



OFFICE OF PUBLIC AND INDIAN HOUSING

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

Date: October 18, 2024

Dear Lender Letter 2024-09

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

Subject Accessory Dwelling Unit (ADU)

Purpose This Dear Lender Letter (DLL) provides Lenders and other stakeholders clarification on Accessory Dwelling Units (ADUs) as it relates to the Section 184 Indian Housing Loan Guarantee (Section 184) and the Section 184A Native Hawaiian Housing Loan Guarantee (Section 184A) programs.

Effective Date This DLL is effective immediately for the Section 184 and Section 184A programs.

Public Feedback HUD 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 the Office of Loan Guarantee at Section184Comments@HUD.gov. HUD will consider the feedback in determining the need for future updates.

Affected Programs This DLL applies to the Section 184 and Section 184A programs.

Background Existing Section 184 and 184A Processing Guidelines explain that a Section 184/184A Property means a one to four family dwellings that meets the requirements for Standard Housing under 12 USC 1715z-13a(j) or 1715z-13b(j). However, existing Processing Guidelines do not explicitly permit or prohibit ADUs. This DLL serves to provide Lenders with the Section 184 and Section 184A Program's policy on ADUs.

**Eligibility of
ADUs**

An ADU is permitted in the Section 184 and 184A programs. An ADU refers to a single habitable living unit with means of separate ingress and egress that meets the minimum requirement for a living unit in accordance with applicable Tribal, State, or local requirements, if any.

An ADU is a private space that is subordinate in size and can be added to, created within, or detached from a primary one to four family dwellings, which together constitute a single interest in real estate. **There can only be one ADU for the property, regardless of whether there are one, two, three, or four family dwellings.**

Appraisers and DG Lenders must follow the current FHA Single Family Housing Policy Handbook 4000.1 as it pertains to appraising a property with an ADU. The appraiser must utilize form 1004-C to ensure the property is adequately assessed.

Questions

Any questions regarding this DLL may be directed to Section184@hud.gov.

Signature



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