

1
2 **Public reporting** burden for this collection of information is estimated to average 5.0 hour. This includes the time for collecting,
3 reviewing, and reporting the data. The information is being collected to obtain the supportive documentation that must be submitted
4 to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this
5 information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as
6 well as ensuring the continued marketability of the properties. This agency may not collect this information, and you are not required
7 to complete this form unless it displays a currently valid OMB control number.

8
9 **Warning:** Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of
10 the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

11
12 **Privacy Act Notice:** The Department of Housing and Urban Development, Federal Housing Administration, is authorized to collect
13 the information requested in this form by virtue of: The National Housing Act, 12 USC 1701 et seq. and the regulations at 24 CFR
14 5.212 and 24 CFR 200.6; and the Housing and Community Development Act of 1987, 42 USC 3543(a). The information requested
15 is mandatory to receive the mortgage insurance benefits to be derived from the National Housing Act Section 232 Healthcare
16 Facility Insurance Program. No confidentiality is assured.

17
18
19 **INSTRUCTIONS:**

20 The narrative is a document critical to the **Change of Ownership Review** transaction process
21 (formerly known as a transfer of physical assets or TPA transactions) that include, but are not
22 limited to, transactions demonstrating the following characteristics:

- 23
24 a. The sale and conveyance by deed of title to a property that has a mortgage insured or held by
25 HUD and necessitates a substitution of Borrowers.
26
27 b. The transfer/change of an entity having a controlling interest in a property that has a
28 mortgage insured or held by HUD.
29
30 c. Transactions with a change of Internal Revenue Services (IRS) Reporting Structure (e.g., a
31 Borrower converts from a limited partnership to a limited liability company, but all principals
32 remain the same and the Tax Identification Number (TIN) is not changing).

33
34 If a change of ownership entities/structure will be completed in conjunction with a Section 232
35 refinance under Section 223(a)(7) of the National Housing Act, **do not use this form**. The
36 required exhibits for processing the transaction are listed on the Section 223(a)(7) Firm
37 Application Checklist posted on the Section 232 Program website. A change to ownership
38 entities/structure is also possible prior to the final closing of an insured note for new FHA
39 mortgage insurance; however, please discuss with the ORCF Closer assigned. Depending on the
40 extent of the change, ORCF may choose to reprocess the application for mortgage insurance or
41 require submission of this Change of Ownership application.

42
43 If this transaction includes a change of Operator and/or Management Agent in conjunction with
44 the **Change of Ownership Review** application, those transactions may be combined with this
45 submission. Where applicable, please provide additional documentation for those transactions;
46 there is no need to complete separate applications for a change of Operator and/or Management
47 Agent. However, if the subject transaction is for a **Change of Operator** and/or **Change of**
48 **Management Agent** and does not involve a **Change of Ownership** transaction as described

49 above, **do not use this form**. For further description of these requirements, please refer to
50 Chapters 7 and 8 of the Section 232 Handbook 4232.1, Section III Asset Management.

51
52 The corresponding **Change of Ownership Review Checklist** provides instructions that
53 determine the level of review required to approve the transaction. Your response to a few
54 questions will generate a **Transaction Determinant Code** (e.g., ①②③④⑤) that identifies the
55 documents required for submission with this application. This Transaction Determinant Code
56 also identifies the sections of this Lender Narrative that must also be completed. Each of these
57 sections of the narrative and all of the questions in these sections marked with the corresponding
58 Transaction Determinant Code must be completed and answered. If the lender disagrees and
59 modifies any third-party report conclusions, sufficient detail to justify the change must be
60 provided. This narrative is to identify the strengths and weaknesses of the transactions and
61 demonstrate how the weaknesses are mitigated.

62
63 • **Charts:** The charts contained in this document have been created with versatility in mind;
64 however, they will not be able to accommodate all situations. For this reason, you are
65 allowed to alter the charts as the situation demands. Be sure to state how you have altered
66 the charts along with your justification. Include all the information the form calls for. Charts
67 that include blue text indicate names that should be modified by the lender as the situation
68 dictates.

69
70 • **Applicability:** If a section is not applicable, state so in that section and provide a reason. **Do**
71 **not delete a section heading that is not applicable.** The narrative will be checked to make
72 certain all sections are provided. If a major section is not applicable, add “– Not Applicable”
73 to the heading and provide the reason. For instance:

74
75 **Parent of the Operator – Not Applicable**

76 This section is not applicable because there is no operator.

77
78 The rest of the subsections under the inapplicable section can then be deleted. This
79 instruction page may also be deleted.

80
81 • **Format:** In addition to submitting the PDF version of the Lender Narrative to HUD, please
82 also submit an electronic Word version.

83
84 Instead of pasting large portions of text from third-party reports into the narrative, it is preferred
85 that the lender simply reference the page number and the report. The focus of this document is
86 for lender conclusions, analyses, and summaries.

87
88 Italicized text found between these characters <<EXAMPLE>> is instructional in nature, and
89 may be deleted from the lender’s final version. Please use the gray shaded areas (e.g.,) for
90 your response. Double click on a check box and then change the default value to mark selection
91 (e.g.,).

92

93
94

<<Optional: Insert Project Photo>>

95 **Table of Contents**

96	Executive Summary.....	5
97	Portfolios.....	5
98	Transaction Overview.....	6
99	Upper Payment Limit (UPL) Transaction Summary (if applicable).....	7
100	Program Eligibility.....	8
101	Licensing.....	8
102	Identities-of-Interest.....	9
103	Title.....	9
104	Title Search.....	9
105	Pro Forma Policy.....	10
106	New Borrower Entity (Purchaser).....	11
107	Organization.....	11
108	Experience/Qualifications.....	12
109	Credit History.....	12
110	Financial Statements.....	12
111	Conclusion.....	13
112	Principal of the New Borrower – <<Enter Principal Name>>.....	13
113	Organization (not applicable to individuals).....	14
114	Experience/Qualifications.....	14
115	Credit History.....	15
116	Other Business Concerns/232 Applications.....	15
117	Conclusion.....	16
118	New Operator (if applicable).....	16
119	Organization.....	17
120	Experience/Qualifications.....	17
121	Credit History.....	17
122	Financial Statements.....	17
123	Net Income Analysis.....	19
124	Conclusion.....	19
125	Parent of the New Operator (if applicable).....	19
126	Organization.....	20
127	Experience/Qualifications.....	20
128	Credit History.....	20
129	Other Business Concerns/232 Applications.....	21
130	Other Facilities Owned, Operated or Managed.....	21
131	Financial Statements.....	22
132	Net Income Analysis.....	23
133	Conclusion.....	23
134	New Management Agent (if applicable).....	23
135	Previous HUD Experience.....	24
136	New Management Agent’s Duties and Responsibilities.....	24
137	Experience/Qualifications.....	24
138	Credit History.....	24
139	Other Facilities Owned, Operated or Managed.....	25
140	Past and Current Performance.....	25
141	Management Agreement.....	26
142	Management Certification.....	26
143	Conclusion.....	27
144	Operation of the Facility.....	27

145	Administrator.....	27
146	Operating Lease.....	27
147	Lease Payment Analysis.....	28
148	Responsibilities.....	29
149	Master Lease.....	29
150	Accounts Receivable (A/R) Financing.....	30
151	Terms and Conditions.....	31
152	Collateral/Security.....	32
153	Permitted Uses and Payment Priorities.....	32
154	Financial Analysis.....	33
155	Historical AR Loan Costs.....	33
156	Proposed AR Loan Costs.....	34
157	Recommendation.....	35
158	Insurance.....	35
159	Professional Liability Insurance (PLI) Coverage.....	35
160	Lawsuits.....	37
161	Commercial General Liability Insurance.....	37
162	Recommendation.....	38
163	Property Insurance.....	38
164	Fidelity Bond/Crime Insurance Coverage.....	38
165	Additional Insurances.....	38
166	Circumstances that May Require Additional Information (e.g., secondary financing).....	39
167	Special Conditions.....	39
168	Conclusion.....	39
169	Signatures.....	40
170		

171 **Executive Summary** ① ②

172

FHA Number:
Project Name:
Project Address:
City / State / Zip:
County:

Lender Name:

Part of a small, medium, or large portfolio: Yes No If yes, describe:

173

		Licensed	Operating		Licensed	Operating	
Type of facility:	<input type="checkbox"/>	Skilled Nursing (SNF):			beds		units
	<input type="checkbox"/>	Assisted Living (AL):			beds		units
	<input type="checkbox"/>	Memory Care (AL):			beds		units
	<input type="checkbox"/>	Board & Care (B&C):			beds		units
	<input type="checkbox"/>	Independent Living (IL):			beds		units
Total:					beds		units

Borrower: <<Legal Name>>

Operator: <<Legal Name>> Operating lease

Parent of Operator: <<Legal Name>>

Does the operating lease cover multiple properties or tenants (is it a master lease)? Yes No

Management Agent: <<Legal Name>>

License held by: <<Legal Name>>

Resident contracts with: <<Entity with whom residents contract for services>>

CMS Provider Number:

Section 38 of the Regulatory Agreement shall apply to the following individuals and/or entities:
 <<list name(s) here>>

174 **Portfolios**

175
176

Program Guidance: Handbook 4232.1, Section II Production, Chapter 17

177 It is the Lender’s responsibility to read the handbook chapter and provide HUD with full
 178 disclosure of all other HUD-insured projects of the borrower and operator utilizing Forms HUD-
 179 90013-ORCF, Consolidated Certifications - Borrower and HUD-90014-ORCF Consolidated
 180 Certifications – Operator.

