

HUD Section 232/223(f)

Acquisition and Refinancing for Healthcare and Seniors Housing

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

ELIGIBLE 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 prior are eligible if 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.
- Facilities must be licensed and provide continuous protective oversight.
- **MAXIMUM LOAN**
- Lesser of the following:
 - 80% LTV
 - 1.45x DSC
 - 100% of eligible Transaction Costs (refinance) or 85% of eligible Acquisition Costs (acquisition)

TERM / AMORTIZATION

- Up to 35 Years, Fully Amortizing (minimum of 10 Years)

INTEREST RATE / PREPAYMENT

- Fixed for term of loan; locked at receipt of Firm Commitment; based on market conditions at time of rate lock. 0.50% Rate Lock Deposit required but credited at closing.
- Prepayment of loan permissible but based on lockout and penalty provisions associated with rate lock for 10 years of call protection (can be a combination of lockout and/or penalty).

MORTGAGE INSURANCE PREMIUM (MIP)

- HUD requires an upfront MIP payment and ongoing annual MIP payments. Typically, the upfront is 1.00% of the Loan Amount and the ongoing annual MIP is 0.65% of the outstanding principal balance. Lower levels available for properties that meet affordable and/or green eligibility requirements.

RECOURSE

- Non-Recourse with standard carve-outs for Key Principals

COMMERCIAL SPACE

- Limited to 20% of Gross Floor Area and 20% of Gross Project Income

ASSUMPTION

- Fully assumable subject to HUD approval

ESCROWS

- Monthly for Real Estate Taxes, Insurance, and Replacement Reserves



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REPAIRS

- Permitted but cannot exceed 15% of the appraised value after completion of repairs.

THIRD PARTY REPORTS

- Appraisal, Phase I ESA, and Property Capital Needs Assessment (PCNA) required.
- Additional reports may be required.
- All third-party report fees are the responsibility of the sponsorship; however, all third-party vendors must be engaged by Forbright directly.

LENDER FEES

- Forbright charges a nominal processing fee to cover due diligence costs, a Financing Fee as a percentage of the Loan Amount, and fees associated with the cost of Lender's legal counsel.

APPLICATION FEE

- HUD requires an Application Fee of 0.30% be submitted with the submission of the Firm Application

For more information please contact:

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