

MCM UpDate

Reaching Out to Mortgagees for Stronger Partnerships



Issue 8. June 2011

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.

MCB is also reaching out to fellow HUD Contractors by including relevant mortgagee compliance topics for Field Service Managers and Asset Managers.

For past issues of *MCM UpDate*, go to MCB's website:

<http://www.mcbreo.com/mortgagee-compliance-manager-mcm.html>

For suggestions on topics to be published in *MCM UpDate*, send them to: mcm-info@mcbreo.com.

Important Information In This Issue

	Page
Reconveyance Procedures for MERS Foreclosed Properties in Michigan	2
De-Mystifying the \$2500 Per-Property Maximum	3
Pre-Conveyance – Code Violations	4
Photography 101: The Importance of Providing Clear Documentation	5
Appealing a Notice of Demand	7
Changing Vacancy Dates – Clarification	7
Convey Properties Faster – Proper P260 Etiquette Tips	8
Where to Send Post-Conveyance Bills and Code Violations	10
<i>New:</i> MCB Contact List	13

Special Reconveyance Procedures for MERS Foreclosed Properties in Michigan

On May 27, HUD National Service Center issued a communication regarding Mortgage Electronic Registration Systems, Inc. (MERS) impacted foreclosures in the state of Michigan.

Important Note: All Title packages for Michigan properties will now be required to include the sheriff's deed in order to determine whose name the foreclosure was conducted.

Reconveyance Process. MCB will immediately initiate reconveyance:

- Process will begin with the issuance of the Billing Letter.
 - Language in letter to include instruction for Mortgagee to:
 - Prepare the deed from HUD back to Mortgagee. Document should be in a Word format, and emailed to: MCM-MERS@mcbreo.com.
 - Prepare the check for recording fees made payable to the recording agency.
 - Provide confirmation copy of the wire transfer of funds made through the Claims Remittance feature in FHA Connection.
 - Send all items to:
MERS Reconveyances
Michaelson, Connor and Boul
5312 Bolsa Avenue, Suite 200
Huntington Beach, CA 92649
- If Mortgagee does not respond within thirty days of Billing Letter, the Notice of Intent to Collect by Administrative Offset will be issued.
- If Mortgagee does not respond within thirty days of the Offset Letter, an offset will occur. Offset will include funds for recording fees.

Returning Property to HUD Inventory. When the Mortgagee remedies the title issue and is ready to return property to HUD inventory, the normal Reacquisition process will occur:

Upload the following items to P260 under Title Evidence and 27011A:

- Copy of the Billing Letter
- Copy of documentation proving the reason for the reconveyance has been corrected.
- All inspection reports with current photos of the property.

Once all documentation has been uploaded to P260, send an email notification to: mcm-reconveyance@mcbreo.com. Please state the case number and reason why the property should be returned to HUD's inventory.

MCB's decision of approval or denial will be emailed to the Mortgagee. If approved, Mortgagee will upload the following to P260:

- A new 27011A with the words "Reconveyance" written at the top and description ***Reconveyance***.
- Proof that the deed conveying title to HUD has been sent for recording. Sufficient proof includes a copy of the deed and a copy of the check for the recording fees.

When information is uploaded to P260, the Mortgagee should email mcm-reconveyance@mcbreo.com for notification that the package is ready. The Mortgagee is responsible for maintaining the property until the final approval is issued via email to the Mortgagee and HUD Single Family Claims.

De-Mystifying the \$2500 Per-Property Maximum

MCB processes thousands of Mortgagee transactions every week, and have seen a wide variety of Mortgagee interpretations of the \$2500 per-property maximum as stated in Mortgagee Letter 2010-18. As a result, Mortgagees are submitting Overallowable (OA) Requests when not needed, and not submitting an OA Request when they are needed. Also, questions arise as to when supporting documentation is needed.

Hopefully this feature will help to clarify those misconceptions, and make it easier to for Mortgagees to distinguish what is needed, based on the property scenario.

