June 21, 2024
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

Regarding a Request for Input: Input on Application Process for the FHLB AHP

Organization Background

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. Started in 2001, ONAC is an intermediary funder, grassroots network coordinator, and also a direct service provider that works with Native families to build their assets through ONAC's provision of Native-specific financial education and financial coaching, as well as funding of Children's Savings Accounts (CSAs), emergency savings accounts (ESAs), down payment assistance, incentivized Bank On accounts, and emergency cash assistance. ONAC will soon launch a revolving loan fund.

The mission of the Oklahoma Native Assets Coalition (ONAC) is to build and support a 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, free tax preparation, expanded banking access, and other asset-building strategies.

ONAC, while keeping its name, works with tribal citizens across the country regardless of where they reside. For the past several years, ONAC has administered a down payment assistance program. To date, ONAC has provided down payment assistance to 93 participants. ONAC's DPA program is fair housing compliant. It happens that the majority of the participants are American Indian from various Native Nations. Of the 93 participants, to date, ONAC has been reimbursed with FHLB Topeka AHP funding for 66 of the DPA clients we provided DPA for during the past few years. ONAC used discretionary funding and funding from individual donors for the DPA for the other 27 families we have served that may not have met AHP income limits and other eligibility criteria.

FHLB Affordable Housing Program scoring for what is considered a Native entity: It is not clear if the FHLB districts or FHFA has defined a Native organization AHP sponsor as only being a federally recognized Native American Tribes, Tribal Designated Housing Entities, Alaskan Native Villages or the government entity for Native Hawaiian Home Lands. Regardless of which entity is defining a Native sponsor as such, ONAC and other Native-led nonprofits that are a 501(c)(3) with at least 51% of the board of directors and leadership team identifying as American Indian, Alaska Native, or Native Hawaiian and which serve tribal citizens are not considered by FHFA or the FHLB Topeka to be eligible to receive the 5 points maximum for *Sponsorship by a Not-for-Profit Organization* for an AHP application. This understanding of Native organizations is lacking and should be amended to account for the realities in the Native asset-building field and Native homeownership ecosystem, as there are Native-led nonprofits that are not receiving the full points they should for an AHP application. This puts Native-led nonprofits at a disadvantage when applying to the FHLB for AHP support. Under the *Sponsorship by a Not-for-Profit*

ONAC

CREATING AND SHARING STRATEGIES FOR ASSET BUILDING IN NATIVE COMMUNITIES

Organization section, Native nonprofits are only able to receive 2.5 points, instead of 5 points maximum. In competitive AHP applicant pools, this means that Native-led nonprofits may not be awarded enough points to receive AHP funding. Given the mandate that the FHLB system should be serving underserved Native peoples, and Native nonprofits are serving this exact population, this definition should be amended. If helpful, all of ONAC's other funders (federal, foundation, private, etc.) understand that ONAC is a Native-led nonprofit that is serving tribal citizens across the U.S.

The misunderstanding of what constituents a Native-led nonprofit also emerges during the AHP scoring process as Native nonprofits are again not receiving the full 15 points they should for the special needs and other targeted populations (tribal citizens) they currently serve under the *Underserved Communities and Populations* section. This lack of acknowledgement of Native nonprofits again puts them at a disadvantage when they are trying to compete for an AHP application and requires they agree to other scoring commitments that are difficult to fulfill when they are already serving Native peoples that are considered to be special populations by the FHLB and FHFA.

Currently, as designed, the AHP program may not be a good fit for tribal governments or for many Native-led nonprofits. If there was a better fit, there would be tribal government and Native-led nonprofit applicants given the huge demand for DPA in Native communities. Tribal governments are not often in a position to serve others than their own citizens and the AHP program requires they do so in the name of fair housing laws. This may likely be one reason there are not tribal government applicants. Also, tribal governments and Native nonprofits may not utilize the AHP program as there are financial constraints and risks involved with their participation. An AHP sponsor must have discretionary funds that they can use to up-front pay for DPA as well as other funding to cover all the costs of administering an AHP program. Fewer Native applicants may have such funds given the severe lack of philanthropic giving in Native communities and constraints on tribal government funding. It also must be noted that the FHLBs may not choose to reimburse the sponsor for down payment assistance if they find an error in an AHP subsidy request. The lack of reimbursement requires that Native AHP sponsors absorb those financial losses. Additionally, if the sponsor does not meet the commitments they made to the FHLB to receive the points they received during the scoring process for serving the special populations determined by the FHLB, or certain numbers of participants at various AMIs, etc., then the sponsor must return all the reimbursed subsidies to the FHLB. If there is a Native entity that can manage these financial costs and risks, such as a Native-led nonprofit, the FHLB and FHFA should expand their definition of Native so that such Native nonprofits might be successful in their applications and serve underserved tribal citizens. We respectfully request that this oversight be corrected.

Other suggestions for adjustments to AHP implementation which arise during the AHP application process. Given ONAC's experience as an AHP Sponsor for the past several years, we suggest the following:

- **Remove the commitment to offer employment services.** Given the many other jobs of an AHP Sponsor, and that Sponsors do not receive enough funds from the FHLB to cover their costs to offer such services, we suggest that this commitment be removed from the responsibility list of Sponsors.

