

EquityTap®

Lancaster Pollard's EquityTap® loan program provides exceptional financial leverage at an attractive cost of capital. Loan proceeds can be used for virtually any purpose, allowing borrowers to extract considerable equity while retaining all benefits of ownership. These unique EquityTap® features are possible through our firm's retention of a "first loss" position on a portion of the loan, enhancing the security of the remaining loan for subsequent sale to investors while Lancaster Pollard maintains the servicing on the loan and all borrower relationships.

Eligible Properties:	Existing nursing and assisted living properties with seasoned operating management and at least 6 months of stabilized occupancy. Ownership must be held in a single-purpose, bankruptcy-remote entity. Non-stabilized properties may be considered if they are cross-collateralized with stabilized properties.
Use of Loan Proceeds:	Equity take-out, refinance, acquisition, and minor/moderate facility improvements that will not materially disrupt existing operations. (Escrow for improvements at closing equal to 125% of estimated improvement costs.)
Maximum Loan Amount:	Up to 85% of appraised value.
Term:	3, 5, or 7 years.
Amortization:	25 years (30 years may be considered for properties built within the past 10 years and bearing appropriate credit characteristics).
Interest Rate:	Fixed or floating, based on market conditions at the time of loan pricing, but will approximate 300 to 400 basis points above either LIBOR (floating) or matching term swap rate.
Guaranty:	Personal guarantees typically limited to 10 to 15 % of loan amount
Assumable:	Yes, with payment of 1.0% assumption fee and credit approval of new obligor entity.
Prepayment:	Full prepayment flexibility on variable-rate loans. Fixed-rate loans are typically locked out for prepayment for a period equal to half the loan term, followed by declining prepayment premiums. Defeasance options are available.
Timing:	Approximately 3 months from proposal to closing.
Financial Covenants:	Minimum debt service coverage and other covenants will apply based on credit characteristics of borrower.
Escrows:	Monthly escrow required for payment of taxes, property and liability insurance.
Replacement Reserve:	Determined by engineer assessment; approximately \$300/unit yearly
Other:	Springing cash management agreement may be required