



CHOP and Roll All Night

Asset Management Post-Closing Transactions

November 14, 2023

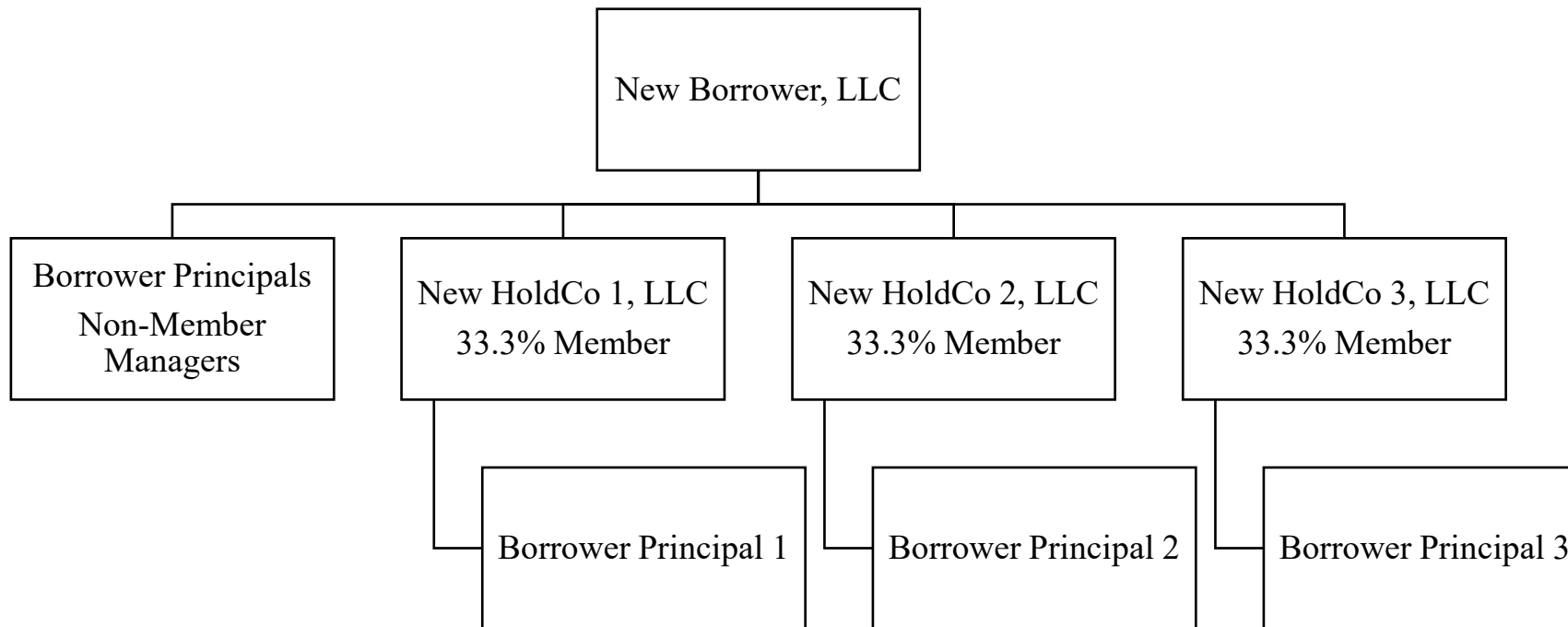
Today's Panelists

- Angela Collier
 - Deputy Director, HUD ORCF
- Marie Mazwi
 - Supervisory Account Executive, HUD ORCF
- Jerome Ratliffe
 - Credit Risk Officer, HUD ORCF
- Jeremy Robitaille
 - Risk Mitigation Supervisory Account Executive, HUD ORCF
- Samantha Brooks
 - Vice President, Asset Management, Greystone
- **Moderator:** Dale Becker
 - Director, FHA/USDA Asset Management, Lument

Post-Closing Transaction Discussion Topics

- Everyone's New – What Do We Do?
 - Underwriting Principals of the Borrower and Operator
- Consolidated Questions on Consolidated Certifications
 - Principal of Borrower and Parent of Operator Consolidated Certs
- AR Lines in the Sand
 - ICA cross-defaults, DACA/DAISA requirements
- Master Lease Release Beliefs
 - Releasing facilities from a Master Lease
- CHOP Checklist Lightning Round

Everyone's New – What Do We Do?



