



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Transmittal for Handbook No.: 4232.1 REV-1

Special Attention of:

Director, Office of Residential Care Facilities, HI
Director, Asset Management and Lender Relations, HI
Director Development, HI
Director, Policy and Risk Analysis, HI

Participating Mortgagees

Issued: January 12, 2017

1. This Transmits:

Handbook 4232.1 REV- 1, Healthcare Mortgage Insurance Program

2. Explanation of Material Transmitted:

Updated and revised guidance incorporated in Handbook 4232.1. See attached table below for revisions.

3. Implementation:

This transmittal is effective January 19, 2017. These revisions will be incorporated into the existing handbook on HUDCLIPS at HUD.GOV. If there are any questions regarding this Transmittal, please contact John Hartung at (314) 418-5238.

Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Matrix of Handbook 4232.1 REV-1 Revisions

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Cover Page			Added Paper Reduction Act language found in Section I - Introduction, Chapter 1.1 to the cover page.
Table of Contents		Table of Contents	Revised to reflect revisions and formats throughout the Handbook.
Section I - Introduction			
Introduction	1.3.B-F	Introduction	Updated references.
Introduction	1.6	Introduction	Clarified participant language.
Introduction	1.6.E	Introduction	Added new subsection "E" to provide further guidance on publicly-traded lenders.
Introduction	2	Lender Relations	Throughout the chapter, updated "Lender Qualification and Monitoring Division (LQMD)" to new name division name "Multifamily Asset and Counterparty Oversight Division (MACOD)."
Introduction	2.1.B.1	Lender Relations	Replaced reference to Handbook 4060.1 REV 2, with 4000.1 (FHA Single Family Housing Policy Handbook).
Introduction	2.2.A	Lender Relations	Updated lender approval language and Handbook references.
Introduction	2.3.A	Lender Relations	Inserted header language.
Introduction	2.3.A	Lender Relations	Updated language to be consistent with Housing Notice H-2015-08 and Mortgagee Letter 2015-16.
Introduction	2.3.B	Lender Relations	Inserted header language.
Introduction	2.3.C	Lender Relations	Added section to be consistent with Housing Notice H-2015-08 and Mortgagee Letter 2015-16.
Introduction	2.3.C	Lender Relations	Added language to be consistent with Housing Notice H-2015-08 and Mortgagee Letter 2015-16.
Introduction	2.3.C	Lender Relations	Deleted language "perform three functions" to make section general.
Introduction	2.4	Lender Relations	Added language "or alternative electronic secure methods," in section for Electronic Capability and Internet Access.
Introduction	2.5.C	Lender Relations	Revised language consultant identity of interest language.
Introduction	2.5.C	Lender Relations	Revised last sentence on identities of interest.
Introduction	2.9.A.4	Lender Relations	Remove entire sub-paragraph 4.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Introduction	2.11.B.7	Lender Relations	Updated referral to HUD Office of Inspector General language.
Introduction	2.13.C	Lender Relations	Revised lender collusion language.
Introduction	2.13.C	Lender Relations	Modified language on lender collusion.
Introduction	2.16.F	Lender Relations	Updated HUD OIG language.
Section II - Production			
Production	1.4	Introduction and Application Processing	Removed reference to Blended Rate.
Production	2.2.B.1	Eligibility	Changed minimum ALF requirement from 5 residential units (not to exceed 4 persons per unit) to 20 beds.
Production	2.3.C	Eligibility	Updated language on bankruptcy.
Production	2.3.G	Eligibility	Added long term acute care facilities under Ineligible Projects.
Production	2.4.C	Eligibility	Removed section C. Section 232 Blended Rate.
Production	2.4.D	Eligibility	Updated language on proposed construction.
Production	2.5.B	Eligibility	Revised language from "mortgaged property" to "mortgaged healthcare facility." Also specified that the very limited approval of non-SAE borrowers is limited to government entities.
Production	2.5.C	Eligibility	Revised SAE Operator requirements so that exemptions do not have to be requested; they just have to document in the application that the circumstances apply. (If they do not meet the prescribed scenarios, or feel they haven't met them, they would then request an exemption.)
Production	2.5.E	Eligibility	Updated language on Special Use Facilities.
Production	2.5.F		Removed "units or" from the section to clarify requirement.
Production	2.5.X	Eligibility	Inserted subsection title "X" for MIP subsection title and added language that the lender is responsible for remitting the MIP to HUD.
Production	2.5.V.6	Eligibility	Inserted reference to Housing Notice H 2016-15 (or successors thereto).
Production	2.5.Y-UU	Eligibility	Reformatted subsection letters as a result of new subsection 2.5.X format.
Production	2.5.Z	Eligibility	Inserted language that Reserve for Replacement initial deposits are to be made in cash.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	2.5.DD.5	Eligibility	Inserted CON language for cases when not available.
Production	2.5.DD.6	Eligibility	Inserted CON language for cases when not available.
Production	2.5.FF.2.c	Eligibility	Remove "publicly traded."
Production	2.5.GG	Eligibility	Updated guidance language related to recently published Previous Participation Rule.
Production	2.5.GG.1	Eligibility	Updated guidance language related to recently published Previous Participation Rule.
Production	2.5.GG.2	Eligibility	Updated guidance language related to recently published Previous Participation Rule.
Production	2.5.MM	Eligibility	Updated IOD escrow release language to clarify that it is after 12 months AND achieving a DSC of 1.45 for 3 consecutive months (replaced "or" with "and").
Production	2.5.OO	Eligibility	Updated Debt Service Reserve Escrow language so that if the DSR escrow is funded in cash, the funds must be non-project cash.
Production	2.6.B.1	Eligibility	Removed reference to Blended Rate.
Production	2.6.K	Eligibility	Updated language on release of working capital escrow.
Production	2.6.N	Eligibility	Update Reserve for Replacement formula.
Production	2.6.Q	Eligibility	Inserted updated non-discrimination language.
Production	2.7	Eligibility	Removed Section 2.7 - Blended Rate.
Production	2.8	Eligibility	Inserted clarifying language on addition of new beds/units.
Production	2.8.D	Eligibility	Revised Labor Relations language to clarify that where a Section 241(a) supplemental loan is provided, it is subject to Davis-Bacon prevailing wage requirements only if (1) the current mortgage on the project is insured under a program that was subject to Davis-Bacon in accordance with Sec. 212 of the National Housing Act, or (2) the current mortgage is a HUD-held mortgage that was originally insured under a program that was subject to Davis-Bacon in accordance with Sec. 212.
Production	2.8.E	Eligibility	Updated section on 241(a) terms.
Production	2.8.H	Eligibility	Revised word "should" to "must" to include marketing strategy.
Production	2.8.H	Eligibility	Replaced Affirmative Fair Housing Marketing Plan Requirements section with updated AFHMP language.
Production	2.9.B	Eligibility	remove distinctions on construction from this section, and refer to qualifications of other existing sections for eligibility