181
 182 **Key Questions**

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Is the subject project part of a small, medium, or large portfolio? (If yes, specify type.) | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> Small (2 or more projects, up to \$90 million) | | |
| <input type="checkbox"/> Medium (\$90 million to \$250 million) | | |
| <input type="checkbox"/> Large (> \$250 million) | | |
| 2. Do any of the principals of the borrower own any other projects insured or held by HUD?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Do any of the principals of the borrower plan to submit an application for mortgage insurance or another Change of Ownership application to HUD in the next 18 months? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Have any of the principals of the borrower submitted an application for mortgage insurance or another Change of Ownership application to HUD in the past 18 months? | <input type="checkbox"/> | <input type="checkbox"/> |

183
 184 << For Medium and Large Portfolios (>\$90 Million) provide name/number of portfolio and
 185 date Corporate Credit Review approval was granted by ORCF.

186
 187 Provide listing of projects, for the borrower and/or operator, that have been insured by HUD in
 188 the past 18 months, that are currently in application processing, or projects that the borrower
 189 and/or operator plans to submit for mortgage insurance in the next 18 months.>>
 190

191 **Transaction Overview**

192
 193 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Is state regulatory approval needed for license transfer? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Will there be a change in operations that departs from the historical number of potential resident days? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Will the facility participate in the state’s Upper Payment Limit (UPL) Program? (If you answer “yes,” you must provide a summary of the Upper Payment Limit (UPL) transaction in the following section.)..... | <input type="checkbox"/> | <input type="checkbox"/> |

194
 195 <<For each “yes” answer above, provide a narrative discussion regarding the topic. As
 196 applicable, discuss the issue and its effect on the transaction. Describe any potential risks and
 197 the mitigants. For waivers, identify specific provisions to be waived and justification for the

198 waiver.>>
199

200 **Upper Payment Limit (UPL) Transaction Summary (if applicable)**

201
202 <<The state will require preliminary approval from HUD in order for the subject to participate
203 in their UPL program. To obtain HUD approval, please provide the following:>>

204
205 Background

206 <<Provide narrative to explain how the state’s UPL program works and why the subject facility
207 wants to participate in the program. Provide draft copies of any documents required by the state
208 to participate in the UPL program as an attachment to this document (Exhibit A).>>

209
210 Proposed Structure

211 <<Provide narrative discussion and organization charts to describe the current and proposed
212 organizational structure of the subject. Be sure to discuss the effect the proposed structure will
213 have on any existing master lease, if applicable. Also, if applicable, discuss the effect of the
214 proposed structure on any accounts receivable financing and what, if any, changes are needed to
215 accommodate the new operator’s receipt of Medicare and Medicaid receivables.

216
217 Provide a Cash Flow Chart describing the current and proposed location of the Deposit Account
218 Control Agreement (DACA) and Deposit Account Instructions and Services Agreement
219 (DAISA).>>

220
221 Material Provisions

222 <<Provide a narrative discussion of provisions in proposed sublease (e.g., “Under XXX state
223 law, the hospital districts must file change of ownership applications for licensure and Medicaid
224 at least XX days before the sublease becomes effective...”) and management agreement (e.g.,
225 “The new management agreement will require the current licensee to provide management
226 services necessary to operate the facility.... The hospital district will pay the current licensee (as
227 manager) a base management fee and incentive payments that are equal to XXX% of the net
228 revenue of the facility plus XX% of the supplemental payments that the hospital district receives
229 under the UPL Program...”). Attach copies of sublease and management agreement as Exhibits
230 B and C, respectively.>>

231
232 Conclusion

233 <<Provide narrative discussion regarding how the proposed transaction will be of benefit to the
234 project. Complete income analysis in the table provided that compares financial operations with
235 and without UPL participation.>>

236

Income Analysis		
	Trailing 12 mos. without UPL participation* <i><<TTM thru Month-Year>></i>	Forecast with UPL participation
Effective Gross Income (EGI)	\$	\$
Expenses	\$	\$
Replacement Reserves	\$	\$
Net Operating Income (NOI)	\$	\$
Date UPL participation to begin (month, year):		
*Use trailing 12-month (TTM) figures in this column. The TTM data is preferred; however, if TTM is not available, year-to-date annualized figures may be used (please indicate this in the heading).		

237
238
239
240
241
242

Certification

<The borrower must certify that a change in operator will not occur until HUD has given its preliminary approval for the change. Additionally, if at any time the state determines that it will not fund the UPL Program, the borrower will immediately notify their lender and HUD.

243 **Program Eligibility** ① ②

244
245 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Has the proposed borrower, operator, or any of their affiliates renamed or reformulated companies, or filed for or emerged from bankruptcy within the last 5 years? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the proposed borrower, operator, or any of their affiliates renamed or reformulated companies, currently in bankruptcy? | <input type="checkbox"/> | <input type="checkbox"/> |

246
247 *<<If you answered “yes” to any of the questions above, this application will not be approved under this program. >>*
248
249

250 **Licensing**

251
252 *<<Provide affirmative statement along the lines of: “The facility is currently licensed by the*
253 *State of {State}’s Department of Health and Welfare as a {Type of Facility} for {X} beds. The*
254 *license is issued to {Name of Entity on License}, effective {date}, through {date}. The license*
255 *covers {number of beds}. An application to transfer the license to {Name of New Entity} was*
256 *filed on {Date}.”>>*
257

258 **Identities-of-Interest** ① ②

Program Guidance: Handbook 4232.1, Section I, Introduction, Chapter 1.6.

259

260 **Key Questions**

	Yes	No
1. Have you, as the lender, identified any identities of interest on your certification?.....	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the borrower’s certification indicate any identities of interest?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do any of the certifications provided by principals of the borrower identify any identities of interest?	<input type="checkbox"/>	<input type="checkbox"/>
4. Does the operator’s certification (if applicable) indicate any identities of interest? <input type="checkbox"/> N/A	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the management agent’s certification (if applicable) indicate any identities of interest? <input type="checkbox"/> N/A	<input type="checkbox"/>	<input type="checkbox"/>
6. Does the lender know, or have any reason to believe, that any of the assertions in the other Consolidated Certifications submitted herewith, are inaccurate or incomplete?	<input type="checkbox"/>	<input type="checkbox"/>

261

262 <<For each “yes” answer above, provide a narrative discussion regarding the topic. As
 263 applicable, describe the risk and how it will be mitigated. For example: The borrower and
 264 operator are related parties – John Doe has ownership in both entities. No other identities of
 265 interest are disclosed. >>

266

267 **Title** ① ②

268

269 For a Change of Ownership transaction, HUD requires either an endorsement to the existing
 270 lender’s policy or a new lender’s policy.

271

272 If an endorsement is proposed, it must show that the new borrower owns the property and has
 273 assumed liability under the Loan Documents. The endorsement must also show that there has
 274 not been a change in the priority of the Loan Documents. It must also confirm that no new
 275 exceptions have been recorded since the insured closing. If there are new exceptions to the
 276 policy shown on the endorsement, these must be provided (along with an explanation and/or
 277 confirmation of previous HUD approval).

278

279 If a new Lender’s policy is provided, it must confirm to the current standards HUD requires for
 280 insured closings.

