



FHA® 232/223(f): HEALTHCARE REFINANCE, ACQUISITION OR MOD REHAB

Arbor provides FHA-insured, long-term, fixed-rate financing for refinance, acquisition or moderate renovation of assisted living and nursing facilities nationwide. Arbor uses the single-stage LEAN program to expedite underwriting and approval.

LOAN TERM AND AMORTIZATION	A maximum term of 35 years or 75% of the remaining economic life, fully amortizing
MAXIMUM LOAN	Determined by the lowest of: <ol style="list-style-type: none"> 1. 100% of refi transaction costs 2. Maximum LTV: <ul style="list-style-type: none"> • SNF/ILU: 80% (for profit), 85% (nonprofit) • Mod rehab ALF/MC: 80% (for profit), 85% (nonprofit) 3. DSCR: 1.45x
FIXED RATE	Yes
ELIGIBLE PROPERTIES	The facility must have been completed or substantially rehabilitated at least three years prior to the date of the application; projects with additions completed fewer than three years prior to HUD application submission are eligible if the additional square footage and number of beds were less than the original project s.f. and bed count
INELIGIBLE PROPERTIES	Life-care-fee CCRC; LTAC (long-term acute care), adult day or currently in bankruptcy
ELIGIBLE BORROWER	Single asset entity (for profit or nonprofit); three years' ownership experience
INELIGIBLE BORROWER	Owner, operator or any affiliates currently in bankruptcy, or filed/emerged from bankruptcy within prior five years
EXPERIENCE	Owners, operators/management agents must demonstrate a successful track record commensurate with properties of similar type, size and complexity; an owner-operator must have at least three years' ownership and operating experience; SNF administrators must also have three years of experience
CASH OUT	Not allowed; however, may refinance prior cash-out loan, subject to varying debt seasoning requirements (0 – 2 years seasoning)
TAX AND INSURANCE ESCROWS	Monthly deposits required
RECOURSE	Nonrecourse
COMMERCIAL SPACE	Maximum 20% of gross floor area and maximum 20% of effective gross income
REQUIRED REPORTS	Appraisal, Property Capital Needs Assessment (PCNA) and Phase I Environmental
PREPAYMENT	Typically 10% year one, declining 1% per year; other prepayment options available subject to market conditions



ASSUMABLE	Subject to Arbor and HUD approval and payment of assumption fee
GOOD FAITH DEPOSIT	Based on property type and loan size
EXPENSE ESCROW	Yes – sufficient to cover Arbor’s expenses and third-party report costs
ORIGINATION FEE	Negotiable
HUD APPLICATION FEE	Nonrefundable fee of \$3 per \$1,000 (0.3%) of the mortgage amount due to HUD with the firm commitment submission package
HUD INSPECTION FEE	\$30 per unit when repairs are less than \$3,000 per unit; 1% of the cost of the repairs otherwise
LEGAL/CLOSING FEE	Borrower pays Arbor’s counsel fee and miscellaneous closing costs
REHABILITATION QUALIFICATIONS	Repairs not exceeding 5% of appraised value, or replacement of one major building system
DAVIS BACON	Not applicable to this program
HUD MORTGAGE INSURANCE PREMIUM (MIP)	1% MIP upfront at closing. Annual MIP <ul style="list-style-type: none">• 0.65% for market rate properties• 0.45% for affordable properties