



Richmond
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Financing Life Lease Housing

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Canadian Western Bank

History

- Established in 1984
- Head Office–Edmonton Alberta
- Listed on the TSE
- 42 Offices
- Offices in Four Western Provinces – B.C. / Alberta / Saskatchewan / Manitoba.
- 2,000 Employees
- Products/Services – Loans / Wealth Management / Savings



Canadian Western Bank

Types of Loans:

Real Estate Construction Loans

- Townhouses
- Condominiums – Wood Frame
- High Rises
- Residential subdivision
- Single Family Houses
- Seniors Housing



Seniors' Housing

(CWB likes to Finance Seniors' Housing)

Types of Seniors' Housing:

- Retirement Homes
- Nursing Homes
- Assisted Living
- Life Lease
- For-Profit and Non-Profit



Credit Criteria to Obtain Loan Approval:

Construction Loans

Financing for Construction of New Senior's Project:

Here is an example of an \$11,300,000 Construction Loan for a new 50 unit Seniors' Life Lease Facility. In this example a Construction Company / Development Manager / & a Non Profit Society formed a Joint Venture to construct a Seniors' Life Lease project.

All of the units were sold as Life Leases and a leasehold interest is registered on title. Leases are 30 years less a day since leases less than 30 years are not subject to Property Transfer Tax in British Columbia.



Non-Profit Development Vernon

Credit Criteria to Obtain Loan Approval:

Construction Loans

The Joint Venture Partners Agreed as follows:

- The Non – Profit Society would put the clear title land up for security to secure the Bank Loan.
- The Development Manager and /Construction company would:
 - Arrange Financing.
 - Obtain Development/Building Permit approvals.
- The Construction Company would Manage the Construction of the Project.



Credit Criteria to Obtain Loan Approval:

Construction Loans

The Joint Venture Partners Agreed as follows (Continued):

- The Development Manager would handle all marketing/sales of all the life lease units.
- The Development Manager/Construction company would share in the profits of the project.
- After all of the units are sold and the Bank's loan paid in full the Development Manager and Construction company would turn the completed building over to the Non – Profit Society for \$1.00 which would then own and manage the project.



The Project Financing is summarized as follows:

Programme		Financing	
Land	\$950,000	Bank Loan	\$11,300,000
Soft Costs	\$2,650,000	Equity	3,767,000
Hard Costs	10,200,000		
Contingency	550,000		
Interest Reserve	650,000		
Commitment Fee	<u>67,000</u>		<u> </u>
	<u>\$15,067,000</u>		<u>\$15,067,000</u>

Loan To Cost 74.9% - ($\$11,300,000 / \$15,067,000$)



Credit Criteria to Obtain Loan Approval:

Loan Terms and Conditions

1. First mortgage on Property
2. Debt service coverage covenant
3. Personal guarantees
4. Construction loan to be repaid in 24 months
5. Loan to be repaid from sale proceeds of the individual life lease units
6. Prior to Funding – evidence of Development / Building Permit approval and firm construction contract



Credit Criteria to Obtain Loan Approval:

Information Required to Process a Loan Application

1. Appraisal
2. Phase 1 Environmental Assessment
3. Detailed Construction Budget
4. Resume of Builder
5. Financial Statements



Credit Criteria to Obtain Loan Approval:

Information Required to Process a Loan Application

6. Forecast of Earnings
7. Resume of Loan Applicant
8. Business Plan
9. Personal Net Worth Statement