
GENERAL REQUIREMENTS FOR PRESERVATION AND PROTECTION OF PROPERTIES SECURING FHA INSURED MORTGAGES

Mortgagee Responsibility

Mortgagees should preserve and protect properties securing FHA-insured mortgages in accordance with the requirements of 24 CFR 203.377, which provides that “the mortgagee shall take reasonable action to protect and preserve such security property when it is determined, or should have been determined, to be vacant or abandoned until its conveyance to the Secretary, if such action does not constitute an illegal trespass”. In the event that a property securing an FHA mortgage is conveyed damaged to the Secretary without prior approval, the Department may, at its discretion, require the property to be re-conveyed or may require a reduction to the claim proceeds for the greater of the insurance recovery or HUD’s estimate of the cost of repairing the damage.

Generally, the more diligent a Mortgagee is in completing timely foreclosure and conveying a property, the lower the expenditure for preservation and protection will be. A Mortgagee may use any individual or firm to perform preservation and protection services on properties securing FHA-insured mortgages, however, the Mortgagee remains fully responsible to HUD for its actions and the actions of its agents. As a cautionary note, the Department needs to remind Mortgagees that in addition to the surcharges discussed in this Mortgagee Letter, HUD may pursue enforcement action, including debarment, civil money penalties and actions under the Program Fraud Civil Remedies Act. See 24 CFR Parts 24, 28 and 30.

I. Unit Pricing

HUD has established an overall maximum cost limit (see **Attachment 1**) that establishes the maximum amount that will be reimbursed for all preservation and protection expenses on an individual property. Additionally, HUD has established maximum allowable costs for individual types of expenses such as lawn mowing and lock changes. Any expenses exceeding the cost allowable or exceeding the overall maximum cost limit per property are not considered approved by HUD unless a Mortgagee has obtained prior written approval from HUD’s designated Management and Marketing Contractor (“M&M”). HUD will require the repayment of claimed reimbursement amounts if it determines that:

- Amounts paid for reimbursement were unnecessary and excessive;
- The Mortgagee obtained bids that were not independent and competitive;
- Services claimed were not performed or not performed properly; or
- The amount claimed exceeded the cost allowable or overall maximum allowable limit and the Mortgagee did not obtain advance written approval.

To facilitate the timely securing of abandoned properties, HUD has pre-authorized Mortgagees to spend up to a set amount per property for expenses directly related to initial securing. This maximum securing limit is included within the overall maximum allowable limit as further described in **Attachment 3**.

Some types of expenses such as the cost of boarding, inspections, securing swimming pools, sump pumps, demolition and utilities are not included in the maximum cost limit per property. These services will be reimbursed, provided costs stay within the cost allowables listed in **Attachments 2, 3, 4, and 7**.

A Mortgagee should support all expenditures, including costs associated with the aforementioned exceptions, with receipts and photographs. For the purpose of claiming reimbursement, HUD considers actions identified in this Mortgagee Letter to be pre-approved, provided these actions meet all applicable cost limits and are performed in accordance with the work requirements identified in this Mortgagee Letter.

II. Claim Submission and Documentation

HUD will reimburse Mortgagees for preservation and protection actions in accordance with the provisions of this Mortgagee Letter upon receipt of Form HUD-27011 Parts A&B via Electronic Data Interchange (EDI) or via the FHA Connection. For instructions on claim processing and document submission see HUD Handbook 4330.4, rev.-1, change 1, which is available on “www.hudclips.org”. Documentation to support each claimed expense must be maintained in the Mortgagee’s case file and must be provided to HUD or its M&M contractor upon request. The documentation should support the expenditures and illustrate that the Mortgagee took appropriate action to preserve and protect the property from the time of default to conveyance. Examples of appropriate documentation include copies of all inspections, photographs, receipts, and overallallowable approval requests.

Also on the date the deed is filed for record or mailed to the recording authority, Mortgagees must send a paper copy of the HUD-27011 Part A to HUD’s M&M contractor having jurisdiction for the subject property. If the property suffered surchargeable damage and the mortgagee has received permission to convey the property un-repaired, Mortgagees shall note “yes” on the Part A form, Item 24, “Is the property conveyed damaged?”. Where item 24 is marked “yes”, Mortgagees must also include the date that HUD gave permission to convey damaged in item 25 and also include greater of the insurance recovery or HUD’s estimate of the cost of repairs in item 27

Where the damage to the property is non-surchargeable, item 25 should be marked “no” and the Mortgagee shall included an explanation of the non-surchargeable damage in the Mortgagee’s Comment Section of Part A. See additional guidance in HUD Handbook 4330.4, rev.-1, change 1, which is available on “www.hudclips.org”

Mortgagees are prohibited from performing preservation and protection services after Part A of Form HUD 27011 has been filed. However, payment of certain utility bills may be considered an exception to this guideline (see **Attachment 7**).

III. Conveyance of Damaged Properties

A. Surchargeable Damage

All properties conveyed to HUD should be undamaged by fire, flood, earthquake, tornado, hurricane, or boiler explosion (for condominiums) or damage resulting from Mortgagee neglect. Costs resulting from these types of damage are considered surchargeable and are excluded from the claim for insurance benefits. The Mortgagee must repair the damage or obtain prior written permission from HUD to convey a property with surchargeable damage.

1. Damage Due to Failure to Preserve and Protect (Mortgagee Neglect)

HUD will hold a Mortgagee liable if its failure to take reasonable action to preserve and protect property that it determined or should have been determined to be vacant or abandoned results in property damage or destruction. Examples of Mortgagee neglect include but are not limited to a Mortgagee's failure to:

- a. Initiate foreclosure within the required timeframe
- b. Obtain timely and accurate property inspections;
- c. Promptly secure and continue to protect all abandoned properties; or
- d. Promptly notify HUD's M&M contractor of receipt of code violations and demolition notices and take appropriate action.

2. Limitation on Fire Damage

Mortgagees are liable for the full cost to repair fire damage whether or not the damage was the result of Mortgagee neglect. However, if the property is damaged by fire and is not covered by fire insurance or the amount of insurance coverage was inadequate to fully repair the damage, the Mortgagee's liability may be limited to the amount of the insurance recovery received by the Mortgagee, if any, provided that the Mortgagee certifies that all of the circumstances specified in 24 CFR 203.379(a)(2) exist.

3. Damage Due to Mold

A property may be conveyed with mold if the mold was not caused by a surchargeable condition, including Mortgagee neglect, fire, flood, earthquake, hurricane, or for condominiums, by boiler explosion. However, even if the mold was not caused by a surchargeable condition, the failure by the Mortgagee to take reasonable action to remediate the cause of the mold and complete any other required preservation and protection actions related to minimizing further mold damage prior to conveyance of the property, qualifies as Mortgagee neglect and, is surchargeable.

4. Requesting Approval to Convey with Surchargeable Damage

Mortgagees may not convey properties that have surchargeable damage unless the Department provides prior written approval. Until further notice, such approval shall be provided by the appropriate M&M Contractor having jurisdiction over the subject property. (24 CFR 203.379(b).

Such requests for approval should be sent by facsimile or email to the appropriate M&M contractor. The M&M contractor should review and respond in writing to the request either by fax or e-mail no later than 10 business days following receipt. HUD, at its sole discretion, may require that the Mortgagee repair the damage prior to conveyance or may elect to accept conveyance of the property in damaged condition and require that the claim for insurance benefits be reduced by the greater of the insurance recovery or by the government's estimate of the cost of repairs. If HUD requires the Mortgagee to repair property damages before conveyance, HUD will not reimburse the cost of these repairs.

If the claim is adjusted for damages, the Mortgagee should mark item 24 of Part A, Form HUD-27011, "yes" and complete items 26 and 27. Please note that HUD's claim system will suspend the claim, delaying payment, if the mortgagee has noted "yes" in item 24 without providing the date of approval in item 26 and the amount of the claim reduction in item 27.

As a matter of administrative practice, HUD generally will not deny conveyance of properties if the government's estimate of the cost to repair the surchargeable damage is equal to or less than \$2,500.

5. Surchargeable Damage Conveyed Without Approval

When a property with surchargeable damage is conveyed without prior approval, HUD may, at its sole discretion, either re-convey the property to the Mortgagee or seek reimbursement from the Mortgagee for HUD's estimate of the cost of the repairs (24 CFR 203.379(c)). If HUD's estimate is equal to or less than \$2,500, HUD will generally reduce the claim payment by the cost to repair the property damage rather than exercise its right to re-convey. Only a HUD Government Technical Representative (GTR) has authority to approve a re-conveyance demand. The M&M contractor will provide a preliminary email notification that a property may be re-conveyed as a result of property damage within 30 days of the date of conveyance.

The email will identify the reason(s) for the proposed re-conveyance and provide the Mortgagee an opportunity to respond with additional information. If additional information is received from the Mortgagee within 10 business days from the date of the email, it will be included in the package provided to the GTR for a decision. The GTR will, no later than 60 calendar days of the date of conveyance, make the final decision to take no action, issue a Notice to Re-convey or issue a Demand Letter.

The process for appealing the decision of the GTR is described in **Attachment 10**, Mortgagee Appeal Process.

B. Properties Conveyed with Non-Surchageable Damage

If a property has sustained non-surchageable damage, the Mortgagee is not required to obtain pre-approval before conveyance. However, the Mortgagee must include a description of the damage in the “Mortgagee’s Comments” section of the Form HUD-27011, Part A. Item 24 of Part A, “Is the property conveyed damaged?”, should be marked “no”. (Note: marking “yes” in item 24, triggers HUD’s claim system to look in item 26 for the date of HUD’s approval to convey the property damaged and to item 27 for the amount that the claim is to be reduced. Mortgagees must indicate “yes” for surchageable damage and “no” for non-surchageable damage.)

Additionally, the Mortgagee must include, along with the copy of the claim sent to HUD’s M&M Contractor, documentation supporting the preservation and protection work performed on the property. At a minimum, this documentation should include evidence of the date of first vacancy, validation of the property condition at first vacancy and a chronology of actions performed by the Mortgagee to preserve and protect the property.

If a Mortgagee fails to provide the required explanation in the Mortgagee’s Comments section of the Part A or fails to provide the required documentation of P&P actions, the M&M Contractor will notify the Mortgagee in writing that the Mortgagee has 10 business days to provide the information. If no documentation or inadequate documentation is received from the Mortgagee the damage will be considered surchageable.

IV. Quality Control

In accordance with 24 CFR, Part 202.5(h) all FHA approved Servicers are required to implement a written quality control plan covering all aspects of loan origination and servicing and to conduct regular quality assurance reviews in accordance with the plan. Servicing quality control plans should incorporate quality assurance reviews of preservation and protection responsibilities including a review of work performed by third party field service contractors and other vendors. A Servicer is required to provide a copy of its quality control plan as well as results of quality assurance reviews to HUD staff either during regularly scheduled servicing and post claim audit reviews or upon request. All information collections in quality control are covered under the Office of Management and Budget (OMB) Control Number 2502-0005.

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ATTACHMENT 1 Maximum Allowable Cost Per Property

Maximum Allowable Cost Per Property				
State	1 Unit	2 Units	3 Units	4 Units
Alabama	\$800	\$950	\$1,100	\$1,250
Alaska	\$1,400	\$1,550	\$1,700	\$1,850
Arizona	\$1,100	\$1,250	\$1,400	\$1,550
Arkansas	\$1,100	\$1,250	\$1,400	\$1,550
California	\$1,100	\$1,250	\$1,400	\$1,550
Caribbean	\$1,100	\$1,250	\$1,400	\$1,550
Colorado	\$1,100	\$1,250	\$1,400	\$1,550
Connecticut	\$1,800	\$1,950	\$2,100	\$2,250
Delaware	\$1,400	\$1,550	\$1,700	\$1,850
District of Columbia	\$1,400	\$1,550	\$1,700	\$1,850
Florida	\$1,100	\$1,250	\$1,400	\$1,550
Georgia	\$1,100	\$1,250	\$1,400	\$1,550
Idaho	\$1,100	\$1,250	\$1,400	\$1,550
Illinois	\$1,400	\$1,550	\$1,700	\$1,850
Indiana	\$1,100	\$1,250	\$1,400	\$1,550
Iowa	\$1,300	\$1,450	\$1,600	\$1,750
Kansas	\$950	\$1,100	\$1,250	\$1,400
Kentucky	\$1,100	\$1,250	\$1,400	\$1,550
Louisiana	\$1,100	\$1,250	\$1,400	\$1,550
Maine	\$1,650	\$1,800	\$1,950	\$2,100
Maryland	\$1,550	\$1,700	\$1,850	\$2,000
Massachusetts	\$1,650	\$1,800	\$1,950	\$2,100
Michigan	\$1,400	\$1,550	\$1,700	\$1,850
Minnesota	\$1,400	\$1,550	\$1,700	\$1,850
Mississippi	\$1,100	\$1,250	\$1,400	\$1,550
Missouri	\$950	\$1,100	\$1,250	\$1,400
Montana	\$1,100	\$1,250	\$1,400	\$1,550
Nebraska	\$1,500	\$1,650	\$1,800	\$1,950
Nevada	\$1,100	\$1,250	\$1,400	\$1,550
New Hampshire	\$1,650	\$1,800	\$1,950	\$2,100
New Jersey	\$1,400	\$1,550	\$1,700	\$1,850
New Mexico	\$1,100	\$1,250	\$1,400	\$1,550
New York	\$1,400	\$1,550	\$1,700	\$1,850
North Carolina	\$1,100	\$1,250	\$1,400	\$1,550
North Dakota	\$1,100	\$1,250	\$1,400	\$1,550
Ohio	\$1,400	\$1,550	\$1,700	\$1,850
Oklahoma	\$1,100	\$1,250	\$1,400	\$1,550
Oregon	\$1,100	\$1,250	\$1,400	\$1,550
Pacific/Hawaii	\$1,100	\$1,250	\$1,400	\$1,550
Pennsylvania	\$1,400	\$1,550	\$1,700	\$1,850
Rhode Island	\$1,650	\$1,800	\$1,950	\$2,100
South Carolina	\$1,100	\$1,250	\$1,400	\$1,550
South Dakota	\$1,100	\$1,250	\$1,400	\$1,550
Tennessee	\$1,100	\$1,250	\$1,400	\$1,550
Texas	\$1,100	\$1,250	\$1,400	\$1,550
Utah	\$1,100	\$1,250	\$1,400	\$1,550
Vermont	\$1,650	\$1,800	\$1,950	\$2,100
Virginia	\$1,400	\$1,550	\$1,700	\$1,850
Washington	\$1,100	\$1,250	\$1,400	\$1,550
West Virginia	\$1,100	\$1,250	\$1,400	\$1,550
Wisconsin	\$1,400	\$1,550	\$1,700	\$1,850
Wyoming	\$1,100	\$1,250	\$1,400	\$1,550

Note: If a property is located in a state where winterization is required, and the property has hot water heat, add \$250/unit

ATTACHMENT 2 Property Inspection Service Requirements and Cost Schedule

Vacant and abandoned properties are potential targets for vandalism, weather damage and criminal activity. Additionally, they present an attractive nuisance that poses a hazard to children and others who may be injured. To ensure the preservation of the mortgage collateral and lessen the negative community impact of vacant properties, Mortgagees must conduct regular property inspections. Mortgagees may include the cost of these inspections in a claim for insurance benefits within the limits described in this section. Claim amounts paid for inspections are not included in the maximum cost limit per property.

