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| **Partial Payment of Claim Document Checklist**  Section 232 |  | **U.S. Department of Housing and Urban Development**  Office of Residential Care Facilities |

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

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

When a Mortgagee/Servicer of a loan on a Section 232 project becomes eligible to file an insurance claim and to assign the mortgage to the Federal Housing Administration (FHA) Commissioner pursuant to 24 CFR Part 207.258, the Commissioner may request the Mortgagee/Servicer, in lieu of assignment, to accept a partial payment of the claim under the mortgage insurance contract and to recast the mortgage, under such terms and conditions as the Commissioner may determine. The Commissioner may request the Mortgagee/Servicer to participate in a Partial Payment of Claim (PPC) in lieu of assignment only after a determination that partial payment would be less costly to the federal government than other reasonable alternatives for maintaining the project (see *Section 232 Handbook 4232.1, Section III Asset Management, Chapter 5.4 Partial Payment of Claim (PPC)* for further description of the requirements).

**SUBMISSION REQUIREMENTS:**

* Lender shall transmit the checklist documents via the HUD Healthcare Portal (link [here](https://www.232hudhealthcare.com/)), and one (1) additional hard copy of the documents to the designated HUD attorney. In the Portal, select *Asset Management > Project Request Form*. Fill out the information and from the *Project Action Request Type*, select the applicable transaction type (i.e., PPC) being submitted.
* If a section of the checklist is determined to be not applicable, applicant shall describe in sufficient detail the justification for such omission and cross-reference to the applicable section(s) of this checklist.
* If this transaction also includes a Change of Participants (i.e., transfer of physical assets (TPA) or change in Operator, Management Agent, and/or change in Master Tenant/Lease), you must also use the appropriate checklist and follow the submission requirements outlined for each of these transactions. For further description of these requirements, please refer to the *Section 232 Handbook 4232.1, Section III Asset Management, Chapters 7 through 9, Change in Ownership: Transfer of Physical Assets, Operators and Management Agents, and New or Modification of Master Lease Structure,* respectively.
* Please include a completed checklist with all submissions, tab submission exhibits accordingly, and check the appropriate boxes for items included in each submission. If a category is determined to be not applicable based on Program Obligations, applicant shall describe in sufficient detail the justification for such omission and cross-reference to the applicable section(s) of this checklist. All submissions determined to be substantially deficient shall be returned to applicant without review and the processing of such application will be placed on hold until a sufficient application is submitted in accordance with the requirements of this checklist.
* The assigned Account Executive shall be responsible for notifying applicants of deficiencies in their application, and when warranted, whether the application has been approved (preliminary and final) or rejected. Upon such notification of preliminary approval, applicants shall have thirty (30) days to execute and record documents and submit to HUD.

