

# Native American Banking Forum

Steve Barbier

Neighborhood Reinvestment Corporation

October 16, 2002



# Neighborhood Reinvestment Corporation

- Congressional Chartered National Non-profit
- Annual Budget \$105,000 million
- Support the National NeighborWorks Network® which consists of 225 non-profit partnerships across the country



# Total Network Production

- FY 2001....\$1.3 billion
- 81% related to Homeownership Production
- 4% related to owner-occupied rehab



# Neighborhood Reinvestment Corporation Leadership

## Board of Directors

- [Edward M. Gramlich](#)  
Member  
Board of Governors Federal Reserve System *Vice Chairman*
- [John M. Reich](#)  
Director  
Federal Deposit Insurance Corporation
- [James E. Gilleran](#)  
Director  
Office of Thrift Supervision
- [Deborah Matz](#)  
Member  
Board of Directors  
National Credit Union Administration
- [John D. Hawke, Jr.](#)  
Comptroller of the Currency  
U.S. Department of the Treasury
- [Mel Martinez](#)  
Secretary  
U.S. Department of Housing and Urban Development
- [Julie L. Williams](#)  
First Senior Deputy Comptroller and Chief Counsel  
Comptroller of the Currency  
*Designate*
- [John C. Weicher](#)  
Assistant Secretary for Housing/Federal  
Housing Commissioner  
*(Mel Martinez' designee to the board.)*

## Executive Director

- [Ellen Lazar](#)

# Network participation in the Dept. of Treasury CDFI Program

- As of September 2002
- Total Number of NWO® Certified: 67
- National Intermediary Certified: 2
- Total Number of TA/SECA Awards Received: 47
- Dollar Amount of TA/SECA Awards Received: \$3,180,999
- Total Number of Core CDFI Awards Received: 40
- Dollar Amount of Core Awards Received: \$36,738,500
- Total Number of NACTA Awards Received: 1
- Dollar Amount of NATC Awards Received: \$96,000



# Neighborhood Reinvestment Efforts in Indian Country

- Navajo Partnership for Housing
- Sicangu Enterprise Center-Rosebud Reservation
- Existing NeighborWorks Organizations extending services to Indian Country
- National Training Institute



# Montana Homeownership Network

## Native American Homeownership Lenders Taskforce Tracking Sheet

Tribe	Foreclosure Ordinances	Approved HUD Lease	HUD 184 Loans Guaranteed	Fannie Mae MOU	RHS Direct	RHS Guaranteed	NAHASDA Leverage
Blackfeet	Yes	Yes	5	Attorney Steve Doherty reviewing 406-452-9791	0	0	\$12,000
Crow	No	No	1	Sam Painter reviewing 406-259-8611	3 - 504	0	\$4,000
Fort Belknap	Yes	Yes - One Stop	0		1-504	0	40,000
Fort Peck	Yes	Yes	2	John Fredrickson 303-673-9600	2 - 502's 1 - 504	0	0
Northern Cheyenne	Yes - Currently being revised 1/17/02	Yes - One Stop	1	Joe Rodriguez 805-685-4977	1- 504's	0	\$10,000
Rocky Boy	Yes	Yes - One Stop	1		3 - 504's	0	\$40,000
Salish Kootenai	Yes	Yes	4		2 - 504's	0	Depending on needs up to \$15K soft second
Eastern Shoshone	Yes	Yes	1				\$10,000
Northern Arapahoe	Yes	Yes					

