

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America



# Time Travelers' Guide to Loan Closings

Closing Panel

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Financing Seniors Housing for America

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PRECISELY ON SCHEDULE



# Timeline

## Key HUD Timing Requirements Overview



Summary of major submission deadlines before FHA/HUD closing  
Based on HUD Handbook 4232.1, Firm Commitment guidance, and ORCF Email Blasts

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# Executed Firm Commitment



**Deadline: Within 10 business days of HUD's execution**

Requirements:

- Lender & Borrower must sign and return the Firm Commitment
- Lender must email the fully executed document to: [232FirmAmendmentRequest@hud.gov](mailto:232FirmAmendmentRequest@hud.gov)
- Lender must upload the fully executed document to the HUD portal.

# Responses to HUD Review Comments

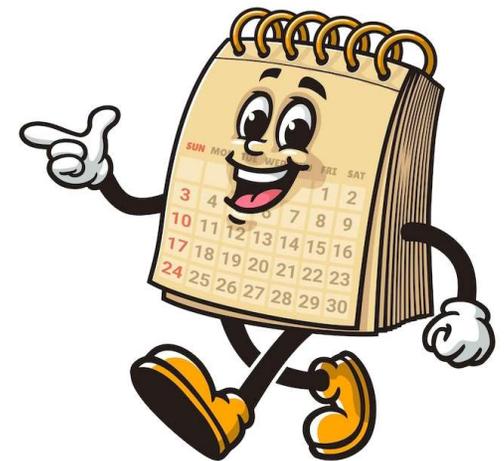


- ORCF will only review responses when ALL deficiency items are addressed
- No partial responses or separate emails accepted
- Submit one complete, consolidated response
- (Ref: Email Blast 8/30/2017)

# Scheduling the Closing Date

ORCF Closer and HUD Attorney schedule based on:

1. Acceptability of all required exhibits
2. Minimum 3 business days for HUD to sign and return documents after authorization
3. Number of days required for pre-recording  
(Ref: Email Blasts 3/5/2025 & 11/1/2019)



# Borrower's Cost Certification (HUD-2205A-ORCF)

For Section 223(f):

- **Draft Cost Certification due at least 10 days before Endorsement**
- Must include:
  - Payoff statement(s)
  - Evidence of prepaid third-party costs
- Final draft Cost Certification is due:
  - **Immediately after closing date is agreed upon, and**
  - No less than 5 business days before closing  
(Refs: Firm Commitment dated Nov 2024 & Email Blast 6/26/2020)

# Searches



**Deadline: No later than 10 business days before closing**

- Must be run and analyzed no earlier than 30 days before closing  
(Ref: Email Blast 2/26/2020)

**Deadline: No later than 5 business days before the scheduled closing**

Lender must provide:

1. Description of each newly discovered lawsuit & potential liability
2. Whether claims are insured
3. Amount of insurance available
4. Who pays for defense & whether insurer participates
5. Underwriter's opinion that litigation is mitigated and not material

If no new litigation:

- Provide an email stating none exists

Note: Issues must be cleared by ORCF and HUD OGC. Prompt disclosure helps avoid delays. (Ref: Email Blast 2/26/2020)

# Newly Discovered Litigation



# Post-Closing Requirements

## Elimination of Hard Copies

- Executed hard-copy closing documents no longer required if no changes were made from the electronic submission  
(Refs: Email Blasts 5/9/2022 & 3/5/2025)
- All final closing documents must be uploaded to the HUD portal.

# Roadblocks and Best Practices



What  
would  
you  
do???

## Survey Review post issuance of firm commitment – ORCF Updates 8/7/2025

- The lack of an initial survey review can lead to delays or imposition of special conditions until issues are resolved to HUD's satisfaction.
- The ORCF pre-firm process has changed recently. These changes include delaying the survey review until later in the process.



HUD's regional offices can have different interpretations, priorities, or "hot button" issues.

- A deal can face significant questions or require additional documentation in one region and have no issues in another, causing unexpected delays.



Critical repairs must be completed before the draft closing package can be submitted to HUD.

- Failure to complete repairs timely causes delays in the draft submission review.



