

FHA LEAN Refinancing of Healthcare Facilities with Existing FHA-Insured Debt Section 232/223(a)(7)

Eligible Projects	Refinancing for projects that currently have HUD-insured debt.
Loan Parameters	<p>The maximum loan amount is the lesser of:</p> <ul style="list-style-type: none"> a) The original principal amount of the existing loan b) The unpaid principal balance of the existing loan plus funds requested for repair costs and related transaction costs c) Loan amount that achieves the minimum debt service coverage ratio of 1.11x (1.05x for non-profit borrowers) <p>An equity take out is prohibited under this Section of the National Housing Act.</p>
Term and Amortization	<p>The term of the new mortgage may not exceed the remaining term of the existing loan. The term may be extended up to 12 years beyond the term of the existing loan if required for project financial feasibility, but the term cannot exceed 35 years (40 years if the existing loan is a 232 loan).</p> <p>Loan will fully amortize over term.</p>
Prepayment	Negotiable. Typically two-year lockout with 8% penalty in the third year, reducing 1% each succeeding year.
Interest Rate	Fixed rate for the term of the loan
Interest Rate Set	After acceptance of FHA commitment and prior to closing
Assumable	Loan is assumable, subject to HUD approval and payment of an assumption fee and related transaction expenses.
Fees and Expenses	<ul style="list-style-type: none"> a) FHA Application Fee: 0.3% due at application. Half of the FHA application fee is refundable after closing. b) FHA Mortgage Insurance Premium at prevailing rates as determined by HUD. Unearned mortgage insurance premium on the existing loan is refunded to Borrower at closing. c) Financing and Permanent Placement Fees: Contact Greystone; paid at closing.
Third Party Reports	<p>An engineering report is required if funds are requested for repairs, or existing debt has amortized more than 10 years and an updated PCNA has not been submitted in the past 10 years.</p> <p>A new survey is required if there have been changes to the legal description, new easements filed against the property, additions have been made to the property, or copies of the most recent survey are not available.</p>
Processing and Timeline	LEAN administration estimates expedited review and closing times, but requires increased lender oversight including, in some cases, a site visit, third party reports and a complete new underwriting narrative. We anticipate approximately 75 to 90 days from Engagement Letter to closing under LEAN Processing.