



Realities Facing American Indian Homebuyers From the Perspective of a Native Down Payment Assistance Provider

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Introduction

The Oklahoma Native Assets Coalition, Inc. (ONAC), a nationally-serving Native-led nonprofit with a twenty-two year history of providing asset-building programs in Native communities, administers seven asset-building programs, including a down payment assistance (DPA) program. In accordance with the Fair Housing Act, the ONAC DPA program serves Native and non-Native homebuyers. Since November 2021, ONAC has provided DPA to eighty-two homebuyers. Of those eighty-two homebuyers, 69.5% are enrolled citizens of thirteen tribal nations. Five other of the homebuyers (not included in the 69.5%) noted they were either in the process of enrolling with their tribe or were American Indian but not enrolled members of a federally recognized tribal nation.

From ONAC's vantage point, this white paper addresses the state of the national Native asset-building field (the integrated asset-building programming that is occurring) and the related realities faced by a snapshot of American Indian homebuyers, their lenders, and partners helping them with DPA in Oklahoma and Kansas. ONAC will share its programmatic data related to: demographics of Native homebuyers (including rural and urban program participants); the types of lenders providing home loans; variations in mortgage products, home sale prices, and interest rates; descriptions about the Native financial coaching ONAC provides participants; non-identifying information about which tribal nations and other entities are partnering with ONAC to provide homebuyer education and additional DPA; barriers to homeownership; and what is working in this niche of the field.

This Native data is missing from the national conversations about urban and rural Native homebuyers, the loan products available to them, and which partners in the Native asset-building field are working with Native homebuyers during their home purchase experience. This data will inform policies related to the needs of Native homebuyers, the diverse array of lenders serving them, and the tribal nations and Native-led nonprofits working to increase Native homeownership in the U.S.

The Native Asset-Building Ecosystem

ONAC is part of the ecosystem of the Native asset-building field. That ecosystem is comprised of a number of partners, including but not limited to, tribal nations, Native-led nonprofits (including Native asset-building coalitions), Native-owned banks and credit unions, Native CDFIs, tribal colleges and universities, Tribally Designated Housing Entities (TDHEs), etc. Given the history of asset stripping within Native communities, there is need for the partners in this field to work together and to all have equitable access to funding to administer Native asset-building programs. These Native asset-building leaders work in partnership with philanthropic organizations, federal and state programs, non-Native financial institutions and nonprofits, other Native asset-building researchers, the Federal Home Loan Banks, and others. Native asset-building practitioners are offering asset-building programs to Native communities in ways that culturally match with Native worldviews. Tribal citizens may have understandings of assets that also include Native languages and culture, land, spirituality, food sovereignty, etc.

For the past twenty-two years, ONAC has built relationships with hundreds of tribal governments, other Native-led nonprofits, and additional partners. Currently, ONAC provides niche services that are not being met by others in the ecosystem described above. As an example, ONAC is providing free financial coaching, by phone and teleconference, to any American Indian or Alaska Native residing anywhere in the U.S. As a nonprofit, ONAC adds value to others in the ecosystem by not only directly serving tribal citizens of various tribal nations but also by trying to help build the capacity of tribal governments and other Native nonprofits to provide their own asset-building services. Related to these peer support efforts, ONAC coordinates two national Native networks. The first network that ONAC organizes is the Native Bank On Coalition, which is the only national group to promote Native banking access. The second network is the Native EITC/VITA Network, which provides peer support and funding to those administering Native Volunteer Income Tax Assistance (VITA) programs. Additionally, ONAC acts as an intermediary funder and awards invitation-only grant funding to tribal governments and other Native-led nonprofits to administer asset-building programs such as VITA, Children's Savings Account (CSA), and emergency savings account programs.

There are a number of Native-led organizations that, like ONAC, serve hard-to-reach tribal citizens. To successfully create a pipeline of tribal citizens prepared for home and other loans there must be adequate support for all Native organizations and tribal nations that are on the ground, doing the heavy lifting of offering development services in Native communities. There is great need for financial support of Native entities administering seed-funded CSA and emergency savings account programs, promoting Native banking access, offering financial coaching, and providing support for free tax preparation. This is the important development services work that prepares Native families and communities for homeownership and other asset purchases.

The History and Work of the Oklahoma Native Assets Coalition, Inc.

The Oklahoma Native Assets Coalition (ONAC) is a national Native-led nonprofit that works with tribes and partners interested in establishing asset-building initiatives and programs in Native communities, for the purpose of creating greater opportunities for economic self-sufficiency of tribal citizens. ONAC was started in 2001 by Karen Edwards (Choctaw Nation of Oklahoma) of the Center for Social Development at Washington University in St. Louis and Native asset-building practitioners from various tribal nations in Oklahoma. In 2014, the coalition was approved as a tax exempt organization under section 501(c)(3) of the Internal Revenue Code. While keeping its name, in 2018, the ONAC Board of Directors decided that ONAC would serve at a national level.

The mission of ONAC is to build and support a national network of Native people who are dedicated to increasing self-sufficiency and prosperity in their communities through the establishment of integrated culturally-relevant financial education and financial coaching initiatives, as well as seed-funded account programs, down payment assistance grants, free tax preparation, expanded banking access, and other asset-building strategies.

ONAC serves representatives of tribes and Native nonprofits that are designing and implementing asset-building programs such as CSAs, Individual Development Accounts (IDAs),

family emergency savings accounts, Bank On, and financial literacy programs. These asset-building programs often simultaneously address family economic security, food sovereignty, financial literacy, and revitalization of Native languages and arts. ONAC believes strongly in the importance of creating programming that incorporates tribal customs, traditions, and languages into asset-building efforts.

In addition to providing intermediary grant funding and helping to build the capacity of other Native asset-building practitioners, ONAC is a direct service provider. ONAC administers the largest Native seed-funded CSA and emergency savings account programs in the country, provides nationally-available emergency cash assistance and free financial coaching directly to Native families, and offers seed-funded Bank On accounts. In 2021, ONAC launched a down payment assistance program. Soon, ONAC will offer a revolving loan fund.

Coalitions, such as ONAC, wear a variety of hats and support the creation of culturally relevant and community-centric programming that addresses intergenerational poverty with a focus on traditional Native beliefs regarding asset building.

