



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Dear Tribal Leader:

This letter is to inform all tribal leaders that HUD has officially announced a change in the administrative policy for the Section 184 Indian Housing Loan Guarantee program (Section 184). As you may recall from last September, HUD sent out a consultation letter to tribal leaders with a notification of potential changes in the Section 184 program.

The Section 184 program is sustained by funds appropriated by Congress and by a fee paid by the borrower. As a standard mortgage practice, this fee pays for administrative expenses (not including government personnel), insurance, taxes, prior liens, and other expenses resulting from the loan guarantee. The fee also contributes to HUD's ability to provide additional loan guarantees.

Funding for the program had not kept pace with the strong demand for mortgages. The Section 184 lending has increased 19 percent a year for the past 5 years. In 2012, HUD, for the first time, was forced to abruptly suspend the program for 5 weeks, due to a shortage of funding. To stretch program funds for the entire fiscal year, HUD took measures to limit the size of guaranteed mortgages, and suspended mortgage refinancing on fee simple lands off reservations.

**Section 184 Loan Guarantee Fees:**

As announced in the *Federal Register* on Wednesday, March 5, 2014 (Vol. 79, No. 43), the Section 184 program will be raising the loan guarantee fee an additional .50 percent, bringing the total fee to 1.5 percent. The new loan guarantee amount will be effective for all new applicants with case numbers issued on or after **April 4th, 2014**. HUD estimates that the average family's expense will increase by \$4.50 per month. Even with the increase, the program will still be one of the most affordable government-supported mortgage programs.

Lenders participating in the Direct Guarantee Program will ensure that all loans approved for closing comply with this policy.

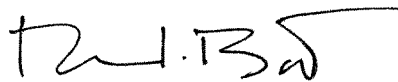
**Refinancing on Fee Simple Land:**

The fee increase will allow the Section 184 program to resume mortgage refinancing on fee simple land effective **April 4<sup>th</sup>, 2014**. This means that the Section 184 program will again be offering all refinance types that were previously available. Individuals seeking to refinance through the Section 184 program may begin submitting applications on April 4<sup>th</sup>. However, it is important to note that all refinance transactions will be subject to the additional fee in order to be eligible for a Section 184 loan guarantee.

This change in the Section 184 program will greatly assist in sustaining HUD's goal of providing mortgage capital to Native American families.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "R. J. Boyd", with a long horizontal flourish extending to the right.

Rodger J. Boyd  
Deputy Assistant Secretary  
for Native American Programs

cc: Executive Director, Tribally Designated Housing Entity; Section 184 Approved Lenders