There are five types of property inspections: Occupancy Inspections, Initial Vacant Property Inspections, Vacant Property Inspections, Voluntary Pre-Conveyance Inspections and Eviction Inspections. HUD form 9519-A, "Property Maintenance Inspection Report" may be used to document and support each claimed inspection/expense. Before and after photographs are required on all property visits where any claimable property preservation action is taken. Also, all inspections are to be documented. Photographs and inspection reports should be maintained in the Mortgagee's claim review file and must be provided to HUD or its contractors upon request. Information collection activity for inspections and photographs is covered under the Office of Management and Budget (OMB) Control Number 2502-0306 and documentation related to claim submission and claim file retention are covered under OMB Control Number 2502-0429.

Mortgagees may be surcharged for the cost of property damage if inspection reports are inaccurate, incomplete, untimely or insufficient in determining a verifiable timeline as to when damage occurred.

I. Occupancy Inspections

When a mortgage is in default, a payment is not received within 45 calendar days of the due date, and efforts to reach the Mortgagor by telephone or correspondence within that period have proven unsuccessful, the Mortgagee must make an Occupancy Inspection in accordance with the guidelines herein to determine if the property is vacant or abandoned (24 CFR 203-377).

The Occupancy Inspection may determine that the property is (i) occupied (ii) vacant but obviously being maintained (e.g., doors and windows secured, lawn is cut, For Sale sign on the property, etc.) or (iii) vacant and abandoned. Regardless of the result of the occupancy inspection, so long as the Mortgagor continues to be in default on the mortgage, the Mortgagee should endeavor to establish and/or maintain monthly telephone contact with the Mortgagor. If there is no documented telephone contact with the Mortgagor for any period of 25-35 days from the last contact or the last Occupancy Inspection, the Mortgagee shall conduct another Occupancy Inspection.

If the Occupancy Inspection establishes that the property is vacant but obviously being maintained, on-going Occupancy Inspections should be conducted every 25-35 days following the previous documented telephone contact with the Mortgagor or previous Occupancy Inspection so long as the mortgage remains in default.

If the Occupancy Inspection establishes that the property is vacant and abandoned, the Mortgagee should initiate preservation and protection actions and the related measures required to secure the property beginning with an Initial Inspection.

A. Inspection without Monetary Default

Mortgagees should also perform a visual inspection of a property where there is reason to believe that the property has become vacant or abandoned, even if the property is not in monetary default. Examples of information that might indicate vacancy or abandonment include, but are not limited to (i) written notice of code violation, municipal lien, condemnation or demolition (ii) disconnection of utilities or (iii) cancellation of homeowner insurance. Mortgagee should verify occupancy through either (i) direct Mortgagor contact by telephone or (ii) Occupancy Inspection. Mortgagees should maintain file documentation supporting the need for and results of the inspections on properties where there is no monetary default.

B. Inspection During Bankruptcy

HUD regulations provide that if the mortgage is in default and the Mortgagee is unsuccessful in contacting the Mortgagor by telephone, the Mortgagee should perform a visual inspection of the property to determine whether it is vacant, and if so, protect and preserve the property. In cases where the Mortgagor has filed bankruptcy, and the Mortgagee is prohibited from contacting the Mortgagor, supporting documentation must be maintained in the claim review file to confirm this prohibition.

In such cases, Mortgagees will not be required to conduct interior inspections (or perform other preservation and protection actions), until such time as there is no longer a stay in place barring the Mortgagee from collection activities, or the bankruptcy court has granted approval for the Mortgagee to take any required preservation and protection actions.

The Mortgagee should take all actions permitted under bankruptcy law and should diligently pursue seeking any necessary permission from the bankruptcy court to inspect and/or protect and preserve the property where no payments are being made and there is a suspicion of abandonment. HUD will reimburse for such actions, where: 1) the Mortgagee learns that the property is or may be vacant, 2) the Mortgagor is not performing as required by the bankruptcy court, or 3) bankruptcy is no longer a bar to foreclosure which includes but is not limited to, termination of the automatic stay or the trustee has formally abandoned the property.

C. Report Contents

The Occupancy Inspection report should, at a minimum include the following:

- Date of the occupancy inspection.
- Identity of the inspector.
- Is the property occupied? If so, how was this determined?
- Identity and status (i.e. Mortgagor, renter, etc.) of occupants, if ascertainable
- A valid telephone number for the occupant, if ascertainable.
- Is the house locked or secured?
- Is there a For Sale sign on the property? If so, provide the Broker name and contact number.
- Is the grass mowed and/or shrubs trimmed?
- Is there any damage apparent from the exterior? Describe.

- Is any exterior glass broken? Describe.
- Are any doors or windows boarded? Describe.
- Does the house appear to contain personal property and/or debris?

If the Inspection indicates that a property is occupied, the Mortgagee or its agent should attempt to verify the identity of the occupant(s). If it is not clear whether a property is occupied, the Mortgagee should review such occupancy indicators such as (i) checking utility meters to determine if they are on (ii) contacting the listing broker if there is a for sale or rent sign on the property (iii) observing general maintenance and (iv) speaking to neighbors. A drive-by inspection alone is not acceptable evidence of occupancy or vacancy.

II. Initial Vacant Property Inspection

An Initial Vacant Property Inspection, also called the “Initial Inspection”, is performed on the date a Mortgagee first takes physical possession of a property by securing it. Securing should take place as soon as reasonably practical, but no more than five calendar days following the determination that the property is vacant and/or abandoned post foreclosure or 15 business days following the determination that the property is vacant and/or abandoned, pre-foreclosure. If the Initial Inspection identifies an imminent source of property damage or a health and safety hazard (e.g., flowing water, collapsed roof, gas leak), the Mortgagee must take immediate action to remediate the damage/hazard. Where emergency permission could not be obtained in advance of the repairs, the Mortgagee shall submit an over-allowable request immediately following completion of the work and substantiate the emergency nature of the repairs.

In some instances the Initial Inspection will take place on the same date as the Occupancy Inspection. In these cases, the Mortgagee may only claim the cost of the Initial Inspection. The Initial Inspection report establishes the condition in which the Mortgagee first found the property, and may be of critical importance in distinguishing between Mortgagee neglect and Mortgagee neglect, following conveyance.

A. Report Contents

Mortgagees should be diligent in documenting property condition through written descriptions and photographs during each inspection but especially at the Initial Inspection. The Initial Inspection report should describe the (i) condition of the property when the Mortgagee or its agent arrived; (ii) actions taken by the Mortgagee to preserve and protect the property during the initial securing and (iii) required actions to be performed. At a minimum the Initial Inspection report should include:

- Date of the initial vacant property inspection.
- Identity of the inspector.
- Date of last occupancy inspection?
- Is the house locked or secured?
- Is the grass mowed and/or shrubs trimmed?
- Is there any apparent damage? Describe.
- Is any exterior glass broken? Describe.
- Are there any apparent roof leaks? Describe.
- Does the house contain personal property and/or debris? List all and document with photographs.

- Are any doors or windows boarded? Describe.
- Is the house winterized? If not, when and where applicable, initiate winterization service (see Attachment 7).
- Are there any repairs necessary to adequately preserve and protect the property? Describe.
- Which appliances are present?
- Describe any P&P actions completed during initial securing.
- Describe any additional P&P actions required.

B. Posting Signage

During the Initial Inspection, Mortgagees should post a small sign no larger than 8.5” x 11” on an interior window or the front door of a property. The sign should not include information about pending foreclosure or the M&M Contractor, but should contain the Mortgagee’s toll free telephone number and/or the telephone number of the Mortgagee's local representative to contact in case of emergency. There is no allowable cost to post signs.

III. On-Going Vacant Property Inspections

On-going Vacant Property Inspections are performed after the Initial Inspection and securing have occurred. The Mortgagee should inspect a vacant or abandoned property every 25-35 days following an Initial Inspection, or more frequently as prescribed in local variations (see *Local Variation from General Requirements, page 13*), to determine whether any subsequent or additional preservation and protection action is necessary. Vacant Property Inspections should include both interior and exterior assessments of property condition.

At a minimum the Vacant Property Inspection report should include the items listed in 2A above.

IV. Voluntary Pre-Conveyance Inspections

A number of Mortgagees have requested the opportunity to conduct a joint property inspection with M&M contractors prior to conveyance. HUD encourages, but does not require, Mortgagees or M&M contractors to conduct Pre-Conveyance Inspections. Pre-Conveyance Inspections may significantly reduce post-conveyance disputes between Mortgagees and M&M contractors by allowing each party to agree that properties are in conveyance condition or identify additional requirements that should be met prior to conveyance. This is especially beneficial when properties will be conveyed damaged, as it will allow the Mortgagee to demonstrate that the damage is not surchargeable, thereby reducing the likelihood of demand letters, re-conveyance, or other sanctions.

Pre-Conveyance Inspections should be scheduled no earlier than five calendar days prior to the scheduled conveyance date. HUD will allow Mortgagees to claim the cost of one additional inspection, claimed at the rate of a Vacant Property Inspection, provided the Pre-Conveyance Inspection does not coincide with the regular inspection schedule.

Mortgagees should contact the appropriate M&M contractor directly for further information on procedures regarding voluntary Pre-Conveyance Inspections in their contract areas. The M&M contractor, using HUD’s inspection form, will perform voluntary Pre-Conveyance Inspections.

At a minimum the Pre-Conveyance Inspection report should include the items listed in 2A above.

V. Pre-Eviction Inspections

Mortgagees are required to perform a Pre-Eviction Inspection within 72 hours of a scheduled eviction, whenever there is any doubt that a property is still occupied. The Pre-Eviction Inspection will be reimbursable as an Occupancy Inspection. When an Occupancy Inspection is already scheduled for the same week as the eviction, only one inspection fee will be reimbursed. Mortgagees are reminded to confirm the scheduled eviction the day before or morning of the scheduled eviction to be eligible to claim one hour of labor per person for a canceled or rescheduled eviction. Mortgagees should document in the claim review file, the name of the person or place called, the date and time of the call and results of the call.

At a minimum the Pre-Eviction Inspection report should include the items included in the Occupancy Inspection as listed in 1C above.

VI. Inspection Cost and Frequency

The reimbursable cost limits for Inspections are as follows:

Property Inspection Cost Schedule (NATIONWIDE)	
Occupancy Inspections (Exterior)	\$20
Occupancy Inspection (Addt'l Units)	\$10
Initial Vacant Property Inspection (Interior)	\$35
Initial Vacant Property Inspection (Addt'l Units)	\$30
Vacant Property Inspection (On-going)	\$30
Vacant Property Inspection (On-going/Addt'l Units)	\$25

The cost of inspections is not included in the overall P&P maximum. Generally, not more than 15 inspections per calendar year may be claimed unless indicated otherwise under local variations. In cases of a declared natural disaster see Mortgagee Letter 2005-41.

Local Variations from General Requirements

ATLANTA Homeownership Center

Chicago, Illinois

Properties should be inspected twice per week, year-round in the following zip codes (hot-zones):

60609	60615	60621	60627	60628	60635	60636
60639	60641	60644	60647	60651	60653	

SANTA ANA Homeownership Center

Alaska

During all inspections, inspectors should verify that all properties are winterized and if not notify the servicer to arrange for winterization immediately as Alaska properties should be winterized year-round.

