

Section 232 Term Sheet

Eligible Properties:	Skilled nursing, assisted living, or board and care properties
Eligible Borrowers:	Single-asset, special purpose entity (can be either for-profit or not-for-profit)
Term & Amortization:	Maximum of 40 years or 75% of the remaining economic life of the property. Fully amortizing. Interest-only during construction.
Maximum Loan Amount:	<p>For for-profit mortgagors, the lesser of:</p> <ul style="list-style-type: none"> • 90% of total replacement cost; • 75%, 80%, or 80% of value for assisted living (new), assisted living (existing) or skilled nursing properties (both new and existing), respectively; • The amount of debt that can be serviced by 1.45x of net operating income; or • <i>(Substantial Rehabilitation)</i> 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). <p>For not-for-profit mortgagors, the lesser of:</p> <ul style="list-style-type: none"> • 90% of total replacement cost; • 80%, 85%, or 85% of value for assisted living (new), assisted living (existing) or skilled nursing properties (both new and existing), respectively; • The amount of debt that can be serviced by 1.45x of net operating income; or • <i>(Substantial Rehabilitation)</i> 100% of rehabilitation costs plus the lesser of: 95% of the property's as-is market value prior to rehabilitation or 100% of the existing debt (property owned)/95% of the purchase price (property to be acquired).
Interest Rate:	Fixed, subject to market conditions. The interest rate will be locked after issuance of a firm commitment by HUD.
Prepayment Options:	Negotiable. To be determined at the time of interest rate lock based on borrower preference and market conditions. Typical options include a 2-year lockout with a penalty of 8% in the 3 rd year, declining 1% each year thereafter until reaching 0% after the 10 th year.
Assumability:	Yes, subject to FHA/HUD and lender approval.
Personal Liability:	Non-recourse loan subject to carve-outs for fraud and misrepresentation.
Secondary Financing:	Only secondary financing from a Federal, State, or local governmental source is allowed.
Repair and Rehab Limitations: <i>(Substantial Rehab. Only)</i>	<p>Must meet the following criteria:</p> <ul style="list-style-type: none"> • The hard costs of repairs, replacements, and improvements exceeds 15% of the project's value after completion of all repairs, replacements, and improvements; or • Two or more building systems are being replaced.
Davis Bacon Wages:	Must meet federal wage and reporting requirements, including payment of prevailing wages.
Independent Living Units:	Allowable up to 25% of the total units or beds of the project.
Commercial Space:	Limited to 10% of gross floor area and 15% of gross project income.
Mortgage Insurance Premium: (MIP)	The initial mortgage insurance premium is 0.77% of the mortgage amount per year of construction, or part thereof. Mortgageable and paid at closing. Post-closing, 0.77% of the outstanding mortgage is due annually, payable in monthly installments.

Reserve for Replacement:	Ongoing monthly deposits will be required in order to maintain a minimum balance of \$1,000 per unit for 15 years. The initial and on-going deposits will be determined by a capital needs assessment during loan underwriting.
Post-Closing Escrows:	Property taxes, insurance, MIP and replacement reserves.
Post-Closing Reporting Requirements:	No covenant requirements. Projects are required to submit quarterly financial statements (unaudited) for the operator and annual audited financial statements for the mortgagor.

REQUESTED ITEMS FOR A PRELIMINARY LOAN ANALYSIS

- Description of project, location, unit mix, year built, physical characteristics, square footage, etc.
 - *(If applicable)* Description of any substantial rehabilitation in the past three years
 - *(If applicable)* Description of any commercial space (e.g. square footage, income generated, etc.)
- Last two years of detailed operating statements and interim year-to-date, including occupancy data *(substantial rehab. only)*
- Budget/pro forma for the operator
- *(If property is owned)* Detail on existing debt (including amount outstanding, interest rate, maturity, any exit fees, etc.)
- *(If property is to be acquired)* Detail on proposed acquisition terms (including purchase price, timing and source of sponsor equity, etc.)
- Detailed description and cost estimate of any contemplated repairs/construction
- Description of ownership structure, experience of sponsor, operator, and/or management agent
 - Details on any third-party operating leases or management agent contracts

FOR ADDITIONAL INFORMATION, VISIT WWW.VIUMCAPITAL.COM OR CONTACT:

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