

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 participants.
2. Lender verifies land status and eligibility to mortgage.

- **Fee Simple:** No restriction against alienation or encumbrance; land serves as collateral.
- **Tribal Trust:** Restrictions against alienation or encumbrance; leasehold interest in land serves as collateral.
- **Individual Trust:** Restrictions against alienation or encumbrance; allottee must document interest in land to serve as collateral.

Leasehold Mortgage Approval on Tribal Trust Land

- ◆ Lender/Borrower contacts BIA to obtain a preliminary TSR to verify applicant's interest in land, legal description, and existing encumbrances.

- ◆ BIA Realty Officer provides commitment for mortgage/deed of trust approval.
- ◆ 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 for approval
 - Receives HUD commitment
 - Closes loan

- ◆ Lender files loan documents with BIA and County/Tribal Recording Clerk as required.

- ◆ BIA issues the final TSR and certificate of approval to lender with recorded mortgage and lease.

Trust Mortgage Approval on Allotted Individual Trust Land

- ◆ Lender/Borrower contacts BIA to obtain a preliminary TSR to verify applicant's interest in land, legal description, and existing encumbrances.

- ◆ BIA Realty Officer provides preliminary TSR and commitment for mortgage/deed of trust approval.
- ◆ Lender:
 - Prepares credit package
 - Orders appraisal
 - Pre-approves borrower
 - Submits mortgage documents to HUD and BIA for approval
- ◆ BIA Credit Officer and/or Realty Officer approves credit package
- ◆ Lender:
 - Receives HUD/BIA commitment
 - Closes loan

- ◆ Lender files loan documents with BIA and County/Tribal Recording Clerk as required.

- ◆ BIA Issues the final TSR and certificate of approval to lender with recorded mortgage.

Fee Simple Mortgage Approval

- ◆ Lender:
 - Prepares credit package
 - Orders Title Insurance Policy
 - Orders appraisal
 - Pre-approves borrower
 - Submits underwriting package to HUD
 - Receives HUD commitment
 - Closes loan

- ◆ Lender files loan documents with County Recording Clerk.

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