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Production	2.9.K.3	Eligibility	Update reference to Asset Management chapter 3.2.4.G to H
Production	2.9.K.3.a,b,c	Eligibility	Added new subsections a, b and c to provide guidance on fees.
Production	2.9.M		Inserted additional accessibility language.
Production	2.10.C		Update 223(a)7 application fee to .15
Production	2.10.I	Eligibility	Updated section to reference new Previous Participation rule.
Production	2.10.J.1		Inserted additional accessibility language.
Production	2.10.JK.3.b		Revised language for historic preservation determination.
Production	2.10.K.1	Eligibility	Inserted clarifying language that requires SFHDF for all projects and include FEMA form number.
Production	2.10.K.2.a	Eligibility	Inserted language for environmental review.
Production	2.10.K.3.a	Eligibility	Removed language "on the additional land."
Production	2.10.K.3.c	Eligibility	Updated language references related HUD 4128.
Production	2.10.K.3.d	Eligibility	Updated language references related HUD 4128 with implementation of HEROS.
Production	2.11.B.9	Eligibility	Inserted cross-default requirement.
Production	2.12	Eligibility	Inserted accessibility language.
Production	2.12.M	Eligibility	Inserted accessibility language.
Production	2.12.O	Eligibility	Updated section to reference new Previous Participation rule.
Production	Appendix 2.2	Eligibility	Added the SFHD Form and FEMA links to the appendix list of forms. Replaced reference related HUD 4128 with implementation of HEROS and replaced HUD-2530 reference to Notice H 2016-15.
Production	3.2	Loan Sizing	Removed reference to Blended Rate.
Production	3.3	Loan Sizing	Removed "OHP" from Section 232 Program website throughout the section.
Production	3.3.A.9	Loan Sizing	Updated language references related HUD 4128.
Production	3.3.A.11	Loan Sizing	Removed reference to Blended Rate.
Production	3.3.A.17	Loan Sizing	Inserted clarifying language on the lender.
Production	3.3.B	Loan Sizing	Removed reference to Blended Rate.
Production	3.3.B.1	Loan Sizing	Added language "(subject to the constraints of 3.5.E.2 of this chapter)"
Production	3.3.L	Loan Sizing	Added a new line item "L" under HUD Eligible Costs, to address Contingency Reserve eligibility.
Production	3.5.E.2	Loan Sizing	Revised purchase price percentage to 85%.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	3.6	Loan Sizing	Removed Section 3.6 - Section 232 Blended Rate.
Production	3.13	Loan Sizing	Revised introduction by Inserting new first paragraph and providing further clarification language.
Production	3.13.A	Loan Sizing	Revised language to provide further clarification on Operator Debt. Removed last paragraph on Appendix 3.1.
Production	3.13.A.1	Loan Sizing	Moved language from second paragraph as new #1.
Production	3.13.A.1-5	Loan Sizing	Reformatted subsections #1-5.
Production	3.13.B	Loan Sizing	Revised language to provide clarification categories of eligible debt.
Production	3.13.B.4	Loan Sizing	Added new subsection 4 on Operator Debt.
Production	3.13.B.4-6	Loan Sizing	Former #4-#5, now new #5-6. Revised language to provide clarification.
Production	3.13.B.6.i-iii	Loan Sizing	Revised language on defeasance costs to provide further guidance. Deleted NOTE section.
Production	3.13.C	Loan Sizing	New section C on Debt Investigation. Moved from former section F on Debt Investigation. Revised language in section to provide clarification.
Production	3.13.C.1	Loan Sizing	Revised language to provide further clarification on IOI lender.
Production	3.13.D	Loan Sizing	Former section C, now new section D on Debt Seasoning, provided further guidance and added new matrix.
Production	3.13.D	Loan Sizing	Add sentence referencing 24 CFR Sec. 232.902.
Production	3.13.E	Loan Sizing	Former section D, now new section E. Revised language to provide clarification.
Production	3.13.E.1-2	Loan Sizing	Deleted language for subsection #1 and #2.
Production	3.13.E.1-3	Loan Sizing	Reformatted by adding new subsection numbers 1-3 to existing evidence language in section.
Production	3.13.F	Loan Sizing	Former section F moved to new section C on Debt Investigation.
Production	3.13.F	Loan Sizing	Former section E, now new section F. Revised language to provide clarification.
Production	3.13.F.1	Loan Sizing	Former section E, now new section F on Review of Recent Indebtedness Involving a Purchase. Section revised to provide further guidance.
Production	3.13.F.1.a,b,c	Loan Sizing	Added new subsections a, b and c.
Production	3.13.F.2	Loan Sizing	Added new section 2 on IOI Refinance and subsections.
Production	3.13.F.3	Loan Sizing	Former section 2, now new section 3.

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Production	3.13.G.4	Loan Sizing	Revised section on REITs.
Production	3.13.G.1	Loan Sizing	Reformatted to make new section G.1 on Bridge Loans and Seasoning for further guidance.
Production	3.13.G.1.a, b	Loan Sizing	Reformatted to make new subsection a and added new subsection b.
Production	3.13.G.2-5	Loan Sizing	Reformatted former section 1-4 to new section 2-5.
Production	3.13.G.5	Loan Sizing	Revised mezzanine debt language to provide clarification.
Production	3.14.C	Loan Sizing	Removed reference to Blended Rate.
Production	3.14.D.2	Loan Sizing	Removed reference to Blended Rate.
Production	3.15.B	Loan Sizing	Removed "when" from heading title.
Production	3.15.B.1	Loan Sizing	Removed reference to Blended Rate.
Production	3.15.B.2.f	Loan Sizing	Revised language to clarify when Mezzanine Financing counts as secondary financing.
Production	3.15.C	Loan Sizing	Revised language to clarify repayment of secondary financing.
Production	Appendix 3.1	Loan Sizing	Deleted previous Appendix 3.1 and replaced with former Appendix 3.2. Replaced reference related HUD 4128 with implementation of HEROS.
Production	Appendix 3.2	Loan Sizing	Deleted Appendix 3.2. Now new Appendix 3.1
Production	4.1.D.1	ArchAnalysis-Cost Processing	Removed references to UFAS, and leaves in the other references.
Production	4.2	ArchAnalysis-Cost Processing	Removed reference to Blended Rate.
Production	4.2.B.2	ArchAnalysis-Cost Processing	Corrects references to the Fair Housing Act (not FHAG), removes references to UFAS and adds references to Title II of the ADA and the Accessibility Matrix.
Production	4.3.A.1	ArchAnalysis-Cost Processing	Updated language on additions.
Production	4.4.A.2	ArchAnalysis-Cost Processing	Inserted Timing for PCNA.
Production	4.4.B.3	ArchAnalysis-Cost Processing	Corrects references to the Fair Housing Act (not FHAG) and adds references to Title II of the ADA and the Accessibility Matrix.

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Production	4.5.A.2	ArchAnalysis-Cost Processing	Inserted Timing for PCNA.
Production	4.5.B.3	ArchAnalysis-Cost Processing	Corrects references to the Fair Housing Act (not FHAG) and adds references to Title II of the ADA and the Accessibility Matrix.
Production	Appendix 4.1	ArchAnalysis-Cost Processing	Updated title to new HUD Labor Standards and Enforcement.
Production	5	Appraisals	Throughout Chapter 5, updated use of term "appraisal" to "appraisal report."
Production	5.3.B	Appraisals	Revised language for 223f expired appraisal, cannot update. Must order new appraisal. Revised "value estimate..." to "opinion of value..." and removed reference to Blended Rate
Production	5.3.C	Appraisals	Updated language to provide further guidance and clarity.
Production	5.3.G	Appraisals	Revised language for sub-rehabilitation values.
Production	5.3.H	Appraisals	Removed reference to Blended Rate.
Production	5.3.H.2	Appraisals	Removed reference to Blended Rate.
Production	5.3.M	Appraisals	Inserted Advisory Note.
Production	5.3.N	Appraisals	Deleted language referring to remaining economic life being the same as remaining useful life.
Production	5.3.Q	Appraisals	Removed reference to Blended Rate.
Production	5.3.Q.3	Appraisals	Reformatted subsection letters in section Q.3.
Production	5.3.Q.3.a	Appraisals	Inserted Advisory Note.
Production	5.3.Q.3.a.ii	Appraisals	Included details of type of map required for submission.
Production	5.3.Q.3.b	Appraisals	Deleted household size and add Advisory Note.
Production	5.3.Q.3.c	Appraisals	Made "Describe the Current Inventory and Supply Count" new sub point "c" and included description.
Production	5.3.Q.3.c.i.b	Appraisals	Inserted new sub point - Operated beds versus licensed beds.
Production	5.3.Q.3.c.i.b.i	Appraisals	Changed photographs are encouraged to should be provided.
Production	5.3.Q.3.c.i.2	Appraisals	Replaced "versus" with "varies from the number of."
Production	5.3.Q.3.c.i.j	Appraisals	Included language to interview the administrator/executive director/marketing director for each primary competitor as part of the confirmation process.
Production	5.3.Q.3.c.ii	Appraisals	Inserted new subjoin format "II."

