



Eastern Lenders Association

FHA UPDATE FROM THE
**Office of
Healthcare
Programs**

March 7, 2018

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FHA'S HEALTHCARE PORTFOLIO



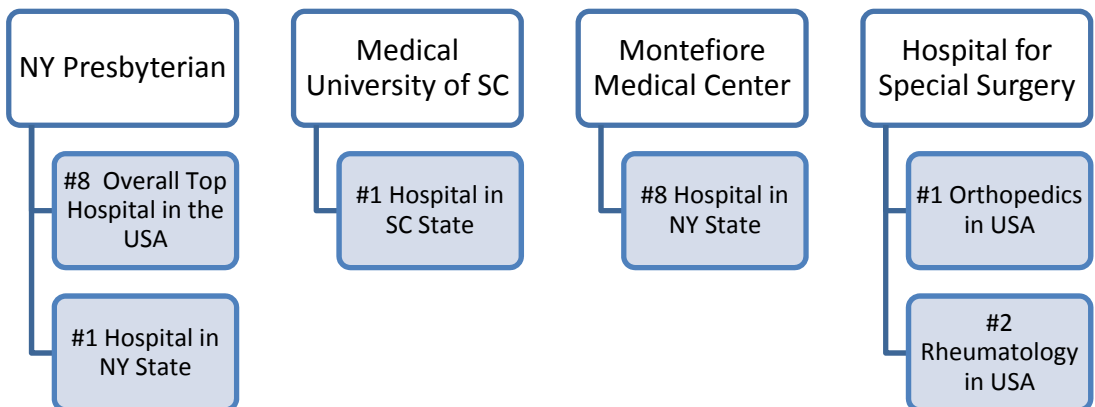
Exterior of Stillwater Hospital (242)
Columbus, MT

- **OHP manages FHA's portfolio of 3,620 loans with an unpaid principal balance of \$34.6 billion (as of 12/31/17)**
- **The programs operate at no cost to the taxpayer**
 - **FHA's healthcare portfolio maintains negative credit subsidy rates (returning receipts to the U.S. Treasury)**

U.S. NEWS AND WORLD REPORT

- **2017-18 Rankings**

- 4 FHA hospitals are Nationally Ranked



- 8 FHA hospitals are High Performing

Albany Medical Center Albany, NY	Capital Health Medical Center Hopewell, NJ	Englewood Hospital Englewood, NJ	Kaleida Health Buffalo, NY
Maimonides Medical Center Brooklyn, NY	New York Hospital Queens Flushing, NY	St. Luke's-Roosevelt Hospital Center New York, NY	University of New Mexico Albuquerque, NM

ACHIEVING RESULTS BY REACHING OUT

- **Ongoing Collaborations**

- With mortgage bankers
- With Offices of Multifamily, Risk Management, Community Planning and Development
- With State Agencies
- With HHS, CMS, Dept. of Agriculture, Dept. of Justice, Dept. of Treasury, EPA

