Tribal Leaders Handbook on *Homeownership*

Edited by Patrice H. Kunesh

Forwards by the National Congress of American Indians,
the National American Indian Housing Council,
and Enterprise Community Partners

Tribal Leaders Handbook on *Homeownership*

A publication of the
Center for Indian Country Development
of the Federal Reserve Bank of Minneapolis
and Enterprise Community Partners

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Editor's Introduction

What would it take to build new communities, and remake old ones, so reservations move more positively toward meeting housing needs and bolstering economic development?

Indian Country connotes an enduring interconnection between land and people. It also is a complex web of historical, legal, and social forces that make it unnecessarily difficult to use trust lands to the benefit of their people. For several generations, housing stock on American Indian reservations has been limited and deficient, adding to the already dire housing crisis throughout Indian Country.

Today, the strong demand for homeownership in Indian Country is driving renewed efforts to confront these barriers and unlock the potential of all reservation land. Tribal leaders across the country are at the forefront of this effort.

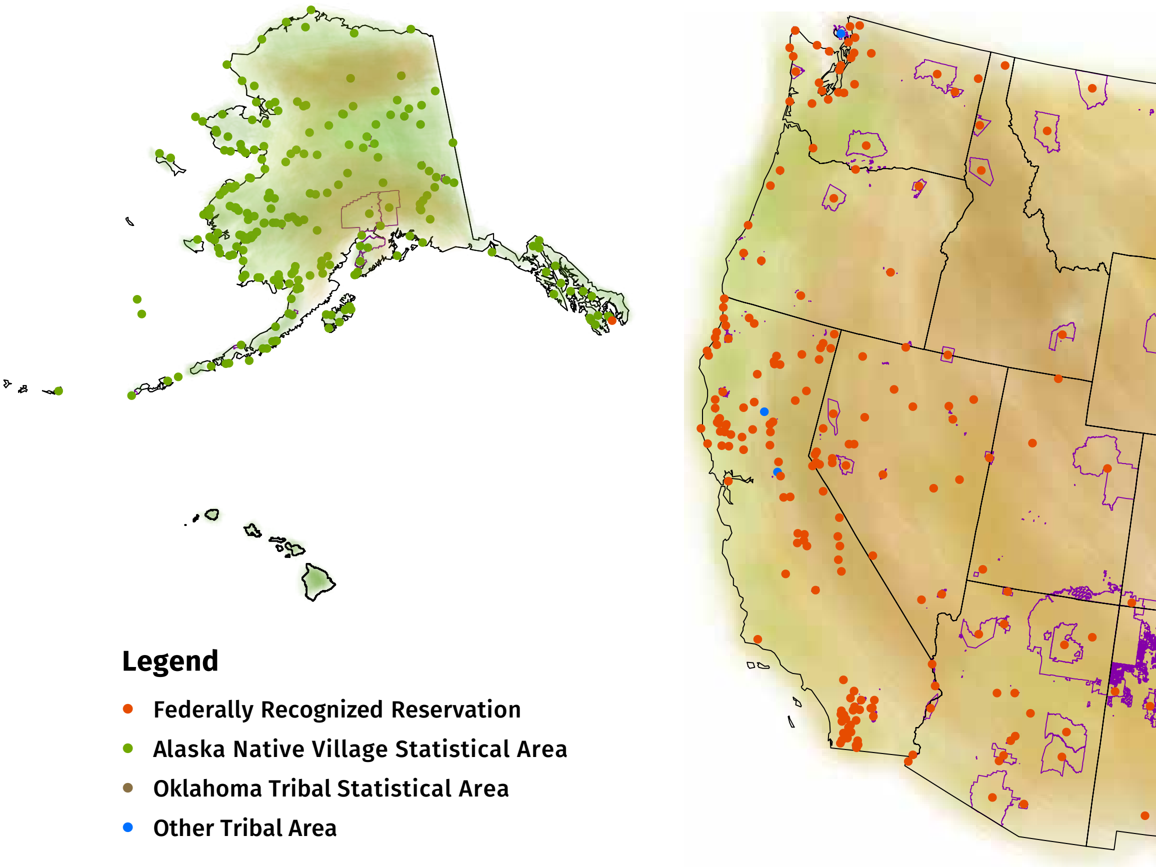
This Handbook is one of those efforts. It came about at the request of the Tribal Leaders Working Group of the National Native Homeownership Coalition, an initiative of the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis. We asked them to consider these basic questions about economic development: What would it take to build new communities, and remake old ones, so reservations move more decisively toward economic development that benefits tribal members? What financial and governance strategies could most effectively overcome barriers to these goals? They immediately identified the need for a comprehensive guide to the homeownership process and the mortgage lending programs available in Indian Country.

Thankfully, a good model already existed in Designing and Operating Homeownership Programs on Tribal Lands, a manual prepared by the New Mexico Tribal Homeownership Coalition and published in 2016 by Enterprise Community Partners' Native American Initiative.

This Handbook expands on the Enterprise blueprint. It provides a comprehensive overview of the mortgage lending process, addresses challenges to homeownership on trust lands, and includes "best practice" case studies that show how tribes overcame those obstacles through innovation and perseverance to create homeownership in their communities.

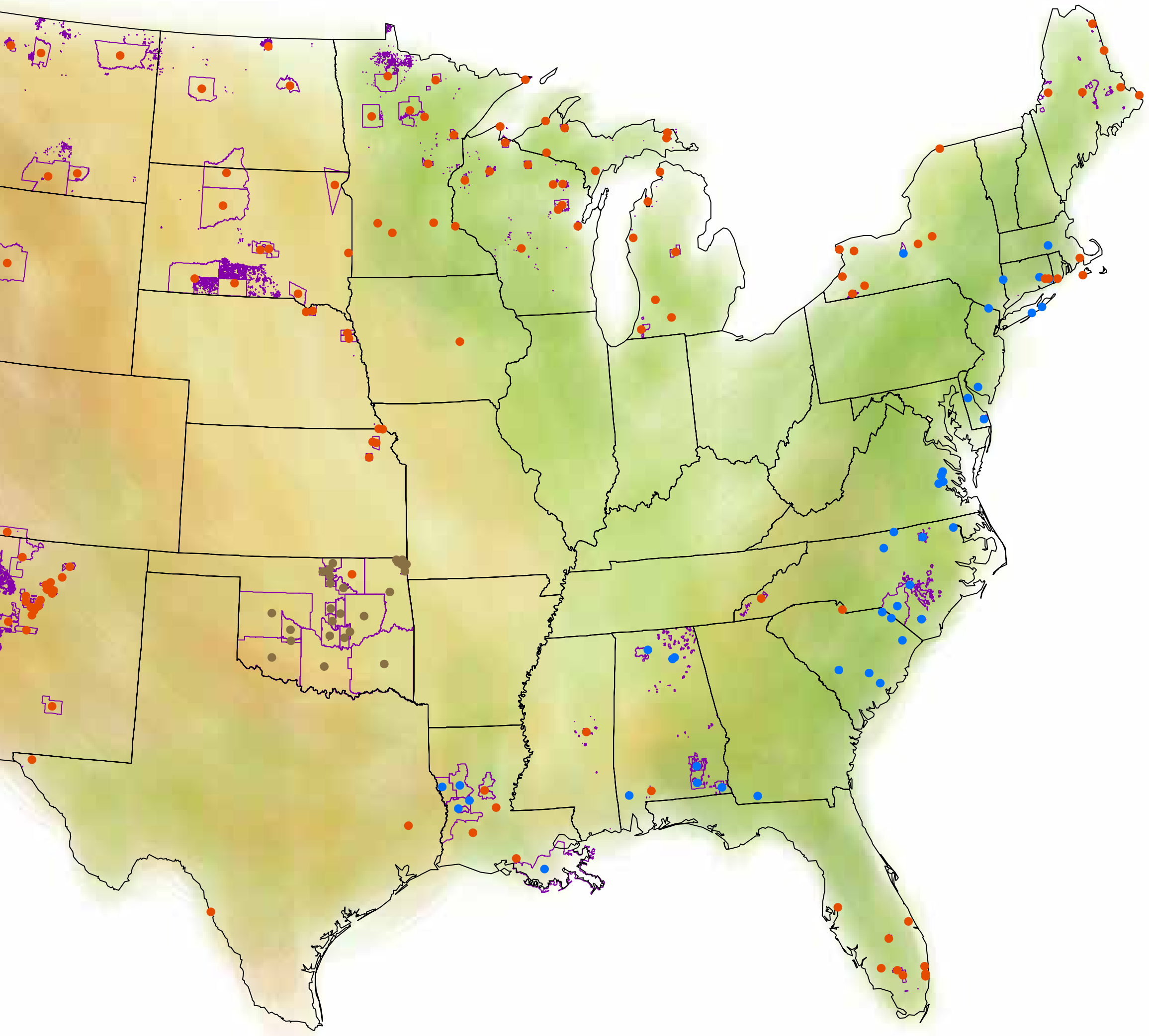
Why homeownership? The short answer is people and opportunity.

- Growing housing needs of Native communities. Among the 5.2 million American Indians and Alaska Natives, social and cultural connections to Indian Country remain strong. In this rapidly growing population, a high percentage of tribal members (about 60 percent) lives on or near reservations, and Native communities increasingly are looking to address their rising housing needs.



Source: Housing Assistance Council

- Strong and unmet demand for homeownership. According to the Census Bureau, in 2016, just 52.9 percent of all Natives were homeowners, down from 55.5 percent in 2000. In tribal areas, there is a strong and as yet unmet demand for homeownership among Native households: 75 percent report a strong desire to own their home. Concerns about chronic housing shortages, quality, and overcrowdedness suggest additional demand for new investments in private homes in Indian Country.
- Reservation economies. Expanding homeownership options on trust land can help improve reservation economies and the well-being of tribal members. Building new homes and preserving old ones employs a wide range of workers and provides opportunities to develop a



skilled workforce. These activities have a wide ripple effect as jobs are spread over other sectors of the community, including manufacturing, retail, and business services.

- Governance and infrastructure. Creating homeownership in Indian Country involves fundamental economic and governance issues such as access to capital, workforce capacity, and spending power within the reservation.

- Unlocking the potential of reservation lands. The tasks before stakeholders working to strengthen tribal economies through homeownership include:

- Grounding a system of housing finance and development in tribal housing programs to address the community's housing needs, including enabling Native households to purchase or rent quality homes on their reservations, or to build their own.
- Assembling land parcels in ways that can support infrastructure investment to serve the quality development of housing and other community amenities. This can be achieved by targeting funding for land purchases and streamlining lease processes for housing development, so tribal and trust lands can be accessed for housing more easily.
- Developing a system of infrastructure finance that can serve new and existing community development and projects.
- Aligning education, workforce development, and reservation job sectors to grow the share of Native workers filling reservation-based jobs, thus creating a market for higher-quality housing choices.
- Attracting reservation investments and consumer spending in reservation enterprises.

Some good progress has been made in meeting Indian Country's unmet demand. The HUD Section 184 Indian Home Loan Guarantee Program has greatly expanded the supply of mortgage credit to Native borrowers. Loans under this program have grown from less than 600 per year before 2005, to over 4,000 loans in 2015 and an aggregate total of more than 6,000 as of 2017. However, most of this growth bypassed trust lands, resulting in 93 percent of HUD 184 loans being made on fee land in recent years.

Other federal programs support mortgage lending on trust lands, such as the USDA Rural Housing Services 502 Direct Loan Program and the VA Native American Direct Loan Program. On a smaller but vitally important scale, CDFIs (community development financial institutions) and tribally owned financial institutions, including banks, credit unions, and internal mortgage offices, provide loan products and mortgage services to Native borrowers.

Nevertheless, developing trust lands for homeownership remains a serious challenge and involves a lengthy and often burdensome process that reduces the appeal of lending on tribal trust land, even with the federal guarantee.

Who should use this handbook?

- All tribal leaders interested in creating homeownership programs, in leveraging government and private mortgage programs and resources, and in developing partners to help maneuver between lending and development processes for their Native communities.
- Banks and mortgage lenders interested in how homeownership on trust land is not only possible but also can be a successful business opportunity.

- Housing advocates, state and government agencies, and community builders interested in working with Native communities across the country and supporting tribes in managing the mortgage lending process.

Providing quality, safe, and affordable housing is an integral component of reservation economic development and community well-being. It supports a healthy, educated, trained workforce. Most importantly, it strengthens Native peoples' ties to their history, to their land, and to their language and culture. We hope this Handbook will be a catalyst to create opportunities for housing choice and progress across Indian Country.

Acknowledgments

The *Tribal Leaders Handbook on Homeownership* is a remarkable resource, made with many hands and hearts in Indian Country. It reflects extensive work and research from several contributors: the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis and members of its National Native Homeownership Coalition, Enterprise Community Partners, NeighborWorks America-Rocky Mountain Western Region, and NeighborWorks Alaska. HUD and USDA Rural Development assisted with the data on their 184 and 502 programs, a significant contribution to providing affordable housing options to many Native communities. The Public Affairs department at the Federal Reserve Bank of Minneapolis was instrumental in creating the design and layout of the Handbook. We would not have this book but for the printing and publication shop at the Federal Reserve Bank of San Francisco.

Many individuals deserve thanks for their work in the Coalition and on the Handbook. My thanks go to the chapter authors, case study contributors, and Coalition leads (Jason Adams, Steve Barbier, Tawney Brunsch, Matthew Carriaga, Joanna Donohoe, Fred Fisher, Russ Kaney Leslie Newman, Jim Nordland, Craig Nolte, Nikki Pieratos, Dick Todd, Sharon Vogel, and Denise Zuni) for participating in this project and for their willingness to help explore and navigate the complex maze of mortgage lending in Indian Country. The artistic vision of Marlena Myles, and Lori Korte has made the Handbook more visually appealing and inviting. Journalist Mark Fogarty provided keen review and editing of our manuscripts.

About the Center for Indian Country Development

The Center for Indian Country Development at the Federal Reserve Bank of Minneapolis was established in 2015 to help self-governing communities of American Indians across the country attain their economic goals. The Center's work focuses on engagement in four main areas (land, education, housing and homeownership, and business and entrepreneurship), buttressed by research around economic development issues of vital importance to Native communities.

About the National Native Homeownership Coalition

The Center for Indian Country Development established the National Native Homeownership Coalition (NNHC) in 2016 to bring together housing systems leaders to help resolve the multi-dimensional challenges to homeownership on trust lands.

The NNHC's goals are to:

- Enhance access to mortgage credit.
- Maximize housing choice.
- Streamline the lending process.
- Provide data and research on mortgage lending.

Through collaboration and partnerships with its more than 200 members, the NNHC is addressing a broad spectrum of issues with the goal of improving the mortgage lending systems on trust land and creating more housing options for Native families.

About Enterprise Community Partners

Enterprise's mission is to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities. Within Enterprise are entities that lend funds, finance development, and manage and build affordable housing. Enterprise improves communities and people's lives by making well-designed homes affordable. By bringing together nationwide know-how, partners, policy leadership, and investment, Enterprise multiplies the impact of local affordable housing development.

On a personal note, I am sincerely grateful to the many Native nations and Native peoples who work ardently and tirelessly to bring safe and affordable housing to their communities. They are creating a place to come home to and preserving an enduring culture. —*PHK*

Forwards

The National Congress of American Indians

The ability of a tribal nation to fully exercise its sovereignty in order to achieve social, cultural, and economic prosperity depends to a large degree on the ability of the individuals and families who make up that nation to achieve self-sufficiency. Homeownership represents a vital pathway in that pursuit, yet across Indian Country it is underutilized, poorly resourced, and not fully understood.

With this Handbook, the Center for Indian Country Development enhances tribal nations' understanding of the opportunities for homeownership by their people – and empowers them to seed those opportunities. Presenting cutting-edge data, tribal best practices, leading models, and useful tools, the handbook presents tribal leaders and key decision makers with a suite of relevant resources they can use to forge comprehensive, tribal approaches capable of meeting the homeownership needs of their people not just today, but for years to come. It also articulates the central roles that lenders and community development and housing advocacy organizations can and should play in this formative process, and the critical need for tribal nations to fully engage these partners every step of the way.

With Native people being one of the fastest-growing populations in the country, removing the many barriers that keep them from owning a home grows more urgent by the day. Given this reality, it is incumbent upon tribal leaders and key decision makers to plan and act now to remove those barriers. When they succeed in doing so, they not only support the building of personal and familial wealth, they strengthen culture, community, and economy by enabling more tribal citizens to participate by working and living at home in tribal communities. This Handbook shortens the learning curve for tribal nations about what works and what doesn't, and it provides them proven blueprints for strategic action.

—Jacqueline Pata, Executive Director, National Congress of American Indians

National American Indian Housing Council

For many generations, traditional Native communities worked together to ensure that each family had a safe home of their own. Today, quality, affordable housing opportunities are far too scarce in Indian Country. A 2017 report by the Department of Housing and Urban Development found that 68,000 new units are needed to alleviate issues of overcrowded and substandard homes in tribal communities, and may well underestimate the true need. Inadequate housing contributes to a number of the problems facing our communities. Lack of housing options also impacts the health and safety of our Native communities, particularly for the young and elderly. Creating new homeownership opportunities will be a vital component as we work to address this housing crisis in Indian Country.

The *Tribal Leaders Handbook on Homeownership* is designed to take a community wide approach to address homeownership in the present day. Rather than thinking of homeownership as a single mortgage transaction or single construction job, communities are learning that a comprehensive approach to community development can solve not only our housing shortage, but also do so in a way that revives and sustains tribal economies.

This comprehensive approach means everyone must work together – from the individual learning the importance of building good credit, to the tribal housing counselor guiding the way through the maze of homeownership programs and mortgage options, to the tribal leader who knows that developing the legal and physical infrastructure in their community creates greater homeownership and economic development opportunities. These new homeownership opportunities create jobs, improve education and health outcomes of the community, and help recruit professionals to move to the communities. All of this can drive further development and sustained economic progress across Indian Country.

Nonetheless, addressing the dire housing needs in Indian Country – really tackling the systemic challenges to developing trust lands and offering better lending options – will require more. The United States Congress, federal agencies, and our partners in the housing and banking industries all have an essential part to play to create real housing opportunities for our Nation's first nations.

I appreciate the work of the National Native Homeownership Coalition, the Center for Indian Country Development, and the Federal Reserve Bank of Minneapolis in developing this Handbook. Its comprehensive approach will serve our tribal communities well as we strive to provide greater housing and homeownership opportunities for Native peoples across the country.

— Tony Walters, Executive Director, National American Indian Housing Council

Hawaiian Community Assets

Homeownership in native communities is about more than personal wealth. It is about perpetuation of culture, preparing future generations, and building collective wealth. The *Tribal Leaders Handbook on Homeownership* is a groundbreaking publication that provides tribal housing authorities with tools for understanding land and finance requirements for homeownership and creating sustainable housing programs – all rooted in a native way of thinking that promotes collective wealth over personal wealth and gain.

— Jeff Gilbreath, Executive Director, Hawaiian Community Assets

Enterprise Community Partners

Enterprise Community Partners has an ambitious vision: that one day, every person will have an affordable home in a vibrant community, filled with promise and the opportunity for a good life. Since 1982, our work in communities has been grounded by the belief that safe, affordable housing is critical to helping low-income people move out of poverty. We strive to connect housing to communities of opportunity, where residents have access to a good education, an affordable place to live, a job, and quality health care.

The need for this comprehensive approach to housing and community development is evident on reservations and pueblos across the country. Native Americans living on tribal lands face extreme hardships, and as a result, tens of thousands of Native American families are housing insecure—burdened by high housing costs, doubled-up in poor quality homes, or struggling with homelessness. Added to that, much of the existing housing is located away from centers of employment, education, and cultural activities, further compounding the challenges Native Americans face.

For more than 20 years, Enterprise has worked with tribal governments to develop culturally appropriate affordable housing options for Native Americans. During that time, we have invested more than $100 million in tribal housing programs through grants, loans, tax credit investments, technical assistance and training. We have also established critical partnerships, including with the Center for Indian Country Development at the Federal Reserve Bank in Minneapolis. CICD's work has brought a strong focus to improving homeownership and asset building strategies for Native Americans, and is founded on our shared belief that homeownership provides financial security and a pathway out of poverty that can extend for generations.

This manual, and our partnership with CICD, is an effort to support the work of Tribal leadership as they develop, launch and administer homeownership programs. It provides broad guidance on how to get started, and case studies of programs that have worked across the country. It is intended to be accompanied by individualized technical assistance that will help you navigate the resources and challenges ahead.

As you read through this guide and access the materials on-line, we are hopeful that it will stimulate your creativity and inspire your own homeownership program. If it does, we look forward to partnering with you to bring that program to life.

—Terri Ludwig, Chief Executive Officer, Enterprise Community Partners

Preface

A Brief History of Indian Country Land

How did Indian land get the complicated status it has today? This historical overview lays out the origins of the land tenure system in Indian Country – providing a basic primer on both the history and the law behind the property ownership patterns throughout Indian Country.

Original Tribal Property Rights to Colonization

Prior to European contact, Native peoples abided by their own systems for recognizing and enforcing property rights to their territory and resources. These rights, including individual property rights, were regulated by each tribe's customs and norms.

When Europeans arrived in North America, they encountered a vast array of tribal nations with well-established property systems. European legal doctrine asserted a form of dual sovereignty in the Americas. On the one hand, European states asserted the right to exclude all outside powers (e.g., other European nations and nationals) from territories they claimed or acquired from other European powers. On the other hand, within these areas, Europeans recognized tribal ownership and self-governance over their own lands, so that those lands could only be acquired by Europeans through purchase from tribes or the concept of "just war."

The term Indian Country was first used in the Royal Proclamation of 1763, following Great Britain's acquisition of French territory in North America. Drawing a line referred to as the "Proclamation Line" along the spine of the Appalachian Mountains, the Proclamation formally reserved land west of the Appalachian Mountains as Indian Country, and forbade non-Indian settlement in this territory. After the formation of the U.S., the line quickly moved westward, and the term then became more closely aligned with the Indian reservations created by treaties, statutes, and executive orders.

The U.S., Treaties, Laws, and the Supreme Court

The early treaties between European nations and tribes reflected a nation-to-nation relationship, where trade and commerce, and agreements of protection were formalized in treaties. In these dealings, tribes were recognized as sovereigns, having the authority to cede, transfer, or convey their lands.

After the American Revolution, while the U.S. assumed Britain's ownership rights of lands previously purchased or acquired, the U.S. did not acquire title or rights of ownership to all lands within its broader boundaries. The new national government continued to recognize tribal ownership and self-governance over unceded lands and that those lands could only be acquired through purchase.

Conflicts over the validity of title and ownership of lands acquired from tribes quickly escalated to the new U.S. Supreme Court. In 1823, the Court decided *Johnson v. M'Intosh*, a historic decision that forever altered the property rights of all tribes, as well as the relationship between them and the new government.

The case involved a conflict between two non-Indian parties who claimed ownership of the same large tract of land, one obtained directly from tribes and the other through a federal land patent. In simple terms, the Supreme Court recognized the superior power of the federal government to acquire lands from Indians. The legal significance of the decision, however, was profound. Tribes no longer held absolute title and authority over their lands – they had a mere beneficial right of occupancy.

How had the federal government acquired the underlying legal title in Indian lands? The Court's decision rested on international principles of European "discovery" and conquest, which "extinguished" absolute Indian title in the land. It also was based, in part, on racial stereotypes and economic biases that Indians did not use their lands efficiently enough to be considered full property owners. The decision created the first explicit limitations on Indian sovereignty in the law of the land. Although limiting sovereignty, the Court also attempted to protect tribes' rights to occupy their lands. Indeed, a few years later, the Supreme Court reinforced these protections in *Worcester v. Georgia*, finding that state laws did not apply on tribal lands.

These early Supreme Court decisions not only recalibrated federal-tribal relationships, they also sanctioned rapid westward expansion through large-scale acquisition of Indian lands and the creation of the reservation system. The continued demand for more Indian lands for settlement led to a chaotic era of dispossession, forced removal, and relocation to a new or modified land base. It culminated in the General Allotment Act of 1887, another significant shift in federal Indian policy aimed at, once again, diminishing tribal landholdings and disrupting tribal governance. The effects of the reservation system and allotment policies still cast a shadow over reservation economies.

The General Allotment Act to the Indian Reorganization Act

Until the 1887 General Allotment Act (also known as the Dawes Act after the bill's sponsor, Sen. Henry Dawes), land on Indian reservations was held in common by all members of an Indian nation. Many believed that Indian people should take up agriculture, break away from their tightly knit families, and adopt the "civilized" lifestyle of white settlers. Many also believed that Indian nations occupied too much land, and they were eager to see those lands opened up for settlement, railroads, mining, or forestry.

The objectives of the General Allotment Act were straightforward: Abolish tribal and communal land rights of Indians, stimulate their assimilation into mainstream American society, and transfer vast areas of their land to white settlers. Individual ownership of land and subsistence farming were seen as an essential first step to both civilization and independence. To this end, reservation lands were divided into parcels, typically of 160 acres, and each tribal member was designated as owner of a parcel or "allotment." Individual Indian allotments were to be held in trust for a period of years, often 25 years, after which the land was to be transferred to fee simple ownership. Once in fee status, Indian land could be sold or mortgaged.

Lands that were not allotted were declared "surplus to Indian needs." Tribes were forced to cede those lands to the federal government for a nominal payment, after which the government opened much of them to non-Indian homesteaders, sold it to railroads, or converted it to public lands. The "Oklahoma Land Rush," for example, was the direct result of the Dawes Act.

Between 1888 and 1934, about 90 million acres of land were transferred from Indian reservations to non-Indian and out-of-Indian management, leaving about 56 million acres and resulting in a reduction of about 60 percent of an already diminished land base. Centuries of tribal land ownership and social structure quickly unraveled. Most new allottees were unfamiliar with land ownership. Many received allotments that were too small or unsuitable for profitable farming or became the target of speculators, and they eventually lost their lands. For what remained of tribally held lands, the federal government delegated its authority over the management of the land and its assets to the BIA in the U.S. Department of the Interior.

During the Great Depression, the federal government repudiated the allotment program in the Indian Reorganization Act of 1934. This "New Deal" legislation for American Indians renewed their rights to organize and form their own governments. It also stayed the trust period of allotted lands, but by then, the allotment process had drastically altered the land tenure status and configuration of Indian reservations.

What remained was a checkerboard pattern of Indian and non-Indian lands interspersed throughout the reservation, making it difficult to decipher jurisdiction over a particular plot of land. Moreover, the federal government impeded or made little provision for estate planning of allotted lands. Consequently, with each generation, the number of co-owners of a parcel increases while each heir's interest decreases, resulting in a highly fractionated ownership of many parcels that now makes it nearly impossible to govern or efficiently manage the use of these lands since a majority of owners must agree on it.

Indian Country Defined

In 1948, Congress defined the term Indian Country to help clarify the territory over which tribes exercised their jurisdiction. Codified at 18 U.S.C. § 1151, Indian country includes:

- "All land within the limits of any Indian reservation under the jurisdiction of the United States Government, notwithstanding the issuance of any patent, and, including rights-of-way running through the reservation;

- All dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a state; and
- All Indian allotments, the Indian titles to which have not been extinguished, including rights-of-way running through the same."

Consistent with this statutory definition, as well as federal case law, lands held in trust for Indian tribes outside formal reservations also are considered Indian Country, such as in Oklahoma. Furthermore, even outside the formal contours of Indian Country, tribes in Alaska, for example, have considerable jurisdiction and authority to manage internal tribal affairs and protect tribal members.

Understanding this complex land tenure system in Indian Country is essential to successful economic and community development activity, much depends on the status of the land. Today, about 60 million acres of Indian land are held in trust by the federal government and managed by the BIA on behalf of the Secretary of the Interior for the use and benefit of the 573 federally recognized tribes. Social and cultural connections to the land remain strong for the 5.2 million American Indian and Alaska Native peoples. A high percentage of this rapidly growing population (about 60 percent) lives on or near reservations, and Native Communities are looking for opportunities to unlock the economic potential of their lands.

The tribal chairman told me, "Let's build some houses." But he wanted me to leverage our Indian Housing Block Grant so we could build more homes for tribal members at every income level.

—VICTOR VELASQUEZ, Executive Director,
White Mountain Apache Housing Authority

How Tribal Leaders Can Support Homeownership

CHAPTER 1

Tribal leaders strive to ensure healthy, safe, and productive lives for the next seven generations. They aim to preserve their community's way of life through their culture, language, and traditions. Above all, they seek to create opportunities for tribal members to live their lives to their fullest potential. Promoting homeownership in tribal communities can help tribal leaders to fulfill each of these objectives.

What can tribal leaders do to support homeownership?

The most important step that elected and appointed tribal leaders can take in promoting homeownership opportunities is to understand how homeownership impacts the social and economic health of the community. They also can ensure they have the appropriate legal infrastructure and land management systems in place to provide certainty for lenders, homebuyers, and other stakeholders involved in the home buying and mortgage processes. Finally, they can create an environment that fosters vibrant mortgage and residential construction markets within their communities.

Following are three strategies to support homeownership in Native communities:

STRATEGY 1

Understand how homeownership impacts the social and economic health of a tribal community.

- Homeownership provides secure shelter. The serious lack of housing stock on reservations, seen in data on residential crowding, underscores the need for a mechanism that allows families who can afford to use mortgage financing to build, purchase, or rehabilitate a home that provides a roof over their heads and a place to live in a location near their extended families, jobs, businesses, farms, ranches, or educational opportunities.

- Homeownership strengthens tribal sovereignty. When tribal governments create the legal infrastructure necessary to govern the residential construction and mortgage markets within their jurisdiction, they are exercising their right to self-governance and creating a legal framework designed to support the tribal government's vision for the future of their community, rather than deferring to federal or state laws and regulations.