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Production	5.3.Q.3.h.i	Appraisals	Removed proposed language.
Production	5.3.Q.3.h.2.c	Appraisals	Removed proposed Advisory note.
Production	5.3.Q.3.h.1.e	Appraisals	Removed proposed Advisory note.
Production	5.3.Q.6	Appraisals	Inserted language to allow proposed number of beds.
Production	5.3.Q.7	Appraisals	Included language for moratoriums and further description on requirements to be considered.
Production	5.3.Q.8.a	Appraisals	Inserted language for unmet or displaced demand.
Production	5.3.Q.8.a.i	Appraisals	Changed "market" to "population."
Production	5.3.Q.8.a.ii	Appraisals	Changed "primary" to "target."
Production	5.3.Q.8.a.iii	Appraisals	Inserted the word "Target" for Target Resident and clause "if necessary."
Production	5.3.Q.8.a.v	Appraisals	Inserted Advisory Note.
Production	5.3.Q.8.a.vi	Appraisals	Inserted language on secondary demand.
Production	5.3.Q.8.a.vii.c	Appraisals	Removed % vacancy requirement.
Production	5.3.Q.9	Appraisals	Revised language for the demand model.
Production	5.3.R.1	Appraisals	Removed reference to Blended Rate.
Production	5.3.R.3	Appraisals	Revised language on Sales Comparison Approach.
Production	5.3.R.3.c	Appraisals	Revised language to clarify analysis of sales on per room basis.
Production	5.3.R.4	Appraisals	Included language to include for income approach calculation. Insert Advisory Note.
Production	5.3.R.4.a	Appraisals	Inserted Advisory Note.
Production	5.3.R.4.c	Appraisals	Removed reference to Blended Rate.
Production	5.3.R.4.b.iii	Appraisals	Inserted Advisory Note.
Production	5.3.R.4.e	Appraisals	Removed reference to Blended Rate.
Production	5.3.R.4.e	Appraisals	Inserted new sub point "e" and Insert Advisory Note.
Production	5.3.R.4.i	Appraisals	Inserted new sub point "i" and Insert Advisory Note.
Production	5.3.R.4.j.iii	Appraisals	Inserted Advisory Note.
Production	5.3.R.4.j.v	Appraisals	Inserted language on expenses associated with commercial space.
Production	5.3.R.4.j.vi	Appraisals	Deleted section and make "vii" new "vi."
Production	5.4.B.2	Appraisals	Included language to only allow waiver for purchase price option from government entities.
Production	5.4.G	Appraisals	Deleted section.
Production	5.7	Appraisals	Inserted new section on Non-Profit Operation
Production	6.1.A	Participant Crdt-Fincl Review	Inserted language on criminal convictions.

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Production	6.1.C	Participant Crdt-Fincl Review	Modified language as related to new Previous Participation rule.
Production	6.1.F	Participant Crdt-Fincl Review	Modified language as related to new Previous Participation rule.
Production	6.1.K	Participant Crdt-Fincl Review	Added new section on Fair Housing Act Violations.
Production	6.2.B	Participant Crdt-Fincl Review	Removed reference to Blended Rate.
Production	6.3.B.6	Participant Crdt-Fincl Review	Removed reference to Blended Rate.
Production	6.3.C.4	Participant Crdt-Fincl Review	Inserted not applicable language to 223(f) refinance projects.
Production	Appendix 6.1	Participant Crdt-Fincl Review	Replaced HUD-2530 reference to reference Notice H 2016-15.
Production	7	Environmental Review	Removed reference to specific website link and replaced with reference to the ORCF Environmental Resource Page throughout the chapter.
Production	7	Environmental Review	Throughout Chapter 7, added reference to HUD Environmental Review Online System (HEROS).
Production	7.1.A.3	Environmental Review	Updated language related to HUD 4128 with implementation of HEROS.
Production	7.1.A.5	Environmental Review	Inserted reference to HUD Notice CPD-16-02 or succeeding guidance.
Production	7.1.A.6	Environmental Review	Updated guidance language related HUD 4128 with implementation of HEROS.
Production	7.1.A.6.c	Environmental Review	Inserted reference to HUD Notice CPD-16-02 or succeeding guidance.
Production	7.1.A.7	Environmental Review	Inserted reference to Housing Notice H 2016-15 (or successors thereto).
Production	7.2.B.1	Environmental Review	Updated guidance language due to implementation of HEROS.
Production	7.2.B.2	Environmental Review	Updated guidance language due to implementation of HEROS.
Production	7.3	Environmental Review	Inserted guidance language on contamination before beginning Phase II.

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Production	7.3.A.1.a	Environmental Review	Inserted clarifying language on Phase I ESA.
Production	7.3.E.3	Environmental Review	Updated document references.
Production	7.4.B	Environmental Review	Updated reference language related HUD 4128 with implementation of HEROS and replaced Headquarter Environmental Clearance Officer to Program Environmental Clearance Officer.
Production	7.4.B.2	Environmental Review	Added reference to ORCF's Environmental Resource Page.
Production	7.5	Environmental Review	Reformatted list from alphabetical to numerals. Updated language references related HUD 4128 with implementation of HEROS.
Production	7.5.C.3	Environmental Review	Added guidance on Area of Potential Effects (APE).
Production	7.5.C.7	Environmental Review	Inserted reference to 24 CFR part 55.
Production	7.5.C.9	Environmental Review	Removed language "more than 12 inches" guidance for building requirement below the 100-year floodplain line.
Production	7.5.C.11	Environmental Review	Inserted FEMA form number for Standard Flood Hazard Determination form.
Production	7.5.C.15	Environmental Review	Replaced proposed language "rulings" with "guidance."
Production	7.5.D	Environmental Review	Moved previous 7.5.J.4 here.
Production	7.5.D.4	Environmental Review	Revised historic preservation determination language.
Production	7.5.E	Environmental Review	Updated reference from 16 U.S.C 470 to 54 U.S.C. § 300101 and inserted "historic properties affected" for HUD determination.
Production	7.5.E.4.a	Environmental Review	Updated language references related HUD 4128 with implementation of HEROS and inserted reference to HUD Notice CPD-16-02 or succeeding guidance.
Production	7.5.E.4.b	Environmental Review	Removed "Memorandum of Agreement (MOA).
Production	7.5.E.5	Environmental Review	Inserted clarifying language on SHPO response.
Production	7.5.E.8.c	Environmental Review	Inserted new subsection "c" on anticipatory demolition.
Production	7.5.E.8.d	Environmental Review	Inserted new subsection "d" on Section 106.

