

Lean Applications: Behind the Curtain...

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HUD/ORCF: Tim Gruenes, HUD, ORCF

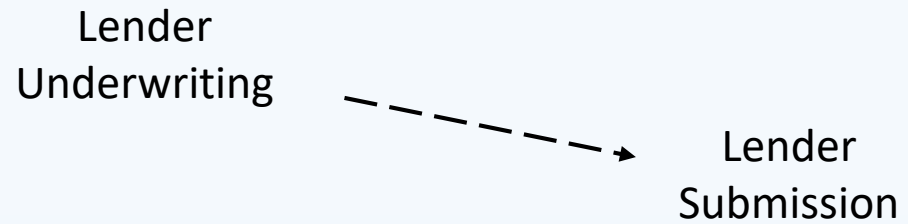
HUD/ORCF: Rachel Coleman, HUD, ORCF

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



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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



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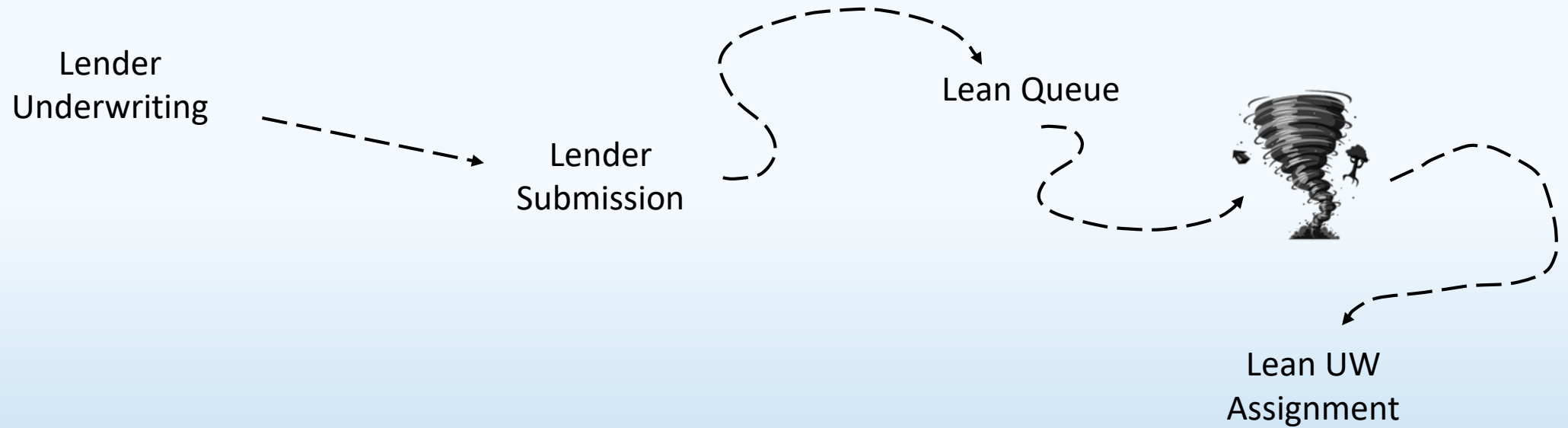
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Lean Queue



