The Homeownership Path

“Section 184 – Making Homeownership a Reality for Native Families”
• Overview of the Homebuying Process
• Overview of the Section 184 Indian Home Loan product
Educate Yourself

• Buying a home is the biggest financial obligation most families make

• Learn what you need to make a strong financial decision – are you ready to buy at this point?
  – Renting v. Buying
  – Pros & Cons of each

• Remember the additional costs involved
  – Utilities
  – Appliances
  – Landscaping/yard maintenance
  – Maintenance
Prepare for the Financing

- What are your financing options?
- What does your credit report look like?
- Do you have funds for down payment?
- Is your job stable?
Plan for the Future

• Revise your budget to reflect the additional costs involved
  Don’t make any major purchases
• Pay your bills on time
• Pull together the necessary documents that you’ll need to provide the lender
Section 184 Indian Home Loan Product

An Overview
What is Section 184?

- A **home loan product** for Native families
- With **low down** payment
  - 2.25% for mortgages over $50,000
- **Loan Guarantee Fee**
  - There is a 1.5% loan guarantee fee that is added on to your mortgage
  - Effective November 15, 2014 a .15% fee on the loan balance will be added
- **Section 184 Financing** is available on and off reservation
Purpose of Loan Guarantee

- Facilitate the flow of private financing in tribal communities
- Encourage lenders to make loans on trust and allotted lands
- Strengthen and support economic development
- Promote homeownership opportunities for Native families
Eligible Borrowers

- Indian or Alaska Native individual or family
- TDHE/IHA (Indian Housing Authority)
- Tribe
Homeownership Options

- Purchase existing house
- Refinancing
- New construction
  - Manufactured
  - Modular/stick built
- Rehabilitation
- Purchase and rehabilitation
184 Goal

- Successful Homeownership
- Positive home buying experience
- Client Marketing
LOAN FEATURES
Buyer Benefits

• Fixed interest rate determined by lender

• 30 year maximum term

• Low Down Payment
  – 2.25 % for loans over $50,000
  – 1.25% for loan under $50,000
BORROWER’S ABILITY TO PAY
Self Assessment

• Have you reviewed your credit report recently?
• Do you have funds for down payment and closing costs?
• Do you have a budget/savings plan?
Documents you’ll need

- Pay Stubs for self/co-borrower
- W-2 for most recent tax year for each wage earner
- Award letter from SSN, VA or retirement (if applicable)
- Verification of any additional income
- Most recent bank statements
- Mortgage/rental verification
- List of all outstanding debts, including credit cards, student loans, auto loans, child support
- Copy of tribal Identification
Credit Required for 184

- All liens, Collections, and judgments need to be paid off
- One year of on time payments for auto loans, credit cards, students loans, personal loans, and mortgages
- Explanations provided for any credit irregularities
- Credit scores are not reviewed – but your overall credit history is reviewed
Gather your paperwork

• If you’ve done your self assessment or worked with your housing counselor and all looks well you are ready to move on to the application process

• Gather your documents – most recent 30 day pay stubs, recent checking and savings statements, w-2’s, etc.
Next Step

• Develop your budget and include potential mortgage payment and utilities
• Meet with a Section 184 Approved Lender
• Determine how much you’ll need for down payment and closing costs; if constructing a home you’ll need contingency funds
• Follow up with your lender immediately on requested items