OPPENHEIMER
MULTIFAMILY HOUSING &
HEALTHCARE FINANCE

HUD FINANCING: MULTIFAMILY

NEW CONSTRUCTION/SUBSTANTIAL REHABILITATION
SECTIONS 220, 221(d)(4), 221(d)(3) Not-for-Profit

The 221(d)(4) Program features: High leverage, fixed rate, long-term, self-amortizing, non-recourse, assumable, first lien mortgage debt for the **New Construction or Substantial Rehabilitation** of multifamily properties.

- Interest-Only Construction Period, rate locked for the construction and permanent loan prior to commencement of construction
- No post-construction loan-to-value test
- No lease-up requirements prior to commencement of amortization
- Financing under this program may be combined with governmental loans or grants
- FHA insurance combined with a Ginnie Mae security provides a "AAA" credit enhancement for bonds

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Loan Size:	No programmatic minimum or maximum loan size
Property Types:	Multifamily properties of 5 or more units; garden/mid-rise/high rise. Any geographic location is potentially acceptable. Family occupancy or properties targeted for senior citizens (without services)
LTV/LTC:	For Profit: Up to 83.30% of cost, including the "As Is" value of the land (as constrained by Federal Statutory Lending Limits and the Debt Service test)
	Not-for-Profit (affordable): Up to 95% of costs including the "As-Is" value of the land (as constrained by Federal Statutory Lending Limits and the Debt Service test)
Loan Term:	Up to 40 years plus the construction period
Amortization:	Construction period: Interest-Only
	Permanent period: Self-Amortizing
DSC:	For Profit: 1.20:1
	Not-For-Profit (affordable): 1.11:1

Interest Rate: Interest rate locked prior to construction for the full loan term. Ginnie Mae securities are priced daily and based upon the current market price

Prepayment: Negotiable with investor

Assumability: Fully assumable with HUD and lender's consent

Recourse: Non-recourse, except for standard carve-outs as required by HUD

Fees and Costs: **Third Party Reports:** Transactions financed under these programs typically require various borrower-paid third party reports such as: a market study, an appraisal, a PCNA, a seismic report (where applicable), and a Phase I Environmental Survey (as well as borrower-paid architectural, legal, and organizational costs)

HUD Fees: HUD Application Fee, HUD Inspection Fee, and a HUD mortgage insurance premium (initial and ongoing)

Lender Fees: The borrower will be responsible for lender legal fees and, for payment of negotiated origination and placement fees

Please note that some or all of these costs may be eligible for inclusion within the mortgage loan

Other:

- Commercial Space may be permitted
  - Commercial Space is limited to 10% of gross floor area
  - Commercial Income is limited to 15% of gross income
- The property will be required to submit an annual audit of operations to HUD and lender
- Surplus cash may be distributed two times per year
- Compliance with Davis Bacon wage rates are required for this program
  - http://www.gpo.gov/davisbacon/
- Full or partial compliance with ADA and UFAS requirements may be required
  ADA: http://www.hud.gov/offices/fheo/disabilities/accessibilityR.cfm

  UFAS: http://www.access-board.gov/ufas/ufas-html/ufas.htm
- A post-construction certification of actual costs will be required

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For More Information, contact Bill Tanker at 240.395.1366 or William.tanker@opco.com

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MULTIFAMILY HOUSING & HEALTHCARE FINANCE

HUD FINANCING: MULTIFAMILY

ACQUISITION/REFINANCE/MODERATE REHABILITATION SECTION 223(f)

The 223(f) program features: High leverage, fixed rate, long-term, self-amortizing, non-recourse, assumable, first lien mortgage debt for the **Acquisition or Refinance** of multifamily properties.

