



THOMAS USAF'S SPECIAL REPORT HIGHLIGHTING THE NURSING HOME INDUSTRY

September 16, 2013



The USDA & SBA Health Care Experts

When you think Health Care, think Thomas USAF Group, LLC! Over the years we have originated, processed and underwritten over **\$250 Million in Nursing Home loans, \$157 Million in the past 5 years, in 9 states which created or saved over 7,000 jobs.**

<u>Business</u>	<u>Location</u>	<u>Loan Amount</u>	<u>Jobs</u>	<u>Type of Loan</u>	<u>Term</u>
Nursing Home	Swainsboro, GA	\$1,600,000	103	USDA B&I	25
Nursing Home	Elberton, GA	\$1,140,000	60	USDA B&I	25
Nursing Home	Mid Dickson, TN	\$3,000,000	72	USDA B&I	20
Nursing Home	South Twin, GA	\$3,340,000	110	USDA B&I	20
Nursing Home	Spring Nursing, GA	\$4,142,000	75	USDA B&I	20
Nursing Home	West Gallon, GA	\$3,350,000	104	USDA B&I	20
Nursing Home	Fairhope, AL	\$5,000,000	103	USDA B&I	25
Nursing Home	West Reel, TN	\$3,760,000	120	USDA B&I	20
Nursing Home	Glencoe, AL	\$7,500,000	124	USDA B&I	25
Nursing Home	Attalla, AL	\$8,320,000	182	USDA B&I	25
Nursing Home	Fitzgerald, GA	\$4,750,000	120	USDA B&I	25
Nursing Home	Roberta, GA	\$2,480,000	100	USDA B&I	25
Nursing Home	Moultrie, GA	\$10,000,000	100	USDA B&I	30
Nursing Home	Angola, IN	\$3,550,000	93	USDA B&I	25
Nursing Home	Ava, MO	\$2,400,000	104	USDA B&I	25
Nursing Home	Clinton, MO	\$600,000	114	USDA B&I	25
Nursing Home	Joplin, MO	\$4,700,000	104	USDA B&I	25
Nursing Home	Lamar, MO	\$3,000,000	106	USDA B&I	25
Nursing Home	Thayer, MO	\$3,700,000	118	USDA B&I	25

<u>Business</u>	<u>Location</u>	<u>Loan Amount</u>	<u>Jobs</u>	<u>Type of Loan</u>	<u>Term</u>
Nursing Home	Sylva, NC	\$5,000,000	106	USDA B&I	25
Nursing Home	Spartanburg, SC	\$4,900,000	60	USDA B&I	25
Nursing Home	Tiptonville, TN	\$3,800,000	116	USDA B&I	25
Nursing Home	Sneedville, TN	\$2,320,000	50	USDA B&I	25
Nursing Home	Stamps, AR	\$3,600,000	94	USDA B&I	25
Nursing Home	Dublin, GA	\$5,000,000	48	USDA B&I	25
Nursing Home	Enid, OK	\$1,840,000	50	USDA B&I	25
Nursing Home	Enid, OK	\$1,760,000	45	USDA B&I	25
Nursing Home	Enid, OK	\$1,520,000	102	USDA B&I	25
Nursing Home	Grove, OK	\$1,520,000	60	USDA B&I	25
Nursing Home	Grove, OK	\$3,200,000	103	USDA B&I	25
Nursing Home	College Park, GA	\$4,874,000	100	SBA 504	25
Nursing Home	Dublin, GA	\$800,000	10	SBA 7(a)	25
Nursing Home	Macon, GA	\$3,485,000	92	SBA 7(a)	25
Nursing Home	Marietta, GA	\$5,449,000	109	SBA 504	23
Nursing Home	Mtn. View, AR	\$3,114,000	97	SBA 504 G	23
Nursing Home	Golden Years, AR	\$5,000,000	141	USDA B&I	25
Nursing Home	Little Rock, AR	3,400,000	120	Bridge	1
Nursing Home	Madill, OK	4,500,000	140	USDA B&I	20
Nursing Home	Durant, OK	4,000,000	122	USDA B&I	20
Nursing Home	Durant, OK	4,500,000	104	USDA B&I	20
Nursing Home	Sumter, SC	4,640,000	96	Bridge	1
	Grand Total:	\$180,939,000	4257		

Call the Health Care experts for your nursing home or assisted living loan needs!