Los Angeles, California

Properties should be inspected twice per week, year-round in the following zip codes:

90001	90002	90003	90220	90221
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ATTACHMENT 3 Lock Changes/Securing Service Requirements and Cost Schedule

Properties must be secured to prevent unauthorized entry and protect against weather related damage. The cost schedule to this attachment includes a Maximum Allowable Securing Fee for securing that includes the minimum securing requirements identified in I. below, as well as a flat fee for photographs. This attachment also identifies maximum allowable fees for securing swimming pools and completing temporary roof repairs, which are not included in the Maximum Allowable Securing Fee. The securing requirements listed below may be performed without prior approval from the M&M contractor if all individual expenses remain within the maximum cost allowable for that particular service.

Written approval from the M&M contractor is required if the cost exceeds the maximum allowable for any particular service listed herein. Re-securing the property is allowed without prior approval, provided the costs are within the maximum allowable securing fee.

I. Minimum Securing Requirements

1. All windows and doors must be secured.
2. Broken glass should be replaced, unless the opening is to be boarded. All broken glass should be removed.
3. Locks on the front and rear entry doors should be replaced with one of the following master lock sets:
 - Kwikset No. 400T
 - Kwikset No. 400P
 - Kwikset No. 400V or equivalent, with identical key codes.
4. If there is a deadbolt lock on the main entry door replace handle set with a Kwikset lock or equivalent and disable the existing deadbolt.
5. Other entryways that provide immediate access to the living area, attached garage or basement area should be secured with a slide bolt, unless otherwise noted in variations. Or, if the secondary entryway has an existing deadbolt lock, re-key the deadbolt to the specifications of the front and rear entry doors.
6. Document key-codes to the existing/replacement lock in the Mortgagee's Comments section of Form HUD 27011 Part A, which should be provided to the M&M contractor.
7. Doors should not be braced or nailed shut or the Mortgagee will be held accountable for resulting damage.
8. Sliding glass doors should be double locked.
9. Detached garage doors and outbuildings should be secured with a padlock and hasp.
10. Unplug automatic garage door openers and secure garage doors, when applicable. Garage doors should be left in such a condition as to allow for opening and closing without the use of the automatic garage door opener. Leave the remote key(s)/transmitter(s) in a kitchen counter drawer.

II. Temporary Roof Repair

Roof damage left unattended exposes a property to deterioration; moisture accumulation and mold growth. A separate cost item in the amount of \$400 has been created for temporary roof repair to protect the interior of properties from further damage. M&M approval is not required if the cost of the temporary repair does not exceed the maximum allowable amount of \$400. The Mortgagee should submit Form HUD-50002, "*Request to Exceed Cost Limits for Preservation and Protection*," for any temporary roof repair that exceeds the maximum allowable for roof repair. Temporary repairs (e.g., tarping/patching/or replacing loose shingles) should be performed immediately upon

discovery of roof damage. Tarps and other temporary measures may be used to prevent further deterioration only until permanent repairs can be completed.

If a property has sustained roof damage that is not surchargeable and the property is scheduled for conveyance within 30 days of the date a roof leak is discovered, the Mortgagee may convey the property with a tarp or other temporary repair. Mortgagees should notify the M&M in advance when they will convey a property with a temporary repair and should provide evidence that the damage is not surchargeable and was only recently discovered. Failure to provide this notification may result in re-conveyance.

If the damage is discovered 31 or more days prior to the conveyance date, the Mortgagee should affect a permanent roof repair, whether or not the damage is surchargeable. If the cost to permanently repair the roof exceeds the cost allowable for this item, the Mortgagee should submit an over-allowable request.

Properties with surchargeable roof damage may not be conveyed with a tarp or other temporary repair without the prior approval of the M&M contractor.

Mortgagees should retain before and after photographs and a detailed description of what actions were taken to prevent further roof deterioration or water leakage. The documentation must be maintained in the claim review file to support the reimbursement of the costs claimed.

III. Swimming Pools

Fees for securing or winterizing swimming pools and hot tubs or spas are not included in the maximum allowable limit per property. See below for the maximum costs for securing pools and spas. The costs for permits to drain pools/spas by local governments are included in the maximum limit for this cost item and will be reimbursed based on the actual cost incurred. Prior written approval from the M&M contractor is not required for securing or winterizing pools unless noted otherwise in variances below. Before and after photographs are required. At a minimum the Mortgagee should:

- Pump out pool leaving 4 feet of water in the deep end (this amount may vary depending on the elevation). After pumping, apply chlorine to control the algae in the remaining water. Circulate remaining water to mix chlorine. Isolate and drain pumps and filters. Remove all trash from interior of pool and haul away.
- If there is a pool cover present, secure and cover pool. Check with state and local codes to verify whether the pool should be fenced.
- If there are no jurisdictional requirements, and no existing pool cover, secure according to the diagram on page 17. However, no pool cover is required in Arizona, California, Hawaii, Nevada and Other Pacific Islands.
- Secure entrance gates to fences surrounding pools with a lock or padlock and chain when no lock is present.
- Replace any damaged or missing boards or sections of fence surrounding pools.

If the property has an above ground pool in good condition, built up with decking or other infrastructure that will support a pool cover, treat it as an in-ground pool. Above ground pools in poor condition or that cannot be secured in accordance with the guidelines herein, should be removed. If an above ground pool is removed, remediate any depression in the ground that might constitute a hazard.

WARNING: Check local area standards before draining pool. In areas where there is a high ground water level, removing too much water may cause pool uplift and damage the pool.

IV. Photographs

Effective for all claims filed 30 days from the date of this Mortgagee Letter, preservation and protection actions should be documented using digital photography. Rather than establishing a maximum allowable number of photographs and reimbursing Mortgagees on a per picture basis, HUD will provide a flat fee reimbursement of \$30.00 for photographs, regardless of the number of pictures required. The photographic fee is included in the lock change/securing maximum allowable cost per property.

Photographs are required to document inspections, initial property condition, one-time securing service, boarding, yard maintenance, debris removal, winterization and personal property/debris removal as part of an eviction. The Mortgagee should photograph the exterior and interior of the property at the time of the Initial Inspection. All photographs should be dated and maintained in the Mortgagee’s claim review file and made available to HUD or its M&M contractor upon request. If photographs cannot be produced at the time of the claim review, all unsupported expenses beyond allowable cost limits will be disallowed, and for evictions, all expenses claimed for personal property/debris removal will be disallowed.

V. Lock Change/Securing Service Costs

The reimbursable cost limits for Lock Change/Securing are as follows:

Lock Change/Securing Service Cost Schedule (NATIONWIDE)	
Secure One Door	\$40
Secure Pool (Sq. Ft. Amt.)	\$2.05
Maximum Secure Pool	\$1050
Secure Hot Tub, Jacuzzi, Spa	\$55
Maximum Allowable for Lock Change/Securing	\$350

Local Variations from General Requirements for Securing Pools and Spas

ATLANTA Homeownership Center

Indiana

Use 1”, 2”, or 3” x 4” hex netting to cover pool. Seams should be covered with 1” wood strips for securing.

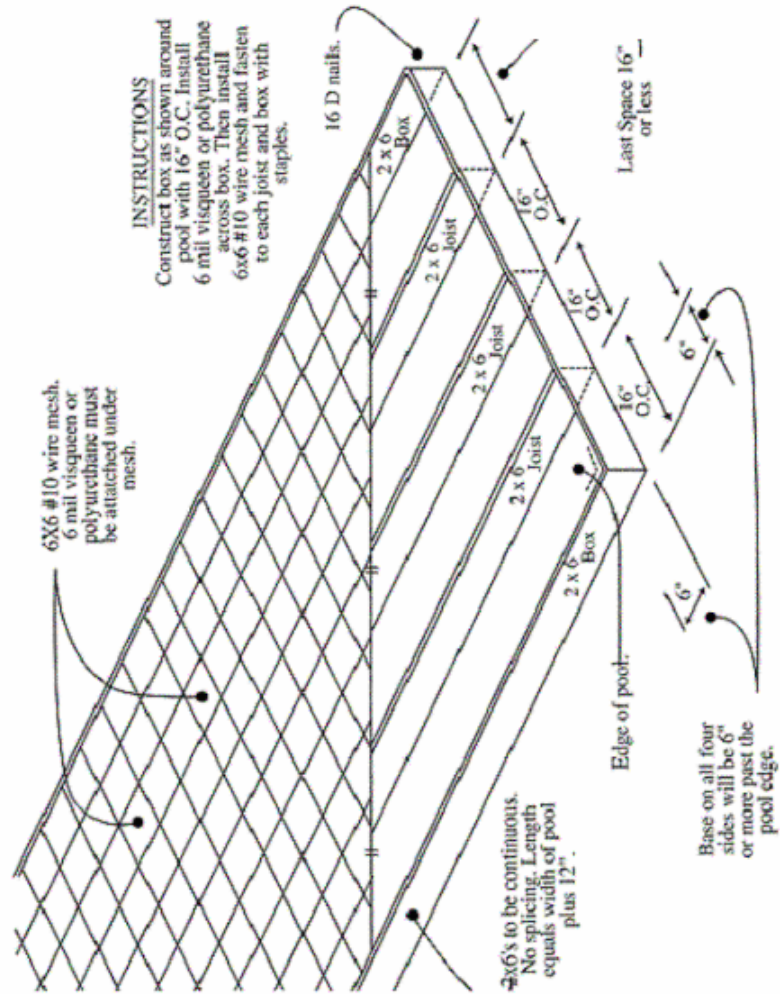
SANTA ANA Homeownership Center

Arizona/California/Hawaii/Nevada/Other Pacific Islands

Do not cover pools. However, pools should be drained and secured according to the guidelines set forth on page 15.

SWIMMING POOL SECURING DIAGRAM

DRAWING IS NOT TO SCALE



Add cross bars every 16" on center to framing for added strength and support.

ATTACHMENT 4 Boarding Service Requirements and Cost Schedule

Mortgagees should not board a property unless they have prior written approval from the M&M contractor, and/or:

- The property is severely damaged by fire, flood or other natural disaster;
- The property should be secured for safety reasons;
- The property is in a high vandalism area and boarding is the only reasonable means to protect the security of the property;
- The property is located in a pre-approved boarding area.

When boarding is appropriate, all first floor windows and doors and all basement windows and doors should have plywood covering the entire opening and frame. The covering should be secured with carriage bolts. The use of nails is prohibited. The cost of boarding properties is not included in the maximum allowable limit per property. Before and after photographs are required. HUD will not reimburse the Mortgagee for unauthorized boarding. Mortgagees should request prior written approval from the M&M contractor if the cost of securing a severely damaged property exceeds \$550.

There should be no boarding above the first floor unless entry is possible without use of a ladder, and the opening is large enough for a person to easily pass through. Openings above the first floor that do not meet this test should be secured but not boarded. Second story and higher openings are typically accessible only from attached properties, stairwells or fire escapes. If security bars are located on windows/doors, boarding is not required. Openings too small for a person to pass through, particularly pet openings in doors, should be secured but not boarded. To ensure that no hazards exist, remove all broken glass from the windows and surrounding interior and exterior areas.

All properties should be boarded in accordance with local codes. If local codes differ from HUD requirements herein, local codes supersede.

For the purpose of this document, the definition of united inch is length plus width.

I. Specifications for Plywood Boarding

1. Exterior Plywood should be of un-sanded CDX grade.
2. Plywood thickness should be 1/2" for window openings, 5/8" for door openings and 3/4" for sliding door and French door openings. When extra large window openings are encountered use 5/8" or 3/4" as necessary.
3. All holes should be drilled to accommodate bolts. The holes in the top of the plywood should be 12" down from the top and 20% of the width of the plywood cover in from the side.
4. The holes in the bottom should be 25% of the height of the plywood, up from the bottom and the same distance in from the side as the top.
5. Carriage bolts mated with nut and 2 three inch flat washers as shown in the side view. Washers to be of sufficient size to fully accept the square portion of bolt beneath head. Bolt and mating hardware may be galvanized or cadmium plated. 3/8" x 12" bolts should be supplied with each 2'8' door, 3'0" door, and glass sliding door cover. 3/8 x 10" bolts should be supplied with the rest.

6. 2" x 4" lumber should be graded and should be a minimum of 16" longer than the width of the plywood cover. (Note: 2x4s will be drilled with 1/2" diameter holes that line up with the holes in the plywood covers.)
7. All windows and doors, except the front door, through which access to the interior of the dwelling is made, should be secured. All window boards will be cut to fit inside the concrete block or brick opening with a maximum 1/8" clearance. THE PLYWOOD COVERING SHOULD BE OF ONE CONTINUOUS PIECE WHEN POSSIBLE.
8. All fabricated parts and ancillary materials become property of HUD of Housing and Urban Development.
9. All coverings are to be fabricated according to the attached drawing and specifications.

II. Boarding Windows

1. Except as noted below, all window sashes, frames glass and hardware are to be undamaged by the boarding installation.
2. All screen inserts are to be removed, marked as to location and stored in a convenient closet or in the utility room.
3. In all cases where it is possible to adjust the position of the sashes to accommodate the specifications for boarding above, the sashes are to remain in the frame.
4. In instances wherein the sashes cannot be adjusted to accommodate the boarding specifications above, the sashes are to be removed from the frames and stored in a convenient closet or in the utility room. This includes all stationary lights secured by stops.
5. In cases wherein the sash cannot be removed and/or the frame is permanently built into the house and cannot be removed (i.e.: Fenestra windows) it will be necessary to break the corner panes to accommodate the boarding and bolts. If the location of bolt holes, in the plywood, requires modification because of the muntin bar (a small bar that divides a windows glass), these locations are to be modified. In no case, in any type of window, is any sash or frame part to be damaged.
6. In all instances where items should be removed from the frame and stored, the items should be clearly marked as to the area from which it was removed.
7. All items are to be stored on edge and braced to prevent accidental tipping, sliding, etc. In no instance is any item to be stored laid flat.
8. Hinged windows are to be completely removed from the frame and stored as stated in (7) above. If possible the hinge pins are to be removed and remain with the removed item.
9. Faced nailing of panels to wood frame windows is prohibited.

