

# FHA/HUD Section 232/223(f) Loan

## Acquisition and Refinancing of Healthcare Properties

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Eligible Properties	Licensed Nursing Homes, Assisted Living, Intermediate Care, and Board and Care <ol style="list-style-type: none"> <li>a) Must provide continuous protective oversight;</li> <li>b) Must offer three meals per day;</li> <li>c) Facility must be licensed by state;</li> <li>d) Non-resident day care not to exceed 20% of gross area and 20% of gross income;</li> <li>e) May include up to 25% non-licensed independent living units; and</li> <li>f) Three years must have passed since last certificate of occupancy was issued</li> </ol>
Commercial Space	Limited to 20% of net rentable area and 20% of effective gross income
Borrower	Single asset, special purpose entity, either for profit or non-profit
Loan Amount	No maximum (Limited by loan parameters and HUD does not allow for any equity take out for healthcare properties)
Recourse	Non-recourse
Interest Rate	Fixed for term of loan, determined by market conditions at time of rate lock (Rate lock deposit is 1% and refunded at closing)
Loan Parameters	<p>Maximum loan amount will be the least of:</p> <ol style="list-style-type: none"> <li>a) Recommended % of LTV;</li> <li>b) Recommended % of Purchase Price for loans that finance acquisition;</li> <li>c) Recommended Debt Service Coverage Ratio; or</li> <li>d) Existing debt plus transaction costs and proposed repairs</li> </ol> <p><i>Based on current economic and fiscal environment, HUD has recommended the following parameters:</i>            For Profit Mortgages: 80% LTV, 1.45 DSCR            For Non-Profit Mortgages: 85% LTV, 1.45 DSCR</p>
Term and Amortization	A maximum term of 35 years or 75% of the remaining economic life, fully amortizing
Prepayment and Assumption	Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); Loan is fully assumable subject to HUD approval
Escrows	<ol style="list-style-type: none"> <li>a) Taxes and insurance are escrowed monthly;</li> <li>b) Replacement reserve required and the monthly deposit amount determined in accordance with HUD guidelines</li> </ol>

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## FHA/HUD Section 232/223(f) Lean

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Professional Liability Insurance	HUD will require minimum coverage of \$1 million per occurrence; \$3 million aggregate with a max deductible of \$25,000; Waivers may be granted in cases where premiums are high and claim history is clean
Mortgage Insurance Premium	1% due to HUD at closing and 0.65% annually thereafter, escrowed monthly
HUD Application Fee	30 basis points (\$3 per \$1,000) on requested loan amount (due with submission of firm application to HUD)
HUD Inspection Fee	Greater of \$30 per unit/bed or 1% of repairs
Third Party Reports	Appraisal, Phase I and Physical Needs Assessment are required
Timeline	Typical firm application is submitted within 60 days of engagement; LEAN processing time varies based on OHP (Office of Healthcare Programs) volume