



# ROCKHALL FUNDING

People Backed Lending

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

<b>Purpose:</b>	Provides mortgage insurance for the acquisition, refinance and moderate 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.
<b>Eligible Borrowers:</b>	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.
<b>Maximum Term:</b>	35 years or 75% of remaining economic life
<b>Maximum Loan to Value:</b>	Skilled nursing facilities and existing assisted living facilities (including those with some independent living units) allow a maximum LTV of 80% (for profit sponsors) and 85% (nonprofit sponsors).  New assisted living facilities allow a maximum LTV of 75% (for profit sponsors) and 80% (nonprofit sponsors).
<b>Debt Service Coverage:</b>	Amount of debt serviced by 69% of NOI (1.45 DSCR)
<b>Personal Liability:</b>	Non-recourse for monetary default
<b>Prepayment:</b>	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.
<b>FHA Mortgage Insurance:</b>	1% at closing and 0.50% annually for projects without low income housing tax credits and 0.45% for projects with low income housing tax credits.
<b>Secondary Financing:</b>	Permitted in form of cash surplus note or stock pledge note if properly structured
<b>FHA Application Fee:</b>	0.30% of the loan amount due at application
<b>FHA Inspection Fee:</b>	1. \$30 per unit where repairs/improvements are equal to or less than \$3,000 per underwritten bed. 2. 1% of total cost of repairs/improvements where the total cost is greater than \$3,000 per underwritten bed.

**Interest Rate:** Subject to market conditions, fixed at closing

**State Licensure:** All facilities must be licensed by the state or other governmental entity that has oversight responsibilities.