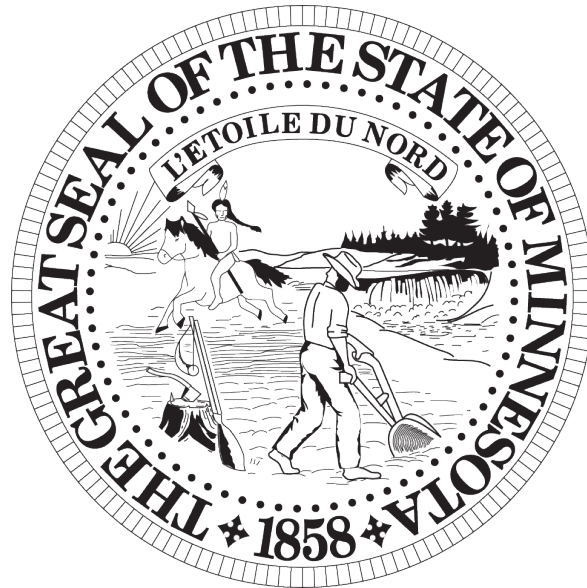


**MINNESOTA FINANCIALLY DISTRESSED
NURSING FACILITY LOAN PROGRAM**

LOAN APPLICATION



PURPOSE OF THIS FORM

The purpose of this form is to collect information about the Nursing Facility Applicant and its owners, the loan request, existing indebtedness, information about current or previous financing, and certain other topics in order to determine the Applicant's eligibility for a loan. Submission of the requested information is required by the Nursing Facility Rates & Policy Division of the Minnesota Department of Human Services (DHS) to determine eligibility for financial assistance. Failure to submit the required information would affect that determination. DHS reserves the right to request additional information from the Applicant when evaluating this loan application.

Instructions for completing this form: *This form is to be completed by the Applicant and all individuals identified below and submitted to DHS.* The Applicant is the licensee of the nursing facility as defined in item 1 below. This form is divided into three sections: Section I requests information about the Applicant and any direct or indirect owner of the nursing facility physical plant (real property). Section I must be completed in its entirety, signed, and dated by 1) an authorized representative of the Nursing Facility (Licensee) that is requesting a loan and 2) the Nursing Home Administrator.

Sections II and III of this form requests financial information and financial ratios; Section III for each individual and legal entity owning any equity interest in the Applicant. ***A separate Section II and/or Section III is required to be completed and signed by:***

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners; or any partner that is involved in management of the Applicant business;
- For a corporation, all owners of the corporation, and each officer and director;
- For limited liability companies, all members, each officer, director; and managing member;
- Any person hired by the Applicant to manage day-to-day operations of the Applicant's business; (e.g., management agreement).
- Any Trustor (if the Applicant is owned by a trust); and
- Each entity owning any equity interest in the Applicant.

1. **Licensee.** "Licensee" means the person or legal entity who has been issued a license to operate a nursing home or board and care facility. See Minnesota Statute section [144A.01, subd. 14](#), or Minnesota Statute sections [144.50](#) to [144.56](#).
2. **Controlling Person means an owner and other individuals and entities as described in [144A.01 Subd. 4](#)**
 - (a) "Controlling person" means an owner and the following individuals and entities, if applicable:
 - (1) each officer of the organization, including the chief executive officer and the chief financial officer;
 - (2) the nursing home administrator; and
 - (3) any managerial official.
 - (b) "Controlling person" also means any entity or natural person who has any direct or indirect ownership interest in:
 - (1) any corporation, partnership or other business association which is a controlling person;
 - (2) the land on which a nursing home is located;
 - (3) the structure in which a nursing home is located;
 - (4) any entity with at least a five percent mortgage, contract for deed, deed of trust, or other security interest in the land or structure comprising a nursing home; or
 - (5) any lease or sublease of the land, structure, or facilities comprising a nursing home.
 - (c) "Controlling person" does not include:
 - (1) a bank, savings bank, trust company, savings association, credit union, industrial loan and thrift company, investment banking firm, or insurance company unless the entity directly or through a subsidiary operates a nursing home;

