
HUD's LEAN 232 Program
Office of Insured Health Care Facilities
(OIHCF)
Update as of May 4th, 2010

Revised Section 232/223(f) Documents Posted and Criteria for Green Team processing:

We have posted the revised Section 232/223f documents on HUD.GOV. They are posted under "Revised Section 232/223(f) Documents" and "Lender Tools for Firm Application". Use of these documents is mandatory for all Section 232/223f projects submitted to HUD on or after August 16, 2010. Until this date, lenders may use these new documents if they so choose. Moreover, as mentioned below, our criteria for eligibility for "Green Team" processing will change for any Section 232/223f submitted to HUD after August 16, 2010 – to be eligible, all 2530's must have been submitted electronically via APPS.

Two Stage Firm Submittal Process on those projects that are adding units to the market:

As the March 26, 2010 Email Blast discussed, documents for the Initial Submission stage of this process have been posted to HUD.GOV. You may now submit projects in accordance with this procedure. Please note, that these documents are subject to change. Moreover, we are still working on the Final Submission stage documents. The documents currently posted were based upon the New Construction checklist. To date, we have not developed separate documents for Substantial Rehabilitations that are adding units to the market. If you have such a project that you are going to submit in accordance with the Two Stage Submittal process, please email Patrick Berry (patrick.berry@hud.gov) – Patrick will work with you on the submittal (we will ask that you provide us with a draft revised Checklist). Submitting a project "Direct to Firm" is always an option - in fact, because of our staffing shortage, we encourage you to do so whenever possible. Although our posting to HUD.GOV mentions a two stage submittal on Section 241a's, we would prefer to do all Section 241a's as "Direct to Firm".

Green Team:

As you may know, in January we created a "Green Team" to process Section 232/223f's that pass the Risk Assessment and do not have any Regulatory Waivers (and for projects submitted after August 16, 2010,

have all 2530's submitted electronically via APPS). The initial results of the Green Team have been promising. The average days from OIHCF Underwriter assignment to Firm Issuance/Rejection have been 19 days. Moreover, projects processed by the "Green Team" are spending considerably less time in our queue – the last projects assigned to the "Green Team" were in the queue for 77 days vs. the last projects assigned that are not being processed by the "Green Team" were in the queue for 140 days.

Lenders who submitted small, mid-size or large portfolios with a mixture of projects with passing and failing Risk Assessments will receive an email from Tom McMillan (Leader of the Green Team). This email will give the lender the following three options:

1. If the projects can close separately, we'll process those that passed the Risk Assessment with the "Green Team" and those that failed the Risk Assessment will stay in queue and not be processed by the "Green Team", or
2. If the projects must close together, the projects will stay in the queue and not be processed by the "Green Team", or
3. Restructure the submittals so all loans pass the Risk Assessment:
 - This can be done while a project is in queue (whether part of a portfolio or not).
 - Please see the 12/18/09 Email Blast for the required revised documents.
 - We've had borrowers bring in additional equity to make the projects pass the Risk Assessment.
 - If you are restructuring a project that has already been submitted, please email Amee Welch (amee.welch@hud.gov) with the revised documents.

Business Partners Registration System:

We are still receiving applications where the participants have not registered in the Business Partners Registration System. Participants who have correctly submitted their 2530's via APPS will have completed this process – Lenders should concentrate on whether participants who have submitted paper 2530's have completed this process. Please ensure that each project that is in the queue or that you are working on is in compliance with this requirement. To register, please go to:
<http://www.hud.gov/offices/hsg/mfh/apps/appsmfhm.cfm>.

LEAN Thinking Mailbox – LeanThinking@hud.gov

As you know, we have had difficulty in the past in providing timely responses to Lean Thinking questions. In an attempt to provide you with better service, we now have a set time weekly whereby the Workload Managers discuss the more difficult questions. If you have any unresolved questions, we would appreciate it if you would re-send them to LeanThinking@hud.gov. We will address them as soon as possible.

Firm Documents to HUD Closing Attorney:

The September 18, 2009 Email Blast discusses the documents that are sent directly to the HUD Closing Attorney at the time of Firm Application review – this is precipitated by an email from the OIHCF Underwriter. When sending future packages to the HUD Closing Attorney, we ask that on the top of the submittal you include a copy of the email that the OIHCF Underwriter sent you that lists the documents – and order the documents in the order listed in the email.

Itemized Breakdown of Costs on HUD-92264a:

Per the February 19, 2010 Email Blast, on Section 232/223f's, please ensure that all submittals of Form HUD-92264a include an itemized breakdown of the costs of the transaction that make up the Criterion 7 or Criterion 10 maximum insured mortgage – this breakdown can be included at the bottom of page 2 or on page 4 of the form HUD-92264a. There have been recent submittals (particularly amendment requests) that don't follow this.

Risk Assessments:

The Risk Assessment spreadsheets in Step 1, #4 ask for the subject's NOI for the most recent 12 month period. Please note when completing this portion of the Risk Assessment, one must use the project's actual historical performance – not prospective numbers. Both calendar year and trailing 12-month NOIs are acceptable, but it is not acceptable to annualize a partial year's NOI for this entry. Please revise and resubmit any Risk Assessments that were completed using prospective numbers that have already been submitted.

Need to Reference Previous LEAN 232 Updates?

Previous E-Newsletters (Email Updates) can be found at:

http://portal.hud.gov/portal/page/portal/HUD/federal_housing_administration/healthcare_facilities/section_232/lean_processing_page/underwriting_guidance_home_page/previous_e_newsletters

LEAN Thinking Mailbox – LeanThinking@hud.gov

Have questions about the LEAN 232 Program? Please send them to LeanThinking@hud.gov

Interested in getting updates on the LEAN 232 Program?
Join our email list by sending your contact information to:
Kristine.Martin@hud.gov

For more information on the LEAN 232 Program, check out:
http://portal.hud.gov/portal/page/portal/HUD/federal_housing_administration/healthcare_facilities/section_232/lean_processing_page
Or check out:
www.hud.gov/healthcare