Myth vs. Reality:

Myth: The total P&P costs for the property are under \$2500, so we don't need to submit any documentation.

Reality: You *always* need to submit documentation to justify the expenses incurred.

Myth: The total P&P costs for the property are more than \$2500, so we need to submit an Overallowable Request for all items.

Reality: You only need to submit an Overallowable Request when the item exceeds the cost allowed on Exhibit B, and the total costs exceed \$2500.

Myth: The "one time major event" of \$1500 is part of the \$2500 maximum allowable.

Reality: The "one time major event" is separate from the \$2500. For example, you can have P&P costs up to \$2500 and need to do a roof repair that is over \$1500.

Myth: I spent \$600 to pump water from a basement last month, and it flooded again, so I need to submit an Overallowable Request for the second pumping.

Reality: Each line item is per incident. As long as each incident does not exceed the limit in Exhibit B, you can do the work.

See chart on the next page on what is needed when you do or don't exceed \$2500.

The \$2500 Scenario Matrix

IF the Total P&P Cost is...	AND the Cost of a Single Line Item is...	Need OA Approval?	Need Documentation?
Less than \$2500	Greater than Exhibit B	No	Yes
Less than \$2500	Less than Exhibit B	No	Yes
Greater than \$2500	Greater than Exhibit B	Yes	Yes
Greater than \$2500	Less than Exhibit B	No	Yes

What if a line item is not on the Exhibit B? If good supporting documentation is included, and the cost is reasonable, there is a good chance for approval.

The MCM reserves the right to utilize the government-provided cost estimator tool in order to validate any cost submission, and adjust if needed.

Documentation is ALWAYS required to justify the expense!

Pre-Conveyance – Code Violations

Code violations for properties that are in pre-conveyance need to be uploaded to P260 under category Case, sub-category Violations, and notify the MCM via email: mcm-violations@mcbreo.com

Mortgagees are responsible for uploading their documents to P260, not MCB.

General Info	Overallowables (1)	Extension Request	Occupied Convey	Su
Contractor History	Work Notification	Attachments	Notes (3)	
Category	<input type="text" value="CASE"/>	Description	<input type="text"/>	
Subcategory	<input type="text" value="Violations"/>			
<input type="button" value="Search"/>				

It is still the Mortgagee’s responsibility to continue to preserve and protect the property and address the violation in a timely manner.

Post-conveyance or post-sale violations that are received by the Mortgagee should be forwarded to the Field Service Manager assigned to the property (see page 10 of this newsletter).

Photography 101

The Importance of Providing Clear Photo Documentation

Some Mortgagees incorrectly presume that as long as they have supplied photos with their documentation package, that they will automatically be absolved from responsibility from whatever the property or claim issue is. When it comes to photographs, the reviewers at MCB need to be able to clearly see the issue(s) you are trying to present, such as:

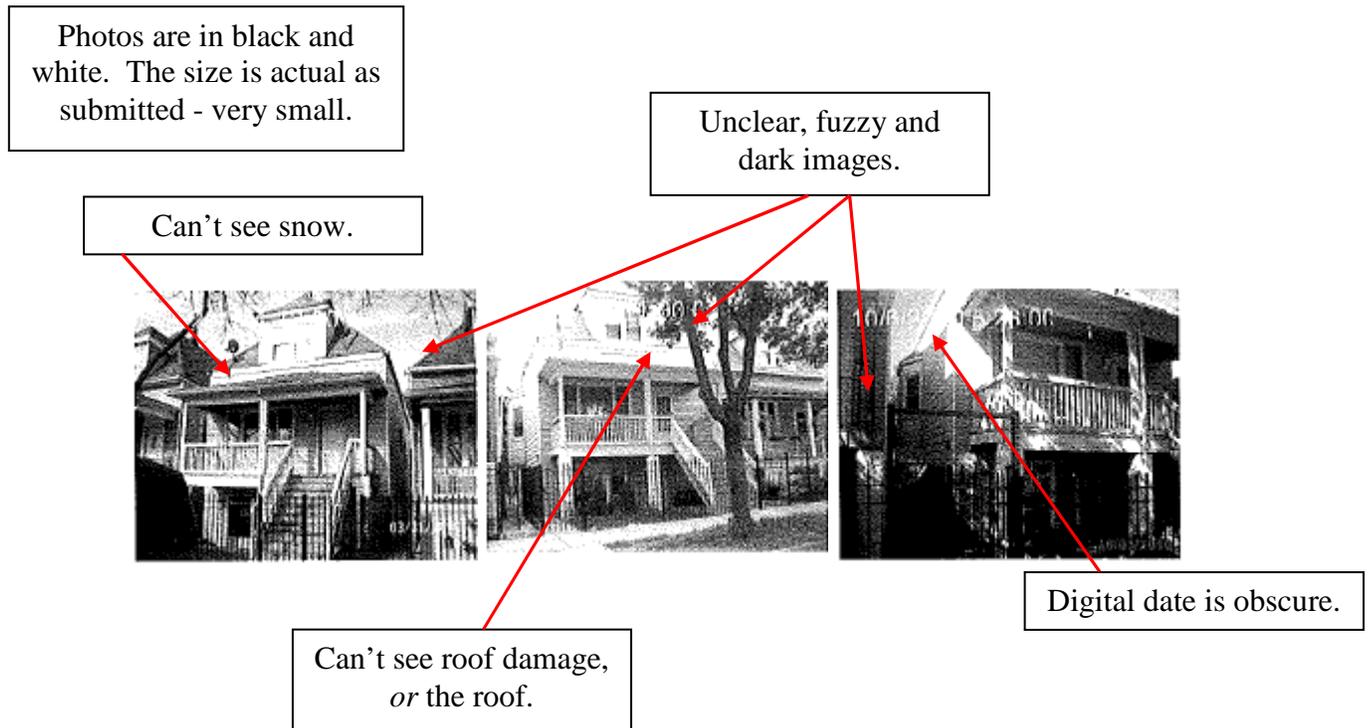
- The work was completed (before and after photos).
- Date photo was taken.
- Amount of debris.
- Extent of damages.

When it comes to justifying an expense, the burden of proof is on the Mortgagee. Clear and legible photos are a vital part of documentation.

Actual Photo Submissions to an Overallowable Request

What's wrong with this picture?

The story: Roof damage that could not be tarped due to severe weather and snow.



Actual Photo Submissions to an Overallallowable Request

Another roof...better photos



Before the work.

- *Color photos*
- *Good resolution*
- *Larger size*
- *Date of photos is located on the documentation*
- *Shot from the same angle to show progress of work*



During the work.



After the work.

Appealing a Notice of Demand

Mortgagees need to remember the timeframe allowed to submit an appeal to an MCB-issued demand letter. Per Mortgage Letter 2010-18:

9. Appeal of a Demand for Reimbursement

If a mortgagee has improperly conveyed a property or billed HUD for P&P services that were either not performed or were not performed properly, or in cases of mortgagee neglect, HUD will authorize its MCM to issue a Demand Letter in accordance with 24 CFR § 203.363.

If a mortgagee believes that the demand decision is not supported by regulation or circumstance, the mortgagee may request a review of the indebtedness determination or inspect departmental records related to the debt by submitting a request to the MCM through HUD's P260 portal within 20 days of receipt of the Secretary's notification (24 CFR § 17.104-105).

If your appeal is submitted 20 days past the date of the first demand letter, it is subject to denial. Send your appeal through P260 email to mcm-appeals@mcbreo.com. Be sure to place the FHA case number in the subject line. In addition, once an appeal has been responded to, there will be no further or multiple appeals.

Avoid the demand in the first place – submit all necessary documentation!

