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| **Collateralized Secondary Financing 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:** |

**SUBMISSION REQUIREMENTS:**

* This checklist should be used to request HUD approval of Collateralized Secondary Financing.
* 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 > Collateralized Secondary Financing*.
* 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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|  | **91801-a**\_Completed copy of the **Collateralized Secondary Financing Checklist** |  |  |
|  | **91802-a**\_Brief Description of the Transaction  Provide a narrative to describe the purpose or reason for the collateralized secondary financing request, the total amount of the loan, the sources and uses, and the repayment terms. |  |  |
|  | **91803-a**\_Lender’s Analysis and Recommendation |  |  |
| **4a.** | **91804-a**\_Subject’s Fair Market Value (FMV)  Provide evidence that supports FMV conclusion. *(Please note: A new appraisal is not required. Value may be evidenced by cap rate, current income/assets, original appraisal, etc.)*   * Combined value of FHA loan and proposed secondary financing from a *private* source may not exceed 92.5% of FMV. * FMV cap is not applicable in cases of governmental secondary financing. * Liens against the property may exceed FMV in cases of secondary financing from a governmental source. |  |  |
| **4b.** | **91804-b\_**Attorney’s Certification on Execution and Recordation (*See ORCF Loan Serving Guidance home page*) |  |  |
| **Governmental Sourced Loans** | | | |
| **5.** | **91805-a\_**Promissory Note |  |  |
|  | **91806-a\_**Security Instrument  *As prescribed by the governmental funding source and reviewed and approved by ORCF.* |  |  |
|  | **91807-a**\_Subordination Agreement – Financing (Form HUD-92420-ORCF)  A governmental secondary financing Lender must enter into a Subordination Agreement – Financing (Form HUD-92420-ORCF). *Note: Lender approval is required where the pledged collateral is the project.* |  |  |
| **Privately Sourced Loans** | | | |
|  | Promissory Note  *Please note: The amount of a private loan may range from 7.5% of FMV (the difference between 85% and 92.5% of FMV) to a larger percentage if loan criteria lower than 85% of FMV controls.*   1. **91808-a\_**Submit either Surplus Cash Note (Form HUD-92223-ORCF) or a conforming note 2. **91808-b\_**For non-profit Borrowers, Residual Receipts Note must be used (Form HUD-91710-ORCF) |  |  |
|  | **91809-a**\_Security Instrument or Security Agreement |  |  |
|  | **91810-a\_**Subordination Agreement (Form HUD-92420-ORCF)  *Please note: When the project serves as collateral for the loan, the secondary finance lien against the project must be subordinated to HUD’s lien. Lender approval is required where the pledged collateral is the project.* |  |  |
|  | **91811-a**\_Lender’s Disclosure of Any Identity-of-Interest Relationships |  |  |
| **Final Submission Documents** | | | |
|  | **91812-a**\_Final Submission Documents  When uploading, please clearly identify what the document is in the file name. |  |  |