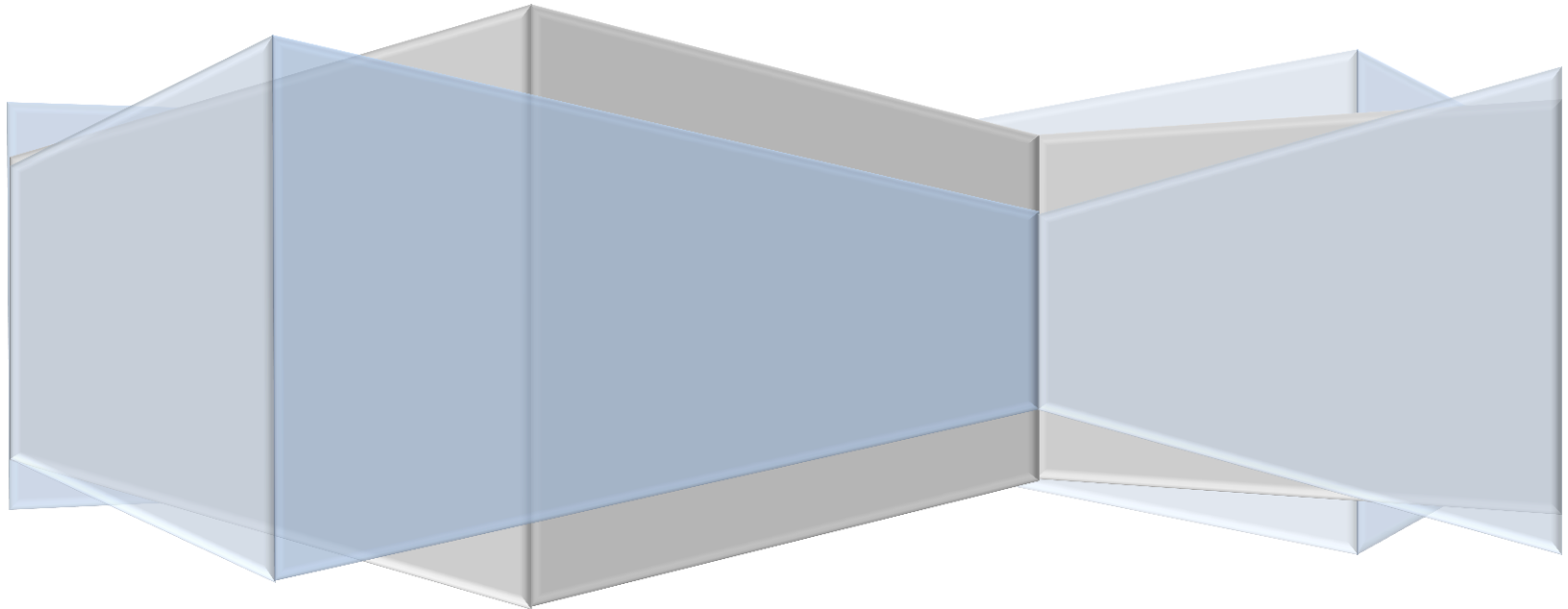


Mortgage Specialist Int'l LLC



Field Service is Our Field.
msionline.com

Property Preservation Manual



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Introduction

Welcome to Mortgage Specialist International LLC. Since MSI's founding in 1983, our company has striven to be the best field services provider in the industry. At MSI, we are proud of our long history and reputation for top notch customer service. We are pleased that you have joined our team and look forward to working with you.

At MSI, we create customized solutions to meet the needs of our clients. Our goal is to offer our customers any services they need in a prompt and efficient manner. As Field Representatives for MSI, we depend on you to be the eyes and ears for our company and to perform all tasks as quickly, accurately, and professionally as possible. Remember that every time you go out to the field you will be representing MSI. The quality of your work and conduct reflects directly on our company.

This manual is designed to assist all Field Representatives in their understanding of MSI's policies and procedures. The manual outlines the types of preservation services that we offer at MSI and provides instructions for completing all service projects, submitting invoices, and reporting preservation results. This manual does not discuss every unique circumstance that may arise in the field. While in the field, we ask that the Representative demonstrate good judgment and common sense. If you have questions or need clarification on a particular service, feel free to contact our office.

All Field Representatives are expected to comply and keep up to date with any conventional regulations or ordinances applying to their services, including Conv, FNMA, FHLMC, FHA, VA, HUD, and REO Guidelines, as well as any applicable Federal, State, or local Laws, Rules, Regulations, and Ordinances.

Please read this manual and contact your Property Specialist with any questions you may have.

Acknowledge of MSI Guidelines

All MSI Field Representatives are required to understand and comply with any investor regulations, such as Conv, FNMA, FHLMC, FHA, VA, HUD, and REO Guidelines, as well as MSI's company policies and local ordinances.

My signature below indicates that I have received MSI's Field Representative Inspections Manual and that I have read the entire document and understand that I am required to follow all of its procedures and guidelines. I understand that a background check may be performed.

I represent and warrant to MSI that my performance of all services will comply with all applicable Federal, State, or local Laws, Rules, Regulations, or Ordinances and, without limitation, shall not violate any laws or regulations governing Fair Lending, including without limitations the Fair Housing Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, The Fair Debt Collection Practices Act, the Community Reinvestment Act and all implementing regulations as well as all other applicable Federal, State, and local Laws, Rules, and Regulations Governing Fair Lending.

The Field Representative shall observe and comply with all specific State and local Laws, Rules, Regulations, Ordinances and Guidelines, including but not limited to those concerning: utility shutoff and connection; water meters; removal and storage of motor vehicles; vacant, occupied, or abandoned property, and; eviction and storage of personal property.

Signature: _____

Vendor Code: _____

Date: _____

Updates to Investor Guidelines

Concurrent with following all investor guidelines, MSI requires all Field Representatives be aware of and comply with any changes made to investor regulations, such as Conv, FNMA, FHLMC, FHA, VA, HUD, and REO Guidelines, as well as MSI's company policies and local ordinances.

Posted on the Infinity portal's homepage is the current Mortgagees Letter providing updates and consolidated property and preservation (P&P) guidance for foreclosed properties that have been secured by FHA-insured mortgages, and provides cross-references to the compliance requirements within HUD handbooks, regulations and current P&P guidelines. In addition, updated VA regulations, Fannie Mae regulations by state, NAMFS information and FHA Q&A documents are also provided on the Infinity portal's homepage.

For more information on HUD investor updates or guidelines please consult the HUD website at <http://www.hud.gov/offices/hsg/sfh/nsc/pandpml.cfm>.

Mutual Non-Disclosure Agreement

MSI and Field Representatives

THIS AGREEMENT (the "Agreement") governs the disclosure of information by and between MSI, and you as an Independent Field Representative, as of _____ (the "Effective Date").

Recitals

Both MSI and the Field Representative acknowledge and agree that they are parties to this Agreement. Each of the parties wishes to protect against unrestricted disclosure or damaging use of confidential and proprietary information. Each party may be referred to as the "Discloser" or the "Recipient" as applicable.

NOW, THEREFORE, the parties agree as follows:

- 1. Definitions:** As used in this Agreement. "Confidential Information" means all documents, materials, data and/or information, in whatever form, that relates to the provision of goods and services by Recipient to or on behalf of Discloser. Regardless of the relationship all information shall be kept confidential. The information shall remain confidential even after the working relationship between the two parties is terminated.
- 2. Use:** Each party agrees not to disclose to any third party Confidential Information except when approved in writing by the other party to this Agreement. Each party may use the Confidential Information of the other party only for purposes of performing services agreed upon between MSI and the Field Representative. Neither party will, at any time, use for its own benefit or for the benefit of any third party, any of the Confidential Information.
- 3. Disclosure Under Legal Process:** If either party becomes compelled by law to divulge any Confidential Information of the other party, the party receiving the order to divulge will notify the other party immediately in writing.
- 4. Disclosure to Agents:** "Agents" means each of the party's advisors, directors, officers, employees, contractors, attorneys, auditors, affiliated entities, or other agents. If either party chooses to disclose the Confidential Information to their respective agents, these agents are obligated to confidentiality by the terms of this agreement. Each party shall be responsible for their Agents' compliance with the terms and conditions of this Agreement.
- 5. Unauthorized Disclosure:** Each party must immediately notify the other in writing upon discovery of any loss or unauthorized disclosure of the Confidential Information of the other party.
- 6. Rights:** Both parties recognize and agree that any Confidential Information obtained can not be used in other jobs or business practices. All information obtained is limited to MSI business practices and services.
- 7. Customer Information:** Representative agrees to use Customer Information only and strictly as required for the performance of MSI's obligations under this Agreement. Representative will not duplicate or incorporate the Customer Information into its own records or databases and will only provide Customer Information within its own business on a "need to know" basis.
- 8. Term:** The Recipient's obligations under this Agreement shall survive termination of the Agreement between the parties and shall be binding upon the Recipient's heirs, successors, friends, acquaintances, partners, and assigns. Upon termination or expiration of this Agreement, each party will immediately cease using the other party's Confidential Information.

9. Miscellaneous:

- (a) This Agreement constitutes the entire agreement between the parties. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed by both parties.
- (b) If any provision of this Agreement is found by a proper authority to be unenforceable or invalid such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole. In such an event, the provision shall be changed and interpreted so the provision falls within the limits of applicable law.