- (2) government and government-sponsored entities such as the United States Department of Housing and Urban Development, Ginnie Mae, Fannie Mae, Freddie Mac, and the Minnesota Housing Finance Agency which provide loans, financing, and insurance products for housing sites;
- (3) an individual who is a state or federal official, a state or federal employee, or a member or employee of the governing body of a political subdivision of the state or federal government that operates one or more nursing homes, unless the individual is also an officer, owner, or managerial official of the nursing home, receives any remuneration from a nursing home, or who is a controlling person not otherwise excluded in this subdivision;
- (4) a natural person who is a member of a tax-exempt organization under section 290.05, subdivision 2, unless the individual is also a controlling person not otherwise excluded in this subdivision; and
- (5) a natural person who owns less than five percent of the outstanding common shares of a corporation:
 - (i) whose securities are exempt by virtue of section [80A.45](#), clause (6); or
 - (ii) whose transactions are exempt by virtue of section [80A.46](#), clause (7).

3. **Management agreement.** "Management agreement" means an agreement in which one or more of the following criteria exist:

- (1) the central, affiliated, or corporate office has or is authorized to assume day-to-day operational control of the nursing facility for any six-month period within a 24-month period. "Day-to-day operational control" means that the central, affiliated, or corporate office has the authority to require, mandate, direct, or compel the employees of the nursing facility to perform or refrain from performing certain acts, or to supplant or take the place of the top management of the nursing facility. "Day-to-day operational control" includes the authority to hire or terminate employees or to provide an employee of the central, affiliated, or corporate office to serve as administrator of the nursing facility;
- (2) the central, affiliated, or corporate office performs or is authorized to perform two or more of the following: the execution of contracts; authorization of purchase orders; signature authority for checks, notes, or other financial instruments; requiring the nursing facility to use the group or volume purchasing services of the central, affiliated, or corporate office; or the authority to make annual capital expenditures for the nursing facility exceeding \$50,000, or \$500 per licensed bed, whichever is less, without first securing the approval of the nursing facility board of directors;
- (3) the central, affiliated, or corporate office becomes or is required to become the licensee under applicable state law;
- (4) the agreement provides that the compensation for services provided under the agreement is directly related to any profits made by the nursing facility; or
- (5) the nursing facility entering into the agreement is governed by a governing body that meets fewer than four times per year, that does not publish notice of its meetings, or that does not keep formal records of its proceedings.

4. **Nursing facility.** "Nursing facility" or "facility" means a facility with a medical assistance provider agreement that is licensed as a nursing home under Minnesota Statutes Chapter 144A or as a boarding care home under sections [144.50](#) to [144.56](#).

5. **Related organization.**

- (a) "Related organization" means a person that furnishes goods or services to a nursing facility and that is a close relative of a nursing facility, an affiliate of a nursing facility, a close relative of an affiliate of a nursing facility, or an affiliate of a close relative of an affiliate of a nursing facility. As used in this definition of related organization, paragraphs (b) to (e) apply.
- (b) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with another person.
- (c) "Person" means an individual, a corporation, a partnership, an association, a trust, an unincorporated organization, or a government or political subdivision.
- (d) "Close relative of an affiliate of a nursing facility" means an individual whose relationship by blood, marriage, or adoption to an individual who is an affiliate of a nursing facility is no more remote than first cousin.

(e) "Control" including the terms "controlling," "controlled by," and "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

6. **Accounts Receivable.** Days in accounts receivable is a measure of how long it takes for a company or a facility to collect payment from its residents and/or responsible party. It indicates the effectiveness of the credit and collection policies and practices. It also affects the cash flow and liquidity of the business. To calculate accounts receivable days, divide the total accounts receivables by annual revenue, and then multiply the result by 365.
7. **Days Outstanding in Accounts Payable.** Days outstanding in accounts payable is a financial metric that measures the average number of days it takes to pay back suppliers, vendors, or creditors. The days outstanding in accounts payable formula is calculated by dividing the accounts payable by the cost of goods sold times 365.
8. **Days Cash on Hand.** Days cash on hand is the number of days that an organization can continue to pay its operating expenses, given the amount of cash available. The days cash on hand formula is calculated by taking the cash on hand divided by the sum of operating expenses less noncash expenses divided by 365.
9. **Debt to Equity.** The debt-to-equity ratio is used to evaluate a company's financial leverage. The debt-to-equity formula is calculated by taking the total liabilities divided by total equity.
10. **Working Capital Ratio.** The working capital ratio is the amount of an entity's current assets minus its current liabilities. Current assets are any assets considered to be collectible within one year, while current liabilities are any liabilities expected to be settled within one year. This ratio is considered a prime measure of the short-term liquidity of an organization.
11. **Net Profit Margin.** Net profit margin is a measure of profitability that shows the amount of net income or profit as a percentage of revenue. Net profit margin is calculated by taking net profits divided by total revenue multiplied by 100.

