For Fractured Condo's and Single Family Portfolios

Dated information call for current terms.

	Acquisition Financing	Rented Stabilized Portfolios
Interest Rates	Starting 8%	Starting at 5.5%
Loan Amount	Up to 80% of Cost	Up to 75% LTV
Term	12-24 Months	5-10 Years
Loan Amount	$1 to $50Million	$500K to $100Million
Closing Times	3-4 Weeks	4-6 Weeks

NON –Recourse

(*1) Actual gross loan amount will be based lesser of LTV, 1:35-1:25 DSC and other considerations. All net loan proceeds must be used to retire current debts, pay financing costs and fund reserves, in addition to all hard and soft costs.
(*2) Rate depends on market conditions at time of rate lock.
(*3) Budget costs will vary with each individual loan. Includes borrower's costs for legal, audit, survey, title, recording charges, lender's legal counsel, etc. Transaction costs are normally reimbursed out of loan proceeds. Initial setasides are funded out of loan proceeds.

For more information on this and other programs, call 800-536-3371 ext: 106

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FLEX
Portfolio Lending

Office, Retail, Industrial, Self -Storage, Single Tenant and Mixed Use
For Purchase, Refi, and Cash Out
Loan Amounts $750K-$10M, Non –Recourse, Max 75% LTV, 1:25DSC, 5.00% starting rates
Up to 30 year AM and 10 year balloon

Multifamily 5+ units (Purchase, Refi and Cash Out)
Loan Amounts $750K-$10M, Non –Recourse, Max 75% LTV, 1:25DSC, 5.00% starting rates
Up to 30 year AM and 10 year balloon

Multi Fam, Office, Retail, Industrial, Self -Storage, Single Tenant and Mixed Use
For Work out and Limited Rehab Situations
Loan Amounts $750K-$10M, Non –Recourse, Max 75% LTV, 1:25DSC, 5.00% starting rates
Up to 2,3,&4 year fixed Interest Only

Multi Fam, Office, Retail, Industrial, Self -Storage, Single Tenant and Mixed Use
For Purchase, Refi, Rehab/renovations Situations
Loan Amounts $750K-$10M, Non –Recourse, Max 75% LTV, 1:25DSC, 5.00% starting rates
2-3 year fixed, Interest Only

Rate depends on market conditions at time of rate lock. . Transactions costs run from $2,500 to $7,500 for Processing Fees, Plus Expense deposit for 3rd parties, legal and out of pocket expenses.

For more information on this and other programs, call 800-536-3371 ext: 106

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Multifamily and Senior Apartments

Insured Loan Program

Apartment New Construction / Rehabilitation

Dated information call for current terms.

Loan Amount:	**Minimum Loan $5,500,000**
Maximum Loan to Cost:	**83.3% (*1)**
Rate:	**3.50 Fixed (*2)**
Term and Amortization:	**40 Years (No Balloon)**
Minimum Debt Service Coverage:	**1:20**
Transaction Costs:	**Other costs - Budget (*3)**
Recourse:	**None**
Assumable:	**Yes, with 1 point fee**

Provides both construction and permanent financing in one loan.

Most all costs are financible except for operating loss deficits during rent up.

Unused escrow and deficit funds are released after
six consecutive months of break even occupancy.

(*1) Actual gross loan amount will be based on lesser of 90% of costs, 1:20 DSC and other considerations. All net loan proceeds must be used to retire current debts, pay financing costs and fund reserves, in addition to all hard and soft costs.

(*2) Note rate depends on market conditions at the time of rate lock.

(*3) Budget costs will vary with each individual loan. Includes borrower's costs for legal, audit, survey, title, recording charges, lender's legal counsel, etc. Transaction costs are normally reimbursed out of loan proceeds. Initial setasides are funded out of loan proceeds. Borrower must make annual contributions to reserves. Borrower prepays one year's mortgage insurance at closing.

For more information on this and other programs, call 800-536-3371 ext: 106

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Multifamily and Senior Apartments

Insured Loan Program
Apartment Acquisition or Refinance

Dated information call for current terms.

Loan Amount**:**	**Minimum Loan $4,500,000**
Maximum Loan to Value:	**83.3% (*1)**
Cash Out Refinance:	**80%(*1)**
Rate:	**3.25% Fixed (*2)**
Term and Amortization:	**35 Years (No Balloon)**
Minimum Debt Service Coverage:	**1:20**
Transaction Costs:	**Other costs - Budget (*3)**
Recourse:	**None**
Assumable:	**Yes, with 1 point fee**

Long term, fixed rate, no balloons, non-recourse and assumable.

