

New Construction or Substantial Rehabilitation of Healthcare/Seniors Housing Facilities

PURPOSE	New construction or substantial rehabilitation of Nursing homes, Assisted Living, Intermediate Care, and Board & Care facilities.
COMMERCIAL SPACE	Eligible for up to 10% total square footage and 15% EGI. Adult day care space is included in limitation.
SUBSTANTIAL REHABILITATION	Qualifies as sub-rehab by meeting the following criteria: a) the cost of repairs, replacements and improvements exceeds 15% of the as completed value; or b) two or more major building components are being substantially replaced.
BORROWER	Single asset, special purpose entity. Either for-profit or nonprofit.
MAXIMUM LOAN AMOUNT	The lesser of: a) 80% of stabilized value for Nursing Homes (75% for assisted living); b) 90% of replacement cost; and c) 1.45 DSCR. <i>* Non-profits can typically add 5% to stated percentages if they agree to the non-profit restrictions. ** Other than the above constraints, there are no minimum or maximum loan sizes.</i>
TERM & AMORTIZATION	Interest only during the construction period, plus 40 years fully amortizing.
INTEREST RATE	Fixed-rate, subject to market conditions at the time of rate lock.
MORTGAGE INSURANCE PREMIUM	1.0% payable at closing, 0.65% annually thereafter; 0.45% for qualifying LIHTC projects; and 0.25% for qualifying Green projects.
RECOURSE	Non-recourse during both construction and permanent phases of financing.
ASSUMABILITY	Fully assumable, subject to HUD approval.
PREPAYMENT	Negotiable. Best rates typically have a 1–2-year lockout with a declining prepayment penalty for the remainder of the first 10 years.
THIRD PARTY REPORTS	Market Study, Appraisal, Architectural and Costs Review and Environmental. Other reports as needed.
ESCROWS	Escrows for debt service, mortgage insurance premium, taxes, insurance, replacement reserves, working capital, operating deficit and minor moveables are required.
FEDERAL LABOR STANDARDS	Davis-Bacon prevailing wages and reporting requirements.
ASSURANCE OF COMPLETION	Payment and performance bond or cash deposit/letter of credit.
HUD APPLICATION FEE	\$3 per \$1,000 of requested loan amount.
HUD INSPECTION FEE	\$5 per \$1,000 of requested loan amount for new construction; or \$5 per \$1,000 of improvement costs for substantial rehabilitation.

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