

FHA 242 Hospital Funding - Critical Access Hospital - Acute Care Facilities

Hospital Facility Loan Program FHA Section 242 Mortgage Insurance Financing for Construction, Modernization, Upgrade or Expansion of Acute Care Hospitals For Hospitals with less than 20% rehab use FHA 242/223(f) Hospital Refinance Program

Summary:

Insured mortgages guaranteed by the Federal Housing Administration (FHA), in conjunction with the Department of Health and Human Services (HHS), provides hospitals access to affordable financing for capital needs. The program application process was modified to include Critical Access Hospitals in 1998. FHA insurance enables qualified acute care facilities to enhance creditworthiness due to backing by the full faith and credit of the United States Government.

Eligible Borrowers:

- Single Asset Entity
- For profit or non-profit owners

Terms: • Up to 25 Years plus construction or substantial rehabilitation period

Loan Benefits:

- Non-recourse construction and permanent financing.
- Credit enhancement of Tax-Exempt Housing Bonds providing AA rating

Eligible Properties:

- **Acute care facilities with proper licensing**
- **Critical access hospitals are allowed to use 25 beds in any mix of acute and skilled level care with an additional 10 each for psychiatry, and for acute rehabilitation (total 45 beds)**

Mortgage Interest Rates: • Fixed for the length of the mortgage

Mortgage Loan Limitations:

- 90% LTC (not to exceed 90% LTV)
- Maximum loan term of 25 years
- FHA application fees of 0.3% (0.15% paid at closing)
- Fixed annual insurance premium of 0.5% of remaining balance
- Debt coverage at 1.25 to 1.0
- No limit on insurable amount
- Monthly payments into a mortgage reserve fund equal to one year's debt service after five years' debt service after ten years, accessible for debt service after 15 years
- Lender commitment and placement fee determined by size and scope of project
- One-time FHA inspection fee of 0.5%

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