

**NURSING HOME, ASSISTED LIVING & BOARD
AND CARE FACILITIES**

REFINANCE OR ACQUISITION

HUD SECTION 232/223(f) LEAN



ELIGIBILITY

- ❖ Property must be at least 3 years old.
- ❖ Mortgagor entity may be either for-profit or not-for-profit.
- ❖ Property must meet State eligibility requirements with regard to licensing and operating standards.
- ❖ For assisted living/board and care facilities, independent living units may not exceed 25% of the total number of residents.
- ❖ No founder's fees, life care fees or similar charges are permitted.

REQUIREMENTS

- ❖ Critical repairs must be completed prior to closing.
- ❖ Non-critical repairs must be completed within 12 months of closing.
- ❖ Deposit Account Control Agreement will be required.

ESCROWS

- ❖ Full escrows for property taxes, all applicable insurance and any special assessments are funded at closing.
- ❖ A Replacement Reserve account must be established at closing.

- ❖ If the loan includes repairs or capital improvements to be completed after closing, an additional 20% repair escrow must be funded with cash or a letter of credit.

FEATURES

- ❖ This is a non-recourse loan.
- ❖ Fully assumable subject to CMI and HUD approval.
- ❖ Long loan term - up to 35 years, self-amortizing.
- ❖ Market-driven, no low-income tenancy requirements.
- ❖ Low fixed interest rates, fully amortizing.
- ❖ Loan-to-value ratio – Assisted Living Facility (ALF) up to 75% for a for-profit enterprise inclusive of major moveable equipment, (80% for a not-for-profit). Skilled Nursing Facility (SNF) up to 80% for-profit enterprise inclusive of major moveable equipment (85% for not-for-profit)
- ❖ Renovations and improvements of up to 15% of value may be included in mortgage.
- ❖ Most negative loan covenants typically found in conventional loan agreements are eliminated.
- ❖ Debt Service Coverage of 1.25 to 1.45.

For Additional Information Contact:

www.centennialmortgage.com

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