THE JOURNAL OF PHYSICIAN – OWNED REAL ESTATE

Volume IV

Presented By CMAC CAPITAL & Swap Negotiators

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Funding Buy-outs & Buy-ins

Realigning Property Ownership With Practice Ownership

Buying out the old and bringing in the new

In the beginning, it was easy. The practice partners decided to own their medical office building, and in turn they all became real estate partners and "paid themselves" the rent. Years go by, and some doctors retire but retain their real estate partnership. Many of the new practice doctors have never been offered a partnership in the real estate or can't afford the sizeable investment. When these 'practice partners' are paying 'real estate partners' rent, disagreements can start to happen. The asset that was holding partners together is suddenly driving them apart as arguments arise over "fair rents" or "equitable payoffs" on retirement.

These difficulties arise because of two primary factors:

- The equity portion of the real estate ownership increases because of principal repayment and appreciation.
- There is not a source of funds that would either reduce the equity or provide the money for the buy-in to be used to pay off the retiring members without losing established low-cost debt or creating a negative tax consequence.

Unfortunately, after ending up without a viable solution, some practices arrive at the conclusion that they would be better off selling the property than creating discord. All partners then lose a great source of investment income.

The fact is that there are a variety of solutions available and the right one depends on the factors and objectives unique to each case. Is there a large equity gap? How many members will be retiring in the coming years and how many new members will be joining? The list goes on. Once those factors have been taken into account, it remains a challenge to arrange a source of funding that will be consistent and not result in a negative cash flow to the incoming partners.

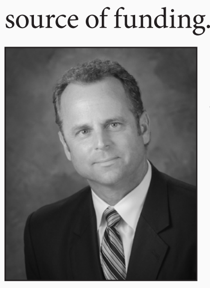
Finding those solutions most often will involve some amount of expertise such as demonstrated in the case of Sierra Pacific Orthopedic Clinic (see California CEO story below). But once the framework is set, the outcome can be a more successful and cohesive group that can continue to attract the best new partners through ownership in its real estate, as well as in its practice.

California CEO Solves Doctor Integration Issue

Finds Common Ground Between New and Old Clinic Partners

Sierra Pacific Orthopaedic Clinic (SPOC) in Fresno, California faced a problem that was both ongoing and growing: how to find a practical and equitable method of integrating new practice partners into its real estate entity. As the group continued to seek an answer acceptable to all members, the solution became more difficult due to three main issues:

- Equity in the property continued to increase (through principal repayment and appreciation), making entry more costly.
- New partners had been previously added to the practice, creating a further imbalance. Eventually, the lack of orthopedist ownership in the real estate constituted a majority which could impact the long-term stability of the leasing.
- Several partners in the real estate were nearing retirement and looking to cash out of their investments without having a set source of funding.



Joe Clark, CEO

It seemed that every potential resolution had a downside that was unacceptable or unfair to one segment of the partnership. Finally, Joe Clark, Sierra Pacific's CEO, took the initiative and reached out to Somerset CPAs for assistance. Mike McCaslin of Somerset met with the partners to see if there was a way to reconcile the diverse interests of the various partner segments. Any solution would have to accomplish the following:

- Make buy-in affordable for new members.
- Pay exiting members the full equity that was due.
- Minimize tax consequences.
- Create a model that could be repeated and was self-perpetuating to serve the members into the future.

Mike met again with the members and presented six different options. After further consultation with its CPA, the SPOC members settled on the option that created the best outcomes and moved to obtain the financing that would be needed to effectuate the model. However, there was one more roadblock: the financing proposals that SPOC received from its banking sources would have resulted in cash out-of-pocket or negative cash flows to those partners buying in, which was unacceptable. The option of stripping out equity was also off the table because SPOC's CPA saw potential tax consequences.