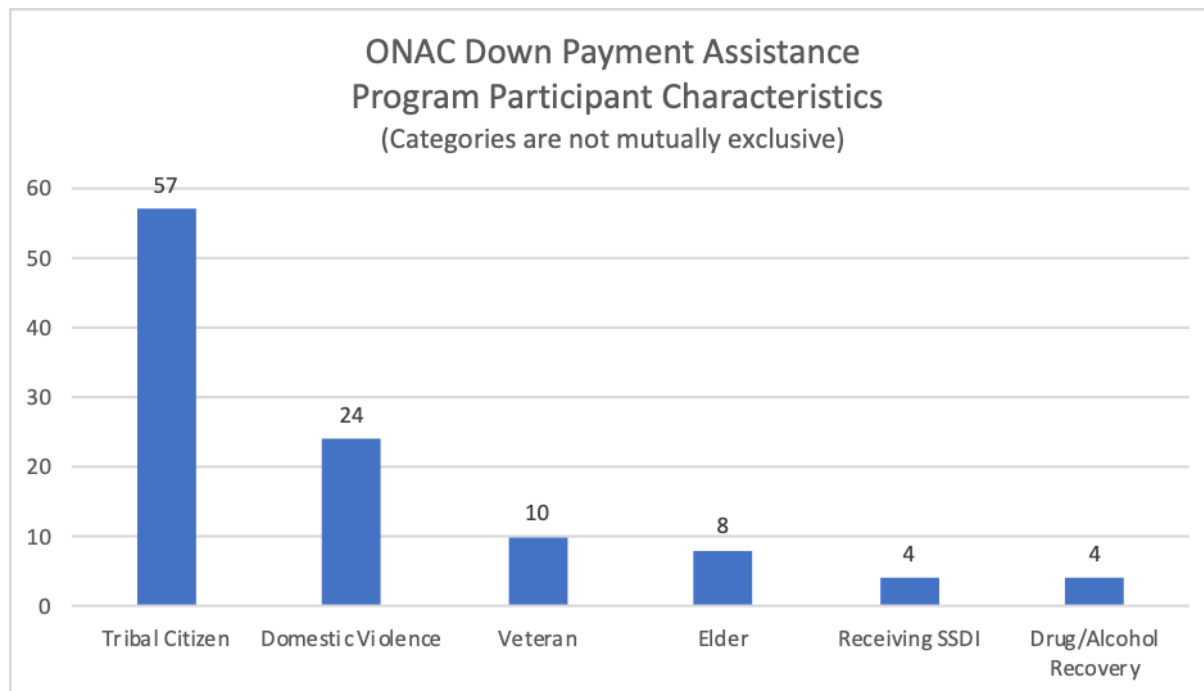
ONAC Down Payment Assistance Program

In February 2021, ONAC executed an agreement with the Federal Home Loan Bank of Topeka (FHLB Topeka) after ONAC was awarded \$750,000 in Affordable Housing Program (AHP) subsidies from the FHLB Topeka.¹ Starting in 2021, ONAC launched a down payment assistance (DPA) grant program. Through this program, ONAC provides \$5,000 in down payment assistance grants to homebuyers. When utilizing the FHLB Topeka eligibility criteria, ONAC is serving homebuyers residing at 80% or below Area Median Income (AMI) for the county in which they intend to purchase. Additionally, applicants must meet one of the FHLB special population criteria: survivor of interpersonal violence, veteran, those age fifty-five and older, those receiving SSDI, those in recovery from drug and alcohol abuse, or those with a hazardous abatement issue on the home that they remediate prior to purchase of the home.

To date, ONAC has received applications from 171 prospective homebuyers. Given the FHLB Topeka income limits (counting all income in the household for those ages 18 and over), of the 171 non-repeat applicants who have applied, twenty-two applicants have been over income and not eligible to participate in the FHLB AHP funded ONAC DPA program. Twelve of the applicants did not fully complete the application process. ONAC is determining income eligibility for two recent applicants. Fifty-three others were found to be eligible for the program but did not proceed with a home purchase due to a variety of factors, which included: 1) an appraisal coming in too low and the seller not willing to drop the purchase price or the client not having out-of-pocket money to close the deal; 2) the costs of repairs being too high and the seller not willing to fix issues when an issue was found during the inspection process; 3) an issue emerging during the underwriting process that led to a purchase denial by the lender (such as the lender uncovering additional household income); 4) a TDHE, that is filing a 2nd mortgage on the home, finding the debt-to-income ratio to be too high and pulling back their funding, which, in turn, leads the lender to not proceed with the loan; or 5) more rarely, a prospective buyer

¹ For more information about the FHLB Topeka AHP program, see <https://www.fhlbtopeka.com/ahp>.

changing their mind about the home purchase and not proceeding with the process. After the launch of ONAC DPA program, some of the fifty-three prospective buyers (who did not proceed with a home purchase) had applied for DPA funding prior to entering into a contract on a home and then were not successful during bidding wars to secure a contract on a home. After several months, ONAC adjusted the DPA application process and only allowed for applicants to apply once they were under contract on a home.



The ONAC DPA program, primarily funded by the AHP subsidies from the FHLB Topeka, serves Native and non-Native families in accordance with the Fair Housing Act. As of October 2023, ONAC has provided eighty-two homebuyers with down payment assistance. Of the eighty-two homeowners, ONAC provided the up-front down payment assistance for sixty homebuyers (73.2% of all DPA homebuyer program participants) and was later reimbursed for that assistance by the FHLB Topeka AHP subsidies. In addition to the funding from the FHLB Topeka, ONAC has also directly provided down payment assistance for twenty-two additional families utilizing funding from a private donor, The Kresge Foundation, and the Target Foundation, with administrative support funding from the Wells Fargo Foundation. To receive the subsidy funding from the FHLB Topeka, ONAC committed to provide at least sixty-three units of DPA in the FHLB Topeka footprint of Oklahoma, Kansas, Nebraska, and Colorado. Given this commitment, to date, the ONAC DPA has been funded in Oklahoma and Kansas.