(*1) Actual gross loan amount will be based on 83.3% of appraised value as established by HUD. All net loan proceeds must be used to retire current debts, pay financing costs and fund reserves, in addition to all hard and soft costs.

(*2) Note rate depends on market conditions at time of rate lock.

(*3) Budget costs will vary with each individual loan. Includes borrower's costs for legal, audit, survey, title, recording charges, lender's legal counsel, etc. Transaction costs are normally reimbursed out of loan proceeds. Initial setasides are funded out of loan proceeds. Borrower must make annual contributions to reserves. Borrower prepays one year's mortgage insurance at closing.

For more information on this and other programs, call 800-536-3371 ext: 106

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Skilled Nursing
Assisted Living Facilities

Insured Loan Program
Health Care New Construction/ Rehabilitation

Dated information call for current terms.

Loan Amount:	**Minimum Loan $5,500,000**
Maximum Loan to Cost:	**90% (*1)**
Rate:	**3.50% Fixed (*2)**
Term:	**40 Years (No Balloon)**
Amortization:	**40 Year**
Transaction Costs:	**Other costs - Budget (*3)**
Recourse:	**None**
Assumable:	**Yes, with 1 point fee**

Provides both construction and permanent financing in one loan.

(*1) Actual gross loan amount will be based on lesser of 90% of costs, 75% of appraised value and other consideratikons. All net loan proceeds must be used to retire current debts, pay financing costs and fund reserves, in addition to all hard and soft costs.

(*2) Note rate depends on market conditions at time of rate lock.

(*3) Budget costs will vary with each individual loan. Includes borrower's costs for legal, audit, survey, title, recording charges, lender's legal counsel, etc. Transaction costs are normally reimbursed out of loan proceeds. Initial setasides are funded out of loan proceeds. Borrower must make annual contributions to reserves. Borrower prepays one year's mortgage insurance at closing.

For more information on this and other programs, call 800-536-3371 ext: 106

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Skilled Nursing
Assisted Living Facilities

Insured Loan Program
Health Care Acquisition or Refinance

Dated information call for current terms.

Loan Amount:	**Minimum Loan $4,500,000**
Maximum Loan to Value:	**75 % (*1)**
Rate:	**3.25 % Fixed (*2)**
Term:	**35 Years (No Balloon)**
Amortization:	**35 Year**
Transaction Costs:	**Other costs - Budget (*3)**
Recourse:	**None**
Assumable:	**Yes, with 1 point fee**

Long term, fixed rate, no balloons, non-recourse and assumable.
No Cash Out Allowed

(*1) Actual gross loan amount will be based on lesser of 1:45 DSC, 75% LTV and other considerations. All net loan proceeds must be used to retire current debts, pay financing costs and fund reserves, in addition to all hard and soft costs.
(*2) Note rate depends on market conditions at time of rate lock.
(*3) Budget costs will vary with each individual loan. Includes borrower's costs for legal, audit, survey, title, recording charges, lender's legal counsel, etc. Transaction costs are normally reimbursed out of loan proceeds. Initial setasides are funded out of loan proceeds. Borrower must make annual contributions to reserves. Borrower prepays one year's mortgage insurance at closing.

For more information on this and other programs call 800-536-3371 ext: 106

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HOSPITAL FINANCE

Insured Loan Program
Hospitals New Construction / Rehabilitation
Refinance/Acquisition

Dated information call for current terms.

Loan Amount**:**	**Minimum Loan $10,000,000**
Maximum Loan to Value:	**75%Refi - 80% (new/rehab) (*1)**
Rate:	**Refi: 3.25% fixed, New/Rehab 3.50% Fixed (*2)**
Term:	**25 Years (No Balloon)**
Amortization:	**25 Year**
Transaction Costs:	**Other costs - Budget (*3)**
Recourse:	**None**
Assumable:	**Yes, with 1 point fee**

Provides both construction and permanent financing in one loan.

(*1) Actual gross loan amount will be based on 90% of appraised value as established by HUD. All net loan proceeds must be used to retire current debts, pay financing costs and fund reserves, in addition to all hard and soft costs.

(*2) Note rate depends on market conditions at the time of rate lock.

(*3) Budget costs will vary with each individual loan. Includes borrower's costs for legal, audit, survey, title, recording charges, lender's legal counsel, etc. Transaction costs are normally reimbursed out of loan proceeds. Initial setasides are funded out of loan proceeds. Borrower must make annual contributions to reserves. Borrower prepays one year's mortgage insurance at closing.

