

PUBLIC AND INDIAN HOUSING
 NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)
 2005 Summary Statement and Initiatives
 (Dollars in Thousands)

NATIVE HAWAIIAN LOAN GUARANTEE	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2003 Appropriation	\$1,035	\$965	-\$7	\$1,993	\$35	\$35
2004 Appropriation/Request	1,035	1,958	-6	2,987	1,000	1,000
2005 Request	<u>1,000</u>	<u>1,987</u>	<u>...</u>	<u>2,987</u>	<u>1,000</u>	<u>1,000</u>
Program Improvements/Offsets	-35	29	6	...	...	...

Summary Statement

The Department is requesting \$1 million for the Native Hawaiian Loan Guarantee Fund (Section 184A). The fiscal year 2005 Budget proposes an appropriation of \$965 thousand in credit subsidy to support loan guarantee authority of \$37.4 million based on a subsidy rate of 2.58 percent. Included in this request is \$35 thousand for administrative expenses that will be transferred and merged with the Department's appropriation for Salaries and Expenses.

There is no increase in funding sought in fiscal year 2005 from the amount requested in fiscal year 2004. There is a slight decrease of \$35 thousand in fiscal year 2005 from the amount enacted in fiscal year 2004.

Initiatives

In fiscal year 2005, the Department is not proposing any new initiatives.

Native Hawaiian Loan Guarantee Fund (Section 184A)

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 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2003 Budget Authority</u>	<u>2002 Carryover Into 2003</u>	<u>2003 Total Resources</u>	<u>2003 Obligations</u>	<u>2004 Budget Authority/ Request</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2005 Request</u>
Loan Guarantee Credit								
Subsidy	\$993	\$965	\$1,958	...	\$994	\$1,958	\$2,952	\$965
Administrative Expenses	<u>35</u>	<u>...</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>...</u>	<u>35</u>	<u>35</u>
Total Native Hawaiian Loan Guarantee	1,028	965	1,993	35	1,029	1,958	2,987	1,000
FTE								
Headquarters			1				1	1
Field			<u>...</u>				<u>...</u>	<u>...</u>
Total			1				1	1

Native Hawaiian Loan Guarantee Fund (Section 184A)

**PUBLIC AND INDIAN HOUSING
NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)
Program Offsets
(Dollars in Thousands)**

Loan Guarantee Credit Subsidy	<u>Amount</u>
2003 Appropriation	\$993
2004 Appropriation/Request	994
2005 Request	<u>965</u>
Program Improvements/Offsets	-29

Native Hawaiian Loan Guarantee - Summary of Loan Activity	<u>Actual</u> <u>2003</u>	<u>Estimate</u> <u>2004</u>	<u>Estimate</u> <u>2005</u>
	(Dollars in Thousands)		
Number of Loan Commitments	0	13	12
Number of Loans Endorsed	0	9	9
Average Loan Size of Endorsed Loans	0	\$3,000	\$3,000
Number of Loans in Delinquent Status at End of Fiscal Year	0	0	0
Number of Loans that Defaulted in Fiscal Year	0	0	0
Total Number of Loans in Default	0	0	0
Loan Guarantee Commitment Limitation	39,712	39,712	37,403
Subsidy Rate	2.43	2.73	2.58

Proposed Actions

The Department proposes \$1 million for loan guarantees for Native Hawaiian housing to subsidize total loan principal. The fiscal year 2005 Budget proposes an appropriation of \$965 thousand in credit subsidy to support loan guarantee authority of \$37.4 million based on a subsidy rate of 2.58 percent.

This program is authorized by Subtitle B of Title V of the Hawaiian Homelands Homeownership Act of 2000 (Public Law 106-569) enacted December 27, 2000. Funding for this program provides loan guarantees for Native Hawaiian individuals and families, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians. The loans may be used to purchase, construct, and/or rehabilitate single family homes on Hawaiian Home Lands. It makes possible the private financing of home mortgages by private financial institutions, which would otherwise not be possible because of the unique legal status of Hawaiian Home Lands.

Lenders are hesitant to provide home mortgage financing where legal title to the real property cannot be used as collateral. This program provides access to sources of private financing to eligible Native Hawaiian families who wish to reside on Hawaiian Home Lands and who otherwise could not acquire private financing because of the unique legal status of the Hawaiian Home Lands. Through this program, private financing will be used to cover construction or acquisition costs while Federal dollars are used only to guarantee payment in the event of a default.

Native Hawaiian Loan Guarantee Fund (Section 184A)

This program is not restricted to low-income families. It provides opportunities for income-eligible families currently living in subsidized units to afford a market-rate home mortgage, and thus frees up assisted housing units for use by other lower-income families.

