

# ADROC | CAPITAL

## FHA/HUD Mortgage Insurance Program – Section 232/223(a)(7) Refinance of Existing FHA-Insured Loans

<b>PURPOSE:</b>	Provides streamlined refinance of existing FHA-insured loans to reduce annual debt service by lowering the interest rate and extending loan maturity date												
<b>ELIGIBLE PROPERTIES:</b>	Skilled Nursing, Assisted Living, and Board & Care Facilities with existing FHA-insured loans												
<b>BORROWER TYPE:</b>	For-profit or non-for-profit single asset borrower entity												
<b>GUARANTEES:</b>	Non-recourse												
<b>LOAN TERM:</b>	Loan term may be extended up to 12 years beyond the maturity of the existing loan, not to exceed the original loan term of the existing HUD-insured loan.												
<b>AMORTIZATION:</b>	Fully amortizing over loan term												
<b>INTEREST RATE:</b>	Determined by market conditions (call for a quote), fixed for the full term of the loan												
<b>LOAN PARAMETERS:</b>	Lower of:  (1) loan amount necessary to pay off unpaid principal balance on the existing HUD-insured loan, prepayment penalties, required repairs, and other eligible loan transaction cost; (2) loan amount supported based on minimum required debt service coverage ratio (1.11x); and (3) the original loan amount of the existing FHA-insured loan												
<b>PREPAYMENT:</b>	Negotiable. Typical best pricing for 10-year call protection (lockout and/or pre-payment penalty).												
<b>ASSUMPTION:</b>	Loans are fully assumable, subject to Lender & HUD approval.												
<b>LENDER FINANCING FEE:</b>	To be determined based on size and complexity of transaction, subject to HUD limitations												
<b>HUD APPLICATION FEE:</b>	0.15% of the loan amount												
<b>HUD INSPECTION FEE:</b>	Not applicable												
<b>HUD MIP:</b>	<table border="1"><thead><tr><th>Property Type</th><th>MIP Year 1 (Due @ Closing)</th><th>Annual MIP (Due Thereafter)</th></tr></thead><tbody><tr><td>Healthcare Facilities without LIHTC</td><td>0.50%</td><td>0.55%</td></tr><tr><td>Healthcare Facilities with LIHTC</td><td>0.50%</td><td>0.45%</td></tr><tr><td>Healthcare Facilities with Green building certifications</td><td>0.25%</td><td>0.25%</td></tr></tbody></table>	Property Type	MIP Year 1 (Due @ Closing)	Annual MIP (Due Thereafter)	Healthcare Facilities without LIHTC	0.50%	0.55%	Healthcare Facilities with LIHTC	0.50%	0.45%	Healthcare Facilities with Green building certifications	0.25%	0.25%
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<b>THIRD-PARTY REPORTS:</b>	Project Capital Needs Assessment (PCNA) typically required; exceptions include recently constructed/rehabbed projects or prior PCNA completed within past 10 years												
<b>ESCROWS/RESERVES:</b>	Typical tax and insurance escrows (including MIP) Replacement Reserves: Minimum initial and annual deposit of \$250/unit, subject to HUD Guidelines and PCNA recommendation												
<b>LABOR STANDARDS:</b>	Davis-Bacon wage rates not required												
<b>TIMING:</b>	Typically 3-5 months from engagement to closing. Timeframes may vary.												

**ADROC CAPITAL, LLC**

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