



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Date: February 13, 2026

Dear Lender Letter 2026-03

To: All Tribes
All Tribally Designated Housing Entities
All Section 184 Approved Lenders and Servicers
All Section 184A Approved Lenders and Servicers
Department of Hawaiian Home Lands

Subject Rescission of COVID-19 Loss Mitigation Options and Updated Loss Mitigation Options

Purpose This Dear Lender Letter (DLL) rescinds the COVID-19 Loss Mitigation Options announced in DLL 2023-04, as amended, and replaces it with updated Loss Mitigation Options.

Effective Date This DLL is effective upon publication. The implementation of the Trial Payment Plan Provisions of this DLL may be delayed but must be implemented no later than thirty days from the publication date.

DLLs 2022-01 and 2023-04, as amended, and DLLs 2023-09, 2025-04 and 2025-09, are rescinded as of this DLL's publication date.

Public Feedback The U.S. Department of Housing and Urban Development (HUD), Office of Native American Programs (ONAP) welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please email the Office of Loan Guarantee (OLG) at Section184Comments@hud.gov. ONAP will consider the feedback in determining the need for future updates.

Affected Programs This DLL applies to the Section 184 Indian Housing Loan Guarantee (Section 184) and Section 184A Loan Guarantees for Native Hawaiian Housing (Section 184A) programs.

Background On May 12, 2023, ONAP published [DLL 2023-04](#), to support broad economic recovery following the COVID-19 national emergency and expanded loss mitigation options to address the impacts many

Americans were experiencing in recovering financially from the long-lasting effects of the pandemic. DLL 2023-04 restated the Loss Mitigation Options established in [DLL 2022-01](#), as amended, with new provisions and changes.

On August 31, 2023, ONAP published [DLL 2023-09](#), to correct a technical error in DLL 2023-04 related to an available loss mitigation option for the Section 184A program.

On March 6, 2025, [DLL 2025-04](#) extended the loss mitigation options in DLL 2023-04, as amended, through December 30, 2025, and stated these loss mitigation options must be completed no later than January 31, 2026.

On December 30, 2025, [DLL 2025-09](#) extended the loss mitigation options in DLL 2023-04, as amended, indefinitely.

Summary of Changes

As of the date of this DLL publication:

- Servicers may no longer utilize the loss mitigation options provided for under DLL 2023-04, as amended.
- The Repayment Plan, Informal and Formal Forbearances, Assumptions, Pre-Foreclosure Sale (PFS), and Lease-in-Lieu (LIL)/Deed-in-Lieu (DIL) of Foreclosures policies will revert to the most current Section 184 and 184A Processing Guidelines.
- Loan Modifications, Loss Mitigation Advances (LMA), and Combination Loan Modification and LMAs shall follow the guidelines established under this DLL.

Updated Loss Mitigation Options

The Section 184/184A programs' updated loss mitigation options are as follows:

- Repayment Plan
- Informal or Formal Forbearance
- Assumption
- Loan Modification
- Loss Mitigation Advance (LMA)
- Combination Loan Modification and LMA
- Pre-Foreclosure Sale (PFS)
- Lease in Lieu (LIL) or Deed in Lieu (DIL) of Foreclosure

With respect to Repayment Plans, Informal and Formal Forbearances, Assumptions, PFS, and LIL/DIL of Foreclosures, where applicable, Servicers shall follow the guidance outlined in the most current Section 184 and Section 184A Processing Guidelines found on [ONAP's Lenders Section 184 Resources webpage](#).

With respect to Loan Modifications, LMAs, and Combination Loan Modification and LMAs (collectively “Permanent Home Retention Options”), Servicers shall follow the guidance in this DLL and, as applicable, utilize the respective attachments to this DLL, which includes:

- Attachment A, containing the Permanent Home Retention Options Calculations.
- Attachment B, containing the Promissory Note and Subordinate Mortgage Model Documents.
- Attachment C, containing the LMA Checklist.

For purposes of claim submission, attachments and all appropriate supporting documentation must be uploaded via [Native Advantage](#).

For purposes of this DLL, the following definitions shall apply:

- Day shall mean calendar day.
- Month means 30 calendar days, regardless of the actual number of days in the month.

Guidelines related to Mandatory Trial Payment Plan and Permanent Home Retention Options

- I. Mandatory Trial Payment Plan
- II. Loan Modifications
- III. Loss Mitigation Advance
- IV. Combination Loan Modification and Loss Mitigation Advance
- V. Claim Submission and Servicing File

I. Mandatory Trial Payment Plan

A Trial Payment Plan (TPP) is a trial monthly payment plan in lieu of a Borrower’s monthly loan payment. The Servicer must approve the Borrower for a Permanent Home Retention Option before starting a TPP. The TPP must be successfully completed prior to Borrower’s execution of any Permanent Home Retention Option.

a. Trial Payment Plan Period

Borrowers must successfully complete a TPP for a minimum of three months before executing a Permanent Home Retention Option.

