

FHA/HUD Section 232/223(f) Term Sheet



Commercial Loans for the Refinance or Purchase of Healthcare Properties

The HUD 232 / 223(f) program provides mortgage insurance for the refinancing or acquisition of nursing homes, assisted living facilities, intermediate care facilities, or board and care homes. This attractive program offers a low fixed rate loan that is fully amortized with a maximum term of **35 years**, or **75%** of the remaining economic life. The loan is non-recourse, and assumable subject to HUD approval.

Eligible Properties

Must offer **3** meals per day; Continuous care; May include up to **25%** non-licensed independent living units; Facility must be licensed by the state; Minimum number of **20** beds; and the facility must have been completed or substantially rehabilitated for at least **3** years prior to the date of application. If additions have been done in the last **3** years, the additions cannot be larger than the original project size and original number of beds.

Eligible Borrowers

Experienced for-profit and non-profit owners are eligible

Interest Rate

Fixed, subject to market conditions.

Recourse

The transaction is non-recourse



Maximum Loan To Value

80% of market value (**85%** for non-profits) for skilled nursing and independent living units, amount that results in a debt service coverage ratio of **1.45x** based on the underwritten net operating income, **100%** of the transaction cost of a refinance, and **85%** of the transaction cost for a purchase

Davis Bacon Wages

Not applicable for this program

Minimum Debt Service Requirements

1.45x for profit

1.45x not for profit

Commercial Limitations

20% of the net rentable area; and **20%** of the effective underwritten gross income.

Term and Amortization

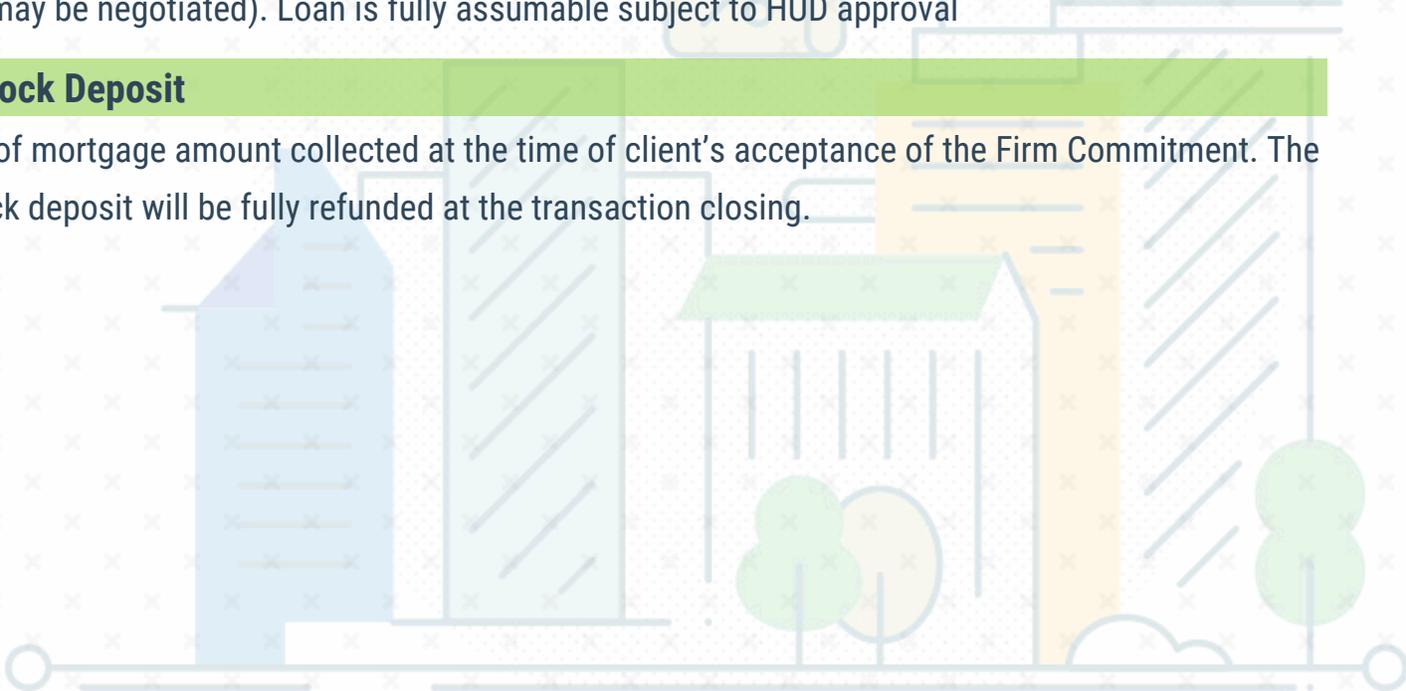
Up to a **35-year** fixed rate, or **75%** of the remaining economic life (fully amortizing loan).

