



THE MCM REPORT

- ISN's INDUSTRY NEWSLETTER -



BUILDING STRONGER MORTGAGEE PARTNERSHIPS

NOVEMBER 2016

VOLUME I

Who is ISN?

Founded in 1980, ISN is a Federal Government Contractor with a singular focus on providing the very best technical solutions and talent in support of critical public sector programs, processes, and systems. ISN understands and has experience handling each stage of the full life cycle of successfully run programs; we provide our clients with solutions to ensure missions are met today and in the evolving future of tomorrow.

ISN is a leading provider of technology-based program integrity and quality assurance services to Federal, State, and Local Governments. We specialize in a broad range of services including field service management, investigations, property management, contractor oversight, audit and inspection services, software and application development, litigation support, and independent quality control services. ISN prides itself on being a quality-driven organization, and we have been appraised at Capability Maturity Model Integration (CMMI) Level 3, demonstrating our consistent delivery of mature, repeatable processes that maximize service efficiency. Headquartered in Bethesda, MD, ISN provides services across the U.S. and globally.

ISN has performed work for over 135 Public Sector clients and has received numerous Quality Awards and Commendations for our outstanding work. ISN has also been recognized as one of the fastest growing business nationally and the company has been profiled in numerous industry publications. Most recently, ISN was named 43rd on the Washington Technology Fast 50, which ranks the fastest growing small business contractors in the government market.

ISN has performed for a list of over 135 Federal clients in the areas of systems integration, logistics, site surveys, program management, litigation support, IT helpdesk, software engineering and other associated tasks. Past performance includes work on some of the most important mission-critical systems of the US government. Some clients include:



ISN CORPORATE HQ - BETHESDA, MD

ISN Corporate Headquarters is located @ 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 @ 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.

ISN as the 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.

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

ISN reviews claims that are filed against FHA insurance funds considering two components:

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



ISN processes approximately 75,000 various types of transactions each month submitted from the mortgagees as they relate to the conveyance process.

Examples of the types of transactions ISN is processing monthly:

- Overallowable Requests and Appeals
- Extension Requests and Appeals
- Surcharge Requests and Appeals
- Occupied Conveyance Requests and Appeals

- 27011 A,B,C,D,E Claim Package Reviews and Demands
- 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 Overallowables

ISN provides information that mortgagees can easily access via a website that provides 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
ML2016-02 and ML2016-03

ISN MCM MANAGEMENT



Pictured Left to Right: Theresa Coffman, Bonnie McGinnis, Ryan McDoulett, Gwen Van Every, Kendra Norwood, Justin Park, Lissa Gates, Matt Toffoli, Tim Brandt, Mary Flatt, and Greg Nelson. The ISN MCM Management Team brings over 150 years of combined industry experience to the MCM 2.0 contract.

PRECONVEYANCE

Best Practices and Supporting Documentation

Overallowable, Extension of Time, and Surcharge Requests

Overallowable Requests – Best Practices

The MCM needs a clear and detailed explanation of why a scope of work is necessary, especially if the scope isn't routine P&P and is extensive such as structural bids, health or environmental hazard remediation, extensive violation repairs, and work with unusual circumstances. Please utilize the mortgagee remarks field or the notes section to provide the information. This will help reduce requests for additional information or clarification and can help your office receive a higher rate of overallowable approvals.

Another suggestion is to review the overallowable history in P260 to ensure the scope of work hasn't already been submitted and addressed. It's critical to review the overallowable history because the MCM may have already rendered a decision that could affect the outcome of subsequent overallowable submissions. The MCM may have requested clarification or additional supporting documentation, which if not included with a new submission could result in an unnecessary denial.

Attachment etiquette is crucial when submitting an overallowable request. Please ensure that the attachments needed to support the request are provided with the overallowable submission and are appropriately labeled so the MCM can easily access and verify that the submitted scope of work is necessary. If possible avoid multiple photo attachments or "photo dumping" and provide only the photos needed to justify the work being submitted.

Implementing the best practices referenced above will help to eliminate unnecessary denials for clarification and attachments issues.

