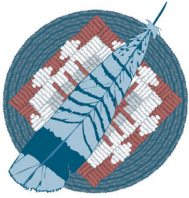


APPENDIX D



Summary of Pine Ridge One-Stop Mortgage Center Pilot Site

Shared Visions: Pine Ridge

A Year Later SHARING THE DREAM

Introduction

It began with a dream.

An idea.

The Oglala Sioux Lakota Tribe and the Oglala Sioux Lakota Housing Authority needed housing for their people. The Pine Ridge Reservation in South Dakota had experienced a severe shortage of decent, safe, sanitary and affordable housing for many years. The Tribe and Housing Authority knew that Federal funds were limited and would only satisfy a small portion of their needs.

In August 1998, Tribal leaders invited HUD Secretary Andrew Cuomo to visit Pine Ridge and see first-hand the critical needs of tribal members. They shared with him their goals for building homes and strengthening their tribal communities. The Tribe shared their dreams with the Secretary and asked for his ideas. This was the beginning of the *Shared Visions* initiative.

The partnership between the Oglala Sioux Lakota Tribe, Housing Authority and HUD continued to grow and strengthen. It culminated with a visit to the reservation on July 7, 1999, by President Clinton, Congressional representatives, Tribal leaders from across the Nation and nonprofit and private partners. Everyone gathered for the *Shared Visions Summit*, to discuss the vision that could become a reality, not only on the Pine Ridge Reservation, but throughout Indian country.

This report provides a narrative on what the partners have accomplished in the year since the *Shared Visions Summit*, and what the future holds. It provides specific information on the successes of this initiative, including:

⇒ Increased mortgage lending on the Pine Ridge Reservation

- ⇒ Creation of a nonprofit entity that provides a variety of homeownership services
- ⇒ Construction of infrastructure
- ⇒ Rehabilitation and construction of homes
- ⇒ Development of new partnerships among Federal agencies, nonprofit foundations and the private sector for services to improve housing, lending and community health and wellness
- ⇒ Economic development opportunities
- ⇒ Educational opportunities
- ⇒ Corporate commitments at Pine Ridge and throughout Indian country

While each home that was built and each mortgage loan that was closed at Pine Ridge is a very significant accomplishment, the true legacy of *Shared Visions* is the foundation established for the Oglala Sioux Lakota people. This foundation is significant because it is one that can be replicated at other reservations.

The legacy of *Shared Visions* is in the name itself. *Shared Visions* has been an initiative that brought together people, their skills, ideas and the fruits of their labor. The union of their efforts...the *Shared Visions*...will serve to improve the lives of Native Americans and Alaska Natives throughout this country.

Tatanka Woihanble Otipi, "Buffalo Dreams—Gathering Homes"

Shared Visions—An initiative establishing new pilot projects in partnership with the Oglala Sioux Lakota people designed to bring the dream of homeownership, economic development and youth wellness to the Pine Ridge Reservation.

Shannon County, in which the reservation sits, is consistently ranked as the poorest county in the Nation. The unemployment rate exceeds 70 percent. Few commercial businesses operate on the reservation, which is second only to the Navajo Nation in size. That is why U.S. Department of Housing and Urban Development Secretary Andrew Cuomo recognized the importance of initiating the Shared Visions model at Pine Ridge. As Secretary Cuomo said, "if we can make our innovative programs work here, where some of the most difficult conditions exist, we should be able to make it work virtually anywhere."

When President Clinton visited the Pine Ridge Reservation in July 1999, he told the Oglala Sioux Lakota people, "Give us your vision, we will work to attain it." With those remarks, the President and his administration embarked on a remarkable quest to make good on our Nation's commitment to its native people. The work being conducted by hundreds on the reservation—local tribal members, the tribal government, social service delivery agencies, Federal Government employees, and private and nonprofit organizations—has brought about positive, measurable

progress, and creates hope and promise for significantly improving the living conditions for thousands of Native Americans living on reservation lands.

To bring focus to President Clinton's commitment, the United States Department of Housing and Urban Development, the Oglala Sioux Lakota Housing Authority and the Oglala Sioux Tribe Partnership for Housing have entered into a Memorandum of Understanding (MOU). The MOU is "intended to recognize a close working relationship among the partners in the development of a strategy to provide homes and improved living conditions on the Pine Ridge Reservation." Incorporated into the MOU is "A Strategic Plan for Implementation of the Pine Ridge Shared Visions Housing Initiative." (Attachment 1) [A copy of the MOU and the Strategic Plan are attached.

