



HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

700 Washington St., Suite 501

Vancouver, WA 98660

ORCF and HMAC

Monthly Call Agenda

1:00 pm PDT/4:00 pm EDT

October 16, 2019

Invited ORCF Attendees: Jennifer Buhlman, Regina Casabal, Rachel Coleman, Rita Dockery, Susan Gosselin, Tim Gruenes, Wayne Harris, John Hartung, Jeremy Robitaille and Jason Roth (could be a couple more people who didn't identify themselves)

Invited HMAC Attendees: Ed Foulon, Scott Thurman and Jenifer Williams

I. Follow-up items from August 19th call

- a. HMAC working on PDPM webinar training. Other trainings around the corner (Special Focus List)
- b. Asset management working group is underway.

II. ORCF Topics

HMAC is focused on asset management issues by:

- a. Adding asset management folks to Board next year.
- b. Asset Management working group.
- c. More Asset Management panels anticipated at the next Conference.

III. HMAC Topics

a. Queue times.

- i. The number of deals in the queue has been steady lately and less than earlier in the year.
- ii. Time in the queue is 30-35 days, similar to pre-government shutdown.
- iii. Seems like it is taking longer for underwriters to start review once deal exists queue.
- iv. Ton of work in underwriting.
- v. Overall HUD is making fair progress; new contract will determine future progress.

b. Special Focus List and Special Focus Candidate List issues.

- i. Follow-up with this topic next month after ORCF Management meetings next week.
- ii. Current political environment impacts what can and can't be done.
- iii. Deals on the Special Focus Candidate List could be eligible for 232/223(a)(7), but it is a case-by-case decision. Environmental review required if exceed routine maintenance (CPD memo).
 - 1. Send requests to Lean Thinking.
 - 2. Waiting for Leadership to provide guidance.
 - 3. Extending term may not be in HUD's best interest. Reduce rate/payment is.
 - 4. IRR may be a better solution but needed repairs can't be completed.
- iv. HMAC willing to provide training regarding how you get on the Lists, off the Lists, etc.

c. Kaizen in conjunction with Spring MBA Roundtable.

Put this on ORCF's radar; to be discussed with Roger.

d. Underwriting/Closing Contracting through December.



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- i. "Old" contract expired; bridge contract has taken its place and expires December 29.
 - 1. Contractors to be paid for work completed.
 - 2. Unfinished work to be sent back to ORCF, insufficient internal capacity to finish.
 - 3. Fifty deals in closing already brought back in-house; ten have already closed.
 - ii. New contract has been awarded/selected.
 - 1. Multi-year contract for healthcare and multifamily loans.
 - 2. Await funding, which may or may not happen prior to bridge contract expiration.
 - 3. ORCF may need to take more work on in the interim.
 - 4. Training part of the contract. HMHC will help if requested.
 - iii. Some excellent and some green contract underwriters. If issues contact ORCF GTMs, Rachel or Susan.
- e. Possible over-reaction to recent defaults?
- i. HMHC is willing to help provide correct message to about program to outside parties.
 - ii. All understand political climate.
 - iii. Have appropriate mitigation in place when needed; reassess mitigates periodically.
- f. Informal policies that result from Loan Committee conditions.
- i. Follow-up with this topic next month after ORCF Management meetings next week.
 - ii. ORCF tweaking one-time and on-going risk assessment requirements.
 - iii. Debt service escrows; when appropriate.
 - iv. ORCF having to go back to lenders too much for additional information about quality of care.
 - 1. Quality of care on subject and sister properties must be addressed.
 - 2. Isolated case or a pattern/practice?
 - 3. New Lender Narrative will make lenders dig deeper on this topic.
 - v. Need to ensure HUD Contractors are consistent on these issues.
 - 1. Need to go to ORCF Loan Committee with complete packages.
 - 2. Consistent outcomes.
- g. Status of on-time or ongoing risk assessment requirements. *See above.*
- h. Appraisal review queue.
- i. Eleven loans in underwriting waiting for appraisal assignments.
 - ii. Catching up on appraisal and environmental reviews.
 - iii. Very few deals in underwriting don't have environmental reviews assigned.
 - iv. Lenders need to do a better job of identifying and resolving environmental problems.

IV. Next Call

1:00 pm PDT/4:00 pm EDT

November 18, 2019