



# FHA / HUD Section 232/223(a)(7)

Long-term, fixed-rate finance of existing HUD-insured healthcare facilities

LOAN PARAMETERS			
Property Type	Minimum Debt Service Coverage	Maximum Loan to Refinance Cost	Cash Out
All Projects	1.11x	100%	Not Permitted

**Eligible Properties** Licensed Skilled Nursing, Assisted Living, Intermediate Care, and Board and Care facilities which are currently HUD-insured projects

**Eligible Borrowers** Single-asset entity; either for-profit or not-for-profit

**Loan Term** Term generally will not exceed the remaining term on the existing loan. However, HUD may approve a term extension which will not be greater than the remaining term plus 12 years (not to exceed the original term)

**Interest Rate** Fixed interest for life of loan; Determined at rate lock based on prevailing market conditions

**Mortgage Insurance (MIP)** First year: .5%  
Thereafter .5% annually (Qualifying LIHTC eligible for lower MIP of 0.45%)

**Loan Fees** HUD Application fee: 0.15% of estimated loan amount

**Prepayment** Prepayment provisions negotiable, generally subject to lockout period and declining penalties

**Recourse** Non-Recourse and assumable with HUD approval

**Timing** Four to five months from engagement to closing; (1) 45-60 days to submit application, (2) 45-60 days to Firm Commitment, (3) 45-60 days to closing

**Escrows** Real estate taxes, property insurance, MIP, replacement reserves; escrow payments collected monthly. Existing replacement reserves must be transferred to new loan

**Third Party Reports** Capital Needs Assessment

**Repairs** Repairs are permitted as long as they do not exceed 15% of the project's value after completion or two or more building components are not being substantially replaced.

**Equity Takeout** No equity take-out permitted for this program.

**Professional Liability Insurance** Professional liability coverage will be required in a minimum amount of \$1 million per occurrence, \$3 million aggregate with a maximum deductible of \$25,000

**Change of Ownership** If there is a change in ownership, principals or entities with 25% ownership, key decision makers and financial control, a mortgage credit review will be required

For more information, please contact at.

570 Lexington Avenue - 22<sup>nd</sup> Floor - New York, NY 10022