Section 232 Closing Process

(June 7, 2017)

Jason Roth
Brenda Joseph-Chambers
ORCF CLOSINGS IN ACTION

- **Paintbrush**
  - Fresno, California

- **Anthem Lakes**
  - Jacksonville, Florida

- **Chestnut Ridge at Blowing Rock**
  - Blowing Rock, North Carolina
## Production Statistics FY17
**as of 05/05/2017**

<table>
<thead>
<tr>
<th></th>
<th>Commitments Issued</th>
<th>Closings</th>
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</thead>
<tbody>
<tr>
<td></td>
<td># Applications</td>
<td># Loans</td>
</tr>
<tr>
<td></td>
<td>Received</td>
<td></td>
</tr>
<tr>
<td>223(a)(7)</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>223(f)</td>
<td>222</td>
<td>147</td>
</tr>
<tr>
<td>NC/SR/241(a)</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>223(d) Op Loss</td>
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<td>-</td>
</tr>
<tr>
<td>232(i) Fire Safety</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>262</strong></td>
<td><strong>181</strong></td>
</tr>
</tbody>
</table>
Overview

- **Who’s involved in Closings?** *Relationships are Key!!*

<table>
<thead>
<tr>
<th>HUD TEAM</th>
<th>Lender Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORCF UW</td>
<td>Lender UW</td>
</tr>
<tr>
<td>HUD Counsel</td>
<td>Lender Counsel</td>
</tr>
<tr>
<td>HUD WLM</td>
<td>Lender Closing Liaison</td>
</tr>
<tr>
<td>Closer</td>
<td>Borrower/Borrower Counsel</td>
</tr>
<tr>
<td>Contract UW (GTM)</td>
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<tr>
<td>Contract Closer (GTM)</td>
<td></td>
</tr>
</tbody>
</table>

- **Touch Time / Causes for Delay**

- **Transaction Documents** – 60 Day PRA Notice published in Federal Register 5/19/17

- **Policies & Resources Used in Closings**
Partnership & Collaboration

- ORCF Closer contacts HUD Attorney.
- Inform OGC of issues & potential issues: waivers, lease, title & survey issues, unusual conditions. Come up with a game plan together.
- Keep all players in the loop.
- ORCF Closer & OGC share each other’s review comments.
- Inform all parties when issues are resolved or remain outstanding.
- ORCF Closer & OGC collaborate on closing date.
Touch Time

- Complete, clean, and accurate closing packages get reviewed and closed quicker
- All special conditions must be met and properly documented prior to closing
- Fast turnaround is KEY - Lender Counsel/Lender Closer - UW’s responsiveness to HUD Closer & HUD Attorney
- Causes for delay
  - Title & Survey issues,
  - A/R Financing, Master Lease
  - Waivers that come in after Firm issuance
  - Incomplete or inaccurate documents
  - Environmental Issues
Transaction Documents

Documents that HUD Signs -

- HUD Firm Commitment, Special Conditions, and Amendments
- Regulatory Agreement – Borrower
- Regulatory Agreement – Operator
- Regulatory Agreement – Master Tenant (if applicable)
- Note – Endorsement Panel
Policies & Resources Used in Closing

- Healthcare Mortgage Insurance Program Hand Book 4232.1 REV-1, Issued January 12, 2017 - (Chapter 9 - Closing, Chapter 10 – Construction, and Chapter 11 - Cost Certification)

- Hud.gov/ORCF Internet website

- Email Blasts – “From the Closing Corner”

- Lean Thinking/FAQs

- Checklists and Punchlists
Instructions for Lenders on the ORCF Closing Process

- **Assignments** – HUD Closers will be assigned when closing packages are **complete** and ready to be submitted to the HUD Attorney. When the legal closing package is sent to the assigned HUD Attorney, Lender email **ORCFCloser@hud.gov** and a HUD Closer will be assigned (September 26, 2013 Email Blast)

- **ORCF Documents** – Use of the ORCF OMB approved documents is required for all closings.
Instructions for Lenders on the ORCF Closing Process

- **Signing of Closing Documents** – Due to the virtual environment embraced in the 232 LEAN program, it is critical that any and all communications regarding execution of closing documents go through **ONLY** the assigned Closers/GTM for Contract Closers to prevent delays in the closing process (September 26, 2013 Email Blast).

- **Transaccess (§ 9.4.F)** – When mailing the Transaccess CD/document (Email Update Feb. 2013), please notify the assigned Closer by email and copy Transaccess@hud.gov, indicating it has been sent (May 7, 2014 Email Blast)
The ORCF Team is involved in several areas in addition to facilitating 232 Closings:

- Non-Critical Repair Escrow (NCRE)
- IREMS
- DAP
- 290
- Contract Closing
- Processing Firm Extensions
- Title Survey Review
- Lender Liaison for Closing
THE ORCF CLOSING TEAM

Jason Roth, WLM Closing Team
Mollie Yeatts
Spencer Ash
Diane Ellingwood
Kelley Mason