



HEALTHCARE PROPERTIES | FHA/HUD Section 232/223(f)

Acquisition and Refinancing of Healthcare Properties

This program provides long-term permanent financing for the acquisition or refinance of healthcare properties.

Eligible Properties	<p>Licensed assisted living, skilled nursing homes, intermediate care, and board and care facilities.</p> <ul style="list-style-type: none"> Facility must be licensed by the state. Facility must provide three meals per day. Facility must provide continuous protective oversight. Non-resident day care must not exceed 20% of gross area and 20% of gross income. May include up to 25% non-licensed independent living units. 															
Eligible Borrowers	Experienced for-profit or not-for-profit owners. Single asset, special purpose entity.															
Term	Up to 35 years, or 75% of the remaining economic life, but no less than 10 years.															
Interest Rate	Locked before closing and fixed for the duration of the term. (Subject to market conditions.)															
Guarantees	Non-recourse for the duration of the term.															
Prepayment	Customizable, typically a 10-year step down, based on market conditions and borrower preferences.															
Assumable	Subject to FHA/HUD and lender approval.															
Loan Parameters	<table border="1"> <thead> <tr> <th>Property Type</th> <th>Max Loan-to-Cost Ratio</th> <th>Max LTV Ratio</th> <th>Min DSC Ratio</th> <th>Mortgage Insurance Premium (LIHTC)</th> </tr> </thead> <tbody> <tr> <td>For-Profit</td> <td>100%</td> <td>80%*</td> <td>1.45</td> <td>0.65% (0.45%)</td> </tr> <tr> <td>Not-for-Profit</td> <td>100%</td> <td>85%*</td> <td>1.45</td> <td>0.65% (0.45%)</td> </tr> </tbody> </table> <p>(*For acquisition financing, LTVs increase by 5%.)</p>	Property Type	Max Loan-to-Cost Ratio	Max LTV Ratio	Min DSC Ratio	Mortgage Insurance Premium (LIHTC)	For-Profit	100%	80%*	1.45	0.65% (0.45%)	Not-for-Profit	100%	85%*	1.45	0.65% (0.45%)
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HUD Fees and Expenses	<ul style="list-style-type: none"> FHA Application Fee of 0.30% of loan amount. FHA Inspection Fee of the greater of \$30 per /bed or 1% of repairs. 															
Commercial Space	Limited to 20% of net rentable area and 20% of effective gross income.															

Third-Party Reports	Appraisal, Environmental, Property Capital Needs Assessment (PCNA).
Repairs/Improvements	Funds for repairs, deferred maintenance, and capital improvements for generally up to 15% of value can be included in the loan amount, subject to the maximum loan limitations.
Timing	Approximately 6-9 months for engagement, submission, FHA/HUD review, and closing. Process may vary due to Office of Residential Care Facilities volume.
Funding	Ginnie Mae guaranteed mortgage-backed securities.
Other Program Parameters	<ul style="list-style-type: none">• Escrows for property taxes, insurance, MIP and replacement reserves are required.• Cash-Out is not permitted.• Facilities financed under this program must be at least 3 years old.• Existing debt to be refinanced must be at least two years old unless it was used for an eligible purpose as defined by FHA (refinancing of prior eligible indebtedness, arms-length acquisition, property improvements, operating losses, etc.).• A master lease may be required when an owner finances 3 or more properties or \$15 million or greater in combined loan amounts with the FHA healthcare programs within an 18-month period.



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