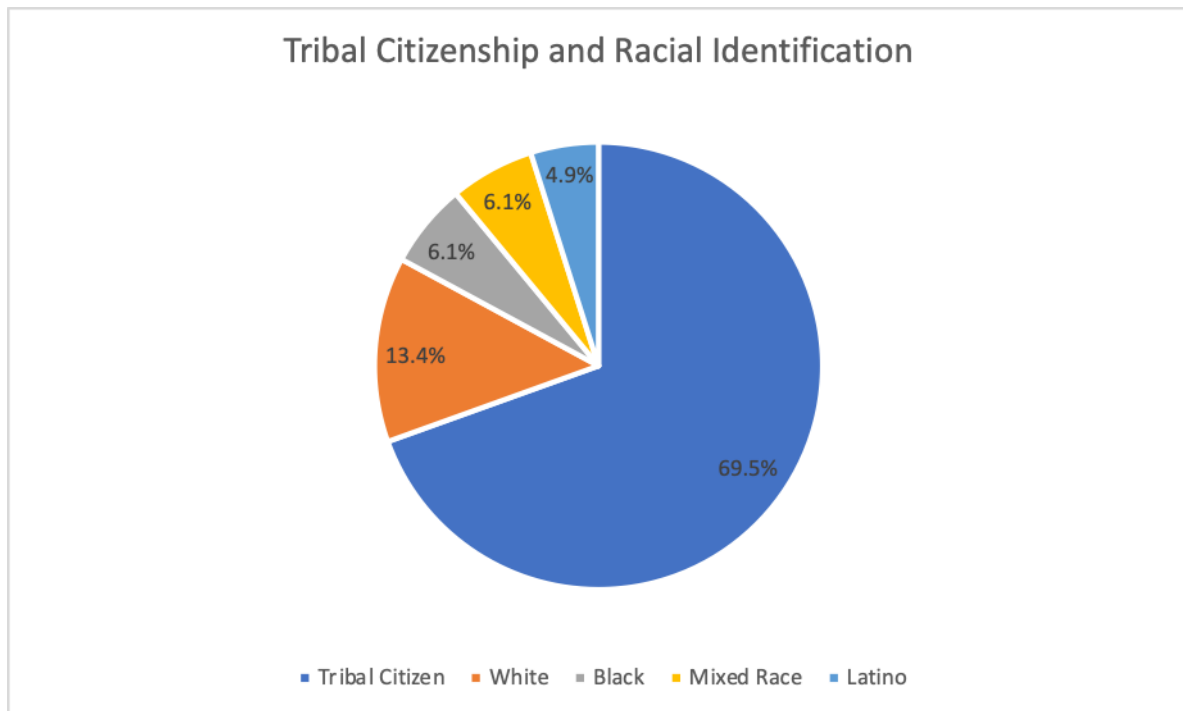
All of the ONAC DPA clients have purchased homes on fee simple land. In Oklahoma, the U.S. Census currently classifies American Indian and Alaska Native areas as being either an American Indian reservation, Oklahoma Tribal Statistical Area (OTSA), or OTSA Joint-Use Areas (more than one American Indian tribe has claim to an area).² Given the *McGirt v.*

² See <https://www.federalregister.gov/documents/2008/11/14/E8-27119/american-indian-areas-aias-program-for-the-2010-census-notice-of-final-criteria-and-guidelines>.

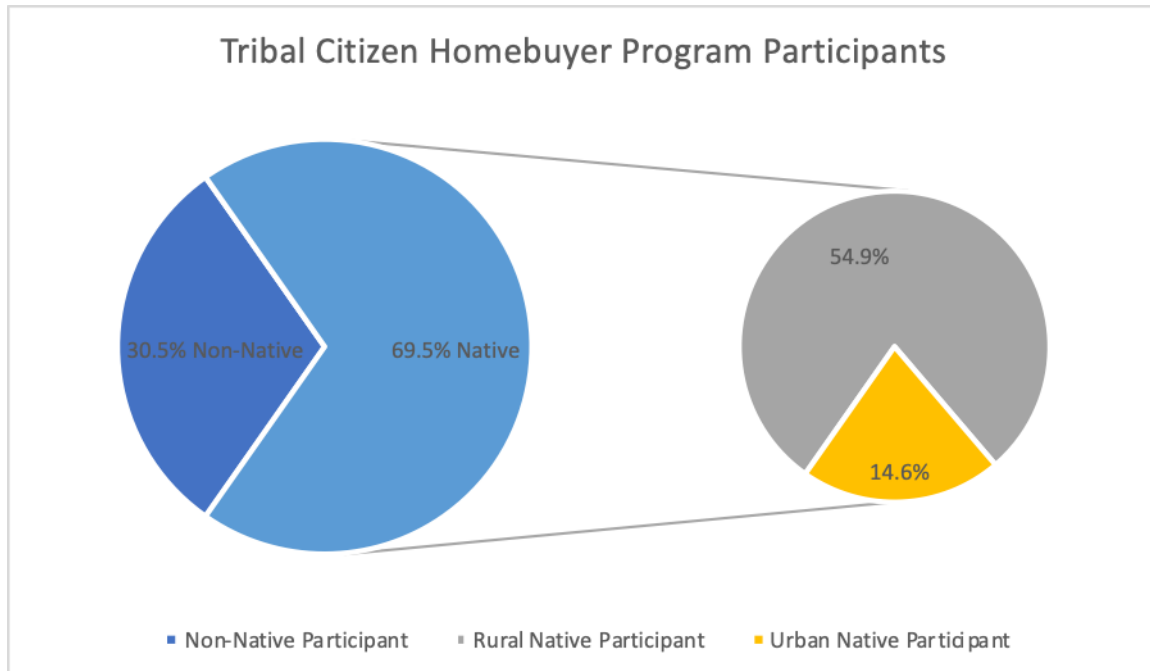
Oklahoma decision, the implications of what are considered reservation land, trust lands, and Oklahoma tribal statistical areas and how those land classifications will impact homeownership lending, foreclosure, and title decisions are still to be determined.

Of the eighty-two homebuyers ONAC has provided DPA to since October 2021, 69.5% (57 homebuyers) were enrolled citizens of thirteen tribal nations. Not included in this Native count were five homebuyers who noted they were mixed race and either in the process of enrolling with their tribe or who identified as American Indian but were not enrolled members of a federally recognized tribe. Tribal citizens were enrolled in the following tribes: Cherokee Nation of Oklahoma, Choctaw Nation of Oklahoma, The Great Seminole Nation of Oklahoma, Sac and Fox Nation, Citizen Potawatomi Nation, Osage Nation, the Chickasaw Nation, St. Regis Mohawk Tribe, Mississippi Band of Choctaw Indians, The Wichita and Affiliated Tribes, Delaware Nation, and The Muscogee Nation.

The other homebuyers, who were not American Indian or Alaska Native,³ noted they were White (11 clients), Black (5 clients), Latino (4 clients), and mixed-race (5 clients).



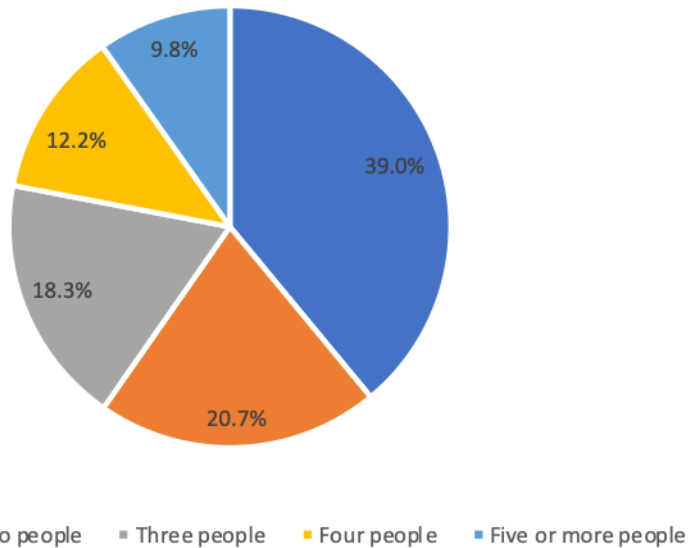
³ ONAC notes that tribal citizenship is not a racial category or identity but is instead a political identity.



