



Strategically Integrated. Expertly Driven.

FHA/HUD Mortgage Insurance Program – Section 232/223(f) – Acquisition and Refinancing of Healthcare Properties

Purpose:	Long-term, low, fixed interest rate financing for the acquisition and refinancing of senior housing healthcare facilities. Fully assumable, subject to lender & HUD approvals.																		
Eligible Properties:	Market rate and affordable assisted living and skilled nursing facilities. The facility must contain at minimum 20 beds, provide 3 meals a day and continuous oversight, and be licensed and regulated by the state. HUD allows up to 25% of units to be independent and non-licensed. Three years must have passed since last certificate of occupancy was issued. Borrowers can be for-profit or not-for-profit but must be a single asset borrower entity.																		
Commercial Space:	Limited to 20% of net rentable area and 20% of effective gross income.																		
Guarantees:	Non-recourse.																		
Loan Term & Amortization:	Maximum of 35 years, fully amortizing.																		
Interest Rate:	Determined by market conditions; fixed for the life of the loan.																		
Loan Parameters & MIP:	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="text-align: left;">Borrower Type</th> <th>Max LTV</th> <th>Max Loan to Refinance Cost</th> <th>Min DSCR</th> <th>Maximum Loan to Acquisition Cost</th> <th>Initial/Annual MIP*</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">For-Profit</td> <td>80%</td> <td>100%</td> <td>1.45</td> <td>80%</td> <td>1%/0.65%</td> </tr> <tr> <td style="text-align: left;">Not-for-Profit</td> <td>85%</td> <td>100%</td> <td>1.45</td> <td>90%</td> <td>1%/0.65%</td> </tr> </tbody> </table> <p>*annual MIP is 0.45% for qualifying LIHTC projects</p>	Borrower Type	Max LTV	Max Loan to Refinance Cost	Min DSCR	Maximum Loan to Acquisition Cost	Initial/Annual MIP*	For-Profit	80%	100%	1.45	80%	1%/0.65%	Not-for-Profit	85%	100%	1.45	90%	1%/0.65%
Borrower Type	Max LTV	Max Loan to Refinance Cost	Min DSCR	Maximum Loan to Acquisition Cost	Initial/Annual MIP*														
For-Profit	80%	100%	1.45	80%	1%/0.65%														
Not-for-Profit	85%	100%	1.45	90%	1%/0.65%														
Davis-Bacon Wages:	N/A																		
Pre-Payment:	Negotiable, but typically no lockout and an annual 10 step declining pre-payment penalty.																		
Lender Financing Fee:	Deal specific, based on size and complexity of transaction.																		
HUD Application Fee:	0.3% of the loan amount.																		
HUD Inspection Fee:	Greater than \$30/bed or 1% of repairs																		
Third-Party Reports:	Appraisal, PCNA, Phase I ESA (including radon testing).																		
Escrows/Reserves:	Standard tax, insurance, and MIP escrows Replacement Reserves: Initial deposit and minimum annual deposit of \$250/unit Initial Operating Deficit: 4-12 months of debt service payments Working Capital: 4% for new construction, 2% for sub-rehab.																		
Timing:	Generally ~6 months from engagement to closing – dependent on borrower responsiveness and HUD pipelines.																		