



Section 184 Servicing Training

April 21, 2020 and April 22, 2020



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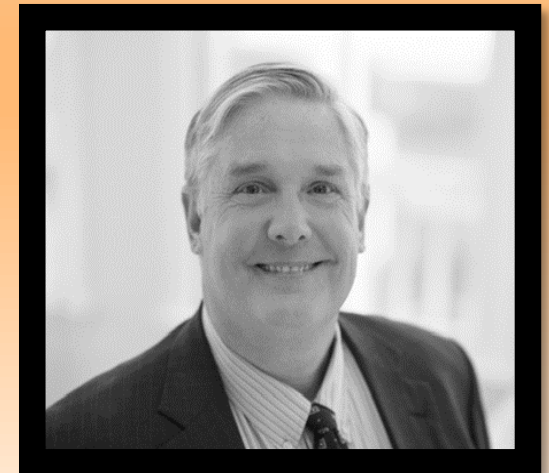
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COVID 19 National Emergency

COVID-19 National Emergency con't

- *DLL - 2020 - 03*: Electronic Submission of Endorsements/Claims
- Section184Endorsements@hud.gov
- Section184Claims@hud.gov
- Duplicate-In Process Files
 - Files Shipped prior to April 2, 2020

COVID-19 National Emergency con't

- *DLL - 2020 - 02*: Loss Mitigation options/COVID-19
- *DLL - 2020 - 03*: Electronic Submission of Endorsements/Claims
- *DLL - 2020 - 04*: Foreclosure / Eviction Moratorium
- *DLL - 2020 - 05*: Appraisals, VOE, Tax Transcripts
- https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/184/lenders



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Purpose of Training

What Makes Servicing Different in Indian Country?

Land Ownership

- Fee Simple Land
- Tribal Trust Land
- Allotted or Individual Trust Land
 - Allotted Trust Land (with fractionated ownership)
- Land Assignment

What Makes it Different? continued

Land Ownership

- Fee Simple Land within a Reservation (Checker-Board Reservation)
- Restricted Fee Land – Independently owned Indian land

What Makes it Different? continued

Hawaiian Homelands – Section 184A

- Land is held in trust for the benefit of Native Hawaiians
- The Department of Hawaiian Homelands (DHHL) grants eligible borrowers rights to use the property in the form of a lease.



Office of Public & Indian Housing

Reservations: Land Ownership

Allotted Trust:

- Lands are held in trust for the use of individual Indians (or their heirs).

Land Assignment:

- The assignment of a parcel of land made to individual tribal members by the tribe.



Office of Public & Indian Housing

Reservations: Land Ownership

Fee Simple Land:

- Reservation land not in trust or subject to restriction.

Tribal Trust Land:

- Held in *trust* by the BIA for the tribe.



Office of Public & Indian Housing

Reservations: Land Ownership

Restricted Fee Land:

- Fee Simple land with transfer restrictions

Checkerboard Reservation:

- Land ownership is intermingled between Fee Simple, Trust Land, and Allotted Trust resulting in a *checkerboard*.



Who can Service 184/184A Loans?

- Approved Direct Guarantee Lenders
- Servicers approved by HUD/ONAP



What are HUD's Servicing Rules?

- Consumer Financial Protection Bureau
 - Regulation X (12 CFR 1024)
 - Regulation Z (12 CFR 1026)
- HUD
 - PIH Notice 2014-11
 - Lender Communication 4/30/2019



Servicing Reporting Requirements

- Loan Servicing and Default Report (Due within the first 5 business days monthly)
- Email Report to: 184Servicing@HUD.gov
- The servicing report must include all Section 184/184A loans (Active & Paid in Full)
- See the HUD suggested format.



Servicing File Retention

- All files – life of mortgage plus 3 years
- At HUD request hard copies within 3 days
- Records must be kept in original form
- All docs capable of reproduction into legible hard copy

Servicing Performing Loans

Regulation X (12 CFR 1024)

Escrow
Accounts

Servicing
Transfers

Error
Resolution &
Information
Requests

Force-
Placed
Insurance

Early
Intervention

Continuity
of Contact

Loss
Mitigation
Procedures

Servicing Performing Loans

Regulation Z (12 CFR 1026)

ARM
Disclosures
N/A

Escrow
Cancellation
Notice

Prompt
Crediting &
No Pyramiding

Payoff
Statements

Mortgage Loan
Transfer
Disclosures

Periodic
Statements



Servicing Performing Loans

- Assumptions:
- Allowable for 184/184A loans; may require approval by the Tribe, BIA or DHHL
- Lender to process, recommend for approval using standard 184/184A guidelines
- Lender must send to HUD for final determination
- Requires Release of Liability for current Borrower
- HUD issues updated LGC

Notifications to HUD

Servicing Transfer

- Within 15 days of transfer
- HUD Form 92080

Paid in Full

- Within 15 days of payoff
- Also on the monthly servicing report



Servicing Non-Performing Loans

Successful Servicing Strategy:

- Treat delinquent borrowers individually
- Early determination of default reasons
- Prompt actions at all stages of default



Servicing Non-Performing Loans

Early Intervention:

- Live Contact – By day 36 of default
- Written Contact – By day 45 of default
- Recommendation for borrower to contact their Tribe or DHHL for possible assistance



Servicing Non-Performing Loans

Loss Mitigation:

- Application Received - Complete
 - Notify borrower of available loss mitigation options
 - Notify reasons for denial and appeal process

Servicing Non-Performing Loans

Loss Mitigation:

- Application Received - Incomplete
 - Seek out missing documentation
 - Unable to obtain, evaluate application with information in hand.
 - Notify borrower of determination and options, if applicable

Servicing Non-Performing Loans

Loss Mitigation:

- Financial Analysis -
 - Servicers must analyze borrower's surplus monthly income
 - Use reasonable business judgment to determine if borrower has capacity to repay the arrearage
 - Monthly status evaluations



Servicing Non-Performing Loans

Loss Mitigation:

- Borrower Response to Loss Mitigation Offers -
 - 14 days to respond 90 days or more prior to foreclosure sale
 - 7 days to respond less than 90 days but more than 37 days prior to foreclosure sale



Office of Public & Indian Housing

Servicing Non-Performing Loans

Loss Mitigation:

- Appeals of Loan Modification Decisions -
 - For loss mitigation applications 90 days or more prior to foreclosure sale
 - Must be an independent evaluation
 - Servicer has 30 days to review appeal
 - Borrower has 14 days to respond



Questions?