10. Information Security: Both MSI and the Field Representative are responsible for maintaining all safety and security precautions in connection with the Confidential Information provided in this Agreement. Such precautions include but are not limited to; shredding documents, encrypting files, locking of files, securing of computers, etc.

This Mutual Non-Disclosure Agreement constitutes the full understanding between MSI and the Field Representative regarding confidential information.

MSI

By: _____

Printed: _____

Date: _____

Address: 500 Grapevine Hwy. Suite 400
Hurst, TX, 76054

Field Representative

By: _____

Printed: _____

Date: _____

Address: _____

Contractor Status

This manual does not create an employee/employer partnership or joint venture relationship between MSI and MSI's Field Representatives. It is the clear intent of both parties that every Field Representative shall remain an independent contractor and will not be deemed employees of MSI. Work load is awarded on an individual basis and is purely based on performance.

Field Representative Requirements and Tools

- General Liability Insurance with minimum coverage of \$1,000,000.
 - Fax or scan copy of current proof of insurance to MSI (for P&P Department only).
 - MSI will contact Representative whenever Insurance is about to expire.
- Verification of Workers' Compensation coverage.
 - For states where coverage is required by law.
 - If the state does not require your company to carry coverage, a signed waiver statement on your company letterhead must be provided that indicates the reason coverage is not necessary.
- Federal Taxpayer Identification number and Social Security Number.
 - If you work under a Federal Taxpayer Identification Number your company will be listed in our system under company name provided on your W-9.
 - If you are a sole proprietor working under your Social Security Number you will be listed by the full name provided on your W-9.
- Verifiable work history and reference list.
- Successful completion of the MSI Field Representative Qualification Questionnaire.
- General Information
 - Company and billing address
 - Cell Phone/Office Number
 - Voicemail
 - Email address
 - Fax machine
 - Primary contact
 - Owner name(s)
- Necessary equipment and tools needed to complete each on-site work order.
- Personal computer with internet access.
 - Internet Access—research download and upload capabilities Internet Browser Internet Explorer 6.0 or FireFox.
 - Java-Version 6.0 minimum.
- Digital camera

Nationwide Property Preservation & Management

MSI provides a comprehensive suite of products for the mortgage industry and maintains expertise and customer service for each one of our products. MSI provides the following services:

Property Preservation

- Winterization/De-Winterization
- Repair & Rehab/Hazard Remediation
- Cash For Keys
- Eviction Process
- Securing/Re-key & Lockbox
- Interior/Exterior Debris Removal
- Snow Removal Service
- Lawn Services
- Hazardous Waste Removal
- Window Boarding, Screening, or Replacement
- Pool Draining and Securing
- Fire Damage Repairs
- Roof Repairs/Replacement
- Property Rehab & Modeling
- Water Damage Repairs
- Ongoing Maintenance
- Personal Property Storage Conveyance Condition Work
- Vacant Property Registration

REO Related Services

- All preservation services available
- Interior/Exterior Trashout
- Biweekly Interior Inspection
- Marketing
- Listing
- Marketable Repairs
- Hazard Repairs
- Valuation
- Appraisal
- Utility Setup
- Maintenance of Accounts
- Maintenance of Accounting
- Direct Billing

As a Field Representative, you will be responsible for carrying out all of these procedures in a professional and timely manner. Please consult this manual for the proper protocol when performing any preservation related services.

MSI Property Preservation Contacts

MSI

500 Grapevine Hwy, Suite 400, Hurst, TX 76054

Front Desk: (817) 428-0000, Fax (817) 428-1100, Fax (800) 428-0055

Office Hours: Monday thru Friday 8am-5pm

For any questions, concerns, or clarification please contact MSI via email at PreservationVM@msionline.com

Office Policies and Protocol

Email

To ensure that all services are performed in an efficient and timely manner, make sure that all emails are sent to the correct department and email address. If you need clarification on any email addresses, please contact Vendor Management.

Fax

All faxes must be properly marked and directed to the correct department and contact. All faxes should:

- List the number of pages contained in the fax (if applicable).
- List the loan number and the work order number of the property.
- List the department to which the fax is directed, and use each department's dedicated fax line.
- Indicate the name, phone number, and fax number of the person to contact if all pages are not received.
- Use a cover page for each department if sending multiple faxes to several departments.

Main Office Fax Number: (817) 428-1100

MSI General Field Protocol

Field Representative Training

Prior to employment with MSI, all prospective Field Representatives are required to complete a questionnaire along with their application form to assess their qualifications. The questionnaire will review services and procedures relating to Inspections, Property and Preservation, REO and HUD/FHA Regulations. Please note that Field Representatives are only to complete the sections that relate to the services they will be providing. For example, if a Field Rep is only interested in performing preservation related services for MSI, then the Rep would only complete this portion of the quiz. Property Specialists are available to answer any questions and all Field Reps are encouraged to call with questions, preferably from location.

Industry changes and investor guideline updates are published on an ongoing basis on our website, MSIONLINE.

Professionalism

While on the job, please remember that all Field Representatives must conduct themselves in a professional manner at all times. MSI expects all Field Reps to work in accordance with the prior set work schedule and prohibits unprofessional activities such as smoking while at the property. Please be considerate of all occupants and neighbors while performing a work order and be respectful of the privacy of all occupants on the property. Only do what is necessary to fulfill the obligations of the service or work order. Please remember that while MSI realizes that much of the work our Field Reps do is considered "dirty work" it is still important for all Field Reps to remain fully clothed and dressed appropriately during all field services.

Cancellations

Throughout the day, MSI sends out cancellations that our clients have forwarded to us. Upon receipt of this list, please remove the cancelled requests from your records. If you have completed the work order prior to our cancellation, you must send the completed update to our office via MSIONLINE within 24 hours from receiving cancellation in order to receive payment.

Locating Properties

Every so often, a client may provide MSI with an outdated or incorrect address. This is a common mishap in the mortgage industry, and the same address may appear on subsequent orders every month. When this error occurs, we ask for our Field Representatives to alert their respective Property Specialist immediately for assistance. Usually our clients will have a legal description on file that will help locate the property. If the property still cannot be located, the Property Specialist will contact our client.

If you are having trouble locating a property, please exhaust all other efforts before calling our office, such as:

- Check with neighbors.
- Check with the post office.
- Check with the fire department.
- Check with the police department.
- Check with the tax assessors office.

Additionally, the following websites may be helpful if an improper address is given or a property is difficult to locate:

- www.mapquest.com
- www.maps.google.com
- www.usps.com
- www.melissadata.com
- www.searchbug.com
- www.zillow.com

Once the property is located, all proper contact information will be immediately updated by MSI.

If all the above efforts have been made and you are still unable to locate the property, please contact MSI prior to turning in as B/A.

When to Contact MSI

Please contact the office for additional instructions should any of these circumstances arise:

- You have a problem at the property which keeps you from completing your work or if a problem is found which is causing additional damages.
- Anytime you have a question/problem with an order (incorrect address etc.) or there is an emergency that requires immediate attention.
- Anytime there is a citation.
- Anytime the service instructions are unclear.
- client or work-order instructions state to call if certain issues are present.
 - Active roof leak
 - Water in the basement
 - Property unsecured

Photographic Documentation

MSI requires that all photographic documentation strictly adhere to the below requirements. Failure to follow MSI's photographic guidelines will result in non-payment for all services performed. MSI assumes no responsibility for lost, missing, damaged, or unclear photos and Field Representatives must be able to provide duplicate copies on request. MSI may terminate this contract and pursue possible legal action should the Field Representative alter or provide photos that misrepresent the work performed in each respective work order.

All photos taken on location should accurately demonstrate the condition of the property. Read and comply with all photo instructions outlined in the work order.

General guidelines with respect to photo documentation:

- Remember the saying: A picture is worth a thousand words. Your photographs are your documentation of your services AND the condition of the property. If there is a problem with the property, be sure to photograph it and document the problem on the condition report. Also, if there is personal property be sure to photograph it.
- All work orders require at least one photo of the front of the house/building and one showing the address of the property.
 - Both photos confirm that MSI was at the correct property.
 - These photos document abbreviated work orders such as occupied properties, service calls and trip charges.



Photo of front of the property



Photo of the Property's address.

- Two photos are required of each item of work performed.
 - One "Before" and one "After" photo, each being clearly marked as such.
 - Remember when taking "Before" and "After" photos, the After photo must be taken from the exact location and angle as the Before photo. Otherwise the client will be left wondering if the work was really completed.
 - Please note that certain services may require more than two photos
- All photos must be properly labeled. Failure to do so will result in non-payment.
- The photo, invoice and update must be submitted to MSI at the same time. This will result in quicker billing and more timely payment to the Field Rep.
- Photos MUST be submitted with a date stamp.
- Condition photos of the interior and exterior of the house or building are required. MSI recommends photographing the exterior of the house or building from the four corners of the property. For the interior, photographing each room (even if the room is empty) will properly document property condition.
- Make sure that all photos have a caption.
 - For example, Before grass cut/After grass cut.
- If installing a lockbox with a lock change, the "After" photo should show the new lock and lock box.
- When placing photos on the web please arrange the photos in logical work order sequence.
 - For example, a "Before" photo showing a broken window and an "After" photo showing the same window replaced.
- Photos must be submitted in color. If the photo submitted is unclear or cannot be submitted via the web, another photo must be taken. The Field Representative will not be paid for the second trip.
- The above instruction guidelines are general rules. Any additional photographic documentation or deviation from the above protocol will be noted on the individual work order.

