

Construction or Substantial Rehabilitation 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.

Commercial Space Limitation

Limited to 10% of gross floor area and 15% of gross income.

Minimum Scope of Work

All new construction plus renovation of existing buildings that meet one of the following conditions:

- a) Renovation costs more than 15% of post-rehabilitated value.
- b) Renovation will replace more than 50% of two or more major building systems (e.g., electrical, plumbing, mechanical, building envelope, structural).

Davis Bacon Wages

Payment of prevailing wages, as determined by the Department of Labor, is required for all contractors and subcontractors.

Borrower

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

Recourse

Non-recourse.

Interest Rate

Single fixed rate for both the construction I-0 period and the permanent loan term, 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 applicable limits.

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Property Type	Maximum Loan to Value ²	Maximum Loan to Eligible Cost ¹	Minimum Debt Service Coverage
Assisted Living	75%	90%	1.45x
Other (Skilled Nursing, etc.)	80%	90%	1.45x

¹Cost of offsite improvements, working capital and operating deficit reserve are ineligible.

²Maximum LTV may be increased by 5% for nonprofit borrower entities.

For Substantial Rehabilitation financing, there will be an additional limitation.

100% of the cost of rehabilitation	+	90% of the as-is value of the property	or	the lesser of
				100% existing indebtedness, if the property is owned
				85% of eligible acquisition cost, if the property is to be purchased

Term and Amortization

Interest-only term during construction period and cost certification followed by 40 years 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.

Escrows

Prior to construction, reserves for interest, taxes, insurance, working capital (4% of the loan), and initial operating deficit; balances will be released to the borrower after 6 consecutive months of break-even operations.

Post construction, taxes, insurance and mortgage insurance premium will be escrowed monthly and a capital needs reserve maintained with monthly deposits in accordance with HUD guidelines on a property-specific basis.

Mortgage Insurance Premium

0.77% due to HUD at closing and annually thereafter (0.45% for qualifying LIHTC projects), escrowed monthly.

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HUD Application Fee

0.30% of estimated loan amount due with submission of application, half of which is refundable if loan is declined by HUD.

Third Party Reports

Appraisal, Environmental and Capital Needs Assessment.