

# WHEDA MULTIFAMILY LOAN APPLICATION Appendix A

## Assisted Living (RCAC & CBRF) Underwriting Guidelines

In order to address risk associated with assisted living developments, WHEDA has developed the following loan underwriting guidelines. These may be more stringent than standard loan terms associated with specific funding sources/term sheets.

### Additional submittal requirements:

<i>Owner Experience</i>	Must demonstrate five years of significant development and/or management experience in providing services to the elderly in similar or related business
<i>Management</i>	Management may be provided by borrower or through third party contract. Must demonstrate five years of significant administrative and management experience in providing services to the elderly in similar or related business; must be experienced in providing personal care (ADL) and other services (IADL) to elderly
<i>Medicaid/Family Care</i>	<ul style="list-style-type: none"> <li>• Describe the waiting list for Medicaid waiver services and/or the existence of Family Care in the county</li> <li>• Describe expected number of Medicaid/Family Care eligible residents</li> <li>• Describe monthly average service charge for Medicaid eligible resident (if different than private pay residents).</li> <li>• Document Medicaid reimbursement rates from the county if Medicaid/Family Care is an expected service funding source</li> <li>• All Applicants must submit a letter of support from the county if Medicaid/Family Care is an expected service funding source.</li> </ul>
<i>Services</i>	<ul style="list-style-type: none"> <li>• Describe the target population and the services being proposed.</li> <li>• Describe the monthly service fee structure (i.e. bundled, ala carte, etc.)</li> <li>• Provide separate proformas for rental income/expenses and service related income and expenses. Provide assumptions</li> </ul>

### Special underwriting criteria:

<i>Design</i>	RCACs must have full kitchens with full size refrigerator, stove/oven.
<i>Regulation</i>	RCACs must be certified by the state of Wisconsin
<i>Loan-to-Value Ratio</i>	Up to 80% of appraised value, market or investment value determined by an appraisal contracted by and acceptable to WHEDA
<i>Debt Service Coverage/Vacancy</i>	Minimum 1.30 DCR; a minimum 10% vacancy factor will be applied to rental and service income
<i>Market Absorption</i>	Typically assume maximum of 2 units per month
<i>Operating Deficit Escrow</i>	Typically sized 6 months of expected total operating expenses (not including replacement reserve), funded at closing.
<i>Lease-up Deficit Escrow</i>	Typically minimum 6 to maximum 12 months of expected total operating expenses (not including replacement reserve), funded at closing. Subject to underwriter review of absorption/operating assumptions.