DE 4210-67]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6612-N-01]

Section 184 Indian Housing Loan Guarantee Program Increase in the Loan Guarantee Fee

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

ACTION: Notice.

SUMMARY: The Section 184 Indian Housing Loan Guarantee Program ("Section 184 Program") operates using a combination of funds annually appropriated by Congress and fees. Consistent with other HUD loan guarantee programs, to ensure that the program is self-sustaining, HUD is increasing fees charged under the program. HUD is increasing the upfront loan guarantee fee for all new Section 184 Firm Commitments, including refinances, from 1.00 to 1.50 percent, effective October 1, 2026. HUD is increasing the upfront loan guarantee fee for all new Section 184 Skilled Workers Demonstration Program Firm Commitments, from 0 to 1.00 percent, effective October 1, 2026. The Annual Loan Guarantee Fee will remain at zero for all Section 184 loans.

DATES: October 1, 2026.

FOR FURTHER INFORMATION CONTACT:

Tonya R. Plummer, Director, Office of Loan Guarantee, Office of Native American Programs, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street SW, Room 4108, Washington, DC 20410; telephone number 202-401-7914 (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

Section 184 of the Housing and Community Development Act of 1992 (Pub. L. 102-550, approved October 28, 1992), as amended, established the Section 184 Indian Housing Loan Guarantee Program to provide access to sources of private mortgage financing to Indian families, Indian housing authorities, and Indian tribes. The Section 184 program addresses obstacles to mortgage financing on trust land and in other Indian and Alaska Native areas by giving HUD the authority to guarantee loans to eligible persons and entities to construct, acquire, refinance, or rehabilitate one- to four-family dwellings in these areas.

The Section 184 program has been funded by a combination of annual appropriations and upfront and annual fees collected from the borrower. Program costs include amounts for claims, contracts, and other expenses related to foreclosure. 12 U.S.C. 1715z-13a(d) and 24 CFR 1005.603 authorize HUD to establish an upfront loan guarantee fee in an amount not exceeding 3.00 percent of the principal obligation of the loan and an annual loan guarantee fee in an amount not exceeding 1.00 percent of the remaining guaranteed balance.

On March 5, 2014, HUD issued a Notice increasing the upfront loan guarantee fee from 1.00 to 1.50 percent. (79 FR 12520). The upfront loan guarantee fee was effective on April 4, 2014.

On October 7, 2014, HUD issued a Notice to implement an annual loan guarantee fee to the borrower in the amount of 0.15 percent. (79 FR 60492). The revised annual loan guarantee fee was effective on November 15, 2014.

On November 1, 2016, HUD issued a second Notice increasing the annual loan guarantee fee from 0.15 to 0.25 percent. (81 FR 75836). The revised annual loan guarantee fee was effective on December 1, 2016.

On May 4, 2023, HUD issued a Notice decreasing the upfront loan guarantee fee from 1.50 to 1.00 percent and eliminating the annual fee effective July 1, 2023. (88 FR 28598).

The Section 184 program experiences a low default rate. Over the life of the program, the default rate has been approximately 3.50 percent. The program benefits from strong lender underwriting and servicing, as well as Tribes continuing to proactively provide housing counseling and support to keep Native American families in their homes.

Consistent with other HUD loan guarantee programs, the Section 184 program can operate without the need for annual appropriations from Congress. The Section 184 program's strong performance and low default rate enables HUD to remove the need for annual appropriations through a modest fee increase. By increasing the upfront loan guarantee fee, HUD will be in a strong position to ensure that the Section 184 program continues to provide homeownership opportunities to Native American households well into the future.

II. Increase of the Upfront Loan Guarantee Fee

This Notice increases the upfront loan guarantee fee from 1.00 to 1.50 percent. This increase will apply to all Section 184 program loans receiving a Section 184 Firm Commitment on and after October 1, 2026, including refinances. Additionally, this Notice increases the upfront loan guarantee fee from 0 to 1.00 percent for all new Section 184 Skilled Workers Demonstration Program Firm Commitments issued on and after October 1, 2026.

This increase will not apply to loans currently guaranteed by this program. It will only apply to new Firm Commitments issued by HUD on and after October 1, 2026.

Annual loan guarantee fees will remain at zero for all Section 184 loans.

III. Environmental Impact

This Notice involves the establishment of a rate or cost determination that does not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this Notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Benjamin Hobbs,

Assistant Secretary for Public and Indian Housing.

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