Addendum to Underwriting Narrative – Transfer of Physical Assets

U.S. Department of Housing and Urban Development Office of Residential Care Facilities

OMB Approval No. 9999-9999 (exp. mm/dd/yyyy)

Section 232/223(a)(7)

Public reporting burden for this collection of information is estimated to average 0.5 hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation that must be submitted to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

This addendum is applicable to Section 223(a)(7) loans when a Transfer of Physical Assets (TPA) is proposed in connection with the 223(a)(7) refinance.

_	l ar		
	rchaser Name:		
Sta	te of Organization:		
Da	te Formed:		
Te	rmination Date:		
Key	Questions		
		Yes	No
1.	Does the purchaser currently own, operate, or manage any other facilities?		
2.	According to the application exhibits, is or has the purchaser been delinquent on any Federal debt?		
3.	According to the application exhibits, is or has the purchaser been a defendant in any suit or legal action?		
4.	According to the application exhibits, has the purchaser ever filed bankruptcy or made compromised settlements with creditors?		
5.	According to the application exhibits, are there judgments recorded against the purchaser?		
6.	According to the application exhibits, are there any unsatisfied tax liens?		
7.	Do any of the other facilities have any open State findings related to instances of actual harm and/or immediate jeopardy (G tags or higher for skilled nursing)?		
8.	Do any of the other facilities have any open professional liability insurance claims?		
-	you answer "yes" to any of the above questions, please address below. For each "yes" answer above, provide a narrative discussion regarding the t	opic. Exaı	nple:

Other Facilities:

XXXXX identified XX other facilities it owns, operates, or manages in addition to the subject facility.>>

Experience / Qualifications

<<Narrative description of purchaser's experience and qualifications: Discussion should highlight direct experience and involvement in other HUD transactions. This section should clearly demonstrate that the purchaser has the expertise to successfully own the facility.>>

C	redit History			
Re	port Date:	< <within 60="" days="" of="" submission="">></within>		
Fi	rm:	< <dunn &="" bradstreet="" business="" entities="" for="" required="">></dunn>	•	
Sc	ore:			
Key	y Questions		Yes	No
1.	Does the credit report identify any material derogatory information not previously discussed?			
2.	Does the underwr	iter have any concerns related to the credit report?		
If	you answer "yes" t	o any of the above questions, please briefly address below.		
< <	<for "yes"="" ar<="" each="" td=""><td>nswer above, provide a narrative discussion regarding the top</td><td>oic.>></td><td></td></for>	nswer above, provide a narrative discussion regarding the top	oic.>>	

Conclusion

<< Provide narrative discussion of underwriter's conclusion and recommendation. For example, "The purchaser entity has demonstrated an acceptable credit history. The purchaser has the experience to continue to successfully own and operate this facility. The underwriter recommends this purchaser for approval as an acceptable participant in this transaction.">>>

Parent of the Purchaser (if applicable)

<< Provide this section for each parent organization of the purchaser. This section is not applicable to individuals who are principals unless you are depending on the person or persons for approval of the purchaser (e.g., newly formed entity). In that instance (individuals), follow the Principal of the Mortgagor template and modify it appropriately for a purchaser.>>

Na	me:		
Sta	te of Organization:		
Da	te Formed:		
Te	rmination Date:		
Key	Questions	Yes	No
1.	Does the parent of the purchaser currently own, operate, or manage any other facilities?		
2.	According to the application exhibits, is or has the parent of the purchaser been delinquent on any Federal debt?		
	According to the application exhibits, is or has the parent of the purchaser been a defendant in any suit or legal action?		
4.	According to the application exhibits, has the parent of the purchaser ever filed bankruptcy or made compromised settlements with creditors?		
5.	According to the application exhibits, are there judgments recorded against the parent of the purchaser?		
6.	According to the application exhibits, are there any unsatisfied tax liens? \dots		
7.	Do any of the other facilities have any open State findings related to instances of actual harm and/or immediate jeopardy (G tags or higher for skilled nursing)?		
8.	Do any of the other facilities have any open professional liability insurance claims?		
If y	you answer "yes" to any of the above questions, please briefly address below.		
<<	For each "yes" answer above, provide a narrative discussion regarding the to	pic. Exan	nple:
\overline{XX}	her Facilities: XXX identified XX other facilities it owns, operates, or manages in addition to ility.>>	the subjec	ct
_	. ,.		