Expected Conveyance Date	03/22/2014
Inspection Information	
Inspection Required	No
Inspection Complete	No

	Qty	Unit	Mortgagee Cost (each)	Mortgagee Total Cost	Mortgagee Remarks	Estimator Total Cost	Difference	Appr
HP - 1								
DREW	1.00		734.00	734.00	****FOR MANAGEMENT REVIEW ONLY*** Resubmission information notes.			
P IS								
3 SEE								
				734.00			0.00	

(6 Record(s) found)

Category	Cost to Date
Debris/Trash Removal/Dumping Fees	498.76
Securing	230.00
Winterization	200.00
Yard Maintenance	1,565.00
Property Inspections	504.00
Other	976.00
Grand Total	3,973.76

Close Print Overallowables

Decision	Appeal	Case History (8)	Notes (1)	Attachments (11)	Emails (2)
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Example of the mortgagee remarks field and note section in P260

Best areas to place critical or need to know Information

Overallowable Requests – Supporting Documentation

This section discusses the required documentation needed by the MCM to accurately review and process an overallowable request. Every request submitted via p260 needs: detailed photos, clear and concise itemized bid, complete inspection history from date of default through the current reporting month, accurate quantity and dimensions for work being submitted, and a clear explanation as to why the work is necessary (if not routine P&P). Specialty work requires additional supporting documentation in addition to the items outlined above

Violations: require detailed photos of the violation items, itemized scope of work that corresponds to the violation, violation document issued by the AHJ, any city correspondence that is applicable, and insurance documentation if applicable.

Structural/Foundation: origination appraisal, 2 itemized bids from Foundation/Structural contractors.

Bio-Hazard Cleanup: itemized bid from contractor licensed to complete the scope per State/County Code

Methamphetamine, Asbestos, Lead Based Paint Remediation: itemized bid from contractor licensed to complete the scope per State/County Code, positive test results confirming contaminate is onsite, and any documentation from the AHJ requiring the remediation

Cash for Keys: provide lease if applicable, foreclosing attorney's recommendation stating the PTFA or specific local ordinances apply, and clear explanation as to why the \$3000.00 allowable established by HUD isn't sufficient

PRECONVEYANCE

Best Practices and Supporting Documentation

Overallowable, Extension of Time, and Surcharge Requests

Extension Requests – Best Practices

An Extension of Time needs a clear and detailed explanation of why the additional time is necessary, especially if the property has an aged FTV or delays in the foreclosure timelines. Please ensure valid dates are entered in the request and the date range needed is provided as well, for example: 30 days 6-1 to 6-30. Please ensure supporting documentation is uploaded so that the MCM can review and consider the request. If the request is related to a Hazard Insurance issue all applicable insurance documentation must also be uploaded.

Extension Requests – Request Types

The MCM currently reviews 3 types of extension requests submitted by the mortgagees as indicated by the red arrows in the graphic on this page.

BOX 3 or “Unable to convey within 30 days after acquiring title and possession”. This type of request is usually associated with but not limited to the following:

- Additional time to complete P&P
- Insurance Claim or Repairs
- Cure City Violation
- New Conditions Develop at the Property
- HOA Variance/Search

BOX 4 or “Unable to submit title evidence within 45 days after conveyance filed for record”. This type of request is usually associated with but no limited to the following:

- Deed Issues
- Title issues
- County Recording Delays

BOX 9 or “CWCOT Program”. This type of request is generally related to CWCOT/2nd Chance Auction issues.

– Type 3, 4, and 9

Type of Extension Request	
<input type="checkbox"/>	1. Extension of time to initiate foreclosure
<input type="checkbox"/>	2. Extension of time to initiate foreclosure on HECM mortgages
<input checked="" type="checkbox"/>	3. Unable to convey within 30 days after acquiring title and possession
<input checked="" type="checkbox"/>	4. Unable to submit title evidence within 45 days after conveyance filed for record
<input type="checkbox"/>	5. Extension to submit fiscal data
<input type="checkbox"/>	6. Extension to submit supplemental claim
<input type="checkbox"/>	7. Unable to submit recorded partial claim subordinate mortgage within 6 months of execution
<input type="checkbox"/>	8. Other (specify)
<input checked="" type="checkbox"/>	9. CWCOT program- Unable to convey within 30 days after acquiring title and possession
Date of Foreclosed Deed 03/10/2016 Date Deed Recorded 03/10/2016 Date of Possession 09/10/2015	

TYPES of “Extension of Time” request the MCM reviews

Surcharge Requests – Best Practices

Surcharge requests cover a wide variety of issues and scopes. These requests are generally regarding properties with surchargeable damage (Big 6) where the mortgagee would like to convey the property to HUD without addressing the damage. There are other issues such as conveying with active violations, unfinished renovations, HOA variances, convey “as is” requests, demolition requests, structural deficiencies, and hazard insurance discrepancies.

