**[Sample language: Please copy sample language to your own business or entity organization stationery]**

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| **Sample Format for Lender Analysis and Recommendations**  Section 232  Note Modification | **U.S. Department of Housing and Urban Development**  Office of Residential  Care Facilities |  |

**This document is not a required form, but merely a suggested format for presenting the lender’s analysis and recommendations. Lenders may choose to provide this or similar information in any format. The information for which this sample format would provide the lender’s analysis and recommendations to HUD has been approved by the Office of Management and Budget under the Paperwork Reduction Act of 1995 and has been assigned OMB control number 2502-0605.**

# Executive Summary

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Project Name: | | |  | | | | | |
| Project Address: | | |  | | | | | |
| City / State / Zip:  FHA Number: | | |  | | | | | |
| Type of Facility: |  | Skilled Nursing: | |  | beds |  | units | |
|  |  | Assisted Living: | |  | beds |  | units | |
|  |  | Board & Care: | |  | beds |  | units | |
|  |  | Dementia Care: | |  | beds |  | units | |
|  |  | Independent: | |  | beds |  | units |  |
|  |  | Totals: | |  | beds |  | Units | |
|  |  |  | |  |  |  |  | |
| |  |  |  | | --- | --- | --- | | **Original Loan Amount** | $ |  | | **Estimated Unpaid Principal Balance at time of Loan Modification:** | $ |  | | **Maturity Date:** |  |  | **Proposed Loan Term:** |  | | **Current Occupancy:** | % |  | **Expected Date of Loan Modification Transaction:** |  | | **Current Interest Rate:** | % |  | **Proposed Interest Rate:** | % | | **Current Monthly P&I** | $ |  | **Proposed Monthly P&I** | $ | | **Current Monthly MIP** | $ |  | **Proposed Monthly MIP** | $ | | **Current MIP Rate:** | % |  | ***Proposed MIP Rate must remain the same*** |  | | **Current Monthly Payment w/MIP:** | $ |  | **Proposed Monthly Payment w/MIP:** | $ | | **Current DSC:** |  |  | **Proposed DSC:** |  |  General Qualifications of Transaction **Key Questions**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | If not applicable, indicate “NA” in the No column. | **Yes** | |  | | **No** | | | 1. Is the FHA Insured loan currently delinquent or in default? . | |  | |  | |  | | | 1. Are there any changes to the note contemplated besides the change in the interest rate/payment amount and new lock out/prepayment penalty? . | |  | |  | |  | | | 1. Will the loan modification extend the term of the existing FHA insured loan? | |  | |  | |  | | | 1. Is the project currently subject to a prepayment lockout?. | |  | |  | |  | | | 1. Is there a change of participants? | |  | |  | |  | | | 1. Will any prepayment penalties be waived/forgiven? | |  | |  | |  | | | 1. If this loan is in a GNMA pool, are there any issues that need to be addressed from the GNMA Guidance letter? | |  | |  | |  | | | 1. Is this facility a nursing home that is listed as partially or not sprinkled on the Medicare website? | |  | |  | |  | | | 1. Is the debt service coverage ratio after the loan modification below 1.11? | |  | |  | |  | | | 1. If there is expected to be an interest rate premium generated with this transaction, will any portion that does not go to the lender be used to cover anything other than the prepayment penalty or a deposit into the Reserve for Replacement account? | |  | |  | |  | | | 1. Is the Mortgagor or the Operator (or any of their affiliates, renamed, or reformulated companies) currently in, or have they filed for or emerged from bankruptcy within the last five (5) years? | |  | |  | |  | | | 1. Has the loan been modified previously? | |  | |  | |  | |   If you answer “Yes” to any of the above, please describe how the proposed modification is acceptable or how the issue is being addressed. If the loan has been modified previously (Question 12), describe the payment, interest rate and term (months) for original loan term and the for any previous modification(s).  <<Identify the risk factors. Analyze and clarify how they are mitigated (e.g. declining occupancy, reimbursement issues, etc. Explain in detail the causes of low debt service coverage for all deals with proposed DSCR below 1.11. Propose mitigation.)>>  **Other Risk Factors Identified by Lender:**  Additionally, the lender has identified the following risk factors:  <<Provide discussion on other risk factors identified by the underwriter and how they are mitigated.