



ACQUISITION NEWS

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HUDSON DELIVERS 100% FINANCING TO LTC INDUSTRY

BY STANLEY MORGAN Reporter

The expanding market share for corporate ownership of long term care facilities has attracted a lot of attention recently, but the changing face of the industry has at the same time produced tremendous opportunity for creative independent operators. Many facility operators are discovering that with the strategic and financial help of San Francisco's Hudson & Hudson Private Investment Bankers, they can take advantage of breakthrough opportunities to expand their businesses or develop new facilities, often with no money down.

Large corporate owners will double ownership in the four years ending next year, according to the American Seniors Housing Association. But even as they expand, these companies are having trouble keep up with the growth and turnover that the rapidly changing industry is producing. And with the Baby Boom generation increasingly reaching the age where long term care is required, there are tremendous opportunities for smaller niche operators to take advantage of the flexible financing and expert advisory services Hudson & Hudson can offer.

HUDSON & HUDSON'S KEY PROFESSIONAL CONTACTS

Eddie Arnold, and an Arkansas operator of 188 beds in two nursing facilities, has seen the changes the industry has gone through in 30 years, as his family-owned business has grown from a single, largely unregulated home to a sophisticated business offering both long term care and assisted living services.

During that time, he has called on the strategic and advisory services of Hudson & Hudson to help expand and adapt to changing regulatory demands, as well as to obtain the very best financing rates in the industry.

"Right now its difficult to get traditional financing because lenders are skeptical about Medicare cutbacks and the future of the industry," Arnold said, "With the complicated regulations today, you need somebody that knows the business inside and out, exactly what information lenders and regulators are going to need to put together the very best financing package at the best rate available.

Hudson & Hudson works with top law firms and Big Five accounting firms to make sure that nursing home clients are compliant and up-to-date on all regulatory matters, reducing liability risk and thus en-

sureing them the best standing with lenders. The firm's relationship with institutional sources of capital can offer operators of any size the same financing options available to large corporate operators.

If you are looking to raise money for expansion, simply draw capital out of an existing business, or even if you are a potential buyer seeking to make an entry into the long term care business, Hudson & Hudson's 100% financing programs can allow you to leverage the value of potential cash flow against your financing cost.

100% FINANCING AVAILABLE

Hudson & Hudson encourages potential buyers or sellers to consult with the firm even before a project is identified. By determining a client's strategic position, Hudson & Hudson can structure guidelines for the best financial package available as the best deal forms.

Those guidelines create surprisingly easy conditions to meet, based on the historical performance and balance sheet of existing operations.

Using standard accounting practices, Hudson & Hudson looks for three chief conditions in a potential company to determine where a deal makes sense for the buyer, and then structures an appropriate way to finance it.

The firm can offer 100% financing on a purchase price of as much as 30% over asset value.

Loans can support a debt to equity ratio of 0.65 or less fully financing a \$1 million purchase of a business with \$800,000 in equity.

Hudson & Hudson can comfortably finance any deal with an earnings to cost of interest ratio of 1.25 or better, where at an easily achievable 5% rate, a buyer can support a \$1 million purchase on as little as \$62,500 earnings.

PERSONAL CHEMISTRY

"A free private market is a mechanism for enabling a complex structure of cooperation to arise," said Nobel Prize winning economist Milton Friedman. Hudson & Hudson respects that fundamental market principle, and uses its experience and personal relationships to make sure that free market forces work in a clients favor.

John Lee Hudson, Senior Partner of Hudson & Hudson, first developed his skills arranging debt financing for large

companies during the Wall Street merger's and acquisitions heyday in the early 80's but for more than a decade he has been using those skills to help independent businesses achieve the same financing advantages of large corporations. In 1994, Hudson & Hudson was the subject of a *Wall Street Journal* profile detailing how it is able to bring those advantages to small businesses.

"If there is a third leg to the stool, it would be personal chemistry," Hudson said. "Investors must feel completely comfortable with their investment banker and we have longstanding relationships with lawyers, accountants and other professionals to make sure everything is done right.

SAVE 3/4 OF \$1 MILLION ON A \$5 MILLION LOAN

Hudson & Hudson believes that today is a historically propitious time to undertake new ventures, and its specialized capabilities can make the crucial difference in establishing the very best financing package available, saving enormous costs over the term of a loan. In a typical case, the assistance of Hudson & Hudson can save a facility close to one-fifth of the principle cost by negotiating a one-half percent reduction in the interest rate. On a \$5 million loan, Hudson & Hudson's ability to structure debt financing at 7 percent rather than 8% using good financial management, could save your facility \$742,000 on a standard 20 year term on a \$5 million financing.

LTC FACILITIES FOR SALE?

In addition to helping owners and buyers obtain financing, Hudson & Hudson works with groups of investors with the financing in place to act quickly to acquire nursing facilities in all regions. The firm urges interested sellers to contact it in lieu of brokers and listing agents, to see if Hudson & Hudson's network of financial buyers provide a better fit for their needs than large corporate buyers.

Hudson & Hudson believes that conditions in the nursing industry today strongly favor creative operators willing to take advantage of historic financing opportunities, and the firm is eager to help you at any stage or a transaction or strategic opportunity.

For more information call Hudson & Hudson Private Investment Bankers at:

1(858)754-8703