



About ISN

ISN Corporation is focused on helping federal agencies run programs to the highest level of quality, timeliness, and integrity in order to eliminate fraud, waste, and abuse. ISN's technology-based approach not only achieves results, but allows our clients and partners to meet their missions with full compliance.

ISN's work includes field service management, investigations, property management, contractor oversight, audit and inspection services, software and application development, litigation support, and independent quality control services. ISN also prides itself on ensuring proper eligibility determinations are made for program participation and access.

ISN has performed work for over 135 Public Sector clients and received numerous Quality Awards and Commendations for outstanding work. ISN has been recognized as one of the fastest growing businesses nationally and has been profiled in numerous industry publications. Most recently, ISN was named 43rd on the Washington Technology Fast 50.

As a company certified at CMMI Level III and ISO 9001, ISN understands the full life cycle of successfully run programs, processes, and systems. Our technical and managerial solutions ensure that government programs meet not only their current objectives, but their long-term goals as well.

ISN is headquartered in Bethesda, MD and delivers a nationwide footprint of diverse professionals to provide services across the United States and around the world.

ISN Corporation has provided the very best technical solutions and talent to Federal, State, and Local governments for nearly 40 years. Past performance includes work on some of the most important mission-critical systems of the U.S. government. Some clients include:



ISN CORPORATE HQ – BETHESDA, MD

ISN Corporate Headquarters is located at 10411 Motor City Drive Bethesda, MD 20817 close to the heart of downtown Washington, D.C.



ISN WESTERN OPERATIONS CENTER – OKC, OK

ISN's Western Operations Center is located at 2401 NW 23rd Suite 1D OKC, OK 73107 which currently houses the MCM 2.0 staff and operations. It's located near the HUD National Servicing Center in downtown OKC.

MCM 2.0

ISN was awarded the Mortgagee Compliance Manager contract by the U.S. Department of Housing and Urban Development (HUD) in June 2015. Please check our website periodically for updates including contact information at www.isncorp.com.

ISN's objectives for this contract are to oversee the conveyance process for FHA insured homes from mortgage lenders to HUD. ISN's goals are to: (1) assist lenders with conveyances of properties with good and marketable title and (2) ensure the property is in conveyance condition per HUD regulations.

ISN reviews claims that are filed against the FHA insurance fund and considers two components:

1. Ensure that conveyance of the physical property is compliant with HUD regulation and Code of Federal Regulations.
2. Audits expenses claimed by the mortgagee to confirm that expenses are accurate, reasonable, and incurred.

ISN

We Value...

- ✓ Excellence in Quality and Timeliness
- ✓ Integrity
- ✓ Leadership and Ownership
- ✓ Commitment and Empowerment
- ✓ Diversity
- ✓ Customer Satisfaction and Customer Relationship

... And most importantly, **YOU!**

Each month, ISN processes approximately 75,000 various conveyance-related transaction types submitted by the mortgagees.

Examples of the types of transactions ISN is processing monthly:

- Over-allowable Requests and Appeals
- Extension Requests and Appeals
- Surcharge Requests and Appeals
- Occupied Conveyance Requests and Appeals

- 27011 Claim Package Reviews
- Demands for Reimbursement
- Title Packages
- FSM Requests for Monetary Demands and Appeals
- AM/FSM/NSC Requests for Reconveyance and Appeals
- Reacquisition Requests from Mortgagees
- Document Execution
- QCD Processing
- HECM Over-allowable Requests

ISN provides mortgagees with web-accessible data on best practices, new developments, and changes to HUD regulations. The website has a Q&A portal to help facilitate transactions.

For More Information on HUD Regulations:

VISIT HUD.GOV

HUD Handbook 4000.1

- ML 2015-10**
- ML2016-02**
- ML2016-03**
- ML2016-04**
- ML2017-15**

Visit us at our website for access to instructional videos, HUD resources, archived MCM Newsletters, and ISN's contact list.
<https://www.isncorp.com> | Clients | HUD MCM



MCM Videos Library

- MCM Introduction
- Bid Submission (Itemized)
- Acceptable Title Documentation
- Acceptable Inspection Reports
- Acceptable Date Stamped Photos
- Tax Documentation

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HUD Handbooks	HUD - FHA Lender Website	FHA Time Period for Filing Insurance Claims

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PRECONVEYANCE

Occupied Conveyance and Supporting Documentation

Occupied Conveyance

HUD's Notice of Pending Acquisition (NOPA) or Occupancy Letter is generally the first notification that the occupant of a property receives when a foreclosure has been initiated.

