

Acquisition and Refinancing of Healthcare Properties

Eligible Properties

Licensed Nursing Homes, Assisted Living, Intermediate Care, and Board and Care.

- a) Must provide continuous protective oversight.
- b) Must offer three meals per day.
- c) Facility must be licensed by state.
- d) Non-resident day care not to exceed 20% of gross area and 20% of gross income.
- e) May include up to 25% independent living units/beds.
- f) Three years must have passed since last certificate of occupancy was issued.
- g) All projects must have at least 20 beds.
- h) A project cannot be on the SFF or SFF Candidate list.

Commercial Space Limitation

Limited to 20% of net rentable area and 20% of effective gross income.

Borrower

Single-asset, special-purpose entity, either for profit or nonprofit.

Recourse

Non-recourse.

Interest Rate

Fixed for term of loan, determined by market conditions at time of rate lock.

Rate lock deposit is 0.5%, refunded at closing.

Loan Parameters

Maximum loan amount will be the least of the following:

Borrower Type	Maximum Loan to Value	Minimum Debt Service Coverage	Maximum Loan to Refinance Cost	Maximum Loan to Acquisition Cost
For-Profit	80%	1.45x	100%	80%
Not-for-Profit	85%	1.45x	100%	90%

Term and Amortization

A maximum term of 35 years or 75% of the remaining economic life, fully amortizing.

Prepayment and Assumption

Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); loan is fully assumable subject to HUD approval.

Escrows

Capital needs reserve will be maintained with monthly deposits in accordance with HUD guidelines on a property-specific basis.

Professional Liability Insurance

HUD will require minimum coverage of \$1 million per occurrence; \$3 million aggregate with a max deductible of \$25,000. Waivers may be granted in cases where premiums are high and claim history is clean.

Mortgage Insurance Premium

1% due to HUD at closing and 0.65% annually thereafter (0.45% for qualifying LIHTC projects), escrowed monthly. Properties that meet HUD's Green standards may qualify for a reduced annual fee of 0.25%.

HUD Application Fee

0.30% of estimate loan amount due with submission of application (0.20% for properties located in a qualified Opportunity Zone).

HUD Inspection Fee

Greater of \$30 per unit/bed or 1% of repairs.

Third Party Reports

Appraisal, Environmental and Capital Needs Assessment. Additional reports may be needed depending upon the environmental and operational review.

Timing

Typical application is submitted within 60 days of engagement; processing time varies based on OCRF (Office of Residential Care Facilities) volume.

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