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September 24, 2021

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Experience of Principals in Corporate Credit Reviews

Handbook 4232.1, Section II, Chapter 17 describes the purpose of and requirements for corporate credit reviews. Corporate credit reviews are required when groups of individual FHA-insured loans above a certain threshold with common borrowers and related or non-related operators effectively concentrate a large amount of credit risk on a single parent entity (Chapter 17.1, 17.3, 17.4). The purpose of a corporate credit review is to identify and mitigate the potential adverse impact of this risk. A key requirement referenced in the chapter is operation and ownership experience (Chapter 17.7). ORCF has performed numerous corporate credit reviews. Below are some examples of the experience that has been demonstrated in corporate credit reviews that resulted in the issuance of a portfolio acceptance letter.

* Principal’s experience owning and/or operating similar-type residential care facilities for a minimum of ten years
* Principal’s demonstrated success in both acquisition and disposition of facilities
* Majority of the principal’s portfolio consists of facilities strong financial performance sustained over a period of at least 5 years
* Majority of the principal’s portfolio facilities show strong quality of care indicators sustained over a period of at least 5 years

These are examples of experience and are not new requirements. Lenders are strongly discouraged from building unrealistic client expectations regarding mid-size and large portfolios of recently acquired assets, and are encouraged to discuss the matter with ORCF before preparing a Corporate Credit Review package.

***Keywords:*** *Portfolios, Corporate Credit Review*

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ORCF Webinar Presentation Focusing Primarily on Asset Management Matters - October 21, 2021, 2:00 p.m. Eastern Time

In a webinar hosted by the American Health Care Association/National Center for Assisted Living (AHCA/NCAL), ORCF will provide a brief overview of the Section 232 program and address some key asset management matters.  The webinar will run from 2:00 p.m. to approximately 3:00 p.m. Eastern Time on October 21, 2021, and will be open to AHCA/NCAL members and non-members. There is no charge for participation.

Presentation topics will include:

* Understanding participants’ roles and responsibilities
* Understanding how ORCF works with the Departmental Enforcement Center
* Understanding Operator financial statement requirements
* Understanding requirements for a change in Master Lease structure
* Understanding the requirements for a change in type or level of care
* Understanding the resumption of REAC inspections
* Understanding NSPIRE and how it benefits the Borrower/Operator
* Current event updates and responses to your questions

Speakers:

* John Hartung, Director, Policy, Risk Analysis and Lender Relations Division, Office of Residential Care Facilities, HUD
* Philip Head, Director, Asset Management Division, Office of Residential Care Facilities, HUD
* Rita Dockery, Deputy Director, Asset Management Division, Office of Residential Care Facilities, HUD
* Angela Collier Mills, Workload Manager, Asset Management Division, Office of Residential Care Facilities, HUD

**Event Date:** October 21, 2021, 2:00 p.m -3:00 p.m. (Eastern Time)

**Registration Link:** [Here](https://educate.ahcancal.org/products/orcf-webinar-presentation-focusing-primarily-on-asset-management-matters#tab-product_tab_overview)

Although membership to AHCA/NCAL is not required to participate in the webinar, you will still need to create an AHCA/NCAL username and password to register for the webinar.

**How to Register for AHCA/NCAL webinar:**

• Webinar participants will need to [login](https://members.ahcancal.org/Dashboard/Sign-In?returnUrl=https://educate.ahcancal.org) using their existing ahcancalED username and password first.

• Once you are logged in to the website you will be able to register for the webinar by clicking the green register button at the top of the page.

• If you have forgotten your password click [here](https://members.ahcancal.org/Dashboard/Sign-In-Help).

**How to Register for an AHCA/NCAL username and password**:

• To avoid technical problems, use Google Chrome.

• If you are new to the site, you can create an account [here](https://members.ahcancal.org/Dashboard/Create-New-User-Account). After creating an account, you will be able to register for the webinar. If you need further assistance with creating an AHCA/NCAL account, please email [educate@ahca.org](mailto:educate@ahca.org)

***Keywords:*** *Asset Management, Webinar*

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| Past Lean 232 Updates are [available online](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDEsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTAxMDQuMzI3OTIyMzEiLCJ1cmwiOiJodHRwczovL3d3dy5odWQuZ292L2ZlZGVyYWxfaG91c2luZ19hZG1pbmlzdHJhdGlvbi9oZWFsdGhjYXJlX2ZhY2lsaXRpZXMvcmVzaWRlbnRpYWxfY2FyZS9tYWlsX2JsYXN0X2luZGV4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.wD_kyOelsVj0O18oGZ6vB1qZQYtIH2lojk5kd633DYc/s/1356292409/br/92636915983-l).  Have questions about the Lean 232 Program? Please contact [LeanThinking@hud.gov](mailto:LeanThinking@hud.gov).  For more information on the Lean 232 Program, check out: [http://www.hud.gov/healthcare](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDIsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTAxMDQuMzI3OTIyMzEiLCJ1cmwiOiJodHRwOi8vd3d3Lmh1ZC5nb3YvaGVhbHRoY2FyZT91dG1fbWVkaXVtPWVtYWlsJnV0bV9zb3VyY2U9Z292ZGVsaXZlcnkifQ.1u0SLtDtXsU62834yVCK0A042fLMrX4ZfmVsijRPzQI/s/1356292409/br/92636915983-l).    Stay Connected with the Office of Housing and the Federal Housing Administration: |
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