LMD
CAPITAL PARTNERS

FHA / HUD

FHA HUD Section 232/223(f) - Acquisition & Refinancing of Healthcare

Non-recourse, fully amortizing FHA-insured financing for the acquisition or refinance of licensed healthcare properties, with terms to 35 years or 75% of remaining economic life.

Indicative Terms

MAXIMUM LOAN PARAMETERS	For-profit: 80% maximum LTV, 1.45x minimum DSCR, up to 100% on a refinance and 80% on an acquisition. Not-for-profit: 85% maximum LTV, 1.45x minimum DSCR, up to 100% on a refinance and 90% on an acquisition.
COMMERCIAL SPACE	Limited to 20% of net rentable area and 20% of effective gross income.
BORROWER STRUCTURE	Single-asset, special-purpose entity, for-profit or non-profit. Non-recourse.
INTEREST RATE	Fixed for the full term, set at rate lock against market conditions. Rate lock deposit of 0.5%, refundable at closing.
TERM AND AMORTIZATION	The lesser of 35 years or 75% of remaining economic life, fully amortizing.
PREPAYMENT AND ASSUMPTION	Negotiable, with best pricing at 10 years of call protection through lockout and/or penalty. Fully assumable with HUD approval.
CAPITAL RESERVES	Monthly deposits set under HUD guidelines, sized to the specific property.
PROFESSIONAL LIABILITY	Minimum $1,000,000 per occurrence and $3,000,000 aggregate, with a maximum deductible of $25,000. Waivers are possible where premiums are high and the claims history is clean.
MORTGAGE INSURANCE PREMIUM	1.00% at closing and 0.65% annually thereafter, or 0.45% annually for qualifying LIHTC properties.
HUD APPLICATION FEE	0.30% of the estimated loan amount, or 0.20% in qualified Opportunity Zones.
HUD INSPECTION FEE	The greater of $30 per unit or bed, or 1% of repairs.
THIRD PARTY REPORTS	Appraisal, environmental assessment and capital needs assessment. Additional reports may apply.
APPLICATION FEE	Quoted per transaction.

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Indicative Terms (continued)

ORIGINATION FEE	Quoted per transaction.
LEGAL FEES	Quoted per transaction.
TIMING	Application typically submitted within 60 days of engagement. Processing time varies with volume at HUD's Office of Residential Care Facilities.

Eligible Properties & Sponsors

Licensed nursing homes, assisted living, intermediate care, and board and care facilities providing continuous protective oversight and three meals daily under state licensure. At least three years must have passed since the last certificate of occupancy, and the facility must have a minimum of 20 beds. Non-resident day care is capped at 20% of gross area and income, and up to 25% of units may be independent living. Facilities on the Special Focus Facility or SFF Candidate lists are not eligible.

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