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| **Interest Rate Reduction Loan Modification Checklist**Section 232  | **U.S. Department of Housing****and Urban Development**Office of Residential Care Facilities |

**Warning**: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).

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| **Project Name:**       |
| **Project Number:**       |
| **Applicant Name:**       |

A **Loan Modification - Interest Rate Reduction Only** transaction is a change to the note and/or the mortgage. In this type of loan modification, the only change made to the mortgage note is to reduce the interest rate and subsequently change the required principal and interest payment on the mortgage note. The term (duration) of the mortgage note must not be revised; it must equal the remaining term of the mortgage note at the time of the Loan Modification. **At the time of the Loan Modification, the loan must not be subject to a prepayment lockout and any prepayment penalty required by the mortgage note must be satisfied.** The modification permanently changes the terms of the mortgage and/or note secured by the project, and as such it may need to be recorded in accordance with state and local law (see *Section 232 Handbook, Section III Asset Management, Chapter 5.2 Loan Modifications*).

**SUBMISSION REQUIREMENTS:**

* Lender shall transmit the checklist documents via the HUD Healthcare Portal (link [here](https://www.hud232portal.com/)). In the Portal, select *Asset Management > Project Request Form* > *Interest Rate Reduction.*
* It is **critical** that you name each file according to the naming convention provided in the checklist **highlighted in green.** These highlighted numbers are important codes that “guide” the Portal system to recognize the type of transaction submitted, section number of the checklist, and the identity of the document. Therefore, appropriate file names for this submission package would include **99901-a\_Lender’s Narrative [OR] 99901-a\_LendersNarrative [OR] 99901-a\_LNarrative.** In all three examples, the critically important portion of the file name is the five-digit number, dash, letter, and underscore that have been highlighted in green on the checklist. Do not use the following characters in your file names: Less than: (<), Greater than: (>), Colon: (:), Double quote: ("), Forward slash: (/), Backslash: (\), Vertical bar or pipe: (|), Question mark: (?), Asterisk: (\*).

| **No.** | **Item** | **Incl.** | **N/A** |
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|  | **91001-a\_**Completed **Lender Narrative – Loan-Note Modification** Checklist  | [ ]  |  |
|  | **91002-a\_**ExecutedLender Narrative – Loan-Note Modification, Form HUD-90032-ORCF  | [ ]  |  |
|  | Financial Statements for Operation *(Trailing 12 months)* The statements must be no more than 3 months old at the time of submittal.1. **91003-a\_**Income and Expense Statement
2. **91003-b\_**Form HUD-91126-ORCF, Financial Statement Certification
 | [ ] [ ]  | [ ] [ ]  |
|  | **91004-a\_**Project Capital Needs Assessment (PCNA), Limited Scope Only required if a PCNA or comparable reserve analysis has not been submitted to HUD in the previous 10 years. | [ ]  | [ ]  |
|  | **91005-a\_**Evidence of Investor or Ginnie Mae Approval If not in a GNMA pool, provide evidence of investor approval. If in GNMA pool, include Statement from Ginnie Mae/ Investor Approval | [ ]  | [ ]  |
|  | **91006-a\_**Survey Affidavit of No Change Executed by the Borrower Form HUD-91111-ORCF may be used. | [ ]  | [ ]  |
|  | **91007-a\_**Current Mortgage Documents  | [ ]  | [ ]  |
| **8a.** | **91008-a\_**Draft Loan Modification Documents  | [ ]  | [ ]  |
| **8b.** | **91008-b\_**Attorney’s Certification on Execution and Recordation (*See ORCF Loan Serving Guidance home page*)  | [ ]  | [ ]  |
| **9.**  | **INTENTIONALLY LEFT BLANK** |  |  |
| **If the loan being modified is also being assigned to another Lender, submit the following additional documents:**  |
|  | **91010-a\_**Final Draft-Executed Assignment of Mortgage  | [ ]  | [ ]  |
|  | **91011-a\_**Final Draft-Executed Assignment of Note  | [ ]  | [ ]  |
|  | **91012-a\_**UCC Assignments  | [ ]  | [ ]  |
|  | **91013-a\_**Letter of Request from new Mortgagee  | [ ]  | [ ]  |
|  | **91014-a\_**Consent of Current-Previous Mortgagee to Sell  | [ ]  | [ ]  |