For the purposes of this paper, ONAC determined if a homebuyer was residing in an urban or rural area based on the Freddie Mac definition of a rural area. Freddie Mac defines a rural area based on the Federal Housing Finance Agency’s Duty to Serve definition of a rural area as being in a Census tract with a population below 50,000 people.⁴ Based on data from the 2020 Census, of the eighty-two homebuyers in ONAC’s down payment assistance program who were enrolled tribal citizens, 54.9% purchased a home in a rural area (49,999 or less persons) and 14.6% purchased a home in an urban area (50,000 or more persons).

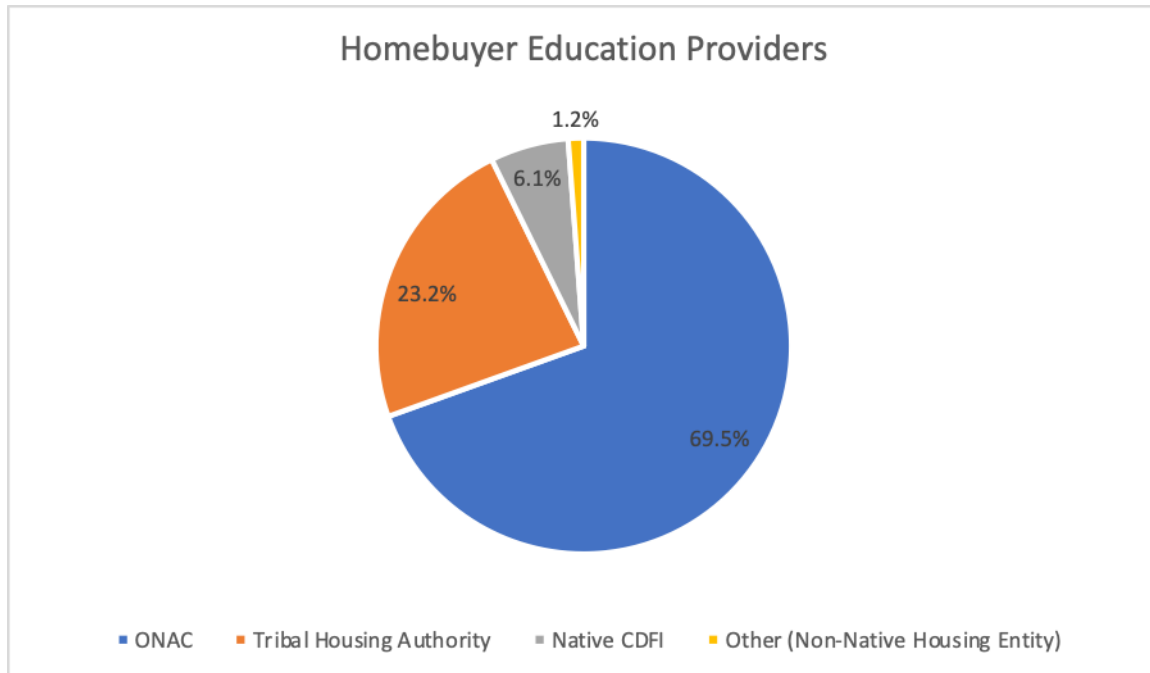
⁴ See <https://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Eligibility-Data.aspx> and https://sf.freddie.mac.com/working-with-us/affordable-lending/home-possible-eligibility-map?_gl=1*1xpt7jj*_gcl_aw*R0NMLjE2ODAyODM2OTguRUFJYUIRb2JDaE1JenQtMmlJMzQ4UUlWQWVPe_kNoMnlaQVVIRUFBWUFTQUFFZ0sxR2ZEX0J3RQ..*_ga*MTk3ODUzODMyOC4xNjgwMjczODQ1*_ga_B5N0FKC09S*MTY4MzY0MjczOS45OC4xLjE2ODM2NDQzODYuMC4wLjA. Also, see https://www.census.gov/content/dam/Census/library/publications/2020/acs/acs_rural_handbook_2020_ch01.pdf.

Homebuyer Program Participant Household Size



Of the eighty-two homebuyers who received ONAC DPA, the majority of the homebuyers were single individuals (39.0%). This finding was likely due to the FHLB income requirements as the FHLB counts all household income for those eighteen and over in the household. A single individual was able to meet the FHLB income requirements more easily than a household with two individuals (20.7%), three individuals (18.3%), four members in the household (12.2%), or five or more people in the household (9.8%). The average household size was 2.43. Of the program participants to date, 50% of the participants had at least one child in the home. The household income varied for the participants with an average homebuyer income totaling \$47,148.

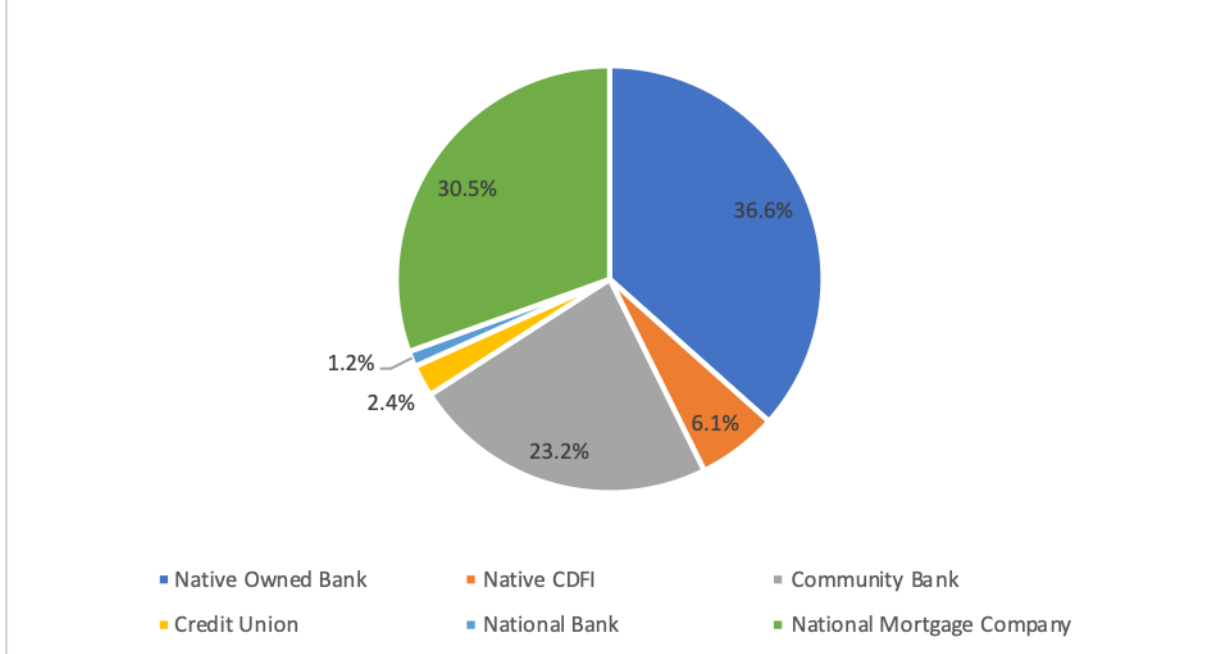
A requirement of the ONAC DPA program is that participants complete homebuyer education. If an applicant had already completed homebuyer education that met the FHLB Topeka requirements, ONAC accepted a signed certificate of completion from a tribal housing authority (also known as a Tribally Designated Housing Entity or TDHE), non-Native HUD-certified agency, etc. Of the eighty-two participants to date, ONAC worked with 69.5% of the participants to satisfy the homebuyer education requirement. TDHEs provided 23.2% of the program participants with homebuyer education training, one Native Community Development Financial Institution provided 6.1% of the program participants with homebuyer education, and one non-Native housing entity provided 1.2% of the program participants with such education. One of the TDHEs required those they serve to complete six months of homebuyer education with their staff members.



