

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% non-licensed independent living units.
- f) Three years must have passed since last certificate of occupancy was issued.

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.

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.

Timing

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