Non-Borrowers who acquired title through an exempted transfer must successfully complete a TPP for six months before executing a Permanent Home Retention Option.

b. Trial Payment Terms

- the TPP must be a minimum of three months but not to exceed six months;
- the payments must be made in, or no more than 15 days before, the month they are due;
- where applicable, when there is a Loan Modification or a Combination Loan Modification, the Market Rate must be established when the TPP is offered;
- where applicable, the interest rate for the TPP when there is a Loan Modification or a Combination Loan Modification and LMA, is not greater than the Market Rate;
- the monthly payment under the TPP must be the projected monthly loan payment based on the escrow analysis of the Permanent Home Retention Option; and
- late charges must be waived during the TPP period if the Borrower is paying as agreed upon in the TPP.

c. Trial Payment Plan Agreement

A TPP Agreement is a written document that establishes the TPP terms. The Servicer must provide the TPP Agreement to all Borrowers that will be required to execute the Loss Mitigation Agreement for the Permanent Home Retention Option at least 15 days before the date the first trial payment is due. The Borrower is not required to sign and return the TPP Agreement.

The TPP Agreement must include:

- the duration of the TPP period;
- the amount of the monthly payments, which are the projected monthly Section 184/184A Guaranteed Loan payments for the Permanent Home Retention Option;
- the months the payments are due during the TPP period;
- the Market Rate for the modified Mortgage/Deed of Trust, if applicable;
- the payments must be made in, or no more than 15 days

before, the month they are due;

- remittance of the initial monthly installment in an amount equal to or greater than the amount required under the TPP is considered the Borrower's acceptance of the TPP Agreement;
- a notice that indicates after successfully completing the TPP, the Borrower must continue making payments in accordance with the terms of the TPP Agreement until the Permanent Home Retention Option documents have been ratified by all parties; and
- the reasons a TPP would fail.

d. Partial Trial Payments

When a trial payment is less than the full monthly payment, the Servicer must apply the payment in accordance with partial payments policies of the Servicer and any applicable Federal regulations.

e. Successful Completion of Trial Payment Plan Period

Upon the Borrower's successful completion of a TPP, the Servicer must:

- prepare the Permanent Home Retention Option documents to be effective no later than the first day of the second month following the final TPP month;
- provide the Permanent Home Retention Option documents to all required parties at least 15 days before the effective date of the Permanent Home Retention Option with the deadline to return executed documents;
- apply funds remaining in the Borrower's suspense account that do not total a full Principal, Interest, Taxes, and Insurance (PITI) payment to any calculated escrow shortage or to reduce any amounts that would otherwise be capitalized in the principal balance; and
- provide an executed copy of the Permanent Home Retention Option documents to the Borrower no later than 15 days after receipt of the documents.

f. Trial Payment Plan Failure

The Borrower fails a TPP when one of the following occurs:

- the Servicer becomes aware the property is condemned or abandoned;
- the Borrower does not make a scheduled TPP payment by the last day of the month the payment was due; or
- the Borrower informs the Servicer that the terms of the TPP Agreement will not be fulfilled.

The Servicer must report the TPP failure on the Monthly Servicing Report, even if a second TPP is offered in accordance with paragraph below.

The Servicer must apply all funds remaining in the suspense account to the Borrower's account.

The Servicer must evaluate the Borrower for another Permanent Home Retention Option. If the Borrower is ineligible, the Servicer must evaluate the Borrower for a Pre-Foreclosure Sale and either a Lease-in-Lieu or Deed-in-Lieu of Foreclosure (Home Disposition Options).

If a Borrower fails a TPP, ONAP provides an automatic three-month extension for the Servicer to approve another Loss Mitigation Option, or to commence or recommence foreclosure.

g. Reconsideration for Permanent Home Retention Options After TPP Failure

Borrowers who fail an initial TPP for a Permanent Home Retention Option due to not making a scheduled TPP payment by the last day of the month the payment was due, are eligible for re-evaluation for another Permanent Home Retention Option.

Borrowers who fail a second TPP are ineligible for another Permanent Home Retention Option and must be reviewed for a Home Disposition Option.

For an eligible Borrower, the Servicer must:

- re-evaluate the Borrower for a Permanent Home Retention Option, in order, using Attachment B, Permanent Home Retention Calculations Options, Part D through Part F; and
- if the Borrower receives a second TPP, the Servicer must report the use of a TPP on the monthly servicing report after the TPP failure for the initial TPP is reported.

If a second Permanent Home Retention Option is unable to provide the required Principal and Interest (P&I) reduction or if the Borrower fails a second TPP, the Servicer must evaluate the Borrower for Home Disposition Option.

The Servicer must retain a copy of any TPP Agreement in the Servicing File and the Claim File.

II. Loan Modifications

a. Loan Modifications

A Loan Modification modifies the terms of the Section 184/184A Guaranteed Loan to resolve the outstanding arrearages by re-amortizing the total outstanding debt at the Market Rate and extends the term up to maximum of 30 years.

The Loan Modification must fully reinstate the Section 184/184A Guaranteed Loan, comply with the interest rate and modified principal balance provisions below, and must only capitalize Arrearages, as calculated in Attachment B, Part A: Arrearages.

The Servicer must perform an escrow analysis to ensure that the amount to be capitalized includes the delinquent escrow payments and adequate funds to pay escrow bills when due to avoid a future escrow shortage without creating a surplus.

No other costs may be capitalized in the Loan Modification.

The Servicer must ensure that Hazard and Flood Insurance, where required, are updated for the modified mortgage amount.

b. Exemption for Mortgages that Cannot be Modified

Servicers are exempt from providing a Loan Modification if the term cannot be extended or the interest rate cannot be modified for any reason.

c. Interest Rate

The Servicer must ensure that any modified loan is a fixed-rate Mortgage. At the Servicer's discretion, the Servicer may reduce Note interest rates below Market Rate; however, Discount Points associated with rate reductions are not reimbursable. When increasing Note interest rates, the Servicer must calculate the maximum interest allowable as the Market Rate.

