

## ACQUISITION AND REFINANCING OF ASSISTED LIVING FACILITIES AND SKILLED NURSING FACILITIES FHA Section 232/223(f) Mortgage Insurance Program

<b>Eligible Projects</b>	Skilled nursing, assisted living facilities, intermediate care, board and care home or a combination of one or more.
<b>Not Eligible</b>	Independent Living Facilities, treatment centers, halfway houses, and projects with entrance fees.
<b>Requirements</b>	<ul style="list-style-type: none"> <li>a) Existing projects, at least three years old, with no more than minimal levels of repair required and with no substantial rehabilitation within the past three years.</li> <li>b) Facility must provide continuous protective oversight of residents and offer three meals per day.</li> <li>c) Facility must be licensed by the state in which it is located.</li> <li>d) No more than 25% of units in a board and care home can be independent living units (units with complete kitchen and bath facilities).</li> <li>e) Nonresident day care may not exceed 20% of gross floor area or 20% of gross income.</li> <li>f) Commercial space that does not exclusively serve residents is limited to 20% of gross floor area and 20% of gross income.</li> </ul>
<b>Borrower</b>	Single-asset entity
<b>Loan Amount</b>	No minimum or maximum
<b>Interest Rate</b>	The interest rate is fixed for the term of the loan.
<b>Loan Parameters</b>	<p>The maximum loan amount is the least of:</p> <ul style="list-style-type: none"> <li>a) 85% of appraised value (<i>90% if Borrower is a non-profit</i>)</li> <li>b) Loan amount that would achieve a debt service coverage ratio of 1:18 to 1.0 (<i>1:11 to 1.0 if Borrower is a non-profit</i>).</li> <li>c) Refinancing: 100% of outstanding debt plus transaction costs and proposed repairs.</li> <li>d) Acquisition: 85% of the acquisition price plus transaction costs and proposed repairs (<i>90% of acquisition price if Borrower is a non-profit</i>). An equity take out is prohibited under this program.</li> </ul>

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<b>Recourse</b>	Non-recourse
<b>Term and Amortization</b>	Maximum term of 35 years; loan will fully amortize over term.
<b>Prepayment</b>	Negotiable. Typically two-year lockout with 8% penalty in the third year, reducing 1% each succeeding year.
<b>Interest Rate Set</b>	After acceptance of FHA commitment and prior to closing ( <i>contact lender to discuss early rate lock options</i> ).
<b>Assumable</b>	Loan is assumable, subject to HUD approval and payment of an assumption fee and related transaction expenses.
<b>Fees and Expenses</b>	<ul style="list-style-type: none"> <li>a) FHA Application Fee: 0.3% due at application</li> <li>b) FHA Mortgage Insurance Premium at prevailing rates as determined by HUD</li> <li>c) FHA Inspection Fee: paid at closing; the greater of \$30 per unit / bed or 1% of the repair cost</li> <li>d) Financing and Permanent Placement Fees: up to 3.5%, paid at closing</li> <li>e) Third party report cost.</li> </ul>
<b>Escrows</b>	<ul style="list-style-type: none"> <li>a) Replacement Reserves are required in accordance with HUD guidelines; the amount is determined in conjunction with the third party engineering report.</li> <li>b) Taxes and Insurance are required to be escrowed monthly.</li> </ul>
<b>Processing and Timeline</b>	Application to HUD is typically submitted within 45 to 60 days from date Borrower engages Lender and HUD has 60 days from its receipt of the application to review and issue a firm commitment.