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BUREAU OF INDIAN AFFAIRS Tozier - Interior 4306

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BIA AND FHA OPEN UP POSSIBILITIES FOR FHA-INSURED LOANS ON INDIAN RESERVATIONS

The Bureau of Indian Affairs of the Department of the Interior and the Federal Housing Administration of the Housing and Home Finance Agency today jointly announced the signing of an agreement opening up new possibilities for FHA-insured financing of home building and housing improvements on Indian reservations.

Such financing has been available in the past, but its availability has been limited by complications arising from the trust or restricted status of most Indian-owned land.

Under the new agreement, FHA, if its normal requirements are met, will insure mortgages on land owned by Indians in trust or restricted status as well as mortgages on Indian leaseholds. A procedure has been established to assist lenders in obtaining the necessary consent by the BIA to the execution of a mortgage by an Indian on trust or restricted property.

In the case of lands leased by Indian applicants, the lease must have an unexpired term of at least 50 years from the date of mortgage execution and must be in a form approved by FHA. A lease executed for 25 years and simultaneously extended for an additional 25 years will meet this requirement.

The Bureau of Indian Affairs agreed to furnish mortgagees or FHA, upon request, with available credit information on Indians applying for FHA-insured loans and to assist Indian borrowers in discharging their obligations under the insured mortgages.

The agreement was signed by Commissioner Philleo Nash of the Bureau of Indian Affairs and Commissioner Neal J. Hardy of the Federal Housing Administration.

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