March 21, 2018

The Honorable Sonny Perdue
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250

Dear Secretary Perdue:

As you know, significant barriers to becoming a homeowner exist in rural America. Unfortunately, this problem is particularly acute in tribal communities. A lack of access to credit continues to contribute to this problem. As we look for solutions to expand homeownership and grow communities, we request that the U.S. Department of Agriculture (USDA) evaluate the implementation of a Section 502 relending demonstration program on tribal land.

As you know, the USDA Rural Development (RD) Section 502 direct loan program assists low income families with the purchase of homes. However, this homeownership loan program is underutilized on tribal lands throughout the United States. In fiscal year 2017, only 23 of the 7,187 loans made through the program were received by Native families on tribal lands.

South Dakota RD has been working with RD Headquarters to develop a pilot program to address the lack of Section 502 direct loans in Indian Country. The proposed demonstration program would allow two Native community development financial institutions (CDFIs) to become eligible borrowers under the existing 502 relending program. The CDFIs would then relend the funds to South Dakota Native families that meet the eligibility requirements of the program.

Native CDFIs have proven to be successful in financing businesses, creating jobs, and providing financial services on tribal lands in South Dakota. Importantly, these CDFIs are willing and able to assist Native families in achieving homeownership. The proposed relending demonstration program would help many tribal families achieve homeownership and expand the footprint of a successful USDA program to new communities.

Thank you in advance for your consideration of this request.

Sincerely,

John Thune
U.S. SENATOR

M. Michael Rounds
U.S. SENATOR

Kristi Noem
U.S. REPRESENTATIVE