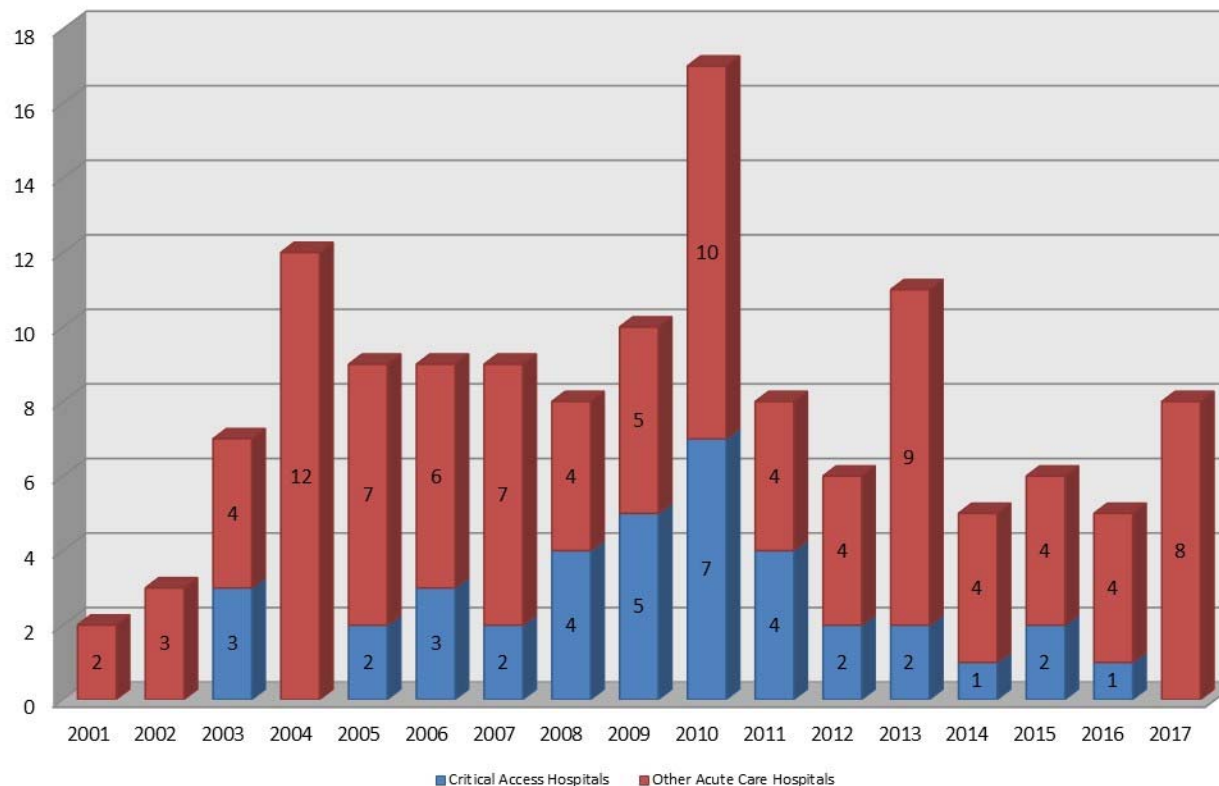


- **Establishing New Collaborations**

- With the American Hospital Association, American Health Care