The Shared Visions Initiative has three key components:

- Homeownership on the Pine Ridge Reservation
- Economic Development
- Health and wellness for youth (and adults)

HOMEOWNERSHIP

Prior to Shared Visions, the Oglala Sioux Lakota Tribe suffered a severe shortage of decent and safe homes for its members. Additionally, the volume of mortgage lending was below that of neighboring counties with no Indian reservations but are comparable in population. A number of factors contributed to this discrepancy:

- Lack of infrastructure and affordable home models
- Lack of education among tribal members regarding credit, mortgage lending, home maintenance
- Insufficient assets for loan downpayment
- Complex procedures for leasing tribal lands and leasehold mortgages

Between Secretary Cuomo's first meeting and President Clinton's visit, actions were taken to create a successful program, including:

- ⇒ Completing environmental reviews on potential sites
- ⇒ Conducting two homebuyer fairs to market the program to interested tribal members
- ⇒ Conducting pre-purchase homebuyer counseling
- ⇒ Constructing roads, water and sewer facilities
- ⇒ Potential homebuyers beginning the land leasing process with the Tribe and Bureau of Indian Affairs

In the year since President Clinton visited the reservation and Secretary Cuomo announced the Shared Visions initiative, 299 units have been developed/rehabilitated, 17 mortgage loans have been closed and 260 families/individuals are potential homeowners.

The Oglala Sioux Tribe Partnership For Housing:

In 1998, Secretary Cuomo, on behalf of the Federal Government, launched the multi-agency effort called "Shared Visions." The Oglala Sioux Tribe received a \$2 million Rural Housing and Economic Development grant to create a nonprofit organization to assist tribal members in achieving homeownership.

In January 1999, the Oglala Sioux Tribe Partnership For Housing (OSTPH) *Woihanble Otipi, "Buffalo Dreams—Gathering Homes"*, was born. The OSTPH is a 501(c)(3) tax exempt organization.

The goal of the OSTPH is to increase homeownership opportunities on the Pine Ridge Reservation. To achieve that goal, the OSTPH functions include:

- Pre-and post-homeownership counseling
- Serving as the conduit between lenders and tribal members
- Developing affordable housing that serves the needs of tribal members
- Developing funding that assists homebuyers with down payments and monthly payments
- Serving as a housing resource for tribal members interested in homeownership

One-Stop Mortgage Center:

In August 1998, President Clinton chaired an economic summit to address the need for economic development in Indian country. The President directed the Secretaries of HUD and the Treasury to increase mortgage lending in Indian country. The One-Stop Mortgage Initiative was born; a partnership among tribal groups, Federal agencies, the private sector and nonprofits, working together to identify the barriers to mortgage lending in Indian country and finding the solutions to those barriers.

The President directed that One-Stop Mortgage Centers be created on Indian reservations to provide a variety of services to tribal members that would facilitate homeownership opportunities. The Navajo Partnership for Housing was designated as the first Center and the OSTPH as the second. The goal of the One-Stop partners is to duplicate these Centers and the services provided at other reservations throughout the country.

Homeownership Counseling The OSTPH was awarded a \$101,000 Federal Housing Administration (FHA) Counseling grant to establish an FHA approved Housing Counseling Agency. The counseling program now includes a homebuyer counselor trained in counseling, the development of individual planning, continuing education and the marketing process. The homeownership counseling program includes:

- Money management
- Budgeting for mortgage payments
- Home selection
- Available community services
- The mortgage loan process
- Financing options
- Accumulation of assets
- Credit counseling
- Avoiding problems after closing, including default and foreclosure
- Care and maintenance of the home

To attract tribal members to the homeownership opportunities available through the OSTPH and its counseling program, the OSTPH has developed a marketing program. The program includes advertising on KILI radio (located on the Pine Ridge Reservation), newspaper advertising, orientation sessions, homebuyer fairs and open houses.

As of June 7, 2000, the OSTPH has had contact with 683 individuals and families. This figure includes:

- 642 from the 9 Pine Ridge Districts
- 194 now in credit counseling
- 82 pre-qualified for the HUD Section 184 program by Norwest/Wells Fargo Home Mortgage
- 57 interested in the Self-Help program
- 13 interested in the VA program
- 6 interested in Rural Development programs.

