

INSTRUCTIONS FOR FHA FORM 2013 GP-1
REQUEST FOR PRELIMINARY ANALYSIS

A. The sponsors are the initiators of the proposal. They may or may not be the same as the principals of the mortgagor organization ("mortgagor" is the borrower of the mortgage funds who is obligated under the mortgage for making the payments to the mortgagee, or lender). They may or may not be the same as the principals or members of the group practice. If there is not enough space to list the names and addresses of all of the sponsors, please attach a supplemental sheet.

Name of facility refers to name under which the group practice facility will be operated.

B. Check more than one box, if applicable.

C. "Full-time" members of the group are those who provide professional services through the group arrangement as their principal professional activity; i.e., practitioners who devote at least three-fourths of their professional time to caring for the group's patients. Part-time members of the group are those whose participation in the group practice does not represent their principal professional activity.

Other group affiliates refers to those professionals who are part of the full-time employees of the group, part of full-time consultants serving the group on a regularly scheduled basis within the facility.

Put only the quantity or number in the boxes under Item "C", 1, 2, 3, and 4.

C. 5. Where the name of the professional is not yet identifiable, state so in a box under this item and show whether full-time or part-time and type of practice or specialty.

E. 1. If a group practice operates as a partnership or association a copy of the agreement of partnership or association is requested. In any case, there must be set forth the governing policies of the group, and where a partnership or association, the mechanics for the disassociation of a member of the group.

E. 2. Describe whether fees are pooled and distributed on the basis of salary, varying portions of net, or some method embracing a variety of

factors. Describe factors involved. Percentages or dollar amounts paid to practitioners are not required.

E. 3. Describe the physical, administrative and fiscal structures that contribute to sharing.

H. 1. Equity is that amount of money available immediately in cash which constitutes the difference between the amount of the mortgage and the amount needed for the complete construction and equipment of the facility.

H. 2. Working capital deposit not to exceed 2% of the amount of the mortgage is required to provide a contingency fund to protect against delay in completion of the project. It is to cover costs which may accrue due to taxes, mortgage insurance premiums, property insurance premiums, and assessments required by the mortgage during the period between initial endorsement and final endorsement of the mortgage for insurance, and which costs were not included in the proceeds of the mortgage.

This deposit is required only in cases of insurance advances. It is not required in cases of insurance upon completion.

H. 3. Operating funds deposit refers to those funds which are required for the organization and the operation of the group practice during the period prior to occupancy and until such time after occupancy as the income received from the group practice is sufficient to feel all of its obligations.

This deposit is not part of the mortgage security. Any balance not used for the above purposes will be available for return to the mortgagor after it has been demonstrated to the satisfaction of the Assistant Secretary-FHA Commissioner that the operation has reached a self-sustaining point.

J. 1. Enter here the estimated total income to be received from services rendered in the facility which are billed to the patient as professional services. (Note: Items J. 1. and J. 2. to be completed by non-prepaid groups only. Prepaid - See FHA Form 2013 GP-1A (Addendum).

J. 2. Enter here the income received from such services as laboratory, pharmaceutical, and other-services not billed to the patient as professional services, and income from vending machines or other non-professional sources.

K. 1. Taxes under this item refer to taxes on payroll, equipment or stock in trade not part of the building and equipment under K. 2. New prepaid plans must submit attachment N. 9., which will show such costs as printing, enrollment of subscribers, membership relations, etc. Insurance under K. 1. a. will include workman's compensation and other coverages, except malpractice liability, which are related to the group practice but not related to the real estate.

K. 2. Real estate taxes will include taxes on the land and improvements, including any special assessments against the real estate. Equipment taxes includes any annual tax which may be levied against the professional and technical equipment and furnishings, whether included in the mortgage or not, but exclusive of such external equipment as automobiles, etc.

Property insurance refers to just that insurance which is chargeable to the real estate and to the professional and technical equipment.

Maintenance and repairs is the annual cost for such on real estate and on professional and technical equipment. Do not include any amount which is properly included in Item K. 4, Reserves for Replacement.

Utilities include electricity, gas, water and sewerage, heat, etc. Supplies are those supplies which are used in serving the building and the professional and technical equipment, excluding group practice supplies.