Participants in the ONAC DPA program were offered free financial coaching and additional Native-specific financial education as part of their program participation. These additional resources, beyond the homebuyer education, are not mandatory. Interested participants worked one-on-one with one of ONAC’s Native financial coaches to complete the additional coaching and education prior to purchase of their home. ONAC continues to offer these Native homebuyers, over time, additional wrap-around asset-building opportunities such as seed funding for CSAs and emergency savings accounts and information about Native banking access and free tax preparation services.

From the inception of the ONAC DPA program in November 2021 to October 2023, ONAC has worked with twenty-six lenders. By the time the applicants apply to ONAC for down payment assistance, they have found a lender. ONAC has no say in which lender the participants have selected. Of the twenty-six lenders, the two lenders who worked with the majority of ONAC’s DPA clients have been tribally-owned financial institutions/Minority Depository Institutions (23 homebuyers served by one Native-owned bank and 7 by the other bank). One Native CDFI provided five homebuyers with financing (plus two subordinate loans for DPA participants that had primary financing by other lenders). Ten community banks provided nineteen homebuyers with mortgage loans. Additionally, two credit unions each provided one homebuyer with a mortgage loan; one national bank provided one homebuyer with a home loan; and ten national mortgage companies provided a total of twenty-five borrowers with a mortgage product.

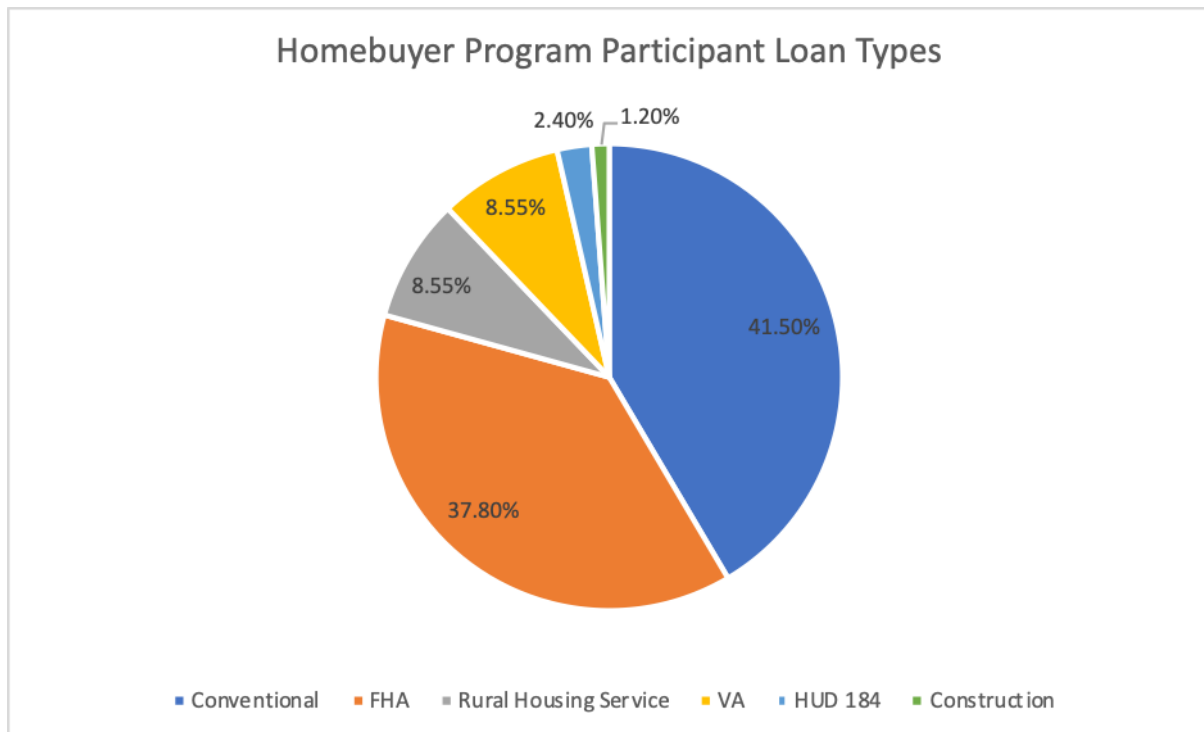
Homebuyer Program Participant Lender Types



The twenty-six lenders provided various loan products to the homebuyers. As a down payment assistance provider, ONAC was not involved in the selection of loan products per participant. However, ONAC noted the following to homebuyers on its down payment assistance application: Borrowers must be approved for a qualified mortgage loan product that is fixed rate and fully amortizing. Programs with products that meet such requirements include but may not be limited to Section 184 Indian Home Loan Guarantee Program; Veteran Affairs (VA) Guaranteed Home Loan Program; Federal Housing Administration (FHA) Title II Program; US Department of Agriculture (USDA) Single Family Housing Guaranteed Loan Program (“Rural Development”); and Conventional Agency Loan Programs offered through Fannie Mae, Freddie Mac and/or the Federal Home Loan Bank’s Mortgage Partnership Finance programs. Based upon the closing disclosures, per homeowner, the participants had the following loan types: thirty-four conventional loans (41.5%); thirty-one Federal Housing Administration (FHA) loans (37.8%); seven United States Department of Agriculture Rural Housing Service (RHS) loans (8.55%); seven Veteran’s Administration (VA) loans (8.55%); two HUD Section 184 Indian Home Loan Guarantee Program loans (2.4%); and one construction loan (1.2%). The conventional loans, as noted on the closing disclosures, are loans not guaranteed by the government and may be held in-house by the lender or sold on the secondary market.

