
MCB Provides First Communication to Reach Out to Mortgagees

On April 7, Michaelson, Connor & Boul (MCB) assumed the nationwide Mortgagee Compliance Manager role under the Department of Housing and Urban Development's (HUD) Marketing and Management III business model. During the first two months of the start-up, we have received and processed thousands of Mortgagee and Servicer requests.

MCM Update is one way MCB intends to reach out and provide news, information, and tips on how Mortgagees can avoid the issues that cause delays in processing property conveyance to HUD. Our communication goal is to help Mortgagees improve the way requests are submitted, not only increasing the opportunity for approvals, but receiving the decision more quickly. This bulletin is the first in a series of communications to Mortgagees and Servicers toward this goal.

For suggestions on topics you would find useful, or general questions related to mortgagee compliance requests, please e-mail mcm-info@mcbreo.com.

HUD and Mortgage Industry Meeting Held June 23

On Wednesday, June 23, HUD met with several members of the Mortgage Banking Association at HUD's National Servicing Center in Oklahoma City to provide details on the M&M III transition and Mortgagee Letter 2010-18. The meeting was an opportunity for Mortgagees, HUD and MCB to have an interactive discussion on issues related to the upcoming changes resulting from the Mortgagee Letter that will be effective July 13. As a follow up to this meeting, and prior to July 13, HUD plans to schedule additional industry calls, and will publish the answers to most Frequently Asked Questions on HUD's Mortgagee Compliance web page very soon.

Tips for Submitting Pre-Conveyance Requests

Getting It Right the First Time

Tip #1: Each Request Should Stand On Its Own

We all know that no matter how many properties we process, no two are alike. However, at MCB, we have seen a trend of Mortgagees taking a "cookie cutter" approach to their Overallallowable and Extension of Time requests. This cookie cutter approach oftentimes can result in the Mortgagee not presenting all the necessary information we need to quickly make a good decision for a particular property. **When the information is not there, your request is denied.**

Here is what you can do to enable us to give you a timely decision, and avoid the need for you to resubmit a request:

1. Provide supporting documentation.

- *Pictures* say a thousand words, and in property conveyance, they can save a thousand minutes. Without photos to justify your request, it is impossible to understand the full impact of the property condition.
- *Inspection reports* from the date of default and forward.
- *Insurance claims.* Be sure to state in your request if an insurance claim has been filed, and if not, state why.

2. Be clear and specific.

Statements and descriptions that are vague do not tell the story, and leave too much room for guessing. **Requests with unclear rationale will be denied.** State the specific facts and be clear in the description. See the following examples:

Too Vague:

Mortgagee Request:

“Remove fallen shed”

MCB Response:

Denied.

“Need photos to justify demolition. IF the shed is structurally sound, no reason to resubmit. Resubmit only if the shed is in a dilapidated state and is a potential collapse risk.”

Clear and Specific:

Mortgagee Request:

“Boarding for windows/photos attached”

MCB Response:

Approved.

Tip #2: Know the Difference between Overallowables and Surchargeable Damage

We have received many overallowable requests that are actually surchargeable damage. Here is the difference:

Surchargeable Damage:

Damage to the property caused by fire, flood, earthquake, tornado, hurricane, mold, boiler explosion (condominiums), and Mortgagee neglect.

The Mortgagee must repair the damage or obtain advanced written approval from HUD in order to convey a property with surchargeable damage.

Overallowable Expenses:

The new ML 2010-18 effective 7/13/10, states that a “mortgagee may request over-allowable approval from HUD only if its property and preservation costs exceed \$2500 per property.” Refer to Exhibit B of the new Mortgagee Letter for the maximum property preservation allowable cost schedule. The MCM must pre-approve any charges that exceed \$2500 per property.

P260 – The M&M III Link

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. Therefore, MCB will not accept hard copy requests, title packages, notice of pending acquisitions, etc. Mortgagees (not MCB) are responsible for uploading your photos and documents.

Upload to the Right Place!

In order to ensure that documents enter the proper queues for the appropriate MCB personnel to review and process, we provide the following guide:

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
Notice of Pending Acquisitions	Occupancy Letter	Pre-conveyance section

Resources for P260 Help:

For more information, see HUD’s FAQs for P260 Internet Portal and MCM at the following link: <http://www.hud.gov/offices/hsg/sfh/nsc/mcmfaqsII2010.pdf>

Yardi Help Desk: hudhelp@yardi.com

Some Most Frequently Asked Question

Question: How do Mortgagees receive Title Approval?

Answer: There has been no change in how title approvals are communicated to Mortgagees. A letter is generated through SAMS, and is mailed to the address listed. This auto-generated letter also automatically populates FHA Connection. There is no notice in P260.

Question: How should Mortgagees submit emergency P&P Requests to the MCM?

Answer: We have allowed “bid after the fact” (BATF) faxes in the past due to the large number of cases which were not in P260 at the beginning of the contract. However, HUD has now provided specific direction to MCB and the lending community regarding the reasons cases are not in P260 (information is available on the Yardi home page) and as a general rule, we no longer accept paper requests or documentation of any type.

Emergency requests and BATF’s for roof tarping and basement pumping must be submitted into P260 as soon as possible with a follow up call or email to MCB right away (see contacts below). It would be

best to copy more than one person for the fastest response possible. If a fax request is the only way a particular issue can be handled from the lenders side, please proceed with this and notify us via email as well. Without a valid reason as to why the request could not be submitted into P260, MCB will not process the request. **Special Note: The inability to submit the request into P260 because the case can not be found is not a valid reason to submit any fax request.** The NSC Reporting Department has been working with Mortgagees for the past two years to correct reporting issues that HUD has identified. It is the Mortgagee's responsibility to retrieve error reports in SFDMS and submit all necessary corrections by the 5th business day of the month. The HUD download into P260 occurs monthly between the 10th and 15th day so if corrections are not made timely, it will be 30 days before the loan will appear in the P260 Portal.

Emergency requests may be emailed or called into the following individuals:

Susan.Sipe@mcbreo.com (405) 595-2024
Patricia.Raysor@mcbreo.com (405) 595-2046
Ryan.McDoulett@mcbreo.com (405)-595-2025

Question: Due to recent upgrades and enhancements in P260, the vacancy date field can not be changed once entered. If a mistake is made, how can we correct this?

Answer: Supporting documentation establishing the correct vacancy date as well as an explanation of the error must be submitted to MCB. Requests may be sent via email to mcm-info@mcbreo.com.

Other Resources:

MCB Mortgagee Web Page:	http://www.mcbreo.com/mortgagees.htm
MCB Customer Service:	mcm-info@mcbreo.com
Where to Send Appeals for Demands and Reconveyances:	mcm-appeals@mcbreo.com
Where to Send Voluntary Reconveyances:	mcm-reconveyance@mcbreo.com
HUD Page on MCM:	http://www.hud.gov/offices/hsg/sfh/nsc/mcm.cfm