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When the Chickasaw Nation's Division of Housing realized that nearly 60 percent of its citizens' home loan applications were being denied, it created the Chuka Chukmasi, or Beautiful Home, Home Loan Program to make safe and affordable housing a reality. Since 1998, Chuka Chukmasi has proven how powerful the combination of partnerships with innovative financial institutions and the education of its citizenry in the basics of loan applications and mortgage financing can be in securing home loans at competitive rates. Helping hundreds of Chickasaw citizens realize their dreams of homeownership, the Chuka Chukmasi Home Loan Program is building Chickasaw Nation self-determination one home at a time.

Homeownership is a tradition passed down from generation to generation. Regrettably, this tradition is not strong among American Indians. According to a 2002 U.S. Census Bureau report, only 54.5 percent of American Indians and Alaska Natives, compared to 74.5 percent of non-Hispanic whites, own their own homes. This dearth of homeownership means that the basics of purchasing and owning a home simply are not taught to rising generations of potential American Indian homeowners. Unfortunately, many of these individuals begin to believe that homeownership is unattainable.

This belief comes at a high cost. According to a 2000 Fannie Mae Foundation report, 44 percent of Indian households confront a "housing affordability problem" (when households pay over 30 percent of their income in housing expenses), while only 23 percent of US residents generally encounter this problem. The report goes on to say that the substantial and unmet demand for housing units among American Indians is the result, in part, of an absence of financing options. American Indians frequently face limited choices in lenders or must access loans through inflexible federal funding programs that are generally incapable of responding to individual needs or circumstances.

Among the Chickasaw, the absence of a solid tradition of home ownership and severely limited financing options resulted in a lack of home purchasing "know-how." For generations, Chickasaw citizens were simply told where, and under what circumstances, they would live. Many depended on federally provided housing. Generations of Chickasaw citizens lived without understanding basic mortgages, financing processes, or how to correctly report their equity in a loan application. Compounding the issue, many Chickasaws unknowingly turned themselves into high-risk applicants through the mishandling of their financial information.

Over the years, the Chickasaw Nation participated in a number of housing programs that aimed to increase homeownership. These programs, however, typically imposed requirements that the average Chickasaw citizen could not meet. Usually designed by the federal government, such programs often restricted house purchases to specific geographic areas or limited the sorts of

houses available for purchase. They tended to impose narrow income guidelines and possessed little flexibility for dealing with individual circumstances. Very few programs made home ownership available to low-income or even higher-income families who faced significant expenses and were unable to make a down payment. Families with no credit histories or limited credit histories a sizable proportion of the population on many reservations and Indian communities were similarly disadvantaged. Despite these constraints, the Chickasaw Nation found that demand for housing programs remained high. Many Chickasaw citizens even waited from one to three years for Mutual Help housing opportunities. In the late 1990s, the Tribe realized that all of these factors translated into a discouraging statistic: nearly 60 percent of their citizens' home loan applications were being denied.

In 1998, the Chickasaw Nation's Division of Housing created the Chuka Chukmasi Home Loan Program to promote home ownership among its citizens. In its first year, Chuka Chukmasi negotiated partnerships with financial institutions such as PMI Mortgage Insurance Company to offer Chickasaw citizens living within the Tribe's geographical boundaries conventional, secondary home loans to cover the down payment and closing costs associated with a home purchase. The program was a near-immediate success, and by 2000, Chuka Chukmasi finalized one hundred loans on behalf of Chickasaw citizens.

This early success became the impetus for the program's further growth as the Division of Housing encouraged Chuka Chukmasi to respond to the needs of a large number of Chickasaw citizens considered high risk borrowers because of their limited or compromised credit histories. The Division recognized that although most Chickasaw citizens' credit problems complicated their loan application processes, these problems were not substantial enough to disqualify them as home loan borrowers. Committed to serving the needs of these individuals categorized as being high-risk, Chuka Chukmasi formed additional partnerships with First Mortgage of Oklahoma City and Fannie Mae in 2002. Since then, in collaboration with its partners, Chuka Chukmasi developed loan products designed expressly for Chickasaw homebuyers designated as high-risk.