| **No.** | **Item** | **Incl.** | **N/A** |
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|  | Brief Narrative Describing PPC Transaction  *The narrative provided must address the minimum conditions set forth for a Section 232 mortgage to be eligible for a PPC. These conditions, which can be found in the Mortgagee Letter (*[*HUD Mortgagee Letter 2011-15*](https://www.hud.gov/sites/documents/11-15ML.PDF)*) and CFR (*[*24 CFR Part 207.255*](https://www.gpo.gov/fdsys/pkg/CFR-2012-title24-vol2/pdf/CFR-2012-title24-vol2-sec207-255.pdf)*) linked here, are subject to the inclusion of additional conditions and/or more stringent consideration, based upon the individual circumstances of each proposed PPC, as the Commissioner deems appropriate. Please also include a list of the primary contact person(s) relevant to this transaction (i.e., Lender, Borrower, Operator, proposed Lessee, and all Attorneys).* |  |  |
|  | Lender’s PPC Computation Spreadsheet |  |  |
|  | GNMA Liquidation Letter |  |  |
|  | Modification of Security Instruments   1. Deed of Trust 2. Deed of Trust Note 3. Security Agreement 4. Second Note ( |  |  |
|  | Amendment to Regulatory Agreement |  |  |
|  | Amendment to Management Agreement (as applicable) |  |  |
|  | Title   1. Preliminary Title Report 2. Pro forma ALTA Loan Title Insurance Policy 3. ALTA Form Environmental Endorsement 4. ALTA Form Comprehensive Endorsement 5. ALTA Form Endorsement deleting Arbitration Clause 6. ALTA Location of Improvements Endorsement 7. Other: <<Specify>> 8. Exception documents  Exception documents, title exceptions and survey noted exceptions should match. Exception documents must include copies of the actual documents. These documents must be legible. |  |  |
|  | Second Deed of Trust (with Assignment of Rents) |  |  |
|  | Second Deed of Trust Note |  |  |
|  | UCC Financing Statement – 2nd Loan – County |  |  |
|  | UCC Financing Statement – 2nd Loan – State |  |  |
|  | Operator Regulatory Agreement |  |  |
|  | Residual Receipts Note – Bondholder’s Agreement |  |  |
|  | Residual Receipts Note – Property Manager |  |  |
|  | Corrective Assignment Deed of Trust |  |  |
|  | Closing Instructions |  |  |
|  | Borrower’s Closing Statement |  |  |
|  | Lender’s Workout Letter |  |  |
|  | Rate Lock Letter |  |  |
|  | Wire Instructions Letter |  |  |
|  | Sources and Uses Statement |  |  |
|  | Certification of Mortgage Balance |  |  |
|  | Mortgagee’s Application for Partial Settlement (Form HUD-2537) |  |  |
|  | Application for Insurance Benefits (Form HUD-2747) |  |  |
|  | Multifamily Insurance Benefit Claim (Form HUD-1044-D) |  |  |
|  | New Operator’s Security Agreement   1. New Operator’s Security Agreement (Form HUD-92323-ORCF) 2. UCC Financing Statement (County) 3. UCC Financing Statement (State) |  |  |
|  | Deposit Control Agreement(s)   1. Deposit Account Control Agreement (DACA) 2. Deposit Account Instructions and Services Agreement (DAISA) *(if applicable)* |  |  |
|  | HUD-92325-ORCF, Opinion of Operator’s Counsel |  |  |
|  | Certification of Retyped HUD Forms |  |  |
|  | Draft Operating Lease (or Sublease), if applicable   1. Draft Estoppel Certificate (HUD-91117-ORCF) 2. Draft Operating Lease with attached Addendum to Operating Lease  (HUD-91116-ORCF) 3. Draft Memorandum of Operating Lease 4. Draft Subordination (Non-Disturbance and Attornment) Agreement  (HUD-91110-ORCF) |  |  |
|  | Draft Modification of Master Lease  As applicable, for transactions that result in the subject project being added to a previously approved master lease **{OR}** a change in the operator/subtenant for a project subject to an existing master lease.   1. Organization Chart of Master Tenant 2. HUD-92339-ORCF Draft Master Tenant Estoppel Certificate with attached Master Lease 3. Draft Joinder Agreement 4. HUD-92331-ORCF Draft Amendment to Cross-Default Guaranty of Subtenants |  |  |
|  | Accounts Receivable Financing Documents *(if applicable)*   1. HUD-90020-ORCF Accounts Receivable Financing Certification 2. HUD-92322-ORCF Draft Intercreditor Agreement 3. HUD-92323-ORCF Cash flow chart, as attached to the Operator Security Agreement 4. AR Loan Agreement, as amended, including all exhibits, schedules, addenda, riders and allonges 5. AR Loan Note(s) 6. All security agreements, UCC financing statements, deposit control agreements, lockbox agreements and/or blocked account agreements in favor of the AR lender 7. All guaranties, pledges and/or other side agreements in favor of the AR lender |  |  |
|  | Previous Participation Certification for Borrower, Operator, Management Agent, and all required principals *(as applicable)*  See Housing Notice 2016-15 for additional guidance on the Previous Participation Certification   1. Previous Participation Certification: Complete HUD-90013-ORCF through  HUD-90017 *(as applicable)*, Part IX Previous Participation, include Attachment 1,  and Register Controlling Participants in the Business Partner Registration System (BPRS)   **{OR}**   1. Active Partners Performance System (APPS) Submittal: Previous Participation Certification via the Active Partners Performance System (APPS). Include a copy of the signatures pages in the application. |  |  |
|  | Credit reports for New Operator Entity, New Parent of the Operator, and New Management Agent *(as applicable)*   1. Sampling of Other Business Concerns of New Operator (From list attached to Consolidated Certification) 2. Sampling of Other Business Concerns of New Parent of the Operator (From list attached to Consolidated Certification) 3. Sampling of Other Business Concerns of New Management Agent (From list attached to Consolidated Certification) |  |  |
|  | Professional Liability Insurance (PLI)   1. ACORD Certificate of PLI 2. Schedule of facilities covered by policy 3. Loss history 4. Potential claims certification 5. Evidence of insurer’s rating |  |  |
|  | HUD-9839-ORCF Management Agent Certification *(as applicable)* |  |  |
|  | Organizational Documents *(New Parent of the Operator, as applicable)*   1. Organizational certification (including incumbency) 2. Formation documents, as amended 3. Governing documents, as amended 4. Authorizing resolution 5. Status certificates   Parent of the Operator’s Organizational Documents  For trusts, submit the Trust Agreement and the Certification or Affidavit of Trust   |  |  |  | | --- | --- | --- | | Corporation | Partnership | LLC | | A. Articles of Incorporation | A. Partnership Agreement | A. Articles of Organization | | B. Bylaws | B. Certificate of Partnership | B. Operating Agreement | | C. Authorizing Resolutions | C. Authorizing Resolutions | C. Authorizing Resolutions | |  |  |