



FHA Section 232/223(a)(7)

Mortgage Insurance for Skilled Nursing, Assisted Living and Board and Care Facilities Refinance of Existing FHA Insured Loans

The 232/223(a)(7) Program is insured by the Federal Housing Administration (FHA) and provides skilled nursing, assisted living, memory care, and other residential care facilities access to affordable financing nationwide. This streamlined program allows borrowers with existing FHA-insured loans to lower the interest rate, fund project repairs and (in limited circumstances) extend the loan term.

- Eligible Borrowers:** All borrowers with existing FHA 232 mortgages may apply under this program.
- Loan Term:** FHA may approve a term of up to 12 years beyond the remaining term of the existing mortgage, not to exceed the original term.
- Loan Amount:** The lesser of:
- Original principal amount of existing insured mortgage loan
 - Unpaid principal amount of the existing insured mortgage loan plus loan closing charges, prepayment penalties associated with refinancing the mortgage loan, and costs of repairs
 - Debt service coverage at 1.11:1
- Interest Rate:** Subject to market conditions, the fixed interest rate is set at closing.
- Funding:** Qualifies for Ginnie Mae government guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt or taxable bonds.
- Timing:** This program is processed under FHA's LEAN guidelines which employ a standardized work product and aim for a consistent, timely result.
- Recourse:** FHA is non-recourse as to the mortgagor entity, but certain parties may be personally liable for losses arising from certain inappropriate acts and malfeasance.
- Fees:** FHA application fee, inspection fee, lenders fee and mortgage insurance premiums will be collected. Various third party reports may be required. All of these costs may be eligible for inclusion in the mortgage note and are reimbursable to client at closing.
- Other:**
- Replacement reserve balance must be transferred in full at closing.
 - Existing commercial space is permitted.
 - An annual audit of operations is required to be submitted to HUD and MH Finance.
 - Condensed list of application exhibits, far less than regular FHA application.
 - Appraisal, Phase I Environmental Site Assessment and Survey are NOT required in most instances. PCNA is required if one has not been completed within the past ten years or if seeking a term extension.

This is a general outline of the program requirements. For complete information and to determine how your property can benefit from this financing opportunity, please contact your MH Finance representative at info@MHFinanceLLC.com, or call (267) 629-6700.