Section I: Information

Nursing Facility Legal Name:		
DHS-issued Facility ID #:		
DBA or Trade name, if applicable:		
Ownership Type:		
Is there a Management Company that manages the day-to-day operations? (If yes, provide a copy of the management agreement)		
		Yes No
Physical Nursing Facility Address	Provider NPI Number	Primary Business Phone
Controlling Organization / Parent Company Address (if other than primary business address)	Primary Contact Name	Primary Contact Email Address

Total Amount of Loan Request: \$ _____

PURPOSE FOR THE LOAN

Please specify each intended use of funds in the following fillable spots, including but not limited to Accounts Payable, Payroll, future expenses, etc. *Attach a separate sheet if needed.*

Loan Purpose Amount 1: \$ _____ (Max 800 Characters)

Loan Purpose Amount 2: \$ _____ (Max 800 Characters)

Loan Purpose Amount 3: \$ _____ (Max 800 Characters)

Loan Purpose Amount 4: \$ _____ (Max 800 Characters)

Loan Purpose Amount 5: \$ _____ (Max 800 Characters)

Ownership of the Applicant

List all proprietors, partners, officers, directors, members, and holders of outstanding stock. List all individuals that have any indirect/direct ownership of the facility license. Cumulatively, 100% of ownership must be reflected. Attach a separate sheet if necessary.

Owner's Legal Name	Title	% Owned	TIN (SSN/EIN)	Home Address

Ownership of Physical Plant (Real Property)

List all proprietors, partners, officers, directors, members, and holders of outstanding stock. List all individuals (not legal entities) who have any indirect/direct ownership of the nursing facility property. Cumulatively, 100% of ownership must be reflected. Attach a separate sheet if necessary.

Owner's Legal Name	Title	% Owned	TIN (SSN/EIN)	Home Address

Unless stated otherwise, if any of the questions below are answered "Yes," please provide details on a separate sheet.

#	Question	Yes	No
1	Are there co-Applicants? <i>(If "Yes," please complete a separate Section I: Applicant Business Information for each.) (e.g. The organization of a partnership requires all to complete an application.)</i>		
2	Has the loan Applicant, direct/indirect owner(s), controlling person(s), or managerial official(s) ever obtained or applied for a direct or guaranteed loan from a lending institution, or another Federal agency loan program, or been a guarantor on such a loan? <i>(if "Yes," answer questions 2.a) and 2.b) below.)</i>		
	a) Is any of the financing currently delinquent?		
	b) Are there any loan covenants in place? <i>(If "Yes", please provide a separate attachment with loan details.)</i>		
3	Is the loan Applicant, direct/indirect owner(s), controlling person(s), or managerial official(s) presently suspended, debarred, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal or State department or agency? <i>(If "Yes", please provide information on a separate sheet.)</i>		
4	Has the loan Applicant, direct/indirect owner(s), controlling person(s), or managerial official(s) ever filed for bankruptcy protection? <i>(If "Yes", please provide information on a separate sheet.)</i>		
5	Is the loan Applicant, direct/indirect owner(s), controlling person(s), or managerial official(s) presently involved in any pending legal action? <i>(If "Yes", please provide information on a separate sheet.)</i>		
6	Within the last 10 years, has the loan Applicant, direct/indirect owner(s), controlling person(s), or managerial official(s), been convicted of a crime or found civilly liable for a federal or state felony-related offense that was detrimental to the best interests of the facility and its residents? <i>(If "Yes", please provide information on a separate sheet.)</i>		
7	Within the last 5 years, has the loan Applicant, any direct/indirect owners(s), controlling person(s), or managerial official(s), entered into any settlement agreements with any state Medicaid fraud unit? <i>(If "Yes", please provide information on a separate sheet.)</i>		
8	In the preceding three years has there been any unsatisfied judgments against the loan Applicant, direct/indirect owners, controlling persons, manager, or managerial official? <i>(If "Yes", please provide names of all parties, dates, court, addresses or creditors, amounts, and the reasons for non-payment on a separate sheet.)</i>		
9	In the preceding three years, has the loan Applicant, direct/indirect owners, controlling persons, manager, or managerial official owed any debts that are 90 days past due? <i>(If "Yes", please provide the names of all parties, dates, court, addresses of creditors, amounts, and the reasons for non-payment)</i>		
10	In the preceding three years, are there any liens against the loan Applicant, direct/indirect owners, controlling persons, or managerial official on their property? <i>(If "Yes", please provide names of all parties, dates, court, addresses of creditors, amounts, and the reasons for non-payment)</i>		

