

What You Need To Know - Home Loans on Reservation or Trust Land



To help more Native Americans enjoy the benefits of home ownership, the **HUD 184** program was designed to allow loans on native trust lands. These loans have special requirements that must be followed in order to qualify for the loan.

In particular, HUD requires very specific information about the status of the land and the tribal lease agreement before approving any loans.

Loans on Native Trust Land

All loans on trust land require a Trust Status Report (TSR) from the Bureau of Indian Affairs (BIA). This report determines the ownership of the property and identifies any liens against it.

How is this different from conventional loans?

Most home loans are “fee simple,” meaning you own the land as well as the house on the land. A title report or a title commitment is ordered from a local title company to determine ownership. The title company researches county records to identify the owner and determines if there are any deed restrictions or liens against the property.

On Native American trust land, property records are kept by the Bureau of Indian Affairs, not the local county recording office. In order to get the TSR instead of a title report or title commitment, you work with the BIA, not the local title company.

Whereas a title report can take 30 to 45 days, a TSR can take much longer depending on the BIA regional office.

Working with the BIA

To obtain your TSR, contact the regional office serving your area. A listing of BIA regional offices can be found online at:

<https://itims.bia.gov/regionalcontacts.shtml>

The time it takes to obtain a TSR can vary greatly. Some BIA offices can produce a TSR in a few weeks. Others may take several months or more. Be sure to contact your regional office and order the report as early as possible in the loan process.

Bank2 recommends asking your BIA office about their turnaround time for the TSR before you apply for your home loan. That way, if it takes more than 30 to 45 days, you can delay your loan application to coincide with the expected delivery date of the report. Work with a loan originator if you need help with your timeline.

If you experience delays in working with the BIA, you may want to ask your tribal housing authority for assistance. They usually have good working relationships with the regional BIA offices, and can often help speed up the process.

Whether you are building a new home, buying an existing one or refinancing your current mortgage, get started on the TSR process as soon as possible. HUD will not approve your loan until they receive the report.

909 S. Meridian Ave
Oklahoma City, OK 73108
Phone 405.949.7000
Fax 405.947.3795
Toll Free 1.877.409.2265
www.bank2online.com



Leasing on Tribal Land

To qualify for a HUD 184 loan on tribal trust land, you must establish a leasehold interest in the land on which the home will be located. HUD and Bank2 will require a copy of this tribal lease agreement.

The term of the lease is typically 25 to 50 years and must be approved by the BIA. Bank2 will submit the leasehold agreement to the BIA for you as a part of your mortgage loan process.

In order to qualify for the 184 loan program, HUD requires that certain provisions be written into the lease. These include:

- The lease must be executed by the tribe and the applicant and approved by the BIA.
- Lease payments should be negotiated between the tribe and the applicant.
- The tribe, HUD and the lender must approve all transfers or assignments of the leasehold interest, except foreclosure.
- Modifications to the lease form can be made with the approval of the BIA and the Office of Native American Programs (ONAP).
- The lease may not be terminated while the HUD Section 184 guarantee is in effect. In the event of foreclosure, the lease will not be subject to any forfeiture or reversion, and will not be otherwise subject to termination.

For more information regarding trust land requirements, visit the HUD website: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/ih/homeownership/184/leasing

Be Prepared

The HUD 184 program allows you to do what other loan programs don't—obtain home loans on tribal trust lands. But keep in mind that it may take longer than conventional loans to obtain your title report, so plan accordingly.

To minimize delays or missed deadlines:

- Ask your BIA regional office how long it will take for them to produce the report.
- Submit your loan application 30 to 45 days in advance of their estimated delivery date.
- Check in with your BIA regional office every couple of weeks to make sure things are going according to schedule.
- If you run into delays, ask your tribal housing authority to lend a hand.

To learn more about applying for a loan on Native American trust land, contact Bank2 at 405.949.7000 or email to homeloan@bank2online.com. Our loan originators have years of experience handling trust land loans and can answer any questions you may have.

If you have questions about the HUD 184 loan process or loans on Reservation or Tribal Land, call a Bank2 Mortgage Specialist at 405.949.7000 or email homeloan@bank2online.com.



909 S. Meridian Ave
Oklahoma City, OK 73108
Phone 405.949.7000
Fax 405.947.3795
Toll Free 1.877.409.2265
www.bank2online.com

