



ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: October 31, 2024

Mortgagee Letter 2024-19

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All FHA-Approved Title I Lenders
All HUD-Certified Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject Electronic Submission of Section 247 Hawaiian Home Lands Assignment Packages

Purpose This Mortgagee Letter (ML) updates the submission requirements for Section 247 Hawaiian Home Lands assignment packages to HUD.

Effective Date The provisions of this ML may be implemented immediately but must be implemented for all Section 247 Hawaiian Home Lands assignment packages no later than January 31, 2025.

All updates will be incorporated into a forthcoming update of the HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

Affected Programs The provisions of this ML apply to Mortgages under the Section 247 Hawaiian Home Lands program.

Background HUD's Office of Single Family Housing (Single Family) continues to expand electronic accessibility for industry partners across Single Family programs. HUD works with the Department of Hawaiian Home Lands (DHHL) on the Section 247 assignment process for native Hawaiians on Hawaiian Home Lands. Delinquent Section 247 Hawaiian Home Lands

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Mortgages are not eligible for foreclosure. Instead, delinquent Section 247 Mortgages become eligible to be assigned back to DHHL through HUD. Through this process, the Property is retained as part of the Hawaiian Home Lands for eligible participants.

Single Family has been working to meet the demands for electronic submission options while still meeting the needs of the Section 247 assignment process. Through this ML, HUD seeks to improve the Section 247 assignment process by implementing the use of the Asset Disposition and Management System (P260) web-based portal for submissions and decision communication. Updating the Section 247 assignment process from traditional paper submissions to an electronic format will achieve efficiency and sustainability in the Section 247 program.

Summary of Changes

This ML:

- updates the Submission of Title Evidence Package and Servicing Records for Assignment (III.A.3.c.iii);
- updates Reconveyance to Mortgagee (III.A.3.c.iv);
- updates Submission of Claim Form Parts to HUD for Hawaiian Home Lands Mortgages (IV.A.2.b.i(C)); and
- removes Submission of Claim Form Parts as Part of Request for Title Approval for Hawaiian Home Lands Mortgages (IV.A.2.b.i(D)).

FHA Single Family Housing Policy Handbook 4000.1

The policy changes will be incorporated into Handbook 4000.1 as follows:

Hawaiian Home Lands Mortgages (Section 247 Mortgages) (III.A.3.c)

iii. Submission of Title Evidence Package and Servicing Records for Assignment

Servicing and Loss Mitigation

(A) Standard

Prior to filing [Hawaiian Home Lands Mortgages \(Section 247 Mortgages\) Claims](#) (IV.A.2.b.i) for insurance benefits, the Mortgagee must submit the title evidence package and servicing records to HUD for approval.

(1) Title Evidence Package

The Mortgagee must:

- mail the original Note endorsed to HUD in the format required by form [HUD-27011](#), *Single Family Application for Insurance Benefits*, Part A, to HUD's National Servicing Center at:

Attn: Section 247 Assignment
Oklahoma City Field Office, NSC
U.S. Department of HUD
301 NW 6th Street, Suite 200
Oklahoma City, OK 73102; and

- upload the following into P260:
 - digital copy of the Note showing the most current endorsement to HUD;
 - Transmittal Letter, indicating the name and telephone number of the person HUD is to contact for more information about the submission;
 - Mortgage with evidence of recordation by DHHL;
 - recorded Consent to Mortgage signed by DHHL;
 - recorded intervening assignments of Mortgage, if any;
 - recorded Assignment of Mortgage (AOM) to HUD with required warranty;
 - copy of Borrower's Homestead Lease and recorded Lease Assignments and Amendments, if any; and
 - recorded Mortgage Insurance Program Rider to the Homestead Lease.

(2) Servicing Records

The Mortgagee must upload the following into P260:

- copy of form [HUD-27011](#);
- copy of Title Submission Certification;
- proof of request to endorse fire policy;
- mortgage history commencing from date of first payment;
- copy of signed Management Review Checklist, plus all supporting servicing records;
- initial DHHL notification letter; and
- evidence of loss mitigation efforts.

(B) HUD Review

After receiving the original Note and reviewing the title documents and servicing records, HUD will either:

- issue an assignment acceptance letter to the submitting Mortgagee through P260; or
- reject the submission in P260 and:
 - if the title documents contain deficiencies HUD will provide the Mortgagee 30 Days to cure such deficiencies; or
 - if the servicing records contain deficiencies HUD will provide the Mortgagee with an explanation for rejection, as applicable.

The Mortgagee may appeal the rejection via P260.

iv. Reconveyance to Mortgagee

If the claim has been paid and HUD does not accept assignment of the Mortgage and Note, HUD will:

- reassign the Mortgage to the Mortgagee;
- reject the submission in P260; and
- request repayment of the claim amount.

If the claim has not yet been paid and HUD does not accept assignment of the Mortgage and Note, HUD will return the submitted original documents to the Mortgagee.

**FHA Single
Family Housing
Policy
Handbook
4000.1**

**Hawaiian Home Lands Mortgages (Section 247 Mortgages) Claims
(IV.A.2.b.i)**

**(C) Submission of Claim Form Parts to HUD for Hawaiian Home
Lands Mortgages**

**Claims and
Disposition**

The Mortgagee may only file a claim after:

- the Mortgagee has notified the Department of Hawaiian Home Lands (DHHL) of the Borrower’s Default by letter by the 90th Day of Delinquency;
- the Borrower’s Default has remained uncured for 180 Days;
- the Mortgagee has met all regulatory program requirements, including the face-to-face interview, and required loss mitigation evaluation; and
- HUD has issued the assignment acceptance letter to the Mortgagee via P260.

The Mortgagee must submit form [HUD-27011](#) to HUD via EDI or FHA Catalyst. For EDI submissions, the Mortgagee must submit Parts A and B simultaneously. For FHA Catalyst submissions, the Mortgagee must submit Parts A, B, C, D, and E. The Mortgagee must retain copies of all Parts of form HUD-27011 in the Claim Review File.

**Paperwork
Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0328; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0524; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0600; 2502-

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0610; and 2502-0611. In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Feedback or Questions

HUD welcomes feedback from interested parties and will consider feedback in determining the need for future updates. Any feedback or questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342), answers@hud.gov, or www.hud.gov/answers. The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

Signature

Julia R. Gordon
Assistant Secretary for Housing -
FHA Commissioner
