Lean Applications: Behind the Curtain...

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Lean Applications: Behind the Curtain...

• The journey.....
  • Lender Submission
  • Lean Queue
  • Lean UW Assignment
  • Lean UW Review
  • Technical Reviews
  • GTMs/WLMs & Issue Resolution
  • Lean Loan Committee
  • Commitment Issuance
Lean Applications: Behind the Curtain...
Lender Submission

• Lender Loan Application + Lean Application Fee
  • Don’t forget:
    • Contact LeanThinking prior and include any communication/guidance in application
    • Submit Tribal Notifications to LeanThinking prior to application submission
    • Complete a QC check to assure exhibits are complete, correct and consistent
Lean Applications: Behind the Curtain...
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Lean Queue
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Lean Underwriter Assignment

• Queue Assignments
  • Projects are assigned from one queue, typically first in / first out
  • Exceptions:
    • Projects with loan amounts of $25M+ are assigned to internal underwriters
    • Non-profit projects are typically assigned to internal underwriters
    • Projects with bathroom waivers are typically assigned to internal underwriters
  • Portfolio applications:
    • Lean tries to assign portfolios together, so sometimes this can lead to projects being taken slightly out of order
    • Sometimes projects sit in the queue while awaiting final corporate credit review approval

• Queue Assignments
  • Lean assigns first in, first out based on internal underwriter availability
Lean Applications: Behind the Curtain...
Lean Underwriting Review

- Lean’s standard UW review is broken into eight (8) topics
  - General Program Requirements
  - Financial Operations & Appraisal Review
  - Creditworthiness/Character of Transaction Participants
  - Previous Participation/APPS Review
  - Professional Liability Insurance
  - Appraisal Review
  - Physical Condition/PCNA (Arch/Cost) Review
  - Environmental Review
  - Title/Survey Review (typically completed post Firm Commitment)
Lean Applications: Behind the Curtain...

- Lender Underwriting
- Lender Submission
- Technical Reviews
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- Lean UW Review
Lean Technical Reviews

• Appraisal
  • Assigned based on availability, with Typically one appraiser assigned to an entire portfolio.
  • The Decision Circuit is the official appraisal review form.
  • Decision Circuit flags are not deficiencies, they prompt the HUD appraiser to discuss the matter in the review.
  • The HUD appraiser will communicate with the HUD underwriter.
  • The HUD underwriter will communicate any deficiencies to the Lender.
Lean Applications: Behind the Curtain...
Lean Technical Reviews

• Environmental
  • Assigned based on availability – staff resources are limited.
  • Must be completed by HUD staff (HEROS).
  • The completed HEROS review is uploaded for supervisory review.
  • Key considerations for an efficient review:
    • Maps: Include a flood zone/wetland maps with the site boundaries marked.
    • Level of Repairs: Phase I consultant must be aware of repairs being completed.
    • Tank Safety Letters: Required for Aboveground Storage Tank.
    • Modified 8 Step: Lean’s environmental checklist is clear on Lender expectations
    • Review the Lender’s Environmental Checklist!
Lean Applications: Behind the Curtain...

Lender Underwriting → Lender Submission

Lean Queue

Lean UW Review

Technical Reviews

Lean UW Assignment
Winged Monkeys!!!

• Declining NOI?
• Drop in Medicare census?
• REAC Inspection below 60?

• APPS
  • If HUD staff is reviewing the application, then reviewer will complete APPS
  • If contractor is reviewing, then HUD staff will complete APPS
  • H16-15 and Online tool? + LeanThinking
Lean Applications: Behind the Curtain...

- Lender Underwriting
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- Technical Reviews
- Lean UW Review

GTM/WLM
Lean GTMs and WLMs

• After review of eight (8) topics & Technical Reviews:
  • Loan Committee Memo drafted
  • Lender Deficiency Letter issued & Lender Response received
  • Loan Committee Preparation:
    • Commitment terms
    • Special Conditions
    • Internet searches
    • Supervisory (GTM) review
Lean GTMs and WLMs

• Workload Manager (HUD Staff)
  • HUD staff person authorized to oversee the contract for the project
  • Responds to review UW questions
  • Participates in Issue Resolution process (if necessary)
  • Reviews the Loan Committee package

• Government Technical Monitor (GTM)
  • HUD staff person authorized to oversee the contract for the project
  • Acts as the Workload Manager & should be copied on all emails
  • Reviews the Loan Committee package
  • Participates in Loan Committee on behalf of the Contract UW
Issue Resolution

• Internal meeting to quickly evaluate and resolve issues
• Lender provides succinct written response
• Scheduled on an Ad Hoc basis

Members:
  • HUD/Contract UW
  • GTM/WLM
  • Credit Risk Officer
  • Director of Production

If Needed:
  • HUD Appraiser
  • Appraisalal WLM
  • Environmental WLM
Lean Applications: Behind the Curtain...

- Lender Underwriting
- Lean UW Assignment
- Lean Queue
- Lean UW Review
- Technical Reviews
- Lender Submission
- Lean Loan Committee
- GTM/WLM

HMBDC
Lean Loan Committee

• Loan Committee meets Tues-Weds-Thurs from 1-3pm EDT
  • Docs posted 24 hours ahead of time
  • New Construction: 48-72 hours ahead of time

• Committee members include Tim Gruenes (Chairperson), Roger Lewis, Jen Buhlman, Eduardo Mattei, Philip Head, John Hartung and Rita Dockery

• Typical Committee Review is comprised of
  • UW 5-minute presentation (summarized Lender Narrative)
  • WLM or GTM attend
  • Focused on key risks and program requirements
  • Committee questions/answers/vote (must be unanimous)
Lean Applications: Behind the Curtain...
Lean Commitment Issued

• Underwriter posts the signed Firm Commitment to Portal
  • ORCF does NOT provide a hard copy Firm Commitment

• Underwriter emails closing instructions to Lender
  • **NEW** Email Includes a list of approved waivers

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Lean Applications: Behind the Curtain...

Lender Underwriting → Commitment Issued → Lean Loan Committee → GTM/WLM

Lender Submission → Technical Reviews

Lean Queue → Lean UW Assignment

Lean UW Review
There’s no place like home....

• Lock that rate!
• Close that loan!
• And a couple of tra-la-las

That’s how we laugh the day away in the merry old land of HUD...
FIN