

HUD Section 232/223(a)(7)

Expedited Refinancing for Healthcare and Seniors Housing

This program provides expedited refinancing for currently insured HUD loans while lowering the existing interest rate. The debt is non-recourse, fully amortizing and fixed for the life of the loan.

ELIGIBLE PROPERTIES

- Seniors Housing and Healthcare projects currently encumbered by HUD-insured mortgages.

MAXIMUM LOAN

- Lower of:
 - 1) The unpaid principal balance on the existing HUD-insured loan, prepayment penalties, required repairs, and other eligible loan transaction costs;
 - 2) The loan amount supported based on minimum required debt service coverage of 1.11x, and
 - 3) The original loan amount of the existing HUD-insured loan.

TERM/AMORTIZATION

- The new loan is fully amortizing and generally provides for a term equal to the remaining term. If necessary to ensure the economic viability of the project, term extensions are available up to the lesser of:
 - 1) the original mortgage term,
 - 2) twelve (12) years beyond the existing maturity date, or
 - 3) 75% of the remaining useful life.

INTEREST RATE / PREPAYMENT

- Fixed for term of loan; locked at receipt of Firm Commitment; based on market conditions at time of rate lock. 0.50% Rate Lock Deposit required but credited at closing.
- Prepayment of loan permissible but based on lockout and penalty provisions associated with rate lock for 10 years of call protection (can be a combination of lockout and/or penalty).

MORTGAGE INSURANCE PREMIUM (MIP)

- HUD requires an upfront MIP payment and ongoing annual MIP payments. Upfront MIP is 0.50% of the Loan Amount and the ongoing annual MIP is 0.55% of the outstanding principal balance. Lower levels available for properties that meet affordable and/or green eligibility requirements.

RECOURSE

- Non-Recourse with standard carve-outs for Key Principals

ASSUMPTION

- Fully assumable subject to HUD approval

ESCROWS

- Monthly for Real Estate Taxes, Insurance, and Replacement Reserves



THIRD PARTY REPORTS

- A Property Capital Needs Assessment (PCNA) may be required if:
 - 1) a term extension is requested,
 - 2) 10 years has elapsed since the Project's last PCNA, or
 - 3) the borrower and/or Forbright Bank determines a new report is required.

REPAIRS

- PCNA-identified and owner-elective repairs/improvements may be included in the Loan Amount; the Borrower must escrow, in cash, a contingency of 10% of the repair/improvements, to be released upon completion. Repairs identified as "critical" in the PCNA will need to be completed prior to closing.

LENDER FEES

- Forbright charges a Financing Fee as a percentage of the Loan Amount and fees associated with the cost of Lender's legal counsel.

APPLICATION FEE

- HUD requires an Application Fee of 0.15% be submitted with the submission of the Firm Application

For more information please contact:

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HUD Section 232/223(f) – Acquisition and Refinancing of Healthcare and Seniors