Photographic Damages

If there is any kind of damage (roof leak, fire, vandalism etc.) we need photographic evidence to support the claim. For example, if we are going to give an eyeball estimate of \$10,000 in damages, one photo is not sufficient to support an estimate of this amount. Use your best judgment in providing photographic documentation of damages. If damages are present; photos must be taken to support the present condition of the property.

Property Preservation Services and Procedures

Overview

As a Field Representative for MSI, you are required to follow all specified guidelines, including all HUD, VA and investor regulations. FHA and VA will disallow payment to our clients if securing and maintenance is not performed to their specifications. You will be charged back for any disallowance issued. It is the Field Representative's responsibility to see that all specifications are followed per specific Investor and client guidelines.

Work orders will be issued by email on a daily basis and placed on the MSIONLINE website. If you are unable to complete and turn in a work order (including invoice and all required photos) before deadline, it is the Field Representative's responsibility to alert the Property Specialist immediately.

Preservation Work Order Requirements

All Field Representatives must provide bids and condition reports as well as update, invoice and load their photos to MSIONLINE's Database.

Trip Charges

When a Field Representative is unable to complete the service due to the property being occupied, minimal grass growth or the Rep is unable to complete work for the allowable, the Field Rep should document the service on the MSI website and provide photo support. After providing the required documentation the Rep may then submit an invoice for a Trip Charge. Trip Charges will be paid for on a bid by bid basis.

- Please note that MSI won't pay for bids to make bids. For example, if a Field Rep meets with an exterminator and the exterminator places a bid on how much it will cost to perform the service, the Field Rep may not bid on the prior bid made by the exterminator.
- If the bid is approved the trip charge will not be paid.

Estimates and Bids

Estimates

- Should be submitted at the time work cannot be completed for the allowable.
- There is no allowable for the work.
- client requires bid.
- Bids should be documented by:
 - Quantity
 - Price
 - Break out interior v. exterior debris
 - Break out health hazards per unit (i.e. gallons, drums, and tires)
 - Ensure paint, house hold chemicals are bid separately
 - All dimensions needed to be listed
 - * Grass cuts
 - * Window boarding/screening/or re-glazing
 - * Pools
 - * Tarping
 - * Roofing repairs

- Please note that the allowable for general property preservation maintenance services is \$2,500 per property. Should the Field Rep exceed the \$2,500 allowable, the Field Rep must submit a bid to HUD for approval.

Photos

- Photos must be submitted for all bids per HUD regulations.
- A bid cannot be considered or evaluated without supporting photos. If the photos submitted do not justify the services performed, MSI reserves the right to require the Field Rep to take additional photos at the Field Rep's own expense. Should the Field Rep fail to provide proper photographic documentation, MSI will not pay for a trip charge.

Excessive Bids

MSI relies on all of its Field Representatives to submit accurate and competitive bids. All bids must be reasonable and customary.

Itemized Estimates Procedure

Many of the estimates submitted to MSI are used for filing insurance claims. Properties may also be repaired based off the Field Rep's estimates so that the property may be put into convey condition.

Property damages are to be broken down by cause. HUD requires clients to repair any damages which HUD declares mortgagee neglect (not securing a property timely, not winterizing properly, etc.). Estimates are to be broken down into the following causes:

- Vandalism damages
- Freeze damages
- Structural damages
- Wind damages
- Roof leaks
- Water damages
- Fire/smoke damages
- Damages due to neglect

Additionally estimates must include all of the following:

- Estimates must be completed as accurately as possible. Remember if the client approves your estimate you will be expected to repair the property for that price.
- Estimates must be itemized and include room names, dimensions, locations, quantities and the cause of the damage.
- All itemized estimates must be emailed directly to the Property Specialist or the individual requesting the bid.
- Field Representatives should scan their bid on the web as an update and update bids online.
- These estimates are not to include repairs to "wear and tear" or borrower neglect.
- Sufficient photos must be taken to depict the damage at the property.

Locks and Securing

Specific instructions will be provided for each property the Field Representative visits. It is important for Field Reps to follow all guidelines to the letter as each client may require a different procedure in securing the property.

Under no circumstances may the Field Rep ever enter the property through the use of force. The use of pry bars will cause unnecessary damage and is prohibited. The Field Rep will be held fiscally responsible for any damage caused during the Field Rep's visit to the property.

Ensuring that the property is locked and secure is the primary concern. A secure property reduces the chances of potential problems (i.e. vandalism, squatters). Field Representatives must follow all appropriate guidelines for locks and securing procedure.

If the property cannot be secured for the allowable please call your Property Specialist from the site for immediate approval to continue the service.

Procedure

- There are two types of securing work orders.
 - Initial secure—This is the changing of one lock.
 - Final secure—This is the changing of all locks, if an initial secure was already completed use the same key code to change all other locks.
- Do not lock a property that is listed as For Sale unless instructed otherwise on the work order. Obtain the realtor's name and phone number and call MSI so that the client can be contacted for authorization. If you are unable to confirm that the For Sale sign is an active listing, then proceed to secure the property. The best way to tell if maintenance is being kept up is if the listing is active.
- Indicate the type of lock used and the location of the locked door on your update.
- Please lock and secure per requested lock codes.
- Make sure all locks are operable with a Master Key before leaving the property.
- Report any other securing of secondary doors, outbuildings etc.
- Report any roof tarping done or being bid.
- Report any re-glazing of windows done or being bid.
- Follow all appropriate HUD/VA Guidelines for your area unless instructed otherwise.
- If a property is found unsecured and no authorization to secure has been given, call from the site for immediate approval.
- If a property has a lockbox that you have removed to gain access, place it inside the property in a readily visible location. (For example, just inside the door or on a kitchen counter) Do not destroy lockboxes to gain entry into the property.
- Some clients require that combination lockboxes be installed (you will be notified of this requirement on the work order.) Billing information will be provided with each work order. A working key must be placed inside all lockboxes.

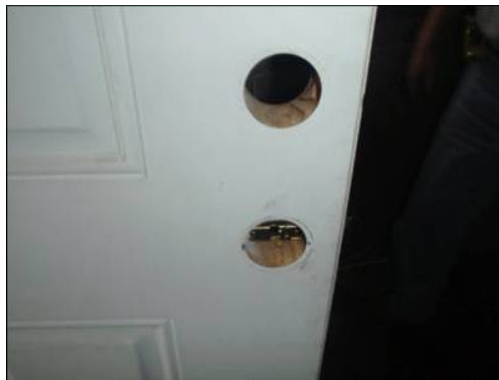
Photos

- "Before" photo showing old lock in place.
- "During" photo showing old lock removed.
- "After" photo showing new lock installed with key in the lock.
- Photos are required if any additional securing was done (such as slide bolt bracing of secondary doors.)
- A cover plate must be installed over all openings. It is never acceptable to put a sticker over the hole that is left there.
 - A photo of the deadbolt cover is required.

Example Lock Change



Before



During



During



After

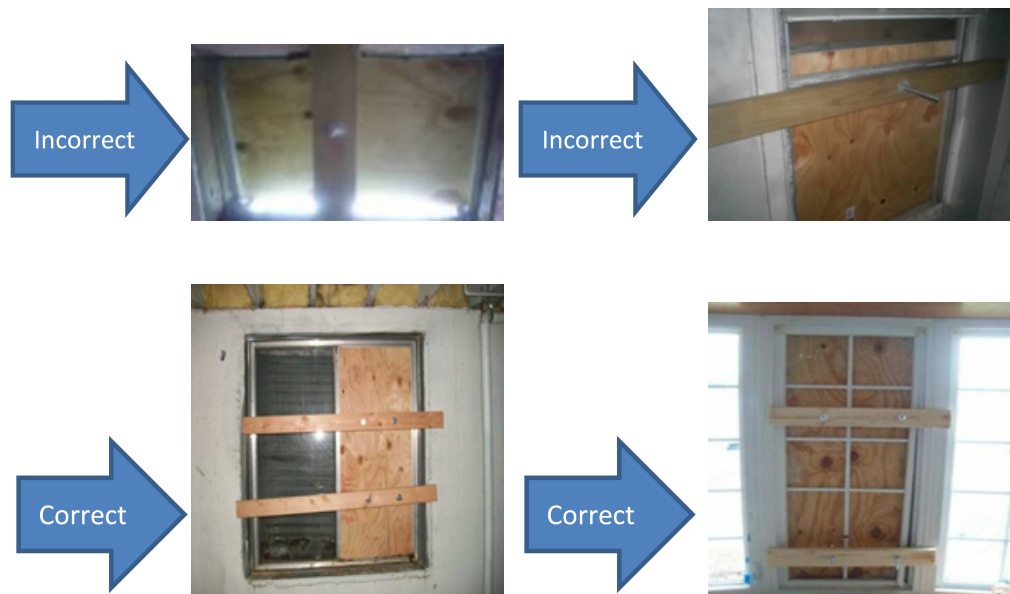
Broken Window Repair

Broken windows could allow for unwanted entry into the property and weather damage to the interior of the building. All broken windows must be boarded, screened or re-glazed. All three methods must be completed according to appropriate HUD/VA guidelines unless instructed otherwise. Field Representatives must follow all local codes and ordinances in regards to all procedures.