Changing Vacancy Dates – Clarification

The April issue of the *MCM UpDate* (page 3, item #5) provided instructions on how to correct Vacancy Dates:

***Vacancy Dates.** If you have entered a vacancy date incorrectly in P260, please submit a request for the information to be changed to a MCM supervisor or Manager. We encourage Mortgagees to request these changes timely and not wait until a pending extension or over-allowable request has been denied due to a vacancy date error. Requests may be submitted via email along with documentation to support the change. Send to mcm-info@mcbreo.com.*

Clarification: This instruction is not to be construed as “carte blanche” permission to request changes. The Mortgagee must submit **documentation to justify** the need to change this date. Documentation such as: inspections, court documents, or any other documentation that will prove that the date entered is incorrect and must be adjusted.

Vacancy date is the date the property was found to be no longer occupied, or when the Mortgagee should have known the property was vacant. Personal property evictions do not change the vacancy date. The FTV date will not be changed based on Mortgagee assertion the property is “occupied with personals”. Any delays due to postings or personal property eviction proceedings must be approved on an extension request.

Convey Properties Faster! Proper P260 Etiquette Tips

There are text etiquette rules, and email etiquette rules. Allow us to introduce you to some P260 etiquette rules! Seriously, how you upload documents or submit requests have a big impact on how quickly we can process all the necessary per-property transactions for you.

Our ability to **locate** your documents and the **clarity** of the information itself can affect the decision to your requests. We don't guess or assume. We make decisions based on the information presented. Being clear and specific with the information you place in P260 helps us to process more smoothly, resulting in your ability to convey properties to HUD more quickly and efficiently.

Here are a few examples of the kinds of things we see in P260 on a daily basis – along with tips on what can be improved.

Overallowable (OA) Requests

- Errors in copying and pasting from the bid sheet to the OA Request is resulting in large parts of the description getting cut off, or duplicate entries into the wrong line item. Often, what is missing from the Mortgagee comments are specific to what the line item is for, or a key element to the scope of work. With this information missing, requests will be denied.

In this example, one description from the bid sheet was copied twice onto the OA Request for two separate line items.

4	Int Debris	TO RMV ANIMAL CAGES, CHAIRS, GALLONS OF PAINT, BOXES, DISHES, EXERCISE EQUIPMENT, WOOD BOARDS, BUCKETS, AND OTHER DEBRIS
5	Ext Debris	TO RMV TRASH CAN, BBALL HOOP, LAWN MOWER, GRILL, HOSE, FLOWER POTS, AND OTHER DEBRIS

Category	Description
Debris/Trash Removal/Dumping Fees	TO RMV ANIMAL CAGES, CHAIRS, GALLONS OF PAINT, BOXES, DISHES, EXERCISE EQUIPMENT, WOOD BOARDS, BUCKETS, AND OTHER DEBRIS
Debris/Trash Removal/Dumping Fees	TO RMV ANIMAL CAGES, CHAIRS, GALLONS OF PAINT, BOXES, DISHES, EXERCISE EQUIPMENT, WOOD BOARDS, BUCKETS, AND OTHER DEBRIS

This example shows a “step and repeat” in the Mortgagee Remarks. Once, really is enough. We get it. If this is a system issue, contact the Yardi Help Desk.

Yard Maintenance	grass re cuts -Lawn Size: 8,952 SqFt	13.00	80.00	1,040.00	Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt Lawn Size: 8,952 SqFt
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Please address as much of the scope of work as you can in the Description area...

Category	Description	Qty	Unit	Mortgagee Cost(each)	Mortgagee Total Cost	Mortgagee Remarks
Other	spray mold w/bleach solution to kill	1.00		182.50	182.50	Pls see notes for add info
Grand Total					182.50	

...then, use the Notes section for overflow.

Sending Emails Through P260.

- When you send an email through P260 to one of the mcm mailboxes (such as: mcm-info or mcm-appeals), be sure to place the case number in the subject line. P260 does not automatically populate case numbers in the email. Without a case number, we are unable to review your request.

A couple of recent examples with no case numbers from our mcm-appeals@mcbreo.com email box:

	[REDACTED]	demand	Mon
	[REDACTED]	p & p	Tue 6

Here is a good example of how to submit your appeal:

	[REDACTED]	483-[REDACTED]	Request for Appeal - Taxes	Mon
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Uploading Attachments.