Attachment etiquette is crucial when submitting a surcharge request. Attachments are needed to support the request and must be provided with the submission. All attachments should be appropriately labeled so the MCM can easily access and validate the reason for the request.

The MCM needs the following supporting documentation for every surcharge request to be able to complete an accurate review:

- Complete inspection history
- Detailed photos

- Detailed explanation of what action is necessary or why the request is needed
- Itemized Scope of Damages
- Insurance documentation (if applicable)
- Itemized Bid to repair

Demolition or “Convey as Vacant Lot” requests require the following additional supporting documentation:

- Demo Bid
- City Docs (Violation, Demo Notice, Condemnation Notice, etc)
- Origination Appraisal
- Detailed explanation as to why the property cannot be repaired.

“Convey AS IS” or Unfinished renovations requests require the following additional supporting documentation:

- Origination Appraisal
- 203k agreement if applicable
- Claim denial if applicable.

27011 A CLAIM

Best Practices and Supporting Documentation

27011 A Claim Packages and Hard Edits

27011 A Claims – Best Practices

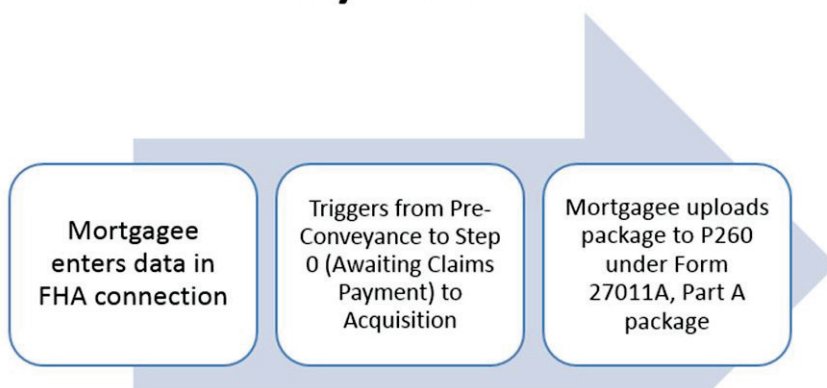
Following submission of the 27011 A claim form and package to HUD, the MCM reviews and notifies the mortgagees of any hard edits associated with the claim, review the 27011 A claim package for accuracy and completion, and verify that the property is in conveyance condition via the FSM's initial inspection and report. Acceptable condition for a property to convey into HUD inventory is defined in ML2016-02 or HUD Handbook 4000.1 "Conveyance Condition". A property must be undamaged by fire, flood, earthquake, hurricane, tornado, mortgagee neglect, and any other type of surchargeable damage. A property must not convey with surchargeable damage unless permission has been granted by the MCM via a surcharge request. The property must also be secured, winterized, lawn maintained, interior/exterior debris removed, health hazards remediated, and the property's interior maintained in broom swept condition. If the property conveys with damages the mortgagee must check "yes" in **Box 24** and enter the date of MCM approval to "convey as is" in **Box 25**. The damages need to be specifically listed in the **"Mtggee Comments"** section of the 27011 A form. If the damages description doesn't fit in the allotted space, your office can state **"See attached damage addendum"** and include a separate document within the 27011 A package detailing the damages.

27011 A Claim Package – Required Documentation

The MCM needs the following supporting documentation per 4000.1 supplied in the package from the mortgagee:

- Copy of 27011 A Claim Form
- Copy of deed to HUD filed for record
- Copy of Mortgagee Insurance Certificate
- Copies of the last tax bills paid to each taxing authority
- Approved conveyance of damaged property: must include copy of

Conveyance Process



Property is not considered active in HUD's inventory until Part A Claim is PAID!
24 CFR 203.379

HUD's (MCM) approval per 24 CFR 203.379(a)

- Fire Damage: must include Mortgagee's certificate that the conditions of 24 CFR 203.379(b) have been met
- Copy of documentation verifying the appropriate action was taken to preserve and protect the property
- Per 4000.1 Page 830 "Tax Bills" Certify all tax bills due within 30 days of conveyance are paid at conveyance
- Document in section 32 "Schedule of Tax Information". Include all supporting documentation
- Document the payment of all final bills and liens (including pre-foreclosure liens) for HOA/COA in the "mortgagee comments section" on the 27011 A Claim form. Verify payment made prior to conveyance, include all supporting documentation within 15 days, and document Common Area Requirement
- If Manufactured Housing: certify that additional title work has been completed and the title evidence has been uploaded to P260.