- Homeownership stimulates tribal economies. Providing opportunities for tribal citizens to live and work on reservation stimulates the local economy. Rather than commuting from border towns, tribal workers can relocate back home, keeping their dollars circulating within the community. Increasing homeownership expands workforce development, employment, and small business growth in the residential construction industry. It also boosts the demand for housing-related goods and services, such as appliances, furnishings, and home improvements. In addition, homeowners can accumulate equity in their homes as they pay down their mortgages, which is the primary way most families build personal financial wealth and one of the most common sources of small business start-up capital.
- Homeownership promotes family stability and self-sufficiency. Because many tribal communities face severe housing shortages, second- and third-generation families are forced to share homes with their extended families, even if they can afford to support their own household. Increasing homeownership opportunities could provide relief from overcrowded housing situations along with more family stability. Obtaining and managing mortgage financing also provides opportunities for families to enhance their financial capability, money management skills, and self-sufficiency through personal finance and homebuyer education. Lastly, one of the most attractive benefits of homeownership for many Native families is the opportunity to invest in an asset that can be passed down to future generations.
- Homeownership leverages scarce housing resources. Notwithstanding the federal government's trust responsibility to provide safe and healthy housing for tribal citizens, many tribal leaders struggle with inadequate resources to meet the needs in their communities. Providing homeownership for tribal citizens who can afford it allows tribes to supplement and leverage their Indian Housing Block Grant funds provided through the U.S. Department of Housing and Urban Development (HUD). Homeownership allows tribal leaders to offer housing options for working families of all income levels and helps to address shortages by opening low-income rental units to families who really need them.

STRATEGY 2

Prioritize the governmental functions that provide certainty for lenders, homebuyers, and other stakeholders involved in the homebuying and mortgage processes.

Tribal governments that exercise their sovereignty and prioritize the governmental functions necessary to support a mortgage market and a residential construction industry can increase access to homeownership in the communities. Tribally designated housing entities (TDHEs) or housing departments have an important role to play in promoting homeownership, but certain governmental functions cannot be delegated and require leadership and action from elected or appointed tribal leaders.

- Enact legal infrastructure. Mortgage transactions are generally governed by a combination of state and federal law. As sovereign nations, tribal governments may need to enact their own codes to govern the residential construction and mortgage processes on tribal land. This may include mortgage, foreclosure, and residential building codes. These laws must be institutionalized and should not change when a new administration comes into office. Mortgage agency Fannie Mae has a model "memorandum of understanding" that may give tribal leaders information on this.

- Identify a clear path for civil claims involving mortgage foreclosure and eviction. In addition to enacting laws governing the mortgage process, it is critical for tribal governments to have court systems in place, free from political interference, that provide a mechanism for laws to be enforced and a venue for all parties to seek legal remedies. Lenders may be reluctant to do business in a jurisdiction where they are not familiar with the tribal laws or court system. By providing a clear, transparent, and predictable process for civil claims, tribal leaders can help to address these concerns without sacrificing their sovereignty.

- Negotiate with federal and state agencies, private lenders, and investors to access government and conventional loan programs. To provide the authority for certain lenders to do business or use certain federal programs in a tribal jurisdiction, tribal governments may need to enter into agreements with those lenders or the relevant federal agencies. To make the full range of public and private mortgage loan products available to their citizens, tribal leaders should seek to enter into those agreements and negotiate terms that recognize the tribe's sovereignty, consider the interests of the borrowers, and address the requirements and concerns of the lenders.

- Define the tribe's role in the event of a mortgage delinquency, default, foreclosure, and/or eviction. Many first-time homebuyers are faced with the challenge of staying current on their mortgage loan payments. Borrowers who are behind on their payments are considered delinquent. In most cases, providing counseling and other interventions early during a delinquency can help to keep borrowers on track. After a certain amount of time, however, lenders may determine that a borrower is in default, which means they have failed to make loan payments according to the terms of their mortgage agreement. Being in default could cause the lender to terminate the agreement and could lead to foreclosure and eviction from the home.

On trust land, addressing delinquencies, defaults, foreclosures, and evictions can become a lengthy, complicated, and costly process for lenders and borrowers. Some tribes are taking an active role in helping to minimize delinquencies and prevent defaults and foreclosures in their communities. When foreclosures do happen, these tribes may choose to assist with property disposition to ensure that the transaction is resolved consistent with tribal law and in the best interest of the community. For example, a tribe or its housing department may help to find another tribal family who meets the loan qualification requirements to move into the house and take over the mortgage payments, so that the lender need not open a trust land home to nonmember ownership. If another qualified borrower is not identified, the tribe may decide to purchase the home to add to its own housing inventory rather than allow the home to remain vacant and face the possibility of becoming vandalized and the site of criminal activity.

- Develop a land management program that supports the mortgage process. Access to homeownership in Native communities can be impacted by a tribal government's approach to land management. Tribal leaders who have undertaken comprehensive land-use planning that involves geographic information systems (GIS) mapping; residential, agricultural, and commercial zoning; transportation planning; and the installation of physical infrastructure such as water, sewer, and other utilities have made it easier for individual homebuyers and other builders to construct new homeownership units. In addition, mortgage-based homeownership has become even more accessible where tribal land departments have implemented a streamlined leasing process that allows tribal citizens to obtain a lease and use that leasehold interest as collateral for their mortgage loan in an expeditious manner that recognizes the time sensitivity and collateral requirements of lending transactions.

In communities where the Bureau of Indian Affairs (BIA) adds another layer of complexity in the leasing and land title clearance processes, some tribes have adopted their own residential leasing process pursuant to the authority provided under the HEARTH Act, or compacted or contracted the Land Title and Records Office (LTRO) function from the BIA.

STRATEGY 3:

Create an environment that fosters vibrant mortgage and residential construction markets within their communities.

Tribal leaders can actively engage in bringing resources and partnerships to their communities to expand homeownership for tribal citizens. As one of the largest investors in their community, a tribal government can leverage its influence with local lenders and other partners to benefit prospective mortgage financing opportunities. Mortgage markets can be fostered in many other ways as well.

- Set the tone. Tribal leaders can certainly set the tone for promoting and supporting homeownership as an important component of the tribe's housing plan. Creating certain expectations in the community may help to set this tone and may include:
    - Requiring residents to pay full rental amounts, according to income guidelines;
    - Encouraging residents to attend financial and homebuyer education courses, especially those whose income puts them near the rent ceiling;
    - Enforcing the timely payment of all tenants accounts receivables (TARs); and
    - Promoting the message that homeownership is possible for anyone committed to the process, even if no one in their family has ever been a homeowner.

- Identify a lead entity. Although the homeownership process may involve many tribal departments, tribal leaders should identify one entity to spearhead the effort. That entity could be the TDHE, another tribal department, or a local nonprofit. This entity can help to identify and navigate the leasing and mortgage processes and leverage resources to support homebuyers.

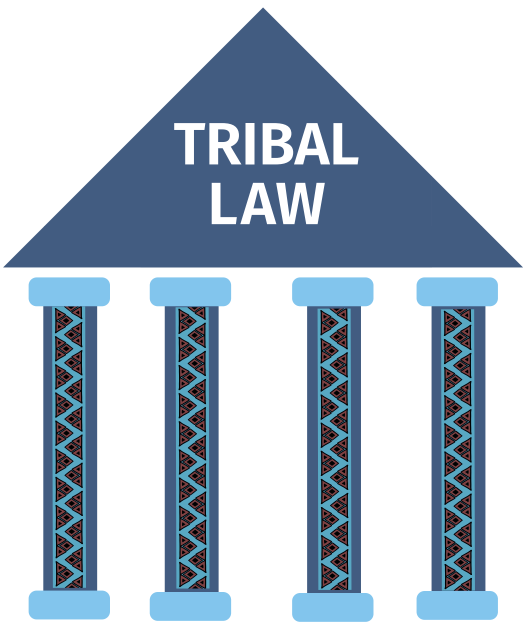
- Allocate financial resources. As resources are available, tribal leaders can allocate funds to support homeownership by funding down payment and closing costs assistance, gap financing or subsidies for residential construction, or homebuyer education programs, among other related needs.

- Provide opportunities for tribal citizens to expand their financial capability and homebuyer readiness. In some communities, tribal leaders offer tribal employees the option to attend financial education courses "on the clock" as an employee benefit. Tribal leaders also have embedded financial education opportunities into other tribal services such as Head Start, social services, temporary assistance for needy families (TANF), youth programs, summer internships, or K-12 schools.

- Develop relationships with lenders. Tribal leaders can leverage existing relationships with financial intuitions with which the tribe already does business. A lender that holds a tribe's bank deposits might be more open to a considering how to expand that banking relationship to include support for a mortgage program for tribal citizens. In some cases, tribes may consider creating a new Native community development financial institution (CDFI) that would help to increase access to mortgage financing. Or they may choose to invest capital in an existing Native CDFI serving their community.

- Recruit insurance providers and other private sector providers. Tribal leaders can support the mortgage process by building relationships with insurance providers, appraisers, inspectors, and contractors who understand the process of working on trust land. By coordinating their engagement in the community, homebuyers may benefit from cost savings through lower transportation costs.

- Encourage tribal citizens to become residential construction professionals. To address the shortage of housing stock on the reservation, some tribal leaders have supported training for



More than 60% of tribes have court systems tribal citizens and employees to become certified as residential construction professionals such as inspectors and appraisers. These efforts could be coordinated with tribal colleges, TDHEs, nonprofits, workforce development programs, and tribal employment rights offices (TEROs).

- Make the most of the link between homeownership and economic development. Tribal leaders could explore ways that tribal enterprises and tribal citizen-owned businesses in the residential construction field could support the development of housing stock and promote both the economic development and homeownership goals of the community. In addition, as new tribal enterprises require labor, tribal leaders could simultaneously consider developing homeownership opportunities for those new employees.

By examining the economic and social impacts of homeownership, prioritizing key government functions, and creating an environment that fosters a vibrant mortgage and residential construction market, tribal leaders can plan an active and meaningful role in promoting homeownership opportunities in their communities. This handbook provides guidance and resources to support those efforts.

Tribal governments exercise their right to self-govern by establishing the legal infrastructure necessary to govern the residential construction and mortgage markets within their jurisdiction.

CASE STUDY

Large-Scale Tribal Subdivision Black Mesa View

San Felipe Pueblo, New Mexico

ORGANIZATION
San Felipe Pueblo, New Mexico

CASE STUDY TOPIC & FOCUS
Large-Scale Tribal Subdivision Black Mesa View Project

SERVICE AREA
Sandoval County, New Mexico

NUMBER OF TRIBAL CITIZENS
ENROLLMENT 3,377

LENDING PORTFOLIO
$10 MILLION

INDIAN HOUSING BLOCK GRANT
$556,756

ANNUAL BUDGET
$3.6 Million

NUMBER OF EMPLOYEES
Nine

A few years ago, a visit to San Felipe Pueblo, north of Albuquerque in the New Mexico desert, would have shown only a few plans to build houses. Plans often do not translate into actual houses. A visit to the pueblo a few years later would show a couple of dozen new houses standing in the desert. Now after several years of steady progress, San Felipe has built hundreds of new houses and has achieved its vision of creating homeownership opportunities for its community. The presence of private lenders and HUD 184 mortgages, considered impossible just a generation ago, now erased much of the tribe's entire housing need.

In 2000, the San Felipe Pueblo Housing Authority (SFPHA) of the San Felipe Pueblo became the tribally designated housing entity (TDHE) by tribal resolution.

SFPHA provides affordable housing for income qualified individuals working with the HUD through the Native American Housing Assistance and Self-Determination Act (NAHASDA).

Project description

The Black Mesa View project was the first big housing project on the San Felipe Pueblo in over two generations. The hugely ambitious project of building 150 housing units started with careful planning for infrastructure and financing. The project is an exceptional example of a successful large-scale tribal subdivision that was designed not just to provide housing for tribal members, but also jobs and economic development.

Being creative and forward thinking, the pueblo acquired a parcel of 100 acres adjacent to a new school, which benefitted from having the pueblo's original investment in the school infrastructure. Since the original ribbon cutting in August 2012 for 28 modular housing units, representing the first large housing development in over 40 years at the pueblo, the Black Mesa subdivision has added 12 stick-built homes. Total build-out of the subdivision will include 150 housing units consisting of 135 single-family homes and 15 multifamily units for elder housing. In addition, acreage has been set aside for planned retail development.

Promising approach

With a tribal contribution of 100 acres, it was imperative that the site have a master plan to include single family-house lots, a multifamily site, a plaza-like central park, and smaller "pocket" parks incorporated into the neighborhoods, all connected by greenway paths.

The key to the success of the project was good communication between tribal leadership, the Housing Authority, and the community.

The pueblo leveraged the new infrastructure (wastewater treatment plant, natural gas lines) for a new school so that the housing site, adjacent to the school parcel, could take advantage of the overcapacity built into the wastewater treatment plant.

With a large tract of land, the construction and development were designed to be completed in phases. So far, the home ownership phase of 110 homes has been the highest priority.

Impact

- Homeownership has become a reality among tribal members, particularly to members who lived outside the pueblo but desired to return home but for the lack of availability housing. Members have returned from as far away as California.
- The project provided up to 70 construction jobs in the initial construction phase.
- The project was planned and "shovel ready" when funding became available.
- The project is using natural gas as an affordable heat and energy source. Prior to the new school and housing project, natural gas had not been available at the pueblo.

Lessons learned

- Initial waiting list of over 300 households provided demand that required both large-scale and long-term thinking.
- Leverage current and proposed infrastructure for other uses to include housing, retail space, parks, institutional buildings (school, clinic, etc.).
- Tribal members want to move back to the pueblo but may be inhibited by lack of and choice of housing.

Ongoing challenges

- Funding to construct multiple units at the same time.
- Infrastructure funding to prepare a new site for development.
- Developing an interest in establishing and maintaining good credit and work history during lulls in building and construction.

On the horizon

For future phases of this project, the pueblo will utilize a USDA self-help grant request for 10 new homes and seek a Rural Development Section 538 loan for a multifamily rental project. The pueblo also has a portfolio of loan products (including Section 184 home loans) that provides a service fee to the Housing Authority, which financially sustains the program.

When I saw NAHASDA had the words "Self-Determination" right in the title, I said, "I'm in."

—BOB GAUTHIER, Administrator, United Native American Housing Association

Historical Housing Programs in Indian Country

Let's look at historical housing programs in Indian Country to see the shifts and changes in homeownership and what they mean for these communities.

Low-Rent and Mutual Help Housing

Since 1962, the Office of Native American Programs (ONAP) at HUD has provided funding to Indian Housing Authorities (IHAs) in American Indian and Alaskan Native communities. Before the passage of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), this funding constituted the majority of all federal resources for housing in tribal communities.

These early HUD programs had many problems.

- Funding assistance was restricted to low-income tribal members, with no opportunity for participation from moderate-income tribal members. The Low Rent and Mutual Help programs created a proscribed development process with limited vision for creative, culturally appropriate siting and housing design. Finally, the amount of funding available was wholly inadequate.

- As a consequence, IHAs could not build enough homes to meet the housing needs of their communities, could not maintain the homes they did build, and had to disregard sustainable and traditional designs and layouts.

- In too many instances, the only homes available to tribal members were small box-shaped houses often located on scattered sites or in unattractive subdivisions. It was housing that could be immediately identified as "government" housing, and its residents tended to treat it as such—compounding problems with poor maintenance.
  - For tribal members who desired and could afford to buy a home, there was virtually no homeownership market, private development, or mortgage lending on trust land on reservations.
  - In this environment, households wanting to purchase a home of their own faced difficult choices: They could buy a mobile home, try to build or buy their home without mortgage financing (usually with exorbitant interest), or move off the reservation.

Both of these problems—insufficient funds for low-income members and little or no available mortgage credit for moderate-income members—have led to severe overcrowding and a critical shortage of adequate housing on many Indian reservations across the country. In some cases, Mutual Help programs have created communities in which families "own" their homes but enjoy little if any of the benefits of homeownership. This is because they have no financial investment in the home. Nor did they have any say about its design or location. As a result, there was very little pride in homeownership.

Earlier homeownership efforts in tribal communities, like the Mutual Help program, usually were federally funded, heavily burdened by bureaucracy, and involved no private sector financing. Mutual Help was subject to federal funding allocations and design guidelines, among many other regulations and restrictions. Monthly payments were calculated as a percentage of income, without regard to an ability to repay a loan.

True homeownership almost always has an element of personal financial contribution. Home loan financing is available primarily to households with adequate, reasonably reliable income and takes into consideration the borrowers' debts and other financial obligations.

Whether funded by government or private sources, homeownership is commonly financed with a mortgage. On trust land, a mortgage is a pledge of the borrower's leasehold interest against the loan used to buy or construct the home. If the borrower cannot make the payments, the lender can take title to or repossess the leasehold interest in the land—including the home—through a foreclosure process. Before any tribal community or tribal member embarks on a path toward homeownership, a full understanding of the mortgage and foreclosure process is essential.

NAHASDA: Exercising Sovereignty and Leveraging Resources for Homeownership

Since 1996, NAHASDA has offered tribal governments more options to expand their housing programs and create community-based homeownership opportunities. Although NAHASDA funding levels are still too low for tribes to fully address housing shortages, they allow tribal governments to:

- Design housing programs better suited for their members.
- Leverage federal block grants with private funding.
- Set aside a portion of funding for families with higher incomes in need of housing.

The ability to leverage government subsidies with a bank and other private investment is the key to building more and better homes for tribal members. While NAHASDA is still focused on low-income households, tribes can use NAHASDA funds to leverage government-guaranteed and conventional loans for homeownership, thereby providing more housing options to members of all income levels.

For instance, in using more bank funding for moderate-income homeownership, tribes are able to preserve block grant funds to build more rental housing for poorer households—the definition of leverage. Rather than building four homeownership units, the TDHE could use $150,000 in bank financing to build two homeownership units and the $150,000 in NAHASDA funding to assist in the construction of low-income rental housing.

Moreover, by leveraging NAHASDA funding, tribes can create mortgage programs that allow households to enlarge existing homes, renovate deteriorated houses, or refinance mobile homes at reduced interest rates or for longer terms.

While NAHASDA can be used to support homeownership and mortgage programs, to develop and implement these programs successfully often means a shift in a tribe's approach to housing and property management.

The Shift to a Homeownership Approach

Providing homeownership opportunities for tribal members means a true shift in approach from the "old" way to a new way. While programmatic shifts may be difficult, a new approach can mean serving more tribal members more effectively in the long run. This shift includes a careful examination of collection efforts for monthly payments and market-rate rentals:

Reducing TARs

The new approach means an emphasis on timely, current rental payments and building a stronger balance sheet for a Housing Authority or TDHE to take on homeownership development projects. This program approach also promotes an important "culture of payment" that is critical to establishing consistent repayment practices for individual mortgage loans.

Charging Market-Rate Rents

The new approach also emphasizes charging market-rate rents as a true reflection of what families can afford. It can lead them to consider homeownership options. If the difference between a monthly mortgage payment and a market-rate rental payment is insignificant, potential homebuyers may look more favorably at homeownership options. Charging below market-rate rents is a disincentive for homeownership—why pay more for a mortgage if the current rental rates are so low? A more targeted approach to housing assistance can be accomplished without squeezing lower-income families out by using rental vouchers where most needed.

By making these shifts and providing homeownership options, tribes can develop a strong continuum of housing options that meet the needs, payment abilities, and dreams of tribal members. Providing homeownership options for those who can afford to pay can relieve overcrowding in rental units and address long waiting lists.

The ability to leverage government funds with a bank and other private investment is the key to building more and better homes for tribal members.

CASE STUDY

Alaska Native Homeownership

Bristol Bay Housing Authority, Dillingham, Alaska

ORGANIZATION
Bristol Bay Housing Authority

CASE STUDY TOPIC & FOCUS
Alaska Native Homeownership

SERVICE AREA
Bristol Bay Region of Alaska

NUMBER OF TRIBAL CITIZENS
Approx. 5,200 or 70% of total region population

INDIAN HOUSING BLOCK GRANT
$5.1 million in 2017

NUMBER OF EMPLOYEES
17

WEBSITE
www.bbha.org

The Bristol Bay Housing Authority (BBHA) was founded in 1974 and is the tribally designated housing entity (TDHE) for 31 villages in the Bristol Bay region of southwest Alaska. BBHA headquarters are in Dillingham, Alaska, and its service territory includes three census areas:

- Bristol Bay Borough
- Lake and Peninsula Borough
- Dillingham Census Area

BBHA's mission is to "promote affordable housing for the Bristol Bay region." They administer NAHASDA and Alaska Housing Finance Corporation funds and work with USDA Rural Development and the BIA. They provide single and multifamily housing, as well as leverage mortgages to increase homeownership. Tribal members in the region served by BBHA are Aleut, Athabascan, Yupik Eskimo, and American Indian.

While the economy of the Bristol Bay region is better than many other parts of rural Alaska, local Natives still live in poverty with limited infrastructure and poor housing conditions. Housing in Bristol Bay is aging, poorly designed and constructed, structurally unsafe, energy inefficient, and unhealthy due to mold and poor indoor air quality. Moreover, there is simply not enough housing – leading to tremendous overcrowding.

Housing in rural Alaska differs from much of Indian Country in the lower 48 in many ways:

- Extreme remoteness of the regions, resulting in high construction costs.
- Significant climate changes, resulting in excessively high heating costs, which in turn create housing burdens often exceeding the 30 percent threshold.

As a result, BBHA and other Alaska housing organizations have responded to these extremes through design features that keep construction and energy costs down.

With the new resources provided by NAHASDA, the BBHA Board embraced the opportunities to improve and increase housing in the region. Over the years BBHA added in-house expertise. Today, BBHC constructs its own housing, consults with tribes in the region on their design, and utilizes the local workforce in the region.

Project description

The BBHA is a recognized leader in promoting mortgages and homeownership for tribal members in Alaska.

Prior to the 1996 enactment of the Native American Housing and Self-Determination Act (NAHASDA), HUD managed the housing program for the region, and the outcomes were poor and unresponsive to local conditions, needs, or the tribal economy. Houses were built in Anacortes, WA, shipped by barge to Bristol Bay, and erected in straight rows with little regard to design or cultural considerations. Jobs and economic development associated with home construction were, of course, lost to the region.

With the new resources provided by NAHASDA, the BBHA Board embraced the opportunities to improve and increase housing in the region. Over the years BBHA added in-house expertise. Today, BBHC constructs its own housing, consults with tribes in the region on their design, and utilizes the local workforce in the region. The result is housing that is culturally responsive, bolsters local economies, and builds the skills of tribal members.

BBHA also challenged the way HUD provided housing to Alaska Natives. Instead of providing only subsidized rental housing, BBHA began to promote homeownership as a way to relieve overcrowdedness and enhance economic development. The key tool for this program is a standard mortgage model. Mutual Help (subsidized) housing is still an option for tribal members, with a priority for families with extremely limited financial means and for homes still under contract.

The reasons for promoting mortgages are much the same in Alaska as in the rest of Indian Country. There is simply not enough federal, state, and other grant dollars to provide the housing needed in Native village communities. In addition, mortgages provide another source of capital to the community, which can be leveraged or stretched with other funds, such as NAHASDA, BIA and other housing resources.

In the case of BBHA, their approach was to leverage the USDA Rural Development 502 Direct

Program with a buy-down, or “soft second” from Indian Block Grant funds, to make the mortgages more affordable.

With the additional capital from mortgage loans, BBHA was able to provide housing to many more families. Even though village poverty remains high, it does not mean that many families can’t afford a modest mortgage payment. In small villages, even one new home is good for the entire community.

The board continues to provide leadership in several ways, including the allocation of funds for mortgages or mortgage buy-downs as part of their Indian Housing Plan.

Promising approach

BBHA’s mortgage model has worked very well for the past several years. The key ingredients to this success:

- Strong Native leaders: BBHA’s willingness to pull away from the Mutual Help rent-to-own model and prioritize homeownership would not be possible without the sanction of Native leaders in the region.
- Strong partnerships: BBHC collaborates with many other organizations in the region –Bristol Bay Native Association, area Native corporations and health organizations, tribal and local governments, and fishing organizations.
- Multiple funding sources: BBHA utilizes the USDA 502 direct loan program, HUD Section 184 loan guarantee program, and the BIA Housing Improvement Program, Category D. Economy of the region.
- Housing Design: Keeping construction costs down requires a concerted effort and intentional planning – getting land donated, promoting subdivisions as opposed to scattered-site development, employing innovative construction techniques, and by paying careful attention to the seasons and construction schedule. The homes built by BBHA crews achieve a six-star energy rating. Wind, solar, and heat pumps are also being used to lower costs.
- Innovative approaches: Using community and environmentally conscious design and construction, as well as employing local work forces.
- Consistency: The current administration of BBHA builds on the mortgage approach from previous BBHA management.
- Understanding the financial needs of the communities: Familiarity with debt among tribal members is critical. Bristol Bay has a strong fishing economy enabling tribal members to fare somewhat better; however, tribal members who are benefitting from the local economy have high costs for fishing boats, permits, and other transaction costs.
- Services to tribal members: The program is marketed to 28 villages. Homebuyer Readiness classes are mandatory. BBHA also offers post-purchase counseling, budgeting, and home maintenance advice. BBHA also provides a one-year warrantee for the homes they build.

Impact

- Leveraging Opportunities: The housing problems in the Native villages are severe. More newly constructed, energy efficient homes are necessary, and additional capital investment in the form of mortgage financing is a promising approach to build more homes.
- Challenge the stereotypes: The impression that all of Native, rural Alaska is too poor to afford mortgages has been challenged by BBHA. There are in fact families in many villages who can afford a reasonable mortgage. Even one new home in overcrowded village housing helps the entire village.
- Cost Control by Housing Design: The cost of heating fuel in rural Alaska is very high. The savings afforded by a new energy-efficient home can go a long way toward paying a mortgage.
- Replicability: This model is replicable across Indian Country.
- Pride: Homeownership is a source of pride, self-esteem, belonging, and stability for many tribal members.
- Viable and healthy native communities: Good housing is the foundation of healthy, viable Native communities, and mortgages provide another way for tribal members to return to their communities and attract education, health and other professionals to live there.

Lessons learned

- Patient approach with tribal members: Many tribal members have never thought that homeownership was possible for them. Others are uncomfortable with banks and debt. There is a high need for basic financial literacy. BBHA strives to be responsive to the needs of tribal members and meet them where they are on the journey to homeownership.
- Challenge assumptions: The BBHA model challenges assumption both internally and externally about both tribal members as homeowners and the options that are available in remote villages with extreme conditions, including the climate but also poverty, isolation, and employment.
- Take the long view: The BBHA work and experience to date with a home ownership model has evolved over a 25-year period.
- The “art of the possible”: BBHA leadership since 1993 has not been satisfied by the status quo and have methodically implemented their vision through innovation and creativity to meet the changing needs of the people in the region.
- Tribal members want options: The BBHA made a conscious decision to provide alternative asset building options for housing for tribal members and many have responded.

Ongoing challenges

- Aversion to debt: Many tribal members are uncomfortable and lack familiarity with debt.
- Responsive Lenders: The traditional financial industry could do a better job of promoting homeownership and providing loans in rural Alaska.

- Funding Threatened: Under the current administration, the USDA 502 Direct program is being challenged.
- Cash flow: Cash in the local economy is very scarce.
- Limited infrastructure: High need for subsidy due to high construction costs and other factors.
- Land status: Alaska is different from the Lower 48 due to the absence of small amount of trust lands. The cumbersome leasing process by the BIA is not an impediment, but other land status and availability issues exist in Alaska that create real challenges to land use and development.
- Financial industry responsiveness: There is a huge gap in the availability of private financing for mortgages to tribal members in the Bristol Bay region.

On the horizon

Stay the course: Under its current leadership, BBHA will continue to promote the promise of homeownership in the region, strengthen its collaborative relationships with all partners, and continue to innovate with funding, housing, design, and construction.

Can mortgages work in Indian Country? At my reservation, they already do. At least 20 percent of my tribal houses have home loans. And we aren't checkerboard. We're almost all trust land.

—CHERYL CAUSLEY, *Executive Director, Bay Mills*

Partnering on Homeownership

Once a tribe, TDHE, or tribal organization has committed to providing homeownership options for tribal members, it is difficult to know where to start. The focus often is on the housing stock: What homes will tribal members purchase? When considering all options for homeownership, however, it is important to take the broad view of both the options and the process. For a tribe to successfully provide homeownership, and to allow private home development within the reservation, it is important to address all components of homeownership, from assessing the needs of tribal members, to preparing families for homeownership, to facilitating the availability of mortgages for qualifying families.

Below is a checklist for developing a homeownership program in tribal communities. The checklist provides a comprehensive framework of the various components of homeownership and the questions that should be addressed. It is important to recognize that a single organization is not expected to carry out all the different components. In fact, it is rare that just one organization has the capacity, experience, or staff to handle all the pieces of the process. More often, one organization takes the lead and then identifies partners to carry out certain pieces of the framework. The framework also can assist in identifying gaps in an existing program. Here are some important questions to ask in reviewing the framework:

- Who is doing this work?
- Who can be a partner on this piece?
- Are new programming, policies, or relationships needed to tackle this piece?

Key Features of a Homeownership Program

Needs assessment, outreach, and recruiting

Before undertaking homeownership efforts, it is important to assess the community's housing needs and interests and then plan around tribal members' input.

- A housing needs assessment is a useful first step to get a sense of income levels, employment status, current commuting patterns, ages,

Native Homeownership: Questions Needing Answers

NEEDS ASSESSMENT, OUTREACH, AND RECRUITING	HOMEBUYER EDUCATION AND CREDIT IMPROVEMENT	PLANNING, LAND, AND INFRASTRUCTURE	DEVELOPMENT FINANCING
☐ Has the tribe conducted a needs assessment recently? ☐ Who can conduct a survey/needs assessment? ☐ Who are the potential homebuyers? (TDHE residents, veterans, young families, tribal employees) ☐ How will reaching out to recruit potential homebuyers be done? ☐ Who can teach financial education and homebuyer education classes?	☐ Which curriculum will be used? ☐ Who can assist families in improving credit? ☐ Who can conduct homebuyer counseling? ☐ Where will the building happen? ☐ Where do families want to live?	☐ Is the tribe thinking about a subdivision or scattered sites? ☐ Are leases in place? Will families need to obtain leaseholds? ☐ What infrastructure will be necessary? (septics, lagoon, water line, wells, roads) ☐ What are the infrastructure costs?	☐ What will the development budget include (construction, roads, infrastructure)? ☐ What sources of development financing are available? ☐ What is repayment ability for development financing? ☐ What needs to be in place to access development financing?
AFFORDABILITY AND MORTGAGE FINANCING	**GAP FINANCING AND SUBSIDIES**	**HOME DESIGN AND CONSTRUCTION**	**CAPACITY AND PARTNERS**
☐ How will it be determined what families can afford? ☐ Who will work with families to complete loan applications? ☐ What sources of mortgage financing will homebuyers access? ☐ Are there existing relationships with mortgage lenders?	☐ How will you determine how much gap financing/ subsidies families will need? ☐ What gap financing will homebuyers access? ☐ How can families who are credit-ready and income qualified now be assisted? ☐ What design features do families want?	☐ Are you working with an architect? ☐ Do you have construction plans, floor plans? ☐ Who will do your building? (force account, contractors, other crew?) ☐ Is there the capacity to carry out these different pieces?	☐ Where are the gaps? ☐ How can staff capacity be built? ☐ Who can be a partner on some of these pieces?

