

NDHFA Receives Approval to Fund Home Loans on Indian Reservations

BISMARCK – Today the North Dakota Industrial Commission authorized the North Dakota Housing Finance Agency (NDHFA) to purchase home loans on Indian reservations under its Indian Finance Initiative. NDHFA will work with the four North Dakota tribes and lenders across the state to set up a program to carry out the Initiative.

"The greatest housing needs of our state are on the reservations," said Gov. Ed Schafer. "The ability to finance homes on the reservations will be a tremendous asset to addressing this need."

After years of waiting for the Internal Revenue Service to clarify language in the tax code, NDHFA finally received a response in early March. In 1996 NDHFA started the process to obtain an IRS interpretation of the federal regulations that must be followed to issue tax-exempt mortgage revenue bonds. NDHFA issues these bonds and uses the proceeds to purchase loans under the First-Time Homebuyer Program.

"We recognize that the NDHFA has been trying to address this need for several years," said Commissioner of Agriculture Roger Johnson. "We are pleased that the IRS has ruled in our favor enabling NDHFA to use this lower cost finance program in addition to the home loan financing presently available."

"Not only is homeownership a need on Indian reservations but homebuyer education is also necessary," said Attorney General Heidi Heitkamp. "NDHFA has been instrumental in setting up the Statewide Homebuyer Education Task Force to help address this concern. Several education sessions have been held on the reservations and more are scheduled."

"NDHFA will now start the process of working with the various entities involved in making home loans to determine which types of loans can be made and what must be put in place to facilitate those loans," said Pat Fricke, Executive Director of the NDHFA.

NDHFA has determined that HUD 184 guaranteed loan transactions on fee title land are eligible loans immediately. Acceptance of other land types and loan types can be expanded as documentation is identified and approved by various parties, including tribal governments. NDHFA staff will be attending specialized training for lending on Native American lands in April. Shortly thereafter training for North Dakota lenders and tribes will be sponsored by NDHFA.

The North Dakota Housing Finance Agency is overseen by the Industrial Commission of North Dakota consisting of Gov. Edward T. Schafer, as Chairman, Attorney General Heidi Heitkamp, and Commissioner of Agriculture Roger Johnson.