

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Indian Housing Loan Guarantee Fund (Section 184)

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2023 Appropriation	5,521	8,908	(1,874)	12,555	3,876	3,571
2024 Annualized CR	5,521	8,840	-	14,361	2,000	3,000
2025 President's Budget	2,000	14,000	-	16,000	5,000	5,000
Change from 2024	(3,521)	5,160	-	1,639	3,000	2,000

Note: The table above reflects only discretionary budget authority; mandatory budget authority for upward re-estimates and interest is excluded.

#### PROGRAM PURPOSE

The Indian Housing Loan Guarantee Fund (also known as the Section 184 program) is a loan guarantee program that facilitates homeownership and increases access to private capital for American Indian and Alaska Native families, Indian Tribes, and Tribally Designated Housing Entities (TDHEs). The Section 184 program provides an incentive for private lenders to make home mortgages available to Native Americans on favorable terms by providing a 100-percent guarantee in the event of a loan default.

A January 2017 HUD report, *Housing Needs of American Indians and Alaska Natives in Tribal Areas*, found that overcrowding and a lack of available housing are major challenges for many Tribal communities.<sup>1</sup> The report concluded that lending in Indian Country faces barriers like those in other underserved markets and rural areas. By providing the loan guarantee, the Section 184 program helps increase the supply of housing and relieve overcrowding in Indian Country.

#### BUDGET OVERVIEW

The 2025 President's Budget requests \$2 million for the Section 184 program, which is \$3.5 million less than the 2024 Annualized CR level. It includes \$1.6 million for credit subsidy and \$400 thousand for administrative contract expenses. It also requests \$1.2 billion in loan commitment authority. The Budget also repeats a legislative proposal to expand the service area of the Section 184 program so that all American Indian and Alaska Native families are eligible (see the Legislative Proposal section below for more information). In 2025, the credit subsidy rate is 0.69 percent, reflecting the strong performance of the program. Over its history, the Section 184 program has experienced very low claims. At the same time, financial lenders and the Office of Native American Program (ONAP) are aided by Tribes who continue to proactively provide housing counseling and support to keep families in their homes.

The administrative contract expenses request will support needs, such as data integrity efforts to improve oversight and resolve outstanding Office of Inspector General findings related to opportunities for risk mitigation, costs associated with data management for subsidy rate analysis,

---

<sup>1</sup> <https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html>

contractual needs for legal information services, information services, underwriting, and property and preservation services.

This program aligns to HUD 2022-2026 Strategic Objectives 3A: *Advance Sustainable Homeownership* and 3B: *Create a More Accessible and Inclusive Housing Finance System*.

## JUSTIFICATION

In January 2017, HUD published *Mortgage Lending on Tribal Land*.<sup>2</sup> The report showed that the Section 184 program has helped address the functional market barrier to private lending presented by Tribal trust land. Historically, American Indians and Alaska Natives have had limited retail banking opportunities and limited access to private mortgage capital primarily because much of the land in Indian Country is held in trust by the Federal Government. Before a lien can be placed on a property on trust land, it must receive Federal approval through the U.S. Department of the Interior's Bureau of Indian Affairs. Mortgage lending can be challenging for prospective homeowners for properties located on fee simple land, too. Similar to other underserved populations, Native American families may have limited experience dealing with mainstream financial institutions and have limited incomes, assets, and credit histories.

The Section 184 program maximizes a relatively minimal Federal investment by insuring thousands of loans each year and by expanding markets for lenders. In a typical year, HUD receives between 2,000 and 4,000 loan applications, depending on interest rates and other factors, and can potentially help between 2,000 and 4,000 families and Tribal organizations finance homes.

Currently, Section 184 loans are only available in certain approved service areas. The 2025 Budget repeats a legislative proposal to make the program available nationwide, which would allow American Indian and Alaska Native families to access this program and achieve homeownership wherever they choose to live in the United States. HUD anticipates that demand would increase if this proposal were approved. The funding and loan limitation level requested in 2025 would be sufficient to meet projected program demands associated with the legislative proposal.

### Equity

This investment helps increase equity for American Indian and Alaska Native families by increasing the production of and access to affordable and quality housing. By guaranteeing loans, the Section 184 program expands the market for private lenders, ensures access to private-market mortgages, and increases homeownership opportunities for Native American families who have been a traditionally underserved population.