Boarding Procedure

- If the entire property has been boarded or screened, a minimum of 8 photos is required. In addition, each boarded window must have an interior photo taken showing the bolts secured to 2x4's across the frame.
- If individual windows have been boarded or screened, "Before" and "After" photos for each window are needed (2 photos). Additionally, each boarded window must have an interior photo taken showing the bolts secured to 2x4's across the frame.
- Boarding above the first floor is not necessary unless easy access is possible. Small openings which are too small for a person to pass through do not need to be boarded unless specified by client.
- Eliminate any health and safety hazard caused by any protruding bolts used to secure boarding and/or broken glass. Bolt should be cut short so as not to pose a safety hazard. Broken glass should be removed.

Window Boarding



Screening Procedure

- Follow the above Boarding requirements for Screening and Meshing.

Re-Glazing Procedure

The re-glazing of windows maintains the curb appeal of a property. Windows made of vinyl, aluminum and Plexi-glass cannot be re-glazed. When re-glazing a window is possible please follow these steps:

- It can be very difficult to determine a "Before" or "After" photo when replacing, repairing or re-glazing a broken window. To eliminate any confusion make sure to do the following in each "Before" and "After" photo:
 - Before photo–Please put a rag or hand in the broken window.
 - After Photo–Photo should show the window glass with a piece of masking tape or something on it to show that the glass was replaced.
- Window sizes and locations must be indicated on billing.

Example Window Re-Glazing



During



After

Winterization

Winterizations are performed to stop all damages associated with winter conditions. All winterizations must include a complete draining of all plumbing and heating systems, the use of air pressure to clear the system, and the addition of non-toxic anti-freeze to toilet bowls, tanks, and traps to prevent freezing.

There are four types of Winterization: **Dry, Steam, Radiant and Well Systems.**

Dry Winterization

This is performed on properties that are heated by gravity or forced air-heating systems. When identifying such a system look for the presence of a furnace and air vents in the walls, floors, ceilings and baseboards.

Procedure

- Turn off the power source to the hot water heater.
- If the water is on, flush all the toilets to make sure they are clean before beginning the winterization process.

- Shut off the water supply at the city water meter and then disconnect the pipe leading from the water meter into the house.
 - Some local guidelines may require that a water department employee disconnect the water meter. Check your local ordinances. If this is the case be sure to give them a call. It is the Field Rep's responsibility to report this information to MSI and the Rep will be held liable for any fines incurred for failure to comply with local ordinances.
 - Do not remove the water meter from the property unless city/county codes require that it be returned.
 - In most cases there is an additional water cutoff valve leading into the house. This valve must also be turned off so the water to the property cannot accidentally be turned back on.
 - There is always the risk that the water could be turned back on which would jeopardize the winterization. If possible, use a zip tie to hold the valve in the closed position.
- Drain the hot water heater.
 - Before beginning, make sure the water is not hot enough to burn you or surfaces it comes in contact with.
 - Hook a regular garden hose to the drain connection of the hot water heater, lead the hose outside into the yard or to a nearby drain that is lower than the cutoff valve of the tank.
 - The tank will not drain properly unless the entire hose is lower than the bottom of the hot water heater tank. Keep an eye on the draining process to avoid water spots on the floor. Be sure to start this process as early as possible because it could take a while to drain all the water out of the tank.
- Open all faucets and valves inside and outside the home.
 - This will allow the water to drain from the lower outlets and it will allow air into the upper outlets to prevent suction from forming inside the water lines.
- After all water has been drained from the lines use a compressor to blow the water out of the lines.
 - This process works best if you hook the air hose up to the washing machine faucets. You will need to blow out the lines for both the hot and cold water. This process will force any remaining water from the water lines.
 - Remember, even a tablespoon of water left in the lines could result in freeze damage.
- After all water is out of the lines, run a pressure test at 30psi to determine if leaks or breaks exist.
 - Close the valves and connect a pressure valve between your compressor and your washing machine line.
 - Pressure valve assembly can be easily put together using common items obtained from a typical hardware store. Pressure lines and gauges can also be purchased from supply companies such as MFS Supply (www.mfssupply.com).
 - Leave at about 30psi of pressure on the lines while performing the remaining steps.
- Pour environmentally friendly, non-toxic antifreeze into any drains, traps and tanks that could still be holding water.
 - DO NOT USE standard automobile antifreeze because it is toxic to humans, animals, and the environment.
 - Pour two cups of antifreeze into sinks, bathtubs, and the dishwasher.
 - Jacuzzi/whirlpool tub- Use a funnel to place a small amount of antifreeze in the jets.
 - Pour antifreeze in all toilet tanks and bowls.

- Affix tags (with date of winterization; name, address, and phone number of firm that performed work) to all winterized items.
- Properties with wells must be drained.
- Go back and check pressure gauges that you left attached to the washing machine line.
 - If it doesn't hold pressure it is possible that the property already has freeze damage.
 - Please document all such issues NOW.
- When complete place two final winterization stickers.
 - One on the beaker box.
 - One on the front door.

Stream Winterization

This is performed on properties that are heated by a steam heat system. When identifying such a system look for the presence of a steam boiler and radiators.



Steam Winterization Boiler

Procedure

- Complete all steps listed above for Dry Winterization.
- Determine if the system is operable and if there are any leaks. Report this information.
- Drain the boiler. All radiator vents are to be opened in the process and bleeder pins must not be removed from the radiators.

Radiant Winterization

This is performed on properties heated by a hot water heating system. When identifying such a system look for the presence of a hot water boiler, expansion tank, radiators or (copper) tubing in the floor, walls, and/or ceiling. System may also be referred to as a "wet system" or "hot water baseboard heat."



Radiant Winterization Baseboard



Radiant Winterization Boiler



Radiant Winterization RPZ Valve



Radiant Winterization Expansion Tank

Procedure

The following photos are required for each winterization:

- A photo of the hot water tank being drained with the MSI sticker in place.
- "Before" and "After" photos of water meter disconnected.
- "Before" and "After" photos of antifreeze being poured into all sinks, toilets and traps.
- Photos of any visible freeze damage.
- Photo of the sump pump (if applicable).
- Photo of water being blowing out of the lines. This photo must include air compressor and valve/lines hooked up and water being blown out.
- Photo of pressure guage reading at 30 psi.

If an additional unit or extra zones are winterized, additional photos are needed to support these charges:

- Additional photo requirements.
- Photos to support any visible freeze damage if found.
- Radiant winterization requires photo of boiler, RPZ valve and expansion tank if accessible.
- Steam winterizations require photos of the boiler. All photos of winterized items must show MSI winterization tags on all fixtures.

Draining the Hot Water Heater



Disconnection the Water Meter



Before



After

Antifreeze down the Sink



Before



After

Antifreeze in the Toilet Bowl



Before



During



After



Water blown out of Lines



Freeze Damage

Additional Billing Information

- Include the type of winterization performed. (dry, steam, or radiant).
- If a full winterization could not be completed, an explanation must be provided for on the update and billing. Any problems with winterization should also be indicated on the bill.

Well System Winterization

Should the Field Rep come into contact with a well system on a property requesting winterization, before doing anything else please contact your Property Specialist for proper instructions.

Debris Removal

MSI defines debris as the scattered remains of something broken or destroyed. This definition includes all wreckage, rubble, litter, waste, or other discarded materials found while at the property.

We understand that Field Representatives may find it difficult determining whether debris items at the property should be reported as interior or exterior debris. To eliminate such confusion, we offer the following definitions for exterior and interior debris. Please ensure that your updates and removal of debris items are consistent with these definitions.

Interior/Exterior Debris Removal

Interior Debris—Any debris items located within the main building of the property or in a secure outbuilding, including areas such as attached/detached garages, attics, basements, sheds and crawl spaces.

Exterior Debris—Any debris items located outside of the main building (in the yard, car port, on a porch or deck that is not enclosed, etc.) or in an insecure outbuilding (the presence of missing doors/windows or missing locks on doors prevent the building from being secure) that does not provide direct access to the main building, that can be seen from the street, or create the possibility of a citation is considered exterior debris.

Additionally, MSI offers these definitions to help clarify Debris Removal requirements and procedures:

Personal Property—Property which can include any asset other than real estate. All personal property is movable, meaning it is not fixed permanently into one location like real estate (i.e. land or buildings). The guidelines for personal property removal are determined by the investor and state/local governments.

Large Appliance Removal—Examples of large appliances include refrigerators, washing machines, dryers and ranges. HUD determines specific allowable prices for the removal of large appliances. Large appliances can only be removed on FHA loans that have a final condition line.

Hazardous Material—Debris items that are or can become a hazard. Most hazardous materials require a special disposal method. Examples of hazardous materials include but are not limited to raw garbage, broken glass, chemicals, feces, car batteries, tires, oil, gasoline, dead animals, spray paint cans, varnish, wood preservatives, latex, oil based paints, propane tanks, fire extinguishers, etc. If HUD regulations are followed, paint has to be in excess of 5 gallons to be considered hazardous.

If you have any questions about these definitions, please contact your Property Specialist.

Procedure

- Personal property must never be removed prior to conveyance. When bidding or removing personal property you must provide a list of items and their approximate value.
 - Personal property can only be removed if approval is granted by HUD, the items are part of an eviction, or the work order specifically states to remove all personal property items.
- Follow all HUD Guidelines for removal of Health Hazards & Debris, unless the work order instructs otherwise.
- Never remove interior debris unless one of the following conditions applies:
 - Constitutes a health or safety hazard.
 - Required by law enforcement to be removed as part of an eviction.
 - Cannot be classified as personal property.
 - Causes or may cause the issuance of a code violation.