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If you are interested in obtaining a USDA B&I, CF loan or SBA 7(a) or 504 loan, please contact one of the above Loan Specialists



INTRODUCTION

Nursing Home

- A place of residence for people who require continual nursing care and have significant deficiencies with activities of daily living
- Nursing aides and skilled nurses are usually available 24 hours a day
- Residents include the elderly and younger adults with physical or mental disabilities
- Most states only allow residence to individuals admitted by a Doctor in a facility's ward who have a Certificate of Need, (CON) issued by the state

NURSING HOMES & BEDS BY STATE:

SELECTED YEARS

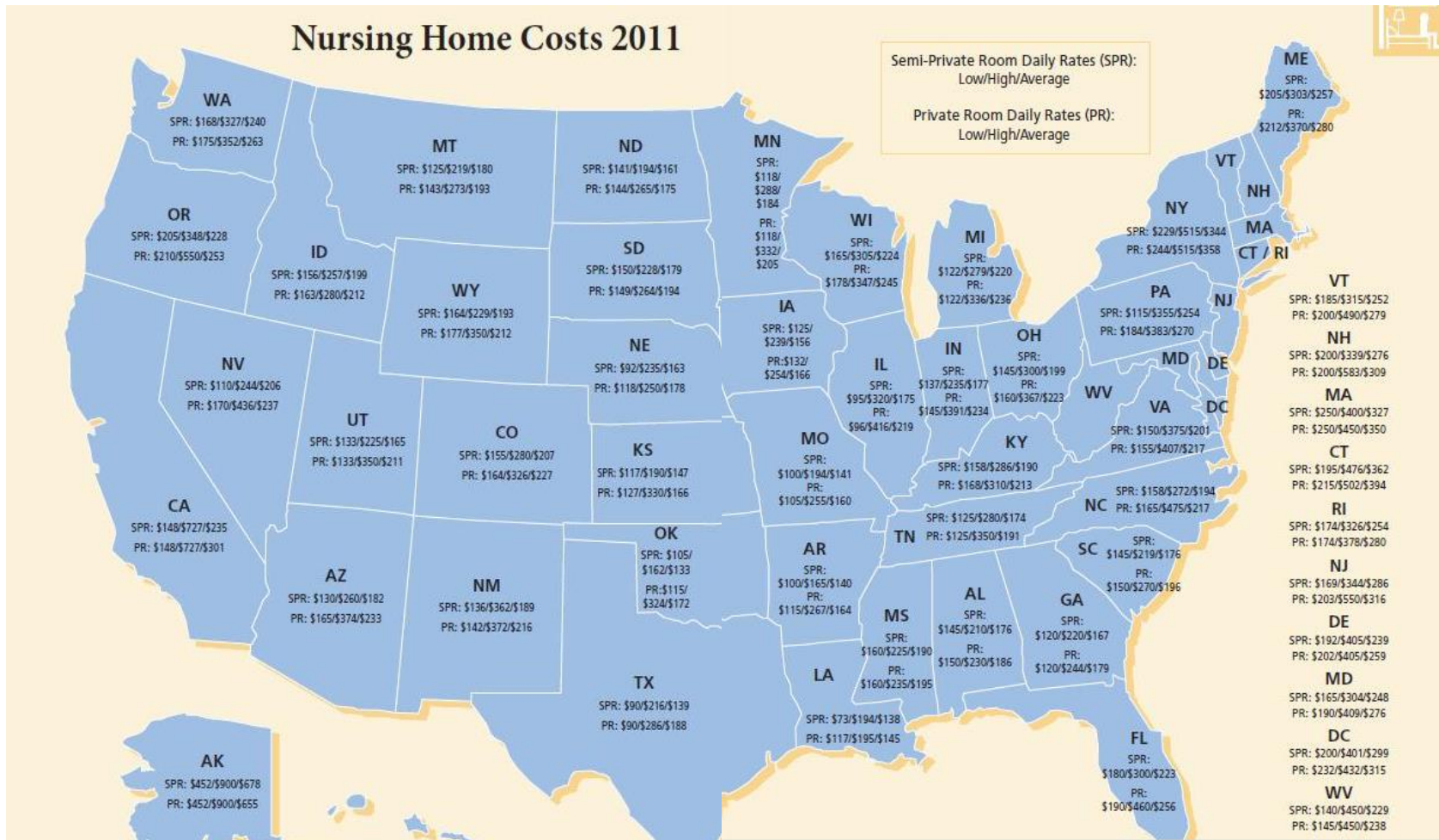
1995–2011

State	Nursing homes				Beds			
	1995	2000	2010	2011	1995	2000	2010	2011
	Number							
United States	16,389	16,886	15,690	15,702	1,751,302	1,795,388	1,703,398	1,703,486
Alabama	221	225	227	228	23,353	25,248	26,656	26,692
Alaska	15	15	15	15	814	821	682	662
Arizona	152	150	139	141	16,162	17,458	16,460	16,401
Arkansas	256	255	232	234	29,952	25,715	24,548	24,600
California	1,382	1,369	1,239	1,235	140,203	131,762	121,167	120,833
Colorado	219	225	213	212	19,912	20,240	20,259	20,115
Connecticut	267	259	239	238	32,827	32,433	29,255	29,045
Delaware	42	43	47	47	4,739	4,906	4,990	4,990
District of Columbia	19	20	19	19	3,206	3,078	2,775	2,772
Florida	627	732	678	681	72,656	83,365	82,226	82,567
Georgia	352	363	360	359	38,097	39,817	39,960	39,857
Hawaii	34	45	48	48	2,513	4,006	4,303	4,315
Idaho	76	84	79	79	5,747	6,181	6,153	6,131
Illinois	827	869	787	781	103,230	110,766	101,061	100,346
Indiana	556	564	506	510	59,538	56,762	57,721	58,782
