

CASE STUDY

BATON ROUGE GENERAL MEDICAL CENTER
\$45,474,000 | December 2018 | Baton Rouge, LA



Anthony Luzzi at Sims Mortgage Funding and Trisha Wirth at Wirth & Company were instrumental in guiding us through the HUD process for a recent hospital construction project. Their knowledge of the HUD hospital mortgage insurance program and support through changes to the scope of the project and modifications to our financing kept our whole team on track and informed about the process.

- **Kendall Johnson, Chief Financial Officer, Baton Rouge General Medical Center**

SIMS MORTGAGE FUNDING CLOSES HOSPITAL EXPANSION LOAN DURING THE RECENT FEDERAL GOVERNMENT PARTIAL SHUTDOWN

PARTNERED RIGHT

Baton Rouge General Medical Center (“BRGMC”) is a not-for-profit community hospital with 591 licensed beds. It wanted to expand its footprint by constructing a neighborhood hospital approximately 7 miles from the main campus. Because its existing HUD-insured loan had a favorable interest rate BRGMC did not want to refinance it in connection with the new Project. The hospital’s mortgage banker, Wirth & Company, had phased out their HUD license, so Wirth and BRGMC partnered with Sims Mortgage Funding to originate a new, supplemental loan.

STRUCTURED RIGHT

SMF originated a second HUD-insured loan for \$45,474,000 under the Section 242/241 Supplemental Loan program. By including an appraisal of the hospital with the mortgage insurance application, SMF demonstrated that the combined primary HUD-insured and proposed Supplemental Loan would be less than 90% of hospital’s value. As a result, the Supplemental Loan covered 100% of the Project costs.

EXECUTED RIGHT

The Supplemental Loan closed on December 31, during the recent partial Federal government shutdown. This enabled construction to start in early January, preserving the construction manager’s guaranteed maximum price. Moreover, by carefully aligning prepaid Project development costs into the loan application, SMF helped BRGMC maximize its reimbursement at closing, enhancing its liquidity.

FINANCED RIGHT®

The Section 242/241 Supplemental Loan provides a high leverage capital solution that enhances BRGMC’s liquidity and complements their existing, low interest rate HUD-insured loan. HUD’s timely review of the application allowed the Firm Commitment to be issued *before* the partial Federal government shutdown, which was instrumental in being able to close the loan *during* the shutdown.

For more detailed information on how **Baton Rouge General Medical Center** was Financed Right® by HJ Sims and Sims Mortgage Funding, please contact:

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