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Production	7.5.F.1.a.iii	Environmental Review	Modified and inserted further guidance for new construction.
Production	7.5.I.1	Environmental Review	Inserted reference to Executive Order 11990.
Production	7.5.I.2	Environmental Review	Inserted reference to Executive Order 11990 and added "100-year flood plain or" in guidance.
Production	7.5.I	Environmental Review	Deleted former subsection "I" on Toxic Chemicals and Radioactive Materials
Production	7.5.J	Environmental Review	Inserted further clarifying guidance language.
Production	7.5.J.3	Environmental Review	Updated Farmland Protection language.
Production	7.5.J.4	Environmental Review	Moved this section to new section 7.5.D.
Production	7.5.K.5	Environmental Review	Inserted Ordinance and Law insurance coverage language.
Production	7.6.A	Environmental Review	Updated language related to HUD 4128 with implementation of HEROS.
Production	7.7.C	Environmental Review	Moved language from 7.7.D on O&M programs to this subsection.
Production	7.7.D	Environmental Review	Updated asbestos removal guidance.
Production	7.8	Environmental Review	Added section on radon report guidance.
Production	7.8.B.4.a	Environmental Review	Inserted "each building" for sampling test protocol.
Production	7.8.B.4.a.ii	Environmental Review	Replaced "picocuries level" with "pCi/L".
Production	7.8.C.1	Environmental Review	Removed language on Radon Zone 1 and 2.
Production	Appendix 7.1	Environmental Review	Added new appendix for resources.
Production	8.7.A.3	Operators-Management Agents	Revised section to be consistent with Borrow Regulatory Agreement language.
Production	8.7.A.5	Operators-Management Agents	Inserted clarifying language on Management Fees.
Production	8.8.E	Operators-Management Agents	Updated section to reference new Previous Participation rule.

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Production	8.8.G	Operators-Management Agents	Revised language to clarify state surveys for skilled nursing facilities.
Production	8.9.D	Operators-Management Agents	Removed section on Team TSI.
Production	8.9.E	Operators-Management Agents	Added a new line item "E" under ORCF Underwriter Review, to address additional information the UW may review for existing Section 232 participants, such as REAC scores and DEC referrals.
Production	Appendix 8.1	Operators-Management Agents	Replaced HUD-2530 reference to reference Notice H 2016-15.
Production	9.1	Closings	Formatted section by adding subsections formats "A" and "B." Added new subsection B on Lender Responsibilities.
Production	9.2.I	Closings	Updated section for amounts to be paid through pay.gov.
Production	9.2.D	Closings	Added Fair Housing language related to racial covenants.
Production	9.3	Closings	Updated language for executed Firm Commitment.
Production	9.3.C	Closings	Added guidance language on Deferred Submissions.
Production	9.4 A	Closings	Added "prior to closing" at the end of the sentence.
Production	9.5.D	Closings	Revised section title and updated 223(a)7 application fee to .15.
Production	9.7	Closings	Removed reference to Blended Rate.
Production	9.8 A.2.	Closings	Added "initial" before "endorsement"
Production	9.8 C.2.a.v.	Closings	Replaced "Corporate surety" with "Payment and Performance"
Production	9.8 C.2.b.i	Closings	Revised language to "of less than four stories"
Production	9.8 G	Closings	Added "initially" before "endorsement"
Production	9.8 L.2.a.ix	Closings	Added "debt service reserve" to the list.
Production	9.8 L.3	Closings	Replaced "...(a)(1) though (6)" with "...listed in 2"
Production	9.10.B.1	Closings	Replace "expended on the initial requisition" with "advanced".
Production	9.10 C.2.	Closings	Replace "LIHTC" with "tax credits" and updated guidance language.
Production	9.11.B.1	Closings	Corrected "of" record to "on" record.
Production	9.12	Closings	Removed reference to Blended Rate.
Production	Appendix 9.1	Closings	Reformatted Appendix to have checklist at the end of the resource list.

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Production	10.2	Construction Period	Removed 241(a) from Early Start section.
Production	10.4.C.1	Construction Period	Moved to new C.8 and inserted the words "if applicable."
Production	10.8	Construction Period	Revised reference from Production Section 12.2 C to Appendix 10.2.
Production	10.15.C	Construction Period	Updated Working Capital escrow release language to clarify that it is after 12 months AND achieving a DSC of 1.0 for 6 consecutive months (replaced "or" with "and"). Also clarified that threshold is to be achieved in EACH of the six consecutive months, and removes references to allowing MIP.
Production	10.15.E	Construction Period	Updated IOD escrow release language to clarify that it is after 12 months AND achieving a DSC of 1.45 for 3 consecutive months (replaced "or" with "and").
Production	10.16.A.1.e	Construction Period	Added accessibility deficiency language under critical repair section.
Production	10.16.A.3.b	Construction Period	Deleted language to submit the Owner's Certification – Full or Partial Completion of Non-Critical Repairs (HUD-92117-ORCF).
Production	10.16.B.1	Construction Period	Deleted the word "Critical" from Exterior Repair section title and corrected minor grammar style in first sentence.
Production	Appendix 10.1	Construction Period	Revise language from Early Commencement to Early Start and removed reference to Blende Rate. Updated language references related HUD 4128 with implementation of HEROS.
Production	Appendix 10.1	Construction Period	#8 Should reflect that an inspection fee should be paid through pay.gov; not delivering an actual check or copy of one.
Production	Appendix 10.1.c	Construction Period	Provided further language on "Good Cause."
Production	Appendix 10.1.e	Construction Period	Added language for underwrite section
Production	Appendix 10.1.4.a	Construction Period	Inserted Good Cause language.
Production	Appendix 10.2.C.6.a	Construction Period	Updated legal fees language.
Production	Appendix 10.2.C.9.g	Construction Period	Updated legal fees language.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	Appendix 10.2	Construction Period	#5 - Added language to address Ginnie Mae requirements.
Production	Appendix 10.6	Construction Period	Reformatted Appendix form number for Early Commencement of Construction Checklist. Replaced reference related HUD 4128 with implementation of HEROS.
Production	11.10.D	Cost Certification	Added language to clarify when the Lender Narrative Cost Certification Supplement required.
Production	11.10.E	Cost Certification	Removed reference to Blended Rate.
Production	11.11.B.8.b.ii	Cost Certification	Added sub point "ii" for windfall calculation not being applicable for 241(a) loans.
Production	11.11.B.8.n.i	Cost Certification	Added sub point "i" for windfall calculation not being applicable when the Borrower and Operator are unrelated entities.
Production	11.13.C	Cost Certification	Replace "first" mortgage with "HUD" mortgage
Production	11.13.K.3	Cost Certification	Add the word "allowable" before "incentive payments"
Production	11.6.B	Cost Certification	Added new subsection "B" to provide guidance on tax credit exemptions. Reformatted subsequent sub headers.
Production	Appendix 11.2	Cost Certification	#3 - Added language on windfall calculation not being applicable when the Borrower and Operator are unrelated entities.
Production	12.1	LIHTC-Tax Credit Program	Added reference to Production, Chapter 9.
Production	12.1	LIHTC-Tax Credit Program	Inserted language in last sentence to be consistent with Section 232 program.
Production	12.2.A.1	LIHTC-Tax Credit Program	Added new sub point 1 language to require evidence of LIHTC award.
Production	12.2.A.1-7	LIHTC-Tax Credit Program	Reformatted former sub points 1-7, now new 1-10.
Production	12.2.A.5	LIHTC-Tax Credit Program	Added new sub point 5 language on 5 Publicly Funded Loans or Public Debt.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	12.2.A.6	LIHTC-Tax Credit Program	Added new sub point 6 language on Tax Exempt Bonds/Take out by FHA Insured Permanent Debt.
Production	12.2.B.1	LIHTC-Tax Credit Program	Revised former sub point 1 to be new introduction paragraph with further information on bridge loans.
Production	12.2.B.1	LIHTC-Tax Credit Program	Updated bridge loan language.
Production	12.2.B.5	LIHTC-Tax Credit Program	Replaced "no later than final closing" with "at or prior to final endorsement of the Note."
Production	12.2.B.1-7	LIHTC-Tax Credit Program	Reformatted former sub point 1 to new sub point 1 and added new sub points 2-7 on bridge loan requirements.
Production	12.2.C.3	LIHTC-Tax Credit Program	Revised language to include requirement for an equity pay-in schedule.
Production	12.2.D	LIHTC-Tax Credit Program	Inserted language "to the extent consistent with the Section 232 program,"
Production	12.2.D.1	LIHTC-Tax Credit Program	Revised language too generally reference tax credit transactions.
Production	12.2.E	LIHTC-Tax Credit Program	Revised Identity-of-Interest language.
Production	12.2.E.2	LIHTC-Tax Credit Program	Revised language to "that complies with Section 12.2"
Production	12.2.F	LIHTC-Tax Credit Program	Reformatted former sub point E. Subsidy Layering Review to new sub point F.
Production	12.2.G	LIHTC-Tax Credit Program	Inserted new subsection G on Tax Credit Regulatory Agreements.
Production	12.3.A.2	LIHTC-Tax Credit Program	Updated section to reference new Previous Participation rule.
Production	Appendix 12.1	LIHTC-Tax Credit Program	Replaced HUD-2530 reference to reference Notice H 2016-15.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	13.3.B	Master Lease	Replaced the words "bound by" with "subject to".
Production	14.1.B	Insurance	Removed policy reduction from notification requirement.
Production	14.1.B.4	Insurance	Inserted new sub point 4 requirement that HUD be named additional insured.
Production	14.1.B.5	Insurance	Inserted new sub point 5 with sample mortgagee clause. Remove loss payable clause language.
Production	14.1.E	Insurance	Added language Closing "of the Mortgage Loan" for clarification. Revise entire Evidence of Insurance section.
Production	14.3.A	Insurance	Inserted "VI" in sentence.
Production	14.4	Insurance	Inserted language to reference sections 14.5-14.7 and replace entire section for data requirements.
Production	14.5	Insurance	Inserted (aka Blanket) after "Portfolio."
Production	14.5.A	Insurance	Revised coinsurance and agreed upon endorsement language.
Production	14.5.A.1	Insurance	Deleted coinsurance language. Insert clarifying Estimated Replacement Cost language.
Production	14.5.B	Insurance	Inserted "as is" clarification language and applicability language.
Production	14.5.C	Insurance	Deleted coinsurance language.
Production	14.6.B	Insurance	Deleted language on Owner's and Contractor's protective coverage.
Production	14.6.C.1	Insurance	Added clarifying language so as not to exclude contractual liability from General Liability section.
Production	14.6.C.3.a	Insurance	Inserted "per location" to Minimum Coverage
Production	14.6.F	Insurance	Clarified Commercial Auto Liability language "When Does it Apply" and added language "per occurrence" and "reinstated after each claim" under "Amount of Coverage."
Production	14.7.A	Insurance	Inserted clarifying language on Business Income Coverage.
Production	14.7.B	Insurance	Inserted Business Income Coverage language.
Production	14.7.B	Insurance	Provided clarification language for acceptable level of seismic risk.
Production	14.7.C	Insurance	Deleted subcontractors as required additional insureds
Production	14.7.D	Insurance	Inserted "Management Agent, where applicable and Operator, where applicable" to "When Does it Apply"

