

## Acquisition and Refinancing of Healthcare Properties

### Eligible Properties

Licensed Nursing Homes, Assisted Living, Intermediate Care, and Board and Care.

- a) Must provide continuous protective oversight.
- b) Must offer three meals per day.
- c) Facility must be licensed by state.
- d) Non-resident day care not to exceed 20% of gross area and 20% of gross income.
- e) May include up to 25% independent living units/beds (licensed or unlicensed).
- f) Three years must have passed since last certificate of occupancy was issued.
- g) All projects must have at least 20 beds.
- h) A project cannot be on the SFF or SFF Candidate list.

### Commercial Space Limitation

Limited to 20% of net rentable area and 20% of effective gross income.

### Borrower

Single asset, special purpose entity, either for profit or nonprofit.

### Recourse

Non-recourse.

### Interest Rate

Fixed for term of loan, determined by market conditions at time of rate lock.

Rate lock deposit is 0.5% and refunded at closing.

### Loan Parameters

Maximum loan amount will be the least of the following:

Borrower Type	Maximum Loan to Value	Minimum Debt Service Coverage	Maximum Loan to Refinance Cost	Maximum Loan to Acquisition Cost
For-Profit	80%	1.45x	100%	80%
Not-for-Profit	85%	1.45x	100%	90%

### Term and Amortization

A maximum term of 35 years or 75% of the remaining economic life, fully amortizing.

### Prepayment and Assumption

Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); loan is fully assumable subject to HUD approval.

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### Escrows

Capital needs reserve will be maintained with monthly deposits in accordance with HUD guidelines on a property-specific basis.

### Professional Liability Insurance

HUD will require minimum coverage of \$1 million per occurrence; \$3 million aggregate with a max deductible of \$25,000. Waivers may be granted in cases where premiums are high and claim history is clean.

### Mortgage Insurance Premium

1% due to HUD at closing and 0.65% annually thereafter (0.45% for qualifying LIHTC projects), escrowed monthly. Properties that meet HUD's Green standards may qualify for a reduced annual fee of 0.25%.

### HUD Application Fee

0.30% of estimate loan amount due with submission of application (0.20% for properties located in a qualified Opportunity Zone).

### HUD Inspection Fee

Greater of \$30 per unit/bed or 1% of repairs.

### Third Party Reports

Appraisal, Environmental and Capital Needs Assessment. Additional reports may be needed depending upon the environmental and operational review.

### Timing

Typical application is submitted within 60 days of engagement; processing time varies based on OCRF (Office of Residential Care Facilities) volume.