

CASE STUDY

LILIHA HEALTHCARE CENTER

\$14,080,000 | September 2019 | Honolulu, HI



Sims Mortgage Funding led by Anthony Luzzi and with the assistance of Andrew Patykula helped my SNF client navigate the HUD Loan Approval process and closing while coordinating with the Herbert J. Sims Mezzanine loan program. Their insight and contacts help coordinate a multiple property refinancing. Their guidance helped the client lower their overall permanent debt service cost by about 60%.

- James Lewin, President Financial Asset Capital Corporation

SMF REFINANCES HAWAII SKILLED NURSING FACILITY, INTEREST RATE REDUCED BY 60%

PARTNERED RIGHT

Liliha Healthcare Center is a 92-bed skilled nursing facility in Honolulu, HI. Liliha, and its sister facility, Nuuanu Hale, were collateralized with a single, high-interest rate, bridge loan that featured a short maturity and expensive extension provisions. A HUD-insured loan, with an attractive fixed interest rate and long term, was the best execution to refinance the existing debt. To complete the refinancing capital stack, the holding company of the Liliha and Nuuanu borrowers obtained additional financing through HJ Sims, our parent company.

STRUCTURED RIGHT

The Liliha refinance plan called for SMF to underwrite the maximum amount of loan to replace as much of the bridge debt as possible, leaving the unpaid balance to remain outstanding solely on the Nuuanu property. Moreover, to ensure that the holding company loan would not be subject to certain provisions of HUD's "secondary financing" requirements, SMF obtained a key waiver that allowed HUD to approve that loan's structure without modification.

EXECUTED RIGHT

SMF underwrote a refinancing loan insured under the Section 232/223(f) program for \$14,080,000, which represented 80% of the estimated market value. The loan featured a 30-year term and was underwritten with a 2.05 debt service coverage ratio. SMF structured its compensation in a manner that gave the borrower considerable flexibility as we freed up more HUD-insured loan proceeds for debt repayment.

FINANCED RIGHT®

The combination of the HUD-insured loan originated by SMF and the holding company loan made through HJ Sims enabled the Liliha borrower to dramatically reduce its interest rate by about 60% and replace an expensive, volatile, short-term lender with a stable capital platform.

For more detailed information on how **Liliha Healthcare Center** was Financed Right® by HJ Sims and Sims Mortgage Funding, please contact:

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