281 **Title Search**

Date of Search: _____

Firm: _____

File Number: _____

282

283 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Is the title currently vested in an entity or individual other than the current borrower?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the report indicate that delinquent real estate taxes are owed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the report indicate any outstanding special assessments? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the report identify any outstanding debt that is not disclosed on the borrower’s listing of outstanding obligations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Are there or will there be any Use and Maintenance Agreements associated with this facility not previously approved by HUD? | <input type="checkbox"/> | <input type="checkbox"/> |

284

285 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
286 and how it will be mitigated. >>

287

288 **Pro Forma Policy**

Date/Time: _____

Firm: _____

Policy Number: _____

289

290 **Key Questions**

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Is the title vested in an entity or individual other than the new borrower?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are there any covenants, encumbrances, liens, restrictions, or other exceptions included in the endorsement or indicated on Schedule B-1 not previously approved by HUD? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are there any use or affordability restrictions remaining in effect on the property not previously approved by HUD? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are there any easements or rights-of-way not previously approved by HUD? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Are there any endorsements included aside from the standard HUD requirement? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are there any new subordination agreements, encroachments or similar issues that require HUD’s approval? | <input type="checkbox"/> | <input type="checkbox"/> |

- | | Yes | No |
|---|--------------------------|--------------------------|
| 7. Are there any other new matters requiring special consideration, agreements, or conditions that require HUD's attention? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are there any new easements, rights-of-way, encroachments, etc., identified on Schedules B-1 and B-2 (or included on the endorsement) that, in the lender's opinion, affect value or the marketability of the project or that involve environmental factors? | <input type="checkbox"/> | <input type="checkbox"/> |

291
 292 <<For each "yes" answer above, provide a narrative discussion regarding the topic. Example:
 293 **Additional Endorsements:** As described in the Risk Factors section of the narrative, the XXXX
 294 does not conform to the past or current zoning requirements. The lender recommends...>>
 295
 296

297 **New Borrower Entity (Purchaser)** ⓘ
 298

Name: _____
 State of Organization: _____
 Date Formed: _____
 Termination Date: _____
 FYE Date: _____

299
 300 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Is the proposed single-asset borrower entity registered outside of the United States and/or in a state other than where their corporate office is located?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the proposed single-asset borrower entity fail to have at least one principal with operational decision-making authority who is a United States citizen? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the new borrower currently own any other assets/properties or participate in any other businesses?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is or has the new borrower been delinquent on any federal debt? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Is or has the new borrower been a defendant in any suit or legal action? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Has the new borrower ever filed for bankruptcy or made compromised settlements with creditors? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Are there judgments recorded against the new borrower? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are there any unsatisfied tax liens? | <input type="checkbox"/> | <input type="checkbox"/> |

301
 302 <<For each "yes" answer above, provide a narrative discussion on the topic describing the risk
 303 and how it will be mitigated.>>
 304

Program Guidance: Handbook 4232.1, Section II Production, Chapter 6.1.D, Foreign National and Corporate Entity Participation

305

306 **Organization**

307 <<Provide organization chart and narrative, as applicable. At a minimum, all principals of the
308 borrower should be identified.>>

309

310 **Experience/Qualifications**

311 <<Provide narrative description of new borrower’s experience and qualifications. For
312 example: “The borrower entity is a single-asset entity that was established in {date} to develop
313 and own the subject project.”>>

314

315 **Credit History**

Report Date: _____ <<within 60 days of submission>>

Reporting Firm: _____

Score: _____

316

317 <<Provide an explanation of the credit score in terms of risk level (i.e., low, medium, or high).
318 Also, if the score is evaluated numerically, explain what value the credit agency places on the
319 score.>>

320

321 **Key Questions**

	Yes	No
1. Does the credit report identify any material derogatory information not previously discussed?.....	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the lender have any concerns related to their review of the credit report?	<input type="checkbox"/>	<input type="checkbox"/>

322

323 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
324 and how it will be mitigated.>>

325

326 **Financial Statements**

327 The application includes the following financial statements for the new borrower:

328

Year-to-date: _____ <<dates for start and end of period>>

Fiscal year ending: _____ <<date – end of period>>

Fiscal year ending: _____ <<date – end of period>>

Fiscal year ending: _____ <<date – end of period>>

329

330 **Key Questions**

	Yes	No
1. Are less than 3-years of historical financial data available for the new borrower?.....	<input type="checkbox"/>	<input type="checkbox"/>
2. Are the financial statements missing any required information or schedules?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do the financial statements provided include financial data from assets or liabilities not related to owning and operating the subject facility?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do any of the financial statements indicate a loss prior to depreciation and amortization?	<input type="checkbox"/>	<input type="checkbox"/>
5. Do the Aging of Accounts Payable schedules show any material accounts payables (amounts in excess of 5% of effective gross income) over 90 days?	<input type="checkbox"/>	<input type="checkbox"/>
6. Do the Aging of Accounts Receivable schedules show any material accounts receivables (amounts in excess of 2% of gross income) over 120 days?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are there any issues or discrepancies related to tenant deposit accounts (e.g., not fully funded)? (Generally, not applicable for SNF.) <input type="checkbox"/> N/A	<input type="checkbox"/>	<input type="checkbox"/>
8. Did your review and analysis of the financial statements indicate any other material concerns or weaknesses that need to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>

331

332 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
333 and how it will be mitigated. Example: **Tenant Security Deposits:** The tenant security deposits
334 do not appear to be fully funded. At closing, however, the borrower will not be the operator and
335 the tenant deposit obligation will fall to the new operator. Therefore, the lender has included a
336 commitment condition requiring the new operator to set up project accounts by closing and to
337 provide an acceptable, certified Balance Sheet showing that the tenant security deposits are fully
338 funded.

339

340 Owner-operated projects with material accounts receivables over 120 days that do not intend to
341 have Accounts Receivable Financing should address the project State’s recent trends in length of
342 time until reimbursement is made. The Lender should address the project’s ability to handle
343 delayed payments (e.g., access to sources of liquidity in an amount comparable to material
344 accounts receivable over 120 days.) >>

345

346 **General Overview**

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

350

351 **Conclusion**

352 <<Provide narrative discussion of the lender’s conclusion and recommendation. For example:
353 “The new borrower entity has demonstrated an acceptable financial and credit history. The
354 borrower has the experience to continue to successfully own this facility. The lender

355 recommends this borrower for approval as an acceptable participant in this transaction.”>>
356
357

358 **Principal of the New Borrower – <<Enter Principal Name>>**

359 **1 2**

360 <<Provide this section for each principal of the new borrower.>>
361

Program Guidance: Handbook 4232.1, Section II Production, Chapter 6.1.E. .

362
363

364 **Key Questions**

	Yes	No
1. Is any principal of the new borrower with operational decision-making authority <u>not</u> a United States citizen?	<input type="checkbox"/>	<input type="checkbox"/>
2. Is or has the principal of the new borrower been delinquent on any federal debt?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is or has the principal of the new borrower been a defendant in any suit or legal action?	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the principal of the new borrower ever filed for bankruptcy or made compromised settlements with creditors?	<input type="checkbox"/>	<input type="checkbox"/>
5. Are there judgments recorded against the principal of the new borrower?	<input type="checkbox"/>	<input type="checkbox"/>
6. Are there any unsatisfied tax liens against the principal of the new borrower?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are any of the principals of the new borrower, principals of any other HUD-insured projects or principals of a project(s) applying for HUD insurance within the next 18 months?	<input type="checkbox"/>	<input type="checkbox"/>

365
366 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
367 and how it will be mitigated. >>
368

369 **Organization (not applicable to individuals)**

370 <<If the principal is an entity, provide the following information:>>
371

State of Organization: _____
Date Formed: _____
Termination Date: _____

372
373 <<Provide organization chart and narrative, as applicable.>>
374

375 **Experience/Qualifications**

376 <<Provide narrative description of principal’s experience and qualifications. Discussion
377 should highlight direct experience and involvement in other HUD transactions. This section
378 should clearly demonstrate that the new borrower has sufficient expertise to successfully own the
379 facility. >>
380

381 **Credit History**

Report Date: _____ <<within 60 days of submission>>

Reporting Firm: _____

Score: _____

382
383 <<Provide an explanation of the credit score in terms of risk level (i.e., low, medium, or high).
384 Also, if the score is evaluated numerically, explain what value the credit agency places on the
385 score. >>
386

Program Guidance: Handbook 4232.1, Section II, Production, Chapter 6.1.F, The Credit Investigation

387
388 **Key Questions**

	Yes	No
1. Does the credit report identify any material derogatory information not previously discussed?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the lender have any concerns related to their review of the credit report?	<input type="checkbox"/>	<input type="checkbox"/>

389
390 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
391 and how it will be mitigated.>>
392

393 **Other Business Concerns/232 Applications**

394
395 **Key Questions**

	Yes	No
1. Does the Principal identify any other business concerns?	<input type="checkbox"/>	<input type="checkbox"/>
a. Do any of the other business concerns have pending judgments; legal actions or suits; or, bankruptcy claims?	<input type="checkbox"/> N/A	<input type="checkbox"/>
b. Do the credit reports on the 10% sampling of the other business concerns indicate any material derogatory information?	<input type="checkbox"/> N/A	<input type="checkbox"/>
2. Does the Principal identify any other Section 232 or Section 232/223(f) loans on the Consolidated Certification – Principal of Borrower (form HUD-90014-ORCF) and Attachment 2 thereof?	<input type="checkbox"/>	<input type="checkbox"/>

396

397 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
 398 and how it will be mitigated. Example: **Other Business Concerns:** XXXXX identified XX other
 399 business concerns in addition to the borrower and the newly formed operator discussed in this
 400 narrative. The lender reviewed Dunn and Bradstreet credit reports for XX Other Business
 401 Concerns identified by XXXX. {Discuss each report}. No reports indicated derogatory
 402 information that would prohibit XXXXX participation in this loan transaction.

