



ARMSTRONG MORTGAGE COMPANY

SERVING THE REAL ESTATE INDUSTRY FOR OVER 40 YEARS

1225 Dublin Road
Columbus, Ohio 43215
Phone: (614) 481-8383
Fax: (614) 481-8833
info@armstrong-mortgage.com

FHA MORTGAGE INSURANCE PROGRAMS Section 232 Pursuant to Section 223(f) Refinance/Acquisition Skilled Nursing and Assisted Living Facilities *****

Armstrong Mortgage Company is an FHA-approved Mortgagee and MAP/LEAN lender and actively provides financing utilizing FHA insurance programs pursuant to Multifamily Accelerated Processing (MAP) and LEAN underwriting methods.

Program Purpose:	Provides mortgage insurance for the refinance or purchase of existing skilled nursing, assisted living facilities, intermediate care facilities and board and care homes. Independent living units are allowed as well but cannot exceed 25% of the total units of the project, unless a waiver is provided.
Eligible Borrowers:	Profit motivated, non-profit and public owners.
Maximum Term:	35 years or 75% of the estimated remaining economic life, whichever is less, with a minimum term of 10 years.
Standard Loan Amounts:	Refinancing: The lesser of: <ol style="list-style-type: none">1. 80% of fair market value (85% for non-profits).2. Amount that results in a debt service cover ratio of 1.45x based on the underwritten NOI.3. 100% of FHA's allowable transaction costs (no equity take-out).4. 100% of FHA's allowable costs less grants, public loans, and tax credits. Acquisition: The lesser of: <ol style="list-style-type: none">1. 80% of fair market value (85% for non-profits).2. Amount that results in a debt service cover ratio of 1.45x based on the underwritten NOI.3. 85% of FHA's allowable acquisition costs (90% for non-profits).4. 100% of FHA's allowable costs less tax credits, public loans and grants.
Interest Rate:	Subject to market conditions.
Personal Liability:	None. The FHA loan is non-recourse.
Assumable:	Yes, subject to HUD and Lender approval. Assumption fee of .05% of original loan applies.
Mortgage Insurance Premium:	First year MIP is 1.0% of loan amount and due at initial closing. Thereafter, the annual MIP is set at .65% of the outstanding loan amount (.45% for LIHTC deals).
FHA Application Fees:	0.3% of the loan amount (non-refundable), payable to HUD at submission of firm application.
Prepayment:	Locked for 2 years then open to prepayment at 108% in year 3, declining 1% per year. Other variations are possible based on market conditions and borrower preferences.
Funding:	Qualifies for Ginnie Mae guaranteed mortgage-backed securities, direct placement or may be used to credit-enhance tax-exempt bonds.
Repairs and Improvements:	Funds for repairs, maintenance and capital improvements up to 15% of value can be included in the loan amount, subject to the maximum loan limitations.

Replacement Reserves:

Annual deposits are based on the estimates determined by the Project Capital Needs Assessment. At closing an initial deposit to the replacement reserve will be required and can be funded by the mortgage.

Secondary Financing:

Permitted in the form of a surplus cash note. Combined loan to value cannot exceed 92.5% unless secondary financing is from a governmental source.

Timing:

Lender underwriting and preparation takes about 2 months. FHA approval is contingent upon processing workload at time of application submission.

The program has the following additional parameters:

- a. This mortgage insurance program is attractive for both taxable and tax-exempt acquisition financing or refinance of residential care facilities.
- b. Facilities financed under this program must be at least 3 years old.
- c. Existing debt to be refinanced must be at least two years old unless it was used for an eligible purpose such as refinancing of prior eligible indebtedness, arms-length acquisition, property improvements or operating losses.
- d. If an owner finances three or more properties or \$15 million or greater combined loan amounts, within an 18 month period, a Master Lease may be required.

For further information please contact:

**ARMSTRONG MORTGAGE COMPANY
Bradford C. Armstrong, CMB, President
bcarmstrong@armstrong-mortgage.com
1225 Dublin Road
Columbus, Ohio 43215
614.481.8383 ph.; 614.481.8833 fax**