

**Presented by: Cambridge Realty Capital**



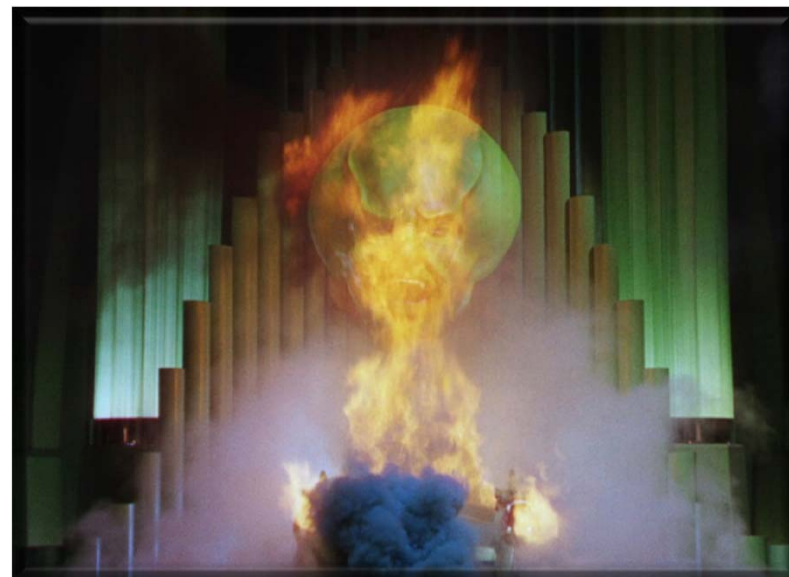
# **The Wizard of HUD**

**A look behind the curtain at how the HUD Financing process works**



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# Purpose Of This Webinar

Over the past 30 years our clients have told us how they anticipated what their first HUD loan experience would be like.

Some of the emotions our clients felt prior to embarking on their first HUD experience:  
Painful, Tedious, Scary, Complicated,  
Detailed, to name a few.



Once Cambridge had closed their HUD loans, our clients said that we were able to turn those initial feelings about the HUD process into a positive experience.

**We are going to show you how to finance your next deal with HUD for your Senior Housing Facility like you were the expert.**



# Facility / Resident Profile HUD Eligibility

**What makes my facility eligible  
for HUD?**



# Facility Profile HUD Eligibility

**? What qualifies my facility for HUD 232 financing?**

**Type of Facility**

**Age of Facility**

**Census Mix**

**License**



# Resident Profile HUD Eligibility

**? Does my loan need a specific resident profile?**

**Age**

**Sex Profile**

**Acuity Level**

**Psychiatric Make  
Up**

**Cognitive Ability**



# HUD Process

**How does the HUD process work?**





# HUD Process Timing

**? What makes my HUD loan go fast or slow?**

**Lender Timing**

**HUD Issues**



**Processing  
Paperwork**





# Preparing Your HUD Submission

**? How is my HUD application prepared?**

**Submission of  
Complete  
Application  
Material**

**3<sup>rd</sup> Party Due  
Diligence**



**Cambridge  
Underwriting**



# Submission of HUD Application

**? When does Cambridge submit my completed HUD application?**

**Cambridge  
Underwriting**

**3<sup>rd</sup> Party Reports**

**The Clock Starts  
Entrance into the  
Queue**



# HUD Application Behind the Scenes

**? What does HUD do with my application?**

**Reviewed by HUD  
Underwriters**

**Loan Committee**



**HUD Inquiries**



# Underwriting

**What are the HUD underwriting requirements?**



# Underwriting

**? How can my proceeds change after I pay my application fee?**

**Due to Appraisal**

**Occupancy**

**Change in  
Earnings**

**Change in  
Underwriting**



# Underwriting

**? How Frequently does HUD look at my operations performance once pay my application fee?**

**Monthly**



**Quarterly**



# Underwriting

**? What do I do to make sure my proceeds do not change?**

**Stay in touch  
with Cambridge**

**Focus on  
operations**



**Ask LOTS of  
questions!**





# Underwriting

**? How is my loan amount determined?**

**Appraisal**

**Financial  
Underwriting**

**Cambridge**



**HUD**



# Underwriting

**? How can I speed up the HUD process?**

**Respond  
Promptly**

**Assign a Point  
Person**



**Submit Complete  
Info**



# Closing / Commitment & Rate Lock



# Commitment

**? What happens during the HUD commitment process?**

**HUD Approval**

**Legal  
Documents**



**Lock In Interest  
Rate**



# Closing

**? What happens during the closing period?**

**Enter HUD  
Legal Queue**



**Find Legal  
Representation**

**Funds!**



# HUD FAQs



# HUD FAQs

- ? When do I lock my interest rate?**
- ? When do I pay my good faith deposit?**
- ? What happens upon completion of the 3<sup>rd</sup> party reports?**
- ? When is my application submitted?**
- ? Other closing / commitment questions?**





# HUD FAQs

## Payment Schedules

**? When do I have to make any payments?**

**Good Faith  
Deposit**

**At Rate Lock**



**Application Fee**



# HUD and Cambridge Realty Capital



9. Loan Documentation & Close
8. Finalize Underlying Financing
7. HUD Firm Commitment Letter
6. Due Diligence Submission of HUD Firm Application
5. Engagement of Third Party Vendors
4. Cambridge Lean Preliminary Underwriting
3. Cambridge Formal Engagement Agreement
2. Issuance of Terms Sheet / Loan Summary
1. Submission of Complete Application Material

# HUD and Cambridge Realty Capital



# HUD and Cambridge Realty Capital

**Since 1991 Cambridge has concentrated on the senior living/healthcare field.** In terms of senior housing and healthcare financings, Cambridge has completed over 450 transactions on more than 500 facilities totaling in excess of **\$4.6 billion**. As of today, we close transactions at a pace of two or three per month.

## **2012 -2013 Loan Summary**

- ✓ **106 HUD Loans**
- ✓ **\$947,332,413 in HUD Volume**



# HUD and Cambridge Realty Capital



## Senior Housing / Healthcare Lending HUD 232/223(f) LEAN Loan Program for Refinance and Acquisition

**LOAN AMOUNT:** \$2,500,000 to No Maximum

**PROPERTY TYPES:** *Senior Housing / Long Term Care*

- Nursing Homes - Skilled and Intermediate Care
- Assisted Living Facilities
- Board and Care Facilities
- Personal Care Homes

**GEOGRAPHIC PREFERENCE:** Nationwide

**CURRENT RATES:** Based upon current market rates.

**TERM AND AMORTIZATION :** Up to 35 years

**TYPES OF LOANS:**

- Refinance without Rehabilitation
- Refinance with Rehabilitation
- Acquisition with Rehabilitation
- Refinance existing FHA 232 Loan
- Refinance with Expansion

**HIGHLIGHTS:**

- Up to 80% loan-to-value for straight refinance without rehabilitation. (85% for not-for-profit).
- Conventional valuation approach using similar appraisal techniques as other lenders
- 1.18 minimum Debt Service Coverage
- Accounts receivable financing permitted, subject to HUD LEAN requirements.
- Up to 100% loan-to-cost for refinancing/rehabilitation.
- Fully assumable.
- No personal liability.



# Questions



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