

REITs

COMPANY	TICKER	CURRENT		DIVIDEND STATUS ⁽¹⁾	2011 % CHANGE	52-WEEK RANGE	
		PRICE 11/30/11	YIELD			HIGH	LOW
Care Investment Trust	CVTR	\$5.60	9.6%	Beg. Nov-07	18%	\$7.50	\$4.00
HCP, Inc.	HCP	38.65	4.8	Inc. Feb-10	5	40.87	28.76
Health Care REIT	HCN	50.17	5.7	Inc. May-11	5	55.21	41.03
Healthcare Realty Trust	HR	17.62	6.8	Dec. Mar-10	-17	23.73	13.83
LTC Properties	LTC	28.75	5.8	Inc. Nov-10	2	30.16	20.40
National Health Investors	NHI	42.31	5.8	Inc. Mar-11	-6	49.55	37.90
Omega Healthcare Investors	OHI	17.93	8.9	Inc. Aug-11	-20	24.46	14.40
Sabra Health Care REIT ⁽²⁾	SBRA	10.60	12.1	Beg. May-11	-42	19.31	7.86
Senior Housing Properties Tr.	SNH	21.91	6.9	Inc. Oct-11	0	24.66	19.09
Universal Health Realty	UHT	36.91	6.6	Inc. Jun-10	1	43.99	32.00
Ventas	VTR	52.76	4.1	Inc. Mar-10	1	57.45	43.25

⁽¹⁾ As of ex-dividend date. ⁽²⁾ Sabra Healthcare REIT was spun out of Sun Healthcare Group and holds the property assets that are operated by the new Sun. Shares started trading on November 16, 2010 and opened at \$17.00 per share.



FINANCING NEWS

All we can say is, thank you **HUD** for filling the lending gap this past year. The nearly \$3.3 billion of HUD LEAN loans completed in the fiscal year ended September 30 was about 30% higher than in the previous year. And with lower interest rates in the past year, borrowers were grateful. A total of 415 loans were processed with an average size of \$7.9 million. At the top of the HUD league tables was **Capital Funding**, leading the way in dollar volume (\$564.7 million) as well as loan volume (90).

Moving up from last year to second place was **Lancaster Pollard** with \$401.1 million and 61 loans, followed by **Walker & Dunlop** with \$353.5 million and 48 loans. Rounding out the top five in loan volume were **Cambridge Realty Capital** (25 loans) and **Housing & Healthcare Finance** (23 loans), while in dollar volume it was Housing & Healthcare Finance in fourth place with \$287.0 million, followed by **Love Funding** with \$240.2 million. There were 15 loans greater than \$20.0 million, and the largest loan was \$43.2 million for a 320-bed nursing facility in New Jersey underwritten by Love Funding.

And the HUD activity is not showing any sign of slowing down, as HUD expects to be processing close to 80 loans a month for the next few months to clear out the

backlog, and then what, business as usual? It has been business as usual for Housing & Healthcare Finance (HHF), which completed nine HUD loans in November for a total of \$61.9 million. The loans were for four skilled nursing facilities in four states at an average loan size of \$10.5 million, and five assisted living facilities in four states with an average loan size of \$4.0 million. The interest rates on all the loans were below 4.0% before the mortgage insurance premium.

Joshua Hausfeld of Love Funding secured an \$8.91 million construction-to-permanent loan with HUD to build a 97-bed assisted living and memory care facility in Odessa, Texas. The 69,500 square foot facility, being developed by **McFarlin Group** and **Stroud Development**, is scheduled to open in late 2012 and will have 57 assisted living and 40 memory care beds. This is the third loan Love Funding has arranged for McFarlin. Meanwhile, Robert Smallwood of Love Funding closed on a \$4.96 million HUD LEAN loan to refinance a 62-bed assisted living and dementia facility in Mayfield Village, Ohio, that is owned by **Randall Residence**. The borrower owns and operates five properties in Ohio and one in Michigan.

