

Harborview Healthcare FHA/HUD Section 232/223(f) Acquisition and Refinancing of Healthcare Properties

Eligible Properties	Licensed Nursing, 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 20% non-licensed independent living units; and f) Three years must pass since last certificate of occupancy has been issued
Borrower	Single asset, special purpose entity, either for profit or non-profit
Loan Amount	No maximum (Limited by loan parameters and HUD does not allow for any equity take out for healthcare properties)
Recourse	Non-recourse
Interest Rate	Fixed for terms of loan, determined by market conditions at time of rate lock (Rate lock deposit is 1% and refunded at closing)
Loan Parameters	Maximum loan amount will be the lesser of: a) Recommended % of LTV; b) Recommended % of Purchase Price; c) Recommended Debt Service Coverage Ratio; or d) Existing debt plus transaction costs and proposed repairs. <i>Based on current economic and fiscal environment, HUD has recommended the following parameters:</i> For Skilled Nursing and Assisted Living: 80% LTV, 1.45 DSCR For Board and Care and Independent Living: 80% LTV, 1.45 DSCR For Non-Profit Mortgages: 85% LTV, 1.45 DSCR
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); subject to HUD approval, loan is fully assumable
Mortgage Insurance Premium	1% due to HUD at closing and .65% annually thereafter, escrowed monthly

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Escrows

- a) Taxes and insurance are escrowed monthly;
- b) Replacement reserve required and the monthly amount deposit amount determined in accordance with HUD guidelines

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

HUD Application Fee

30 basis points (\$3 per \$1,000) on requested loan amount (due with submission of firm application to HUD)

HUD Inspection Fee

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

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