

# 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.**