

# FHA Mortgage Insurance Programs

## Section 232 Pursuant to Section 223(f)

### *Refinance/Acquisition Skilled Care, Assisted Living, Board & Care Facilities, Specialized Use Facilities*

<b>Purpose:</b>	Provides mortgage insurance for the refinance or purchase of existing nursing homes, intermediate care facilities, board and care homes, assisted living facilities and specialized use facilities (collectively, "Residential Care Facilities"). Facilities currently financed with FHA insured mortgages are eligible for streamlined refinancing through FHA's Section 223(a) (7) programs.
<b>Eligible Borrowers:</b>	Profit motivated, non-profit and public owners are eligible.
<b>Maximum Term:</b>	35 years (fully amortizing) or 75% of the estimated remaining economic life, whichever is less, with a minimum term of 10 years.
<b>Maximum Loan:</b>	<b>Refinancing:</b> The lesser of: <ol style="list-style-type: none"><li>1. 85% of fair market value (90% for non-profits)</li><li>2. Amount of debt serviced by 85% of NOI (90% for non-profits)</li><li>3. 100% of FHA approved transaction costs (no equity take-out)</li><li>4. 100% of mortgagable costs less grants, public loans, and tax credits</li></ol> <b>Acquisition:</b> The lesser of: <ol style="list-style-type: none"><li>1. 85% of fair market value (90% for non-profits)</li><li>2. Amount of debt serviced by 85% of NOI (90% for non-profits)</li><li>3. 85% of FHA approved acquisition costs (90% for non-profits)</li><li>4. 100% of mortgagable costs less grants, public loans, and tax credits</li></ol>
<b>Interest Rate:</b>	Subject to market conditions
<b>Timing:</b>	Under LEAN, an application for mortgage insurance can be processed by FHA and the loan closed in 30 days or less from submission of a complete package to FHA. Lender underwriting and preparation of an application will take approximately 6 to 8 weeks.
<b>NOI &amp; Value Calculation:</b>	In determining underwritten NOI, market-based management fees are included for debt service and loan-to-value sizing tests.
<b>Personal Liability:</b>	None. The FHA insured loan is non-recourse and assumable.
<b>Prepayment:</b>	Typically closed for 3 years then open to prepayment at 107% in year 4, declining 1% per year. (Other variations are possible based on market conditions and borrower preferences)
<b>FHA Application Fees:</b>	0.3% of the loan amount.
<b>Mortgage Insurance Premium:</b>	FHA resets on a yearly basis the annual MIP which historically has been 50 basis points per year. Once set, the MIP does not vary for the life of the loan. The first year MIP for refinances is set at 1%.
<b>Secondary Financing:</b>	Permitted in the form of a surplus cash note, combined loan to value cannot exceed 92.5% unless secondary financing is from a governmental source.
<b>Repairs/Improvements:</b>	Funds for repairs, deferred maintenance and capital improvements for generally up to 15% of value can be included in the loan amount, subject to the maximum loan limitations.
<b>Funding:</b>	Qualifies for Ginnie Mae guaranteed mortgage backed securities, direct placement or may be used to credit enhanced tax-exempt bonds.
<b>Territory:</b>	Nationwide

**The Program has the  
Following additional  
Parameters:**

- The FHA Section 232 pursuant to 223(f) mortgage insurance program is the most attractive credit enhancement program available for taxable and tax exempt acquisition financing or refinance residential facilities.
- An initial deposit to replacement reserves will be required at closing. The deposit can be capitalized in the mortgage loan.
- Independent living units can comprise up to 25% of the total number of beds or units in a facility (operating deficit escrows and debt service reserves will be required).
- A specialized use facility is a licensed nursing home, intermediate care facility or board and care home for the care of a specific type of patient. This includes rehabilitation care centers, Alzheimer facilities, drug or alcohol rehabilitation centers, and psychiatric care facilities.
- Facilities financed under this program must be at least 3 years old.

**National Commercial Property Loans Inc. (NCPL)**  
Actively provides financing utilizing FHA insurance programs  
**Nationwide.**

For additional information visit: [Link to Information Webpage](#)

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