Source: South Dakota Native Homeownership Coalition and other demographic information. It may be necessary to reach out to potential homebuyers to participate in the assessment. Are there tribal members who may be unaware of trust land homeownership options despite being strong candidates for homeownership?

- What are the best ways to reach them? Options may include the media, community meetings, meetings hosted by key employers, and homeownership fairs.

Financial education, homebuyer education, and credit improvement

Financial education and homebuyer education are critical to effectively providing homeownership opportunities for families. It is important for families to understand the homeownership process and the responsibilities of homeownership.

- Money management is key to ensuring that families can pay for and maintain their new homes. Since credit history is such a critical component of qualifying for a mortgage, it is important to provide credit counseling and support for families who need to improve their credit scores in order to qualify for mortgage financing.

Planning, land, and infrastructure

If homeownership in the community involves constructing new homes, it will be important to look at land sites and infrastructure. This raises many questions to consider before moving ahead.

- Where will new homes be built?
- Where do families want to live?
- What kind of housing concept is desired – subdivisions or scattered sites?
- What kind of infrastructure will be necessary?
- What is the status of the land?
- Will families need to obtain leaseholds?
- What are the steps that tribal members need to take to obtain a lease?

Development financing

If homeownership in the community involves constructing new homes, construction financing will be needed. The question here is: Who will provide the financing for these projects? Tribal governments might, if their budgets and borrowing capacity permit. Alternatively, banks and other private lenders may finance construction if the appropriate legal infrastructure is in place.

Native Homeownership Partners

Affordability and mortgage financing

Providing homeownership opportunities for tribal members often involves supporting families' efforts to qualify for a mortgage. A number of mortgage products are designed for rural and Native homebuyers, including Rural Development's 502 loan (the RD or RHS 502), the HUD-guaranteed 184 loan (which is originated by a private lender), and the VA's Native American Direct Loan (NADL) for Native veterans.

- For tribal members to access some of these programs, such as the widely used HUD 184 mortgages, tribal government may need to enter into specific agreements with the relevant federal agency.

Legal infrastructure

In addition to the physical infrastructure needed to be in place, providing homeownership opportunities also means having the necessary legal infrastructure in place. Are the tribe's lease documents current with lending standards? What other legal and judicial infrastructure is needed to support the full homeownership process, including judicial recourse?

Gap financing and subsidies

Affording a mortgage is absolutely essential to successful homeownership, so securing gap financing and other subsidies can help ensure that families can pay for their home and make monthly payments.

- Families can access different funding sources for down payment and closing cost assistance. Some of these resources are designed for Native American borrowers, while others are general funds that Native homebuyers can tap into.

Home design and construction

If providing homeownership means new construction, it is also important to look at home design and construction. Here the questions concern who will design the homes and how will families have input in the home design. Many forms of housing are available to meet the consumer's need and the community's standards, from manufactured to stick-built housing. Selecting a builder is as important as securing the right lender and designer.

In the chapters that follow, these components of homeownership are discussed in further detail.

Different funding sources help families access down payment and closing cost assistance.

With the increases in tribal populations in our communities, our housing needs, already great, are only going to become greater. Homeownership needs to be part of the mix.

—SUSAN HAMMOND, Executive Director, Four Directions Development Corporation

Assessing Tribal Members’ Needs

When planning tribal homeownership projects, assessing what is actually needed in the community is an important first step. A needs assessment may identify different issues and can help steer the overall direction of projects and developments, as well as help fine-tune the details of potential projects. An assessment may show, for example, a need to develop three-bedroom units rather than two-bedroom units, or that tribal members would prefer a certain location for a new subdivision, rather than another location.

While time or resources may be a limiting consideration, conducting a needs assessment actually can save valuable time and money in the long run.

Who does the needs assessment?

A needs assessment can be carried out internally by tribal council or housing staff, externally by an outside partner or firm, or by a combination of the two. Options include a consulting firm with experience in conducting needs assessments or a university with the capacity to connect to the community. Here the most important factors are that they have experience working with tribal communities, respect the tribal organization’s role and experience, and incorporate tribal input into the process.

The survey

The central conduit for gathering information about the community’s needs is a survey. Using a survey to conduct a needs assessment includes these steps:

1. Design the survey:

The focus is on who will use the information collected and for what purpose, and what information they need to accomplish their goals. What should inform home design and programming? Depending on the questions that need to be answered, this information might include:

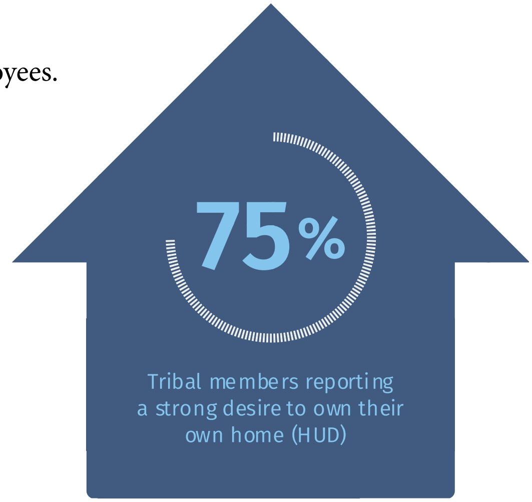
- What are families’ incomes?
- What purchase price can homeowners afford?
- Where do potential homeowners work?
- What kind of credit do potential homeowners have?

- Where do respondents want to live?
- What design features are important to potential homeowners?
- What are the demographics of potential homeowners: veterans, single heads of households, multigenerational households?

2. Determine who to survey:

It is important to know who has the information needed and who should be heard. Potential homeowner respondents include:

- Housing Authority tenants.
- Tribal government employees.
- Teachers and school employees.
- Indian Health Services and other healthcare employees.
- Head Start families.
- Elders.
- Veterans.



3. How will the survey be conducted?

- At community events.
- By mail.
- Online.
- At central locations in the community (such as a grocery store).
- Through one-on-one meetings with potential homeowners.
- Through group meetings at different worksites, such as schools and tribal offices.

4. Determine the goal at the outset.

Set a goal for the number of completed surveys: To ensure solid information moving forward, use a community outreach plan to reach a large swath of community members with the survey. The outreach plan identifies key events and gatherings, popular distribution sites, and news outlets. Sometimes the grocery store is the best place to connect with people. The overall objective here is to reach as many people and encourage completion of as many surveys as possible.

Example: Cheyenne River Housing Authority Homeownership Needs Assessment Survey

(a full version is included in the Appendix materials).

Section G: Homeownership

G1. If you were to buy a new home, how many people in your family would live in this new home together?

Adults ☐☐

Children 17 years or younger ☐☐

G2. Have you tried to purchase a home?

Yes ☐

No ☐

G3. If yes, which option best describes the result?

Select one

I bought a home. ☐

I did not buy a house because I could not find one I wanted to buy. ☐

I did not buy a house because I could not get a loan/financing. ☐

I did not buy a house because I did not have enough down payment money. ☐

I did not buy a house because I could not get the land to build it on. ☐

I did not buy a house because the infrastructure costs (roads, water, sewer, electricity) were too expensive. ☐

I did not buy a house because the lot did not have access to infrastructure (roads, water, sewer, electricity). ☐

Other ☐

G4. How easy do you think it is to find affordable, quality housing to buy on the Cheyenne River Reservation?

Select one

Very Easy ☐

Somewhat Easy ☐

Somewhat Challenging ☐

Very Challenging ☐

G5. If you needed to rent a home today, how many choices do you think would be available to you?

None ☐

1-5 ☐

6-10 ☐

More than 10 ☐

G6. Which of the following best describes why you chose to move into your current home?

Select one

Location of unit ☐

Quality of unit ☐

Affordable rent ☐

Size of unit ☐

Only choice I had ☐

G7. Why are you interested in homeownership?

Select one

Good investment ☐

Stability ☐

Freedom to build/change/improve home without landlord approval ☐

Better location ☐

Better house ☐

Other ☐

Other

G8. In general, what do you think about buying a house in the next year?

Select one

I think it is a great time for me to buy a house ☐

I think it is a good time for me to buy a house ☐

I think it is a somewhat bad time for me to buy a house ☐

I think it is a very bad time for me to buy a house ☐

Don't know ☐

Analysis and final report

Once the survey is complete, analyzing the data will be key to understanding current trends and common themes in the community. Most important, these findings need to be shared and discussed with tribal leaders, community members, and staff.

In working with an outside consultant, it is important that they have experience working in tribal communities and understand the nuances of Native projects.

CASE STUDY

Housing Needs Study

Cheyenne River Housing Authority, Eagle Butte, South Dakota

ORGANIZATION
Cheyenne River Housing Authority

CASE STUDY TOPIC & FOCUS
Housing Needs Study

SERVICE AREA
Cheyenne River Indian Reservation

WEBSITE
www.crhanetwork.org/index.html

The Cheyenne River Housing Authority (CRHA) is a tribally designated housing entity (TDHE) created by an ordinance enacted by the Tribal Council of the Cheyenne River Sioux Tribe. Its mission is to provide affordable, safe, and sanitary housing throughout its service area, which encompasses the boundaries of the Cheyenne River Reservation, based in north-central South Dakota.

CRHA has a long history of providing homeownership opportunities, having started down the path of mortgage lending with the inception of the NAHASDA. Since then, its homeownership services have evolved and diversified to meet the needs of its families. CRHA recognizes that families come to homeownership through different paths, including contract for deed, new construction, local bank financing, and mortgage loan products. It has gained experience in loan packaging for USDA's 502 loan, the HUD-guaranteed 184, the VA's NADL, as well as conventional bank loans with local lenders.

Project description

In 2016, with the support of the South Dakota Native Homeownership Coalition and the South Dakota Housing Development Authority, the CRHA completed a comprehensive Housing Needs Study to inform and support its homeownership efforts. According to Executive Director Sharon Vogel, "In order for us to understand the interest and preferences of tribal members interested in homeownership, we needed to gather information and data." The Study was conducted by an external consulting company with extensive experience in Indian Country.

The importance and value of the CRHA Housing Needs Study were immediately recognized when developing their new subdivision, Badger Park:

- Interest in homeownership
- Awareness of different loan products
- Understanding of the mortgage loan process and affordability
- Need for homeownership education
- Potential homeowners for the Badger Park subdivision
- Potential sites for future subdivisions (where tribal members wanted to live)
- Desired neighborhood amenities

CRHA recognizes that families come to homeownership through different paths, including contract for deed, new construction, local bank financing, and mortgage loan products.

The CRHA matched its funds with resources earmarked by the South Dakota Housing Development Authority for the assessment.

Overall, the completed study provided valuable information for both short-term planning in designing homebuyer readiness services to prospective homeowners, and long-term planning in identifying potential sites for future subdivisions.

Promising approach

The CRHA Housing Needs Study succeeded for a number reasons. The key ingredients for success include:

- Use a professional contractor who understands your community and, preferably, has experience working in Indian Country.
- Secure internal buy-in from the staff (all departments) that the Housing Needs Study is an integral part of the development and planning process.
- Design the survey to collect the kind of information needed by the community, and engage the staff in the development of the survey instrument.
- Think outside of the box about what information to gather, like questions around affordability (what is affordable, compared to an actual mortgage).
- Coordinate the survey with different employers in the community, who could provide access to their employees (such as the Tribe, the schools, and larger businesses).
- Lead with a vision about the value and importance of the Housing Needs Study and educate staff, tribal leaders, and the community.

Impact

The CRHA points to a number of beneficial impacts of their Housing Needs Study:

- Enabled the organization to design and deliver homebuyer readiness classes designed for an identified list of potential homebuyers.
- Informed modifications to the homebuyer readiness curriculum, now an expanded to a 12-week course taught by financial education experts.
- Reaffirmed that Badger Park is a desired location for families and that prior planning is on target.
- Validated the need to find subsidies for hard-working families to ensure these families could achieve homeownership and manage a mortgage.
- Highlighted the need for targeted outreach for veterans, because many were not aware of the VA loan product available to them.
- Reaffirmed the Housing Authority's capacity to execute the project using an integrated, comprehensive housing development approach.

Lessons learned

The CRHA learned many lessons through the process:

- Be flexible in conducting the study and administering the survey – if one outreach strategy isn't producing results, it's important to have the flexibility to modify the approach.
- Consider target groups for special outreach efforts, such as Housing Authority tenants, elders, veterans, and employees.
- Identify a goal for the number of completed surveys.
- Use the Needs Study as a living tool that is reviewed and updated regularly.

Ongoing challenges

A number of challenges cropped up in conducting the CRHA Housing Needs Study, as well as in providing homeownership opportunities for tribal members:

- The study creates expectations for services and support, so it is important to have the capacity to manage these expectations.
- There may be a disconnect between what families want and what they can afford after looking at affordable design and construction.
- It is important to keep families motivated and engaged in the homebuying process – there are many steps in the process and it's easy to give up.

On the horizon

In the future, the CRHA plans to use the information it has collected to design and develop more affordable homeownership opportunities for tribal members. The study and its planning process are now an ongoing process, rather than a "one-time deal."

In the near future, the CRHA plans to build on the Housing Needs Assessment to conduct a targeted needs assessment focused on veterans. The CRHA also plans to continue developing partnership opportunities for subsidy funding to ensure maximum affordability.

There are thousands of households in Indian Country that are ready for homeownership right now. And there are many thousands more that could be.

—JOE GARCIA, Councilman, Ohkay Owingeh Pueblo

Preparing Families for Homeownership

A critical part of providing homeownership opportunities for tribal members must focus on preparing families for homeownership.

While some Native American families may live in a home built on land passed down for generations, many of these homes were probably built and improved as time, money, or materials were available. Other Native American families live in rental housing, often the only housing available for tribal families. In very many cases, no banks, mortgage lenders, mortgage brokers, or mortgage guarantors were involved in either scenario. Financing a home is often a new concept. As a result, many Native American prospective homebuyers have little understanding of the homebuying or mortgage process.

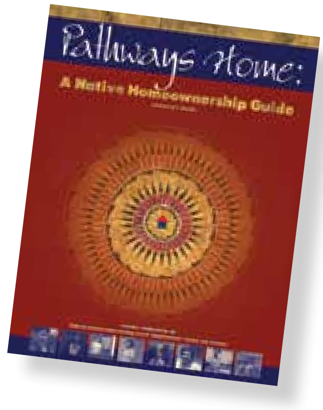
What is homebuyer education?

Homebuyer education and credit repair are tremendously important. These courses and programs focus on teaching families the home purchase process—through individual counseling and coaching, and group classes. It also includes supporting homebuyers in the different aspects of purchasing a house, such as finding or constructing the right home, applying for a mortgage, accessing subsidies to reduce costs, navigating the leasehold mortgage process, and repairing credit.

Financial education classes

Financial education classes often are the first step to homeownership. They cover basic budgeting and money management, as well as understanding credit. Many Native organizations use the Building Native Communities: Financial Skills for Families curriculum, developed by First Nations Development Institute and Fannie Mae, and managed by First Nations Oweesta Corp. Oweesta provides instructor training around the country to prepare local practitioners to use the curriculum.

Homebuyer education classes



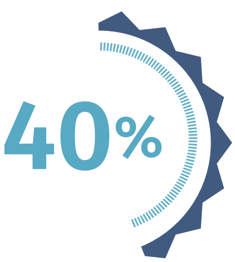
Building on financial education, homebuyer education classes focus on the buying process, to prepare families to purchase, build, rehab, maintain, and keep their own homes. Many Native organizations and TDHEs providing homeownership education use the Pathways Home: A Native Homeownership Guide, developed by the National Congress of American Indians (NCAI), and managed by the National American Indian Housing Council (NAIHC). NAIHC conducts train-the-trainer sessions to prepare instructors to teach this curriculum in their communities. This curriculum covers:

- Understanding the mortgage loan process.
- How to prepare a family budget.
- How to improve credit profiles.
- How to avoid the pitfalls of predatory lending.
- Preventing foreclosure.
- How to maintain a home.

Homeownership counseling

While financial education classes and homebuyer education classes are typically taught in a group setting, buyer readiness often includes one-on-one homeownership counseling. This counseling provides support tailored to the borrower's specific needs, such as their budget, what they can afford to pay for a new home, and what it will take to make this happen. Homeownership counseling may also include:

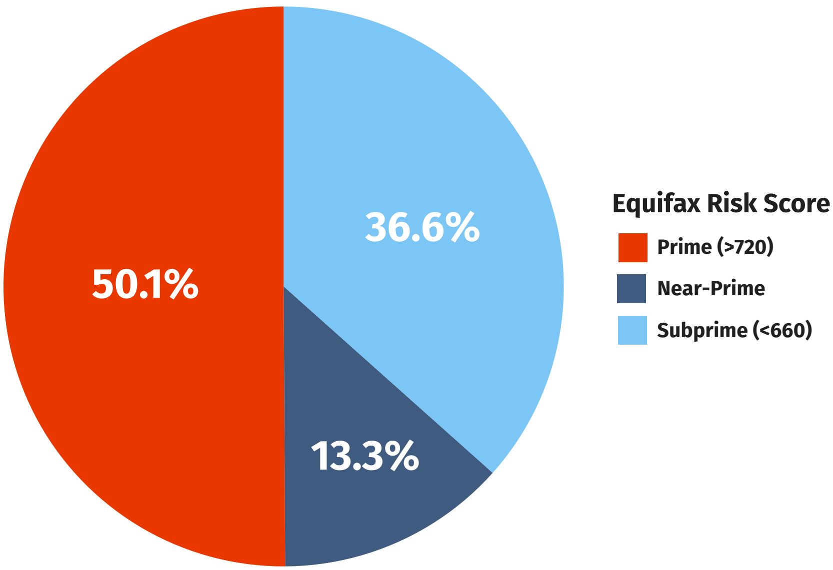
- ***Loan packaging assistance***
  Homeownership counseling may involve working with families to determine the loan product best suited to their needs, and then supporting them to apply for the loan. Depending on income, families may qualify for Rural Development's 502 loan, for example, with a sliding scale interest rate. Veterans may qualify for the VA Native American Direct



...of reservation households have incomes near or above US Median Household Income

Most Reservation Residents Have Prime or Near-Prime Equifax Risk Scores

Percentage of Residents of Federally Recognized American Indian Reservations (2017 Q4)



Source: CICD staff calculations based on data from the Federal Reserve Bank of New York/Equifax Consumer Credit Panel

Loan product. Another option for Native families is the HUD 184 loan, where HUD guarantees the loan made by a private lender.

- *Accessing subsidies*
  Homeownership counseling can also assist families in accessing subsidies to reduce the amount of the mortgage loan and monthly payments. These subsidies play an important role in ensuring homeownership is affordable for families, and they are taking on a home loan that they can afford to repay.
- *Navigating the leasehold mortgage process*
  Purchasing a home on a reservation often means securing a lease, which can be a daunting process for tribal members. Homeownership counseling can help families' efforts to work with their tribe and the BIA to secure the lease and Title Status Report.

- ***Finding the right home/constructing a home***
  Homeownership counseling also can focus on assisting families in finding the right home if there is available housing stock or constructing a new home, if stock is limited. Constructing a home may include choosing a site, securing bids, selecting a contractor, and choosing a floorplan.
- ***Coaching to improve credit rating***
  Having no or bad credit (a history of late payments, too many loans, or collections) is often a barrier to qualifying for a mortgage loan. For this reason, preparing homebuyers often means addressing credit issues and working with borrowers to repair credit. That begins with pulling a "credit report" that outlines all the potential issues. It can include developing detailed plans to address credit issues, supporting families' efforts to pay off loans, and working with families to contact creditors to consolidate debts.
- ***Coaching to achieve financial goals***
  Financial coaching focuses on creating financial goals, moving through obstacles, and providing accountability. A trained coach works one-on-one with a family to help them articulate and move toward a goal, over time. Ideally, the coaching process leads to learning new financial habits while accomplishing the family's self-determined goal. Coaching is designed to support clients who want to improve their financial situation and turn knowledge and intentions into action. Throughout the coaching relationship, the goal serves as motivation and a tool to focus residents' attention on financial tasks.

Homebuyer education is money well spent.

CASE STUDY

Homebuyer Readiness Program

Salish and Kootenai Housing Authority, Pablo, Montana

ORGANIZATION
Salish and Kootenai Housing Authority

CASE STUDY TOPIC & FOCUS
The Flathead Finance Program Homebuyer Readiness and Education

SERVICE AREA
Flathead Indian Reservation

NUMBER OF TRIBAL CITIZENS
7,900

NUMBER OF EMPLOYEES
Three staff in the Homebuyer Readiness Program

INDIAN HOUSING BLOCK GRANT
$4.2 million

ANNUAL BUDGET
$10 million

WEBSITE
www.skha.org

The Salish and Kootenai Housing Authority (SKHA) serves all residents residing within the boundaries of the Flathead Reservation. The Flathead Reservation is home to the Confederated Salish and Kootenai Tribes (CSKT) in northwestern Montana.

SKHA currently manages nearly 700 housing units including rental, 50 units of Tenant-Based Assistance, an 80-lot trailer park, and the homeownership program.

Established in 1963 by Tribal Council action, the SKHA operates as an independent tribal entity. SKHA now is overseen by a seven-member Board of Commissioners appointed by the Tribal Council.

The SKHA executive director has oversight over six different departments: Finance, Administration, Housing Resource, Occupancy, Maintenance and Water, and the Sewer Department. In addition, all housing programs and services have been consolidated into the Housing Authority's portfolio, including the BIA's Housing Improvement Program (HIP), Weatherization Program, Indian Community Development Block Grant (ICDBG) Program, and the Tribe's water/sewer systems. With the transfer of the Indian Health Service Construction (IHS 121) Program, including the project engineer and inspector staff, all housing services are unified into one program, making it easier to serve the community and for the membership to access tribal programs.

Collectively these programs chart the course for the future of homeownership on the Flathead Reservation.

Project description

This case study focuses on the Flathead Finance Program for homebuyer readiness and education.

SKHA clients interested in buying a home are required to complete the Flathead Finance Program, comprised of four major components:

- Application and Intake
- Action Planning
- Homebuyer Counseling and Readiness Education
- Foreclosure Counseling and Prevention

Application and Intake. Here, clients use worksheets to compile their income, outstanding credit card and other debt, and current credit scores. They then compute their total household income and complete an initial household budget. All the information about the Flathead Finance Program, the intake form, and other client worksheets are available online or can be requested from SKHA staff.

Action Planning. Once the application and intake process is completed, the client enters into the Action Planning phase with SKHA staff. Information from the completed intake forms and worksheets are reviewed and an in-person interview is scheduled. During this initial meeting, SKHA staff work with the client to develop an Action Plan that includes, at minimum:

- A detailed household budget
- An analysis of the client's credit history
- A credit repair plan, if necessary
- A strategy for savings for down payment, closing costs, and post-purchase expenses

The intake forms and worksheets provide SKHA staff with information to determine the client's eligibility for down payment and closing cost assistance.

- Clients with no or poor credit histories who are not likely to qualify for a mortgage in the near term are counseled toward a long-term action plan.
- Clients who are "mortgage ready" but lack the required credit history for a bank loan are referred to CSKT Tribal Credit Department for further assistance.
- Clients who are mortgage-ready at intake are provided information about local banks from whom they can apply for mortgages.

Several banks offer loan products on the Flathead Reservation. Three reservation-based banks are certified HUD 184 lenders:

- Eagle Bank, owned by CSKT

- Valley Bank
- Glacier Bank

SKHA does not advocate for a specific loan product or refer the client to a particular bank.

Homebuyer Education Class

The Flathead Finance Program for homebuyer readiness and education is based on the *Pathways Home* curriculum, a comprehensive homebuyer education program sponsored by the National American Indian Housing Council designed to help educate prospective native homebuyers on how to become successful homeowners. The curriculum is specifically tailored for Native American communities.

The training begins with a pre-test to assess each participant's baseline knowledge, and then moves into eight modules:

1. Exploring Homeownership
2. Considering Mortgage-based Homeownership
3. Budgeting for Homeownership
4. Evaluating Credit for Homeownership
5. Finding a Home
6. Applying for a Home Loan
7. Meeting Your Financial Obligations
8. Protecting Your Investment

The curriculum is culturally adapted to the community, incorporating an opening prayer and a viewing of *Sovereign Lending: A Bright Chance for Survival*, the nationally recognized video on homeownership on the Flathead Reservation produced by the Federal Reserve Bank of San Francisco.

The class is offered one day per month, which means that participants must complete all the modules, take the review test, and get their certificate of completion the same day. They cannot attend part of the class one month and another part the next month, primarily because of the cohesive curriculum.

At the end of the class, participants take a final test, answers are reviewed, and certificates are distributed to those who successfully completed the course.

Post-purchase classes also are available to support ongoing financial responsibilities of homeownership.

Promising approach

- The Flathead Finance Program for homebuyer readiness is designed to be as friendly and flexible for the client as possible, while still maintaining the integrity of the program.
- Representatives from local area banks are engaged as instructors for some of the modules. Using community bankers as instructors has several benefits:
  - Local bankers have the opportunity to share their expertise and learn from class participants about the financial, credit, and other concerns their customers are facing.
  - Participants get to know and develop a relationship with the local banking representatives.
  - Familiarity with local people and developing relationships are essential components of building trust.
- The program is promoted through many modes of communication throughout the community – the tribal and local county newspapers, the CSKT's website, the tribal employee newsletter, local banks, and realtors.
- Local area banks require participation in the Flathead Finance Program for certain loan products such as the HUD 184 program.
- SKHA has a positive relationship with NeighborWorks Montana, which supports the costs of the program and also allows SKHA to benefits from the ongoing training, consulting, and other assistance.
- The program offers options and choices in lenders in the area including three HUD-certified lenders.
- SKHA staff get instant feedback on the program and can assess modules that are most helpful and those that are challenging.
- SKHA staff are committed advocates who believe that homeownership is possible. They are dedicated to their clients and are available to them every step of the way, including accompany them to meetings with the lenders if requested.

Impact

- The Flathead Finance Program for homebuyer readiness sees approximately 155 clients annually.
- In 2017, SKHA qualified nine people for down payment assistance and closing costs: seven qualified for both benefits; one for down payment assistance; and one for closing costs.
- More and more people are successfully closing on homes and becoming successful homeowners.
- Even if clients are not closing on a home, SKHA sees more people on the reservation who are working hard to repair their credit and prepare for homeownership.

Lessons learned

- Structured hands-on learning – Clients need a structured, hands-on, and patient approach, and that is what SKHA offers.
- Credit and credit repair – Many clients are working diligently on credit and credit repair even though they may not purchase a home in the future.
- Possibility of homeownership – Tribal members are realizing that homeownership is possible.
- Tribal leadership and support is an essential component because they lead by example: they are homeowners themselves and they support SKHA policies that promote homeownership.

Ongoing challenges

- Affordability and Limited Housing Stock. New home construction costs are increasing and outpace affordability.
    - Although SKHA clients qualify for a mid-range mortgage, recent construction of eight modest two-bedroom rental homes cost well-above that threshold.
    - Consequently, people who qualify for a mortgage may not be able to afford new construction.
    - There is a limited housing market of existing homes on tribal trust lands.
- Funding uncertainty. The ICBG financial assistance program for down payment, mortgage subsidy, and foreclosure prevention has been eliminated in the proposed 2019 budget, which disrupts planning new projects.
- State collaboration. SKHA does not receive support from the State of Montana and would benefit from mutual collaboration around affordable housing.
- More choices. SKHA needs more options to serve its clients. There is a constant need to identify or develop additional mortgage products with the flexibility for Indian Country lending.

On the horizon

- The Flathead Finance Program for homebuyer readiness will continuing to be a mainstay of the SKHA housing program.
- SKHA staff has the capacity and desire to serve many more clients.

Mortgage lenders love standardization. When we first started back in the day, the homeownership process on our reservation was anything but standard. But we improved our efforts by getting better educated, which has impacted our homeownership program today.

— *JAMES "JC" CRAWFORD, Executive Director, Sisseton Wahpeton Housing Authority*

Lending Processes to Optimize Opportunities for Homeownership

At the heart of homeownership is the lending process. Most homeowners need a mortgage to purchase a house, their biggest lifetime investment. To reduce costs and make the process more efficient, lenders look to standardize their lending practices. Creating a clear lending process for mortgage loans on trust land is a critical piece of Native homeownership programs.

The lending process for most reservations differs in a few significant ways, however, making standardization a challenge to attain. The two primary differences are the status of the land and the laws applicable to lending and recourse in tribal jurisdictions. Lenders typically use the land on which a home is located as collateral for a mortgage loan. Most reservation lands—trust lands—cannot be encumbered and may be subject to other federal conditions. To secure a home loan on trust land, the lender provides a mortgage on the borrower's interest in the leasehold (the lease of the land), not the land itself. A similar process is used for mortgages on condominiums and townhouses where the mortgage relates to the dwelling, not the land. Thus, while not an impediment to lending, the trust status requires additional steps and considerations in the process.

Before 1992, it was virtually impossible to obtain mortgage financing to buy or build a home on trust or restricted land, and tribal members had few choices for housing. The HUD Low Rent or Mutual Help housing programs were prevalent at the time. Another option was a mobile home, usually at a high interest rate. Some were able to self-finance construction.

In 1992, Congress created two new federal programs to address the lack of mortgage lending in Indian Country: the HUD Section 184 Loan Guarantee and the VA Native American Direct Loan Programs. The Section 184 program offers a loan guarantee to private sector lenders to encourage them to make mortgage loans to eligible borrowers for homes located in Indian Country, while the Native American Direct Loan program allows the VA to make direct housing loans to Native American veterans on trust land. The U.S. Department of Agriculture (USDA) Rural Development Section 502 Direct Loan Program offers another mortgage program to assist low- and very-low-income applicants to obtain housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability.

