

Term Sheet

Refinance of an Existing FHA-Insured Healthcare Loan

Fixed-rate permanent financing for existing assisted living, memory care, and intermediate or skilled nursing facilities. This is a streamline refinance program designed to allow borrowers in existing FHA-insured loans to lower the interest rate, extend the term, fund project repairs and evaluate replacement reserves. The streamlined nature of the program does not require an appraisal, market study or environmental assessment and carries a reduced application fee.

Eligible Properties

Nursing homes, intermediate care, board and care, and assisted-living facilities with existing FHA-insured loans.

Eligible Borrowers

Single-asset entity; for-profit or non-profit owners.

Maximum Loan Amount

Lesser of:

- original principal amount of existing insured mortgage;
- DSC of 1.11x (1.05x for non-profit borrowers); or
- 100% of eligible transaction costs, including existing indebtedness, repairs, fees, third-party costs and initial reserve deposit.

Maximum Term

HUD may approve a term of up to 12 years beyond the remaining term of the existing mortgage, provided that it does not exceed the original term. Term-extension requests must be supported by condition of the property, replacement reserve balance and/or debt coverage ratio.

Recourse Requirements

Non-recourse, except industry-standard carve-outs.

Fees and Expenses

Borrower is responsible for the payment of the HUD application fee at submission. One-half of the application

fee is refunded after closing. Most other transaction costs are eligible for inclusion in the mortgage.

Interest Rates

Based on market and are set upon acceptance of Firm Commitment and fixed for the entire term of the loan. Early rate locks are available.

Mortgage Insurance Premium

Annual Mortgage Insurance Premium (MIP) is 0.55% of the outstanding loan amount.

Other FHA Requirements

Replacement reserve balance must be transferred in full at closing. A new PCNA is required as part of the application if:

- a term extension is being requested;
- 10 years or more have passed since last HUD-reviewed PCNA; or
- Medicare/Medicaid fire sprinkler requirements are not currently met.

Funds to cover minor repairs, improvements and costs of the transaction can be included in the loan amount; Davis-Bacon prevailing wage requirements do not apply to any repairs.

Outstanding debt incurred in connection with capital improvements already made to the property may also be included in the loan amount, subject to HUD approval.

To learn more about SunTrust Commercial Real Estate, visit suntrustcre.com.

This term sheet is only for the purpose of setting forth standard required terms of a HUD-insured loan for informational purposes and a basis upon which the parties may be agreeable to proceed toward a potential transaction and is not intended to be a legally binding contract or to impose any liabilities or obligations on any party. The terms reflected in this term sheet are subject to change or withdrawal at any time in SunTrust Bank's sole discretion (due to market conditions or otherwise) and do not constitute a binding offer to enter into a transaction. Finalized terms and conditions are subject to further discussion and negotiation and would be evidenced by execution of definitive documentation acceptable to the parties, and it is understood that this term sheet does not set forth all of the terms of such definitive documentation. Standard credit criteria apply.