The 82 individuals/families that have been pre-qualified for HUD's Section 184 Loan Guarantees for Indian Housing program are working with the Bureau of Indian Affairs (BIA) to secure a residential mortgage lease and the subsequent Title Status Report.

The Section 184 Loan Guarantee Program provides a HUD guarantee to lenders for mortgage loans made to Native American and Alaska Native individuals and families, Indian tribes and Indian Housing Authorities [including tribally designated housing entities (TDHEs)]. The loan may be used to purchase or rehabilitate an existing home

or to construct a new home. The home must be on tribal trust or individual or allotted trust land, or within an Indian area.

Prior to the creation of Shared Visions, only one Section 184 new-construction loan was originated at Pine Ridge. That loan was on individual trust land. The 16 loans closed under Shared Visions and the OSTPH are on tribal trust land; an additional loan on individual trust land has also closed.

The Oglala Lakota Tribe partnered with the OSTPH to utilize a \$75,000 Resident Opportunity and Self-Sufficiency (ROSS) grant to continue the OSTPH's counseling program.

Homeownership Sixteen (16) of twenty-one (21) homes built at Pine Ridge have been sold and the loans closed through Wells Fargo Home Mortgage (formerly Norwest Mortgage). The 16 homes include 12 manufactured homes and 4 modular (stick-built) homes. The 5 homes remaining include 3 modular, 1 manufactured and 1 steel frame home.

The total development costs for these homes was more than \$100,000 per home, including more than \$17,000 per home for infrastructure. These costs are consistent with those experienced by the Oglala Sioux Lakota Housing Authority. Construction gap financing and reduced interest rates made the homes affordable.

The construction gap financing came from several sources:

- Federal Home Loan Bank of Des Moines Affordable Housing Program awarded the OSTPH a \$499,000 grant. The funds provided a construction subsidy for OSTPH units. Purchasers gave a \$10,000 soft-second mortgage, forgiven after 5 years, for the construction subsidy. (Roger Campbell, Executive Director of the OSTPH, received the Federal Home Loan Bank System's "2000 Community Partnership Award" for the Partnership's work at Pine Ridge.)
- The Oglala Sioux Lakota Housing Authority (OSLHA) provided \$8,000 for downpayment assistance for borrowers.
- The OSTPH provided \$92,000 for downpayment assistance.

The 16 loans were financed under the HUD Section 184 Loan Guarantee program with a 5.95 percent interest rate through the South Dakota Housing Development Authority's Mortgage Revenue Bond Program and backed by Freddie Mae. The average mortgage amount was \$63,400.

The OSLHA managed the site preparation and infrastructure development for the manufactured homes. The manufactured home dealers, ~~Isse~~ ~~man~~ Corporation (Champion Homes) and Foothill Homes (Marsh Field Homes), met with the homebuyers who made their final determination on options related to floor plans, house color and finishes.

The OSLHA managed the construction of the modular homes, including the selection of labor contractors, mechanical and electrical contractors, and materials procurement policies, at the Kyle modular home facility on the Pine Ridge Reservation. The OSTPH held a contractor's pre-bid meeting to describe the construction plan. The OSTPH issued a Request for Proposals for subcontractors for the modular units and the construction of the foundations. The OSTPH entered into contracts with local contractors for the construction of foundations.

The Partnership for Advancing Technologies in Housing (PATH), launched by President Clinton in May, 1998, is an initiative designed to dramatically reduce carbon emissions from houses. Under PATH, the Federal Government is working with the private sector and State and local governments to reduce greenhouse gas emissions. These energy efficient technologies, including better insulation and building materials, also benefit the homeowner. The OSTPH homes incorporate the PATH components to maximize efficiency and minimize future utility costs to the homeowners.

In conjunction with the Northern Plains Office of Native American Programs, in Denver, CO, environmental reviews were performed on ~~110~~ ~~homes~~ sites throughout the Pine Ridge Reservation.

The legislation creating the Section 184 Loan Guarantee program and the President's One-Stop Mortgage Initiative cited the unique legal status of trust lands as a barrier to mortgage financing in Indian country. To assist its homebuyers through the process of leasing tribal lands, the OSTPH has an employee dedicated to working with the tribe and the Bureau of Indian Affairs (BIA) on securing the necessary ~~home~~ ~~site~~ leases.