For more information on this and other programs, call 800-536-3371 ext: 106

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Mobile Home Parks

Insured Loan Program
New Construction or Substantial Rehabilitation

Dated information call for current terms.

Loan Amount**:**	**Minimum Loan $3,500,000**
Maximum Loan to Cost:	**90% (*1)**
Rate:	**3.25% Fixed (*2)**
Term:	**40 Years (No Balloon)**
Amortization:	**40 Years**
Transaction Costs:	**Other costs - Budget (*3)**
Recourse:	**None**
Assumable:	**Yes, with 1 point fee**

Long term, fixed rate, no balloons, non-recourse and assumable.

(*1) Actual gross loan amount will be based on 90% of costs, 1:35 DSC and other considerations. All net loan proceeds must be used to retire current debts, pay financing costs and fund reserves, in addition to all hard and soft costs.
(*2) Note rate depends on market conditions at time of rate lock.
(*3) Budget costs will vary with each individual loan. Includes borrower's costs for legal, audit, survey, title, recording charges, lender's legal counsel, etc. Transaction costs are normally reimbursed out of loan proceeds. Initial setasides are funded out of loan proceeds. Borrower must make annual contributions to reserves. Borrower prepays one year's mortgage insurance at closing.

For more information on this and other programs, call 800-536-3371 ext: 106

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Hospitals Minimum Criteria

Minimum Criteria for Consideration for FHA Insured Hospital Mortgage Insurance

These are guidelines to help potential applicants reach their own preliminary assessments on whether or not they meet the minimum criteria for Mortgage Insurance. Passing this preliminary test **DOES NOT** assure that an application will be approved.

1) Is your facility a licensed hospital? (Requisite Response: **YES**)

2) a) For the most recently completed Fiscal Year, were the total patient days for the following services more than 50% of the hospital's total patient days? (Requisite Response: **NO**)

- Chronic convalescent and rest
- Drug and alcoholic
- Epileptic
- Nervous and mental
- Mentally deficient
- Tuberculosis care

Note: If the patient days for the above services are slightly over 50%, calculating adjusted patient days may yield a result under 50%. Contact us for an adjusted patient days worksheet.

b) Through the end of the project construction and for two complete Fiscal Years thereafter, do you anticipate that during any Fiscal Year the total of patient days for the above services will be more than 50% of the hospital's total patient days? (Requisite Response: **NO**)

3) Does your State have a Certificate of Need (CON) process?

a) If yes, has a CON been issued? (Requisite Response: **YES** or **PENDING**)

4) After the project construction is completed, will the mortgage exceed 90% of the estimated book value of all property (existing before project, new additions and/or renovations after project) that secures the mortgage? (Requisite Response: **NO**)

5) Will you grant to the lender and the insurer a first mortgage on the entire hospital property, plant, and equipment, including receivables? (<u>**Note:**</u> exceptions may include leased equipment, off-site property, capital associated with affiliations, etc.) (Requisite Response: **YES**)

6) Are you willing to make monthly payments into a Mortgage Reserve Fund that will build to: (a) a balance equal to one year of debt service after five years, and (b) a balance equal to two years of debt service after 10 years? (Requisite Response: **YES**)

7) Over the last three full Fiscal Years, has the average operating margin been equal to or greater than 0.00? (Requisite Response: **YES**)

8) Over the last three full Fiscal Years, has the average debt service coverage ratio been equal to or greater than 1.25? (Requisite Response: **YES**)

Calculations:

Note: Include leases in calculations for both Operating Margin and Debt Service Coverage Ratio below.

$$\text{Operating Margin} = \frac{\textbf{Operating Net Income from Last Full FY} + \text{Operating Net Income from Two Full FYs Ago} + \text{Operating Net Income from Three Full FYs Ago}}{\textbf{Total Operating Revenues from Last Full FY} + \text{Total Operating Revenues from Two Full FYs Ago} + \text{Total Operating Revenues from Three Full FYs Ago}}$$

$$\text{Debt Service Coverage Ratio (DSC)} = \frac{\text{Net Income} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Current Portion of Long-Term Debt (Prior Year)} + \text{Interest Expense}}$$

Compute the DSC for each of the last three full fiscal years, then compute the three year average for this calculation..

Explanation Refinance/Acquisition – MAP Loans

The FHA/HUD refinance/acquisition program is designed for apartments of more than 5 units. It is conventional financing. FHA insures our mortgages and this results in favorable terms and low rates. Subsidy requirements, affordable housing percentages, and low/middle income requirements for tenants do not apply. The program allows for upscale projects with pools, tennis courts, etc. as long as the costs are supported by market rents and market expenses.

