

Rockhall Funding Corp.

Acquisition or Rate and Term Refinance of Skilled Care, Assisted Living, Nursing, and Board & Care Facilities FHA Insurance Program Section 232/223(f)

FHA 232 is the only 35-year, fixed rate, level amortization, 85% LTV, non-recourse health care facility finance program in existence.

Purpose:	Provides mortgage insurance for the construction or the rehabilitation of skilled nursing, intermediate care, board and care, and assisted living facilities. Independent living units comprising less than 25% of the total number of beds or units in a facility are allowed.
Eligible Borrowers:	For profit, not-for-profit, public, and private owners are eligible, as well as for-profit developers leasing long term to for-profit operating groups.
Maximum Term:	35 years or 75% of remaining economic life
Maximum Loan:	Refinancing: The lesser of: <ol style="list-style-type: none">1. 85% of fair market value (90% for non-profits)2. Amount of debt serviced by 85% of NOI (90% for non-profits)3. 100% of FHA approved transaction costs (no equity take-out)4. 100% of mortgagable costs less grants, public loans, and tax credits Acquisition: The lesser of: <ol style="list-style-type: none">1. 85% of fair market value (90% for non-profits)2. Amount of debt serviced by 85% of NOI (90% for non-profits)3. 85% of FHA approved acquisition costs (90% for non-profits)4. 100% of mortgagable costs less grants, public loans, and tax credits
Risk-Based Maximum:	FHA has established risk thresholds that cannot be exceeded unless a project has very strong underwriting attributes.
Loan Amounts:	These risk thresholds are 75% loan-to-value (new construction assisted living), 80% loan-to-value (new construction skilled nursing), and 1.45x debt service coverage (all projects). Strong non-profit sponsors are eligible for a 5% increase to the LTV risk threshold. Maximum loan-to-cost remains at 90% (95% for non-profits).
NOI Calculation:	Management fees are not included in determining underwritten NOI; however, a proprietary income amount (10% to 25%) is deducted to arrive at an underwritten NOI for debt service and LTV sizing.

Personal Liability:	Non-recourse for monetary default
Prepayment:	Typically closed for two years ten prepayable year three at 108% declining 1% per year. Shorter lock-outs are obtainable at a higher interest rate.
FHA Application Fee:	0.3% of final loan amount
FHA Mortgage Insurance:	1% at closing and 0.50% of declining loan amount annually
Secondary Financing:	Permitted in form of cash surplus note or stock pledge note if properly structured
FHA Application Fee:	0.30% of the loan amount due at application
FHA Inspection Fees:	\$30 per bed due at closing
Interest Rate:	Subject to market conditions, fixed at closing

Rockhall Funding Correspondents:

Ralph Daruns
 Phone: (972) 741-7606
daruns@rockhallfunding.com
 4943 Stony Ford Drive
 Dallas, TX 75287-7236

Kathryn Thompson
 Phone: (214) 662-9012
kthompson@rockhallfunding.com
 10455 North Central Expressway, Suite 109-332
 Dallas, TX 75231

Rockhall correspondents are commercial mortgage finance experts who fully understand the processing requirements of this FHA program. You will not have a higher fee or higher rate if you go through a Rockhall correspondent. Rockhall pays the correspondent. The correspondent will work with you to assemble necessary transaction documentation and ensure that your deal is processed as quickly as possible with the best terms for you. Although you aren't required to work through one of our correspondents we recommend you do.

Rockhall Funding Corp.
 350 Jericho Turnpike
 Jericho NY, 11753
 Phone: 347-901-4424
 Fax :516-932-4500
www.rockhallfunding.com