403
 404 Example: **Other Section 232 Applications:** XXXXX identified XX other Section 232 loan
 405 application – {projects}. The applications were submitted XXX and closed in XXX. As this is
 406 only XXXXX’s Xth HUD-insured healthcare loan, no additional reviews are required>>

407
 408 **Credit Reports for Other Business Concerns:**

409 <<Provide narrative discussion on other business concerns. For example, “XXX identified XX
 410 other business concerns. The lender reviewed Dunn and Bradstreet credit reports for XX other
 411 business concerns identified by XXXX. {Discuss each report.} No reports indicated derogatory
 412 information that would prohibit XXXXX from participation in this Change of Ownership
 413 transaction.>>

414

Name of Entity	Report Type (Commercial, etc.)	Report Date	Comments (i.e., any derogatory information, etc.)

415

416 **Conclusion**

417 <<Provide narrative discussion of lender’s conclusion and recommendation. For example,
 418 “XXXXX has demonstrated an acceptable credit history and sufficient experience owning and
 419 operating this and other facilities. The lender recommends this principal as an acceptable
 420 participant in this transaction.”>>

421

422 **New Operator (if applicable)** 4

423

Name: _____

State of Organization: _____

Date Formed: _____

Termination Date: _____

FYE Date: _____

424

425 **Key Questions**

	Yes	No
1. Does the new operator currently own/operate any assets other than the subject property or participate in any other businesses?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the new operator have shared expenses with other facilities?	<input type="checkbox"/>	<input type="checkbox"/>
3. Will the new operator contract out nursing services other than temporary staffing through an agency and/or contracting for ancillary services (e.g., therapies, pharmaceuticals)?	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the new operator been delinquent on any federal debt?	<input type="checkbox"/>	<input type="checkbox"/>
5. Is or has the new operator been a defendant in any suit or legal action?	<input type="checkbox"/>	<input type="checkbox"/>
6. Has the new operator ever filed for bankruptcy or made compromised settlements with creditors?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are there judgments recorded against the new operator?	<input type="checkbox"/>	<input type="checkbox"/>
8. Are there any unsatisfied tax liens?	<input type="checkbox"/>	<input type="checkbox"/>

426
427 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
428 and how it will be mitigated. >>
429

430 **Organization**

431 <<Provide organization chart and narrative, as applicable. >>
432

433 **Experience/Qualifications**

434 <<Provide narrative description of new operator’s experience and qualifications. Discussion
435 should highlight direct experience and involvement in other HUD transactions, if any. This
436 section should clearly demonstrate that the new operator has the expertise to successfully
437 operate the facility.>>
438

439 **Credit History**

Report Date: _____ <<within 60 days of submission>>
Reporting Firm: _____
Score: _____

440
441 <<Provide an explanation of the credit score in terms of risk level (i.e., low, medium, or high).
442 Also, if the score is evaluated numerically, explain what value the credit agency places on the
443 score.>>
444

445 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Does the credit report identify any material derogatory information not previously discussed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the lender have any concerns related to their review of the credit report? | <input type="checkbox"/> | <input type="checkbox"/> |

446
 447 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
 448 and how it will be mitigated.>>
 449

450 **Financial Statements**

451 The application includes the following financial statements for the new operator.
 452

Year-to-date:	<<dates for start and end of period>>
Fiscal year ending:	<<date – end of period>>
Fiscal year ending:	<<date – end of period>>
Fiscal year ending:	<<date – end of period>>

453
 454 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Are less than 3-years of historical financial data available for the new operator? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are the financial statements missing any required information or schedules? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Do the financial statements indicate a loss prior to depreciation?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Do the Aging of Accounts Payable schedules show any material accounts payables (amounts in excess of 5% of effective gross income) over 90 days? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Do the Aging of Accounts Receivable schedules show any material accounts receivables (amounts in excess of 2% of gross income) over 120 days?
<i>(Note: Projects with material accounts receivables over 120 days that do not intend to have Accounts Receivable Financing should address the recent trends in length of time until reimbursement is made in the project’s state. The Lender should address these projects’ ability to handle delayed payments (e.g., access to sources of liquidity in an amount comparable to material accounts receivable over 120 days.)</i> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are there any issues or discrepancies related to tenant deposit accounts (e.g., not fully funded)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Did your review and analysis of the financial statements indicate any other material concerns or weaknesses that need to be addressed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Within the last 3 fiscal years, are there any negative or declining NOIs? | <input type="checkbox"/> | <input type="checkbox"/> |

455
 456 <<If you answer “yes” to any of the above questions, please identify each risk factor and how it
 457 is mitigated below. The Accounts Payable and Accounts Receivable analysis provides
 458 information regarding an entity’s collection and payment practices, policies, and potential risks

459 to the new project. Discuss your analysis of these issues and how the lender determined they are
460 an acceptable risk.

461
462 *Example: **No Financial Statements**: The new operator is a newly formed entity and does not*
463 *have a financial history to report. At this time, the operation of the subject facility will be the*
464 *new entity’s sole purpose, so there is no need to review financial data from other facilities or*
465 *sources.*

466
467 *Example: **Tenant Security Deposits**: The tenant security deposits do not appear to be fully*
468 *funded. At closing, however, the borrower will not be the new operator and the tenant deposit*
469 *obligation will fall to the new operator; therefore, the lender has included an approval condition*
470 *requiring the new operator to set up project accounts by closing and to provide an acceptable,*
471 *certified Balance Sheet showing that the tenant security deposits are fully funded.>>*

472
473 *Projects with material accounts receivables over 120 days that do not intend to have Accounts*
474 *Receivable Financing should address the project State’s recent trends in length of time until*
475 *reimbursement is made. The Lender should address these projects’ ability to handle delayed*
476 *payments, e.g. access to sources of liquidity in an amount comparable to material accounts*
477 *receivable over 120 days.)>>*

478
479 **General Overview**

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

483

484 **Net Income Analysis**

485

486

Net Income*

In total \$

20XX	20XX	20XX	YTD (Indicate time frame)
\$	\$	\$	

487

488

489 <<Provide an explanation of any Net Losses or declining Net Incomes for the year-to-date and
490 last 3 fiscal years, as applicable.>>

491

492 **Conclusion**

493 <<Provide narrative discussion of lender’s conclusion and recommendation. For example:
494 “The new operator entity has demonstrated an acceptable financial and credit history as
495 discussed in our analysis of their financial statements and credit history above. The new
496 operator has the experience to continue to successfully operate this facility. The lender
497 recommends this new operator for approval as an acceptable participant in this transaction.”>>

498

499

500 **Parent of the New Operator (if applicable)** 4

501
502 <<Provide this section for the parent organization of the new operator. This section is not
503 applicable to individuals who are principals unless you are depending on the person or persons
504 for approval of the new operator (e.g., newly formed entity). In that instance (individuals),
505 follow the principal of the new borrower template and modify it appropriately for an
506 operator.>>
507

Name: _____
State of organization: _____
Date formed: _____
Termination date: _____