For a variety of reasons, the Native participants in the ONAC DPA program have not frequently received Native-specific loan products. Some of the urban Native borrowers are not purchasing homes on federal trust lands or in tribal areas and thus do not qualify for some of the Native loan products. Others have chosen a lender that does not offer such Native-specific loans such as a HUD 184 loan. Still other participants, given their income, credit score, the proposed interest rates on loan products, and the amount saved for a down payment, find conventional loan products to better meet their home purchase needs. To date, two of the eighty-two participants received a HUD 184 loan (one provided by a national mortgage company and one by a tribally-

owned bank). Also, as of October 2023, none of these Native homebuyers have received the USDA Rural Development Section 502 Direct Loan Program, Freddie Mac HeritageOne, or a Native American Direct Loan (NADL) Program loan. Related to the latter loan product, of the thirty-eight federally recognized tribes in Oklahoma, four tribes have a NADL MOU with the Veteran’s Administration that would allow tribal citizens of those four tribes to access a NADL loan on federal trust land. Those four tribes include: The Muscogee Nation, Osage Nation, Ponca Tribe of Indians of Oklahoma, and The Great Seminole Nation of Oklahoma.⁵ In Kansas, one tribe, the Prairie Band Potawatomi Nation, has signed a NADL MOU.⁶ As a Native DPA provider, ONAC encourages clients to be informed about various loan products available to them and to work with their lenders to choose a product that makes the most financial sense for them as they purchase their home.



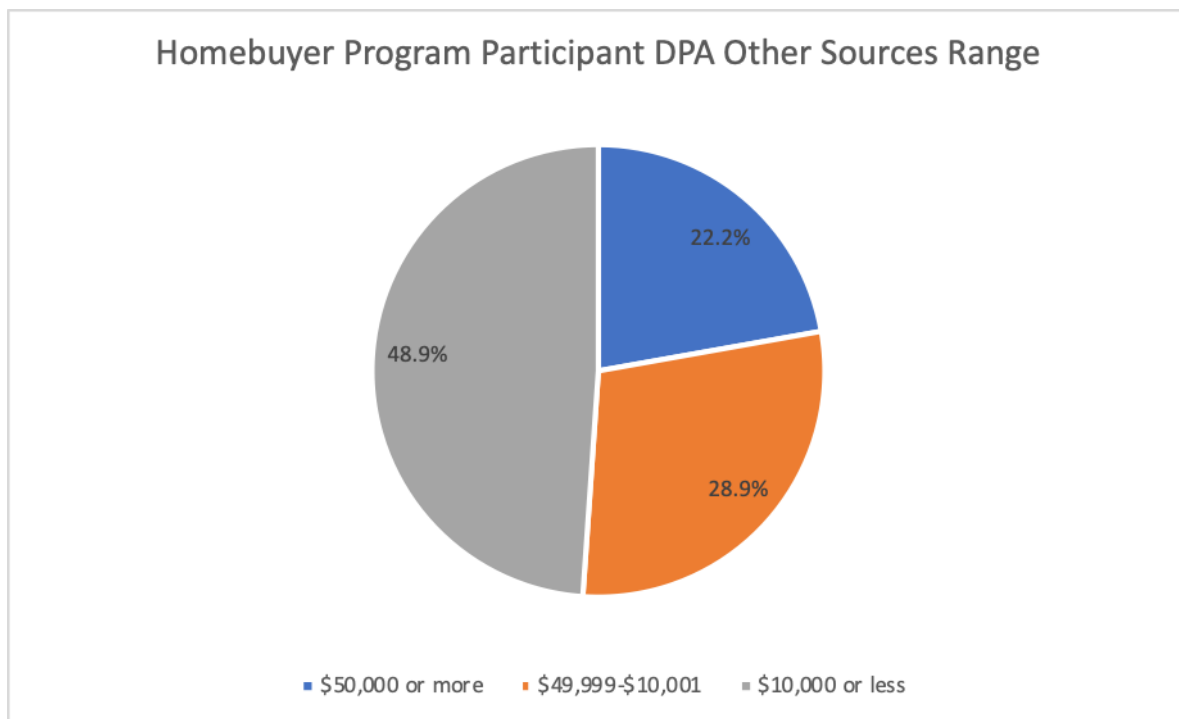
Based upon the closing disclosures, the average sale price of the homes purchased by ONAC DPA clients was \$138,400. The average interest rate of the participants, from November 2021 to October 2023 was 5.587%, with the highest rate being 7.250% and the lowest 2.680% (financing for construction loan from the one Native CDFI lender).

The ONAC down payment assistance may be layered with monetary gifts from an employer or family (including gifts of equity), assistance from the Oklahoma Housing Finance Agency (OHFA), down payment assistance from tribal governments and other nonprofits, a grant from a lender, and with forgivable grant funding from the FHLB Topeka Homeownership Set-aside

⁵ For information about the NADL loan, see https://www.benefits.va.gov/homeloans/nadl_mou.asp.

⁶ See the NADL list for Kansas: https://www.benefits.va.gov/homeloans/nadl_mou.asp.

