

CASE STUDY

GREAT FALLS ASSISTED LIVING

\$22,128,200 | October 2018 | Herndon, VA



SIMS MORTGAGE FUNDING (SMF) CLOSES \$22,128,200 REFINANCE LOAN FOR MEMORY CARE FACILITY IN HERNDON, VA



Sims Mortgage Funding has recently become a valued partner of EagleBank's. Eagle is a new entrant into the FHA Seniors lending space and has begun to market the various LEAN programs to its balance sheet clients. As a new entrant it was important to the Bank to ensure that its clients were well served, especially given the complexities involved in a typical HUD processing. Anthony Luzzi and Andrew Patykula have been unbelievable to work with in terms of their program knowledge and attentiveness to Eagle's client's needs and goals. Anthony and Andrew offer a high degree of integrity and professionalism when interacting with us, our clients and with HUD. Eagle's client and therefore Eagle were extremely happy with the outcome of our recent transaction and we have the utmost trust in Sims' abilities to bring any future transactions over the finish line.

- Anthony Washington, Senior VP, EagleBank FHA Multifamily and LEAN Lending



PARTNERED RIGHT

Artis Senior Living, a developer/owner/operator of assisted living residences, wanted to leverage the considerable equity it had built up in one of its memory care facilities in the Washington, DC metropolitan area. However, they wanted to transition as quickly as possible to a HUD-insured loan so as to minimize future interest rate and refinancing risk. EagleBank is Artis's corporate lender and was willing to make a short-term bridge loan for that purpose; but at that time did not have the background in the HUD *healthcare* mortgage insurance space for the take-out. Eagle brought Sims Mortgage Funding into the deal to secure the "back-end" of the bridge-to-HUD financing.

STRUCTURED RIGHT

Recent changes in HUD's policies have significantly shortened the debt seasoning requirements for bridge loans. This has opened the way for more efficient and expeditious bridge-to-HUD loan executions that involve the take-out of equity. SMF worked closely with EagleBank and HUD to ensure that the goals of Artis and Eagle - to allow for a maximum bridge loan without enduring a lengthy loan seasoning period - were met.

EXECUTED RIGHT

The \$22,128,200 loan was insured under the Section 232/223(f) program and was underwritten at 64% of the appraised Market Value. The self-amortizing loan features a 35-year term and a debt service coverage ratio of 1.74. HUD approved the deal in 61 days. EagleBank placed the GNMA securities used to fund the HUD-insured loan, completing the take-out of its bridge loan that was issued about nine months earlier.

FINANCED RIGHT®

SMF successfully helped EagleBank and Artis execute a refinance plan that converted short-term debt into long-term financing at a competitive, fixed interest rate and on better terms than were available through commercial financing options. With HUD's more liberal bridge loan seasoning guidelines firmly in place, Section 232/223(f) mortgage insurance provides an excellent take-out of short-term debt used to acquire a healthcare/senior housing property or to leverage the additional equity resulting from increases in market value.

For more detailed information on how **Great Falls Assisted Living** was **Financed Right®** by HJ Sims and Sims Mortgage Funding, please contact:

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