# Montana Homeownership Network

Tribe	Housing Seminar	App's Received from Housing Fair	Homebuyer Education Seminars Held	Financial Literacy Certified Instructors	Tribal Housing Authority Contact
<b>Blackfeet</b>	8/23/02 - 29 signed in - 15 Pre-quals by Rural Dev. - 14 credit reports pulled			Zana McDonald	Ray Wilson 406-338-5031
<b>Crow</b>	4/17/2001 - 78 signed in	RHS rec'vd 5(3 w/d)		Veronica Small, Maxine Hamburg	Dwight Stewart 406-638-2665
<b>Fort Belknap</b>				Carolyn Brown, Nancy Stiffarm, Margery Shanks	
<b>Fort Peck</b>	May 31 & June 1, 2002 - 28 signed in			Lanette Clark, Linda Flynn	Maurice Lambert 406-768-3459
<b>Northern Cheyenne</b>	9/20/01 29 signed in: 18 Credit Reports Pulled	RHS rec'vd 6 (1 w/d) FIB rec'vd 1 app	1/19/02 - 26 Participants RHS rec'vd 3 apps	Rae Peppers	Herman BearsComes Out 406-477-6419
<b>Rocky Boy</b>				Elaine TopSky, Ursula Russette	Susie Hayes 406-395-4370
<b>Salish Kootenai</b>				Rocky Davis, Nancy Warneke Certified	Bob Gauthier 406-675-4491
<b>Eastern Shoshone</b>					Cheryl Arthur 307-332-5832
<b>Northern Arapahoe</b>				Patrick Goggles	Frank Armajo 307-332-0230





# Navajo Partnership for Housing, Inc.



# History

- Navajo Nation Div. of Economic Development
- OCC, Federal Home Loan Banks
- Assessment conducted by NR
- Organizational Development Process
- Incorporated in 1996 on Navajo Nation (For additional background:  
[http://www.fanniemaefoundation.org/programs/pdf/rep\\_newmortmks\\_navajo.pdf](http://www.fanniemaefoundation.org/programs/pdf/rep_newmortmks_navajo.pdf) 1998 Study)
- Chartered 1998 as a member of the National NeighborWorks Network®



# Mission

An inclusive partnership of residents, tribal and non-tribal government representatives and the business community established to provide on-going creative homeownership opportunities for private homeownership on the Navajo Nation.

