



OFFICE OF HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

April 20, 2010

MORTGAGEE LETTER 2010-16

TO: ALL APPROVED MORTGAGEES

ATTENTION: Single Family Servicing Managers

SUBJECT: Introduction of the M&M III Mortgagee Compliance Manager (MCM) and the P260 Internet Portal

The purpose of this Mortgagee Letter is to describe the centralization of the mortgagee compliance process under the Management and Marketing (M&M III) contracting period, and introduce HUD's new on-line, web-based internet portal for mortgagees, P260. Additional information about the requirements and document submission pertaining to the protection and preservation of pre-conveyance foreclosures, title reviews and allowable costs will be provided in an upcoming Mortgagee Letter.

Effective Date of Mortgagee Letter

The effective date of the requirements for the Mortgagee Compliance Manager (MCM) and P260 Internet Portal presented in this Mortgagee Letter is **April 7, 2010**.

Centralization of Mortgagee Compliance

To better serve FHA's approved lenders and loan servicers, FHA has centralized and streamlined the mortgagee compliance process under one contractor. Additional information on the MCM, Michaelson, Conner and Boul, such as contact information, will be linked from the FHA Servicing Guidance Web page, which can be found at <http://www.hud.gov/offices/hsg/sfh/nsc/servguid.cfm>.

Under the current M&M contracts, lenders and loan servicers seeking to convey foreclosed properties to FHA had to interact with fourteen different M&M contractors. These contractors in turn were managed separately by FHA's four Homeownership Centers (HOCs). This structure inevitably led to the dissemination of inconsistent instructions and guidance from the M&M contractors and HOCs, which resulted in increased confusion and frustration among lenders and servicers.

The new mortgagee compliance structure will improve:

1. The mortgagee compliance process for lenders and servicers;
2. Communication between FHA and its mortgagees; and
3. The dissemination of information between parties.

The MCM will be responsible for pre-and-post conveyance activity, including:

- Verification and approval of reimbursable expenses for preservation and protection;
- Title reviews;
- Requests for time extensions;
- Inspection audits; and
- Ensuring conveyed properties meet FHA standards.

HUD's [National Servicing Center \(NSC\)](#) in Oklahoma City will be responsible for the direct oversight of the new MCM contract.

Introduction of P260 Internet Portal

With the consolidation of mortgagee compliance functions under one M&M III vendor, HUD would like to introduce the Department's new web-based, **P260 internet portal**. The P260 internet portal will eliminate the need for mortgagees to submit paper requests for pre-and-post conveyance activities to HUD, such as documenting property and preservation expenses and inspection reports. Under the current M&M contracts, lenders annually submitted approximately 300,000 pieces of paper to HUD via fax, mail and e-mail, including, but not limited to requests for approval of reimbursable expenses for preservation and protection, title documentation, requests for time extensions and requests to convey with surchargeable damage.

Under M&M III, all such documentation of mortgagee compliance with HUD's regulations and guidelines must be electronically scanned and uploaded to the web-based P260 portal, eliminating the time and expense associated with preparing, transmitting and receiving paper documents by mail and fax.

Online P260 training sessions have been scheduled by HUD for FHA mortgagees. Information about P260 training, as well as Portal User Guides and training videos, which recap the information provided through the online training Webinars, are all available online at: http://support.yardi.com/hudtraining_mm3_lenders.asp

For technical support concerning P260, please contact hudhelp@yardi.com or (805) 699-2053. Any questions about the web-based P260 internet portal, scheduled training, or the MCM contract should be directed to the HUD National Servicing Center at 888-297-8685.

Sincerely,

David H. Stevens
Assistant Secretary for Housing –
Federal Housing Commissioner