

BRIDGE-TO-HUD LOAN PLATFORM

HEALTHCARE – ACQUISITION/REFINANCE

PROGRAM OVERVIEW

The bridge-to-HUD platform is an interim financing option when quick executions are required or HUD regulations dictate the need for interim financing

BORROWER

Single purpose entity, bankruptcy remote entity

PURPOSE

Acquisition or refinance (including cash-out) because of timing challenges associated with going directly to HUD, including ineligibility due to 3-year rule and debt seasoning that may be required by HUD

PROPERTY TYPE

Skilled nursing, assisted living, memory care or any combination. Independent living units are permitted so long as the total number of IL units does not exceed 30% of the total number of units for the project

LOAN AMOUNT

\$12,500,000 (can go higher with lender approved participants)

UNDERWRITING

Underwritten NOI should be supported by Trailing-12 operations and three (3) years of operating history. Exceptions are made on a case by case basis for newly constructed or renovated assets that have stabilized and have at least four (4) months of stabilized operating history at application and six (6) months of stabilized operating history at closing

TIMING

Typically 60 to 90 days from term sheet issuance by Midland States Bank (MSB) to closing. It is anticipated that the bridge loan will fund expeditiously upon completion of MSB due diligence, which may be prior to the date Love Funding (LFC) files the application with HUD

TERM

Six (6) months to three (3) years

AMORTIZATION

Typically 20 years (up to 25 years on a case-by-case basis)

MAXIMUM LTV

75%. Based on appraisal engaged by and acceptable to lender

MINIMUM DSC

1.30x

EXTENSION OPTIONS

Negotiable with performance covenants

INTEREST RATE	Based on current market conditions
ORIGINATION FEE	Negotiable
EXIT STRATEGY/ EXIT FEE	<p>This program is designed to facilitate a take-out using FHA insured financing. As such, a sizing illustrating the take-out through HUD must be provided and should not be based on prospective NOI (exceptions apply to newly constructed or renovated assets that are utilizing this program to bridge the 3-year rule).</p> <p>Exit fee is typically 3.00% to be paid to LFC. Such fee is waived if LFC provides take-out financing through HUD</p>
PAYMENTS	Typically, principal and interest payable monthly on stabilized projects. Interest only option available on a case by case basis
CASH OUT	Permitted, but cash-out proceeds will typically be held by lender as additional collateral until LFC has loan committee approval for the HUD take-out, at which time the cash-out proceeds will be released to the borrower in full so that the full amount is eligible to be refinanced through HUD
RECOURSE	Full recourse to borrower. Joint and several unlimited personal guarantees from all key principals, with a 20% or greater ownership interest
SECURITY	First mortgage or deed of trust, and assignment of rents and leases on the property. Additional collateral may be required, depending on specific transaction
PREPAYMENT	Negotiated on a case by case basis
STANDARD ESCROWS	Typically borrower to contribute monthly to tax, insurance and replacement reserve escrows as required
ADDITIONAL ESCROWS	To be determined on a per deal basis
EXPENSES	Borrower will reimburse lender for all of lender's out-of-pocket expenses associated with the transaction including but not limited to appraisal, legal, travel, environmental, closing, etc.

BRIDGE-TO-HUD LOAN PLATFORM

HEALTHCARE – CONSTRUCTION/MINI-PERM

PROGRAM OVERVIEW

The bridge-to-HUD platform is an interim financing option when quick executions are required or HUD regulations dictate the need for interim financing

BORROWER

Single purpose entity, bankruptcy remote entity

PURPOSE

New construction or substantial rehabilitation when timing is an issue for developer and/or developer is not sensitive to recourse

PROPERTY TYPE

Skilled nursing, assisted living, memory care or any combination. Independent living units are permitted so long as the total number of IL units does not exceed 25% of the total number of units for the project

LOAN AMOUNT

\$12,500,000 (can go higher with lender approved participants)

UNDERWRITING

Proposed new construction and rehabilitation will be underwritten based on a combination of the pro forma and the results of the independent market study and appraisal. Newly constructed or renovated assets that have stabilized and have at least four (4) months of stabilized operating history at application and six (6) months of stabilized operating history at closing.

