

Addendum to Underwriting Narrative

**Accounts  
Receivable (A/R)  
Financing**

U.S. Department of Housing  
and Urban Development  
Office of Healthcare Programs

OMB Approval No. 9999-9999  
(exp. mm/dd/yyyy)

Addendum to Underwriting  
Narrative –  
Accounts Receivable (A/R)  
Financing  
Section 232 (223(a)7, 223(d),  
241(a))

Public reporting burden for this collection of information is estimated to average 0.5 hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation which must be submitted to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. No confidentiality is assured.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

A/R Lender: \_\_\_\_\_  
A/R Borrower: \_\_\_\_\_  
Current Balance: \_\_\_\_\_  
Current Maturity Date: \_\_\_\_\_

**Key Questions**

|   | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| 1. Does the A/R financing require any guarantees from the Owner, Operator, or Parent of the Operator?                   | _____      | _____     |
| 2. Does the A/R financing involve multiple facilities and/or borrowers?   | _____      | _____     |
| a. Does the A/R financing involve any non-FHA-insured properties?   | _____      | _____     |
| b. Does the A/R financing involve facilities located in multiple States and/or HUD jurisdictions/field offices?         | _____      | _____     |
| 3. Is there an identity of interest between the A/R Lender and the A/R Borrower?  | _____      | _____     |
| 4. Is there any conflict of interest between the A/R Lender and the Mortgagor or its principals?                        | _____      | _____     |
| 5. Does the maximum A/R loan amount exceed 85% of the Medicaid and Medicare accounts receivable less than 151 days old? | _____      | _____     |

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*This addendum is applicable to Section 223(a)(7), Section 241(a), or Section 223(d) loans when the subject's Accounts Receivable are financed.*

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6. Are more than 30% of Medicaid and Medicare accounts receivable over 90 days old? Yes    No  
\_\_\_\_\_    \_\_\_\_\_

If you answer "yes" to any of the above questions, please briefly address below.

<<For each "YES" answer above, provide a narrative discussion regarding the topic.>>

**Terms and Conditions**

<< Provide a description of pertinent terms and conditions of A/R loan. Also explain the mechanisms for operator receipts, disbursements and control of operator funds>>, and provide cash flow chart. >>

**Collateral / Security**

<< Narrative description of the A/R lender's collateral / security.>>

**Permitted Uses**

<< Provide a description of the permitted uses of A/R loan funds.>>

**Payment Priorities**

<< Provide a description of the payment priorities & waterfall payment sequence for expenditure of A/R loan funds.>>

**Costs**

<< Provide a description of the cost of A/R loan. Also, provide an analysis demonstrating that the Operator can support the additional financial expenses of the A/R loan. NOTE: A/R loan costs are to be included in the underwritten operating expenses for determining debt service coverage.>>

**Recommendation**

<< Lender's recommendation with regard to acceptance of A/R financing>>

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