

**Workshop: Understanding Convey Condition
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Moderator:

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Panelists:

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Timeline of a Conveyed Property

Safeguard defines the conveyed status in three different ways; pre-sale, post-sale, and re-convey. During the pre-sale process there are a lot of variances that Safeguard and the client cannot do to the property due to legal ramifications. After the pre-sale the property enters post-sale, which then begins a process known as the Convey Scrub.

During this process the initial check will be for ICC status, from here on out until the property is ICC status the orders will be follow-ups each time a vendor touches the property. From the post of post-sale Safeguard and the client have 30 days to bring the property into ICC status per HUD.

Re-conveyed properties are when properties are submitted as conveyed but do not meet ICC standards and re-enter the clients inventory to be brought up to ICC specifications. During this time, Safeguard will work quickly with vendors to correct any errors and to find out who was liable for the ICC standard failures.

Post-Sale Servicing

A few different events can kick-off a post-sale servicing action from Safeguard. These post-sale trigger points are the following:

- Foreclosure sale date
- RRC Expiration
- Completed Eviction or FTV
- Good and Marketable Title

Once a Post-sale servicing event occurs the post-sale process can begin and the conveyance order is usually given from the client to get the property into ICC condition. This process will also launch the 30-day due date for conveyance condition completion as mentioned above. Some clients use a GMT time scale.

ICC Checklist

Safeguard makes available to all vendors and ICC checklist which should be used as a QC on behalf of the mains. This checklist is everything required in order to bring a property up to ICC compliance and can be used as a strong tool on behalf of vendors working contracts for Safeguard and its clients.

P260

One of Safeguard's most powerful tools is the use of HUD P260 in order to submit bids to HUD when a few possible scenarios present themselves. The first being an overallowable request, followed by an

extension request (a request to extend conveyance time), and lastly surchargeable damage requests; which means a request to convey property with a damage or normally non-conveyable condition.

Re-Verification

During the Convey process safeguard will have a member of the internal QC team go through the property checklist and re- verify if the property is in ICC compliance. If approved the property will then be conveyed; if denied the loan will return to our convey specialist to resolve the issue and likely require further follow-ups in order to bring the property into convey condition.

Damages

During the ICC compliance process our maintenance vendors and inspectors will ensure that any damages to the property when it reaches our clients does not worsen and any emergency conditions are handled in order to bring it into ICC compliance. Any damage that worsens over the course of the Conveyance process while post-sale is considered mortgagee neglect and can be placed liable on the client or the vendors who failed to address certain damage types.

All of the Big 6 damages are damages that can be repaired using insurance funds. These damages include the following:

- Fire
- Flood
- Hurricane
- Tornado
- Earthquake
- Boiler Explosion

There are of course other damage types. They are listed below:

- Freeze Damage
 - Water freezing in the pipes
 - Radiators breaking due to water in the lines
 - Plumbing not operating due to broken or frozen lines from street
- Water Damage
 - Sump-pump failure
 - Lateral pressure basement flooding
 - Water intrusion from underground water table
- Mold Damage
 - Addressing mold issues or source
 - Soft material should be removed asap
- Structural Damage
 - Cracked loadbearing walls
 - Displaced foundation
- Vandalism/Theft
 - Missing copper pipes
 - Grafitti on the walls
 - Stolen wiring or ripped up walls
 - Missing water heater or AC unit
- Roof Damage
 - Missing shingles

- Holes in roof
- Damages Soffit or Fascia

CC Issues

A property can see conveyance compliance issues for a few reasons. The first reason is that unfinished renovations from a Big 6 damage type was left on the property. If the renovation is less than \$10,000 then that should be coverable with the insurance claim process. However, if the renovation exceeds \$10,000 then a big would be necessary.

Claims Process

All damages must be reported and photographed allowing the client to review and determine if an insurance claim can/will be filed in the instance of the damage. A list of actual cash value, replacement value, and the coverable/non-recoverable depreciation value of the damage property must be listed in order to receive the net claim settlement for the repair cost.

Returning the Property to HUD

Once a successful conveyance occurs our clients are reimbursed for their cost of the maintenance and repairs by HUD which is why it is so important to always use the ICC checklist and to ensure you are staying vigilant and looking for new damages each time you perform a follow-up. The 30-day time period is also important because this ensures that the maximum value for the property is reimbursed and this also means our vendors are able to be compensated fairly and timely as well.