

# FHA/HUD 232/223(f): REFINANCING, ACQUISITION, OR MODERATE REHABILITATION OF HEALTHCARE FACILITIES



## GENERAL TERMS

Eligible Properties	Existing skilled nursing, assisted living, memory care, or board and care properties
Eligible Borrowers	Single-asset, special purpose entity (for profit or not-for-profit)
Amortization	Fixed rate, fully amortizing
Term	Maximum of 35 years or 75% of the remaining economic life of the property
Maximum Loan Amount	For <i>refinance</i> , the lesser of: <ol style="list-style-type: none"><li>1.45 debt service coverage</li><li>Loan-to-value limitations:<ul style="list-style-type: none"><li>• 80% loan-to-value (85% for not-for-profit entities)</li><li>• 70% loan-to-value for projects refinancing debt placed within the past 2 years wherein less than 50% or more of proceeds from the existing loan represent equity takeout</li><li>• Up to 60% loan-to-value for projects refinancing debt placed within the past 2 years wherein 50% or more of proceeds from the existing loan represent equity takeout</li></ul></li><li>100% of existing debt plus transaction costs, including repairs</li></ol> For <i>acquisition</i> , the lesser of: <ol style="list-style-type: none"><li>Debt-service coverage of 1.45;</li><li>Loan-to-value of 80% (85% for not-for-profit entities);</li><li>85% of acquisition costs (90% for not-for-profit entities, including transaction cost and repairs)</li></ol>
Prepayment Options	Negotiable with the best pricing for 10 years of call protection (can be a combination of lockout and/or penalty)
Assumability	Yes, subject to FHA approval
Personal Liability	Non-recourse loan subject to carve-outs for fraud and misrepresentation

## ADDITIONAL PARAMETERS

Secondary Financing	Allowable up to 92.5% of value, subject to FHA criteria
Repair Limitations	Must meet the following criteria: <ol style="list-style-type: none"><li>Up to 15% of the project's value after completion of all repairs, replacements, and improvements, and</li><li>Does not replace more than 50% of any two building systems</li></ol> All critical repairs must be completed prior to closing. 120% of the cost of repairs is escrowed at closing and all non-critical repairs must be completed within 12 months of closing.
Independent Living Units	Allowable up to 25% of the total units or beds of the project
Commercial Space	Limited to 20% of gross floor area, 20% of gross project income

Third Party Reports	Appraisal, Phase I ESA, and Project Capital Needs Assessment (PCNA)
Escrows	Property taxes, insurance, HUD mortgage insurance premium and replacement reserves
HUD Application Fee	0.30% of the mortgage amount
HUD MIP	The initial mortgage insurance premium is 1.00% the mortgage amount. Thereafter, 0.65% annually payable in monthly installments
HUD Inspection Fee:	Equal to: <ul style="list-style-type: none"><li>• \$30 per bed if repairs are less than or equal to \$3,000 per bed</li><li>• 1% of the cost of repairs if repairs exceed \$3,000 per bed</li></ul>