Association, and others

SECTION 242 PROGRAM

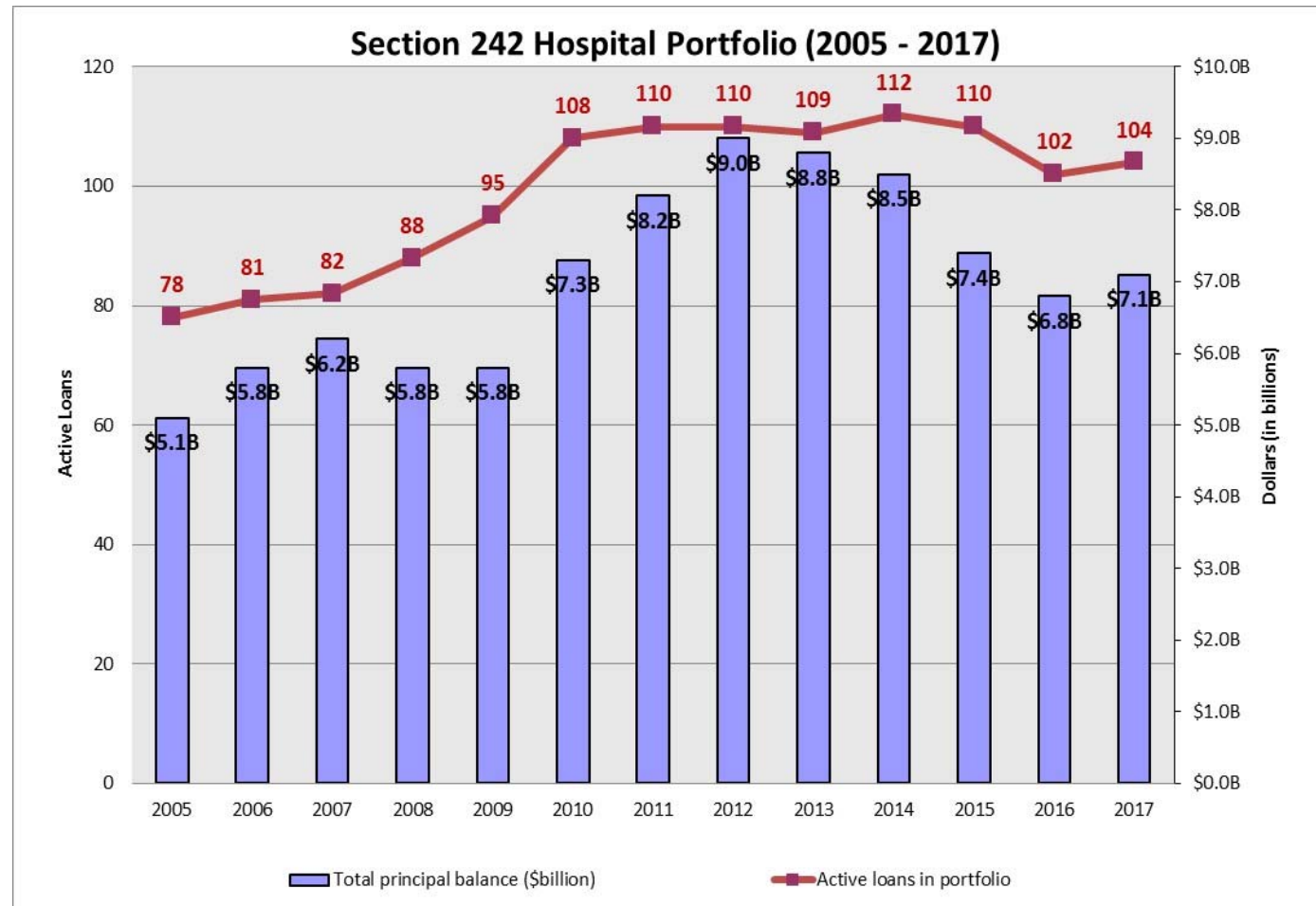
Section 242 Mortgage Insurance Commitments
FY2001 - FY2017



