



ACUTE CARE HOSPITALS
NEW CONSTRUCTION OR SUBSTANTIAL
REHABILITATION
HUD SECTION 242

ELIGIBILITY

- ❖ Mortgagor entity may be either for-profit or not-for-profit.
- ❖ For acute care hospitals, no more than 50% of total inpatient days during any 1 year may be assignable to chronic convalescence and rest, drug and alcohol, epileptic, nervous and mental, mentally deficient and tuberculosis care.

REQUIREMENTS

- ❖ Subject to Davis-Bacon requirements. Audited project financial statements must be filed annually with CMI.

ESCROWS

- ❖ Full escrows for property taxes and all applicable insurance are funded at closing and must be maintained throughout the life of the loan.
- ❖ A Replacement Reserve account must be established at closing and is made immediately available for replacement of short-lived depreciable items.
- ❖ An Operating Deficit escrow will be required by HUD to cover operating losses until sustaining occupancy is reached and must be funded by with cash or a letter of credit.

FEATURES

- ❖ This is a non-recourse loan.
- ❖ Long loan term - up to 25 years, fully-amortizing.
- ❖ Low, fixed interest rates, fully amortizing.
- ❖ Loan-to-cost ratio up to 90% (includes major movable equipment).
- ❖ Loan-to-value ratio for rehabilitation and refinance up to 90%, with a minimum of 20% (10% equipment) of the mortgage amount attributable to rehabilitation.
- ❖ Most affirmative and negative loan covenants typically found in conventional loan agreements are eliminated.
- ❖ Converts to permanent financing upon completion at no extra cost.
- ❖ Fully assumable, subject to HUD and CMI approval.
- ❖ Can be used as a credit enhancement for tax exempt bonds.

For Additional Information Contact:

www.centennialmortgage.com

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