Note: Costs below are per United Inch. Definition - United Inch equals length plus width.

Boarding Cost Schedule (NATIONWIDE)			
Boarding 1/2"	Boarding 5/8"	Boarding 3/4"	Screening
\$0.80	\$0.90	\$1.00	\$0.55

Local Variations from General Requirements

ATLANTA Homeownership Center

Illinois

Install cloth screening. Cloth screen first floor openings in zip codes:
60429 60426 60411 60466 60477 60443

Screening of wood windows is accomplished by framing the window with 2x2s. The screening is stapled over the frame and fastened with 1x2 furring laths.

Chicago, Illinois

Install Plywood boarding in the following pre-approved Chicago zip code areas following the Chicago boarding requirements below.

60608	60609	60610	60612	60615	60616
60617	60619	60620	60085	60621	60622
60623	60624	60627	60628	60636	60637
60643	60644	60649	60651	60653	

Rule 1. All openings in a structure which may be accessed from ground level and/or within 8 feet in any direction of an exterior stairway, fire escape, ramp, porch or other exterior construction reachable from ground level or a public way should be secured to prevent entry by unauthorized persons. One building entrance should be secured with a door of either solid core wood or steel construction, having no window in the door, and the door should be securely locked to allow access only to authorized persons. Said door should be secured with a through-bolted hasp and padlock if the door swings in.

Materials

Rule 2. If plywood materials are used to secure buildings, such materials should be no less than 5/8-inch thick, exterior grade. Particleboard, wafer board, masonite or other similar materials should not be used for purposes of boarding-up a building.

Rule 3. Mechanical fasteners used for wood board-up materials should be round-head, non-slotted carriage bolts no less than 3/8-inch in diameter with washers and nuts on the interior face.

Installation Methods

Rule 4. The primary method of securing plywood boards should be by the use of through-bolt compression fastening, using plywood on the exterior face and wood bracing constructed of minimum 2-inch by 4-inch (nominal) lumber installed on the interior side of the opening to be secured, perpendicular to the long dimension of the opening. Such bracing should extend at least 6 inches beyond the edge of the opening on each side in order to be securely braced against the building structure.

Rule 5. Wood construction used to secure a building opening should contain at least one bolt in each corner and additional bolts no more than four feet on center continuously along the perimeter. Each bolt should fully penetrate the wood bracing on the interior side of the opening.

Rule 6. In the event that the through-bolt compression fastening is impossible due to the construction or condition of the opening, the opening should be covered with plywood secured with minimum 3-inch-long wood screws fastened on 4-inch centers around the circumference of the opening.

Florida

Boarding is pre-approved in the following zip code areas:

Miami:

33004	33009	33010	33012	33013	33014
33020	33023	33034	33054	33055	33056
33060	33069	33122	33125	33127	33128
33130	33131	33132	33136	33137	33138
33142	33147	33150	33157	33161	33167
33168	33169	33170	33177	33181	33190
33311	33315	33316	33401	33403	33404
33405	33407	33426 (east of 1-95)	33435	33441	
33444	33460	33462 (east of 1-95)			

Exterior surface and edges of all plywood should be painted with one coat white primer and one coat white finish. Use of screws to secure panels to wood frame windows is prohibited. See plywood-boarding diagram on **page 25**.

Caribbean

Exterior surface and edges of all plywood should be painted with one coat white primer and one coat white finish. Use of screws to secure panels to wood frame windows is prohibited. Additionally, boarding is pre-approved in the following zip code areas:

00923	00924	00929	00601	00602	00603
00703	00704	00705	00610	00612	00714
00616	00617	00794	00915	00956	00957
00959	00961	00622	00623	00725	00627
00729	00920	00921	00979	00982	00983
00985	00986	00987	00962	00736	00735
00935	00638	00739	00769	00782	00907
00783	00780	00926	00646	00647	00738
00650	00934	00652	00653	00784	00656
00965	00966	00967	00968	00969	00970
00971	00778	00659	00917	00660	00791
00662	00913	00664	00795	00777	00667
00669	00670	00771	00772	00911	00773
00674	00909	00606	00707	00680	00715
00676	00687	00718	00719	00720	00723
00624	00716	00717	00728	00730	00731

00734	00740	00741	00678	00677	00745
00925	00926	00927	00637	00688	00952
00751	00690	00683	00685	00757	00907
00909	00911	00912	00913	00953	00949
00976	00641	00692	00693	00901	00765
00766	00767	00698			

EXCEPTION: There is no pre-approved boarding in ANY gated community within these zip code areas.

PHILADELPHIA Homeownership Center

Connecticut

Boarding pre-approved in the following zip codes areas for the cities of:

Bridgeport: 06601 06604 06605 06606 06607 06608 06610 06611
06612 06614 06615 06650 06673 06699

New Haven: 06501 06502 06503 06504 06505 06506 06507 06508
06509 06510 06511 06512 06513 06514 06515 06516
06517 06518 06519 06520 06521 06524 06525 06530
06531

Massachusetts

Boarding pre-approved for the following zip code areas:

Boston: 02108, 02109, 02110, 02118, 02119, 02120, 02121, 02122,
02124, 02125, 02126, 02127, 02128, 02130, 02131, 02136

Brocton: 02401, 02402

Lawrence: 01840, 01841, 01842, 01843, 01845

Lynn: 01902, 01903, 01904, 01905

New Jersey

Boarding is pre-approved for the following zip code areas for the cities of:

Asbury Park: 07712

East Orange: 07017 07018 07019

Elizabeth: 07201 07202 07206 07208

Irvington: 07111

Jersey City: 07302 07304 07305 07306 07307 09308 07309 07310
07311 07395 07399

Long Branch: 07740

Newark: 07101 07102 07103 07104 07105 07106 07107 07108
07112 07114 07175 07182 07184 07188 07189 07191
07192 07193 07194 07195 07197 07198 07199

New Brunswick: 08901 08902 08903 09804 08905 08906 08922
08933 08988 08989

Patterson: 07501 07502 07503 07504 07505 07506 07507 07508
07509 07510 07511 07512 07513 07514 07522 07524
07533 07538 07543 07544

Plainfield: 07060 07061 07062 07063 07069

Boarding is pre-approved for the following zip code areas:

08016 08066 08096 08618 08608
08101 08102 08103 08104 08105
08232 08609 08610 08611 08611
08312 08302 (Bridgeton only) 08360 (Vineland only)
08401 08406 (Ventnor only) 08110 (Pennsauken only)
08600 08332 (Mellville only) 08650 (Trenton only)

New York, New York

Board all properties within the city limits of the five boroughs in New York City without pre-approval with the exception of Dutchess, Putnam, and Rockland Counties.

Rhode Island

Boarding is pre-approved for the following zip code areas in the cities of:

Providence: 05901 02902 02903 02904 02905 02906 02907
02908 02909 02910 02911 02912 02918 02919
02940

Cranston: 02823 02905 02907 02910 02920 02921

Pennsylvania

Boarding is pre-approved for the following zip codes.

17509 17512 17516 17517 17518 17527
17532 17536 17547 17550 17560 17563
17565 18101 18102 18103 18115 18117
19013 19023 19320 19335 19380 19401
19464

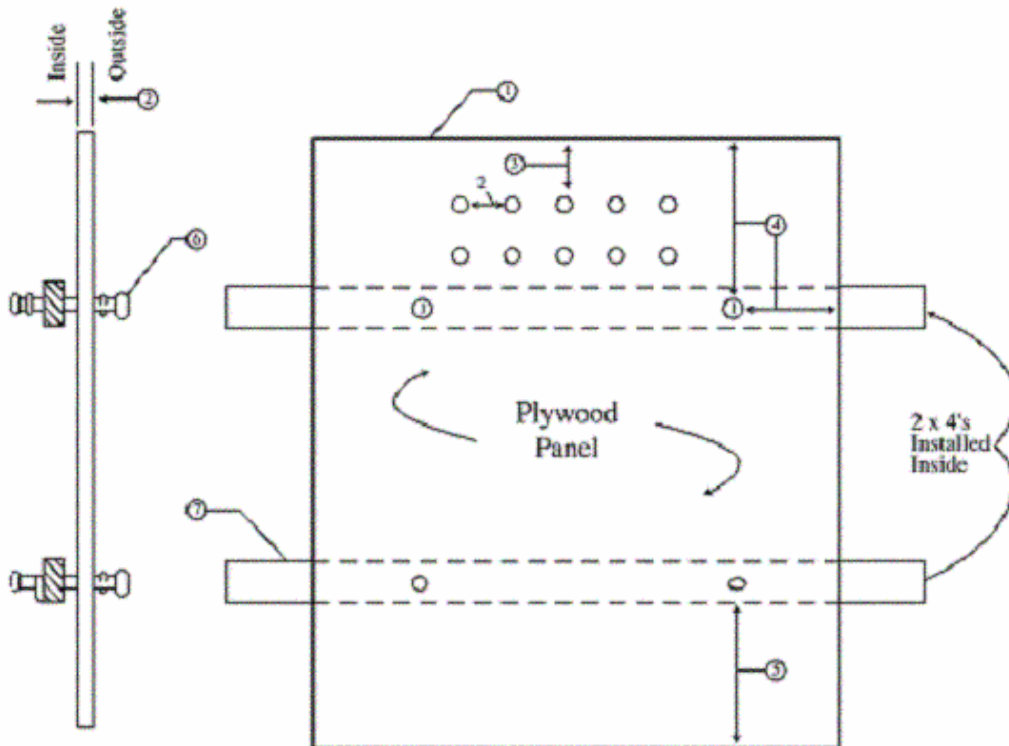
SANTA ANA Homeownership Center

Long Beach, California

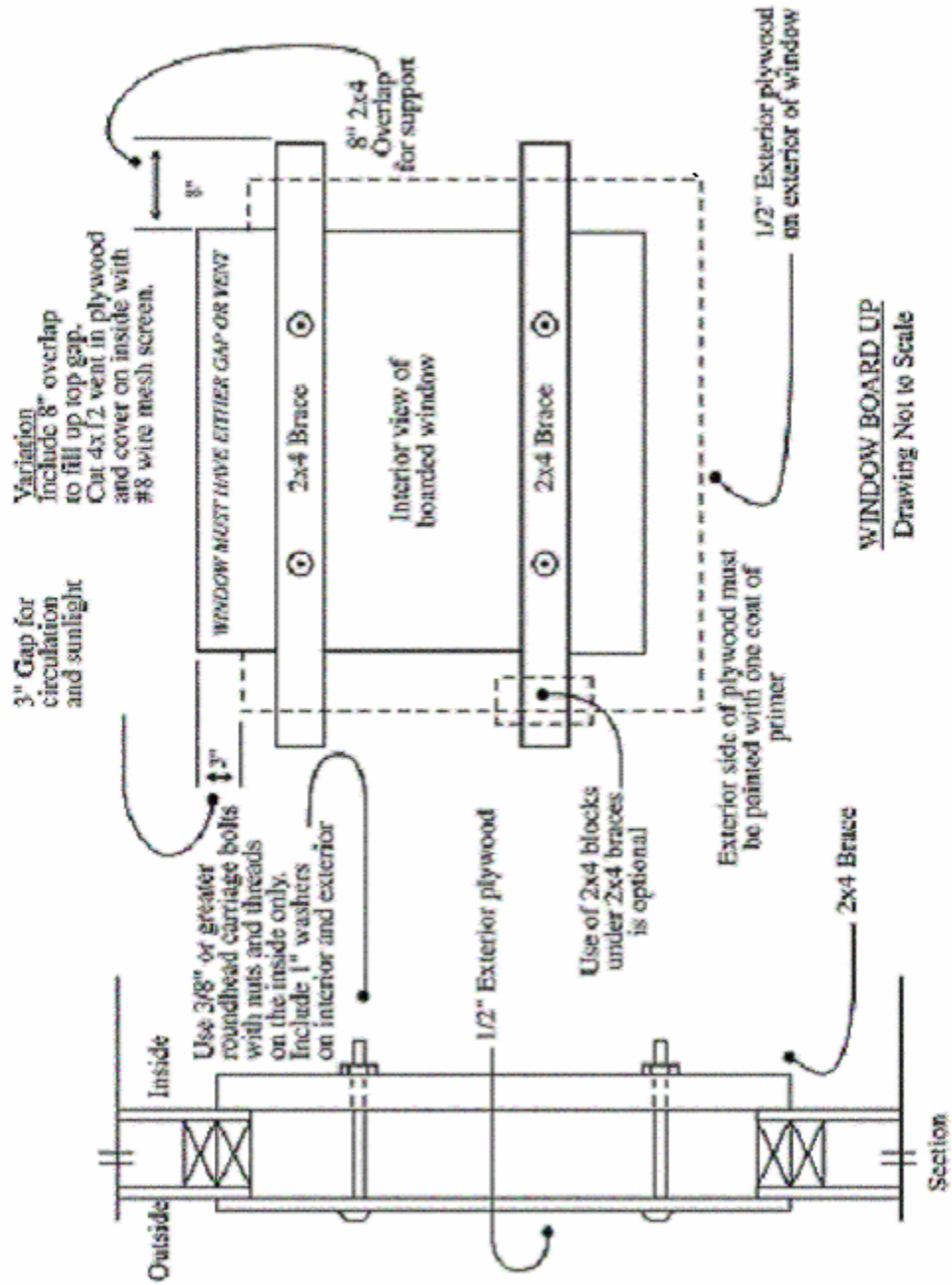
Properties should be secured with window screens and security doors only. Do not use plywood boarding material to secure window openings. See diagrams and specifications on pages 28-29.