During this entire process, Joe had been having ongoing dialogue with principals of CMAC Capital and asked for their assistance. Within a short time, CMAC redesigned the financing package and obtained improved loan terms that would fuel the preferred Somerset model without the cash-in or cash-flow downside. With this financing solution, SPOC aligned the interests of all its members and provided a method of integration and retirement funding that will work for the practice now and well into the future.

Partners Shed Guarantees

When seeking real estate financing from traditional bank lenders, it is common practice that partners are required to personally guarantee the debt. Such was the case with OrthoTenessee, a group of over 40 physicians and the single largest orthopedic provider in the state of Tennessee.

Glenn Sumner, CEO of OrthoTennessee enlisted the help of CMAC to analyze the group's existing debt structure for two of its real estate properties. The intent was to determine if it would be possible to secure new financing that could release them from the guarantees while maintaining or improving the current cash flows. CMAC leveraged the strength of OrthoTennessee with its own market potency and restructured the debt without personal guarantees, while simultaneously reducing the loan spread at a fixed rate over an extended loan term.

Something like a domino effect among lenders has occured in the finance marketplace. As one agrees to loan without personal recourse, another will follow in order to compete- and on it goes. "The secret to success is being able to point out the competition and produce credible documentation", says Liz Allport, a Principal with CMAC Capital. "It's akin to showing a competitor's coupon when shopping." Ms. Allport went on to explain that she always requests pricing on both recourse and non-recourse financing options so that any premium in pricing can be quantified. It's important to realize that, even if a medical practice isn't the heavy hitter like OrthoTennessee, there's still a middle ground and great improvements to be made. Personal liability mitigation has become a real hot button among borrowers, and the degree of success can be substantial when working with the right competitive data.

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Catholic Health Saves $8MM on Refinance of Colorado MOBs

Catholic Health Initiatives ("CHI") is a national nonprofit health system based in Inverness, Colorado. The faith-based system operates in 17 states. It includes 78 hospitals, 40 long-term care assisted- and residential-living facilities, two community health-services organizations, two accredited nursing colleges, and home health agencies. With annual revenues of more than $10.7 billion and approximately 83,000 employees, CHI ranks as the nation's second-largest faith-based health system.

CHI hired CMAC Capital to refinance two Colorado Springs medical office buildings which are joint ventures with local doctors. Despite the size and strength of CHI and its team of highly skilled finance directors, it was determined to be more efficient to outsource the labor-intensive management of the refinance process to CMAC. From initial RFP, through analysis and negotiation of the offers, and to the closing table, CMAC orchestrated the financing process, allowing the CHI team to focus on its core business.

CMAC arranged limited recourse financing (no doctor personal guarantees) with no prepayment penalty with an international commercial bank. The decrease in interest rates will save the joint venture owners roughly $8 million over the ten year terms of the loans.

CMAC Turns Down Clowney, Bortles and Manziel Trade Offers

2013 Season Makes Walk-Ons Invaluable

Really, that's how pleased CMAC is with the depth and power that the class of 2013 brought to our team; and sometimes a football analogy is the best way to convey those feelings. Last year, the trio of Peter Kokins, Andy Johnson and Kellie Liess joined CMAC and each contributed in ways that improved CMAC and enhanced the level of service we are able to offer our clients.

At Center is Peter Kokins. He is the man out in front and, most often, the first point of contact for our clients. Peter hails from New England and lives and dies with the Patriots and Red Socks. In spite of his origins, Peter has superlative communication skills. Combining those skills with his financial savvy makes it easy for prospective clients to understand and evaluate the benefits that arise though a CMAC affiliation. As good as he is, keeping Peter's ego in check had been a bit of a challenge until we put the life-sized cutout of Bill Buckner in his office.

Andy Johnson was the first of the two MBAs brought on board last year. Even though Andy is a Brit and often confuses his footballs, he has found a home at Running Back. From that position, Andy works closely with our credit providers. Andy spots the right lanes and moves quickly with the ball resulting in substantial gains for our Clients. Recently granted a full time US work permit, Andy remarked," leaving my country to matriculate in the US and then taking a position in the States rather than returning to my homeland makes me feel a bit like Benedict Arnold"… "oh wait, that was YOUR bloke".