The NOPA should be issued 60-90 days prior to when the mortgagee expects to obtain title to the property. The NOPA should be sent to any property occupants as well as alternative addresses the mortgagee may have on file for the mortgagor(s). Once the NOPA has been issued, it must be uploaded to P260 by the mortgagee or their foreclosing attorney. Failure to take timely actions can cause unnecessary delays in conveyance of the property to HUD. The MCM may review and consider a request for occupied conveyance that would normally not be considered (i.e., if the NOPA was not issued and uploaded timely).

NOPAs are not issued on reverse mortgages. The Occupied Conveyance request is only for FHA forward mortgages. NOPAs should not be issued on FHA insured loans that have been service released through the Distressed Asset Stabilization Program, also referred to as (601) loans.

Additionally, the Protecting Tenants at Foreclosure Act (PTFA) was reinstated when signed into law by the current administration on May 24, 2018 as part of The Economic Growth, Regulatory Relief, and Consumer Protection Act (S 2155). It went into effect on June 23, 2018. A Mortgagee Letter has not yet been issued at this time; however, all mortgagees should be familiar with PTFA.

Over-Allowable Supporting Documentation

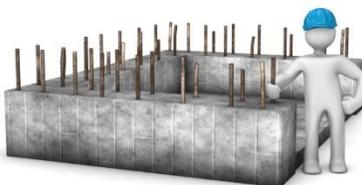
In order to avoid unnecessary denials and appeals, it is imperative to ensure that all necessary documentation is provided when the initial over-allowable request is submitted to the MCM for review. This section discusses common over-allowable requests submitted to the MCM for review and the supporting documentation required to ensure an accurate review can be conducted.



Roof Repairs

Per HUD regulation, a property cannot convey with an actively leaking or tarped roof. Roof repair should always be pursued in lieu of total roof replacement whenever possible. In order to receive a full review for a roof repair/replacement bid, the following supporting documentation is needed:

- Complete inspection history from date of default through current reporting month
- Itemized bid
- Detailed photos supporting active leak exists (Interior and Exterior)
- Claim documentation, if applicable
- If repair is not possible, information to explain why a full replacement is warranted



Structural Repairs

The mortgagee routinely submits various types of structural repairs that include anything from crawlspace issues, failing foundation/basement walls, collapsing chimneys, crumbling brick facade, etc. If the damages exceed \$10,000, the submission should include the following documentation, to allow a review to be completed.

- Complete inspection history from default through current reporting month
- 2 independent repair bids from a licensed contractor
- Detailed photos of the damages
- Origination appraisal
- Clear explanation as to why the repair is warranted



Bio-hazard Services

In order to consider crime scene clean-up on a property the mortgagee needs to provide the following:

- At least 2 bids from licensed or certified hazardous material contractors
- Detailed photos
- Complete inspection history from date of default through current reporting month



Health Hazard Remediation

In order to consider remediation of a health hazard (e.g., meth, lead paint, or asbestos), the mortgagee needs to provide the following in an over-allowable submission:

- The relevant code or regulation describing the specific handling or disposal requirements
- Positive test results to confirm the presence of hazardous materials (detailed reports or test results) with information on the location of the materials, the scope of the work, and recommended methods for removal, abatement, or remediation of the materials
- At least 2 bids from licensed or certified hazardous materials contractors
- Detailed photos
- Complete inspection history from date of default through current reporting month
- Clear explanation as to why the work is warranted



Extermination

Extermination bids are another common OA submission that lacks sufficient supporting documentation resulting in denials and appeals. In order to consider approval, the documentation needed from the mortgagee when submitting an extermination request is:

- Itemized bid supporting the cost submitted
- Photographic evidence of infestation. (**Note:** Fleas are an exception and do not require photos to support)
- Termites and wood boring carpenter ants require a letterhead bid from a professional extermination company

PRECONVEYANCE

Supporting Documentation



Demolition – Primary Structure

Demolition of the primary structure can only be considered if there is a violation/condemnation requiring the property to be razed. If approval to demolish a primary structure is granted in an over-allowable request, this does not imply that approval has been granted to convey as a vacant lot. For requests to demolish a primary dwelling structure, the mortgagee must submit the following to the MCM in a surcharge request:

