

Harborview Healthcare FHA/HUD Section 232

Skilled Nursing and Assisted Living Facilities

Eligible Borrowers

Experienced profit motivated, non-profit, and public owners

Eligible Asset Type

SNF, ALF, & ILF with less than 20%

Standard Loan Amounts

New Construction: The lesser of:

- a. 80% stabilized value (85% for non-profits) for skilled nursing and independent living units
- b. 75% of stabilized value (80% for non-profits) for assisted living units
- c. 90% of FHA's allowable replacement cost (95% for non-profits)
- d. Amount that results in a debt service coverage ration of 1.45x based on the underwritten Net Operating Income
- e. 100% of calculated total replacement cost less grants, public loans, and tax credits

Substantial Rehabilitation: The lesser of:

- a. 80% stabilized value (85% for non-profits) for skilled nursing and independent living units
- b. 75% of stabilized value (80% for non-profits) for assisted living units
- c. 90% of FHA's allowable replacement cost (95% for non-profits)
- d. Amount that results in a debt service coverage ration of 1.45x based on the underwritten Net Operating Income
- e. If owned - 100% of hard and soft costs plus the lesser of existing debt or 90% of existing value (95% for non-profits); to be acquired - 90% of hard and soft costs (95% for non-profits) plus 90% of the lesser of purchase price or existing value (95% for non-profits)
- f. 100% of calculated total replacement cost less grants, public loans, and tax credits

Maximum Loan

FHA is authorized to exceed the stabilized value and debt service coverage limits identified above up to

- a. 90% of stabilized value (95% for non-profits) an
- b. the lesser of:
 - a. 90% of HUD eligible replacement cost
 - b. 80% of market value for SNF: 75% market value for ALF
 - c. Minimum Debt Service Coverage pf 1.45x

Maximum Term

40 years plus a construction period

Recourse

Non-recourse

Professional Liability Insurance

HUD will require minimum coverage of \$1 million per occurrence; \$3 million aggregate with a max deductible of \$100,000; Waivers may be granted in cases where premiums are high and claim history is clean

Mortgage Insurance Premium

The annual MIP is .77% of the outstanding loan amount (.45% for LIHTC)

Prepayment and Assumption	Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); subject to HUD approval, loan is fully assumable
Secondary Financing	Permitted in the form of a surplus cash note and only from a governmental source
Replacement Reserves	Annual deposits required equivalent to the greater of: a. .60% of total structure cost b. 10% of major moveable equipment per annum
HUD Application Fee	30 basis points (\$3 per \$1,000) on requested loan amount, but 15 basis points will be refunded to borrower by HUD post-closing
HUD Inspection Fee	50 basis points (\$5 per \$1,000) for both new construction and substantial rehabilitation