



HEALTHLINK DEVELOPMENT, LLC

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January 15, 2013

Mr. Money Lender
Healthcare Funding Solutions
Senior Vice President
1600 Any Street
Anytown, USA 01995

VIA E-MAIL TO: funding@e-mail.com

RE: Draw #11 – No. 1 LTC Operator (The Willows – Anytown, USA)

Dear Mr. Lender,

I attended the January 4, 2013 OAC meeting at the Anytown, USA site and have reviewed Draw #11 from No.1 LTC Operator which was submitted on January 11, 2013 in the amount of \$857,350.86. The overall draw represents \$9,803,912.08 in expenses incurred through December 31, 2012 for land acquisition, soft costs, and 10 months of construction progress.

The draw package provided by No. 1 LTC Operator contains the following:

1. Project draw summary sheet
2. Copies of invoices for soft costs
3. General Contractor Construction Draw #11 in typical AIA G702/G703 format
4. Conditional lien waivers for General Contractor for the current draw
5. Unconditional Lien Waivers for all prior draws

The project started construction on February 22, 2012 and has a scheduled final completion date of February 22, 2013. State licensure and occupancy is expected to take up to two months after final completion. As of December 31st there were 11 weather delay days which the contractor believes that he will be able to make up without extending the schedule. Additionally, there was one change order approved in December in the amount of \$18,170. The changes will be absorbed in the project contingency line item and should not affect the overall loan/project financing. A change order/ contingency schedule is attached which shows that the project is still within balance and that there is a contingency fund balance of \$227,131 after accounting for all approved and pending changes.

The contractual construction completion date is February 22, 2013. However, the contractor is currently on a trajectory to achieve an early completion in late January 2013. The Owners FF&E delivery is currently scheduled for delivery and set up between February 4 to 11, 2013.

Assuming an early completion, the facility may achieve licensure/occupancy by the end of February 2013 as opposed to the proforma/anticipated occupancy at the end of March.



The financial summary of the project as of December 31 can be seen in the No.1 LTC Operator provided summary sheets. This project has lender funding contribution of \$12,650,605 and is 77.50% complete after funding this draw.

Finally, it is my recommendation to fund No. 1 LTC Operator in the amount requested of \$929,345.17 less the lender's interest of \$72,069.85 (\$857,275.32). Upon funding this amount, there will be a loan balance to fund of \$2,846,693 which includes \$622,438.71 in retainage presently withheld from the contractor.

Please do not hesitate to call should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Eric Hansen".

Eric Hansen

Enclosure:

1. Project photographs available on-line at
www.hldllc.com/Business_Development/ConstructionAdministration/2013-01-04_Sample_Pics

CC:

The Willows SNF @ Anytown USA
Contingency Balance as of 12/31/2012

Anytown Contingency Transactions

Draw	Date	Transactions	Move To / From
Initial Balance		597,036	
1	03/01/12	-	
Lender Shift		(97,269)	Reduction in Total Project Cost per Lender (No Shift)
Contingency after Closing		499,767	
2	03/29/12	-	
3	04/30/12	-	
4	06/06/12	-	
5	07/06/12	(6,960)	GC Contract - Change Order 1
6	08/06/12	-	
7	09/06/12	-	
8	10/06/12	-	
9	11/06/12	(11,975)	Other Hard Cost
10	12/04/12	(3,991)	GC Contract - Change Order 2
		(86,893)	GC Contract - Change Order 3
		(3,251)	Other Hard Cost
		(579)	Bank Inspections
11	01/11/12	(18,170)	GC Contract - Change Order 4
		(6,000)	Bank Inspections
		(21,287)	FFE - Kitchen and Laundry
Ending Balance After Change Orders		340,662	

ADDITIONAL CONTINGENCY ITEMS

Front Door Operator	(5,000)
Schluter System Allowance	(30,000)
Add #6 Ground	(694)
Relocate Electrical A panel	(3,224)
Relocate Med Cabinets	(981)
Generator copper primary	(6,132)
Bollards around Electrical Equipment	(7,500)
State Exhaust Revisions	(45,000)
Fresh air curb height extension	(15,000)
Revised Ending Balance	227,131