

Mortgage Lending Process In Indian Country

Native American applicant contacts participating lender for a Section 184 Guarantee Loan.

1. Lender verifies applicant and tribe are eligible to participate.
2. Lender verifies land status and eligibility to mortgage.

FEE SIMPLE MORTGAGE APPROVAL

No restriction against alienation or encumbrance; land serves as collateral.

◆ Lender:

- Verifies the property is in the Tribe's approved Indian Area for Section 184 lending
- Prepares credit package
- Orders Title Insurance Policy
- Orders appraisal
- Pre-approves borrower
- Submits underwriting package to HUD
- Receives HUD commitment
- Closes loan

- ◆ Lender or Closing Agent files loan documents with County Recording Clerk as required.

LEASEHOLD MORTGAGE APPROVAL ON TRIBAL TRUST LAND

Restriction against alienation or encumbrance; leasehold interest serves as collateral.

- ◆ Tribe contacts BIA to obtain a **Certified TSR** to verify the leasehold interest in land, legal description, and existing liens/encumbrances.

- ◆ Tribe authorizes lease by resolution and sends to BIA for approval.
- ◆ BIA Superintendent provides approved lease to tribe.

- ◆ Lender:
 - Reviews executed lease by Tribe, BIA, and borrower for program compliance
 - Prepares credit package
 - Orders appraisal
 - Pre-approves borrower
 - Submits underwriting package to HUD
 - Receives HUD commitment
 - Closes loan

- ◆ Lender or Closing Agent files loan documents with BIA and County Recording Clerk as required.

- ◆ BIA Superintendent or Realty Officer at the Area or Region Office issues an **Endorsement** that includes a summary of all activity since the Certified TSR was issued, satisfaction and cancellation of existing liens and encumbrances, and approval of lease and mortgage documents.

TRUST MORTGAGE APPROVAL ON ALLOTTED INDIVIDUAL TRUST LAND

Restrictions against alienation or encumbrance; allottee must document interest in land to serve as collateral.

- ◆ BIA Realty Officer provides Certified TSR and commitment for mortgage/deed of trust approval.

◆ Lender:

- Prepares credit package
- Orders appraisal
- Pre-approves borrower
- Submits underwriting package to HUD

- ◆ BIA Credit Officer approves credit package.

◆ Lender:

- Receives HUD/BIA commitment
- Closes loan

- ◆ Lender or Closing Agent files loan documents with BIA and County Recording Clerk as required.

Lender reviews closing package for program compliance and submits closing package to HUD for issuance of guarantee certificate.