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Lean Underwriter Assignment

- Queue Assignments

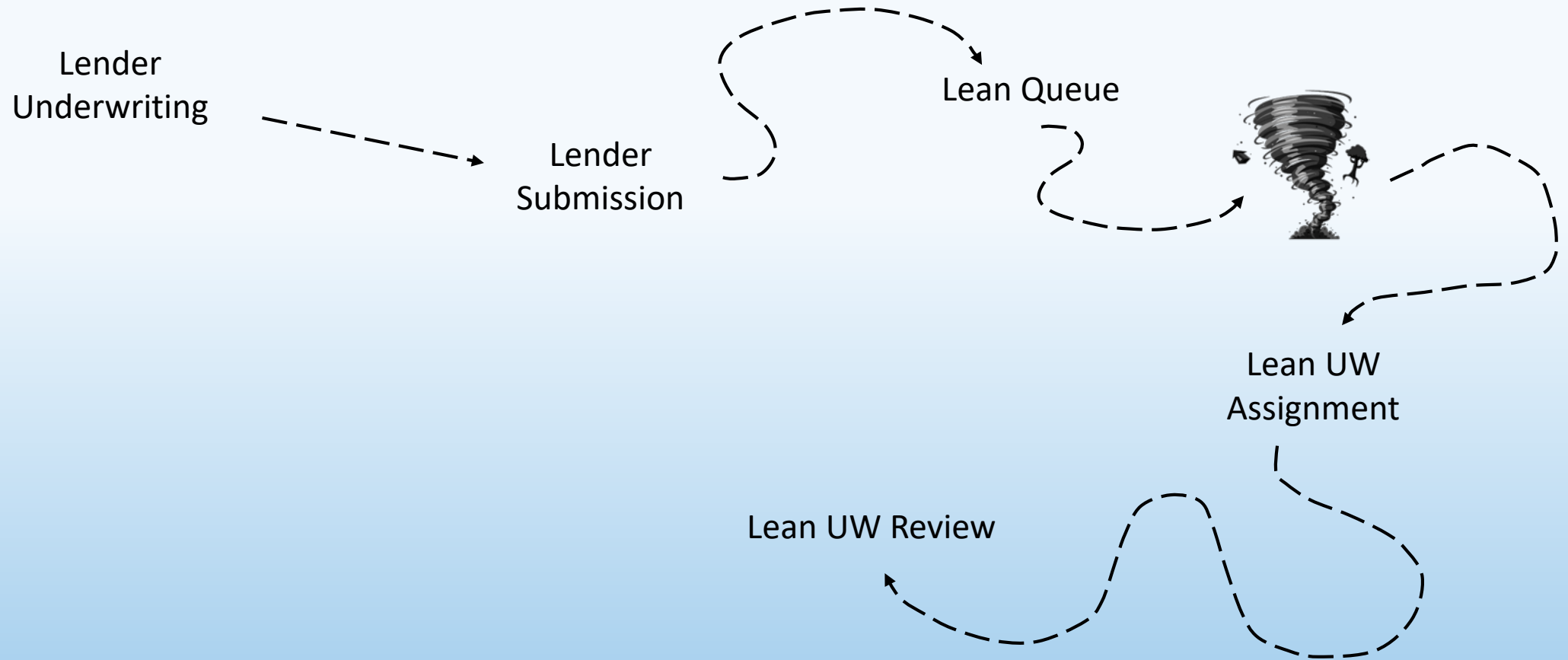
- Projects are assigned from one queue, typically first in / first out
- Exceptions:
 - Projects with loan amounts of \$25M+ are assigned to internal underwriters
 - Non-profit projects are typically assigned to internal underwriters
 - Projects with bathroom waivers are typically assigned to internal 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