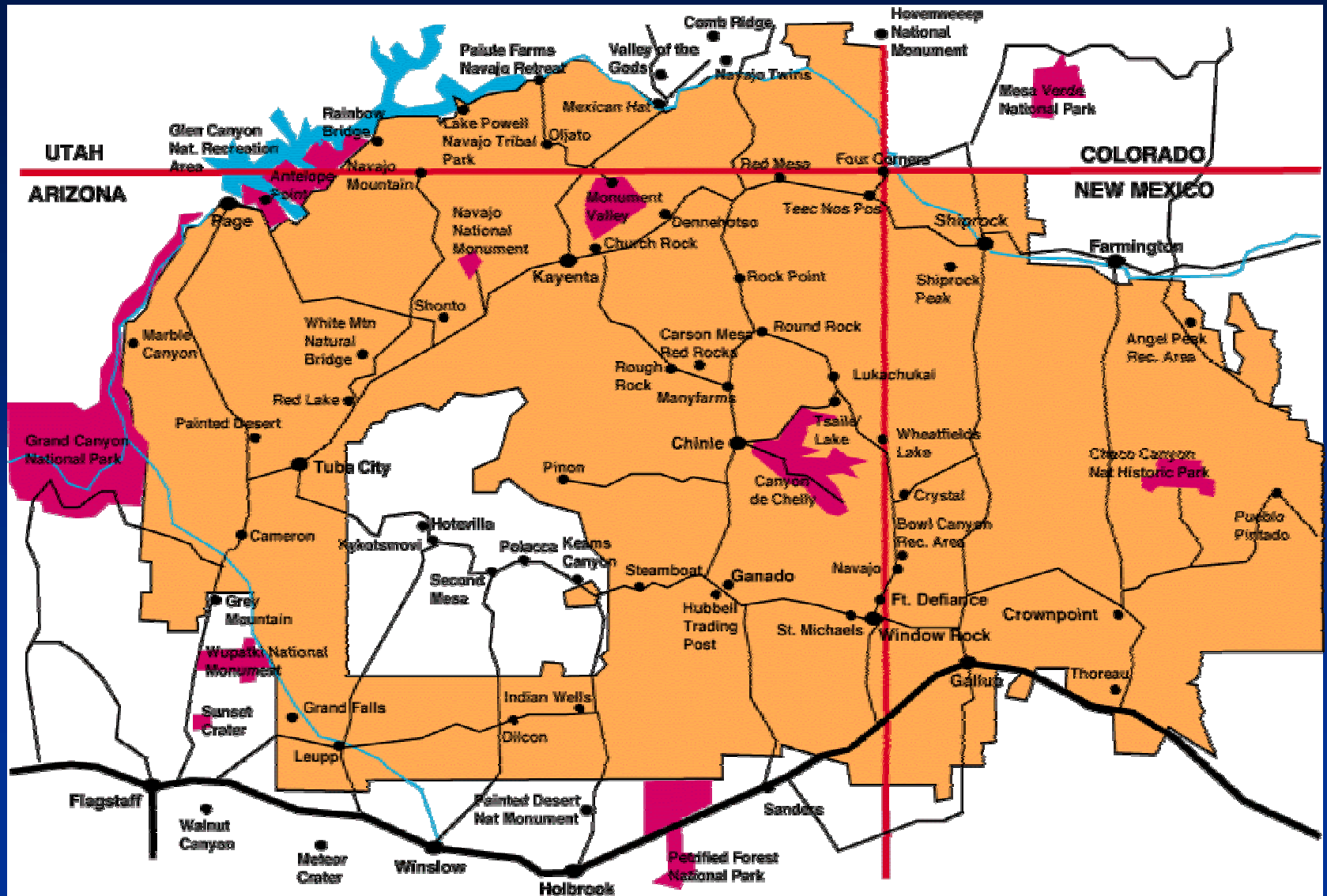


# Partnership-Board of Directors

- Residents on the Navajo Nation
- Representatives of Government
- Representatives of Business



# Navajo Nation



# Programs

- Homebuyer Education
- Construction and Real Estate Development Services
- Home Loan Services



# “Sheltering Our People” Homebuyer Education

- Preparing for Homeownership “Laying the Foundation”
- Family Budgeting “Setting the Cornerstone”
- Credit “Building Block or Stumbling Block”
- Owning a Home on Tribal Land “Following the Blueprint”
- Mortgage Lending “Raising the Structure”
- Life As a Homeowner “The Finishing Touches”



- Chapter 1 Preparing for Homeownership
  - Advantages and Drawbacks of Homeownership
  - Renting versus Buying
  - Meeting the Homeownership Challenge
  - What does a mortgage payment include
  - What's important to a lender
  - How much can I afford
- Chapter 2 Family Budgeting
  - Why Homeowners Need a budget
  - Basic steps for Maintaining a checking account
  - Establishing goals and priorities
  - The value of Saving money
  - Creating a workable spending plan
  - Dealing with Debt
- Chapter 3 CREDIT
  - Frequently asked questions about credit
  - Consumer Rights Regarding Fair Credit Reporting
  - Understanding Your Credit Report
  - How to Deal with Poor Credit or the Lack of Credit
  - Avoiding the "Credit Trap"
- Chapter 4 Owning a home on Tribal Land
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- Obtaining Land on Tribal Grounds
- Checklist for Obtaining Land on the Navajo Nation
- Identifying the “Players” Involved
- The Application Process
- Mortgage Products that Work on Indian Land
- Hiring a Contractor
- Guidelines for Monitoring the Construction Process
- The Final Inspection: “Red Flag” Issues
- Chapter 5 Mortgage Lending
  - What is a mortgage
  - Lender’s Language
  - Who’s Who in the Housing Business
  - Comparing Mortgage Loans
  - The Application Process
  - How Lenders Evaluate My Mortgage Application
  - Getting Ready for the Closing meeting
- Chapter 6 Life as a Homeowner
  - Good Neighboring
  - “Do-It Yourself” Repairs
  - Saving Energy Means Saving Money
  - Home Improvements—What Adds Value?
  - Life Insurance Basics
  - Preventing Foreclosure



# Homebuyer Education Staff



# Homebuyer Orientation Schedules

Free Informational Orientation Sessions on how to get started.