- BPO with:
 - AS-IS Value
 - Repaired Value
 - Lot Value
- Detailed chronology of the servicing and P&P activities related to the property, including all efforts to address any damages or violations
- Complete inspection history from date of default through current reporting month
- Detailed photos of the damaged structure
- Origination appraisal
- Repair bid
- Demolition bid
- Claim documents if applicable
- Violation/condemnation notices and all written correspondence with code enforcement office
- Clear explanation as to why demolition is the only option



Demolition – Secondary Structure

Demolition of secondary structures that add value to the property will only be considered if the structure is hazardous and must be removed for safety reasons. For requests to demolish a secondary dwelling structure, the mortgagee must submit the following to the MCM in an over-allowable request:

- Complete inspection history from date of default through current reporting month
- Detailed photos of the structure
- Origination appraisal
- Repair bid
- Demolition bid
- Claim documents if applicable
- Clear explanation as to why demolition is the only option



Demolition – Outbuildings and Sheds

The removal of a secondary structure that does not add value to the home can be considered if the structure is hazardous and must be removed for safety reasons. For requests to demolish a secondary dwelling structure, the mortgagee must submit the following to the MCM in an over-allowable request:

- Complete inspection history from date of default through current reporting month
- Detailed photos of the structure
- Repair bid
- Demolition bid



Demolition – Mobile Homes

Mobile homes that were used as the main collateral to originate the property, are to be treated as a primary structure. Care must be given to mobile homes that are not considered the primary structure, as there is a chance it may have a lien. If not, the below applies. The removal of a secondary structure that does not add value to the home can be considered if the structure is hazardous and must be removed for safety reasons. For requests to demolish a secondary dwelling structure, the mortgagee must submit the following to the MCM in an over-allowable request:

- Complete inspection history from date of default through most recent inspection
- Detailed photos of the structure
- Repair bid
- Demolition bid
- Origination Appraisal, in order to verify it wasn't used as collateral in the origination



Violations

The mortgagee must provide all applicable violation documentation when submitting an over-allowable request to the MCM to cure a violation. The following documentation is required for consideration to cure:

- Violation from the City or HOA
- Itemized bid
- Detailed photos
- Complete inspection history from date of default through current reporting month



Electrical Repairs

Electrical repairs should only be considered in a few scenarios: repairs are necessary to make a sump pump operable, to maintain heat (in certain states as described in HUD regulation), or a violation requires the repairs. If a bid is being submitted to replace missing electrical and it appears to be a result of theft/vandalism, the mortgagee will need to file a claim and not submit an over-allowable to the MCM for review. If a bid is submitted, the following should be provided to the MCM in an over-allowable request:

- Complete inspection history from date of default through the current reporting month
- Detailed photos
- Itemized bid
- Violation documentation if applicable



Plumbing Repairs

Plumbing repairs are considered only if they are necessary to maintain heat or a violation requires work to be completed. Any damage that is a result of an insurable event should be addressed via an insurance claim and not submitted to the MCM for review. If a bid is submitted the following should be provided to the MCM in an over-allowable request:

- Complete inspection history from date of default through current reporting month
- Detailed photos
- Itemized bid sheet
- Violation documentation if applicable

PRECONVEYANCE

Plumbing & Basements



There are certain property conditions where HUD established allowable amounts and traditional preservation activities would not be considered applicable. The following scenarios are the most common discussion topics that are brought up on the monthly conference calls conducted by the MCM with mortgagees.

Pressure Testing

Completing a pressure test at the First Time Vacancy (FTV) has been a requirement since the implementation of Mortgagee Letter 2016-02. Pressure testing at FTV gives the clearest picture to prove the absence of mortgagee neglect and adequately documents conditions at initial vacancy. When the pressure test passes at FTV, the responsibility of the mortgagee is to prevent conditions from deteriorating and/or addressing any new damages appropriately if they arise. A timely winterization will ensure that the system stays intact and holds pressure.



If the pressure test does not pass at FTV, the system should be reviewed for possible insurable damages (e.g., theft/vandalism or freeze damages). If those damages can be completely ruled out, all visible breaks need to be capped and documented in the FTV inspection property conditions. If conditions at FTV are documented, insurable damages do not exist, and lines are capped (if applicable), the property can be conveyed with the plumbing damages. This would be considered mortgagee neglect and a surcharge request to convey "as-is" isn't required.



Drain or Non-supply Lines

These lines should be winterized to prevent freeze damages to the drain lines in the property. There isn't an expectation for these plumbing lines to hold pressure, as there is no way to seal the lines and pressure test. These types of lines include: washer drain line, p-traps, main discharge line, tub/shower drain, sewer line, and sump discharge lines.



