

*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](mailto:mcm-info@mcbreo.com).

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## Mortgagee Letter 2010-18

HUD has posted a copy of the ML 2010-18, which took effect July 13, 2010, along with answers to the most Frequently Asked Questions on the HUD website at: <http://www.hud.gov/offices/hsg/sfh/nsc/mcm.cfm>

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### Documentation: How Much Is Enough?

*Don't just state the information – prove it!*

The June issue of *MCM UpDate* explained that all properties are not alike, and when Mortgagees take a “cookie cutter” approach in submitting requests, it oftentimes can result in incomplete information that would be helpful for MCB to quickly make a good decision. **When the information is not there, your request is denied.**

The key is not just providing documentation – but providing the *right* documentation. Depending on the size and scope of the P&P issue, the supporting documentation we look for will vary. Here are some examples of supporting documentation that will help speed the processing of your requests:

Type of Job/Issue	Examples of Documentation We Look For (including, but not limited to)
Re-Glazing Windows	<ul style="list-style-type: none"><li>• Number of windows</li><li>• Size of windows</li><li>• Single pane or double pane?</li></ul>
Roof Repair	<ul style="list-style-type: none"><li>• Photos</li><li>• Inspection reports from date of default to present</li><li>• Date damage discovered</li><li>• Pending insurance claim (proof of insurance claim)</li></ul>
Water Infiltration Damage	<ul style="list-style-type: none"><li>• Inspection reports from date of default to present</li><li>• Proof that source of water was identified and addressed</li><li>• P&amp;P records</li></ul>
Boarding High Vandalism Area	<ul style="list-style-type: none"><li>• Police report</li><li>• Crime statistics for zip code</li><li>• City codes</li></ul>

*NOTE: Since the file size of supporting documentation such as inspection reports and photographs can be quite large, the Mortgagee should edit the package to clearly illustrate the issue. (Reference HUD Questions and Answers: ML 2010-18, Q&A #31). Any questions regarding sufficient documentation can be sent to [mcm-info@mcbreo.com](mailto:mcm-info@mcbreo.com); subject line: Documentation Questions.*

**Demolition Requests.** The demolition of a property represents the most significant loss to FHA and requires thorough analysis during the decision process. Therefore, when making a *surchargeable damage* request to demolish a property, be sure to provide **clear justification** to support this loss, and a proposal for the transfer of land, insurance proceeds, claim or other assets. **Incomplete documentation or lack of clear justification will result in your request being denied. A demo request for a shed, detached garage, or other structure that does not add value should be submitted as an Overallowable.**

There are twelve elements of support that MCB will look for when considering demolition requests:

1	Chronology	A timeline of dates showing P&P activities, and other milestones.
2	Repair Estimate	Estimates to make necessary repairs to bring to conveyance condition.
3	Value of Home	A BPO or appraisal demonstrating the current value of the home.
4	Code Violations	All current municipal code violation notices that may be pending.
5	Photographs	Clear photos that support written documentation justifying the demolition.
6	Overallowables	Copies of HUD approvals for P&P costs exceeding HUD guidelines.
7	Fire/Police Reports	Official reports supporting the events that occurred to the home.
8	Environmental Hazards	Contamination from methamphetamine, mold, asbestos, etc.
9	Lender Inspection Records	Documentation identifying frequency, results and actions taken to preserve and protect the home.
10	FHA Claim Amounts	Amount of the claim that FHA is expected to pay, or has paid.
11	Insurance Proceeds	Lender efforts to seek insurance payments for loss.
12	Demolition Estimates	One written estimate providing a scope of work and costs to demolish the improvements and restore the land.

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### Cash for Keys Overallowable Request

Mortgagee Letter 2002-13 authorizes \$1,000 for cash for keys. Any requests exceeding this amount need to have clear and specific justification. **Otherwise the request will be denied.** At a minimum, please include:

1. If the foreclosure sale has taken place, and if so, provide the date.
2. Indicate if the property is in the eviction process, or the date of eviction.
3. Cost of evictions in the state where the property is located.

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### P260 – The M&M III Link

**Reminder:** If Title Packages and title related requests and appeals are not uploaded correctly, they will not enter the correct P260 queue to be worked by the MCM Title Department. Thus, creating delays! This is critical enough that we are reprinting this upload guide from the June issue of *MCM UpDate*.

Type of Document/Task	P260 Subcategory	Notes
Title Package	Title Evidence	Upload as one complete attachment; do not upload individual pages.
Title Extension Requests	Request Extension for Time select #4 for Title	Post-conveyance section as electronic submission; not an upload
Title Extension Appeals	Request Extension for Time select #4 for Title	Post-conveyance section as electronic submission; not an upload

# When Your Request is Denied; Requesting Reconsideration

*(How to Appeal a Denied Request)*

The *Mortgage Relations Department* of MCB is a separate and distinct function from the Pre-Conveyance and Conveyance Departments. Specifically structured to handle all requests for reconsideration (appeals), this separate function provides an added dimension of objectivity in reviewing appeals.

Given that a completely different group of MCB staff members independently evaluate requests for reconsideration, Mortgagees need to treat the appeal as a separate plea for reconsideration by providing clear reasons for the appeal and ensuring supporting documentation is uploaded. It also helps to point us to the appropriate attachment, and where within the attachment to look for the justification addressing your appeal reasons.