Self-Help On Friday, July 14, 2000, nine (9) families held a ceremonial blessing to mark the start of construction of their new homes through the ~~new~~ ~~Self-Help~~ Program. Through the summer and fall, these families will work cooperatively to build their new homes through the ~~new~~ ~~Self-Help~~ Program, a project developed by HUD over the past year. The ~~Self-Help~~ program is building on a model used successfully in other parts of the country and will serve as a model that can be replicated by other tribes.

Through ~~Self-Help~~, families design, build and pay for their own homes. The OSTPH has worked with the families to develop model floor plans. The families work together in groups to build the homes, supervised by knowledgeable, experienced construction

trainers who guide them through the construction process. Participating families build together in the construction yard in Kyle, the geographic center of the reservation. This central site location enhances supervision, quality control, coordination, and efficiency. The “sweat equity” contribution significantly reduces the construction cost which results in additional savings once the home is built.

Program operating costs are funded by a \$295,000 USDA/Rural Development 523 grant. The Self-Help Program matches existing private lender, HUD, and USDA mortgage financing resources to the individual needs of participating families. The Self-Help Program has accessed three (3) sources of mortgage financing: HUD’s Section 184 loan guarantee program, the Rural Development 502 Direct Loan program, and NAHASDA funds allocated by the Oglala Sioux (Lakota) Housing for the Self-Help Program.

A Self-Help Advisory Committee of OSTPH board members has been created to oversee family selection and program parameters. Family qualifications include the need for a safe, decent, and affordable new home; the willingness to assist in the construction of the new homes; and the ability to meet the mortgage payments after closing.

Department of Defense HomeThe OSTPH, in conjunction with the Walking Shield American Indian Society and the U. S. Department of Defense (DOD), is in the process of constructing 11 new homes on the Pine Ridge Reservation. Walking Shield arranged for the U. S. Army Reserves, led by the 98th Engineer Battalion from Texas, and the U. S. Navy Third Naval Construction Brigade (the Seabees) to build the homes. The Army is building 8 homes and the Seabees 3 homes.

The OSTPH (through a construction loan with Fannie Mae and the Enterprise Foundation) has provided the foundations, site development and the materials for the homes. The Army Reserves and Seabees are providing the labor and construction expertise for the homes. The DOD estimates the value of donated military personnel to be \$1,934,000.

The OSTPH will provide the specific interior and exterior work necessary to prepare the homes for sale. Once completed, the 11 homes will be sold to tribal members through the OSTPH. It is expected that the purchasers will finance the homes through Wells Fargo Home Mortgage and the HUD Section 184 program.

Additionally, Walking Shield has arranged for the U. S. Army Reserves to provide medical and dental assistance, road repair and drilling services to the people of the Pine Ridge Reservation. The 804th Medical Brigade from Massachusetts sent 36 doctors and nurses to serve at Pine Ridge as their summer tour of duty. The medical personnel

are working at the Pine Ridge Hospital. The Reserve engineers from Texas will grade and repair 40 miles of road on the reservation and drill 3 new water wells.

Oglala Sioux Lakota Housing Authority:

The OSLHA is an active participant in the Shared Visions Strategic Plan. The CEO of the OSLHA, Mr. Paul Iron Cloud, is the Chairman of the OSTPH Board of Directors. Mr. Iron Cloud was instrumental in establishing and participating in all of the initial meetings and planning sessions for this initiative and *Shared Visions Summit*.

The OSLHA has provided strong support for Shared Visions and the OSTPH. This support has included:

- Providing staff assistance and support for the homebuyer fairs sponsored by the OSTPH
- Providing the homesites for the OSTPH homes
- Obtaining a \$550,000 Rural Utilities Grant from the U. S. Department of Agriculture was awarded for water and sewer infrastructure. The Indian Health Service performed the design and installation of the water and sewer systems. The U. S. Navy Seabees donated the labor to construct and pave roads.
- Providing the necessary support and liaison with Walking Shield and the DOD for the 11 homes now under construction at Pine Ridge.