Each of these loan products allows borrowers to use their leasehold interest and improvements as security for their loan. Importantly, tribes support these beneficial programs by:

- Enacting a mortgage code and establishing a system of recourse in tribal court,
- Endorsing a lease instrument that meets securitization requirements, and
- Executing a memorandum of understanding (MOU) between the tribe and the federal agency, or with the lender and government-sponsored enterprise (GSE) for conventional products.

All of these products and programs have made it possible for Native borrowers to obtain home loans on trust lands, but the process remains more complicated than mortgage financing on fee simple land. As a consequence, these programs were underutilized for trust land mortgages and qualified tribal households often opted to purchase or build homes on fee simple land where mortgage financing was easier to obtain.

With lending in Indian Country still lagging, HUD and the U.S. Department of the Treasury issued the One-Stop Mortgage Center Initiative in Indian Country: A Report to the President (2000), summarizing their efforts to streamline the mortgage process and make capital more available for trust land loans for both federal and conventional loan products. The initiative brought together tribes, lenders, federal regulatory agencies, and other housing professionals with a goal of streamlining the lending processes within each agency. The outcome was an interagency collaboration to recognize and use model documents preapproved by HUD, USDA, Rural Development, and the VA. This became the "One-Stop Mortgage" project, and hundreds of tribes adopted the model lease and other documents. Over time, however, the effectiveness of the project waned due to disjointed agency cooperation and new programs, as well as shifting policy directions as new Administrations came in.

One of these changes permitted the HUD 184 loan guarantee to be used in tribally designated areas, which often included areas well beyond the reservation (such as designating an entire state as an eligible area). The result has been a soaring increase in lending to American Indians on fee lands, as illustrated in Chart 1.

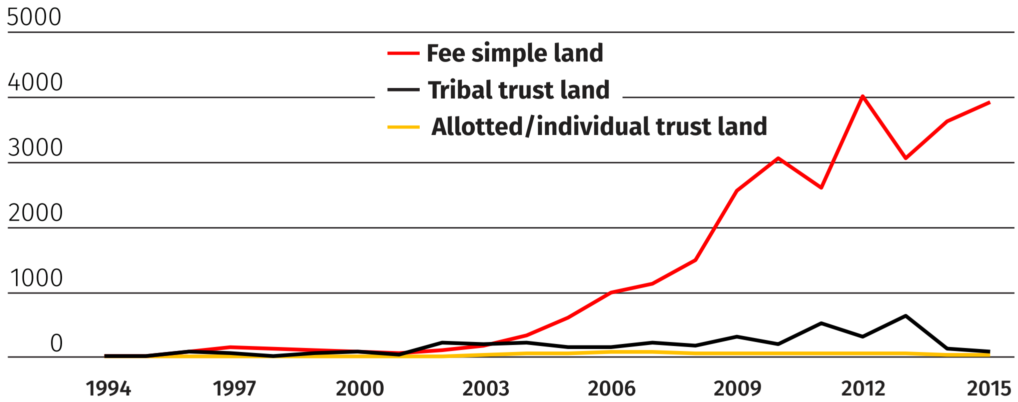
Even with these challenges, Native homeownership has flourished on many reservations. At the Bay Mills Indian Community in Michigan, for instance, more than 20 percent of homes on trust land have mortgages. See Chart 2 and Chart 3 on pages 66 and 67.

Many hands are required to achieve scale development, standardize transactions, and streamline processes in American Indian communities, Alaska Native villages, and Hawaiian homelands. These include tribal leaders, federal agencies, and private lenders—all of whom play critical roles in serving the trust land mortgage market.

1

Number of HUD 184 Loans by Type of Land (1995-2015)

Fee Land Loans Dominate Since 2005



Source: CICD staff calculations based on data provided by the U.S. Department of Housing and Urban Development

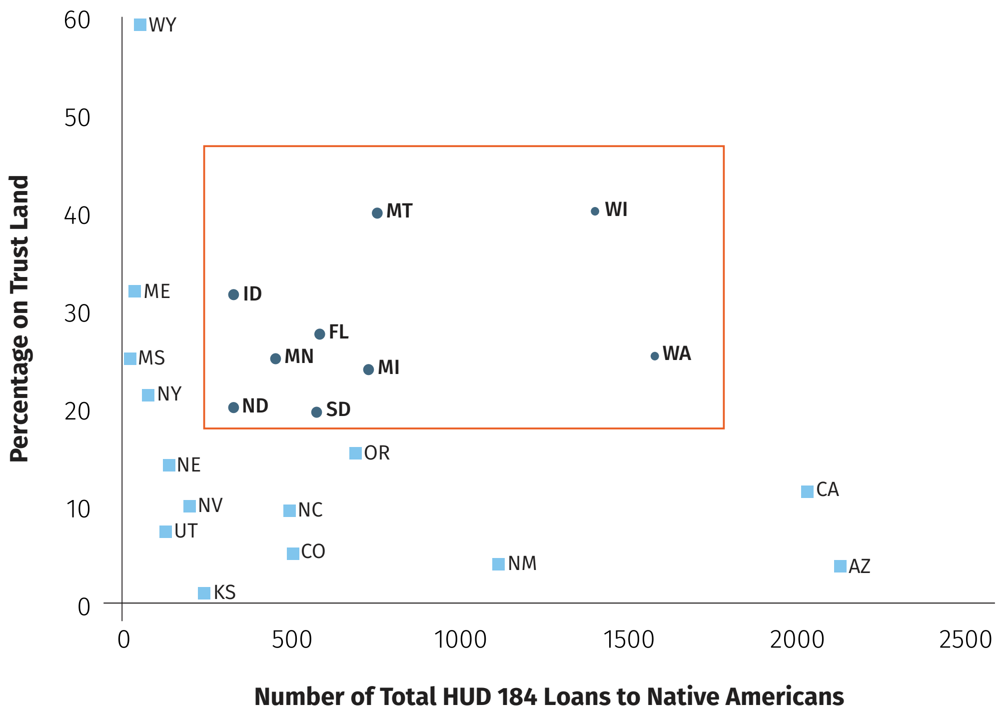
Role of Tribal Leaders

As discussed in Chapter 1, tribal leaders are in the best position to support mortgage lending in their communities and create more opportunities to live on the reservation. They can:

- Promote partnerships. Develop financial partnerships with lending institutions to bring mortgage capital to their communities.
- Enact legal infrastructure. Establish a legal process, based in tribal law with avenues for judicial recourse, for the tribe, lenders, federal agencies, and secondary market investors, as well as individual borrowers. The elements of this legal infrastructure include:
    - A tribal mortgage lending code enforceable in tribal court or other process that ensures an opportunity for recourse and due process.
    - A residential lease instrument and approval process.
    - A process for the lender to access mortgaged properties for the purpose of evaluating and servicing the loan.
    - Priority of lien procedures.
    - Foreclosure and eviction procedures.

States Where Tribes Are Making HUD 184 Loans Work on Trust Land

2



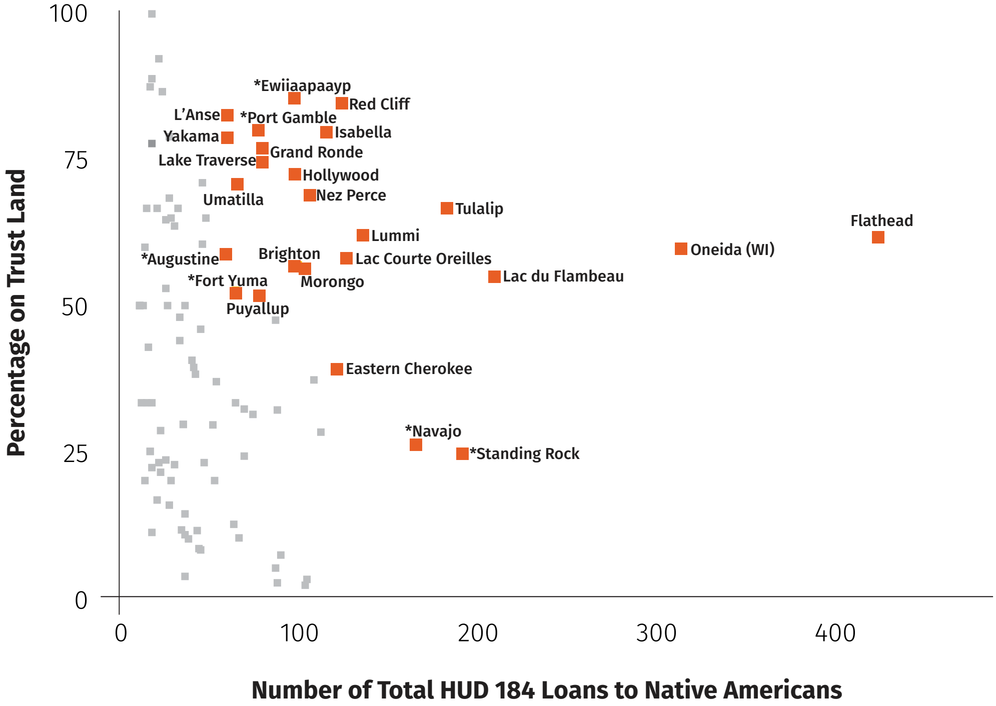
* Omits OK (15,491 loans, 1.3% trust land) and AK (3,791 loans, 0.1% trust land)

Source: CICD staff calculations based on data provided by the U.S. Department of Housing and Urban Development

- Promote homebuyer readiness. Support homebuyer education and counseling programs to prepare tribal borrowers for the responsibilities of homeownership.
- Streamline leasing processes. Create tribal processes that streamline leases, environmental clearances, and title status reports (TSRs).
- Engage in land use planning. Practice master planning and create master leases for large-scale development as well as residential zoning.
- Promote loan product options. Develop a full menu of conventional and federal loan products that cover the spectrum of community incomes and needs.

Making HUD 184 Loans Work on Trust Land

3



Note: Represents clusters of ZIP Codes that cover reservations. In some cases multiple reservations are grouped into a single cluster due to zipcode overlapping multiple reservations.

*Augustine, Cabazon, Torres-Marinez, and Twenty-Nine Palms; *Fort Yuma and Cocopah; *Port Gamble and Port Madison; *Ewiiaapaayp and Viejas, Navajo, Acoma, Hopi, Isleta Pueblo, Jicarilla Apache, Laguna Pueblo, Southern Ute, Ute Mountain, and Zuni; *Standing Rock and Cheyenne River.

Omits Osage (610 loans, 34% trust land).

Source: CICD staff calculations based on data provided by the U.S. Department of Housing and Urban Development

- Create risk mitigation options. Create and fund a risk pool to assist with the liquidation process in the event of foreclosure, such that when a mortgage loan on the reservation goes into foreclosure, the tribe purchases the home and resells it to an eligible homebuyer.
- Emphasize early intervention during delinquency. In the event a homebuyer becomes delinquent with their mortgage payments, engage early intervention and foreclosure prevention strategies to assist the borrower to maintain their mortgage, remain in their home, and minimize lender risk.

Role of federal agencies and private lenders

Lending partners can facilitate the flow of public and private capital for homeownership into tribal communities, which further helps tribes and TDHEs extend their resources to meet the community's homeownership goals. Following are examples of how they can support access to capital and increase Native homeownership:

- Share financial expertise. Lenders and mortgage companies can share their experience in financing homeownership loans to Native communities and facilitate the development of the legal infrastructure needed to support lending in Indian Country.
- Channel capital. Federal agencies and secondary market investors like Fannie Mae and Freddie Mac can provide sources of capital and guarantees tailored to the needs of Indian Country borrowers.
- Promote mission-focused lending. Community-focused and Native-owned financial institutions such as credit unions, community banks, and Native community development financial institutions bring capital to their communities, as well as critically important development services for the homebuyer.
- Prioritize interagency coordination. Recommit to interagency coordination (such as the One-Stop concept) to streamline the federal lending processes on trust land.
- Find the best product fit for borrowers. Be familiar with loan options and support the best fit for the customer, regardless of remuneration for the lender.
- Promote early intervention. Exercise customer-focused loan servicing, utilizing all partners (tribes, TDHEs, HUD-approved housing counseling agencies, Native CDFIs, and other nonprofits) to engage with early delinquency intervention.
- Exhaust all mortgage relief options. Pursue foreclosure options only after all other mortgage relief procedures have been exhausted to protect the integrity of mortgage lending on trust.
- Expedite property disposition. Accommodate smooth and equitable transfers of properties, such as through a tribe's first right of refusal or loan acquisition if foreclosure is imminent.

Types of Loans: Construction Loans, First Mortgages, Second Mortgages

Construction loans are separate from mortgage financing. They typically are shorter in term and considered higher risk because the collateral securing the loan is not yet complete. Several loan products available to Indian Country offer terms close to a "construction to permanent" mortgage feature.

First mortgages, also referred to as permanent mortgages, are secured by the leasehold and improvements. Typical terms are 15 or 30 years.

Second mortgages provide a level of gap financing for down payment and closing costs. They often are the key to successful financing for low-, moderate-, and sometimes middle-income purchasers because they bridge the gap between the cost of the home, closing costs, and the amount of funding available through the first mortgage loan.

The Lending Process on Trust Lands

The process for making loans on trust lands can vary from tribe to tribe and by loan product. More standardization of the lending process across Indian Country will increase the flow of capital to reservation communities and help streamline the overall process. Tribes and TDHEs also can encourage standardization throughout their region to attract more lending partners.

Here is the typical reservation-based lending process for a home purchase:

1. ***Lender preapproves borrower.***
   - Verifies applicant and tribe are eligible to participate in the program.
   - Verifies land status and eligibility to mortgage.
   - Determines whether to lend funds against a Leasehold Mortgage on trust land or a trust mortgage on allotted trust land.
   - Gathers prequalification documents on their checklist such as:
     - Pay stubs for the last 30 days.
     - Bank statements for the last two months.
     - Last two years of tax returns for self-employed borrowers.
     - Per capita 1099s for the last two years (if applicable).

2. ***Borrower selects a property to buy or applies for a residential lease and obtains its accurate legal description.***

If the purchase involves a new residential lease (also known as a homesite lease), the borrower will need a residential lease application along with biological, cultural, and land surveys. The lease must meet the requirements of the selected loan product.

In addition, the prospective borrower should:

- Obtain prepurchase counseling and follow the homebuyer work plan, such as reducing debt or saving for the down payment and closing costs.
- Select the preferred loan product based on the borrower's circumstances.
- Compare, select, and negotiate with a builder and execute a contract for design and construction.

3. Tribe/Tribal Representative authorizes leases and seeks BIA approval.

The tribe or tribal representative authorizes lease by resolution or administrative authority and sends it to the BIA Realty Office for approval. The borrower also requests Environmental Assessment or Categorical Exclusion Review from the tribe or BIA.

4. BIA superintendent provides approved lease to tribe.

5. Tribe, borrower, or lender contacts BIA to obtain a Certified TSR to verify the leasehold interest in land, legal description, and existing liens/encumbrances.

The residential lease, with attached survey map, legal description, the rider for the mortgage, and the tribal approval, then are submitted to the BIA Office of Land Titles and Records for the BIA recording process and preparation for the TSR.

6. Lender reviews executed lease by Tribe, BIA, and borrower for program compliance.

7. Lender updates credit package.

8. Lender orders appraisal.

According to HUD guidelines, appraisals are good for only 120 days. Lenders may order an appraisal sooner than this in some cases.

9. Lender underwrites loan package.

10. Lender issues loan commitment.

For allotted land, the lender sends credit package to BIA for approval of loan. BIA provides the approval letter in writing to the lender.

11. Lender closes loan.

Within 30 days of closing, the lender batches the loan into a loan pool for sale on the secondary mortgage market.

12. Lender or closing agent files loan documents.

Filing usually is with the BIA or County Recording Clerk, or with the tribal Land Title Records Office (LTRO).

13. BIA LTRO or Realty issues a Subsequent or Updated Certified TSR.

This includes a summary of all activity since the Initial Certified TSR was issued, satisfaction and cancellation of any existing liens and encumbrances, and approval of lease and mortgage documents.

14. Lender reviews closing package for program compliance.

The lender submits closing package to guarantor/insurer/or direct lender or issuance of guarantee certificate.

Twenty years ago, industry experts expected to see large numbers of defaults in Indian Country because mortgage lending was so new and because of concerns about economic resiliency in tribal communities. Instead, tribal leaders realize that when borrowers treat mortgages as loans, not grants and when all parties meet their obligations and responsibilities, mortgage lending in Indian Country is no riskier than mortgage loans on fee simple land. This successful track record will help to attract investors.

Mortgage lending in Indian Country is no riskier than mortgages on fee simple land when tribal leaders and borrowers treat mortgages as loans.

CASE STUDY

Native Community Development Financial Institutions Focusing on Homeownership Lending in Indian Country

ORGANIZATIONS

- Four Directions Development Corporation
- Native Community Finance
- Mazaska Owecaso Otipi Financial

CASE STUDY TOPIC & FOCUS

Native CDFIs focusing on Homeownership Lending

Native Community Development Financial Institutions (CDFIs) play a vital role in providing homeownership opportunities for tribal members. These community-based loan funds are developing loan products to meet the needs of tribal members, creating strong lending portfolios, and showing private lenders that mortgage lending on trust land can be done. Here are three Native CDFIs focused on mortgage lending in different regions of the country:

Four Directions Development Corporation, Orono, Maine

Created in 2001, Four Directions Development Corporation (Four Directions) is a Native CDFI serving the four Wabanaki tribes in Maine: the Penobscot, Passamaquoddy, Micmac, and Maliseet nations. In addition to a small business lending portfolio, Four Directions focuses primarily on home improvement, home mortgage, credit-builder, and home equity/debt consolidation loans. It also provides financial capability workshops and counseling. Based in Orono, Maine, its board of directors and advisory board are composed of tribal leaders, council members, and directors of tribal government departments, as well as non-Native members specializing in banking, small business, community development, and housing.

Native Community Finance, Laguna, New Mexico

Native Community Finance (NCF) is a CDFI started in 2007 through the interest of the Pueblo of Laguna (POL). NCF serves all of New Mexico’s tribes and pueblos, offering a variety of products and services for any Native

Key information on these Native CDFIs

	Four Directions Development Corporation	Mazaska Owecaso Otipi Financial	Native Home Finance
Year founded	2001	2004	2007
Service area	State of Maine: 4 Wabanki tribes and Native Americans in Maine	Pine Ridge Reservation and adjacent communities, and Cheyenne River Reservation	New Mexico
Types of homeownership loans	• 30-year fixed rate first mortgage • Home improvement loan • Equity/debt consolidation loan • Credit builder consumer loan	• Home opportunity loan (5-year balloon, to refinance with another lender) • Traditional mortgage loan (30 years) • Rehab loan (up to 15 years) • Construction loan	• Construction loans for 184/VA/USDA take outs • 30-year mortgages for Pueblo of Laguna Home loan program • Rehab (mainly roofs) up to 7 years • Gas conversion loans 7 years
Average size of loan	Approximately $70,000	Approximately $70,000 (after subsidies)	Approximately $150,000
Average interest rate	6%	7%	1% - 8.5%
Size of portfolio	$5.44 million	$3.0 million	$2,034,787
# Loans originated	Over 210	89	121
Primary sources of capital	NACA/FA (CDFI Fund) TD Bank (Line of Credit) Katahdin Trust (Line of Credit) Oweesta Bangor Savings (EQ2) Capital campaign OFN	NACA (CDFI Fund) Northwest Area Foundation SD VOAD (Disaster) Thunder Valley CDC Enterprise Foundation	Pueblo of Laguna NACA (CDFI Fund) NM Mortgage Finance Authority Native Capital Access
Package loans for other lenders?	Not at this time	Not at this time	USDA 502 intermediary

American residing in the state. In addition to its POL mortgage loan product, NCF offers loans for home improvement and repairs, and provides construction loans for families that have qualified for another mortgage loan product.

Mazaska Owecaso Otipi Financial, Pine Ridge, South Dakota

Founded in 2004, Mazaska Owecaso Otipi Financial (Mazaska) serves members of the Oglala Sioux Tribe living on, or in communities adjacent to, the Pine Ridge Reservation, as well as tribal members on the Cheyenne River Reservation, both based in South Dakota. Mazaska's mission is to create safe and affordable housing opportunities by providing loans, development services, and financial guidance to help build assets and create wealth. Focusing on homeownership lending, Mazaska provides 30-year traditional mortgages, five-year balloon loans, construction loans, and rehab loans.

Ingredients for Success

Elements of a successful homeownership lending program for tribal borrowers:

- Understand the tribes involved – their traditions, needs, and how they want loan products structured.
- Develop strong relationships with borrowers and the target market–these relationships and the trust that develops are a big part of borrowers repaying their loans and letting you know when issues arise.
- Build strong relationships with funders, the main sources of loan capital for the project–diversify funding and go beyond the CDFI Fund.
- Establish solid lending policies and practices to help mitigate risk and demonstrate to lenders (including sources of loan capital) that mortgage lending can be done.
- Make payments affordable for borrowers–to ensure that they can make timely payments and maintain homeownership.

Impact of Native CDFIs' Homeownership Lending

Looking at the impact of their work, each of these Native CDFIs underscores that they are putting people in homes–creating homeownership opportunities for tribal families where this opportunity may not have existed. These CDFIs also have realized other important impacts:

- Helping Native families create equity.
- Providing a way for families to build credit (by repaying their loans), which lowers their cost of capital and qualifies them for lower interest rates on other products.
- Showing that low-income borrowers can successfully replay loans (all three CDFIs have strong portfolios with excellent repayment histories).
- Relieving overcrowding as families can move out of tight living situations into their own home.

Native Community Finance is proving that qualifying for a mortgage does not need to be determined by a credit score. With its new POL mortgage loan product, NCF works to determine a loan amount that families can afford, without using credit reports. Instead, NCF's loan underwriting and qualification process analyzes the borrower's whole financial picture (debts, income, spending) to calculate what the borrower can successfully repay.

Lessons Learned

In developing their mortgage lending programs, these Native CDFIs point to a number of lessons learned:

- Financial literacy education and homebuyer education is key in preparing families for homeownership, and should be required before closing any loan.
- Adequate software is necessary to track loans, show payment histories, and generate reports.
- Credit reports aren't always the best way to show the likelihood that borrowers will repay their loans.
- A strong board of directors is crucial–to provide guidance and stay on course.
- Strategic plans are critical to the work of a Native CDFI, and activities need to be aligned with strategic goals.
- Native CDFIs are maturing lenders that must regularly evaluate staffing, structure, products, pricing, and partners.

Ongoing challenges

Leaders of each of the Native CDFIs agree that finding long-term, low-cost capital for homeownership lending is their biggest challenge. While focusing on business lending can work with shorter-term funding, ideally, homeownership lending means accessing capital for 30-year mortgages.

With this in mind, the Native CDFIs necessarily are creative in assisting tribal families achieve their homeownership goals. In addition to making direct loans to families, Mazaska and NCF provide short-term construction financing that help families build their new homes. When construction is complete, families then access another loan product (such as USDA's 502 loan, the HUD-guaranteed Section 184 loan, or the VA Native American Direct Loan). Mazaska also provides 5-year balloon loans, which families can then refinance with a private lender.

Beyond accessing capital, other challenges may depend on the community and tribes involved. For Four Directions, because the tribes in Maine are small and the market is somewhat limited, the housing stock may not be as robust. For Mazaska, the prevalence of predatory lending and payroll deductions can be a challenge to working with clients to improve their credit scores. It is difficult to change financial behavior and stay focused on budgeting and saving, when these options are so available.

On the horizon

Looking beyond their current homeownership lending activities toward the future, each of the Native CDFIs has exciting developments on the horizon:

- Native Community Finance is consolidating with two other Native CDFIs, Cha Piyeh (based at the Ohkay Owingeh Pueblo) and Native Capital Access, based in Phoenix.
- Four Directions is expanding its community development lending products to provide larger-scale development financing to tribes. Building on its work with the Penobscot and Passamaquoddy tribes in Maine, it also is expanding its partnerships with the Maliseet and Micmac tribes, as well as exploring partnerships with other tribes in the region.
- Mazaska is preparing to implement a new 502 re-lending program, where it will use capital received from USDA to make 502 loans directly to qualified tribal members. It also is working with Lakota Funds, a sister CDFI on the Pine Ridge Reservation, to provide mortgages for families living in its Eagle Nest community (a Low-Income Housing-Tax Credit subdivision) who are purchasing their units as the project converts from rental to homeownership.

Homeownership in native communities is about more than personal wealth. It is about perpetuation of culture, preparing future generations, and building collective wealth.

—JEFF GILBREATH, Executive Director, Hawaiian Community Assets

Navigating Land Issues

Almost everything in Indian Country relates to the status of the land. Today, about 60 million acres of Indian land are held in trust by the federal government and managed by the BIA on behalf of the Secretary of the Interior for the use and benefit of the 573 federally recognized tribes. Social and cultural connections to the land remain strong for the 5.2 million American Indian and Alaska Native peoples. A high percentage of this rapidly growing population (about 60 percent), lives on or near reservations.

Tribal and Indian Lands in Indian Country

In Indian Country, most economic and community development activity depends on the status of the land. Both tribes and individuals own lands in three basic categories: trust, restricted fee, and fee simple (or fee).

Planning an economic development project in Indian Country requires three essential steps:

1. Identify the land to be developed.
2. Determine and understand the legal ownership status of the land.
3. Identify or create an appropriate property right to support a mortgage on the property.

Land Status

Trust lands

- The most common form of land tenure in Indian Country.
- Legal title is held by the federal government.
- Tribal trust lands are held in common and managed by the tribal government with oversight of the BIA.
- Individuals may hold parcels of trust land as well, often as trust allotments.
- Trust lands may not be conveyed or sold without the consent of the federal government.

  - While this makes trust lands more difficult to use as collateral, leases on trust land are readily pledged as security for loans.
  - Leasehold mortgages are the main vehicles for lenders to invest in housing and business on trust lands.

- The state of Hawaii also holds about 200,000 acres of Hawaiian home lands in trust for Native Hawaiians, which may be used as homestead sites eligible for leasehold mortgages.

Restricted fee lands

- Legal title of restricted lands is held by a tribe or the individual, but the land is subject to restrictions against sale or conveyance without the approval of the BIA.
  - While this makes restricted fee land more difficult to use as collateral, leases on restricted fee land are readily pledged as security for loans.
  - Leasehold mortgages are the main vehicles for lenders to invest in housing and business on restricted fee lands.
- These lands are under tribal jurisdiction and the protection of federal law, and usually are not subject to state or local taxation.

Fee lands

- The owner of the land holds the legal title to the lands.
- Fee lands are freely alienable without federal approval and thus can be used as collateral for a mortgage.
- When owned by a tribe or individual within the boundaries of a reservation, fee lands are subject to tribal jurisdiction.

Other Land Categories

Allotments

Allotments are discrete parcels held by individual tribal members. Original allotments were established by the General Allotment Act of 1887, which divided reservation land into individual parcels of about 160 acres for each tribal member. More than 120,000 tracts of allotted lands are held in trust by the federal government for individual Indian owners, mostly on reservations in the Great Plains, Rocky Mountain, Northwest, and Western regions.

The federal government, through the BIA, manages allotted lands, including managing the income and property of the allottee. In practice, this generally consists of leasing the parcels or negotiating royalties from, for example, rights-of-way, grazing, mining, and farming. The leasing proceeds are held in the federal trust account for distribution to the owners of the allotment. Allotments present challenges to land use similar to trust lands:

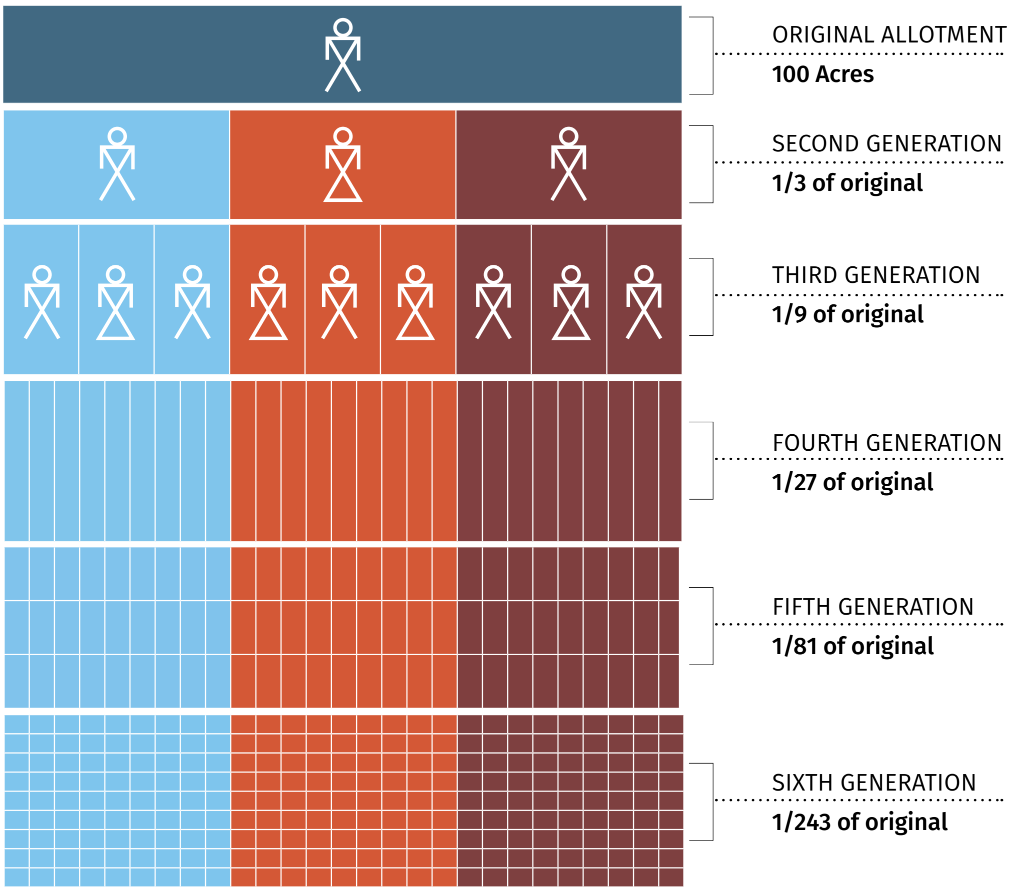
- Federal approval required due to restricted trust status.
- Increasingly fractionated ownership.
- Complex probate processes for multiple common interests.

