

## FHA Section 232/223(f)

<b>Property Type:</b>	Skilled nursing, intermediate care, assisted living, and board and care facilities.
<b>Purpose:</b>	Purchase or refinance. For-profit, nonprofit and public borrowers may utilize this program.
<b>Maximum Loan Amount:</b>	For purchase transactions, the lesser of 85% (for-profits) or 90% (nonprofits) of the acquisition price or appraised value. For refinance transactions, the lesser of 100% of the cost to finance the debt or 85% (for-profits) or 90% (nonprofits) of the appraised value
<b>Debt Service Coverage:</b>	Minimum 1.11x for nonprofit borrowers; 1.17x for for-profit borrowers.
<b>Interest Rate:</b>	Fixed rate subject to market conditions at rate lock.
<b>Maximum Term/Amortization:</b>	35 years, or 75% of remaining useful life, from initial principal payment. Level principal and interest payments.
<b>Guaranty:</b>	Non-recourse permanent loan.
<b>Eligibility:</b>	The facility must have been completed or substantially rehabilitated for at least three years prior to the date of the firm commitment. Minor rehabilitation or repair of the property is permitted. Borrower must be a single-asset entity.
<b>Assumability:</b>	Yes, with FHA approval.
<b>Prepayment:</b>	Commonly either: <ul style="list-style-type: none"><li>■ a 10-year lockout followed by prepayment at par, or</li><li>■ a five-year lockout followed by a prepayment penalty of 5% in the sixth year and declining 1% per year.</li></ul>
<b>Escrows:</b>	Monthly escrows for property insurance, real estate taxes, reserves for replacement and mortgage insurance premiums.
<b>Fees &amp; Expenses:</b>	Borrower is responsible for \$20,000-\$25,000 in due diligence fees. At time of closing, these fees and all other closing costs may be included in the loan amount.
<b>Timing:</b>	This transaction typically can be completed in five months. Actual processing times vary depending on the project.
<b>Post-closing Reporting:</b>	Annual audited financial statements.