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HUD financing: The FHA is focusing on faster closing time frames with LEAN processing

October 29, 2008 - Spotlights

"The FHA's new LEAN processing is being introduced at a very opportune time. With faster closing timeframes FHA healthcare refinance programs are now more competitive and very attractive to borrowers looking to capitalize on the low interest rate environment - jumping on the opportunity to refinance and reduce monthly expenditures or reinvest the savings in capital improvements".

Ellen Guelfi, vice president CWCcapital

If you own or manage a healthcare facility you are undoubtedly aware of the refinance programs offered by the Department of Housing and Urban Development (HUD). They are among the best in the country, offering competitive, affordable rates and terms.

Unfortunately, these programs have long been overshadowed by concerns that applying for a HUD insured mortgage can be a lengthy, painstaking process. That is until recently.

This summer HUD introduced its LEAN processing. Inspired by Toyota manufacturing principles, LEAN processing is being piloted via HUD's Office of Insured Healthcare Facilities and directly addresses the long touted concerns over excess processing and closing timeframes. Now being offered on refinance loans on healthcare facilities, this process aims for a closing within 30 days of the submission of a complete loan package to HUD. This new process showcases HUD's solid mindset for continuous improvement to their loan programs.

CWCcapital, a Boston based national commercial and multifamily real estate lender, recently closed a \$4.4 million loan on a healthcare facility in Post Falls, Idaho- marking the first LEAN closing for both HUD and CWCcapital. CW principals worked closely with HUD to develop the processing procedures which differ from the Agency's MAP program in that the actual closing work begins upon submission of a complete loan package. With a MAP loan, the closing begins after the receipt of the HUD Firm commitment. Thus, much of the success of the expedited closing lies with working with an experienced and qualified lender who will submit an accurate and thorough loan package.

While loan terms and conditions will remain relatively constant from one HUD lender to the next, the quality of the loan execution will not. An experienced HUD lender, CWCcapital continuously strives to streamline the delivery of HUD programs while working to ensure that borrowers do not incur delays in the application process. Most delays occur when information is missing or clarification of details is required. The simplest way to assure an expeditious HUD application review is to provide a thorough application package that addresses all possible questions. While this sounds simple, it requires the experience and expertise in HUD programs and processes that CWCcapital is proud to possess.

In addition to aiding in the development of the LEAN process, and closing the first LEAN loan in the country, CWCcapital recently launched a variable-rate bridge loan program for healthcare facilities

that facilitates and expedites access to the HUD fixed-rate permanent finance program. This bridge loan product affords eligible HUD borrowers the benefits and timing of a capital markets execution while obtaining the high leverage, long term benefits of a HUD loan.

Given the current interest rate market, it may be an ideal time for you to refinance your facility, make capital improvements, or otherwise revisit your financing situation. When doing so, consider a HUD loan and the benefits it has to offer. With attractive rates and improved closing processes it is a program that is hard to beat.

The statements and opinions in this article are solely those of Guelfi, and not of HUD or CWCapital. Ellen Guelfi is a vice president and loan officer for CWCapital Boston.

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