Fractionation – Divided Ownership

When an allottee dies without a will, ownership often is divided among all the heirs, but the land itself is not physically divided.

- The heirs of an original allottee own undivided interests in the allotment.
- Many allotments now have hundreds and even thousands of individual owners.

Here is a simple illustration of fractionation using only three offspring in each generation.



Fractionation is a serious problem facing Native communities.

- BIA estimates on fractionation (2017):
    - 150 reservations with 2.9 million fractional interests owned by approximately 243,000 unique owners.
- Consent from a majority or supermajority of the parcel's owners is required to use the land for any purpose – leasing for agriculture or natural resources purposes, or business and home site development.
- With so many owners, individual income from the land is minimal – sometimes less than what it costs the federal government to process the payment.

Congress has attempted to fix this fragmented system through these strategies:

- Encourage land consolidation – the Land Buy-Back Program.
- Promote gift deed conveyances, wills, and estate planning – American Indian Probate Reform Act.
- Relieve federal bureaucratic burdens on land use while returning control to tribes—the HEARTH Act.

The Land Buy-Back Program for Tribal Nations. Established in 2014, this ambitious program implements the land consolidation component of the Cobell Settlement, which provided $1.9 billion to purchase fractional interests in trust or restricted land from willing sellers at fair market value. Consolidated interests are immediately restored to tribal trust ownership for uses benefiting the reservation community and tribal members. As of September 2017, the program has purchased more than two million acres from more than 700,000 fractional interests on almost 40,000 tracts at 45 locations.

The American Indian Probate Reform Act of 2004 created a nationwide Indian probate code and changed the way trust estates are distributed to heirs. In effect, it replaced state law with a federal probate code. The Act applies to all individually owned trust lands unless a tribe has its own probate code. Its purpose is to:

- Limit fractionation.
- Encourage estate planning and drafting wills.
- Maintain land in trust status.

60 Million

Acres of trust land throughout Indian Country

General probate rules:

- When the landowner dies, the BIA must “probate” the land in order to pass it to the owner’s heirs.
- With a will, the landowner may do almost anything with their land, except devise the land in trust to a non-Indian unless they are lineal descendants.
- Without a will, the process of dividing the land to the owner’s heirs is complicated: The surviving spouse gets a "life estate" and holds property until death, then it is inherited by children, grandchildren, parents, or siblings.

Writing a will or using a gift deed to convey land is very important because:

- The owner has more control over the property and assets.
- Trust land retains trust or restricted status if it passes to eligible heirs.
- Fractionated ownership is reduced or eliminated.
- Land with consolidated ownership interests becomes more usable and economically productive.

Several programs offer specialized resources and assistance for will writing and estate planning for landowners of trust lands. For example, the Indian Land Tenure Foundation provides extensive information and forms for managing the probate process.

The HEARTH Act of 2012

Leases of trust lands play an important role in tribal housing development since trust lands may not be sold or encumbered. In Indian Country, mortgage financing typically is secured by a leasehold interest. Delays in approving individual leases cause a great deal of frustration to homebuyers and lenders alike.

In 2012, in a major shift of authority over tribal lands, Congress amended the Long-Term Leasing Act through the Helping Expedite and Advance Responsible Tribal Homeownership Act (commonly referred to as the HEARTH Act). The HEARTH Act amendments provide authority for Indian tribes to lease tribal trust lands directly pursuant to tribal law, without further Secretarial approval. This enables tribes to exercise more decision-making authority over land use decisions and engage more efficiently in larger scale homeownership and business development.

The passage of the HEARTH Act amendments was nationally lauded by tribal leaders and tribal organizations as a valuable tool that would:

- Empower tribes to realize their potential for economic growth and job creation on tribal lands;
- Increase community development; and
- Strengthen tribal self-determination.

The HEARTH Act amendments establish an alternative land leasing process for tribes to negotiate and enter into leases with minimal involvement from the BIA.

- Tribes that adopt their own tribal leasing regulations approved by the Secretary of the Interior no longer need BIA approval to issue leases.
- Tribal lease regulations may provide for the lease of lands for residential purposes for up to 75 years.
- Where the federal government has undertaken an environmental review process in connection with a federally funded activity, the tribe can rely on that federal environmental review.
- Tribes issuing leases under approved tribal leasing regulations are required to provide the BIA with copies of the leases issued.

This means that tribes can avoid having to obtain BIA approval for each lease on a transaction-by-transaction basis. More tribal authority over leasing reinforces sovereignty and self-governance, and further enhances the tribes' ability to develop their lands more efficiently.

Implementing the HEARTH Act – Deference to Tribal Land Use Decision-Making

Amendments to the Part 162 Leasing Regulations

The BIA implements the HEARTH Act through amendments to the long-term leasing regulations in 25 Code of Federal Regulations Part 162, with new subparts particularly for business and residential leases. These regulations reflect stronger deference to tribes for decisions related to the leasing of tribal trust and restricted lands, such as:

- Mandatory approval of leases, amendments, subleases, assignments, and leasehold mortgages, unless the BIA identifies a "compelling reason" for nonapproval.
- Elimination of insurance and bonding requirements.
- Deference to a tribe's negotiated valuation.

Advantages to using tribal leasing regulations:

- Speeds up the process for approval of homeownership documents such as leases, leasehold mortgages, and promissory notes.
- Builds a readily accessible local recording system of tribal homeownership documents and normalizes the recording process.
- Allows tribal housing developers to more efficiently plan larger-scale housing projects.

- Creates more certainty to the homebuyer and lender around interest rates and closing time frames, and allows potential homebuyers to "lock" in a rate with a lender.

Despite the substantial benefits of the HEARTH Act, coupled with the BIA leasing regulations, to date very few tribes have taken advantage of the opportunity to use these tools by promulgating tribal leasing ordinances that take advantage of HEARTH Act authority. While securing lease approval authority under the HEARTH Act does not provide a cure-all for tribal leasing concerns, it can be an excellent start.

Securing a Leasehold Interest in Tribal Trust Land

Leases of trust lands play an important role in tribal housing development since trust lands may not be sold or encumbered. In Indian Country, mortgage financing typically is secured by a leasehold interest in the land on which the home will be located. Delays in approving individual leases cause a great deal of frustration to homebuyers and lenders alike.

Leasehold Interest

A long-term lease of tribal trust land issued by a tribe to a tribal member for homeownership or residential purposes (homesite lease) is different from a lease of a dwelling. The lessor is often the tribe. The goal of a lease is to give the tribal member an interest in the land resembling homeownership, so the lease term typically is 50 years. Now the HEARTH Act permits residential leases up to 75 years. These longer term leases also make the mortgages eligible for purchase in the secondary mortgage market (25-year term leases do not correspond to the requisite 30-year mortgages). The residential lease essentially creates a private property interest in Indian Country.

Tribal leasing and lending laws are important to defining ownership rights and responsibilities. These laws must balance the individual's expectations as a landowner with the tribe's need to maintain its lands as a steward of tribal resources and development.

Model Lease for Homeownership

A popular model lease form used by tribes and recognized across the federal government was the HUD "One-Stop" lease for homeownership on tribal trust lands. The One-Stop lease was drafted in the 1990s to collectively accommodate the HUD Section 184 program, the USDA RD 502 programs, and the VA lending program. That model lease sets out generally agreed upon terms for using trust and restricted land as collateral for mortgage lending.

Today, tribes that enact tribal leasing laws demonstrate the tribe's commitment to creating meaningful ownership rights for its citizens while maintaining tribal authority over trust lands and public safety. Importantly, these tribal laws inform both the homebuyer and lender who invest in a home on trust land under a long-term lease about the rules and process to enforce their respective rights and responsibilities.

Tribal leasing laws should address these key issues:

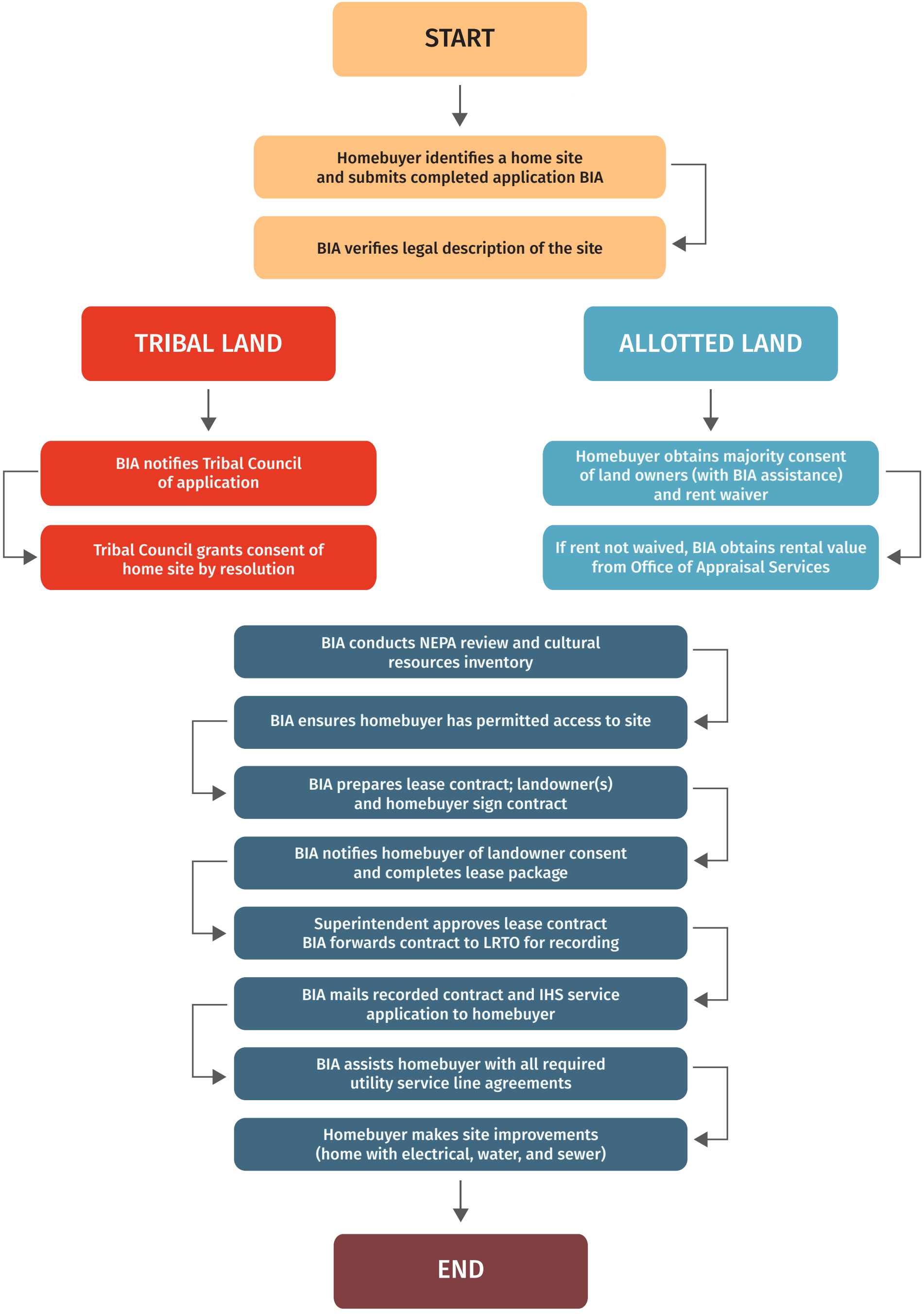
- Eligibility for a residential lease.
- The application process, including the environmental review process.
- Circumstances under which mortgages will be permitted without further approval by the tribe, such as mortgages for home purchase, construction, or improvements.
- Maximum lease terms of up to 75 years are permitted under the HEARTH Act.
- Standard requirements (no illegal use of the premises, use only for principal residence).
- Ownership of improvements.
- The lessee's right to transfer the leasehold (usually limited to tribal members).
- Upon death, the right of the lessee's heirs to inherit the leasehold for the remainder of its term, either under a will, intestate succession, or a special beneficiary designation outside of probate (usually limited to tribal members).
- The right of a nonmember to occupy the premises pursuant to a court order upon a divorce decree issued by tribal or state court.
- Dispute resolution procedures, presumably in tribal court where one exists.

Securing a Residential Lease

Every tribe has its own unique process for securing a residential lease of its tribal lands. This process usually involves a set of core actors: the tribal housing program, the tribal council, and the BIA. Here are the typical steps in this process.

Almost everything in Indian Country relates to the status of the land.

Tribal Leasehold Approval Process Flowchart



CASE STUDY

HEARTH ACT Implementation

Ho-Chunk Nation Reality Division, Black River Falls, Wisconsin

ORGANIZATION
Ho-Chunk Nation Realty Division

CASE STUDY TOPIC & FOCUS
HEARTH Act Implementation

SERVICE AREA
All Ho-Chunk Tribal Lands: 15,017 acres/6633 trust land acres

NUMBER OF TRIBAL CITIZENS
7,663 (10/31/17)

NUMBER OF EMPLOYEES
Realty Division - 6 Staff, including one staff dedicated to HEARTH Act leasing.

The recently established (2016) Ho-Chunk Realty Division provides land, leasing, title, and realty services within the boundaries of the Ho-Chunk reservation, comprised of 15,037 acres, with approximately 6,633 acres in tribal trust land status.

The Ho-Chunk Realty Division reports directly to the Department of Administration under the Office of the President. Ho-Chunk Realty is supported by six staff: Director; Register of Deeds; Leasing Specialist; Lands Specialist; GIS Coordinator and a GIS Specialist, including one staff dedicated to HEARTH Act leasing.

Project description

The Ho-Chunk Nation has assumed responsibility for leasing activities on its tribal lands through the implementation of the HEARTH Act. The HEARTH Act acronym stands for (H)elping (E)xpedite and (A)dvance (R)esponsible (T)ribal (H)omeownership Act.

Signed into law in 2012 (PL 112-151), the HEARTH Act encourages tribes to assume self-governance over leases on tribal trust and restricted lands without the intermediary steps of seeking review by the Bureau of Indian Affairs (BIA) or the approval by the Secretary of the Department of the Interior. To exercise this authority, tribes must first approve leasing regulations and submit them for approval to the BIA Central Office.

Tribal leasing regulations require: (1) consistency with the BIA's current regulations and (2) an environmental review process. This process includes the identification and evaluation of significant effects of the proposed lease on the environment, along with notice to the public and an opportunity to comment on the impact of the proposed lease prior to tribal approval.

A multitiered final approval process includes review by the BIA Division of Real Estate Services and the Office of the Solicitor, with final approval from the Assistant Secretary of Indian Affairs and the Secretary of the Department of the Interior.

"That's sovereignty - that's what we work for. We have dramatically increased our ability to exercise our sovereignty on our own lands."

—Ho-Chunk President Jon Greendeer

Beginning in 2012, the Ho-Chunk Nation recognized two significant benefits in the HEARTH Act:

- The Act's central policy objectives are to support tribal self-determination and sovereignty. Ho-Chunk Nation leadership believes that the nation is in the best position to make decisions about how its lands are used and for what period of time.
- Tribal leadership also believes that affording tribal citizens the opportunity to lease lands for residential, agricultural, and business purposes is in the nation's best interests – and to do so in an expedited manner rather than waiting as long as a year or more for lease approval from BIA.

The Ho-Chunk Nation submitted its proposed leasing regulations to the Department of the Interior in late 2014, opting for all of the flexibility afforded under the Act to administer leasing for all land purposes – residential, business, and agricultural. In February 2015, the Assistant Secretary of Indian Affairs issued final approval to all of the nation's leasing ordinances. Within the first month, the Nation authorized three residential leases.

Residential leasing and titling comprise about 75 percent of the Ho-Chunk Realty Division's current workload, and is supported by one full-time leasing specialist. Residential leases are typically for 75 years. Agricultural and Business leases are typically two to three years in duration.

In 2017, the Ho-Chunk Realty Leasing Specialist processed 57 leases, with more than 75 percent for residential purposes. This is a manageable volume.

The Ho-Chunk Realty Division continues to submit all of the lease and title documents to the BIA for recording. This arrangement still maintains an efficient processing of leases, however, because the three certified TAAMS users on staff in the Ho-Chunk Realty Division work closely with the BIA Realty Office, which provides the administrative capacity to expedite the response time to obtain a certified TSR.

Ho-Chunk Nation is quite satisfied with the collaboration between its highly skilled TAAMS-certified staff and the BIA Realty Office. Overall, this team arrangement has achieved a one-month approval time for residential leases.

For allotted lands, the Nation relies on the regulations in 25 CFR Part 162 to manage and process leases. According to the Realty Division's director, these leases are inherently more complicated and time-consuming.

Promising approach

- Tribal leadership and support: The Realty Division is situated at the Tribal Office Building in the Ho-Chunk Executive Branch. When a lease is ready to be finalized, the packet is brought directly to the tribal legislature for approval, with the tribal vice president signing off on the lease on behalf of the Nation. This is an efficient and effective process.
- Capacity: Incorporating the administration of all land, title, and leasing processes into the Realty Division reduces the administrative burden on the Nation.
- Flexibility and options: The HEARTH Act allows tribes to choose their starting point with the leasing process and to add additional responsibilities as demand grows or rely on regulations in 25 CFR Part 162 when appropriate.
- Certified TAAMs users: Currently Ho-Chunk Nation Realty Division has three certified TAAMS users on staff. Having trained TAAMS users in the tribe's office significantly reduces the turn-around time to get leases entered into the BIA system.

Impacts

- Reduction in time to acquire leases: All leases are processed and completed in-house. The time it takes to acquire a lease has been dramatically reduced from as long as 18 months to four to six weeks.
- Minimal federal oversight: Apprehension about federal oversight is eliminated, which may lead to more interest in using the Nation's lands for development purposes.
- Sovereignty and self-determination: The HEARTH Act restored the authority of tribes to make their own land use decisions. Now, the Ho-Chunk Nation no longer needs to ask permission to use its own lands.
- One-time approval from DOI: After receiving approval of tribal leasing regulations, no updates are required unless the tribe chooses to update its own regulations.
- Flexibility and adaptability: Tribes choose what type of land development and leasing suits their needs and administrative capacity. Additional leasing responsibilities can be assumed later, and 25 CFR Part 162 is available to address unique circumstances.
- Investment encouraged: More streamlined and efficient processes encourage investments.
- Implementation support from BIA: The BIA provided up front support and training to Ho-Chunk staff to develop business processes and tools to manage its leasing process. On-going BIA support and training is important to the Ho-Chunk Nation's success.

- Focus on greatest area of need: the HEARTH Act enables the Ho-Chunk Nation to focus on the areas of great need and importance to the community, mainly residential, business, and agriculture.

Lessons learned

- The HEARTH Act generally has not been adopted by tribes on a large scale, perhaps because:
  - Large land-based tribes with smaller populations and high overhead costs may not have the capacity to administer the HEARTH Act.
  - Tribal leaders need more information about the HEARTH Act and how it can support economic development. Some tribal leaders believe the Act is a step toward termination because it eliminates the need for the BIA. Here the issue is framed in terms of whether the role of the BIA in tribal affairs is synonymous with the federal trust responsibility to the tribes.
  - The Ho-Chunk Nation's perspective is that the HEARTH Act promotes sovereignty and self-determination by restoring decision making authority and management responsibility over the Nation's lands. Importantly, the Nation believes that the reduction in the time it takes to provide residential leases is in the best interests of the Ho-Chunk people.
- There's an ongoing need to bring existing leases up to date.
- Lease management takes time, especially for lease cancellations and enforcing leasing violations.

Ongoing challenges

- Ho-Chunk Nation still must submit all the leasing documents to the BIA to enter the data into the TAAMS system for recording.
- Lease enforcement for violations or cancellations of the lease.
- Situations outside the approved tribal regulations still require BIA action (e.g., trespass from an unapproved right of way).
- Funding and program support is an ongoing concern. While the Ho-Chunk Nation established its Realty Division with existing staff and resources, the proposed budget decreases in federal funding for Indian Country housing are concerning.

The way I see it, my job is to make houses bloom in the desert.

—ISAAC PEREZ, Executive Director, Pueblo of San Felipe Housing Authority

Homeownership Development: Planning to Drive Change

CHAPTER 8

Planning for homeownership development takes time, a large financial investment, and the commitment of local leadership to support the process over many years. The benefits can change a community forever.

Homeownership development is a multifaceted process that can best be explained by breaking it down into components. Homeownership development is lengthy and requires collaboration and a commitment to stay with the program. The benefits for a community, however, are long-lasting and will help provide the housing security and stability lacking in many tribal communities.

This chapter focuses on issues related to housing development and addresses how a tribal or private developer can approach a project for optimal results. Housing development usually begins with an assessment of the community's needs and resources and is then folded into an overall master plan. But first, tribal leadership should assess whether it has created an environment supportive of development, with appropriate mortgage lending and zoning laws and building codes in place to both build homes and protect investments.

A master plan is a forward-looking document that designs a community out of a large tract of land. The master plan can address not only homeownership sites but also future commercial, multifamily, and community facilities parcels such as schools, community buildings, recreational areas and playgrounds, walking paths, and ceremonial sites. A long-term development plan addresses many of the community's needs, incorporates site location and size, and provides a framework for organized development.

Information gathering for the Master Plan

- Community's homeownership potential – the right size, type, and pricing of the housing to be developed.
- Location and size of the development
    - Sites close to amenities such as schools, grocery stores, medical facilities, and resources can attract other types of development, such as administrative buildings, commercial buildings, and multifamily dwelling units.

- Sites that suit the size, environmental conditions, and topography of the land will make construction and development a success.
- Site costs vary greatly due to availability of infrastructure (water, sewer, utilities) needs—"at the curb," brought from an adjacent site, or new construction. Leapfrogging over existing land and extending infrastructure to remote sites is extremely expensive and not an effective use of resources.

Soils

The soil upon which the building is to be erected must be analyzed early in the process to determine whether a site is suitable for building. Depending on the area of the country, this may include excavation for basements or slab on grade construction (no basements), or houses that are elevated on blocks or a pier system where soil types may swell and contract, not allowing a sound foundation for construction.

- An environmental assessment (phase 1) will help define whether any prior use of the site requires further investigation and/or soil/site remediation. Former pasture land, crop land, and undisturbed sites normally are suitable for development. Former commercial sites may merit additional probing, requiring a phase 2 environmental assessment. Sites used for service stations, any industrial usage, or as a catchment area for mining tailings or industrial waste generally require further investigation.

Land Size and Infrastructure

Two of the most expensive budget items for a homeownership development, besides the actual cost of construction, are the cost of the land and infrastructure. Here we assume the use of trust land with a long-term lease.

Infrastructure is a large upfront cost. It includes water delivery, sewage lines, electric, gas, cable, and other power to a house; storm water drainage; and fire hydrants. Importantly, infrastructure includes broadband, wherever possible.

Because infrastructure is expensive, density affects the affordability of housing. Some potential homeowners may prefer low-density housing, with large lot sizes and fewer homes per acre. However, higher-density development, with more residences per acre or per mile of sewer and electricity, tends to minimize each home's infrastructure cost and keep homes affordable. Tribal governments may plan for a mix of densities to accommodate different needs and preferences. In low- to moderate-priced developments, old rules of thumb called for four units per acre, after allowing for streets and other amenities. Many newer developments have gone to five houses per acre by incorporating smaller lot sizes with easy access to a neighborhood park. Maintenance of the lots becomes easier, with less lawn to mow, water, etc. However, this is a community decision factoring in the availability of resources for land development.

Predevelopment

Resources for predevelopment of a site can be difficult but not impossible to find. Predevelopment work often is done by a professional service that lays out the design, grid, and development of the site. Here, the critical steps are hiring an engineer and preparing a preliminary engineering report (PER). What does a PER do?

- Outlines the technical and financial needs of project.
- Produces an Environmental Report (ER).
- Describes project components.
- Sketches schematics showing the general layout and location of the existing site conditions.
- Conducts a feasibility analysis for the constructability of the project.
- Defines the proposed method of construction (traditional methods of design/bid/build with sealed competitive bids are preferred).
- Provides a current detailed construction cost estimate for each of the project components.
- Sets out an overall estimated project schedule, including the number of months for each of the following design periods:
    - Obtain required permits.
    - Obtain any required easements or rights-of-way.
    - Solicit bids and award contracts.
    - Construction.

Along with the master plan, the PER becomes a key document and valuable tool for review by the lenders, engineer, architect, contractors, and others associated with the project.

Architect and Design

In most subdivisions and homeownership developments, the developer is responsible for acquiring the land, putting in all infrastructure, and selling individual lots, at a profit or sometimes "at cost" in order to start construction of individual homes. Development costs and profits are part of the sale price. A developer can "build to suit," or build a home plan brought to them by a client. More often, a builder will have a portfolio of housing designs, with differing square footage sizes, materials, and roof lines with various prices.

On trust land, this model may look different.

- The developer may be the tribe or a related entity, or it could be a private developer.
- The long-term benefits of the infrastructure remain with the land but for the benefit of the homeowner.
- The financing may be bank loans, as well as funding from federal, state, or local resources.

The tribe must decide and define how the lots will be assigned or allocated in a reservation subdivision. If the lots are leasehold interests, the cost of developing the lots will not be dependent on the profits from the sale of the parcels. Rather, the development costs and profits, if any, will depend on available financial resources such as loans and grants for housing development.

Infrastructure funding is available through HUD's Indian Community Development Block Grant. Title VI of NAHASDA also allows a loan (95 percent guaranteed) to be used for infrastructure. In addition, the USDA Rural Development Agency's water and waste water program is available for infrastructure development.

Scattered-site Development

Scattered-site development and the use of infill lots for homeownership also is worth exploring. This begins with an inventory of vacant lots or lots with buildings that may be removed due to age or deterioration in the near future. These lots, although often not large, may have access to water, sewer, and utilities based on prior use or having been in the path of previous development. Committing these parcels to homeownership will establish a program while a larger tract of land is being planned for multiple units.

Finally, individual parcels with acreage some distance from services may be considered for homeownership. These sites will require a well for water usage, a septic tank and drain field system for waste management, power to the site, a road or driveway to the site, and potential use of propane as a heating fuel source. All these factors add to the cost of a site and need to be factored into the house construction budget.

Finally, tribes should consider providing a homeownership counselor to help potential homeowners navigate the development and construction process. This support will lead to better decisions and more project satisfaction for all parties.

A site must have the size, environmental conditions, and topography to make construction and development a success.

There was no housing construction on our reservation for 40 years. We missed the whole housing boom. We won't miss the next one.

—MIKEL CHAVEZ, Executive Director, Zuni Housing Authority

Home Design and Construction: Making the Right Choices

CHAPTER 9

Owning a home is a very personal decision. Many people don't get the option of selecting a design and participating in the decision process. For most people, buying an existing home is their best or sometimes only option. With new construction, there is the opportunity to consider the use of space, materials and, to a certain extent, incorporate personal needs and tastes into the home.

Home design typically starts with a review of basic floor plans. The typical home will have an allocation of space for bedrooms, bathrooms, kitchen/dining area, and living or family room. Additional space may be created for utilities (including washer and dryer), storage, and garages for vehicles. A basement may or may not be feasible. Adding more space adds more cost, so the functional and efficient planning of space needs becomes important.

Similarly, materials used for the home construction will affect living conditions, construction cost, insurance, and health. As an example, materials used in some parts of the country, sourcing local materials, and tribal customs will determine the style or type of home that will be constructed. Some issues to consider here include:

- Is there a location and room for passive orientation of the home to take full advantage of the sun in the winter and shade in the summer?
- What water-saving features can be incorporated into the design to reduce monthly billings?

In many tribal communities, a cultural overlay to design and construction is a priority to the broader community. These considerations should be incorporated early in the design process.

Depending on the area and tribe, desirable design features might include the direction of the front door or entrance, an oversized eating or living room area for large families, fiesta days, and family gatherings, or extending the front or back of the home with porches or outdoor space. These features do not have to be expensive or elaborate but can make the home more culturally and aesthetically appropriate. Local materials can also be incorporated if they have been tested and have a track record of sustainability. Unique housing using flexcrete, clay straw, and straw-bales have been built, tested, and have a track record for suitability and comfort. Wood products locally harvested also may be considered.

The design process typically starts with a schematic drawing(s) of a house layout that can be changed to accommodate any specific needs. Computer-aided design (CAD) programs used by architects and draftsmen can quickly make changes to a basic plan to help a future homeowner visualize the space. It is not unusual for a homeownership sponsor to coordinate a series of housing plans with options to be presented at a community meeting or a design charrette. This benefits the developer and the future homeowner by establishing a baseline of square footage, typical materials, and a cost estimate for each model. A one-, two-, or three-bedroom model may have slight variations to the interior and the exterior to avoid all housing units looking the same. For example, choices of rooflines (gable versus hip roof), color schemes, floor plan orientations, or garage versus carport versus driveway might all be offered at a cost.

As life events occur, such as the addition of new family members, space needs may increase. Due to cost, however, it may not be possible to get all the desired features and space in an entry-level home. Many designs allow for the expansion of a house, adding another bedroom or incorporating another bathroom. This may be cheaper or more convenient than selling and buying a larger home, especially where the supply of larger homes is still limited. For these reasons, access to home improvement finance and local remodeling professionals is important to families that are growing or changing.

General contractors who are experienced and have a recent or current volume of construction will be able to estimate the cost of a new home or a home improvement project. Cost estimates are typically in dollars per square foot. (For example, the total cost of 1.300 square foot house at $150/s.f. is $195,000.)

A more accurate estimate of the cost of construction may require a detailed materials list breaking down the components, such as roofing, kitchen cabinets, windows, and appliances. The same size house can vary widely in cost due to quality of materials. Having a general contractor and architect who understand the price differences of adjustments can help with making decisions.

An example: An asphalt shingle roof may be a lower cost for the home than a metal roof. If high winds are prevalent, however, it may be necessary to replace shingles and the entire roof prematurely (before its expected useful life of 15 years); whereas, a metal roof may better withstand the weather conditions and have a longer expected useful life (50 to 60 years).

A general contractor is just that, a contractor who provides or arranges for all the work needed to complete the house, including coordination of the subcontractors (plumber, electrician, cabinet supplier). Normally, lenders require that all work be managed by a licensed general contractor who is responsible for the construction, all payments to the subcontractors, payments for materials, and a warranty (typically one year) against construction defects. Most contractors have a portfolio of work and former clients who can be contacted to find out how they performed during construction, paid bills, and followed up on warranty items.