508
509 **Key Questions**

	Yes	No
1. Is the parent of the new operator rated by S&P or another rating agency?	<input type="checkbox"/>	<input type="checkbox"/>
2. Is or has the parent of the new operator been delinquent on any federal debt?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is or has the parent of the new operator been a defendant in any suit or legal action?	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the parent of the new operator ever filed for bankruptcy or made compromised settlements with creditors?	<input type="checkbox"/>	<input type="checkbox"/>
5. Are there judgments recorded against the parent of the new operator?	<input type="checkbox"/>	<input type="checkbox"/>
6. Are there any unsatisfied tax liens?	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the parent of the new operator have other HUD properties that will be master leased separately from the subject project?	<input type="checkbox"/>	<input type="checkbox"/>

510
511 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
512 and how it will be mitigated. Example: **S&P Rating:** The entity is rated X by S&P. The rating
513 agency indicates the outlook for the company is X.>>
514

515 **Organization**

516 <<Provide organization chart and narrative, as applicable.>>
517

518 **Experience/Qualifications**

519 <<Provide narrative description of experience and qualifications. Discussion should highlight
520 direct experience and involvement in other HUD transactions. This section should clearly
521 demonstrate the expertise to successfully operate the facility. >>
522

523 **Credit History**

Report date: <<within 60 days of submission>>

Reporting firm: _____

Score: _____

524
525 <<Provide an explanation of the credit score in terms of risk level (i.e., low, medium, or high).
526 Also, if the score is evaluated numerically, explain what value the credit agency places on the
527 score. >>

528
529 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Does the credit report identify any material derogatory information not previously discussed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the lender have any concerns related to their review of the credit report? | <input type="checkbox"/> | <input type="checkbox"/> |

530
531 <<For each "yes" answer above, provide a narrative discussion on the topic describing the risk
532 and how it will be mitigated.>>

533
534 **Other Business Concerns/232 Applications**

535
536 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Does the parent identify any other business concerns? | <input type="checkbox"/> | <input type="checkbox"/> |
| a. Do any of the other business concerns have pending judgments; legal actions or suits; or, bankruptcy claims? <input type="checkbox"/> N/A | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Do the credit reports on the 10% sampling of the other business concerns indicate any material derogatory information? <input type="checkbox"/> N/A | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the parent identify any other Section 232 or Section 232/223(f) loans on their consolidated certification and Attachment 2 thereof? | <input type="checkbox"/> | <input type="checkbox"/> |

537
538 <<For each "yes" answer above, provide a narrative discussion on the topic describing the risk
539 and how it will be mitigated. Example: **Other Business Concerns:** XXXXX identified XX other
540 business concerns in addition to the borrower and the newly formed operator discussed in this
541 narrative. The lender reviewed Dunn and Bradstreet credit reports for XX Other Business
542 Concerns identified by XXXX. {Discuss each report}. No reports indicated derogatory
543 information that would prohibit XXXXX participation in this loan transaction.

544
545 Example: **Other Section 232 Applications:** XXXXX identified XX other Section 232 loan
546 application – {projects}. The applications were submitted XXX and closed in XXX. As this is
547 only XXXXX's Xth HUD-insured healthcare loan, no additional reviews are required.>>

548

549 **Other Facilities Owned, Operated or Managed**

550

551 **Key Questions**

	Yes	No
1. Does the parent of the new operator own, operate, or manage any other facilities?	<input type="checkbox"/>	<input type="checkbox"/>
a. Do any of the other facilities have pending judgments; legal actions or suits; or, bankruptcy claims?	<input type="checkbox"/> N/A	<input type="checkbox"/>
b. Do any of the other facilities have any open professional liability insurance claims?	<input type="checkbox"/> N/A	<input type="checkbox"/>
c. Do any of the other facilities have any open state findings related to instances of actual harm and/or immediate jeopardy (G or higher)?	<input type="checkbox"/> N/A	<input type="checkbox"/>
d. Is the parent of the operator a participant in 50+ residential healthcare facilities?	<input type="checkbox"/>	<input type="checkbox"/>
e. Does the parent of the operator carry <i>one</i> Professional Liability Insurance policy for its residential healthcare facilities?	<input type="checkbox"/>	<input type="checkbox"/>
f. Does the parent of the operator carry <i>multiple</i> Professional Liability Insurance policies for its residential healthcare facilities?	<input type="checkbox"/>	<input type="checkbox"/>

552

553 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
 554 and how it will be mitigated; however, for “e” and “f” only, evidence of mitigation will not be
 555 required (HUD only requires an explanation of the insurance). Example: **Other Facilities:**
 556 XXXXX identified XX other facilities it owns, operates, or manages in addition to the subject
 557 facility. **PLI Insurance:** XXXXX identified XX facilities that are carried on the same PLI policy
 558 as the subject project. Other facilities of the parent of the operator are covered on XX separate
 559 PLI policies.>>

560

Program Guidance: Handbook 4232.1, Section II Production, Chapter 8.8.

561

562 **Financial Statements**

563 The application includes the following financial statements for the parent of the new operator:

564

Year-to-date:	<<dates for start and end of period>>
Fiscal year ending:	<<date – end of period>>
Fiscal year ending:	<<date – end of period>>
Fiscal year ending:	<<date – end of period>>

565

566 **Key Questions**

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Are less than 3-years of historical financial data available for the parent of the new operator? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are the financial statements missing any required information or schedules? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Do the Aging of Accounts Payable schedules show any material accounts payables (amounts in excess of 5% of effective gross income) over 90 days? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Did your review and analysis of the financial statements indicate any other material concerns or weaknesses that need to be addressed? | <input type="checkbox"/> | <input type="checkbox"/> |

567
 568 <<If you answer “yes” to any of the above questions, please identify each risk factor and how it
 569 is mitigated below. The Accounts Payable and Accounts Receivable analysis provides
 570 information regarding an entities collection and payment practices, policies, and potential risks
 571 to the new project. Discuss your analysis of these issues and how the lender determined they are
 572 an acceptable risk. >>

573
 574 **General Overview**

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

578

579 **Net Income Analysis**

580
 581

Net Income*			
In total \$			
20XX	20XX	20XX	YTD (Indicate time frame)
\$	\$	\$	

582 *before depreciation, amortization, and any other non-cash expense

583

584 <<Provide an explanation of any Net Losses or declining Net Incomes for the year to date and
 585 last three fiscal years, as applicable.>>

586

587 **Conclusion**

588 <<Provide narrative discussion of lender’s conclusion and recommendation. For example:
 589 “The parent of the new operator entity has demonstrated an acceptable financial and credit
 590 history as discussed in our analysis of their financial statements and credit history above. The
 591 parent of the new operator has the experience to continue to successfully operate this facility.
 592 The lender recommends this parent of the new operator for approval as an acceptable
 593 participant in this transaction.”>>

594

595 **New Management Agent (if applicable)** 5

596

Name: _____

Relation to borrower: <<Owner Managed/IOI Entity/Independent/Other>>

Principals/officers: _____

597

598 **Key Questions**

	Yes	No
1. Does the new management agent have experience managing other HUD-insured properties?	<input type="checkbox"/>	<input type="checkbox"/>
a. Has the agent received any “unsatisfactory” management reviews from HUD?	<input type="checkbox"/>	<input type="checkbox"/>
b. Have any managed, owned, or operated properties received REAC scores lower than 60?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the new management agent have less than 3-years of experience managing similar properties?	<input type="checkbox"/>	<input type="checkbox"/>

599

600 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
601 and how it will be mitigated.

602

603 **Previous HUD Experience**

604

Project Name	Project City	Project State	Type of Facility

605

606 **New Management Agent’s Duties and Responsibilities**

607 <<Briefly describe the new management agent’s duties and responsibilities (i.e., will the new
608 management agent control the operating accounts; contract for services; recruit, select or train
609 employees; take responsibility for the management of the functional operation of the facility or
610 the execution of the day-to-day policies of the facility; etc.). Also describe the nature of the
611 management agent’s compensation and how it was calculated.>>

612

613 **Experience/Qualifications**

614 <<Provide a narrative description of experience and qualifications. Discussion should
615 highlight direct experience and involvement in other HUD transactions. This section should
616 clearly demonstrate the expertise to successfully manage the facility and meet the obligations of
617 the management agreement.>>
618

619 **Credit History**

Report Date: <<within 60 days of submission>>

Reporting Firm:

Score:

620
621 <<Provide an explanation of the credit score in terms of risk level (i.e., low, medium, or high).
622 Also, if the score is evaluated numerically, explain what value the credit agency places on the
623 score. >>
624

625 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Does the credit report identify any material derogatory information not previously discussed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the lender have any concerns related to their review of the credit report? | <input type="checkbox"/> | <input type="checkbox"/> |

626
627 <<For each "yes" answer above, provide a narrative discussion on the topic describing the risk
628 and how it will be mitigated.>>
629

