

# HUD PROGRAM 232

## NEW CONSTRUCTION OR SUBSTANTIAL REHABILITATION

Nursing Homes, Assisted Living Facilities, Intermediate Care Facilities, Board & Care Homes

<b>RECURSE</b>	Fully non-recourse during both construction and permanent phases of financing.	<b>ELIGIBLE PROPERTIES</b> <ul style="list-style-type: none"> <li>New construction or substantial rehabilitation of Nursing Homes, ALFs, Intermediate Care Facilities, Board and Care Homes.</li> </ul> <b>BORROWER</b> <ul style="list-style-type: none"> <li>Single asset and single purpose entity, either for-profit or non-profit</li> </ul>
<b>LOAN AMOUNT</b>	No limits	
<b>MAXIMUM MORTGAGE LIMITS</b>	The lesser of: (a) 80% LTV (b) 90% of replacement costs plus land / "as is" value (c) 1.45 DSCR	
<b>FOR ALFS</b>	75% of value, including major movable equipment, 1.45 DSCR	
<b>AMORTIZATION &amp; TERM</b>	Interest only during construction period, plus 40 years fully amortizing	
<b>FHA EXAM FEE</b>	\$3 per thousand of requested loan amount	
<b>MORTGAGE INSURANCE PREMIUM</b>	0.90% - 1.54% payable at closing, 0.45% - 0.77% annually; Affordable vs. Market Rate	
<b>ESCROWS</b>	Escrows for taxes, insurance, replacement reserves & mortgage insurance premium are required	
<b>FEDERAL LABOR STANDARDS</b>	Federal prevailing wage & reporting requirements	
<b>ASSURANCE OF COMPLETION</b>	Payment & performance bond or cash deposit/LOC	
<b>SECONDARY FINANCING</b>	Permitted under certain conditions at closing	
<b>COMMERCIAL SPACE</b>	Permitted up to 10% of GFA and 15% of Gross Income	
<b>THIRD PARTY EXPENSE DEPOSIT</b>	Estimated to be \$35,000 for market study, appraisal, architectural and costs review and environmental reports	
<b>LEGAL/CLOSING COSTS</b>	Estimated to be \$25,000 payable to BWE's closing counsel at initial endorsement	
<b>PROFESSIONAL LIABILITY INSURANCE</b>	Minimum \$1,000,000/\$3,000,000 coverage for operators/managers	
<b>WORKING CAPITAL</b>	Required. Amount to be determined during underwriting	
<b>INITIAL OPERATING DEFICIT</b>	Cash or LOC. Amount to be determined during underwriting	
<b>HUD REVIEW TIME</b>	Typically 45 days Pre-application; 45-60 days Firm Application	