

FHA/HUD SECTION 232/223(f) LEAN HEALTHCARE ACQUISITION OR REFINANCE



Eligibility Licensed Skilled Nursing, Assisted Living, Memory Care and Board and Care facilities.

- May have up to 25% Independent Living units
- Must offer three meals per day
- Must provide continuous oversight
- Non-resident day care less than 20% of gross area and 20% of gross income
- Eligible for refinance after three years since issuance of certificate of occupancy

Borrower A single-asset, special purpose entity. Can be either for-profit or non-profit.

Mortgage Term Lesser of 35 years or 75% of remaining economic life. Fully amortizing.

Recourse Non-recourse

Loan Parameters	Acquisition	Refinance
<i>The lesser of</i>	80% LTV	80% LTV
	85% LTV for non-profits	85% LTV for non-profits
	DSCR of 1.45x based on underwritten NOI	DSCR of 1.45x based on underwritten NOI
	85% of acquisition costs	100% of debt plus costs and repairs
	90% of acquisition costs for non-profits	

- Statute permits higher LTV & lower DSCR; chart reflects current published guidance
 - Lower LTV limits may apply for projects with recent equity takeout (<2 years)

Interest Rate Rate is subject to market conditions at the time of rate lock. The rate is fixed for the term of the loan.

Mortgage Insurance Premium (MIP) 0.65% annual MIP; 1.00% first-year MIP due at closing

Prepayment Fixed and negotiable; typically, the loan is closed for 2 years then open for prepayment at 8% and declining 1% per annum until open after Year 10.

Assumption Loan is fully assumable subject to HUD approval.

Commercial Space Allowable up to 20% of the net rentable area and limited to 20% of total gross rental income.

FHA Application Fee HUD requires a fee of 0.3% of the requested mortgage amount for the review of the Firm Commitment application.

Escrows/Reserves Taxes, insurance, and mortgage insurance premium are escrowed monthly. Replacement reserves are required, and the monthly deposit amount will be determined in accordance with HUD guidelines.

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FHA Inspection Fee Greater of \$30/bed or 1.0% of financed repairs.

Third Party Report Costs The costs for third party reports, such as appraisal, property condition report, environmental reports and other organization costs may be included as mortgageable soft costs in the mortgage calculation.

Closing Costs Includes standard transaction costs such as the borrower's legal fees, title insurance and survey.

Timing	Stages	Estimated Timeframe
	Application Submission	60 Days
	HUD Reviews Application	Varies by HUD Workload (est. 60-90 days)
	Closing from Receipt of Firm Commitment	45-60 Days

For additional information on this or other lending products, please contact our experts:

Jesse Stewart IV
FHA Multifamily Loan Originator
312-795-2642
jesse.stewart@draperandkramer.com