630 **Other Facilities Owned, Operated or Managed**

631
632 **Key Questions**

- | | Yes | No |
|---|------------------------------|--------------------------|
| 1. Does the new management agent own, operate, or manage any other facilities? | <input type="checkbox"/> | <input type="checkbox"/> |
| a. Do any of the other facilities have pending judgments; legal actions or suits; or, bankruptcy claims? | <input type="checkbox"/> N/A | <input type="checkbox"/> |
| b. Do any of the other facilities have any open professional liability insurance claims? | <input type="checkbox"/> N/A | <input type="checkbox"/> |
| c. Do any of the other facilities have any open state findings related to instances of actual harm and/or immediate jeopardy (G or higher)? | <input type="checkbox"/> N/A | <input type="checkbox"/> |

633
634 <<For each "yes" answer above, provide a narrative discussion on the topic describing the risk
635 and how it will be mitigated. Example: **Other Facilities:** XXXXX identified XX other facilities it
636 owns, operates, or manages in addition to the subject facility.>>

637

Program Guidance: Handbook 4232.1, Section II Production, Chapter 8.8

638

639 **Past and Current Performance**

640

Indicator	Findings
Billing	<<acceptable>>
Controlling operating expenses	
Vacancy rates	
Resident turnover	
Rent collection and accounts receivable	
Physical security	
Physical condition and maintenance	
Resident relations	

641

642 <<Provide narrative support for review and finding. For example: “Based on interviews with
643 the principals of the new borrower and new management agent, as well as a review of the
644 management policies and procedures, the Lender has concluded that the new management agent
645 has demonstrated acceptable past and current performance with regard to all of the above
646 indicators.”>>

647

648 **Management Agreement**

649

Date of agreement: _____
Agreement expires: _____
Management fee: _____

650

651 **Key Questions**

	Yes	No
1. Does the agreement insufficiently describe the services the agent is responsible for performing and for which the agent will be paid management fees?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the agreement fail to state that the management fees will be computed and paid according to HUD requirements?	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the agreement fail to state that HUD may require the owner to terminate the agreement without penalty and without cause upon written request by HUD and contain a provision that gives no more than a 30-day notice of termination?	<input type="checkbox"/>	<input type="checkbox"/>
4. Does the agreement fail to state that HUD’s rights and requirements will prevail in the event the management agreement conflicts with them?	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the agreement fail to state that the management agent will turn over to	<input type="checkbox"/>	<input type="checkbox"/>

- | | Yes | No |
|--|--------------------------|--------------------------|
| the owner all of the project’s cash trust accounts, investments, and records immediately, but in no event more than 30 days after the date the management agreement is terminated? | | |
| 6. Does the agreement exempt the agent from gross negligence and or willful misconduct? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is the Form HUD-9839-ORCF inconsistent with the Management Agreement?..... | <input type="checkbox"/> | <input type="checkbox"/> |

652
653
654
655

<<For each “yes” answer above, provide a narrative discussion on the topic describing the risk and how it will be mitigated. >>

656 **Management Certification**

657 <<Provide narrative review. For example: “The form HUD-9839-ORCF, Management Agent
658 Certification, provided in the application package indicates a management fee of XX percent of
659 the residential, commercial and miscellaneous income collected, which is in line with industry
660 standards for projects of this size. The term of the agreement is for XX-years. The stated fee and
661 term match those stated in the management agreement.”>>
662

663 **Conclusion**

664 <<Provide narrative discussion of lender’s conclusion and recommendation. For example:
665 “The management agent has demonstrated an acceptable credit history and has the experience
666 to continue to successfully manage this facility. The lender recommends this management agent
667 for approval as an acceptable participant in this transaction.”>>
668

669 **Operation of the Facility** ① ②

670 **Administrator**

Name: _____
Employed by: <<Name of entity who employs/pays administrator>>
Facility Start Date: <<Date started at this facility as Administrator>>

671
672
673
674
675
676
677
678
679

<<Narrative description of experience and qualifications - For example, “{Administrator} has been a licensed administrator since XXXX. Her current Residential Care Administrator’s license No. XXXXXXXX expires XXXXX. It was issued by XXXXXX in the State of XXXX. Her experience includes... Since arriving at the facility, XXXX has helped to increase the revenues and profitability of the project, as evidenced by the increasing effective gross income and net operating income (NOI). XXXXX is well qualified and has demonstrated her ability to act as Administrator for the subject facility.”>>

680 **Operating Lease**

Program Guidance: Handbook 4232.1, Section II Production, Chapter 8.6, Operating Lease Requirements

681
682

Date of Agreement: _____
 Current Lease Term Expires: _____
 Description of Renewals: _____
 Current Lease Payment: _____
 Major Movable Equipment
 Current Ownership: <<Borrower/Operator>>
 Post Closing Ownership: <<Borrower/Operator>>

683
684

Key Questions

	Yes	No
1. Will the facility be subleased (master lease)?	<input type="checkbox"/>	<input type="checkbox"/>
2. At closing, will the lease have a term that expires within 5 years with no lease renewal options (see guidance below)?	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the lease contain any non-disturbance provisions?	<input type="checkbox"/>	<input type="checkbox"/>
4. Does the lease require the new borrower to escrow any funds other than those associated with this loan?	<input type="checkbox"/>	<input type="checkbox"/>
5. Are there proposed changes to the current operating lease?	<input type="checkbox"/>	<input type="checkbox"/>
6. Has the lender recommended any special conditions concerning the lease? ..	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the current lease payment need to be increased to provide sufficient debt coverage for the mortgage payment, MIP, other insurance premiums, taxes, reserves, or impounds?	<input type="checkbox"/>	<input type="checkbox"/>

685
686
687
688

<<For each “yes” answer above, provide a narrative discussion on the topic describing the risk and how it will be mitigated.>>

Program Guidance: Lenders need to provide HUD with information in their application regarding any changes to the operator that will occur within the next 5 years. This plan of action is needed to ensure that the quality and experience of any potential new operator will be comparable or better than the current operator. For assisted living facilities (ALFs), it is important to re-emphasize that operators need to be experienced and have a proven track record with the operation, marketing, and lease up of ALF facilities. The 5- year lease expiration issue does not apply to lessees that have lease renewal options.

689

690 **Lease Payment Analysis**

691 The lease payments must be sufficient to (1) enable the borrower to meet debt service and
 692 impound requirements; and (2) enable the operator to properly maintain the project and cover
 693 operating expenses. The minimum annual lease payment must be at least 1.05 times the sum of
 694 the annual principal, interest, mortgage insurance premium, reserve for replacement deposit,
 695 property insurance, and property taxes.

696
 697 The lender has prepared an analysis demonstrating the minimum annual lease payment.
 698

a. Annual principal and interest	\$
b. Annual mortgage insurance premium	
c. Annual replacement reserves	
d. Annual property insurance	
e. Annual real estate taxes	
f. Total debt service and impounds	\$
g. Minimum annual lease payment	\$

699
 700 <<Compare the minimum annual lease payment to the current lease payment. If the lease
 701 payment needs to increase, add the following language: “The lease payment must be increased
 702 to \$XX per year (\$XX per month). The lender has included a special condition to the firm
 703 commitment requiring the lease payment be revised to meet or exceed this minimum.” If the
 704 lease payment does not need to increase, add the following language: “The current lease
 705 payment is sufficient. The recommended annual lease payment also provides the operator with
 706 an acceptable profit margin.”>>
 707

708 **Responsibilities**

709 <<Provide a description of the responsibilities of the Lessor and Lessee under the terms of the
 710 lease with regard to the following: payment of real estate taxes, maintenance of building,
 711 capital improvements, replacement of equipment, property insurance, etc.>>
 712

713 **Master Lease**

Program Guidance: Handbook 4232.1, Section II Production, Chapter 13. It is the Lender’s responsibility to read the handbook chapter and provide HUD with a full set of documents for review of the proposed master lease structure.

714
 715 **Key Questions**

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Are three or more projects (or two projects with an aggregate total mortgage loan amount greater than \$15 million) being submitted to HUD that are under common control or have the same ownership? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Have projects under common control or with the same ownership applied for | <input type="checkbox"/> | <input type="checkbox"/> |

Yes No

mortgage insurance or a change of ownership within the *past* 18-months OR will projects under common control or with the same ownership apply for mortgage insurance or a change of ownership within the *next* 18 months? ...