- Property violations for interior/exterior debris, if unable to remove within the allowable and/or work order specifications, require a bid to be submitted for removal.
- When reporting debris, hazards, or personals, specify a description and location.
- All applicable Federal, State and Local environmental laws apply.
- Debris must be removed according to the cubic yard measurement of 3'x3'x3'. Four cubic yards fit into a standard size truck bed.
- If bidding on any type of debris removal, the bid must include cubic yard measurements, price per unit, bid amount and description of debris. For personal property the bid must also include approximate value.
- A dump receipt is required for all debris removed whether per bid or not. The receipt should include the following:
 - Date of dumping.
 - Property address from which debris was removed from.
 - The number of cubic yards.
 - A description of the debris removed.
 - Means of disposal.
 - Contact Information of the disposal company picking up debris, including the name, address and phone number of the facility used.
- Requesting the dump fee receipt.
 - Supply the true dump fee receipt.
 - If you have a dumpster, please supply that receipt to us.
 - This request is to help us and provide security to our contractors. If something does get dumped, we will have the proof to back the contractor's statement.
- The disposal fee must be included in a bid to remove and store personals.
- Field Reps are to remove health hazards presale only if they pose a threat of infestation.

Photos

- Take "Before" photos of debris at the property. Minimize the amount of photos taken as much as possible by showing the entire room with debris, not just areas certain areas.
- Take "Before" photos showing debris in its prior location, and "After" photos showing debris removed from the same area.
- Additionally, a "Before" and an "After" photo of the Field Representative's full truckload or dumpster load must be submitted.
- If you are removing health hazards, if possible, take a "Before" photo of the health hazard in a pile, and then take an "After" photo of the health hazard removed.
- Common household chemicals should be reported and photographed. Bids must be submitted for removal.
- If the debris can cause a citation or you are trying to show personal property to support a recommendation for eviction, take the necessary photos to support.

Call your Property Specialist if you have any questions regarding debris, personal property or health hazard removal.

Exterior Debris Removal



Before



After



Dumpster Load

Interior Debris Removal



Before



After

Exterminating

Under normal circumstances MSI preservation Field Reps are expected to perform onsite extermination services for all of our clients. Exterminations rid the property of pests such as fleas, roaches, termites, rodents, bees, flies, wasp etc. In certain situations a licensed exterminator may be required. To order a licensed exterminator you must submit an actual estimate from the licensed company.

- When the extermination is completed by a licensed company, a receipt from that company is needed to prove that they performed the service.
- When billing for extermination, photographic documentation is required. You can take photos showing the actual exterminator performing the service with his/her equipment. If using store bought chemicals, take a photograph showing the chemicals placed in the house and the number of cans/bait used.
- A licensed extermination fee may be billed at no discount, plus trip charge unless other work has been completed. If other work has been completed then no trip charge will be accessed.

Utility Orders

Utility Orders for transfer/turn on are necessary to ensure that:

- Properties convey on time (Certain states require that the utilities be transferred into Mortgagee's name).
- Wet winterizations are completed per HUD Regulations.
- Properties do not freeze pending completion of winterization.
- Sump Pumps are operational.

On your update, please provide the name and phone number of the utility company along with the account number registered to the property.

After the utility company has informed you that utilities have been transferred into the Mortgagee's name and have been turned on, verify this by checking the property. If the property has a sump pump, please ensure that the utilities are on and the sump pump is operational.

Yard Maintenance

Grass Cuts

Yard Maintenance/Grass Cuts include the following services:

- Mowing the lawn.
- Removal of clippings and debris.
- Sweeping all paved areas.
- Raking up all grass and leaves.

MSI Grass Cut Requirements

- Cut to a maximum of two inches high.
- Cut to the edge of the property line.
- Bushes, trees, hedges and planting beds are to be trimmed. Field Reps will trim around the foundations of the property as well.

Procedure

Field Representatives will perform all grass cuts per the instructions below:

- It is the Property Specialist's responsibility to schedule grass cuts for the Field Reps on their grass cut list.
- An initial grass cut work order will be emailed to you. MSI's system automatically schedules grass cuts 14 days from the previous cut, whether it is an initial cut or a re-cut.
- In order to receive payment for any grass cuts, photos of the lot, the size of the lot, and the height of the grass must be included in each bid. Please include any additional information as needed to justify the bid.
- Cancellations during grass cut season are emailed on an individual basis. If the canceled property continues to show up on your open grass cut list, please contact MSI so that our records can be corrected.
- Re-cut bids must be submitted with initial cut bids.
- An update must be submitted for all grass cuts, both initial and re-cuts, via MSIONLINE. The lot size must be included for each property.
- Field Reps must note if the property is secured, unsecured or damaged. When bidding the initial cut due to an oversized lot, a re-cut bid must also be submitted at the same time; otherwise it will be assumed that a re-cut can be completed for the normal re-cut price.

To facilitate accurate and timely reporting of conveyance condition, we require that each FHA post-sale grass cut work order include a property condition check and a statement informing whether the property is in conveyance condition. The conveyance condition and property condition status must be reported on all grass cut updates. If the property is found not to be in conveyance condition, you must state why and submit bids to put property in conveyance condition.

If you have any questions regarding these policies, please contact your Property Specialist.

Photos

- "Before" and "After" pictures of the front yard and "Before" and "After" of the backyard are required. All grass clippings should be removed from the yard and paved areas.
- To support an oversized lot charge, more photos may be required, but try to minimize the number of photos by stepping back to get more of the lot in the photo.
- If grass does not need cutting due to limited growth, we still require photos showing the limited growth but we will only need 2 photos maximum, one of the front yard and one of the backyard. If the grass cannot be cut because the property is occupied or is being maintained by another party, we still need photos of the front of the house showing the address.
- Hedge trimming requires "Before" and "After" photos showing the clippings removed.
- We will not be able to pay you for a grass cut performed if any of the photos show the ground is covered in snow.

Grass Cut Front Yard



Before



After

Grass Cut Backyard



Before



After

Snow Removal

Snow removal is to be completed per appropriate FHA/VA Guidelines for your area unless instructed otherwise. Follow all instructions on work orders.

Snow Removal Photos

- Before and After photos should be submitted of sidewalks and driveways

General Repair and Rehab

Water Damage

The walls, floors and ceilings of all levels of the home are to be inspected for any signs of water damage and visible mold. The following are conditions that increase the potential for mold and mildew to develop:

- Floods
- Roof leaks
- Broken or damaged water pipes
- Inoperable sump pumps
- Water in the basement
- Groundwater infiltration including condensation/dampness on walls

Procedure

Any water damage is to be reported and should include the following information:

- The specific location of the damage.
- Dimensions of the damage.
- The cause or source of the water damage (roof leak, flooded basement, etc.).
- A bid to correct the cause/source of water damage.
- Photos.

Any visible mold is to be reported and should include the following information:

- The specific location of the mold.
- Dimensions of the mold.
- The cause or source of the mold (roof leak, flooded basement, etc.).
- Approximate time mold has been present.
- A bid to correct the cause/source of mold.
- A detailed bid to address the mold, including proposed methodology (bleach & Kilz, abatement, testing, remove, etc). Please note that it is expected of the Field Rep to get a professional to bid on mold removal.

Photos

- One or more "Before" photos indicating the extent of the damage (most likely will need more than one).
- One or more "Before" photos illustrating the source or cause of the damage.
- One or more "After" photos showing repairs and/or services done by the Field Rep to resolve the problem.
 - Example: Before photo of mold, After photo of the same area once the mold has been removed.

Please remember not to report flood damage when you mean water damage. While water damage will be covered under the homeowner's insurance policy, if a property is reported as suffering from flood damage is not in a flood zone, there is no insurance coverage given.

Pumping Water

Sometimes water leaks or damages cause a significant amount of water to flood the basement or crawlspace areas of a building. To prevent further damage, Field Representatives may be asked to pump water out of the property.

Procedure for placing bids

- Include the size of the basement/crawlspace and the depth of the water.
- Indicate if underwater debris is present or if this cannot be determined.
- Indicate if the utilities are on or off.

Photos

- "Before" photos clearly indicating the depth of water needing to be pumped.
- "After" photos showing all the water removed from the area.



Before



After

Sump Pumps

Please contact MSI on work orders where a sump pump is present.

If a sump pump is present please determine:

- The pump's location.
- The status of the electricity.
 - If the electricity is on, please verify that the sump pump is operational. If it is not operational, submit a bid to repair and/or replace.
 - If the electricity is off, check the work order instructions for information regarding transfer of electricity services into mortgagee's name. If you are unable to transfer the utilities notify MSI when updating the work order and include the utility company's name and phone number.

For FHA loans, Field Reps are provided with a \$250 allowable to repair or install a sump pump unit. If you are unable to repair/install the sump pump for this allowable please bid per the procedures outlined below.