The final piece was added when the Disney team lost its draft rights to Kellie "Country" Liess and CMAC quickly moved to sign Kellie to a contract. Like her fellow Floridian, Deion Sanders, Kellie can play wherever she is needed. Whether it's a complex financial analysis or working with multiple parties in coordinating a financing, Kellie does it better and faster than virtually anyone else on the field. It's not that others haven't run a 4.5 second 40-yard dash, we've just never seen anyone else do it in western boots.

So while we appreciate the trade offers of Jadeveon, Johnny and Blake, for the sake of our clients (and a few dollars), we're going to stick with Peter, Andy and Kellie.

Alaskan Orthopedic Group Keeps Joint Replacements in House

Thinking outside the box keeps revenues inside the box

Orthopedic Physicians Anchorage ("OPA") recently embarked on a major expansion of its existing medical office building to 73,000 SF and added several new business lines to fill the new space. It acquired a majority stake in a leading Orthopedic Ambulatory Surgery Center (ASC) and is moving that facility in-house. With full-service Orthopedic care under one roof, the doctors of OPA rarely need to brave the harsh Alaskan weather.

CMAC arranged the financing for the complete project. The financing included a loan for the acquisition of the ASC, as well as a $28 MM building loan with no personal guarantees and no cash injection required by the partners. CMAC also arranged financing for tenant improvements, an equipment loan, and a line of credit for working capital for a total package of $37+ MM.

"GLOBALIZING" the U.S. Market

*The ~~Best~~ **Only** Way to Assure the Best Financing Terms*

Things have changed in the world of financing. If a borrower is limited to local markets in search of the best financing terms available, there is a better chance than not that the best deal will be missed. There are two primary reasons:

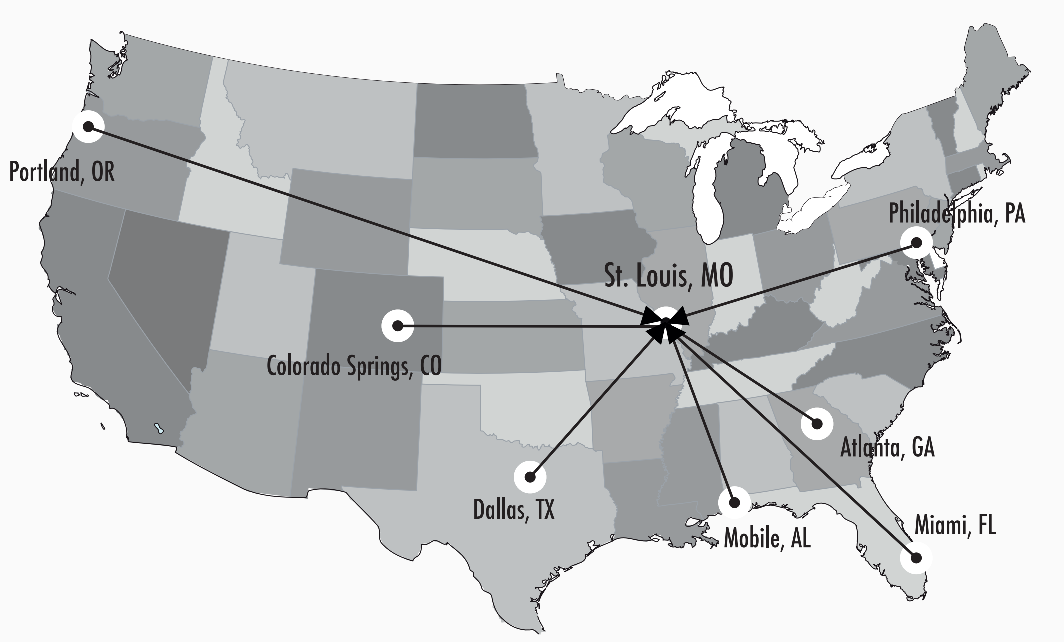
- All geographic markets are NOT created equal. With the knowledge of which markets are the most competitive and the leverage to bring the more competitive rates and terms to the local market, very good things can happen – even with the same bank.
- New technology has allowed banks to service customers which are thousands of miles away as if they were next door. And, in order to attract those clients, these banks may be more aggressive in areas outside their traditional footprints. Also, they may not require the full depository relationship which they might want if they had a branch down the street. Having the ability to know who those banks are and understanding their appetites allows CMAC to go right to the most aggressive sources of financing.