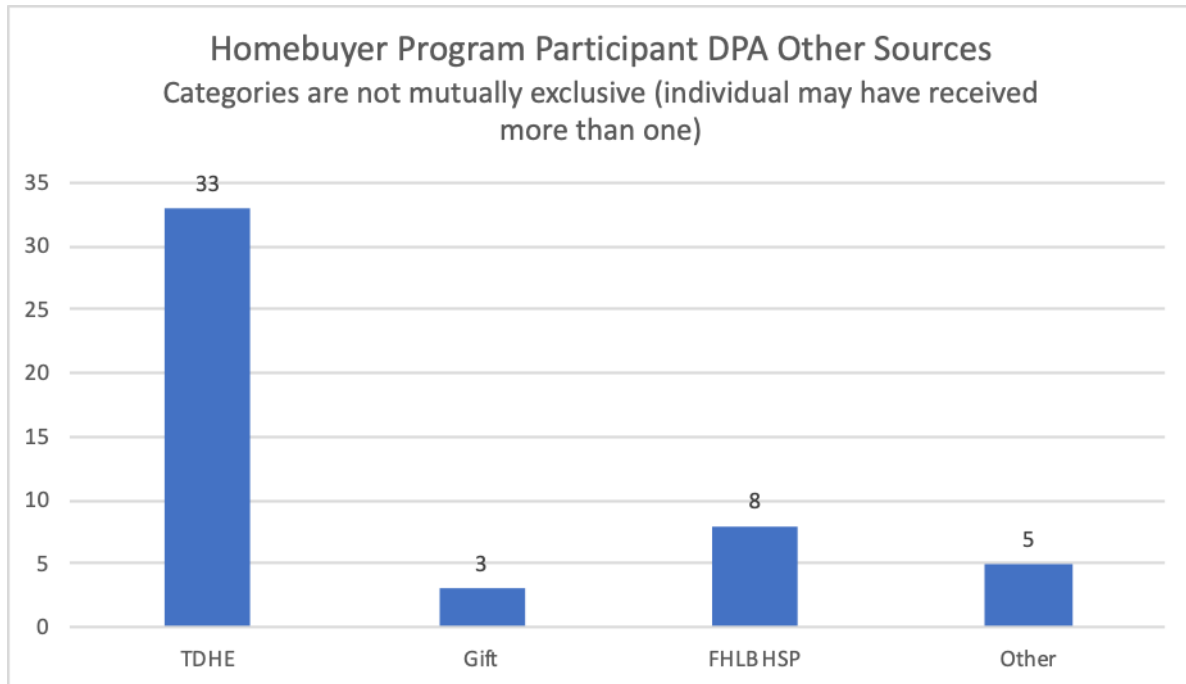
Program (HSP).⁷ Of the eighty-two participants, forty-five received other funds that were layered with ONAC’s DPA grants to assist the homebuyer to afford the home they were purchasing (some participants received funds from more than one source). The gifts from family ranged from \$2,000 to \$32,762.10. The assistance from the OFHA for one homebuyer was \$7,875. Some tribal government programs and TDHEs provide grant funds for their tribal citizens. Of the eighty-two ONAC DPA clients, thirty-three received down payment assistance grants from one of six TDHEs or other tribal down payment assistance programs. These gifts ranged from \$1,705.99 to one tribe providing \$50,000 in assistance per homebuyer. (It is necessary to note that some tribes do not have funding to offer for DPA. ONAC happened to work with several tribes that have offered such assistance to their tribal citizens who were also ONAC DPA clients). Two of the eighty-two participants received funding from a non-Native-led nonprofit in Tulsa, Oklahoma (\$10,000 each). One lender provided one participant with \$3,000 in non-repayable housing grant funds. One FHLB Topeka member bank provided HSP to eight participants with grant amounts ranging from \$6,000 to \$7,500 per participant. Given the rising interest rates⁸ and home prices⁹ over the past several years, this layering option has helped low-income families to achieve homeownership.



⁷ For more information about the HSP program, see <https://www.fhlbtopeka.com/services-and-programs/community/homeownership-set-aside-program>.

⁸ See FRED Economic Data, Federal Funds Effective Rate, <https://fred.stlouisfed.org/series/fedfunds>. See list of federal funds rate increases from March 17, 2022 to July 26, 2023: <https://www.forbes.com/advisor/investing/fed-funds-rate-history/>.

⁹ National Association of Realtors (NAR) notes increase of median sales price over the past year: <https://www.nar.realtor/newsroom/existing-home-sales-decreased-0-7-in-august>.



Barriers to Homeownership and What is Working in the Field

From ONAC’s experience of providing down payment assistance for two years, ONAC staff have a better understanding of barriers to Native homeownership and also what can work for those offering such assistance to Native homebuyers in need of assistance to purchase a home.

Throughout this paper, ONAC has alluded to barriers to homeownership in relation to its down payment assistance programming. Several of these barriers include DPA applicants earning more than 80% AMI and not meeting FHLB Topeka income regulations. Three ONAC DPA applicants were slightly over income (80.0005% to 82.20% AMI for the county in which they intended to purchase a home). Eleven others had income between 86.75% to 99.90% AMI; four had income between 101.14% to 115.09%; and two applicants had income above 120% AMI. One-time pay (such as COVID pay) and bonuses are counted as annualized other income and included in the FHLB Topeka income calculations, as are SSDI, VA disability payments, and child support payments. ONAC has found that veterans who are still working and receiving disability payments are over income for the program. Some applicants, given the increase in interest rates and home prices have been unable to secure a contract and purchase a home. Still others experience issues during the inspection and underwriting processes that they do not overcome to purchase the home. Given funder regulations about how TDHEs, tribal programs, and Native-led nonprofits can offer their DPA (age of the home, income limitations, location of the home outside of tribal areas, length of time a prospective homebuyer must be in a homebuyer education program and how quickly they need to close on a home, inability for DPA to be used on tribal trust lands, etc.), Native DPA providers have limitations on whom they can serve. These limitations, in turn, reduce the numbers of Native homebuyers that receive needed DPA. If public and private funders provided funding for DPA with less stipulations, Native providers could assist more Native families. When ONAC used its own discretionary funding, or funding

from a funder that was free of stipulations about DPA use, the process was more efficient and moved more quickly (an estimated five hours per client rather than fifteen).

There are additional barriers to homeownership in Native communities that can slow down the process for a homebuyer to purchase a home. If a TDHE is using Native American Housing Assistance and Self Determination Act (NAHASDA) funding to provide DPA to their tribal citizens, they must conduct an environmental review of either the existing structure or the raw land that, for example, a manufactured home is placed on or a new home is built upon. Due to EPA regulations related to the protection of certain species, the environmental reviews on raw land may take up to four months to complete. This delay may result in the prospective homebuyer being unable to lock-in a mortgage rate and, thus, having a higher rate. Delays may include, for example, that a protected species of bats is hibernating during a particular time of the year, which impacts the timing of the environmental review on the land or that no tree clearing may be completed on raw land when the bats are mating or caring for their young. Additionally, included under the environmental review is tribal consultation with fish and wildlife service as well as with other tribal nations that had historic ties to the land. If a tribe with connections to the land requests an archeological survey, this can add an additional two to three months to the process to make sure there are no burials, for example, on the land. While the federal support of Native housing is needed, it is also true that the related consultations and protections of certain species do impact the costs associated with a mortgage and the timing of constructing a home.

