



**Office of Native American Programs**

**TO: All Tribal Government Leaders and Tribally Designated Housing Entities (TDHE)**

**FROM: Jacqueline Johnson, Deputy Assistant Secretary, 8APIN**

**TOPIC: Section 184 Indian Loan Guarantee Program**

**SUBJECT: Section 184 Indian Loan Guarantee and Down Payment Assistance under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA)**

**Background: This notice is to provide guidance for tribes or tribally designated housing entities (TDHEs) that have designated NAHASDA funds in their Indian Housing Plans (IHP) to be used to assist homebuyers with down payment and closing costs in conjunction with the Section 184 Indian Loan Guarantee Program.**

**Procedure: To facilitate the loan approval process for those homebuyers within the tribe who will be receiving assistance from the tribe or TDHE under NAHASDA and the United States Housing Act of 1937, the following steps should be taken prior to having your tribal members contact a mortgage lender:**

- 1. The IHP must designate funds to be used for this purpose. The IHP must be approved and funds available.**
- 2. The homebuyer receiving assistance must qualify under the income limits which tribes/TDHEs use to qualify families for affordable housing programs. Refer to Bulletin 98-14 for further guidance on income limits. The tribe/TDHE should obtain the potential homebuyer's income. Income figures will also be verified by the lender for loan approval purposes.**
- 3. Assistance is generally limited to families with income at or below 80 percent of median income for the applicable area. Up to 10 percent of your annual grant amount can be used for families whose income falls within 80 to 100 percent of median income. The lender should be given a certification from the tribe/THDE stating that you have not exceeded your 10 percent if this is the case. If you wish to assist a homebuyer who exceeds 100 percent of median income, HUD approval is required. This request should be submitted to the Area ONAP and an approval letter received prior to the borrower applying for the loan.**
- 4. In addition, the lender will need copies of the proposed documents you will be utilizing in connection with this assistance. Depending on how you structure your assistance program, this could be in the form of a gift letter from the tribe/TDHE, a Promissory Note, a second mortgage document, etc.**

**Taking these steps up front will facilitate the homebuying process for your tribal member and avoid any misunderstandings on the part of the lender or homebuyer. The tribe or TDHE must include language which indicates their intent to participate in the 184 Loan Guarantee Program in their IHP. Please note IHPs must be approved by 11/3/98 for tribes/TDHEs and tribal members to participate in the Section 184 Program.**

**If you have any questions regarding the Section 184 Indian Loan Guarantee Program contact the National Office of Native American Programs at (303) 675-1600 or on the Internet at [SEC184\\_loans@hud.gov](mailto:SEC184_loans@hud.gov)**