27011 A Claim - Hard Edits

If the MCM discovers a Hard Edit on a 27011 A Claim, the MCM will notify the mortgagee via email from p260. The MCM advises in the email notification that there is a hard edit that requires remediation. If the HARD edit isn't resolved within 60 days, the MCM will initiate the QCD process to transfer the property back to mortgagee. The case will remain claim blocked until the Hard Edit has been resolved.

Common Error Codes

Code	Description
CB	Claim Block
W3	Title: Unpaid Principal Balance – Item 17
CO	Title: Holding Mortgagee Number – Item 12
K9	Title: Foreclosure Date/Date Deed in Lieu – Item 11

Find full list at https://entp.hud.gov/pdf/mp_sfs1_cp_clmstat.pdf

27011 BCDE CLAIM

Best Practices and Supporting Documentation

27011 BCDE Claim – Best Practices and Required Supporting Documentation

Please ensure the BCDE form is completed in its entirety, provide invoices for any bills or assessments paid and claimed on the form along with before and after photos of the work completed. Attachment etiquette is important and requires appropriate labeling. Please avoid having your claims groups or vendor bulk upload or “photo dump” photos that are necessary for the claim review process. This can lead to unnecessary monetary demands due to the reviewer not being able to identify or find photos of the work being claimed.

The following documentation is required to complete an accurate 27011 BCDE claim review:

- BCDE Claim form
- Before and after date stamped color photos of all P&P items being claimed
- Loan history/escrow report to verify tax and insurance payments
- Invoice and receipt of payment for any attorney paid taxes. Check copies and screen shots of your office's disbursement system are considered valid proof of payment.
- Date and dollar amounts should reconcile to the claim.

The best practices and documentation guidelines mentioned above can greatly reduce the number of monetary demands your office receives. For additional inquiries regarding 27011 BCDE claims please reference the contact list at the end of this newsletter.

Single-Family Application for Insurance Benefits

Part B Fiscal Data

100. Mortgagor's Name and Property Address	101. FHA Case Number	102. Section of Act Code
	103. Mortgagee's reference number (max. 16 digits)	104. Date form prepared
	105. Exp. date to submit the Evidence, or fiscal data for Part B	106. Check if supplemental <input type="checkbox"/>

Line Number	Description	Column A Deductions	Column B Additions	Column C Interest
107.	Adjustment to Loan Balance (if different from Item 17, Part A)			
108.	Sale/Bid or Appraisal Value (for Coinsurance or Nonconveyance)			
109.	Escrow Balance (as of date in Item 10, Part A)			
110.	Total Disbursements for Protection and Preservation (from line 264, Part C)			
111.	Total Disbursements (from line 305, Part D)			
112.	Attorney/Trustee Fees Paid (from line 306, Part D)			
113.	Foreclosure, Acquisition, Conveyance, and Other Costs (from line 307, Part D)			
114.	Bankruptcy Fee (if applicable) (from line 310, Part D)			
115.	Rental Income			
116.	Rental Expense			
117.	Total Taxes on Deed (from line 308, Part D)			
118.	Recovery or Damage (if not reported on Part A) (Use line 119 if reported on Part A)			
119.	Estimate or Recovery From Part A \$ _____ Less Total Insurance Recovery _____ Adjusted Amount (plus or minus) \$ _____			
120.	Special Assessments (Do Not Use for Coinsurance)(from line 309, Part D)			
121.	Mortgage Note Interest (assignments, coinsurance, and special forbearance agreements only) From _____ To _____ Rate _____ %			
122.	Mortgage Insurance Premiums (from line 311, Part D)			
123.	Unapplied Section 235 Assistance Payments (Earned Assistance only)			
124.	Overpaid Section 235 Assistance Payments			
	Coinsurance or Nonconveyances Only			
125.	Overhead Costs (from line 405, Part E)			
126.	Uncollected Interest (Approved Forbearance Agreements Only)			
127.	Amount due from buyer at closing or at appraisal notice date (from line 406, Part E)			
128.	Amount owed to buyer at closing or at appraisal notice date (from line 407, Part E)			
	See Instructions			
129.	Additional closing costs (from line 408, Part E)			
130.	Appraisal Fee (from line 409, Part E)			
131.	Deficiency Judgment Costs/Fees (from line 410, Part E)			
132.				
133.	Contact Name and Telephone Number: Holding Mortgagee	Totals	134. \$	135. \$
				136. \$
	Contact Name and Telephone Number: Servicing Mortgagee		137. Net Claim Amount (columns B - A + C) \$	

