

ORCF and HMAC  
Monthly Call Agenda  
1:00 pm PDT/4:00 pm EDT  
June 25, 2018

Invited ORCF Attendees: Roger Lewis, Jen Buhlman, Tim Gruenes, Susan Gosselin, Wayne Harris  
Susan Gosselin was a substitute for Patrick Berry, who was on PTO

Invited HMAC Attendees: Angela Folkers, Jenifer Williams, Ed Foulon

- I. Follow-up items from May 21, 2018 call: **None**
- II. ORCF Topics: **None (even through there were many new items brought up—see below)**
- III. HMAC Topics
  - a. Conference update and preliminary agenda.
    - i. **Event:** to be held all day October 25<sup>th</sup> and half-day October 26<sup>th</sup> (MBA Fall Roundtable is October 24<sup>th</sup>), tentatively at the Crowne Plaza Regan National Airport (Crystal City)
    - ii. **Meetings:** a variety of general sessions and breakout sessions
      1. Focus on both HUD specific and general industry training
      2. Roger wants an accounts receivable panel
    - iii. **Sessions:** HUD participation, but planning/coordinating by HMAC, third party vendors and industry experts
    - iv. **HUD Participation:** HUD workload managers and due diligence contractors
      1. HUD has approximately five production and five servicing jobs posted at usajobs.gov (anyone want a government job?)
      2. HUD to approve conference agenda and get approval to attend conference 30 days prior to conference
  - b. Is there a processing queue for portfolios? If so, how many?
    - i. No queue
    - ii. There are two CCR waiting to be assigned and both will be assigned within the next couple of weeks
    - iii. No real update on portfolio review level except:
      1. “Hope” to get a “draft” Mortgagee Letter out this summer
      2. No objections so far to what was discussed in the kaizen held last fall
      3. Do not need any further input from industry
    - iv. Changing job duties within ORCF
      1. IG Audits responsibilities are being transferred from Jen Buhlman to John Hartung
      2. Jen Buhlman is taking responsibility for duties previously held by Vance Morris

### 3. Vance Morris is being detailed to Brian Montgomery

- c. To eliminate unnecessary updating of project financial statements, is it possible for a loan to stay in the underwriting queue until the appraisal and environmental reviews are substantially complete or at least not require updated financials until such time. The issue is that lenders are constantly updating the trailing 12 financials; sometimes needlessly.
  - i. HUD recognizes that internal and contract underwriters are “ahead” of appraisal and environmental reviews, but hope this is temporary
    - 1. HUD not willing to keep loans in queue since there is an obligation to award specific numbers of loans to contract underwriters
    - 2. HUD willing to “remind” internal and contract underwriters that updated financials should be requested just prior to HUD loan committee
      - a. internal and contract underwriters shall, when asked by the lender, state when appraisal and environmental reviews will be done to help determine when updated financials are necessary
      - b. if updated financials are needed to support the mortgage request or other special circumstances, HUD and contract underwriters can ask for updated financials earlier
  - ii. HUD stated that on new construction request tribal consultation prior to new construction submission to save review time
- d. If the professional liability insurance is “claims made”, which is permissible, most insurance providers then provide “claims made” general liability insurance, which is not. It is our understanding that HUD has a blanket waiver for this situation. We request that HUD: publicize that there is a blanket waiver; change the policy in the next Handbook revision, by Email Blast or Notice, provide a copy of the HUD-2 to provide with the application.
  - i. HUD discouraged a blanket waiver, but:
    - 1. Was agreeable to a standardized HUD-2 if HMA wanted to develop and run it by Lean Thinking
    - 2. Still would require loan specific support for HUD to review such as cost to obtain, ability to obtain, etc.
  - ii. HUD will be looking at this issue and make appropriate changes in upcoming Handbook revisions
- e. The industry is looking for some guidance on what lender asset management review is required to be completed annually on portfolios, after loan closing, especially at the parent of the mortgagor and parent of the operator level,
  - i. Philip Head is leading this effort
    - 1. Putting together a punch list
    - 2. Rolling out within a month or so
    - 3. Looking for lenders to beta test

- ii. Roger discussed the need for the lender's underwriting side to assist lender's asset management side in TPAs, change of operators, etc.
  - 1. Lender asset management typically does not do an as in-depth analysis as lender underwriters
  - 2. This is the biggest problem causing defaults and claims
  - 3. This is needed on all projects, big or small, portfolio or no portfolio

#### IV. Next Call

- a. 1:00 pm PDT/4:00 pm EDT
- b. July 16, 2018