

Mission Capital Offers Portfolio of Healthcare Loans

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Commercial Real Estate Direct Staff Report

Mission Capital Advisors is offering \$24.6 million of delinquent mortgages on five healthcare properties in the Midwest.

The New York loan-sales specialist is marketing the loans on behalf of two CMBS trusts. It plans to take indicative offers for individual loans as well as the entire portfolio by the middle of next month. Its goal is to complete sales by early to mid-December.

The portfolio marks the second time in three months that Mission has marketed a portfolio of distressed healthcare loans. In August, it sold \$30.2 million of securitized loans that were backed by 10 properties with 1,123 beds.

The current portfolio is comprised of three lending relationships. The first has a balance of \$18.3 million and is backed by three properties, two of which are in Chicago, and the third in Indiana. Combined, they have 444 rooms.

The remaining two, with a combined balance of \$6.2 million, are backed by a pair of skilled-nursing facilities in the Minneapolis suburbs with 196 beds. While the two properties are operated by the same non-profit organization, they are owned by distinct entities. The two loans, which mature next year, are held by First Union-Lehman Brothers Commercial Mortgage Trust, 1997-C2.

The two properties have been facing oversized expenses, impacting their ability to service their debt. The borrowers, according to offering material that Mission Capital has circulated, have offered to provide deeds in lieu of foreclosure.

One of the loans, with a balance of \$4.2 million is backed by Dayton's Bluff Community Care Center, a 204-bed skilled nursing property at 324 Johnson Parkway in St. Paul, Minn., that is 98 percent occupied. The property generated \$7.9 million of revenue last year, according to Realpoint. But expenses were almost as high, reducing net operating income and net cash flow to less than \$100,000.

The other loan, with a balance of \$2 million, is backed by St. Mary's, a 95-bed skilled-nursing property in Winsted, Minn., that is 93 percent occupied. The property generated \$4.4 million of revenue last year. NOI was \$276,000, while net cash flow was nearly \$250,000.