Section II: Applicant Financial Information

The following information must accompany the loan application:

- 1) **Statement of Need.** Please provide, on a separate sheet, the explanation that outlines the nursing facility's need for financial assistance. The statement of need must specifically address how the funds will be used.
- 2) **Financial Statements.** Each nursing facility must provide a copy of financial statements, including a working trial balance, outstanding accounts payable listing and cash flow statement for the last two years. A current year-to-date working trial balance and cash flow statement must be provided. DHS also requires the audited financial statements or working trial balances for every organization with which the facility conducts business and is owned in whole or in part by an individual or entity which has an ownership interest in the facility for the last two years.
- 3) **Ratios.** Provide the following current financial ratios for the Applicant facility, along with the supporting documentation used to calculate the ratios. For chain organizations, the ratios should be computed for each nursing facility that the loan is being requested for.

Ratio Description	As of Date	Ratio
Days in Accounts Receivable		
Days Outstanding in Accounts Payable		
Days Cash on Hand		
Debt to Equity		
Working Capital Ratio		
Net Profit Margin		

- 4) **Projected Cash Flow Statement.** A cash flow projection, which includes the monthly loan repayment, is required for a minimum of 36 months after the estimated date of loan funding (April 2024). Please attach a separate statement.
- 5) **Budget.** Provide the current year's operating budget for the nursing facility. If an operating budget has been prepared for the next budget year, please also provide a copy of the future operating budget. Please attach a separate statement.

Section III: Representations and Certification

By Signing Below, You Make the Following Representations and Certification

REPRESENTATIONS

I represent that:

- I have read Minnesota Statute section [256R.55](#).
- The Applicant is not knowingly engaged and will not knowingly engage in any activity that is illegal under federal, state, or local law or that can reasonably be determined to support or facilitate any activity that is illegal under federal, state, or local law.
- I understand, acknowledge, and agree that the Financially Distressed Loan Program repayments begin 18 months after the first disbursement date. The repayment term must not exceed 72 months. Loan repayments must be made in monthly installments that are due on the 15th of the month until the loan has been paid back in its entirety.
- I understand, acknowledge, and agree that if the loan is not repaid back in a timely fashion, a late fee of .01% shall be charged to the original loan amount each month that the payment is past due. The late fee is not an allowable cost on the facility’s cost report according to Minnesota Statute Section [256R.02, subdivision 5](#) and [256R.55, subdivision 6](#).
- I understand, acknowledge, and agree that if the facility is sold, transferred, or reorganized, the current owner of the facility or boarding care home is liable for any overpayment owed by the former owners under this loan program. See Minnesota Statute Section [256R.55 MN, subdivision 7\(e\)](#).

ACCURACY CERTIFICATION

I certify that the information provided in this application and the information that I have provided in all supporting documents and forms is true and accurate.

Signature of Authorized Representative of Applicant

Date:

Print Name

Title

Signature of Nursing Home Administrator

Date:

Print Name

Title