- Since 1968, approximately **\$20 billion** in insurance commitments have been issued for hospital projects
- OHF issues on average **8 commitments/year** (over past 14 years)
- Average loan size is approximately **\$70 million** for a hospital

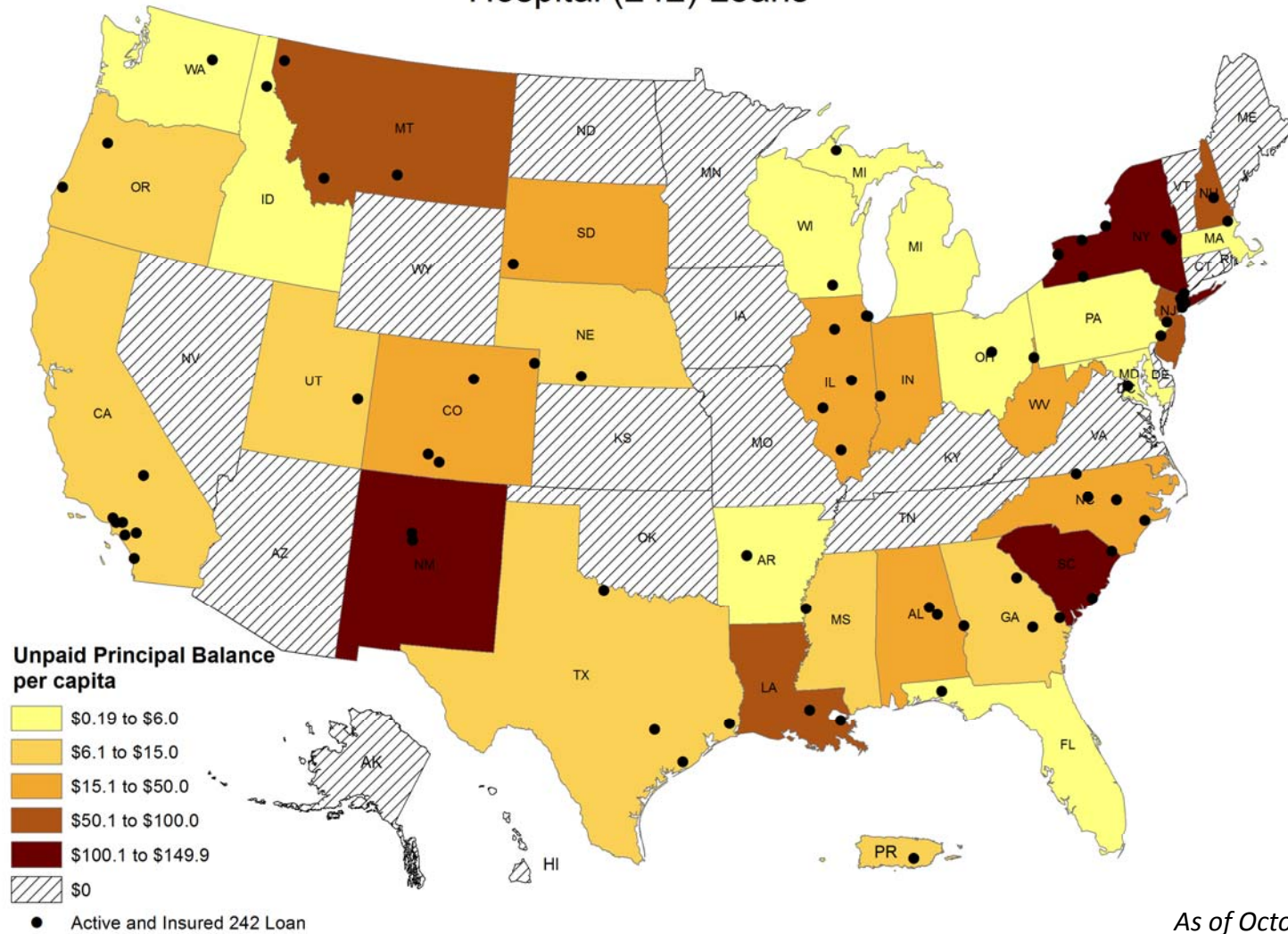
CURRENT 242 PORTFOLIO

- **73 hospitals** presently in the insured 242 portfolio, totaling **104 active loans**
- **\$7.1 billion** in unpaid principal balances (UPB) in the current 242 portfolio
- Facilities located in **31 states** and Puerto Rico



