

At the Chalk Face: Care homes.

The purpose of this template is to provide guidance to our brokers and introducers to help them understand what our appetite looks like for transactions in the care sector. By referencing this material at the enquiry stage we hope this helps clarify what a good deal looks like, and what expected LTVs we would expect. This should streamline the application process and also ensure that precious time is saved on pursuing a deal that maybe does not fit our criteria. Please use as a reference and do not hesitate to contact your Together representative if you have any questions.

Together classify care homes as any facility which is registered with the Care Quality Commission in **England** or the Care Inspectorate in **Wales** or **Scotland**.

Care Homes (Adult)

These cover residential, nursing, dementia and dependency care.

Landlord only.

If the borrower is buying a care home but not operating it, we will check the inspection report that is in place for that home and if it is graded as **Good / Outstanding** overall then we would lend up to 70% of the 180 day VP bricks and mortar valuation. We would not need to review the inspection report in any detail.

If the home is graded as **Requires Improvement** overall then the LTV would be between 60-65% (LTV determined after full review of inspection report – please note if the review highlights some serious concerns we may decide to step away).

If the home is graded as **Inadequate** we would not look to proceed.

Questions to ask the borrower:

1. Are you planning on keeping the same operator and management team in place?

2. If not, what is the name of the new operator you are bringing in and what background information do you have on the new management/ team?

Trading business (Experienced).

If the borrower is intending to be the landlord and the operator, and has experience in the sector, we would also need to review the inspection reports of the homes they currently run or have recently been running. The same ratings and LTV apply as above. If one or more of their current homes are graded as **Requires Improvement** the LTV will be reduced to 60-65% subject to review. If they are all ranked as **Good** then there should be no issues. If **Inadequate**, we will not proceed.

Trading business (inexperienced/new).

If this is the borrowers first care home that they plan to operate then we would need to see full CVs of the directors and management to determine suitable experience. LTV is likely to be between 60-65%, should we proceed. If they have limited experience we are likely to not proceed with this application.

Children's Homes

Any borrower looking to provide care to children are required to be registered with Ofsted.

If you are an experienced operator we would review the Ofsted inspection reports of your current operations. Same rules apply as above.

99% of the time the properties are standard residential properties so standard residential terms and LTVs apply.

Good/Outstanding

No issues, provide rates and LTV as normal.

Requires improvement to be good

Requires full review of the Ofsted inspection reports (LTV may be reduced/ or we may step away completely).

Unacceptable

We would not proceed.

If this is the borrowers first children's home and there are no current homes to inspect we would want to see the CVs of the directors, details of management team and confirmation that they are at least registered with Ofsted, or are in the process of registering.

Not registered with the CQC or Care Inspectorate?

For those that are not registered with the CQC or Care Inspectorate we would need to see:

1. Copy of the lease (if applicable)

2. If there is no lease but a deal with the local authority then we would need to see proof of the relationship with the LA (emails, letters, framework agreements etc). Also, if they have been receiving rent from the LA then we would like to see proof of this via bank statements.

3. Up to 75% LTV available, subject to security review.

As always there may be exceptions to review, which we will absolutely look at on a deal by deal basis.

Chalk Talk

Don't forget to view our videos on our [Chalk Talk page](#) where you'll find a further explanation on the above.

Get in touch!

Please contact our team on **0161 933 7101** for further support.