



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

OFFICE OF PUBLIC AND INDIAN HOUSING

April 30, 2019

Dear Section 184 Program Lender:

Since August 2017, the Office of Native American Programs (ONAP) has worked to address a backlog of Section 184 program claim review and payments. In order to process this backlog, ONAP temporarily streamlined its claims processing. ONAP has eliminated this backlog and has terminated the streamlined processing.

As a reminder, Public and Indian Housing (PIH) Notice 2014-11, published May 9, 2014, sets out claims processing guidelines for the Section 184 Indian Loan Guarantee Program. Section 17 of the Notice, however, misstates ONAP's practice to the extent that ONAP does not curtail interest upon filing of any foreclosure. Rather, to further encourage lender participation in the Section 184 program, ONAP includes interest on a claim payment as described below.

HUD will pay interest on the unpaid obligation under the loan agreement from the date of default to the earliest of the following: (1) the execution of a deed-in-lieu of foreclosure; (2) the execution of the post-foreclosure deed to the lender, HUD or third-party as applicable; (3) the execution of the assignment of the loan to HUD; or (4) the expiration of the reasonable diligence timeframe and calculated in the following manner: the date of default plus 180 days, plus the reasonable diligence timeframe as provided as provided in HUD Handbook 4000.1, Appendix 5.0 (unless such total timeframe was extended in writing by HUD). HUD will also reimburse the lender for reasonable costs incurred through the earliest of the dates specified above. A schedule for reasonable property preservation costs may be found in Appendix 6.0 of the same handbook. ONAP's guidelines and policy apply to all lenders participating in the Section 184 program.

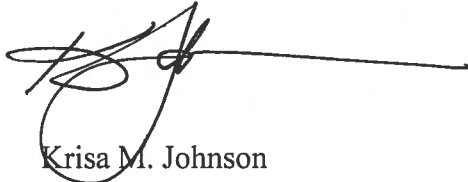
As you may know, ONAP is currently revising its Section 184 program regulations. Until the final program regulations are published and become effective, ONAP will continue to operate as described above.

Please note that the Section 184 program provides for sanctions against any lender who does not follow Section 184 program requirements, including the disqualification and civil money penalties when the lender, among other things, "has failed to maintain adequate accounting records, to adequately service loans guaranteed..., to exercise proper credit or underwriting judgment, or has engaged in practices otherwise detrimental to the interest of the borrower or the United States,...". 12 U.S.C. § 1715z-13(g). ONAP reminds all lenders to carefully review and follow PIH Notice 2014-11.

ONAP looks forward to your continued relationship and exceeding your expectations as we process claims as rapidly as possible under these guidelines.

Thank you for your leadership in Indian country.

Best regards,

A handwritten signature in black ink, appearing to be 'Krisa M. Johnson', with a long horizontal line extending to the right.

Krisa M. Johnson  
Director, Office of Loan Guarantee

Cc: Heidi Frechette