3. Is the parent of the operator the same for all of these projects? N/A

716
717 *If you answered “yes” to all three questions, a master lease or master lease alternative is*
718 *required.*

Key Questions

Yes No

- 1. Is a new master lease proposed for the subject project ?.....
- 2. Will the subject project be joined to an existing HUD master lease?
- 3. Do the new borrower principals currently participate in any other HUD master leases?
- 4. Does the new parent of the operator currently participate in any other HUD master leases? N/A

720
721 <<Provide a narrative describing the terms and conditions of the master lease, proposed
722 payments to and from the master tenants, lease agreements between the new borrower, master
723 tenant, and subtenants, the flow of funds from the subtenants to the master tenant and the new
724 borrower (including the AR lender, if applicable), and any waivers or requests for modification
725 to standard requirements.

726
727 *If the subject is being joined to an existing master lease, list projects with project numbers*
728 *already included in the master lease.*

729
730 *Describe any other HUD master leases the principals of the new borrower or parent of the*
731 *operator are party to, list projects with project numbers, and indicate the HUD lender who is*
732 *party to the lease(s).>>*

733

734 **Accounts Receivable (A/R) Financing ①**

Program Guidance: Handbook 4232.1, Section II Production, Chapter 15.

735

AR Lender: _____

AR Borrower _____

Maximum Loan Amount: _____

Interest Rate: _____

Current Balance: _____

Current Maturity Date: _____

736

737 **Key Questions**

	Yes	No
1. Does the project currently have AR financing, or will a new loan be added as part of this transaction?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the AR loan require any guarantees from the new borrower, new operator, parent of the new operator, or any of those entities' principals?	<input type="checkbox"/>	<input type="checkbox"/>
3. Are the guarantors guaranteeing performance on any other AR loans?	<input type="checkbox"/>	<input type="checkbox"/>
4. Does the AR loan involve multiple facilities or borrowers?	<input type="checkbox"/>	<input type="checkbox"/>
a. Does the AR loan involve any non-HUD-insured properties?	<input type="checkbox"/>	<input type="checkbox"/>
b. Is the subject being added to an existing AR line that has already been reviewed/approved by HUD?	<input type="checkbox"/>	<input type="checkbox"/>
5. Is there an identity of interest between the AR lender and the AR borrower?	<input type="checkbox"/>	<input type="checkbox"/>
6. Is there a conflict of interest between the AR lender and the new borrower or its principals (as defined in Handbook 4232.1, Section II Production, Chapter 15.4.E or its successors)?	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the maximum AR loan amount exceed 85% of the Medicaid, Medicare, and other governmental accounts receivable less than 121 days old?	<input type="checkbox"/>	<input type="checkbox"/>
8. Of the total Medicaid, Medicare and other governmental accounts receivable less than 121 days old, are more than 30% over 90 days old? <input type="checkbox"/> N/A	<input type="checkbox"/>	<input type="checkbox"/>
9. Does the AR lender have less than 3 years of experience providing AR financing?	<input type="checkbox"/>	<input type="checkbox"/>
10. Is the AR borrowing base <u>not</u> monitored by the AR lender on a regular basis (e.g., daily, weekly, or monthly)?	<input type="checkbox"/>	<input type="checkbox"/>
11. Are the new borrower or new operator out of compliance with any business agreements or loan covenants (i.e., in default on those agreements, not current on financial submissions, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>
12. Is the AR loan being syndicated or participated?	<input type="checkbox"/>	<input type="checkbox"/>
13. Does the Intercreditor Agreement (ICA) propose additional obligations beyond those allowed as the types of AR Loan Obligations that may be secured by project collateral?	<input type="checkbox"/>	<input type="checkbox"/>
14. Does the ICA propose loan extensions or interest rate changes?	<input type="checkbox"/>	<input type="checkbox"/>
15. Does the ICA include any cross-default or cross-collateralization provisions?	<input type="checkbox"/>	<input type="checkbox"/>
16. Does the ICA identify a flow of funds inconsistent with the cash flow chart?	<input type="checkbox"/>	<input type="checkbox"/>

738

739 <<For each "yes" answer above, provide a narrative discussion regarding the topic. For
740 projects being added to an existing HUD-insured AR line, provide specific information on when
741 the AR line was originated (date), when documents were reviewed/approved by HUD, which
742 HUD OGC field office performed the review, and provide a listing of projects participating in
743 the line (project name and FHA number). >>

744

745 **Terms and Conditions**

746

747 1. Describe the borrowing base formula (e.g., XX% of the AR borrowers accounts receivable up
748 to 120 days):

749

750 2. Describe term and renewal options:

751

752 3. Describe the rate applied to the used and unused portion of the AR loan:

753

754 4. Other fees (i.e., financing fees, late payment fees, etc.):

755

756 **Mechanisms for Operator receipts, disbursements and control of operator funds:**

757 <<Describe the flow of all funds, into and out of accounts. Describe how deposit accounts are
758 controlled (e.g., number of controlled accounts, hard or springing lockbox, daily sweeps, etc.).

759 Attach cash flow chart.>>

760

761 **Collateral/Security**

762 <Provide narrative description of the AR lender's collateral/security. Explain any unsecured
763 AR financing.>>

764

765 **Permitted Uses and Payment Priorities**

766 <<Provide descriptions of the permitted uses of the AR loan funds in order of priority. For
767 example: (1) debt service incurred in connection with the AR loan; (2) operating costs; and
768 (3) distributions to the operator's shareholders. >>

769

770 **Financial Analysis**

771

772

773

Borrowing Base Analysis

(Double click inside the Excel Table to add information)

Calculations as of: **DATE** (of AR aging report submitted with application materials)

	0-90 days	91-120 days	121-150 days	151+ days
Medicare	\$ -	\$ -	\$ -	\$ -
Medicaid	-	-	-	-
Other Govt	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	\$ -
Commercial				
Private*				
Total	\$ -	\$ -	\$ -	\$ -

*Inclusion of Private Pay receivables requires waiver approval

#DIV/0!

Medicare, Medicaid, Commercial AR aged 90-120 days

\$ -

AR Loan Available

(point in time, based on Borrowing Base described in AR loan documents)

\$ -

AR Loan Amount

(from Loan Agreement)

774

775

776 **Historical AR Loan Costs**

777 <<If there is an existing AR loan that is not yet approved by HUD, provide a financial analysis

778 that explains how the cost of the AR loan has been factored into the NOI calculation. Complete

779 the Historical AR Loan Costs table.>>

780

781
782

Historical AR Loan Costs

(Double click inside the Excel Table to add information)

20XX	20XX	20XX	YTD specify months	20XX-20XX Average	UW

783
784

785 **Proposed AR Loan Costs**

786 <<If the AR borrower is obtaining AR financing for the first time, provide a financial analysis
787 that demonstrates that the AR borrower has sufficient financial capacity to pay all projected
788 operating expenses, AR financing costs and loan payments, and all rent or debt service
789 payments. The analysis must assume the maximum AR loan amount to stress test the AR
790 financing based on the lesser of the operator’s 12-month trailing operating statements.
791 Calculate the impact on the borrower’s debt coverage after payment of the AR loan expenses
792 and payments.>>

793

794 Assuming the \$ maximum AR loan limit, an annual interest rate of %, and that the
795 entire amount is outstanding for the year, the maximum annual interest expense would be
796 \$. In addition to the interest, the other associated fees are the fees <<list types of
797 fees>>, that total \$ per year for the same assumed balance. An analysis of the operator’s
798 12 month trailing financial statement (Month 20XX – Month 20XX) is below:
799

12-Month Trailing Operating History	
Operating revenue	\$
Less: Operating expenses	
Net operating income (NOI)	\$
Annual P&I + MIP	\$
AR fee: Interest	
AR fee: Other	
Total annual mortgage & AR debt service	\$
DSCR including AR	

800

801 The transaction assumed an NOI of \$. The 12-month trailing NOI is \$. The annual
802 debt service including the MIP amount is \$ per year. Adding the AR fees equates to a total
803 mortgage and AR debt service expense of \$ per year. This equates to prospective
804 debt service coverage.