- At least three years must have expired since the property received its final certificate of occupancy
- Minor repairs (less than: $6,500/unit times the HUD high cost factor/cannot replace more than one building system/repairs cannot exceed 15% of the "as-improved" market value) may be included within a financing structure under this program
- FHA insurance combined with a Ginnie Mae security provides a "AAA" credit enhancement for bonds

Loan Size:	No programmatic minimum or maximum loan size
Property Types:	Multifamily properties of 5 or more units; garden/mid-rise/high rise. Any geographic location is potentially acceptable. Family occupancy or properties targeted for senior citizens (without services)
LTV/LTC:	**Refinance:** Up to the lesser of: (i) 83.3% of value; (ii) the greater of 100% of the cost to refinance or 80% of value; (iii) the statutory loan limitations; (iv) debt service limitations **Acquisition:** Up to the lesser of: (i) 83.3% of value; (ii) 83.3% of the acquisition price plus transaction costs; (iii) the statutory loan limitations; (iv) debt service limitations
Loan Term:	Up to 35 years
Amortization:	Same as the term of the loan
DSC:	For Profit: 1.20:1
Interest Rate:	The interest rate is locked prior to closing. Ginnie Mae securities are priced daily and based upon the current market price
Prepayment:	Negotiable with investor

Assumability: Fully assumable with HUD and lender's consent

Recourse: Non-recourse, except for standard carve-outs as required by HUD

Fees and Costs: **Third Party Reports:** Transactions financed under these programs typically require various borrower-paid third party reports such as: an appraisal, a PCNA, a seismic report (where applicable), and a Phase I Environmental Survey (as well as borrower-paid architectural, legal, and organizational costs)

HUD Fees: HUD Application Fee, and a HUD mortgage insurance premium (initial and ongoing)

Lender Fees: The borrower will be responsible for lender legal fees and, for payment of negotiated origination and placement fees

Please note that some or all of these costs may be eligible for inclusion within the mortgage loan

Other:

- Commercial Space may be permitted
  - Commercial Space is limited to 20% of gross floor area
  - Commercial Income is limited to 20% of gross income
- The property will be required to submit an annual audit of operations to HUD and lender
- Surplus cash may be distributed two times per year
- Compliance with Davis Bacon wage rates are not required for this program

OPPENHEIMER
MULTIFAMILY HOUSING &
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HUD FINANCING: MULTIFAMILY/HEALTHCARE

STREAMLINED REFINANCING OF EXISTING FHA-INSURED LOANS
SECTION 223(a)(7)

This program provides for a simplified, limited due diligence refinance for properties that are currently insured under an FHA-Mortgage Insurance program. The program is designed to lower a property's interest rate and strengthen its debt service coverage through mortgage refinance.

Loan Size: The loan size is limited to the lesser of: the original principal amount of the existing mortgage; or, the unpaid principal balance plus replacement reserve deposits, repairs/capital improvements (if required or applicable) plus financing fees and applicable transaction costs. The loan size may be additionally constrained by Federal Statutory Lending Limits and the Debt Service Test.

Property Types: Multifamily properties of 5 or more units currently insured with FHA mortgage insurance; garden/mid-rise/high rise. Senior/Healthcare: Properties currently insured with FHA mortgage insurance; seniors-only (without services), assisted living facilities, intermediate care facilities, board and care facilities, and skilled nursing facilities

LTV/LTC: Not Applicable

Loan Term: The term will remain the same as the remaining original term of the mortgage loan; however, HUD may extend the term up to an additional 12 years. The refinanced loan term cannot exceed the term of the original FHA-insured loan

Amortization: Same as the term of the loan

Interest Rate: The Interest rate is locked prior to closing. Ginnie Mae securities are priced daily and based upon the current market price

Prepayment: Negotiable with investor

Assumability: Fully assumable with HUD and lender's consent

Recourse: Non-recourse, except for standard carve-outs as required by HUD

Fees and Costs:

Third Party Reports: Transactions financed under this program typically **do not** require third party reports such as: a market study, an appraisal, or a seismic report (where applicable). However, a PCNA *will be required* for all multifamily refinance transactions; and, a PCNA *will be required* for healthcare transactions: (i) where the Applicant is seeking a term extension; or (ii) if a PCNA has not been prepared for the property for a period equal to - or exceeding – ten years. Please note that there may also be a requirement for a limited environmental review. A limited mortgage credit review will be performed. Additional reports, documentation, and reviews may be required on a field office by field office basis.

