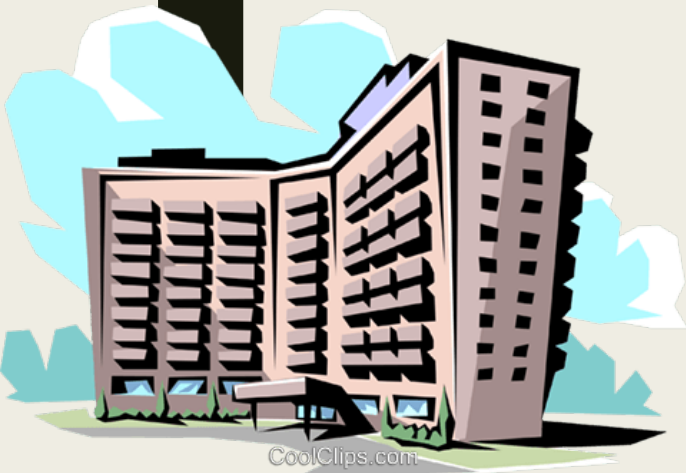


SECTION 247 CLAIMS PROCESS

February 19, 2020
Lora Han
Chief Counsel, HUD



SECTION 247

- FHA mortgage insurance program for loans on Hawaiian Homelands
- Operates with essentially the same parameters as the Section 203(b) program* – traditional FHA mortgage insurance program
- Unlike 203(b), only disposition option available to Mortgagee(s) is assignment of claims

SECTION 247 HUD CLAIMS PROCESS:

- Mortgagee MUST report delinquent mortgages in Single Family Default Monitoring System (SFDMS) and notify DHHL of delinquent mortgages
- **Prior to filing claim with HUD – 24 CFR § 203.604** requires the Mortgagee to make contact with the Mortgagor
 - ✓ *Default for 180 days or more;*
 - ✓ *At 90 days delinquency, Mortgagee has notified DHHL of default in writing;*

SECTION 247 CLAIMS PROCESS:

24 CFR § 203.604 continued:

- ✓ *Face to face interview OR reasonable effort to arrange such meeting at least 30 days prior to application for assignment of mortgage*
- ✓ *Face to face meeting NOT required IF:*
 - *mortgagor does not reside on property*
 - *mortgage property is not within 200 miles of lender, service or branch office*
 - *mortgagor indicates non-cooperation*
 - *repayment plan agreed to*
 - *unsuccessful in arranging a meeting*
- ✓ *Mortgagee has evaluated Mortgagor for Loss Mitigation:*
 - *Special Forbearance (SFB) Unemployment Agreement*
 - *Loan Modifications*

SECTION 247 CLAIMS PROCESS:

- Lender submits application for FHA Insurance Benefits – FHA Connection
 - *Assignment process only
- Original loan and servicing documents forwarded to HUD
- Each claim package is personally reviewed by Office of General Counsel
- Deficiency Letter or Approval sent to Lender
- If deficient, Stop Payment immediately processed

FHA Loans in Hawaii

	DHHL	Traditional FHA
Total Ever Insured thru 11/30/2019	8,087	91,500
Total to Claim thru 11/30/2019	406	3,086
Claim Rate	5.02%	3.37%
Active as of 11/30/2019	2,089	5,633
Total Defaulted as of 11/30/2019	192	664
Default Rate as of 11/30/2019	9.19%	11.79%
30 days late	65	254
60 days late	32	101
90 days late	9	50
120 days late	5	23
150 days late	7	18
180+ days late	74	218

****National Default Rate - 11.16%**

QUESTIONS?