## How to Improve Your Chances of Getting an Approval:

1. **Dates are critical to reviewing your appeal.** Provide proof of dates (for example, inspection reports). Many Mortgagees are leaving the Date fields blank in P260. Complete the Date of Vacancy, Date of Foreclosure Sale, and Date Deed Recorded.
2. **Be clear and specific.** Statements that do not address the reason for your appeal leave too much room for guessing – especially if we can't find where to reference within the supporting documentation. It also slows down the processing time if we need to search through several documents to locate where your appeal reason is supported.

MCB does not assume, guess, or research; we provide decisions based on the information that is presented. It is up to the Mortgagee to provide clear rationale and necessary documentation for each appeal.

Take for example these real-life comments from Mortgagees when making an appeal:

**Mortgagee:** "Read the bid" or "Read the Notes"

**A Better Way:** *Reason for appeal is due to \_\_\_\_\_. In the Notes section of P260, titled \_\_\_\_\_, there is information that explains the circumstances.*

**Mortgagee:** "Here is the ordinance for the city of (city) about pools. You can pull up the site by going to municode.com. Go to on line library. Click on (city/state) on the map. Then click on (city). Then click on (city) code of ordinances. On the left go to down to Chapter 39. Then go to 39-7. This is where I found this ordinance."

**A Better Way:** *Reason for the appeal is due to local requirements to \_\_\_\_\_. I have uploaded a copy of the city ordinance to P260. Page 2 describes the condition required.*

**Mortgagee:** "Prior to P260, we were to advise if a property was in a high vandal area and there were broken windows. If there is no indication on the O/A that the property is in a high vandal area, then the assumption was that the property was NOT in a high vandal area. If the property IS in a high vandal area we will advise of that. If there is no indication on the o/a form, the property IS NOT in a high vandal area. Please process the bids to board and/or reglaze the broken windows at this property."

**A Better Way:** *Reason for the appeal is due to \_\_\_\_\_. This property is in a high vandalism area, support documentation is attached in P260 titled HVA. Windows need to be addressed asap in order to protect the property.*

3. **Appealing a Demand or Reconveyance Billing Letter.** Some Mortgagees have taken it upon themselves to short-pay a demand letter by submitting a letter with partial payment, and expecting the balance to be rescinded. *This is not the appeal (or rescission) process!* Your check will be returned, and the process will continue to offset unless a proper appeal is submitted.

To appeal any part, or all of a demand or reconveyance billing amount, send an e-mail to [mcm-appeals@mcbreo.com](mailto:mcm-appeals@mcbreo.com) and upload any supporting documentation to P260. Clearly state the reason for the appeal. After your appeal has been reviewed, you will be notified of the decision. If a full or partial rescission is warranted, the appropriate letter will be issued.

### ***Is It Really an Appeal? Or Should You Resubmit the Request?***

P260 allows only two options for MCB to respond to O/A, Time and Surchargeable Damage requests: Approve or Deny. Sometimes, the MCB staff member needs more information in order to make a good decision, and will request or state an inquiry in the comment box. If there is not sufficient documentation, your request will be denied.

Once you have uploaded the necessary documentation, the correct way to respond is to re-submit your request; not click the "Appeal" option in P260. Then, if your request is denied after all the information has been presented, you have the option of escalating as an appeal.

## **MCM Q & A**

**Question:** A property has been conveyed to HUD in error. How do I get it reconveyed back?

**Answer:** If error occurred **prior to conveyance** (prior to the 27011 Part A Claim filed date), e-mail the corrected Quit Claim Deed, in the form of a Word document to [mcmnsc@hud.gov](mailto:mcmnsc@hud.gov). Please include your UPS or FedEx shipping account number so the document can be returned to you.

If error occurred **post-conveyance**, e-mail the corrected Quit Claim Deed, in the form of a Word document to [mcm-deeds1@mcbreo.com](mailto:mcm-deeds1@mcbreo.com). Please include your UPS or FedEx shipping account number so the document can be returned to you.

More information on this topic is located on page 7, bullet #6 at this link:  
<http://www.hud.gov/offices/hsg/sfh/nsc/mcmfaqsII2010.pdf>

**Question:** Where do I send utility bills for HUD properties?

**Answer:** Until the M&M III contracts take effect for new Asset Managers and Field Service Managers, utility bills should be sent to the M&M II contractor responsible for the property. Do not send bills to MCB.

**Question:** Where do I send code violations?

**Answer:** ML 10-18 requires notification to the MCM for code violations. Submitting an overallowable request does not serve as notification. You should upload the violation to P260 under document type Violations/Notices and notify the MCM via e-mail: [mcm-violations@mcbreo.com](mailto:mcm-violations@mcbreo.com)

**Question:** Why is it important that the mortgagee upload all documentation to P260 as opposed to sending it in an e-mail to MCB as an attachment?

**Answer:** Mortgagee Letter 2010-16 introduced P260 as HUD's new internet portal for M&M III. All documents and photos are required to be uploaded to P260. MCB will not accept hard copies. Mortgagees (not MCB) are responsible for uploading your photos and documents

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## Resources

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

## Emergency Pre-Conveyance Requests

Susan Sipe	(405) 595-2024	<a href="mailto:Susan.Sipe@mcbreo.com">Susan.Sipe@mcbreo.com</a>
Patricia Raysor	(405) 595-2046	<a href="mailto:Patricia.Raysor@mcbreo.com">Patricia.Raysor@mcbreo.com</a>
Dustin Harjo	(405) 595-2038	<a href="mailto:Dustin.Harjo@mcbreo.com">Dustin.Harjo@mcbreo.com</a>

### *And, Last – A Little O/A Humor....Approve or Deny?*

The \$40 overallowable request to remove and relocate two goldfish from the property!  
(This was denied)