Contractors can provide better pricing and are more efficient if they have a volume of work to do. Building five homes at one time is more efficient and profitable than building one. Indian Country projects often construct multiple units at one time.

The basic shell of the home will take up about one-third of the budget, the interior finishes another third. Mechanicals and plumbing amount to 13 percent to 15 percent of the total cost. Kitchens and bathrooms are the most expensive rooms to build. A basic understanding of the design and construction process for single-family homeownership is a key component of making the process transparent and avoids critical mistakes, which can cost time and money.

In 2004, Enterprise Community Partners created a Green Communities program with the intent of providing knowledge, materials, and critical thinking around the issue of making affordable housing more sustainable and healthier for the future. The 2015 Enterprise Green Communities Criteria is a resource that any potential homeownership program can access and review. The 2015 edition has incorporated criteria to include rural and tribal housing (available on the Enterprise website).

By offering an integrative design process, buildings can be certified as meeting the Green Communities standard. The criteria cover:

- Integrative design.
- Location and neighborhood fabric.
- Site improvements.
- Water conservation.
- Energy efficiency.
- Materials
- Healthy living environment.
- Operations, maintenance and resident engagement.

Additional resources for design and community engagement for affordable housing construction are available on the Enterprise website in the resource section.

Native communities can incorporate a cultural overlay in their housing design and construction materials.

CASE STUDY

Green Design

Santo Domingo Tribal Housing Authority, Santo Domingo Pueblo, New Mexico

ORGANIZATION
Santo Domingo Tribal Housing Authority

CASE STUDY TOPIC & FOCUS
Green Design

SERVICE AREA
Sandoval and Santa Fe counties, New Mexico

NUMBER OF TRIBAL CITIZENS
4,492

INDIAN HOUSING BLOCK GRANT
$754,517

ANNUAL BUDGET
$1,000,000

NUMBER OF EMPLOYEES
Seven Full Time

WEBSITE
www.sdtha.org

The Santo Domingo Tribal Housing Authority (SDTHA) is a nonprofit developer that plans, designs, develops, and manages affordable housing for the community of the Santo Domingo Pueblo. Established in 1995, the SDTHA is the pueblo's tribally designated housing entity (TDHE) that provides affordable, safe, culturally tailored, sustainable and healthy housing to the community.

The Santo Domingo (Kewa) Pueblo is a traditional pueblo located on the Rio Grande between Albuquerque and Santa Fe. Its people have a rich local culture that has not been overwhelmed by the outside influences brought to the area by Spanish colonization, the railroad in the 19th century, or Route 66 in the 20th century.

Residents of the pueblo, approximately 3,000, maintain their traditional religious practices and social structure. The center portion of the old Pueblo Village is on the National Register of Historic Places and is still occupied by tribal members who actively use its historic plaza for the pueblo's annual Green Corn Dance each August 4, as well as the sacred kiva spaces and historic church.

Project description

In 2015, the Santo Domingo Tribal Housing Authority applied for financing with the New Mexico Mortgage Finance Authority (MFA) and included the use of Green Communities Criteria into the design and construction of the housing development. Green design was one of the options to meet threshold requirements to access tax credits.

Green design, or green architecture, is an approach to building that ensures minimal impact on the environment, both in terms of products and materials used in the construction. In the functionality of the building, green design minimizes harmful effects on human health and the environment. The "green" architect or designer uses *eco-friendly* building materials and construction practices.

Over the past 20 years, more attention has been given to the correlation between the structural design of a house and its building materials, and their impact on a healthy living environment.

Lenders and developers are interested in green design, as well as other stewards of housing resources. Many federal, state, and local funders and resource providers have turned to established programs developed to address these concerns.

Over the past 20 years, more attention has been given to the correlation between the structural design of a house and its building materials, and their impact on a healthy living environment. In green design, it all matters – sustainability and durability of the housing unit; the use, function, and contributions to a healthy environment; energy savings; and environmental quality of the community.

Promising approach

Green design can be comprehensive or it can be a light touch. It can be expensive (think of the LEED process) or can be minimal (think Energy Star appliances).

The Green Communities Criteria 2015, now in its fourth iteration since 2004, attempts to create a comprehensive yet manageable process to affordable housing. Cost of affordable housing is an issue nationwide so the core principles of a green program need to add value, but not cost.

Studies have shown that following the green criteria has reduced utility bills and provided a healthier living environment without adding more than 5 percent to a development budget. The long-term benefits to the owner, the residents, and the community are worth the incremental cost.

Impact

- Marketing – Offering a housing development with a green design certification indicates enhanced building standards have been used in the structures, which in turn shows a commitment to the environment and an investment in the health of the community.
- Green design criteria require resident education on the green design and materials, and support to make them function at their optimum.
- Lower utility bills, including water usage, is a plus for the residents, but also the owner as they typically pay water bills. At Santo Domingo, a high-desert climate and scarce water resources intensify the need to protect water resources.

Lessons learned

- Make an architect knowledgeable about green design as part of the development team early in the process.
- Make the entire development team aware of the green design process, especially the general contractor and labor.
- Document key practices and steps in the construction to support and ensure green certification.

Ongoing challenges

- Cost burdens for affordable housing has caused some funders to scale back green design in the belief that a noticeable cost savings will be realized.
- Benefits of green design take time to quantify, whether through utility comparisons, energy usage, or healthier residents. Many lenders and homeowners are impatient to realize cost savings without factoring in the slower long-term investment.
- New products are being designed all the time and can be incorporated in green design every year. Keeping up with innovative practices can be challenging, especially for a small community.

On the horizon

Like the Santo Domingo (Kewa) Pueblo, a community commitment is needed upfront to include green design into the building plans. As needs and priorities are developed for new housing, green design and environmental goals can be set, even before site selection.

Santo Domingo Pueblo had a positive experience in implementing green design into its housing projects. Not only did the design preserve scarce water resources, it also maintained the pueblo's cultural values and preserved historically significant styles.

Tribal members want options – and we made a conscious decision to provide asset building options for housing for tribal members and many have responded.

—Bristol Bay Housing Authority leader

Making Homeownership Affordable

CHAPTER 10

Tribal members with moderate to low incomes often wonder whether they can afford homeownership. While homeownership and securing a mortgage may not be for everyone, making ownership affordable requires looking carefully at what potential homeowners can afford to pay consistently each month. A number of strategies can be used to make homeownership more affordable and more of a reality for tribal members:

- Principal reduction subsidies.
- Down payment and closing cost assistance.
- Subsidized infrastructure costs.
- Subdivision development.
- Affordable home design.

Principal-reduction subsidies

Principal-reduction subsidies can reduce the overall mortgage amount, leading to lower monthly payments. Sources of principal-reduction subsidies include:

Federal Home Loan Banks Affordable Housing Program (AHP)

The Federal Home Loan Bank System is organized by districts, and community organizations need to partner with a local FHLB member bank, credit union, or life insurer to apply. The application process is quite detailed.

Housing Improvement Program (HIP) funds

The BIA provides housing assistance through its HIP program. While the program has traditionally assisted elderly and disabled tribal members, HIP funds may also be used for principal-reduction subsidies.

Tribal funds

Some tribes have funds available to provide as principal-subsidy grants for their tribal members, while some tribes with significant resources can provide principal- subsidy grants for homebuyers from other tribes.

Down payment and closing cost assistance

Many mortgages require borrowers to make a down payment or pay closing costs. Various resources may be available to cover these costs, and like the principal-subsidy reduction sources, accessing down payment and closing cost assistance can also make homeownership more affordable for tribal members. Some sources of down payment and closing cost assistance include:

- FHLB Affordable Housing Program Fund (See above.)
- FHLB – Native American Homeownership Initiative (NAHI)

Like the AHP, community organizations need to partner with a local FHLB member to apply for NAHI down payment funds. This program is available only in the Des Moines region of the FHLB.

HIP funds

BIA HIP funds may be used for down payment and closing cost assistance.

Tribal funds

Many tribes have funds available to provide as down payment assistance/closing cost assistance for their members.

State housing agency funds

Some states have funds available through their state housing agencies for down payment and closing cost assistance. In South Dakota, for example, organizations may apply to the South Dakota Housing Development Authority Housing Opportunity Fund for support.

Subsidizing infrastructure costs and exploring subdivisions versus scattered sites

In many rural communities, developing housing stock also means installing new infrastructure, including water, sewer/septic, and roads. Since these costs can significantly increase the cost of developing the home, it is important to explore partnerships to assist in covering these costs. USDA/Rural Development and Indian Health Services, for example, fund this type of construction.

Related to infrastructure costs is the assessment of subdivision development versus scattered-site construction. Some families prefer to live "out in the country" or on allotted land that belongs to their families. However, scattered-site development often means higher costs to the homebuyer due to the extra expenses of transporting materials and working on a single house. With a subdivision, infrastructure is provided in bulk for the entire community. It may be possible to build a lagoon for waste for example, rather than individual septic tanks, or hook up to one main water line, rather than dig individual wells. Building this way saves overall costs, and often results in lower costs for each homebuyer.

Affordable home design

In working to ensure affordability for homeowners, design factors into both short-term planning and long-term community benefits. Affordable home design begins with selecting an architect who is committed to affordability in designing new homes, developing new floor plans, and selecting materials. Space should be maximized and the materials should reflect climate conditions.

Design also can impact long-term maintenance and utility costs. Replacing a roof every five years, for example, will result in significant costs for the homeowner. Another option is a passive solar design or other energy efficient system that reduces heating costs in the winter and decreases cooling costs in the summer.

In many rural communities, developing housing stock also means providing new infrastructure, including water, sewer/septic, and roads.

CASE STUDY

Low-Income Housing Tax Credit

Santo Domingo Tribal Housing Authority, Santo Domingo Pueblo, New Mexico

ORGANIZATION
Santo Domingo Tribal Housing Authority

CASE STUDY TOPIC & FOCUS
Low-Income Housing Tax Credit (LIHTC)

SERVICE AREA
Sandoval and Santa Fe counties, New Mexico

NUMBER OF TRIBAL CITIZENS
4,492

INDIAN HOUSING BLOCK GRANT
$754,517

ANNUAL BUDGET
$1,000,000

NUMBER OF EMPLOYEES
Seven Full Time

WEBPAGE
www.sdtha.org

The Santo Domingo Tribal Housing Authority (SDTHA) is a nonprofit developer that plans, designs, develops, and manages affordable housing for the community of Santo Domingo. Established in 1995, the SDTHA is the pueblo's tribally designated housing entity (TDHE) that provides affordable, safe, culturally tailored, sustainable, and healthy housing to the community.

The Santo Domingo (Kewa) Pueblo is a traditional pueblo located on the Rio Grande between Albuquerque and Santa Fe. Its people have a rich local culture that has not been overwhelmed by the outside influences brought to the area by Spanish colonization, the railroad in the 19th century, or Route 66 in the 20th century.

Residents of the pueblo, approximately 3,000, maintain their traditional religious practices and social structure. The center portion of the old Pueblo Village is on the National Register of Historic Places and is still occupied by tribal members who actively use its historic plaza for the pueblo's annual Green Corn Dance each August 4, as well as the sacred kiva spaces and historic church.

Project description

The Low-Income Housing Tax Credit (LIHTC) program was created in 1986 as a U.S. Treasury and IRS program to leverage federal tax credits to draw in private capital for the creation and rehabilitation of affordable housing across the nation. Section 42 of the IRS code spells out the requirements of the program.

Under this program, all units constructed or acquired and rehabilitated under this program must remain as rentals for a period of 15 years (the compliance period). At the end of 15 years, the investor (private capital) has received its full tax benefits from the project, and the units may be converted from rental to home ownership. Approval for this conversion is required by the state housing finance agency, which typically administers the program on behalf of the federal government.

The benefits of extensive community planning, culminating in a development master plan has supported not only housing, but also community facilities such as schools, a fire station, and neighborhood walking paths.

In 1999-2001, SDTHA built 20 LIHTC rental homes on a 13-acre tract, one of the first tribal LIHTC developments in New Mexico. Now that compliance period has expired, the SDTHA has the option of continuing a rental program or can convert the housing units to homeownership.

With this successful project as a model, in 2017 the SDTHA launched a 41-unit LIHTC development with the same option of potential homeownership possibilities once the 15-year rental compliance period has expired. This new development, called Domingo Housing, provides one- to four-bedroom units (736 square feet to 1,415 square feet) to accommodate various family sizes. A variety of income levels also are incorporated into the rentals based on family size and income, with rents ranging from $279 to $725.

Promising approach

SDTHA has studied many financing models to address both the rehabilitation of older units and the construction of new units at the Pueblo.

A key factor to SDTHA's success has been leveraging its NAHASDA housing block grant with other mainstream housing and economic development funding sources to create a more robust financial partnership around community development.

The benefits of extensive community planning, culminating in a development master plan has supported not only housing, but also community facilities such as schools, a fire station, and neighborhood walking paths.

Impacts

- Housing in the Pueblo has been quite scarce and housing options extremely limited. With new developments, tribal members now have the option of living on the pueblo in a home that suits their families' needs.
- The rental period is an excellent time for tribal members to establish creditworthiness and learn the responsibilities of maintaining a property.

- The option of conversion from rental units to home ownership is a local tribal decision, based on the unique needs and circumstances of the community.
- Larger four-bedroom units were built to accommodate larger families (22 percent of total units).

Lessons learned

- Key ingredients for success include planning for development and site selection with cultural linkages to the community and the pueblo's Historic Plaza.
- An important leverage tool is mainstream funding sources for future development partnerships.
- Frequent and focused community engagement is essential to good outcomes.

Ongoing challenges

- Funding in all programs is very competitive and may take several attempts to be successfully funded.
- Infrastructure is expensive and will continue to be a challenge in locating new projects.
- Keeping a core group of reliable development team members for future development.
- Planning a communitywide wastewater system plan for potential future housing in the Domingo area.

On the horizon

A future 60-unit affordable housing development is under discussion, with a focus on planning guidelines and identifying sites. Housing prototypes are being reviewed for two-, three- and four-bedroom sizes.

The SDTHA also has a deep commitment to the Historic Plaza and to rehabilitating the homes around the plaza in a culturally sensitive manner using traditional building materials and practices.

As the Governor of the Pueblo of Laguna, I have seen how factory built housing has become an important part of affordable housing. The energy star standards as well as the improved construction of the homes make them long term sustainable units. The need for affordable housing keeps increasing and the affordable pricing makes this one way to meet those needs.

—GOVERNOR VIRGIL SIOW, *Pueblo of Laguna*

Manufactured Homes: An Affordable Ownership Option

CHAPTER 11

About eight million manufactured homes make up over 6 percent of the year-round housing stock in the United States. Manufactured homes are a widely used form of affordable housing in Indian Country. About 17 percent of reservation households currently reside in a manufactured home, on par with the rate in rural America generally, and close to half of the American Indians who borrowed to buy a home on reservation land in 2016 secured their loan with a manufactured home. Tribal communities are clearly aware that manufactured homes are a practical option for meeting local families' housing needs.

Tribal communities are also familiar with the problems of factory-built housing, especially with "FEMA trailers" and pre-1976 units built to low quality standards. Over time, however, the quality available in manufactured homes has improved significantly, in response to federal regulations and market forces, making them a more viable affordable housing choice. This chapter discusses how tribal communities can take steps to mitigate the problems and accentuate the benefits, making manufactured homes a practical option for affordable homeownership on trust lands.

A recurring theme will be the differences between titling and financing a manufactured home as personal property (chattel lending) versus real estate (mortgage lending). These differences are especially important for Indian Country, due to the additional steps needed to pledge trust land leases as security for mortgages and the generally higher costs of chattel loans.

The HUD Code for Manufactured Homes

A manufactured home is a factory-built home that is essentially ready for occupancy upon leaving the factory, except for some inherently local tasks such as placing the unit on its site and connecting it to local utility networks. Since 1976 in the United States, the term "manufactured home" has had a specific meaning under the Manufactured Home Construction and Safety Standards Code of the U.S. Department of Urban Development (HUD). The standards have strengthened and broadened over time, especially in 1994, when stricter wind-resistance requirements were added. The standards now cover materials and performance standards for design, energy efficiency, fire safety, and more.

The HUD code preempts state and local building codes, allowing each factory to build homes to a single national standard. This guarantees a minimum quality standard for all new manufactured homes. It also promotes scale and efficiency in manufacturing and, thus, generates an affordable product.

Transportation and Installation

After their construction, manufactured homes must be transported to the buyer's location and installed on site. At the buyer's site, the home is set down and secured (e.g., by bolts or straps). About 37 percent are placed on a concrete pad or permanent foundation, with the others affixed mostly to blocks or piers.

The newly delivered home must also be connected to local water, sewer, electric, and utility systems. Transportation and installation together make up a significant share of the installed cost of a manufactured home, and the proper execution of these steps is critical to preserving the quality and integrity of the home and the safety and comfort of its occupants. HUD requires that installers be licensed and registered. In addition, manufacturers require specific setup procedures at the final site in order for their warranties to remain in effect.

The Existing Inventory of Manufactured Homes

The quality of manufactured homes still in use in the United States varies tremendously. New, high-end units are comparable to high-quality site-built homes and attract middle-income buyers. However, older units are still common and generally of lesser quality.

As shown in Table 1, about 20 percent of the manufactured homes in the U.S. in 2013 was built before the HUD code took effect in 1976. An additional 44 percent was built between 1975 and 1994, or mostly before the significant 1994 upgrades to the HUD code.

Age of Manufactured Homes TABLE 1

YEAR BUILT	PERCENTAGE
1995 or Later	36.5
1975-1994	43.9
Before 1975	19.6

Source: American Housing Survey 2013

Once installed, most manufactured homes stay put. According to the American Housing Survey (AHS), about 80 percent of the manufactured homes were still located at their original site in 2013.

The Titling of Manufactured Homes

Titling is an important part of the manufactured homebuying process, especially in Indian Country. Unlike site-built homes, which are almost invariably titled as real estate, manufactured homes can be titled either as real estate or personal property (chattel). This is discussed further below in connection with financing a manufactured home and its possible placement on trust land.

Cost, Quality, and Appreciation—the Core Pros and Cons of Manufactured Housing

Manufactured or site-built—which is the best option for Indian Country homebuyers and tribal communities? There's no one right answer. Traditionally the primary trade-off has been between the lower cost of manufactured homes and the perceived or real quality and long-term appreciation advantages of site-built homes. However, quality differences have narrowed over time, and research shows that appreciation is driven mostly by the value of the underlying land, not the home itself. (On trust land, individual allotments or long-term leases may substitute for outright ownership of the land.)

Cost

Low cost is the most obvious advantage of a manufactured home. As shown in Table 2, the cost per square foot of a manufactured home is estimated to be about half or less that of a site-built structure. Excluding land, a 1,700 square-foot structure, for example, could be built for about $86,000 in a factory (assuming two-section construction) as opposed to about $171,000 on-site.

Adding in the costs of transporting and installing the manufactured home narrows but normally does not close the gap. Transportation costs for a two-section home partly depend on distance but typically are between $3,000 and $15,000. Installation fees vary, often in the $1,000 to $5,000 range. The cost of a foundation is often between $6,000 and $20,000, but placement on piers is less expensive. Even at the high end of these ranges, or $40,000 for transportation, foundation, and installation, the cost of a typical manufactured home (excluding land) would be $126,000, about 26 percent (or $45,000) less than for the site-built home. These are very significant savings for low- and moderate-income families.

Relative Cost of Manufactured- and Site-Built Housing Structures — TABLE 2

		SIZE (SQ. FEET)	PRICE OF STRUCTURE*	PRICE PER SQ. FOOT
Manufactured	Single-section	1,092	$45,600	$41.76
	Two-section	1,713	$86,700	$50.61
	All	1,430	$68,000	$47.55
Site-Built		2,745	$276,284	$100.65

*From the U.S. Census Bureau (June 2016), 2015 Manufactured Housing Survey. Excludes the cost of land and, for manufactured, transportation and installation costs.

Consumers' monthly housing costs also show an advantage for manufactured homes. Based on AHS data, the Consumer Financial Protection Bureau concluded, "Typical all-in housing costs for manufactured-home owners in nonmetropolitan areas were over a third less than the costs for households that owned a site-built home in a nonmetro area."

Quality

If the cost of the home itself was the only consideration, manufactured homes would clearly be a leading option for expanding affordable homeownership. In practice, the choice is less clear, due to concerns about quality and appreciation.

The current HUD code has narrowed the quality gap between new manufactured and site-built homes. However, many older, lower quality manufactured homes are still available for sale. Buyers of older manufactured homes can find it difficult to judge a unit's quality. Also, since most manufactured homes are titled as personal property, the quality disclosure requirements and other forms of consumer protection associated with real estate transactions often are not available.

Housing experts and consumer advocates still worry about the quality of new manufactured homes as well. Specific quality concerns still heard include:

- Uncertainty about the life span of new units.
- The quality of manufactured home inspections.
- The possibility that significant remodeling of a manufactured home may take it out of compliance with the HUD code (limiting financing options) and subject the entire home to local building codes, triggering additional expenses.

Appreciation

Another concern is that manufactured homes will not appreciate in value, preventing buyers from building home equity. However, the best study of this topic had a clear result— long-term control of the site is the key factor to appreciation of both manufactured and site-built homes. Specifically, the study found that, on fee simple land when the buyer owned both the home and land, the average rate of appreciation of manufactured homes was not significantly different from the average appreciation of similar site-built homes, according to AHS data for 1995-1999. Although no equivalent study has been done on trust lands, the logic of the study's findings suggests that the same would be true for homes on individually controlled allotments or long-term leased lands.

Collectively, the three core factors—cost, quality, and appreciation—suggest manufactured homes have a place among the affordable homeownership options for low- and moderate-income households.

Manufactured Home Sales and Finance

The selling and financing of both new and existing manufactured homes can strongly affect buyer satisfaction and financial well-being, sometimes to the point of erasing the underlying cost advantage of manufactured homes.

A key factor is whether the manufactured home is financed as real estate, with a mortgage rather than a chattel loan. Nationally, about 60 percent of manufactured-home owners also own the land below the home. Nonetheless, from 2001 to 2010, most buyers financing the purchase of a manufactured home on land they own used a personal property, or chattel, loan.

A similar pattern probably holds In Indian Country, given the additional difficulties of using trust land as collateral. This is important, because chattel loans are typically more expensive than real estate loans.

Selling and Financing New Manufactured Homes

The selling and financing of new manufactured homes is somewhat more standardized and regulated than the selling and financing of existing manufactured homes.

New-home Dealers. Manufacturers are not allowed to sell directly to consumers, so new manufactured homes are sold through retail dealers. All dealers are licensed and bonded. Some dealerships are owned by a separate affiliate of the manufacturer or are franchised with the manufacturer's backing. Others are independent but often small, with one or a few locations. Dealers are usually responsible for overseeing the transportation of the new home to the buyer's site and its installation.

Consumers visit dealerships to inspect homes for sale. If the consumer wants features not available in the models on the lot, the consumer can work with the dealer to order the home they prefer. Price is often negotiated, as in a new car purchase.

Some consumer advocates have accused some dealers of abusive practices that take advantage of buyers. Alleged practices include:

- Adversely altering the agreed-upon terms of the sale at closing.
- Failing to provide buyers with full documentation.
- Delivering a home different from the one ordered or agreed upon.
- Poor after-sale service and failure to honor warranties.

New-home Financing. Manufactured-home dealers offer to finance the purchase, even taking the buyer's loan application on-site during negotiations. The buyer can also arrange their own financing, perhaps with a local bank or credit union. However, some lenders only finance homes sold by dealers with whom they have a prearranged relationship. Buyers who wish to arrange their own financing must find a lender and dealer willing to work with each other.

Loans to purchase manufactured homes are relatively expensive. On the whole, for both chattel and real property loans, the CFPB found that manufactured-home loans were much more likely to be higher priced, and by a higher margin, than mortgages on site-built homes. This can significantly erode or even reverse the cost advantage that otherwise accrues to manufactured-home ownership.

Chattel financing of manufactured homes is especially expensive. The CFPB estimated that the annual percentage rate on new manufactured-home loans was about 1.5 percentage points higher for chattel loans than for mortgages.

Manufactured homes titled as real estate can qualify for lower-cost mortgage financing. In Indian Country, tribes can enter into a memorandum of understanding (MOU) with Fannie Mae or Freddie Mac to make competitively priced mortgage financing essentially equally available for site-built and manufactured homes on owned, leased, or allotted land.

Despite the higher cost of chattel financing, most loans for the purchase of a new manufactured home are secured only by the structure itself, as personal property, and not by the land the home will be sited on. Chattel financing remains prevalent even when the underlying land is owned by the homebuyer. This is partly because manufactured homes are still routinely classified as personal property under most state laws. In Indian Country, another factor is that owners of individual trust land may simply not want to deal with the burdens of obtaining the required paperwork for a mortgage on trust land.

Whatever the reasons, classification of manufactured homes as personal property requires the buyer to pay fees to title the property (similar to titling a car) and changes the consumer protections that apply to the sale and loan. For example, good faith estimates of mortgage closing costs, required by the Real Estate Settlement Procedures Act, are not required for chattel loans, and the procedures for repossessing personal property may be much simpler and quicker for the lender than the procedures for foreclosing on a mortgage.

Consumer advocates accuse some manufactured-home lenders of abusive practices, including in Indian Country. A typical complaint is illegal steering of buyers to expensive loans from lenders tied to the dealer.

Selling and Financing Existing Manufactured Homes

The resale market provides a low-cost option for homeownership, which can be especially relevant for families with very low incomes. However, buying an existing home involves additional challenges as well as opportunities, such as:

- Assessing the quality of the unit. Existing units vary significantly in quality, as a result of factors such as their original quality, age, maintenance, use, and whether they have been moved before. Buyers may be challenged to know whether the home they are looking at is a good deal or a lemon.

- Complying with local codes in a new location. If the unit is moved, the buyer needs to check if it complies with building codes in the new location. Older units may not satisfy current standards.
- Dealing with transportation and reinstallation. If the buyer plans to move the unit, additional transportation and installation costs are involved. Damage can occur in the process. These factors tend to reduce the resale value of manufactured homes that are moved.
- Obtaining finance. The limited number of lenders who finance existing manufactured homes tends to depress the value of these units. Some lenders at the low-price end of the manufactured-home resale market secure the loan with other collateral, such as the buyer's vehicle.
- Whether to re-title the property as real estate. For manufactured homes titled as personal property but fixed to land owned by the homeowner, re-titling the home as real property may be advantageous. This can be useful even for owners not intending to sell because it facilitates refinancing, which is nearly unavailable for chattel loans. Re-titling may be especially useful if the owner is preparing to sell the land as well as the home. It helps attract additional interest from buyers who understand the appreciation advantages of real property and widens the array of financing options.

Enhancing Manufactured Homes as an Affordable Homeownership Option

Below are some steps that can help families decide whether a manufactured home is right for them and, if so, make their ownership experience more positive and beneficial.

- Understand today's manufactured-home option. Manufactured homes have changed. It is increasingly important for community leaders and consumers to understand the pros as well as the cons of manufactured homes and why, on balance, manufactured-home ownership is an option many Indian Country families choose.
- Facilitate low-cost home finance, including for manufactured homes. Evidence shows that manufactured-home borrowers pay higher interest rates than buyers of site-built homes, especially when a personal property loan is used. Local actions to be considered for helping all home buyers while also reducing this gap include:
    - Putting in place the agreements that make tribal members eligible for beneficial federal loan guarantee programs, such as HUD 184 and USDA 502 loans.
    - Adopting ordinances and procedures to clarify and fairly govern the process for foreclosing on a mortgage, including a manufactured-home mortgage, especially on trust land.
    - Adopting the Revised Model Tribal Secured Transactions Act (RMTSTA) and a companion lien filing system to clarify and govern the process for repossessing a manufactured home financed with a chattel loan.

- Working with Fannie Mae to ensure that the tribe's ordinances make it eligible for the Native American Conventional Lending Initiative (NACLI), and encouraging lenders to partner as well.
- Encouraging local lenders, including community development financial institutions, to qualify as a Fannie Mae seller-servicer or to partner with an existing seller-servicer.

- Protect manufactured-home buyers. Navigating the homebuying process is a challenge, especially for the low- to moderate-income families that typically purchase manufactured homes. Tribal leaders may be able to help them and all manufactured-home buyers by:
    - Getting to know the manufactured-home dealers that serve the reservation. Dealers are responsible for the buyer's post-purchase warranty claims but are not always very responsive. Tribal leaders may be able to help buyers hold their dealer to account.
    - Reaching out to state manufactured-housing industry associations that can connect tribal leaders and borrowers with retailers, lenders, and service providers.
    - Partnering with the federal (HUD) or state government staff responsible for enforcing the HUD code on the reservation, including the code's provisions for appropriate installation of manufactured homes.
    - Understanding dealers' licensing and bonding requirements. These requirements may put pressure on them to provide positive purchasing experiences and good after-sale service.
    - Request that local vocational training programs consider covering training to transport, install, repair, maintain, and remodel manufactured homes.
- Educate tribal members on manufactured-home buying. Include information on the pros and cons of manufactured-home buying in new or existing personal finance or homebuyer readiness programs.

One of the most significant ways tribal leaders can address housing of any sort in Indian Country—stick-built or manufactured housing—is to facilitate the effective use of tribal lands for home ownership, including manufactured-home ownership. Many buyers may be better off if they place their manufactured home on owned land and title it as real estate. Tribal community leaders can make this easier by:

- Working with the BIA to ensure efficient processing of land leases for all homebuyers, including manufactured-home buyers.
- Educating all tribal members, from childhood on, about the history of the tribe and its lands, the meaning of tribal sovereignty, the significance of trust lands to the community and tribal sovereignty, and the procedures of putting trust lands to effective use.
- Requesting that affordable homeownership and housing programs serving the community incorporate appropriate coverage of manufactured-home options into their programming.

