



Taking the Lead

Seneca hopes to carry torch for tribes in the expansion of Section 184

By Kimberly Hayes

THE SENECA NATION of Indians in New York is hoping to carry the torch for all tribes in increasing homeownership opportunities for Native Americans through expansion to a statewide level of the Section 184 Indian Home Loan Guarantee Program. By taking on this initiative in its state and surrounding areas, the tribe wants to inspire other tribes to take action.

Section 184 is a mortgage product specifically for tribes or tribally designated housing entities. Through the program, the U.S. Department of Housing and Urban Development (HUD) guarantees loans for approved tribes. This makes tribal areas more desirable for banks to issue loans on reservations, where they have often been wary of lending because of tribal jurisdiction and their ability to foreclose on unpaid loans. More than 200 tribes are approved to participate in the program.

Section 184 can be expanded to include approved off-reservation areas, enabling tribal members to buy homes outside, but usually nearby, reservation boundaries. Having statewide approval of Section 184 allows more homeownership opportunities, and "will help our brothers and sisters in New York and Pennsylvania realize the benefits of homeownership," Seneca President Maurice John said at a press conference held in Washington, D.C., on July 31 to announce the tribe's application to expand its Section 184 service area.

In August 2006, the Seneca Nation was approved for off-reservation loans only in approved service areas, which were defined as counties bordering Seneca territories. However, this designation prohibits access to tribal members residing outside the approved service area, according to the tribe.

"Expanding our service area statewide and into Pennsylvania will allow greater opportunities for all Native Americans to obtain a 100 percent guaranteed loan," John said.

Nationwide, there have been a total of 27 requests from tribes for expanded service areas for all or part of 26 different states, according to HUD. The agency has approved expanded service areas to include 20 states and specific counties in three other states. The approved states are Arizona, California, Colorado, Idaho, Indiana, Kansas, Massachusetts, Maine, Michigan, Minnesota, Montana, North Carolina, North Dakota, New Mexico, Nevada, Oklahoma, Oregon and Washington. The states of Alaska and

South Carolina were already designated as Indian Areas for the Native American Housing Assistance and Self-Determination Act (NAHASDA). Additional counties were granted approvals in Illinois, Iowa and Alabama.

In FY 2007, Section 184 guaranteed 1,035 loans for \$175.6 million. Since its inception in 1992, it has guaranteed 4,746 loans totaling \$615.5 million.

The Seneca Nation is facing successful economic growth due to gaming and other ventures. Along with this growth, incomes are increasing and people are coming back to the reservation, so the demand for housing is rising. It is a demand that the tribe cannot meet, John said. The lack of adequate housing can also leave tribal members open to predatory lenders, he added.

"Many Senecas are living in sub-standard housing, and there is a shortage of available housing in our territories," John said. "This is a barrier to our housing development."

Any tribal member that wants a quality home, and can afford one, should get one, Tex Hall said at the press conference. Hall, CEO of the Intertribal Alliance and former-president of the National Congress of American



Home of Darius Smith, the first Section 184 homebuyer in Denver, Colo.

Photo courtesy of HUD, Office of Native American Programs

Indians and the Three Affiliated Tribes of North Dakota, said expanding the Section 184 program beyond the reservation and surrounding areas can offer those opportunities.

"The Senecas are taking the lead [on this] and it is a call for action," Hall said. "I believe other tribes will want to follow this initiative."

Opening up the Section 184 program may also draw off-reservation tribal members to take advantage of the tribe's mortgage counseling program and other financial services, John said.

There have been some concerns expressed by tribes and members of Congress that expansion of the Section 184 program may draw people away from reservations.

HUD has heard this concern indirectly, according to Rodger Boyd (Navajo), deputy assistant secretary of HUD'S Office of Native American Programs. However, he noted that the Section 184 program is driven by area markets. The loan guarantees are not an appropriation; they are a guarantee up to a certain amount of money, whether used on or off the reservation, he said.

Also, in cases like the Seneca's, there is not enough room to house all tribal members, John said, and expanded areas offer a chance to provide homeownership opportunities.

"I think the unique thing about this program is that it really relies on the individual," Boyd said. "The Native American borrower has to qualify for the loan, similar to a conventional mortgage, and reach out to a qualified lender within the community."

Initial requests to expand Section 184 were to accommodate tribal members in border towns, Boyd said. "After thought and consideration, that request was granted, and any tribe could officially apply to HUD to request expansion of the program into various counties where they know that they have a large population of membership." In some cases that morphed into including the whole state if tribal members lived predominantly in the state.

Whether the borrower is on or off the reservation, utilizing Section 184 helps them to learn more about what it takes to get a

mortgage, Boyd said. However, it is still extremely important to keep promoting it on reservations.

"As one tribe begins to get more mortgages on reservations, over time a housing market builds within the community, and that is an opportunity for building equity in the community," Boyd said. "More people

return to the reservation and spend money in the community, and that in turn helps the community." ■

Contact: Valerie Seneca, Seneca Nation, (716) 532-5000; HUD Office of Public Affairs, (202) 708-0685. Information on the Section 184 program can be found at www.hud.gov/offices/pih/ih/homeownership/184.



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