>> Quality of Care  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **CMS Rating** |  |  |  |  |  |  | |  | **Overall** |  | **Health** | **Nursing** | **Quality** |  | | **# of stars:** |  |  |  |  |  |  |   *<<If quality of care as indicated above is an issue, enter comments here on how this is being addressed. If acceptable, simply enter "Acceptable". If not applicable, enter "Not Applicable". >>* Investor Prepayment Approval <<If investor approval is required, make an affirmative statement confirming that the investor has approved the prepayment of the existing loan or address any issues related to this. >> Net Operating Income Analysis << Provide a brief description of any comments you have related to the underwritten NOI. >>   |  |  | | --- | --- | | **Historical Data** | | |  | Trailing 12-months | | Effective Gross Income: |  | | Expenses: |  | | Repl. Reserves: |  | | Net Operating Income: |  |  |  |  | | --- | --- | | **NOI with Proposed Modification** | | | Effective Gross Income: |  | | Expenses: |  | | Repl. Reserves: |  | | Net Operating Income: |  |  Note Modification Costs The following costs cannot be paid from trade premium:  borrower counsel, organizational costs and 3rd party reports costs (e.g. PCNA).   Any portion of the trade premium that is not retained by Lender or applied to Lender costs (such as Lender's Counsel fees and GNMA commitment fee) may be used to defray the prepayment premium on the existing GNMA Securities, with the balance, if any, remaining to be contributed to the reserve for replacement.  Note:  On Note Modifications, OHP will not object to all or a portion of title and recording costs being covered by trade premium. Prepayment Penalties <Describe any prepayment penalties associated with the note modification. Include the amount and explain how it is calculated. If none state NONE.>  If borrower cash is proposed to pay modification transaction costs, confirm that no project operating funds will be (other than surplus cash) will be used in lieu of borrower cash. Replacement Reserve Deposit There  was not  was a PCNA performed in conjunction with this transaction.  The existing replacement reserves account has a balance of $      or $      per unit. The anticipated balance in the replacement reserves account at closing of this transaction will be $      or $      per unit, which  does  does not exceed the $1,000 minimum balance per unit*.*  The current annual replacement reserve deposit is $     . The annual replacement reserve deposit after the closing of this transaction will be $     .  There are $ worth of repairs/improvements associated with this transaction. If there are any repairs, attach a description of such repairs and the estimated cost thereof.  << If the anticipated balance per unit at closing of this transaction is below the $1,000 minimum balance per unit, please describe why this is acceptable. Legal and Organizational Costs The borrower’s legal and organization costs are estimated to total $      ($      for legal / $      for organizational expenses). The lender concluded that the budgeted amounts are reasonable. Title and Recording Fees Title and recording fees are estimated to cost $     . The lender concluded that the budgeted amount is reasonable. Lender Fees The financing fees payable to the lender are estimated to total $     . These fees are further broken down as follows:   |  |  | | --- | --- | | **Lender** | **Pay-off Amount** | | Lender Financing Fee | $ | | Lender Legal Fee | $ | | GNMA Commitment Fee | $ | | Permanent Placement Fee | $ | | Lender Closing Fee | $ | | Other - <<Identify.> | $ | | **Total:** | $ |  Other Fees <<If other fees are included, provide a descriptive listing with the estimated cost. Provide justification for eligibility. If none, state “None.”>> Sources & Uses <<Provide a statement of Sources and Uses of actual estimated cost at loan modification. Include all eligible and ineligible transaction costs.>> Proposed Conditions of Approval Letter<<List any recommended conditions for HUD’s approval letter for this Note Modification. If none, state “None.”>>Addenda Check all those that apply and include as addenda to this report.   |  |  |  | | --- | --- | --- | |  | PCNA, HUD-9001a-ORCF | *If PCNA is required submission.* | |  | Repair List |  |  Signatures As the mortgagee of record (or include mortgagee of record consent), the lender hereby certifies that the statements and representations of fact contained in this instrument and all documents submitted and executed by lender in connection with this transaction are, to the best of lender’s knowledge, true, accurate, and complete. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD to modify a Note and may be relied upon by HUD as a true statement of the facts contained therein.   |  |  | | --- | --- | | Lender: |  | | HUD Mortgagee/Lender No.: |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | | This report was prepared by: |  |  | This report was reviewed by: |  | | <<Name>>  <<Title>>  <<Phone>>  <<Email>> |  |  | <<Name>>  <<Title>>  <<Phone>>  <<Email>> |  |   \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature and Date Signature and Date | | | | | | | | |

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Note: At least one signatory certifying above must be a HUD-Approved Section 232 underwriter. A review of the report for quality and accuracy is to also be performed and certified by a Chief/Deputy Underwriter or Authorized Signatory approved by HUD.