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	14.7.E	Insurance	Inserted "borrower and operating entity, where applicable" to "What's Required"
Production	14.7.G	Insurance	Inserted Business Income Coverage language.
Production	14.7.G	Insurance	Changed "should" to "must"
Production	14.7.H	Insurance	Revised Business Income Coverage language.
Production	14.7.H	Insurance	Clarified language when Business income coverage is required and more detailed description of requirement.
Production	14.7.H	Insurance	Changed maximum deductible to 5% instead of 2%
Production	14.7.H.2	Insurance	Corrected FEMA form number from 81-93 to 086-0-32
Production	14.7.H.3	Insurance	Updated references links for FIP Insurers and WYO insurers.
Production	Appendix 14.1.I.A.1	Insurance	Removed reference to Blended Rate.
Production	Appendix 14.1.VII.F	Insurance	Added additional language requesting audited financials, if available.
Production	Appendix 14.1.IX	Insurance	Updated language on Annual Review by Mortgagee.
Production	15	Accounts Receivable Financing	Removed the word "Generally" in third paragraph regarding HUD approval for AR financing.
Production	15.2.A	Accounts Receivable Financing	Added language on review of accounts receivable financing for change of operator.
Production	15.2.B,C	Accounts Receivable Financing	Minor stylistic edits made to clarify sentences.
Production	15.2.C	Accounts Receivable Financing	Revised subsection "C" header to Pre-approvals and Intercreditor Insertions" and provided clarification language.
Production	15.2.D	Accounts Receivable Financing	Updated language on exceptions.
Production	15.3.I	Accounts Receivable Financing	Added last paragraph that requires the parties to the Intercreditor set forth all disclosures in the ICA.
Production	15.3.I	Accounts Receivable Financing	Added further clarification language.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	15.3.J	Accounts Receivable Financing	Added further clarification cross-default language.
Production	15.3.H	Accounts Receivable Financing	Added clarification language
Production	15.4.B	Accounts Receivable Financing	Added Proposed Cross-Default to heading.
Production	15.4.G	Accounts Receivable Financing	Revised language to include compliance with HUD Program Obligations.
Production	16	Cash Flow/DACA/DAISA	Throughout Chapter 16 - added "Agreement" to "Intercreditor Agreement."
Production	16.1.B	Cash Flow/DACA/DAISA	Removed the word "generally" for HUD expectation of Non-Governmental Receivables.
Production	16.1.C	Cash Flow/DACA/DAISA	Inserted clarification language in Note.
Production	16.2.F.3	Cash Flow/DACA/DAISA	Removed reference to Blended Rate.
Production	16.2.G.1	Cash Flow/DACA/DAISA	Removed AR financing references.
Production	16.2.G.2	Cash Flow/DACA/DAISA	Added clarifying language "consistent with the terms of the Intercreditor" to timing establishing deposit accounts.
Production	16.2.H	Cash Flow/DACA/DAISA	Replaced the word "implementing" to "associated" documents in the last paragraph.
Production	16.2.H.2	Cash Flow/DACA/DAISA	Added clarifying word "approval" to portfolio approval.
Production	16.2.J.2	Cash Flow/DACA/DAISA	Deleted the words "if feasible" from the timing of transaction.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	16.3	Cash Flow/DACA/DAISA	Minor stylistic edits made to clarify sentences.
Production	16.4.H	Cash Flow/DACA/DAISA	Inserted clarification language in header.
Production	16.4.H	Cash Flow/DACA/DAISA	Added parenthetical language to capture non-AR scenario and delete the word "Generally" when referring to Borrower Representative being allowed to be a creditor.
Production	16.4.H	Cash Flow/DACA/DAISA	Replaced required searches (UCC/litigation/tax lien, etc.) on Borrower Representatives with requirements for this entity to sign a certification and enter into a Fidelity Bond.
Production	16.5.A.1	Cash Flow/DACA/DAISA	Inserted language "or current loan cost."
Production	16.5.A.2	Cash Flow/DACA/DAISA	Inserted language to address excess that remains in account.
Production	16.6.C	Cash Flow/DACA/DAISA	Minor stylistic edits made to clarify sentences.
Production	16.6.C.5	Cash Flow/DACA/DAISA	Added last sentence in last paragraph on provisions in the DACA.
Production	16.7.A.5.b.ii	Cash Flow/DACA/DAISA	Deleted 3 business day timeframe.
Production	16.7.A.7.d	Cash Flow/DACA/DAISA	Removed entire line item due to vagueness; controlling documents will control.
Production	16.8.A.4.b	Cash Flow/DACA/DAISA	Deleted sub point "b."
Production	17.2	Portfolios	Inserted language to further clarify the Operator.
Production	17.5	Portfolios	Added #5 - Certification language. Updated section to reference new Previous Participation rule.
Production	17.7.A.9	Portfolios	Inserted fair housing language.
Production	17.7.E	Portfolios	Updated reference to HUD Notice H04-15 to Production, Appendix 14.1.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	17.7.H	Portfolios	Replaced "lender" with "Borrower and Operator."
Production	17.8	Portfolio	Updated section to reference new Previous Participation rule.
Production	17.8.6	Portfolios	Updated reference to HUD Notice H04-15 to Production, Appendix 14.1.
Production	18.1	Insurance Upon Completion	Removed reference to Blended Rate.
Production	18.2.H	Insurance Upon Completion	Updated section to reference new Previous Participation rule.
Production	18.2.J	Insurance Upon Completion	Insert form number for Form HUD-92264a-ORCF.
Production	18.3	Insurance Upon Completion	Deleted Form HUD-92453-NH.
Production	18.3.D	Insurance Upon Completion	Added sub point "D. Amendments" and requirement language.
Production	18.4.A	Insurance Upon Completion	Added ORCF Closer language.
Production	18.4.B.2.c	Insurance Upon Completion	Updated HUD Labor Relations to new office name: Office of Labor Standards and Enforcement (OLSE).
Production	18.4.B.6	Insurance Upon Completion	Replaced the Borrower's Certificate of Actual Cost (Form HUD-2205A-ORCF with Agreement and Certification (Form HUD-93305-ORCF) and add requirement language.
Production	18.4.C.1	Insurance Upon Completion	Added the Lender to be included in Management Conference.
Production	18.4.C.2	Insurance Upon Completion	Added the Lender as a recipient of financial information and notices about State Surveys.
Production	18.5.F	Insurance Upon Completion	Corrected 80% to 70% Construction Completion for insurance requirement.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Production	18.6	Insurance Upon Completion	Inserted language for timing of MIM letter.
Production	18.7.A.2	Insurance Upon Completion	Updated HUD Labor Relations to new office name: Office of Labor Standards and Enforcement (OLSE).
Production	18.7.A.4	Insurance Upon Completion	Corrected form and article number for Cost Certification criteria from Construction Contract (Form HUD-92442-ORCF), Article 4.
Production	18.7.A.6	Insurance Upon Completion	Deleted "The" from sub point title.
Production	18.7.A.9	Insurance Upon Completion	Revised language to include the Contractor's Prevailing Wage Certificate portion of the Contractor's Requisition Project Mortgages (Form HUD-92448).
Production	18.7.A.12.b	Insurance Upon Completion	Updated 2.5% of construction contract instead of mortgage.
Production	18.7.A.12	Insurance Upon Completion	Deleted the Contractor's Final Requisition form requirement.
Production	Appendix 18.1	Insurance Upon Completion	Replaced Appendix 18.1 - Additional Standard Conditions for Insurance Upon Completion (NC/SR/BR/241(a)) with Resources appendix. Replaced HUD-2530 reference to reference Notice H 2016-15.
Production	Appendix 18.2	Insurance Upon Completion	Deleted Appendix 18.2. Now new Appendix 18.1
Section III- Asset Management			
Asset Management	All	All	Scrivener's errors, grammatical changes, minor wording changes, renumbering and other similar edits took place throughout the entire Section III, but are not individually recognized below.
Asset Management	All	All	Conform use of the terms Lender/Servicer, Servicer, Lender, and Servicing Lender which are all used interchangeably without a definition. - use "Mortgagee/Servicer" throughout, when referencing Servicer