Today, Chuka Chukmasi offers a variety of services including first and second mortgage processing and second mortgage loans. There are no income guidelines and these programs are available to Chickasaw citizens throughout the continental United States. Moreover, American Indians within the Chickasaw service area that do not have access to tribal loan programs of their own are also eligible to apply. Chuka Chukmasi's loans enable clients to purchase, renovate, or refinance homes. Primary home loans originate with First Mortgage while a tribal risk sharing agreement ensures that Chuka Chukmasi's clients are not priced out of the homeowners' market despite imperfect credit ratings. Chuka Chukmasi offers secondary loans at a competitive interest rate (e.g. 5 percent in 2003) to cover clients' down payments and closing costs, thus ensuring both the affordability of second mortgages to homebuyers and the availability of resources for future borrowers.

Through all of its programs, Chuka Chukmasi not only assists its clients in securing first and second home loans, but it also educates them about the home purchasing process. In 1998, Chuka Chukmasi facilitated the education of its clients through the Consumer Credit Counseling Service's phone lines. Convinced that education helped to increase and sustain homeownership, the Chickasaw Nation developed its own comprehensive home ownership course for potential homebuyers in 2000. The course covers loan applications, mortgage financing, predatory lending, and home maintenance. Chuka Chukmasi requires that every client take the course before the program's loan services become available to them. Chuka Chukmasi also offers post-purchase counseling to ensure that clients manage their mortgages successfully.

Chuka Chukmasi and its clients are succeeding. To date, Chuka Chukmasi and its lending partners have closed two hundred seventy three home loans providing \$19,304,253 in first mortgage loans to Chickasaw clients. Chuka Chukmasi also provided one hundred nineteen

down payment and closing cost assistance loans for a total of \$545,361. As the number of these loans increases, Chuka Chukmasi reinvests its growing interest revenues, thus perpetuating its financial health. As of 2003, in fact, Chuka Chukmasi was financially self-sustaining. Its revenues are remarkably reliable: Chuka Chukmasi borrowers 65 percent of whom are first time homeowners currently enjoy a zero default rate. This is itself a measure of the remarkable success of Chuka Chukmasi's home ownership seminars: since inception of the counseling program, it has offered sixty four seminars and issued six hundred one pre-homeownership counseling certificates.

Not surprisingly, Chuka Chukmasi received national recognition for its achievements. In 1999, Chuka Chukmasi received both the HUD Best Practice Award for its ground-breaking work on behalf of Native Americans, and the Social Compact Award, an award offered by the financial services industry that celebrates partnerships that promote successful investment in America's urban and rural neighborhoods. In 2002, Fannie Mae honored the Chickasaw Nation on behalf of Chuka Chukmasi for forming the Partnership of the Year from the State of Oklahoma .

Three factors that contribute to the success of the Chuka Chukmasi Home Loan Program deserve particular attention. First, Chuka Chukmasi established partnerships with reliable and reputable financial institutions that deliberately make innovative business decisions. Chuka Chukmasi values innovation. And most of the Chickasaw citizens it serves are high-risk clients with needs that necessitate Chuka Chukmasi to develop creative loan products and services, find new ways of sharing risk, and identify new solutions for emerging problems. Its financial partners possess a commitment to innovation as serious as Chuka Chukmasi's own. Each willingly advances the inventive programs that Chuka Chukmasi proposes, as well as suggests other possible solutions. For example, these partners accept the Chickasaw Nation as a risk-sharing partner to secure its high-risk borrowers; they facilitate Chuka Chukmasi's automated loan process a process that removes human bias from loan decisions and demonstrates that if loan officers base lending decisions strictly on numbers, more Chickasaw citizens would qualify for loans. Further, these partners continue to eliminate bureaucratic barriers so Chuka Chukmasi can better serve its target population. In short, Chuka Chukmasi and its partnering financial institutions developed a mutually beneficial relationship that is changing their clients' lives for the better.