Basements, Water Seepage and Conveyance Condition

Basement conditions remain a constant topic of discussions within the preservation industry. Basements can serve as a purely utility function or add a substantial amount of living space to the property, depending on construction type or the age of the property. The Surchargeable Damage Requests article from the prior MCM newsletter spoke directly to the fieldstone or limestone type cellars that naturally allow a small amount of seepage. Fieldstone/limestone basements are not what would be considered to be a finished basement. Finished basements traditionally have poured concrete or cement block masonry walls, often with a framed studs and drywall. Finished basements are meant to be used for more than just storage and utility space. If these types of basements aren't given proper attention and maintenance, they can become one of the biggest nuisances or barriers preventing conveyance.

The mortgagee must provide a detailed scope of work and clear explanation when dealing with a finished basement that requiring remediation in order to place the property into conveyance condition. This is why documenting the condition at the FTV inspection is critical. FTV is the only opportunity to obtain photographic evidence to document existing damages that could be considered mortgagee neglect. A common sign of potential water intrusion is damp spots or efflorescence on the walls. If studs, walls, and drywall are present in the basement, possible mold or seepage should be documented as quickly as it is discovered. The mortgagee should act to address the source of moisture or water intrusion to prevent further damage. If there are signs of discoloration due to water intrusion or seepage, removal of drywall may be necessary in order to investigate the source. It's imperative to obtain

photographic evidence of all basement walls in order to properly document the condition of the basement.

Inevitably, most properties in foreclosure with a basement show some kind of signs that water intrusion or seepage exists. If a water or mold issue is observed, the source should be identified immediately and addressed timely. If the water intrusion is occurring along seams on the basement walls, inspection of the condition of the exterior gutters is required to ensure water is being properly diverted away from the property. Masonry sealant or waterproofing (such as DRYLOK or similar product) is typically used on basement walls to address minor seepage. Hydraulic cement is typically used to seal hairline fractures in stair or stepping cracks to stop water intrusion. There are sealants made specifically for the wall/floor seam that should also be considered when determining the best course of action to resolve water intrusion into a finished basement.



If sealant has been applied and water intrusion is still occurring, additional investigation may be required to determine the active source of water intrusion. Seepage can sometimes be a symptom of more significant structural damages that may require resolution prior to conveyance of the property to HUD. If structural issues can be ruled out and it is determined that the seepage is a result of a high-water table, the mortgagee can submit a surcharge request to the MCM asking for permission to convey "as-is". If a surcharge request is submitted please include the following: photos from FTV, photos of before/after seepage repairs, photos of the current situation, and itemized repair bid (Sump System, Parget, French Drain, etc.).



ADMINISTRATIVE REMEDIES

Appealing MCM decisions

The Appeal Process



The majority of appeals, regardless of circumstance, can generally be attributed to a lack of supporting documentation in the initial submission to the MCM. The best general practice a mortgagee can implement, to prevent submitting appeals to the MCM, is to ensure all necessary supporting documentation is provided on all submissions. If not provided, the MCM will request the documentation through a denial or issue a demand for reimbursement.

Over-allowable Appeals – Forward Mortgages

When appealing an MCM over-allowable decision, supporting documents must be uploaded to the system of record for all line items in question. The MCM will consider the appeal explanation and all documentation provided with the submission during the review before rendering a decision. If the mortgagee disagrees with the appeal decision rendered and/or determines that additional information can be provided to overturn the decision, the mortgagee may submit a new over-allowable request to the MCM for review. If a denied over-allowable appeal is being resubmitted due to a dispute with the initial and appeal decisions rendered, a notification requesting additional review should be sent to the Preconveyance Inbox. Please provide an explanation as to why the over-allowable was resubmitted and additional review is warranted.

If an escalated review by the MCM management is warranted on an over-allowable appeal or resubmission, please note the submission appropriately in the "mortgagee remarks" section. This will indicate to the MCM reviewer that management review is required.

It is a best practice to submit a new over-allowable request when an original request is denied due to insufficient supporting documentation (rather than submitting an appeal). This will ensure that an initial decision is rendered on the submission. If your office disagrees with the initial decision rendered, the option to appeal remains intact.