PLYWOOD BOARDING PANEL DETAIL

NO SCALE

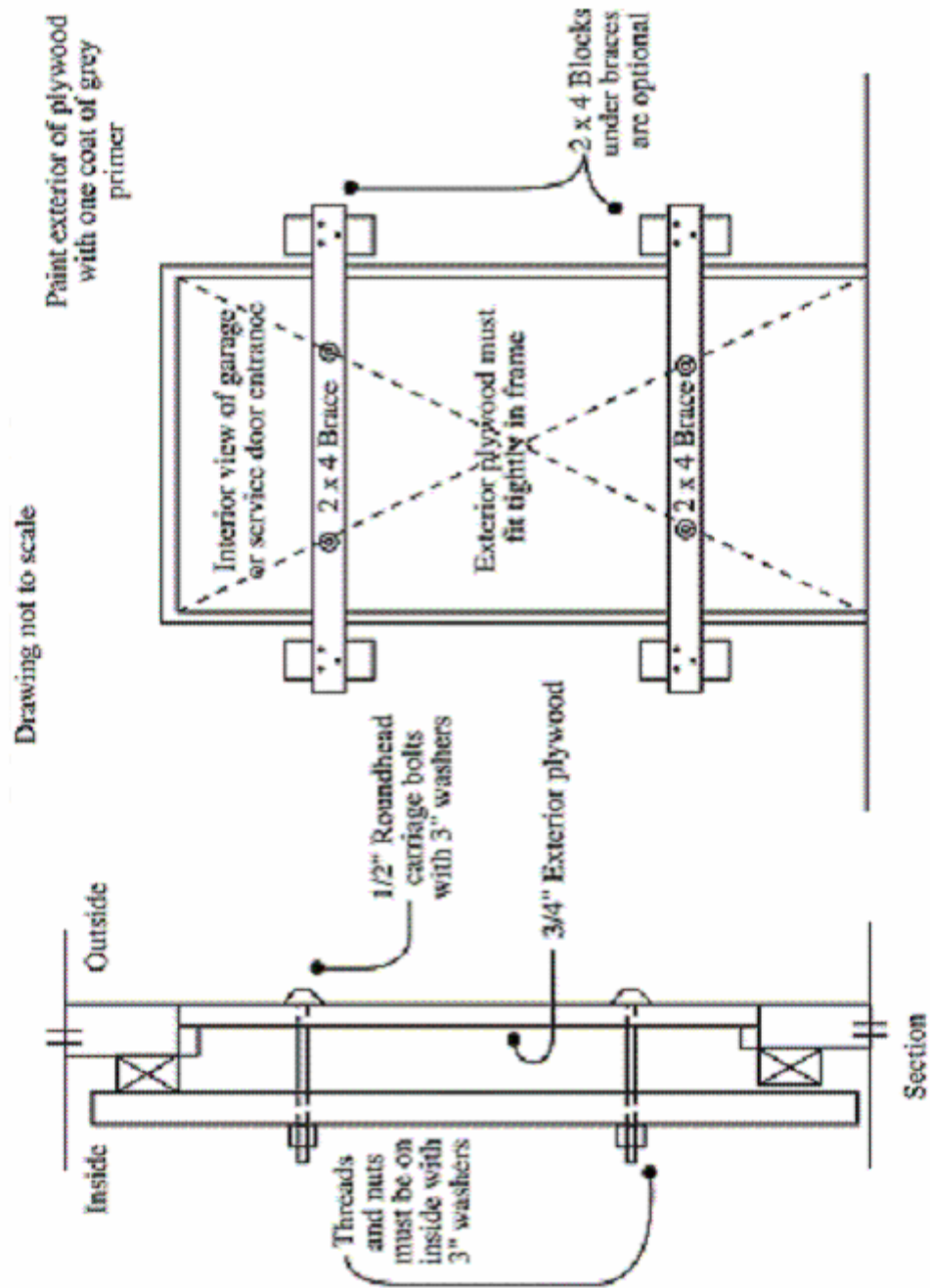


SECURING INSTRUCTIONS FOR WINDOWS



WINDOW BOARD UP
Drawing Not to Scale

SECURING INSTRUCTIONS FOR DOORS



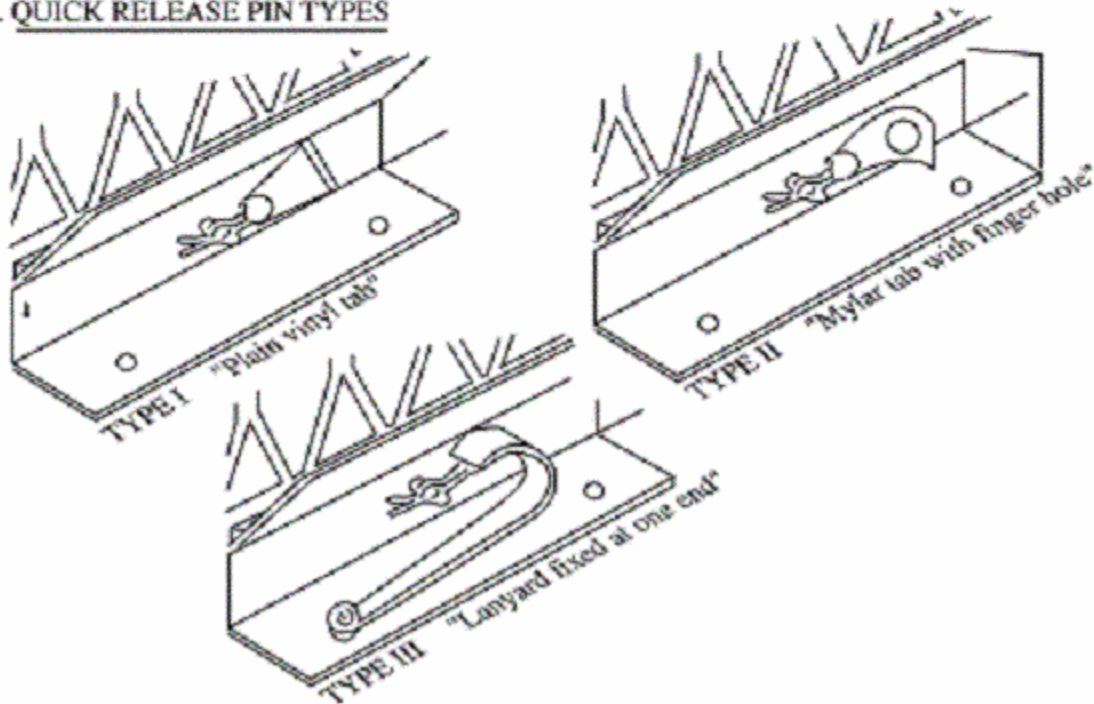
SECURITY SCREEN INSTRUCTIONS FOR LOS ANGELES OFFICE

SAMPLE SPECIFICATIONS

- I. SCREEN MODULE COMPONENTS MATERIAL DESCRIPTION
- (a) FRAME ELEMENT: 15/16" x 7/16" x .060" wall thick, 6063-T5 aluminum alloy extrusion.
- (Frame element has inherent locking feature that mechanically locks the security grille in place when assembled.)
- (b) SECURITY GRILLE: Plastic coated 1-1/2" x 3 diamond pattern 13 ga. and flattened carbon steel, (color grey)
- (Electrostatically coated vinyl powder that is temperature fused to form a thin film protective coating.)
- (c) INNER CORNERS: .100" thick 6061-T6 aluminum alloy
- (d) SPLINE: .185" vinyl, serrated.
- (e) SCREEN: 18/14 alclad aluminum screening.

- II. ATTACH HARDWARE MATERIAL DESCRIPTION
- (a) RESTRAINT BRACKET .062 thick 6061-T aluminum alloy (See Fig. I).
- (b) CHANNEL BRACKET .062 thick 6061-T aluminum alloy (See Fig. II).
- (c) CLEVIS PIN 1/4" dia. x reqd. length, cadmium plated steel.
- (d) QUICK RELEASE PULL PIN .060 dia. piano wire cadmium plated steel.

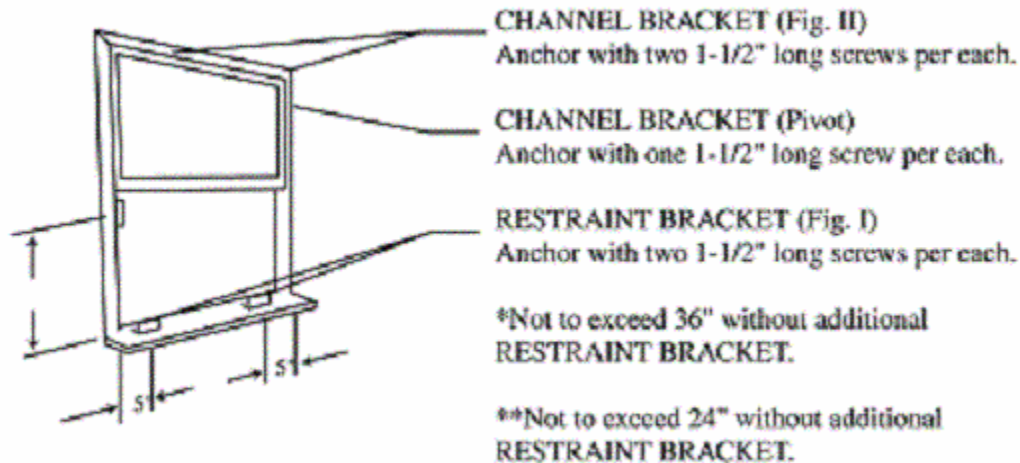
III. QUICK RELEASE PIN TYPES



SECURITY SCREEN INSTRUCTIONS FOR LOS ANGELES OFFICE

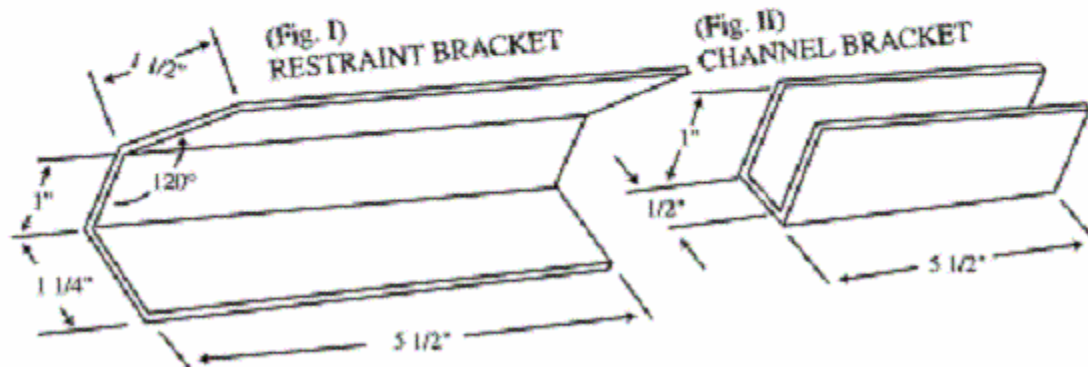
IV. INSTALLATION

(a). DOUBLE HUNG WINDOWS:



(b). **ALUMINUM SLIDER WINDOWS:** SECURITY SCREENS covering fixed windows are surface mounted and attached with tamper proof fasteners, set 6 inches from each corner and 18 inches on center along each side. There shall be a minimum of 2 fasteners per each side. SECURITY SCREENS covering sliding windows are surface mounted and secured with clevis and quick release pins that are accessible from the inside when the window is opened.

(c). **CASEMENT WINDOWS:** SECURITY SCREENS covering fixed and pivot windows are anchored to the existing window sash/frames with tamper proof fasteners, set 6 inches from each corner and 18 inches on center along each side. There shall be a minimum of 2 fasteners per each side. Where possible, the pivot window screen should be sized for outdoor/indoor convertibility, i.e., after occupancy, the screen can be installed on the inside.



ATTACHMENT 5 Debris Removal Service Requirements and Cost Schedule

A Mortgagee may expend up to the amount listed in this attachment for debris removal without prior written approval from the M&M contractor. Costs such as labor hours, dump fees, and transportation (e.g., fuel, mileage, truck rental) should not be claimed in addition to the reimbursable amount as these costs are incorporated in the per unit allowable cost for debris removal. Before and after photographs are required.

I. Exterior

Mortgagees should remove all exterior debris, including abandoned vehicles, in accordance with applicable local laws. Items of personal property that are securely affixed and in good condition, such as a swing set or dog-house/kennel should not be removed if they add value to the property. However, if personal property is in disrepair or determined to be a health and safety hazard, it should be removed.

Mortgagees must maintain, in the claim file, salvage yard and dump fee receipts that substantiate all claimed debris removal. The documentation must include the date, address of the property(s) for which the debris is being dumped, number of yards dumped, and the number and type of appliances (e.g. refrigerators, stoves, dishwashers) being dumped or disposed. The receipt must indicate the name of the dump to verify that the debris has been disposed of legally.

