

## Constantino, Mike

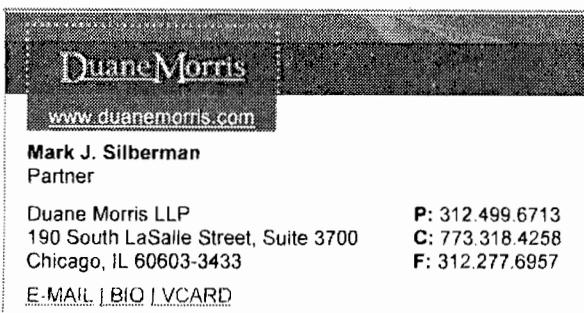
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**From:** Silberman, Mark J. [MJSilberman@duanemorris.com]  
**Sent:** Tuesday, March 05, 2013 1:34 PM  
**To:** Constantino, Mike  
**Cc:** Roate, George  
**Subject:** RE: 13-003 - st paul's

Understood, do not want you to, and I hope it did not come off that way. We just want the Board to know that the reason the financing is not in place with HUD is not because we didn't take the proper steps (a couple of meetings ago there seemed to be some confusion when a Board member asked 'why don't we just make them get the HUD loan first and THEN get the CON').

We will be prepared to address any Board concerns regarding the HUD process. One of the biggest assets this project has in the HUD process is the fact that HUD does not have to speculate if the facility will be able to attract residents – St. Paul's Home (if approved by HFSRB, of course) would have an existing resident population day 1 of being operational (and a 90+ year track record to back it up). That substantially reduces any risk to HUD (which makes it more attractive than many of the 'new' startup projects.

Looking forward to seeing you gentlemen in Normal!!



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**From:** Constantino, Mike [mailto:Mike.Constantino@Illinois.gov]  
**Sent:** Tuesday, March 05, 2013 1:15 PM  
**To:** Silberman, Mark J.  
**Cc:** Roate, George  
**Subject:** RE: 13-003 - st paul's

We will put the letter in the file and send to the board. Financing for new facilities have been problematic. Mark we cannot tell the board that funds are available when we do not know that they will be. We have had too many of these facilities not get financing.

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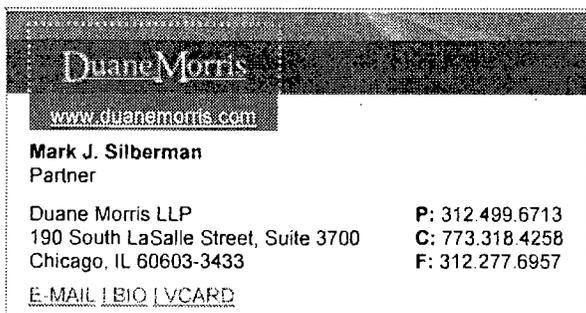
**From:** Silberman, Mark J. [mailto:MJSilberman@duanemorris.com]  
**Sent:** Tuesday, March 05, 2013 1:04 PM  
**To:** Constantino, Mike  
**Cc:** Roate, George  
**Subject:** RE: 13-003 - st paul's

Gentlemen,

Thank you for the communication on this and the time and effort afforded this project.

That does yield the question of how anyone can obtain a positive finding since all mortgages (HUD or not) are issued contingent upon obtaining a CON? Could the finding, if you do consider it necessary, at least acknowledge that HUD **will not approve** a mortgage without FIRST obtaining a CON (so that at least it is clear we are going through the process properly and does not appear as if we are taking anything for granted)? Lastly, to at least document that we are continuing in a positive direction, we received this yesterday from Stefel which verifies: (1) they continue to favorably entertain the application; (2) significant progress has been made; (3) and that the preliminary appraisal process (which is a HUGE step) has been completed. Let us know if you consider it appropriate to add this to our application materials.

Mark



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**From:** Constantino, Mike [mailto:Mike.Constantino@Illinois.gov]  
**Sent:** Tuesday, March 05, 2013 12:57 PM  
**To:** Silberman, Mark J.  
**Cc:** Roate, George  
**Subject:** 13-003 - st paul's

Mark;

We added a negative finding on the availability of funds to Project # 13-003 because we had no evidence that a HUD loan would be secured. Other than that everything you discussed with George is unchanged. Thanks for reviewing the report.

Mike Constantino  
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Springfield, Illinois 62761  
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For more information about Duane Morris, please visit <http://www.DuaneMorris.com>

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# STIFEL BANK & TRUST

*Relationship Banking*

March 4, 2013

Ms. Susan Franklin  
Operations Director  
St. Paul's Home  
1021 West E Street  
Belleville, IL 62220

Re: St. Paul's Home  
Belleville, Illinois, 62220  
Modernized 108-Bed Skilled Nursing and 26-Unit Sheltered Care Facility

Dear Ms. Franklin:

This is to advise you that Stifel Bank & Trust continues to favorably entertain and has made significant progress in reviewing an application to provide construction and permanent first mortgage financing for the construction of the above-referenced 108-bed skilled nursing facility (90 skilled beds and 18 intermediate beds designated for memory care) and the modernization of above-referenced 26-unit sheltered care facility in Bellville, Illinois.

As stated in earlier correspondence the application is being considered by Stifel for HUD mortgage insurance pursuant to Section 232 Substantial Rehabilitation of the National Housing Act as amended. Preliminary appraisal work has been completed and overall project costs further refined during the process. On this basis Stifel remains optimistic that the proposed financing will move forward in a timely fashion toward a successful conclusion.

As you are aware the borrower has pursued HUD mortgage insurance to take advantage of the current market interest rates as well as the fixed rate structure for both construction and permanent loan terms. Interest rates will be highly dependent on market conditions at the time a commitment is issued. Should interest rates remain in the current market range, it is anticipated that the interest rate applicable to both the construction and permanent loan would be in the 3.50% to 4.00% range including Mortgage Insurance Premium. The construction period is expected to be 16-18 months. The permanent loan term is anticipated to fully amortize over a 40 year period.

At this point in the underwriting process the combined loan amount of the construction and permanent loan is anticipated to be in the range of \$25 million to \$28 million.

We look forward to working with you on this transaction and addressing any questions you may have regarding this correspondence.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Price". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Richard K. Price  
Senior Vice President