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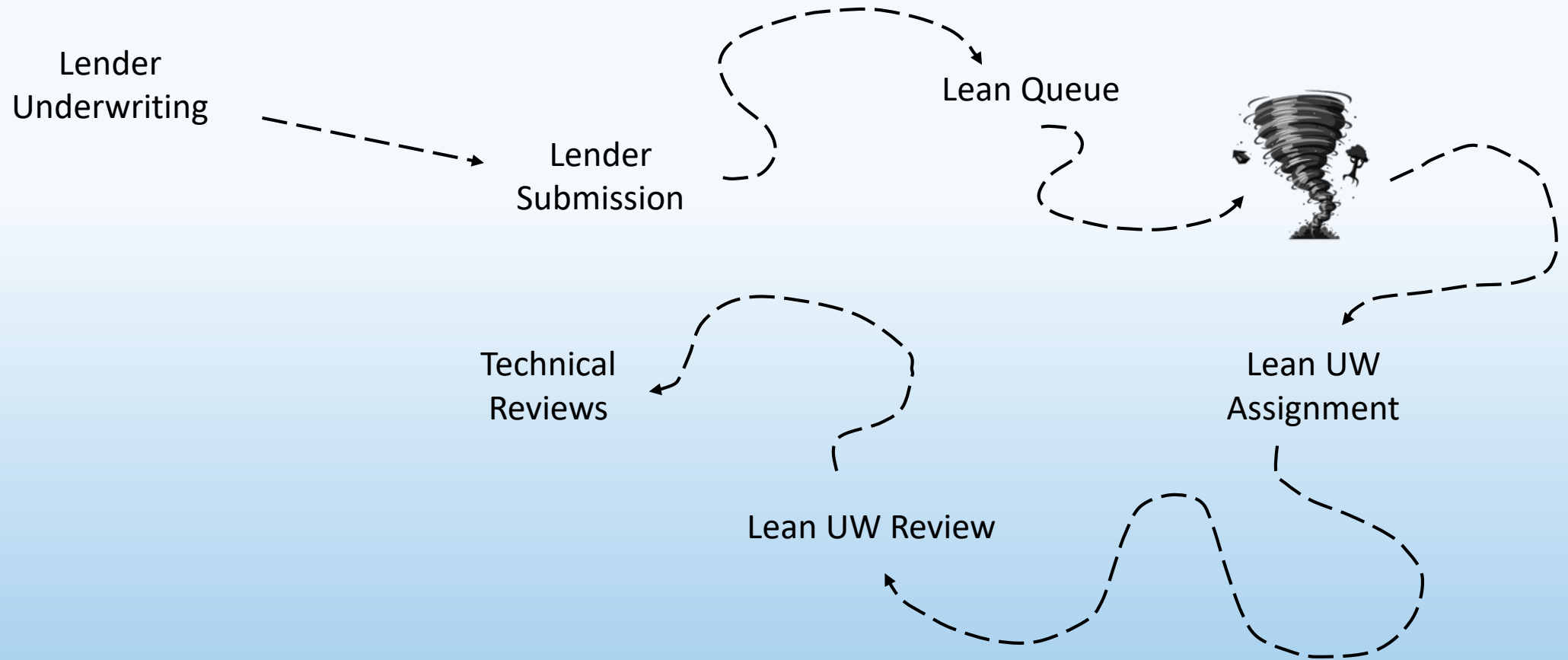


Lean Underwriting Review

- 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)



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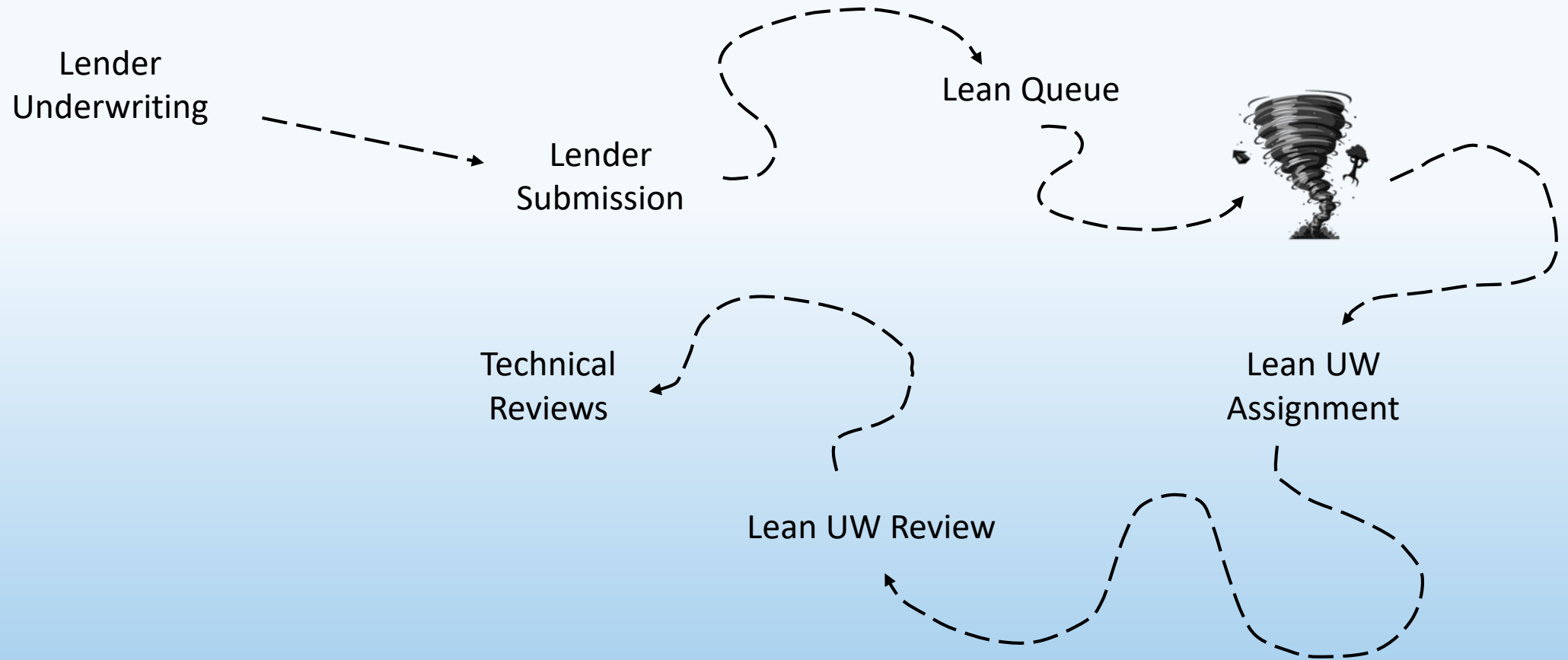
Lean Technical Reviews