- Adopting tribal ordinances to facilitate the re-titling of manufactured homes from personal property to real estate and taking steps to make existing manufactured-home owners aware of the benefits of this option.
- Establishing tribal land use plans that clarify future infrastructure availability and areas zoned for residential use.
- Adopting manufactured housing ordinances that supplement the HUD code. For example, these ordinances could set minimum quality standards for used manufactured homes transported onto the reservation. Writing beneficial ordinances requires careful balancing of the community's need to exclude unsafe or unsightly homes against low-income families' needs for shelter. Tribes may wish to consult model ordinance or successful practices by other tribes.

These are only some of the steps that tribal leaders and others might consider. Their decisions will determine the extent to which tribal communities make wise and appropriate use of manufactured housing as an option for affordable homeownership in Indian Country.

Factory-built housing has become an important part of affordable housing.

Afterword: The Path Ahead—A Shared Future

Finding a way to expand housing opportunities in Indian Country is an exceptionally tall order, given the generations of economic deficits, lagging infrastructure investments, and heavy bureaucratic burdens. It also is critically needed given Indian Country's growing population, positive economic growth, and increasing demand for homeownership.

Many tribal nations are tackling this challenge and have found promising approaches to overcome entrenched problems, often in isolated areas with far too few financial resources. They are connecting to the land and igniting the engines of economic self-sufficiency.

Today's tribal leaders are framing their efforts with community-determined goals, restoring core traditional values to their ways of life, and designing new paths forward to lift and support their people.

The *Tribal Leaders Handbook on Homeownership* captures the effectiveness and forward momentum of these efforts. The Handbook is both a blueprint of best practices, research, and resources, and a toolkit for accessing capital, creating more housing options on trust lands, and instilling hope for future generations of Native communities and families.

Most of these successful approaches emphasize the importance of leadership and community engagement in all aspects of housing. They also incorporate unique expressions of cultural visions and collaborative planning in creating successful housing programs.

This work—bringing new resources and ideas into action in Indian Country—requires many hands (just as this Handbook required the work of many hands). It can be done only through partnerships, collaborations, and community commitments.

Working with tribes is a very rewarding experience. The special economic development challenge in Indian Country—a distinctively important component of the U.S. economy—is the efficient economic use of reservation trust lands. We must pursue policies and design programs that unlock the potential of these vast landscapes.

—Patrice H. Kunesh, Director, Center for Indian Country Development

Appendices

Glossary of Common Acronyms and Lending Terms

Acronyms

AHP	Affordable Housing Program administered by the regional Federal Home Loan Banks.
BIA	Bureau of Indian Affairs, the agency within the U.S. Department of the Interior with trust obligation to tribes, which has responsibilities for mortgage lending and oversees the TSR process and TAAMS recording system.
CDFI	Community Development Financial Institutions: Lending agencies certified by the US Department of the Treasury.
DOI	U.S. Department of Interior.
FHLB	Federal Home Loan Bank.
IHA	Indian Housing Authority: Interchangeable with "tribal housing authority." Created through tribal government action, typically a separate entity from the tribal government responsible for providing housing within its jurisdiction to tribal members.
IHBG	Indian Housing Block Grant: Block grants to tribes, or tribal TDHEs, for housing under NAHASDA.
IHS	Indian Health Service: The public health provider within the U.S. Department of Health and Human Services that ensures safe drinking water and sanitary waste disposal for all Indian people within their service area.
HUD	U.S. Department of Housing and Urban Development: Administers NAHASDA and the Title VI and Section 184 guaranteed loan programs.
IHP	Indian Housing Plan: Annual housing plan required as part of the application for NAHASDA block grants.
LIHTC	Low-Income Housing Tax Credits.
LTRO	Land Title and Records Office: Regional offices of the BIA where documents relating to Indian trust lands are recorded.

NAHASDA Native American Housing Assistance and Self-Determination Act: 1996 law establishing the current Indian housing block grant program, the principal federal Indian housing assistance program.

NAIHC National American Indian Housing Council: A nonprofit member organization representing the interests of tribes and tribal housing entities across the United States. NAIHC provides advocacy, technical assistance, training, and other services to its members.

ONAP Office of Native American Programs: Office within HUD that administers NAHASDA and other Indian-related programs through national and regional offices.

OLG Office of Loan Guarantees: Office within HUD ONAP that administers the Section 184 guaranteed loan program, the NAHASDA Title VI guaranteed loan program, and the IHBG Leveraging Finance Program.

RD Rural Development: A mission area within the U.S. Department of Agriculture that includes the Rural Housing Service.

RHS Rural Housing Service: The agency within RD that administers the Section 502 loan programs and the Community Facilities Program.

RUS Rural Utilities Service: An agency within RD that administers programs for the financing of water and wastewater systems.

Section 184 Section 184 of the Housing and Community Development Act of 1992, permits HUD to guarantee loans made to tribal members by private lenders.

TAAMS Trust Assets and Accounting Management System.

TDHE Tribally Designated Housing Entity: As part of NAHASDA, the tribal government may designate an entity to receive and administer its IHBG. It may be a tribal housing authority, division of tribal government, or corporate entity.

TSR Title Status Report: Report of title status of tribal trust lands or individual trust lands generated by the Realty Office of the BIA (or from the tribal LTRO) that provides a description of the parcel of land and reflects any encumbrances on the parcel of land.

Tribal Council The tribal council is the elected body of officials charged with the responsibility for managing the government and related affairs of the nation. The tribal council exercises the sovereignty authority of the nation, enacts laws and regulations, enters into contracts and financial agreements, and oversees the delivery of services to members.

Lending Terms

Leverage

Leverage is a term with many meanings. In the housing context, it often refers to increasing the potential return of an investment through the use of borrowed or contributed capital, usually from private sources.

An example helps to illustrate this meaning:

Under the old HUD programs, ONAP provides $150,000 in IHBG grant funding to an IHA. The IHA uses that $150,000 to build two $75,000 Mutual Help houses for two families, using no other funding. Net result: two homes.

Under NAHASDA, ONAP provides $150,000 in IHBG grant funding to a TDHE. The TDHE uses the $150,000 grant, blends it with $150,000 in bank mortgage financing, and builds four $75,000 homes for four families. Net result: four homes.

Equity

Equity is the difference between what a homeowner owes and what the home is worth. A renter does not earn equity in the property through rent payments.

Equity is one of the principal financial features of homeownership. Even in markets where the value of property is not rising, a homeowner's equity increases because the mortgage is being paid off over time. In this way, equity is like a savings account.

Fee Simple

Fee simple land means land held absolute and clear of any restriction, and where the owner has the unconditional power to sell, convey, or encumber.

Foreclose

Foreclose means to deprive a mortgagor of the right to redeem mortgaged property, as when payments have not been paid. Here is an illustration of the foreclosure process:

If a borrower falls behind on payments, the lender usually makes every effort to work out the delinquency. But if the borrower falls three months past due, the lender will send a demand letter asking for the entire balance due within 30 days. The loan is "accelerated," and full payment of the entire debt is requested. After those 30 days have passed, the lender gives the case to a lawyer to begin the foreclosure.

The case is heard in court, which will order a foreclosure sale, which is a public auction. The lender can bid the debt owed. When the court approves the sale, a deed is issued to the lender or other successful bidder. The borrower has one month to "redeem" the property by paying cash for the price bid at the sale, plus interest. After this redemption period is over, if payment is not made the lender has full ownership of the property and will resell it at the highest possible price in order to recover his investment.

Each state and several tribes have laws covering foreclosure and allowing for the enforcement of this procedure. On reservations, tribal leaders need to enact comparable laws to provide this legal framework.

Standardization and the Secondary Mortgage Market

The mortgage financing system in the U.S. is moving toward standardization of lending processes. Lenders now employ standard automated credit scoring systems to analyze credit histories generated by national credit bureaus that accumulate and report standard information on all types of financial transactions, including credit card payments, car and loan payments, and tax arrears, among others. Home appraisals are performed on standard forms; employment verifications are generated on another standard form.

The primary reason for standardization is the secondary market, which consists of financial organizations – including the two largest secondary market entities, Fannie Mae and Freddie Mac – that buy mortgages from the banks and mortgage companies that make them. A third, Ginnie Mae, packages Federal Housing Administration and VA mortgages and loans made under the HUD 184 program.

The secondary market is far removed from the individual homebuyer and makes decisions to buy a mortgage based on standard calculations about the borrower.

Homebuyers benefit from this process too, because it increases the flow of capital to lenders. That allows them to originate more affordable mortgages, which in turn makes homeownership more accessible to low-income and minority communities.

Classification of Housing Types

The following are types of common housing models, classified by construction methods.

Stick-built Home

A stick-built home is a wooden house constructed entirely or largely on its permanent location site rather than in a factory. This term is used to contrast dwellings as mobile homes or modular homes that are assembled in a factory and then transported to the site entirely or mostly complete.

Stick-built homes also include houses that are built using a more traditional method of home building rather than a modular type. The term "sticks" refers specifically to the structure of the walls and roof.

System-built Home

The term system-built home refers to homes built through some type of systemized construction process. Unlike stick-built homes that are constructed on-site, this automated home building process achieves higher levels of quality and efficiency. System-built homes also include concrete homes, log homes, panelized homes, and modular homes.

Modular Home

Modular homes, a type of system-built homes, are prefabricated homes built in one or more sections, known as modules, away from harsh weather conditions and inside a climate controlled production facility. The cube-shaped modules are then delivered to their intended site of use. Using a crane, the modules are set and affixed onto the building's permanent foundation, joined together, and made weather-tight to make a single building. The modules can be arranged in a variety of configuration and styles, such as side-by-side, end-to-end, or stacked.

Depending on the complexity of the home and its configuration, modular homes can be built and installed within 30 to 90 days. The speed and efficiency of modular building systems attracts both homeowners and builders. Since the home is not built on the construction site, the structure can be built at the same time that the foundation is being poured and other site work is completed. This reduces the overall time of the construction loan, saving the homeowner money in interest payments.

More about modular homes:

- Are known for their design flexibility, energy efficiency, and quality construction.
- Require different construction methods for manufactured and mobile homes.
- Do not have axles or a frame, and typically are transported to their site by means of flatbed trucks.

- Must conform to all local building codes for their proposed use, while manufactured homes are required to conform to federal codes governed by HUD.
- Can be built on a steel frame (referred to as on-frame modular) considered to be modular homes, rather than mobile homes.
- Can reside on permanent foundations and appreciate over time at the same rate as site-built homes.

Manufactured Home

Manufactured homes also are prefabricated housing built in a factory and then transported to the permanent site. Manufactured homes may be single- or multi-section.

The term is defined by federal law (Code of Federal Regulations, 24 CFR 3280): "Manufactured homes are built as dwelling units of at least 320 square feet in size with a permanent chassis to assure the initial and continued transportability of the home."

The requirement to have a wheeled chassis permanently attached differentiates manufactured homes from other types of prefabricated homes, such as modular homes.

The Manufactured Housing Institute's National Communities Council distinguishes among several types of factory-built housing: manufactured homes, modular homes, panelized homes, pre-cut homes, and mobile homes. Manufactured homes are subject to federal building code administered by HUD (Federal Manufactured Home Construction and Safety Standards).

Mobile Home

A mobile home is a movable or portable dwelling, built on a chassis without a permanent foundation, and intended for year-round living.

A mobile home is formally defined as "a detached residential dwelling unit designed for transportation after fabrication on streets or highways on its own wheels or a flatbed or other trailer, and arriving at the site where it is to be occupied as a dwelling complete and ready for occupancy except for minor and incidental unpacking and assembly operations, location on jacks or other temporary or permanent foundations, connections to utilities, and the like. A travel trailer is not to be considered a mobile home."

Despite formal definitions that distinguish modular homes from mobile homes, the terms "modular home," "mobile home," and "trailer" are still commonly interchanged in the United States.

Mobile homes and the land used for mobile home purposes have seen increasing demand due to their general affordability and construction efficiency. Regulations governing their sale, lease, utilities, and locations also have increased.

Created by the South Dakota Native Homeownership Coalition

Native American Mortgage Products

Details	USDA Rural Housing 502 Guaranteed Loan	USDA Rural Housing Service 502 Direct Loan	VA Native American Direct Loan	HUD Section 184 Indian Home Loan
Income Restrictions	115% of AMI	80% of AMI	No	No
Max Loan Amount	None	Based on County limits	Based on County limits	Based on State and County limits
Purchase Maximum LTV and Down Payment Requirement	0	0	0	For homes under$50,000: 1.25% for loans above 2.25%
Refinance Maximum LTV and Down Payment Requirement	No	Yes, subject to eligibility-NO cash-outs	No	Yes, subject to eligibility-97.75% LTV for Rate/Term and 85% LTV for cash-out
Construction –to - Perm Permitted	Yes	Yes	Yes	No, Single Close
Rehab	Yes	Yes	No Cash Outs Must reduce rate by 1% minimum	Yes

Fannie Mae HomeReady (Affordable Product) *See Selling Guide for up to date guidelines	Fannie Mae Conventional (LTV 95-97%) *See Selling Guide for up to date guidelines
No income limits in low-income census tracts OR 100% of area median income (AMI) for all other	No Income Limits
$453,100 (1 Unit) $679,650 High Cost Area (1 Unit)	$453,100 (1 Unit) $679,650 High Cost Area (1 Unit)
Principal Residence Transactions 1 Unit Purchase 5% or 95% LTV OR 3% or 97% with DU® Approval 2 Unit Purchase 15% or 85% LTV 3 and 4 Unit Purchase 25% or 75% LTV No First Time Home Buyer (FTHB) Requirement	Principal Residence Transactions 1 Unit Purchase 5% or 95% LTV 3% or 97% with DU® Approval* 2 Unit Purchase 15% or 85% LTV 3 and 4 Unit Purchase 25% or 75% LTV *At least one borrower must be a First Time Home Buyer
Principal Residence, Limited Cash- Out Refinance Transaction 1. UnitPurchase 5% or 95% LTV OR 3% or 97% with DU® Approval AND existing Fannie Mae loan 2. UnitPurchase: 15% or 85% LTV 3. to 4 UnitPurchase: 25% or 75% LTV Existing mortgage must be owned or securitized by Fannie Mae	Principal Residence, Limited Cash-Out RefinanceTransactions UnitPurchase 5% or 95% LTV OR 3% or 97% with DU® Approval UnitPurchase 15% or 85% LTV to 4 UnitPurchase 25% or 75% LTV Existing mortgage must be owned or securitized by Fannie Mae
Yes	Yes
Yes, in accordance with HomeStyle® Renovation guidelines* *(Special Lender Approval; Max 95% LTV with DU® Approval,limited to 1 Unit principal residence)	Yes, in accordance with HomeStyle® Renovation guidelines* *(Special Lender Approval; Max 95% LTV with DU® Approval for 1 Unit principal residence)

Native American Mortgage Products, *continued*

Details	USDA Rural Housing 502 Guaranteed Loan	USDA Rural Housing Service 502 Direct Loan	VA Native American Direct Loan	HUD Section 184 Indian Home Loan
Refinance		Subject to eligibility- NO cash-outs	Yes	Yes, including cash-outs
Manufactured Hsg	New w/permanent foundation	New on permanent foundation; Approved Dealer/Contractor	New on permanent foundation, Approved Dealer	New/Existing on permanent foundation
Housing and Debt Ratios	29/41	Very Low Income 29/41; Low Income 33/41	41	41
Guarantee Fee Private Mortgage Insurance	1% of mortgage Guar Fee & .35% annual fee	None	1.25% of Base Loan Guar Fee (exemptions apply)	1.5% of Base Loan Guar Fee .25% annual premium
Closing Costs Financed?	Yes	Yes	No Req. forRefi	Yes
ARMs allowed?	No	No	No	No
Down payment/ Closing Cost Assistance	Allowable	Allowable	Allowable (Conditions Apply)	Allowable
Gift Restrictions	None	None	None	None

Fannie Mae HomeReady (Affordable Product) *See Selling Guide for up to date guidelines	Fannie Mae Conventional (LTV 95-97%) *See Selling Guide for up to date guidelines
See Refinance Information Above	See Refinance Information Above
Yes: 1 Unit Principal Residence in accordance with standard MH guidelines (Max 95% LTV; 7/1 or 10/1 ARM)	Yes: 1 Unit Principal Residence (Max 95% LTV Purchase & LCOR; 7/1 or 10/1 ARM) Second Homes acceptable at 90% LTV (1 Unit)
Up to 50% with DU® Approve/Eligible Recommendation	Up to 50% with DU® Approve/Eligible Recommendation
No Upfront Guarantee Fee Reduced MI Premiums	No Upfront Guarantee Fee Standard MI Premiums Minimum MI Coverage available subject to LLPA
Up to 105% CLTV if the subordinate lien is a "Community Second"	Up to 105% CLTV if the subordinate lien is a "Community Second"
Yes 5/1 (2/2/5 caps only) 7/1 and 10/1	Yes All standard ARMs permitted
Yes; No minimum contribution from borrower's own funds (1 Unit) Minimum 3% borrower contribution on 2-4-unit	Yes; No minimum contribution from borrower's own funds (1 Unit)Minimum 5% borrower contribution on 2-4-unit
Yes; Interested Party Gifts Not Allowed	Yes; Interested Party Gifts Not Allowed and No Gifts Allowed on Investment Properties

Native American Mortgage Products, *continued*

Details	USDA Rural Housing 502 Guaranteed Loan	USDA Rural Housing Service 502 Direct Loan	VA Native American Direct Loan	HUD Section 184 Indian Home Loan
Assumable	Yes, subject to eligibility	Yes, subject to eligibility	Yes, subject to eligibility	Yes, Credit qualified subject to eligibility
Reserve Requirements	None	None	None	Multi Units
Credit Standards	Good Credit: >640 or waiver (alternative sources allowable)	Good Credit: (alternative credit sources allowable)	Good Credit	Good Credit (alternative credit sources allowable)
Buy downs	2/1 paid by seller or with gift	No	No	Yes
Homebuyer ED	Recommended but not required	Yes	Recommended but not required	Recommended but not required
Foreclosure Prevention	Intervention	Intervention	Intervention	Intervention
Title Insurance	Required	Required		Fee Required; Trust BIAapproval & Certified TSR
Legal Documents	One Stop Docs or Negotiated	One Stop Docs or Negotiated	One Stop Docs or Negotiated	One Stop Docs or Negotiated
Agreement Documents	RHS/Tribe & Inves-tor	RHS/Tribe	MOU VA/Tribe	One Stop Docs

Fannie Mae HomeReady (Affordable Product) *See Selling Guide for up to date guidelines	Fannie Mae Conventional (LTV 95-97%) *See Selling Guide for up to date guidelines
No	No
DU® - Reserve Requirements will be determined by DU®Manual underwriting – Reserves determined based on Eligibility Matrix	DU® -Reserve Requirements will be determined by DU®Manual underwriting – Reserves determined based on Eligibility Matrix
620 Minimum Credit Score Nontraditional credit; Manual Underwriting Acceptable	620 Minimum Credit Score Nontraditional credit; Manual Underwriting Acceptable
Yes: 3-2-1 and 2-1 buydowns	Yes: 3-2-1 and 2-1 buydowns
Generally speaking, at least one borrower on a HomeReady purchase transaction must complete the Framework online education program *Exceptions Apply	Not required however homeownership education and counseling required for at least one borrower when all borrowers are relying solely on nontraditional credit to qualify
As outlined in the executed Memorandum of Understanding between Fannie Mae and Tribe and Fannie Mae Servicing Guide	As outlined in the executed Memorandum of Understanding between Fannie Mae and Tribe and Fannie Mae Servicing Guide
Bureau of Indian Affairs Approval and Certified Title Status Report	Bureau of Indian Affairs Approval and Certified Title Status Report
One Stop Docs plus additional Fannie Mae Agreements or Negotiated	One Stop Docs plus additional Fannie Mae Agreements or Negotiated
As outlined in the executed Memorandum of Understanding between Fannie Mae and Tribe	As outlined in the executedMemorandum of Understanding between Fannie Mae andTribe

Native American Mortgage Products, *continued*

Online Resources

Lender	Websites	
USDA Rural Housing 502 Guaranteed Loan	**Income Eligibility** **Rural Area Eligibility**	https://www.rd.usda.gov/files/RD-GRHLimitMap.pdf https://eligibility.sc.egov.usda.gov/eligibility/
USDA Rural Housing Service 502 Direct Loan	**Income Eligibility** **Rural Area Eligibility**	https://www.rd.usda.gov/files/RD-DirectLimitMap.pdf https://eligibility.sc.egov.usda.gov/eligibility/
VA Native American Direct Loan	https://www.benefits.va.gov/homeloans/nadl.aspadl.asp	
HUD Section 184 Indian Home Loan	https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/184	
FHA	https://www.fha.com/	
Fannie Mae HomeReady	https://www.fanniemae.com/singlefamily/homeready	
Fannie Mae Conventional	https://www.fanniemae.com/singlefamily/originating-underwriting	

Mortgage Lenders Working in Indian Country

Hundreds of private lenders are actively engaged in Indian Country, most of them operating under HUD 184 and USDA RD 502 programs. These programs are described in Chapter 6, The Lending Process, as well as the eligibility requirements for both the tribe and borrower.

A current list of HUD 184 lenders across Indian Country can be found at www.HUD.gov/Section184 .

A current list of USDA RD 502 lenders across Indian Country can be found at: https://www.rd.usda.gov/files/SFHGLDApprovedLenders.pdf (currently, there are no Native certified USDA RD 502 lenders).

In addition, several Native American financial institutions provide mortgage capital to Native borrowers both on and off trust land. These include Native Community Development Financial Institutions (CDFIs) and Native-owned banks (currently there are no federally insured Native Credit Unions certified as HUD 184 Lenders). These Native lenders are listed below.

NATIVE CDFI MORTGAGE LENDERS	
Alaska Benteh Capital	Palmer, Alaska
Cook Inlet Lending Center	Anchorage, Alaska
Council for Native Hawaiian Advancement (CNHA)	Kapolei, Hawaii
Four Directions Development Corporation	Orono, Maine
Lakota Funds	Pine Ridge Reservation, South Dakota
Mazaska Owecaso Otipi Financial	Pine Ridge Reservation, South Dakota
Minnesota Chippewa Tribe Finance Corp.	Cass Lake, Minnesota
Native American Community Development Corp (NACDC)	Browning, MT
Native Community Finance	Laguna, New Mexico
Native Partnership for Housing	Gallup, NM
Salt River Financial Services Institution	Scottsdale, Arizona
Tiwa Lending Services	Isleta, NM
Wisconsin Native Loan Fund	Lac du Flambeau, Wisconsin

List shared by Native CDFI Network Executive Director, Tanya Fiddler (February 23, 2018)

NATIVE BANKS	
Bank 2	All States
Bay Bank	IA, IL, MI, MN, WI
Eagle Bank	Montana
First National Bank & Trust Co.	All States
Lumbee Guaranty Bank	North Carolina
Woodlands National Bank	Minnesota, Wisconsin

Profiles of Mortgage Lenders in Indian Country

In April 2018, the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis added Home Mortgage Disclosure Act (HMDA) data to its Reservation Profiles. Tribes and their partners can find the 10 most active mortgage lenders in their communities (for reservations with 2,500 persons or more) that report to HMDA. This regulation applies to certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions.

The CICD's Reservation Profiles are available at https://minneapolisfed.org/indiancountry/resources/reservation-profiles.

Model Housing Needs Assessments

Cheyenne River Housing Authority Housing Needs Survey

Section A: Instructions

Please fill out the following information:This survey is designed to collect information that will allow CRHA and others to identify issues, opportunities and barriers to homeownership. **By providing your contact information you authorize Cheyenne River Housing Authority to contact you regarding possible participation in homeownership classes and programs, as well as to verify your information if deemed necessary.**

A1. Are you interested in homeownership? **If you are not interested, please end the survey here.**

- Yes ☐
- No, I already own a home and am satisfied with that home. ☐
- No, I am not interested in homeownership. ☐

A2. Mailing Address:

A3. Name:

A4. Email:

A5. Phone:

Section B: Demographics

B1. What is your age?

B2. What is your gender?

- Male ☐
- Female ☐

B3. Where do you currently live?

Select one

- Bear Creek ☐
- Dupree ☐
- Glen Cross ☐
- Lantry ☐
- Promise ☐
- Swiftbird ☐
- White Horse ☐
- Blackfoot ☐
- Eagle Butte ☐
- Green Grass ☐
- La Plante ☐
- Red Elm ☐
- Takini ☐
- Bridger ☐
- Firesteel ☐
- Iron Lightning ☐
- On The Tree ☐
- Red Scaffold ☐
- Thunder Butte ☐
- Cherry Creek ☐
- Glad Valley ☐
- Isabel ☐
- Parade ☐
- Ridgeview ☐
- Timber Lake ☐

Cheyenne River Housing Authority Housing Needs Survey

B4. Are you an enrolled member of the Cheyenne River Sioux Tribe?

Yes ☐

No ☐

B5. If you are not an enrolled member of the Cheyenne River Sioux Tribe, are you an enrolled member of another Tribe?

Yes ☐

No ☐

B6. Other Tribe Name:

B7. Are any other members of your household enrolled members of the Cheyenne River Sioux Tribe?

Yes ☐

No ☐

B8. What is your marital status?

Select one

Married ☐

Unmarried couple living together ☐

Single (Never married, Divorced, Widowed) ☐

Section C: Current Housing

C1. What is the total number of people staying in this housing unit? Please include all individuals who:

1. Usually live in this unit, even if they are temporarily away **2.** Persons who stay in the unit due to a lack of housing elsewhere **3.** Those individuals who stay in the unit occasionally and who would not otherwise be counted as part of another housing unit.

C2. If every individual or group in this unit who wanted to live seperately was able to have their own unit, how many units would be needed? Please list the number of people who would live in each unit based on their age. If you do not need additional housing, please complete only "Unit 1" for everyone currently living with you (should equal answer to C1).

Unit # 1 (Your unit):

Elders 70+

Older Adults 55-69

Adults 18-54

Children 17 or younger

Unit # 2:

Elders 70+

Older Adults 55-69

Adults 18-54

Children 17 or younger

Unit # 3:

Elders 70+

Older Adults 55-69

Adults 18-54

Children 17 or younger

Unit # 4:

Elders 70+

Older Adults 55-69

Adults 18-54

Children 17 or younger

Unit # 5:

Elders 70+

Older Adults 55-69

Adults 18-54

Children 17 or younger

Cheyenne River Housing Authority Housing Needs Survey

C3. What is your current housing status?
Select one

- ☐ I own my own home.
- ☐ I rent my home / unit.
- ☐ I live with family or friends on a temporary or permanent basis.
- ☐ I live in a shelter facility, motel, outdoors or in a vehicle.

C4. If you are a homeowner, which of the following programs did you use to purchase your current home?
Choose all that apply

- ☐ Oti Kaga
- ☐ Habitat for Humanity
- ☐ Governor's Home Program
- ☐ USDA Rural Development
- ☐ Veterans Affairs
- ☐ Housing Authority (scattered site/Mutual Help)
- ☐ HUD 184
- ☐ HIP
- ☐ CRHA Down Payment Assistance
- ☐ Financing from Local Bank
- ☐ Financing from Credit Union
- ☐ None

C5. If you are a homeowner, what is the land ownership status of your current home?
Select one

- ☐ Tribal home site lease/lot
- ☐ Allotted land
- ☐ Rental lot
- ☐ Own deed land/lot
- ☐ Do not know

C6. Choose the type of construction that best describes your current home.
Select one

- ☐ Single family detached home (traditional construction)
- ☐ Modular home
- ☐ Mobile home or trailer
- ☐ FEMA trailer
- ☐ Apartment

C7. What is the total monthly payment for the entire housing unit? Complete only one field. If the answer is "No payment", please write $0 in the appropriate field.

Rent ☐☐☐☐☐

Mortgage ☐☐☐☐☐

C8. How much is your share of the monthly payment?
Select one

- ☐ Pay full amount
- ☐ Some amount, but not the full amount
- ☐ $0

C9. If you pay less than the full amount, how much is your share of the monthly payment?

☐☐☐☐☐

C10. Does your share of the payment include utilities?

- ☐ Yes
- ☐ No

Cheyenne River Housing Authority Housing Needs Survey

Section D: Income and Employment

D1. What is your current employment status? What is the current employment status of your spouse/partner (if applicable)?

	You	Spouse/ partner
Permanent Full time	☐	☐
Permanent Part time	☐	☐
Temporary Full time	☐	☐
Temporary Part time	☐	☐
Unemployed	☐	☐
Retired	☐	☐
Disabled	☐	☐
Not applicable (no spouse/partner)	☐	☐

D2. How long have you (and your spouse/partner, if applicable)been with your current employer?

	You	Spouse
Less than 1 year	☐	☐
1-2 years	☐	☐
3-5 years	☐	☐
More than 5 years	☐	☐
Not employed	☐	☐
NA (No spouse/ partner)	☐	☐

D3. What type of employment below best matches your (and your spouse/partner's) current employment?
Select one

	You	Spouse
Tribal Entity	☐	☐
Federal Government	☐	☐
County, State, or City Government	☐	☐
Own Farm or Ranch	☐	☐
Private Sector Employer	☐	☐
Non-Profit Employer	☐	☐
School	☐	☐
Self-Employed	☐	☐
Not Employed	☐	☐
NA (No Spouse/ Partner)	☐	☐

D4. What is the length of your commute (**one-way**)? What is your spouse's length of commute(if you do not commute together)? If you do not have a spouse/partner, please write "N/A" for "Spouse"

You ☐☐☐

Spouse ☐☐☐

D5. How many payroll deductions do you currently have in place per pay period?
Select one

- 0 ☐
- 1 ☐
- 2 ☐
- 3 or more ☐
- Not employed ☐

D6. What is the total annual income for your family? Please give your best estimate.
Include wages/SSI/Disability/VA/TANF/child support/etc for you and your spouse/partner, if applicable

☐☐☐☐☐☐☐

Cheyenne River Housing Authority Housing Needs Survey

D7. What are your family's total monthly expenses? Please give your best estimate.
Include rent, utilities, groceries, debt payment, and any other monthly bill or payment.

D8. What is your family's total combined debt? Please give your best estimate.
Include home mortgages, lines of credit, personal loans, employer loans, credit cards, auto and student loans, and any other debt

D9. Looking ahead one year, how do you expect your personal financial situation to change?
Select one

- I expect it to significantly improve ☐
- I expect it to slightly improve ☐
- I expect it to stay about the same ☐
- I expect it to get somewhat worse ☐
- I expect it to get much worse ☐
- Don't know ☐

Section E: Retirement

E1. Which of the following best describes your retirement plan or account?
Select one

- Employer sponsored plan ☐
- Individual plan ☐
- Other ☐
- None ☐

E2. When do you plan on retiring?
Select one

- Within 1 year ☐
- Within 2-5 years ☐
- Within 5-10 years ☐
- Over 10 years ☐

E3. Are you interested in receiving information and help on planning for retirement?