Recently, CMAC was engaged by physicians who were building a $15 million medical office building. They were well down the road with the bank which had won the initial bid and asked that we work with that specific bank in reducing the rate and increasing the Loan-to-Value (LTV). When we met with the local market area President, we let him know that his own bank had given CMAC borrowers in other markets higher LTV's and better rate spreads. He, in turn, contacted senior members at his bank for an explanation. Two weeks later, that banker came back at the rates and terms that he said couldn't be done… until we empowered him by globalizing the market.

Catholic Health Initiatives (CHI) is a large health system headquartered in Englewood, CO. CHI had to refinance a $34.8 million MOB where a group of doctors were minority partners (see related story page 2). The winning bid came from a Chicago-based bank through its Phoenix office. By "Globalizing" the market, CHI and its physician-partners will recognize more than $8 million of savings over the term of the loan.

Globalization of lending is not a fad. This is only the beginning, and the borrowers that recognize and take advantage of this trend now will reap benefits that would otherwise not be viable.

Bringing National Influence to Your Local Market



CMAC
Capital Markets Access Company

WE KNOW ORTHOPEDICS

Some of Our Clients Include...

Texas Orthopedics
Austin, Texas

Hope Orthopedics of Oregon
Salem, Oregon

OrthoWilmington
Wilmington, NC

Fox Valley Orthopaedics
Geneva, Illinois

Carrolton Orthopaedic Clinic
Carrolton, GA

Orthopaedic Specialists of the Carolinas
Winston-Salem, North Carolina

Foot & Ankle Group of SW Florida Fort
Meyers, FL

Tulsa Bone and Joint
Tulsa, Oklahoma

Kennedy-White Orthopaedic Center
Sarasota, Florida

Arkansas Surgical Hospital
Little Rock, Arkansas

Raleigh Orthopaedic Clinic
Raleigh, North Carolina

OrthoTennessee
Knoxville, Tennessee

Carolina Orthopaedic Specialists
Hickory, North Carolina

Orthopedics Center of Florida
Fort Myers, Florida

Athens Orthopaedic
Athens, Georgia

Triangle Orthopaedic Associates
Durham, North Carolina

Bone and Joint Group
Clarksville, Tennessee

Low Country Ortho and Sports Medicine
Charleston, South Carolina

Alabama Orthopaedics
Mobile, Alabama

Orthopaedic Associates
Fort walton Beach, Florida

North Carolina Surgical Hospital
Durham, North Carolina

Tampa Bay Orthopaedics
St. Petersburg, Florida

Orthopedic Physicians of Anchorage
Anchorage, AK

Orthopedic Associates
St. Loius, Missouri

Lafayette Surgical Specialty Hospital
Lafayette, Louisiana

Augusta Orthopedics
Augusta, GA

Palm Beach Orthopaedic Institute
Palm Beach, FL

D1 Sports Training
Columbus, OH

ORTHOTENNESSEE

Knoxville, TN

$15,501,800

Refinance– Lowered Interest Expense & Remove Personal Guarantees

AUSTIN DIAGNOSTIC CLINIC

Austin, TX

$13,000,000

Restructure Debt to Improve Cash Flow & Add New Operating Lines of Credit

ORTHOPEDIC PHYSICIANS ANCHORAGE

Anchorage, AK

$37,605,000

New Construction and Refinance Existing Debt

THE DOCTORS' CLINIC

Salem, OR

$4,850,000

Refinance -Debt to Extend Term & Reduce Rate

