



Healthcare Facilities / Senior Housing
FHA Section 232 - LEAN Program

Program Highlights:

Financing to construct, renovate, purchase or refinance residential care facilities.

- Fixed Interest Rate
- Fully Amortizing
- Non-Recourse
- Assumable Permanent Financing

Program Terms:

Eligible Properties: Nursing homes, intermediate care, assisted living or existing board and care facilities; collectively referred to as "residential care facilities."

Mortgage Amount, Term & MIP:

New Construction or Substantial Rehabilitation:

Mortgage amount up to 85% of cost depending on product type and ownership structure with a mortgage term of 40 years, fully amortizing. Mortgage Insurance Premium equal to 0.77% of loan amount for the first year and 0.77% of the outstanding principal balance calculated annually thereafter

Purchase or Refinance:

Mortgage amount up to 85% of value depending on product type and ownership structure; with an amortization equal to 35 years or 75% of the remaining economic useful life, fully amortizing. Mortgage Insurance Premium equal to 1.0% of loan amount for the first year and 0.65% of the outstanding principal balance calculated annually thereafter

Personal Liability: FHA loan is non-recourse with standard carve outs

Assumable: Yes, subject to FHA approval

Fees and Expenses 0.3% application fee due at application. Financing and permanent placement fees of up to 3.5% are based on final loan amount, due upon commitment and payable at closing. HUD inspection fees vary based on program.

Other Requirements:

- Corporate surety bonds for payment & performance in the amount of 100% of the construction or rehabilitation cost. Alternately, a cash deposit or letter of credit in the amount of 15% of construction or rehabilitation cost is acceptable (25% for elevator buildings of 4 stories or more).
- Medicaid rates will be used to establish the income estimate for 67% of nursing home/intermediate care beds. Medicare rates will be used for 3% of the beds. This does not apply to board and care or assisted living facilities.