Oct. 2, 2002	5:30 PM	St. Michaels NPH Conf. Room
Oct. 9, 2002	5:30 PM	St. Michaels NPH Conf. Room
Oct. 16, 2002	9:00 AM	Dilcon NHA Conference Room
Oct. 17, 2002	4:00 PM	Tohatchi Chapter House
Oct. 21, 2002	5:30 PM	Crownpoint Chapter House
Oct. 22, 2002	9:00 AM	Many Farms Chapter House
Oct. 24, 2002	9:00 AM	Kayenta NHA Conference Room
Oct. 28, 2002	5:30 PM	Ramah Chapter House
Oct. 30, 2002	4:00 PM	Chinle Chapter House



# Homebuyer Education Schedule

Date	Time	Location
October 11, 2002	9:00 AM – 4:00 PM	NHA Conference Room Ojo Amarillo, NM
October 12, 2002	9:00 A.M.- 5:00 P.M.	NPH Conference Room St. Michaels, AZ
October 16, 2002	9:00 A.M. – 5:00 P.M.	NHA Conference Room Dilcon, AZ
October 23, 2002	9:00 AM – 4:00 PM	NHA Conference Room Shiprock, NM
October 24, 2002	9:00 A.M. – 5:00 P.M.	NHA Conference room Kayenta, AZ
October 26, 2002	9:00 A.M. – 5:00 P.M.	NPH Conference Room St. Michaels, AZ
October 29, 2002	8:30 A.M. – 5:00 P.M.	NPH Conference Room Whippoorwill, AZ

## Homeowner Training Specialists

Theresa Upshaw, St. Michaels, AZ – Central

Maggie James, Whippoorwill, AZ

Pamela Hart, Shiprock, NM

# Construction and Real Estate Development Services

- Assisting customers in identifying floor plans
- Developing specifications
- Selecting a contractor
- Monitoring Construction
- Post-Occupancy Support
- Site Acquisition and Development
- Home Sales



