

MCM Viewpoint: Gaining Insight on Successful Conveyances November 4, 2016

Moderator:

Ryan McDoulett, Information Systems and Networks Corp. (ISN)

Panelists:

Tim Brandt, Information Systems and Networks Corp. (ISN)

Keith Clay, U.S. Department of Housing and Urban Development (HUD)

Richard Rice, Information Systems and Networks Corp. (ISN)

Overview

Information Systems and Networks Corp. (ISN) is responsible for reviewing overallowables, extensions, surchargeable damages and claim information. They are there to make sure that mortgagees preserve and protect the property as well as follow the regulations set out by HUD.

Right now they are working closely with Yardi/P260 on the release of the new property preservation module. There will be an invitation that will go out to all servicers and vendors to attend a training session in addition to a newsletter on best practices. The required turn time on appeals for PNOIRs (Reconvey Letters) went from 30 days to 10 days as of September 30, 2016.

Best Practices

Panelists discussed best practices when conveying a property to HUD. They encouraged attendees to take the extra time to ensure that there are accurate photos and documentation for bid submission to avoid using up their appeal opportunity and avoid duplicate submissions by reviewing extension history.

Reduce the number of photo submissions on OA's that only contain a few line items. It's preferred that 10-20 high quality photos are provided along with clear photos with labels. Also, utilize the comments field in the OA notes sections when providing additional information complex scopes of work such as hazardous conditions or providing a foreclosure timeline.

Utilize the mortgagee comments section when submitting a claims package. Once the A claim moves in and you get a hard edit notification, please respond back quickly. On the B, C and D claims, limit the number of photos when only claiming 10-15 preservation line items. Sometimes it can cause more harm than good because HUD will find other issues not identified previously.

All title packages require a recorded of the deed. Request early billing whenever possible to help reduce holding costs by a couple hundred dollars on each property. Utilizing the bypass process reduces time because it doesn't leave HUDs inventory. However, if you request a bypass, you lose the ability to appeal.

Reacquisitions

Photos need to be current during a reacquisition to avoid the possibility of a second reconveyance. HUD is working on getting the PNOIR to list more detail for damages to help streamline the reacquisition process.

Requisitions are running a week out but in situations where there is routine vandalism prior to conveyance; requisition review can be completed same day as soon as the final documents are submitted. These can be escalated to address within one business day.

Q&A

- For timeline delays, it is recommended during the submission of the part A to provide comments so that the FSM can see that information while on site completing their review to avoid demand letters.
- When bids are getting denied as unnecessary but are necessary for conveyance, servicers and vendors can reach out to Justin Park or Ryan McDoulett with these case examples to share with their teams.
- A claim block can be placed at any time. The information can be pulled down daily by the servicer so that it can be resolved right away. There will be an indicator for the type of claim blocked and a reason why in the comments section.
- Ryan will take it under advisement to request an approval to convey through the surcharge portal as long as the claim package is documented.
- Appeal HOA fees that are not required to be paid by the servicers until possession to avoid chargebacks. ISN should rescind them.
- The FSM is turning on the utilities on that are not lien able and they are passing the amount back through on the demand letters back to the servicers. HUD will need to work with their FSMs to correct and examples should be sent to Ryan McDoulett.
- HUD is always looking for opportunities to help move properties through conveyance and may give consideration to a 2nd chance auction program for aged inventory.