WE TAKE PRIDE IN OUR CLIENTS AND IN THEIR SUCCESS

CATHOLIC HEALTH INITIATIVES

Colorado Springs, CO

$43,100,000

Refinance at Reduced Rates

ST. LOUIS EYE SURGERY CENTER

Des Peres, MO

$12,967,500

High LTV Expansion Loan at Reduced Rate

THE NEUROMEDICAL SURGICAL HOSPITAL

Baton Rouge, LA

$8,890,000

Refinance – Reduced Interest Expense $700,000+

PALM BEACH ORTHOPAEDIC INSTITUTE

Palm Beach, FL

$8,535,860

Construction Financing

WE TAKE PRIDE IN OUR CLIENTS AND IN THEIR SUCCESS

CMAC
Capital Markets Access Company

WE KNOW MEDICAL

Some of Our Clients Include…

Ophthalmology

Retina Consultants of Southern Colorado
Colorado Springs, CO

North Carolina Eye, Ear, Nose & Throat
Durham, NC

Eye Associates of Colorado Springs
Colorado Springs, CO

Ocala Eye Surgeons
Ocala, FL

Eye Associates of Boca Raton
Boca Raton, FL

LaserVue
Orlando, FL

Huntsville Laser Center
Huntsville, AL

Eye Institute of West Florida
Largo, FL

St. Louis Eye Surgery and Laser Center
St. Louis, MO

Eye Center of North Florida
Panama City, FL

Ophthalmology Consultants
St. Louis, MO

Bay Eyes Cataract and Laser Center
Fairhope, AL

Eye Specialists of Mid-Florida
Winter Haven, FL

Hospitals

Arkansas Surgical Hospital
Little Rock, AK

The NeuroMedical Center Surgical Hospital
Baton Rouge, LA

Lafayette Surgical Specialty Hospital
Lafayette, LA

Springhill Medical Center
Mobile, AL

Catholic Health/St. Francis Hospital
Colorado Springs, CO

Ohio Valley Surgical Hospital
Springfield, OH

Cardiology

Florida Heart Group
Orlando, FL

Orlando Heart
Orlando, FL

CardioVascular Associates
Birmingham, AL

Northeast Georgia Heart
Gainesville, GA

Abilene Cardiology
Abilene, TX

Savannah Cardiology
Savannah, GA

Multi-Specialty Group

Austin Diagnostic Clinic
Austin, TX

The Doctor's Clinic
Salem, OR

The Oregon Clinic
Portland, OR

Valley Medical Center
Lewiston, ID

Medical Care PLLC
Elizabethton, TN

Surgery Centers Group

Hilton Head Surgical
Hilton Head, SC

Same Day Surgery Center
Zephyrhills, FL

Palmetto Surgery Center
Columbia, SC

TLC Outpatient Surgery
Lady Lake, FL

Hollywood Surgical Center
Hollywood, FL

Beware the "Blend and Extend"

Digging a Deeper Hole (with Your Banker's Help)

If it sounds too good to be true…

*I*n Huntsville, Alabama, the banker for a large medical group offered to extend the term of the group's current swap and lower the fixed interest rate at the same time. This "blend and extend" proposal has become common from bankers who have clients with high rates that were fixed with a swap and have only a few years remaining on the term.

In too many cases, however, bankers turn this practice into a sham by adding undisclosed profit to the extended rate (blend and extend). The banks who engage in this practice are being deceptive and causing further harm to a borrower who may already be suffering from a substantial negative swap value.

In the case of the group in Huntsville, the banker offered to lower the interest rate from 5.96% for the remaining approximate 7 years to 5.88% for 10 years with a minimal reduction in the loan spread. The banker actively promoted this option and pointed out that the new rate lowered the payment.

