,186			134,482			178,482		

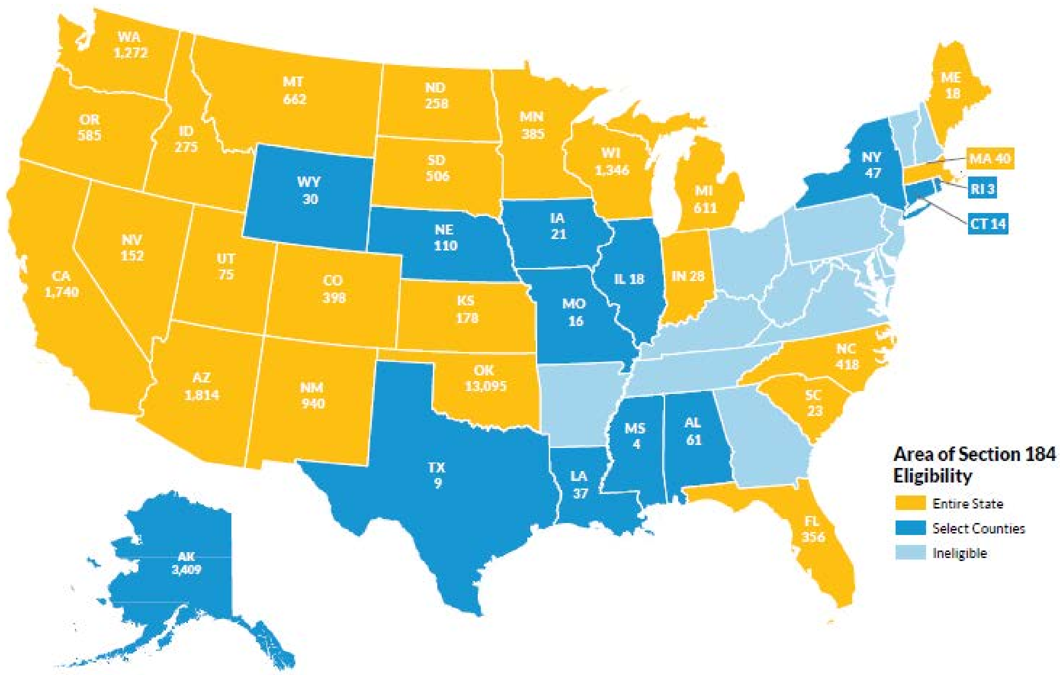
Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data
Note: "Other" includes assignment and leasehold land types.

Exhibit B.2: Loans by State and Land Status, FY1994 - March 2015

	Fee Simple		Allotted		Tribal Trust		Total	
	# of loans	*Value*	*# of loans*	*Value*	*# of loans*	*Value*	*# of loans*	*Value*
Alabama	61	$10,056,174	-	-	-	-	61	$10,056,174
Alaska	3,386	$800,476,704	4	$524,086	19	$3,228,959	3,409	$804,229,772
Arizona	1,036	$178,142,533	22	$2,733,501	756	$63,084,546	1,814	$243,961,358
Arkansas	1	$286,309	-	-	-	-	1	$286,309
California	1,548	$468,279,302	42	$12,860,732	150	$35,585,823	1,740	$516,726,049
Colorado	362	$87,164,240	-	-	36	$6,962,077	398	$94,126,353
Connecticut	13	$3,174,325	-	-	1	$400,382	14	$3,574,708
Florida	320	$81,259,192	-	-	36	$44,295,288	356	$125,554,516
Idaho	109	$15,167,894	41	$4,938,526	125	$10,524,255	275	$30,630,841
Illinois	18	$3,994,289	-	-	-	-	18	$3,994,289
Indiana	28	$4,423,789	-	-	-	-	28	$4,423,789
Iowa	21	$1,897,956	-	-	-	-	21	$1,897,956
Kansas	177	$26,048,967	1	$74,992	-	-	178	$26,123,960
Louisiana	17	$2,484,798	-	-	20	$2,124,143	37	$4,608,961
Maine	14	$1,830,914	-	-	4	$401,985	18	$2,232,903
Massachusetts	40	$10,899,109	-	-	-	-	40	$10,899,109
Michigan	510	$60,515,973	2	$107,162	99	$9,260,717	611	$69,883,953
Minnesota	304	$45,235,829	2	$226,950	79	$10,026,951	385	$55,489,811
Mississippi	3	$521,522	-	-	1	$261,628	4	$783,151
Missouri	16	$2,222,222	-	-	-	-	16	$2,222,222
Montana	348	$51,774,622	157	$22,039,018	157	$18,225,353	662	$92,039,307
Nebraska	98	$10,585,746	1	$71,104	11	$978,319	110	$11,635,181
Nevada	131	$27,064,538	-	-	21	$2,148,819	152	$29,213,378
New Mexico	678	$118,347,510	3	$351,030	259	$33,748,667	940	$152,447,469
New York	46	$6,929,656	-	-	1	$182,507	47	$7,112,164
North Carolina	348	$47,038,355	2	$383,921	68	$6,762,220	418	$54,184,566
North Dakota	188	$24,309,450	27	$2,408,695	43	$4,134,598	258	$30,852,813
Oklahoma	13,063	$1,780,004,142	25	$2,953,640	7	$518,510	13,095	$1,783,476,324
Oregon	476	$100,262,359	29	$3,716,400	80	$5,620,722	585	$109,599,590
Rhode Island	3	$411,137	-	-	-	-	3	$411,137
South Carolina	20	$3,372,122	-	-	3	$184,947	23	$3,557,072
South Dakota	268	$27,345,263	47	$4,850,574	191	$16,975,846	506	$49,171,921
Texas	4	$712,821	1	$124,482	4	$665,331	9	$1,502,639
Utah	57	$11,361,965	3	$356,493	15	$1,535,612	75	$13,254,088
Washington	949	$211,287,670	134	$21,054,366	189	$22,846,406	1,272	$255,188,765
Wisconsin	716	$90,577,724	51	$4,539,629	579	$49,894,969	1,346	$145,012,952
Wyoming	13	$1,587,041	11	$1,285,453	6	$644,702	30	$3,517,213
Total	25,390	$4,317,054,162	605	$85,600,754	2,960	$351,224,282	28,955	$4,753,882,763

Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP)
Note: The totals in this chart differ slightly from the totals in the other Section 184 charts (e.g., Exhibit 2) because of minor difference in the timing of the data received

Exhibit B.2a: Map of Number of Section 184 Loans Guaranteed, FY1994-September 2014



Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP)
Note: The totals in this chart differ slightly from the totals in the other Section 184 charts (e.g., Exhibit 2) because of minor difference in the timing of the data received

Exhibit B.3: Summary of Section 184 Lending Volume: FY1994-May 26, 2015 by Land Status and Year, Nominal Value

Year	Fee Simple			Reservation - Allotted			Reservation - Tribal Trust			Other			Grand Total		
	# of loans	*Total Value ($000s)*	*Avg. Value ($000s)*	*# of loans*	*Total Value ($000s)*	*Avg. Value ($000s)*	*# of loans*	*Total Value ($000s)*	*Avg. Value ($000s)*	*# of loans*	*Total Value ($000s)*	*Avg. Value ($000s)*	*# of loans*	*Total Value ($000s)*	*Avg. Value ($000s)*
1994	0	0		2	121	61	1	71	71	0	-	-	3	192	64
1995	6	699	117	5	425	85	11	841	76	0	-	-	22	1,965	89
1996	76	8,860	117	3	186	62	77	5,444	71	0	-	-	156	14,491	93
1997	148	16,455	111	5	483	97	60	5,516	92	0	-	-	213	22,454	105
1998	119	12,364	104	2	235	117	9	859	95	0	-	-	130	13,458	104
1999	86	8,566	100	2	108	54	44	3,213	73	0	-	-	132	11,887	90
2000	72	6,991	97	7	615	88	81	6,734	83	0	-	-	160	14,340	90
2001	58	7,159	123	11	1,504	137	31	3,151	102	0	-	-	100	11,814	118
2002	88	9,695	110	3	229	76	207	16,068	78	0	-	-	298	25,992	87
2003	155	20,703	134	27	2,653	98	183	15,873	87	0	-	-	365	39,229	107
2004	323	37,303	115	53	5,787	109	208	17,413	84	0	-	-	584	60,503	104
2005	589	78,836	134	50	5,704	114	135	13,916	103	0	-	-	774	98,456	127
2006	980	158,000	161	67	9,557	143	136	14,610	107	0	-	-	1,183	182,166	154
2007	1,122	193,219	172	66	9,883	150	192	22,982	120	0	-	-	1,380	226,084	164
2008	493	269,811	181	45	6,472	144	156	21,028	135	0	-	-	1,694	297,311	176
2009	2,554	428,116	168	50	8,319	166	278	43,593	157	0	-	-	2,882	480,027	167
2010	3,054	504,095	165	38	5,582	147	183	24,029	131	0	-	-	3,275	533,706	163
2011	2,612	451,855	173	52	8,539	164	465	45,656	98	1	$31	$31	3,130	506,080	162
2012	3,997	714,560	179	51	9,525	187	254	35,995	142	0	-	-	4,302	760,080	177
2013	2,876	516,257	180	41	5,806	142	224	31,762	142	2	$647	$324	3,143	554,472	176
2014	3,622	631,516	174	19	2,734	144	68	9,562	141	1	$85	$85	3,710	643,897	174
2015	1,191	208,209	175	4	324	81	9	1,647	183	0	-	-	1,204	210,180	175
Total	25,221	4,283,269	170	601	84,667	141	3,011	339,893	113	4	$763	$191	28,840	4,708,784	163

Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data
Notes: 2015 data goes through May 26.
"Other" includes assignment, and leasehold land types.

Exhibit B.4: Summary of Section 184 Lending Volume: FY1994-May 2015 by Land Status and Year, Inflation-Adjusted 2014 Dollars

Year	Fee Simple			Reservation - Allotted			Reservation - Tribal Trust			Other			Grand Total		
	# of loans	Total Value ($000s)	Avg. Value ($000s)	# of loans	Total Value ($000s)	Avg. Value ($000s)	# of loans	Total Value ($000s)	Avg. Value ($000s)	# of loans	Total Value ($000s)	Avg. Value ($000s)	# of loans	Total Value ($000s)	Avg. Value ($000s)
1994	0	-	-	2	193	97	1	114	114	0	-	-	3	307	102
1995	6	1,086	181	5	660	132	11	1,307	119	0	-	-	22	3,053	139
1996	76	13,369	176	3	281	94	77	8,215	107	0	-	-	156	21,865	140
1997	148	24,271	164	5	712	142	60	8,137	136	0	-	-	213	33,119	155
1998	119	17,956	151	2	341	170	9	1,248	139	0	-	-	130	19,546	150
1999	86	12,172	142	2	153	76	44	4,566	104	0	-	-	132	16,891	128
2000	72	9,611	133	7	845	121	81	9,257	114	0	-	-	160	19,714	123
2001	58	9,570	165	11	2,010	183	31	4,212	136	0	-	-	100	15,792	158
2002	88	12,758	145	3	301	100	207	21,145	102	0	-	-	298	34,204	115
2003	155	26,636	172	27	3,414	126	183	20,422	112	0	-	-	365	50,472	138
2004	323	46,750	145	53	7,252	137	208	21,823	105	0	-	-	584	75,824	130
2005	589	95,562	162	50	6,914	138	135	16,869	125	0	-	-	774	119,345	154
2006	980	185,537	189	67	11,222	167	136	17,156	126	0	-	-	1,183	213,915	181
2007	1,122	220,655	197	66	11,286	171	192	26,245	137	0	-	-	1,380	258,187	187
2008	1,493	296,670	199	45	7,116	158	156	23,121	148	0	-	-	1,694	326,908	193
2009	2,554	472,414	185	50	9,179	184	278	48,103	173	0	-	-	2,882	529,697	184
2010	3,054	547,279	179	38	6,060	159	183	26,088	143	0	-	-	3,275	579,426	177
2011	2,612	475,552	182	52	8,987	173	465	48,050	103	1	32	32	3,130	532,621	170
2012	3,997	736,788	184	51	9,821	193	254	37,115	146	0	-	-	4,302	783,724	182
2013	2,876	524,631	182	41	5,901	144	224	32,277	144	2	658	329	3,143	563,467	179
2014	3,622	631,516	174	19	2,734	144	68	9,562	141	1	85	85	3,710	643,897	174
2015	1,191	208,209	175	4	324	81	9	1,647	183	0	-	-	1,204	210,180	175
Total	25,221	4,568,995	181	601	95,514	159	3,011	386,565	128	4	775	194	28,840	5,052,156	175

Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data
Notes: 2015 data goes through May 26.
"Other" includes assignment, and leasehold land types.