Iowa	419	467	443	442	39,959	37,034	32,842	32,548
Kansas	429	392	340	341	30,016	27,067	25,598	25,683
Kentucky	288	307	285	282	23,221	25,341	26,063	25,934
Louisiana	337	337	281	281	37,769	39,430	36,098	35,990
Maine	132	126	109	109	9,243	8,248	7,127	7,121
Maryland	218	255	231	231	28,394	31,495	29,004	28,763
Massachusetts	550	526	427	426	54,532	56,030	49,175	49,095
Michigan	432	439	428	425	49,473	50,696	47,054	46,903
Minnesota	432	433	385	384	43,865	42,149	32,339	31,620
Mississippi	183	190	203	203	16,059	17,068	18,589	18,632
Missouri	546	551	514	514	52,679	54,829	55,393	55,114
Montana	100	104	88	85	7,210	7,667	6,991	6,927
Nebraska	231	236	222	222	18,169	17,877	16,065	16,141

TOTAL NUMBER OF RESIDENTS IN CERTIFIED NURSING FACILITIES 2012

Location	Number of Nursing Facility Residents		
		Massachusetts	42,160
		Michigan	39,683
United States	1,366,390	Minnesota	28,150
Alabama	22,759	Mississippi	16,342
Alaska	621	Missouri	37,329
Arizona	11,507	Montana	4,729
Arkansas	18,033	Nebraska	12,227
California	100,065	Nevada	4,732
Colorado	13,724	New Hampshire	6,892
Connecticut	25,493	New Jersey	45,443
Delaware	4,266	New Mexico	5,447
District of Columbia	2,588	New York	107,480
Florida	72,373	North Carolina	37,399
Georgia	27,564	North Dakota	5,737
Hawaii	3,012	Ohio	77,702
Idaho	4,276	Oklahoma	19,694
Illinois	74,564	Oregon	6,982
Indiana	39,045	Pennsylvania	80,310
Iowa	25,165	Rhode Island	8,076
Kansas	18,497	South Carolina	17,143
Kentucky	22,680	South Dakota	6,448
Louisiana	25,522	Tennessee	29,910
Maine	6,345	Texas	92,359
Maryland	24,432	Utah	3,855
		Vermont	2,848
		Virginia	28,168
		Washington	17,597
		West Virginia	7,155
		Wisconsin	29,467
		Wyoming	2,395