- 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.



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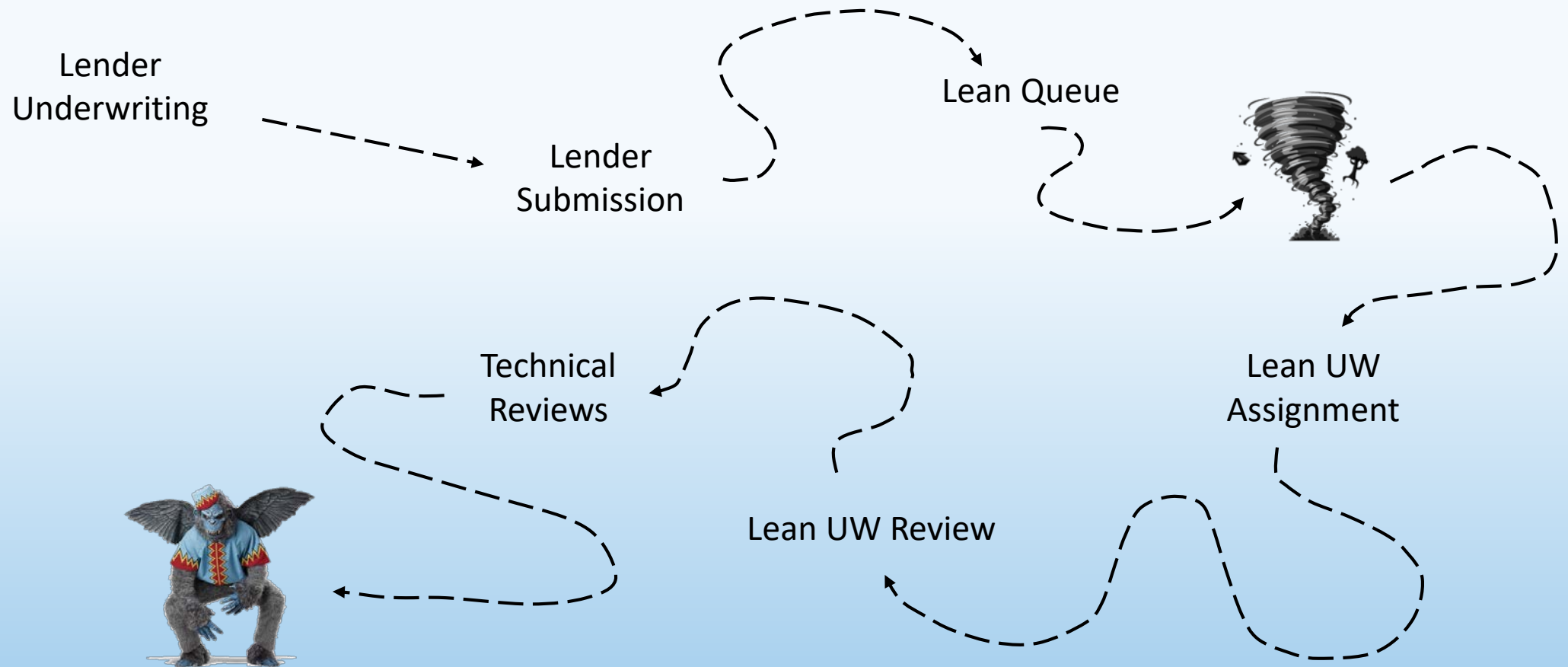
Lean Technical Reviews

