



Fannie Mae®

Native American Homeownership Qualitative Research

in New Mexico Indian Country

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Research Background & Objectives

Native American tribes are dispersed widely throughout the U.S., living predominantly in rural areas. When it comes to housing finance, they're considered one of the most underserved populations in the country. The Duty to Serve rule¹ issued by the Federal Housing Finance Agency (FHFA) directs us to improve the availability of mortgage financing for low- and moderate-income families, and specifically calls for a focus on federally recognized Native American tribes because of their unique circumstances and historical lack of access to mortgage lending.²

The rich culture, traditions, and spiritual beliefs of Native Americans can be traced back thousands of years and influence how they live today. The people, the community, the land, and the family home remain the center point of Native American families.

The goal of this research is to understand homeownership motivation and barriers, as well as mortgage-financing needs, among Native Americans who are recent or potential first-time homebuyers on tribal trust lands. More specifically, the research seeks to:

- Understand their views of homeownership.
- Understand their views about money and how they manage their personal and household finances.
- Understand the dynamics and decision-making factors/processes related to home purchasing and financing.
- Identify the unique barriers that Native American homebuyers face and resources that could help them.
- Identify their network of influencers for buying and financing a home.

1. FHFA issued a final rule on December 13, 2016 to implement the Duty to Serve provisions mandated by the Housing and Economic Recovery Act of 2008. The statute requires the Government-Sponsored Enterprises (GSEs) to serve three specified underserved markets – manufactured housing, affordable housing preservation, and rural housing – by increasing the liquidity of mortgage financing, for very low-, low-, and moderate-income families. The rule requires each Enterprise to adopt a three-year (from 2018 to 2020) Underserved Markets Plan to fulfill their Duty to Serve obligations in each underserved market. For details about the Duty To Serve Program, please see <https://www.fhfa.gov/PolicyProgramsResearch/Programs/Pages/Duty-to-Serve.aspx>

2. There are 567 federally recognized tribes today and each has a unique structure of governance, culture, history, and identity. In addition, reservation land is held "in trust" for Native American Indians by the federal government. There is no monetary value associated with the land. Individual Native Americans cannot own their land and as a result cannot build equity. This prevents them from capitalizing on a number of homeownership benefits that others enjoy. <http://www.thehomestory.com/focusing-native-american-homeownership-duty-serve/>



Research Methodology

Qualitative methodologies are used to develop deeper insights, rather than quantitatively projectable measures.

- Due to the sample size, the recruitment methods used, and the study's objectives, these findings are qualitative in nature and are not meant to statistically represent a larger population.
- Note that throughout this report, participants' own words (verbatim) are shown in italics. Verbatims are reconstructed from Moderator notes and may be rephrased slightly to clarify meaning.



Research Methodology

- **Twenty-six (26) individual in-depth interviews (IDIs) were conducted with lower-income Native Americans who are active tribal members who already own, or plan to own, their first homes on tribal trust lands in Santa Fe and Albuquerque, New Mexico.**
 - A mix of central-location interviews and in-home interviews were conducted on April 17-22, 2018.
 - All research participants have jobs with regular paychecks (weekly or biweekly). Most had stated annual incomes in the \$30,000-\$60,000 range, and most were in the 30-40 age range.

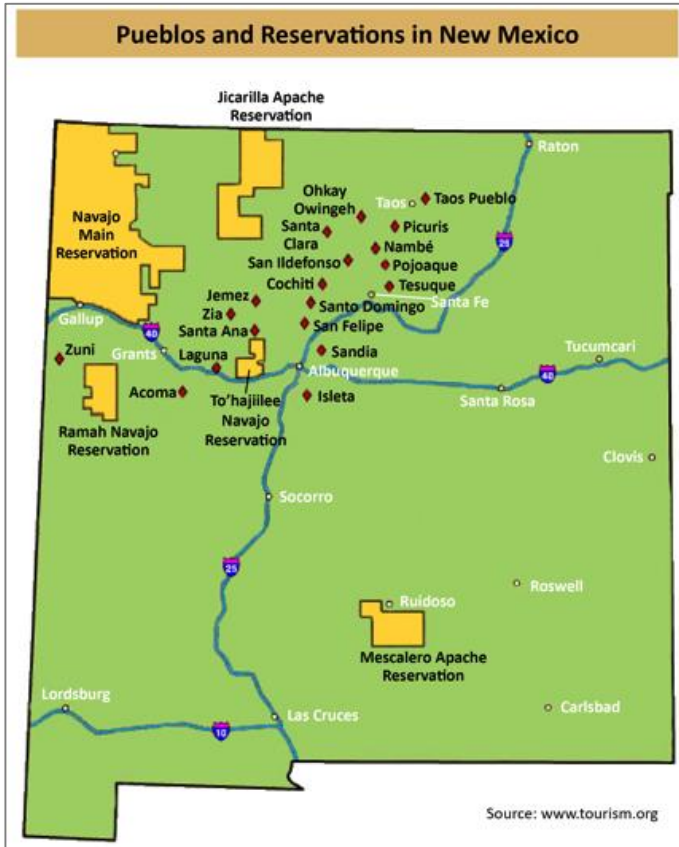
Segments	Central-Location IDIs (Hotel or Facility)	In-Home IDIs	Total Interview Participants ¹
Recent First-Time Homeowners (Past 1-2 Years)	4	7	11
Prospective First-Time Homeowners (Within the Year) ²	14	1	15
TOTAL	18	8	26

