



MORTGAGE BANKERS ASSOCIATION

March 14, 2023

The Honorable Julia Gordon
Assistant Secretary for Housing and Federal Housing Commissioner
Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410-0001

**RE: Strengthening the Section 184 Indian Home Loan Guarantee Program
(Docket No. FR-5593-P-01)**

Dear Commissioner Gordon,

The Mortgage Bankers Association (MBA)¹ and its members appreciate the opportunity to offer comments on the Office of Public and Indian Housing's notice of proposed rulemaking on Strengthening the Section 184 Indian Home Loan Guarantee Program (Section 184 Program). MBA and its members also appreciate the Department of Housing and Urban Development's (HUD) continued effort to assist homebuyers including those residing on tribal lands.

The Section 184 program is a valuable source of affordable mortgage credit to Native American families, Tribes, and Tribally Designated Housing Entities. As noted in the proposed rulemaking, the program is becoming increasingly popular. This increase in popularity means increased operational demands on HUD and its partner agencies. As such, any program changes contemplated by HUD should consider whether the effect of the change would expand or reduce participation in the program by the lenders HUD relies on to deliver the program. HUD should prioritize program requirements which facilitate expansion of the program, increase the flexibility of the program to accommodate the unique needs of the Native American community, and accommodate the operational demands on lenders seeking to close and/or securitize loans insured under Section 184.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 390,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,200 companies includes all elements of real estate finance: independent mortgage banks, commercial banks, mortgage brokers, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

Program guidelines must be promulgated in a manner that can be quickly adjusted as market conditions change and operational constraints emerge. As an overarching concern, MBA recommends that HUD enumerate Section 184 guidelines within a policy handbook similar to other federally insured or guaranteed home loan programs rather than establish them in the Code of Federal Regulation (CFR). MBA recommends HUD preserve the ability to make programmatic changes in a manner where formal notice-and-comment rulemaking process is not required each time a slight change is needed. Without this flexibility, the program may not be nimble enough to achieve operational parity with other programs, such as the Federal Housing Administration (FHA) Title II program, especially as volume increases and borrower needs shift.

MBA recommends that HUD consider aligning Section 184 program guidelines with the FHA single-family program where practicable and where it would not result in any negative impact to the Native American communities served by the program. Greater program alignment may lead to greater participation and interest in the Section 184 program by lenders who currently participate in other federally insured or guaranteed programs. It would also enable Section 184 borrowers to take advantage of many of the same program benefits as FHA borrowers.

While the Section 184 program should seek parity with the FHA program where possible, it must also recognize that it serves a unique borrower. The majority of the program's borrowers are located in rural areas on tribal lands and often have limited access to essential services in the home buying process. MBA recommends HUD look for opportunities to adapt the program's requirements to further reflect its borrowers' needs, particularly in the appraisal process, which can often be a point of friction in rural areas. As advancements emerge in appraisal technology and protocols, the Section 184 program should seek to remain aligned with industry best practices.

While the proposed rule does not recommend operational changes, MBA encourages HUD to coordinate with the Bureau of Indian Affairs to examine methods of streamlining the deed recording process. Substantial delays in this process cause delays in loan guarantee endorsements within the Section 184 program. While the Office of Native American Programs requires the Loan Guarantee Certificate to be issued within 60 days of when it receives the endorsement file from the lender, MBA members report large numbers of overdue loan guarantee endorsements – in some cases as much as one year overdue. This particular issue has a profound chilling effect on lender participation in the Section 184 program, as loans cannot be securitized into a Ginnie Mae pool without first obtaining federal insurance or guarantee. Any effort to improve turn-times on guarantee endorsements would go a long way towards addressing these pooling issues, and by extension, expanding lender appetite to participate in the program.

* * *

MBA appreciates the opportunity to provide feedback to HUD on its proposed rule. Should you have questions or wish to discuss these recommendations further, please contact Darnell Peterson, Senior Policy Advisor, at (202) 557-2922 or dpeterson@mba.org.

Re: Strengthening the Section 184 Indian Home Loan Guarantee Program

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Mills". The signature is fluid and cursive, with the first name "Pete" being more prominent than the last name "Mills".

Pete Mills
Senior Vice President
Residential Policy and Strategic Industry Engagement
Mortgage Bankers Association