



Fannie Mae DUS® Seniors' Housing Product

Red Mortgage Capital, LLC is an approved Fannie Mae DUS (Delegated Underwriting and Servicing) mortgage lender that underwrites, funds and services first lien mortgage loans on multifamily rental properties nationwide. As a DUS Lender, **Red Mortgage Capital, LLC** is responsible for all underwriting and credit review and can sell individual mortgages of up to \$25 million to Fannie Mae on an expedited, delegated basis with no time-consuming prior review on Fannie Mae's part.

Red Mortgage Capital, LLC is also specifically approved to underwrite mortgages under Fannie Mae's Seniors Housing Product, which covers rental housing for the elderly in which services, such as meals and assistance with daily living needs (but not freestanding skilled nursing) are provided in addition to housing. Under this product, **Red Mortgage Capital, LLC** is fully delegated to underwrite loans (up to \$25 million) after Fannie Mae approves a preliminary transaction screening summary to confirm that the mortgage qualifies for the product line.

Loan Amounts: \$2,000,000 and higher

- Eligible Properties:**
- Independent Living (properties with meals and other services for the active adult).
 - Assisted Living (generally licensed, depending upon state).
 - Alzheimer's units permitted in Assisted Living properties.
 - Small skilled nursing component now permitted under pilot program.
 - Properties that house up to 20% Medicaid-eligible residents in states with provisions in their State Medicaid Plan (or that have a Medicaid waiver from the federal government) allowing for financial assistance to Medicaid-eligible residents living in assisted living facilities will be considered on a case-by-case basis.
 - All properties must average 90% occupancy for the preceding 12 months for Independent Living and 15 months for Assisted Living. Exceptions may be allowed on a case-by-case basis.
 - Buildings must be fully protected by fire sprinklers (both common areas and units).

Sponsor Characteristics: **Track Record:** Minimum 5 years of experience owning comparable properties. It is expected that sponsors demonstrate a solid background and level of expertise commensurate with the size, characteristics, and complexities of the subject property. Sponsor must own at least 5 seniors housing properties.

Financial Strength: Commensurate with loan size and overall risk level of transaction. Credit review of Sponsor and Manager must clearly reveal capitalization and profitability at levels that assure long-term viability.

Property Management: Minimum 5 years experience managing comparable properties. Must be underwritten with market rate fees with substantiation of evidence of qualified third party management availability with necessary experience and licensing with similar properties.

Term: Typically 10-year balloon maturities for Seniors Housing and 25 year fully amortizing maturities, but various maturity options are available.

Amortization: Up to 30 years

Prepayment: Taxable mortgages are subject to defeasance, yield maintenance, or fixed percentage prepayment premiums except (in most cases) for the 90-day period immediately prior to maturity. Tax exempt mortgages have prepayment premiums based on a declining percentage. (Prepayment terms, yield maintenance requirements and prepayment premiums are specified by Fannie Mae and can vary by transaction and by mortgage term. Consult your **Red Mortgage Capital, LLC** representative for details.)

Loan To Value Ratios: Maximum 75% - with taxable financing projects
Maximum 80% - with tax-exempt financing



Debt Coverage Ratios: Independent Living - minimum 1.30 (variable rate tax-exempt 1.25)
Independent Living with less than 50% Assisted Living - minimum 1.40 (variable rate tax-exempt 1.35)
Properties with greater than 50% Assisted Living - minimum 1.40 (variable rate tax exempt 1.35)
For Loans with a term of less than 10 years, add 0.05 to the above stated minimums

Borrower: Single asset, single purpose entity

Application Fee: Generally \$25,000 (non-refundable). Includes funds for Architectural/ Engineering Report, Phase I Environmental Report, Appraisal Report, Market Specialist Report and Property Inspection. All third party reports must be contracted by **Red Mortgage Capital, LLC**.

Pricing: Fees and interest rates are quoted daily. Contact **Red Mortgage Capital, LLC** for specific pricing.

Features:

- Fixed or Adjustable rate available
- Taxable or Tax-Exempt
- Cash or MBS execution
- Non-recourse, with the exception of standard carve-outs for Borrower's inappropriate acts such as fraud and transfer without approval
- Assumable, subject to Lender approval and applicable fees

Requirements:

- Escrow accounts for insurance, real estate taxes, special assessments
- Replacement reserve account
- Repairs must be completed within 12 months of loan closing, if applicable

DUS Loan Funding: Loans are underwritten and funded at closing by **Red Mortgage Capital, LLC**, as the Approved Fannie Mae DUS Lender, then sold to Fannie Mae through its Seniors' Housing Program. **Red Mortgage Capital, LLC** will act as servicer throughout the loan term.

Tax Exempt Financing: For properties with tax-exempt bonds (whether 501(c)(3) or private activity) see "Tax-Exempt Bond Credit Enhancement" information sheets for more specifics and apply above cited Underwriting parameters.

Territory: Nationwide

For additional information visit www.redcapitalgroup.com or contact:

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In its prequalifying review, **Red Mortgage Capital, LLC** will attempt to estimate both the loan amount and the fees and costs associated with the transaction. Actual loan amounts and actual fees and expenses may vary from the prequalifying estimates. A prequalifying estimate is not a commitment to make a loan.

RED CAPITAL GROUP Offices

Columbus, OH_Boston, MA_Chicago, IL_Charlotte, NC_Dallas, TX_Nashville, TN_Newport Beach, CA_Reston, VA_San Diego, CA