¹ Due to recruiting challenges, a few interview participants were slightly off of the original recruiting specifications: One had purchased 3-4 years ago, one had purchased adjacent to but not on tribal lands, and four were in an older age range than originally planned. Four participants were recruited by an independent recruiter. The rest were referred by a local Native American CDFI (Community Development Financial Institution).

² Most prospective purchasers were pre-approved and were awaiting delivery of a new manufactured or mobile home within the next six months.



Pueblos Represented



Interview participants are members of the following seven pueblos:

- Pueblo of Jemez
- Pueblo of Laguna
- Pueblo of Nambé
- Pueblo of Okay Owingeh
- Pueblo of Pojoaque
- Pueblo of San Felipe
- Pueblo of Santa Clara





Executive Summary



Executive Summary

- ❑ **Research participants typically cited large families, with strong kinship ties and expansive social connections within their pueblo. The desire for homeownership is primarily driven by a desire for independence and privacy.**
- ❑ **The “family home” and its connection to the land are central to tribal life, both for personal identity and the pueblo community.** Homeownership is generally not viewed as a means of building wealth. Participants feel deeply connected to the land and their pueblo and take pride in their cultural traditions to make others feel welcome. A strong responsibility to care for their elders and extended families results in ensuring that there is a family home.
- ❑ **The decision to live on a tribal land is driven by both financial and non-financial reasons.** In addition to the desire to stay close to family and tribal culture, many mentioned the benefits of the lower cost of living, given no cost for the land itself and no property taxes.
- ❑ **Most participants live paycheck to paycheck, with little to no savings. They are generally conservative with finances and worry about overspending.** They dislike using credit cards.
- ❑ **Most learned the importance of budgeting and building credit through real life experiences and past mistakes.** Almost all mentioned the need to repair or rebuild credit on the path to homeownership. Many admitted to previously having low credit scores in the 300 to 400 range.
- ❑ **In general, participants seem reluctant to seek advice by sharing financial and other personal details about their lives.** Even partnered couples often do not know their partner’s income or spending and saving habits. **Many could not name any trusted financial advisors**, other than those who helped with their specific loan.
- ❑ **Feeling safe, secure, and guided through the entire home purchase process are key emotional needs.** Although the process of buying a home on tribal land often takes years, not months, and is complex, most do not view this as a barrier to homeownership. Many actively participate in the construction or renovation of their homes.



Detailed Findings

- Homeownership Context: Life On The Reservation**
- Household Finances
- Decision-Making Around Homeownership & Financing
- Home-Buying Process & Loan Details



Kinship and Social roles

- ❑ **Research participants typically cited large families, with strong kinship ties and expansive social connections within their pueblo. The desire for homeownership is primarily driven by a desire for independence and privacy.**
 - Kinship and social roles are fluid, with frequent changes, multiple partners, and multigenerational families. Most have lived with parents, grandparents, brothers, sisters, uncles, cousins, and/or step-relatives before owning their own homes. Grandparents or aunts/uncles sometimes take charge of the household and young children whose mother and/or father have left or are too young to care for them. A strong responsibility to care for their elders and extended families results in ensuring that there is a family home.
 - Despite the fact that they move and change their actual living situations frequently, most express a sense of responsibility to care for their elders and extended families, even if there have been significant difficulties or conflicts. *“We take care of each other... we don’t push people to go out.”*



Importance of Land, Tribe, and the Family Home

□ The “family home” and its connection to the land are central to tribal life.