HUD Fees: HUD Application Fee, and a HUD mortgage insurance premium (initial and ongoing)

Lender Fees: The borrower will be responsible for lender legal fees and, for payment of negotiated origination and placement fees

Please note that some or all of these costs may be eligible for inclusion within the mortgage loan

Other:

- Commercial Space may be permitted
- The property will be required to submit an annual audit of operations to HUD and lender
- Surplus cash may be distributed two times per year

OPPENHEIMER
MULTIFAMILY HOUSING & HEALTHCARE FINANCE

HUD FINANCING: HEALTHCARE

NEW CONSTRUCTION/SUBSTANTIAL REHABILITATION
SECTION 232

The 232 Program features: High leverage, fixed rate, long-term, self-amortizing, non-recourse, assumable, first lien mortgage debt for the **New Construction or Substantial Rehabilitation** of intermediate care, board and care, residential care, skilled nursing facilities, and assisted living facilities.

- Interest-Only Construction Period, rate locked for the construction and permanent loan prior to commencement of construction
- Please note: If a state has a CON program, a CON must be obtained prior to filing for Pre-Application
- Financing under this program may be combined with governmental loans or grants
- FHA insurance combined with a Ginnie Mae security provides a "AAA" credit enhancement for bonds

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Loan Size:	No programmatic minimum or maximum loan size
Property Types:	Intermediate care, board and care, residential care, assisted living facilities, and skilled care nursing facilities that accommodate 20 or more residents (20 or more beds) who require skilled nursing care and related medical services, or residents who are in need of minimum but continuous care provided by licensed or trained personnel. Facilities must offer residents three meals a day under these program guidelines. Operating leases to qualified facility operators are permissible, subject to HUD approval. Major moveable equipment, day-care facilities, and fire safety equipment may be financed under the 232 Program. Intermediate care facilities, board and care facilities, and skilled nursing facilities must be licensed or regulated by an appropriate governmental entity. Any geographic location is potentially acceptable. **Financing under this program is not available for properties charging "up-front" or "founder's fees". New Resident assessment fees are permitted.**
LTV/LTC:	For Profit: Up to 80% of the appraised value (up to 75% for Assisted Living Facilities). Up to 90% LTC for skilled nursing and assisted living facilities. Not-for-Profit: Up to 85% of the appraised value (up to 80% for Assisted Living Facilities). Up to 90% LTC for skilled nursing and assisted living facilities.
Loan Term:	Up to 40 years plus the construction period
Amortization:	Construction period: Interest-Only Permanent period: Self-Amortizing
DSC:	**For Profit:** 1.45:1 **Not-For-Profit:** 1.45:1

Medicaid Rule: Medicaid rates, regardless of the composition of the project's actual or proposed occupancy, will be used to establish the income estimate of 67% of skilled nursing facility/intermediate care beds. Medicare rates will be used for no more than 3% of the beds. This rule does not apply to board and care or assisted living facilities.

Interest Rate: Interest rate locked prior to construction for the full loan term. Ginnie Mae securities are priced daily and based upon the current market price

Prepayment: Negotiable with investor

Assumability: Fully assumable with HUD and lender's consent

Recourse: Non-recourse, except for standard carve-outs as required by HUD

Fees and Costs: **Third Party Reports:** Transactions financed under these programs typically require various borrower-paid third party reports such as: a market feasibility study, an appraisal, an architectural review and cost analysis, a seismic report (where applicable), and a Phase I Environmental Survey (as well as borrower-paid architectural, legal, and other pre-development costs)

HUD Fees: HUD Application Fee, HUD Inspection Fee, and a HUD mortgage insurance premium (initial and ongoing)

Lender Fees: The borrower will be responsible for lender legal fees and, for payment of negotiated origination and placement fees

Please note that some or all of these costs may be eligible for inclusion within the mortgage loan

Other:

- Commercial Space may be permitted
  - Commercial Space is limited to 10% of gross floor area
  - Commercial Income is limited to 15% of gross income
  - Day Care space may also be permitted
    - Day Care space may not exceed 20% of the gross floor area of the facility, non-residential and day care income may not exceed 20% of gross income
- Independent living units may not exceed 25% of the total projected number of beds or units in any board and care project
- The property will be required to submit an annual audit of operations to HUD and lender
- Surplus cash may be distributed two times per year
- Compliance with Davis Bacon wage rates are required for this program
  http://www.gpo.gov/davisbacon/
- Full or partial compliance with ADA and UFAS requirements may be required
  ADA: http://www.hud.gov/offices/fheo/disabilities/accessibilityR.cfm
  UFAS: http://www.access-board.gov/ufas/ufas-html/ufas.htm
- A post - construction certification of actual costs will be required
- HUD requires that healthcare facilities maintain adequate liability insurance

