

1 **SECTION 184 INDIAN HOUSING LOAN GUARANTEE PROGRAM POLICY**  
2 **HANDBOOK**

3 **Chapter I – Doing Business with the Office of Loan Guarantee**

4 **Subsection E – Other Participants**

5 **E. OTHER PARTICIPANTS**

6 **1. Appraisers.** This Section addresses the participation requirements for Appraisers and  
7 Junior Lien Holder - Down Payment Assistance Program providers (DPAs).

8  
9 **a. Definition**

10 Appraiser refers to an individual who observes, analyzes, and reports the  
11 physical and economic characteristics of a Property and provides an opinion  
12 of value to the DG Lender, and HUD as applicable. An Appraiser’s  
13 observation is limited to readily observable conditions and is not as  
14 comprehensive an inspection as one performed by a licensed home inspector.

15  
16 **b. Standard**

17 **i.** The appraiser must be licensed in the state where the Property is  
18 located and listed on the FHA Appraiser Roster.

19  
20 **ii.** The appraiser shall have the Property appraised in accordance with all  
21 applicable Federal requirements, including but not limited to the  
22 Uniform Standards of Professional Appraisal Practice, Equal Credit  
23 Opportunity Act (15 U.S.C. 1691–1691f), and the Fair Housing Act  
24 (42 U.S.C. 3601–19).

25  
26 **iii.** The appraiser shall not discriminate on the basis of the Borrower’s  
27 race, color, religion, sex (including gender identity and sexual  
28 orientation), disability, familial status, national origin, age, or in  
29 location of the Property.

30  
31 **iv.** The appraiser must ensure that the appraisal and related documentation  
32 satisfy Federal Housing Administration, Fannie Mae, or Freddie Mac  
33 appraisal requirements.

34  
35 **c. Exception Request:**

36 A DG Lender may request approval for departure from the above Standard  
37 when the DG Lender believes an alternative is necessitated by the rural or  
38 remote location of the Property. The Exception Request must include the DG  
39 Lender’s basis for the request and a detailed description of all pertinent facts  
40 related to the transaction and supporting documentation.

1 In selecting an appraiser that is not on the FHA Appraiser Roster, the  
2 proposed alternative appraiser must meet the following requirements.  
3

4 **i. Competency Requirement.** The proposed alternative appraiser must:

- 5 • Be knowledgeable of the Uniform Standards of Professional  
6 Appraisal Practice (USPAP), FHA appraisal requirements and  
7 Section 184 specific requirements provided in Chapter 2,  
8 Section XX.
- 9 • Meet the competency requirements defined in USPAP prior to  
10 accepting an assignment.
- 11 • Be knowledgeable in the market where the assignment is  
12 located.

13  
14 **Documentation.** Certification from the proposed alternative appraiser  
15 certifying to the conditions above are met.  
16

17 **ii. Licensing Requirement.** The proposed alternative appraiser must:

- 18 • Be a state-certified residential or state-certified general  
19 appraiser with credentials in the state where the Property is  
20 located.
- 21 • Maintain and demonstrate licensing certification in the state  
22 where the Property is located and where the appraiser intends  
23 to perform the appraisal.

24  
25 **Documentation.** A copy of the proposed alternative appraiser's most  
26 current state license.  
27

28 **iii. Restricted Participation**

29 The DG Lender must confirm it verified, through each of the following  
30 systems, that the designated proposed alternative appraiser is permitted  
31 to participate in the Section 184 Program. If the individual is found to  
32 be ineligible, s/he is restricted from participating in the Section 184  
33 Program.

34 **Excluded Parties List:**  
35

36 The DG Lender must verify the proposed alternative appraiser's  
37 eligibility for participating in U.S. Department of Housing and Urban  
38 Development (HUD) programs for or on behalf of the Lender  
39 Applicant, using the System for Award Management (SAM)  
40 ([www.sam.gov](http://www.sam.gov)). Excluded Parties List:

1 **Limited Denial of Participation.** The DG Lender must verify the  
2 proposed alternative appraiser's eligibility participating in HUD  
3 programs for or on behalf of the Lender Applicant, using the [Limited](#)  
4 [Denial of Participation \(LDP\)](#) list.  
5

6 **Required Documentation.** The DG Lender must provide a copy of  
7 the printout from the Excluded Parties List and Limited Denial of  
8 Participation List confirming the proposed alternative appraiser is  
9 eligible for participation.  
10

