

MCM UpDate is published by Michaelson, Connor & Boul to provide news, information, and tips on how Mortgagees and Servicers can avoid the issues that cause delays in processing property conveyance to HUD. Our communication goal is to help Mortgagees and Servicers improve the way requests are submitted, not only increasing the opportunity for approvals, but receiving the decision more quickly.

For past issues of *MCM UpDate*, go to MCB's website: <http://www.mcbreo.com/mortgagees.htm>
For suggestions on topics to be published in *MCM UpDate*, send them to: mcm-info@mcbreo.com.

Overallowable Requests under ML 2010-18

MCB continues to process thousands of overallowable (OA) requests each week. Since the new Mortgagee Letter became effective on July 13, we have seen some old habits die hard. Here are a few pointers that will save you time and effort, and enable us to process your requests more quickly:

Do you really need that "OA" to convey? Why submit a request when you don't have to? There are times when you should NOT submit an overallowable request. ML 10-18 is different than previous Mortgagee Letters in a couple of ways:

- First, a maximum allowable expense of \$2,500 per property is provided. This means you don't need pre-approval to do the work if it will cost less than \$2,500, the property has not met the cap, and the work can be done for the allowable cost per line item.
- Second, the \$2,500 maximum per property excludes any one time major repair or event of \$1,500 or greater.

We have seen hundreds of requests totaling less than the maximum allowable of \$2,500. The work could have been done without submitting a request and waiting for approval.

Preservation issues that cannot be addressed with a repair, and require a complete replacement (such as exterior doors/roofs/windows/stairs/flooring) need a valid explanation as to why the issue is beyond repair.

Interior debris by the cubic yard. It is no longer necessary to submit interior hazards as a separate line item. Hazard or not – it's all debris – and should be submitted for removal in **cubic yards**. Unnecessary line items for interior hazards **will be denied** with the advisement to include with other interior debris bids.

Carpeting/flooring and appliances (appliances hooked up and located interior in their accustomed spot) and other "fixtures" should always be bid separately if asking to remove from the site, with a clear explanation/reasoning why the Mortgagee feels these are P&P issues. Please communicate this to your contractors and have them bid accordingly.

Insufficient information or documentation cause delays. There are many requests submitted that lack supporting documentation (photos, bids, claim documentation, city violations, etc.).

For items that will vary in size, we need dimensions and specifications. Examples: window re-glazing, carpet removal, flooring, gutter and soffit.

On roof replacement bids, please include area to be replaced, shingle type, decking type, felt, drip edge, etc. If not included, we will assume only the shingles and felt need to be replaced and your request may be denied or reduced. The government estimate used to approve, deny or adjust the request is based on the information provided on the OA.

Do it right the first time! When MCB needs to deny an OA request due to insufficient information or documentation, it requires 1) the Mortgagee to resubmit the OA, and 2) MCB to re-review. We all win when a complete request is submitted the first time.

Which cost schedule are you using? ML 08-31 or ML 10-18? Reference page 2 of HUD's FAQ's updated August 23, 2010: "The lender will be required to indicate which cost schedule has been used on an overallowable request in the individual line item section "Mortgagee Remarks". If no overallowable is needed, the cost schedule used must be notated in Part B Claim submission. **If this clarification is not documented the line item cost will be denied.**"

Costs expended to date. Make sure your costs to date are accurately completed on the overallowable request. Many Mortgagees are "lumping" all expended costs to date into the category "other" which is usually not appropriate.

Why is this so important? If expended costs to date are not itemized, we may assume the property has never been secured and no yard maintenance performed. This may cause your request to be denied if the vacancy date indicates failure to adhere to timeframes.

New! Documentation Requirement to Support Part D Claims

ML 10-18 requires the MCM to audit all claims filed under HUD Form 27011 parts B-D. As part of this audit, MCB will now require documentation to support **taxes and forced placed insurance** for expenses claimed on the Part D. Make sure to upload into P260 all sufficient documentation to support the expense, which includes the time period incurred.

New! Step 0 Cases with Error Codes – 20 Days to Fix

During the MCM transition, Mortgagees had been granted up to 60 days to fix error codes on Step 0 cases. Effective immediately, MCB will quit claim deed Step 0 cases with error codes after 20 days from notification.

P260 Scheduled Down

As of the time of this newsletter distribution, P260 is scheduled to be down for maintenance Friday, August 27 at 6:00pm PT/7:00pm MT/8:00pm CT/9:00pm ET and will not be available until Monday, August 30 at 3:00am PT/4:00am/5:00amCT/6:00am ET.

Reminder – Be sure to upload title documents under the “Title” category. Many title packages are being uploaded under “27011A” in error.

New!

New Contact for Reconveyance Issues

MCB has streamlined operations in order to improve efficiency, and has dedicated additional resources to the reconveyance function. Mary Cambero has been named Reconveyance Director, and will oversee the reconveyance process. Her e-mail address is: mary.cambero@mcbreo.com.

Appeals to reconveyance notifications continue to go through mcm-appeals@mcbreo.com, for review by the Mortgagee Relations Department.

Mortgagees – Where to Send Your Requests for Voluntary Reconveyances

In order to quickly identify and process Mortgagee requests to voluntarily take back properties that have conveyed to HUD, MCB has established a new e-mail box. Please send your requests to: mcm-volreconvey@mcbreo.com

Correcting a Property that Conveyed to HUD in Error Prior to 27011A Claim File Date

E-mail the corrected Quit Claim Deed, in the form of a Word document to mcmnsc@hud.gov and Amy Foster, MCM GTM at Amy.D.Foster@hud.gov. Please include your UPS or FedEx shipping account number so the document can be returned to you.

Resources

MCB Points of Contact	http://www.mcbreo.com/mortgagees.htm
MCM UpDate Issues	http://www.mcbreo.com/mortgagees.htm
MCB Customer Service	mcm-info@mcbreo.com
Reconsideration/Rescission Requests: Demands/Reconveyances	mcm-appeals@mcbreo.com
Voluntary Reconveyances	mcm-volreconvey@mcbreo.com
Inquiries for Deed Recording	mcm-deeds1@mcbreo.com
Notification of Violations	mcm-violations@mcbreo.com
HUD Web Page on MCM	http://www.hud.gov/offices/hsg/sfh/nsc/mcm.cfm
HUD FAQ's for P260 Internet Portal	http://www.hud.gov/offices/hsg/sfh/nsc/mcmfaqsII2010.pdf
Yardi Help Desk for P260	hudhelp@yardi.com

Emergency Pre-Conveyance Requests

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