Section 184
Servicing Training

April 21, 2020 and April 22, 2020
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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](mailto:Section184Endorsements@hud.gov)
  - [Section184Claims@hud.gov](mailto: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

Thelma Pillay
Loan Guarantee Specialist
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.
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.
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.
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
## Regulation X (12 CFR 1024)

<table>
<thead>
<tr>
<th>Escrow Accounts</th>
<th>Servicing Transfers</th>
<th>Error Resolution &amp; Information Requests</th>
<th>Force-Placed Insurance</th>
<th>Early Intervention</th>
<th>Continuity of Contact</th>
<th>Loss Mitigation Procedures</th>
</tr>
</thead>
</table>

- Servicing Performing Loans
- Regulation X (12 CFR 1024)
### Servicing Performing Loans

#### Regulation Z (12 CFR 1026)

<table>
<thead>
<tr>
<th>ARM Disclosures</th>
<th>Escrow Cancellation Notice</th>
<th>Prompt Crediting &amp; No Pyramiding</th>
<th>Payoff Statements</th>
<th>Mortgage Loan Transfer Disclosures</th>
<th>Periodic Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
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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
Loss Mitigation:

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