Native Hawaiian Loan Guarantee program, for which final regulations were promulgated in September 2003, requires additional marketing and outreach to Native Hawaiians who are eligible to reside in the Hawaiian Homelands. The Office of Native American Programs plans to work with the Department of Hawaiian Homelands and lenders to increase program activity. An emphasis is being placed on using the program for larger projects, for site and infrastructure development, and in conjunction with other Federal and private programs and funding sources.

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Program Offsets
(Dollars in Thousands)

Administrative Expenses	<u>Amount</u>
2003 Appropriation	\$35
2004 Appropriation/Request	35
2005 Request	<u>35</u>
Program Improvements/Offsets .....	...

Proposed Actions

The Department proposes \$35 thousand for administrative expenses in fiscal year 2005 to carry out the Native Hawaiian Loan Guarantee program. Administrative expense funds will be transferred to and merged with the Department's appropriation for Salaries and Expenses.

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Performance Measurement Table**

Program Name: NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)					
Program Mission: This program is authorized by subtitle B of Title V of the Hawaiian Homelands Homeownership Act of 2000 (P.L. 106-569) enacted December 27, 2000. Funding for this program provides loan guarantees for Native Hawaiian individuals and families, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians. The loans may be used to purchase, construct, and/or rehabilitate single family homes on Hawaiian Home Lands. It makes possible the private financing of home mortgages by private financial institutions, which would otherwise not be possible because of the unique legal status of Hawaiian Home Lands.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
Issue new guarantees for Native Hawaiian homeowners through the Section 184A mortgage financing program.	PIH Office Of Native American Programs Administrative Data derived from Access Database and LOCCS System	20	0	9	9

Explanation of Indicators

The Native Hawaiian Loan Guarantee (Section 184A) program is directed toward meeting the President's goal of increasing minority homeownership. Also this program directly supports the strategic goal to increase homeownership opportunities. In addition, it also supports the President and Secretary's goal of adding 5.5 million minority homebuyers by the end of the decade.

Final program regulations became effective on December 29, 2003. The performance goals anticipated to be accomplished during fiscal year 2004 have been rolled forward 1 year, which is why the fiscal year 2004 performance goal is set at 20 new loan guarantees.

The Office of Loan Guarantee will compile the data on the number of loan guarantee certificates to be issued. The Director of the Office of Loan Guarantee validates the data on a monthly basis. The Public and Indian Housing Budget office verifies this count.

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**PUBLIC AND INDIAN HOUSING
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Justification of Proposed Changes in Appropriations Language**

The 2005 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the cost of guaranteed loans, as authorized by section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13b), [\$1,035,000] \$1,000,000, to remain available until expended: Provided, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed [\$39,712,000] \$37,403,101. In addition, for administrative expenses to carry out the guaranteed loan program, up to \$35,000 from amounts in the first paragraph, which shall be transferred to and merged with the appropriation for "'Salaries and expenses'", to be used only for the administrative costs of these guarantees.

Explanation of Changes

No new policy changes are proposed in this account.

Native Hawaiian Loan Guarantee Fund (Section 184A)

PUBLIC AND INDIAN HOUSING
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 Crosswalk of 2003 Availability
 (Dollars in Thousands)

<u>Budget Authority</u>	<u>2003 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2003 Resources</u>
Loan Guarantee Credit Subsidy	\$1,000	-\$7	...	...	\$965	\$1,958
Administrative Expenses	<u>35</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>35</u>
Total	1,035	-7	...	...	965	1,993

Transfers to Other Accounts

As authorized by Section 184A of the HCD Act of 1992, \$35 thousand has been transferred to and merged with the appropriation for Salaries and Expenses to be used only for the administrative costs of the Native Hawaiian Loan Guarantee Fund.

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 Crosswalk of 2004 Changes
 (Dollars in Thousands)

<u>Budget Authority</u>	2004 President's Budget Request	Congressional Appropriations Action on 2004 Request	2004 Supplemental/ Rescission	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Loan Guarantee Credit Subsidy	\$965	\$1,000	-\$6	...	\$1,958	\$2,952
Administrative Expenses	<u>35</u>	<u>35</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>35</u>
Total Changes	1,000	1,035	-6	...	1,958	2,987

Transfers to Other Accounts

As authorized by Section 184A of the HCD Act of 1992, \$35 thousand shall be transferred to and merged with the appropriation for Salaries and Expenses to be used only for the administrative costs of the Native Hawaiian Loan Guarantee Fund.