Market Rate is a rate that is no more than 25 basis points

(bps) greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30-year fixed rate conforming Mortgages (U.S. average), rounded to the nearest one-eighth of 1 percentage point (0.125 percent), as of the date a Trial Payment Plan is offered to a Borrower. The Lender must first round the PMMS Rate to the nearest one-eighth of 1 percentage point (0.125 percent) before calculating the rate at 25 bps greater than the PMMS Rate. The Weekly Primary Mortgage Market Survey results are published on the Freddie Mac website.

d. Modified Loan Term

The Servicer must re-amortize the total unpaid amount over 360 months from the due date of the first installment required under the modified Section 184/184A Guaranteed Loan.

The term of a Loan Modification may be less than 360 months if:

- requested by the Borrower; and
- a term that is less than 360 months does not result in the modified PITI being greater than the target monthly payment.

e. 30-Year Loan Modification

• **Borrower Who Requires Payment Reduction**

The Servicer must determine if a 30-year Loan Modification by itself can achieve a minimum 25 percent reduction to the P&I portion of the Loan Payment using the calculations in Attachment A, containing the Permanent Home Retention Options Calculations, Part D.

If a 25 percent reduction can be achieved at the Market Rate, the Servicer must offer the Borrower a 30-year Loan Modification.

If a 25 percent reduction cannot be achieved and the Borrower has a minimum of \$1,000 in Loss Mitigation Advance funds available, the Servicer must review the Borrower for a Combination Loan Modification and LMA.

If the Borrower does not have a minimum of \$1,000 in LMA funds available, the Servicer must offer the Borrower a 30-year Loan Modification, even if the payment increases.

• **Borrower Who Can Resume Loan Payments**

The Servicer is not required to meet the minimum 25 percent P&I reduction for Borrowers who can resume their current Section 184/184A Guaranteed Loan Payment. If the P&I portion of the modified Loan Payment for the 30-year Loan Modification is at least \$1 less than the P&I for the Loss Mitigation Advance (LMA) as calculated in Attachment A, containing the Permanent Home Retention Options Calculations, Part C, then the Servicer must offer the 30-year Loan Modification.

If a Borrower can resume their current Section 184/184A Guaranteed Loan Payment and the modified Loan payment is equal to or greater than the P&I for the Loss Mitigation Advance (LMA), then the Servicer must offer a LMA under Section III.

III. Loss Mitigation Advance

A LMA is a reimbursement by ONAP to the Holder for the advance of funds on behalf of the Borrower to assist in the reinstatement of the Borrower's Section 184/184A Guaranteed Loan.

The LMA must be secured by a zero interest subordinate promissory Note and mortgage/deed of trust executed by the Borrower in favor of ONAP.

The Servicer must ensure that a LMA or a LMA in combination with a Loan Modification (see Section III) fully reinstates the Section 184/184A Guaranteed Loan.

The LMA must not be less than \$1,000.

The Servicer must advance funds for the LMA and record the subordinate Mortgage/Deed of Trust prior to filing a claim for reimbursement. Servicers may include an additional monthly payment to the arrearage amount to allow time for the Borrower to return the executed documents and to ensure the LMA includes all arrearages accrued prior to the Borrower resuming Section 184/184A Guaranteed Loan Payments. A Borrower may receive more than one LMA.

a. Eligibility

The Holder must ensure the conditions below are met:

- Borrower's loan is 90 or more days past due at the time of executing LMA Promissory Note and subordinate mortgage/deed of trust;
- Borrower has evidenced the ability to resume making on-time Section 184 Loan monthly payments by successful completion of a Mandatory Trial Payment Plan (Section I); and
- Property is owner-occupied, with the exception for the Non-Occupant Co-Borrower.

b. LMA Requirements

1. Terms. The Holder must ensure that:

- the LMA (or the combo LMA and Loan Modification) fully reinstates the Loan;
- the LMA includes all arrearages (as described below in III.b.2); and
- all late charges and penalties are waived.

2. Arrearages. LMA arrearages are limited to:

- unpaid principal balance and interest;
- Lender advances for escrow items;
- projected escrow shortage amount; and
- related legal fees and foreclosure expenses, if any, that were incurred immediately prior to the Borrower's execution of the LMA and are not higher than the related legal fees and foreclosure expenses as identified in the [Fannie Mae fee schedules](#).

3. Maximum LMA Amount. The maximum cumulative value of all LMAs must not exceed 30 percent of the Section 184 Guaranteed Loan's unpaid principal balance at time of default of the initial LMA. The maximum cumulative value remains constant for the life of the Section 184/184A Guaranteed Loan, regardless of the number of defaults, assumptions, and loan modifications.

The maximum cumulative value of an LMA resets when a Section 184 Guaranteed Loan is refinanced into a new Section 184 Guaranteed Loan, unless HUD has agreed to resubordinate

prior LMAs under the new loan.