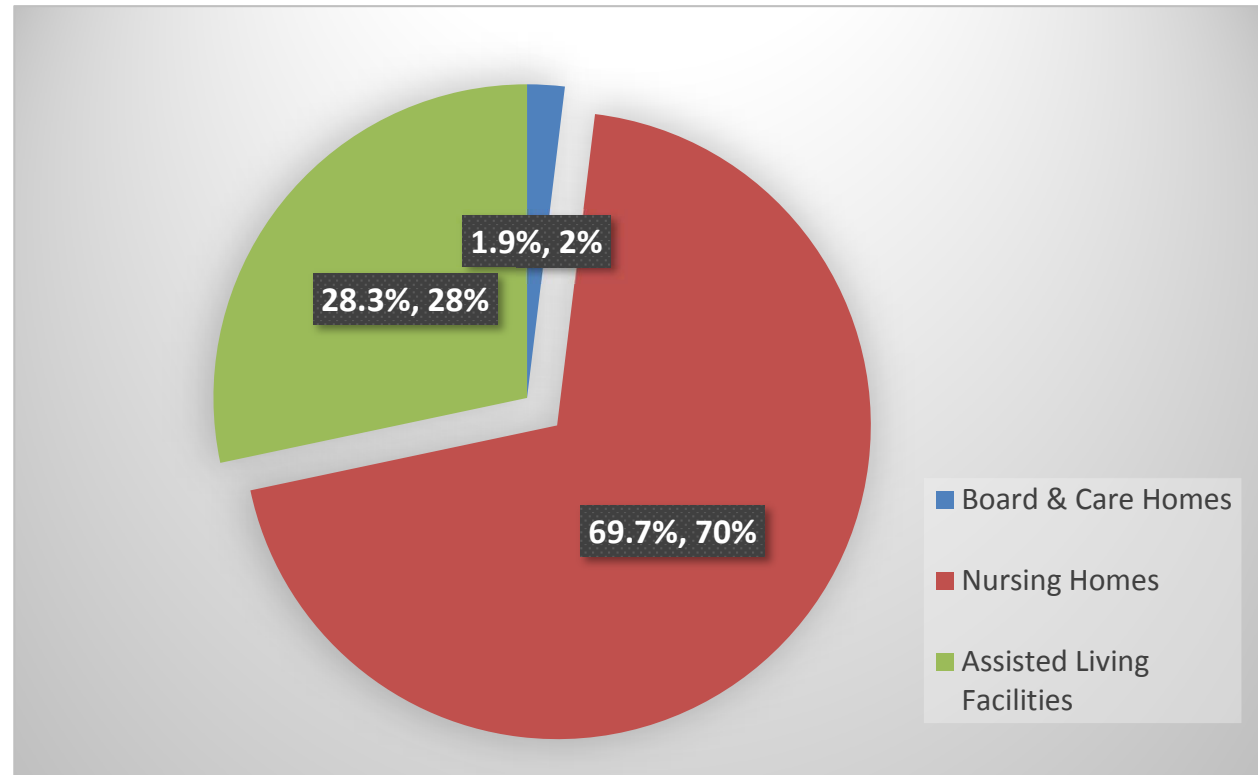
Statistics based on data as of FYE17

Hospital (242) Loans



SECTION 232 PROGRAM

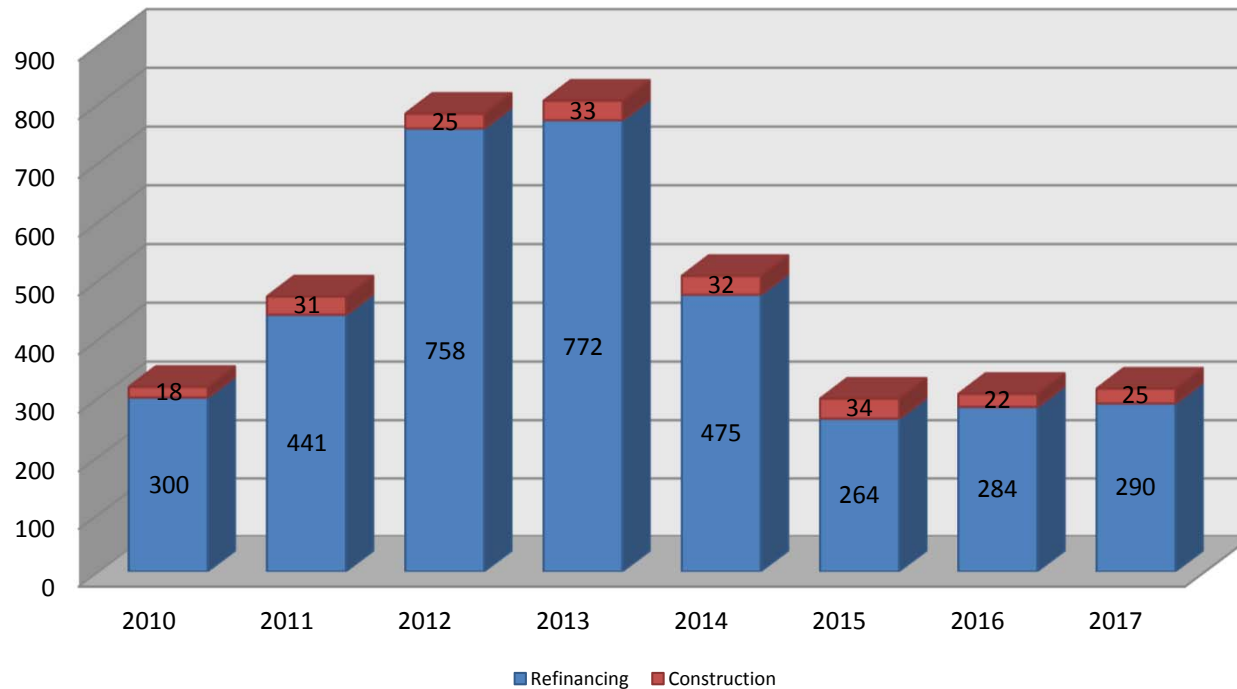
- Over **3,500 loans** insured under this program
- Over **3,350 facilities** located in all 50 states and the District of Columbia
- Over **\$27.6 billion** in insured mortgages



