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FED POLICY OF OPEN-MARKET MORTGAGE PURCHASES PRODUCES RECORD LOW

INTEREST RATES FOR FHA 242 HOSPITAL PROJECT LOANS AND REFINANCINGS

SPRINGFIELD, PA: (January 14, 2013)--What began in the 4th quarter of 2012 continues today, low interest rates for hospitals seeking long-term loans for construction or debt refinancing under the FHA Section 242 Mortgage Insurance Program. The Federal Reserve's stated policy of monthly \$40 billion purchases of mortgage backed securities known as quantitative easing (QE3) has produced one of the greatest bull markets for mortgage rates on record. By increasing the demand for mortgage-backed securities, mortgage rates remain exceedingly low and the spread between mortgage rates and all other forms of conventional hospital debt, including tax-exempt and taxable bonds continues to widen and favor mortgage-backed loans. This is evidenced by the municipal bond transactions being refunded or displaced by FHA 242 Ginnie Mae collateralized loans.

By taking advantage of the Fed's hyper demand for mortgage-backed securities and the credit enhancement provided by FHA mortgage insurance and Ginnie Mae securities, hospitals can benefit from low mortgage loan rates for these federally-guaranteed loans.

These low interest rates will not last, as the Fed has already hinted their QE3 initiative may end by year-end 2013, should unemployment rates reduce to their targeted levels.

Currently, FHA 242 refinancing opportunities for hospitals are available in the low to mid 3%, with construction/new-money loans ranging from 50 to 75 basis points higher.

An example of the refinancing benefits of FHA 242 was achieved on December 14th 2012, when InnoVative Capital, LLC, a HUD-licensed FHA mortgage lender and healthcare financial advisory firm, closed a \$40.6 million FHA 242 Ginnie Mae loan to refinance Morehead Memorial Hospital's outstanding municipal bonds. Morehead Memorial, located in Eden, North Carolina received significant short and long-term cost savings, highlighted with a reduction of \$380,000 in MMH's 2013 interest expense and total debt service savings of \$5 million. With HUD's help, InnoVative Capital looks forward to expanding NRHA member use of FHA 242.

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**FED POLICY OF OPEN-MARKET MORTGAGE PURCHASES PRODUCES RECORD LOW
INTEREST RATES FOR FHA 242 HOSPITAL PROJECT LOANS AND REFINANCINGS****FHA Mortgage Insurance for Debt Refinancings**

Pursuant to Section 242 of the National Housing Act, on behalf of HUD-approved mortgage lenders, HUD underwrites FHA mortgage insurance for loans made to eligible nonprofit, publically-owned and for-profit hospitals to fund facility renovation, replacement and equipment purchases. While the FHA 242 Program has long been recognized as a construction-oriented financing platform, the Program offers multiple refinancing options for hospitals seeking to reduce their current loan rates.

FHA 242 - Debt refinancing of both FHA and non-FHA debt in conjunction with an FHA 242 capital project loan. Requires 20% of the total loan proceeds be used for capital project purposes.

FHA 242/223(f) - Debt refinancings of non-FHA debt is permitted without a capital project component. No more than 20% of the 223(f) loan may be used for new capital expenditures and financing costs.

FHA 223 (a) 7 - Debt refinancing of existing FHA insured loans. At HUD's discretion, the inclusion of certain refinancing costs may be capitalized within the new loan amount, as well as an extension of the loan maturity.

About InnoVative Capital

InnoVative Capital, LLC is a HUD licensed FHA mortgage lender, approved USDA banker and SEC/MSRB-registered municipal advisor providing capital funding to rural, community and critical access hospitals nationwide. InnoVative Capital delivers cost-effective access to capital and multiple financing options for facility replacements, renovations and working capital, as well as debt refinancings and corporate restructurings. With a multidisciplinary approach, InnoVative Capital finances hospital loans through the FHA 242 Mortgage Insurance Program, USDA, tax-exempt and taxable bonds, bank debt, and equity strategies. InnoVative Capital's consulting practice generates ***CFO HELPER***[®] hospital and municipal analytics to educate hospital management, trustees and local governments, to build consensus support, execute successful tax-initiates and procure government guarantees. As an industry leading FHA 242 mortgage banker to rural hospitals, InnoVative Capital has completed FHA rural financings totaling over \$450 million, in addition to USDA Community Facilities Direct Loans and bond financings, for a total portfolio of \$750 million. Building upon a reputation for creative financing solutions, InnoVative Capital has served hospital and healthcare providers in 35 states.

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