- This was expressed well by research participants who said: *“The home is what brings life to the land.” “The family home is what provides a solid foundation for the family.” “The land itself is lifeless. The home makes it ours and allows us to live there.” “The spirits provided this place for me. I feel a sense of respect and responsibility.” “A home is a blessing. It teaches you how to take care of the land, nurture life, and make something welcome and open to all. A home is something that's actually caring for you.”*
- Participants feel deeply connected to the land and their pueblo, even though tribal members living on the reservation can never own land. Feasts and celebrations are a big part of tribal life. They describe big weddings and house-blessing parties, with 200-300 people from their pueblo. They participate actively in tribal meetings, ceremonies, feasts, and dancing. Some say that their home's proximity to these events is a key reason for wanting to become homeowners on tribal lands.
- They take pride in their cultural traditions to make others feel welcome. *“We don't let people leave my house feeling hungry.”* While each pueblo had its own character, the people generally shared qualities of warmth, spirituality, and caring toward others. The family home was viewed as central to both personal identity and the pueblo community.
- Most say that the tribe is there to support those who face difficult life circumstances and needs. *“They'll give you something to fall back on, if you're poor or hurt.” “I have heard of moms who were given a home by the tribal government.”* Many expressed gratitude for this support, yet some also expressed resentment. A complex combination of support and dependency seems to characterize life on the reservation.



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Typical Sources of Income

❑ Most participants work and receive a weekly or bi-weekly paycheck.

- For many, this was the only source of income. In the event of a job loss, they would rely on family or extended family to provide for basic needs like food and shelter. Several described circumstances of trading-off between household members for primary financial responsibility, based on who had a job (or didn't have a job) at the moment. Some work seasonally.
- A significant minority of participants had served (or had a partner who served) in the military. Some mentioned financial or other assistance through Veterans Affairs. Some older participants receive Social Security or other retirement benefits.

❑ Some mentioned that tribal members receive coming-of-age or other financial benefits from their pueblo.

- In addition to healthcare and education benefits, some mentioned receiving “*per capita*” income from their tribe (e.g., \$150-\$350 per month). Young adults in some tribes receive a lump-sum payment from their pueblo upon coming of age (usually 18 or 21). The specific amount ranged from a few thousand dollars to \$20,000 (mentioned by one). They may also receive financial help during times of particular need, especially if children are involved. *"If you're in a bind, they do something to help you."*
- Attitudes toward those payments are mixed. Some were concerned that those payments only encourage impulsive spending and irresponsibility with money. *"That \$5,000 just got lost in her way of life. She should have given it to her mom to put in the bank."* *"The younger generation is becoming more assertive and entitled, like we owe them something. It's not about what they're willing to do to earn it; it's about what they expect to be paid."*



Household Finances

❑ Most live paycheck to paycheck, with little to no savings.

- Despite having a better understanding of finances, after paying bills and continuing to fix up and furnish their homes, not much is left to build an emergency fund. For big unexpected expenses, they often then turn to credit cards or get a short-term personal bank loan or payday loan. Although family ties are strong, they do not turn to their families for financial help, even after they become more financially responsible homeowners.
- Few take a long-term view of saving, whether before or after buying a home. They are more oriented to immediate needs that arise with changing life circumstances.
- Even those close to retirement age don't particularly save for retirement or end-of-life care; instead, they think about living near younger family members, who will take care of them. A few want to and do travel, but they stay with friends rather than in hotels.
- For those with savings (often only a few hundred or a few thousand dollars), savings are deposited at the bank or kept *“literally under the mattress.”* *“I try to save \$80 a month. I hide it here and there.”*

❑ Few participants were knowledgeable about managing finances before owning a home.

- They reported not having a lot of experience with managing money, because, for the most part, they have not been earning or spending much money. Other than food, clothes, and entertainment, most were not spending much or thinking about big picture or long-term financial needs or goals. Their understanding of money is mostly through present-moment getting and then spending.

❑ A tax refund is seen as an unexpected windfall.

- Many sounded excited when talking about their recent tax return, as most of them received a tax refund or tax credit. *“All I could say was, ‘yay! Thank God!’”* They say they used the refund to pay down credit card debt from Christmas, make a big purchase (like a vehicle or new tires), or make final payments on items in layaway.



Credit History

❑ Most had thin or poor credit before buying a home.

