

FHA SECTION 232 LEAN PROGRAM




New construction and substantial rehabilitation of Assisted Living and Skilled Nursing facilities nationally

Eligible Properties	Skilled nursing facilities, assisted living and board and care facilities. Must have license. Independent Living Units are allowed up to 25% of total beds/units.
Use of Proceeds	New Construction or Substantial Rehabilitation of existing facility. No cash out allowed.
Borrower Types	Profit Motivated and Non-Profit. Must be a single-asset entity.
Maximum Loan Amount	<ul style="list-style-type: none"> Skilled Nursing Facilities: 80% for For-Profit borrowers, 85% for Non-Profit Assisted Living Facilities: 75% for For-Profit borrowers, 80% for Non-Profit 90% of Replacement Cost
Debt Service Coverage	1.45x for all borrowers on all types of properties. Non-profit entity must establish residual receipts escrow.
Interest Rate	Fixed rate set at rate lock
Maximum Term/Amortization	40 years or 75% of remaining useful life
Guaranty	Non-recourse permanent loan
Eligibility	<ul style="list-style-type: none"> New Construction: Project and construction elements are installed as part of the construction contract and no work has been done prior to the issuance of the HUD Firm Commitment. Substantial Rehabilitation: A project qualifies as a substantial rehabilitation project when: <ol style="list-style-type: none"> The hard costs of repairs, replacements and improvements (not including major movable equipment) exceeds 15% of the project's value after completion of all repairs, replacements and improvements. <p>Or</p> <ol style="list-style-type: none"> Two or more major building components are being substantially replaced. The component must be significant to the building and its use, normally expected to last the useful life of the structure and not minor or cosmetic. Davis-Bacon Wage Rates apply.
Assumable	Yes, with FHA approval.
Prepayment	Prepayment terms are negotiable.
Required Escrows	Monthly escrows for property insurance, real estate taxes, reserves for replacement and mortgage insurance premiums

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<p>Fees & Expenses</p>	<p>Borrower is responsible for all due diligence fees. Those fees typically include a market study, property condition report (sub-rehab), energy audits, accessibility audits, environmental reports and appraisal. These fees and other closing costs may be included in the loan amount.</p>
<p>Timing</p>	<p>Under the LEAN process this transaction can typically be completed in 8 to 12 months. Actual processing times vary depending on the complexity of the project and information available from the borrower.</p>

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