4. **Legal Fees and Foreclosure Costs.** Foreclosure fees and costs paid by an LMA may not be included in subsequent claims.
5. **Trial Payment Plan.** Borrowers must successfully complete a Trial Payment Plan (TPP) before executing the LMA Promissory Note and subordinate Mortgage/Deed of Trust.

c. Escrow Analysis

The Servicer must perform an escrow analysis to ensure the arrearages in the LMA reflect the actual escrow funds required for those months and adequate funds to pay escrow bills when due to avoid a future escrow shortage without creating a surplus.

d. Verification of Previous LMAs

The Servicer must verify if the Borrower previously received one or more LMAs and the total balance of all LMAs. The Servicer must:

- verify if the Borrower has previously received any LMAs. If unable to determine, email 184Servicing@hud.gov or 184A@hud.gov to verify; and
- if the Borrower has previously received an LMA, the Servicer must verify:
 - the unpaid principal balance at the time of payment of the initial LMA; and
 - the aggregate total of all LMAs paid on the Section 184/184A Guaranteed Loan.

The Servicer must review their records to ensure all previous LMAs have been submitted to ONAP and are reported via the monthly default reporting. If the Servicer is aware of other LMAs that are not reported to ONAP, the Servicer must include those amounts in the calculation.

e. LMA Promissory Note and Subordinate Mortgage/Deed of Trust

The Servicer must prepare the LMA promissory Note and subordinate Mortgage/Deed of Trust (LMA Security Instruments) as follows:

- the promissory Note must be executed with the name of the HUD Secretary;

- the subordinate Mortgage or Deed of Trust must be prepared and recorded; and
- the LMA Security Instruments must include:
 - the complete Section 184/184A Case Number;
 - the provisions of ONAP’s model LMA Subordinate Mortgage or a substantially similar document;
 - the provisions of ONAP’s model LMA Promissory Note or a substantially similar document; and
 - any amendments as required by Tribal, State, or Federal law or regulations.

The LMA Security Instruments must be signed by the Borrower and recorded by the Holder.

Model LMA Security Instruments can be found as Attachment C.

f. Recordation of LMA Documents

The Servicer must submit executed LMA Security Instruments for recordation within five business days from the date of receipt from the Borrower or ONAP, when ONAP execution is required. The Servicer must submit the LMA Security Instruments for recordation before filing a claim with ONAP.

The Servicer must ensure that the recordation of the LMA Security Instruments do not jeopardize the first lien status of the Section 184/184A Guaranteed Loan; there is no lien priority requirement for the filing of an LMA Claim.

g. Submission of Original Recorded LMA Security Instruments and Supporting Documentation.

If the Servicer did not submit original, recorded documents with the LMA Claim submission, then the Servicer must deliver to ONAP no later than six months from the date of the claim payment by ONAP:

- the original Loss Mitigation Advance Promissory Note and a copy of the recorded subordinate Mortgage/Deed of Trust;
- a copy of final certified Title Status Report from Bureau of Indian Affairs (BIA), where applicable;

- where there is no BIA involvement, copy of document evidence recordation of the subordinate Mortgage/Deed of Trust by Tribe, where applicable: and
- a cover letter with the Section 184/184A case number for each LMA included in the submission and any amendments as required by Tribal, State, or Federal law;

Originals must be delivered to the Office of Loan Guarantee, Office of Native American Programs, U.S. Department of Housing and Urban Development, 451 7th Street SW, Room 4018, Washington DC, 20410. We strongly recommend using delivery with tracking services.

h. Missing and Unacceptable LMA Documents

The Servicer shall ensure LMA documents were received and accepted by ONAP.

The Servicer must make corrections to satisfy the document delivery requirements for complete and accurate LMA documents if the LMA documents received from the Servicer contain deficiencies or discrepancies.

If ONAP indicates that LMA documents are missing, but the Servicer's records confirm they were delivered to ONAP, the Servicer must provide a signed affidavit that the LMA documents were delivered to HUD address specified above and include:

- proof of original delivery with a copy of the list of contents with the 184/184A case number(s) for the documents that were delivered; and
- copies of the missing LMA documents, with a list of documents included.

If the original LMA Promissory Note is lost prior to submission to ONAP, the Servicer must deliver a lost note affidavit to ONAP no later than six months from the date of LMA claim payment.

The lost Note affidavit must be acceptable under State law and must include the following:

- Section 184/184A case number;
- Borrower(s)' name;

- property address;
- original Note amount;
- date the Borrower executed the LMA security instruments;
and
- statement that the Servicer has exhausted all efforts to locate the original LMA promissory Note executed by the Borrower.

The Servicer must retain in the Servicing File and Claim File a copy of the lost Note affidavit and all related documentation provided to HUD.

i. Request for Extension of Time for Delivery of LMA Documents

The Servicer may request an extension of time by submitting the request to ONAP via email at 184Servicing@hud.gov or 184A@hud.gov when:

- the Servicer can demonstrate timely submission of recordation of LMA Documents; and
- LMA document delivery has been delayed due to events beyond the Servicer's control.

ONAP will not approve an extension of time for submission of the Promissory Note.

The Servicer must retain any approved extensions received from ONAP in the Servicing File and Claim File, if applicable.

j. Failure to Provide LMA Documents

A Servicer's failure to:

- mail originals to ONAP by the six-month deadline, or within any extensions of time granted, for three or more claims;
- report the delay in receiving a copy of the recorded Mortgage/Deed of Trust, or as applicable, a final certified Tribal Service Report (TSR) from the BIA prior to the six-month deadline, where applicable; or
- email a copy of the recorded Mortgage/Deed of Trust stamped by the BIA, along with a copy of the final certified TSR,

within 10 business days of receipt of documents from the BIA, where applicable;

may result in a disallowance of the Servicer's submitting LMA claims with electronic copies of the documents for a 12-month period. The 12-month period begins on the date the earliest LMA claim that was filed where the six-month deadline was not satisfied.

