



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 1005

[Docket No. FR-6544-I-01]

RIN 2577-AD25

Revising Residency Requirements for the Section 184 Indian Housing Loan Guarantee Program

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Interim final rule.

SUMMARY: This interim final rule revises the Department of Housing and Urban Development's (HUD) regulations governing the Section 184 Indian Housing Loan Guarantee Program (the "Section 184 Program") by modifying the residency requirements for Borrower eligibility for Section 184 Program insured mortgages. This revision aligns HUD's requirements with recent executive actions that emphasize the prioritization of federal resources to protect the financial interests of American citizens and ensure the integrity of government-insured loan programs.

DATES: *Effective date:* [Insert date 30 days after date of publication in the FEDERAL REGISTER].

Comment due date: [Insert date 60 days after date of publication in the FEDERAL REGISTER].

ADDRESSES: Interested persons are invited to submit comments regarding this rule. <https://www.regulations.gov/> All submissions must refer to the docket number and title. There are two methods for submitting public comments.

1. *Electronic Submission of Comments.* Interested persons may submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>.

2. *Submission of Comments by Mail.* Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410-0500.

FOR FURTHER INFORMATION CONTACT: Hilary Atkin, Acting Deputy Assistant Secretary, Office of Native American Programs, U.S. Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410 telephone number 202-402-5378 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

SUPPLEMENTARY INFORMATION:

I. Background

On March 20, 2024, HUD published a final rule titled “Strengthening the Section 184 Indian Housing Loan Guarantee Program” (the final rule) in the *Federal Register*, at 89 FR 20032. The final rule amended the regulations to the Section 184 Indian Housing Loan Guarantee Program (Section 184 Program) to minimize potential risk and increase program participation by financial institutions. Among the various amendments, the final rule added eligibility and participation requirements for Lender Applicants, Direct Guarantee Lenders, Non-Direct Guarantee Lenders, Holders and Servicers and other Section 184 Program participants. Notably, the final rule established underwriting requirements concerning a Borrower’s residency status under 24 CFR 1005.405. Consistent with past Federal Housing Administration (FHA) residency requirements in place at the time, this section provided that: “(a) An eligible Borrower who is an Indian must be: (1) A U.S. citizen; (2) A lawful permanent resident alien; or (3) A non-permanent resident alien.”

II. This Interim Final Rule

Under this interim final rule, HUD is excluding “non-permanent resident alien[s]” from participation in the Section 184 Program by removing existing 24 CFR 1005.405(a)(3). This update aligns HUD’s requirements with recent executive actions that emphasize the prioritization of federal resources to protect the financial interests of American citizens and ensure the integrity of government-insured loan programs. The Administration has reaffirmed its commitment to safeguarding economic opportunities for U.S. citizens and lawful permanent residents while ensuring that federal benefits, including access to loans guaranteed under the Section 184 Program, are reserved for U.S. citizens and individuals who hold lawful permanent resident status. Currently, non-permanent residents are subject to immigration laws that can affect their ability to remain legally in the United States. This uncertainty poses a challenge for HUD as the ability to fulfill long-term financial obligations depends on stable residency and employment. Under 24 CFR 1005.407, HUD requires a Direct Guarantee Lender or Non-Direct Guarantee Lender to evaluate a Borrower's ability to sustain long-term financial obligations.

This update ensures that the Section 184 Program is administered in accordance with Administration priorities while fulfilling its mission of providing access to homeownership to Native American borrowers. This update is similar to the changes to the FHA-insured mortgage programs, reflected in the FHA published Mortgagee Letter (ML) 2025-09, *Revisions to Residency Requirements* and Title I Letter 490 (TIL-490).

III. Justification for Interim Rule

In general, HUD publishes a rule for public comment in accordance with both the Administrative Procedure Act (APA), 5 U.S.C. 553, and the agency’s regulation on rulemaking at 24 CFR part 10. Both the APA and Part 10, however, provide for exceptions from that general rule where HUD finds good cause to omit advance notice of the opportunity for public comment. The good cause requirement is satisfied when prior public procedure is “impracticable, unnecessary, or contrary to the public interest.” 5 U.S.C. 553(b)(B). In order to

publish a rule for effect prior to receiving and responding to public comments (i.e., an interim final rule), the agency must make a finding that “good cause” exists.