- Almost all mentioned the need to repair or rebuild credit on the path to homeownership. Some admitted to low credit scores in 300 to 400 range. Scores in the 600s were more typical.
- A few said that they had credit card charge-offs or missed bill payments, and some offered explanations of why it wasn't their fault. Some often didn't see these issues as important until it was time to purchase a home. *“Early on, I had so much fun in my life. Now, I need to provide a stable home, for three of us.”*
- Many took 1 to 2 years (or more) to rebuild their credit, which adds time to the process toward homeownership. Many were referred to credit counseling services. A few mentioned using Credit Karma to check their scores; they usually learned about the importance of doing this through credit counseling, and they liked seeing their scores improve.



Level Of Financial Leverage

- ❑ **Most are generally conservative with finances and worry about overspending.**
 - **Most are cash-oriented and dislike using credit cards.** They don't use credit cards for daily expenses, because *"credit cards can get you in trouble."* Some don't have a credit card. Others have credit cards but hesitate to use them unless absolutely necessary (e.g., in an emergency or to maintain credit). Some are unfamiliar with the concept of paying off credit cards in full each month or using them for convenience. Some resolved to no longer pay with credit cards: *"As of July, I have paid only with cash. No more credit cards."*
 - **Most have their paychecks direct deposited** into a bank account and use debit cards or cash to pay for expenses. They enroll in auto-pay for utility bills. Most have checking accounts at a local credit union, not a regional or national bank. Some mentioned using specifically Native American banks (e.g., U.S. Eagle Federal, Del Norte). A few mentioned making regular payments with money orders.
 - **Auto loans are relatively common; a few have student loans.** Most participants have or have had auto loans. Vehicles (generally trucks, SUVs) are important for living on tribal lands, since many roads are unpaved and they need to buy/deliver construction materials.



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Financing Approach

- ❑ **The decision to live on a tribal trust land is driven by both non-financial and financial reasons.**
 - Proximity to people or tribal events is important. This is a key driver among those who have lived off the reservation or moved away. Most also desire a certain level of privacy—several mentioned wanting fences and separate bedrooms for most/all family members, including children. Most had previously lived in over-crowded homes.
 - Many also mentioned the benefit of the lower cost of living, since there is no cost for the land itself and no property taxes.
- ❑ **Most take a reactive, not a proactive, approach to mortgage financing.**
 - In preparing for homeownership, only a few explored, studied or asked basic questions about mortgage financing issues, such as the loan amount they could borrow or afford, their credit score, or loan terms. None mentioned having used a mortgage calculator. *"I just wanted someone to give me a simple idea of a plan." "I basically wanted to turn the process over to someone else. I wanted them to figure it out."*
 - They learned about mortgage financing after being referred to a local Native American CDFI (Community Development Financial Institution), who in turn pulled credit reports and submitted information about income and debt. Many said that only then did they realize they would make no progress until they addressed credit issues.
 - Only a very few understood abstract concepts like debt-to-income ratio. Few ever talk to a realtor. They are not particularly interested in gathering a lot of information on their mortgage choices and options, or how mortgages work. Their needs are more practical: what do I need to do and in what order, with the hope that I can feel more confident and be successful?



Advisors and Mortgage Understanding

- ❑ **Many could not name any trusted financial advisors, other than specific family members or people who helped them with their specific loan—who they now treat as dear friends.**
 - Once they decide to look into getting a home, access to financial education and other pertinent information is hard to find. They tend to start with their tribal housing authority, but these tribal employees are often described as not being knowledgeable or up-to-date with information. *"There's a lot of nepotism in the housing department. They have no answers, because they don't know." "They keep a list of who wants land, but it's really unfair—it's all about political connections and relationships."*
 - Generally speaking, participants seem reluctant to seek advice by sharing financial and other personal details about their lives. Many acknowledge, in various contexts, *"We don't talk about money."* *"It's bad mojo to talk about money."* Rather than talk through financial issues and questions with others, they prefer to *"work it out"* themselves in real time and adjust to changing circumstances.
 - At the same time, virtually all new homeowners say that they sincerely appreciate people (e.g., the individual employees at a local Native American CDFI) who gave them help and guidance, who became *"part of my family"* through the home-purchasing process.



Affordability Assessment

❑ Affordability relates primarily to the monthly payment.