Procedure

- The sump pump should be submersible.
- Plumbing should be hooked up properly to a drainage pipe intended for sump pit drainage and not a sewer line.
- Sump pumps should have a vertical action float and not a tethered float.
- It is sometimes necessary to dig a well and install a crock in which to place a sump pump. This should be completed in a professional manner and in accordance with proper plumbing procedures.
- Installation of a check valve should be included on the dispersal piping at the time the sump pump and/or crock is installed.
- Some cities codes or local ordinances require a battery backup or alarm to prevent overflow. These requirements should be noted in the work order results and a bid should be provided for installation.

Bids

- Must bid for installation of a new sump pump.
- Must include the gallons per minute pumping rate.
- Must include the installation of a crock, if applicable.
- Must include the installation of overflow prevention devices, if applicable.

Photos

- "Before" and "After" photos displaying proper plumbing for evacuation of water from the property.
- "Before" and "After" photos clearly showing the inside of the crock.

Installation of Sump Pump



Before



After

Replacing Sump Pump



Before



After

Hot Water Tanks

From time to time the Field Rep may need to replace a hot water tank as part of a property preservation work order. Field Representatives are to bid for the purchase and installation of a hot water heater.

Minimum Standards

- Hot water tanks must have no less than a 40 gallon capacity unless an "on demand" model is installed.
- All water heaters must be properly hooked into both water lines and heating source.
- All water heaters must be installed according to local codes and ordinances.

Overflow Protection

In certain areas, local codes or ordinances require that overflow protection devices be installed on new hot water heaters. There are several possible products that prevent flooding induced by hot water heater failure. If required by local ordinances, bids should be provided for the following items when installing standard tank-style hot water heaters:

- Drain pan.

- If applicable, the plumbing installation from the drain pan into sump pump crock.
- Electronic overflow alarms.
- Automated water supply shutoff devices.

Bids

- The holding capacity and heat source of the hot water tank.
- Indicate if conversion from one heat source to another is required.
- Include plumbing and heating hook-up when needed.
- When necessary, include bids for installation of overflow protection devices.

Photos

- "Before" photo showing the old hot water tank.
- "After" photo showing the newly installed hot water tank, including the correct plumbing and heating source hook-up.



Before



After

Pools and Hot Tubs

Several of the properties we service contain pools and/or hot tubs. Both pools and hot tubs require several types of services to maintain their current value and to prevent them from becoming a health hazard for the community. These services include securing, cleaning, draining, shocking, winterizing and boarding.

Procedures

Reporting

- Report the type of pool present (if it is above-ground, in-ground, if a hot tub is present).
 - If pool is above ground is there a good structure (meaning a deck) surrounding the pool?
- Indicate if the pool is open or gated.
- Confirm the condition of the pool.

Securing

- Many areas require that pools be gated.
- If the pool or hot tub area is gated, secure the pool area by installing a padlock.

- Remove any damaged fencing and bid to replace as necessary.
- Cover the pool or hot tub if existing cover is present and sufficient enough to prevent people from falling in.

Draining and Cleaning

- In-ground pools and above-ground pools in good condition with supporting deck and/or structures should be drained leaving at least 4 feet of water in the deep end.
- All trash must be removed and chlorine should be added and circulated through the remaining water.
- Pools in areas where local regulations prohibit draining should be secured per the above guidelines.



Before



During



During



After

Shocking

- If a pool turns green (an obvious indicator of algae growth) a client may request that a shocking agent be used to kill the growth.



Before



During



During

Removal

- For any above-ground pools in poor condition the Field Rep should bid to remove the pool and to correct the remaining depression.

Winterizing

- Before beginning winterization procedure ensure that your water chemistry is balanced including your pH, total alkalinity and calcium hardness. Please use a winterizing chemical kit.
- Isolate and drain all pumps and filters.
- Cover the pool to keep out debris.
- Some areas may require that pools be winterized during specific timeframes.
- Fees for winterizing swimming pools are not included in the HUD maximum allowable limit per property and must be bid.

Boarding

- Boarding must be completed in cases where pools cannot be secured using an existing cover.
- Boarding requirements vary by region and are included within HUD guidelines.



Before



During



After

Bidding

- A bid to board a pool must include the pool's dimensions (specified by its length, width and depth.)
- A bid to drain and clean a pool must include the dimensions of the pool and a breakdown of the materials to be used and the allotted timeframe required to complete the service.
- Bids to secure a pool should indicate the type of padlock to be used.
- Bids to shock a pool should provide the dimensions of the pool and the amount of chemicals required.

Photos

- Should include Before, During and After photos of all pool and hot tub services listed above.

Roofing

The four main roofing services that we offer include tarping, sealing, patching and replacing. These services are necessary to stop roof leaks and prevent water damage. A property cannot have an active roof leak, being out at the property you need to determine if the leak is active. If the leak is not active then just state the damage that has been caused. If the leak is active then bid to tarp, patch and replace. Bids for patching and replacement are required when providing bids to tarp.

Procedures

Tarping

- Tarping is considered a temporary repair. Please provide a bid for a permanent repair especially for FHA properties as they are not able to be conveyed if tarped for greater than 30 days.
- Only blue poly type tarps should be used to complete an order to tarp. Use of other materials is not acceptable and may result in further damage and chargeback for work performed.
- Tarps must be installed over the pitch of the roof to prevent leaks from occurring after installation.
- Tarps should be secured with wooden strips around the perimeter and at downward angles across the roof deck. Use of bricks or similar items to hold down a tarp is not acceptable and could cause further damage to the home.



Before



After

Sealing

- Roof sealing involves the use of tar to remedy leaks or repair damaged areas.
- Tar can be used on roof seams, screw holes, flashing or an entire roof.



Before



After

Patching

- Patching involves the use of typical roofing materials (felt paper, shingles, etc.) to repair damages within a small affected area of the roof.
- All shingles used for patching must match the current shingle type and the color of the property.

Replacing



Before



After

- When roofs are damaged beyond repair, the mortgagee will request a bid to replace the entire roof.
- If you are not qualified to replace an entire roof a professional in the industry may be consulted for a bid.
- When providing a bid to replace a roof it should be itemized to break down the material to be used, the method of roofing and the associated labor cost.

For FHA loans, Field Reps are provided with a \$400 allowable to complete both temporary and permanent roofing repairs. If tarping cannot be completed for this allowable, provide bids to tarp. If completing temporary repairs per the allowable, provide bids to complete patching and replacement of the affected area.



Before



After

Bids

- All bids to tarp, seal, patch and replace must include the specific dimensions of the affected area.
- The area of the roof that is being tarped, patched or replaced should be specified in the work order.
- Include a bid to tarp if work cannot be completed for the allowable.
- Include a bid to seal or patch.
- If applicable, include a bid to replace.
- All bids to seal, patch or replace should include specific information regarding the type of roofing material to be used, such as shingles, decking, drip edge and felt types.
- All bids to patch or replace should denote if a tear off or overlay method will be used.

Photos

- "Before" and "After" photos for all types of roof services are required.

Drywall/Sheetrock Installation

Certain conditions with regards to the structure of the property may require the installation of new drywall. MSI requires that drywall be installed according to industry standards.

- All material used must be for the stated purpose of drywall or sheetrock installation.
- Joints must be taped.
- Three coats of joint compound must be applied in a manner to minimize sanding.

Bids

- Provide the dimensions of the affected area.
- Indicate if current drywall/sheetrock must be removed prior to installation.
- Include the location of the area requiring drywall/sheetrock installation.
- Indicate the thickness of drywall/sheetrock being used.

Photos

- "Before" and "After" photo/s showing the affected area during drywall installation.



Before



During



During



During



After

Handrails/Railings

Procedure

- Handrails and railings should be installed on the interior or exterior of the home:
 - If a handrail or railing was once present and has been removed.
 - If there are more than three risers and the stairs are open on both sides.
 - If the absence of a railing poses a safety hazard.
 - If the current handrail/railing is unstable.
- Any material used to create the handrail/railing must be for the specific purpose of creating a handrail or railing.
- If the handrail/railing is installed on the exterior of the home, it should be made of exterior grade wood and should be painted in an exterior grade paint or stain that is complimentary to the home.
- Please place a bid for all handrail/railing repair services.
- Per HUD handrails are not a conveyance issue unless a handrail has been removed.

Bids

- Must be bid in linear feet.
- Must include the location of installation.
- Must include painting and/or staining cost.
- The Field Rep may not bid for the installation of items not intended for use as a handrail (for example using a 2X4 for the newly installed handrail).

Photos

- A "Before" photo of the area before the handrail has been installed.
- An "After" photo of the area after handrail installation



Before



After

Capping Electrical Outlets/Wires

Exposed wires and open electrical outlets are a safety hazard to anyone entering the property. Field Reps must address the following issues:

- All exposed wires must be capped.
- Open outlets must be covered with outlet covers.
- Open switches must be covered with switch plates.

Please note that the use of tape or wood to cover either of these openings and cap the wires is unacceptable. Bids

- Include the location of all wires to be capped and outlets to be covered.

Photos

- "Before" and "After" photos of all wires to be capped by accepted materials.
- "Before" and "After" photos of outlets to be covered.



Before



After



After

Janitorial Services

In order to get a property ready to be put on the market or to be put in marketable condition, our clients will often order a janitorial to improve the appeal of the property to potential buyers.

Procedure

When submitting a bid to perform janitorial work orders, please be sure to provide the approximate square footage of the house, the number of bedrooms and bathrooms on the property, and if there are any appliances and exceptional items present.