- 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!**



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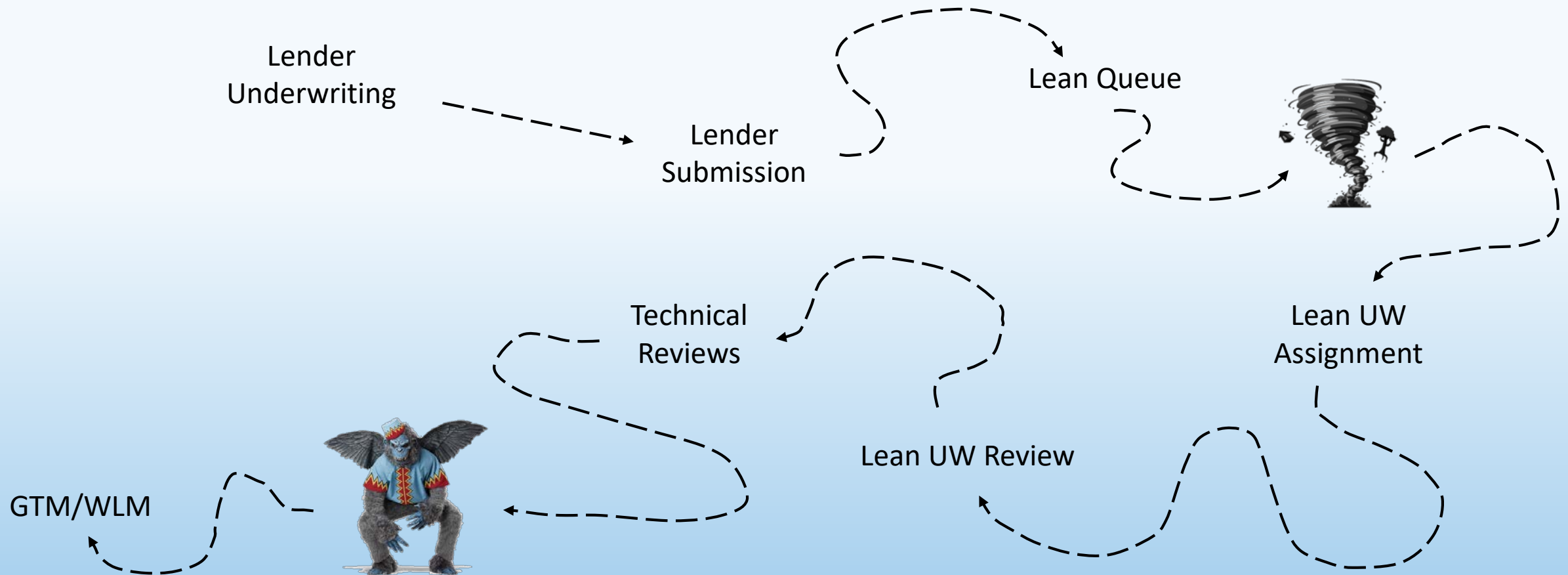


Winged Monkeys!!!

- 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



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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

