

FHA / HUD Express Lane

The introduction of HUD's Section 232/223(f) "Express Lane" offers a significant improvement to the timeline for healthcare refinancing and acquisition. The program grants queue priority to applications that meet high standards of financial stability, operational consistency, and regulatory compliance, thereby streamlining the process and reducing closing times for lower-risk facilities.

Eligibility Requirements

Loan-to-Value: The maximum LTV for the transaction is set at 70% to ensure a low-risk profile.

Debt Service Coverage Ratio: The facility must demonstrate strong cash flow with a minimum DSCR of 2.0x for any Skilled Nursing Facility (SNF) components and 1.6x for all other non-SNF components.

Quality of Care Ratings: The facility must have a minimum of a 2-Star overall rating and a minimum of a 2-Star health inspection rating on the Medicare.gov website.

Regulatory Compliance History: The facility must have a clean regulatory record, meaning no abuse/neglect flags or serious "G" level violations have occurred within the past 12 months.

Operator Experience: The current facility operator must have been in place and actively operating the subject property for a minimum of two years prior to the application submission.

FHA Program History: All controlling principals and entities must have a clean record with the FHA, showing no history of FHA insurance claims or defaults on FHA-insured loans.

Loan Size Limitation: Most regions have a maximum allowable mortgage of \$50 million, with the Greater New York City metro area as an exception at \$70 million.

Application Quality: The application package must be suitable for full underwriting immediately upon submission, with no pending legal, environmental, or previous participation issues that require resolution.