

Program Overview:	Construction-to-permanent financing for ground-up development or substantial rehabilitation of licensed healthcare properties. Converts to a fully amortizing permanent loan upon construction completion.
Eligible Properties:	Licensed Nursing Homes, Assisted Living, Intermediate Care, and Board and Care
Eligibility Requirements:	Current state license required; three meals/day offered; non-resident day care $\leq 20\%$ of gross area/income; non-licensed independent living units $\leq 25\%$ of total units.
Use of Proceeds:	New construction or substantial rehabilitation (scope $\geq 15\%$ of post-rehab appraised value, or replacement of 2+ major building systems). Additions excluded from eligibility test.
Borrower:	For-Profit or Non-Profit single asset borrower entity
Recourse:	Non-recourse
Loan Term & Amortization:	Construction period plus 40 years, fully amortizing. Interest only during construction.
Interest Rate:	Determined by market conditions and fixed for the full term of the loan
Commercial Space:	Limited to 10% of gross floor area and 15% of gross income
Labor Requirements:	Davis-Bacon prevailing wages required
Loan Parameters:	Loan Sizing (lesser of): New Construction: 80% of stabilized value (85% NP) for skilled nursing/independent living; 75% (80% NP) for assisted living 90% of FHA-allowable replacement cost (95% for non-profits) - Amount supporting a 1.40x minimum DSCR on underwritten NOI - If owned: 100% of hard & soft costs + lesser of existing debt or 90% of value (95% NP); if acquisition: 90% of hard & soft costs 100% of FHA-allowable costs net of grants, public loans, and tax credits Substantial Rehabilitation: 80% of stabilized value (85% NP) for skilled nursing/independent living; 75% (80% NP) for assisted living 90% of FHA-allowable replacement cost (95% for non-profits) - Amount supporting a 1.45x minimum DSCR on underwritten NOI - If owned: 100% of hard & soft costs + lesser of existing debt or 90% of value; if acquisition: 90% of hard & soft costs 100% of FHA-allowable costs net of grants, public loans, and tax credits
Prepayment & Assumption:	Negotiable; typically 10-year call protection (lockout and/or step-down). Fully assumable subject to HUD approval.
HUD Application Fee:	0.3% of loan amount due at Firm Application submission
HUD Inspection Fee:	0.50% of mortgage (new construction) or 0.50% of total improvements (rehabilitation)
Mortgage Insurance Premium:	0.77% of loan amount per construction year, due at closing
Escrows & Reserves:	Replacement reserves per HUD guidelines; monthly tax and insurance (post-construction); Working Capital Reserve 2% of loan (cash or LOC); Operating Deficit Reserve per HUD; 12-month Debt Service Reserve for non-licensed IL units
3rd Party Reports:	Appraisal, Market Study, Phase I Environmental, and Plans & Specifications Review