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| **Request for the Release of Sinking Fund Proceeds 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:** |

The purpose of a Sinking Fund Account is to capture excess project capital in the earlier years of a FHA-insured mortgage and to set aside funds in a separate account to make principal payments in the later years of the mortgage in the event that project revenues are not sufficient to make the principal payments. This form should only be used to obtain HUD approval for **Requests for the Release of Sinking Fund Proceeds** as discussed in the *232 Handbook 4232.1, Section III Asset Management, Chapter 3.2.5.* The Handbook also provides additional information on Sinking Fund Escrows in *Section II Production, Chapter 3.LL.*

If the Borrower needs to access sinking funds sooner than what was estimated in the original amortization schedule or take out more than was estimated, the project may be at risk and the Lender should do an analysis and provide HUD with a completed *Servicer’s Notification to HUD of Risks to Healthcare Project and Action Plan for Remedy (form* [*HUD-93334-ORCF*](https://www.hud.gov/sites/documents/93334_orcf.docx)*),* if needed.

Please note that requests for a sinking fund draw without excess funding is provided here, (see Checklist Item No. 5), but will generally not be approved except in the most dire of financial circumstances and where there is a legitimate possibility that the project will attain financial solvency and repay the draw. In any event, Lenders are highly encouraged to discuss ***any*** Sinking Fund withdrawal requests with their assigned Account Executive prior to submitting them via the ORCF Portal.

**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* > *Request for Release of Sinking Fund Proceeds.*
* 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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|  | **90801-a\_**Copy of the completed **Request for the Release of Sinking Fund Proceeds Checklist** |  |  |
|  | **90802-a\_**Brief Narrative Describing the Release of Sinking Fund Proceeds Transaction  The narrative must describe the specific purpose for the request to withdraw funds, eligibility for the withdrawal, and Lender/Servicer’s recommendation for approval. Please also include a list of the primary contact person(s) relevant to this transaction (i.e., Lender, Borrower, Operator, and all Attorneys, if applicable). |  |  |
|  | **90803-a\_**Sinking Fund Escrow Agreement |  |  |
|  | **90804-a\_**Justification for Sinking Fund Draw Without Excess Funding *(as applicable)*  If the Borrower/Operator wants to withdraw money from the fund ahead of schedule and the updated CPA prepared amortization schedule does not show any excess, provide a narrative that addresses all of the following:   * Purpose * Detailed cost if capital project * Plan to pay back with specific dates * Explanation of why operating funds, reserve for replacement, residual receipts, or capital from other sources is not being used |  |  |
| **5a.** | Financial Statements for Operation – Year-to-Date  The latest unaudited statement should be no more than 3 months old. These statements should include the trailing 12 months. Statements audited by a CPA/IPA should be no more than 6 months old.   1. **90805-a\_**Balance Sheet 2. **90805-a.1\_**Aging of Accounts Receivable 3. **90805-a.2\_**Aging of Notes Receivable 4. **90805-a.3\_**Schedule of Pledged Assets 5. **90805-a.4\_**Schedule of Marketable Securities 6. **90805-a.5\_**Aging of Accounts Payable 7. **90805-a.6\_**Aging of Notes and Mortgages Payable 8. **90805-a.7\_**Schedule of Legal Proceedings 9. **90805-b\_**Income and Expense Statement 10. **90805-c\_**HUD-91126-ORCF, Financial Statement Certification 11. **90805-d\_**Bed census for previous 12 months 12. **90805-e\_**Budget for next 12 months 13. **90805-f\_**Forecast for bed census for next 12 months |  |  |
| **5b.** | **90805-g\_**Attorney’s Certification on Execution and Recordation (*See ORCF Loan Serving Guidance home page*) |  |  |
| **6.** | **90806-a\_**Final Submission Documents *(as applicable)* |  |  |