With interest rates so low, the volume of HUD re-financings this year may hit a record. Lancaster Pollard recently refinanced a 90-unit assisted living facility in

Issaquah, Washington on behalf of **Marathon Development**. The interest rate dropped from 7.25% on the previous loan to 3.93% on the new one, saving about \$400,000 annually on the \$12.4 million loan. Cambridge Realty Capital also took advantage of the environment to arrange a \$5.7 million refinancing of a 170-bed skilled nursing facility in Kansas.

In other HUD refinancing news, **Red Mortgage Capital** arranged an \$18.615 million loan to refinance a 138-unit community in Louisville, Colorado with assisted living, memory care and skilled nursing beds. The new loan significantly cut the interest rate for the remaining 32-year term for the owner, **Balfour Senior Living**. Red Mortgage also completed a refinancing in the amount of \$6.722 million on an 89-bed skilled nursing facility in Bountiful, Utah owned and operated by **Avalon Healthcare**. The term was also extended to 40 years. Finally, Red Mortgage refinanced a 36-unit memory care facility in Mentor, Ohio for \$4.635 million.

In agency business, Michael Leonard of **Oak Grove Capital** completed a **Fannie Mae** refinancing of a construction loan used to build a 78-unit expansion to a senior living campus in Spring Hill, Florida which has independent living, assisted living and memory care for a total of 205 units. The \$16.0 million loan has a 10-year maturity and a 30-year amortization. The first phase of the campus was completed in 2000, and **The Goodman Group** is the sponsor. Separately, **Grandbridge Seniors Housing**, a unit of **BB&T**, completed a \$16.4 million Freddie Mac loan for the acquisition of a 98-unit assisted living facility.

Although at times it may appear that there is no balance sheet lending being done in this market, it is still alive and kicking. Kevin McMeen of **MidCap Financial** recently completed a \$16.0 million loan to recapitalize four independent living communities owned by an affiliate of **Walton Street** and operated by **Senior Lifestyle Corporation**.

The communities, some of which offer assisted living services, have a total of 582 units. They were developed in the 1980s and are located in Texas (2), Oklahoma and Florida. The non-recourse loan is a LIBOR-based floater with a three-year term and a 25-year amortization with full pre-payment ability. The loan-to-value was 46%, not because that was the maximum but because it was what the borrower wanted.



ON THE MOVE

Berkadia Commercial Mortgage is continuing to grow its seniors housing lending capacity, this time snaring three executives from Oak Grove Capital. Lisa Lautner has joined as a senior vice president and will be based in Kentucky focusing on Freddie Mac, Fannie Mae and HUD debt placements. Heidi Brunet joined as a vice president and Nicole Perri as an assistant vice president; all three will be reporting to Dan Biron, who recently joined Berkadia. Brunet is based in Texas and Perri in Alabama.

Richard Lerner and Michael Gehl, previously with **Credit Suisse First Boston**, have joined Housing & Healthcare Finance, one of the leading health care lenders. The two will work to expand HHC's lending platform to include mezzanine loans, loans for securitizations and bridge loans. They will both be based in New York City.

Harbor Retirement Associates (HRA) has announced that Marc Vorkapich has been promoted to president and CEO effective November 30. He started with the company as vice president of sales and marketing and after redesigning the sales structure, he was promoted to chief operating officer. According to the company's principals, Tim Smick and Dan Simmons, under his leadership the company has seen a 43% increase in NOI since 2009. HRA manages 17 senior living communities, 11 of which are located in Florida, where the company is based.

Walker & Dunlop has hired Dale Brem as its new vice president and deputy chief underwriter of the company's FHA finance department. He has 18 years of commercial real estate experience and previously was chief underwriter at **KeyBank Real Estate Capital**, managing all underwriting activities for FHA financings at the bank. W&D also opened a new office in Nashville, Tennessee and hired David Strange as vice president of FHA finance to run the Nashville office. Previously, he was an FHA originator with **Deutsche Bank Berkshire Mortgage** in Tennessee.

And speaking of new offices, **Healthcare Finance Group** has opened one in Charlotte, North Carolina. It will be staffed by Alan Regdos, senior vice president and national underwriting manager, and Christopher Smith, senior vice president and business development officer. Headquartered in New York City, the company now has offices in California, Connecticut and New Jersey and North Carolina.