Under "Other" include costs for all other activities relating to the real estate and equipment, such as equipment rental, real estate administration, janitorial costs, etc., separate and apart from such costs under K. 1. a.

K. 3. This is the total of all Group Practice and of Building and Equipment expenses.

K. 4. To protect its interest during the life of the mortgage, HUD-FHA requires that projects insured by it maintain sufficient reserves for replacement of equipment, furnishings and those parts of the building and improvements which are subject to more rapid deterioration than basic building, such as roof, paved areas, hot water heater, etc. The amount indicated here is not to be confused with the depreciation expense allowed by the Internal Revenue Service in computing the net excess of income over expenses.

K. 4. a. This item is based upon a factor of .004 of the estimated

cost of the building and other improvements, exclusive of the air conditioning equipment. Delete words "Excl. Air Conditioning."

K. 4. b. Do not complete.

K. 4. c. This item is based upon the cost of all equipment and furnishings to be located in the facility, any equipment which is HUD-FHA insurable should be transferred to and owned by the mortgagor organization. Equipment items with a durable life of five years or less are not to be included. The formula used assumes an average life of 10 years for the equipment to be covered by the reserves.

K. 5. The estimated mortgage amount will be 90% of the estimated total cost (new) of the building and improvements (or of the cost of acquisition and rehabilitation of an existing building - refer to Chapter 1 of this Handbook) and of the estimated market value of the land; and of the cost of the professional and technical and technical equipment which is to be included in the mortgage. The constant to be used may be obtained from the local Field Office.

K. 6. When relating the total expenses and obligations shown here to the estimate of income under Item J, it may be necessary to consider the use of operating funds capital, as indicated in Item H, until a self-sustaining point has been reached.

In the case of prepaid plans, a consideration of the use of operating funds capital will be based on the relationship of Item K. 6. to Item C in Addendum A, rather than as above.

L. 2. If the dimensions of the site are unequal or irregular, give dimensions of all sides, unless too irregular for any side or portion of boundary, in which case state "by irreg.". If there are two or more separated parcels give dimensions of each separate parcel and show their exact locations on the location map, identified by number or letter.

Zoning must already be proper for a group practice facility. Consideration cannot be given to sites which are held subject to rezoning to proper use classification. The off-street parking requirements for the particular zoning classification must be given in order to assure that

the proposed site has sufficient area and suitable configuration to accommodate the legal requirement for parking spaces. Set forth any restrictions imposed by the zoning regulations.

Furnish a complete statement, on a separate sheet if necessary, stating

if property is generally level, or slightly sloping, or sharply sloping, whether below grade of adjoining paved street, whether there has ever been any history of flooding or any problem with drainage. Some indication of subsurface soil condition must be given. It is desirable to have a topographical survey map. If not available, then existing grade elevations at four corners and at high and low spots of interior of lot must be furnished.

All easements and restrictions which apply to the proposed site must be set forth, as well as the purchase price, whether by agreement of sale or by option.

L. 3. Type of construction refers to resistance to fire. State which of the following three classes:

1. Fire-resistive.
2. Exterior protected.
3. Non-fire-resistive (wood frame construction).

For exterior finish indicate whether brick, stone, concrete window wall, brick and frame, etc.

CERTIFICATION: Person or persons signing must exhibit proper authorization.

FEE: Check in the amount of \$400 must accompany FHA Form 2013 GP-1.

ADDENDUM A: This must be completed by prepaid group plans.

C. Membership and revenues should be projected for five years following the opening of the facility. Projected membership is the average enrollment in the plan during the year. Prepaid premiums are those amounts paid in advance in the form of periodic remittance per individual covered under the plan. Over-the-counter revenues are those received from members for services not covered under the prepaid plan. Other revenues include revenues from ancillary services (pharmacy, optical, etc.), from patients not enrolled in or covered by the plan (fee-for-service, industrial and workmen's compensation patients, etc.) and from other miscellaneous sources. Any amounts included above

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APPENDIX 2

that are applicable to hospitalization should be deducted to arrive at the balance for meeting the group's operating expenses and financial obligations associated with the activities to be conducted in the proposed facility.