Prepayment and Assumption

2-year lockout followed by **8 years** of declining pre-pay of **8%, 7%, 6%, 5%, 4%, 3%, 2%, and 1%** (other terms may be negotiated). Loan is fully assumable subject to HUD approval

Rate Lock Deposit

0.50% of mortgage amount collected at the time of client's acceptance of the Firm Commitment. The rate lock deposit will be fully refunded at the transaction closing.



Third Party Reports

Market Study, Appraisal, Phase I Environmental Assessment, Phase II Environmental (if necessary)

Mortgage Insurance Premium

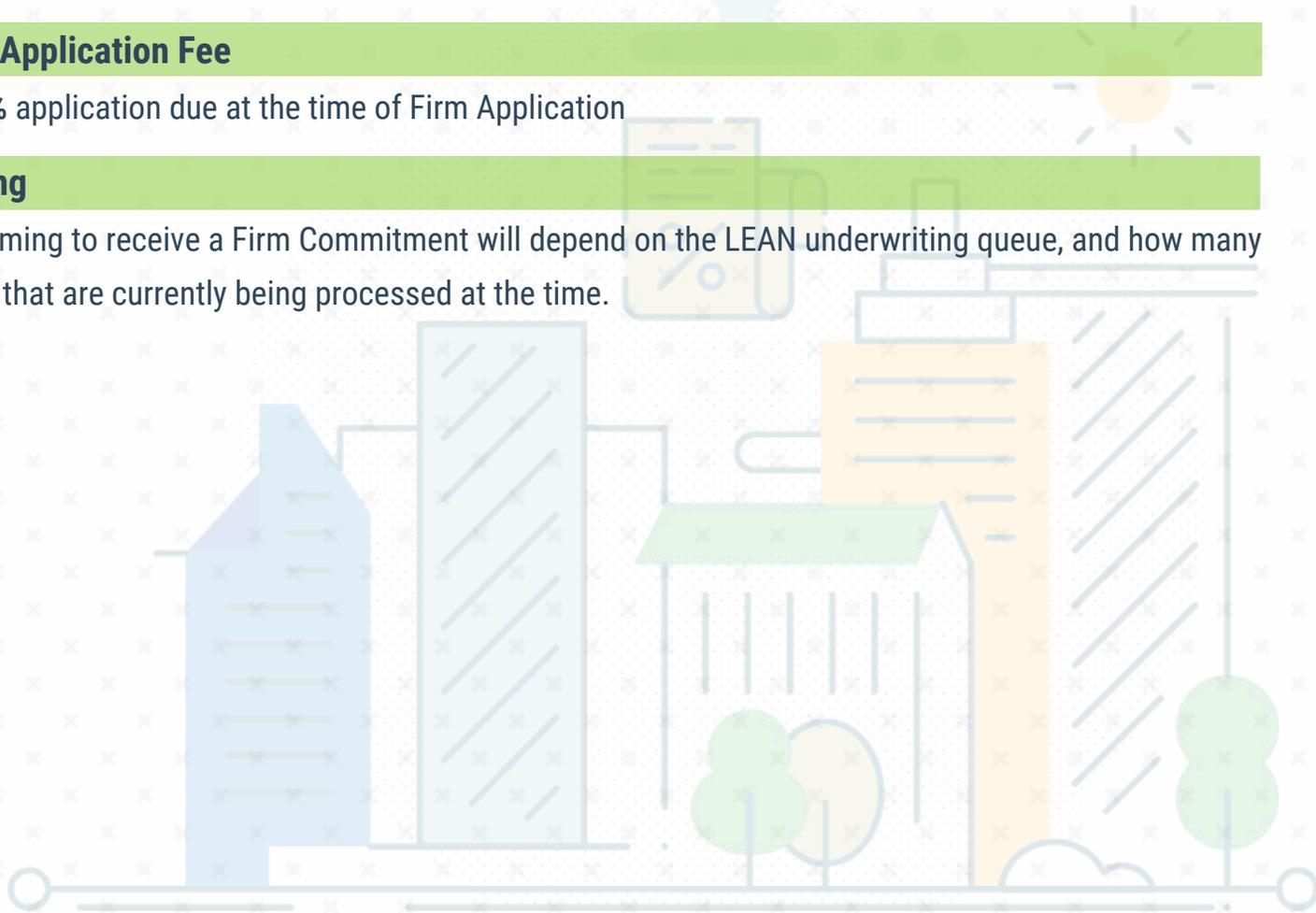
1% of the loan amount due at closing, and **0.65%** on the remaining balance each year after the remaining term. **0.45%** for facilities with LIHTC

HUD Application Fee

0.30% application due at the time of Firm Application

Timing

The timing to receive a Firm Commitment will depend on the LEAN underwriting queue, and how many deals that are currently being processed at the time.



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Contact us today for a free phone consultation: 216.645.9816