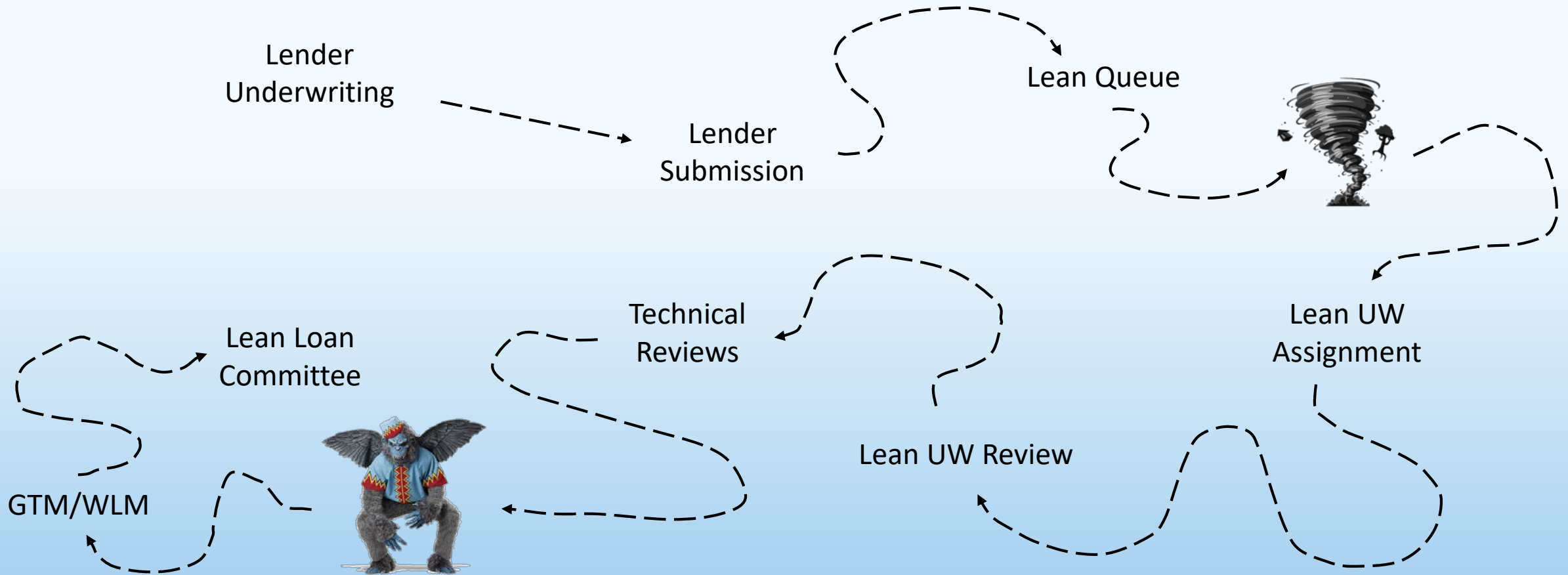


Issue Resolution

- 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
 - Appraisal WLM
 - Environmental WLM



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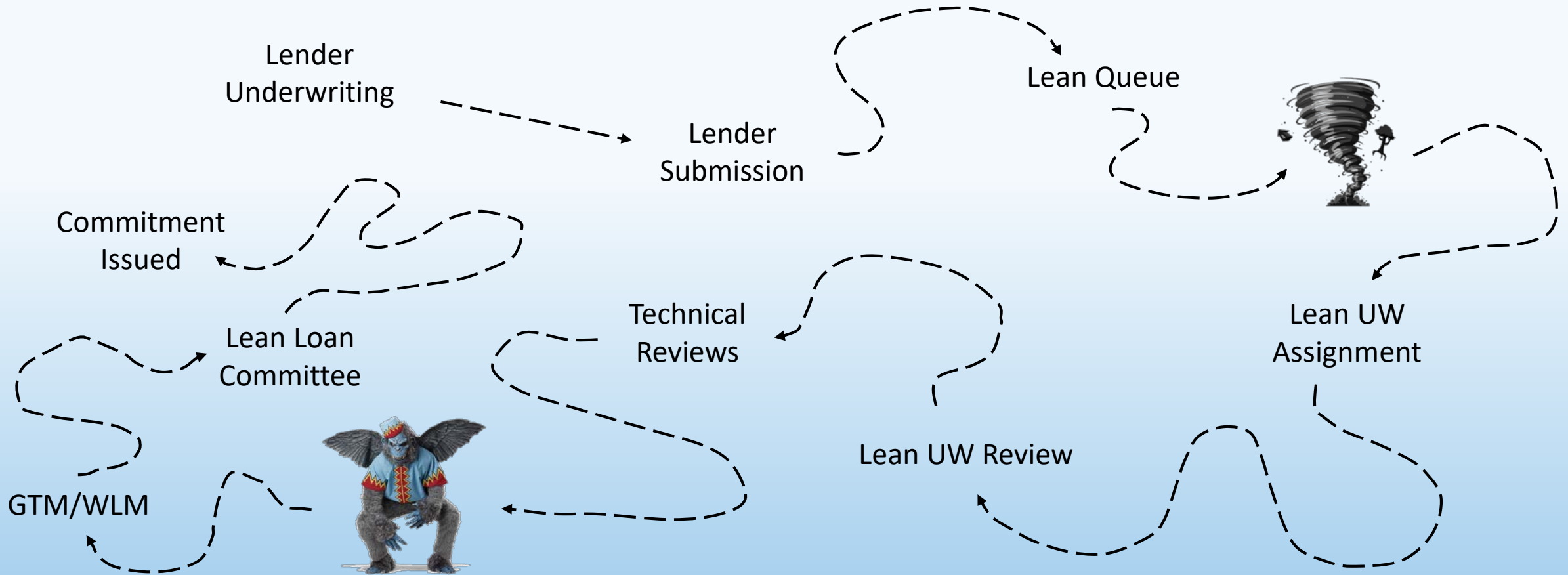