11 **d. Submitting the Exception Request Documentation**

12 The DG Lender must submit the required documentation to  
13 [XXXX@hud.gov](mailto:XXXX@hud.gov).

14 The required documentation must include:

- 15 i. Exception Request and supporting documentation.
- 16 ii. Documentation listed under the Competency Requirement in this  
17 section.
- 18 iii. Documentation listed under Licensing Requirement in this section.
- 19 iv. Documentation listed under Restriction Participation in this section.  
20

21 **e. HUD Review**

22 When the proposed alternative appraiser is approved, HUD will provide an  
23 approval letter to the DG Lender stating the approval is specific to the  
24 particular DG Lender's transaction.  
25

26 **2. Junior Lien Holder - Downpayment Assistance Provider**  
27

28 **a. Definition.**

29 A Junior Lien Holder may be an entity that provides down payment assistance  
30 or other similar financial assistance to Borrower purchasing, constructing,  
31 rehabilitating, or refinancing with respect to loan intended for the Section 184  
32 Program. A Junior Lien Holder subjects the Borrower's Property to a junior  
33 lien held by an entity listed under Subsection E.2.b below.

34 An Eligible Nonprofit Organization means a nonprofit organization  
35 established under Tribal law or organization of the type described in section  
36 501(c)(3) of the Internal Revenue Code of 1986 as an organization exempt  
37 from taxation under section 501(a) of the Code, which has: (1) Two years'  
38 experience as a provider of low- or moderate-income housing; (2) A voluntary

1 board; and (3) No part of its net earnings inuring to the benefit of any  
2 member, founder, contributor or individual.

3  
4 **b. Standard.**

5 The following Junior Lien Holders may provide downpayment assistance to a  
6 Borrower.

7  
8 **i.** Tribes, TDHEs, Public Housing Authorities, state, county and  
9 municipal governments.

10  
11 **ii.** Eligible Nonprofit Organizations.

12  
13 **iii.** Entities that are instrumentalities of Tribes, TDHEs, Public Housing  
14 Authorities, state, or local governments, provided these entities are not  
15 organized as 501(c)(3) nonprofits.

16  
17 To be considered an Instrumentality of Government, the entity must be  
18 established by a governmental body or with governmental approval or  
19 under special law to serve a particular public purpose or designated by  
20 law (statute or court opinion). HUD deems entities, as identified in  
21 Section 115 of the Internal Revenue Code, to be Instrumentalities of  
22 Government for the purpose of providing secondary financing.

23  
24 **iv.** Nonprofit entity where a Governmental Entity partnered with the  
25 nonprofit entity to assist in the operation of the Governmental Entity's  
26 secondary financing assistance programs.

27  
28 There must be a documented agreement indicating (1) the functions  
29 performed include the Governmental Entity's secondary financing  
30 program and (2) the secondary financing legal documents (e.g., Note  
31 and deed of trust) name the Governmental Entity as the Mortgagee

32 **c. Ineligible Participants**

33 The Eligible Nonprofit Organization officer, partner, director, principal, or  
34 employee must not be:

35 **i.** suspended, debarred, excluded from participation in HUD programs as  
36 listed in a Limited Denial of Participation (LDP), System for Award  
37 Management (SAM) ([www.sam.gov](http://www.sam.gov)) Excluded Parties List, or Credit  
38 Alert Verification Reporting System (CAIVRS), or otherwise excluded  
39 by similar procedures of any other federal or state agency;

40

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

- ii. indicted for, or convicted of, an offense which reflects upon the responsibility, integrity, or ability of the nonprofit to participate in HUD activities;
- iii. subject to Unresolved Findings as a result of HUD or other governmental investigation, audit, or review; or
- iv. engaged in business practices that do not conform to generally accepted practices of prudent nonprofits or that demonstrate irresponsibility.

Any Eligible Nonprofit Organization employee meeting any one of these disqualifying conditions must not participate in the Section 184 Program.

These requirements apply at all times the entity is operating as an Eligible Nonprofit Organization providing DPA to Section 184 Borrowers.

- d. **Documentation.** The DG Lender documentation requirements are outlined in Chapter II, Section XX of this Handbook.
- e. **Utilization of DPA.** All DG Lenders must ensure the downpayment assistance follow the requirements in this subsection and in Chapter II, Section XX of this Handbook.