

OUR PRACTICE

Financing Long Term Care Facilities

Successful financing of long term care facilities demands experience and a sophisticated focus in health care, real estate, lending and corporate law. Baker Donelson has the experience that lenders and borrowers require to navigate around the pitfalls and take advantage of the opportunities involved in financing transactions for long term care and other health care facilities. Our attorneys have served as counsel to operators and lenders on a wide range of financing transactions, from single site transactions to large multi-site portfolios. Our experience includes:

- Traditional mortgage financing
- HUD 232 insured loans for nursing homes and assisted living facilities
- HUD 223(f) insured loans for senior housing
- Equipment leases and loans
- Accounts receivable financing
- Securitization/CMBS
- Fannie Mae loans
- Freddie Mac loans
- Sale-leaseback transactions

Preparation and negotiation of effective loan documents form the core of our long term care service. While our scope of work varies with each transaction, our work includes the following:

- Initial assessment of financing needs
- Structuring of the transaction in light of the client's goals, with special attention to regulatory and corporate issues
- Guidance through the letter of intent and loan application
- Assistance with due diligence (including health care matters, environmental site assessment, property condition report, title insurance, land surveys, corporate and lien searches)
- Analysis and assistance with change of ownership issues in licensure, Certificate of Need, Medicare and Medicaid
- Analysis of lock box, cash management and other issues associated with health care accounts receivable financing
- Opinion letters
- Coordination of closing
- Post-closing follow through

Our finance lawyers also have the resources of Baker Donelson's Health Law Group to assist in tackling tough health care issues. Baker Donelson's Health Law Group is widely recognized as a premier national practice.



Representative Matters

- Borrower's counsel on more than 75 Section 232 HUD loans to various nursing home and assisted living operators in 24 states
- Served as borrower's counsel on \$104 million portfolio financing of nursing homes.
- Borrower's counsel in securitization of large, national portfolio of nursing homes.
- Lender's counsel on numerous nursing facility acquisition loans.

- Related financing of 99 nursing, assisted living and independent living facilities in 21 states under extremely tight deadline.
- Lender's counsel on nursing facility mezzanine loans.
- Acted as borrower's counsel in loan transactions involving eight nursing homes and assisted living facilities located in four states (real estate and accounts receivable collateral).
- Borrower's counsel on acquisition of portfolio of nursing homes involving multiple lenders under extremely tight deadline.
- Lender's counsel on multi-facility loans to skilled nursing facility operator involving negotiations with third party management company and intercreditor rights with accounts receivable lender.
- Borrower's counsel in restructuring of loan secured by governmental receivables of four rehabilitation facilities.
- Lender's counsel on loan to nursing home facility in transaction involving negotiations with national public nursing home chain tenant.
- Borrower's counsel in bridge-to-HUD financing transaction involving 17 health care facilities in eight states.
- Counsel in loans for acquisition of distressed nursing homes.
- Buyer's counsel in acquisition of campus including nursing home, assisted living and independent living facility involving bankruptcy sale.
- Borrower's counsel in retirement center loan in securitized pool.
- Borrower's counsel in numerous bridge-to-HUD loans with health care section of regional banks involving HUD takeout loan structure.
- Borrower's counsel in connection with construction loans for construction of nursing home and assisted living campuses.
- Prepared and presented materials at the 2003 Long Term Care Section meeting of the American Health Law Association regarding the HUD 232 Program for financing of health care facilities.
- Counsel on billions of dollars of health care loan transactions.
- Representation of secured lender holding in excess of \$50 million loan secured by six long term care facilities. Negotiation of restructure of both securitized and non-securitized loan obligations with borrower to avoid Chapter 11 bankruptcy filing.
- Representation of secured lender in bankruptcy case where secured lender's portfolio exceeded \$45 million in a securitized pool through numerous lease transactions with debtors involving long term care facilities located in multiple states.
- Represented a health care financing firm in a 10-site, \$82 million skilled nursing facility portfolio of HUD Section 232/223(f) mortgage loans in Texas. This complex deal involved a number of challenges because the facilities were all leased under a master lease to a third-party operator and were subject to accounts receivable financing in addition to the HUD mortgage loans.