

HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

ABC (Always Be Closing)
Easy as 123-5ish Tips for
a Smoother Closing
Process

HMAC CONFERENCE 2023





MEET THE PANEL

Moderator: Elliot Kaple, White Oak Healthcare Finance

Panelist:

Erin Witte – Senior Closer, Berkadia

Kelley Mason – Senior Account Executive, ORCF

Allie Rabin – Senior Account Executive, ORCF

Celia Richey – Account Executive, ORCF

Spencer Ash - Senior Account Executive, ORCF

Heather Johns – Legal Counsel, OGC

Jason Roth – Closing Team Workload Manager, ORCF



ORCF CLOSING UPDATES

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ORCF UPDATES & REMINDERS

- Changes to closing requirements or processes
 - ALTA 21 standards coming with the new handbook
- Reminders!
 - Assignment of Closing Coordinator and OGC
 - Draft closing package submitted to portal
 - Amendments submitted prior to closing package submission should ONLY be for extension requests
 - Posting Closing documents
 - Posted to portal by lender or lender counsel
 - Needs to be all recorded documents

CLOSING BEST PRACTICES

- Closing Coordinator and OGC Assignment

- Request to make assignment can be sent once Draft Legal package is ready for submission AND uploaded to the portal
- When requesting assignment of Closing Coordinator complete matrix with information that highlights any closing deadlines, master lease deals, etc. - OGC Assignment will not be requested until a closing package link is submitted

Project Name	
FHA Number	
Program Type (223a7, 223f, etc.)	
Project City	
Project State	
Portfolio Size (small, medium, large or N/A)	
Master Lease or Master Lease Alternative Will there be a Master Lease or Master Lease Alternative?	
Accounts Receivable Financing Is there Accounts Receivable Financing? If so, is it a new line or will the project be added to a previously approved line?	
Has an OGC Attorney recently reviewed any related transactions such as a Change in Collateral, Change of Participant, 9807, AR Financing, Master Lease, or Closed other projects in a portfolio? If so, please identify the OGC Attorney and briefly explain the related transaction.	
Other Is there other relevant information that ORCF or OGC should be aware of?	

CLOSING BEST PRACTICES

- Repair Packages
 - Order of items in Critical Repair Package
 - Owner's Certification of Critical Repair Completion HUD Form – 91118 – ORCF
 - Exhibit C Repair List from Firm Commitment
 - Photos
 - Invoice (If the work was done in house you need to indicate it on the repair exhibit)

CLOSING BEST PRACTICES

- Repair Packages
 - Photos and invoices for completion of the critical repairs should be provided as soon as possible
 - Clearly label or title each photo to match the repair list. Be specific (ex. When trip hazards repairs are required at multiple locations included location information with each photo)
 - When a specific measurement is required, photo must include a tape measure showing the measurement
 - Photos should be in color, clear, and not blurry
 - When repairs call for multiple items to be installed, a sampling of photos are required and invoices/receipt provided to confirm the number of items provided
 - Clearly label each invoice to match the repair list
 - If any critical repair needs to be moved to non-critical, ask well in advance of closing and provide appropriate support
 - Non-critical/owner elective repairs over \$1MM – Trip report required

CLOSING BEST PRACTICES

- Cost Certification
 - Organization is Key!
 - Have invoices and support in order that matches 2205 form
 - Clearly label/show allocation of how much cost is associated with the project if the payoff/bill is for multiple projects
 - Make sure invoices are marked as paid and shown in the correct column on 2205
 - Submit at LEAST 2-3 business days before closing, can send a draft in earlier for closer to start reviewing
 - When submitting cost certification, also submitted HUD settlement statement

CLOSING BEST PRACTICES

- Waivers - post firm commitment
 - Get any waiver request into closing coordinator as soon as possible
 - Most the time waivers need underwriting sign off and can cause a closing date to push
 - Just like in underwriting the waiver must include proper justification for relief being sought

CLOSING BEST PRACTICES

- Special Conditions
 - Reminder to underwriting team to get a list of proposed special conditions prior to loan committee to make sure that
 - If there is a new special condition that has not been covered before, be in contact with closing coordinator to walk through what information is going to be provided to clear the special condition
 - Keep in mind that all special conditions will need to also be reviewed by production work load manager and can take as least a week to review
 - Environmental Conditions / PCNA – example on following slide

CLOSING BEST PRACTICES

- Special Conditions - Environmental / Asbestos Example

- Asbestos Abatement special condition: *Abatement of asbestos containing material is required. Asbestos abatement should be completed as a critical repair and the cost of the abatement must be included in the project’s repair costs. Upon completion, provide a qualified asbestos contractor's report confirming that the asbestos abatement is complete.*
- The use of the word “should” in the condition above allows the abatement to be completed as either a critical repair (recommended) or a non-critical repair. Either is acceptable.

Critical Repair Exhibit:

ACM (O&M) Plan	Based on the date of construction (pre-1978), potential asbestos-containing materials (ACMs) are presumably present at the subject property. Therefore, management should implement, if not already in place, an ACM Operations & Maintenance (O&M) plan	1	EA	\$500	\$500
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- The special condition does not match what is on the critical repair schedule, as it only refers to an O&M plan. There is no asbestos abatement listed on either the critical or non-critical repair schedule
- The closer will confirm if the special conditions referring to asbestos (or other environmental specials condition – radon, lead based paint) is properly reflected on the repair schedules. If not, the lender is responsible for reaching out to their PCNA analyst to update the repair schedule accordingly.

CLOSING BEST PRACTICES

- Firm Commitment Amendments
 - Reminder that any extension request submitted prior to closing assignment should go to ORCFCloser email
 - Initial extension can be 60 days for 232/223f – 90 days for 232-223a7 ; 2nd extension request requires underwriting approval
 - Extension request that is 6 month past firm commitment issuance date requires lender to submit most recent financials
 - Amendment to increase interest rate requires updated decision circuit with financials within 90 days and needs underwriting approval
 - Best practice to have legal counsel review rate lock amendment request to make sure that all comments received from OGC and closing coordinator have been addressed in amendment request

Questions??