Multifamily Selling and Servicing Guide

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## Operating Lease Ratios

### Requirements

If the Seniors Housing Operator

- does not have any direct or indirect ownership interest in the Borrower or the Key Principal, or
- is not a Person Controlled by, under common Control with, or which Controls, the Borrower or Key Principal, then you must ensure that the Property meets the following ratios:

<table>
<thead>
<tr>
<th>Ratios</th>
<th>Requirements</th>
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</thead>
<tbody>
<tr>
<td>Operating Lease Coverage Ratio</td>
<td>The minimum underwriting ratios for Underwritten NCF to current year operating lease payments are:</td>
</tr>
<tr>
<td></td>
<td>• 1.10 for Seniors Housing Properties where more than 50% of the units are Independent Living units; and</td>
</tr>
<tr>
<td></td>
<td>• 1.15 for Seniors Housing Properties where 50% or more of the units are Assisted Living, Alzheimers/Dementia Care, or Skilled Nursing units.</td>
</tr>
<tr>
<td>Operating Lease Payment to Debt Service Payment Ratio</td>
<td>The minimum underwriting ratios of the current year operating lease payments to the underwritten fixed rate debt service payments are:</td>
</tr>
<tr>
<td></td>
<td>• 1.15 for Seniors Housing Properties where more than 50% of the units are Independent Living units; and</td>
</tr>
<tr>
<td></td>
<td>• 1.20 for Seniors Housing Properties where 50% or more of the units are Assisted Living, Alzheimers/Dementia Care, or Skilled Nursing units.</td>
</tr>
</tbody>
</table>
# Glossary

## A

**Assisted Living**

Seniors Housing Property offering services limited to non-medical personal care, including ADL assistance, which are typically licensed and regulated by a state or local governmental authority.

**Synonyms**

- AL

## B

**Borrower**

Person who is the obligor per the Note.

**Synonyms**

- Borrowers
- Borrower’s

## C

**Control**

Possessing, directly or indirectly, the power to direct or cause the management and operations of an entity (e.g., through the ownership of voting securities or other ownership interests, or by contract).

**Synonyms**

- Controlling
- Controlled
- Controls

## I

**Independent Living**

Seniors Housing providing limited programs of assistance for domestic activities (e.g. meals, housekeeping, activities, transportation, etc.), and typically resembles market rate units.

**Synonyms**

- IL
K

Key Principal
Person who
• controls and/or manages the Borrower or the Property,
• is critical to the successful operation and management of the Borrower and the Property, and/or
• may be required to provide a Guaranty.

Synonyms
• Key Principals
• Key Principal's

L

Lease
Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.

Synonyms
• Leases

P

Person
Legal person, including an
• individual,
• estate,
• trust,
• corporation,
• partnership,
• limited liability company,
• financial institution,
• joint venture,
• association, or
• other organization or entity (whether governmental or private).

Synonyms
• Persons
• Person's
| **Property** | Multifamily residential real estate securing the Mortgage Loan, including the
|              | • fee simple or Leasehold interest,
|              | • Improvements, and
|              | • personal property (per the Uniform Commercial Code).

**Synonyms**
- Properties
- Property's

| **Skilled Nursing** | Seniors Housing Property with units that are highly regulated and provide 24-hour resident supervision and registered nursing care services. |