- Be sure you upload the photos, bid sheets, claims, and any other items to the correct case number. We have seen attachments for one case uploaded to a different case.
- Put a proper and specific description on each upload. This will help us find the source document we are looking for more quickly, thus, processing your claim or request more quickly.

What is what?! The labels are all the same.

FORM 27011B			
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 15:42:20	property preservation photos...
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 15:40:45	line item support for part b claim...
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 15:34:05	line item support...part b claim...
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 15:31:05	line item support part b claim...
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 15:27:05	line item support...
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 15:22:36	line item support/part b...
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 15:21:05	line item support part b...
<input type="checkbox"/>	Part B,C,D,E	03/29/2011 14:29:18	LINE ITEM FOR PART B CLAIM...

Where to Send Post-Conveyance Bills and Code Violations

Taxes, HOA, Utilities, Violations

The MCM does not handle invoices for post-conveyed properties, yet Mortgagees continue to send these to our Oklahoma City office. There are other M&M III contractors who pay post-conveyance bills on HUD's behalf:

Post-Conveyance

Homeowner's Association (HOA)	Field Service Manager
Utility Bills (gas, electric, water, sewer, trash)	Field Service Manager
Local Code Violations	Field Service Manager
Taxes (state, county, municipal)	Asset Manager

Do not send any bills to MCB, and do not use MCB's address when communicating with HOA's, utilities or taxing authorities.

Here is how you can find out which FSM and/or AM is assigned to a property, and forward the bills appropriately:

Go to HUD Home Store: www.hudhomestore.com

See screen shots on next page.

Enter the property case number or address

HUD.GOV/HUDHomes
U.S. Department of Housing and Urban Development

Home HUD News Resources NAID Registration Find a Broker **Property Contacts** FAQ

Property Contacts Search

This Property Contacts search lets you find all homes owned by HUD, even if they are not currently on the market.

Property Case # -OR- *State *Street City Zip Code County

*Asterisked fields are required. Also enter either the city, zip, OR county info

Property Contacts Search Results

1 listing(s) found [View Map](#) Display: 10

Property Case	Address	Bed	Bath	Details
	<input type="text" value="Address, City State Zip Appears"/>	0	0.00	View Street Map it

When search results appear, click on the case number

HUD.GOV/HUDHomes
U.S. Department of Housing and Urban Development

Home HUD News Resources NAID Registration Find a Broker **Property Contacts** FAQ

Property Contacts Information

Listed below are the contacts for the various parties responsible for this home. The HOC is the regional HUD office managing the property. The Asset Manager is the HUD contractor responsible for the sale of the property. The Listing Broker was hired by the Asset Manager to sell the home. The Field Service Manager is responsible for maintaining the property.

Case Number: [REDACTED]
Address: [REDACTED] COUNTY [Back to Search Results](#)

HOC Information	Address	Contact Information
Atlanta Homeownership Center Attn: REO Division	40 Marietta Street Five Points Plaza Atlanta, GA 30303-2806	Phone Monday-Friday, 8 am to 8 pm ET, Tollfree: (800) CALL-FHA or (800) 225-5342 TDD: (877) TDD-2HUD (877) 833-2483

Agent Information

Asset Manager	Field Service Manager
Company Name: PEMCO LTD Contact Name: CUSTOMER SERVICE Address: 7000 CENTRAL PARKWAY SUITE 800 ATLANTA GA 30328 Phone Number: (770) 609-6800 Fax Number: (770) 864-9054 Email: CUSTOMERSERVICEATL@PEMCO-LIMITED.COM	Company Name: COOPER-CITIWEST JV Contact Name: JANICE COOPER Address: 3800 CAMP CREEK PKWY SW BUILDING 1800 SUITE 114 ATLANTA GA 30342 Phone Number: (877) 331-5053 Fax Number: (404) 344-9505 Email: ATLANTA@COOPERCITL.COM

Listing Broker
Company Name:
Contact Name:
Address:
Phone Number:
Fax Number:
Email:

MM2 Contractor
Company Name:
Contact Name:
Address:
Phone Number:
Fax Number:
Email:

Contact info for the assigned Asset and Field Service Manager.

