



U.S. Department of Housing and Urban Development
Washington, D.C. 20410

OFFICE OF PUBLIC AND INDIAN HOUSING

Section 184 Letter 2014

FOR: All Section 184 Lenders
FROM: Thomas Wright, Director of the Office of Loan Guarantee
SUBJECT: Section 184 Guidelines, Training, Forms, and Loan Limits

I wanted to take a brief moment to communicate with you about some important developments that will be impacting the Section 184 program in the coming months.

Section 184 Guidelines on Loan Processing, Underwriting, and the Firm Commitment (Chapter 5):

The HUD Section 184 webpage has an updated version of Chapter 5 of the Section 184 Processing Manual (that is compliant with the Consumer Financial Bureau regulations on qualified mortgages). The processing guidelines can be found at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/ih/homeownership/184/guidelines

Since the updated processing guidelines comply with the CFPB “Ability to Repay” provisions, it is important to note that the provisions dealing with acceptable debt to income ratios (specifically the guidance establishing a cap of a 43 percent ratio) are not expected to be finalized until sometime in 2014. When/if those changes are determined to impact the Section 184 program, the Office of Loan Guarantee will provide further guidance. Until then, current underwriting decisions for the Section 184 program will continue to be based on the existing policy for acceptable debt to income ratios.

Section 184 Program Training:

Effective immediately, there will no longer be a requirement for lender staff to have received a training certificate from HUD. However, it is critical to note that Section 184 staff will continue to provide training for underwriters requesting to become a Section 184 approved underwriter (there is no change to our existing process and procedures on how to become an approved Direct Guarantee Underwriter).

Approved Direct Guarantee lenders who employ an approved DG underwriter(s) are hereby authorized to train their own staff as well as individuals that will conduct business with the lender via a correspondent relationship on the Section 184 program requirements (but **not** underwriters). Direct Guarantee lenders will need to develop their own training materials. These training materials should include the version of Chapter 5 that is referenced above (2013 version) as it provides the most up to date processing and originating guidance.

Visit our web page at <http://www.hud.gov/offices/cpo/index.cfm>

Section 184 Forms (OMB Number)

Loans submitted for underwriting after January 1, 2014 are required to use only Section 184 forms with an assigned OMB number that has not already expired. All previous editions are obsolete. Up to date HUD forms can be found at:

<http://www.hud.gov/offices/adm/hudclips/forms/hud5.cfm> (HUD forms 50110-50132)

Section 184 Loan Limits

Per the guidance provided last year in PIH Notice 2013-1 TDHE, the Section 184 program will use the current median home price for a given area as published in the American Community Survey to determine the programmatic maximum loan amounts. Properties located within metropolitan statistical areas, as determined by the Office of Management and Budget, will have limits set by the county with the highest median price within the metropolitan area.

The loan limits will be applicable for all Section 184 program loans with case numbers issued on or after January 1, 2014.

Loan limits for all counties eligible for a Section 184 insured mortgage can be found on the Section 184 Program HUD webpage:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/ih/homeownership/184.

If you have any questions or concerns about these matters I will be happy to try and provide you with further clarification. As always, I appreciate all that you do and I look forward to continue working with you to help serve Indian Country.

Sincerely Yours,



Thomas C. Wright
Director of the Office
of Loan Guarantee