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June 3, 2020

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Mr. Dodaro,

We request that the Government Accountability Office (GAO) review the Department of Veterans Affairs (VA) Native American Direct Loan (NADL) program, established by law in 1992, which we are concerned is not meeting its congressional intent to provide Native American veterans living on trust land with an accessible home loan option.

You last evaluated this program in 2002.^[1] The lack of data on the number of Native American veterans eligible for the program; the absence of evaluation of VA's outreach efforts; and the limited partnerships between VA and local housing organizations that assist and support Native Americans on trust lands with the mortgage lending process were among the concerns addressed by your report. Since then, there have been significant changes to the law establishing the NADL program. These include amendments that made the NADL program permanent and that eliminated a standard cap on the principal for individual loans.^[2] The number of tribes whose members are eligible to participate in this program has also increased, with the VA currently tracking 111 NADL Memoranda of Understanding with various tribal governments.

Additionally, the U.S. Department of Agriculture's (USDA) Rural Development service is executing a pilot program for trust land home lending under its USDA 502 Single Family Housing Direct Loan Program. In the case of this pilot, USDA is not making a direct loan; rather, it is making a block grant of funds for guaranteed home loans to a number of Certified Development Financial Institutions (CDFI). The CDFIs, in turn, collaborate with tribal outreach officers to provide credit and personal finances counseling, homebuyer education and application assistance to maximize tribal members' chances for loan approval.

^[1] GAO-02-654, Native American Housing: VA Could Address Some Barriers to Participation in the Direct Loan Program (August, 2002).

^[2] PL 109-233 § 103 (2006) made the VA's authority to execute the NADL program permanent. PL 116-23 § 6 (2019) repealed an existing \$80k cap on loan principals.

Given the passage of time since your 2002 report, the findings from your report, program changes since 2002, and the current low levels of participation by Native American veterans in the NADL program, we are concerned that the program is not effectively serving Native American veterans as intended. Therefore, we are requesting a GAO evaluation that addresses the following questions:

1. What steps has VA taken to collect comprehensive data on Native American veterans eligible to participate in the NADL program and to evaluate the effectiveness of the program in serving them?
2. How does the VA Loan Guarantee Service administer the NADL program and to what extent does the organizational structure of this service facilitate or impede the ability of Native American veterans to obtain mortgage credit?
3. What actions has and could VA take to improve access to credit and financial literacy, such as through development of formal partnerships with organizations that could provide home buying education and mortgage application support?
4. What practices does USDA's pilot program use to provide such education and application support and how do these practices compare to those used by VA?
5. How does the VA Loan Guaranty Service's reliance on the Bureau of Indian Affairs' Tribal Status Report impact the timeliness of VA's loan servicing operations?
6. What appraisal practices need to be reviewed that specifically relate to Native American home buyers, including those on Native American reservations?
7. Any other questions that the GAO thinks would be useful to address concerning Native American veterans' participation in the VA's NADL program.

Thank you for your consideration of our request. We look forward to working with you on this important request in support of Native American veterans.

Respectfully,



Jerry Moran
Chairman
Senate Committee on Veterans' Affairs



Jon Tester
Ranking Member
Senate Committee on Veterans' Affairs



M. Michael Rounds
United States Senator



Richard Blumenthal
United States Senator



Kevin Cramer
United States Senator



Krysten Sinema
United States Senator