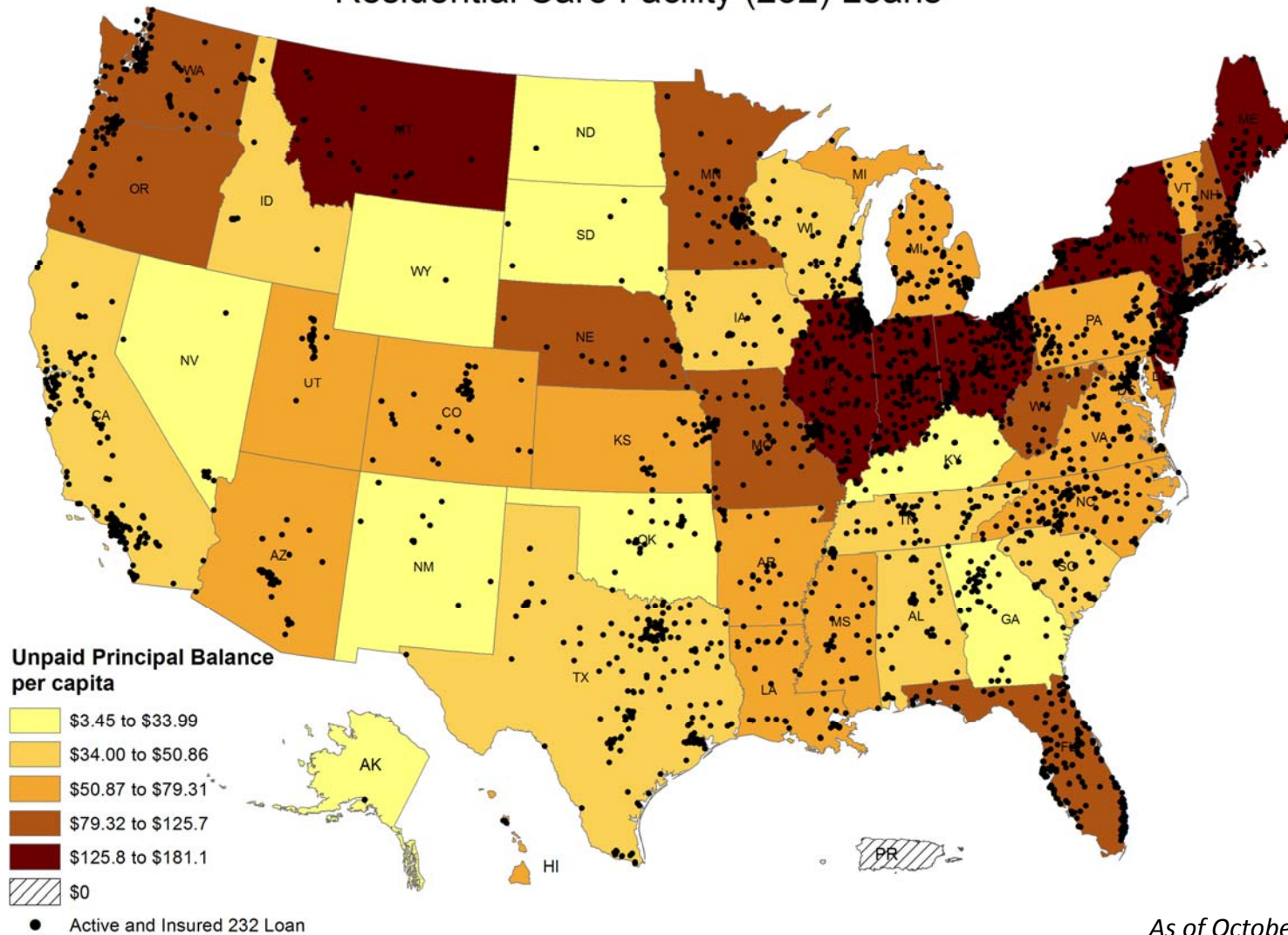
Statistics based on data as of 1/31/18

FISCAL YEAR-END PRODUCTION STATISTICS

Section 232 Mortgage Insurance Commitments FY2010 - FY2017



Residential Care Facility (232) Loans



232 HEALTHCARE PORTAL

Vance T. Morris

Operations Support Manager, Office of
Residential Care Facilities, HUD

232 HEALTHCARE PORTAL – PRODUCTION

- **User Acceptance Testing (UAT) began November 6, 2017 for Lenders and HUD staff and is ongoing until the completion of the projects initially uploaded.**
- **There are a total of 11 Applications that have been submitted through the 232 Healthcare Portal within the Production Module.**
- **Of those 11 Applications submitted:**
 - **FHA Number Issued – 5**
 - **Application InProcess – 2**
 - **Application Firm Issued – 3**
 - **Closing – Executed Documents Uploaded – 1**
 - **Production Estimated Start Date – May 7, 2018**

232 HEALTHCARE PORTAL – OPERATOR FINANCIALS

- **Quarterly Average of 71% of all projects are submitted..**
- **83% of the Lenders are in compliance.**
- **Issues Being Resolved**
 - **Transfers of Operators**

232 HEALTHCARE PORTAL – ASSET MANAGEMENT

- **Asset Management Transactions Submitted since January 2017 – 4,865**
- **71% of Lenders is using this tool to process asset management transactions.**
- **We receive an average 405 transaction monthly.**

