

Long-term, fixed-rate financing for construction or substantial rehabilitation of senior housing / healthcare facilities

Property Type	Maximum Loan to Value <sup>(1)</sup>	Minimum Debt Service Coverage	Maximum Loan to Eligible Cost <sup>(2)</sup>
Assisted Living	75% (new) / 80% (existing)	1.45x	90%
Skilled Nursing	80%	1.45x	90%

<sup>(1)</sup> Maximum LTV may be increased by 5% for nonprofit borrower entities.

<sup>(2)</sup> Cost of offsite improvements, demolition costs, working capital and operating deficit reserve are ineligible.

<sup>(3)</sup> For substantial rehabilitation financing, there will be an additional limitation as follows: 100% of rehabilitation costs plus the lesser of: 90% of the property's as-is market value prior to rehabilitation or 100% of the existing debt (property owned)/90% of the purchase price (property to be acquired).

<b>Eligible Properties</b>	Licensed Skilled Nursing, Assisted Living, Intermediate Care, and Board and Care facilities.
<b>Eligible Borrowers</b>	Single-asset; special purpose entity (can be either for-profit or not-for-profit).
<b>Loan Term</b>	Fully amortizing; Maximum of 40 years or 75% of the remaining economic life of the property. Interest only during construction plus 2 months for cost certification.
<b>Interest Rate</b>	Fixed, subject to market conditions. The interest rate will be locked after issuance of a Firm Commitment by HUD.
<b>Mortgage Insurance (MIP)</b>	The initial mortgage insurance premium is 0.77% of the mortgage amount. Mortgageable and paid at closing. Thereafter 0.77% annually, payable in monthly installments. (Qualifying LIHTC properties are 0.45% annually, payable in monthly installments).
<b>Loan Fees</b>	0.3% of estimated loan amount. If a Two-Stage application is submitted and does not result in a Firm Commitment, a refund of 50% of the HUD application fee. If a Direct-to-Firm application is submitted, the HUD application fee is not refundable.
<b>Inspection Fee</b>	\$5 per thousand of the loan amount (new construction) or \$5 per thousand of the improvement costs (substantial rehabilitation).
<b>Prepayment</b>	Prepayment provisions negotiable, generally subject to lockout period and declining penalties.
<b>Recourse</b>	Non-Recourse subject to carve-outs for fraud and misrepresentation. Assumable; subject to HUD & Lender approval.
<b>Timing</b>	<p>Typical timeline is 12 months from Application to Initial Endorsement; (1) 45-60 days to submit Initial Submission Application; (2) 45-60 days to HUD issuance of Initial Submission Firm Commitment; (3) 90-120 days to submit Final Submission Application; (4) 45-60 days to HUD issuance of an Amended and Restated Firm Commitment; (5) 45-60 days to Initial Endorsement.</p> <p><i>*The Lender may choose the Direct-to-Firm Application Process (Entire Application is submitted at one time) or via the Two-Stage Application Process (Initial Submission includes Underwriting, Appraisal and Market Study, Part 1 Legal, Title/Survey, and Environmental for issuance of an Initial Submission Firm Commitment. The Final Submission Application includes architecture, cost, professional liability insurance, labor relations and satisfaction of any conditions from the Initial Submission Firm Commitment).</i></p>
<b>Third Party Reports</b>	Appraisal, Market Study, Environmental, Radon, and Architectural & Engineering Cost Review / Project Capital Needs Assessment (PCNA).
<b>Escrows</b>	<p>Monthly: Real estate taxes, property insurance, MIP, replacement reserves (minimum \$350 per unit)</p> <p>Escrows Required at Closing: (1) A working capital escrow of 4% (new construction) or 2% (substantial rehabilitation); (2) An Initial Operating Deficit escrow will be required when any period of deficit operations is identified; (3) A Debt Service Reserve (DSR) may be required on applications where units are being added to a market; The DSR will be between 6 and 12 months of principal, interest and MIP payments, or longer as needed to mitigate risk. No escrows are mortgageable and the unused portion may be released to the borrower. All must be funded either through cash or through one or more unconditional, irrevocable letter(s) of credit.</p>
<b>Experience</b>	Borrower and development team, General Contractor, Architect, Management Agent all need to have relevant "like-kind" experience ( <b>HUD experience strongly preferred</b> ).
<b>Prevailing Wage</b>	Davis Bacon, prevailing wage requirements apply – determined by Department of Labor and applies to work done on-site.
<b>Professional Liability Insurance</b>	Professional liability coverage will be required in a minimum amount of \$1 million per occurrence, \$3 million aggregate with a maximum per-occurrence deductible of \$25,000. Evidence of insurability for professional liability should be presented to ORCF prior to initial closing.

This term sheet details an overview of the program guidelines and is not a summary of every term or requirement, which are subject to change without notice. This summary is not an offer or commitment to lend, and any such offer shall only be set forth in a signed, written commitment letter from lender. All transactions are contingent on satisfactory due diligence review and approval including evaluation of borrower credit and the loan collateral. Hudson is an Equal Opportunity Lender.