Certification: The undersigned certifies that the amounts listed above represent all the expenses actually paid by or on behalf of the mortgagee in connection with the foreclosure, acquisition, conveyance, assignment operation, protection, or preservation of the property identified by the above FHA case number and that the information shown above is true and correct, and the undersigned agrees that upon request of HUD it will furnish receipted invoices for any amounts shown above.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

By signing below, the undersigned certifies that the statements and information contained hereon (face and reverse) are true and correct.

138. Mortgagee official signature, date and title. (Signature not necessary if signed by Servicer) | 139. Servicer Signature, date and title

TITLE

Best Practices and Supporting Documentation



Title packages should always be uploaded under the Title category with the Subcategory of Title Evidence Package. If the documents are corrective in nature due to a title package rejection, the Title Subcategory should be Title Package Correction. CWCOT appraisals should be under the Title Subcategory of Supporting Title Documentation, and proof of payment for Taxes/Utility Bills/HOA Bills should be in the Subcategory of Acquisitions. Supporting documentation (regarding proof of payment for Taxes/Utility bills/HOA bills/etc) should be uploaded under Case with the subcategory of Acquisitions.

All title packages are required to include the following:

- Recorded copy of the Deed to HUD
- 27011-A Claim Form
- Mortgage (all pages)
- Title Evidence – Title policy, Certificate of Title or Attorney Certificate

The following information, while not required in the title package, can be helpful to clear up any questions that might arise from the MCM/Asset Manager/Field Service Manager at the outset and can reduce email traffic and speed up the process in general:

- Mortgage Note
- Substitution of Trustee, Appointment of Trustee, Trustee's Deed, or trustee's Deed Upon Sale (in Trustee states)
- Foreclosure Deed of Sheriff's Deed
- Notice of Default

Note: If the property is a manufactured home, mortgagees must certify in the "Mortgagee Comments" section of HUD Form 27011 A that the required additional title work has been completed and that the title evidence has been uploaded into P260 or its successor system on or before the Part A filing date.

Manufactured Housing Unit (MHU)- Additional Documentation Required.

All Manufactured Homes require additional documentation with the title package. The following items are required to be a part of every MHU Title Package:

- Copy of the origination appraisal or an IBTS (Institute for Building Technology and Safety) Report to verify the MHU VIN numbers
- Copy of the tax assessor report indicating the MHU is taxed as real property
- Evidence the MHU title has been cancelled (in accordance with jurisdictional requirements)
- Evidence the MHU is attached to the property (in accordance with jurisdictional requirements)

CWCOT - The following items are required in addition to the Title Package:

- Title package cover letter should state that the property failed to sell in the CWCOT Program
- If the foreclosure sale date is prior to 2/1/15 include a copy of the bid appraisal
- If the foreclosure sale date is 2/1/15 or after include a copy of the bid appraisal and the Commissioner's Adjusted Fair Market Value (CAFMV)