TIMING

Typically 90 to 120 days from term sheet issuance by Midland States Bank (MSB) to closing. It is anticipated that the bridge loan will fund expeditiously upon completion of MSB due diligence.

TERM

Interest only for construction period; amortizing for mini-perm/stabilization period

AMORTIZATION

Typically 20 years (up to 25 years on a case-by-case basis)

MAXIMUM LTV

75%. Based on appraisal engaged by and acceptable to lender

MAXIMUM LTC

80%

MINIMUM DSC

1.30x

EXTENSION OPTIONS

Negotiable with performance covenants

INTEREST RATE	Based on current market conditions
ORIGINATION FEE	Negotiable
EXIT STRATEGY/ EXIT FEE	<p>This program is designed to facilitate a take-out using FHA insured financing. As such, a sizing illustrating the take-out through HUD must be provided and should not be based on prospective NOI (exceptions apply to newly constructed or renovated assets that are utilizing this program to bridge the 3-year rule).</p> <p>Exit fee is typically 3.00% to be paid to LFC. Such fee is waived if LFC provides take-out financing through HUD</p>
RECOURSE	Full recourse to borrower. Joint and several unlimited personal guarantees from all key principals, with a 20% or greater ownership interest
SECURITY	First mortgage or deed of trust, and assignment of rents and leases on the property. Additional collateral may be required, depending on specific transaction
PREPAYMENT	Negotiated on a case by case basis
STANDARD ESCROWS	Typically borrower to contribute monthly to tax, insurance and replacement reserve escrows as required
ADDITIONAL ESCROWS	Initial Operating Deficit (IOD) escrow required. Amount to be determined on a per deal basis
EXPENSES	Borrower will reimburse lender for all of lender's out-of-pocket expenses associated with the transaction including but not limited to appraisal, legal, travel, environmental, closing, etc.

BRIDGE-TO-HUD LOAN PLATFORM

TAX CREDIT EQUITY BRIDGE

PROGRAM OVERVIEW

The bridge-to-HUD platform is an interim financing option when quick executions are required or HUD regulations dictate the need for interim financing

BORROWER

Single purpose entity, bankruptcy remote entity

PURPOSE

Interim financing to fund the timing difference between the tax credit investor equity installments and the required HUD equity pay in schedule / construction progress payments

PROPERTY TYPE

HUD qualified transactions with various tax credit awards.

- LIHTC
- Federal and State Historic Tax Credits

LOAN AMOUNT

\$12,500,000 (can go higher with lender approved participants)

TIMING

Typically 60 to 90 days from term sheet issuance by Midland States Bank (MSB) to closing. It is anticipated that the bridge loan will fund at the time the HUD loan closing takes place

TERM/REPAYMENT

Interest only monthly. Principal shall be repaid with the tax credit equity installments. Typical term shall not exceed 24-30 months

MAXIMUM ADVANCE

Advances for each transaction are subject to the specific negotiated tax credit equity funding agreement and are customized on a case by case basis.

INTEREST RATE

Based on current market conditions

ORIGINATION FEE

Negotiable

RECOURSE

Full recourse to all key principals with a 20% or greater ownership interest. Minimum liquidity requirements for guarantors

SECURITY

Assignment of general partner interest, or managing member interest of entity that receives tax credit equity. Assignment of developer fee required as well

PREPAYMENT

Typically, no prepayment penalty. Exceptions may apply in certain cases

SENIOR MORTGAGE
DEBT

Love Funding Corporation shall be the senior mortgage lender

EXPENSES

Borrower will reimburse lender for all of lender's out-of-pocket expenses associated with the transaction including but not limited to appraisal, legal, travel, environmental, closing, etc.

RESERVE
REQUIREMENTS

Interest reserve requirements through the scheduled equity injection date plus a reasonable overlap period for construction delays and final equity installment processing. Provisions for recapitalization of interest reserve if there are prolonged delays