Before and after photographs are required to support all required debris removal. Photographs should be dated and the property address indicated. If photographs are not available as documentation of required debris removal, HUD will not reimburse the Mortgagee for associated costs.

II. Interior (Including Attic, Basement, and Storage Spaces)

Mortgagees are not to remove interior debris except for:

- Debris that constitutes a health or safety hazard;
- Debris that has or is likely to result in issuance of a code violation, a fine and/or lien;
- Debris required to be removed as part of an eviction by local law enforcement or crews under the control and direction of local law enforcement where the Mortgagee has no control over the timing of removal.

If the clean-out of a property's interior is necessary, the clean-out should include removal and proper disposal of debris including:

- Shabby or torn carpet;
- Dilapidated, unsafe flooring;
- Health and safety hazards (See *Hazardous Waste Removal*, below), including dead animals; and Personal effects (e.g., furniture, clothing, dishes, utensils), unless otherwise instructed by local law enforcement during an eviction.

Before and after photographs are required to document the existence of personal property items and all required debris removal. Photographs should be dated and the property

address indicated. If photographs are not available as documentation of required debris removal, HUD will not reimburse the Mortgagee for associated costs.

III. Hazardous Waste Removal

Mortgagees are required to remove unhealthy or hazardous materials from the exterior and interior of properties prior to conveyance and should adhere to local municipal health and safety requirements with respect to proper disposal of said materials. For additional clarification, the Environmental Protection Agency (EPA) website lists common household items containing potentially hazardous ingredients that might be found in a garage, basement, or other storage space (<http://www.epa.gov/epaoswer/non-hw/muncpl/hhw-list.htm>). Further, as a matter of health and safety, refrigerators should be unplugged and refrigerator doors should be removed and stored if required by applicable state or local law or ordinance.

Materials considered unhealthy or hazardous that should be removed prior to conveyance include but are not limited to:

- Decaying food or other organic matter,
- Dead animals and animal feces,
- Pest infestations (see below)
- Broken glass or other sharp objects,
- Large containers of liquids,
- Large quantities of paint or paint products,
- Paints or solvents in any amount stored in or near papers, fabrics or other flammable materials.
- Highly flammable chemicals (e.g., solvents, paint thinners, gasoline, motor oil and motor additives, etc.),

The following products, if found in quantities consistent with normal household use, are not considered hazardous waste for purposes of debris removal under this section.

- Non-flammable materials including reasonable quantities of paper and fabrics (unless stored near flammable chemicals),
- Common cleaning products and household chemicals such as insect repellent,
- Up to five gallons of paint and paint products,
- Lawn and garden products and fertilizers,
- Pool chemicals.

EPA guidelines allow paint cans to be disposed of with regular debris, once treated. Paint is treated by brushing the paint onto cardboard or newspaper, allowing the empty can to dry with the lid off, or by adding absorbent material such as kitty litter, shredded newspaper, sand, or sawdust directly into the latex paint can. Dried paint may then be thrown in the trash and removed from the property as regular debris.

The M&M contractor must approve any costs associated with disposal action(s) required by a municipality.

IV. Bug and/or Pest Infestation

If, on the initial inspection, the Mortgagee finds the property to be infested with pests (e.g., roaches, water bugs, mice, rats) that constitute a health or safety hazard or prevent clean-out or debris removal, the Mortgagee should have the property fumigated by a Pest Control Service, licensed to conduct such business in the area where the property is located. The maximum allowable amount for this service is provided in the cost schedule of this attachment.

V. Personal Property and Debris Removal during Evictions

Some jurisdictions require a legal eviction to remove personal property from a vacant house. Mortgagees should follow local code and laws and exercise good judgment when distinguishing between personal property and debris. If Mortgagees have questions regarding personal property and debris, they should consult local counsel. If a Mortgagee is required by local law to remove trash and debris from the property as part of an eviction and the Mortgagee has no control over the timing of removal, the costs for removing the items are considered eviction expenses and are not subject to the debris removal cost guidelines, the maximum securing fee or the overall allowable cost limit. These costs are to be claimed as man-hours and should be deemed by the M&M contractor to be reasonable and customary for services performed in the area.

A. Personnel

In most circumstances, no more than four people should be necessary to complete an eviction for a townhouse or condominium and six people for a single family detached dwelling. If local law provides that a specific number of people should be provided, or if the law enforcement official conducting the eviction identifies a need for additional people to be present at the time of the eviction, this information must be documented in the claim review file. Similarly, if local or state law, requires that a service be performed within a certain time frame or subject to specific removal or storage requirements, those requirements must be fully documented in the claim review file and costs are not subject to the allowable cost limit for the jurisdiction.

The removal of curbside debris following an eviction will be reimbursed as man-hours. No more than four man-hours at \$20 per man-hour, per person at the scheduled eviction will be reimbursed for the removal and disposal of eviction debris. Dump fees and storage fees (as appropriate for the jurisdiction) will be also be reimbursed.

If crews show up for canceled or re-scheduled evictions, the Mortgagee is only eligible to claim a maximum of one man-hour at \$20 of labor per person.

B. Photographic Evidence

Photographs are required to support all personal property/debris removed from a property as part of an eviction. Eviction costs should be entered in item 305 of Part D of the claim form.

VI. Over-allowable Requests for Debris Removal Services

Mortgagees should obtain prior written approval from the M&M contractor for any debris removal expense that exceeds the cost per cubic yard or the total allowable number of yards indicated in the schedule. When requesting approval to exceed the debris removal cost limit, the Mortgagee should obtain two independent competitive bids. If the Mortgagee utilizes a field service company that firm, may provide one of the bids. The Mortgagee should obtain a second independent and competitive bid and submit the bids to the appropriate M&M contractor with an over-allowable request. Field service companies or contractors may not submit second bids directly to the M&M contractor. This violates the integrity of HUD's requirement for an independent and competitive bid process.

The bids should specify the types and location of the debris, the number of cubic yards, and include photographic documentation. Any additional costs of non-general refuse should be factored into the final bid and clearly indicated for M&M contractor review. All second bids should be on the bidding company's letterhead and should include the bidder's name, address, telephone number, and signature. Upon receipt of the bids, the Mortgagee should date stamp them and attach them to a ***Request to Exceed Cost Limit For Preservation and Protection***. Additionally, the Mortgagee should identify all other preservation and protection expenses to date so that the M&M contractor will know if and by how much the Mortgagee will exceed the maximum allowable cost limit. Debris removed per local code is also subject to the established cost limits on debris removal. Mortgagees will not be reimbursed for the cost of obtaining bids.

Upon receipt of the required bids, the M&M contractor will, within five business days, take one of the following actions:

- Notify the Mortgagee to accept one of the bids submitted;
- Reject both bids and provide the Mortgagee with examples of similar work that has been recently performed at a more reasonable cost, or
- Notify the Mortgagee to convey the property without removing the debris.

Debris Removal Service Schedule

State	Per Cubic Yard	Max 1 Unit 12 cu yd.	Max 2 Units 15 cu yd.	Max 3 Units 18 cu yd.	Max 4 Units 21 cu yd.	Large Appliance Removal	Vehicle Removal	Pest Infest.	Tires *
Alabama	\$45	\$540	\$675	\$810	\$945	\$140	\$180	\$150	\$15
Alaska	\$35	\$420	\$525	\$630	\$735	\$95	\$125	\$75	\$15
Arizona	\$35	\$420	\$525	\$630	\$735	\$95	\$215	\$75	\$15
Arkansas	\$35	\$420	\$525	\$630	\$735	\$113	\$215	\$125	\$15
California	\$40	\$480	\$600	\$720	\$840	\$88	\$120	\$75	\$15
Colorado	\$40	\$480	\$600	\$720	\$840	\$100	\$160	\$125	\$15
Connecticut	\$55	\$660	\$825	\$990	\$1155	\$155	\$210	\$110	\$15
Delaware	\$55	\$660	\$825	\$990	\$1155	\$110	\$215	\$110	\$15
District of Columbia	\$55	\$660	\$825	\$990	\$1155	\$100	\$215	\$110	\$15
Florida	\$45	\$540	\$675	\$810	\$945	\$100	\$180	\$170	\$15
Georgia	\$50	\$600	\$750	\$900	\$1,050	\$140	\$205	\$113	\$15
Guam	\$40	\$480	\$600	\$720	\$840	\$88	\$125	\$10	\$15
Hawaii	\$35	\$420	\$525	\$630	\$735	\$88	\$125	\$10	\$15
Idaho	\$40	\$480	\$600	\$720	\$840	\$75	\$165	\$75	\$15
Illinois	\$40	\$480	\$600	\$720	\$840	\$125	\$155	\$140	\$15
Indiana	\$60	\$720	\$900	\$1,080	\$1260	\$55	\$95	\$140	\$15
Iowa	\$35	\$420	\$525	\$630	\$735	\$50	\$115	\$100	\$15
Kansas	\$35	\$420	\$525	\$630	\$735	\$40	\$140	\$100	\$15
Kentucky	\$50	\$600	\$750	\$900	\$1050	\$165	\$215	\$20	\$15
Louisiana	\$50	\$600	\$750	\$900	\$1,050	\$82	\$170	\$100	\$15
Maine	\$50	\$600	\$750	\$900	\$1,050	\$195	\$210	\$110	\$15
Maryland	\$55	\$660	\$825	\$990	\$1,155	\$195	\$215	\$110	\$15
Massachusetts	\$50	\$600	\$750	\$900	\$1,050	\$195	\$210	\$110	\$15
Michigan	\$50	\$600	\$750	\$900	\$1,050	\$135	\$240	\$50	\$15
Minnesota	\$40	\$480	\$600	\$720	\$840	\$75	\$125	\$150	\$15
Mississippi	\$55	\$660	\$825	\$990	\$1,155	\$140	\$215	\$45	\$15
Missouri	\$35	\$420	\$525	\$630	\$735	\$150	\$140	\$75	\$15
Montana	\$50	\$600	\$750	\$900	\$1,050	\$150	\$160	\$75	\$15
Nebraska	\$35	\$420	\$525	\$630	\$735	\$63	\$115	\$125	\$15
Nevada	\$40	\$480	\$600	\$720	\$840	\$75	\$165	\$75	\$15
New Hampshire	\$50	\$600	\$750	\$900	\$1,050	\$155	\$210	\$110	\$15
New Jersey	\$50	\$600	\$750	\$900	\$1,050	\$140	\$210	\$110	\$15
New Mexico	\$40	\$480	\$600	\$720	\$840	\$150	\$160	\$125	\$15
New York	\$45	\$540	\$675	\$810	\$945	\$105	\$140	\$110	\$15
North Carolina	\$55	\$660	\$825	\$990	\$1,155	\$130	\$230	\$35	\$15
North Dakota	\$40	\$480	\$600	\$720	\$840	\$75	\$125	\$125	\$15
Ohio	\$40	\$480	\$600	\$720	\$840	\$105	\$130	\$110	\$15
Oklahoma	\$35	\$420	\$525	\$630	\$735	\$100	\$190	\$40	\$15
Oregon	\$40	\$480	\$600	\$720	\$840	\$25	\$125	\$10	\$15
Pennsylvania	\$50	\$600	\$750	\$900	\$1,050	\$50	\$210	\$110	\$15
Puerto Rico	\$50	\$600	\$750	\$900	\$1,050	\$130	\$190	\$35	\$15
Rhode Island	\$50	\$600	\$750	\$900	\$1,050	\$195	\$210	\$110	\$15
South Carolina	\$55	\$660	\$825	\$990	\$1,155	\$30	\$235	\$75	\$15
South Dakota	\$45	\$540	\$675	\$810	\$945	\$32	\$190	\$125	\$15
Tennessee	\$50	\$600	\$750	\$900	\$1,050	\$135	\$195	\$20	\$15
Texas	\$45	\$540	\$675	\$810	\$945	\$75	\$190	\$125	\$15
Utah	\$40	\$480	\$600	\$720	\$840	\$90	\$195	\$100	\$15
Vermont	\$50	\$600	\$750	\$900	\$1,050	\$195	\$215	\$110	\$15
Virginia	\$55	\$660	\$825	\$990	\$1,155	\$70	\$230	\$110	\$15
Virgin Islands	\$50	\$600	\$750	\$900	\$1,050	\$130	\$190	\$35	\$15
Washington	\$35	\$420	\$525	\$630	\$735	\$40	\$115	\$51	\$15
West Virginia	\$50	\$600	\$750	\$900	\$1,050	\$125	\$240	\$60	\$15
Wisconsin	\$40	\$480	\$600	\$720	\$840	\$150	\$115	\$100	\$15
Wyoming	\$45	\$540	\$675	\$810	\$945	\$77	\$190	\$75	\$15

***Reimbursement is per tire. If there are more than 6 tires, contact the M&M contractor**

ATTACHMENT 6 Yard Maintenance and Snow Removal Requirements and Cost Schedule

I. Grass Cuts

Lawn cutting (initial and subsequent cuts) includes mowing the lawn, weeding, edge trimming, sweeping of all paved areas (sidewalks, driveways, patios, etc.), and removal of all lawn clippings, related cuttings, and incidental debris (newspapers, flyers, bottles, etc.). These services are included in the cost allowable for an initial cut and subsequent cut (re-cut). The disposal of all clippings and incidental debris should be in compliance with jurisdictional requirements. The costs allowable for trimming shrubs and snow removal are listed separately in the accompanying schedule. Before and after photographs are required for all cuts. All photographs should be dated.

