



## New construction and substantial rehabilitation loans for healthcare facilities

Updates regarding the FHA Section 232 for Healthcare Facilities play an important role in providing liquidity to the multifamily and healthcare communities. Both for-profit and non-profit borrowers needing to finance new construction or the rehabilitation of skilled nursing, memory care, and assisted living facilities may benefit. Here is a summary of the updates and requirements to help you weigh your options.

### FHA Section 232 Overview

- Fixed-rate interest rate subject to market conditions
- Terms and amortization up to 40 years, with interest-only during construction period
- Prepayment is negotiable
- Non-recourse
- Assumability, with lender and FHA approval
- Davis Bacon labor wages apply
- Borrower is responsible for legal fees, standard closing costs, third party reports and HUD inspection fee
- Minimum debt service coverage of 1.45x

### The mortgage loan limitations will be the lesser of:

- 90% of the estimated eligible replacement costs (95% for non-profits)
- 80% of the appraised value (85% for non-profits) for Skilled Nursing Facilities
- 75% of appraised value for Assisted Living and Memory Care Facilities (80% for non-profits)

### Fees and Expenses

- 0.3% of your loan amount will be payable to HUD when your application is submitted
- Monthly escrows for replacement reserves, taxes, insurance, and mortgage insurance premium

### Let's start the conversation.

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