Over-allowable Appeals – Reverse Mortgages

HECM appeals have a slightly different process when being submitted to the MCM for consideration. Since the appeal function is not present in HERMIT, the mortgagee must submit all HECM appeals to the MCM-Appeals@iscncorp.com inbox. As a best practice, submitting the documentation along with the appeal email will allow an accurate and expedited review by the MCM. Once the appeal decision is rendered, it's considered a final decision; no additional appeals will be considered without a submission of a new over-allowable request. If the mortgagee feels the MCM made an incorrect decision, a new over-allowable review can be submitted.

Extension of Time Appeals

If an extension of time request is denied, and an appeal is warranted, all supporting documentation for the MCM to consider overturning that decision should be provided within the appeal request in the system of record. Unlike over-allowable appeals, if the initial appeal is denied by the MCM the mortgagees have an option to submit a final appeal to HUD for consideration. In any circumstance, when an appeal is filed, it should always include a clear explanation for the appeal with supporting documentation.



Surcharge Damage Appeal

Surcharge requests are often denied due to missing documentation that was not provided with the initial submission. If an appeal is submitted on a surcharge request, all documentation must be provided that was requested on the initial denial. Failure to provide this information can lead to a second denial which could cause unnecessary delays in the conveyance process.

The appeal review will be denied or approved based on the quality of the submission. It's imperative the information and documentation provided clearly match the explanation and reasoning for the request. Similar to extensions, the mortgagee has an option to submit a final appeal to HUD. Please be advised that per HUD Handbook 4000.1, a HUD rendered decision is final, and the MCM does not have the authority to overturn.

Demand Appeals

If a demand is issued, the mortgagee has thirty (30) days to submit their appeal to the MCM's appeal inbox. The mortgagee must ensure a clear explanation for the appeal is provided within the email and all necessary supporting documentation is uploaded to the system of record. If the MCM has already reviewed the demand for reimbursement appeal submitted by the mortgagee, any new documentation or support provided after the decision has been rendered will not be considered. Providing all necessary documentation when submitting an appeal will ensure a complete and accurate review by the MCM. The appeal decision rendered by the MCM correlates directly to the quality of the supporting documentation and explanation provided with the appeal request.

If a mortgagee determines that the supporting documentation provided with an appeal submission has been overlooked, an email request can be sent to the MCM Appeals inbox requesting a second reconsideration. If there is additional information or documentation that was not provided on the initial appeal or a disagreement remains with the appeal decision, a final appeal must be written and submitted to HUD in accordance with HUD Handbook 4000.1.

Reconveyance Appeal

If the mortgagee disagrees with HUD's decision to reconvey the property, the mortgagee may appeal that decision by submitting their appeal through the reconveyance module within ten (10) days from the date the Preliminary Notice of Intent to Reconvey was issued. Any appeal submitted to the MCM for review should include at a minimum the full inspection/preservation history from default through conveyance and documentation to support any information provided in the appeal. All supporting documentation must be uploaded to the system of record in order to receive consideration.

If the mortgagee disagrees with the MCM's decision and determines that documentation that was available in P260 was overlooked, this would be an appropriate circumstance to email the MCM Appeals Inbox and request a second reconsideration. If the decision took all factors into consideration or there is additional information provided, the written final appeal must be submitted to HUD. The final appeal must be mailed within the ten (10) days from the MCM appeal response. HUD's decision is final and no additional appeals will be considered.

The mailing address for HUD is:
U.S. Department of Housing and Urban
Development
Attn: National Servicing Center
301 NW 6th Street, Suite 200
Oklahoma City, OK 73102

27011 CLAIMS

Best Practices and Supporting Documentation

Proper 27011 A Submissions:

The MCM issues a fairly large number of document requests to the mortgagee due to missing or incomplete 27011A claim packages. The mortgagee must upload a complete claim package for every property conveyed to HUD no later than two (2) business days after the date the deed to HUD is file for record with the local recording authority.



The 27011A Claim package should contain the following documentation:

- A copy of the 27011A Claim form (*An FHA Connection screen shot is unacceptable*)
- A copy of the executed deed to HUD filed for record
- Documentation of the last tax bills paid to each taxing authority
- A copy of HUD's approval to convey damaged per 24 CFR 203.379 (a) (if applicable)
- The Mortgagee's certificate that the conditions of 24 CFR 203.379 (b) relating to fire damage, have been met (if applicable)
- A copy of documentation that will verify that appropriate actions were taken to protect and preserve the property (if applicable)
- "Mortgagee Comments" section of the 27011 A Claim form must contain the property Key Code

The Mortgagee must document the payment of all final bills and all liens for HOA/COA Fees if applicable.