Additional Helpful Information

Review the Title Package and confirm that all required documentation and documents are for the correct property and FHA Case number before uploading to P260. Verify the amount of insurance reflected on the Title Policy is the same balance on the 27011 Part A (unless the difference is for an acceptable

reason). Verify the legal descriptions and Parcel Numbers are correct and the same based on county/state requirements. If there are any known issues or discrepancies regarding the legal/Parcel number, please upload all supporting documents to correct or validate the initial Title Package. After uploading the Title Package, open the attachment to verify the scanned documents open correctly and are legible. If any of the mortgagee 3rd party contacts have changed, the party uploading documents into P260 should update the email section of P260 with new contact information and upload the corrected cover page with the new contact person(s) email address with the package. All documents must be uploaded to P260 in order for a review to be completed. For status on Title Approval Letters (TAL) please email: MCM-title@isncorp.com only (do not cc a specialist on your email). When requesting status on the Title Approval Letter (TAL), please check FHA Connection for the TAL prior to emailing ISN. Rejection notifications are sent by email. Please allow 5 business days from the date your title package / correction was uploaded to P260, before requesting status on a TAL. ISN will only need to be notified of your title package / correction upload if 5 business days have passed since your documentation was uploaded and you have not received a Title Approval Letter (TAL) or a rejection notification.



RECONVEYANCE

Best Practices and Supporting Documentation

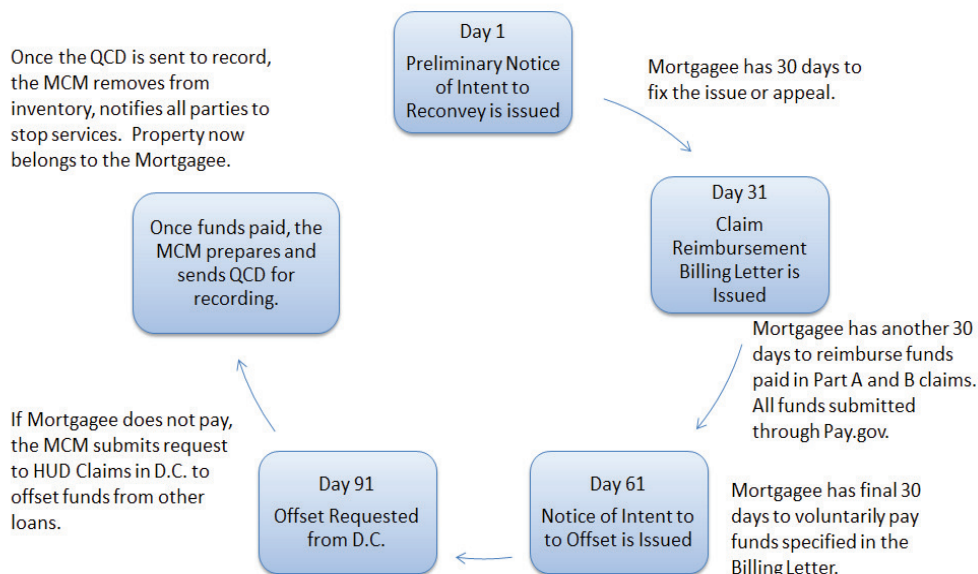
Reconveyance – Best Practices

Please direct all inquiries related to reconveyance activities to the MCM-Reconveyance@ISNCorp.com inbox and not to a specialist. Please include the FHA Case number in the subject line. The inbox is routinely monitored by a supervisor and the inbox should be your point of contact for any clarification or questions.

When conveying a property to HUD, please upload the full inspection/preservation history to P260 along with any claim documentation and all relevant case information. All information available in P260 is reviewed by ISN when a reconveyance review is completed.

Reducing the time a property spends in the reconveyance process can be beneficial to the mortgagee. The property is returned to the mortgagee in a reduced amount of time allowing any necessary repair work or actions to cure title issues to be completed and properties to be submitted for reacquisition and the resulting claim payment sooner.

- If the reconveyance is not going to be contested and the **entire** PNOIR is not in dispute, requesting an early billing letter from the MCM Re-Conveyance inbox will reduce holding costs. Doing so, though, will confirm acceptance of reconveyance in full and funds should be remitted ASAP so that reconveyance process can be completed and property deeded out of HUD's name.
- When a reconveyance completes and funds have been remitted, notification to the MCM Reconveyance inbox will ensure that ISN is aware of payment as quickly as possible.
- Mortgagees can request a 10 day extension to remit funds only if offset is due. Please be advised doing so confirms acceptance of reconveyance and additional appeals should not be submitted if extension approval was granted.