HUD FINANCING: HEALTHCARE

Acquisition/Refinance
SECTION 232 Pursuant to 223(f)

The 232(f) Program features: High leverage, fixed rate, long-term, self-amortizing, non-recourse, assumable, first lien mortgage debt for the Acquisition or Refinance of assisted living, intermediate care, board and care, residential care, and skilled care nursing facilities.

- *No equity take-out is permitted under the regulations of this Program*
- Minor repairs (less than: $6,500/unit times the HUD high cost factor/cannot replace more than one building system/repairs cannot exceed 15% of the "as-improved" market value) may be included within a financing structure under this program
- Financing under this program may be combined with governmental loans or grants
- FHA insurance combined with a Ginnie Mae security provides a "AAA" credit enhancement for bonds

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Loan Size: No programmatic minimum or maximum loan size

Property Types: Intermediate care, board and care, residential care, assisted living facilities, and skilled care nursing facilities that accommodate 20 or more residents (20 or more beds) who require skilled nursing care and related medical services, or residents who are in need of minimum but continuous care provided by licensed or trained personnel. Facilities must offer residents three meals a day under these program guidelines. Operating leases to qualified facility operators are permissible, subject to HUD approval. Major moveable equipment, day-car facilities, and fire safety equipment may be financed under the 232 pursuant to 223(f) Program. Intermediate care facilities, board and care facilities, and skilled nursing facilities must be licensed or regulated by an appropriate governmental entity. Any geographic location is potentially acceptable. **Financing under this program is not available for properties charging "up-front" or "founder's fees". New Resident assessment fees are permitted.**

LTV/LTC: **Refinance Transactions:** Lesser of: 80% of the appraised value t (85% for non-profit mortgagors), debt service coverage at 1.45:1 or up to 100% of the sum of outstanding indebtedness plus transaction costs. **No Equity Take-Out Is Permitted**

Purchase Transactions: Lesser of: 80% of HUD appraised value (85% for non-profit mortgagors), 1.45:1 debt service coverage (1.45:1 for non-profit mortgagors), 80% of acquisition costs (85% for non-profit mortgagors)

Loan Term: Up to 35 years

Amortization: Same as the term of the loan

DSC: **For Profit:** 1.45:1

Not-For-Profit: 1.45:1

Interest Rate: Interest rate locked prior to closing; Ginnie Mae securities are priced daily and based upon the current market price

Prepayment: Negotiable with investor

Assumability: Fully assumable with HUD and lender's consent

Recourse: Non-recourse, except for standard carve-outs as required by HUD

Fees and Costs: **Third Party Reports:** Transactions financed under these programs typically require various borrower-paid third party reports such as: a market feasibility study, an appraisal, an engineering report, a seismic report (where applicable), and a Phase I Environmental Survey (as well as borrower-paid architectural, legal, and organizational costs)

HUD Fees: HUD Application Fee and a HUD mortgage insurance premium (initial and ongoing)

Lender Fees: The borrower will be responsible for lender legal fees and, for payment of negotiated origination and placement fees

Please note that some or all of these costs may be eligible for inclusion within the mortgage loan

Other:

- Commercial Space may be permitted
    - Commercial Space is limited to 20% of the gross floor area
    - Commercial Income is limited to 20% of gross income
    - Day Care space may also be permitted
        - Day Care space may not exceed 20% of the gross floor area of the facility, non-residential and day care income may not exceed 20% of gross income

- The property will be required to submit an annual audit of operations to HUD and lender
- Surplus cash may be distributed two times per year
- HUD requires that healthcare facilities maintain adequate liability insurance
- Full or partial compliance with ADA and UFAS requirements may be required
  ADA: http://www.hud.gov/offices/fheo/disabilities/accessibilityR.cfm

  UFAS: http://www.access-board.gov/ufas/ufas-html/ufas.htm

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