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**INNOVATIVE CAPITAL CLOSES LANDMARK FHA 242 FINANCING  
A GEORGIA CRITICAL ACCESS HOSPITAL RECEIVES A 3.63% LOAN  
\$31 MILLION FIXED RATE TWENTY-SEVEN YEAR BONDS**

**SPRINGFIELD, PA and SPRINGFIELD, GA: (December 30, 2010)** -- InnoVative Capital, LLC, acting as the FHA Mortgage Banker and Originating Lender, structured, underwrote and secured FHA Section 242 Hospital Mortgage Insurance from the U.S. Department of Housing and Urban Development (“HUD”), on behalf of the Hospital Authority of Effingham County, to finance a \$30,940,000 loan for the modernization of Effingham Hospital (“Effingham”). Funding for the loan took the form of \$28.6 million Recovery Zone Economic Development Bonds (“RZEDBs”), which provides a 45% federal subsidy to reimburse Effingham’s annual interest cost. Taxable bonds funded the remaining loan amount of \$2.3 million. With FHA 242 Mortgage Insurance guaranteeing Effingham’s loan and Ginnie Mae securities collateralizing the debt, Effingham’s Series 2010 bonds received Standard and Poor’s highest credit rating of “AAA.” The combination of “AAA” rating and a 45% interest rate subsidy produced a record low net interest rate for Effingham of 3.63%.

The Hospital Authority of Effingham County is a component unit of Effingham County established to provide quality, cost effective, community-based health services to the residents of Effingham County. Effingham is a 25-bed critical access hospital and 105-bed skilled nursing facility that has been providing essential healthcare services since the opening of its present facility in 1969. Located 60 minutes from Savannah, GA, Effingham serves a population of 52,000. The financial operations of Effingham are bolstered by a strong level of tax support of the County and its citizens, which subsidizes uncompensated care in its community.

“With this HUD financing now complete, it is nice to have reaped the benefits of a very well conceived planning process, which designed a project to meet the specific healthcare needs of our community, within an affordable budget. We are borrowing within our means and that is important to this hospital,” said Norma Jean Morgan, CEO of Effingham and Administrator of its skilled nursing home. “This is the culmination of the hard work of members of the Hospital Authority, senior management, staff and our doctors. Our modern hospital will keep primary care in Effingham where it belongs and reduce travel to hospitals in Savannah,” added Ms. Morgan.

Effingham Hospital’s modernization project provides for the renovation and expansion of its hospital on its current healthcare campus in Springfield, Georgia. The project will construct clinical services adjacent to the existing hospital. The 58,000 sq. ft. addition includes facility improvements to surgery, admitting, emergency, lab, imaging, plant operations and business offices, as well as a 1-story Alzheimer’s unit addition.

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## **GEORGIA CRITICAL ACCESS HOSPITAL CLOSES LANDMARK FHA 242 FINANCING - pg 2 RECEIVES \$31 MILLION LOAN @ 3.63% FOR MODERNIZATION**

The Project team is led by its Project Manager, American Health Facilities Development, architect, David E. Johnson and construction managers, R.J. Griffin and Rives E. Worell Company. Groundbreaking is planned for January 2011, with a 14-month construction period.

Mr. Rick Rafter, Chairman of the Hospital Authority offers, “we are all delighted with the outcome with HUD. Throughout the FHA underwriting process, we had confidence that the credit profile of our hospital and community would garner HUD’s approval of our application. This outcome is very satisfying for our hospital and the people of Effingham County. The low interest rate made this project possible and has brightened the future of our county. The legacy of Effingham Hospital is assured as the new facility will be a major economic driver and important community asset, serving the needs of residents and their descendants,” he added.

Alan P. Richman, president and CEO of InnoVative Capital stated, “we are gratified that the hospital’s hard work and that of the entire FHA team, culminated in HUD issuing its FHA commitment in time to close Effingham’s bond financing and HUD loan by year-end. The timing couldn’t have been any better as Effingham was awarded a major portion of the remaining balance of Georgia’s 2010 RZEDB allocation and a 45% interest rate subsidy for 93% of its total borrowing.” Authorized under the American Recovery and Reinvestment Act of 2009, which is scheduled to expire December 31, 2010, RZEDB’s are special types of Build America Bonds, which are only available for qualified economic development purposes. “It is our hope that BABs will be reauthorized in 2011. Regardless, the FHA 242 Program will remain in force and InnoVative Capital’s number one financing option for the majority of our community hospital clients, whose urgent need to modernize their facilities are slowed by difficulty finding affordable capital with reasonable payment terms. With a continued reluctance among investors to buy high yield hospital debt, we are confident “AAA” FHA 242 Mortgage Insured community hospital loans will continue to be readily placed at very attractive interest rates,” added Mr. Richman. With a hospital loan portfolio approaching \$10 billion, HUD provides FHA 242 mortgage insurance for hospital construction projects, equipment purchases, debt refinancings and acquisitions.

InnoVative Capital is a HUD licensed FHA mortgage lender and SEC/MSRB-registered municipal advisor, specializing in capital financing of rural, community and critical access hospitals using the FHA 242 Mortgage Insurance Program, tax-exempt and taxable bonds, bank debt, USDA, and equity strategies. InnoVative Capital provides cost effective and expedient access to the capital markets for healthcare real estate transactions, as well as mergers and acquisitions representation and turnaround support.

As financial advisor and FHA 242 Mortgage Lender, InnoVative Capital’s unique service-mix, including its proprietary **CFO HELPER**<sup>®</sup> analytics, has successfully developed, structured and financed the modernization of community hospitals nationwide. InnoVative Capital pioneered the use of FHA 242 and USDA in conjunction with composite-financing from tax-support and government guarantees to refinance costly bank debt, retire variable rate notes and fund hospital construction projects. Among its FHA 242 and USDA clients are hospitals in Alabama, Alaska, Colorado, Georgia, Idaho, Mississippi, Montana, Ohio, Tennessee, Texas, West Virginia and Wisconsin. Effingham represents InnoVative Capital’s second FHA 242 financing in Georgia. In 2009, InnoVative Capital served as FHA 242 mortgage banker to finance an \$85 million Ginnie Mae collateralized, FHA 242 mortgage insured loan to Meadows Regional Medical Center of Vidalia, Georgia for the construction of its new hospital (scheduled opening January 2011). To date, InnoVative Capital has financed seven hospital modernization projects using the FHA 242 Program, with four new FHA 242 loans scheduled to close in 2011.

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