

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 for preservation and protection 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 (now PDF fillable)*. The Mortgagee must include documentation to substantiate the over-allowable expense with the request, including a line item bid for the individual work items to be performed. All requests to exceed cost limits should include amounts spent to-date on the property. The M&M can then determine if approval of the request exceeds the overall cap for the property and if those additional costs are feasible.

Mortgagees may mail, fax or e-mail their requests to the M&M Contractor's office. Receipt of faxed request should be confirmed by telephone. In the appropriate signature box(s) on the form, the mortgagee and the M&M contractor shall put the name and contact phone number of the individual authorized to act on behalf of the organization. An approved or denied copy of the request and supporting documentation must be maintained in the claim review file.

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 where two independent bids are mandatory, Mortgagees will not be asked to obtain a second bid for an over-allowable expense if the cost of the item or service is \$250.00 or less. There is no requirement for the Mortgagee to submit multiple bids for other expense types.

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.

Upon receipt of two competitive and independent bids for the same scope of work, M&M contractors may not deny bid approval or request a third bid, solely on the basis that the first and second bids are too close in price. Mortgagees should not submit bids that are far apart in price. When bids are too far apart in price Mortgagees must reconcile them prior to submission. If multiple bids are far apart in price the M&M may request a revised bid, a third bid or provide a not-to-exceed amount that would be acceptable for completion of the work. When a second bid is required, filed service companies or contractors may not submit second bids directly to the M&M contractor.

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. (See Attachment 10 for Appeal instructions) 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.