

Proposed Rule Regarding Fire Safety Equipment Loans, Office of Residential Care Facilities (ORCF), January 14, 2015

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On January 14, HUD released the proposed rule Updating Regulations Governing HUD Fees and the Financing of the Purchase and Installation of Fire Safety Equipment in FHA-Insured Healthcare Facilities (available at <http://www.gpo.gov/fdsys/pkg/FR-2015-01-14/html/2015-00373.htm>).

As discussed in previous LEAN Blasts (April 2013 - available at <http://portal.hud.gov/hudportal/documents/huddoc?id=AprEmailBlast042913.doc>; August 2013 - available at <http://portal.hud.gov/hudportal/documents/huddoc?id=AugEmailBlast082813.doc>; and November 2013 - available at <http://portal.hud.gov/hudportal/documents/huddoc?id=NovEmailBlast111213.doc>), all FHA-insured 232 facilities are required to have automatic fire sprinkler systems. The proposed rule revises the fees related to a fire safety equipment loan and creates a new definition for “fire safety equipment.”

The proposed rule eliminates the commitment fee from a fire safety equipment loan for 232 facilities and sets an application fee of no more than \$5 per \$1,000 of loan amount.

In addition, the proposed rule changes the definition of “fire safety equipment” to be less dependent on the determinations of the Secretary of Health and Human Services. A revision of the definition of “equipment cost” also permits a borrower to finance any fees associated with obtaining a loan to update a facility’s fire safety equipment.

Comments on the proposed rule are due by March 16, 2015.

THE PROPOSED RULE REVISES THE FEES
RELATED TO A FIRE SAFETY EQUIPMENT
LOAN AND CREATES A NEW DEFINITION FOR
“FIRE SAFETY EQUIPMENT.”

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