

Agency and Conventional Debt Financing Options for Senior Living (Assisted Living, Memory Care, and Skilled Nursing) Facilities
A Summary Comparison of Common Terms and Conditions

Program	FHA-Insured Loan Programs			Fannie Mae	Freddie Mac	Conventional
	232	232/223(f)	232/223(a)(7)	Seniors Housing	Seniors Housing	Seniors Housing
Use	New construction or substantial rehabilitation	Refinance or purchase	Refinance of properties with existing FHA-insured loans	Refinance or purchase of existing, stabilized, purpose-built Seniors Housing	Refinance or purchase of existing, stabilized, purpose-built Seniors Housing	Purchase, refinance, rehabilitation, and/or bridge to permanent agency financing
Max. Term / Amortization	40 years (plus a construction period) / 40 years	35 years / 35 years	May not exceed the remaining term of the original loan, though HUD may approve a term extension up to 12 years beyond the term of the existing loan	5 - 30 years / up to 30 years	5 - 10 years (up to 30 years for fixed-rate loans)	Varies, bridge products typically have terms of 6 to 36 months (with extensions available) / interest only on bridge loans with amortizations up to 30 years on permanent loans
Interest Rate	Fixed	Fixed	Fixed	Fixed- and variable-rate options available	Fixed- and variable-rate options available	Varies, but typically a spread to 30 day LIBOR or other benchmark rate
Loan-to-Value / Loan-to-Cost	80% / 90%	80% / 100%	N/A	75% (80% for fixed rate tax-exempt bond transactions)	60 - 75%	70 - 80%
Debt Service Coverage Ratio	1.45x	1.45x	1.45x	1.30x to 1.45x, depending upon acuity	1.30x to 1.65x	Varies, but typically between 1.20x and 1.65x
Prepayment	Negotiable and subject to market conditions, but typically a 10-year penalty structure with a penalty that declines 1% per year over the 10 years following closing	Negotiable and subject to market conditions, but typically a 10-year penalty structure with a penalty that declines 1% per year over the 10 years following closing	Negotiable and subject to market conditions, but typically a 10-year penalty structure with a penalty that declines 1% per year over the 10 years following closing	Voluntary prepayment upon payment of yield maintenance (for fixed-rate loans) and declining prepayment premium (for variable-rate loans)	Negotiable	Customized Yield Maintenance periods available depending upon borrower exit strategy
Mortgage Insurance Premium	0.77% of the outstanding loan amount (annually)	0.65% of the outstanding loan amount (annually) with a first year MIP that is equal to 1% of the loan amount due at closing	0.65% of the outstanding loan amount (annually) with a first year MIP that is equal to 1% of the loan amount due at closing	Varies	Varies	N/A
Replacement Reserves	Monthly reserves required for replacement and repairs	Monthly reserves required for replacement and repairs	Monthly reserves required for replacement and repairs	Monthly reserves required for replacement and repairs	Monthly reserves required for replacement and repairs	Typically not required
Assumability	Yes, subject to HUD and lender approval	Yes, subject to HUD and lender approval	Yes, subject to HUD and lender approval	Yes, subject to lender review and approval	Yes, subject to lender review and approval	Not assumable
Liability	None, fully non-recourse	None, fully non-recourse	None, fully non-recourse	Non-recourse execution is available with standard carve-outs for "bad acts" such as fraud and bankruptcy	Non-recourse execution is available with standard carve-outs for "bad acts" such as fraud and bankruptcy	Recourse, non-recourse, and partial recourse options available depending upon transaction profile
Audits	Quarterly and year-to-date operator-certified financial statements, as well as annual, audited financial statements, to lender and HUD	Quarterly and year-to-date operator-certified financial statements, as well as annual, audited financial statements, to lender and HUD	Quarterly and year-to-date operator-certified financial statements, as well as annual, audited financial statements, to lender and HUD	Annual, audited financial statements required	Annual, audited financial statements required	Varies