



Section 184 Indian Home Loan: Bringing the Dream of Homeownership to Indian Country



helping dreams come true...





What is the Section 184 Loan Guarantee Program?

✱ The Section 184 Indian Home Loan program is a mortgage product specifically for American Indian and Alaska Native families, tribes, Alaska Villages or tribally designated housing entities. Congress established this program in 1992 to facilitate homeownership in Native American communities. With Section 184 financing you can get into a home with a low down payment, no mortgage insurance and flexible underwriting.

If you are a potential homebuyer, Section 184 is a great product — thanks to the low down payment requirement of 2.25% for loans over \$50,000. If your loan amount is under \$50,000, your down payment is 1.25%. Also, you don't have to pay a mortgage insurance premium each month. Instead, a one-time, 1% loan guarantee fee can be added to your final loan amount. Our underwriters are familiar with the unique issues and circumstances that Native Americans face when trying to get a mortgage in Indian Country.



Basics of the Program

Homeownership for Native Americans

✱ In 1992, Congress established the Section 184 Indian Home Loan Program. The program was designed to offer homeownership and housing rehabilitation opportunities for eligible Native American individuals, families, tribes and tribally designated housing entities (including Indian Housing Authorities) on their native lands and within an approved Indian area.

Why a Loan Program Specific to Native Americans?

Because of the unique status of Indian lands, Native American homeownership is an under-served market. The Section 184 program was designed to improve access to capital for Native Americans and provide private funding opportunities for tribal housing agencies.



How Does Section 184 Work?

✱ HUD guarantees each mortgage loan made to eligible borrowers. The loan guarantee assures the lender that its investment will be repaid in the event of a foreclosure. The borrower pays a 1% loan guarantee fee at closing, which may be financed in the mortgage or paid in cash. The borrower applies for the loan with a participating lender, or works with the tribe and the Bureau of Indian Affairs if leasing tribal land. The lender then evaluates the necessary loan documentation and submits the loan for approval to the HUD Office of Loan Guarantee.



The Section 184 Loan Provides You With Numerous Options to Suit Your Needs:

- ✖ Purchase of an existing home
- ✖ Single-close construction loans for a stick-built or a manufactured home on a permanent foundation
- ✖ Rehabilitation loans
- ✖ Purchase and rehab
- ✖ Refinancing

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



Who is Eligible for a Section 184 Loan?

- ✖ American Indians or Alaska Natives who are members of a federally recognized tribe
- ✖ An Indian tribe
- ✖ A Tribally Designated Housing Entity (TDHE)
- ✖ An Indian Housing Authority (IHA)

How Can You Use the Section 184 Loan Guarantee?

Individuals, tribes, TDHEs and IHAs can use the Section 184 Loan for:

- ✖ Acquisition and/or rehabilitation of existing housing
- ✖ Construction of new housing, including manufactured housing affixed to a permanent foundation
- ✖ Refinancing

Eligibility is limited to single-family housing (1-4 units), and fixed-rate loans for 30 years or less. Neither adjustable rate mortgages (ARMs) nor commercial buildings are eligible for Section 184 Loans. TDHEs or IHAs can borrow funds to develop rental housing or to build singlefamily homes that are subsequently sold (or assumed) by eligible borrowers. This makes the Section 184 loan a unique leveraging tool for expanding the Tribal housing stock to meet the needs of your Tribal membership.



Action Plan for Becoming a Homeowner



Getting Started

To qualify for a home loan, we recommend (but it's not mandatory) that you first find out if there are any homebuyer education classes that you can attend www.hud.gov/counseling. Homebuyer classes prepare you for the home buying process, so that when you go in to meet with a lender you'll have a better understanding of what it takes to qualify for a home loan.

Meeting with a Lender

To get a loan, you must apply with a HUD-Approved Section 184 lender. Approved 184 lenders are listed on the HUD website at: www.hud.gov/codetalk.

Tips for Borrowers

- ✓ **Save money!** In order to be a successful homebuyer you will need to begin saving money in order to help cover your down payment and closing costs. Savings also demonstrates to a lender that you have the capacity to be a successful borrower.
- ✓ **Do not enter into new debt!** Flat out, the more debt you have, the less you can borrow to buy a home.
- ✓ **Stay current with existing payments!** Make sure you pay all your bills on time. Any late payments will show up on your credit report and may disqualify you as a borrower. If you can, pay extra on credit card payments to reduce your debt and interest expense.
- ✓ **Get a free copy of your credit report and clear up any issues!** The credit report shows your debt payment history and tells the lender if you are a good borrower. So review your credit report to see if it is accurate. You can get a free copy of your credit report at www.annualcreditreport.com
- ✓ **Adjust your budget to reflect the additional costs of homeownership!** Even though you may qualify for a high loan amount take time to consider the additional expenses that come along with becoming a homeowner. Things like: water, sewer, energy, garbage, and maintenance costs.

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Information about any HUD or
ONAP program can be accessed
through our website:
www.hud.gov/codetalk