232 CLOSING PROCESS

Jason P. Roth

Closing Team Workload Manager, Office of
Residential Care Facilities, HUD

ORCF CLOSINGS IN ACTION



PAINTBRUSH (121-43158)
FRESNO, CALIFORNIA



ANTHEM LAKES (063- 43071)
JACKSONVILLE, FLORIDA



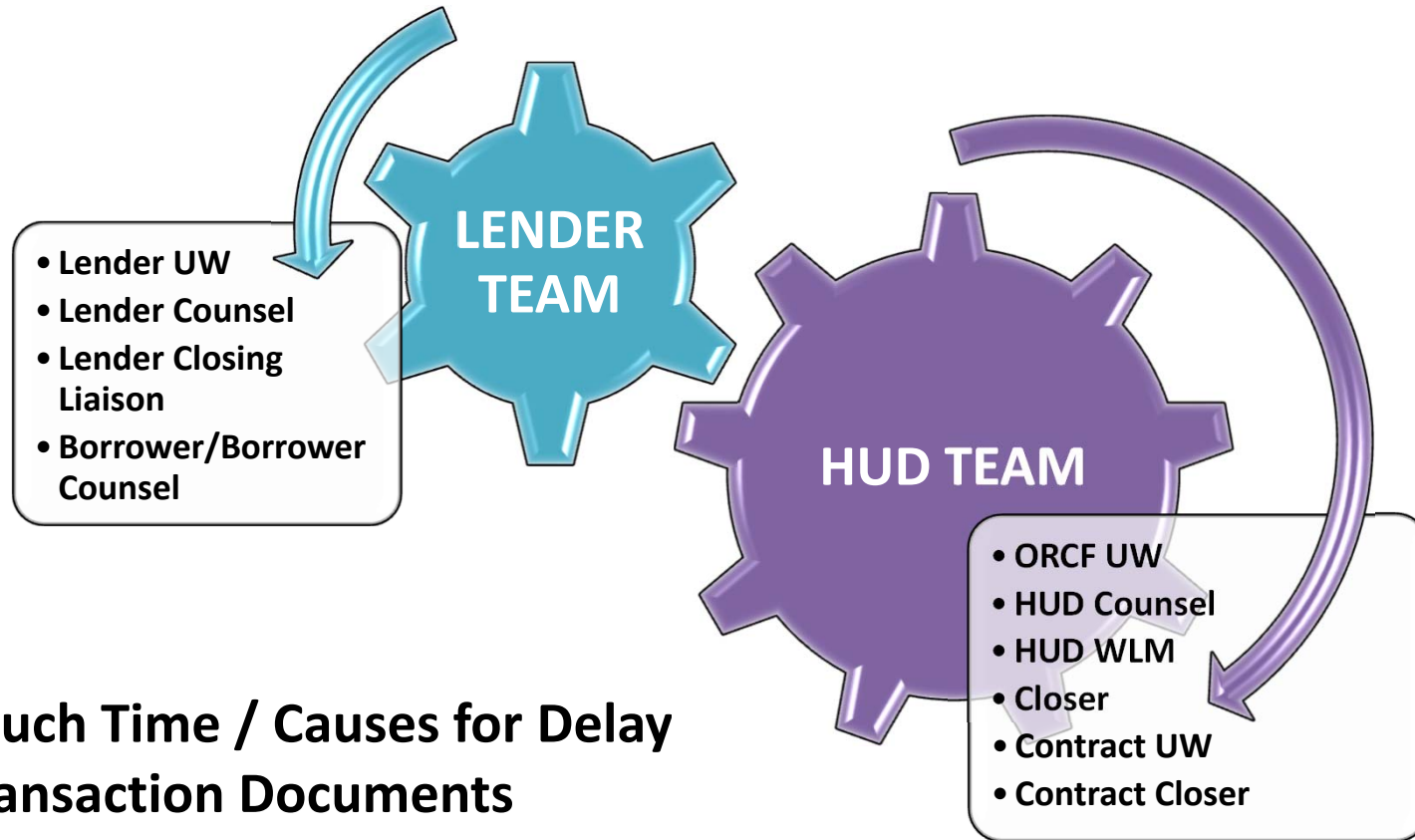
CHESTNUT RIDGE AT BLOWING ROCK (053-43260)
BLOWING ROCK, NORTH CAROLINA



PARKER SENIOR LIVING EXPANSION (101-10013)
PARKER, COLORADO

OVERVIEW

- **Who's involved in Closings? Relationships are Key!!**



- **Touch Time / Causes for Delay**
- **Transaction Documents**
- **Policies & Resources Used in Closings**

PARTNERSHIP & COLLABORATION

- Starts with ORCF Closer contacting HUD Attorney.
- Inform OGC of issues & potential issues, waivers, lease, title & survey issues, unusual conditions. Come up with a game plan together. If you see an issue try to resolve ASAP.
- Keep all players in the loop. Be careful not to bypass anyone.
- Make OGC feel confident you understand the loan and know what you're doing.
- ORCF Closer & OGC share each other's review.
- Inform all when issues are resolved or outstanding.
- ORCF Closer & OGC collaborate on closing date.



