



HEALTHCARE PROPERTIES | FHA/HUD Section 232

New Construction or Substantial Rehabilitation Loan

This program provides long-term, low fixed-rate, non-recourse, assumable financing for the construction and permanent financing of healthcare properties.

Eligible Properties	Licensed assisted living, skilled nursing homes, intermediate care, and board and care facilities. <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, single asset, for-profit or not-for-profit owners.
Term	Up to 40 years, fully amortizing (plus interest only period during construction).
Interest Rate	Locked before closing and fixed for the duration of the construction period and full 40-year term. (Subject to market conditions.)
Guarantees	Non-recourse for the construction period and 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	Property Type	Max Loan-to-Cost Ratio	Max LTV Ratio (not-for-profit)	Min DSC Ratio	Mortgage Insurance Premium (LIHTC)
	Assisted Living	90%	75% (80%)	1.45	0.77% (0.45%)
Skilled Nursing	90%	80% (85%)	1.45	0.77% (0.45%)	

HUD Fees and Expenses	<ul style="list-style-type: none"> FHA Application Fee of 0.30% of loan amount. FHA Inspection Fee of 0.50% of loan amount (new construction) and 0.50% of costs associated with construction (substantial rehabilitation).
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Commercial Space	Limited to 10% of net rentable space and 15% of gross income.
Third-Party Reports	Market Study, Appraisal, Phase I Environmental, and Architectural & Cost Review
Construction Wages	Local prevailing wages, as per Department of Labor, paid under Davis-Bacon Act.
Timing	Approximately 8 – 10 months for engagement, submission, FHA/HUD review, and closing.
Funding	Ginnie Mae guaranteed mortgage-backed securities.
Other Program Parameters	Escrows for property taxes, insurance, MIP, working capital, and replacement reserves are required.



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