- All HoldCos were formed this week and have no financials or credit history

Consolidated Questions on Consolidated Certifications

- Principal of the Borrower / Parent of the Operator
Consolidated Certifications
 - What is the definition of “Principal” on the Schedule of Other Business Concerns?
 - If “Principal” is a threshold ownership percentage (>25%), does it matter if the Principal or Parent is just a passive investor/interest?

AR Lines in the Sand

- What are the concepts and language that Lenders should be aware of when reviewing Intercreditor, Exhibit B?
- Where do things stand currently on potential changes to the DACA/DAISA requirements in the new Handbook?
 - DACA/DAISA on just immediate “upstream” accounts?
 - DACA/DAISA on all “downstream” accounts?
- Are there any scenarios where it is okay for the Lender to go directly to the AR line subject matter experts, or does the line of communication have to work exclusively through the HUD Account Executive?

Master Lease Release Beliefs

- What are acceptable mitigants for either a CHOP or payoff request that does not meet the 1.45x coverage required in the Master Lease Subordination Agreement?
 - Debt Service Reserve?
 - LGSA?
 - Something Else?
- If a Master Lease is already below the 1.45x threshold, but the Lender is asking to release a facility that is making Master Lease performance worse and not better, do we still need similar mitigants?

CHOP Checklist Lightning Round (1 of 3)

- Six-Year PLI Loss History (Item #20)
 - Is this for:
 - Newly formed Borrower?
 - Newly formed Operator?
 - Principals of Newly formed Borrower or Operator?
 - Parent of the Operator?
 - Is the proposed PLI policy impactful on the nature of the PLI loss history that must be provided?
 - PLI loss history just for other facilities on the same PLI policy?
 - If Principals / Parent of the Operator own/operate/manage other facilities, but the subject will be on a new, standalone PLI policy – how does HUD want the Lenders to handle the PLI loss history?

20.	92220-a Six-year loss history of all claims against New Borrower/New Operator/New Parent of the Operator/New Management Agent and Principals <i>(if Owner Operated)</i> [1] [4] [5] Submit a six-year loss history of <u>professional liability claims</u> filed against entity for all facilities. The six-year loss history should be provided in annual summary form (prepared by the insurance company or third-party administrator).	<input type="checkbox"/>	
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CHOP Checklist Lightning Round (2 of 3)

- Financial Statement Certification – Borrower (Item #32)
 - Since the Borrower in a CHOP must be a single asset, single purpose entity, what is HUD looking for the Borrower to submit on this item?

32.	92232-a HUD-91126-ORCF, Financial Statement Certification – Borrower [1]	<input type="checkbox"/>	<input type="checkbox"/>
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CHOP Checklist Lightning Round (3 of 3)

- State Regulatory Agency/CMS Open Items (Item #51)
 - Is this item intended to be for:
 - The subject facility?
 - The historical loss history of the subject facility
 - The newly formed single asset, single purpose Borrower or Operator?
 - Typically N/A for a CHOP
 - The Parent of the Operator?
 - All other facilities owned/operated/managed by the Parent of the Operator
 - What if there is no Parent of the Operator?
 - The Principals of the Borrower or Operator?
 - All other facilities owned/operated/managed by the Principals of the Borrower or Operator?
 - What about passive interests (Schedule of OBC)?

51.	92251-a State Regulatory Agency/Centers for Medicare & Medicaid Services (CMS) [1] [2] Provide statement listing any unresolved issues with state regulatory agency/CMS for all facilities owned, managed, or operated.	<input type="checkbox"/>	<input type="checkbox"/>
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