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CHAPTER 18. REVIEW OF AGED INVENTORY

SECTION I - POLICY

- 18-1 Policy. An annual review by Field Office staff of properties which have been in its inventory for longer than 24 months is an essential component in the protection of Departmental assets. In general, properties acquired by the Department are sold within less than 12 months from the date of acquisition. Each property represents a sizeable asset to the Department that must be protected to avoid potential fraud, waste, and mismanagement of HUD's funds.

SECTION II - INTERNAL CONTROL OBJECTIVES

- 18-2 General. Review the listing of properties in HUD's active inventory with an acquisition date 24 months or longer before the date of the review. The review ensures that HUD fulfills its fiscal responsibilities only for those properties it owns.

SECTION III - PROCEDURES FOR REVIEW OF AGED ACTIVE PROPERTIES

- 18-3 General. Field Offices are responsible for the annual review of the Aged Active Cases Report. This report is provided annually to Field Offices by the Office of Mortgage Insurance Accounting and Servicing (MIAS), Real Property Branch (RPB). It lists properties that have been in the active inventory for more than 24 months. Since the average time in inventory is usually less than 12 months, each of these cases should be reviewed to ensure it belongs in the active inventory.
- 18-4 Research Sources. Sources of information to complete the research include:
- A. The Single Family Accounting Management System (SAMS);
  - B. Field Office records, i.e., the property case file;
  - C. The Single Family Insurance System (SFIS or A43); and
  - D. Any retained Critical Path Processing System reports.
  - E. Additional assistance in completing this review is available from the RPB Desk Officer.
- 18-5 Annotate the Report. After completing the research, annotate the report as instructed in the following paragraphs.
- A. If the case belongs in the active inventory, annotate "active" in the space to the right of the "Ambcontr" column of the report.
  - B. If the case does not belong in the active inventory for the reasons listed below, follow the corresponding instructions,

including submission of required documentation, to have it removed.

1. Properties that have closed: If the property closed under another case number in SAMS, annotate "Sold, change case to (enter number)" in the space to the right of the "Ambcontr" column of the report. Required documentation: None.
2. Properties that have not closed in SAMS: If the sale of the property was never recorded in SAMS, annotate "Sold, HUD-1 attached" in the space to the right of the "Ambcontr" column of the report. Required documentation: Copy of the form HUD-1 and the wire transfer confirmation/official deposit receipt annotated with the case number.

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3. Properties which have been reconveyed: Annotate "Reconveyed, Quitclaim Deed attached" in the blank space to the right of the "Ambcontr" column. Required documentation: Copy of the Quitclaim Deed annotated with the case number.
4. No record of foreclosed Secretary-held note: Obtain the correct property address and a copy of the Mortgage Insurance Certificate (MIC), if available, from Loan Management staff and refer to paragraphs a. and b. below. If Loan Management has no record of the case, refer to the instructions provided in paragraph 7 for the next step in resolving the problem.
  - a. Search for the correct case number in A43: Using the confirmed property address, search for the correct case number in A43 and then refer to the appropriate paragraph below. Correct case number in A43:
    - (1) If the correct case number is active (Steps 1-9) in SAMS: Annotate "Active, change case no. to (enter number)" in the "Remarks" Column of the report.
    - (2) If the correct case number is closed (Step 10) in SAMS: Annotate "Closed, change case no. to (enter number)" in the "Remarks" Column of the report.
    - (3) If the correct case is not in SAMS: Establish the case number via the Update Initial Case Definition screen (CM DS C1) and refer to the

instructions provided in paragraph 1, 2, or 7 as appropriate, for the next step in resolving the problem.

- b. Correct case number not in A43: If a mortgage insurance certificate (MIC) is available, contact MIAS, Single Family Insurance Operations Branch, to request procedures for establishing a case number in A43. Once established, refer to the instructions provided in paragraph 1, 2, or 7, as appropriate, for the next step in resolving the problem. If you do not have the MIC, refer to the instructions provided in paragraph 7 for the next step in resolving the case.
5. Mortgage notes in the foreclosure process: If a custodial property has been returned to Loan Management, annotate the report as indicated below.
    - a. Cases sold to a third party during a sheriff's sale: Annotate "Third party sale" in the space to the right of the "Ambcontr" column.
    - b. Cases brought current by the mortgagor: Annotate "Brought current by mortgagor" in the space to the right of the "Ambcontr" column.
  6. Properties under the jurisdiction of another office: Call the office having jurisdiction for the area in which it is located and request they transfer the property to their inventory. Annotate "Transferred to (enter Office name)" in the space to the right of the "Ambcontr" column.

Note: Only the receiving office can transfer the case by using the "Change Entity Request" (CM DS CE) screen.
  7. No Field Office property records exist or records were destroyed: Check municipal government records to determine whether the property is currently deeded to HUD, i.e., a title search. Once research is completed, refer to the appropriate category listed below. Note: Prior to implementation of the model closing agent contract, HUD may not have required closing agents to record deeds following closing. Consequently, other actions, e.g., physical inspection of the property to

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determine occupancy, deed review, tax record review, etc., may be necessary to verify the findings of the title search. Consult with Field Counsel in determining appropriate actions/legal status of the property.

- a. HUD owned properties: Annotate "HUD owned, title doc. attached" in the space to the right of the "Ambcontr" column. Upon receipt of written notification, RPB staff will immediately return the case(s) to the active inventory. Required documentation: Copy of the document showing title conveyed to HUD.
- b. Sold properties: Annotate "sold on MM/DD/YY, title doc. attached" in the space to the right of the "Ambcontr" column. Required documentation: Copy of the document showing HUD's conveyance of the title.
- c. No record of HUD owning the property: Annotate "no record, title doc. attached" in the space to the right of the "Ambcontr" column. Required documentation: Provide MIAS, RPB, with a copy of the Abstract of Title, or other legal document from local government records, that shows title was never conveyed to HUD. Send the document to MIAS, RPB, as shown below.

18-6 Chief Property Officer's Certification. The certification provided as Appendix 38 must be signed and dated by the Chief Property Officer. Attach it to the annotated report along with any required documentation before forwarding the package to MIAS, RPB, Code HFMPR, for adjustment processing.