NURSING HOME COSTS 2011



CHANGING DEMOGRAPHICS



- The Growing Shift to Home and Community-Based Care
- Between 1995 and 2008, the percentage of Medicaid long-term care dollars spent on home and community-based services increased from 19% to 42%.
- States are rarely increasing the number of beds by issuing new “CON” for beds. This restricts the growth in the states’ Medicaid Budget to inflationary cost with no increase in their capacity for beds. When new facilities are built older facilities are being torn down.

CERTIFICATES OF NEED

- CON programs originated to regulate the number of beds in hospitals and nursing homes, and to prevent overbuying of expensive equipment.
- Mandatory regulation through health planning agencies determined the most urgent health care needs and attempted to manage the fluctuations in prices often caused by a competitive market.
- Statutory criteria often were created to help planning agencies decide what was necessary for a given location.
- Once need was established, the applicant organization was granted approval to begin a project, generally known as a “Certificate of Need.”

CHANGING DEMOGRAPHICS



- Minority Access to Long-Term Care has increased
- Between 1998 and 2008 the number of elderly Hispanic people living in nursing homes increased by 54.9%
- The number of elderly Asians living in nursing homes increased by 54.1%
- The number of elderly African-Americans living in nursing homes increased by 10.8%
- The number of White Americans living in nursing homes declined by 10.2%

NEW CONSTRUCTION

- In the U.S., there are over 1,300 new nursing homes under construction currently.



TRENDS

- 78 Million Baby Boomers are beginning to flood the healthcare market.
- Although there are about 1.4 million Americans in nursing homes now, the number will dramatically increase as the baby boomer population begins to need care.



TRENDS

- It is anticipated that as many as half of all Americans who are now sixty-five years old or older will be admitted to a nursing home. By 2030, one in five persons will be elderly.
- By 2040, the number of nursing home patients will have reached an unprecedented six million.



TRENDS

- Longer life spans, coupled with the trend toward small families with fewer children to share responsibilities for the aged, will mean a greater need for medical health companies. As a result, the nursing home and long-term care industry will continue to grow.
- Nursing home regulations, the need for nursing staff, higher care standards, managed care contracts and rising insurance costs are some of the challenges facing the industry.



TRENDS

- States are beginning to move some of the most hard to treat and expensive patients into community based settings instead of nursing homes to cut costs.
- This leaves little room for home health agencies to make a profit, which in turn leads to lower pay for home health care aides.



FINANCING: THE LONG-TERM NATURE OF FINANCING 20-40 YEARS

- Most nursing homes are single purpose facilities imposed with strict government control, regulations and budget constraints.
- Because of this, financing options are complicated and avoided by most lenders.
- Alternative options are government lender HUD and/or USDA and the SBA Guaranteed Loan Program.
- HUD financing, with term running from 30 to 40 years and attractive low 3.50% fixed rate, is the best option if a borrower has arranged interim funding for 3 years.
- HUD wants all of its projects stabilized before funding. Typical loan cost is 3.5% and loans have a 10 year prepayment lock out.

CONTINUED- FINANCING: THE LONG-TERM NATURE OF FINANCING 20-40 YEARS

- USDA B&I, SBA 7(a) and 504 loans are a much more flexible and/or faster route for borrowers. Generally, these loans can be approved in 90 to 120 days and include construction financing. The term on SBA or USDA financing generally runs from 25 to 30 years without balloons. Rates on these loans vary based on credit from lender to lender, but normally average around 5%.
- Conventional financing is most difficult to obtain since such loans typically have a lower loan to value requiring higher equity from principals.
- Conventional loans are usually short term loans with a balloon.

CALL THE HEALTH CARE EXPERTS FOR YOUR NURSING HOME OR ASSISTED LIVING LOAN NEEDS!

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