

Walker & Dunlop Arranges Largest HUD 242 Loan Ever for a For-Profit Borrower

Dallas, Texas – May 27, 2010 – Walker & Dunlop provided a \$167 million loan for Lakeway Regional Medical Center located in Lakeway, Texas. This loan marks HUD’s first non-replacement hospital construction loan in the past 3.5 years and is the largest proprietary hospital HUD has insured. This represents the second hospital construction loan closed by Walker & Dunlop, who expects to close two more hospital loans by the end of the year.

Walker & Dunlop Vice President of FHA Finance Jeffrey A. Jones noted, “New construction funding is extremely difficult to come by in today’s credit environment. Financing for the construction of hospitals, given the uncertainty of the effects of healthcare reform, is especially challenging.”



Financing was provided by a FHA 242 loan backed by Ginnie Mae securities. The loan was structured with a 25 year fully amortizing term and was underwritten to a 90 percent loan-to-cost with a 4.18x debt-service coverage ratio.

Steve Ervin, Walker & Dunlop senior vice president/group head of FHA finance, commented, “Walker & Dunlop worked closely with HUD and the hospital to arrange long term financing to aid a fast growing Austin-area community in great need of hospital services. The cooperation of all parties was necessary to make this needed project a reality.”

The borrower stated, “Financing the LRMC transaction was complicated, not only because of its size but also because the hospital was ‘for profit’ and originally had physician ownership. Walker & Dunlop and Jeff Jones guided both LRMC and its various partners over many hurdles in order to get the financing closed. Jeff’s 24/7 availability and his experience with HUD were invaluable to LRMC throughout the process.”

Lakeway Regional Medical Center is an eight story 270,427 square feet medical facility with a multi-story 52,071 square feet parking garage. The hospital will offer a full continuum of inpatient and outpatient services including emergency rooms, diagnostic imaging, surgery, obstetrical and gynecological services, neonatal, cardiology and pediatric services.

Jeffrey A. Jones (469-248-1212, jjones@walkerdunlop.com) led the Walker & Dunlop team.

About Walker & Dunlop

Walker & Dunlop, established in 1937, is a real estate finance company and one of the largest multifamily lenders in the United States. The Multifamily and FHA Finance groups of Walker & Dunlop are focused on lending to property owners, investors, and developers of multifamily properties across the country. As a Fannie Mae DUST™,

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Freddie Mac Program Plus® and Map- and Lean-approved FHA lender, Walker & Dunlop lends on most major multifamily asset classes including market-rate apartments, affordable apartments, manufactured housing developments, seniors housing, and student housing. The Capital Markets and Principal Investments groups of Walker & Dunlop provide a broad range of advisory, financing, and investment services to clients across the Mid-Atlantic region. In 2009, Walker & Dunlop originated more than \$2.4 billion in commercial real estate financing. The company services over \$13.2 billion of commercial mortgages and asset manages over 1,500 properties across the country. Additional information on Walker & Dunlop can be found at www.walkeranddunlop.com.

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