Far from helping the borrower, this was, in fact, costing the borrower roughly $290,000 in additional hidden profit to be paid to the bank over the term of the swap; a sum far outweighing the savings from the loan spread reduction.

This was a classic case of "bait and switch". The banker offered to give a little bit in the loan spread where the borrower could see it, then took back substantially more by adding profit to the new swap spread where it couldn't be seen by the borrower.

How the Scheme Works

The banker was able to increase the profit on the swap while lowering the rate, because replacement rates had dropped dramatically. However, the banker didn't give the borrower the full advantage of the low replacement rate and put hundreds of thousands in his bank's pocket while purporting to do the borrower a favor. Here's how it works:

1. The borrower started with a rate of 5.96%
2. The actual new rate for a 10-year swap with the new loan spread was 3.92%
3. The actual blended rate without added profit was approximately 5.55%
4. The banker added an undisclosed profit and quoted 5.88%

In this case, each basis point of undisclosed profit was worth roughly $8,819. With a hidden mark-up of 33 basis points, the borrower further increased the negative value of his swap by an estimated $290,000. By the way, this banker helped his bank make a tidy profit of nearly $500,000 on the initial swap that the borrower never knew about.

How Do I Protect Myself?

Create transparency! Once you know the true costs, you can make an intelligent decision as to whether an offer is good or one you should decline. A reputable swap negotiator will be able to quickly analyze any offer and put you in a position that may make some bankers a little bit uncomfortable: informed.

Swap Negotiators levels the playing field.

Hidden Fees Found in Swap Unwinds

Borrowers Now Fighting Back

Many borrowers utilize an interest rate swap in order to fix their rate, and are surprised at the "penalty" that the bank assesses for a prepayment. Maybe that's because the bank has been inflating that fee by adding an unseen profit to the real unwind value. Now, more borrowers refuse to accept the bank's fee without question and without a fight- and many are winning.

Bank abuse is becoming rampant. The chart below is a perfect example brought by a borrower who had recently unwound a series of swaps with a large national bank. In this borrower's case, the bank added to the negative values and took away from the positive value so that more than $222,000 of undisclosed profit was paid by the borrower. That will never happen again, as this borrower has vowed to fight back in the future.

The fight back begins with the borrower selecting a qualified swap negotiator who has the tools to determine the true market value of the swap that could be positive as well as negative. That swap negotiator will compare the true market value with the bank's quote and determine what amount the bank either added to the negative value or took away from the positive value, and will also create a strategy to have the bank give up the unjustified additional profit.

Although most swap contracts name the bank as "the sole calculation agent", allowing the bank to legally set the unwind value, there are things that an experienced swap negotiator can do to substantially eliminate the added penalty.

Consider these hypotheticals. Recently, Andy Johnson, a swap negotiator from Winter Park, Florida, represented a California borrower who had been quoted a fee that had been inflated by $97,000. After a series of discussion, the bank relented and ended up charging a modest $1,200 "administrative fee", saving the borrower over $95,000. In another case, Johnson represented a borrower whose swap was "in the money" by $64,500 and the bank had offered to pay $21,000 on termination of the swap. In this case, the bank would not relent. Johnson assigned the swap to a friendly bank who then unwound the swap at par and kept $2,500 as a fee for its service.

Our advice to borrowers: never believe the unwind value provided by your bank. Get an independent swap negotiator to check that number and to serve as your corner man in case you need to fight. Chances are, you'll end up a winner.

