

CASE STUDY

ISLAND NURSING & REHABILITATION CENTER

\$13,656,333 | October 2015 | Holtzville, NY



FINANCED RIGHT®

SIMS MORTGAGE FUNDING USES LEAN NOTE MODIFICATION TO REFINANCE HOSPITAL-OWNED NURSING FACILITY.

BACKGROUND

Sims Mortgage Funding (SMF) recently served as Financial Advisor in connection with a \$13,656,333 FHA-insured loan for the Island Nursing and Rehabilitation Center, a 120-bed facility located in Holtzville, NY. This was the second successful transaction SMF has closed for Island, which is an affiliate of John T. Mather Memorial Hospital, a 248-bed general medical and surgical facility in Port Jefferson, NY.

SITUATION

Island has been a client of SMF for over 10 years. In 2007 we originated a \$17,158,100 FHA-insured Section 232/223(f) taxable loan funded with GNMA securities that financed Island's acquisition of the facility. Island wanted to take advantage of current low interest rates by refinancing as quickly as possible; moreover, the project needed some additional funds for capital expenditures.

FINANCING DETAILS

- SMF structured the refinancing as a Note Modification under the Lean protocol established by the Office of Residential Care Facilities (ORCF). SMF developed the formal Note Modification analysis and narrative proposal that was filed with ORCF by the existing loan servicer.
- The proposal was approved by ORCF in 10 days, with closing on the loan occurring 35 days later.
- In addition, the Note Modification generated approximately \$100,000 in proceeds to be deposited into the Reserve Fund for Replacements to be used for repairs.

OUTCOME

Because Island was able to access the market quickly and under favorable conditions, its interest rate was reduced by 24%, resulting in interest savings of approximately \$1.9 million through the June 2032 maturity date and exceeding transaction and closing

costs by 5.5 times. Under recently-changed New York Department of Health guidelines, Island is eligible to keep 50% of the savings attributable to Medicaid residents instead of remitting all of it to the State.



For more detailed information on how Island was Financed Right® by HJ Sims and Sims Mortgage Funding, please call or email:

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