

GAO Highlights

Highlights of [GAO-22-104627](#), a report to congressional requesters

Why GAO Did This Study

In 1992, Congress required VA to establish a direct loan program to help Native American veterans finance homes on certain types of land that can be difficult to use as collateral for conventional mortgage loans. This could include, for example, land held in trust for Native Americans by the federal government. Members of Congress, advocacy organizations, and other stakeholders have raised questions about the effectiveness of VA's administration of NADL and outreach efforts.

GAO was asked to review the NADL program. This report examines the extent of lending to eligible veterans and program management and operations. GAO reviewed relevant laws and regulations; VA documents and data on NADL organization and activities; and estimates of potentially eligible veterans. GAO also interviewed VA officials and representatives of seven associations and 28 local organizations. GAO selected them for geographic diversity and applicable mortgage lending experience. They include tribal housing authorities, financial institutions, and tribal veterans service organizations.

What GAO Recommends

GAO is making 10 recommendations to VA, including on data collection, performance measurement, planning, and leveraging expertise to mitigate barriers to NADL use. VA concurred with all of GAO's recommendations. For four, VA described actions it considered fully implemented them. GAO maintains that VA needs to take additional actions to fully implement those recommendations, as discussed in the report.

View [GAO-22-104627](#). For more information, contact William B. Shear at (202) 512-8678 or ShearW@gao.gov.

April 2022

NATIVE AMERICAN VETERANS

Improvements to VA Management Could Help Increase Mortgage Loan Program Participation

What GAO Found

The Department of Veterans Affairs (VA) has made relatively few loans under its Native American Direct Loan (NADL) program. This program provides loans to eligible Native American veterans to purchase, construct, or improve homes on certain types of land. Specifically:

- In fiscal years 2012–2021, NADL originated 89 loans to veterans in the contiguous United States, 91 loans in Hawaii, and none in Alaska. This represents loans to less than 1 percent of the estimated potentially eligible population of 64,000–70,000 veterans in these areas.
- During this period, VA also originated 76 loans in American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam—serving approximately 1.5 percent of the potentially eligible population of 5,200 veterans in these U.S. Pacific territories.
- Veterans living in the contiguous United States make up the majority of the potentially eligible population. However, less than one-third of federally recognized Indian tribes there have agreements with VA to allow their members to apply for NADL loans.

In October 2021, VA reorganized NADL operations and formed a NADL-dedicated team to strengthen the program. However, GAO identified weaknesses with the NADL program and opportunities for VA to improve management and operations, including in the following areas:

- **Data collection and performance measurement.** VA does not collect certain useful data related to NADL outreach, loan processing, and negotiation of program participation agreements with federally recognized Indian tribes. It also does not have performance measures for all of its key activities, including loan processing, or for their outcomes. More comprehensive data collection and performance measurement would provide management information for more informed decision-making.
- **Planning.** VA does not have an overall outreach plan for NADL and has not integrated leading outreach practices, such as tailoring activities to populations, to inform its approach. VA also has not developed an operating plan for making NADL loans on the vast majority of NADL-eligible land in Alaska. Such plans would help ensure VA's activities are informed by best practices and appropriate to the local environment.
- **Leveraging expertise.** VA faces barriers to NADL implementation, such as lack of borrower readiness for loans and title issues related to mortgage lending on NADL-eligible lands. NADL has addressed these barriers to a limited degree. However, it has not leveraged the knowledge of or routinely collaborated with other VA offices, federal agencies, or local organizations with applicable experience. Collaborating with these entities would increase the program's ability to serve veterans.