The basics are a fixed rate (no balloon) thirty-five-year permanent mortgage based on the lesser of 80% LTV (cash out for a refinance) or 83.3% LTV or cost (for acquisition or rate and term refinance). Loans are underwritten to a minimum 1:20 Debt Service Coverage Ratio. A seller second promissory note of up to 7.5% of cost/value is also allowed on acquisitions.

The FHA Insurance Process:

Upon receipt of the signed agreement, we will send you a list of additional information needed for the review by HUD. We will package the additional information and send it for final credit committee review. Third party Appraisal, Engineering and a Phase I Environmental Reports are required for the submission.

Up Front Costs

1) Packaging Fee (refunded at closing) $7,500
2) Phase I $2,000 estimated
3) Appraisal $5,500 estimated
4) Engineering $3,000 estimated
5) Exam Fee to HUD 3/10th of 1% of mortgage (or $3.00/thousand)
Additional costs that you may incur include survey, title, legal expenses (borrower legal NOT lender legal), other fees that may be charged by municipalities, sellers etc.
6) Feasibility study for health care only $10,000 estimated

Closing

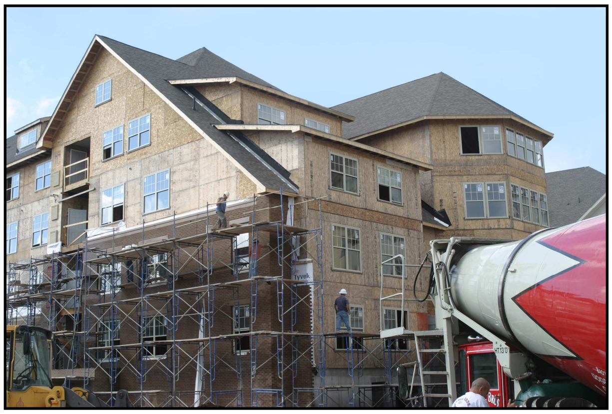
1) Good Faith deposit (locks the rate and is paid two to four weeks before the closing) ½ to 1% of mortgage - Always Refunded at closing

2) Mortgage Insurance Premium (MIP) 90 basis points of mortgage, paid out of proceeds of mortgage at closing. Funds the insurance program, which makes this program possible.

All costs are financible if they are determined to be reasonable. (eg: Your attorney's fees of $15,000 to handle the closing may be reasonable. Attorney's fees of $200,000 on a two million dollar loan would not).For more detail information, please review the 223f program at multifamily programs on the WEB at www.HUD.gov.

Explanation: New Construction-Map Loans

The FHA/HUD new construction/substantial rehabilitation program is designed for apartments and health care facilities and is a conventional loan. FHA insures the mortgage and this results in favorable terms and low rates. Subsidy requirements, affordable housing percentages, and low/middle income requirements for tenants do not apply. The program allows for upscale projects with pools, tennis courts, etc. as long as market rents and market expenses support the costs.



The terms are a fixed rate (no balloon) construction loan based on 83.3% of costs, and a 1:20 Debt Service Coverage Ratio (Utilizing 83.3% of NOI). When final construction numbers are accepted, the loan rolls into a 40 year fixed rate permanent at the same rate. Many transactions allow a credit for appreciated land value. This calculation uses value estimates from an appraiser for the intended use of the land as of the closing date. In turn, this may allow loan sizes to climb to more than 100% of total project "costs". The construction mortgage and the permanent are both non-recourse and always assumable (not just "one time" assumptions). The forty-year amortization period starts when construction is completed and it becomes a permanent mortgage. The program also allows for a 10% Builder's Sponsor's Profit Risk Allowance (BSPRA) for apartments. This is similar to a developer fee that is based on all the hard and soft costs except the land and comes through the builder. See:

http://www.trustlender.com/pdf/ExplanationofBSPRA.pdf.

The FHA Insurance Process

Step 1: Finance Agreement

The finance agreement is our authorization to speak to HUD, local officials and others in order to complete due diligence efforts on your behalf. There is a packaging Fee $12,500 (refunded at closing) We visit the site, borrower, architect and other parties such as management agent, contractor etc. Should you find better financing before we start processing $5,-000 is refunded.

