

## Dealmakers Q&A: Baker Donelson's James Levine

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James H. Levine, a shareholder in Baker Donelson Bearman Caldwell & Berkowitz PC's Chattanooga, Tennessee, and Washington, D.C., offices, practices in the areas of commercial lending, mergers and acquisitions, business organizations and commercial contracts. He has extensive experience in health care financing and in the representation of borrowers and lenders in U.S. Department of Housing and Urban Development-insured loan transactions for multifamily and senior housing facilities, having been counsel in hundreds of HUD-insured loans in the senior housing industry totaling more than \$1 billion in more than 40 states.



James Levine

Levine has done extensive work on behalf of the American Bar Association and the Mortgage Bankers Association in providing comments to HUD's new multifamily and health care form loan documents and opinion letters. He has wide-ranging experience in issues related to limited liability companies and has been a member of the Tennessee Bar Association's committee charged with modernizing Tennessee business organization laws. He is also counsel to buyers and sellers in purchase and sale transactions, including asset sales, asset purchases, stock sales, stock purchases and statutory mergers and real estate transactions, and has extensive experience in the preparation and negotiation of commercial finance and corporate legal opinions.

As a participant in Law360's Q&A series with dealmaking movers and shakers, James Levine shared his perspective on five questions:

### **Q: What's the most challenging deal you've worked on, and why?**

A: A little over a decade ago, I worked with one of our large nursing home clients to refinance over 70 of its facilities all over the nation with HUD-insured financing. This portfolio was the largest portfolio of health care facilities that HUD had ever taken on, and still may be the largest. It took about two years to complete. There were many novel issues with respect to accounts receivable financing and portfolio underwriting that HUD had never dealt with before that were quite challenging. Many of the issues we worked on in that portfolio set precedent and policy for all of HUD's future health care financing transactions. Being on the forefront of those issues has been invaluable to being able to advise clients on the best strategies for dealing with HUD and developing my practice as a leading lawyer in this field.

**Q: What aspects of regulation affecting your practice are in need of reform, and why?**

A: Paperwork reduction. HUD (along with many other governmental agencies) are not up to speed on electronic document production, which means that as many as six original versions of every deal document are required to be produced for closing, creating high costs and lack of efficiency. There is also a need for HUD to reform its policies on third-party opinion practices in HUD financing transactions to bring them up to date with modern opinion practice. I'm part of an ABA subcommittee that is focusing on this issue.

**Q: What upcoming trends or under-the-radar areas of deal activity do you anticipate, and why?**

A: 2013 was a peak year for HUD-insured financing for health care and multifamily projects nationwide, with over 2,400 closings. In 2014, HUD is on pace to close just over 60 percent of that total. I believe that one reason for the steep decline is that HUD has a new program in 2014 for its borrowers to do interest rate reductions on its existing loans without doing a complete refinancing. Hundreds of refinancing loans were done in 2013 to reduce interest rates, but now the interest rates can be reduced much more easily. In addition, at least on the health care side, the market is becoming more mature. Many health care facilities all over the country already have HUD insured financing, which is the most popular kind because of the low long-term fixed interest rates. Therefore, there are fewer opportunities for new deals. However, as long as long-term interest rates remain low, there will always be steady deal flow for HUD-insured loans.

**Q: What advice would you give an aspiring dealmaker?**

A: Get out of the office and go to closings in person. One of the things I like about HUD loan closings is that they are frequently in-person closings at the HUD office in the state where the project is located. This "face time" with deal participants has allowed me to get to know better all of the attorneys, bankers and HUD officials with whom I work, which leads to smoother closings on future deals and better chances for referral work. There is no substitute for getting to know folks in person. I try to convey this message on the importance of getting out of the office to our younger attorneys, who grew up communicating only in front of computer screens. Even if it costs more and takes time to go to closings in person, it is often well worth it.

**Q: Outside your firm, name a dealmaker who has impressed you, and tell us why.**

A: I'm going to change your question. I feel like the dealmaker who has most impressed me over the years is right here at my firm, which is the only place I have worked since I graduated from law school almost 17 years ago. His name is Ken Beckman, and he is my mentor. Ken has been a partner in the Chattanooga office here since before I first came on board. His ability to stay calm in the storm, get everyone to tune out the white noise in complex deals and focus only on the most salient issues in a deal is something I admire and try to emulate. It is a true art to be able to do that, and clients recognize what a valuable talent it is.

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