

# FHA SECTION 232/223(f)

## HEALTHCARE ACQUISITION OR REFINANCE LOAN

### PROGRAM OVERVIEW

This program provides non-recourse, assumable financing for the purchase or refinance of existing assisted living, memory care and intermediate or skilled nursing facilities. An independent living component no greater than 25% to 30% of the total units is allowable

**QUALIFIED PROPERTIES** The facility must have been completed or substantially rehabilitated for at least three years prior to the date of the application. Projects with additions completed less than three years previous are eligible as long as the addition was not larger than the original project size and number of beds. Commercial space cannot exceed 20% of the gross floor area or gross projected income

**MAXIMUM LOAN** Loan amount for the refinance or purchase of existing properties is the lesser of:

- (a) 80% (85% non-profit) of market value;
- (b) A mortgage amount supported by a DSC of 1.45x;
- (c) 100% of the transaction cost for a refinance, and 85% of the transaction cost for a purchase transaction. Recognizable transaction costs include repairs, initial replacement reserves, third party reports, closing costs, along with eligible existing indebtedness or purchase price

**MAXIMUM TERM** A maximum term of 35 years, or 75% of the remaining economic life, but no less than 10 years

**PERSONAL LIABILITY** FHA loan is non-recourse

**ASSUMABILITY** Yes, subject to FHA approval

**COMMERCIAL LIMITATIONS** 20% of total net rentable area; 20% of effective gross income

**REPAIRS/REPLACEMENTS** Allowed up to 15% of the appraised value of the property after completion of repairs, so long as no more than one building system is substantially renovated or replaced

**FEES AND EXPENSES** Nominal processing fee due to Love Funding at engagement. The client must pay for all third party reports, which include a Phase I environmental site assessment, a full appraisal, and a PCNA (Property Capital Needs Assessment). Funds must be remitted to Love Funding, and these contractors are engaged and paid by Love Funding directly. Financing and permanent placement fees of up to 3.5% are based on final loan amount, due upon commitment and payable from mortgage proceeds at closing

**MORTGAGE INSURANCE PREMIUM** Annual Mortgage Insurance Premium (MIP) is 1.0% at closing (one year pre-paid) and 0.65% annually thereafter

**OTHER FHA REQUIREMENTS** HUD application fee is 0.3% of mortgage amount due at the time of submission of the Firm Application