Exhibit B.5: Number of Lenders and First-Time Lenders before and after Changes to Section 184 Program Lending Rules in FY2005

	1994-May 2015	1994-2004	2005-May 2015
Average lenders annually	62	19	108
Average first-time lenders annually	16	8	24
Total lenders	332	87	245

Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

Exhibit B.6: Top 10 Lender Loan Value and Number of Loans by Period, Nominal Value

	1994-2015			
	Amount ($000s)	*Percent*	*# Loans*	*Percent*
Top 10 lenders	2,405,565	51.1	13,758	47.7
All other lenders	2,303,219	48.9	15,082	52.3
Total	4,708,784	100	28,840	100

	1994-2004			
	Amount ($000s)	*Percent*	*# Loans*	*Percent*
Top 10 lenders	63,455	29.3	604	27.9
All other lenders	152,870	70.7	1,559	72.1
Total	216,326	100	2,163	100

	2005-2015			
	Amount ($000s)	*Percent*	*# Loans*	*Percent*
Top 10 lenders	2,342,110	52.1	13,154	49.3
All other lenders	2,150,349	47.9	13,523	50.7
Total	4,492,459	100	26,677	100

Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

Exhibit B.7: Claims by Year of Obligation, FY1994 – March 2015, Nominal Value

	# of Loans Endorsed	$ of Loans Endorsed	# Claims	Total Claims $	% Claims by Number of Loans	% Claims by Value
1994	3	192,214	0	0	0	0
1995	22	1,965,422	0	0	0	0
1996	156	14,491,168	3	180,045	1.9	1.2
1997	213	22,454,026	9	537,477	4.2	2.4
1998	130	13,457,805	5	528,167	3.8	3.9
1999	132	11,886,921	14	905,473	10.6	7.6
2000	160	14,339,856	8	473,437	5	3.3
2001	100	11,814,144	6	854,864	6	7.2
2002	298	25,992,232	6	396,526	2	1.5
2003	365	39,228,689	13	1,468,054	3.6	3.7
2004	584	60,503,031	21	1,610,053	3.6	2.7
2005	774	98,456,033	46	6,214,932	5.9	6.3
2006	1,183	182,166,395	99	18,082,930	8.4	9.9
2007	1,380	226,083,847	95	20,624,323	6.9	9.1
2008	1,694	297,310,870	130	31,327,764	7.7	10.5
2009	2,882	480,026,908	101	16,754,117	3.5	3.5
2010	3,274	533,533,152	68	9,672,919	2.1	1.8
2011	3,130	506,079,739	20	2,774,947	0.6	0.5
2012	4,265	753,307,310	16	2,136,848	0.4	0.3
2013	3,119	549,145,647	2	204,373	0.1	0
2014	3,624	629,095,091	0	0	0	0
2015	645	110,939,461	0	0	0	0
Total	28,133	4,582,469,961	662	114,747,246	2.4	2.5

Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

Exhibit B.8: Purpose of Section 184 Loans – Summary

	Purchase		Refinance		Total	
	# of Loans	*Percent*	*# of Loans*	*Percent*	*# of Loans*	*Percent*
1994	3	100	-	0	3	100
1995	22	100	-	0	22	100
1996	155	99.4	1	0.6	156	100
1997	212	99.5	1	0.5	213	100
1998	129	99.2	1	0.8	130	100
1999	132	100	-	0	132	100
2000	156	97.5	4	2.5	160	100
2001	100	100	-	0	100	100
2002	298	100	-	0	298	100
2003	282	77.3	83	22.7	365	100
2004	440	75.3	144	24.7	584	100
2005	702	90.7	72	9.3	774	100
2006	1,047	88.5	136	11.5	1,183	100
2007	1,298	94.1	82	5.9	1,380	100
2008	1,460	86.2	234	13.8	1,694	100
2009	2,079	72.1	803	27.9	2,882	100
2010	2,451	74.8	824	25.2	3,275	100
2011	1,886	60.3	1,244	39.7	3,130	100
2012	2,399	55.8	1,903	44.2	4,302	100
2013	2,770	88.1	373	11.9	3,143	100
2014	3,330	89.8	380	10.2	3,710	100
2015	977	81.1	227	18.9	1,204	100
Total	22,328	77.4	6,512	22.6	28,840	100

Source: Authors' calculations of United States Department of Housing and Urban Development, Office of Native American Programs (ONAP) Section 184 Loan Data

Notes: Purchase includes: Acquisition of Exiting Home; Acquisition/Rehab of Existing Home; Acquisition of New Home – Less than 1 Year Old; New – Less than 1 Year Old; and Proposed Construction.
Refinance includes: Credit Qualifying w/Cash Out; Credit Qualifying w/Escrow Account; Credit Qualifying w/o Cash Out; Streamline w/o Appraisal; and Streamline w/Appraisal.

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EQUAL HOUSING OPPORTUNITY

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