- Their typical frame-of-reference is rent paid in the past. Those who haven't rented establish affordability based on their weekly or bi-weekly paycheck. Most want a monthly payment in a certain range: e.g., *"under \$1,000," "around \$500."* *"I wanted to purchase whatever my income allows."*
- They want to believe that the payment will be *"comfortable—I don't want to stretch."* *"We don't want to over-spend. We don't like to live above our means."* The loan amount itself is not meaningful to most. The total amount is more of an abstraction that lacks significance for them, whereas the monthly payment is concrete and has daily-life impact.
- They do not generally consider traditional home-related values like neighborhood amenities, schools, or access to public transport. They commit to the tribe and the location based on blood and what the tribal council makes available. They may prefer a certain view or consider proximity or distance from neighbors, but they generally buy what they can afford.
- The mortgage (*"house payment"*) is the main payment; utilities and such are minor in comparison. With no tax payment, and with repairs often handled personally or with a family member's help, there's little else to think about paying for in relation to the house, other than vehicles, which most already own.



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The Home Purchase Process

- ❑ **The process of buying a home tends to be measured in years, not months, for this population. It requires several steps, and the needed time for each can be substantial.**
 - **Step 1: Land Request.** They must submit a land assignment request to their tribal government. Sometimes there is a waiting list for tribal land and/or existing homes, with priority given to families with young children. They must also be “*active*” tribal members who participate in tribal meetings and activities and prove they are pueblo members by blood.
 - **Step 2: Pre-Approval/Financing.** After land is assigned, they start exploring finances to see what they can afford. This is the point when they discover any credit issues that they must address. Most learn what’s required through homeownership education classes and/or credit counseling. Once they’re told what to do, they “*do whatever it takes.*”
 - **Step 3: Home Shopping.** While financing issues are being settled, they will “*shop*” for the type of home they want and hope to afford. Site-built homes seem to be the preference, but many will become frustrated with the length of the mortgage process for a HUD 184 loan and will opt instead for a mobile or manufactured home. They will place an order and secure it with a down payment (minimally \$500) and then wait for the delivery (about 6 months). For site-built homes, they have to find contractors. Some will put their own labor into construction.
 - **Step 4: Tribal & BIA Approvals.** To get permission to build a home on tribal lands, they must submit plans and documents. This involves plans and specs for the home itself, as well as access to electricity, water, and gas. In addition, both the tribe and the Bureau of Indian Affairs (BIA, which belongs to Department of the Interior) require a land survey, geological survey. This step can take up to a year.
 - **Step 5: Home Building & Utilities.** While families wait for their homes to be built or delivered, they must work with local companies for utility hook-ups (water, gas, sewage, electric). Things often go wrong or get delayed during this process. While they may get frustrated, they usually continue to be relatively patient and passive in the face of challenges.



Home-Buying Process Overview

- ❑ **Although the home purchasing process is long and complex, most do not view this as a big barrier to homeownership.**
 - They understand that things take time to get done. They are generally quite patient and take things day by day. They often find workarounds, rather than confront mistakes or difficulties head-on.
 - For some, the slow process gives them the time they need to repair/rebuild credit, add to savings, and feel safe in becoming first-time homeowners.

- ❑ **Many actively participate in the construction of their homes.**
 - Since homes are usually passed down and only rarely sold, most first-time homeownership involves either new construction or, less commonly, renovation. *"For something to be worthwhile, you have to work at it."*
 - Quite a few seem to appreciate the idea contributing their own labor to home construction, for both emotional and practical reasons. *"I really like the idea of building my home from the ground up." "First, I built that crib. Then I built this home for it." "I wish I could have had a hand in building it—work is good for a man."*
 - Established family homes are usually in very poor condition and are often torn down. *"The old family home was literally splitting apart. It had lost its sense of oneness and togetherness."* Most men are skilled laborers (in construction, painting, electrical work, plumbing, etc.) and expect to work on their homes, some putting in 40-plus hours a week over and above their regular jobs. Some also barter these skills with others.
 - Many do, however, hope to make repairs and renovations, since they plan to own their home for many years and then pass it on to the next generation. Many are thinking of improvements and add-on ideas (e.g., adding a bedroom, garage or carport, porch, or expanded bathroom), even in just the first few months of owning the new home.