# Examples of Homes

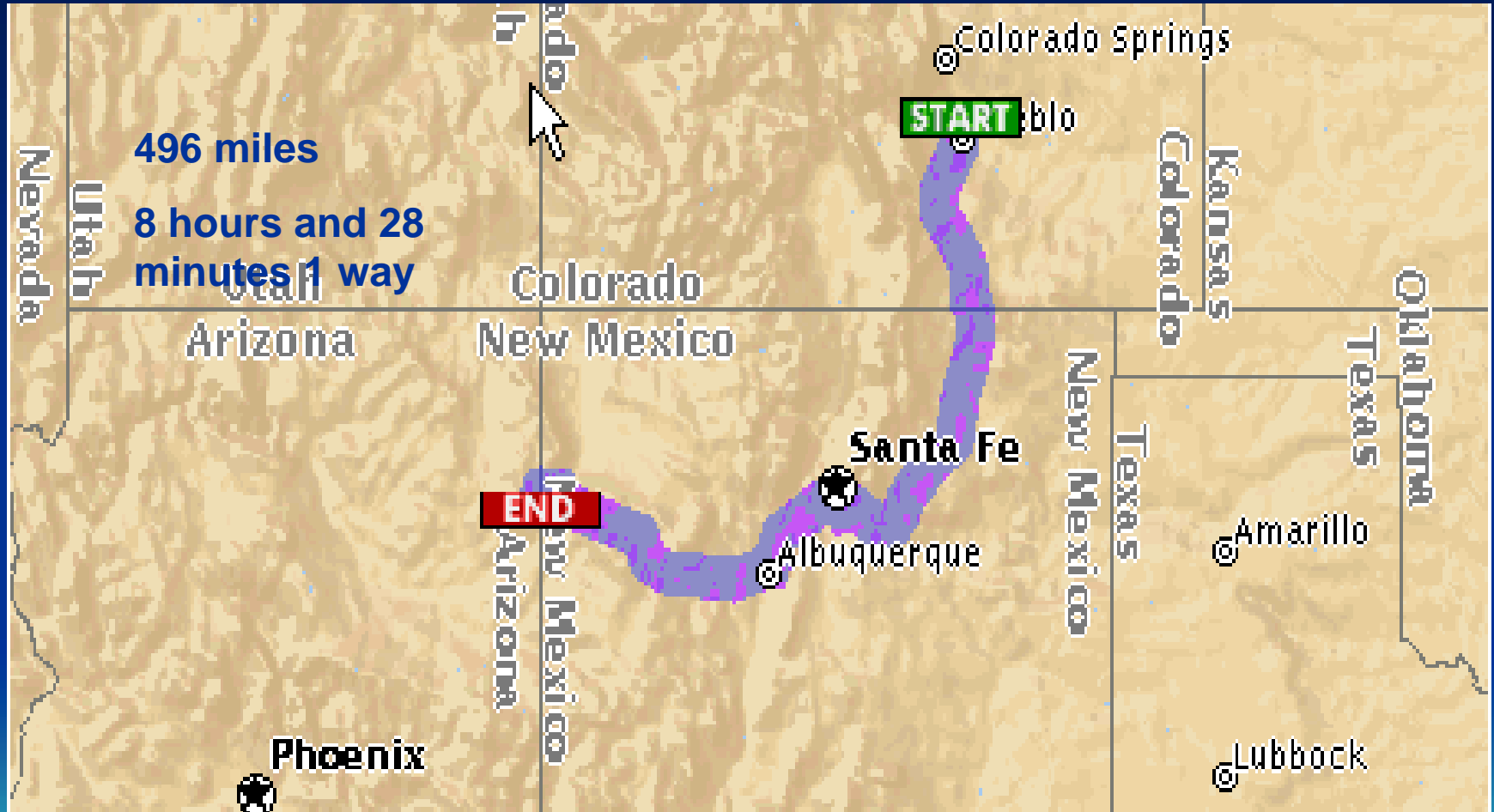


# Home Loan Services

- Identification of Loan Products
- Identification of Secondary Financing
- Loan Packaging
- Loan Closing



# First National Bank-Colorado





# First National Bank-Colorado

- 5 Construction Loans made
- 4 loans in the pipeline



**FIRST NATIONAL  
BANK - COLORADO**

# Outcomes of the Partnership

## Production

- 38 Rural Development Rehab Projects
- 15-RD 502 Direct loans
- 14 Conventional Loans
- 2-HUD 184 Loan
- 3 Other Loans

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70 single family projects

# Outcomes of the Partnership

- Defining and Improvement of the homebuyer development system
- Graduating 600 families per year in Homebuyer Education
- Gradual Change in expectations related to how housing is financed and how much it costs
- Leverage over \$2.5 million with another \$1.5 million in the pipeline
- One Stop Mortgage Initiative



# Outcomes of the Partnership

- Mortgage Loan Products
- Access to Mortgage Credit



# Developing a “Buy and Sell Real” Estate Market

**FOR SALE - \$125,000**



**Lot 11, Black Rock Acres subdivision,  
Fort Defiance, Arizona**

1,456 SF single story with 3 bedrooms,  
2 bathroom with 486 SF garage. This house is  
currently being built using structural insulated  
panel (SIP) construction with pro-panel metal  
roof. Will be very energy efficient.  
Pick your own carpet and interior colors.