A few other things to keep in mind

Once a PNOIR is issued, the reconveyance process continues until either the reconveyance is rescinded or funds are received. What this means is that both the Billing Letter and Notice of Intent to offset letter will occur on days 31 and 61 respectively unless the reconveyance is rescinded prior to those days. A pending appeal will, however, prevent offset from occurring.

On day 91, if there is not a pending appeal and funds have not been remitted, the case is sent for offset. At that time, there is no longer an opportunity for an appeal or to request an extension of time to remit funds.

All documentation must be uploaded to P260 to the correct location and cannot be sent via email. The documentation must be in P260 for review.

Bypasses are not at the discretion of the MCM but are up the HOC GTR. Sending a request for bypass to the MCM Re-conveyance or the MCM Appeals inbox are considered acceptance of the reconveyance and there isn't an opportunity to appeal the reconveyance if a bypass is requested.

Additionally, bypass requests are time sensitive and failure to adhere to the indicated timeframes can void the bypass offer and the reconveyance will continue to completion without delay or further dispute.



RECONVEYANCE TRIGGERS

Reconveyances are generally triggered by the FSM's due to property issues or conditions discovered during the initial inspection at time of acquisition.

The AM may determine Reconveyance is necessary at a later date due to title issues discovered during the marketing of the property while in HUD inventory. These reconveyances generally require corrective title work, but can also be initiated due to encroachments, easements, contested shared drive or well agreements, or even liens.

The MCM may determine a reconveyance is necessary when checking property conditions at conveyance during the review of the 27011 A claim package. The MCM may request mortgagee documentation to prove that a condition discovered during the 27011 A review isn't mortgagee neglect. If the mortgagee is non-responsive to MCM's request for documentation within 10 days, the reconveyance will be initiated as ISN will be unable to determine mortgagor vs mortgagee neglect. The only information available for review is the FSMs statements and HPIR inspection.

Occasionally the MCM may request mortgagee documentation on a FSM request for reconveyance, if the MCM believes the damage in question is a result of mortgagor neglect due to limited information available via P260. It's imperative that mortgagees or servicers respond to the request for mortgagee documentation from the MCM timely to avoid potential reconveyances. If after review of the mortgagee documentation, ISN believes that a reconveyance is warranted, the FSM/AM is notified of the findings and a reconveyance is recommended. Provided the FSM/AM does not have an objection (usually tied to a pending sale), reconveyance is initiated.

The photos to right represent common reconveyance triggers for the FSM. The following generally always result in a reconveyance: active roof leaks, big 6 damage, theft/vandalism, freeze damage, active infestations (termites), sinkholes, mud or rock slides, and mortgagee neglect.



QCD

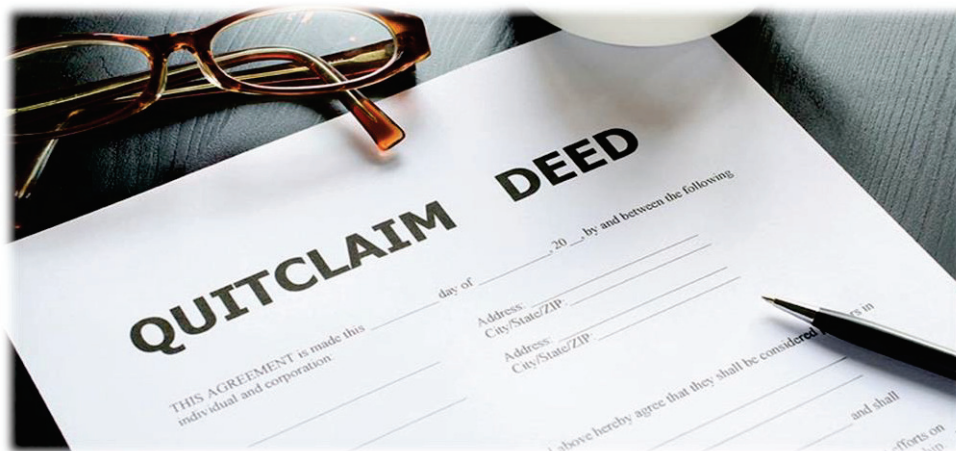
Best Practices and Supporting Documentation

Please ensure all inquiries related to reconveyance activities are directed to the MCM-QCD@ISNCorp.com inbox and not to a specialist and always include the FHA Case number in the subject line. The inbox is routinely monitored by a supervisor and the inbox should be your point of contact for any clarification or questions.

