

---

#### SOURCE OF FUNDS

- ✘ Centennial Mortgage, Inc.

---

#### ELIGIBILITY

- ✘ Mortgagor entity may be either for-profit or not-for-profit.
- ✘ Board and care facilities:
  - Must have at least one full private bath for every four residents,
  - Must have a central dining area and kitchen, with appropriate recreational facilities, and
  - Must not charge founder's, life care or similar fees.
- ✘ Assisted living facilities:
  - Residents must require at least 3 activities of daily living,
  - Must provide central dining, kitchen, lounge, etc.,
  - Must offer three (3) meals a day.

---

#### REQUIREMENTS

- ✘ Subject to Davis-Bacon requirements.
- ✘ Audited project financial statements must be filed annually with CMI.
- ✘ Property must remain a rental property for at least 5 years after the loan closing date.

---

#### ESCROWS

- ✘ Full escrows for property taxes and mortgage and property insurance are funded at closing and

must be maintained throughout the life of the loan.

- ✘ A Replacement Reserve account must be established at closing and is made immediately available for replacement of short-lived depreciable items. The account must be maintained with monthly contributions throughout the life of the loan. Interest earned on the account inures to the benefit of the property.
- ✘ An Operating Deficit escrow may be required by HUD to cover operating losses until sustaining occupancy is reached and, when required, must be funded by mortgagor with cash or a letter of credit.

---

#### FEATURES

- ✘ This is a non-recourse loan. Mortgagor assumes no personal liability.
- ✘ Long-term—up to 40 years, fully-amortizing.
- ✘ Low, fixed interest rates.
- ✘ Loan-to-value ratio up to 90% for a for-profit enterprise (includes major movable equipment).
- ✘ Most affirmative and negative loan covenants typically found in conventional loan agreements are eliminated.
- ✘ Converts to permanent financing upon completion at no extra cost.
- ✘ Fully assumable.
- ✘ Can be used as a credit enhancement for tax exempt bonds.

*Centennial Mortgage, Inc.*