

FHA SECTION 232 PURSUANT TO SECTION 223(F)

LEAN | Seniors Housing

Refinance/Acquisition: Skilled Nursing and Assisted Living Facilities

Lument is a leading FHA-approved Mortgagee and MAP/LEAN lender that actively underwrites, funds and services FHA insured mortgage loans for multifamily housing, seniors housing, assisted living and skilled nursing properties nationwide.

PURPOSE

Provides mortgage insurance for the refinance or purchase of existing skilled nursing and assisted living facilities. Unlicensed independent living units are also allowed but cannot exceed 25% of the total units of a project without a waiver. Other licensed seniors housing property types are also eligible, including intermediate care facilities and board & care homes (collectively, "Residential Care Facilities").

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| ELIGIBLE BORROWERS | Profit motivated, non-profit and public owners are eligible. |
| TERRITORY | Nationwide. |
| MAXIMUM TERM | 35 years (fully amortizing) or 75% of the estimated remaining economic life, whichever is less, with a minimum term of 10 years. |
| STANDARD LOAN AMOUNTS | <p>REFINANCING: The lesser of:</p> <ol style="list-style-type: none"> 80% of fair market value (85% for non-profits). Amount that results in a debt service coverage ratio of 1.45x based on the underwritten Net Operating Income. 100% of FHA's allowable transaction costs (no equity take-out). 100% of FHA's allowable costs less grants, public loans, and tax credits. <p>ACQUISITION: The lesser of:</p> <ol style="list-style-type: none"> 80% of fair market value (85% for non-profits) Amount that results in a debt service coverage ratio of 1.45x based on the underwritten Net Operating Income. 85% of FHA's allowable acquisition costs (90% for non-profits) 100% of FHA's allowable costs less grants, public loans, and tax credits |
| PROGRAMMATIC MAXIMUM LOAN AMOUNTS | FHA is authorized to exceed the fair market value and debt service coverage limits identified above up to 85% of fair market value (90% for non-profits) and an amount that results in a 1.176x debt service coverage ratio. Exceptions to the Standard Loan Amounts are rare and only granted when a project has unique attributes that mitigate the additional risk of a higher loan amount. |
| PERSONAL LIABILITY | None. The FHA insured loan is non-recourse; however, identified principal(s) will be required to sign "Bad Boy" carve outs at closing. |
| ASSUMABLE | Yes, subject to HUD and lender approval and payment of the assumption fee (0.05% of the original loan amount). |
| INTEREST RATE | Subject to market conditions. |
| PREPAYMENT | Subject to market conditions. Typical structures include either a 1 or 2-year lock-out period, with the remainder of the first 10 years open to prepayment subject to a penalty that declines annually. Other variations are possible based on market conditions and borrower preferences. |
| FHA APPLICATION FEES | 0.3% of the loan amount, payable to HUD at submission of the firm application. |

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| MORTGAGE INSURANCE PREMIUM | The annual MIP is currently 0.65% (0.45% if the project utilizes Low Income Housing Tax Credits) of the outstanding loan amount. The first year MIP is due at closing and is 1.0% of the loan amount. |
| REPAIRS/IMPROVEMENTS | Funds for repairs, deferred maintenance and capital improvements for generally up to 15% of value can be included in the loan amount, subject to the maximum loan limitations. |
| REPLACEMENT RESERVES | Annual deposits are required based on estimates determined by a third-party Project Capital Needs Assessment. An initial deposit to the replacement reserve will be required at closing and can be funded by the mortgage loan. |
| SECONDARY FINANCING | Permitted in the form of a surplus cash note. Combined loan to value cannot exceed 92.5% unless secondary financing is from a governmental source. |
| FUNDING | Qualifies for Ginnie Mae guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt bonds. |
| TIMING | Lender underwriting and preparation of an application will take approximately 8 weeks. Timing for approval from FHA will be contingent on their workload at the time of the application submission. Lument will estimate this timing based on recent experience. |
| THE PROGRAM HAS THE FOLLOWING ADDITIONAL PARAMETERS | <ol style="list-style-type: none"> 1. The FHA Section 232 pursuant to 223(f) mortgage insurance program is the most attractive credit enhancement program available for taxable and tax-exempt acquisition financing or refinance of residential care facilities. 2. Facilities financed under this program must be at least 3 years old. 3. Existing debt to be refinanced must be at least two years old unless it was used for an eligible purpose as defined by FHA (refinancing of prior eligible indebtedness, arms-length acquisition, property improvements, operating losses, etc.). 4. A master lease will be required when an owner finances 3 or more properties or \$15 million or greater in combined loan amounts with the FHA healthcare programs within an 18-month period. |

Lument is a leading FHA-approved Mortgagee and MAP/LEAN lender and actively provides financing utilizing FHA insurance programs nationwide pursuant to Multifamily Accelerated Processing (MAP) and LEAN underwriting methods.

In its prequalifying review, Lument will attempt to estimate both the loan amount and the fees and costs associated with the transaction. Actual loan amounts and actual fees and expenses may vary from the prequalifying estimates. A prequalifying estimate is not a commitment to make a loan.