In cases for both apartments and health care projects, where we have market concerns or the borrower wants input as to what to build, we will have a market analysis performed by the contractor who will do the feasibility study to determine marketability of the development before funds are expended for detailed plans and specs. The study should show what to build, amenities, square footage, unit types etc. This report is internal and HUD never sees it unless we want to provide it as back up.

Step 2: Pre-Application Conference

Documents are assembled including floor plans, site plans and resumes of the team and submitted to HUD for a pre-construction conference that may be in person or by telephone. This meeting is with HUD staff, the borrower and any members of his team. If the office feels an application is warranted, they invite a submission for the pre-application.

Step 3: Pre-Application Submission

The pre-application includes a phase I which the borrower can obtain in, and a third party feasibility study ordered by the MAP underwriter. The feasibility analyst is approved by and may have been trained by HUD. He/she takes what is being built and plugs it into the market to determine rents, absorption rates, operating deficit, operating expenses, vacancy rates and other data.

Renderings, floor plans, site plans and other data are submitted with this application. A typical list of architectural requirements can be found here:

http://www.trustlender.com/pdf/PreApplicationArchitecturalRequirements.pdf

No real engineering costs as these are the basic conceptual plans only. Your architect will know what these consist of and costs vary at this stage. Other costs would be the environmental estimated $2,000-$3,000, and half of the application fee to HUD. The application fee is 0.3% or 3/10ths of 1% of the mortgage amount. Half the fee is 0.15% or 15 basis points. The feasibility Study & limited appraisal estimated $8,500-$10,000. Submission of the pre-app package is made to HUD only after all the pre-application documents are complete.

After review of the entire package and a possible site visit, HUD issues an invitation letter. This letter has invites the firm submission and has the rents, operating expenses, absorption rate, operating deficit and other information that HUD agrees to underwrite the mortgage insurance to. If this letter is acceptable, we always have closed as the only missing item is the costs. Step 3 can take 1-2 months to complete the feasibility study and HUD may require 1-2 months to issue the invitation letter. HUD has 45 days to issue the invitation letter per the handbook

Step 4: Firm Submission

(This stage can no longer be submitted at the same time as STAGE I)

Additional costs that you may incur include architects, legal expenses, other fees that may be charged by municipalities, sellers etc. After all construction documents, borrower and management agent documents are received it is packaged and the required number of copies are sent to HUD with the rest of the HUD application fee or another 15 basis points (0.15% of the proposed mortgage amount).

This is the most expensive step as the submission includes working drawings to commercial specifications. The closing of the construction loan is the first draw so there is no other part of the application due. It is complete and includes documentation of all the development team. The construction contract is also included.

This stage results in a Firm Commitment to Insure the Mortgage. We set up the closing date which an take 30 days for the G/C to get his bond in place and other documentation. The GNMAs will be sold prior to the closing and the entire mortgage amount is in escrow waiting for the draws to begin.

Step 4 can take HUD 1-2 months to issue the commitment. Borrower typically takes four to six months to complete plans, specs and get final costs

Step 5: Closing
(a few weeks from receipt of the commitment)

The GNMAs are sold and a good Faith Deposit, locks the rate and is paid two to four weeks before the closing at ½% to 1% of the mortgage amount. It is always refunded a few weeks later at closing All costs are financible if they are determined to be reasonable. (eg: Attorney's fees of $15,000 to handle the closing may be reasonable. Attorney's fees of $200,000 on $2M loan would not).

Step 6: Construction to Permanent Closing:

After construction is completed a CPA completes a "Cost Certification" or audit of the General Contractor's books and records for the loan. When this audit is accepted by all the parties, the mortgage becomes a permanent mortgage and the 40 year term starts. These closings usually occur by mail.

The total time line can take from 6 to 9 months if all documentation is complete and accurate. The shorter time frame is if completed plans and specs are already in the form HUD requires them For more detailed information, please review the 221(d)4 program for apartments and the 232 program for health care on the WEB at www.HUD.gov. Choose multifamily housing.

Costs During the Process

Step	Costs	Result
1	12,500	Our review of the development and approval
2	-0-	HUD approved a pre-application Submission. Possible architectural costs
3	0.15% of Mtg amount and estimated $18,000 for feasibility and Phase I	Invitation Letter from HUD with all underwriting
4	0.15% remaining app fee to HUD Architectural Costs Appraisal and Engineering Review Costs est: $20,000	Commitment and sale of GNMAs
5	Good faith deposit refunded at closing	Construction starts
6	-0-	40 Year Permanent Starts

Email us at info@trustlender.com to find out if your project is eligible for FHA insurance or call 800-536-3371.