Mortgagees should not order lawn maintenance if a homeowners' association for such properties as condominiums covers this service.

A. Frequency

One initial grass cut is allowed during each grass-growing season followed by subsequent cuts periodically throughout the season. If a local variation requires that the grass be maintained year round, only one initial cut may be charged. If there is one grass-growing season in the geographical location of the property, one initial cut is allowed within a 12-month period. If there are multiple growing seasons, an initial grass cut is permitted at the beginning of each grass-growing season.

If conveyance occurs during the growing season, unless otherwise indicated in local variations, a final grass cut should be completed within two weeks of conveyance.

Grass should typically be cut twice a month between April 1st and October 31st, however, more frequent lawn cuts may be allowed in certain areas as indicated in the variances at the end of this attachment. Grass should not be cut between November 1st and March 31st unless prior written approval is obtained from the M&M Contractor or otherwise prescribed in the local variances. If the grass grows to six inches in length during the off-season, the Mortgagee should request prior approval to cut the grass.

B. Oversized Yards

For yards greater than 15,000 square feet, Mortgagees should submit an over-allowable request. Requests to exceed cost limits for larger lots should be accompanied by lot dimensions and the calculated square footage of the lot as well as photo documentation. Mortgagees may request overallowable approval for an entire growing season. For each over-allowable request, the Mortgagee should provide one bid for the cost of the initial cut, one bid for each subsequent cut (all of equal cost) and the total number of subsequent cuts required. Even if

the Mortgagee is approved for an entire season, HUD will only reimburse grass-cutting expenses actually incurred.

C. Specifications

Grass should be cut to a maximum of two inches in length. Grass and weeds are to be cut to the edge of the property line and to a maximum of two inches. Grass and weeds are to be trimmed around foundations, bushes, trees, and planting beds. Grass and weeds should also be trimmed flush with fences and other construction that would normally require trimming.

Shrubs are to be trimmed and cuttings removed once in a growing season, between April 1st and October 31st. An over-allowable should be submitted for any subsequent trimming of shrubs during the same growing season, with appropriate before and after photographs.

II. Snow Removal

The Mortgagee should maintain a safe and accessible property throughout the winter season. Snow should be removed from the entry, walkway, porch and driveway following a minimum three-inch accumulation. Mortgagees must comply with local codes and ordinances governing the removal of snow and ice. Before and after photographs are required for all snow and ice removal.

Yard Maintenance Cost Schedule						
State	Initial cut up to 10,000 sq ft	Initial cut 10,001 sq ft to 15,000 sq ft	Re-cut up to 10,000 sq ft	Re-cut 10,001 sq ft to 15,000 sq ft	Snow Removal	Trim Shrubs
Alabama	\$70	\$90	\$65	\$85	\$0	\$30
Alaska	\$100	\$120	\$95	\$115	\$55	\$40
Arizona	\$75	\$95	\$70	\$90	\$50	\$40
Arkansas	\$70	\$90	\$65	\$60	\$45	\$40
California	\$100	\$120	\$95	\$115	\$55	\$45
Colorado	\$85	\$105	\$80	\$100	\$45	\$40
Connecticut	\$100	\$120	\$95	\$115	\$55	\$45
Delaware	\$95	\$125	\$90	\$120	\$45	\$35
District of Columbia	\$95	\$115	\$90	\$110	\$55	\$45
Florida	\$85	\$105	\$80	\$100	\$0	\$30
Georgia	\$85	\$105	\$80	\$100	\$0	\$30
Guam	\$110	\$130	\$105	\$125	\$0	\$45
Hawaii	\$110	\$130	\$105	\$125	\$0	\$45
Idaho	\$100	\$120	\$95	\$115	\$55	\$45
Illinois	\$85	\$105	\$80	\$100	\$45	\$30
Indiana	\$85	\$105	\$80	\$100	\$45	\$30
Iowa	\$85	\$105	\$80	\$100	\$45	\$40
Kansas	\$85	\$105	\$80	\$100	\$45	\$40
Kentucky	\$85	\$105	\$80	\$100	\$45	\$30
Louisiana	\$85	\$105	\$80	\$100	\$45	\$40
Maine	\$100	\$120	\$95	\$115	\$55	\$45
Maryland	\$100	\$120	\$95	\$115	\$55	\$45
Massachusetts	\$100	\$120	\$95	\$115	\$55	\$45
Michigan	\$85	\$105	\$80	\$100	\$45	\$35
Minnesota	\$85	\$105	\$80	\$100	\$45	\$40
Mississippi	\$85	\$105	\$80	\$100	\$0	\$30
Missouri	\$85	\$105	\$80	\$100	\$45	\$40
Montana	\$85	\$105	\$80	\$100	\$45	\$40
Nebraska	\$85	\$105	\$80	\$100	\$45	\$40
Nevada	\$90	\$110	\$85	\$105	\$50	\$40
New Hampshire	\$100	\$120	\$95	\$115	\$55	\$45
New Jersey	\$100	\$120	\$95	\$115	\$55	\$45
New Mexico	\$85	\$105	\$80	\$100	\$45	\$40
New York	\$100	\$120	\$95	\$115	\$55	\$45
North Carolina	\$85	\$105	\$80	\$100	\$45	\$30
North Dakota	\$85	\$105	\$80	\$100	\$45	\$40
Ohio	\$85	\$105	\$80	\$100	\$45	\$35
Oklahoma	\$85	\$105	\$80	\$100	\$45	\$40
Oregon	\$100	\$120	\$95	\$115	\$55	\$45
Pennsylvania	\$95	\$115	\$90	\$110	\$45	\$35
Puerto Rico	\$110	\$130	\$105	\$125	\$0	\$30
Rhode Island	\$100	\$120	\$95	\$115	\$55	\$45
South Carolina	\$85	\$105	\$80	\$100	\$0	\$30
South Dakota	\$85	\$105	\$80	\$100	\$45	\$40
Tennessee	\$85	\$105	\$80	\$100	\$45	\$30
Texas	\$85	\$105	\$80	\$100	\$45	\$40
Utah	\$85	\$105	\$80	\$100	\$45	\$40
Vermont	\$100	\$120	\$95	\$115	\$55	\$45
Virginia	\$95	\$115	\$90	\$110	\$55	\$45
Virgin Islands	\$85	\$105	\$80	\$100	\$0	\$30
Washington	\$100	\$120	\$95	\$115	\$55	\$45
West Virginia	\$95	\$115	\$90	\$110	\$55	\$45
Wisconsin	\$85	\$105	\$80	\$100	\$45	\$40
Wyoming	\$85	\$105	\$80	\$100	\$45	\$40

If property yard is over 15,000 square feet, contact the M&M contractor.

Local Variations from General Requirements

SANTA ANA Homeownership Center

Arizona/ California/ Nevada

Grass should be cut year-round. Properties with desert landscaping require only once a month weed removal and are reimbursed as a re-cut.

Hawaii/Pacific Islands

Grass should be cut year round.

ATLANTA Homeownership Center

Florida

Grass should be cut year round.

ATTACHMENT 7 Winterization Requirements and Cost Schedule

This section provides instruction for maintenance of utilities and winterization of properties to protect against freeze damage. It also addresses maintenance of wells and properties with sump pumps.

I. Utilities

Unless identified in the variations section of this attachment, utilities are to be turned off. In states where heat is to remain on, the temperature should be maintained at 55 degrees Fahrenheit unless otherwise noted in the local variations.

A. Condominiums and Attached Dwellings

At condominiums and attached dwellings in Planned Unit Developments (PUDs), water services and utilities should remain on if the systems are shared with other units. M&M Contractors should be contacted for directions on maintaining water services at properties where a community water service is involved and for electrical services at condominiums or townhouses, duplexes, attached dwellings in PUDs, where such services should be left on due to homeowners' association or party wall requirements.

B. Equipment Damage

If a major repair or replacement is needed to make the heating system operational, the Mortgagee should contact the M&M Contractor for instructions. The Mortgagee is responsible for damages to plumbing and heating systems caused by untimely and/or improper maintenance.

C. Sump Pumps

Where there is an existing sump pump used to keep basements or crawl space dry, the Mortgagee should leave the electricity on to assure the property is undamaged by flooding, regardless of whether the property is located in a state where utilities are required to be off. The Mortgagee should check to make sure the sump pump is operating. Mortgagees should request prior written approval from the M&M contractor if the cost of installing a sump pump exceeds \$250.

D. Utility Accounts

Utility accounts including electricity, gas, home heating oil and water, should be in the Mortgagee's name until conveyance of the property to HUD. The Mortgagee should pay the bill and may claim reimbursement for utility costs covering the period from the date of vacancy until the end of the billing cycle that includes the date of conveyance. Payment of a utility bill that includes charges for a portion of a billing cycle that is post conveyance, is the exception to HUD's policy on non-reimbursement of expenses after the conveyance date. It is the Mortgagee's responsibility to notify the utility company that ownership of the security property has been transferred to HUD (to the attention of the M&M contractor), upon conveyance. A copy of the notice should be maintained in the claim review file.

In states where utilities should remain on, if there is any reason to believe that a Mortgagor may abandon a property, the Mortgagee should contact the utility company to request that the Mortgagee be notified of non-payment of utilities so that utilities can be transferred to the Mortgagee's name and the heat remain on if the Mortgagor vacates.

E. Propane and Oil Systems

If the property has a propane or oil heating system, put on "KEEP FULL" contract with a local supplier; in those jurisdictions where the heat should remain "ON".

II. Water

A. Domestic Water

If the water supply source is a public system, the utility should be contacted to turn off the water supply at the curb, unless otherwise indicated in the local variations. The Mortgagee should not cut water lines or remove water meters. (A non-reimbursable charge may be imposed by the water utility for unauthorized water meter removal). The water department or provider should be notified when water is turned off so that a final meter reading can be done. The Mortgagee should ensure that this is completed. Where a water heater has to be installed, the Department will reimburse up to \$350 for an electric water heater or up to \$420 for a gas water heater, which includes the cost of installation.

B. Wells

If the water supply is a private well, the Mortgagee should turn off the well at the breaker panel and tape off the breaker, disconnect the water supply line between the property and pressure tank and install a hose bib on the pressure tank side of the breaker. The hose bib should then be tagged "For Water Testing". All pressure tanks should be drained. If pump is surface mounted, drain pump housing, - if submersible, then disconnect the check valve and drain all pump, suction, and discharge pipes. All fixtures should be winterized.

C. Reduced Pressure Zone Device (RPZ or RPZD)

A reduced pressure zone device (RPZ) is a type of backflow prevention device used to protect domestic water supplies from contamination. Mortgagees should contact the local health departments and/or state and local agencies with regard to any jurisdictional requirements for the installation and/or use of the RPZ device on all wet heat systems. Mortgagees should obtain two independent competitive bids and request prior written approval from the M&M contractor if the cost of installation of an RPZ valve exceeds \$70.

III. Winterization

In jurisdictions where winterization is required, properties are to be winterized between October 1st and March 31st. For exceptions to these winterization time periods, see the *Local Variation from General Requirements* section on page 43. Properties should only be winterized once. However, a property should be re-winterized if the initial

winterization is violated (no longer effective) and the Mortgagee obtains prior approval from the M&M Contractor.

The winterization process is to include cleaning toilets and a thorough and complete draining of all plumbing and heating systems unless otherwise specified by any local variation. Use of air pressure to clear the system or, in some cases, adding antifreeze to the systems are both acceptable provided that the effect prevents freeze-ups. All winterization should be performed in accordance with state and local codes, ordinances and regulations. Before and after photographs are required along with any other supporting documentation to support a claim for re-imbusement.

A. Dry Heat Systems

The hot water heater and all domestic water supply and distribution piping should be thoroughly drained. All faucets and valves should REMAIN OPEN during the process, and then closed after draining is completed. Adequate amounts of antifreeze are to be placed in all fixture traps, including toilet tanks and bowls.

B. Wet Heat, Radiant, Hydronic or Hot Water Baseboard Systems

The winterization requirements outlined above apply. In addition, the house boiler system should be thoroughly drained. All radiator vents are to be opened in the process. Bleeder pins should not be removed from the radiators. Any radiant heat piping should be drained and blown dry with the use of an air compressor and an adequate amount of antifreeze is to be put in the radiant piping.

C. Steam Heat Systems

The winterization requirements outlined above for Dry Heat Systems apply. Note: A steam heat system will have radiators with valves at the bottom of the radiator; a careful determination as to whether the system is hot water or steam is important to ensure proper action is taken. The Mortgagee should determine if the system is operable and if there are any leaks. If any problems with the steam heat system exist, this information should be reported to the M&M Contractor. Additionally, the Mortgagee should thoroughly drain the property's boiler system. All radiator vents are to be opened in the process and bleeder pins should not be removed from the radiators, before shutting down the heating system. Pressurize the system with an air compressor to 35 pounds and inspect for leakage. The expectation for a properly prepared system is that it will hold air pressure with no leakage for a minimum of one-half hour.

IV. Repair Bids

The Mortgagee may spend up to \$250.00, for required repairs or installation of any new equipment required to maintain utilities or properly winterize a property including but not limited to, water wells, water meters, heating equipment, etc. Where such repairs will exceed \$250, the mortgagee shall obtain two independent competitive bids and submit the bids to the appropriate M&M contractor for approval. Please advise the M&M where the meter may only be removed by the utility.

