



HUD Alaska Office of Native American Programs

Alaska Office of Native American Programs

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Dr. Greg Stuckey, AKONAP Administrator

Overview

Today's presentation will briefly cover:

- Title VI Loan Guarantee Program
- Section 184 Loan Guarantee Program

TITLE VI LOAN GUARANTEE PROGRAM

Title VI Availability

The Title VI Loan Guarantee Program is only available to recipients of Indian Housing Block Grant (IHBG) funds under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA).

What Is a Title VI Loan Guarantee?

- The Title VI Loan Guarantee Program was created to assist tribes, Alaska Native Villages, and Tribally Designated Housing Entities (TDHE) with financing affordable housing activities under NAHASDA.
- HUD will guarantee the loan against default, so it minimizes risk to the lender which assists recipients in obtaining loans for housing activities.
- HUD Guarantee is for 95% of the outstanding principal and interest owed on the loan.

Title VI Loan Guarantee Cont'd

- Allows Indian Housing Block Recipients to leverage up to 5 times the need portion of the IHBG grant.
 - For example, a Recipient receives \$100,000 in IHBG need:
 $\$100,000 \times 5 = \$500,000$ Loan
- Must obtain loan through a bank but must also obtain the approval for the Loan Guarantee through HUD's Office of Loan Guarantee.
- Recipient must demonstrate the capacity to successfully complete the project and repay the loan.

What Can Title VI Be Used For?

Since Title VI is part of NAHASDA, it can only be used for activities that are in compliance with Section 202 of NAHASDA.

- Purchasing land and housing
- Designing building and site plans
- Construction and rehabilitation of housing
- Infrastructure (roads, sidewalks, water, sewer, gas, electric)
- Financing loans

What is the Collateral for Title VI?

- Pledged IHBG funds are collateral to HUD for issuing the Loan Guarantee.
 - These funds can still be used by the tribe/TDHE unless there is loan payment default.
- The Title VI Loan Guarantee is the collateral for the lender's loan.
 - No land or improvements are used as collateral.

Why Would a Recipient Want a Title VI Loan Guarantee?

- Cost Savings- projects are built or rehabbed at today's prices. Things only get more expensive each year.
- Allows more families to be served at one time.
- Flexible loan repayment terms of up to 20 years.
- Can be used with other financing resources.

Title VI Loan Example

Recipient receives \$300,000 IHBG formula amount. The Recipient can get a loan up to 5 times the annual IHBG amount.

Maximum loan amount : $\$300,000 \times 5 = \$1,500,000$ Title VI Loan

- 6% loan from the Lender for 20-year term = Annual loan payment of \$128,958 to lender.
- Leaves \$171,042 every year for other NAHASDA activities.

Title VI in Alaska

- Since 2000, there have been 50 Loans resulting in over \$55 Million in Title VI Loans in Alaska.
- Common Title VI projects in Alaska have included:
 - New Construction of homeownership and rental units
 - Rehabilitation
 - Completion of roads to affordable housing subdivision
 - Construction of community buildings
 - Construction or rehabilitation of housing office

SECTION 184 LOAN GUARANTEE PROGRAM

What Is the Section 184 Loan Guarantee Program?

The Section 184 Loan Guarantee Program was created in 1992 to increase Native American Homeownership by reducing loan costs.

- Offers more flexibility for property and credit standards.
- Loan can only be used for single family housing (1 to 4 units).
- Can be used on Tribal Trust, Allotted Trust, or Fee Simple Land.

HUD guarantees 100% to the lender in the event of a foreclosure and claim.

What Can Section 184 Loans Be Used For?

- New Construction
- Rehabilitation
- Purchase of an existing house
- Refinancing (Rate and Term, Streamline, Cash Out)

Who Is Eligible For Section 184?

Eligible Borrowers include:

- American Indians/Alaska Natives
- Tribes
- Tribally Designated Housing Entities (TDHEs)
- Regional and Village Corporations formed under the Alaska Native Claims Settlement Act (ANCSA)

Section 184 Loan Requirements

Loans can only be used for single family housing (1 to 4 units).

- For individual borrowers, the Section 184 can only be used for a primary residence.
 - Can not be used for second or investment properties.
- For Tribes/TDHEs/Regional or Village Corporations, the Section 184 can be used to develop rental housing or homes that are subsequently sold (or assumed) by eligible borrowers.
 - Can not be used for commercial buildings.

Section 184 Loan Requirements Cont'd

- Requires low down payment of 2.25%.
 - Borrower may receive assistance for the down payment from other sources.
- Loan must be fixed rate and within the Section 184 loan limits.
- Borrower must pay a 1% Loan Guarantee Fee at closing.
 - It can be rolled into the loan.
- Has lower mortgage insurance premium rate of .25% .

How Do Borrowers Get a Section 184 Loan?

- The borrower contacts a lender of their choice to apply for the mortgage program.
- The borrower must qualify with the lender just like other mortgage programs.
- The property must meet loan standards including having an appraisal.
 - 570 minimum square footage requirement.

Getting a Section 184 Loan Cont'd

- The borrower must provide documentation of membership in a federally recognized tribe or corporation formed pursuant to ANCSA.
- Interest rate will be determined by the lender based on the prevailing interest rate in the market.

Section 184 Lenders

- A full list of approved lenders can be found at www.hud.gov/section184
 - There are both local and online lenders.
- Some of the lenders include but not limited to:
 - Alaska USA Federal Credit Union
 - Chickasaw Community Bank
 - Cook Inlet Lending Center
 - First National Bank
 - Home State Mortgage
 - Nuvision Federal Credit Union
 - Residential Mortgage

Section 184 Loan Limits

- Section 184 loan limits are generally updated annually. They are available on AKONAP's website at www.hud.gov/akonap or on the Section 184 website at www.hud.gov/section184.
- The latest 2023 Section 184 Loan Limits for Kodiak Island are:

State	1 - Unit	2-Unit	3- Unit	4-Unit
AK	\$510,400	\$653,312	\$791,120	\$979,968

Additional Information

Information about any of the programs discussed today can be found at the Alaska Office of Native American Programs website below:

www.hud.gov/akonap