The following is a list of all services offered by MSI as part of a Janitorial:

- Check the batteries in the smoke detectors and replace if need be.
- Check all light bulbs, light fixtures, switches and outlet covers. Replace each if need be.
- Check for air fresheners.
- Dust all heating and air conditioning vents. Check the thermostat.
- Check the baseboards, door trim and windows trim.
- Remove all hooks and nails from the walls.
- Make sure to wipe down and clean all windows, glass doors and mirrors.
- Ensure that all the walls are wiped down and clean.
- Clean all sinks, toilets, bath tubs, showers and faucets.
- Clean the stove, dishwasher and refrigerator and remove all items in these appliances.
- Check if a fireplace is present. If so, please clean.
- Remove all hangers and any other items from the closet.
- Check the closets or other storage areas for HVAC units, water heaters, etc.
- Check enclosed garage floor and walls for items that need to be removed.
- Dust and remove all items from cabinets, drawers, built-in shelves and counters.
- Remove cobwebs from the corners, ceilings, etc.
- Make sure the floors are swept, mopped and vacuumed.
- Make a door advertisement.
- Check the basement and/or attic if applicable for debris.

Hazard Claims

Allow Access

The following procedures must be completed within 24 hours of receiving a work order to provide access to an insurance adjuster or other individual as requested.

Procedure

- Make contact with the adjuster to schedule a time to meet at the property. If a message is left, document your attempts to contact the adjuster on our system.
- Access is to be given within 48 hours of receiving the work order. Once an appointment has been scheduled contact the MSI representative that sent you the work order to provide an update on the date and time of the appointment.
- The final update and invoice must be posted within 24 hours of the appointment. Include one photo of the front of the property.
- Please ensure that all requested key codes and/or locks box codes are used and documented.

Insurance Repair

Our aim is to repair properties for the insurance funds available. It is crucial for MSI Field Representatives to be able to verify the scope of the damages to the property and then be able to complete the needed repairs. If you do not feel qualified to complete the work order received please contact our office immediately.

Procedure

- The Insurance Repair work order form is designed to be used as a fill in the blank form that can be emailed back to MSI as the update. Be sure to complete this form in its entirety.
- You must list and bid all property preservation issues at the property (i.e. repairs, debris removal etc.) that will need to be addressed to convey the property.
- If the adjuster's estimate is not reflective of the claimable damages, you must provide an itemized list of the damages not addressed and the cost to repair each item.
- You may be required to meet the adjuster at the property to review damages and negotiate the price to repair.
- Insurance Repair work orders also request a bottom line bid to convey. A separate bid must be included to place the property solely in convey condition.

Damages

While at the property it is essential that the Field Representative submit detailed reporting of all property damage. Many of the estimates submitted to MSI are used by mortgage companies for the purpose of filing insurance claims for vandalism, theft and storm damages. Properties may also be repaired per Field Rep estimates for the purpose of putting the property into conveyance condition.

HUD requires clients to repair damages caused by mortgagee neglect (not securing a property, failure to correctly winterize the property, not repairing a roof which continues to cause damages, etc.) or the big six damages (fire, flood, hurricane, earthquake, tornado and boiler explosion. Estimates need to be broken down by line item.

Please note that non-surchageable repairs (repairs for damages not caused by the big six or mortgagee neglect) done for over the \$1,500 allowable require that the Field Rep submit a bid to HUD for approval.

In reporting damage, it is essential to state the type of damage including home owner or mortgagee neglect. Field Reps are always required to provide an "eyeball estimate" of the amount of damage and the source of the damage. For example, the Field Rep would indicate if there was an "active water leak in the 1st floor bathroom" and would produce photos illustrating the damage.

When filing a property hazard claim, our clients must file the claim consistent with the terms and conditions of the insurance policy currently in force. Most industry policies require the claimant to identify the cause of the damage claimed for coverage under the policy.

Our clients therefore need us to provide them with detailed updates regarding the cause of any property damage we report. Should failure to submit required information on your initial update call for MSI to follow-up with you to obtain the information, the filing of the insurance claim will be delayed for at least that follow-up time. Such delays can ultimately have a negative effect on the client's recovery for the loss. Your cooperation and accuracy in reporting property damage reduces the amount of time spent tracking down information and helps our clients to promptly address important property issues.

Remember that in all cases where a property has sustained damage, MSI needs a date of loss (date that the damage occurred) or a date of discovery of the damage so that our client can promptly file an insurance claim.

Whenever you are reporting fire damage it is crucial that you report the date of loss and send to us a copy of the fire report. This information will allow the client to report the claim to the carrier and assure the carrier that the fire report is on its way. Your comprehensive fire reports allow us to quickly provide our clients with all the information they need to initiate the filing of claims.

The Field Rep is subject to all company penalties and procedures for work orders or services not completed by deadline.

Evictions

The Field Representative must stay on the property for the duration of the eviction.

It is the Field Representative's duty to represent MSI and to ensure that the eviction is completed properly and in accordance with the sheriff's instructions and state laws. Eviction notices will be emailed with as much advanced notice as possible. The work order will contain all pertinent information including the sheriff and attorney's contact name and phone number; the sheriff's requirements; and request for maintenance work.

When performing an eviction, please remember to do the following:

- You MUST call MSI to confirm receipt of the request and that you will be able to attend the scheduled eviction.
- Please contact the Sheriff's office for assurance on local laws.
- FHA loans require an occupancy inspection 72 hours prior to eviction.
- You are required to remain at the property for the entire eviction when a certified moving company is performing the work. Document the number of men and the duration of time it takes to complete the eviction.

All eviction updates must be called in the day of the eviction per Sheriff's instructions.

Procedure

- The move out of all materials is to be performed per the sheriff's guidelines. An assessment of interior and exterior debris is needed.
 - If debris removal is within the HUD allowable, the debris is to be removed.
 - MSI is to be notified of the amount of cubic yards of debris at the property; however, it is strongly recommended that a flat bid be submitted.
- Bid to remove, store and/or dispose of personal property.
- If a return trip to the property is required to remove remaining personal property from the curb, a sheriff requirement form must be signed by the sheriff.
- A partial update must be called in on the day of the eviction. The update must include the following:
 - Completed lock change.
 - The Field Rep must meet the Sheriff.
 - All personals must be moved to the curb or stored per the Sheriff's instructions.
- If personals are moved to storage, you must provide:
 - An inventory list.
 - Approximate value of personals.
 - Name and address of storage facility.
- If there is a problem at the time of eviction; i.e., sheriff did not show up, you must call MSI from the property so we can notify the client or attorney before you leave.
- If the property is not in conveyance condition, you are required to provide a list of what is needed to put the property in conveyance condition.
- If additional work is done in accordance with the sheriff's instructions, you must contact MSI from the property.

- The eviction form must be completed by the Field Rep.

Photos

- A photo of personals moved to the street/curb.
- A photo of the eviction crew and moving van in front of the property. The photo must indicate the number of men and the size of the truck (whether it is a certified moving company or a moving crew mandated by the sheriff).
- A photo of the filled moving van, trailers or trucks and the crew.
- A photo of the sheriff or sheriff's vehicle.
- If debris is removed as part of the eviction, "Before" and "After" photos of the debris are required.
- A photo of remaining debris.
- If this is a two day eviction, the Field Rep will need to have both days photos:
 - Day 1–Furniture in the house to the curb.
 - Day 2–Furniture from the curb to the trucks, trailers etc.

Additional Billing Information

- Move out personals to the curb. The Field Rep should charge at an hourly rate.
- If a sheriff has required us to return and remove debris from the curb, then the debris removed from the curb and subsequent disposal can be billed by cubic yards.
- If the eviction is cancelled at the property, we may only charge a maximum total of 1 hour labor.
- The pre-eviction inspection that is ordered must be done and updated to MSI on the due date. Payment will be issued for this inspection. Our clients will not pay for results received after the date the pre-inspection was completed.

Legal Issues in the Field

City Citations

Work orders pertaining to city citations are to be followed according to specified instructions. In some cases, you will be asked to complete all work necessary to satisfy a city citation without bidding first. Other times, you will be asked to give an estimate to satisfy a city citation. Either way, the work order should indicate what work is needed to satisfy the city citation and copies of the actual citation must accompany your work order as well as all photos to support work completed or bid. If you have any questions on the city citation, you may call our office for instructions. However, it may be necessary to call the city inspector for specific guidelines.

Work orders for city citations are issued on a Rush basis and need to be completed by the due date. Certain situations may call for a meeting at the property with the city inspector. When the city issues a citation, they give the mortgage company a set amount of time to complete the service. If the city issues a fine because the work was not completed on time, you will be held accountable for the fine.

If you go to a property and find a city code violation posted, send a copy of the citation to MSI with your update and include a bid to satisfy the city citation. DO NOT remove the original posted citation or demolition orders.

Always call the city inspector to say that we are working to correct the problem.

Firearms and Illegal Substances

If you encounter weapons or ammunition while performing an inspection on a property, immediately call MSI so that we may contact the client to see how they would prefer to address the situation. In some cases local law enforcement should be contacted immediately to inquire how they would like you to handle the removal of these items. The process varies depending on the jurisdiction in which the property is located. Some areas require such items to be removed by the authorities; other areas require us to report the items to the client before storing them so there is a record. Other areas advise us to leave them in the home and to report the items to the client as personals. In all scenarios, it is required to report the contact name and phone number at the police department and to document your conversation with the authorities under the comments section.