- Yes ☐
- No ☐

E4. What is your anticipated annual retirement income, including any spousal retirement income? If you don't know, write an "X" in the "Don't know" category for each section.

Retirement Plan:
- You
- Spouse/Partner
- Don't know

Social Security:
- You
- Spouse/Partner
- Don't know

Veterans Pension:
- You
- Spouse/Partner
- Don't know

Other:
- You
- Spouse/Partner
- Don't know

Section F: Veteran Status

F1. Have you ever served on active duty in the U.S. Armed Forces?

- Yes ☐
- No ☐

F2. If yes, do you know about the VA Native American Direct Loan Program?

- Yes ☐
- No ☐

Cheyenne River Housing Authority Housing Needs Survey

Section G: Homeownership

G1. If you were to buy a new home, how many people in your family would live in this new home together?

Adults ☐☐

Children 17 years or younger ☐☐

G2. Have you tried to purchase a home?

Yes ☐

No ☐

G3. If yes, which option best describes the result?

Select one

I bought a home. ☐

I did not buy a house because I could not find one I wanted to buy. ☐

I did not buy a house because I could not get a loan/financing. ☐

I did not buy a house because I did not have enough down payment money. ☐

I did not buy a house because I could not get the land to build it on. ☐

I did not buy a house because the infrastructure costs (roads, water, sewer, electricity) were too expensive. ☐

I did not buy a house because the lot did not have access to infrastructure (roads, water, sewer, electricity). ☐

Other ☐

G4. How easy do you think it is to find affordable, quality housing to buy on the Cheyenne River Reservation?

Select one

Very Easy ☐

Somewhat Easy ☐

Somewhat Challenging ☐

Very Challenging ☐

G5. If you needed to rent a home today, how many choices do you think would be available to you?

None ☐

1-5 ☐

6-10 ☐

More than 10 ☐

G6. Which of the following best describes why you chose to move into your current home?

Select one

Location of unit ☐

Quality of unit ☐

Affordable rent ☐

Size of unit ☐

Only choice I had ☐

G7. Why are you interested in homeownership?

Select one

Good investment ☐

Stability ☐

Freedom to build/change/improve home without landlord approval ☐

Better location ☐

Better house ☐

Other ☐

Other

☐☐☐☐☐☐☐☐☐☐

☐☐☐☐☐☐☐☐☐☐

G8. In general, what do you think about buying a house in the next year?

Select one

I think it is a great time for me to buy a house ☐

I think it is a good time for me to buy a house ☐

I think it is a somewhat bad time for me to buy a house ☐

I think it is a very bad time for me to buy a house ☐

Don't know ☐

Cheyenne River Housing Authority Housing Needs Survey

G9. If you don't think it is a good time to buy a house within the next year, when do you think it would be a good time to buy a house?

Select one

- 1-2 years ☐
- 2-3 years ☐
- 3-5 years ☐
- Over 5 years ☐
- Never ☐

G10. What are the biggest barriers you see to owning your own home?

Please choose your top 5

- Saving enough for a down payment and closing costs ☐
- Poor credit history ☐
- Low credit score ☐
- High existing debts ☐
- Not enough income/Ability to make monthly loan payments ☐
- Costs/time for maintenance and repairs ☐
- Lack of understanding of maintenance and repairs ☐
- Lack of information and understanding about the home buying process ☐
- Lack of available housing ☐
- Lack of builders/ contractors ☐
- Inability to get a land lease/lot in desired location ☐
- Lack of infrastructure (roads, water, sewer, electricity) ☐
- Cost of infrastructure (roads, water, sewer, electricity) ☐
- Lack of access to a bank or other financial institution ☐
- Other ☐

Other

Section H: Home Preferences

H1. Which of the following type of home would you prefer to buy?

Select one

- Single-family home traditional construction ☐
- Single-family home modular construction ☐
- Mobile home ☐
- Duplex/ Townhouse ☐

H2. How many bedrooms would you like to have in your new home?

H3. How many bathrooms would you like to have in your new home?

Model Housing Needs Assessments, *continued*

Cheyenne River Housing Authority Housing Needs Survey

H4. Rate how important each home feature is to you. **1=Not Imporant 2=Somewhat Imporant 3=Important 4=Extremely Important**

	1	2	3	4
Storm shelter	☐	☐	☐	☐
Central air conditioning	☐	☐	☐	☐
Basement	☐	☐	☐	☐
Two-story home	☐	☐	☐	☐
Yard with sod	☐	☐	☐	☐
Yard with alternative landscaping	☐	☐	☐	☐
Storage shed	☐	☐	☐	☐
Garage	☐	☐	☐	☐
Carport	☐	☐	☐	☐
Washer and dryer	☐	☐	☐	☐
Alternative energy sources (wood stove, solar panels)	☐	☐	☐	☐
Multigenerational design	☐	☐	☐	☐

Note: Multigenerational house plans accommodate different generations under the same roof. Plans often create privacy by dividing bedrooms into separate wings or areas. The kitchen, dining room and other communal areas are generally shared.

H5. Do you need a home that has handicap accessible features (ramp, grab bars, wide hallways, etc)?

Yes ☐

No ☐

Section I: Badger Park

I1. Badger Park is a new housing subdivision being developed by the Cheyenne River Housing Authority. It is located on Tower Road in Eagle Butte and contains over 100 lots. The community will include a variety of housing types and there are lots that have been identified for individual homeownership. CRHA has completed the infrastructure work and the target date for occupancy is Spring 2017. The lot sizes in Badger Park are 125' W x 150' D, which is larger than the average lot in town.

Would you be interested in purchasing a home in the new Badger Park subdivision?

Yes ☐

No ☐

I2. If not, please explain where you would like to buy a house and why.

I3. Which of the following would most likely motivate you to purchase a house located in Badger Park?
Please choose your top 3

- Lots available to build a home ☐
- Flexible home plans ☐
- Ability to design home (exterior and interior) ☐
- Lower infrastructure/ utility hook-up costs ☐
- Streets, sidewalks and street lights ☐
- Close to work ☐
- Close to health care facility ☐
- Close to grocery store/ shopping ☐
- Financial benefit of owning own home ☐
- Safe home and community ☐

Cheyenne River Housing Authority Housing Needs Survey

Section J: Homebuyer Ed/Credit

J1. In preparation for homeownership, please rate the following needs as they apply to your household.

	High Need	Some Need	No Need
Financial Coaching (How to manage money or credit repair)	☐	☐	☐
Home loan (Mortgage, Down Payment Assistance, Closing Costs)	☐	☐	☐
Homeownership Education	☐	☐	☐
Home maintenance and repairs classes	☐	☐	☐

J2. Which of the following forms of personal finance do you have (and your spouse/partner, if applicable)?
Select all that apply

	You	Spouse
Checking Account	☐	☐
Savings Account	☐	☐
Credit Card	☐	☐
Debit Card	☐	☐

J3. How would you rate your credit score? And, if applicable, your spouse/partner's credit score?
Select one

	You	Spouse
Excellent	☐	☐
Good	☐	☐
Fair	☐	☐
Poor	☐	☐
Don't know	☐	☐

J4. Have you taken out a loan from a bank/financial institution within the last 5 years? If yes, please answer whether or not it was reported to the credit bureau. If you don't know, please check "Yes - I don't know if it was reported." If no, please check no.
Select all loans that apply

	Yes - it was reported	Yes - it was not reported	Yes - I don't know if it was reported	No
Home loan	☐	☐	☐	☐
Car loan	☐	☐	☐	☐
Car Title loan	☐	☐	☐	☐
Payday loan	☐	☐	☐	☐
Line of Credit	☐	☐	☐	☐
Personal loan	☐	☐	☐	☐
Tribal loan	☐	☐	☐	☐
Four Bands Credit Rebuilder loan	☐	☐	☐	☐

J5. Have you defaulted on any loan in the last 5 years?

Yes ☐

No ☐

J6. How difficult do you think it would be for you to get a home mortgage today?
Select one

Very difficult ☐

Somewhat difficult ☐

Somewhat easy ☐

Very easy ☐

Don't know ☐

J7. How much do you think you can afford each month for a home mortgage payment?

☐☐☐☐☐

Model Housing Needs Assessments, *continued*

Cheyenne River Housing Authority Housing Needs Survey

J8. What would be a reasonable interest rate for a home loan?

Select one

- 0-2% ☐
- 3-5% ☐
- 6-9% ☐
- 10-15% ☐
- Don't know ☐

Thank you for your participation.

Model Housing Needs Assessments, *continued*

Enterprise Community Partners Sample Housing and Business Survey

Introductory Narrative

We are doing a survey for the .
The information is part of an effort to create a comprehensive plan for the tribe. Your answers are strictly conidential. The information will not be reported in any way that allows you, your house or your apartment to be individually identiied.

(circle one)	
Male	1
Female	2

Your Community

1. How long have you lived in this community?	
Less than one year	1
1-4 years	2
5-10 years	3
11-20 years	4
21 years or more	5
Not sure or no response	9

2. What are the three things you like most about living in this community?

____

____

____

(If they lived in the same place for ive or more years:)

3. Five years ago, did you live	
In some other community	1
Somewhere else in:	2
Outside of:	3
Not sure or no response	9

4. Compared with ive years ago, how would you rate your community as a place to live? Is it....	
A better place to live today?	1
A worse place to live today?	2
About the same?	3
Not sure or no response	9

Retail Services

5. Would you say the majority of the stores in your community serve . . .
(Read List)

Tribal residents

Yes	No	Not applicable
1	2	9

People from other communities

Yes	No	Not applicable
1	2	9

6. Compared to ive years ago, do the stores serve the community . .	
A better place to live today?	1
A worse place to live today?	2
The same	3
Did not live here 5 years ago	5
Not sure or no response	9

7. What type of retail would you like to see added to your community?	
Grocery	1
Pharmacy	2
Automotive service (includes gas stations)	3
Clothing	4
Convenience	5
Household goods and appliances	6
Not sure	7
Other	

Model Housing Needs Assessments, *continued*

Enterprise Community Partners Sample Housing and Business Survey

Community Involvement

8. Have you ever wanted to change something or address a problem in your community?

No	1
Yes	2
Not sure or no response	9

9. Have you ever contacted anyone about changing something or addressing a problem?

No (Go to Question 11)	1
Yes	2
Not sure or no response	9

10. Who have you contacted?

Tribal Council	1
Indian Housing Authority	2
Other (specify)	3
Not sure or no response	9

11. Why have you not contacted anyone?

Lack of time	1
Wouldn't make a difference	2
Not interested or feel it's not important	3
Tried it, but frustrated with lack of results	4
Didn't know who to contact	5
Language or cultural barriers	6
Not sure or no response	9

12. Do you feel you know enough about the development plans for your community?

No	1
Yes	2
Not sure or no response	9

13. In what ways would you like to get information about development plans in your community? Would you like to get information through:

	Yes	No	Not applicable
Newspaper articles	1	2	9
Community meetings	1	2	9
Meetings at tribal ofices	1	2	9
Neighborhood newsletters	1	2	9
Mail or lyers	1	2	9
Word of mouth	1	2	9
Other	1	2	9

14. If a group were organized, would you be interested in working with that group to advise on physical and community improvements?

Yes, I would be interested	1
No, not interested	2
Not sure or no response	9

(If yes)
How often do you think you would attend meetings of this group?

Weekly	1
Monthly	2
Four times per year	3
Less than four times per year	4
Not sure or no response	9

Model Housing Needs Assessments, *continued*

Enterprise Community Partners Sample Housing and Business Survey

Housing

15. Do you think there is a need for more affordable housing opportunities for residents in your neighborhood?

Yes	1
No (Skip to Question 18)	2
Not sure or no response	9

16. In your neighborhood, which is needed more –rental housing or homeownership opportunities?

Rental housing	1
Homeownership	2
Both are equally needed	3

17. If you could afford to buy a house anywhere you like, would you buy . . .

In your community (Skip to Question 21)	1
Some other area on your reservation	2
Outside of the reservation altogether	3
Not sure or no response (Skip to Question 21)	9

18. Why would you buy outside of the tribal community?
(Do NOT read list.)

Affordability	1
Location	2
Availability	3
Safety or crime	4
Job or employment	4
Other, not sure or no response	9

19. Are you aware of any programs that help you buy a home of your own?

Yes	1
No	2
Not sure or no response	9

20. How much does your household pay in rent or mortgage each month?

$150 or less	1
$151 - 300	2
$301 - 600	3
$601 - 900	4
$901 - 1,200	5
$1,201- 1,500	6
More than $1,500	7
Not sure or no response	9

21. Does the housing authority own your housing?

Yes	1
No	2
Not sure or no response	9

22. If you are renting, does your rent include utilities?

Yes	1
No	2
Not sure or no response	9

23. If you are renting, is your rent subsidized? *(For example: Section 8, Section 7087 or rent vouchers)*

Yes	1
No	2
Not sure or no response	9

24. **(Homeowners only)** Are you aware of any programs to help you inance home repairs?

Yes	1
No	2
Not sure or no response	9

Model Housing Needs Assessments, *continued*

Enterprise Community Partners Sample Housing and Business Survey

25. What type of building do you live in?

Single family house	1
Two-family house or duplex	2
Three or more family house (attached)	3
Building with four or more apartments	4
Not sure or no response	9

26. Is your home in need of repairs or improvements?

Yes	1
No	2
Not sure or no response	9

Employment

27. Which of the following best describes your situation?

Working full time (Skip to Question 30)	1
Working part time (Skip to Question 30)	2
Own business (Skip to Question 30)	3
A homemaker (Skip to Question 34)	4
Unemployed	5
Retired (Skip to Question 34)	6
Not sure or no response	9

(If unemployed)
28. How long have you been out of work?

Less than 6 months	1
6 - 12 months	2
More than 12 months	3
Not sure or no response	9

29. What are the reasons for your current unemployment?

Need G.E.D. (high school diploma)	1
Need job or skill training	2
Lack of transportation	3
Need child care	4
Taking care of parents	5
Limited job opportunities	6
Disability	7
Other	9

(If working)
30. Do you work . . .

In your immediate neighborhood	1
In the city of:	2
In:	3
Not sure or no response	9

31. How do you usually get to work?

Car, van, truck, motorcycle	1
Bus, train	2
Taxicab	3
Bicycle	4
Walk	5
Work at home	6
Other	7
Not sure or no response	9

32. What kind of business or industry do you work in? *(For example, college, hospital, government, manufacturing plant, research and development, restaurant, retail store).*

Model Housing Needs Assessments, *continued*

Enterprise Community Partners Sample Housing and Business Survey

40. Do you speak a language other than English at home?

Yes	1
No (Skip to Question 43)	2
Not sure or no response	9

41. If so, what language?

Cambodian	1
Portuguese	5
Chinese	2
Spanish	6
Creole (Haitian)	3
Native American	7
French	4
No response	9
Other	

42. What is the highest grade or year of school you have completed?

Eighth grade or less	1
Some high school	2
High school grad or GED	3
Some college or technical school	4
College or technical school grad	5
Post grad or professional degree	6
No response	9

43. Did anyone in your household drop out of school?

Yes	1
No	2
Not sure or no response	9

44. If so, did they return to complete their studies?

Yes	1
No	2
Not sure or no response	9

45. Do you have any children enrolled in school?

Yes	1
No	2
Not sure or no response	9

46. What is your age (within the following ranges)?

15-19 years	1
20-34 years	2
35-44 years	3
45-54 years	4
55-64 years	5
65+ years	6
No response	9

47. How many people in your household are in the following age groups?

0-4 years:	1
5-14:	2
15-19:	3
20-34:	4
35-44:	5
45-54:	6
55-64:	7
65+ years:	9
No response:	

48. For household members who are age 65 or older, is there a need for assisted-living services?

Yes	1
No	2
Not sure	3
No response	9

Enterprise Community Partners Sample Housing and Business Survey

49. Does anyone in your household receive Medicare or Medicaid?

Yes	1
No	2
If yes, how many?	

50. Are any members of your household in need of supportive social services *(alcohol treatment, drug treatment, domestic violence, family planning, etc.)?*

Yes	1
No	2
If yes, how many?	

51. What type of treatment is needed?

Alcohol	1
Drug	2
Domestic violence	3
Family planning	4
Other:	

52. How many people live in your household? Include everyone staying or visiting who has no other home. Include family members away at school or military service.
Number of people:

53. Last year, what was the total yearly income of your **household** from all sources?

$6,000 or less	1
$6,000 - 11,000	2
$11,001 - 15,000	3
$15,001 - 20,000	4
$20,001 - 25,000	5
$25,001 - 30,000	6
$30,001 - 35,000	7
$35,001 - 40,000	8
$40,001 - 45,000	9
$45,001 - 50,000	10
$50,001 or more	11

Enterprise Community Partners Sample Housing and Business Survey

33. What kind of work do you do? *(For example, registered nurse, assembler, sales clerk, bookkeeper) (If the respondent works more than one job, use the one job worked most.)*

34. What kind of job skills do you currently have?

Computer	1
Construction	2
Accounting	3
Teaching	4
Law	5
Retail	6
Administrative or secretarial	7
Health care	8
Child care	9
Technical (automotive)	10
Finance (banking)	11
Not sure	12
Other	

35. Last year was your income derived from:

Wages or salaries (including own business)	1
Social Security, pensions, annuities, or other retirement income	2
Public assistance such as AFDC, or welfare	3
Scholarships, stipends, support from family or friends	4
Child support or alimony	5
Other	6
Not sure or no response	9

Household

36. How long have you lived at your current address?

Less than one year	1
1 - 5 years	2
6 - 10 years	3
11 - 20 years	4
21 years or more	5
Not sure or no response	9

37. How would you describe your household? Are you…

A couple with children	1
A couple without children	2
A single parent	3
Roommates	4
A single person living alone	5
Two or more families sharing living quarters	6
Not sure or no response	9

38. Are you . . .

American Indian, Eskimo, or Aleutian	1
Black	2
Asian or Pacific Islander	3
White	4
Not sure or no response	9

39. Are you of Spanish or Hispanic origin?

Yes, Mexican-American or Chicano	1
Yes, Puerto Rican	2
Yes, Cuban	3
Yes, Central American	4
Yes, other Spanish or Hispanic	5
No, (not Spanish or Hispanic)	6

The Bureau of Indian Affairs Mortgage Lending Forms

Mortgage Package Routing Slip

INTER-AGENCY AND PROGRAM MORTGAGE PACKAGE ROUTING SLIP

LENDER INSTRUCTIONS: (Complete all required sections) **DATE: ______________________________**

Please use the **BIA Contact Guide for Mortgage Lending** to complete this section and to obtain additional information, including direction related to mortgage approvals when working with a tribe that has leasing regulations approved under the HEARTH Act.

TO: ____________________________ ________________________________ __________________________
Bureau of Indian Affairs   Address   Contact

FROM: **Lender:** ____________________ **Representative:** ______________________ **Title:** ______________________

(Indicate with a checkmark Type) **HUD:** __________**USDA:** __________**Veterans:** ___________ **other:** ___________

Address: _______________________ **Phone:** _____________ **Email:** ________________ **Fax:** ______________

Return Requested Documents To: ____________________________________ **Title:** _______________________

Address: _______________________ **Phone:** _____________ **Email:** ________________ **Fax:** ______________

Tribal Member/Borrower Name(s): (Required) ____

Residential Lease No: (Required for Leasehold Mortgages) ______________________________

Land Area Code: (Required) ____

Tract Number/ Legal description: (Required) ____

Physical Address (Optional): ____

DOCUMENTATION SECTION: (Indicate with a checkmark which documents are included in the package)

______ Original Mortgage Deed of Trust with legal description
______ Survey/Plat
______ Program Specific Rider (i.e. Section 184 Rider)
______ Mortgage satisfaction (if applicable)
_____ Promissory Note
_____ Release of Mortgage (if applicable)
_____ Recorded Lease Number
_____ Consents (request for mortgage approval)

BIA REALTY INSTRUCTIONS: Within 20 days of receipt of the complete package from Lender BIA Realty will (Indicate with a checkmark): **DATE: ______________________________**

___ Acknowledge Receipt of Package to Sender
___ Review Application and review for completeness if not return package to applicant
___ Review/approve mortgage documents with lease ___ Verify legal description ___ Review Survey/Plat __ NEPA Compliance
___ Issue and attach Certificate of Mortgage Approval
___ Scan to TAAMS Image Repository and mail notification to LTRO request for Recordation
___ Request Certified TSR be sent to (Indicate with checkmark) ________Realty __________Lender _______ Tribe

BIA LTRO INSTRUCTIONS: Within 30 days of receipt of the documents from realty (scanned or originals)

___ Examiner/Recorder in receipt of the mail notification will log receive date into Recordation log
___ Review mortgage and associated documents / Return to Realty if incomplete
___ Record and Encode mortgage and associated documents (Use standard Encumbrance Coded Remarks)
___ Notify Realty that Mortgage/leasehold mortgage is recorded
___ Examine TSR (remove any expired documents)
___ Issue Certified TSR with the recorded mortgage and lease on title
___ LTRO will notify Realty by email that the certified TSR is available in TAAMS to print directly
___ LTRO to FAX certified TSR to lender and /or Tribe if requested in addition to above BIA Realty Instruction for distribution

BIA REALTY INSTRUCTIONS: Within 3 business days of receipt of notification from LTRO that the certified TSR is available:

_____ **Distribute Certified TSR and Return to Lender** the final Certified TSR with recorded lease and mortgage AND the original mortgage documents that were sent by the requesting lender (see documentation section above).

The Bureau of Indian Affairs Mortgage Lending Forms

Mortgage Package Routing Slip

PURPOSE OF INTRA-AGENCY AND PROGRAM MORTGAGE ROUTING SLIP

The use of the Inter-Agency Routing Slip is voluntary but recommended. Using the routing slip, understanding how the mortgage business process operates between agencies and programs, and using the important key information from the guide will expedite the lending process in Indian Country. Many mortgage packages are often addressed and routed to the wrong office or are sent without the necessary Land Area Code (LAC) or Tract number. This can lead to unnecessary delays or packages never arriving at their intended destinations. The BIA's Realty and Title computer systems are designed using Land Area Code and Tract number to identify a specific tract of trust or restricted land, an address is not a substitute for this information but rather is optional. If the requesting Agency, Lender, or Borrower does not provide the LAC and Tract number, a mortgage package cannot be handled efficiently.

LENDER INSTRUCTIONS:

Before the application process begins on property held in trust or restricted status for a Tribe or an individual, either inside or outside the boundaries of an Indian Reservation, lending officers taking applications from prospective borrowers should consider using the Inter-Agency Routing Slip. The routing slip should be completed using the information available in the BIA Contact Guide for Mortgage Lending to ensure the appropriate office of the Bureau of Indian Affairs (BIA) is involved and the correct processing codes are included on all mortgage applications and in all phases of the process. Please complete all sections in the Lender section of the routing slip and ensure all required sections are filled-in.

Depending on the stage of the application and type of transaction, the following is a listing of the kind's documents that may be in a mortgage package request.

1. Original or Certified true copy of the Mortgage Deed of Trust with Legal Description
2. Copy of the Survey/ Plat
3. Program Specific Rider (i.e. Section 184 Rider)
4. Original or Certified true copy of Satisfaction of Mortgage/Deed of full reconveyance
5. Original or Certified true copy of the Promissory Note
6. Release or Conveyance of Mortgage lien (notarized)
7. Copy of the initial certified TSR that was requested at the time of the application to determine status of the property
8. Copy of the executed Residential Lease with the Lease Number / BIA Recording Lease Number
9. Consents (Request for Mortgage Approval)

BIA REALTY INSTRUCTIONS:

In general, BIA Realty reviews and approves requests for review and approval of mortgage documents related to lands held in trust or restricted status by the United States for an Indian tribe or Indian allottee(s). Within 20 days of receipt of a request for mortgage approval, the package is reviewed to ensure it is complete, including proof of required consents and any other required documentation for residential mortgages per 25 CFR § 162.357(a). If the request is incomplete, the package is returned to the requestor and must be re-submitted to before it can be considered again. However, if the package is complete, within the initial 20-day timeframe, the BIA will either approve or disapprove the mortgage. The documents will then be scanned into the TAAMS Image Repository thus notifying LTRO of a request for recording and issuance of a certified TSR. Realty will check all of the entities on the routing slip that are to receive a copy of the TSR from the LTRO.

Distribution of Documents by Realty:

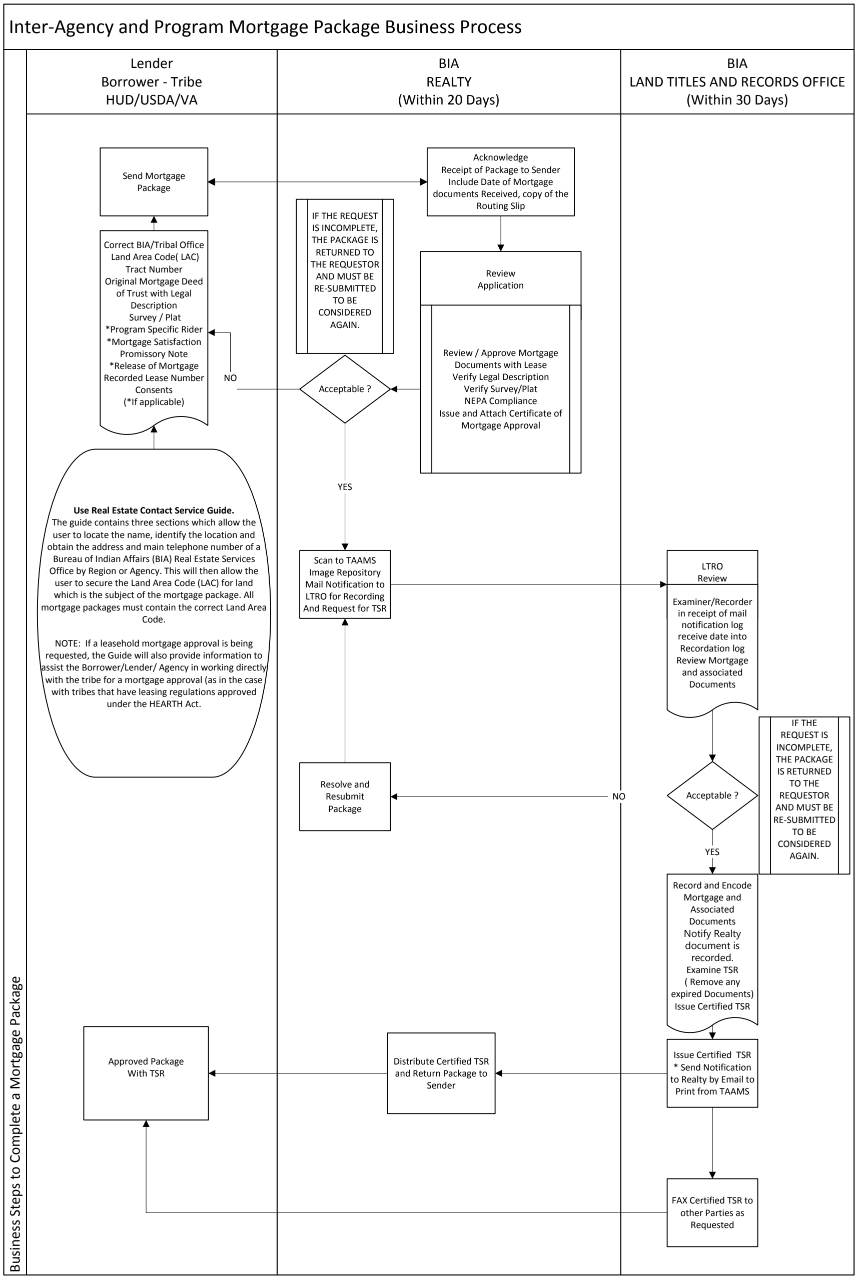
Within three business days of notification that the certified TSR is available from LTRO, Realty will distribute the mortgage package, consisting of a certified TSR, recorded lease mortgage and the original mortgage documents, all of which will be sent to the individual at the address indicated by the requesting Lender on the routing slip.

BIA LTRO INSTRUCTIONS:

Recordation and the issuance of TSR's requested for Certification/Verification of Title Status for Mortgage Purposes are given process priority over other non-mortgage recording and TSR requests. The TSR is to be issued within 30 days of receipt of the documents from realty (scanned or originals). LTRO will FAX the certified TSR to the lender and /or Tribe if requested in addition to the above BIA Realty Instruction for distribution. If the request is incomplete, the package is returned to the originating office and must be re-submitted to be considered again. The issuance of a subsequent TSR to report the existence of the completed and recorded mortgage on title is verification of title status.

The Bureau of Indian Affairs Mortgage Lending Forms

Inter-Agency and Program Mortgage Package Business Process



Contributors

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Marlena (Spirit Lake Dakota, Mohegan, Muscogee Creek) is an award-winning graphic designer and fine artist. Marlena specializes in vector illustrations and portrait art. Her experience ranges from working in galleries, schools, and museums. She received 1st place at the 2017 Native POP: People of the Plains celebration in the 2-Dimension Division.

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As a print and web designer, Lori's 20+ years of experience spans agency and freelance design work in the Twin Cities and nationally and a sole proprietership which included design and communications for educational non-profits and performing arts organizations. She is currently a Senior Designer with the Federal Reserve Bank of Minneapolis. Lori holds graphic design and mass communication degrees and is a member of AIGA.

Navigating the new Indian housing landscape

As Native populations grow rapidly, tribal leaders are challenged as never before to provide their members decent housing. Expanding homeownership is a huge part of the solution for reservations and Indian areas, but until recently lenders just didn't extend home loans in Indian Country. The Tribal Leaders Handbook on Homeownership is the essential guide to understanding a process that has so much potential but is still in its infancy. The handbook is your guide to the new mortgage programs (government and private), the new kinds of lenders (loan funds, Native CDFIs), and the new energies that are transforming Indian housing.

Center for Indian Country Development
FEDERAL RESERVE BANK of MINNEAPOLIS

National Native Homeownership Coalition

Enterprise

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