Over the past two years, ONAC has noted a minimum of eight DPA successes. These successes demonstrate what is working in the Native asset-building field as it relates to increasing Native homeownership. The first success is that the layering of ONAC DPA grants with other DPA, including gifts from family and employers, HSP support from the FHLB Topeka, and grants from other entities, has helped over half of ONAC's DPA clients to successfully purchase a home. The second success is ONAC's raising of discretionary funds to provide the organization with financial breathing room to fund DPA grants. It was necessary for ONAC to raise these discretionary funds for instances when a subsidy request was denied by the FHLB Topeka. Such funding also provided ONAC with the resources to offer a smaller pool of DPA grant funding, as those limited funds have been available. As ONAC has secured various sources of funding for DPA, it has been able to serve more DPA clients that are in both urban and rural areas. Third, as title companies, tribal and non-Native housing programs, and lenders have more experience working with ONAC on the DPA program, these partners become more efficient and the DPA clients move through the process more quickly. Fourth, as ONAC and the FHLB Topeka accept the homebuyer education certificates from other partners, such as TDHEs, DPA clients who were already on a tighter timeline to close on a home do not duplicate their homebuyer education classes. ONAC, as a nonprofit that is not a CDFI, provided 69.5% of the homebuyer education for DPA clients and accepted homebuyer education certificates from the other 30.5% of program participants who had completed such education prior to applying to ONAC for DPA support. Fifth, ONAC has been working with a number of trusted partners, including financial institutions, title companies, tribal programs, housing authorities, other nonprofits, Native CDFIs, etc. to provide outreach for, and implement, the DPA program. These relationships take time to develop and these partners help ONAC to provide quality programming that meets community needs. Sixth, as ONAC provides integrated asset-building programs, ONAC DPA clients benefit from opportunities to also access ONAC-funded Children's Savings Account and

emergency savings account programs, free tax preparation from ONAC partners, banking access resources and Bank On account incentives, credit building resources, and free financial coaching prior to, and after, the home purchase. Seven, the FHLB Topeka and ONAC's DPA policies about minimal to no cash back (depending upon the source of DPA funding) ensures the DPA is used to help grow the net worth of the client by purchasing a home. Depending upon ONAC's source of funding for the DPA, the DPA may be used for down payment and closing costs (including interest rate buydown) and principal reductions instead of cash back to the borrower. Finally, the eighth success, given the data from the ONAC DPA program to date, is that tribally-owned banks and national mortgage companies are the two types of lenders that ONAC DPA clients have most-frequently chosen as their lenders. These two types of lenders have been instrumental in helping Native families purchase homes. ONAC also appreciates partnerships with the other lenders assisting with the program. These eight successes help to tell more of the story about what is working in the field.

Suggestions for Support of Native Homeownership

Based on ONAC's DPA program implementation experience, and the data from the program, ONAC recommends the following five suggestions for increased Native homeownership:

- 1) For funders supporting DPA programs, increase the income limits over 80% AMI per household to at least 120% AMI. If increased tribal homeownership rates are a goal, and there is a desire to rectify the impacts of broken federal trust responsibilities and related Native asset-stripping in the U.S., consider no DPA income limits for first-generation and other Native homebuyers.
- 2) U.S. federal departments and government-sponsored enterprises should offer options for Native-specific, conventional loan products, etc. for all tribal citizens regardless of where they reside in the U.S. Tribal citizens live in urban and rural areas throughout the country. Help them all to access loan products that meet their financial needs and their ability to purchase homes wherever they wish to live regardless if they are residing on trust lands, in a city, or in a state with fewer tribal citizens and no reservations. While still addressing barriers to homeownership for tribal citizens residing on trust and restricted land, with 87% of AIAN residing outside of tribal statistical areas,¹⁰ we must address the myth that Native homebuyers are only purchasing homes on reservations or trust lands.
- 3) Philanthropic and federal partners increase support of Native DPA programs. Provide flexible funding for down payment assistance to help tribal citizens to afford homes given the current interest rates and housing costs. Help those in the Native asset-building field, which are providing DPA, to offer as much DPA as possible to help with down payment and closing costs (including interest rate buydown) and principal reductions. Support the layering of DPA by various partners in the Native asset-building field.
- 4) Philanthropic partners, nonprofit research and policy groups, trade associations, and federal departments should provide support to all the entities in the Native asset-building ecosystem (including the nonprofits that are not CDFIs, TDHEs, Native CDFIs, and tribal

¹⁰ According to the U.S. Department of Health and Human Services Office of Minority Health, "The 2020 Census reveals that 87 percent of those who identify as AI/AN alone or in combination population live outside of tribal statistical areas, 13 percent live on reservations or other trust lands." See <https://minorityhealth.hhs.gov/american-indianalaska-native-health>. Also see the National Urban Indian Family Coalition, <https://www.nuifc.org>.

government programs, etc.) so they can all provide the niche wrap-around development services and DPA grants necessary to help prepare Native families for homeownership. To address the misnomer that the majority of Native DPA grant programs are administered by Native CDFIs,¹¹ and the recent proposal that CDFIs, nonprofit community lenders, FHLBs, community development credit unions, minority depository institutions, depository and non-depository mortgage lenders, and state housing finance agencies **may be the proposed entities** to access federal funding to administer DPA grants,¹² ONAC recommends financial support must **also** be available to all of the Native nonprofits that are not CDFIs (such as ONAC and other Native nonprofits), tribal government programs, and the TDHEs that are already providing targeted homebuyer education, financial coaching services, and down payment assistance grants in underserved Native communities.

- 5) Federal and other partners should more frequently acknowledge the more invisible lenders working in this space, such as tribally-owned banks, national mortgage companies, and community banks and strive to include them in conversations about increasing Native homeownership. Based on the data from the ONAC DPA program, ONAC and its partners are often seeing that larger lenders (such as national mortgage companies, community banks, and some of the tribally-owned banks) are able to provide lower mortgage rates for conventional loan products. ONAC appreciates working with all the lenders it has worked with to deliver DPA.

Conclusion

This white paper explores some of the realities of a Native-led nonprofit that provides down payment assistance. ONAC authored this paper to contribute micro-level data to the national Native homeownership conversation. With more data provided by those who are on the ground and doing this work (and who have not always been included in the conversations about what is working and the barriers they, and those they serve, face), ONAC recognizes that this data shows the Native nonprofits that are not CDFIs, TDHEs, tribal government programs, tribally-owned financial institutions, Native CDFIs, etc. can assist those designing Native lending products and all of the partners serving Native homebuyers in urban and rural areas. Working together, those in the Native asset-building ecosystem, and their partners, can continue to increase Native homeownership rates in the U.S.

¹¹ ONAC's review of sixty Native CDFI websites found that two Native CDFIs offered down payment assistance grants in the U.S. Six other Native CDFIs offered down payment assistance loans that the borrower has to repay to the Native CDFI. See <https://nativecdfi.net/members/find-a-native-cdfi/> for a map of a majority of the certified Native CDFIs in the U.S. From ONAC's DPA data and work in the Native asset-building field, ONAC has found that tribal housing authorities, tribal government programs, and Native-led nonprofits that are not CDFIs are providing the majority of DPA grant funding in Native communities.

¹² See First Generation: Criteria for a Targeted Down Payment Assistance Program. A Proposal from the Center for Responsible Lending and the National Fair Housing Alliance, May 21, 2021, pp. 1-6. <https://www.responsiblelending.org/research-publication/first-generation-criteria-targeted-down-payment-assistance-program>.

For Further Information

To learn more about ONAC's programs and research, please see <https://www.oknativeassets.org>.