805 <<If multiple HUD-insured facilities have access to the AR loan, repeat the analysis above with
806 the consolidated revenues and expenses for all those facilities.>>

807

808 **Recommendation**
809 <<The lender recommends approval of the AR loan.>>
810

811 **Insurance** ①

812 **Professional Liability Insurance (PLI) Coverage**
813

Program Guidance: Handbook 4232.1, Section II Production, Appendix 14.1

814
Name of insured: _____
Insurance company: _____
Rating: Rater: _____
Insurance company is licensed
in the United States: Yes No
Statute of limitations: _____
Current coverage: Per occurrence: _____
Aggregate: _____
Deductible:
Policy Basis: Per occurrence Claims made
Current Expiration: _____
Retroactive Date: _____
Policy Premium: _____

815

Summary of Six-Year Loss History for New Operator or its Parent of Operator				
Year	Total claims paid under this policy (dollars)	Total claims paid under this policy (no. of claims)	Total bed count covered under the policy	Dollars paid in claims per bed
1				
2				
3				
4				
5				
6				
Total/average				

816

817 **Key Questions**

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Is less than 6 years of loss history available? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the loss history indicate any professional liability claims over \$35,000? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the loss history or potential claims certification indicate any uncovered claims? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the insurance policy cover multiple properties? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the loss history or potential claims certification indicate any claims that would exceed the per occurrence or aggregate coverage limits at the facility? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Has the facility been covered by a "claims made" policy at any time during the statute of limitations for the State in which the facility is located? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is the policy funded on a "cash front" basis? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Is an actuarial study applicable (self-insurance)? <i>(If yes, discuss results below.)</i> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. For all facilities Owned, Operated or Managed by the new operator and/or parent of the operator, are there any surveys/reports that have open G-level or higher citations outstanding? <i>(As appropriate, provide a complete analysis of the surveys.)</i> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Are any entities that provide resident care (as discussed in the Provider Agreements and Resident Care Agreements/Rental Agreements) not covered by the PLI policy? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Are there any PLI issues that require special consideration? | <input type="checkbox"/> | <input type="checkbox"/> |

818

819 <<For each “yes” answer above, provide a narrative discussion on the topic describing the risk
820 and how it will be mitigated.

821

822 *Example: **1. Multiple properties:** The lender notes that the professional liability policy is a
823 ‘blanket’ policy covering XXX facilities, including the subject...{address potential impact of
824 other facilities on the subject’s coverage}*

825

826 *Example: **2. Less than 6-year loss history:** The claims history reports were examined for the
827 period XX through XX. The lender determined that there were no professional liability XX
828 claims during that period... {Address claims and sufficiency of coverage, etc. based on history}.*

829

830 *Example: **Claims made coverage:** The project’s previous professional liability insurance
831 coverage was a “claims made” form policy with XXXX, which expired XXXX, when the current
832 policy was put in place. In XXXX the borrower purchased a “nose coverage” policy which is
833 the coverage needed when going from a “claims made” form of insurance to a “per occurrence”
834 form of insurance. The premium for this “nose” coverage liability was a one-time charge and
835 was paid in XXX. Because of that additional insurance coverage, the insurance expense for
836 XXXX was substantially higher than the current expense. The current “per occurrence basis”
837 insurance policy covers the entire statute of limitations. The project’s professional liability
838 insurance is in compliance with HUD’s requirements. >>*

839

840 **Lawsuits**

841 << Identify all potential or expected professional liability insurance (PLI) claims in excess of
842 \$35,000 that have been or may be filed for all periods within the statute of limitations for the
843 state where the claim occurred. Identify any reserves held for potential claims. Discuss the risk
844 associate with each potential PLI claim. Discuss how that risk is mitigated. Describe the
845 circumstances, identify the potential award amount, provide evidence and analysis showing that
846 the suits are covered by PLI insurance, and if the insurance is not sufficient, does the insured
847 demonstrate adequate funds to cover the potential excess? Describe any other information that
848 mitigates the risk.

849

850 *As applicable, discuss other types of lawsuits (non-PLI) and describe the potential risk related to
851 the party’s participation in the proposed project. Discuss how that risk is mitigated. If the suit
852 is closed, does it contribute to a pattern? Does it materially affect the party’s ability to
853 participate in the project? If not closed, describe the circumstances, identify the potential award
854 amount, provide evidence and analysis showing that the suits are covered by insurance (general
855 liability), and if the insurance is not sufficient, do they demonstrate adequate funds to cover the
856 potential excess? Describe any other information that mitigates the risk.>>*

857

858 **Commercial General Liability Insurance**

859 <<Provide narrative discussion of policy coverage for bodily injury, property damage and
860 personal injury. For example: General liability insurance will be provided by XX. The
861 underwriter has confirmed estimates of the cost and coverage for underwriting and will re-verify

862 this information prior to closing. The insurance coverage will comply with HUD requirements
863 prior to closing.>>
864

865 **Recommendation**

866 <<Provide narrative recommendation regarding acceptability of professional and general
867 liability insurance. For example: “The new borrower’s professional and general liability
868 insurance was analyzed in accordance with Handbook 4232.1, Section II Production, Chapter
869 14 and Appendix 14.1. The property has XX current potential (threatened) insurance claims at
870 this time as reflected on the certification provided by the borrower. It is {lender’s} opinion that
871 the information provided above and in the application sufficiently demonstrates that the existing
872 professional liability coverage meets HUD’s requirements and that the risk from professional
873 liability issues is sufficiently addressed. No modifications to the current coverage are
874 recommended.”>>
875

876 **Property Insurance**

877 <<Provide narrative discussion of policy coverages as applicable, including property damage,
878 ordinance and law coverage, and boiler and machinery/equipment breakdown insurance. For
879 example: “Property insurance will be provided by XX. The lender has confirmed estimates of
880 the cost and coverage for and will re-verify this information prior to closing. The insurance
881 coverage will comply with HUD requirements prior to closing.”>>
882

883 **Fidelity Bond/Crime Insurance Coverage**

884 <<Provide narrative discussion of fidelity bond/crime insurance coverage. For example: “The
885 current insurance policy reflects fidelity (crime) insurance with the limit of \$XX and \$XX
886 deductible. The HUD requirement for at least two months **potential** gross income receipts would
887 total \$XX. The current level of coverage is sufficient for this project.” If not sufficient,
888 recommend commitment condition.
889

890 **Additional Insurances**

891
892 Additionally, information for the following additional insurance coverages as applicable:
893

<i>Type of Insurance</i>	<i>Amount of Coverage</i>	<i>Deductible</i>	<i>Narrative discussion of coverage</i>
<i>Director's and officer's liability coverage</i>	\$	\$	
<i>Commercial auto liability coverage</i>	\$	\$	
<i>Business income coverage</i>	\$	\$	
<i>Earthquake insurance</i>	\$	\$	
<i>Sinkhole/mine subsidence insurance</i>	\$	\$	
<i>Windstorm coverage</i>	\$	\$	
<i>Flood insurance</i>	\$	\$	

894

895 **Circumstances that May Require Additional Information (e.g.,**
896 **secondary financing)** ① ②

897

898 In addition to the information required in this narrative, HUD may require additional information
899 from the lender to accurately determine the strengths and weaknesses of the transaction. If
900 additional information is required, the questions will be included in an appendix that
901 accompanies the narrative.

902

903 **Special Conditions** ① ②

904 <<List any recommended special conditions. If none, state "None.">>

905 1.

906 2.

907

908 **Conclusion** ① ②

909

910 <<Provide narrative conclusion and recommendation.>>

911

912 **Signatures** ① ②

913

914 Lender hereby certifies that the statements and representations of fact contained in this
915 instrument and all documents submitted and executed by lender in connection with this
916 transaction are, to the best of lender’s knowledge, true, accurate, and complete. Lender further
917 acknowledges that any material changes to this transaction subsequent to the submission date
918 may void this transaction in its entirety. This instrument has been made, presented, and
919 delivered for the purpose of influencing an official action of HUD and may be relied upon by
920 HUD as a true statement of the facts contained therein.

921

922 If the above transaction(s) is/are approved by HUD, the Lender agrees to execute any and all
923 documents, including a Release and Assumption Agreement and/or a Security Instrument
924 Modification Agreement. It is understood that the Lender’s consent to this transfer will in no
925 way prejudice its rights under its contract of insurance with HUD.

926

927 <<REQUIRED FOR SECONDARY FINANCING WHEN A LIEN IS BEING PLACED
928 AGAINST THE PROJECT. Lender hereby consents to the creation of a subordinate lien against
929 the Project in connection with the transfer. Lender waives its right to assign the Security
930 Instrument and claim insurance benefits by reason of the creation of such lien(s).>>

931

Lender: _____

HUD Mortgagee/Lender No.: _____

932

This report was prepared by:	Date	This report was reviewed by:	Date
------------------------------	------	------------------------------	------

<<Name>>

<<Title>>

<<Phone>>

<<Email>>

<<Name>>

<<Title>>

<<Phone>>

<<Email>>

933