Closing Docs



Closing Table

TOUCH TIME

- ☐ **Complete, clean, and accurate closing packages get reviewed and closed quicker**
- ☐ **All special conditions must be met and properly documented prior to closing**
- ☐ **Fast turnaround is KEY - Lender Counsel/Lender Closer- UW's responsiveness to HUD Closer & HUD Attorney**
- ☐ **Causes for delay:**
 - Title & Survey issues,
 - A/R Financing, Master Lease
 - Waivers that come in after Firm issuance
 - Incomplete or inaccurate documents
 - Environmental Issues

TRANSACTION DOCUMENTS

Documents that HUD Signs:

- HUD Firm Commitment, Special Conditions, and Amendments
- Regulatory Agreement – Borrower
- Regulatory Agreement – Operator
- Regulatory Agreement – Master Tenant
 - (if applicable)
- Note – Endorsement Panel

POLICIES & RESOURCES USED IN CLOSING - GUIDANCE

- ☐ **Healthcare Mortgage Insurance Program
Hand Book 4232.1 REV-1, Issued January 12,
2017 - (Chapter 9 - Closing, Chapter 10 – Construction, and
Chapter 11 - Cost Certification)**
- ☐ **Hud.gov/ORCF Internet website**
https://portal.hud.gov/hudportal/HUD?src=/federal_housing_administration/healthcare_facilities/residential_care
- ☐ **Email Blasts – “From the Closing Corner”**
- ☐ **Lean Thinking/FAQs**

INSTRUCTIONS FOR LENDERS ON THE ORCF CLOSING PROCESS

- **Assignments**

- HUD Closers will be assigned when closing packages are complete and ready to be submitted to the HUD Attorney. When the legal closing package is sent to the assigned HUD Attorney, Lender email ORCFCloser@hud.gov and a HUD Closer will be assigned (September 26, 2013 Email Blast)

- **ORCF Documents**

- Use of the ORCF OMB approved documents is required for all closings on projects which received Firm Commitments on or after July 12, 2013, unless otherwise exempt (September 26, 2013 Email Update).

INSTRUCTIONS FOR LENDERS ON THE ORCF CLOSING PROCESS

- **Signing of Closing Documents**
 - Due to the virtual environment embraced in the 232 LEAN program, it is critical that any and all communications regarding execution of closing documents go through **ONLY** the assigned Closers/GTM for Contract Closers to prevent delays in the closing process (September 26, 2013 Email Blast).
- **TransAccess (§ 9.4.F)**
 - When mailing the TransAccess CD/document (Email Update Feb. 2013), please notify the assigned Closer by email and copy Transaccess@hud.gov, indicating it has been sent (May 7, 2014 Email Blast)

OTHER FUNCTIONS

- **The ORCF Closing Team is involved in several areas in addition to facilitating 232 Closings:**
 - Non-Critical Repair Escrow (NCRE)
 - IREMS
 - DAP
 - 290
 - Contract Closing
 - Processing Firm Extensions
 - Title Survey Review
 - Lender Liaison for Closing

THE ORCF CLOSING TEAM



Jason Roth, WLM
Closing Team



Mollie Yeatts



Spencer Ash



Kelley Mason



Diane Ellingwood

THE ORCF CLOSING TEAM



Adrienne Cohn



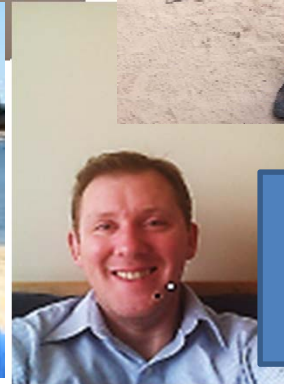
Tarrie Eckhart



Dovid Kanarfogel



Mike Lawassani



Markham
Stickney

Questions



Thank You!

For more information on OHP Programs -

[https://www.hud.gov/federal_housing_admini
stration/healthcare_facilities](https://www.hud.gov/federal_housing_administration/healthcare_facilities)

Please email 232 related questions to:

leanthinking@hud.gov