



# Fannie Mae Conventional Loan Options on Tribal Trust and Restricted Lands

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# What is Fannie Mae?

- Fannie Mae (FNMA) is a government-sponsored enterprise (GSE) established by Congress to improve access to mortgage loan capital in the US.
- Our mission is to expand homeownership by supporting a “secondary market” for mortgage loans (more on this on the next slide).
- We are regulated and accountable to our regulator, the Federal Housing Finance Agency, and ultimately to Congress.
- FNMA currently buys and guarantees mortgage loan payments for about 40% of all single-family mortgages that are made across the country. The rest are typically sold to Freddie Mac (another GSE), insured by FHA, VA, or USDA, or held in portfolio by banks



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# What is Fannie Mae's Commitment to Native American Communities?

- Fannie Mae's public mission mandates that it promote access to affordable mortgage financing in all markets at all times.
- Tribal Trust and Restricted land should be served by this mission, provided Fannie Mae and Tribes can work together to adhere to Tribal laws and respect their sovereignty.
- Additionally, Fannie Mae has a regulatory "Duty to Serve" plan, which includes several objectives to increase options for Native Americans seeking to purchase or refinance home loans.



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# How Does FNMA Help Rural and Native American Communities Under “Duty to Serve”?

- What is Duty to Serve?
  - Loan Purchases
  - Investments
  - Outreach and Technical Assistance
  - Loan Products



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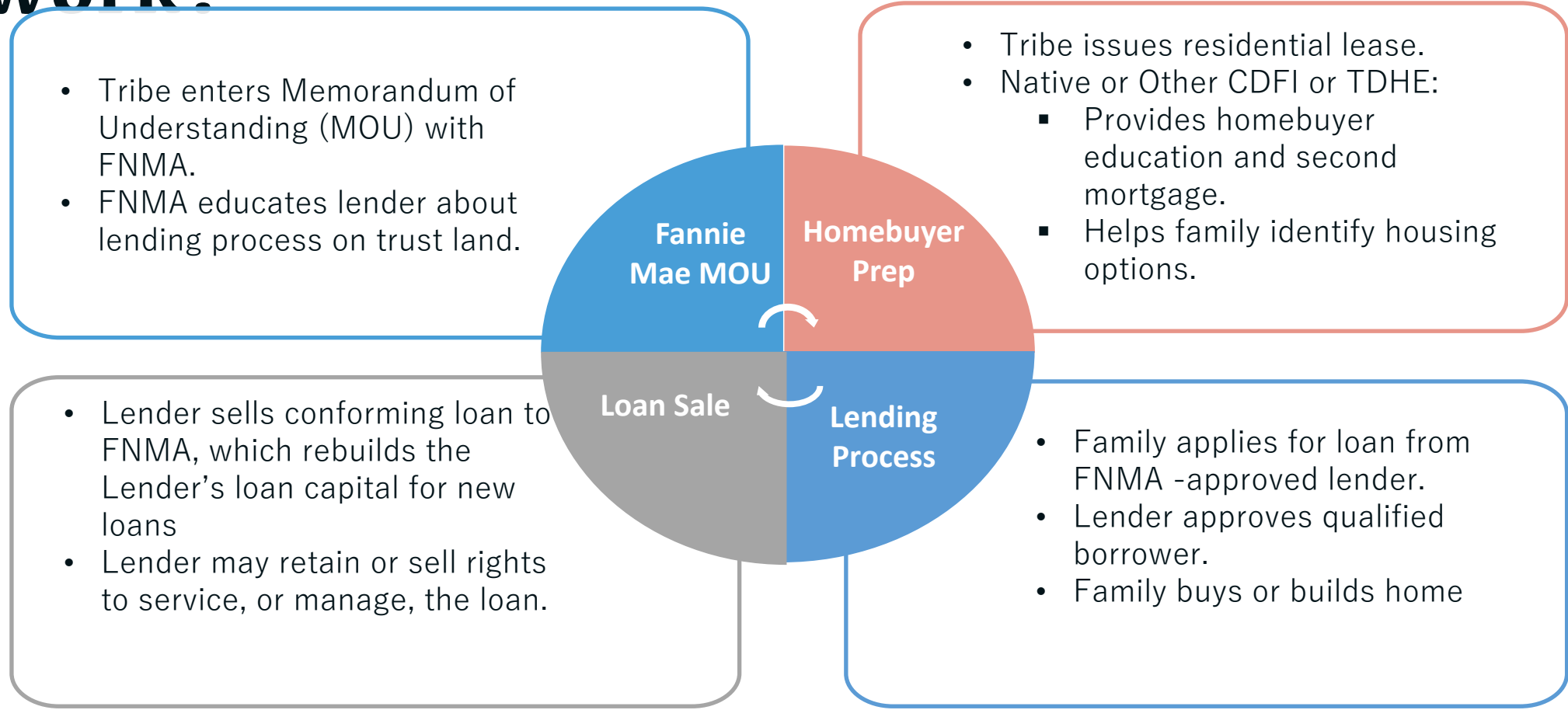
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# What are Conventional Loans and How Do They Work?