### Key Assumptions

The Budget assumes the 2025 credit subsidy rate is 0.69 percent. In addition to the \$1.6 million in new budget authority requested for subsidy costs, the Budget assumes the use of \$2 million of carryover subsidy BA to support 2025 loans.

### Stakeholders

Stakeholders include American Indian and Alaska Native borrowers, Tribes, TDHEs, Section 184-approved lenders, including Native Community Development Financial Institutions. ONAP works

---

<sup>2</sup> <https://www.huduser.gov/portal/publications/NAHSC-Lending.html>

with financial institutions to encourage private lending, which provides a path for Native American families to become homeowners.

### Operational Improvements

HUD continues to make progress towards modernizing the Section 184 program using prior year Information Technology (IT) Fund appropriations, which will help reduce potential risk to the Federal Government. Under the Office of the Chief Information Officer’s leadership, the Office of Public and Indian Housing (PIH) is developing *Native Advantage*, which is a multi-year information technology modernization initiative. HUD will continue to provide the Congress with progress updates on the development of the system.

HUD is also working on issuing a new final rule for the program. The rule will strengthen the Section 184 program by updating the regulations to codify current practices, addressing Tribal comments received during Tribal consultation, clarifying the loan guarantee process, and aligning the program with current industry standards. These changes will ensure program sustainability, decrease risk to the Federal Government, and provide clarity for new and existing lenders who participate in the program.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2023 Budget Authority	2022 Carry over Into 2023	2023 Total Resources	2023 Obligations	2024 Annualized CR	2023 Carry over Into 2024	2024 Total Resources	2025 President's Budget
Loan Guarantee Credit Subsidy	5,521	4,743	10,264	3,521	5,521	5,029	10,550	1,600
Skilled Workers Loan Credit Subsidy	-	1,727	-	-	-	1,727	-	-
Administrative Contract Expenses	-	2,438	2,438	355	-	2,084	2,084	400
<b>Total</b>	<b>5,521</b>	<b>8,908</b>	<b>14,429</b>	<b>3,876</b>	<b>5,521</b>	<b>8,840</b>	<b>14,361</b>	<b>2,000</b>

Note: 2022 carryover into 2023 loan guarantee credit subsidy amount reflects \$1.874 million withdrawn to Treasury.

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2025 President’s Budget includes the following:

- **Administrative Contract Expenses:** \$400,000 of the \$2 million requested for appropriated budget authority in the 2025 President’s Budget will be for administrative contract expenses, including management processes to execute the Section 184 program.
- **Interchangeability of Prior-year Subsidy Budget Authority to Support Loan Guarantees:** A change from “shall” to “may” is included to ensure that current-year and prior-year subsidy budget authority may continue to be used interchangeably to subsidize loan guarantees.

### Legislative Proposals

The 2025 President's Budget supports the following legislative proposals and will seek changes through the authorization process:

- **40-Year Mortgages:** This proposal would authorize HUD to guarantee mortgages up to 40 years in length, when seeking to modify a loan to avoid foreclosure. The proposal will

align Section 184 loss mitigation options with those offered by the Federal Housing Administration (FHA).

- **Service Area Expansion**: This proposal would amend the Section 184 authorizing statute to permit HUD to expand the program service area to all Tribal members regardless of where they purchase a home.
- **Direct Endorsement Authority and Indemnification Authority**: This proposal would allow HUD to delegate to eligible lenders the authority to directly endorse loans. HUD also requests authority to include indemnification of HUD from lenders participating in the Section 184 program. Indemnification authority would permit HUD to require the lender to accept the loss rather than the taxpayers when the lender closes noncompliant loans in the Section 184 program.
- **Prohibition of Property Assessed Clean Energy (PACE) Priming**: This proposal would extend the existing FHA proposal to prohibit PACE priming to the Section 184 program without prior consent from HUD.

## APPROPRIATIONS LANGUAGE

The 2025 President's Budget includes the appropriations language listed below.

*For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), \$1,600,000, to remain available until expended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a): Provided further, That an additional \$400,000, to remain available until expended, shall be available for administrative contract expenses including management processes to carry out the loan guarantee program: Provided further, That amounts made available in this and prior Acts for the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), that are unobligated, including recaptures and carryover, may be made available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$1,200,000,000, to remain available until September 30, 2026.*

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.