Additionally, a Holder may be required to repay ONAP for previously paid claims that failed to meet the six-month submission deadline requirement. If repayment is required, the Holder must:

- not reverse the application of the LMA funds to the Borrower's Section 184/184A Guaranteed Loan and must not submit a new LMA claim;
- continue to service the LMA Mortgage/Deed of Trust according to the terms of the LMA; and
- only pursue repayment of the LMA funds from the Borrower under the original terms of the Promissory Note and subordinate Mortgage.

k. LMA Discrepancies

When ONAP has received LMA documents that do not fully support the amount claimed by the Servicer, ONAP may consider the documents in error. When requested, the Servicer must correct the deficiencies within 30 Days, or within any extension of time that may be granted by ONAP, before any LMA claim will be paid.

If the Servicer miscalculates the LMA amount, resulting in an overpayment to the Borrower, the Servicer may only submit a claim based on the correct LMA amount, notwithstanding what was advanced by Servicer and LMA documents executed by Borrower. Alternatively, the Servicer may elect to request ONAP release the subordinate LMA and Servicer would attempt to re-execute corrected LMA documents with Borrower.

In the event the Servicer miscalculates the LMA amount to be less than the amount needed to reinstate the loan, ONAP will only reimburse up to the LMA promissory Note amount. The Servicer must absorb the cost of the miscalculation.

The Servicer must include their review process for ensuring the accurate calculation of LMA in their required Quality Control Plan.

l. Servicing LMAs and Reporting Paid In Full

The Holder remains responsible for servicing an LMA until the debt and security instruments are legally recorded in the appropriate jurisdiction and delivered to ONAP.

Holders must notify ONAP when the Section 184/184A Guaranteed Loan is paid in full or refinanced or when the LMA is paid in full, via Monthly Servicing Reports.

To the extent Servicers need to confirm LMA payoff amounts, Servicers must email 184Servicing@hud.gov or 184A@hud.gov .

m. Records Retention

The Holder must retain the following in the Servicing File and the Claim Review File:

- a copy of the LMA Security Instruments;
- evidence that the Mortgage/Deed of Trust was timely submitted for recording; and
- the date the Holder received the executed LMA documents from the Borrower.

IV. Combination Loan Modification and LMA

Combination Loan Modification and LMA, when offered together, must comply with requirements of Sections I and IV of this DLL.

The Servicer must use the calculations found in Attachment D, titled “Home Retention Options Calculations,” Part E, to determine the loan amount and LMA funds required for a Combination Loan Modification and LMA.

The Servicer must determine if a Combination Loan Modification and LMA can achieve a 25 percent reduction to the P&I portion of the Section 184 Guaranteed Loan Payment. The Servicer must ensure the LMA is no more than what is needed to achieve a 25 percent reduction to the P&I and may include principal deferment if required to achieve a 25 percent reduction.

If the 25 percent reduction is achieved, the Servicer must offer the Borrower a 30-year Combination Loan Modification and LMA.

The Loan Guarantee Certificate at the time the loan was endorsed by ONAP will remain in force until the Section 184/184A Guaranteed Loan

is paid in full, canceled, or terminated. Where applicable, the amount of Annual Loan Guarantee Fee and Annual Loan Guarantee Fee cancellation deadline will continue to be based on the amortization schedule of the original Section 184/184A Guaranteed Loan without taking into consideration delinquencies or prepayments.

V. Claim Submission and Servicing File

To receive reimbursement of the LMA amount under a LMA or Combination LMA and Loan Modification loss mitigation, the Servicer must submit a claim through the [Native Advantage](#) claims portal.

ONAP must receive a correct and complete claim submission of Parts A and B of the claim through the Native Advantage Claim System within two months of execution date of the Promissory Note and Mortgage.

The Servicer must submit all required documentation for LMA claim or Combination LMA claim as listed below and found in Attachment C – LMA Checklist.

The Servicer must retain a copy of these documents in the Servicing File.

Required Documents:

- Verification of Forbearance Agreement terms and Borrower's successful completion or termination of the Agreement, where applicable;
- Trial Payment Plan
- Evidence of the calculations used to determine the LMA amount and availability;
- Borrower's Section 184/184A Loan payment history from the date of default to the month claim submission was made to ONAP;
- Evidence of the date the Lender received the executed the LMA documents from the Borrower;
- Evidence of the date Section 184 Subordinate Mortgage/Deed of Trust was submitted for recordation (not required for Section 184A loans);
- Original executed Promissory Note; and
- Original recorded Subordinate Mortgage/Deed of Trust (not

required for Section 184A loans).

The Servicer does not have to wait until the LMA Security Instruments are recorded before submitting a claim request. The Servicer may submit copies of the original unrecorded documents and evidence of submission for recordation and mail the original recorded documents in accordance with section III.k. of this DLL.

After submission, the Servicer must review its claim status via Native Advantage to determine whether a claim has been suspended and in need of correction or documentation. The Servicer must take necessary corrective action, including correction or submission of documentation, within two months of the suspension to avoid deletion of its claim submission.

