



## Acquisition and Refinancing of Healthcare Properties

# FHA MORTGAGE INSURANCE SECTION 232/223(f)

<b>ELIGIBLE PROPERTIES</b>	Nursing homes, board and care homes, assisted living and intermediate care facilities that are licensed by state, provide continuous protective oversight and offer three meals daily with a minimum of 20 beds; non-resident day care not to exceed 20% of gross area and 20% of gross income; may include up to 25% non-licensed independent living units
<b>INTEREST RATE</b>	Fixed-rate for term of loan; determined by market conditions at time of rate lock
<b>BORROWER</b>	For-profit or not-for-profit single asset or special purpose entity; must have owned/operated facilities for five years or more
<b>PERSONAL LIABILITY</b>	Non-recourse, subject to standard carve-outs
<b>TERM AND AMORTIZATION</b>	Maximum term of 35 years or 75% of the remaining economic life and fully amortizing

### MAXIMUM LOAN PARAMETERS

BORROWER TYPE	MAXIMUM LOAN TO VALUE	MINIMUM DEBT SERVICE COVERAGE	MAXIMUM LOAN TO REFINANCE COST	MAXIMUM LOAN TO ACQUISITION COST
For-Profit	80%	1.45x	100%	80%
Not-For-Profit	90%	1.45x	100%	90%

<b>COMMERCIAL SPACE</b>	Limited to 20% of net rentable area and 20% of effective gross income
<b>PREPAYMENT AND ASSUMPTION</b>	Flexible - best execution typically has a combination of lockout and prepayment penalty for 10 years, and is fully assumable, subject to HUD approval
<b>MORTGAGE INSURANCE PREMIUM</b>	1.0% due at closing to HUD and .65% annually; .45% for qualifying LIHTC projects
<b>PROFESSION LIABILITY INSURANCE</b>	HUD requires minimum coverage of \$1MM per occurrence; \$3MM aggregate with a maximum deductible of \$25,000; waivers may be granted in cases where premiums are high and there is no claim history
<b>FEE</b>	<b>HUD Application:</b> .30% of requested loan amount; .20% for properties located in a qualified Opportunity Zone <b>HUD Inspection Fee:</b> Greater of \$30 per unit/bed or 1.0% of repairs <b>HUD Inspection:</b> .50% for new construction or improvement costs for substantial rehab
<b>THIRD-PARTY REPORTS</b>	Environmental, Appraisal, Capital Needs Assessment, and Radon