Organization

<< Provide Organizational chart and narrative, as applicable.>>

Experience / Qualifications

<<Narrative description of experience and qualifications: Discussion should highlight direct experience and involvement in other HUD transactions. This section should clearly demonstrate the expertise to successfully own the facility.>>

Cı	edit History			
Report Date:		< <within 60="" days="" of="" submission="">></within>		
Fir	m:	< <dunn &="" bradstreet="" business="" entities="" for="" required="">></dunn>		
Sc	ore:		Yes No tion not oort?	
Key	Questions		• • • • • • • • • • • • • • • • • • • •	•
1.		port identify any material derogatory information not sed?	Yes	No
2.	Does the underwi	iter have any concerns related to the credit report?		
If y	ou answer "yes" t	o any of the above questions, please briefly address below.		
<<	For each "yes" a	nswer above, provide a narrative discussion regarding the top	oic.>>	
	ther Business	Concerns/232 Applications		
			Yes	No
1.	-	f the purchaser identify any other business concerns?		
	_	other business concerns have pending judgments; legal ss; or, bankruptcy claims?		
		reports on the 10% sampling of the other business concerns naterial derogatory information?		
2.		f the purchaser identify any other Section 232 or Section on Part VI and Attachment 2 of their certification?		
If y	ou answer "yes" t	o any of the above questions, please briefly address below.		
<<	For each "yes" a	nswer above, provide a narrative discussion regarding the top	oic. Exar	nple:
XX na	•	cerns: other business concerns in addition to the purchaser discussions of		

Other Section 232 Applications:

XXXXX identified XX other Section 232 loan application – {projects}. The applications were submitted XXX and closed in XXX. As this is only XXXXX's Xth HUD-insured healthcare loan, no additional reviews required by HUD Notice H 01-03 are required.>>

<<dates for start and end of period>>

Financial Statements

Year to date:

The application includes the following parent of the purchaser financial statements:

		· · · · · · · · · · · · · · · · · · ·	
	Fiscal Year Ending:	< <date end="" of="" period="" –="">></date>	
	Fiscal Year Ending:	< <date end="" of="" period="" –="">></date>	
	Fiscal Year Ending:	< <date end="" of="" period="" –="">></date>	
Key	Questions		
			Yes
1.	. Are less than 3 years of historical financial data available for the parent of the purchaser?		
2	Are the financial statements missing any required information or schedules?.		
3.			
	Do the Aging of Accounts Payable schedules show any payables in excess of 60 days in amounts over \$2,500?		
5.	Do the Aging of Accounts Receiva	able schedules show any receivables in \$2,500?	
6.	If applicable, are there any issues or discrepancies related to tenant deposit accounts (e.g., not fully funded)?		
7.	5	e financial statements indicate any other nat need to be addressed?	
If y	you answer "yes" to any of the abov	ve questions, please briefly address below.	

General Review

<< Provide narrative and analysis of financial statements as appropriate. In addition to the Key Questions above, working capital should be discussed along with the general financial stability and strength of the entity.>>

<<For each "yes" answer above, provide a narrative discussion regarding the topic.>>

Conclusion

<< Provide narrative discussion of underwriter's conclusion and recommendation. For example, "The parent entity has demonstrated an acceptable financial and credit history. The parent of the purchaser has the experience to continue to successfully own this facility. The underwriter recommends this parent of the purchaser for approval as an acceptable participant in this transaction.">>>