

Financial Statement Reporting Requirements **HUD Section 232 of the National Housing Act**

Timely and accurate financial data submission is critical to meeting loan regulatory agreement requirements and is used by HUD and Lancaster Pollard to monitor the health of a project. The basic HUD 232 financial reporting requirements are detailed in the sections below.

Borrower

- Single asset entity that owns the project (also known as a mortgagor, owner, or obligor)

Annual reporting requirements

The Healthcare Regulatory Agreement – Borrower forms (Forms HUD 92466, HUD 92466-EH and HUD 92466-ORCF) require the submission of annual financial information for the borrower. Below is a breakdown of the annual reporting requirements for borrowers.

- **For-profit borrowers:**
 - For-profit borrowers are required to submit audited annual financial statements within 90 days of their fiscal year end into the HUD Financial Assessment Subsystem (FASS).
- **Non-profit borrowers:**
 - Non-profit borrowers receiving more than \$500,000 annually in combined federal assistance are required to electronically submit borrower-certified (unaudited) annual financial statements within 90 days after the end of the borrower's fiscal year into the HUD Financial Assessment Subsystem (FASS). Electronically submitted, audited annual financial statements are due no later than nine months after the end of the borrower's fiscal year. The borrower may opt to submit the audited annual financial statements within 90 days after the end of the fiscal year. By submitting the audited annual financial statement within 90 days, the borrower may eliminate the additional step of submitting a borrower-certified annual financial statement.
 - Non-profit borrowers, receiving less than \$500,000 annually in combined federal assistance, are required to electronically submit a borrower-certified (unaudited) annual financial statement within 90 days after the end of the Borrower's fiscal year.
- All borrowers should concurrently e-mail a copy of the annual statements to Lancaster Pollard at assetmanagement@lancasterpollard.com.
- Borrowers can find additional annual financial reporting guidance at https://www.hud.gov/program_offices/public_indian_housing/reac/products/prodmf.

Quarterly reporting requirements*

All borrowers should submit quarterly/year-to-date financial statements to Lancaster Pollard to ensure accurate financial reporting to HUD and the Lender. Lancaster Pollard uses the

statements to monitor the financial performance of projects and to submit accurate information to HUD quarterly.

- Financial statements should be submitted within 60 days of the end of each quarter and within 90 days of the end of the borrower's fiscal year.
 - Financial statements should include a balance sheet, income statement, aged payables report, aged receivables report, and a signed certification form that can be downloaded by clicking the following link:
<https://dealroom.lancasterpollard.com/data/public/quarterlycertifications>.
 - Financial statements should be e-mailed to assetmanagement@lancasterpollard.com.
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Operator and Master Tenant

Operator – single asset entity that operates the facility and receives the payments for services at the facility.

Master Tenant – Entity that leases a portfolio of facilities and enters into subleases with subtenant operators.

Quarterly reporting requirements*

Healthcare Regulatory Agreement – Operator (Form HUD 92466A-ORCF) and Healthcare Regulatory Agreement – Master Tenant (Form HUD 92337-ORCF) require the submission of quarterly/year-to-date and annual financial statements relating to the operations of the healthcare facility from operators and master tenants to HUD and Lancaster Pollard. However, with the implementation of the HUD Healthcare Portal, Lancaster Pollard submits required financial data to HUD on behalf of the operators and master tenants.

- Financial statements should be submitted to Lancaster Pollard within 60 days of the end of each quarter and within 90 days of the end of the operator and master tenant's fiscal year.
- Financial statements should include a balance sheet, income statement, aged payables report, aged receivables report, census report, and signed certification forms that can be downloaded by clicking the following link:
<https://dealroom.lancasterpollard.com/data/public/quarterlycertifications>.
- If an operator or master tenant is required to provide and audit to another entity, a copy of the audit should be provided to Lancaster Pollard.
- Financial statements should be e-mailed to assetmanagement@lancasterpollard.com.

*Frequency of financial statement submissions may be accelerated by Lancaster Pollard and/or HUD if the loan is considered troubled.