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	All	All	Additional language was provided throughout, to better clarify the Mortgagee/Service's role in a loan/project oversight throughout Section III
Asset Management	All	All	Removed all specific criteria on when a certain action must trigger a Potentially Troubled or Troubled status in iREMS - leaving room for flexibility; as well as some flexibility on what triggers transfer to the Risk Mitigation Branch
Asset Management	3	General Loan Oversight	Consistency edits throughout chapter: <ul style="list-style-type: none"> • remove colloquial (Turnaround Team) name for Risk Management Branch (3.1.4.A.2) • changed "HUD" to "ORCF"
Asset Management	3.1	General Loan Oversight	Revised section by streamlining guidance during lease-up period and deleted sub-sections 3.1.2, 3.1.4, 3.1.5, 3.1.6. Reformatted former 3.1.3 and 3.1.4, now new 3.1.2 and 3.1.3.
Asset Management	3.1.1	General Loan Oversight	Deleted reference to "blended rate" program
Asset Management	3.1.3.A.1.c	General Loan Oversight	Modified language to be optional for the lender to do a meeting write-up
Asset Management	3.1.3.A.2.c	General Loan Oversight	Added language: The IOD/lease-up tracking worksheet should be completed based on cash-basis
Asset Management	3.1.3.B.3.b	General Loan Oversight	Added language: ", if any"
Asset Management	3.1.3.B.3.f	General Loan Oversight	Added language to the end of the last sentence: "such as quarterly financial reporting."
Asset Management	3.1.4.A.1	General Loan Oversight	Changed criteria so Construction Manager only needs to send email notification to AE when new construction project reaches 70% completion (removing 50% notification).
Asset Management	3.1.4.B	General Loan Oversight	delete reference to "blended rate" program
Asset Management	3.2.1	General Loan Oversight	Added clarification: Borrower must disclose to Lender and HUD and added: "if applicable" after "the time of the loan closing"
Asset Management	3.2.1.A	General Loan Oversight	Replaced "residential care facility" with "project".
Asset Management	3.2.2.A	General Loan Oversight	Adds language to state that R4R initial deposits are to be made in cash and to be consistent with new language in Production 2.5.Z

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	3.2.2.A.1	General Loan Oversight	Changed title "separate account" to "Custodial Escrow Account" to allow commingling and amended comment prohibiting commingling, consistent with GNMA regulations
Asset Management	3.2.2.A.3	General Loan Oversight	Added language that allows a Servicer to charge a fee for investing the R4R account, but it must be set forth in a written agreement between parties
Asset Management	3.2.2.A.4	General Loan Oversight	Modified language to allow mortgagors to invest restricted escrows in qualified investments (i.e. U.S. Treasury Securities, insured certificate of deposits, money market accounts, etc.).
Asset Management	3.2.2.A.4	General Loan Oversight	Amended to allow funds to be deposited in cash, rather than invested (as is consistent with Multifamily)
Asset Management	3.2.2.B	General Loan Oversight	Modified language to more consistently used terms of "realty" vs. "non-realty" for explaining "major moveable"
Asset Management	3.2.2.C 3.2.2.D	General Loan Oversight	<ul style="list-style-type: none"> Removed language relating to \$500 minimum requirements on R4R withdrawal requests. Edits made to address inconsistencies between what was listed in the "eligible" section C and the next "ineligible" section D.
Asset Management	3.2.2.G	General Loan Oversight	Removal of obsolete sections about "Unit Comparison" and "Urban vs. Rural" thresholds for R4R accounts
Asset Management	3.2.2(former .C)	General Loan Oversight	Deletion of the requirements for obtaining three bids on certain R4R projects
Asset Management	3.2.2.H.3	General Loan Oversight	New sub-section H.3 allowing advances when upfront or partial payments are required
Asset Management	3.2.2.H.4	General Loan Oversight	New sub-sections H.4.e and H.4.f, which add back in inadvertently omitted language regarding the timing of R4R submissions (one-year) and requirements regarding invoices (keep, but don't submit)
Asset Management	3.2.2.H.4.c	General Loan Oversight	Deleted bid requirements
Asset Management	3.2.2.H.4.d	General Loan Oversight	Environmental review, if remodeling: removes language that specifically references back to the Production Chapter 7, leaving the CFR reference as the resource.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	3.2.2.H.5	General Loan Oversight	Optional Lender Review/Delegated Approval: updates the ORCF contact information and the web location for further details; removes the optional authority if project is with the Risk Mitigation Branch; allows lender delegated approval of advance payments when required; reduces the minimum account balance required from \$1500 to \$1000, for programmatic consistency and removed processing format direction.
Asset Management	3.2.2.H.5.h	General Loan Oversight	Updated R4R submission procedures based on newer protocols
Asset Management	3.2.3.C	General Loan Oversight	More clearly states the requirement that the account must be maintained with the Lender
Asset Management	3.2.3.F	General Loan Oversight	Clarified that Borrower provides the information, but Servicer submits to HUD
Asset Management	3.2.3.F.2.b	General Loan Oversight	Environmental review, if remodeling: removes language that specifically references back to the Production Chapter 7, leaving the CFR reference as the resource.
Asset Management	3.2.3.G	General Loan Oversight	Removed processing format direction.
Asset Management	3.2.4.C thru G	General Loan Oversight	<p>Changes made to following sections:</p> <ul style="list-style-type: none"> • Changed language in section C to address: C.1) interim draws and closeout (not just final draws); C.2) address retainage/holdback not HUD rqmt, but at lender's discretion; C.3) allows advances where upfront or partial payments are required; C.4) requirements for review of proposed draw documentation • (now) Section D provides great details on latent defect deposits and releases • revised Section E addresses change of scope of repairs: requires justification of any deviations from the approved Agreement (rather than an official HUD waiver form), and requires HUD approval; also details required submission information and certification • new Section F re: timing of repairs - allows lender discretion for a 6-month extension beyond original 12 months and required HUD approval for anything longer. • (now) Section G details eligible uses for excess funds at time of escrow closeout