- A conventional mortgage is one that is not guaranteed or insured by the federal government, such as a HUD 184 or USDA 502
- Most conventional mortgages are “conforming,” which simply means that they meet the requirements to be sold to Fannie Mae.
- FNMA sets the guidelines for conventional loans that it will purchase from its approved lenders and sell to investors, such as pension funds or insurance companies. Afterwards, it remains involved as a guarantor, meaning it is responsible for any payments missed by the borrower in the event of a default.
- This flow of financing is referred to as the secondary market. Ultimately, the secondary market lenders to lend to more borrowers than they would otherwise be able to.



# How does Fannie Mae's (FNMA) Native American Conventional Lending Initiative work?



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# What Are the Benefits of Conventional Loans on Tribal Trust or Restricted Land?

- Lenders work with borrowers to understand all of their options, but for many, a conventional loan may be the best fit. A few potential advantages include:
  - No income limits for most products, clear loan limits
  - No upfront mortgage insurance premium
  - Mortgage insurance is cancellable
  - Low down payment with flexible funding sources
  - Applicable to many different types of properties, including MH
- Lenders can either seek approval to sell loans directly to Fannie Mae or to sell loans indirectly through an already-approved lender



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# What Happens in the event of a Default and Foreclosure?

- As with all Fannie Mae-backed loans, when a borrower becomes delinquent, loan servicers are required to explore solutions that may help the borrower avoid default and eventual foreclosure.
- In the event of a default, processes are defined by the MOU and supporting documents agreed upon between the Tribe and Fannie Mae. While each Tribe negotiates the specific terms of its MOU, these are common features:
  - Right of First Refusal for the Tribe to acquire the property after default
  - Jurisdiction of the Tribal Court over the foreclosure process
  - Inability of a non-member of the Tribe to purchase the property outright





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# Where Are We Today?

- Native American Conventional Lending Initiative (NACLI)
  - Four Tribes with approved FNMA MOUs
  - Active participating FNMA approved lenders
  - Technical assistance is being provided nationwide, with on-the-ground support located in New Mexico, South Dakota, and Montana
  - 10 Tribes have MOUs in place or are in the process of reviewing and potentially adopting MOUs
- Homeownership Counseling provided to over 1,100 mortgage-ready households through partnership with Oweesta
- Technical assistance to organizations providing multifamily housing
- Research into potential investments in Native CDFIs continues



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# How Do You Partner With Fannie Mae?

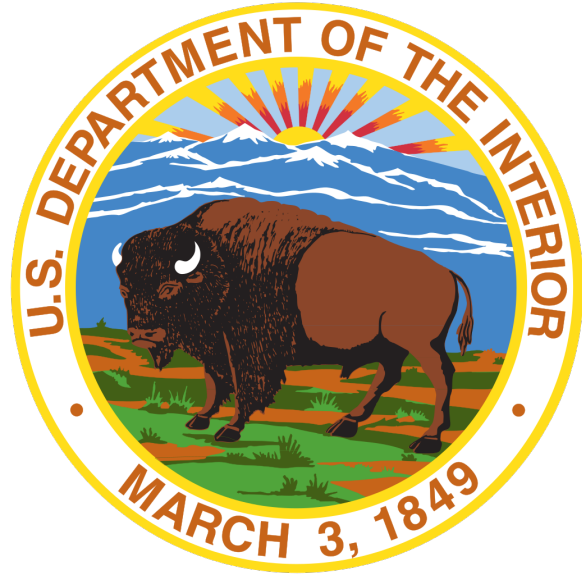
- As we will discuss more during today's panel, Tribes and Lenders enter into agreements with Fannie Mae to establish a conventional mortgage program on Tribal lands.
- Check out our webpage for more detail:  
<https://www.fanniemae.com/singlefamily/native-american-lending>
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