Questions

Any questions regarding this DLL may be directed to Section184Comments@hud.gov.

Signature

Benjamin Hobbs
Assistant Secretary
for Public and Indian Housing

Section 184/184A Home Retention Options Calculations

Part A: Arrearages

Step 1 – Calculate the Items to Include in Arrearages	Result
a. Only applicable for Repayment Plans and Loss Mitigation Advances (LMAs), calculate the principal amounts that are past due.	\$
b. Calculate accrued interest amounts that are past due.	\$
c. Calculate past due escrow amounts and/or Holder advances	\$
d. Calculate projected escrow shortage amount after completion of an escrow analysis, except for Repayment Plans.	\$
e. Calculate allowable legal fees and foreclosure and bankruptcy costs for work performed for the current default episode as of the date of the foreclosure cancellation and not higher than the fees and costs as established by Fannie Mae.	\$
Step 2 – Calculate Total Arrearages for Repayment Plans, LMAs, and Payment Supplements	Result
Add amounts in Steps 1.a-e.	\$
Step 3 – Calculate Total Arrearages for Loan Modifications or Combination Loan Modifications and LMAs	Result
Add amounts in Steps 1.b-e.	\$

Part B: LMA Availability

Step 1	Result
Verify if the borrower has previously received a LMA. If unable to determine, email the Office of Native American Programs to verify. Enter the Unpaid Principal Balance (UPB) at the time of the initial LMA or, if the Borrower did not receive any previous LMA(s), enter the UPB as of the date of default for this episode.	\$
Step 2	Result
Multiply the result in Step 1 by 30 percent.	\$
Step 3	Result
Did the Borrower previously receive an LMA?	<p>If yes, proceed to Step 4.</p> <p>If no, the result in Step 2 is the maximum LMA amount available for the current default episode.</p>
Step 4	Result
Subtract the total amount of all LMA(s) paid on the Section 184 Guaranteed Loan from the 30 percent maximum funds available established in Step 2.	\$. This is the maximum LMA amount available for the current default episode.

Part C: Borrower Resumption of Section 184/184A Guaranteed Loan Payments

Step 1 – Determine the Arrearages, LMA Availability, and Monthly Principal and Interest (P&I) Payment for a LMA Claim	Result
a. Enter the Arrearages (Part A, Step 2).	\$ Proceed to Step 1.b.
b. Enter the LMA Availability (Part B).	\$ Proceed to Step 1.c.
c. Enter the monthly Principal & Interest payment under a Standalone LMA.	\$ Proceed to Step 2.
Step 2 – Calculate Monthly P&I Payment under Loan Modification	Result
a. Add Arrearages (calculated in Part A, Step 3) to the UPB to determine the total amount to be resolved.	\$ Proceed to Step 2.b.
b. Re-amortize the total amount to be resolved (Step 2.a) for a 30-year term at the Market Rate to determine the modified monthly P&I payment.	\$ Proceed to Step 3.
Step 3 – Compare P&I for LMA and Loan Modification	Result
Is the monthly P&I payment for a Loan Modification at least \$1.00 less than the P&I payment for a Standalone LMA?	If yes, offer the Borrower a Loan Modification (calculated in Step 2). If no, proceed to Step 4.
Step 4 – Determine if the Borrower has Sufficient LMA Funds for an LMA	Result
Are the arrearages (Step 1.a) less than or equal to the LMA Availability (calculated in Part B)?	If yes, offer the Borrower a LMA. If no, evaluate the Borrower for a Permanent Home Retention Option with payment reduction starting with the Standalone Loan Modification in Part D.

Part D: Calculate Loan Modification

Step 1 – Calculate 25% P&I Reduction	Result
Multiply the current P&I by 0.75 to determine the target payment with a 25 percent P&I reduction.	\$ Proceed to Step 2.
Step 2 – Determine Total Amount to be Resolved	Result
Add arrearages (calculated in Part A, Step 3) to the UPB to determine the total amount to be resolved.	\$ Proceed to Step 3.
Step 3 – Determine if a 30-Year Modification can Achieve a 25% P&I Reduction	Result
a. Re-amortize the total amount to be resolved (Step 2) for a 30-year term at the Market Rate to determine the modified monthly P&I payment.	\$ Proceed to Step 3.b.
b. Determine if the result in Step 3.a is equal to or less than the target payment calculated in Step 1.	If yes, offer the Borrower a Loan Modification for a term of 30 years. If no, proceed to Step 4.
Step 4 – Consider if the Borrower is Eligible for Other Permanent Home Retention Options	Result
Does the Borrower have a minimum of \$1,000.00 in LMA Availability (calculated in Part B)?	If yes, review the Borrower for a Combination and LMA. If no, offer the Borrower a Loan Modification that is modified to a term of 30 years, even if the payment increases.

Part E: Combination Loan Modification and LMA Calculations

Step 1 – Calculate 25% P&I Reduction	Result
Enter the target payment with a 25 percent P&I reduction (calculated in Part D, Step 1).	\$ Proceed to Step 2.
Step 2 – Determine Total Amount to be Resolved	Result
Add Arrearages (calculated in Part A, Step 3) to the UPB to determine the total amount to be resolved.	\$ Proceed to Step 3.
Step 3 - Determine if a 30-Year Combination Loan Modification and Partial Claim can Achieve a 25% P&I Reduction	Result
a. Calculate the loan amount needed to achieve the target payment (Step 1) on a 30-year term at the Market Rate.	\$
b. Subtract the target loan amount (Step 3.a) from the total amount to be resolved (Step 2) to determine the amount of LMA funds required.	\$
c. Is the LMA Availability (calculated in Part B) greater than or equal to the amount of LMA funds required (Step 3.b)?	If yes, offer the Borrower a Combination 30 year Loan Modification and LMA.

