



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

OFFICE OF PUBLIC AND INDIAN HOUSING

OCT 15 2004

Section 184 LETTER 24-1

Dear Participating Lenders and Tribes:

**SUBJECT: Section 184 Indian Housing Loan Guarantee Program
Processing Guidelines, Borrower's Investment**

The purpose of this letter is to inform lenders of a change to the underwriting guidelines under the Section 184 Indian Housing Loan Guarantee Program. The statute and regulations for the Section 184 program do not preclude this change, as it is an underwriting guideline only.

The change being made is in Chapter 5 of the Processing Guidelines (February 2003), paragraph 5.9(d)(4), Borrower's Investment in the Property. That section now states that an IHA/TDHE (Indian Housing Authority/Tribally Designated Housing Entity) "may lend a Tribal member the monies for the cash investment. This loan may be a second mortgage against the subject property with a monthly mortgage payment." Current guidelines further state that "the combined financing (i.e., the Section 184 loan and the Tribal/TDHE/HA loan) may not exceed 100 percent of the lesser of:

- Appraised value; or
- Contract price plus normal closing costs, prepaids and discount points."

Effective immediately, **the combined financing is changed to 105 percent.** The limit on the principal obligation of the Section 184 loan remains the same.

You may contact the Office of Loan Guarantee, Program Office of Native American Programs in Denver, Colorado, at 1-800-561-5913 or (303) 675-1600 with any questions regarding the above change.

Sincerely,

A handwritten signature in black ink, appearing to read "Rodger J. Boyd".

Rodger J. Boyd
Deputy Assistant Secretary
for Native American Programs