Established in 1961, the OSLHA was the first Indian Housing Authority in the Nation. Under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), the OSLHA is the TDHE for the Oglala Sioux Tribe for the Indian Housing Block Grant Program. The OSLHA manages approximately 1,200 low income housing units and 500 homeownership units on the Pine Ridge Reservation. As the TDHE, the OSLHA identified a need for 4,000 additional units in its most recent Indian Housing Plan and has a waiting list of more than 1,200 families.

As detailed in the attached “Pine Ridge Shared Visions Housing Initiative Assessment of Progress” (Attachment 2) and “Share Visions Housing Initiative Estimated Potential Targets” (Attachment 3) the OSLHA:

- Rehabilitated 225 units in 1999
- Built 13 NAHASDA-funded units with IHBG funds
- Relocated 15 DOD units
- Purchased 15 Governor’s Homes for elders
- Is currently developing two 12-unit projects with funding under the IHBG program and the USDA 515 program
- Has rehabilitated 49 of the 57 units targeted for 2000

ECONOMIC DEVELOPMENT

Empowerment Zone

On January 13, 1999, Vice President Gore named 20 economically distressed communities as new Empowerment Zones, including the Oglala Sioux Reservation at Pine Ridge, SD. The Empowerment Zone designation makes the community eligible to share in Federal grants and tax-exempt bonding authority to finance revitalization and job creation programs.

In his announcement, the Vice President said “Empowerment Zones create a successful partnership between all levels of government, private businesses, community groups and local residents to bring new life to inner cities and rural communities suffering from hard economic times. These Zones do exactly what their name says, they empower people willing to work hard to improve their communities, improve their lives, and build better futures for their children. They help connect the communities that need it most to new opportunity.”

As an initial step in the process to take advantage of the Empowerment Zone (EZ) designation, the Oglala Sioux Tribe has created an EZ Board. This Board is now in discussion with a major corporation to develop a straw particleboard manufacturing plant at Pine Ridge. As proposed, the plant will employ 70 full time employees. J. P. Morgan & Co. Municipal Finance has reviewed the proposal and shown an interest in the financing of the proposed project. HUD and USDA continue to facilitate discussions between these groups.

President Clinton’s New Markets Tour

On July 7, 1999, President Clinton visited the Pine Ridge Reservation and addressed the need for economic development not only at Pine Ridge, but throughout Indian Country. The economic commitments flowing from this historic visit include:

- Corporate Investments at Pine Ridge
- Federal Investments at Pine Ridge
- The National Partnership for Native American Homeownership
- The National Partnership for Native American Jobs

Corporate/Private Investments at Pine Ridge

- Microsoft Corporation donated over \$306,000 in computer software to Oglala Lakota College to provide technology training and education to Oglala Lakota tribal members. That software was delivered in October of 1999.

- Gateway Computers donated computers valued at \$50,000 to the Oglala Lakota College for the development of a data processing and programming course for students. The computers were delivered in January of this year and in the future, the course will also be offered to other Tribal Colleges in South Dakota.
- Mortgage Guaranty Insurance Corporation (MGIC) formed a 3-year alliance with the Oglala Sioux Tribe to promote homeownership on the Pine Ridge reservation. As part of that commitment MGIC agreed to endow a full-time Director of Homeownership Counseling position at Pine Ridge, develop a Homeownership Education Program to be offered at Oglala Lakota College, and to develop new and innovative lending mechanisms tailored to the specific needs of Native Americans. MGIC has also prepared counseling materials to be used at Pine Ridge for potential homebuyers.
- Global Modular Home Builders opened a modular manufacturing plant near Pine Ridge that produces three affordable steel frame homes in a Native American Series of designs. These homes will be offered to tribal members living on the reservation and in the nearby area. One of the steel frame homes is now an on-site model at Pine Ridge.
- The Federal Home Loan Bank of Des Moines awarded \$499,000 to the OSTPH to build 45 new single-family homes in Pine Ridge.
- Republic Mortgage Insurance Company pledged \$100,000 over 5 years to launch the “Financial Independence” pilot project to give over 2,000 students per year the knowledge and tools they need to achieve financial independence. Republic will design the courses, train the instructors, and supply all of the textbooks and materials needed for the courses.