ISN asks that requests for follow-up are held until at least two weeks after notification of payment remittance is sent due to the processes involved with preparing, executing, and completing the Quit Claim Deed. Additionally, please follow up with your client/mortgagee prior to following up with HUD/ISN on a QCDs recording status.

ISN receives a high volume of document execution requests. A return label or self-addressed and stamped envelope is required. The request needs to include a cover letter with execution instructions. All fields that need signature and/or notary must be indicated on the documents sent in for execution.

- Documentation requiring execution on HUD's behalf as the **GRANTEE** can be sent to:
ISN Corporation – Western Operations Center
Attn: Document Execution
2401 NW 23rd St Suite 1D
Oklahoma City, OK 73107
- Documentation requiring execution on HUD's behalf as the **GRANTOR** can be sent to MCM-QCD@isncorp.com or mailed to:
ISN Corporation – Western Operations Center
Attn: QCD Department
2401 NW 23rd St Suite 1D
Oklahoma City, OK 73107



Regarding requests for QCD execution, please visit the ISN website and provide the following checklist under Forms & Documents:

- Documentation from the mortgagee that they are aware that they will be placed into title and are in agreement with the request. That documentation can be in the form of an email from the mortgagee.
- An explanation of how HUD came to be in title.
- A brief status of the case (pre-sale, post-sale, etc)
 - Will a Part A claim will be filed?
 - When is the Part A claim expected to be filed?
- Will the property be conveying back to HUD in the future?
- A copy of the recorded deed that placed HUD in title.
- The Quit-claim Deed (Warranty Deed will NOT be accepted) back to the mortgagee in Word format.
- Return shipping label to return Deed

All documentation must be uploaded to P260, the system of record. Any documentation sent outside of P260 via email cannot be considered for review.



Reacquisitions

Best Practices and Supporting Documentation

Please ensure all inquiries related to reacquisition activities are directed to the MCM-Reacquisition@ISNCorp.com inbox and not to a specialist and include the FHA Case number in the subject line. The inbox is routinely monitored by a supervisor and the inbox should be your point of contact for any clarification or questions.

A complete reacquisition packet can greatly aid in a quality reacquisition review being completed. The following are examples of actions that can be taken to ensure a quick and thorough review of a reacquisition submission.

- Provide the FHA Case number in the subject line. Additionally, specify in the body of the email if you are requesting a contingent or final review and if the reconveyance was due to title or P&P damages.
- Include the PNOIR with the reacquisition packet
- The only photos necessary are before/after photos as well as current property photos for reconveyances due to property damages. Limiting the amount of photos provided enables a quicker review. This also prevents information getting lost or overlooked in a photo dump. Also, please double check to make sure that photo descriptions match what photos show (example: before photos of repair need to show condition before repairs are completed). Misabeled photos can cause denials if the subject of the photo is not clear.
- If re-conveyed due to access issues, a survey to support accessibility is encouraged to avoid unnecessary delays and must be provided for reacquisition to be considered
- If re-conveyed due to HUD Not in Title, an executed deed to HUD (not recorded or sent for recording) must be provided for reacquisition to be considered.

Additional things to keep in mind

A reacquisition request can be denied for any one of the following reasons. The most common include old/outdated photos, title remains unclear, repair photos are insufficient to confirm adequate repairs, new damage visible in current photos, and contingent approval documents are not provided.

When the reacquisition packet is ready for review, ensure an email is sent to the MCM-Reacquisition@isncorp.com inbox through P260. The MCM is not notified when reacquisition packets are uploaded to P260 and consequently if the email notification is not sent to the Reacquisition inbox, ISN will not know that a reacquisition review has been requested. All documentation must be uploaded to P260 in order to be reviewed. Any documentation sent only via email cannot be considered.

A review of current property conditions is completed with both the contingent and final reacquisition request. If there is any clarification needed on either stage of a review, a denial can be issued with an explanation provided. The goal of reacquisition reviews is to avoid unnecessary second reconveyances or demands. Being thorough in the reacquisition process helps achieve these goals and saves time and money for both HUD and mortgagees.



Be advised properties are thoroughly reviewed for new damages prior to acceptance back into HUD inventory, if new damages are discovered this may result in a reacquisition rejection.