ATTACHMENT B

Model Documents

Summary of Model Documents

- Loss Mitigation Advance Section 184 Model Promissory Note
- Loss Mitigation Advance Section 184A Model Promissory Note
- Instructions for Section 184 Model Subordinate Mortgage/Deed of Trust Form
- Loss Mitigation Advance Section 184 Model Subordinate Mortgage/Deed of Trust

Loss Mitigation Advance Section 184 Model Promissory Note

Section 184 Case No.: _____

Property Address: _____

1. PARTIES

“Borrower” means each person signing at the end of this Note and the person’s successors and assigns. “Secretary” or “Lender” means the Secretary of Housing and Urban Development and its successors and assigns.

2. BORROWER’S PROMISE TO PAY

In return for a loan received from Lender, Borrower promises to pay the principal sum of _____ dollars (U.S. \$ _____) to the order of the Lender.

3. PROMISE TO PAY SECURED

Borrower’s promise to pay is secured by a mortgage, Deed of trust or similar security instrument that is dated the same date as this Note and called the “Security Instrument.” The Security Instrument protects the Lender from losses, which might result if Borrower defaults under this Note.

4. MANNER OF PAYMENT

(A) Time

On, [insert maturity date of guaranteed primary mortgage] or, if earlier, when the first of the following events occurs:

- (i) Borrower has paid in full all amounts due under the primary Note and related mortgage, deed of trust or similar Security Instruments guaranteed by the Secretary, or
- (ii) the maturity date of the primary Note has been accelerated, or
- (iii) the primary Note and related mortgage, deed of trust or similar Security Instrument
- (iv) are no longer guaranteed by the Secretary.

(B) Place

Payment shall be made electronically through the Pay.gov portal (www.pay.gov) for the benefit of the U.S. Department of Housing and Urban Development, Office of Native American Programs, or any such other place as Lender may designate in writing by notice to Borrower.

5. BORROWER'S RIGHT TO PREPAY

Borrower has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty. If Borrower makes a partial prepayment, there will be no changes in the due date or in the amount of the monthly payment unless Lender agrees in writing to those changes.

6. WAIVERS

Borrower and any other person who has obligations under this Note waive the rights or presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

7. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note against each person individually or against all signatories together. Any one person signing this Note may be required to pay all the amounts owed under this Note.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

Borrower Name

Borrower Signature

Date

Borrower Name

Borrower Signature

Date

Loss Mitigation Advance Section 184A Model Promissory Note

Section 184A Case No.: _____

Property Address: _____

1. PARTIES

“Borrower” means each person signing at the end of this Note, and the person’s successors and assigns. “Secretary” or “Lender” means the Secretary of U.S. Department of Housing and Urban Development and its successors and assigns.

2. BORROWER’S PROMISE TO PAY

In return for a loan received from Lender, Borrower promises to pay the principal sum of _____ dollars (U.S. \$ _____) to the order of the Lender at the time and through the method described in Section 3.

3. PAYMENT

(A) Time

The amount in Section 2 is due when the first of the following events occurs:

- (i) on [insert maturity date of guaranteed primary mortgage], the maturity date of the primary Note for the loan guaranteed under the Section 184A program;
- (ii) the Borrower’s full prepayment of all amounts due under the primary Note and related mortgage, deed of trust, or similar security instrument guaranteed by the Secretary;
- (iii) the primary Note and related mortgage, deed of trust, or similar security instrument are no longer guaranteed by the Secretary; or
- (iv) when the property is no longer occupied by the Borrower.

(B) Method

Payment shall be made electronically through the Pay.gov portal (www.pay.gov) for the benefit of the U.S. Department of Housing and Urban Development, Office of Native American Programs, (<https://www.pay.gov/public/form/start/39404959>).

4. BORROWER’S RIGHT TO PREPAY

Borrower has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty. If Borrower makes a partial prepayment, there will be no changes in the due date or in the amount of the monthly payment of the primary loan guaranteed under the Section 184 loan unless Lender agrees in writing to those changes.

5. BORROWER'S FAILURE TO PAY AS REQUIRED

If Borrower does not pay the full outstanding balance as evidenced by this Note on the date it is due, Borrower will be in default.

6. BORROWER NOT RELEASED; FORBEARANCE BY LENDER NOT A WAIVER

Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy; nor shall a forbearance, or extension of the time for payment of the sums under this Note, operate to release the liability of Borrower to repay this Note.

Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums under this Note by reason of any demand made by the original Borrower.

7. WAIVER BY BORROWER

Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note against each person individually or against all signatories together. Any one person signing this Note may be required to pay all the amounts owed under this Note.

9. NOTICES

Any notice to Borrower shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to: U.S. Department of Housing and Urban Development, Attention: Office of Native American Programs/OLG, 451 7th Street, SW, Room 4108, Washington, DC 20410 or any address Lender designates by notice to Borrower. Any notice provided for in this Note shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

10. GOVERNING LAW; SEVERABILITY

This Note shall be governed by Federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Note conflicts with applicable law, such conflict shall not affect other provisions of this Note which can be given effect without the conflicting provision. To this end the provisions of this Note are declared to be severable.

