

PRESS RELEASE: Affinity Healthcare Management Emerges From Bankruptcy

August 31, 2010

HARTFORD: The owners of Affinity Healthcare Management, which has skilled nursing facilities in Hartford, Bloomfield, Windham and Enfield, Connecticut, have successfully emerged from bankruptcy without a change in ownership.

This is the first successful reorganization of a nursing home facility in Connecticut since 2005 and one of only two such reorganizations in more than ten years. The reorganization was accomplished through the combined efforts of Affinity and several federal and state agencies, as well as through the support of their vendors and employees. The facilities, which are renowned for their superior patient care, maintained the high level of care throughout the bankruptcy reorganization efforts while working through the financial problems which caused the bankruptcy filing.

With the assistance of the Connecticut Department of Social Services, the Connecticut Department of Revenue Services, the U.S. Department of Housing and Urban Development and the Internal Revenue Service, the HUD-held mortgages were modified which led to substantial savings in annual rent for the homes; certain tax obligations were forgiven; long-term repayment plans for the balance of past due taxes were implemented; and pre-petition obligations which would have otherwise prevented the reorganization were substantially reduced through a settlement with the Connecticut Department of Social Services. As a result, Affinity was put into a position of being able to confirm a plan of reorganization which became effective on August 13, 2010.

“Typically nursing homes that are forced into bankruptcy are either purchased or forced into a receivership and often times closed,” said Elizabeth J. Austin, bankruptcy counsel to Affinity and an attorney at Pullman & Comley, LLC. “But that wasn’t the case here, in large part because of the flexibility of several state and federal agencies.”

“Through the cooperation of the State of Connecticut, HUD, and the IRS, the nursing homes are able to continue the level of care needed to serve their residents without the disruption of a change in management,” Ms. Austin said.

Affinity’s Managing Member and President, Benjamin Fischman, was thrilled with the progress. “We are stronger than ever. The reorganization process has permitted us to focus on what Affinity does best. The dedication of the employees, residents and vendors made the reorganization possible. But most importantly, I want to offer a special thanks to the Connecticut Department of Social Services, HUD and the IRS for their

pullcom.com  @pullmancomley

BRIDGEPORT
203.330.2000

HARTFORD
860.424.4300

SPRINGFIELD
413.314.6160

STAMFORD
203.324.5000

WATERBURY
203.573.9700

WESTPORT
203.254.5000

WHITE PLAINS
914.705.5355

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willingness to work with us to keep these homes open,” he said. “Everyone recognizes the high level of care these homes provide and with our improved financial situation, we can only get better.”

The four skilled nursing facilities operated by Affinity in Connecticut are Alexandria Manor, a 120-bed facility located in Bloomfield; Blair Manor, a 98-bed facility in Enfield; Douglas Manor, a 90-bed facility located in Windham; and Ellis Manor, a 105-bed facility located in Hartford.

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