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	3.2.4.E.3	General Loan Oversight	Clarified that borrower elective repairs do not require the certification
Asset Management	3.2.4.F	General Loan Oversight	Under Timing of Completion of [NCRE] Repairs, the following was added: "Under no circumstances may an extension beyond 12 months be made for repairs necessary to correct accessibility deficiencies. All such repairs must be made within the time periods prescribed in the Accessibility Matrix for Section 232."
Asset Management	3.2.4.H	General Loan Oversight	<ul style="list-style-type: none"> • H.2 removes details of approval process, replacing it with a reference to the ORCF website (to be consistent with other similar sections). Also revokes delegation if project's with Risk Mitigation Branch • H.3 Allows more flexibility in who can conduct the inspection - lender doesn't have to approve inspector's qualifications, and lender may choose to require interim inspections) • H.4-H.6, and H.8 handles interim draws, closeouts, latent defects, change of scope and excess funds in same ways addressed in 3.2.4.C-G, above. Lenders can approve change of scope as well as interim and final draws (doesn't require HUD) • H.7 allows Lenders to not only conduct the interim NCRE draw approvals, but also the FINAL draw, as long as they provide documentation to HUD afterward. • deletions also made to existing language requiring Lenders to request this delegation at Firm Commitment, (allowing servicers who come in after Closing to still be able to provide this service)
Asset Management	3.2.6.C	General Loan Oversight	Bulleted details of required documents to submit are being removed from debt service reserve escrow section and replaced with language referencing a checklist available on the Section 232 website.
Asset Management	3.2.6.E	General Loan Oversight	Removed processing format direction.
Asset Management	3.3.3.C	General Loan Oversight	Deleted requirement that Borrower submit a request to ORCF first for override of a lockout.
Asset Management	3.4.2.B.7	General Loan Oversight	Inserted "(including deposits into the R4R Account)"
Asset Management	3.4.3.A	General Loan Oversight	Changed "local or State agency..." to read ... "state, municipality, or other public agent" ...

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	3.4.3.C	General Loan Oversight	Inserted "(including deposits into the R4R Account)"
Asset Management	3.4.5	General Loan Oversight	Removed language regarding AE and Servicer collaboration prior to final determination of surplus cash note request.
Asset Management	3.5.1	General Loan Oversight	Removed description of TSI process.
Asset Management	3.5.6	General Loan Oversight	Updated a web address references to Medicare.gov, and edits made throughout section to more generically describe the process, and categories within the CMS Star Rating system.
Asset Management	3.5.7.C	General Loan Oversight	Removed a defunct web address.
Asset Management	3.5.7 and 3.10.4	General Loan Oversight	Added cross-references so that related sections about Nursing Home Surveys and Licensure (3.5.7) and Special Focus Designations (3.10.4.B) refer back to each other.
Asset Management	3.6	General Loan Oversight	Modification to section 3.6.1 to reference new Previous Participation rule, and eliminated remainder of section 3.6, which would now be inconsistent to the new rule
Asset Management	3.7.2.A.6	General Loan Oversight	Replaced "twice" with "two consecutive." and modified section to reference new Previous Participation rule
Asset Management	3.7.3.A	General Loan Oversight	Corrected a reference to another section of the Chapter.
Asset Management	3.7.3.B	General Loan Oversight	Corrected a reference to another section of the Chapter, and rewords language, but does not change meaning.
Asset Management	3.9.3.c	General Loan Oversight	Changed requirement for a "waiver" for parking contract income, to "HUD approval", for consistency within program
Asset Management	3.9.4	General Loan Oversight	Clarified how lenders will be notified of approval
Asset Management	3.9.4.B and D.	General Loan Oversight	Removed language regarding working with AE for approval of commercial space request process.
Asset Management	3.10.3	General Loan Oversight	Added a cross-reference to Production Chapter 13, Master Leases
Asset Management	3.10.4	General Loan Oversight	Removed paragraph B - which requires Lender to monitor SFF list - since this is an AE function.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	3.10.7	General Loan Oversight	Edits were made to PLI language to match edits to Prod. App. 14.1.IX. Also added details on what Lender must do when trend of negative loss history in PLI occurs, and removed the requirement that a Project notify Servicer of claims of \geq \$1MM.
Asset Management	3.10.8.A	General Loan Oversight	Removed language for HUD as additional loss payee for Fidelity Bond insurance. Former sub points B-D now new A-C.
Asset Management	3.10.8.B	General Loan Oversight	Clarified that the Fidelity Bond Coverage for Servicers to verify is two months "annualized" gross income receipts.
Asset Management	3.10.11.A.2	General Loan Oversight	Added "consecutive" to clarify second consecutive REAC score below 60.
Asset Management	3.10.12.B.3	General Loan Oversight	Revised language to require the Servicer to also monitor the Project.
Asset Management	3.10.14.B.2	General Loan Oversight	Revised language for transferring the Project to the Risk Management Branch.
Asset Management	3.10.15.A	General Loan Oversight	Deleted text "and the AE" from who is notified by the Borrower upon a delinquent mortgage payment.
Asset Management	Appendix 3.1	General Loan Oversight	Deleted this appendix from the collection because it contained a flow chart related to now-obsolete form HUD-2530 (replaced by new Previous Participation rule)
Asset Management	Appendix 3.2	General Loan Oversight	Modified to link to new Previous Participation rule and moved document to become new Appendix 3.1
Asset Management	Appendix 3.2	General Loan Oversight	Moved resources with official document numbers to the top of the chart, and non-PRA resources to the bottom, to be consistent with all other Appendices
Asset Management	Appendix 3.2	General Loan Oversight	Added a line item for the HUD Environmental Review Online System (HEROS)
Asset Management	4.2.B.2	Financial Operations	The (outdated) financial submission requirement threshold and referenced OMB Circular citation are removed, and replaced with the current CFR citation, along with a recommendation that Borrowers review any exemption and calculation thresholds in the CFR directly.
Asset Management	4.2.C	Financial Operations	The paragraph is revised to be more broad for industry understanding, rather than so detailed about internal HUD systems and action names.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	4.2.D	Financial Operations	Removed language in parenthesis (including, but not limited to, financial statements, accounts receivable/payable aging reports and occupancy reports).
Asset Management	4.2.D.3	Financial Operations	Changed reporting period requirements from 30/60 days for Operator financial submissions to 60/90 days, to be consistent with the regulatory change.
Asset Management	4.2.D.3 4.2.E	Financial Operations	Changed reporting period requirements from 30/60 days for Operator financial submissions to 60/90 days, to be consistent with the regulatory change.
Asset Management	4.2.F	Financial Operations	Removed list of requested information from within the Mid- and Large Portfolio quarterly financial review section
Asset Management	4.3.A and B	Financial Operations	Removed references to the FAST team
Asset Management	4.3.A.2	Financial Operations	Removed section 4.3, since FAST team no longer exists, and portions of section conflict with correct guidance in 4.4
Asset Management	4.4.A & 4.4.B	Financial Operations	Changed the term "project" to "borrower" so as to properly identify the legal entity that is able to take such actions.
Asset Management	4.5.A-G	Financial Operations	Removed references to detailed 'key metrics' that will be used for Operator financial reviews (quarterly and annual). Added language referencing the 232 website for details.
Asset Management	5.1	Risk Mitigation Branch	Reordering of text so that discussion of what causes a reassignment to the Risk Mitigation Branch comes before discussion of what happens once it is reassigned.
Asset Management	5.1	Risk Mitigation Branch	Clarified that Risk Mitigation Branch discussion topics with an at-risk project may include projects currently for sale or that "may be" listed for sale.
Asset Management	5.1	Risk Mitigation Branch	Clarified that AE "will collaborate with" the Lender, Borrower, and Operator, the AE will work to develop a plan to cure the default and avoid an FHA insurance claim"
Asset Management	5.1	Risk Mitigation Branch	Added word "event" after default.

