

Construction or Substantial Rehabilitation of Healthcare Properties

FHA/HUD Section 232 LEAN

Eligible Facilities

- Licensed nursing homes, assisted living, board & care
- State-licensed; three meals daily; max 20% non-resident day care
- Up to 25% independent living units
- Minimum 3 years since last CO

Loan Purpose

- Finance new builds or major rehab ($\geq 15\%$ of post-rehab value)

Loan Structure

- Term: Construction period + 40 yrs amortizing
- Interest: Fixed at rate-lock market levels (1% deposit refunded at close)
- Recourse: Non-recourse; single-asset SPV

Loan Amount

- New: $\leq 80\%$ stabilized value (85% nonprofits) for skilled/IL; 75% for AL.
- Rehab: $\geq 15\%$ of appraised value; similar LTV bands apply.
- DSCR: $\geq 1.40\times$ for new; $\geq 1.45\times$ for rehab

Escrows & Reserves

- Taxes/insurance escrowed monthly
- Replacement reserve per HUD guidelines
- 2% working capital reserve; 12-mo DS reserve for IL units
- Offsite escrows, minor movables as required

Fees & Timing

- HUD Application Fee: 30 bps at application
- MIP: 1.0% at close, 0.65% ongoing
- Inspection Fee: 0.50% of construction/improvement
- Due diligence (appraisal, Phase I, PNA) required
- Typical cycle: 8–12 months