HUD determined that good cause exists to promulgate this interim final rule because immigration status is rarely at issue under the Section 184 Program. To qualify for a Section 184 Guarantee Loan, a Borrower must be an enrolled Tribal member. Accordingly, in almost all cases, Tribal members applying for a Section 184 loan are already U.S. citizens. Additionally, this interim final rule aligns with Borrower residency requirements for FHA-insured financing programs. Therefore, advance notice of the opportunity for public comment is unnecessary, as this rule is technical in nature and does not have a significant impact.

IV. Tribal Consultation

HUD’s policy is to consult with Indian Tribes early in the rulemaking process on matters that have Tribal implications. Because all individual eligible borrowers under the Section 184 Program must already be enrolled Tribal members to qualify for Section 184 loan, HUD does not believe that this change to the residency requirements of the Section 184 regulations will have a substantial direct effect on Tribal governments. However, HUD welcomes public comments from Tribes and Tribal members on this interim rule.

V. Findings and Certifications

Executive Orders 12866 and 13563, Regulatory Planning and Review

Under Executive Order 12866 (Regulatory Planning and Review), a determination must be made whether a regulatory action is significant and therefore, subject to review by the Office of Management and Budget (OMB) in accordance with the order's requirements. Executive Order 13563 (Improving Regulations and Regulatory Review) directs executive agencies to analyze regulations that are “outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.”

This interim final rule revises HUD’s regulations governing the Section 184 Program by updating residency requirements for Borrower eligibility to remove a provision that permits non-

permanent residents to be eligible borrowers. These changes will not have a significant impact given that, in almost all cases, Tribal members applying for a Section 184 loan are already U.S. citizens. As a result, this rule was determined not to be a significant regulatory action under section 3(f) of Executive Order 12866 and therefore was not reviewed by OMB.

Executive Order 14192, Regulatory Costs

Executive Order 14192, entitled “Unleashing Prosperity Through Deregulation,” was issued on January 31, 2025. Section 3(c) of Executive Order 14192 requires that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations. This rule is an immigration-related rule that is expressly exempt from the requirements of Executive Order 14192.

Executive Order 13132, Federalism

Executive Order 13132, entitled “Federalism,” (64 FR 43255) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on State and local governments and is not required by statute, or the rule preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This rule will not have federalism implications and would not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

Environmental Impact

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The Finding of No Significant Impact is available for public inspection between the hours of 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410-0500. The

Finding of No Significant Impact will also be available for review in the docket for this rule on *Regulations.gov*.

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. As discussed above, this interim final rule's modification of the regulations that govern the Section 184 Program would have minimal effect and HUD has determined that this rule would not have a significant economic impact on a substantial number of small entities.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a valid Office of Management and Budget (OMB) control number. The information collection requirements contained in this proposed rule have been approved by the OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2577-0200.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4; approved March 22, 1995) (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on state, local, and Tribal governments, and on the private sector. This rule does not impose any Federal mandates on any state, local, or Tribal government, or on the private sector, within the meaning of the UMRA.

VI. Electronic Access and Filing

Comments submitted electronically through the <http://www.regulations.gov> website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

All comments and communications properly submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as from individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

List of Subjects

24 CFR Part 1005

Borrower residency status.

Accordingly, for the reasons described in the preamble, HUD amends 24 CFR part 1005 as follows:

PART 1005— LOAN GUARANTEES FOR INDIAN HOUSING

1. The authority citation for part 1005 continues to read as follows:

Authority: 12 USC 1715z-13a; 15 USC 1639c; 42 USC 3535(d).

2. In § 1005.405, revise paragraph (a) to read as follows:

§ 1005.405 Borrower residency status.

(a) An eligible Borrower who is an Indian must be:

(1) A U.S. citizen; or

(2) A lawful permanent resident alien.

* * * * *

Scott Turner,

Secretary

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