Lean Loan Committee

- 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)



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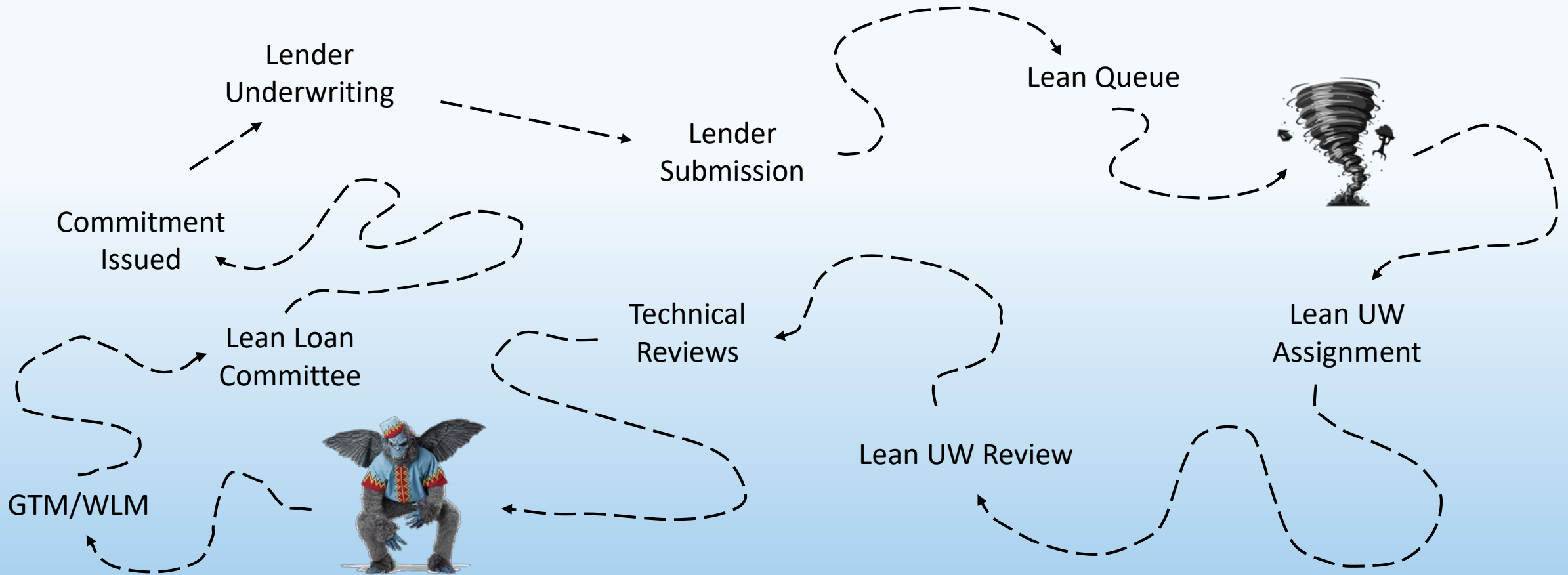
Lean Commitment Issued

- 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

OHP Control Number	Description of Approval



Lean Applications: Behind the Curtain...



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

HMAC ANNUAL CONFERENCE
June 13-14, 2019