Federal Investments at Pine Ridge

- The U. S. Department of Agriculture designated an Empowerment Zone at Pine Ridge and awarded grants for projects under the Water 2000 initiative. This includes two separate developments of water and sewer facilities on Pine Ridge. The first project consists of a loan of \$71,250 and a grant of \$213,750 to the Lakota Fund that paid for utility hookups for a 30 unit housing subdivision (HUD awarded \$538,266 to complete these homes). The second project is a loan of \$148,750 and a grant of \$446,250 to the Oglala Sioux Tribe that connected 43 homes and home sites to necessary water utilities.
- HUD and the Oglala Sioux Tribe are working together to expand homeownership opportunities for Tribal members. This partnership—initially funded by a \$2 million grant from HUD—created the OSTPH. To help ensure the success of this venture, HUD funded 2 years of technical assistance by Waterhouse Coopers to the OSTPH. The assistance included developing appropriate loan products, providing counseling, conducting homebuyer fairs, and providing outreach to traditional capital markets.

- HUD, the OSTPH, the Department of Agriculture, the DOD, the BIA and the Indian Health Service worked together in a comprehensive government-to-government partnership with the Oglala Sioux Tribe to complete the needed infrastructure—including basic water and sewer services as well as roads—for the OSTPH homes.
- The National Park Service is requesting \$12 million to construct the Lakota Sioux Heritage Culture Center Complex to replace the current White River Visitor Center on the Southern Unit of Badlands National Park. The new Center will attract tourism and display the culture and heritage of the Tribe. The new Center will serve as a link between Mount Rushmore and Wind Cave National Park and will bring revenue directly to Pine Ridge by contracting its concession services with the Oglala Sioux Tribe.

National Partnership for Native American Homeownership

- Banc One Capital Markets and George Baum & Company, two of the Nation's largest municipal securities underwriters, committed to underwrite \$300 million in bonds per year for the next 5 years to create a national market for Indian Country mortgages. This program is currently being marketed in Arizona, Alaska, New Mexico, Oregon and Washington.
- The Mortgage Bankers Association of America (MBA) and HUD will team with private mortgage lenders to more than double the number of government insured or guaranteed home mortgages in Indian Country for each of the next 3 years. As part of this initiative, mortgage lending company partners will increase loan origination production by 1,000 mortgage loans in Indian Country over 3 years. Since the Shared Visions Summit at Pine Ridge, the HUD Section 184 Program alone has guaranteed more than 200 loans.
- PMI Mortgage Insurance Company increased its Native American mortgage insurance initiative to \$55 million (from \$20 million) nationwide. PMI initially established a \$10 million program insuring home mortgages for the Choctaw Nation, Chickasaw Nation, Citizen Potawatomi and Cherokee Nation in Oklahoma and they added another \$20 million for the states of Arizona, Arkansas, California, New Mexico, Oregon, Texas and Washington.
- GE Capital committed to the design of a pilot program with its mortgage lending partners to insure \$2 million in mortgage loans in Indian Country. As an initial step, GE Capital worked with the National American Indian Housing Council to develop and sponsor an underwriting seminar in Wisconsin in September of 1999 between tribes and lenders to inform and help the conventional market meet the needs of Native Americans.
- Owen's Corning Corporation agreed to work with the Nation's tribal colleges to bring the Certified Energy Professionals program to Indian Country. This program offers Native Americans the chance to become certified experts in energy efficiency in homes and the latest construction technologies. Owen's Corning will train

instructors from every tribal college not only on housing technology and energy efficiency but on the best methods for teaching their students in these areas.

- Ginnie Mae has brought its successful Targeted Lending Initiative to Indian Country. Previously, this program, which dramatically reduces the costs of mortgages, was available only for Empowerment Zones and Enterprise Communities. Targeted Lending cuts the fees mortgage lenders pay to place their loans in Ginnie Mae securities by up to 50 percent. The program provides a strong incentive for mortgage lenders to do business in Indian Country and for the first time will give Native Americans access to mainstream mortgage capital markets.
- HUD and the U.S. Department of the Treasury co-chaired a committee consisting of Federal, private and tribal participants to identify the barriers to mortgage lending in Indian Country. Participants were charged with identifying and implementing solutions to those barriers. The purpose of President Clinton's One-Stop Mortgage Center Initiative is to streamline lending in Indian Country, thereby increasing homeownership opportunities. The Pine Ridge Indian Reservation is the second site selected for the One-Stop Initiative.