MCM Messages for the Field Service Manager

Reporting Damaged Properties – Potential Need to Reconvey

- Upon discovery of a damaged property, send an email notification through P260 to: mcm-reportdamage@mcbreo.com.
- Upload photos and inspection findings in P260 under the appropriate categories for inspections and/or photos.
- Format the Subject Line of the email as case number and “damage”. For example, “123-456789 Damage”
- In the body of the email, briefly describe the condition of the property.
- MCB will review, request additional documentation from the Mortgagee where necessary, and begin the reconveyance process (or issue a demand) if warranted.
- FSM’s should check the Communication Log for decisions and/or progress of MCM actions.

Placing Properties in Step 3a or Step 3 in P260.

Although FSMs have the P260 capability to move properties in and out of HOM status, **please do not perform this function for any Mortgagee related issue - leave this function to the MCM.** It is the MCM’s responsibility to initiate reconveyance when appropriate and will perform this step in P260. Upon doing so, we will notify the HOC GTR and FSM.

Requesting the MCM Issue a Demand:

- Upload supporting documentation to P260 as an attachment under the category “Accounting” and sub-category “Reimbursables”. Label the description as “Supporting Documentation for Demand”.
- Through P260, send an email to mcm-demands@mcbreo.com.
 - If there are multiple charges for different expenses for the same case, *send only one email and list all the charges to be itemized* – not a separate email for each charge.
- Format the Subject Line of the email as case number and “demand”. For example, “123-456789 Demand”
- In the body of your email, state the amount that is due from the Mortgagee, and ensure the calculations are clear. Also state that supporting documents are in P260.
- Make sure your documents and calculations clearly support the dollar amount demanded.
- MCB will review your request and issue the necessary demands.

Field Service Managers can send suggestions for topics of interest and request additional personnel to be added to the MCM UpDate distribution to: mcm-info@mcbreo.com

Resources	
MCB Points of Contact	http://www.mcbreo.com/mortgagee-compliance-manager-mcm.html
MCM UpDate Issues	http://www.mcbreo.com/mortgagee-compliance-manager-mcm.html
MCB Customer Service	mcm-info@mcbreo.com
Reconsideration/Rescission Requests: Demands/Reconveyances	mcm-appeals@mcbreo.com
Voluntary Reconveyances	mcm-volreconvey@mcbreo.com
Re-Acquisition (<i>return a property to HUD inventory</i>)	mcm-reconveyance@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
Contact List for FSM and AM Contractors	http://www.hud.gov/offices/hsg/sfh/reo/mm/mminfo.cfm
Yardi Help Desk for P260	hudhelp@yardi.com

MCB Contacts		
Preconveyance, Surcharge and Emergency P&P Requests		
Susan Sipe	(405) 595-2024	Susan.sipe@mcbreo.com
Justin Park	(405) 585-2023	Justin.park@mcbreo.com
Ryan McDoulett	(405) 595-2025	Ryan.mcdoulett@mcbreo.com
Part A Claims		
Reaksmey Lim	(714) 230-3620	Reaksmey.lim@mcbreo.com
Part BCDE Claims		
Sheree McClure	(405) 595-2032	Sheree.mcclure@mcbreo.com
Title		
Tom Vento	(405) 595-2003	Tom.vento@mcbreo.com
Reconveyance/Reacquisitions		
Cynthia Diaz	(714) 230-2390	Cynthia.diaz@mcbreo.com
Appeals for All Request Decisions, Demands and Reconveyances		
Dustin Harjo	(405) 595-2012	Dustin.harjo@mcbreo.com
Occupied Conveyance		
Greg Nelson	(405) 595-2020	Greg.nelson@mcbreo.com