Mortgagee Comments - 27011A

The Mortgagee Comments section of the 27011A form can be used for more than just a key code and utility information. Since the 27011A form is uploaded to P260 by the mortgagee at the time of conveyance, this section of the form is ideal for providing case specific information regarding any damages that might have been present FTV that are considered mortgagee neglect.

Information can also be provided regarding delays in securing a steel door (e.g., VPS or DAWGS) access code. All parties involved in the post-conveyance process review the 27011A "Mortgagee Comments Section" populated by the mortgagee.

The Mortgagee Comments portion of the claim form should be used to provide comments on any of the following but not limited to:

- Mortgage or property condition
- Justification for circumstances affecting the claim
- Information required by claim instructions on the 27011A

If the "Mortgagee Comment Section" provided on the Part A form isn't large enough to properly document the property specifics, additional pages can be added to the 27011 A claim package. If additional information is being provided, ensure that a note is listed within the Mortgagee Comments section so that the additional information isn't inadvertently overlooked.



27011BCDE Claim Submissions:

The lack of supporting documentation being provided with the 27011BCDE claim package is one of the leading reasons the MCM issues demands for reimbursement. Please take the time to ensure all documentation is available when the claim is being submitted to MCM for review. This will reduce or even eliminate unnecessary demands being issued by the MCM.

The supporting documentation for the 27011BCDE Claim should be clearly labeled and attachments should be limited to only those that support the claimed expense on the claim form. The MCM regularly observes an overabundance of attachments provided as 27011BCDE support. This can result in timeliness issues as this complicates the MCM review process to validate claimed expenses. Documentation that is clearly and correctly labeled ensures a proper review is conducted by the MCM. The supporting documentation should be limited to the least number of files possible, pertain to the items being claimed, and in chronological order to

prevent document requests from the MCM. Avoiding uploads with excessive and mislabeled attachments will allow the MCM to conduct higher quality claim reviews. All supporting documentation should include property identifiers such as the FHA case number, property address, and loan number.

Arrange the supporting documentation in the claim review file to align with the claimed expenses on the Part C and D. If supporting photographs and invoices are in chronological order, it will assist the MCM in completing an accurate and expedited review of the 27011BCDE claim package. All before and after color photos provided within the 27011BCDE claim package should be for claimed expenses only. The Mortgagee must provide supporting documentation for all final bills and pre/post foreclosure liens for HOA/COA Fees when claimed.

Please ensure that the HUD authorized 27011BCDE claim form is being utilized for all claim package submissions to the MCM. If expenses are claimed on a Non-HUD approved "Addendum" or "Continuation" page, the MCM will not accept and could result in a demand for reimbursement for those claimed expenses.



CWCOT

Per HUD Handbook 4000.1, all CWCOT claim packages should include the following supporting documentation:

- Combined 27011A, B, C, D & E claim and related supporting documentation (supporting documentation can be provided on a separate attachment)
- Appraisal confirming property conditions
- Appraisal Invoice confirming cost and that the correct appraiser was used
- HUD1/Sales Document
- Auction Invoice

This information is required in the CWCOT claim package so HUD can determine if the Commissioners Adjusted Fair Market Value (CAFMV) was properly calculated and to validate expenses claimed are allowable per HUD regulations.

TITLE

Best Practices and Supporting Documentation



Title Packages

Per HUD regulation, all Title Packages are due within forty-five (45) days of conveyance unless an extension of time is granted through HUD's system of record (P260). This 45-day timeframe is calculated from the date the deed is filed for record which is reflected on line 10 of the 27011A claim form.

To avoid unnecessary title package rejections or requests for documents, the title package should include the following:

- 27011A Claim Form
- Title Policy, Certificate of Title or Attorney Certificate
- Note
- Recorded Mortgage
- Recorded Deed to HUD (If the Deed to HUD is executed using a Power of Attorney (POA), a copy of the recorded POA must be included either with the Deed to HUD or separately in the title package)

Manufactured Home Documentation

For additional information on manufactured homes (MHU), refer to HUD Handbook 4000.1, Title Evidence for Manufactured Housing. Manufactured home documents should be uploaded into P260 on or before the filing date of the 27011A Claim. The mortgagee is also to specify in the "Mortgagee's Comments" section on the 27011A Claim that the required additional title work has been completed and uploaded. Please ensure to include the following:

- MHU is attached to the land,
- Title has been cancelled/purged in accordance with state or local requirements
- Per tax assessor records the MHU is classified and taxed as real property

If the property is a manufactured home, a copy of the origination appraisal (if available) is helpful when included in the title package.