Original Notional	Termination Amount	Market Value of Swap on that day (middle of range)	Bank Profit ($) at Termination	Bank Profit (bps) at Termination
$7,455,000	-$550,000	-$510,796	$39,204	9
$2,200,000	-$35,000	-$31,900	$3,100	20
$4,320,000	-$570,000	-$515,848	$54,152	18
$1,500,000	-$48,000	-$40,718	$7,282	40
$10,000,000	$480,000	$598,874	$118,874	13
		TOTAL :	**$222,612**	

Groups Moving Past Swap Unwind Fees Without Penalty

Pay Now or Pay Later, It's the Same Difference

Despite their bankers' best efforts to have them believe that they would be hurt economically by paying off their interest rate swap, borrowers have begun to understand that there is really no downside to moving out of a swap when there are other advantages to a new loan. Now, borrowers can lower their interest expense, or improve cash flows, or move into a long-term loan for greater security. They need only understand how swaps **really** work to move forward.

There are two big myths regarding swap terminations that banks are happy to have their clients believe:

Myth #1: We can't move out of our swap because it has a huge unwind fee. The longer we stay in it, the smaller the unwind and we will lose that advantage if we terminate.

Myth #2: If rates go up, our termination fee will definitely get smaller. If we terminate our swap, we will lose that benefit.

Debunking the Myths

Myth #1: If you unwind at the true par value, the money that you save by paying the lower replacement rate of interest is equal to the unwind fee. This is sometimes difficult to wrap your arms around but is illustrated by the following example:

Let's say that you had 12 months left on a $10MM non-amortizing swap with a rate of 6.50%. You are told that you would owe an unwind fee of $425,000. On the surface, that might seem like a good reason not to unwind. However, what you would find is that you could replace that 6.50% swap with one at roughly 2.20%. The interest savings in a year by paying the lower replacement rate is approximately $425,000 - the same amount you would have paid to exit the swap.

Myth #2: A rise in interest rates will not necessarily mean a lowering of the unwind fee. Your swap already anticipates rate increases. If the rate increases ahead of the projected curve, your unwind fee will fall. If it increases behind the projected curve, your unwind fee could actually increase. There is nothing to be gained by standing still if there is a better option at hand.

Those That Defied the Myths

By understanding these concepts, a number of borrowers have seen improvements in the terms of their debt.

Borrower	Bank Holding Swap Prior to Refi	Benefit
Urology Associates San Antonio, TX	Compass Bank	Enabled buyout of retiring partners
Texas Orthopedics Austin, TX	Regions Bank	Improved cash flow and secured a longer term
Asheville Spine Ashville, NC	Wells Fargo	Secured refinancing at a lower rate for a longer term
OrthoWilmington Wilmington, NC	SunTrust	Enabled refinance at a lower rate during merger
Eye Specialists of Mid-Florida Lakeland, FL	SunTrust	Secured higher loan to value and a longer term
Ortho Associates and Eye Institute Fort Walton Beach, FL	Synovus	Reduced rate, improved cash flow and extended term

In the case of swaps, the truth may not set you completely free; however, it can save you a lot of money.

ONE DOCTOR'S JOURNEY - TO HELL AND BACK

By Shannon Stocker, M.D.

I get the question all the time: "Why aren't you practicing medicine?" It's a simple question, and it deserves a simple answer.

But there are no simple answers to life-changing events. Not in my estimation, anyway.

Turn the clock back to 1999. I was a fourth-year medical school student looking forward to a career as a pediatrician when I began having symptoms of persistent pain in my right arm. Nothing seemed to help, and no one seemed able to find the source of my problem. Knowing the intensity that would be required by a looming residency, I decided to focus on my health after graduation and pursued answers instead of pediatrics.

Shortly after graduation, an isolated tumor was discovered strangling a tiny sensory nerve in my right arm. I followed the recommended course of action and the tumor was surgically removed. The pain, however, persisted and even grew worse. Much, much worse.

Over the course of the next 5 years, I met with over two dozen physicians who callously diagnosed me as a head case. A drug

seeker. One by one, they told me my symptoms were psychosomatic. And with each analogous diagnosis, my world crumbled a little more.