**Final Approval Process**

* Upon receipt of the drafts of the documents listed below, OGC Field Counsel will review and provide comments to the IRR Reviewer within six (6) business days. Any additional concerns identified upon review of the documents may extend the review time and/or cause the documents to be returned to the Lender.
* ORCF will contact the Lender when HUD review of all necessary documents is complete and approval for HUD execution is recommended. Lender will be instructed to provide executed legal documents for HUD’s execution in HUD’s HQ Office.
* The mortgage/security instrument must be modified only if the form of that document identifies the interest rate. As of 2013, the standard form Security Instrument does not include a reference to the interest rate and refers to the note “as amended.”
* If additional matters other than reduction of the interest rate and extension of prepayment penalties are contemplated, Lender is responsible for disclosing these matters and submission will follow the standard mortgage modification process involving the assigned Account Executive.
* Once all loan modification documents have been reviewed and approved, executed/recorded documents (checklist items numbered 15 through 22 noted below) must be uploaded into the Portal.

| **No.** | **Item** | **Incl.** | **N/A** |
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|  | **91015-a\_**Copy of Current Finally Endorsed Note  | [ ]  | [ ]  |
|  | **91016-a\_**Copy of Allonges and any prior Modifications to Endorsed Note *(if applicable)*  | [ ]  | [ ]  |
|  | **91017-a\_**Allonge-Modification of Note for this transaction  | [ ]  | [ ]  |
|  | **91018-a\_**Recorded copy of Mortgage Instrument *(including any prior modifications)*  | [ ]  | [ ]  |
|  | **91019-a\_**Mortgage Modification Agreement  | [ ]  | [ ]  |
|  | **91009-a\_**Lender’s Certification in Support of Request for Interest Rate Reduction, Form HUD-90033-ORCF [OR]One of the following Evidence of Title:1. **91020-a\_**Mortgage Modification Endorsement, ALTA 11-06 or state equivalent [OR]
2. **91020-b\_**INTENTIONALLY LEFT BLANK
3. **91020-c\_**Date Down Endorsement [OR]
4. **91020-d\_**Title Policy

*The ALTA 11-06 Endorsement is acceptable. If the ALTA 11-06 is not available due to state law, then a “Date Down” Title Endorsement (or new Loan Title Policy) or other title evidence as approved by field Counsel (e.g., Texas Nothing Further Certificate) is acceptable. NOTE: Both the ALTA 11-06 and a Date Down endorsement are not required.**If the original policy was issued on an older pre-2006 policy jacket, then the ALTA 11-06 Mortgage Modification Title Endorsement may not be available; ensure that an endorsement with similar language is obtained, subject to state law requirements.**As a general matter, HUD will not require a title endorsement in connection with an IRR. OGC has developed a Lender Certification showing continued first lien priority that may be used in lieu of the Lender obtaining a new Title Endorsement Policy. It is up to the Lender to determine what due diligence and additional Lender requirements it needs in order to provide the required certification to HUD.* | [ ] [ ] [ ] [ ]  | [ ] [ ] [ ] [ ]  |
|  | Borrower’s General Certificate Authorizing Transaction1. **91021-a\_**Executed Certificate of No Change with Organizational Documents
2. **91021-b\_**Executed Certificate of Authority to Enter into Modification Transaction
 | [ ] [ ]  | [ ] [ ]  |
|  | **91022-a\_**Final Submission Documents *(as applicable)*   | [ ]  | [ ]  |