

---

CHAPTER 2. NORMAL PROCESSING SEQUENCE FOR AN INSURED  
LOAN UNDER SECTION 232(i)

2-1. PRE-APPLICATION REQUIREMENTS

- a. Applicants for insured loans under Section 232(i) shall be directed by the HUD-FHA office to the appropriate HEW Regional Office, Long-Term Care Units (HEW/ROLTC). HEW/ROLTC will advise applicants as to what documents and exhibits are required to be furnished HEW prior to submission of applications to HUD-FHA. HEW/ROLTC will notify HUD-FHA of all applicants who indicate an intent to submit an application for an insured loan.
- b. Applicant will, as directed by HEW/ROLTC, provide the following documents:
  - (1) A copy of the State's fire safety survey report (SSA-2786) listing items of non-conformance with the 1967 edition NFPA 101, Life Safety Code.
  - (2) Applicant's plan of correction to bring the facility into conformance with the 1967 edition NFPA 101, Life Safety Code.
  - (3) Architectural exhibits which describe the applicant's plan of correction.

NOTE: Architectural exhibits are defined as plans and specifications and equipment lists sufficiently detailed to receive bids from contractors or suppliers.

- (4) A tabulation of bids indicating bid responses from three contractors and/or suppliers, if available, covering the purchase and installation of all items necessary to bring the applicant's facility into conformance with the Life Safety Code. The bid tabulation shall indicate the lowest responsive bidder(s).
- (5) A total estimate of cost for the purchase and installation of all required items.

---

2-2. HEW REVIEW PROCEDURES.

- a. The HEW/ROLTC, upon receipt of the required documentation specified in paragraph 2-1b., shall perform the following:
- (1) Review the State's fire safety survey report and the applicant's approved plan of correction to determine if in the judgment of the Regional Engineer the plan will result in correcting the deficiencies set forth in the State's fire safety survey report.
  - (2) Review the architectural exhibits to ascertain in the judgment of the Regional Engineer and the State's fire safety authority that, upon completion of the proposed work and the installation of the specified items, the applicant's facility will be in compliance With or exceed the fire safety requirements approved by the Secretary of HEW as conditions of participation for providers of services under Title XVIII and Title XIX of the Social Security Act (Medicare and Medicaid), meets all other pertinent health and safety requirements of HEW for providers of services under Titles XVIII and XIX of the Social Security Act. In lieu of a facility being able to meet HEW's requirements for other pertinent health and safety requirements at the time of application, HEW may accept a list of deficiencies from the State Agency responsible for determining compliance with HEW's requirements for other pertinent health and safety requirements for providers of such services along with a plan prepared by the applicant for correcting those deficiencies. In such event, HEW will inform HUD that, if the facility complies with such plan, the facility will meet the applicable health and safety requirements of HEW for providers of services under Titles XVIII and XIX of the Social Security Act upon the installation of the fire safety equipment.

NOTE: Should it be determined by HEW/ROLTC that an inspection of the facility is required, ROLTC will coordinate with the State to have the facility inspected to determine if the applicant's plan will correct the deficiencies.

- 
- (3) Review the bid tabulations to determine if the applicant selected the bidder with the lowest responsive bid(s).
  - (4) Review the applicant's estimate of cost for the proposed purchase and installation of required equipment to determine if the cost is reasonable.

- b. Upon an affirmative finding in paragraph 2-2a., the HEW/ROLTC will notify the applicant by letter that he has fulfilled the necessary requirements preliminary to submitting an application for an insured loan under the HUD-FHA program - 232(i). The letter shall contain the following statement: "According to the State's fire safety survey report and applicant's plan of correction and the applicant's documents and exhibits received by the Department of Health, Education, and Welfare, the physical plant of \_\_\_\_\_ will, with the  
(name of facility)  
installation of fire safety equipment shown and/or described in such agreement, meet the fire safety requirements required of providers of services under Title XVIII and Title XIX of the Social Security Act. The facility meets, or has submitted a list of deficiencies to HEW to meet, other pertinent health and safety requirements of HEW for providers of such services. The estimated cost of the work in the amount of \$\_\_\_\_\_ has been reviewed by the Department of Health, Education, and Welfare and is considered reasonable." A copy of the HEW statement will be sent to the HUD-FHA Field Office and will serve as notification to HUD-FHA that the applicant has met the requirements to submit an application.
- 2-3. SUBMITTING THE APPLICATION. The applicant will submit to HUD-FHA, through an approved FHA lender, an application (FHA Form 2013 (NH-ICF)) with the HEW letter of determination and other exhibits required to accompany the application (see paragraph 1-17).
- 2-4. HUD-FHA PROCESSING. HUD-FHA processing will commence upon receipt of the complete application and exhibits together with a fee of \$4.00 per \$1,000 of the requested loan amount. The Mortgage Credit Examiner will determine if the requested loan is eligible based on the limiting criteria set forth in paragraph 1-11. Analysis will also be made of the income and expenses of the facility to determine if the income can meet not only its normal expenses but the additional payment on the subject loan and maintenance/service expenses connected with the fire safety equipment. An appraiser will visit the facility to determine whether the property is an acceptable risk together with an estimate of the remaining economic life of the facility.

- 
- 2-5. HUD-FHA APPROVAL. If the proposal is found ineligible, HUD will advise the applicant accordingly. If the proposal is found eligible, a commitment will be issued to insure the loan upon satisfactory completion of the work. The HEW Regional Office will be advised of the HUD action by receipt of a copy of the notice sent to the applicant.

- 2-6. PRE-CONSTRUCTION CONFERENCE. After the commitment is issued and prior to start of construction, a conference will be held in the HUD-FHA office to explain HUD-FHA requirements. HUD-FHA will notify HEW/ROLTC when such conferences are to be held. The inspection fee of \$5.00 per thousand dollars of the requested loan amount will be paid to HUD-FHA prior to commencement of construction. A minimum inspection fee shall be \$50.00. The applicant will be advised at that time to direct all inquiries regarding construction to the HEW Regional Office of Long Term Care.
- 2-7. CHANGES DURING CONSTRUCTION. All changes to construction after HEW/ROLTC approval as set forth in paragraph 2-2b. shall be reviewed by HEW/ROLTC and approved prior to accomplishment of the work. Increases in the cost of the work over that approved by HUD-FHA at the time of commitment shall not be included in the amount of the insured loan. Any decreases in the cost of the work shall be considered as a reduction in the amount of the insured loan. HEW/ROLTC shall notify HUD-FHA of all changes which decrease the cost of the work. HUD-FHA will adjust the amount of the insured loan accordingly.
- 2-8. CONSTRUCTION AND FINAL INSPECTION. During the construction, HEW/ROLTC will make arrangements with the applicant to visit the site. When the applicant reports that improvements have been satisfactorily completed, HEW/ROLTC will arrange with the applicant and the State to perform a final inspection of the facility. If HEW/ROLTC finds that the work has been satisfactorily completed, the applicant will be advised by letter that the facility is in compliance with the fire safety requirements required of providers of services under Title XVIII and Title XIX of the Social Security Act. A copy of the letter will be sent to the HUD-FHA Field Office and will serve as a determination by HEW to HUD that the applicant has met the fire safety requirements of HEW. Such notification, in the case of intermediate care facilities, will be based upon inspection by State authorities.

- 
- 2-9. HUD-FHA MORTGAGE ENDORSEMENT. After determination by HEW/ROLTC that the final inspection has been completed, HUD-FHA will proceed with the endorsement of the mortgage in accordance with paragraphs 1-27 and 1-28.