Handbook Section	Handbook Chapter #	Handbook Chapter Title	Revision
Asset Management	5.2.C.5	Risk Mitigation Branch	Corrected the language regarding Lender's authority, as GNMA Issuer, to buy out of the MBS a loan that is ninety days or more delinquent.
Asset Management	5.2.D	Risk Mitigation Branch	Removed subsection D on HUD Responsibilities.
Asset Management	5.4.I	Risk Mitigation Branch	Corrects that language to better explain how the wiring process for funding transpires, and clarifies that the claim will not be paid before a title policy has been issued.
Asset Management	5.4.J	Risk Mitigation Branch	Simplified language in first paragraph to require the Lender's attorney to submit hard copies of all closing and supporting documents to ORCF and OGC.
Asset Management	5.5.A.2.a	Risk Mitigation Branch	Clarified request can "up to" a 90-day extension
Asset Management	5.5.B.3	Risk Mitigation Branch	Inserted a default timeline grid, similar to old Multifamily version from 4350.4, Insured Mortgagee Servicing Handbook, Chapter 2, Table 2.
Asset Management	6.3	Dept Enforcement Center	Removed specific levels of REAC scores that would trigger actions (i.e. >30, 31-56, >60) and replaced it with a broader reference to "current governing protocols", with a provided link to the REAC website.
Asset Management	6.4	Dept Enforcement Center	Modified sentence to allow more broad actions, rather than listing only one, specific action that would be taken.
Asset Management	6.6	Dept Enforcement Center	Changed "DEC Director or Deputy Director" to "DEC Director or their designee".
Asset Management	7.1	Transfer of Physical Assets	Added clarification language to first paragraph, to better define full and modified TPAs, and remove approval discussion, which is detailed later in the chapter.
Asset Management	7.1	Transfer of Physical Assets	Made participant language more encompassing in 2nd paragraph, rather than listing just "Borrower", which could lead to misunderstanding of who must submit; and remove subjective terminology
Asset Management	7.2.B.7	Transfer of Physical Assets	New paragraph 7 added as a "catch all" for those types of entities that may have managing control changes that were not specifically mentioned in paragraphs 1-6.

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Asset Management	7.2.D	Transfer of Physical Assets	Changed application "is" required to "may be" required, since it depends on how the questions are answered
Asset Management	7.2.D.2	Transfer of Physical Assets	Used clearer term in place of "contract value"
Asset Management	7.2.F	Transfer of Physical Assets	Simplified/streamlined language describing ownership changes and modified section to reference new Previous Participation rule
Asset Management	7.2.F	Transfer of Physical Assets	Replaced "filed and a letter delineating the transaction and" with "reported to HUD along with a summary of the transaction".
Asset Management	7.2.F	Transfer of Physical Assets	Deleted "must be provided".
Asset Management	7.3	Transfer of Physical Assets	Clarified language was added to differentiate when a fee for a TPA would/would not be charge with relation to a change of ownership that did/did not include a change of control.
Asset Management	7.3.A.1	Transfer of Physical Assets	Revised to use more general term of "principals" rather than list individual types of individual substitution types.
Asset Management	7.3.A.2	Transfer of Physical Assets	list non-profit to non-profit transfers as exempt from transfer fees (per 24 CFR 200.40(h))
Asset Management	7.4	Transfer of Physical Assets	Deleted "ORCF is authorized to grant initial and final approval to transfer proposals" as unnecessary language in this paragraph; last two sentences of paragraph are also duplicative of section 7.5 and were removed
Asset Management	7.4	Transfer of Physical Assets	More clearly define full TPAs
Asset Management	7.5.G	Transfer of Physical Assets	Replaced "execution of the documents" with "legal ownership change".
Asset Management	7.5.G	Transfer of Physical Assets	Changed language regarding when the official FASS date begins for a TPA. Clarifies that it is the date the ownership officially changes (which is either the date the deed is signed or recorded, depending on state law).

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Asset Management	7.6	Transfer of Physical Assets	Language added to be more consistent with the newly added language in 7.5.B, and to remove requirement for a conference call prior to submission.
Asset Management	7.6.C.1	Transfer of Physical Assets	Modified section to reference new Previous Participation rule
Asset Management	7.7.B	Transfer of Physical Assets	Removed section B, since duplicative of section 7.3
Asset Management	7.9.A.3	Transfer of Physical Assets	Added "and comply with Production, Chapter 3.15" (related section on secondary financing)
Asset Management	7.13	Transfer of Physical Assets	Clarified old Borrower is not relieved "until the legal ownership change".
Asset Management	8.5	Operators and Management Agents	Removed language on how the change of Operator or Management Agent request decision will be transmitted to the Servicing Lender, Borrower and applicant concurrently.
Asset Management	Appendix 8.1	Operators and Management Agents	Corrected title to be Appendix 8.1 instead of 8.2, capitalized "N/A" for consistency and replaced reference for HUD Notice H04-15 to Production, Appendix 14.1 and add reference to new Previous Participation rule
Asset Management	9.1	New or Modification of Master Lease Structure	Introductory paragraph updated to include concentrations of credit within the same ownership as well as operating structures.
Asset Management	9.3.C	New or Modification of Master Lease Structure	New line item added to address that releases from a master lease must also be submitted to, and approved by, HUD.
Asset Management	9.5	New or Modification of Master Lease Structure	Deleted section 9.5 on Submission Format.

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Asset Management	10.2	Accounts Receivable Financing	Added ", the Operator and the Borrower" after "Lender" at the end of the sentence, since all parties sign the ICA
Asset Management	10.2.D	Accounts Receivable Financing	Section D heading "Exceptions" was deleted because the information included underneath that title were not truly "exceptions". Final paragraph was removed and replaced with simplified language
Asset Management	10.5.C.1	Accounts Receivable Financing	Modified so that the AE "...will work with the FHA Lender to" issue notice of the Triggering Event to the AR Lender.