- If a copy of the origination appraisal is not available, photos of VIN/Serial Number or HUD Data Plate information provided in the title package is helpful
- If HUD's appraiser cannot locate the VIN/Serial Number or HUD Data Plate information, an IBTS report may be requested

The following documents are not required in the title package, but are helpful and could possibly aid in avoiding a rejection as well as the need to resubmit to the MCM for review with additional documentation:

- Substitution of Trustee, Appointment of Trustee, Trustee's Deed, or Trustee's Deed Upon Sale (in Trustee States)
- Foreclosure Deed or Sheriff's Deed
- Notice of Default

The Title Package should be uploaded into P260 in the "Title Category" under the subcategory of "Title Evidence Package". When the MCM requests certain documentation to remedy a rejected title package, the documentation should be uploaded to the same categories mentioned above for the title evidence package. These best practices will help us to find the Title Package quickly and easily and can eliminate unnecessary rejections or requests for documentation.

Properties that failed to sell as a CWCOT

If the property was in the CWCOT Program but failed to sell and is now being deeded to HUD, the title package coversheet should reflect that the property failed to sell in the CWCOT program. The "haircut" percentage used to determine value should be disclosed on the coversheet. Additionally, a copy of the bid appraisal must be provided within the title package as well as a copy of the Commissioner's Adjusted Fair Market Value form (if foreclosed on or after 2/1/15).



Uploading of Title Related Documents into P260

Every day the MCM receives inquiries on the timing of due dates regarding documentation related to title package reviews. While there are various documentation requirements due at various times, it is imperative to know that documentation is to be uploaded on or before the specified due dates. The information below will provide you with important time frames which can also be found in HUD Handbook 4000.1.

Title Evidence for Manufactured Housing

Manufactured home documents should be uploaded into P260 on or before the filing date of the 27011A Claim. The mortgagee is also to specify in the "Mortgagee's Comments" section on the 27011A Claim that the required additional title work has been completed and uploaded.



Submission of Title Evidence to the MCM

Title Evidence Packages are due forty-five (45) days from the deed filed dated entered on line 10 of the 27011A Claim. As with all due dates, please be advised that due dates do not round up. If a Title Evidence Package due date falls on a weekend or holiday, the due date would be the previous working date, not the following.

Title package rejections

If corrected or additional documentation is requested, documentation is due ten (10) calendar days from the original title package rejection letter issued by the MCM.

Late submissions

Once a property is sold and is no longer in HUD's inventory, late submittals of title packages or late submittals of Corrective/Requested documents (past the 10-day time frame allowed for title package rejections) can result in the MCM's inability to comply with HUD's guidelines to grant title package approval.



Extension to Submit Title Evidence Requests

The most common types of extension requests that the MCM staff may expect to receive are the following:

- Extension of Time to Convey Title. Within 30 days after acquiring possession of good marketable title to the property, convey the property to the Secretary (24 CFR 203.359)
- Extension of Time to Submit Title Evidence. As soon as possible, but no later than forty-five (45) days of the date the deed is filed for record, the mortgagee must send the title evidence reflecting ownership vested in the Secretary of Housing and Urban Development to the local HUD Office (24 CFR 203.365)

Title package extension requests (Type 4) are due 5-7 days before the expiration of the 45-day timeframe for Title Evidence submittal allowed by HUD. The title package extension request must be submitted through P260 in order to receive consideration. A request sent through email or other means will not be reviewed.

REACQUISITIONS

Submitting for Reacquisition - Best Practices

When the mortgagee resolves the issues that caused the reconveyance to occur and the property is in conveyance condition, it is time to initiate the reacquisition process through P260. The reacquisition process is a two-step process, so it is important to be aware that the mortgagee remains responsible for property preservation activities until final reacquisition is approved and the property is accepted into HUD inventory.

Submitting for Contingent Reacquisitions

The MCM's previous newsletter covered the basics of how to submit the request for reacquisition through the reconveyance module. As a follow up, here are some best practices to consider when submitting a property for reacquisition.