Preferred Home Types

- ❑ **New homes are predominant and necessary on tribal trust lands.**
 - There is little to no existing home inventory. Homes are inherited or passed down to family members.
 - Sales of existing homes from one member to another member can happen but are rare; a few had looked at and one had purchased a foreclosure.
- ❑ **Most would prefer site-built homes but decide on mobile or manufactured homes, based on affordability, complexities of construction mortgage lending, and/or prior experiences.**
 - Site-built “*stick-built*” or adobe houses are the most desirable but are also the most expensive and usually not affordable. The one adobe home visited (purchased through foreclosure) was still very much in progress and at the top of the price range.
 - Manufactured modular homes are more common and desirable because purchasers can see the models, customize them to some extent, and get construction underway relatively quickly. *"I liked the idea of a custom home—something where I could have input on colors and design."* Personalization seems to be motivated by a desire to be both practical and independent.
 - Mobile homes are also popular because they are the least expensive and quickest to get into—very similar to purchasing a car with a car loan.
 - There is some awareness that homes requiring a foundation are more *"solid and secure."* *"It's important that the home sits well on the foundation, so it doesn't sink or crack."*



Lender Choice and Loan Terms

❑ Lender choices are limited.

- Most use credit unions, which cannot offer home loans on tribal lands. *“I went to my bank [credit union] for loan on tribal lands, but they said they can’t do it.”* Many also noted that their bank was not even in the consideration set, because they didn’t explore financing options without the guidance of a local Native American CDFI.
- They also say they avoid big banks such as Wells Fargo or Bank of America, because they think these banks have high fees. Quite a few said they got a loan through the Bank of Albuquerque, almost always with help from a Native American CDFI.

❑ The mortgage loan amount taken ranged from \$75K to \$150K, with a 30-year loan term and a fixed interest rate of 3-4%.

- For mobile homes, most obtained financing through a specialized lender (e.g., Vanderbilt Mortgage & Finance) with a higher interest rate, usually around 6%. In other cases, participants typically got a construction loan first. Once construction was done, the loan was then converted to a HUD 184 loan. One veteran mentioned a 33-year VA loan.
- Several said that they didn't really know their ongoing monthly payment until the loan was converted. Quite a few reported that it was *“a happy surprise”* when they find out the ongoing monthly payment, because *“it was lower than I expected.”* Learning that the payment would be less than expected seemed to reinforce feelings of safety and security as a new homeowner.

❑ Almost none made a down payment on the mortgage, although some made a small good-faith down payment for manufactured homes.

- Most said they could not afford to buy a home if a large down payment were required—confirming that they had little savings. However, most also said they had to *“pay some money upfront”* to show commitment to their mobile or manufactured home before it would be ordered. This payment was understood as a promise to do whatever is needed to make the purchase happen.



Awareness of Loan Programs and Homeownership Assistance

- ❑ **Awareness of specific loan programs like HUD 184 is low, even after purchasing through this program. Awareness of other government assistance was similarly low.**
 - Awareness of loan programs available for home purchase on tribal lands was full of uncertainty. While some mentioned specific loan programs like HUD and/or 184 (or other numbers), most seemed hesitant, as if they were unsure how to say it right. Phrases typically used included: *"the Section 184 program," "a 184 Native American loan,"* or *"184 money for Native Americans."*
 - There was similarly vague awareness that *"some assistance"* may be available from the tribe and/or federal government. Two separate families from one pueblo talked about significant down payment assistance through the tribe, although this was not typical. One also mentioned ongoing periodic tribal assistance (e.g., \$5,000 for every 5 years of successful homeownership).
 - A few mentioned exploring HUD programs but *"gave up"* because it involved *"too much trouble—way too much paperwork."* *"You really have to jump through hoops for that program."* A few also complained that by the time they felt ready to explore homeownership, *"I was told I make too much money"*—which was viewed as frustrating and unfair.
 - Generally speaking, few participants could fully explain the loans or assistance they used, or how or why they qualified.



Appendix

Research Participant Details



Interview Participant Details

- 18 individual in-depth interviews (IDIs) and 8 in-home interviews were conducted in northern New Mexico among Native Americans who recently purchased, or are now actively purchasing, first homes on tribal trust lands.

Target	Definition	# Of Participants
Home Value Among Homeowners	<\$50,000	1
	\$50,000-\$100,000	1
	\$100,000-\$150,000	1
	\$150,000-\$200,000	8
Gender	Females/Males	12/14
Other Interview Participants	Partner Or Adult Child Also Participated	4
Age	Age 21-30	3
	Age 31-40	11
	Age 41-50	7
	Age 51+	4
Presence of Children	With/Without Kids <18 Living At Home	21/5
Geography	Santa Fe Area	10
	Albuquerque Area	16