Winterization Service Cost Schedule						
State	Dry Heat 1 Unit	Dry Heat Additional Units	Steam Heat 1 Unit	Steam Heat Additional Units	Wet/Radiant Heat 1 Unit	Wet/Radiant Heat Additional Units
Alabama	\$90	\$50	\$140	\$90	\$460	\$230
Alaska	\$130	\$50	\$190	\$90	\$475	\$465
Arizona	\$80	\$50	\$120	\$90	\$460	\$230
Arkansas	\$75	\$50	\$130	\$90	\$460	\$230
California	\$75	\$50	\$130	\$90	\$460	\$230
Colorado	\$120	\$50	\$160	\$90	\$460	\$230
Connecticut	\$130	\$50	\$190	\$90	\$460	\$230
Delaware	\$90	\$50	\$145	\$90	\$460	\$230
District of Columbia	\$90	\$50	\$145	\$90	\$460	\$230
Florida (Jacksonville)	\$100	\$50	\$155	\$90	\$460	\$230
Georgia	\$100	\$50	\$150	\$90	\$460	\$230
Hawaii	N/A	N/A	N/A	N/A	N/A	N/A
Idaho	\$105	\$50	\$220	\$90	\$460	\$230
Illinois	\$75	\$50	\$145	\$90	\$460	\$230
Indiana	\$75	\$50	\$130	\$90	\$460	\$230
Iowa	\$75	\$50	\$370	\$90	\$460	\$230
Kansas	\$75	\$50	\$145	\$90	\$460	\$230
Kentucky	\$85	\$50	\$155	\$90	\$460	\$230
Louisiana	\$75	\$50	\$130	\$90	\$460	\$230
Maine	\$130	\$50	\$190	\$90	\$460	\$230
Maryland	\$90	\$50	\$145	\$90	\$460	\$230
Massachusetts	\$130	\$50	\$190	\$90	\$460	\$230
Michigan	\$75	\$50	\$155	\$90	\$460	\$230
Minnesota	\$120	\$50	\$245	\$90	\$460	\$230
Mississippi	\$75	\$50	\$130	\$90	\$460	\$230
Missouri	\$75	\$50	\$145	\$90	\$460	\$230
Montana	\$90	\$50	\$230	\$90	\$460	\$230
Nebraska	\$75	\$50	\$130	\$90	\$460	\$230
Nevada	\$105	\$50	\$145	\$90	\$460	\$230
New Hampshire	\$130	\$50	\$190	\$90	\$460	\$230
New Jersey	\$100	\$50	\$155	\$90	\$460	\$230
New Mexico	\$120	\$50	\$160	\$90	\$460	\$230
New York	\$100	\$50	\$130	\$90	\$460	\$230
North Carolina	\$75	\$50	\$155	\$90	\$460	\$230
North Dakota	\$120	\$50	\$245	\$90	\$460	\$230
Ohio	\$75	\$50	\$115	\$90	\$460	\$230
Oklahoma	\$75	\$50	\$130	\$90	\$460	\$230
Oregon	\$75	\$50	\$130	\$90	\$460	\$230
Pennsylvania	\$75	\$50	\$155	\$90	\$460	\$230
Rhode Island	\$130	\$50	\$190	\$90	\$460	\$230
South Carolina	\$75	\$50	\$155	\$90	\$460	\$230
South Dakota	\$130	\$50	\$190	\$90	\$460	\$230
Tennessee	\$90	\$50	\$150	\$90	\$460	\$230
Texas	\$130	\$50	\$130	\$90	\$460	\$230
Utah	\$135	\$50	\$140	\$90	\$460	\$230
Vermont	\$135	\$50	\$130	\$90	\$460	\$230
Virginia	\$75	\$50	\$145	\$90	\$460	\$230
Washington	\$75	\$50	\$130	\$90	\$460	\$230
West Virginia	\$75	\$50	\$130	\$90	\$460	\$230
Wisconsin	\$75	\$50	\$130	\$90	\$460	\$230
Wyoming	\$130	\$50	\$190	\$90	\$460	\$230

Local Variations from General Requirements

ATLANTA Homeownership Center

Illinois/Indiana

Winterize year round, regardless of the month the property is secured. However, heat will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

Caribbean

Do not winterize.

Florida

The water supply should be shut off at the curb. Notify utility companies to cancel all services. Do not drain the water heater or water lines. Do not winterize.

Jacksonville Florida ONLY

Winterize from September 1 through April 30 from Jacksonville north to the Georgia line. However, heat will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

DENVER Homeownership Center

Kansas, Missouri, Oklahoma

Winterization is required from September 1 through April 30. However, heat system will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

Minnesota, Montana, Iowa, North Dakota, Wyoming

Winterization is required from September 1 through April 30. Utilities and heat are to remain on.

Wisconsin

Winterization is required from September 1 through April 30. Turn water off at meter in house ONLY. Heating system will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

SANTA ANA Homeownership Center

Turn water off at the street after winterization in all Santa Ana M&M contract areas, except Alaska.

Alaska

All properties should be winterized year round. Heat should be left on with the thermostat set at 55 degrees Fahrenheit. Properties should be conveyed with water, gas, and utilities **ON**. Propane and fuel oil delivery services should remain on automatic fill. Utilities should remain in the

servicing Mortgagee's name until conveyance. The servicing Mortgagee is instructed and authorized to switch utilities into HUD's name effective on the date of conveyance.

Water service may be turned off at the street (key box) only if the property has a forced air or electric heating system and the domestic water system has been properly winterized.

Arizona/California

Winterize properties above 2,000 feet only. However, heat system will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

Hawaii/Pacific Islands

Do not winterize.

Nevada

No winterization except for Pahrump zip code 89041 and Mt. Charleston zip code 89124. All other winterization is completed on a case-by-case basis. However, heat system will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

Reno, Nevada

Winterize from September 15 through April 15. However, heat system will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

Oregon

Winterize from November 1 through March 31 only. However, heat system will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump.

Washington

Winterize from September 15 through April 15. However, heat system will remain in shut down mode. Utilities are to remain off unless required to operate a sump pump. ATTACHMENT 8 Request to Exceed Cost Limits for Preservation and Protection

If the cost to perform required preservation and protection exceeds any individual cost limits or the overall cap shown in this Mortgagee Letter, the Mortgagee should request permission to exceed the maximum allowable expenses in writing using, Form HUD-50002, *Requests to Exceed Cost Limit For Preservation and Protection*. The Mortgagee should include documentation to substantiate the over-allowable expense with the request, including a line item bid for the individual work items to be performed.

Mortgagees may mail or fax their requests to the M&M Contractor's office and by pre-arrangement with the M&M, may submit the requests electronically. Receipt of faxed requests should be confirmed by telephone.

The M&M Contractor will review and approve or disapprove over-allowable requests from Mortgagees within five business days of receipt. The M&M Contractor will evaluate all requests to increase line items on a case-by-case basis. With the exception of requests involving debris removal and repairs necessary for winterizations where two independent bids are mandatory, there is no requirement for the Mortgagee to submit multiple bids for other expense types.

ATTACHMENT 8 Request to Exceed Cost Limits

M&M contractors are familiar with usual and customary costs for most expense types. However, if the type of work required, or the factors impacting cost are unique, the Mortgagee is advised to take extra care to document the request to fully substantiate the circumstances.

If the M&M Contractor believes the expense is not justified, or is unable from the information provided to determine that the cost is appropriate, the M&M Contractor will deny the over-allowable expense request, in writing, providing a full explanation to the Mortgagee including evidence of similar bids or past expenses for the same services that support the denial. A denial is not approval to convey in that condition; but rather, notice that additional information such as independent bids may be needed to support the over-allowable. The M&M Contractor may provide a listing of contractors who have performed similar services at a reasonable price, but may not require use of any particular contractor as a requirement for approval.

The M&M Contractor is required to respond to the Mortgagee's request, in writing, within five business days from the date of receipt. Mortgagees who have not received a response to an over-allowable expense request within five business days should contact the appropriate GTR.

If the Mortgagee disagrees with the M&M Contractor's decision to deny the request, the Mortgagee has 10 business days to submit an appeal to the GTR. Appeals should be mailed to the M&M Contractor. Upon receipt the M&M Contractor will date stamp and deliver the package via fax or overnight mail to the GTR within one business day. The GTR will respond to the Mortgagee's appeal request within five business days of receipt from the M&M Contractor. Mortgagees who have not received a response to their appeal within five business days should contact the REO Director. There is no appeal of over-allowable expense requests beyond the REO Director.

A Mortgagee may elect, as a matter of convenience, to obtain services at a cost higher than the allowable limits, but it may not claim amounts in excess of the limits for reimbursement.

ATTACHMENT 9 Request to Exceed Timeframes

Requests to exceed cost limits are not the same as requests to exceed timeframes. Neither, approval to exceed allowable cost limits or failure to receive a timely response from an M&M Contractor to exceed cost limits constitutes an extension of time to convey title and submit form HUD-27011, Part A, or an extension of time to provide title evidence and submit form HUD-27011, Part B. The Mortgagee should submit a separate request for each request for an extension of time. All requests for extensions should be submitted on Form HUD 50012, *Mortgagee's Request for An Extension of Time*. Verbal requests for extensions will not be accepted.

Mortgagees should submit written extension requests to the M&M Contractor responsible for disposition of the property. Upon receipt, the M&M contractor will have five business days to approve the request, reject the request as lacking adequate documentation or deny the request. If the M&M Contractor rejects or denies the request for an extension of time, the Contractor will specify in writing the reason for the rejection or denial on Form HUD-50012.

If the Mortgagee has not received a response within five business days of receipt by the M&M Contractor, the Mortgagee may resubmit a copy of the request directly to the GTR. The GTR will have five business days from receipt, either to approve the request, reject the request as lacking adequate documentation or deny the request. If the GTR rejects or denies the request for an extension of time, the GTR will specify in writing the reason for the rejection or denial on Form HUD-50012.

If the GTR fails to respond to the request for an extension of time within five business days, the Mortgagee may contact the REO Director at the HOC with jurisdiction over the property and request an extension of time. The REO Director will make a determination to approve or deny. In instances where HUD's failure to respond caused the Mortgagee to exceed time limits, the REO Director will authorize a 30 day extension of time to allow for resolution of that issue. There is no appeal of extension requests beyond the REO Director.

In emergency situations, Mortgagees may fax their requests to the M&M Contractor's office, and confirm receipt of these requests by telephone. The local M&M Contractors office will respond to these emergency requests via fax if the Mortgagee so requests. Mortgagees are responsible for confirming receipt and legibility of all requests sent via fax.

ATTACHMENT 10 Mortgagee Appeal Process

If a Mortgagee has improperly conveyed a property or billed HUD for preservation and protection services that were either not performed or were not properly performed, the HUD GTR may authorize the M&M contractor to issue a Notice of Intent to Reconvey or a Demand Letter. HUD has established a two-stage appeal process for Mortgagee disputes arising from re-conveyance requests and demand letters. This process is designed to expedite resolution of disputes while providing enhanced Mortgagee protections.

I. STAGE 1 – Homeownership Center (HOC)

If a Mortgagee believes that the re-conveyance or demand decision issued by the GTR is not supported by regulation or circumstance, the lender may appeal to the REO Director at the HOC with appropriate jurisdiction.

The REO Director must receive a written appeal, within 15 business days from the date of the Notice of Intent to Reconvey or the Demand Letter. Appeals received after this date will not be accepted.

The REO Director will review and respond to the appeal within 15 business days from receipt. Communication will be via email or U.S. mail. If the appeal involves a cost to the Mortgagee of \$2,500 or less, the decision of the REO Director is final and further appeals will not be accepted. An M&M Contract Area map indicating the appropriate Homeownership Center is available on the HUD website (<http://www.hud.gov/offices/hsg/sfh/reo/mm/mminfo.cfm>).

II. STAGE 2 – Office of Single Family Asset Management

If a Mortgagee does not receive a response to their appeal within the timeframe noted, or if a Mortgagee believes that the decision of the REO Director is not supported by regulation or circumstance, and the appeal involves a cost to the Mortgagee in excess of \$2,500, the lender may appeal to the Director of the Office of Single Family Asset Management (SFAM) at the following address:

Department of Housing and Urban Development
National Servicing Center
Attn: CRC, Re-conveyance Appeals
301 Northwest Sixth Street, Suite 200
Oklahoma City, OK 73102

The appeal should be received in writing by SFAM within 15 business days of the REO Director's decision or 15 business days from the date the REO Director's response was due. Appeals received after this date will not be accepted. The SFAM Director or designee will review and respond to the appeal within 30 business days from receipt. Communication will be via email with concurrent written confirmation by U.S. mail. The decision of the SFAM Director is final and further appeals will not be accepted.

Notes From The Field

The following notes are items of interest gathered from around the country from various property preservation contractors. None of these notes are “official”. The notes, however, are “real world”.

- Missed timeframes can make the contractor liable for any damages that may have been caused due to not doing the work on the property within the required timeframe.
- Missed timeframes can effect insurance claims causing them to be denied.

abandoned, 1, 3

boarding, 2

convey, 2, 3

Convey, 4

Conveyance, 3

conveyed, 3

cost, 1, 2

damage, 4

Damage, 3

earthquake, 3

explosion, 3

fire, 3

Fire, 3

flood, 3

foreclosure, 3

hurricane, 3

M&M, 4

maximum securing limit, 1

Mold, 3

neglect, 3

non-surchargable,, 2

overallowable, 2

photographs, 2

pools, 2

receipts, 2

sump pump, 2

surchargable, 2, 4

surchargeable, 3, 4

Surchargeable, 3

tornado, 3

utilities, 2

vacant, 1, 3