

ADROC | CAPITAL

HUD/FHA Mortgage Insurance Program – Section 232/223(f) Acquisition or Refinance of Healthcare Properties

PURPOSE:	Provides attractive FHA-insured financing for the acquisition, refinance, and moderate rehabilitation of existing eligible healthcare projects.
ELIGIBLE PROPERTIES:	Skilled Nursing, Assisted Living, and Board & Care Facilities with a certificate of occupancy dated more than 3 years prior to application submission. Facility must contain at least 20 beds, be licensed and regulated by the State, and provide 3 meals a day and continuous protective oversight. May include up to 25% non-licensed, independent living units.
COMMERCIAL SPACE:	Limited to 20% of gross floor area of the project and 20% of gross project income; excludes commercial space intended to exclusively serve residents
BORROWER TYPE:	For-profit or non-for-profit single asset borrower entity
GUARANTEES:	Non-recourse
LOAN TERM:	Up to 35 years or 75% of remaining economic life
AMORTIZATION:	Interest-only during construction; converts to fully-amortizing loan after construction
INTEREST RATE:	Determined by market conditions (call for a quote), fixed for the full term of the loan

LOAN PARAMETERS:

Transaction Type	Loan-to-Cost*	Loan-to-Value (For Profit/NFP)	Minimum DSCR
Acquisition	80%	80%/85%	1.45x
Refinance	100%	80%/85%	1.45x

**Includes eligible purchase price (acquisition)/existing debt (refinance) and transaction cost, including capital repairs.*

PREPAYMENT:	Negotiable. Typical best pricing for 10-year call protection (lockout and/or pre-payment penalty).
ASSUMPTION:	Loans are fully assumable, subject to Lender & HUD approval.
LENDER FINANCING FEE:	To be determined based on size and complexity of transaction, subject to HUD limitations
HUD APPLICATION FEE:	0.3% of the loan amount
HUD INSPECTION FEE:	\$30 per bed or 1% of repair cost, depending on level and scope of repairs

HUD MIP:

Property Type	MIP Year 1 (Due @ Closing)	Annual MIP (Due Thereafter)
Healthcare Facilities without LIHTC	1.00%	0.65%
Healthcare Facilities with LIHTC	1.00%	0.45%
Healthcare Facilities with Green building certifications	0.25%	0.25%

THIRD-PARTY REPORTS:	Appraisal, Project Capital Needs Assessment (PCNA), Phase I ESA, and Radon Testing
ESCROWS/RESERVES:	Typical tax and insurance escrows (including MIP) Replacement Reserves: Minimum initial and annual deposit of \$250/unit, subject to HUD Guidelines and PCNA recommendation
LABOR STANDARDS:	Davis-Bacon wage rates not required
TIMING:	Typically 5-7 months from engagement to closing. Timeframes may vary.