Example Financing Scenario: 5% down payment  
and closing costs of \$6,250; \$118,750 financed  
at 7% for 30 years; Monthly payment - \$790.05 per  
month. Depending upon your income level you  
may be eligible to received up to \$12,500 in down  
payment and costing assistance to lower the  
amount financed

Interested - please contact  
**Navajo Partnership for Housing, Inc.:**  
**Roy Cleveland at (928) 810-3115**  
**or Theresa Upshaw at (928) 810-3123.**

# One Stop Mortgage Initiative

- Presidential Initiative directed by the Dept. of Treasury and HUD

## Objectives:

- Simplify and shorten mortgage lending process
- Build Capacity of tribal communities
- Institutionalize Programs
- Increase Access to mortgage loans



# Lender Challenges

- Higher Lender transaction costs
- Higher predevelopment costs-surveys
- Higher infrastructure costs
- Lack of info about available programs
- Poor or no credit history
- Lack of culturally relevant homebuyer education and financial literacy skills
- Lack of savings



# One Stop Mortgage Initiative

- Recommendations Included
  - Building National and Local capacity
  - Improving Homebuyer Education and Financial Literacy skills programs
  - Streamlining the Mortgage Lending Process
  - Increasing Private Sector Involvement
- Model Documents
- NPH one of 2 pilot sites
- For More Information

<http://www.huduser.org/publications/pubasst/onestop.html>





# Typical Reservation Housing



# Karigan Estates Project



# Karigan Project

- Average Home Price \$135,807
- 187 families with near complete data
- Ave. Income \$43,698
- Assuming debt of \$300/month and interest rate of 7.5%..30 years
- Income needed to qualify approximately \$39,500
- 53% above (99) families
- 47% below (88) families



# Karigan Project

- Ave. debt \$19,694
- Ave. savings \$1,200



# Benefits of Local Intermediaries

- Plugs the gap in underdeveloped housing markets
- Functions as a catalyst for change
- Prepares customers
- Helps customers navigate through the system
- Flexibility
- Leveraging/attracting capital





For more information: <http://www.navajopartnershipforhousing.org>

# Mortgage Lending Process in Indian Country



Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan





# Contact made to Lender/ Government Agency

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- Applicant receives loan application for:
  - Section 184 Indian Guarantee
  - Section 248 Mortgage Insurance Program
  - Section 502 Loan Guarantee (RHS)
  - Conventional Loan Products

# Contact made to Non-Profit

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- Receives Orientation on programs & Types of assistance
- Pre-qualified for loan products
- Prepares necessary documentation
- Provides Homebuyer Education
  - Budgeting
  - Credit
  - Homeownership

Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan



Verification of  
Eligibility



# Verification & Eligibility

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- Tribal Membership
  - Same name, census number and address as on lease
- Program Compliance
- Land Status
  - Fee Simple: No Restrictions against alienation or encumbrance; land serves as collateral.

# Land Status Continued....

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- Tribal Trust: Restrictions against alienation or encumbrance; leasehold interest serves as collateral
- Individual Trust/Allotted: Restrictions against alienation or encumbrance; Allottee must document interest in land to serve as collateral.

Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan



Verification of  
Eligibility



If Fee  
Simple



Lender/Agency  
Packages  
Orders Appraisal  
& Closes



# Fee Simple

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- Lender/Agency:
  - Prepares Credit Package
  - Orders Appraisal for an existing house or new construction
  - Approves borrower
  - Closes Loan

***NOTE: FHA 248 Not eligible for Fee Simple***

Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan



Verification of  
Eligibility



If Fee  
Simple



Lender/Agency  
Packages  
Orders Appraisal  
& Closes



Lender/Agency  
Submits to County  
For Recording



**Final Steps**



# Recording/Final Steps

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- Lender/Agency submits loan documents for filing with the local county records office
- Final Steps:
  - Lender/Agency reviews closing package for:
    - Program Compliance
    - Issuance of Guarantee Certificate if Government Insured
  - Sold to Secondary Market
    - Conventional
    - Government Guaranteed

Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan

Verification of  
Eligibility

If Fee  
Simple

Tribe/BIA verifies  
Lease, issues  
Preliminary TSR

- If Allotted/  
Individual Trust
- If Tribal Trust

Lender/Agency  
Packages  
Orders Appraisal  
& Closes

Lender/Agency  
Submits to County  
For Recording

**Final Steps**

# If Tribal Trust

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- Tribe assigns parcel of land and issues lease to applicant
- Tribe submits executed lease to the BIA for approval/recording
- BIA verifies legal description, ownership, existing encumbrances, issues preliminary Title Status Report (TSR) to lender/government agency

# If Allotted/ Individual Trust

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- Lender/Agency contacts BIA to obtain a Title Status Report (TSR) to verify applicant's interest in land, legal description & existing encumbrances

Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan

Verification of  
Eligibility

If Fee  
Simple

Tribe/BIA verifies  
Lease, issues  
Preliminary TSR

- If Allotted/  
Individual Trust
- If Tribal Trust

Lender/Agency  
Packages  
Orders Appraisal  
& Closes

Lender/Agency  
Packages  
Orders Appraisal

Lender/Agency  
Submits to County  
For Recording

**Final Steps**

# Leasehold Mortgage Approval

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- Lender/Agency:
  - Compiles Credit Package
  - Orders Appraisal
  - Reviews executed lease by Tribe, BIA, & Borrower for program compliance
- BIA Realty Officer provides Certificate of Approval

# Trust Mortgage Approval

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- Lender/Agency:
  - Prepares Credit Package
  - Orders Appraisal
- BIA Realty Officer provides approval for encumbrance of land.

Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan

Verification of  
Eligibility

If Fee  
Simple

Tribe/BIA verifies  
Lease, issues  
Preliminary TSR

- If Allotted/  
Individual Trust
- If Tribal Trust

Lender/Agency  
Packages  
Orders Appraisal  
& Closes

Lender/Agency  
Packages  
Orders Appraisal

Lender/Agency/  
(BIA) Approves  
& Closes

Lender/Agency  
Submits to County  
For Recording

**Final Steps**



# Loan Approval on Leasehold

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- Lender/Agency approves and closes Loan with Borrower
- Lender/Agency submits mortgage documents to Tribe/BIA for:
  - Signature & Approval of Mortgage
  - Recording of Mortgage Documents
- BIA submits final TSR to Lender/Agency

# Loan Approval on Allotted

- Lender/Agency:
  - Approves borrower on individual/allotted land
  - Closes Loan
- BIA Credit Officer and Realty Officer
  - Approves Credit Package
- Lender/Agency submits mortgage documents to BIA for:
  - Signature & Approval of Mortgage
  - Recording of Mortgage Documents
- BIA submits final TSR to Lender/Agency

Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan

Verification of  
Eligibility

If Fee  
Simple

Tribe/BIA verifies  
Lease, issues  
Preliminary TSR

- If Allotted/  
Individual Trust
- If Tribal Trust

Lender/Agency  
Packages  
Orders Appraisal  
& Closes

Lender/Agency  
Packages  
Orders Appraisal

Lender/Agency/  
(BIA) Approves  
& Closes

Lender/Agency  
Submits to County  
For Recording

**Final Steps**

Lender/Agency  
Submits to Tribe  
& BIA for Approval  
and Signature

# Final Steps

- Lender/Agency reviews closed package for program compliance and issuance of guarantee certificate if government insured loan
- Secondary Market: Conventional & Government loans may be sold in the secondary market.



Native American contacts  
Lender/Government Agency/  
Non-Profit for a  
Mortgage Loan

Verification of  
Eligibility

If Fee  
Simple

Tribe/BIA verifies  
Lease, issues  
Preliminary TSR

- If Allotted/  
Individual Trust
- If Tribal Trust

Lender/Agency  
Packages  
Orders Appraisal  
& Closes

Lender/Agency  
Packages  
Orders Appraisal

Lender/Agency/  
(BIA) Approves  
& Closes

Lender/Agency  
Submits to County  
For Recording

**Final Steps**

Lender/Agency  
Submits to Tribe  
& BIA for Approval  
and Signature