The first step of the reacquisition process is submitting a request for "contingent reacquisition approval" in the reconveyance module for MCM review. The MCM's priority when reviewing a request for a contingent reacquisition approval is to determine whether or not the issues that caused the reconveyance have been fully addressed and that the property is in conveyance condition. Taking the time to ensure that reconveyance repair work is completed and that the repair work is fully documented will go a long way in the reconveyance process a second time on the same property. Always provide adequate photographic evidence to show the initial condition or issue that caused the reconveyance prior to initiating repairs, or what is commonly referred to as "before repairs" photos. Once repairs are completed, ensure sufficient photographic evidence is provided so the MCM can confirm all of the reconveyance issues have been fully resolved. These photos are commonly referred to as "after repairs" photos. One successful way to submit this type of information is to have a set of photos labeled and uploaded that only contain the before/after repair photos. This will enable the information to be quickly located and reviewed by the MCM, resulting in quicker review.

Submitting for Final Reacquisition

The last step of the reacquisition process is submitting a request for "final reacquisition approval" through the reconveyance module. The MCM will verify the following during the final reacquisition review:

- 27011A claim form with the word "Reconveyance" written across the top and boxes 6, 10, and 32 updated with current information
- Deed to HUD has been sent for recording
- Property is in acceptable conveyance condition at the time of the final reacquisition request

The additional review for conveyance condition is completed to ensure new damages didn't occur while in mortgagee possession during the reconveyance. This is why the MCM requires current photos with the final reacquisition request, to confirm the property is in conveyance condition. If there is an extended period of time between receiving contingent approval and request for final reacquisition, a new conveyance condition package would be required in order to confirm current property conditions. The same amount of detail should be given any time a new conveyance condition package is provided so the MCM can determine property condition before accepting the property into HUD inventory.

The advantage of a second review of the conveyance condition package is that it gives an opportunity for the MCM to have a fresh review of property conditions and a second opportunity to catch anything that could potentially lead to another reconveyance of the property. A reacquisition denial that results in a new submission with additional and updated documentation is a better alternative than having to endure a costly second reconveyance.

It is important to keep in mind that the focus of a reacquisition review is to ensure that property is acceptable per HUD regulation. The more information and details provided with a reacquisition request, the easier it will be for the MCM to confirm conveyance condition and reduce the risk of a second reconveyance.



Reacquisition Best Practices

Here are some tips to expedite reacquisition reviews and to generate approvals for the mortgagee.

- Upload all requested documents when submitting Reacquisition requests (often, the MCM only receives a portion of the documents requested, with the other requested documents uploaded later)
- Hundreds of photos (photo dumps) that don't pertain to the request should be avoided. Please indicate what page requires MCM review. When only 1 or 2 photos are needed and numerous photos are submitted, the specific photo needing to be reviewed can be overlooked or missed

- Include in the upload of corrective documents an executed Deed to HUD on all title reacquisitions. If the Deed to HUD is executed using a Power of Attorney (POA), include a copy of the Letter of Authority (LOA) or similar document showing the person who signed the Deed to HUD has the authority to sign

Some of the best packages the MCM has reviewed for reacquisition have an established uniform format for providing photos and every property submission is in the same format. A thorough conveyance condition package will help establish property conditions and dramatically aid in potentially avoiding a second reconveyance.



Common Reacquisition Clarifications

The MCM reviews reacquisitions requests daily and encounters multiple scenarios on a regular basis that can be avoided. Being aware of the below will reduce reacquisition denials and/or avoid unnecessary work.

- Contingent reacquisition approval does not alleviate the mortgagee of responsibility to preserve and protect the property. If a deed has been sent for recording or has been recorded, the mortgagee is still responsible for the property until final reacquisition is approved
- If a circumstance occurs that will delay a submission for final reacquisition after a deed has been sent for recording, reach out to the MCM's QCD inbox (mcm-qcd@isncorp.com) and request that property be deeded back to the mortgagee
- For a reacquisition to be reviewed, the request must be submitted through P260, in the process described in the previous MCM Newsletter. The MCM is not notified when a document is uploaded to P260
- Unless the Reconveyance Status is 16-Contingent Re-Acquisition Request Approval by MCM (16a), a property should not be attempted to be submitted for a Final Reacquisition
- Use the Widgets available in P260 to confirm a properties current status. If Reconveyance Status is not 21-Property Acquired by HUD or if there is no Reconveyance Status, the property has not been reacquired and mortgagee remains responsible for property maintenance



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ISN's management team has a combined 100+ years of experience within the mortgage industry. There is no better team of people to work with the industry to resolve any questions or concerns your office might have.

Please reach out to any of the contacts below to schedule a one off or reoccurring call and ISN will be happy to help out.



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