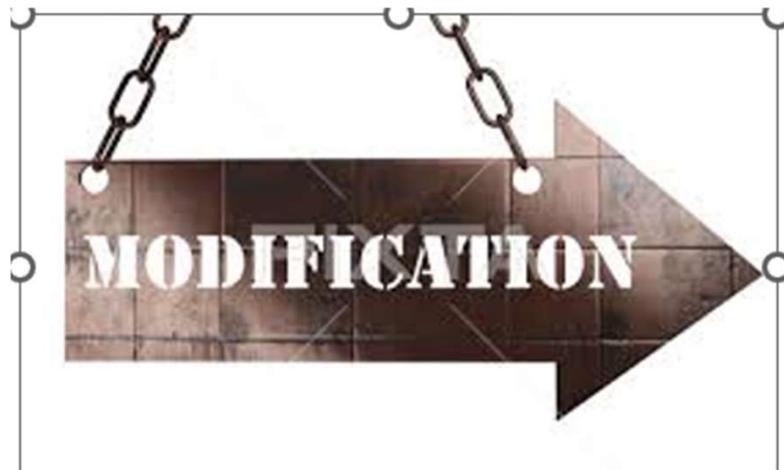
## Changes to the borrower's legal structure, ownership, or key management personnel during the closing process.

- This can trigger a re-underwriting of the deal, require new legal documentation, and significantly delay closing as HUD must approve the new structure.



Modifications to the terms, structure, or provider of the facility's Accounts Receivable (A/R) line of credit during the HUD application process.

- Any changes require a full re-review and HUD approval, which can be time-consuming and add legal costs. Incompatible terms can jeopardize the deal.



## Discovery of undisclosed litigation against the borrowing entity or its principals.

- The deal may be put on hold until the litigation is resolved, or it could be denied if the potential liability is deemed too great.



Discovery that there is a title defect on the property to be encumbered by the FHA-insured mortgage.



## Race to closing



- Getting critical repairs done is slowing down closings due to pending environmental reviews. HMAAC is exploring possible revisions to PCNA statement of work which was discussed in the UW panel.
- R4R - Increased from \$40,000 to \$100,000 to help avoid small mortgage reductions when refinance costs unexpectedly go down

# “Great Scott! Why *That*?” – Title Insurance Edition



# Helpful Title hints

Title insurance requirements for FHA-insured transactions are different from those in standard commercial closings.

Working with a team experienced in HUD-insured transactions—and familiar with HUD’s specific title insurance rules—is key to keeping the closing process on track.

Understanding why these requirements exist can help you manage client concerns, clarify when following the rules is necessary (or not), and set clear expectations early to avoid delays or unexpected issues before closing.

**HELPFUL  
HINT!**



## DELETION OF ARBITRATION:

**REQUIREMENT:** The final title loan policy for any ORCF HUD-Insured transaction must delete any/all arbitration requirements/provisions found within the jacket or schedules.

**HOW:** Waiver/Deletion of Arbitration via free-form endorsement that deletes the requirement OR ALTA-approved issuance of ALTA 2021 policy jacket that excludes Condition 18 (Agent must have this version of the policy jacket filed with state Department of Insurance as to form, if applicable)

## POLICY TIMING REQUIREMENTS:

**REQUIREMENT/PRACTICE:** Final policy must be dated the date of closing at 5:00PM (or at date/time+1 minute past last recorded document – minimum).

**HOW:** Schedule A, specify



## Title Agent Letter of Authority:

**REQUIREMENT/PRACTICE:** Where the issuer of the final title loan policy is an agent of an underwriter, this letter is required.

**HOW:** Said letter must be on letterhead of the national title insurance underwriter, must be addressed to HUD and the lender and must be dated the date of closing. Additionally, the caption of the letter must identify the specific policy being issued and the body of the letter must state that, as of the date of the letter, the named Agent is in good and active standing with the Underwriter and that said Agent has Underwriter's authority to issue the cited policy. This then must be signed by the State Agency Manager/Counsel.



## Identify the Exception on Schedule B-I and then provide affirmative coverage

**REQUIREMENT/PRACTICE:** If there is an exception or defect of title that can be insured-over or affirmatively covered, it must be identified on Schedule B-I as an enumerated exception and the appropriate affirmative coverage provided.

**HOW:** Specify the exception on Schedule B-I; provide jurisdiction appropriate affirmative coverage language, endorsement, or carve out.



## HUD Helpful hints

- Packages are showing up without proper notification. Please follow the 3 day rule when sending documents for signatures. Give a 3 day heads up, if not then they may be held till the next signing day.
- HUD will consider emergencies.
- Nichole also asked that there not be waiver requests at the last hour, blanket waivers, etc. Avoid last minute items and sending in packages unannounced.



# Closing battles

