

Section 232 Loan Types

Refinance/ Acquisition	
Section	232/223(f)
Description	This section allows for FHA-insured mortgages to be used to acquire aspects or to refinance non-HUD loans on the asset
Leverage Guidelines	Lesser of: <ul style="list-style-type: none"> • 80% • 1.4x DSCR • 100% of Net HUD Eligible Costs after Replacement for reserve on deposit and collateral reserves or escrow
Terms and Amortization	The maximum loan term is 35 years or 75% of the remaining economic life of the property, whichever is less
Resource	Non-resource
New Construction	
Section	232
Description	A Project qualifies as new Construction when all projects and construction elements are installed as part of the construction contract and no work been done prior to the issuance of the HUD firm commitment
Leverage Guidelines	Lesser of: <ul style="list-style-type: none"> • 90% of Total Estimated Replacement Cost • 80% of SNF and Existing ALF value, 75% of new ALF value • 1.4x DSCR
Terms and Amortization	The maximum loan term is 40 years or 75% of the remaining economic life of the property, whichever is less
Resource	Non-resource
Other	Davis Bacon prevailing wages

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Substantial Rehabilitation	
Section	232
Description	A Project qualifies as a substantial rehabilitation when the hard costs of repairs, replacements, and improvements exceeds 15% of the project's values after completion of all repairs, replacements, and improvements or when two or more building components are being substantially replaced
Leverage Guidelines	Lesser of: <ul style="list-style-type: none"> • 90% of Total Estimated Replacement Cost • 80% of SNF and Existing ALF value, 75% of new ALF value, 75% for new ALF • 1.4x DSCR • Lesser of (a) 100% of existing debt or (b) 90% of as-is value, plus development and construction costs
Terms and Amortization	The maximum loan term is 40 years or 75% of the remaining economic life of the property, whichever is less
Resource	Non-resource
Other	Davis Bacon prevailing wages
Supplemental Loan	
Section	232/241 (a)
Description	Supplemental Loans under section 241 (a) are permitted for existing FHA-insured loans to complete an addition, repairs, replacements, energy conservation measures and/or improvements
Leverage Guidelines	Lesser of: <ul style="list-style-type: none"> • 90% of Total Estimated Replacement Cost • 90% of the difference between the as proposed and as-is values • 1.4x DSCR after reducing the DSR on the 1st lien from EBITDAR • 90% of as-proposed market value less 100% of outstanding indebtedness

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Terms and Amortization	The loan term is limited to the term of the existing insured mortgage, unless otherwise approved by HUD
Resource	Non-resource
Other	Davis Bacon prevailing wages NOT required if following a 223(f)
HUD Refinance	
Section	232/223(a)(7)
Description	Streamlined refinance of an existing FHA-insured loan
Leverage Guidelines	<p>Lesser of:</p> <ul style="list-style-type: none"> • 100% of original principle amount of the existing mortgage • 100% of Net HUD Eligible Costs after Replacement for reserve on deposit
Terms and Amortization	In general, the term of the new refinanced loan will not exceed the remaining term of the existing loan. However, ORCF may approve a term extension if ORCF determines that the longer term will insure to the benefit of the FHA Fund
Resource	Non-resource