- **Remove the requirement that a down payment assistance applicant add their handwritten signature to their homebuyer education certificate when the certificate already has their name electronically included on the certificate**. Through the AHP program, Sponsors are serving lower-income families who often have no printer, scanner, copier, or laptop computer at home. Some also have no Internet service. A number are completing applications and homebuyer education on their phone. We have had a number of frustrated applicants who struggled to get us the signed copy of the homebuyer education certificate. When you have a Sponsor working with applicants in multiple states and who are not in an office with them as they are applying or completing their homebuyer education online, Sponsors then have to bring in real estate agents and lenders to help the applicants add their handwritten signature to the certificate and send it to us as the Sponsor.

- **Increase the amount of the Sponsor Fee and Homebuyer Education Fees** so that there are more funds for Sponsors to administer the AHP program and cover more of their program costs. As it is, Sponsors are having to raise other funds to cover all their costs to administer an AHP program.

A request to FHFA and FHLB regarding need to continue to keep AHP available to all regardless of geography: ONAC's hope is that the FHFA and FHLB continue to make the AHP program available to all, including all tribal citizens, regardless of where they choose to purchase a home. Data from the Office of Native American Programs (within the United States Department of Housing and Urban Development) helps show that not all Native people are living on tribal trust lands. There is little tribal trust land, for example, in Oklahoma where there is a large Native population in urban and rural areas and lower Native homeownership rates. In Oklahoma, from 1994 to 2015, there were 7 loans made on tribal trust lands and 13,063 loans made to tribal citizens on fee simple lands. There is absolutely a need to keep working on tribal trust issues as they pertain to Native homeownership needs. At the same time, if we want to keep increasing Native homeownership across the country, we need to have down payment assistance (such as AHP) and Native mortgage products that are available to tribal citizens regardless of where they reside.

Exhibit B.2: Loans by State and Land Status, FY1994 - March 2015

	Fee Simple		Allotted		Tribal Trust		Total	
	# of loans	*Value*	*# of loans*	*Value*	*# of loans*	*Value*	*# of loans*	*Value*
Alabama	61	$10,056,174	-	-	-	-	61	$10,056,174
Alaska	3,386	$800,476,704	4	$524,086	19	$3,228,959	3,409	$804,229,772
Arizona	1,036	$178,142,533	22	$2,733,501	756	$63,084,546	1,814	$243,961,358
Arkansas	1	$286,309	-	-	-	-	1	$286,309
California	1,548	$468,279,302	42	$12,860,732	150	$35,585,823	1,740	$516,726,049
Colorado	362	$87,164,240	-	-	36	$6,962,077	398	$94,126,353
Connecticut	13	$3,174,325	-	-	1	$400,382	14	$3,574,708
Florida	320	$81,259,192	-	-	36	$44,295,288	356	$125,554,516
Idaho	109	$15,167,894	41	$4,938,526	125	$10,524,255	275	$30,630,841
Illinois	18	$3,994,289	-	-	-	-	18	$3,994,289
Indiana	28	$4,423,789	-	-	-	-	28	$4,423,789
Iowa	21	$1,897,956	-	-	-	-	21	$1,897,956
Kansas	177	$26,048,967	1	$74,992	-	-	178	$26,123,960
Louisiana	17	$2,484,798	-	-	20	$2,124,143	37	$4,608,961
Maine	14	$1,830,914	-	-	4	$401,985	18	$2,232,903
Massachusetts	40	$10,899,109	-	-	-	-	40	$10,899,109
Michigan	510	$60,515,973	2	$107,162	99	$9,260,717	611	$69,883,953
Minnesota	304	$45,235,829	2	$226,950	79	$10,026,951	385	$55,489,811
Mississippi	3	$521,522	-	-	1	$261,628	4	$783,151
Missouri	16	$2,222,222	-	-	-	-	16	$2,222,222
Montana	348	$51,774,622	157	$22,039,018	157	$18,225,353	662	$92,039,307
Nebraska	98	$10,585,746	1	$71,104	11	$978,319	110	$11,635,181
Nevada	131	$27,064,538	-	-	21	$2,148,819	152	$29,213,378
New Mexico	678	$118,347,510	3	$351,030	259	$33,748,667	940	$152,447,469
New York	46	$6,929,656	-	-	1	$182,507	47	$7,112,164
North Carolina	348	$47,038,355	2	$383,921	68	$6,762,220	418	$54,184,566
North Dakota	188	$24,309,450	27	$2,408,695	43	$4,134,598	258	$30,852,813
Oklahoma	13,063	$1,780,004,142	25	$2,953,640	7	$518,510	13,095	$1,783,476,324
Oregon	476	$100,262,359	29	$3,716,400	80	$5,620,722	585	$109,599,590
Rhode Island	3	$411,137	-	-	-	-	3	$411,137
South Carolina	20	$3,372,122	-	-	3	$184,947	23	$3,557,072
South Dakota	268	$27,345,263	47	$4,850,574	191	$16,975,846	506	$49,171,921
Texas	4	$712,821	1	$124,482	4	$665,331	9	$1,502,639
Utah	57	$11,361,965	3	$356,493	15	$1,535,612	75	$13,254,088
Washington	949	$211,287,670	134	$21,054,366	189	$22,846,406	1,272	$255,188,765
Wisconsin	716	$90,577,724	51	$4,539,629	579	$49,894,969	1,346	$145,012,952
Wyoming	13	$1,587,041	11	$1,285,453	6	$644,702	30	$3,517,213
Total	25,390	$4,317,054,162	605	$85,600,754	2,960	$351,224,282	28,955	$4,753,882,763

Source: United States Department of Housing and Urban Development, Office of Native American Programs (ONAP)
Note: The totals in this chart differ slightly from the totals in the other Section 184 charts (e.g., Exhibit 2) because of minor difference in the timing of the data received

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