If upon arrival at a property should you encounter law enforcement officials, reasonably cooperate with their request and contact your Property Specialist for further instructions.

Legal Complaints

On occasion, complaints may be received from mortgagors. MSI makes no judgments or assumptions on any complaint received until the company has conducted a thorough investigation.

For any complaint filed, it is necessary for the Field Representative to respond and inform MSI of the complaint within 24 hours to allow MSI the time to provide updates to clients in a timely manner. It is the expectation of MSI that all Field Representatives will be truthful and accurate in their response to mortgagor complaints.

Any information the Field Representative provides will be reviewed by MSI as part of the investigation. Each and every claim made by a mortgagor, a client, or the local authorities is thoroughly examined by MSI. Should MSI be contacted by the local authorities, we may provide the Field Representative's contact information so that any necessary correspondence can occur directly between the Field Representative and the proper authorities.

There may be times when a Field Rep encounters a mortgagor, family member or visitor of the mortgagor, or a neighbor while at a property. It is imperative that any interactions with a mortgagor, neighbor or any

other person be relayed immediately via MSIONLINE. Any interactions that are negative, threatening or confrontational should be communicated by phone directly to your Property Specialist.

The Field Representative shall always notify MSI in the form of a written statement of any damages done to the property or to any other adjacent property when performing work. Communication of this information should never come first from a client's complaint. By hearing about it from the Field Representative first, MSI will be able to proactively address and resolve the situation.

Payment

Invoice Protocol

It is the Field Representative's responsibility to ensure all invoices/photos are submitted to MSIONLINE by the due date posted on the work order. When invoicing MSI, the Field Representative must bill according to FHA/VA regulations or client pricing unless otherwise instructed. When submitting invoices please make sure that:

- All work is completed per the work order instructions.
- Photos justify work completed, bids/estimates, and/or reported damage.
- Description of work completed corresponds with line item pricing.

Any work order that is rejected for additional information should be addressed within 24 hours. If the additional information is not received and/or clarified, MSI will take alternative action in obtaining the requested information. This could result in loss of compensation for the work order, reassignment and reduced work flow.

Please note that MSI does not compensate for photographs of preservation related services.

The Field Rep is subject to all company penalties and procedures for work orders or services not completed by deadline.

Invoice Payment Time frames

Effective October 2013, MSI is modifying our vendor payment policy. The revised policy is as follows:

- Check runs are every other Friday.
- Payment schedule is 45 days from invoice processing date.
 - **Note:** There will be a delay in payment if, supporting documentation and photos are not received with the vendor invoice(s) or, if there are incomplete parts of the documentation. The 45 days will start the day of MSI invoicing. To ensure timely payment, send all completed documentation and photos with your vendor invoice(s).

Any payment disputes the Field Representative may have, should be emailed to vendorbilling@msionline.com within 60 days from the pay date.

Preservation Discount

When a Field Representative is first contracted by MSI, the Field Rep agrees to give MSI a discount percentage rate. The discount rate is a set percentage taken off the total charges for all work completed by the Field Representative. As of 2009 the current discount percentage rate for all MSI Field Reps is 25%. So for example:

Debris Removal	\$50.00
25% Discount Charge	<u>\$12.50</u>
Net Pay	<u>\$37.50</u>

- It is the Field Reps responsibility to ensure that all invoices are submitted within 24 hours of completion of the work order.
- MSI reserves the right to zero bill if the invoice is not received in the proper timeframe.
- Please follow the property preservation work, photo and invoicing procedures outlined in this manual.
- Please contact MSI if you have any questions in regards to work protocol.

Property Preservation Invoice Timeframes

MSI Field Representatives are expected to complete all Property Preservation work orders within 3 days. MSI understands that from time to time extenuating circumstances may occur which keep you from being able to complete a work order within the scheduled timeframe (such as hurricanes, extreme blizzards, wide spread flooding, etc). When this happens, you must notify MSI immediately and document the website with comments. Failure to notify MSI in advance of the delay in work will result in the following penalty schedule:

- If received back at MSI within +6 days, there will be a 5% penalty.
- If received back at MSI after 7-9 days, there will be a 10% penalty.
- If received back at MSI after 10-13 days, there will be a 20% penalty.

The Field Representative agrees that if he or she neglects to perform a service on time to be paid for it, the Field Rep will still complete and return all reports with the understanding that the client needs such services completed to conduct business. Exemptions can be made in certain cases, but it is the responsibility of the representative to contact and alert MSI of such extenuating circumstances.

Quality Assurance

MSI has several areas of your process that will be reviewed and audited for accuracy and timeliness. Our expectation is 92% accuracy, but we want all of our Field Reps to strive for 100% Total Accuracy.

MSI will be reviewing and auditing the following items:

- Work completion/Billing
 - Was work completed per the work order?
 - Was work charged correctly?
 - Is there before and after photos of all work invoiced?
- Bid
 - Do photos support line items on bid?
 - Was the bid completed per work order instructions?
 - Is the bid reasonably priced? MSB software is used to check pricing
- Turn times
 - Was work completed within 3-5 days?
 - Was work returned to MSI by the completion date?

Please refer to the example on the following page:

Vendor	Total Loans	Billing Total Audited	Billing Accurate	Billing Errors	Billing Accuracy	Bid Total Audited	Bid Accurate	Bid Errors	Bid Accuracy
Test	3	2	2	0	100.00%	1	0	1	0.00%
Test	3	2	2	0	100.00%	1	1	0	100.00%
Vendor	Total Audited	Total Accurate	N/A	Total Accuracy	Vendor Completed on Time	Completion Compliance	Vendor Returned on Time		
Test	3	2	1	66.67%	2	66.67%	2		
Test	3	3	0	100.00%	3	100.00%	3		
Vendor	Returned Compliance	Team Billed w/in 24 hrs	Team timeliness						
Test	66.67%	2	66.67%						
Test	100.00%	3	100.00%						

Performance Management

Field Quality Control Protocol

The Vendor Manager along with your Regional Vendor Supervisor for your state will review the quality of all services rendered by the Field Reps. Should a deficiency be found, there will be a review and we will contact you via email or phone to discuss.

Charge Back Penalties

When preservation errors or damages occur due to the Field Representative's failure to follow client or investor guidelines, the Field Rep will be held financially liable for all deficiencies incurred. The Field Rep will be charged for deficiencies resulting directly from any services the Field Rep performed or failed to perform. The charge will include:

- The amount that would have been invoiced to the client.
- Any additional cost MSI incurs to resolve the problem.

Should an outstanding work order be assigned to another Field Representative, the deficiency will be cleared at the expense of the Field Rep originally assigned to the job.

Escalator Matrix

Should the Field Rep be the subject of repeated deficiency reports and violations in service, the Field Rep will be penalized according to the below Escalator Matrix:

Escalator Matrix	
First deficiency violations	Retraining and Financial Penalties*
Three deficiency violations, poor turn times, poor documentation of work, poor communication	Coverage Area Reduction and Financial Penalties*
Continued deficiency violations, poor turn times, poor documentation of work, poor communication	Work Reduction, Coverage Area Reduction and Financial Penalties*
If problems persist the Rep could be put on probation at the discretion of the Property Specialist	Probation Status**, Work Reduction, Coverage Area Reduction and Financial Penalties*
If integrity issues are present or if the above problems persist while the Rep is on probation, a combination of the Property Specialist, Line Managers and Vendor Manager will decide if termination is appropriate.	Immediate Termination and Financial Penalties*

*Financial Penalties include any late fees and chargebacks assessed to the Field Rep.

**Probation status is a 30 day period in which the Field Rep must demonstrate that he or she is able to meet assigned turn times and correct the deficiencies in service that resulted in the Rep being placed on probation. The Reps performance will be evaluated by the Property Specialist, Line Managers and the Vendor Manager. If the Field Rep meets these requirements during probation, the Field Rep will be taken off probation status at the end of the 30 day period. If it is decided that the Field Rep has not met expectations during probation status, the Field Rep will be terminated.

Incentives

Should the Field Rep demonstrate superior service and continually meet turn time requirements, the Field Rep will be awarded by an increase in work volume and coverage area. In addition, the Field Rep will be eligible to receive Preferred Vendor Status.

Thank you once again for your interest in MSI! Should any questions arise about a particular service or if you are unclear about the instructions of a work order, please do not hesitate to contact MSI and your Property Specialist. If you have any questions in regards to this manual, please contact our office for clarification.

Here at MSI, we are proud of our reputation for top notch customer service. Our commitment to the industry is second to none and we expect all of our Field Representatives to demonstrate this commitment every time they are out in the field. We are pleased that you have joined our team and look forward to working with you in the future.

Sincerely,

MSI Management Team
500 Grapevine Hwy. Suite 400
Hurst, TX 76054
www.msionline.com

Revision Date	Revision Author	Revision #	Ticket Association
4/1/2011	Sam Mortazavi	1.0.0	
7/27/2012	Ronak Patel	2.0.0	COMP - 18
8/30/2012	Ronak Patel	2.1.0	COMP - 30
10/16/2012	Ronak Patel	2.2.0	Comp - 51
10/16/2012	Ronak Patel	2.3.0	KNOW - 42
3/20/2013	Ronak Patel	2.4.0	KNOW - 60
5/2/2013	KaTrena Moore	2.5.0	KNOW - 106
9/18/2013	William Barrick	2.6.0	KNOW - 222