



Southwest Tribal Housing Alliance

C/O Pascua Yaqui Housing Department

4720 W. Calle Tetakusim

Tucson, Arizona 85757

ARIZONA – NEW MEXICO – WEST TEXAS

**FANNIE MAE DUTY TO SERVE UNDERSERVED MARKETS PLAN
HIGH NEEDS RURAL POPULATIONS 12 CFR §1282.35(c)(2)**

ISSUE STATEMENT: The level of effort identified in Fannie Mae's Duty to Serve Underserved Markets Plan relating to Members of Federally Recognized Tribes in Tribal Areas is inadequate given the growing demand for private sector investments to support mortgage lending, low-income housing tax credit financing and related economic self-sufficiency efforts on tribal lands.

It is the Southwest Tribal Housing Alliance's (SWTHA) position:

- **PARTNER DIRECTLY WITH TRIBES:** Fannie Mae's plan refers to various finance, insurance and other industry professionals but fails to acknowledge the number and diversity of tribes across the United States. In addition, the plan's language includes Native Americans with agricultural workers. A special effort to work with tribal governments and their designated departments or relevant entities is highly recommended in order to acknowledge and address the legal jurisdiction of tribal governments for activities on tribal lands. (Objective #1, Page 188)
- **ADDRESS CULTURAL ISSUES IE; TRIBAL VALUES:** As discussed in the listening session in Chandler, Arizona with the tribal leaders and housing staff, the tribal communities' interpretation of values varies greatly from the western idea of financial values. Understanding these various differences by partnering with the tribes will ensure that the financial management and homeownership counseling material that can be utilized and supplied by Fannie Mae includes these values to provide successful training programs and therefore ensuring compliance with the lenders loan requirements. On-going meetings and collaboration would also help with the implementation of the plan and to encourage continued participation from the tribes.
- **DIRECT FUND TRIBAL PROJECTS:** Fannie Mae's plan refers to reinitiating the Native American Conventional Lending Initiative (NACLI) where it would purchase from banks conventional loans made to Native Americans. However, a more robust effort by Fannie Mae should include direct lending to tribes for their projects in a way that replicates, compliments or augments existing federal loan guaranty programs where tribes pledge future federal funding allocations as a repayment guaranty. (Objective #2, Page 191)
- **SUPPORT NATIVE CDFI's:** Fannie Mae's plan calls for investing in Community Development Financial Institutions to facilitate financing in essentially niche markets where conventional financial institutions fear to tread. However, previous CDFI investments by Fannie Mae were limited to those capitalized at a minimum of \$50 million. The resulting investments were to non-Native CDFI's that lack knowledge, capacity and experience working in tribal communities. A specific effort by Fannie Mae to support certified Native CDFI's is strongly encouraged. (Objective #5, Page 194)



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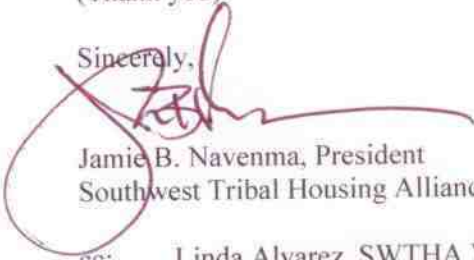
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Fannie Mae continues to set industry standards through its significant influence as a secondary market and intermediary to the capital markets for mortgage lending. As such, it is most appropriate for Fannie Mae to take a leadership role in expressing confidence for the development of mortgage markets and increased investments on tribal lands by conventional financial institution. Given the expected loss of federal funds by tribes under the current Executive Administration, facilitating broader partnerships between financial institutions and tribes is critical. Finally, tribal elected leaders maintain the sovereign authority to regulate affairs within the exterior boundaries of Indian reservation lands. As such, many if not all of the requirements related to such issues as the recording of mortgages, resale, lien priority, foreclosure, and eviction fall within the purview of tribal governments and their cognizant federal agencies. As such, a closer working relationship between Fannie Mae and tribes is paramount.

Change cannot happen without partnerships. The effectiveness of Fannie Mae in Indian Country will only be as strong as your ability to innovate and build partnerships with the stakeholders who best understand these markets and given your secondary market role, you can only do these activities through lenders, and in partnership with tribal leadership, TDHEs, credit enhancers, non-profits, governmental entities and investors and others.

The Southwest Tribal Housing Alliance membership look forward to working with Fannie Mae and its staff and developing long term and meaningful partnerships to ensure the success of the Duty To Serve Underserved Markets Plan and the success of the tribal housing projects across the country. Kwa'kwah (Thank you).

Sincerely,



Jamie B. Navenma, President
Southwest Tribal Housing Alliance

cc: Linda Alvarez, SWTHA Vice-President
SWTHA Board of Directors