Eventually, open neuropathic ulcers formed on my right arm that could be neither controlled nor denied. My weight had deteriorated to a meager 85 pounds and it hurt so much to walk that I was forced to use a wheelchair or a cane. I constantly felt as if someone had doused me in gasoline and lit me on fire. My husband and I made the decision to visit Mayo in Rochester where, after a week of grueling tests including thermography, MRIs, a nerve conduction study and a spinal tap, I was finally diagnosed with RSD (Reflex Sympathetic Dystrophy), a disorder of the autonomic nervous system that produces unrelenting pain. Although a diagnosis was clear, the treatment options offered were antiquated and unreliable at best.

Years earlier, I had read about a ketamine coma trial in Germany for people with pain symptoms similar in quality to mine. I remember shaking my head in pity for those patients having to choose such a terrifying path in the hopes of living a pain-free life. Yet now, here I was… facing the same choice. I knew I could die, but was living with my life as it was really an option?

After further research, my husband and I learned the coma trials had just begun in Monterrey, Mexico. We lived in Orlando and, ironically, the coordinating physician for the study was less than two hours away in Tampa. The decision for us was an easy one. I met with the doctor and, only three short weeks later, we flew to Mexico. Two days after arriving in Monterey I lay in my hospital bed being prepped for the induction. I cried with my husband one last time, thanked him for his unconditional love and support, and then, never knowing whether I would see him again… kissed him goodbye.

Some people ask me if I miss medicine, and my answer is always the same - I miss the kids who would have been my patients. I miss their gratitude and their honesty, and the intense satisfaction that comes with helping a child feel better. But not a day goes by when I wish I would have chosen a different path. Six months after the coma I became pregnant with my daughter and 22 months later I gave birth to my son. My husband remains my rock and my best friend. I have a job that I believe in and teammates that stuck with me through hell.

And now I'm back. Right where I'm supposed to be.

Evaluating Your Medical Real Estate Purchase Offers

Doctors Weigh Purchase Offers/Options on MOBs

Just how good is that offer to sell your building? The cap rate is low and the sale would put a nice sum of money in your pocket, but is it the right decision- and is the right decision for one group the right decision for all? That depends on many factors, some of which are very personal. The most important thing is to have a clear understanding of the economics between selling and holding.

While the ability of an owner to cash out is enticing, it must be weighed against personal options and objectives. A sale might be the right move for a partner wanting to move money to something as secure as highly rated bonds. But, it could be the wrong move for a partner looking for a less moderate return. Assuming that the motivation for selling is not an immediate need for cash, the question comes becomes "Which option will best help me attain my long term objectives?" That answer, which is too often vague or elusive, has gained a lot more clarity with CMAC's "MedVest" model.

The MedVest Model

MedVest doesn't make decisions, but it provides the answers that give each investor a better basis from which to make a decision. With a minimal amount of information (such as the anticipated sales price, the net operating income and the investor's basis in the property), MedVest will calculate the after-tax value of distributions from income or from sale, and compound those at a selected rate of return to measure the outcomes of an immediate sale compared to a sale after a hold period of up to 10 years.

For more information on The MedVest Model please contact a CMAC representative at 407-264-7253.

Your CMAC Capital Executive Team

Steven Pishko | Liz Allport | Dr. Shannon Stocker | Greg Warren

www.CMACcapital.com

The example below was done for a group that had a property with an NOI of $1,350,000 that increased 2.5% per year, comparing a current sale with a sale after 7 years.

MedVest After Tax Balances - End of Each Year

End of Year	Sale at year 0	Sale at end of year 7
0	$ 8,192,857	0
1	$ 8,490,258	$ 392,497
2	$ 8,798,454	$ 817,619
3	$ 9,117,838	$ 1,276,963
4	$ 9,448,816	$ 1,772,194
5	$ 9,791,808	$ 2,305,048
6	$ 10,147,250	$ 2,877,331
7	$ 10,515,595	$ 12,348,785
8	$ 10,897,312	$ 12,797,046
9	$ 11,292,884	$ 13,261,579
10	$ 11,702,816	$ 13,742,974