Second, Chuka Chukmasi rightly places great faith in the power of educating individual Chickasaw citizens about the home purchasing process. Chuka Chukmasi's homebuyer counseling program is a central feature of their success. Again, Chickasaw clients attend local seminars led by certified homebuyer counselors that include detailed discussions about the demands of homeownership, the loan process, family financial planning, and other relevant topics. To be eligible for a loan, each client must complete the course. Even Chickasaws living far beyond the Tribe's boundaries must study mailed seminar materials, discuss these materials with a Chuka Chukmasi homebuyer counselor, and then take a 35 question assessment over the phone. Chuka Chukmasi's staff proudly notes that counseling does not end when clients complete their pre-purchase counseling. Post-purchasing counseling helps clients maintain their investments and work through potential financial problems before they lead to delinquencies.

What the seminar requirements cannot capture, however, is the creativity and intensity of a counseling program that strives to do far more than simply tell clients how to get a loan. For instance, Chuka Chukmasi is as attentive to its counselors as it is to its clients. Homebuyer counselors (all citizens of the Chickasaw Nation) are certified through a rigorous and comprehensive training. Chuka Chukmasi learned that encouraging clients to talk with knowledgeable tribal representatives, rather than non-Chickasaw loan officers, increases clients' willingness to seek guidance about their concerns and desires. Clients are not only taught about the purchasing process, but learn financing terms, budgeting, and contract and investment maintenance. By facilitating financial literacy, Chuka Chukmasi strengthens the skills of individual

Chickasaw citizens and encourages individuals and families to invest in their communities. Chuka Chukmasi credits its continuing education program with their zero default rates.

Third, the Tribe's leadership is staunchly dedicated to the program's success. The Governor of the Chickasaw Nation is vocally dedicated to furthering home ownership and celebrating Chuka Chukmasi's success. At the same time, however, tribal leadership understands that it must sustain a healthy relationship with the program; the Tribe facilitates this success through a deliberate political distance. The tribal government's refusal to micromanage or politicize the program gives Chuka Chukmasi the freedom to innovate, to pursue the best lending partners and programs, to offer clients the best services, and to make and uphold effective rules. The tribal government exerts no pressure on Chuka Chukmasi to make loans to particular individuals, partner with particular institutions, or make politicized decisions.

A Fannie Mae representative has called the Chuka Chukmasi Home Loan Program the "gold standard" of Native housing programs. Chuka Chukmasi thinks of itself in these very terms: by encouraging Chickasaw clients to assume financial responsibility for themselves and build family and community wealth, they advance the Tribe's ability to be self-determined. Other Indian nations that confront housing crises may find valuable lessons in this home loan program. While Chuka Chukmasi works largely on the purchase of private lands, the Tribe and its financial partners indicate that the fundamental agreement and procedures by which they operate may be modified to work in reservation settings. Already, Chuka Chukmasi and its partners have provided technical assistance to the Menominee of Wisconsin, and the Modoc, Comanche, and Sac and Fox of Oklahoma. Chuka Chukmasi makes its curricular materials and operating practices available to all interested tribes. The interest in these materials is understandable: Chuka Chukmasi is helping to build a healthy nation home by home.

Lessons:

- By facilitating homeownership, tribal governments help their citizens grow individual assets and support the broader tribal goals of nation building and self-determined economic development.
- Strong partnerships with non-tribal agencies in which the partners share goals and leverage comparative advantages can offer tribal programs a way to both generate and sustain innovative solutions to complex problems.
- Client education, including financial literacy services and consumer counseling tailored to meet the needs and concerns of tribal citizens, is an essential component of home ownership lending programs in Indian Country.

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