



Date: March 19, 2024

Dear Lender Letter 2024-03

To: All Section 184-Approved Lenders and Servicers
All Section 184A-Approved Lenders and Servicers

Subject *Native Advantage* – release of the Loan Origination Module and changes to the business process related to the release

Purpose The purpose of this Dear Lender Letter (DLL) is to inform Lenders participating in the Section 184 Indian Housing Loan Guarantee (Section 184) program and the Section 184A Native Hawaiian Housing Loan Guarantee (Section 184A) program of the upcoming release of the second component of *Native Advantage*, the Loan Origination Module, and changes to the Office of Native American Programs (ONAP) business process related to this release.

Effective Date The changes to the business process outlined in this DLL will be effective on **May 1, 2024**, in order to allow Direct Guarantee (DG) Lenders time to make adjustments prior to the release of the *Native Advantage* Loan Origination Module. Section 184 and Section 184A DG Lenders may elect to implement these process changes sooner than the deadline.

Public Feedback 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 send feedback to Section184Comments@HUD.gov. ONAP will consider the feedback in determining the need for future updates.

Affected Programs This guidance applies to the Section 184 and Section 184A programs. The technical changes and updates in this DLL supersede the requirements of PIH Notice 2014-22 and the Section 184 and Section 184A Processing Guidelines, where they conflict.

Background

On August 3, 2017, in a letter from Deputy Assistant Secretary Heidi J. Frechette, all Lenders were notified that ONAP's new computer system would be available to all DG Lenders. Subsequently, HUD embarked on a multi-year IT modernization initiative that included developing *Native Advantage*, a secure, flexible, cloud-based platform that – when completely built – will cover all loan functions from origination to claims and loan closeout. As part of this IT modernization initiative, the current method for requesting Section 184 and Section 184A Case Numbers, Cohort Numbers, submission of closed loans for the review and issuance of a Loan Guarantee Certificate (LGC), and the submission of claim requests against an existing LGC will change.

In November 2021, HUD announced the release of the *Native Advantage* Claims Module, which automated the preparation and submission of claims for Section 184 and Section 184A guaranteed loans. HUD anticipates the release of *Native Advantage* Loan Origination Module in early summer 2024. This module will automate the issuance of Section 184 and Section 184A Case Numbers, Firm Commitments, and Endorsement processes to further provide DG Lenders and HUD with greater accuracy, efficiency, and response timeframes. DG Lenders will no longer need to wait for HUD to manually respond to an email to receive a Case Number or Firm Commitment.

Summary of Changes

Effective May 1, 2024, only DG Lenders will be able to request Case Numbers through the existing Section 184/184A processes. Non-DG Lenders will be required to submit their Case Number requests to their approved DG Lender/Sponsor. The DG Lender/Sponsor will send the request to HUD on behalf of the Non-DG Lender and return the issued Case Number.

Additionally, DG Lenders with a sponsorship agreement with an existing Non-DG Lender must inform HUD in writing of the relationship for the Non-DG Lender they are sponsoring. This documentation must also be provided to ONAP by May 1, 2024.

**Requesting
Case and
Cohort
Numbers**

The application process for a Section 184 or Section 184A Loan Guarantee begins when the Lender requests a Case Number from HUD, which is required before an appraisal can be ordered. Presently, HUD-approved DG Lenders and Non-DG Lenders request a Case Number by sending an email to Section184@hud.gov or 184A@hud.gov, as applicable. After HUD determines that the request complies with program guidelines, HUD issues the Case Number and emails it back to the requesting party.

After the DG underwriter evaluates the credit reputation and capacity of the applicant, along with the adequacy of the proposed property for security on the loan, the DG Lender issues an approval and submits a request for a Cohort Number to HUD. Subject to the availability of funding, HUD issues a Cohort Number for the loan and emails it back to the DG Lender.

The release of the *Native Advantage* Loan Origination Module will automate and modify how Case Numbers and Cohort Numbers are issued. In preparation for this release and process changes, effective May 1, 2024, only DG Lenders may request Case and Cohort Numbers for Section 184 and 184A loans. DG Lenders will continue to use the existing processes for both the Section 184 and 184A programs until the Loan Origination Module is released.

Non-DG Lenders must work with their approved DG Lender/Sponsor to obtain a Case Number. Non-DG Lenders will no longer be able to directly submit a request to HUD for a Section 184/184A Case Number. Additionally, DG Lenders who work with a Non-DG Lender for loan origination activities are responsible for the actions of the Non-DG Lender and the DG Lender must ensure they comply with all applicable Section 184 or 184A requirements.

HUD anticipates releasing the Loan Origination Module in early summer 2024. When this module is released, DG Lenders with access must obtain Case and Cohort Numbers through *Native Advantage*.

Once the Loan Origination Module is released, HUD will no longer accept Case and Cohort Number requests by email for new Section 184 or 184A loans.

HUD will provide additional information on *Native Advantage* prior to the release of the Loan Origination Module.

**Sponsorship
Agreements**

To ensure HUD has the most current and accurate information, on or before May 1, 2024, DG Lenders must notify HUD of all existing sponsorship agreement(s) they have with Non-DG Lender(s). DG Lenders must provide the Name of the Non-DG Lender being sponsored, primary contact information.

After May 1, 2024, DG Lenders must also notify HUD within ten (10) calendar days, when they begin sponsoring a new Non-DG Lender with an existing Section 184 or 184A HUD approval or terminate an existing agreement with an approved Section 184 or 184A Non-DG Lender.

These notifications must be emailed to 184lenderapproval@hud.gov

Questions

Any questions regarding this DLL may be directed to Kevin.G.Bunt@hud.gov

Signature

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Office of Native American Programs