11. BORROWER COPY

Borrower shall be given one conformed copy of this Note.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

Borrower Name

Borrower Signature

Date

Co-Borrower Name

Co-Borrower Signature

Date

Instructions for Section 184 Model Subordinate Mortgage/Deed of Trust Form

Language Preceding Uniform Covenants

This is a Model Subordinate Mortgage Form for the Section 184 program. The Section 184A Native Hawaiian Housing Loan Guarantee Program (Section 184A) does not require a subordinate mortgage/deed of trust for Loss Mitigation Advances. Lenders must review this form and make modifications as needed to comply with applicable Tribal, Federal, State, and local requirements.

Uniform Covenants

Paragraphs 1-7 should have the heading “Uniform Covenants.” The text of these paragraphs must be used as presented in the Model Subordinate Mortgage Form without change. If change is needed to meet requirements of Tribal, Federal, State, or local law, the lender must request and receive written approval from HUD.

Signatures

Witness lines may be omitted if State and local law do not require witnesses for mortgages.

Loss Mitigation Advance

Section 184 Model Subordinate Mortgage/Deed of Trust

Section 184 Case No.: _____

THIS SUBORDINATE MORTGAGE/DEED OF TRUST (“Security Instrument”) is given by _____ (“Borrower”) on the date as executed on this instrument to the Secretary of Housing and Urban Development, and whose address is Office of Native American Programs, 451 7th Street, SW, Rm. 4108, Washington, DC 20410 (“Lender”).

THE BORROWER OWES Lender the principal sum of _____ dollars (U.S. \$ _____). This debt is evidenced by Borrower’s Note dated the same date as this Security Instrument (“Note”), which provides for the full debt, if not paid earlier, due and payable on _____.

THIS SECURITY INSTRUMENT SECURES to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, advanced under Paragraph 2 of the Borrower’s Note to protect the security of this Security Instrument; and (c) the performance of Borrower’s covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, warrant, grant, and convey to the Lender, with the power of sale the following described property located in _____ County, which has the address of

[Street]

_____, _____, _____
[City], [State] [ZIP Code] (“Property Address”).

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the “Property.”

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property in accordance with Tribal law and the Bureau of Indian Affairs requirement, where applicable, and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances or record.

THIS SECURITY INSTRUMENT COMBINES uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

Borrower and Lender covenant and agree as follows:

UNIFORM COVENANTS

1. Payment of Principal. Borrower shall pay when due the principal of the debt evidenced by the Note.

2. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time of payment of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

3. Successors and Assigns Bound; Joint and Several Liability; Co-Signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the term of this Security Instrument or the Note without that Borrower's consent.

4. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by First-Class Mail unless applicable Tribal or State law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by First-Class Mail to: Department of Housing and Urban Development, Attention: Office of Native American Programs, 451 7th Street, SW, Washington, DC 20410, or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

5. Governing Law; Severability. This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located, including Tribal law where applicable. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

6. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

7. Tribal or State Specific Requirements. The following Tribal or State-specific requirements are related to acceleration and/or remedies. [Insert any required Tribal or State-specific language in this section.]

BY SIGNING BELOW, Borrower accepts and agrees to the terms contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

IN WITNESS WHEREOF, the undersigned has executed this Security Instrument.

Borrower Name

Borrower Signature

Date

Borrower Name

Borrower Signature

Date

State of _____

County of _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who personally appeared before me, the undersigned Notary Public, to be the person (s), whose name(s) is/are subscribed to the within instrument and acknowledged to be that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Notary Public for the [County, State]

ATTACHMENT C

Section 184/184A Loss Mitigation Advance (LMA) Submission Checklist

Section 184/184A Case Number: _____

Borrower Name: _____

Name of Holder of the Note: _____

Date of LMA Submission to ONAP: _____

Date of LMA Claim Payment from ONAP: _____

Six Months Post Submission Deadline Date: _____

<i>Check if Provided</i>	Required Documentation
<input type="checkbox"/>	Calculations used to determine the LMA amount and availability, and the calculation of the Target Payment, if Borrower has Loan Modification.
<input type="checkbox"/>	Section 184/184A loan payment and accounting history from the date of Borrower's default to date of LMA Claim Submission.
<input type="checkbox"/>	Trial Payment Plan
<input type="checkbox"/>	Borrower's Payment History from date of default to the date the loan became reinstated.
<input type="checkbox"/>	Invoices related to foreclosure fees and legal expenses, where applicable.
<input type="checkbox"/>	<u>Section 184:</u> Copies of the executed Section 184 LMA Promissory Note and the recorded LMA Subordinate Mortgage/Deed of Trust, and loan modification documents, if applicable.
<input type="checkbox"/>	<u>Section 184A:</u> Copies of executed Section 184A LMA Promissory Note, and Loan modification documents, if applicable.
	ONAP CANNOT ACCEPT FHA DOCUMENTS.
<p><i>Post Submission Documentation</i></p> <p><i>No later than six months from the date of ONAP claim payment the following MUST be submitted.</i></p> <p><i>Each month shall be regarded as having 30 days, regardless of the actual number of days.</i></p>	